

**ABN AMRO ASSET MANAGEMENT (INDIA) LIMITED****Regd. Office: 101, 10<sup>th</sup> Floor, Sakhar Bhavan, Nariman Point, Mumbai 400 021****DIRECTORS' REPORT**

Dear Members,

Your Directors have great pleasure in presenting the Fourth Annual Report together with the Audited Accounts of your Company for the Financial Year ended March 31, 2007.

**FINANCIAL RESULTS**

	<b>1/04/06-31/03/07</b>	<b>1/04/05-31/03/06</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>
Investment Management Fees	176,836,877.00	109,302,024.00
Advisory Fees	14,709,829.00	6,324,801.00
Other Income	11,019,998.00	19,224,573.00
<b>Total Income</b>	<b>202,566,704.00</b>	<b>134,851,398.00</b>
Total Expenditure (excl. Depreciation)	206,539,144.00	140,961,106.00
Profit/(Loss) before Depreciation & Taxation	-3,972,440.00	-6,109,708.00
Less: Depreciation	7,698,298.00	6,396,452.00
Less: Provision for Taxation	NIL	NIL
(Net of deferred tax adjustment)	-6,030,233.00	NIL
Less: Fringe Benefit Tax	1,207,579.00	1,105,643.00
Net Profit/(Loss) for the year	-6,848,084.00	-13,611,803.00
Balance brought forward from previous year	-128,523,284.00	-114,911,481.00
Balance carried to Balance Sheet	-135,371,368.00	-128,523,284.00

**OPERATIONS**

ABN AMRO Mutual Fund (the "Fund") commenced its operations in the month of August 2004. The Fund manages 29 schemes as on March 31, 2007 with Assets under Management of Rs. 5191.91 Crores, which have increased from Rs 2769.27 crores as on March 31, 2006 showing an increase of 87%.

As on July 31, 2007, the Asset under Management of ABN AMRO Mutual Fund is Rs. 7483.71 crores across all the Schemes (including Fund of Fund Schemes)

## **DIRECTORS**

Mr. Ninad Karpe and Mr. Arun Nanda, Directors of the Company are liable to be retired by rotation at the ensuing Fourth Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

The approval of the members is being sought for re-appointment of Mr. Ninad Karpe and Mr. Arun Nanda, at the ensuing Fourth Annual General Meeting as Directors of the Company.

## **DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956 as inserted vide Companies Amendment Act, 2000, your Directors report

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- (b) that they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period;
- (c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that they have prepared the annual accounts on a going concern basis.

## **AUDITORS**

The Auditors of your Company M/s. Haribhakti & Co., Chartered Accountants, retire at the conclusion of the Fourth Annual General Meeting and being eligible, have offered themselves for re-appointment.

Your Directors recommend their re-appointment.

## **AUDIT COMMITTEE**

The members of the Audit Committee are Mr. Arun Nanda - Independent Director, Mr. Rajan Ray - Independent Director, Mr. Ninad Karpe - Independent Director and Mr. Romesh Sobti – Associate Director. All the members of the Audit Committee are non-executive Directors. The Audit Committee is constituted in accordance with the provisions of section 292A of the Companies Act, 1956.

## **PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956**

Statement of particulars of employees pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particular of Employees) Rules, 1975 is annexed to this report.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Being an Asset Management Company, your Company has no manufacturing activities. Hence, there is no report pertaining to conservation of energy or technology absorption. During the year under report, your Company has not earned any foreign exchange. The details of foreign exchange outgoing are given in point 6(ii) of Notes to the accounts and given below for reference.

		Amount in Rs.
Particulars	2006-07	2005-06
Foreign Travel Expenses	329,828.00	328,340.00
Total	329,828.00	328,340.00

## **ACKNOWLEDGEMENT:**

Your Directors would like to place on record their gratitude for all the guidance and co-operation received from the SEBI. Your Directors would also like to take this opportunity to express their appreciation towards the Company's bankers and the auditors for their support. Your Directors would like to place on record their appreciation towards dedicated and committed team of employees for their contribution.



## CAUTIONARY NOTE

The statements forming part of the Director's Report may contain certain forward looking remarks within the meaning of applicable securities laws and regulations. Many factors could cause the actual results, performances, or achievements of the Company to be materially different from any future results, performances, or achievements that may be expressed or implied by such forward looking statements.

