



SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED
ANNUAL REPORT
2004-2005

SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

BOARD OF DIRECTORS

Shri Subrata Roy Sahara	Associate Director
Shri Om Prakash Srivastava	Associate Director
Shri Sanjiv Kapoor	Independent Director
Shri Suresh Chukkapalli	Independent Director

STATUTORY AUDITORS

Shankar Giri & Prabhakar,
Chartered Accountants,
Chennai.

BANKERS

HDFC Bank Ltd.
Nariman Point, Mumbai

REGISTERED OFFICE

Express Towers, 12th Floor, Nariman Point, Mumbai- 400021.

COMPANY SECRETARY

Neeraj Verma

SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINTH ANNUAL GENERAL MEETING OF SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED WILL BE HELD AT THE REGISTERED OFFICE OF THE COMPANY AT 12th FLOOR, EXPRESS TOWERS, NARIMAN POINT, MUMBAI 400021 ON 30TH SEPTEMBER, 2005 AT 11.00. A.M. TO TRANSACT THE FOLLOWING BUSINESSES:

AS ORDINARY BUSINESS:

1. To consider and adopt the Profit & Loss Account for the year ended 31st March 2005 and the Balance Sheet as at 31st March, 2005 together with the Directors' and Auditors' Report thereon.

AS SPECIAL BUSINESSES:

2. To appoint Auditors and to fix their remuneration and, in this connection, to consider, and, if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:

"RESOLVED THAT M/s Shankar Giri & Prabhakar, Chennai, retiring Auditors of the Company shall be and are hereby not re-appointed at the said Annual General Meeting and M/s Chaturvedi & Company, Chartered Accountants, Mumbai be and are hereby appointed as Statutory Auditors for the year 2005-06 at a remuneration of Rs. 2 Lacs plus service tax and out of pocket expenses".

By Order of the Board
Sahara Asset Management Company Private Limited

Place: Mumbai
Date: 29.09.2005

Sd/-
Company Secretary

NOTES:

A member entitled to attend and vote at the meeting is entitled to appoint a proxy and a proxy need not be a member. The proxies should be lodged with the Company not later than 48 hours before the time fixed for commencement of the meeting.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956, Explanatory Statement is detailed below:

Item No. 2

The Statutory Auditors M/s. Shankar Giri & Prabhakar, Chartered Accountants retire at the conclusion of this meeting and they have expressed their unwillingness to continue as Auditors for the next financial year due to some personal reasons by way of a resignation letter. Taking the same into account, M/s Chaturvedi & Company, Chartered Accountants are proposed to be appointed for the year 2005-06 as Statutory Auditors for the Company. The appointment of new Auditors requires approval of members in a General Meeting. Hence the resolution is proposed for your approval. None of the directors is interested in the resolution.

SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

DIRECTORS' REPORT

OF

SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

We have pleasure in presenting the Report of the Directors together with the Audited accounts for the year ended March 31, 2005.

REVIEW OF FINANCIAL RESULTS OF THE COMPANY

During the year, your Company launched 2 new schemes namely Sahara Mid-Cap Fund in November 2004 and Sahara Wealth Plus Fund in July 2005 taking the total to eight schemes. The year also saw the shifting of total operations to Mumbai, thus positioning the Company at the Financial Capital of the Country. The Company's Registered Office was shifted to Mumbai and this has been in terms of Company Law Board's letter dated 8th August, 2005.

The Company has initiated a major expansion plan and is expanding across several centres.

From a presence in 5 centres at the end of financial year 2003-04, today we have a presence in 16 centres, in the country.

As a consequence of relocation and reorientation of business strategies, the Company ended the year with a loss of Rs. 6.03 crs (compared to Rs. 2.63 crs for previous year 2003-04). In the midst of this exercise, the total Asset Under Management (AUM) slipped from Rs.347.74 crs as on 31st March, 2004 to Rs.238.92 crs as on 31st March, 2005. We are pleased to inform you that as at 31st August, 2005 the AUM stood at Rs. 445.55 crs.

OVERVIEW OF DEBT MARKETS

Consequent upon the rise in global crude oil prices, upturn in international interest rate cycle, tightening of domestic monetary policy and rise in domestic inflation, the yield hardened in the government securities across all maturities with the yield curve undergoing an upward shift during the year 2004 - 05. The secondary market yield on the 10-year benchmark Gsec moved up by about 150 basis point from 5.15% as on March 31, 2004 to 6.65% as on March 31, 2005. Considerable volatility was also witnessed during the period with the yield peaking at 7.31% on November 8, 2004, on the back of tightening of liquidity condition and monetary policy. There was softening in Feb 2005 buoyed by the Standard and Poor's rating upgrade and lower inflation numbers. During the current financial year 2005 - 06, with the rise in the crude oil prices higher inflation rate and hike in reverse repo rate, the 10-year benchmark Gsec touched 7.31% once again. However with the reverse repo rate being left untouched on July 26, 2005, in the First Quarter Review of Annual Statement on monetary policy, yield softened under comfortable liquidity condition and stood at 7.06% as on September 5, 2005.

