

ABN AMRO Asset Management (India) Limited

ANNUAL REPORT

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Auditors' Report

To the Members of

ABN AMRO Asset Management (India) Limited

1. We have audited the accompanying Balance Sheet of ABN AMRO Asset Management (India) Limited ('the Company') as at March 31, 2005 and also the Profit & Loss account of the Company 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.
2. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) 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 those books;
 - (c) the Balance Sheet and Profit & Loss account dealt with by this report are in agreement with the books of account;
 - (d) ***as explained in note 15(5)(i), the remuneration payable by the Company to the Manager is in excess of the limits specified in Schedule XIII of the Companies Act, 1956, by Rs. 84,77,595/-. The adjustments, if any, would be accounted for based on approvals of the shareholders and Central Government;***
 - (e) in our opinion, the Balance Sheet and Profit & Loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (f) on the basis of written representations received from the directors as on March 31, 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2005 from being appointed as director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (g) ***subject to our comments in para 4(d) above***, 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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2005; and
 - (ii) in the case of the Profit & Loss account, of the loss of the Company for the year ended on that date.

For CHOKSHI & CHOKSHI
Chartered Accountants

Mitil Chokshi

Partner

Membership No.: 47745

Place : Mumbai

Date : August 27, 2005.

Annexure to Auditors' Report

Annexure referred to in paragraph '3' of Auditors' Report of even date to the members of ABN AMRO Asset Management (India) Limited on the account for the year ended March 31, 2005.

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The fixed assets have been physically verified by the management and there is a periodic programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.
(c) During the year, the Company has not disposed of any major part of fixed assets that would affect the going concern assumption.
2. In our opinion, and according to the information and explanations given to us, the company's nature of operations does not require it to hold any inventories. Consequently, Para 4(ii) of the Companies (Auditors' Report) Order, 2003, is not applicable.
3. According to the information and explanations given to us, the Company has not given / taken any loans from / to companies, firms or others required to be covered by register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under that section;
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public in which the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 or any other relevant provisions of the Companies Act, 1956, and the rules framed thereunder, apply. Consequently, Para 4(vi) of the Companies (Auditors' Report) Order, 2003, is not applicable.
7. The Company has a formal Internal Audit system commensurate with its size and nature of its business during the year.
8. We are informed that the Central Government has not prescribed the maintenance of Cost Records under Section 209(1)(d) of the Companies Act, 1956. Consequently, Para 4(viii) of the Companies (Auditors' Report) Order, 2003, is not applicable.
9. (a) According to the information and explanations given to us on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom Duty, cess and other statutory dues wherever applicable during the year with the appropriate authorities. We are further informed that the Company is not required to make any contribution under the Employees' State Insurance Scheme, as it is not applicable to the Company. As on March 31, 2005, there are no undisputed dues payable for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Customs, Wealth-Tax, Service tax, Excise Duty, Cess and any other statutory dues that have not been deposited with the appropriate authorities on account of any dispute.
10. At March 31, 2005, the Company has been registered for less than five years. Consequently, Para 4(x) of the Companies (Auditors' Report) Order, 2003, is not applicable.
11. According to the information and explanations given to us, the Company does not have any outstanding debentures or any outstanding loans from any financial institution or a bank during the year. Consequently, Para 4(xi) of the Companies (Auditors' Report) Order, 2003, is not applicable.
12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Consequently, Para 4(xii) of the Companies (Auditors' Report) Order, 2003, is not applicable.
13. To the best of our knowledge and as confirmed by the Management, no special statutes applicable to a chit fund, nidhi or a mutual benefit society are applicable to the Company. Consequently, Para 4(xiii) of the Companies (Auditors' Report) Order, 2003, is not applicable.

