



Annual  
Report  
&  
Accounts  
December  
2005

**Standard Chartered  
Asset Management Company Pvt. Ltd.**

**REPORT OF THE DIRECTORS**

To the Members,

We are pleased to present the Sixth Annual Report to the Members, along with the audited Profit and Loss Account for the period ended December 31, 2005 and the Balance Sheet as on December 31, 2005.

**FINANCIAL RESULTS**

(Rupees in '000)

Particulars	Year ended December 31, 2005	Year ended December 31, 2004
Gross Income	327187.93	489632.00
Profit before Interest, Depreciation & Tax	45164.22	224836.43
Depreciation	6126.25	3366.61
Profit before Tax	39037.97	221469.82
Provision for Tax	4300	82000.00
Deferred Tax Liability	790	958.00
Profit after Tax	33947.97	140428.00
Balance brought forward from previous year	173953.45	81630.15
Amount available for Appropriation	207840.68	222,057.97
<b>APPROPRIATIONS</b>		
Transfer to General Reserve	-	10000.00
Proposed Dividend on Preference Shares	29688.75	29688.75
Proposed Dividend on Equity Shares	-	3654.00
Distribution tax on Proposed Dividend	4163.85	4676.32
Balance carried to Balance Sheet	173988.08	173953.45

**OPERATIONS OF STANDARD CHARTERED MUTUAL FUND**

The Assets under Management of Standard Chartered Mutual Fund were Rs. 8,305.22 crores as on December 31, 2005. On the 12<sup>th</sup> of May 2005, a No-objection letter was received from SEBI for the launch of Equity Schemes. The Fund launched its maiden equity scheme, the Standard Chartered Classic Equity Fund (SCEEF) on June 27, 2005 which closed for subscription on July 14, 2005. This scheme collected a total of INR 1009.30 crores during the New Fund Offer. This scheme seeks to generate long term capital growth from a diversified portfolio of predominantly equity and equity related instruments.

Thereafter, Standard Chartered Premier Equity Fund was launched on September 5, 2005. This scheme collected a total of INR 337.76 crores during the New Fund Offer. This scheme is also an open ended scheme which seeks to generate long term capital growth from a diversified portfolio of predominantly equity and equity related instruments.

As on December 31, 2005, the Assets under Management in Standard Chartered Classic Equity Fund and Standard Chartered Premier Equity Fund were Rs.831.85 crores and Rs.318.09 crores respectively.

During the year, the Fund also introduced Plan B Institutional Plan, Plan C Super Institutional Plan and Plan D MF Plan in Grind lays Super Saver Income Fund- Short Term Plan (GSSIF-ST) and the Assets Under Management as on

December 31, 2005 in GSSIF-ST were INR 420.91 crores.

During the year under review, the fund also launched twelve close-ended schemes in the form of fixed maturity plans. These fixed maturity plans collected approximately Rs.1547.25 crores.

The Fund did various innovative marketing schemes with the objective of growing assets and attracting retail funds. The focus on Independent Financial Advisors (IFA) channel was stepped up and training programs on equities were conducted at various locations. A very successful contest -The Super Achievers Club Contest was launched during the New Fund Offer of SCCEF. To increase the popularity of equity investments through the route of SIPS a unique tool called "SIP-O-Meter" was introduced and it gained huge popularity within the distributors as well as investors at large.

The Company has to date not commenced any PMS activity. As it does not meet the requisite criteria for the PMS activity, the license has been withdrawn from SEBI. Once the conditions are met, the Company will once again approach SEBI for grant of a fresh license.

The company continues to maintain a tight control on the permanent employees and has one of the best assets to employees ratio in the industry with the fund size of INR 8305 Crores (approx) (as of December 31, 2005) and having 66 employees.

**DIVIDEND**

The Company has made a profit after tax of INR 3.39 crs. during the year under review. The Company proposes to pay a preference dividend of @ Rs.1.50 per preference share (15% on preference share of face value of Rs.10) for the year 2005. The Company proposes not to declare any dividend on its equity shares..

**SHARE CAPITAL**

No further equity or preference share capital was issued by the company during the year.

**PARTICULARS OF EMPLOYEES**

As required under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees is annexed to this Report.

**STATUTORY DISCLOSURE OF PARTICULARS**

The requirements of disclosure, in terms of Section 217 (1)(e) of the Companies Act, 1956 pertaining to steps taken regarding conservation of energy, do not apply to the Company.

The Company as an Investment Manager of Standard Chartered Mutual Fund, uses state of the art technology for managing assets of the fund. Registry Service has been outsourced to Computer Age Management Limited (CAMS) who possess good technology support.

There were no foreign exchange earnings by the company during the period under review. Expenditure in foreign currency amounted to Rs 4.79 lacs on account of foreign travel for business purposes.