On behalf of the Board of Directors  
**ABN AMRO Asset Management (India) Limited**

Place: Mumbai  
Date : August 28, 2007

Sd-  
Nikhil Johri  
Managing Director

Sd/-  
Ramesh Sobti  
Director

**ABN AMRO ASSET MANAGEMENT (INDIA) LIMITED****Balance Sheet as at 31 March 2007**

(Currency: Indian Rupees)

	Schedule	31 March 2007	31 March 2006
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	303,600,000	303,600,000
<b>Loan Funds</b>			
Unsecured Loans	2	2,712,205	3,288,748
<b>TOTAL</b>		<b>306,312,205</b>	<b>306,888,748</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	3	41,366,182	22,108,485
Less : Accumulated Depreciation		17,647,323	10,389,887
<b>Net Block</b>		<b>23,718,859</b>	<b>11,718,598</b>
<b>Capital Advances</b>		<b>339,926</b>	<b>0</b>
		<b>24,058,785</b>	<b>11,718,598</b>
<b>Investments</b>			
<b>Deferred Tax Assets</b>	4	5,491,783	91,480,396
		6,030,233	0
<b>Current Assets, Loans and Advances</b>			
Sundry Debtors	5	20,518,872	7,140,032
Cash and Bank balances	6	100,640,182	64,105,738
Other Current Assets	7	6,466,394	3,251,778
Loans and Advances	8	49,720,095	27,172,423
		<b>177,345,543</b>	<b>101,669,971</b>
<b>Less : Current Liabilities and Provisions</b>			
Current Liabilities	9	27,722,504	19,003,937
Provisions	10	14,263,003	7,499,564
		<b>41,985,507</b>	<b>26,503,501</b>

<b>Net Current Assets</b>		<u>135,360,036</u>	<u>75,166,470</u>
<b>Profit &amp; Loss account (Debit balance)</b>		<u>135,371,368</u>	<u>128,523,284</u>
<b>TOTAL</b>		<u>306,312,205</u>	<u>306,888,748</u>
Significant accounting policies	<b>15</b>		
Notes to accounts	<b>16</b>		

The Schedules referred to above form an integral part of this balance sheet  
As per our report of even date

**For Haribhakti & Co.**  
**Chartered Accountants**

**On behalf of the Board of Directors**  
ABN AMRO Asset Management (India) Ltd

**Chetan Desai**  
**Partner**

**Managing Director**

**Director**

Mumbai  
Date: August 28, 2007

**Company Secretary**

**Head- Operations  
& IT**

**ABN AMRO ASSET MANAGEMENT (INDIA) LIMITED**

**Profit and Loss Account**

**For the year ended 31 March 2007**

(Currency: Indian Rupees)

	Schedule	31 March 2007	31 March 2006
<b>INCOME</b>			
Management Fees		176,836,877	109,302,024
(Current year's fees includes TDS of Rs.10,599,036 (Previous year - Rs. 6,757,291))			
Advisory Fees		14,709,829	6,324,801
Other Income	<b>11</b>	11,019,998	19,224,573
<b>TOTAL INCOME</b>		<b>202,566,704</b>	<b>134,851,398</b>
<b>EXPENDITURE</b>			
Personnel Costs	<b>12</b>	125,543,513	82,580,918
Operating and Other Expenses	<b>13</b>	80,995,631	58,380,188
Depreciation	<b>3</b>	7,698,298	6,396,452
<b>TOTAL EXPENDITURE</b>		<b>214,237,442</b>	<b>147,357,558</b>
<b>Loss before tax</b>		<b>(11,670,738)</b>	<b>(12,506,160)</b>
Current tax		-	-
Deferred tax		(6,030,233)	-
Fringe Benefit Tax		1,207,579	1,105,643
<b>Loss for the year</b>		<b>(6,848,084)</b>	<b>(13,611,803)</b>
<b>Balance in Profit &amp; Loss account brought forward</b>		<b>(128,523,284)</b>	<b>(114,911,481)</b>
<b>Balance in Profit &amp; Loss account carried forward</b>		<b>(135,371,368)</b>	<b>(128,523,284)</b>
<b>Earnings per Share</b>		<b>(0.23)</b>	<b>(0.45)</b>
(Equity Share of face value Rs.10 each, fully paid up)			
Basic and Diluted			
Significant accounting policies	<b>15</b>		
Notes to accounts	<b>16</b>		