14. Based on information and explanations provided by the Management, the Company does not deal or trade in investments but purchases investments with a view to hold such investments and earn income from dividend or interest thereon. Consequently, Para 4(xiv) of the Companies (Auditors' Report) Order, 2003, is not applicable.
15. Based on information and explanations provided by the Management, the Company has not given any guarantees for loans taken by others from banks and financial institutions. Consequently, clause 4(xv) of the Companies (Auditors' Report) Order, 2003, is not applicable.
16. In our opinion, the term loans in the nature of finance lease have been applied for the purpose for which they were obtained. Consequently, clause 4(xvi) of the Companies (Auditors' Report) Order, 2003, is not applicable.
17. According to the information and explanations given to us and based on overall examination of the Balance Sheet of the Company, the Company has not raised any funds on short-term basis for the purpose of long term investment. Consequently, clause 4(xvii) of the Companies (Auditors' Report) Order, 2003, is not applicable.
18. The Company has not made any preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act, 1956, during the year. Consequently, clause 4(xviii) of the Companies (Auditors' Report) Order, 2003, is not applicable.
19. The Company has not issued any debentures during the year. Consequently, clause 4(xix) of the Companies (Auditors' Report) Order, 2003, is not applicable.
20. The Company has not raised any money by public issues during the year. Consequently, clause 4(xx) of the Companies (Auditors' Report) Order, 2003, is not applicable.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For CHOKSHI & CHOKSHI
Chartered Accountants

Mitil Chokshi

Partner

Membership No.: 47745

Place : Mumbai

Date : August 27, 2005

Balance Sheet as at 31 March, 2005

(Currency: Indian Rupees)

	Schedule	31 March, 2005	31 March, 2004
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	303,600,000	303,600,000
Loan Funds			
Secured Loans	2	3,507,439	845,792
Total		307,107,439	304,445,792
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	19,472,362	9,160,741
Less : Accumulated Depreciation		5,326,560	933,270
Net Block		14,145,802	8,227,471
Investments			
	4	190,850,025	274,195,937
Current Assets, Loans and Advances			
Sundry Debtors	5	3,866,630	-
Cash and Bank balances	6	1,194,561	351,824
Loans and Advances	7	14,232,247	1,599,547
		19,293,438	1,951,371
Less : Current Liabilities and Provisions			
Current Liabilities	8	28,494,081	6,752,094
Provisions	9	3,599,226	125,986
		32,093,307	6,878,080
Net Current Assets		(12,799,869)	(4,926,709)
Profit & Loss account (Debit balance)		114,911,481	26,949,093
Total		307,107,439	304,445,792
Significant accounting policies	14		
Notes to accounts	15		

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

As per our report of even date

On behalf of the Board of Directors

ABN AMRO Asset Management (India) Ltd.

For **CHOKSHI & CHOKSHI**
Chartered Accountants

Romesh Sobti
Director

Ninad Karpe
Director

Rakesh Vengayil
Manager

Mitil Chokshi
Partner
Membership No.: 47745
Mumbai
Date: August 27, 2005

Profit and Loss Account for the year ended 31 March, 2005

		(Currency: Indian Rupees)	
	Schedule	31 March, 2005	31 March, 2004
INCOME			
Management Fees		28,789,853	–
Other Income	10	8,235,756	1,695,936
Total Income		37,025,609	1,695,936
EXPENDITURE			
Personnel Costs	11	53,550,321	12,596,442
Operating and Other Expenses	12	66,616,482	15,115,317
Depreciation	13	4,821,194	933,270
Total Expenditure		124,987,997	28,645,029
Loss before tax		(87,962,388)	(26,949,093)
Current tax		–	–
Deferred tax		–	–
Loss for the year		(87,962,388)	(26,949,093)
Balance in Profit & Loss account brought forward		(26,949,093)	–
Balance in Profit & Loss account carried forward		(114,911,481)	(26,949,093)
Earnings per Share (Equity Share of face value Rs.10 each, fully paid-up)			
Basic and Diluted		(2.90)	(2.87)
Significant accounting policies	14		
Notes to accounts	15		

The Schedules referred to above form an integral part of this Profit and Loss Account

As per our report of even date

On behalf of the Board of Directors

For **CHOKSHI & CHOKSHI**
Chartered Accountants

ABN AMRO Asset Management (India) Ltd.