The Board of Directors of the Company met four times during the Year and four meetings of the Audit Committee were convened during the year. The Annual Accounts of the Company have been reviewed by the Audit Committee.

**DIRECTORS RESPONSIBILITY STATEMENT**

Based on the representation made by the management, the directors, pursuant to the provisions of Section 217 (2AA) the Directors wish to state

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. 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 or loss of the company for that period;
3. 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;
4. that they have prepared the annual accounts on a going concern basis

**AUDITORS**

M/s M. P. Chitale and Co., Chartered Accountants and Statutory Auditors of the Company would be retiring at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. The auditors have confirmed their eligibility and willingness to accept the office if re-appointed. The Members are requested to consider their re-appointment, at a remuneration to be decided by the Board of Directors, for the calendar year ending December 31, 2005 as set out in the Notice convening the Annual General Meeting.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. A. C. Shah retires by rotation and is eligible for re-appointment.

**ACKNOWLEDGEMENT**

The Board places on record its gratitude to the Government of India, Securities & Exchange Board of India, Reserve Bank of India, Association of Mutual Funds of India, other regulatory authorities and institutions and to the Members for their continued guidance and support and expresses its sincere appreciation to all the employees for their commendable teamwork and enthusiastic contribution during the year.

**For and on behalf of the Board of Directors**

**Paul Jebson**

**Chairman**

Place: Mumbai

Date: June 19, 2006

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**AUDITORS' REPORT****To The Members of Standard Chartered Asset Management Company Private Limited**

We have audited the attached Balance Sheet of Standard Chartered Asset Management Company Private Limited as at December 31, 2005 and also 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.

- (1) As required by the Companies Auditors Report Order (CARO) 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose as Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (2) Further to our comments in the Annexure referred to in paragraph 1 above, we state 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 the Profit and Loss Account dealt with in this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable.
  - (e) On the basis of written representation received by the Company from the directors in the months of March and April 2006 which is taken on record by the Board of Directors on 6<sup>th</sup> June 2006 by circular resolution, we report that none of the directors is disqualified as on 31<sup>st</sup> December 2005 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account with notes thereon 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:
    - (i) in so far as it relates to the Balance Sheet, of the state of affairs of the company as at December 31, 2005, and
    - (ii) in so far as it relates to the Profit and Loss Account, of the profit of the company for the year ended on that date.

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**For M. P. Chitale & Co.**

Chartered Accountants

**Mumbai**  
**Date: June 7, 2006**

**Viraj Londhe**  
**Partner**  
M. No. 45761

**AUDITORS' REPORT (Contd.)****Annexure referred to in paragraph 1 of the report of even date of the Auditors to the members of Standard Chartered Asset Management Company Private Limited.**

- (i) (a) The Company has maintained proper records, showing full particulars including quantitative details and situation of Fixed Assets.
- (b) We have been informed that all the assets have been physically verified by the Management at the year-end and no discrepancies have been noticed on such verification.
- (c) The company has not disposed of substantial part of fixed assets during the year.
- (ii) The Company has not granted any loans to Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iii) The Company has not taken any loans from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) 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 the nature of its business for purchase of fixed assets and for the services rendered.
- (v) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered into a register in pursuance of section 301 of the Companies Act 1956.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vii) Company has an internal audit system commensurate with its size and nature of business.
- (viii) Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956.
- (ix) According to the information and explanations given to us and the records of the Company examined by us, there were no undisputed statutory dues including Investor Education and Protection Fund, Income-tax, Wealth tax, Service Tax, Sales-tax, Customs duty, Excise duty, cess and any other statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.
- (x) The company does not have accumulated losses at the end of the financial year.
- (xi) In our opinion and according to the information and explanations given to us, during the year, the company has not taken any loan and no amounts were due towards principal or interest to financial institution, bank or debenture holders during the year.
- (xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other securities.
- (xiv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xv) According to the information and explanations given to us, the company has not taken any term loan.
- (xvi) According to the information and explanations given to us, during the year, the company has not raised any funds.
- (xvii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xviii) According to the information and explanations given to us, the company has not issued any debentures up to 31<sup>st</sup> December 2005.
- (xix) The company has not raised money from public issue.
- (xx) According to the information and explanations given to us, No fraud on or by the company has been noticed or reported during the year.
- (xxi) Considering the nature of the business and the services rendered by the company, clauses (ii) and (xiii) under Clause 4 of the CARO are not applicable.