The Schedules referred to above form an integral part of this profit and loss account  
As per our report of even date

**For Haribhakti & Co.**  
**Chartered Accountants**

**On behalf of the Board of Directors**  
ABN AMRO Asset Management (India) Ltd

**Chetan Desai**  
**Partner**

**Managing Director**

**Director**

Mumbai  
Date: August 28, 2007

**Company Secretary**

**Head- Operations & IT**

## ABN AMRO ASSET MANAGEMENT (INDIA) LIMITED

### Schedules to the Accounts

(Currency: Indian Rupees)

31 March 2007      31 March 2006

#### 1. Share Capital

##### Authorised

32,000,000 Equity Shares of Rs. 10 each

320,000,000

320,000,000

##### Issued, Subscribed and Paid-up

30,360,000 Equity Shares of Rs. 10 each, fully paid up

303,600,000

303,600,000

(Of the above 22,770,000 equity shares of Rs 10 each are held by ABN AMRO Asset Management (Asia ) Ltd, the holding company)

**Total**

**303,600,000**

**303,600,000**

#### 2. Unsecured Loans

*Vehicle Lease liability (refer note 16 (2)(b))*

2,712,205

3,288,748

**Total**

**2,712,205**

**3,288,748**

## Schedules to the Accounts (continued)

(Currency: Indian Rupees)

FY 2006-07

## 3. FIXED ASSETS

Description	Gross Block				Depreciation				Net Block As at 31 March 2007	Net Block As at 31 March 2006
	As at 1 April 2006	Additions	Deductions	As at 31 March 2007	As at 1 April 2006	For The Year	Deductions	As at 31 March 2007		
Computer Equipments	6,775,668	5,974,584	240,000	12,510,252	2,360,860	2,216,921	114,022	4,463,759	8,046,493	4,414,807
Leasehold Improvement	3,624,438	6,243,640	-	9,868,078	3,272,351	949,011	-	4,221,362	5,646,716	352,087
Furniture and Fixtures	487,766	161,358	-	649,124	304,014	181,306	-	485,320	163,804	183,752
Office Equipments	2,469,971	2,638,507	-	5,108,478	1,023,239	888,806	-	1,912,045	3,196,433	1,446,732
Software (Intangibles)	3,731,375	4,452,461	-	8,183,836	1,552,639	1,852,432	-	3,405,071	4,778,765	2,178,736
Vehicles on Finance Lease	4,099,927	1,010,460	983,313	4,127,074	1,557,777	1,303,416	326,840	2,534,353	1,592,721	2,542,150
Own Vehicles	919,340	-	-	919,340	319,007	306,406	-	625,413	293,927	600,333
<b>TOTAL</b>	<b>22,108,485</b>	<b>20,481,010</b>	<b>1,223,313</b>	<b>41,366,182</b>	<b>10,389,887</b>	<b>7,698,298</b>	<b>440,862</b>	<b>17,647,323</b>	<b>23,718,859</b>	<b>11,718,597</b>
Capital Advances	-	339,926	-	339,926	-	-	-	-	339,926	-
PREVIOUS YEAR										
<i>Previous period figures</i>	<i>19,472,362</i>	<i>5,312,941</i>	<i>2,676,818</i>	<i>22,108,485</i>	<i>5,326,560</i>	<i>6,396,452</i>	<i>1,333,123</i>	<i>10,389,887</i>	<i>11,718,597</i>	<i>14,145,802</i>

## Schedules to the Accounts (continued)

(Currency: Indian Rupees)

### 4. Investments

Current Investment (Unquoted, Non-trade) Mutual Fund Units	As on 31 March 07 Number of units	As on 31 March 07 Amount	As on 31 March 06 Number of units	As on 31 March 06 Amount
ABN AMRO Cash Fund - Institutional Plus - Growth <i>Net Asset Value as on March 31, 2007 - 5,511,001.10</i> <i>(March 31, 2006 - 91,555,434.33)</i>	501,619.170	5,491,783	8,901,235.145	91,480,396
<b>Total</b>	<b>501,619.170</b>	<b>5,491,783</b>	-	-