Mitil Chokshi
Partner
Membership No.: 47745
Mumbai
Date: August 27, 2005

Romesh Sobti
Director

Ninad Karpe
Director

Rakesh Vengayil
Manager

Schedules to the Accounts

(Currency: Indian Rupees)

	31 March, 2005	31 March, 2004
1 Share Capital		
Authorised		
32,000,000 Equity Shares of Rs. 10 each	320,000,000	320,000,000
Issued, Subscribed and Paid-up	303,600,000	303,600,000
30,360,000 Equity Shares of Rs. 10 each, fully paid-up (Of the above 22,770,000 equity shares of Rs 10 each are held by ABN AMRO Bank N.V., the holding company)		
Total	303,600,000	303,600,000
2 Secured Loans		
Vehicle Lease liability [(refer note 15 (2)(b))	3,507,439	845,792
Note : Vehicle loans under Finance lease are secured against respective vehicles.		
Total	3,507,439	845,792

3 Fixed Assets

Description	Gross Block			Depreciation			Net Block	Net Block		
	As at 1 April, 2004	Additions	Deductions	As at 31 March, 2005	As at 1 April, 2004	For The Year (*)	Deductions	As at 31 March, 2005	As at 31 March, 2004	
Computer Equipments	2,813,391	2,509,165	-	5,322,556	133,017	907,800	-	1,040,817	4,281,739	2,680,374
Leasehold Improvement	3,410,155	-	-	3,410,155	525,186	1,295,220	-	1,820,406	1,589,749	2,884,970
Furniture and Fixtures	188,108	105,219	-	293,327	15,255	48,111	-	63,366	229,961	172,853
Office Equipments	1,650,573	519,262	-	2,169,835	119,476	381,897	-	501,373	1,668,462	1,531,097
Software	114,000	2,831,046	-	2,945,046	8,080	492,247	-	500,327	2,444,719	105,920
Vehicles on Finance Lease*	984,514	4,532,788	1,105,199	4,412,103	132,256	1,683,328	427,906	1,387,678	3,024,425	852,258
Own Vehicles	-	919,340	-	919,340	-	12,592	-	12,593	906,747	-
TOTAL	9,160,741	11,416,820	1,105,199	19,472,362	933,270	4,821,194	427,906	5,326,560	14,145,802	8,227,471
Previous period figures	-	9,160,741	-	9,160,741	-	933,270	-	933,270	8,227,471	-

* Note: Vehicles on Finance Lease include under Additions, transfer of three vehicles of Rs. 18,30,199/- being cost as of February 04 & March 04 from ABN AMRO Bank and Depreciation for the year includes amount of Rs. 89,335/- being for February 04 & March 04, adjusted during the year.

Schedules to the Accounts (Contd.)

(Currency: Indian Rupees)

4 Investments

	As on 31 March '05 Number of units	As on 31 March '05 Amount	As on 31 March '04 Number of units	As on 31 March '04 Amount
Current Investment (Unquoted, Non-trade)				
Mutual Fund Units				
DSP Merrill Lynch Liquidity Fund - Growth <i>Net Asset Value as on March 31, 2005</i> <i>- Nil (March 31, 2004 : 144,432,052)</i>	-	-	9,338,862.874	143,371,153
Prudential ICICI Liquid Plan Institutional Plus - Growth Option <i>Net Asset Value as on March 31, 2005</i> <i>- Nil (March 31, 2004 : 131,832,898)</i>	-	-	8,429,051.760	130,824,784
ABN AMRO Cash Fund - Institutional - Growth <i>Net Asset Value as on March 31, 2005</i> <i>- 196,319,786.706 (March 31, 2004 - Nil)</i>	19,085,002.499	190,850,025	-	-
Total	19,085,002.499	190,850,025	17,767,914.634	274,195,937