**For M. P. Chitale & Co.**

Chartered Accountants

**Mumbai**  
**Date: June 7, 2006****Viraj Londhe**  
**Partner**  
M. No. 45761

## Balance Sheet as 31st December 2005

		" "Amount (Rs.'000)"	As at 31.12.05 Amount (Rs.'000)	As at 31.12.04 Amount (Rs.'000)
<b>I SOURCES OF FUNDS</b>				
<b>(1) Shareholder's Funds:</b>				
(A) Share Capital	<b>A</b>	224,025.02		224,025.02
(B) Reserves and Surplus	<b>B</b>	199,538.08		199,503.45
			423,563.10	
<b>TOTAL</b>			<b>423,563.10</b>	<b>423,528.47</b>
<b>II APPLICATION OF FUNDS</b>				
<b>(1) Fixed Assets</b>				
Gross Block	<b>C</b>	32,644.48		21,863.58
Less : Depreciation		17,780.01		11,726.56
Net Block			14,864.47	10,137.02
<b>(2) Investments</b>	<b>D</b>		469,138.86	447,515.17
<b>(3) Current Assets, Loans &amp; Advances</b>				
<b>(A) Current Assets</b>				
(a) Interest accrued on Investments		-		8,853.87
(b) Sundry Debtors		31,845.29		61,974.40
(c) Cash & Bank Balances		0.00		2,923.13
<b>(B) Loans &amp; Advances</b>		243,113.89		213,865.27
		274,959.18		287,616.68
Less : Current Liabilities & Provisions	<b>F</b>	333,662.90		321,063.96
Less : Deferred Tax Liability		1,805.00		1,015.00
Net Current Assets			(60,508.72)	(34,462.28)
<b>(4) Misc. Expenditure to the extent not written off</b>	<b>G</b>		68.49	338.57
<b>TOTAL</b>			<b>423,563.10</b>	<b>423,528.47</b>

**NOTES TO ACCOUNTS****L**

Schedules annexed hereto forming part of the Balance Sheet and Profit and Loss Account

As per our report attached of even date

**For M.P.Chitale & Co.**

Chartered Accountants

**Viraj Y. Londhe**

Partner

**For and on Behalf of the Board of Directors****Naval Bir Kumar**

Managing Director

**Atul C.Choksey**

Director

**Uttara Deka**

AVP-Risk &amp; Compliance

Mumbai

Date: June 7, 2006

Mumbai

Date: June 6, 2006

## Profit &amp; Loss Account for the year ended 31st December 2005

	Schedule	2005 Amount (Rs.'000)	2004 Amount (Rs.'000)
<b>Income</b>			
Investment Management Fees		270,132.02	457,013.56
Interest	H	5,222.18	23,646.78
Dividend Income		14,732.97	2,154.06
Profit on Sale of Investments		36,900.76	5,204.83
Excess Provision Written Back		200.00	1,612.75
<b>TOTAL</b>		<b>327,187.93</b>	<b>489,631.98</b>
<b>Expenses</b>			
Personnel Costs		142,123.37	123,926.31
Fringe Benefit Tax		3,080.21	-
Other Operating Expenses	I	134,236.01	133,423.46
Share of Intra Group Business Cost	J	2,314.06	4,125.51
Miscellaneous Expenditure Written Off	K	270.08	3,320.27
Depreciation		6,126.25	3,366.61
<b>TOTAL</b>		<b>288,149.97</b>	<b>268,162.16</b>
<b>Profit before tax</b>		<b>39,037.97</b>	<b>221,469.82</b>
Less:- Provision for Income Tax		4,300.00	82,000.00
Less:- Provision for Deferred Tax Liability		790.00	958.00
Profit After Tax		33,947.97	140,427.82
Less: Prior Period items		60.74	-
Balance brought forward from Previous year		173,953.45	81,630.15
Amount Available for Appropriation		207,840.68	222,057.97
<b>Appropriations</b>			
General Reserve		-	10,000.00
Proposed Dividend on Preference Shares		29,688.75	29,688.75
Proposed Dividend on Equity Shares		-	3,654.00
Distribution tax on Proposed Dividend		4,163.85	4,676.32
Education cess on distribution tax of previous year's dividend		-	85.44
<b>Balance carried forward to the Balance Sheet</b>		<b>173,988.08</b>	<b>173,953.45</b>
<b>Earnings per share (Rs.)</b>		<b>0.01</b>	<b>40.83</b>
<b>Notes forming part of the Accounts</b>	L		
Schedules annexed hereto forming part of the Balance Sheet and Profit and Loss Account			

