

**Deutsche Asset Management (India)
Private Limited**

**Financial Statements
for the year ended 31 March 2008
together with Auditors' Report**

Deutsche Asset Management (India) Private Limited

Financial statements together with Auditors' Report for the year ended 31 March 2008

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Auditors' Report**To the Members of
Deutsche Asset Management (India) Private Limited**

We have audited the accompanying balance sheet of Deutsche Asset Management (India) Private Limited ('the Company') as at 31 March 2008 and the profit and loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 and amendments thereto (together referred to as the order) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ('the Act'), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
- (iii) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the balance sheet and profit and loss account dealt comply with the Accounting Standards referred in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors of the Company as at 31 March 2008 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31 March 2008 from being appointed as Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and

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Auditors' Report (Continued)

Deutsche Asset Management (India) Private Limited

- (vi) In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2008; and
 - (b) in the case of the profit and loss account, of the profit of the Company for the year ended on that date;

For B S R & Co.
Chartered Accountants

B. H. Dhupelia

Mumbai
22 September 2008

Bhavesh Dhupelia
Partner
Membership No: 042070

Deutsche Asset Management (India) Private Limited

Annexure to Auditors' Report – 31 March 2008

With reference to the Annexure referred to in the Auditors' report to the members of Deutsche Asset Management (India) Private Limited on the financial statement for the year ended 31 March 2008 we report that:

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a programme of physical verification of fixed assets by which all fixed assets are verified once in two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the year were not substantial, and therefore, do not affect the going concern assumption.
2. The Company's nature of operations does not require it to hold inventories. Accordingly, paragraph 4(ii) of the Order is not applicable.
3. The Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
5. In our opinion and according to the information and explanations given to us, there are no contracts and arrangements, the particulars of which need to be entered into the register maintained under section 301 of the Act.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956.
9. (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income-tax, Service tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor Education and Protection Fund, Employees' State Insurance, Sales-tax, Wealth tax, Customs duty and Excise duty.

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Deutsche Asset Management (India) Private Limited

Annexure to Auditors' Report – 31 March 2008 (Continued)

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income-tax, Service tax, Cess and other material statutory dues were in arrears as at 31 March 2008 for a period of more than six months from the date they became payable.
- (c) There were no dues on account of Cess under section 441A of the Companies Act, 1956, since the date from which the aforesaid section comes into force has not yet been made effective by the Central Government.
10. The accumulated losses of the Company at the end of the financial year does not exceed fifty per cent of its networth. The Company has not incurred cash loss in the current financial year, however, it has incurred cash losses in the immediately preceding financial year.
11. The Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The Company did not have any term loans during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short-term basis have not been used for long-term investment.
18. The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company did not have any outstanding debentures during the year.
20. The Company has not raised any money by public issues.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Mumbai
22 September 2008

For BSR & Co.
Chartered Accountants

B. H. Dhupelia

Bhavesh Dhupelia
Partner
Membership No: 042070

Deutsche Asset Management (India) Private Limited

Balance Sheet

as at 31 March 2008

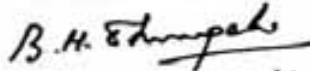
(Currency: Indian Rupee in Thousands)

	<i>Schedule</i>	2008	2007
SOURCE OF FUNDS			
Shareholders' funds			
Share capital	3	250,000	250,000
		<u>250,000</u>	<u>250,000</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	18,359	16,721
Less: Accumulated depreciation		<u>11,629</u>	<u>9,509</u>
Net block		6,730	7,212
Current assets, loans and advances			
Sundry debtors	5	83,919	47,464
Cash and bank balances	6	164,916	132,034
Loans and advances	7	<u>58,290</u>	<u>37,275</u>
		307,125	216,773
Less: Current liabilities and provisions			
Current liabilities	8	139,361	84,116
Provisions	9	<u>9,641</u>	<u>9,408</u>
		149,002	93,524
Net current assets		158,123	123,249
Profit and loss account		85,147	119,539
		<u>250,000</u>	<u>250,000</u>
Significant accounting policies	2		
Notes to accounts	13		

The Schedules referred to above form an integral part of the Balance Sheet.