Purchases and Redemptions during the year

Scheme

	Purchases (units)	Redemptions (units)	Purchases (units)	Redemptions (units)
DSP Merrill Lynch Daily Dividend (including units allotted for daily dividend re-invested)	-	-	15,335,431.340	15,418,751.801
DSP Merrill Lynch Liquidity Fund - Growth	-	9,338,862.874	9,955,274.568	616,411.694
Prudential ICICI Daily Dividend (including units allotted for daily dividend re-invested)	-	-	16,875,500.991	16,945,094.180
Prudential ICICI Institutional Growth Fund	-	8,429,051.760	8,249,051.760	-
ABN AMRO Cash Fund - Institutional Growth	24,000,000.000	4,914,997.501	-	-
ABN AMRO Cash Fund - Regular Growth	1,000,000.000	1,000,000.000	-	-
	Purchases (Rs.)	Redemptions (Rs.)	Purchases (Rs.)	Redemptions (Rs.)

Purchases and Redemptions during the year

Scheme

DSP Merrill Lynch Daily Dividend	-	-	153,500,000	1,500,000
DSP Merrill Lynch Liquidity Fund Growth	-	146,947,158	152,834,371	9,500,000
Prudential ICICI Daily Dividend	-	-	200,000,000	70,000,000
Prudential ICICI Institutional Growth Fund	-	134,381,001	130,824,784	-
ABN AMRO Cash Fund - Institutional Growth	240,000,000	50,000,000	-	-
ABN AMRO Cash Fund - Regular Growth	10,000,000	10,027,800	-	-
Total	250,000,000	341,355,959	637,159,154	81,000,000

Schedules to the Accounts *(Contd.)*

(Currency: Indian Rupees)

Current Assets, Loans & Advances

5. Sundry Debtors

Management Fees Receivable	3,866,630	–
Total	3,866,630	–

6. Cash and Bank Balances

Cash in hand	4,508	468
Balances with scheduled banks		
Current account	1,190,053	351,356
Total	1,194,561	351,824

7. Loans and Advances

(Unsecured, considered good)

Advances recoverable in cash or kind or for value to be received	2,961,360	45,000
Due from ABN AMRO Trustee (India) Private Limited	–	18,495

(A Company under the same Management, maximum amount outstanding during the year Rs. Nil -, previous year Rs. 18,495/-)

Deposits	8,877,126	1,445,226
Prepaid expenses	734,517	90,826
Prepaid Taxes	1,659,244	–
Total	14,232,247	1,599,547

Grand Total

19,293,438 1,951,371

8. Current Liabilities

Sundry creditors for expenses*	6,093,329	687,383
Payable to ABN AMRO Bank N.V, Mumbai branch	14,757,582	5,664,711
Payable to ABN AMRO Central Enterprise Services Private Limited	134,623	400,000
Payable to ABN AMRO Mutual Fund	7,508,547	–

*On the basis of information available with the company none of the sundry creditors are small scale industrial undertakings

Total

28,494,081 6,752,094

9. Provisions

Provision for Gratuity & Bonus	2,749,871	125,986
Provision for Service Tax payable	378,676	–
Provision for Expenses	470,679	–
Total	3,599,226	125,986

Schedules to the Accounts *(Contd.)*

(Currency: Indian Rupees)