As per our report of even date attached

**For M.P.Chitale & Co.**

Chartered Accountants

**Viraj Y. Londhe**

Partner

Mumbai

Date: June 7, 2006

**For and on Behalf of the Board of Directors****Naval Bir Kumar**

Managing Director

Mumbai

Date: June 6, 2006

**Atul C.Choksey**

Director

**Uttara Deka**

AVP-Risk &amp; Compliance

## Schedules Forming Part Of Balance Sheet And Profit And Loss Account

	2005 Amount (Rs.'000)	2004 Amount (Rs.'000)
<b>SCHEDULE A</b>		
<b>Authorised Share Capital</b>		
40,00,000 equity shares of Rs. 10/- each	40,000.00	40,000.00
2,10,00,000 15% Non participating, non convertible, cumulative redeemable Preference shares of Rs. 10/- each	210,000.00	210,000.00
<b>Issued Subscribed &amp; Paid up Capital</b>		
26,10,002 equity shares of Rs. 10/- each (Note: Out of the above shares 19,57,500 fully paid shares are held by Standard Chartered Bank., U.K., the holding company)	26,100.02	26,100.02
19,792,500 15% non participating, non convertible, cumulative redeemable Preference shares of Rs. 10/- each redeemable on 2nd January,2020. (Note: All the preference shares are held by Standard Chartered Bank, U.K.,the holding company)	197,925.00	197,925.00
<b>TOTAL</b>	<b>224,025.02</b>	<b>224,025.02</b>
<b>SCHEDULE B</b>		
<b>Reserve &amp; Surplus</b>		
<b>(1) General Reserve</b>		
Opening Balance	25,550.00	15,550.00
Add: Transferred from Profit & Loss Account	-	10,000.00
	25,550.00	25,550.00
<b>(2) Profit and Loss Account</b>		
	173,988.08	173,953.45
<b>TOTAL</b>	<b>199,538.08</b>	<b>199,503.45</b>

## Schedule C

## Schedule of Fixed Assets for the year ended 31.12.05

Description of Assets	Opening Block as at 01.01.05	Addition During the year	Deletion During the year	Gross Block as at 31.12.05	Gross Block as at 31.12.04	Cumulative Depreciation as at 01.01.05	Depreciation for the period	Depreciation on sale of assets	Cumulative Depreciation as at 31.12.05	Cumulative Depreciation as at 31.12.04	Net Block as at 31.12.05	Net Block as at 31.12.04
Furniture's & Fixtures	774.89	89.11		864.00	774.89	622.97	67.56	-	690.53	622.97	173.47	151.92
Office Equipment	4,396.23	2,650.15	(281.13)	6,765.25	4,396.23	1,508.10	579.98	(133.54)	1,954.54	1,508.10	4,810.71	2,888.13
Computer Hardware	14,597.32	5,069.73	-	19,667.05	14,597.32	7,500.36	3,473.35	-	10,973.71	7,500.36	8,693.34	7,096.96
Computer Software	2,095.14	3,253.04	-	5,348.18	2,095.14	2,095.14	2,066.09	-	4,161.23	2,095.14	1,186.95	0.00
<b>TOTAL</b>	<b>21,863.58</b>	<b>11,062.03</b>	<b>(281.13)</b>	<b>32,644.48</b>	<b>21,863.58</b>	<b>11,726.57</b>	<b>6,186.99</b>	<b>(133.54)</b>	<b>17,780.02</b>	<b>11,726.57</b>	<b>14,864.46</b>	<b>10,137.01</b>

## SCHEDULE D

## Long Term Investments (At Cost)

## (I) Governments Securities

(i) 12.32% GOI 2011 - Face Value Rs.100/- each	-	159,665.00
(ii) 11.68% GOI 2006 - Face Value Rs.100/- each	-	41,492.00

Aggregate Market Value as at 31/12/2005 Rs. Nil

Aggregate Market Value as at 31/12/2004 Rs. 2,33,635 Thousands

**(II) Units of Mutual Funds**

(i) Grindlays Dynamic Bond Fund (Growth Option) 4,363,602.007 units @ 11.4584 per unit	-	50,000.00
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Aggregate Market Value of GDBF as at 31/12/2005 Rs. Nil

Aggregate Market Value of GDBF as at 31/12/2004 Rs. 52,302 Thousands

(ii) Grindlays Floater Rate Fund- Long Term (Growth Option) 12,260,630.845 units @ 10.0342 per unit	-	123,025.62
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Aggregate Market Value of GFRF-LT as at 31/12/2005 Rs. Nil

Aggregate Market Value of GFRF-LT as at 31/12/2004 Rs. 1,23,192 Thousands

<b>Total Long Term Investments (At Cost)</b>	<u>-</u>	<u>374,182.62</u>
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**Total Short Term Investments (At Cost or market value whichever is less)**

(i) Grindlays Cash Fund (Growth Option) 3,892,370 units @ 12.7075 per unit (2004 : 6,065,711 units @ 12.0897 per unit)	49,462.48	73,332.55
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Aggregate Market Value of GCF as at 30/12/2005 Rs. 50,065 Thousands

Aggregate Market Value of GCF as at 31/12/2004 Rs. 74,212 Thousands

(ii) GSSIF-Short Term-Plan C-Monthly Dividend 29,088,083 units @ 10.0164 per unit	291,171.71	-
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Aggregate Market Value of GSSIF-ST-Plan C-Mon Div. as at 30/12/2005 Rs. 291,172 Thousands