As per our report attached

For BSR & Co.
Chartered Accountants




Bhavesh Dhupelia
Partner
Membership No: 042070

Mumbai
29 September 2008

For and on behalf of the Board of Directors


Suresh Soni
Director


K. M. Gherda
Director


Kiran Deshpande
Company Secretary

Deutsche Asset Management (India) Private Limited

Profit and loss account

for the year ended 31 March 2008

(Currency: Indian Rupee in Thousands)

	Schedule	2008	2007
INCOME			
Investment management fees (Tax deducted at source Rs.33,183 (Previous year Rs.9,522))		279,714	157,111
Marketing advisory fees		7,746	8,213
Investment advisory fees - domestic (Tax deducted at source Rs 3,309 (Previous year Rs.636))		24,395	10,269
Investment advisory fees - offshore		164,368	51,796
Other income	10	8,119	11,628
Total		484,342	239,017
EXPENDITURE			
Employee costs	11	213,030	90,767
Administration and other expenses	12	219,590	188,255
Depreciation	4	2,442	2,316
Total		435,062	281,338
Profit/ (Loss) before taxes		49,280	(42,321)
Current tax		(10,386)	-
Fringe benefit tax		(4,502)	(2,272)
Deferred tax charge/(benefit)		-	(21,353)
Profit / (Loss) after tax		34,392	(65,946)
Balance in profit and loss account brought forward		(119,539)	(53,593)
Balance transferred to balance sheet		(85,147)	(119,539)
Basic and diluted earning per share (in rupee) (equity shares, par value Rs.10 each, fully paid up)	13.2	1.38	(8.75)
Significant accounting policies	2		
Notes to accounts	13		

The Schedules referred to above form an integral part of the profit and loss account
As per our report attached

For B S R & Co.
Chartered Accountants

B. H. Dhupelia

Bhavesh Dhupelia
Partner
Membership No: 046768

Mumbai
19 September 2008

For and on behalf of the Board of Directors

Suresh Soni

Suresh Soni
Director

K. M. Gherda

K. M. Gherda
Director

Kiran Deshpande

Kiran Deshpande
Company Secretary

Deutsche Asset Management (India) Private Limited

Schedules to accounts

for the year ended 31 March 2008

(Currency: Indian Rupee in Thousands)

1 Background

Deutsche Asset Management (India) Private Limited ('the Company') was incorporated on 21 March 2002 as a private limited company under the Companies Act, 1956. Consequent to the acquisition of 1.98% of the equity share capital of the Company from RREEF India Advisors Private Limited (erstwhile United Associates Holdings Private Limited) on 28 February 2008, Deutsche India Holding Private Limited ('DIHPL'), a company incorporated in India, holds 100% of the share capital of the Company.

The Company acts as an investment manager to Deutsche Mutual Fund (Fund). Further it also provides investment advisory and marketing advisory services to various entities including group entities.

2 Significant accounting policies

2.1 Basis of preparation of financial statements

The accompanying financial statements are prepared under the historical cost convention, on the accrual basis of accounting and comply with the accounting standards prescribed by Companies (Accounting Standard) Rules, 2006 and in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.

The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Act. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company to the extent applicable.

2.2 Use of estimates

The preparation of the financial statements is in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of financial statements. The estimates and assumptions used in the accompanying financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from those estimates. Adjustments, if any, are prospectively made.



Deutsche Asset Management (India) Private Limited

Schedules to accounts (Continued)

for the year ended 31 March 2008

(Currency: Indian Rupee in Thousands)

2 Significant accounting policies (Continued)

2.3 Revenue recognition

Investment management fees are recognised monthly on an accrual basis, net of service tax, based on the average of daily Net Asset Values of the mutual fund schemes of the Fund in accordance with the terms of contract entered into between the Company and the Board of Trustees of the Fund and is in line with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

Marketing advisory fees & Investment advisory fees are recognised on an accrual basis in accordance with the terms of the contracts entered into between the Company and the counterparties.

Interest income is recognised on accrual basis.

2.4 Fixed assets and depreciation

Fixed assets are carried at cost of acquisition less accumulated depreciation. The historical cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is charged on the straight line method pro-rata from the date of purchase, using the following rates which are higher than the minimum rates prescribed under Schedule XIV to the Companies Act, 1956, based on management's estimate of the useful life of fixed assets:

Class of asset	Rate of depreciation
Furniture, fixtures and office equipment	10%
Telecommunications equipment	20%
Computer (Hardware)	25%

Computer software is depreciated over its estimated useful life of 3 years.