	31 March, 2005	31 March, 2004
10. Other Income		
Dividend income	–	1,659,150
Profit on sale of investments	8,010,043	36,786
Profit on foreclosure of leased vehicle	225,713	–
Total	8,235,756	1,695,936
11. Personnel Costs		
Salaries, bonus, allowances and other employee cost*	51,766,574	12,002,265
Contribution to provident and other funds*	1,478,688	308,276
Staff welfare expenses	305,059	285,901
* Includes cost of employees on secondment from ABN AMRO Bank N.V., Mumbai branch and amount paid to managerial person [Note 15(5)(i)]		
Total	53,550,321	12,596,442
12. Operating and Other Expenses**		
Rent	3,686,710	1,089,275
Travelling and Conveyance	6,759,967	1,311,328
Communication Cost	1,035,577	134,892
Advertisement & Sales Promotion	32,634,661	59,933
Insurance	8,627	8,459
Legal and Professional Fees	3,276,367	638,929
Information Technology Expenses	743,027	70,115
Auditors remuneration - Statutory Audit Fees	200,000	165,300
Repairs & Maintenance	13,536	18,864
Newswire Charges	2,224,266	–
Scheme Expenses	9,348,363	–
Printing & Stationery and Postage	2,036,193	70,428
Electricity and Water Charges	433,729	251,182
Office Expenses	927,785	147,854
Tax (FY 2003-04)	14,254	–
Registration, Stamp Duty and Filing Fees	3,113,420	312,600
Director's Sitting Fees	160,000	–
Pre-Incorporation Expenses	–	7,375,449
Preliminary Expenses	–	3,460,710
Total	66,616,482	15,115,317

** Includes expenses incurred prior to obtaining the SEBI approval for acting as Asset Management Company.

Schedules to the Accounts for the year ended March 31, 2005

13. Background

ABN AMRO Asset Management (India) Limited (the 'Company') was incorporated as a Limited Company on November 4, 2003 to carry on the business of asset management and portfolio management services. ABN AMRO Bank N.V. owns 75% of the paid-up share capital of the Company. The Securities and Exchange Board of India has given its approval to the Company for acting as the Asset Management Company for ABN AMRO Mutual Fund vide its letter dated May 28, 2004. The first schemes of ABN AMRO Mutual Fund were launched on August 9, 2004.

14. Significant Accounting Policies

a) Basis of Preparation

The accompanied financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 to the extent applicable.

The preparation of the financial statements in conformity with generally accepted accounting principles 'GAAP' requires management to make estimates & assumptions that affect the reported amount of assets, liabilities, revenues & expenses and disclosure of contingent liabilities on the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognised prospectively in current and future years.

b) Fixed Assets, Depreciation & Impairment

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

Depreciation is provided on Straight Line Method at the rates mentioned below which reflect the management's estimate of the useful lives of the respective fixed assets and are higher than the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956.

Class of Fixed Assets	Rate of Depreciation (per annum)
Computer Equipment	20%
Furniture & Fixtures	20%
Office Equipment	20%
Software	33.33%
Vehicle – On finance lease / own	33.33%
Leasehold Improvement	Over Primary Period of Lease

Fixed assets having an original cost less than Rs.5,000/- individually are fully depreciated in the year of purchase / installation.

The Company provides pro-rata depreciation from the day the asset is put to use and for any asset sold, until the date of sale.

At the Balance Sheet date, the Company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets suffered an impairment loss and provides for, if any.

c) Revenue Recognition

Management fee is recognised at specified rates agreed with the relevant schemes, applied on the average daily net assets of each scheme (excluding inter-scheme investments and investments made by the Company in the respective schemes) on accrual basis.

Dividend income is recognised on the date the right to receive dividend is established.

The profit / loss on sale of investments is recognised on trade date basis.

d) Transactions in Foreign Currency

Transactions in Foreign Currency are recorded at the exchange rate prevailing on the dates of transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the Profit & Loss account of the year.

Schedules to the Accounts for the year ended March 31, 2005 (Contd.)

Monetary assets and liabilities denominated in foreign currencies as at the Balance Sheet date are translated at the closing exchange rates on that date. The resultant exchange differences are recognised in the Profit & Loss account.

e) Retirement Benefits

- (i) Contribution to the recognised Provident Fund, which is a defined contribution scheme, is charged to the Profit & Loss account.
- (ii) The Company has provided for Gratuity, based on the actuarial valuations and provisions of the Payment of Gratuity Act, 1972 in line with the employment contracts executed with its employees.
- (iii) The Company's policy does not allow employees to encash leave, and accordingly no provision for the same is made.

f) Investments

Investments are classified as long term or current based on intentions of the management.