Aggregate Market Value of GSSIF-ST-Plan C-Mon Div. as at 31/12/2004 Rs. Nil

(iii) GSSIF-Short Term-Plan C-Growth 7,739,559 units @ 10.1452 per unit	78,504.67	-
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Aggregate Market Value of GSSIF-ST-Plan C-Growth as at 30/12/2005 Rs. 78,505 Thousands

Aggregate Market Value of GSSIF-ST-Plan C-Growth as at 31/12/2004 Rs. Nil

(iv) All Season Bond Fund-Growth 4,720,009 units @ 10.5932 per unit	50,000.00	-
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Aggregate Market Value of ASBF as at 30/12/2005 Rs. 50,003 Thousands

Aggregate Market Value of ASBF as at 31/12/2004 Rs. Nil

	<u>469,138.86</u>	<u>73,332.55</u>
<b>TOTAL</b>	<u>469,138.86</u>	<u>447,515.17</u>

**SCHEDULE E****Current Assets , Loans & Advances****(A) Current Assets**

(a) Interest accrued but not due on Investments	-	8,853.87
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(b) Sundry Debtors unsecured considered good		
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(1) Debts outstanding for more than six months	-	705.89
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(2) Other debts	31,845.29	61,268.52
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Total	<u>31,845.29</u>	<u>61,974.40</u>
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Less: Provision for Doubtful debts	<u>-</u>	<u>-</u>
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	31,845.29	61,974.40
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(c) Cash and Bank Balances and Deposits		
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Balance with Scheduled Bank in Current Account	0.00	2,923.13
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**(B) Loans and Advances (Recoverable in cash or in kind or for value to be received)**

Prepaid Expenses	719.90	973.78
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Security Deposits	364.00	300.00
Advance Income Tax and TDS	227,403.49	208,953.23
Advance for expenses	3,144.15	1,883.97
Recoverable from Standard Chartered Trustee Co.(P) Ltd.	258.66	100.00
Recoverable from Standard Chartered Mutual Fund	11,220.35	1,651.59
Other Advances	3.34	2.71
		243,113.89
		213,865.27
<b>TOTAL</b>		<b>274,959.18</b>
		<b>287,616.68</b>
<b>SCHEDULE F</b>		
<b>Current Liabilities &amp; Provisions</b>		
(A) Current Liabilities		
Sundry creditors	91,893.51	79,973.92
Service Tax Payable	436.45	6,570.96
Book Overdraft-Standard Chartered Bank	5,077.09	-
		97,407.05
		86,544.89
(B) Provisions		
Provision for Income Tax	200,800.00	196,500.00
Provision for Fringe Benefit Tax	1,603.25	
Proposed Dividend	29,688.75	33,342.75
Provision for distribution tax on Proposed Dividend	4,163.85	4,676.32
		236,255.85
		234,519.07
<b>TOTAL</b>		<b>333,662.90</b>
		<b>321,063.96</b>
<b>SCHEDULE G</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
<b>(To the extent not written off or adjusted)</b>		
1) Preliminary expenses		
Legal & Professional expenses	-	356.96
Stamp duty & ROC filing fees	-	251.44
SEBI application fees	-	10.00
Other expenses	-	0.31
<b>Total</b>	-	<b>618.71</b>
Less: 1/5 th written off	-	618.71
<b>Balance to the extent not written off</b>	-	-
2) Preoperative expenses		
Telecommunication rentals & data lines	-	27.83
Professional & Consultancy fees	-	12.10
<b>Total</b>	-	<b>39.93</b>
Less: 1/5 th written off	-	39.93
<b>Balance to the extent not written off</b>	-	-
3) Deferred Revenue Expenditure		
a) Mutual Fund registration fees paid to SEBI	-	500.00
Less: 1/5 th written off	-	500.00
<b>Balance to the extent not written off</b>	-	-
b) Refurbishment expenditure	338.57	2,333.53
Add: incurred during the current year	-	-
Less: amortised during the current year	270.08	1,994.96
<b>Balance to the extent not written off</b>	<b>68.49</b>	<b>338.57</b>