Depreciation for the entire month is charged in the month in which the asset is purchased. Depreciation for the entire month is charged in the month of sale if the asset is sold after 15th day of the month. Depreciation is not provided for the month of sale if the asset is sold on or before 15th of the month.

Assets individually costing upto Rs 5,000 are fully depreciated in the year of purchase.



Deutsche Asset Management (India) Private Limited

Schedules to accounts (Continued)

for the year ended 31 March 2008

(Currency: Indian Rupee in Thousands)

2 Significant accounting policies (Continued)

2.5 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.6 Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the profit and loss account of the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rate on that date. The exchange differences, if any, are recognised in the profit and loss account and related assets and liabilities are accordingly restated in the balance sheet.

2.7 Retirement benefits

The Company has adopted Accounting Standard 15 (Revised 2005) - Employee Benefits (AS 15) from the period commencing 1 April 2007. Employee benefits and the effect is charged to the profit and loss account.

Gratuity

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value. The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at present value of estimated future cash flows. The discounted rates used for determining the present value are based on the market yield on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognized immediately in the profit and loss account. During the year the Company has obtained registration with recognised gratuity fund and is making contribution / provisions based on valuation.



Deutsche Asset Management (India) Private Limited

Schedules to accounts (Continued)

for the year ended 31 March 2008

(Currency: Indian Rupee in Thousands)

2 Significant accounting policies (Continued)

2.10 Leases

Lease of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account.

2.11 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders by weighted average number of equity shares outstanding during the reporting year.

Number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are included.

2.12 Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

2.13 Scheme related expenses

Expenses incurred by the Fund over and above the expense limit as specified in the offer document of the scheme are required to be borne by the Company and are disclosed under the head Administrative and general expenses as 'scheme related expenses'.



Deutsche Asset Management (India) Private Limited

Schedules to Accounts (Continued)

as at 31 March 2008

(Currency: Indian Rupee in Thousands)

	2008	2007
3 Share capital		
Authorised		
26,000,000 (Previous year 26,000,000) equity shares of Rs.10 each	260,000	260,000
	<u>260,000</u>	<u>260,000</u>
Issued, subscribed and paid up		
25,000,000 (Previous year 25,000,000) equity shares of Rs. 10 each fully paid up (25,000,000 (Previous Year 24,506,250) equity shares of Rs.10 each are held by Deutsche India Holding Private Limited, the holding company.)	250,000	250,000
	<u>250,000</u>	<u>250,000</u>



Deutsche Asset Management (India) Private Limited

Schedules to Accounts (Continued)

as at 31 March 2008

(Currency: Indian Rupee in Thousands)

4 Fixed assets

Particulars of Assets	GROSS BLOCK		As at 31 March 2008	As at 1 April 2007	DEPRECIATION		NET BLOCK	
	Addition	(Deductions)			For the Year	Deductions	As at 31 March 2008	As at 31 March 2007
Tangible assets								
Furniture, fixtures and office equipment	6,983	374 (890)	6,467	1,947	1,009 (322)	2,634	3,833	5,036
Telecommunications equipment	2,021	268 -	2,289	1,414	239 -	1,653	636	607
Computer (hardware)	6,043	1,875 -	7,918	4,474	1,183 -	5,657	2,261	1,568
Intangible assets								
Computer (software)	1,674	11 -	1,685	1,674	11 -	1,685	-	-
Total	16,721	2,528 (890)	18,359	9,509	2,442 (322)	11,629	6,730	7,212
Previous year figures	12,797	4,238 (315)	16,721	7,193	2,506 (190)	9,509	7,212	



Deutsche Asset Management (India) Private Limited

Schedules to Accounts (Continued)

as at 31 March 2008

(Currency: Indian Rupee in Thousands)