Investments classified as current investment are valued at lower of weighted average cost or net asset value. The comparison of cost and net asset value is done separately in respect of each individual investment.

g) Operating Expenditure

All expenses incurred during the year including expenditures incurred till the date of granting of SEBI registration have been charged to Profit & Loss account for the current year.

h) Income Tax

Income tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). Provision for Income Tax is recognised on an annual basis under the taxes payable method, based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with Income Tax Act, 1961.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date for appropriateness of their carrying value at each balance sheet date.

i) Lease

(i) Operating Lease

In respect of operating lease, the lessor effectively retains substantially all the risks and benefits of ownership over the lease term. Operating Lease rentals are recognised as an expense over the lease period.

(ii) Finance Lease

In respect of finance lease, substantially all the risks and benefits of ownership of the leased assets are transferred to the lessee over the lease term. The fair value of the asset acquired on finance lease (including vehicles through ABN Amro Bank) is recognised as an asset and a liability at the inception of the lease. The lease payments are apportioned between the finance charge and the reduction from the outstanding liability. Depreciation is charged on the assets acquired on finance lease.

j) Earning Per Share

The basic earnings per share is computed by dividing the net profit / loss attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that increase loss per share are included.

k) Contingencies

Loss contingencies arising from the claims, litigations, assessments, fines, penalties, etc. are recorded when it is probable that a liability has been incurred, and the amount can be reasonably estimated.

Schedules to the Accounts for the year ended March 31, 2005 *(Contd.)*

15. Notes to the Accounts for the year ended March 31, 2005

1. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for amounts to Rs. 3,00,000/- (Previous period Rs 21,50,000/-).

2. Lease

a) Lease Premises

The Company has acquired office premises and residential accommodation for employees on lease having different tenors. There is no escalation clause in the lease agreements. There are no restrictions imposed by the lease arrangements. There are no subleases. During the current year, the amount charged to the Profit & Loss account is Rs. 48,85,842/- (Previous period Rs. 15,18,429/-).

Minimum Lease Payments due	<i>Amount (Rs.)</i>		
	Not later than 1 year	Later than 1 year & not later than 5 years	Later than 5 years
Current Year	42,74,412	17,26,250	Nil
<i>Previous period</i>	<i>30,69,759</i>	<i>30,75,604</i>	<i>Nil</i>

b) Lease Vehicles

The Company has entered into finance lease agreements to lease motor cars for use by some of its staff members. These lease agreements are non-renewable and do not provide for escalation in rental values. Further, no contingent rent is payable. The cost of leased car as on March 31, 2005 is Rs. 44,12,103/- (Previous period Rs. 9,84,514/-).

The schedule of overall lease payments is given below: -

Lease Payments during the year ended March 31, 2005

	<i>Amount (Rs.)</i>	
	Principal Paid	Interest Paid
Current Year	26,712	11,670
<i>Previous period</i>	<i>1,38,722</i>	<i>58,001</i>

Minimum Lease Payments due	<i>Amount (Rs.)</i>		
	Not later than 1 year	Later than 1 year & not later than 5 years	Later than 5 years
Total Principal	18,35,184	26,13,678	Nil
<i>Previous period</i>	<i>2,67,544</i>	<i>5,78,248</i>	<i>Nil</i>
Total Interest	12,04,009	6,67,299	Nil
<i>Previous period</i>	<i>88,654</i>	<i>1,05,591</i>	<i>Nil</i>

Note :

- 1) Rs. 18,35,184/- includes overdue amount of Rs. 9,41,424/- (Previous period Rs. 35,698/-) towards principal and Rs. 12,04,009/- includes overdue interest of Rs. 7,03,253/- (Previous period Rs. 11,310/-).
- 2) Rs. 18,35,184/- includes overdue amount of Rs. 2,02,193/- pertaining to lease foreclosure.

Schedules to the Accounts for the year ended March 31, 2005 (Contd.)