c) Portfolio Management registration fees paid to SEBI	-	166.67
Less: 1/3rd written off	-	166.67
<b>Balance to the extent not written off</b>	<u>-</u>	<u>-</u>
<b>TOTAL</b>	<u><b>68.49</b></u>	<u><b>338.57</b></u>
<b>SCHEDULE H</b>		
<b>Interest</b>		
Interest on Government Securities	5,222.18	23,152.00
Interest on Income Tax Refund	-	494.78
<b>TOTAL</b>	<u><b>5,222.18</b></u>	<u><b>23,646.78</b></u>
<b>SCHEDULE I</b>		
<b>Other Operating Expenses</b>		
Office Premises Rent	12,732.79	12,186.49
Repairs & Maintenance -Office Premises	7,154.56	7,590.92
Repairs & Maintenance -Equipment & Software	3,764.35	762.91
Staff Training and Welfare expenses	2,379.35	3,392.75
Recruitment Charges	392.77	649.83
Scheme Issue Expenses	8,042.84	25,244.51
Courier & Postage	1,664.25	1,605.53
Sitting Fees	210.00	190.00
Entertainment Expenses	623.19	999.12
Insurance Charges	155.53	49.97
Printing & Stationery	3,678.27	4,487.27
Legal & Professional Fees	11,904.16	10,788.33
Profession Tax	2.50	2.50
Licence Fees	2.55	-
Bank Charges	36.75	531.75
Marketing & Business Development Expenses	54,842.18	39,709.60
Subscription, Books & Periodicals	1,090.46	952.49
Data Communication Expenses	2,446.12	1,527.26
Software Expenses & Networking Charges	3,347.54	4,395.82
Office & Miscellaneous Expenses	724.15	802.47
Hire / Lease Charges	233.96	321.43
Telephone Expenses	4,805.09	4,245.60
Travelling and Conveyance	8,910.86	10,004.92
Loss on Foreign Exchange	6.39	15.78
Conference Expenses	1,415.83	2,647.24
Compensation Paid	3,178.81	318.97
Donation	115.00	-
Custody Charges	41.88	-
Bad Debts	0.58	-
Loss On Sale Of Asset	132.59	-
Diminution in Value of Investments	200.71	-
<b>TOTAL</b>	<u><b>134,236.01</b></u>	<u><b>133,423.46</b></u>
<b>SCHEDULE J</b>		
<b>Share of Intra Group Business Cost</b>		
Group Support Cost	2,314.06	4,125.51
<b>TOTAL</b>	<u><b>2,314.06</b></u>	<u><b>4,125.51</b></u>

**SCHEDULE K****Miscellaneous Expenditure Written Off**

Preliminary Expenses	-	618.71
Deferred Revenue Expenses	270.08	2,661.63
Preoperative Expenses	-	39.93
<b>TOTAL</b>		<b>3,320.27</b>

**Schedule: L****Notes to Accounts:****1. Significant Accounting Policies:****a. Method of Accounting:**

The accounts are prepared under the historical cost convention and on the going concern basis, with revenues recognised and expenses accounted on their accrual. However no provision for expenses is made for an individual bill of less than Rs.50,000/-and no adjustment is made for prepaid expenses for an individual bill of less than Rs. 50,000/-.

**b. Fixed Assets & Depreciation:**

- 1) Fixed Assets are stated at historical cost. Costs comprise the purchase cost and other attributable costs.
- 2) Assets individually costing less than Rs. 10,000/- are fully depreciated in the year of acquisition.
- 3) Depreciation on fixed assets is provided on the basis of Straight Line Method.
- 4) Depreciation is provided at the following rates:

Furniture & Fixtures	10% Per annum
Office Equipment	10% Per annum
Computer Hardware	20% Per annum
Computer Software	100% Per annum

**c. Investments:**

Investments in units of the Mutual fund viz. Grindlays Cash Fund – Growth Option, GSSIF – Short Term – Plan C – Monthly Dividend, GSSIF – Short Term – Plan C – Growth, All Season Bond Fund - Growth being short term in nature are stated at cost or market value whichever is less.

**d. Revenue Recognition:**

Revenue is recognised when no significant uncertainty as to measurability and collectibility exists.

**e. Preliminary, Deferred revenue and preoperative expenses:**

Professional fees paid for structuring Mutual Fund, Trustee Company and for investment management agreement have been included in the preliminary expenses.

Refurbishment cost incurred by the Company upto 31<sup>st</sup> December, 2003 continue to be accounted as deferred revenue expenses and written off over the remaining period of lease of the premises.

Fees paid to SEBI for Registration of Portfolio Management activity has been accounted as deferred revenue expenditure and 1/3<sup>rd</sup> of the expenditure is written off on every 31<sup>st</sup> March.

1/5<sup>th</sup> of the other deferred revenue expenditure (i.e. registration fees paid to SEBI for Mutual Fund), preliminary expenses and preoperative expenses are written off on every 31<sup>st</sup> March by the company.

**f. Share of intra group business Costs:**

Share of expenses for various services provided by Standard Chartered Bank to the Company as mentioned below are accounted as share of Intra Group Business Costs:

- i) Information Technology Services
- ii) Human Resources Services
- iii) Property Services Administration
- iv) Group Finance
- v) Risk Management & Compliance

**g. Personnel Cost:**

Staff cost comprises gross payments made to Standard Chartered Bank for providing its employees on secondment to the Company.