	2008	2007
5 Sundry debtors <i>(Unsecured and considered good)</i>		
<i>Outstanding for more than six months</i>		
Marketing advisory fees receivable	1,883	
Investment advisory fees receivable (refer note 13.15)	559	4,535
<i>Other debts</i>		
Investment management fees receivable from mutual fund	40,769	10,926
Marketing advisory fees receivable	4,039	1,799
Investment advisory fees receivable	36,669	30,204
	<u>83,919</u>	<u>47,464</u>
6 Cash and Bank balances		
Cash in hand	164	6
Balance with scheduled banks		
- in current account	4,752	3,822
- in deposit accounts	160,000	128,206
	<u>164,916</u>	<u>132,034</u>
7 Loans and advances <i>(Unsecured and considered good)</i>		
Security and other deposit	968	889
Interest accrued on bank deposits	224	4,803
Advance tax (net of provision)	50,278	30,313
Prepaid expenses	2,051	1,168
Other advances	742	102
Cenvat credit receivable	4,027	-
	<u>58,290</u>	<u>37,275</u>
8 Current liabilities		
Service tax payable	7,996	1,406
Withholding tax payable	194	171
Sundry creditors	2,271	18,382
Accrued expenses payable	128,900	64,157
	<u>139,361</u>	<u>84,116</u>
9 Provisions		
Provision for leave encashment	2,792	771
Provision for Gratuity	1,068	1,315
Provision for bonus	5,781	7,322
	<u>9,641</u>	<u>9,408</u>



Deutsche Asset Management (India) Private Limited

Schedules to Accounts (Continued)

as at 31 March 2008

(Currency: Indian Rupee in Thousands)

	2008	2007
10 Other income		
Interest income	5,004	10,588
(Tax deducted at source Rs.968 (Previous year Rs.1,478))	2,954	-
Exchange Gain (net)	161	1,040
Miscellaneous income	8,119	11,628
	<u>8,119</u>	<u>11,628</u>
11 Employee costs		
Salaries, bonus and allowances	195,753	82,029
Contribution to provident and other funds	9,096	5,685
staff welfare	8,181	3,053
	<u>213,030</u>	<u>90,767</u>
Employee costs includes amounts paid to managerial person (Refer note 13.1)		
12 Administration and other expenses		
Global management charges (refer note 13.7)	83,824	62,911
Repairs and maintenance - others	7,961	6,408
Utilities	22,605	24,740
Legal and professional charges	20,424	6,812
Marketing, advertising and publicity	18,888	25,446
Scheme related expenses	8,460	30,596
Conference expenses	1,741	4,833
Travel and conveyance	16,239	6,009
Printing & stationary	10,742	3,064
Exchange loss (net)	-	3,485
Membership fees	2,075	668
Recruitment expenses	4,241	5,048
Rent	1,304	501
Auditor's remuneration (including service tax)	590	535
- Statutory audit fees	197	112
- Tax audit fees	-	-
- Out of pocket expenses	345	290
Directors sitting fees	1,314	987
Insurance	6,486	2,420
Communication expenses	11,034	-
Operational losses	1,120	3,390
Miscellaneous expenses	1,120	3,390
	<u>219,590</u>	<u>188,255</u>



Deutsche Asset Management (India) Private Limited

Schedules to accounts (Continued) for the year ended 31 March 2008

(Currency: Indian Rupee in Thousands)

13 Notes to the accounts

13.1 Managerial remuneration

Particulars	2008	2007
Salary, bonus and allowances	21,537	9,933
Contribution to provident fund and other funds (Provision for leave encashment & gratuity is based on actuarial valuation done on an overall Company basis)	375	564
Total	21,912	10,497

13.2 Earning per share

In accordance with Accounting Standard 20 on Earnings Per Share prescribed in the Companies (Accounting Standard) Rules, 2006, the computation of earnings per share is set out below.

	2008	2007
a) Shareholders earnings (as per profit and loss account) (Rs. In thousands)	34,392	(65,946)
b) Weighted average number of equity shares (par value of Rs.10 each)		
Number of shares at the beginning of the year	25,000,000	1,975,000
Shares issued during the year (number of shares issued)	-	230,250,000
Total number of equity shares outstanding at the end of the year	25,000,000	25,000,000
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	25,000,000	7,534,577
c) Basic and diluted earnings per share (in rupees) (a/b)	1.38	(8.75)

The basic and diluted earnings per share are the same as there is no dilutive/potential equity shares issued.

13.3 Capital Commitment

Capital commitment as on 31 March, 2008 amounts to Rs. Nil (Previous year Rs. Nil).



Deutsche Asset Management (India) Private Limited

Schedules to accounts (Continued) for the year ended 31 March 2008

(Currency: Indian Rupee in Thousands)

13 Notes to the accounts (Continued)

13.4 Deferred tax assets (net)

The major components of deferred taxes are as follows:

	2008	2007
Deferred tax liability		
Depreciation on fixed assets	-	(82)
Deferred tax asset		
Global management charges – accrued	2,530	82
Leave Encashment	914	-
Bonus	1,965	-
Gratuity	363	-
Depreciation on fixed assets	144	-
Other accrued expenses	267	-
Sub total	6,183	-
Less : Not recognised in the financial statements	(6,183)	-
Net deferred tax asset	<u>-</u>	<u>-</u>

Deferred tax assets on timing differences which are expected to reverse in the subsequent period have been recognized to the extent there is reasonable certainty regarding its realisation. Since the Company has carried forward loss under taxation laws, deferred tax assets are not recognised as there is no virtual certainty of realisation of such assets.