3. Earnings Per Share

In accordance with Accounting Standard 20 on Earnings per Share issued by the ICAI, the following is the calculation of the basic and diluted earnings per share:

a) Shareholders Earnings (as per Profit and Loss Account)

Net loss for the year

Current Year	Previous Period
(87,962,388)	<i>(2,69,49,093)</i>

b) Weighted average number of equity shares (par value of Rs. 10 each)

	Current Year	Previous Period
Number of equity shares at the beginning of the year	3,03,60,000	<i>3,03,60,000</i>
Shares issued during the year	Nil	<i>Nil</i>
Total number of shares outstanding at the year-end	3,03,60,000	<i>3,03,60,000</i>
Weighted Average number of Equity Shares outstanding	3,03,60,000	<i>94,04,055</i>

c) Basic and Diluted earnings per share (a/b)

Current Year	Previous Period
(2.90)	<i>(2.87)</i>

4. Transfer Pricing

The Company has a comprehensive system of maintenance of information and documents required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. The management is of the opinion that all the international transactions are at arms length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision of taxation.

5. Supplementary Statutory Information

i) Managerial Remuneration

(a) In view of the inadequacy of profits, Managerial Remuneration payable by the Company, in accordance with the provisions of Section 198 of the Companies Act, 1956 read with the Schedule XIII of the said Act, exceeds by Rs. 84,77,595/- (Previous period Rs. 36,74,579/-). The Company is in the process of obtaining the approval of the shareholders at the forthcoming Annual General Meeting and the approval of the Central Government for the payment of the Managerial Remuneration.

(b) The particulars of Managerial Remuneration payable by the Company for the year 01.04.2004 to 31.03.2005 is given below:

Particulars	Amount (Rs.)	
	2004-05	2003-04 (3 Mths)
Salaries	94,78,655	37,89,677
Perquisites	5,32,466	1,09,902
Contribution to Provident & other Funds	2,66,475	3,19,255
TOTAL	1,02,77,596	42,18,834

(c) Computation of Net Profits in accordance with Section 309(5) of the Companies Act, 1956 has not been given since no commission is payable.

Schedules to the Accounts for the year ended March 31, 2005 *(Contd.)*

ii) Expenditure in Foreign Currency:

Particulars	Amount (Rs.)	
	2004-05	2003-04
Travelling Expenses	3,13,056	1,45,710
TOTAL	3,13,056	1,45,710

6. Auditors' Remuneration

Particulars	Amount (Rs.)	
	2004-05	2003-04
Statutory Audit Fees (including Service Tax)	2,20,400	1,74,425
Tax Audit Fees (including Service Tax)	1,10,200	–

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

8. Previous Period Comparatives

The current year i.e. April '04 to March '05 figures are not comparable with previous period i.e. November '03 to March '04. Comparative figures have been reclassified to confirm with the presentation of current year.

Schedules to the Accounts for the year ended March 31, 2005 (Contd.)

9. Balance Sheet abstract and company's general business profile

I. Registration Details

Registration No.	142972	State Code	11
Balance Sheet	March 31, 2005		

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	307107	Total Assets	307107
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Sources of Funds

Paid-up Capital	303600	Reserves & Surplus	NIL
Share Appli. Money	NIL		
Secured Loans	3507	Unsecured Loan	NIL

Application of Funds

Net Fixed Assets	14146	Intangible Assets	NIL
Investments	190850	Net Current Assets	(12800)
Accumulated Losses	114911		

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	37026	Total Expenditure	124988
Profit Before Tax	(87962)	Profit After Tax	(87962)
Earning per share in Rs.	(2.90)	Dividend Rate	NIL

V. Generic Names of Three Principal Products / Services of Company (As per monetary terms):

Item Code No. (ITC Code)	NOT APPLICABLE
Product Description	ASSET MANAGEMENT SERVICES

For ABN AMRO Asset Management (India) Limited

Romesh Sobti
Director

Ninad Karpe
Director

Rakesh Vengayil
Manager

Place : Mumbai
Date: August 27, 2005



ABN AMRO Asset Management (India) Ltd.
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