**h Retirement Benefits:**

With effect from 1<sup>st</sup> April 2003, all employees of the Company became employees of Standard Chartered Bank and were seconded to the Company. Consequently no provisions have been made for retirement benefits of these employees w.e.f April 1, 2003.

**2. Managerial Remuneration:**

Particulars	Current year (Rs.'000)	Previous year (Rs.'000)
Salaries including bonus	12,730.02	14,827.75
Company's Contribution to Provident Fund & other fund	596.73	520.69
Perquisites	1,910.50	2,070.00
<b>Total</b>	<b>15,237.25</b>	<b>17,418.44</b>

The company has been advised by a reputed firm of solicitors that the company is a private limited company pursuant to the Companies (Amendment) Act, 2000. Accordingly, provisions of the Companies Act, 1956 limiting remuneration to directors are not applicable to the company w.e.f. December 13, 2000 on which the Companies (Amendment) Act, 2000 came in force. The Auditors of the Company have relied upon this legal advice received by the Company.

**3. Legal and Professional Fees includes:**

Particulars	Current year (Rs.'000)	Previous year (Rs.'000)
(a) Audit Fees	280.60	179.66
(b) Tax Audit Fees	165.30	82.83
(c) Other Services	11.02	22.68
(d) Reimbursement of expenses	2.40	3.80
<b>Total</b>	<b>459.32</b>	<b>288.97</b>

**4. Scheme Issue expenses:**

Scheme Issue Expenses are the expenses incurred by the Company towards launching schemes & plans of the Mutual Fund during the year.

**5. Marketing and Business Development Expenses:**

Marketing & Business development expenses includes cost of advertising, publicity and marketing of various schemes of Standard Chartered Mutual fund.

**6. Software & Networking Expenses:**

Software Expenses & Networking Expenses includes payments for licences, onetime payments made for acquiring operating systems and networking charges.

7. Compensation paid includes interest charged by bank to the Mutual Fund and borne by the Company.

8. Service Tax Liability is net of service tax credit of Rs.5,454.83 Thousands, which would be claimed against future Service Tax Liability.

**9. Income Tax:**

The tax year for the Company being the year ending March 31, 2005, the provision for taxation for the year is the aggregate of the provision made for three months ended 31<sup>st</sup> March 2005 and the provision based on the figures remaining for the nine months up to 31<sup>st</sup> December 2005, the ultimate tax liability of which will be determined on the basis of the figures for the period 1<sup>st</sup> April 2005 to 31<sup>st</sup> March 2006.

10. Estimated amount of contract remaining to be executed on capital account and not provided for Rs.770.34 thousands on account of purchase of computer hardware.

11. a) Earnings in foreign currency:

**Current Year**  
NIL

**Previous Year**  
NIL

## b) Expenditure in foreign currency

Particulars	Current year Rs. Thousands	Previous year Rs. Thousands
Foreign travel	479.19	525.19
Marketing expenses	-	480.23
Staff Training	462.81	939.51
Conference expense	84.99	59.52
Software Expenses	79.18	-
Recoverable from others	70.34	-

c) Exchange Loss:	<b>Current Year</b>	<b>Previous Year</b>
	Rs. 6.39 Thousands	Rs. 15.78 Thousands

## 12. Contingent Liabilities not provided for:

Income tax demand against the Company not acknowledged as debt, for assessment year 2003-04, for which no liability is provided for and against which the company is in appeal is Rs.1,277.30 Thousands.

## 13. The Company has proposed preference dividend @ 15% p.a. for the year 2005 on 1,97,92,500, 15% non-convertible, non-participating, redeemable, cumulative preference shares of Rs.10/- each held by Standard Chartered Bank, U.K.

The Company has provided for distribution tax @ 14.025% of Rs.4,163.85 Thousands on distributed profits, u/s 115-O of the Income Tax Act, 1961.

## 14. The company has entered into lease agreements for office premises at following locations as per details below.

Sr. No.	Location	Name of the Lesser
1	Mumbai	Standard Chartered Bank
2	New Delhi	Standard Chartered Bank
3	Chennai	Standard Chartered Bank
4	Bangalore	Standard Chartered Bank
5	Kolkatta	Standard Chartered Bank
6	Ahmedabad	Standard Chartered Bank
7	Baroda	West coast Contractors (P) Ltd
8	Pune	Standard Chartered Bank
9	Surat	Standard Chartered Bank
10	Hyderabad	Standard Chartered Bank
11	Coimbatore	Standard Chartered Bank
12	Cochin	Standard Chartered Bank
13	Jaipur	Gurpreet Sing & Surjit Kaur
14	Chandigarh	Standard Chartered Bank
15	Ludhiana	Standard Chartered Bank
16	Kanpur	Standard Chartered Bank
17	Lucknoow	Standard Chartered Bank
18	Goa	Fast Track Marketing Services
19	Durgapur	Shibshankar Dutta
20	Raipur	Dhiren Kumar Chauhan
21	Indore	Standard Chartered Bank
22	Nasik	Dhanlaxmi Lockers Pvt. Ltd.
23	Bhavnagar	Hiren Khatsuriya
24	Jamnagar	Mavji Bhai Vaishanav
25	Delhi	International Business Centre
26	Bangalore	M N Dastur & Co.