13.5 Foreign currency transactions

The Company has undertaken the following transactions in foreign currency:

	2008	2007
Expenditure incurred in foreign currency (on accrual basis)		
Global management charges (refer note 13.7)	83,824	62,911
Insurance expenses	1,314	987
Travel and conveyance	3,892	1,051
Total	89,030	64,949
Income earned in foreign currency (on accrual basis)		
Marketing advisory fees	7,746	8,213
Investment advisory fees	164,368	51,796
Total	172,114	60,009



Deutsche Asset Management (India) Private Limited

Schedules to accounts (Continued) for the year ended 31 March 2008

(Currency: Indian Rupee in Thousands)

13 Notes to the accounts (Continued)

13.6 Operating leases

The Company has taken offices on operating lease. Gross rental expenses for the year ended 31 March 2008 aggregated to Rs. 287 (Previous year Rs. 25) which has been included under the head Administration and other expenses – Rent in the profit and loss account.

Details of future minimum lease payments for the non-cancellable operating lease are as follows:

	2008	2007
Minimum lease payments for non cancellable lease		
- not later than one year	195	-
- later than one year and not later than five years	602	-
- later than five years	858	-
Total	1,655	-

13.7 Global management charges

Global management charges represent payments made by the Company to other Deutsche Bank Group entities for providing business level strategic and supervisory support and have been approved by the Board of Directors.

13.8 Transfer pricing

The Company has developed a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

13.9 Quantitative details

The activities of the Company are not capable of being expressed in any generic units and hence it is not possible to give quantitative details required under paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956.

13.10 Share based payments

The eligible employees of the Company have been granted equity stock options of the ultimate holding company i.e. Deutsche Bank AG under the "Restricted Equity Units Plan ("REU"). As per this scheme, the equity shares vest in a graded manner over a period of 4-5 years. During the year the Company has recognised an amount of Rs.10,436 thousand (Previous year Rs. 4,940 thousands) under employee costs.



Deutsche Asset Management (India) Private Limited

Schedules to accounts (Continued)

for the year ended 31 March 2008

(Currency: Indian Rupee in Thousands)

13 Notes to the accounts (Continued)

13.11 Disclosure under Micro, Small and Medium Enterprises Development Act, 2006

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management and confirmation sought from suppliers on registration with specified authority under MSMED, principal amount, interest accrued and remaining unpaid and interest paid during the year to such enterprise is NIL.

13.12 Employee cost of seconded employee

The Company has one employee on deputation from Deutsche Bank AG, Mumbai Branch. Payments made to Deutsche Bank AG – Mumbai branch towards salaries, provident fund, gratuity, pension, leave encashment for the employee whose services were lent to the Company on deputation basis are regarded as Company's employee cost.

13.13 Retirement benefits

Gratuity:

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below.

	31 March 2008
Change in defined benefit obligations as at	
Present value of defined benefit obligations, 1 st April	2,443
Service cost	1,514
Interest cost	248
Benefits paid	-
Actuarial (gain)/loss on obligations	(360)
Present value of defined benefit obligations as at 31 st March	3,845

Cost recognised for the period	
Current service cost	1,514
Interest cost	248
Expected return on plan assets	-
Actuarial (gain)/loss	(397)
Net gratuity cost	1,365

Actuarial assumptions used	
Discount rate	8% p.a.
Salary escalation rate	15% p.a.
Normal Retirement Age	58 Years
Attrition rate	10% - age linked
Mortality rate	LIC (94-96) Ultimate
Amortisation of Transitional Obligation	Immediate
Amortisation of Actuarial Loss (Gain)	Immediate



Deutsche Asset Management (India) Private Limited

Schedules to accounts (Continued)

for the year ended 31 March 2008

(Currency: Indian Rupee in Thousands)

13 Notes to the accounts (Continued)

13.14 Related parties

The disclosures regarding related parties as required by Accounting standard issued 18 "Related party disclosures" issued by the Companies (Accounting Standards) Rules 2006 are as under:

(A) Names of related parties by whom control is exercised ('Controlling entities')

Deutsche Bank AG (and its branches) Ultimate Holding company
Deutsche India Holdings Private Limited Holding company

(B) Key management personnel ('KMP')

Vijai Mantri, Chief Executive Officer (resigned on 4 April 2008)

(C) Mutual Fund managed by the Company ('MF')

Deutsche Mutual Fund

(D) Fellow subsidiaries with which transactions have taken place during the year:

RREEF India Advisors Private Limited

(E) Transactions with related parties

Nature of Related Party Transaction	For the year ended 31 March 2008			For the year ended 31 March 2007		
	Controlling Entities	MF	Fellow Subsidiary	Controlling Entities	MF	Fellow Subsidiary
Investment management fees	-	311,230	-	-	157,111	-
Marketing advisory fees	7,746	-	-	8,213	-	-
Investment advisory fees - offshore	164,368	-	-	51,796	-	-
Investment advisory fees - domestic	1,780	-	-	-	1,074	-
Employee costs	882	-	-	962	-	-
Staff welfare	205	-	-	354	-	-
Global management charges	83,824	-	-	62,911	-	-
Repairs and maintenance	7,199	-	-	5,791	-	-
Utilities	22,605	-	-	22,413	-	-
Legal and professional charges	3,736	-	-	1,990	-	-
Scheme Related expenses	-	39,976	-	-	30,596	-
Rent	108	-	-	-	-	-
Insurance Expenses	1,314	-	-	987	-	-



Deutsche Asset Management (India) Private Limited

Schedules to accounts (Continued) for the year ended 31 March 2008

(Currency: Indian Rupee in Thousands)

13 Notes to the accounts (Continued)

13.14 Related parties (Continued)

(F) Balance outstanding as at 31 March 2008

Nature of outstanding	As at 31 March 2008			As at 31 March 2007		
	Controlling Entities	MF	Fellow Subsidiary	Controlling Entities	MF	Fellow Subsidiary
Sundry debtors	38,314	40,769	2,438	34,750	10,926	-
Sundry Creditors	276	-	-	-	-	-
Accrued expenses payable	116,855	-	-	63,016	-	-

Notes:

- Banking transactions in the normal course of business with related parties have not been considered.
- Refer note 13.1 above for transaction with key management personnel

13.15 Investment advisory fee

The Company acts as a sub advisor to RREEF India Advisors Private Limited ('RREEF') offshore funds and incurs certain costs in India while providing the sub-advisory services in respect of the offshore Funds proposed investment plans in India.

Investment advisory provided to Deutsche Asset Management (Asia) Limited, Singapore, are recognized on accrual basis, based on a cost plus model. Investment advisory provided to RREEF, are recognized on accrual basis.

13.16 Disclosure under Part II of Schedule VI of the Companies Act

Disclosure under Part II of Schedule VI to the Companies Act 1956 has been made to the extent applicable to the Company.

13.17 Previous year comparatives

Previous year figures have been regrouped and rearranged wherever necessary



Deutsche Asset Management (India) Private Limited

(Currency: Indian Rupee in Thousands)

Balance sheet abstract and Company's general business profile

I Registration details

Registration No State code
Balance sheet date

II Capital raised during the period (Amount in Rupees thousand)

Public issue <input type="text" value="Nil"/>	Rights issue <input type="text" value="Nil"/>
Bonus issue <input type="text" value="Nil"/>	Private placement <input type="text" value="Nil"/>

III Position of mobilisation and deployment of funds (Amount in thousand Rupees)

Total liabilities <input type="text" value="399,002"/>	Total assets <input type="text" value="399,002"/>
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Source of funds

Paid-up capital <input type="text" value="250,000"/>	Reserves and surplus <input type="text" value="Nil"/>
Share application money pending allotment <input type="text" value="Nil"/>	
Secured loans <input type="text" value="Nil"/>	Unsecured loans <input type="text" value="Nil"/>

Application of funds

Net fixed assets <input type="text" value="6,730"/>	Investments <input type="text" value="Nil"/>
Net current assets <input type="text" value="158,123"/>	Miscellaneous expenditure <input type="text" value="Nil"/>
Accumulated losses <input type="text" value="85,147"/>	Deferred tax asset <input type="text" value="Nil"/>