### Purchases and Redemptions during the year

Scheme	Purchases(units)	Redemptions(units)	Purchases(units)	Redemptions(units)
ABN AMRO Cash Fund - Institutional Growth	-	-	5,538,324.725	24,623,327.224
ABN AMRO Cash Fund - Institutional Plus Growth	33,754,446.250	42,154,061.679	12,548,953.133	3,647,717.988

### Purchases and Redemptions during the year

Scheme	Purchases (Rs.)	Redemptions (Rs.)	Purchases (Rs.)	Redemptions (Rs.)
ABN AMRO Cash Fund - Institutional Growth	-	-	58,500,000	261,966,899
ABN AMRO Cash Fund - Institutional Plus Growth	359,000,000	449,000,000	128,966,899	37,500,000
<b>Total</b>	<b>359,000,000</b>	<b>449,000,000</b>	<b>187,466,899</b>	<b>299,466,899</b>

**ABN AMRO ASSET MANAGEMENT (INDIA) LIMITED****Schedules to the Accounts (continued)****Current Assets, Loans & Advances**  
(Unsecured, considered good)**31st March 2007**    **31st March 2006****5. Sundry Debtors**

Management Fees Receivable (Net) *	19,222,975	5,090,229
Advisory Fees Receivable *	1,295,897	2,049,803
* Sundry Debtors outstanding for period over 6 months - NIL		
<b>TOTAL</b>	<b>20,518,872</b>	<b>7,140,032</b>

**6. Cash and Bank Balances**

Cash on hand	139,307	42,495
Balances with scheduled banks		
Current account	20,500,875	14,063,243
Fixed Deposit	80,000,000	50,000,000
<b>TOTAL</b>	<b>100,640,182</b>	<b>64,105,738</b>

**7. Other Current Assets**

Prepaid expenses	3,969,406	2,941,915
Interest Accrued on Investments	2,496,988	309,863
<b>TOTAL</b>	<b>6,466,394</b>	<b>3,251,778</b>

**8. Loans and Advances**

Advances recoverable in cash or kind or for value to be received	4,572,094	776,961
Deposits	24,591,800	16,176,900
Prepaid Taxes	20,556,201	10,218,561
<b>TOTAL</b>	<b>49,720,095</b>	<b>27,172,423</b>

**GRAND TOTAL****177,345,543**    **101,669,970****9. Current Liabilities**

Sundry creditors for expenses*	4,311,721	6,908,321
Other Liabilities	23,410,783	12,095,615

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

**Total**    **27,722,504**    **19,003,937****10. Provisions**

Provision for Gratuity & Bonus	14,248,749	6,379,667
Provision for Taxes	14,254	1,119,897
<b>Total</b>	<b>14,263,003</b>	<b>7,499,564</b>

## ABN AMRO ASSET MANAGEMENT (INDIA) LIMITED

### Schedules to the Accounts (continued)

(Currency: Indian Rupees)

	31 March 2007	31 March 2006
<b>11. Other Income</b>		
Interest Income	6,830,617	3,572,080
(Current year's interest income includes TDS of Rs. 838,551 (Previous year - 682,129))		
Profit on sale of investments	4,011,387	12,630,371
Profit on foreclosure of leased vehicle	168,401	409,555
Miscellaneous Income	9,593	2,612,567
	<u>11,019,998</u>	<u>19,224,573</u>
<b>12. Personnel Costs</b>		
Salaries, bonus, allowances and other employee cost*	119,629,330	79,956,190
Contribution to provident and other funds*	4,858,235	1,957,183
Contribution to gratuity		
Staff welfare expenses	1,055,948	667,545
* Includes cost of employees on secondment from ABN AMRO Bank N.V., Mumbai branch and amount paid to managerial person [Note 16(6)(i)]		
<b>Total</b>	<u><b>125,543,513</b></u>	<u><b>82,580,918</b></u>
<b>13. Operating and Other Expenses</b>		
Rent	9,791,091	4,909,988
Travelling and Conveyance	9,739,882	11,594,528
Communication Cost	1,964,468	2,427,886
Advertisement & Sales Promotion	3,436,732	2,487,930
Insurance, Rates & Taxes	445,696	75,140
Legal and Professional Fees	7,971,991	6,236,633
Information Technology Expenses	4,269,323	1,388,771
Auditors remuneration	500,000	400,000
Repairs & Maintenance	1,312,843	295,338
Newswire Charges	3,429,515	1,985,333
Scheme Expenses	15,956,660	18,836,286
Printing & Stationery and Postage	3,194,904	3,941,900
Electricity and Water Charges	1,130,209	959,515
Office Expenses	4,158,565	2,358,886
Loss on Sale of Assets	101,978	-
Registration, Stamp duty and Filing fees	13,410,262	334,598
Director's Sitting Fees	180,000	140,000
Interest on Service Tax	1,512	7,457
<b>Total</b>	<u><b>80,995,631</b></u>	<u><b>58,380,188</b></u>