15. The earning per share, in terms of Accounting Standards 20 issued by the Institute of Chartered Accountants of India, is as under:

Particulars	Current year	Previous year
Profit after Tax (Rs.'000)	33,887.23	1,40,427.82
Less: Proposed dividend on Preference Shares(Rs.'000)	29,688.75	29,688.75
Less: Tax on dividend on Preference Shares (Rs.'000)	4,163.85	4,163.85
Profit attributable to Equity shareholders (Rs.'000)	34.63	1,06,575.22
No. of Shares	26,10,002	26,10,002
Earnings per share in Rs.	0.01	40.83

16. Deferred Tax Liability of Rs.1,805 Thousands includes Rs.1,781 Thousands on account of tax effect of depreciation, Rs.24 Thousands on account of tax effect of deferred revenue expenditure.

17. Details of Movement in Provisions, in terms of Accounting Standards 29 issued by the Institute of Chartered Accountants of India, is as under:

(Rupees in Thousands)

Nature of Provision	Opening Balance as on 01/01/2005	Provisions made during the year	Provisions reversed / adjusted	Closing Balance as on 31/12/2005
Provision for Diminution in Value of Investments	-	200.71	-	200.71
Provision for Income Tax	196,500.00	4,300.00	-	200,800.00
Provision for Deferred Tax Liability	1,015.00	790.00	-	1,805.00
Provision for Fringe Benefit Tax	-	1,603.25	-	1,603.25

18. As on the Balance sheet date there was no amount exceeding Rs. 1 Lac, due to any small-scale Industrial undertaking, outstanding for more than 30 days.

19. Previous year's figures have been regrouped wherever necessary

**For M.P.Chitale & Co.**  
Chartered Accountants

**Viraj Y. Londhe**  
Partner

Place: Mumbai

Date: June 7, 2006

**For and on behalf of the Board of  
Directors**

**Naval Bir Kumar**  
Managing Director

Date: June 6, 2006

**Atul C. Choksey**  
Director

**Uttara Deka**  
AVP-Risk & Compliance

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER PART IV TO THE COMPANIES ACT, 1956.**

**I Registration Details**

State Code 

1	1
---	---

Registration No. 

1	2	3	1	9	1
---	---	---	---	---	---

Balance Sheet Date 

3	1
---	---

1	2
---	---

0	5
---	---

**II Capital Raised during the year**

(Amount in Rupees Thousands)

Public Issue 

			N	I	L
			N	I	L

Bonus Issue 

			N	I	L
--	--	--	---	---	---

Right Issue 

			N	I	L
			N	I	L

Private Plaement 

			N	I	L
--	--	--	---	---	---

**III Position of Mobilization and Deployment of funds**

(Amount in Rupees Thousands)

**TOTAL LIABILITIES**

4	2	3	5	6	3
---	---	---	---	---	---

**TOTAL ASSETS**

4	2	3	5	6	3
---	---	---	---	---	---

**Sources of Funds**

Paid up capital 

2	2	4	0	2	5
---	---	---	---	---	---

Reserves & Surplus 

1	9	9	5	3	8
---	---	---	---	---	---

Secured Loans 

			N	I	L
--	--	--	---	---	---

Unsecured Loans 

			N	I	L
--	--	--	---	---	---

**Application of Funds**

Net Fixed Assets 

	1	4	8	6	4
--	---	---	---	---	---

Loans & Investments 

4	6	9	1	3	9
---	---	---	---	---	---

Net Current Assets and advance 

	(6	0	5	0	8)
--	----	---	---	---	----

Miscellaneous Expe  
nditure 

				6	8
--	--	--	--	---	---

Accumulated Losses 

			N	I	L
--	--	--	---	---	---

**IV Performance of the company**

(Amount in Rupees Thousands)

Turnover (Gross Income) 

3	2	7	1	8	8
---	---	---	---	---	---

Total Expenditure 

2	8	8	1	5	0
---	---	---	---	---	---

+ -  

--	--

 Profit before Tax 

	3	9	0	3	8
--	---	---	---	---	---

+ -  

--	--

 Profit after Tax 

	3	3	9	4	8
--	---	---	---	---	---

Earning per share in Rupees 

		0.01
--	--	------

Dividend Rate % 

N	I	L
---	---	---

 on equity shares

(Please tick appropriate box + for profit and - for loss )

**V Generic Names of Principal Products/services of the Company**

Investment Management services

Item code no. 

N	A				
---	---	--	--	--	--