## Schedules to the Accounts for the year ended March 31, 2007

### 14. 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 Asset Management (Asia) Ltd owns 75% of the paid-up share capital of the Company effective 31<sup>st</sup> October 2005 which was transferred from ABN AMRO Bank N.V. 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.

### 15. 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.

<b>Class of Fixed Assets</b>	<b>Rate of Depreciation (per annum)</b>
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.

Advisory Income is recognized on accrual basis in accordance with the terms of the relevant agreement

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

The profit / loss on sale of investments are 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.

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) Taxes on income**

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.

Consequent to the introduction of Fringe Benefit Tax (FBT) effective April 1,2005 the company has made provision for FBT in accordance with applicable Income-tax laws.

**h) 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.

**i) 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.

**j) 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.

## ABN AMRO ASSET MANAGEMENT (INDIA) LIMITED

### 16. Notes to the Accounts for the year ended March 31, 2007

#### 1. Capital Commitments :

Estimated amount of contracts remaining to be executed on capital account and not provided for amounts to Rs.15,45,959 /- (*Previous period Rs 35, 36,580/-*).

#### 2. Lease :

##### a) Lease Premises

The Company has acquired office premises and residential accommodation for employees on lease having different tenors. 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. 1,11,97,560/- (*Previous period Rs. 58,42,254/-*).

Minimum Lease Payments due

	Amount (Rs)		
	Not later than 1 year	Later than 1 year & not later than 5 years	Later than 5 years
Current Year	<b>1,28,10,947</b>	<b>3,37,75,214</b>	Nil
<i>Previous period</i>	<i>75,53,636</i>	<i>2,60,82,583</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, 2007 is Rs. 41, 27, 074 /- (*Previous period Rs. 40, 99,927/-*).

The schedule of overall lease payments is given below: -

#### Lease Payments during the year ended March 31, 2007

	Amount (Rs)	
	Principal Paid	Interest Paid
<b>Current Year</b>	<b>7,62,130</b>	<b>5,58,068</b>
<i>Previous period</i>	<i>8,26,930</i>	<i>6,59,934</i>

Minimum Lease Payments due

	Amount (Rs)		
	Not later than 1 year	Later than 1 year & not later than 5 years	Later than 5 years
<b>Total Principal</b>	<b>9,77,849</b>	<b>17,34,355</b>	Nil
<i>Previous period</i>	<i>7,55,139</i>	<i>25,33,609</i>	<i>Nil</i>
<b>Total Interest</b>	<b>4,20,972</b>	<b>4,00,249</b>	Nil
<i>Previous period</i>	<i>5,95,743</i>	<i>6,94,342</i>	<i>Nil</i>

### 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

<b>Current Year</b>	<i>Previous Period</i>
<b>(6,848,084)</b>	<i>(13,611,803)</i>

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

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

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

<b>Current Year</b>	<i>Previous Period</i>
<b>(0.23)</b>	<i>(0.45)</i>

### 4. Deferred Tax Asset /(Liability)

In accordance with Accounting Standard 22 on Accounting for Taxes on Income issued by the ICAI, the company has a deferred tax asset as on 31<sup>st</sup> March 07 comprising business loss, depreciation and other items. The detail of deferred tax asset is as under:

<b>Particular</b>	<b>As on 1<sup>st</sup> April 06</b>	<b>Addition/ Adjustments during the year</b>	<b>As on 31<sup>st</sup> March 07</b>
<b>B/F Business Loss</b>	39,763,702	1,743,594	41,507,296
<b>Unabsorbed Depreciation</b>	3,497,236	2,591,247	6,088,483
<b>Depreciation</b>	113,573	(178,943)	(65,371)
<b>Others</b>	2,846,321	3,183,913	6,030,233
<b>Total</b>	<b>46,220,831</b>	<b>7,339,811</b>	<b>53,560,642</b>

### 5. 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.

## 6. Supplementary Statutory Information

### i) Managerial Remuneration

- (a) The particulars of Managerial Remuneration payable by the Company for the year 01.04.2006 to 31.03.2007 is given below:

Particulars	Amount (Rs.)	
	2006-07	2005-06
Salaries	15,496,447	30,67,588
Perquisites	691,847	1,354,482
Contribution to Provident & other Funds	3,51,706	2,26,790
<b>TOTAL</b>	<b>16,540,000</b>	<b>46,48,860</b>

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

### ii) Expenditure in Foreign Currency:

Particulars	Amount (Rs.)	
	2006-07	2005-06
Foreign Travel Expenses	329,828	328,340
<b>TOTAL</b>	<b>329,828</b>	<b>328,340</b>

## 7. Auditors' Remuneration

Particulars	Amount (Rs.)	
	2006-07	2005-06
Statutory Audit Fees	<b>400,000</b>	300,000
Tax Audit Fees	<b>100,000</b>	100,000

## 8. Bonus:

During the year the company has paid the bonus from opening provision is amounting to Rs. 2,737,333/- and made additional payment of Rs. 39,023,614/-. The particular of bonus payable by the Company for the year 01.04.2006- 31.03.2007 is given below.

Particulars	Amount (Rs.)
Bonus Outstanding as of 31.03.2006	5,474,667
<b>Add:</b> Additions during the year 06-07	48,310,214
<b>Less:</b> Paid out during the year 06-07	41,760,947
Bonus Outstanding as of 31.03.2007	12,023,934

9. **Segment:** During the year the company has received all income from one segment.

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

## 11. Previous Period Comparatives

Previous year figures have been regrouped/recast wherever considered necessary to make them comparable with those of the current year.

**ABN AMRO Asset Management (India) Limited**  
**BALANCE SHEET ABSTRACT AND THE COMPANY'S GENERAL BUSINESS PROFILE**

(All amounts in Indian Rupees)

<b>(a)</b>	<b>Registration details</b>	
	Registration number	142972
	State code	11
	Balance sheet date	31-Mar-07
<b>(b)</b>	<b>Capital raised during the year (Amount in Thousand Rupees)</b>	
	Public issue	-
	Rights issue	-
	Bonus issue	-
	Private placement	303,600
<b>(c)</b>	<b>Position of mobilisation and deployment of funds (Amount in Thousand Rupees)</b>	
	Total liabilities and shareholder's funds	306,312
	Total assets	306,312
	<b>Sources of funds</b>	
	Paid-up capital	303,600
	Reserves and surplus	-
	Secured loans	-
	Unsecured loans	2,712
	<b>Application of funds</b>	
	Net fixed assets	24,059
	Investments	5,492
	Deferred tax asset	6,030
	Net current assets	135,360
	Miscellaneous expenditure	-
	Accumulated profit/(Losses)	(135,371)
<b>(d)</b>	<b>Performance of the Company (Amount in Thousand Rupees)</b>	
	Turnover (i.e. total income)	202,567
	Total expenditure	214,237
	Profit/(loss) before tax	(11,671)
	Profit/(loss) after tax	(6,848)
	Earnings per share (Basic & Diluted)	(0.23)
	Dividend rate (%)	-

<b>(e)</b>	<b>Generic names of principal services of the Company</b> (As per monetary terms) Trusteeship services	
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For and on behalf of the Board of Directors  
**ABN AMRO Asset Management (India) Limited**

*Romesh Sobti*  
**Director**

*Nikhil Johri*  
**Managing Director**

*Abhaya Joglekar*  
**Company Secretary**

*Viji Krishnan*  
**Head- Operations  
 & IT**

Place : Mumbai  
 Date : August 28, 2007