Amongst our debt-oriented schemes Sahara Liquid Fund was awarded 2nd prize in the 1-year period ended December 2004 by ICRA, the rating agency. It has also been ranked RRR-1 in the months of July and August 2005 by CRISIL which is indicative of risk adjusted returns over the period of a year. In addition, the fund has also been awarded an 'AAAF' rating by CRISIL.

There were no new debt schemes launched in the year under review.

EQUITY MARKET REVIEW

The year 2004-05 was full of action for the equity market. The change in the government at the Centre and the fear over reversal in reform process lead the market to an unprecedented volatility as Sensex lost 11% on 17th May to test sub 4500 levels. Since then, strong growth in corporate profits especially in the IT, Steel, Metals and Petrochemical sectors and re-valuations in mid-cap stocks, drove both domestic and foreign investors to pump money in the Indian equity markets. Earnings visibility was high for most of the good companies. Restructuring of tax norms, strong commitment of the new government towards corporate sector, emergence of India as a powerhouse of growth for several key sectors of the economy further boosted the inflows.

While the initial phase of rally from sub 4500 levels to 6500 was a broad based one owing to overall economic fundamentals, the subsequent rally beyond 6500 was driven mainly by liquidity. The large inflows from the foreign institutional investors (FII) and the huge collections reported by the domestic mutual funds were the reasons for large demand for the Indian stocks. Market players switched to bottom up mode of investment as the Sensex clocked higher and higher levels.

MARKET OUTLOOK FOR 2005 - 2006

The prospects for economic growth are strong and the performance of Indian companies is also expected to be reasonably good in FY 2005-2006. Against this backdrop on a long-term perspective the equity market is expected to do well on sustained FII net inflows and shift of interest of domestic investors towards equities, though one may witness considerable volatility in the short term.

The recent trend suggests encouraging credit demand. This coupled with higher crude oil prices and expected rise in international interest rate may put pressure on domestic interest rate to harden. However the efficient conduct of monetary policy by RBI is expected to provide stability in the interest rate, although volatility may be witnessed depending on the market situation. Any rate hike in the ensuing monetary policy is expected to set a trend on the future moments of interest rates.

CAPITAL

The authorized capital of the Company has been increased from Rs.20 crores to Rs.30 crores and subsequently, the paid up capital was increased to Rs. 25.8 crs by issue of 64 lacs equity shares of Rs. 10/- each on 7th December, 2004. Again, it was increased from Rs. 30 crs to Rs. 50 crs by issue of 50 lacs Equity shares of Rs. 10/- each and 1.5 crs Cumulative Redeemable Preference Shares of Rs. 10/- each vide resolution passed by members unanimously at the Extra ordinary General Meeting of the Company held on September 6, 2005.

SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

FOREIGN EXCHANGE EARNINGS & OUTGO

There is no foreign exchange earnings and outgo during the year.

PERSONNEL

In accordance with Section 217 (2A) of the Companies Act, 1956 and rules framed thereunder, the names and other particulars of employees are as below:

Name	Age	Designation	Gross Remuneration (Rs.)	Qualification / Experience	Date of Appointment	Last Employment / Designation
R. Balakrishnan	50 yrs	Chief Executive Officer	24,81,344/-	M.Com, CAIIB/26 yrs	14.02.2001 (Resigned on 14.01.05)	AL Madina Financial and Investment Services Co., (SAOC)/Vice President
Rajiv Shastri	35 yrs	Chief Executive Officer	10,41,665/-	B.Com., CA/11 yrs	15.01.2005	ABN Amro Mutual Fund/ Head-Fixed Income

1. The remuneration has been calculated in accordance with the clarifications given by the Department of Company Affairs, Circular No. 23/76/(8)/27/(217)/(75-CL-V) dated August 6, 1976. Accordingly, perquisites have been valued in terms of actual expenditure incurred by the Company in providing the benefits to the employees except in the case of certain expenses where the actual amount of expenditure cannot be ascertained with reasonable accuracy, notional amount as per Income Tax rules has been added.
2. Nature of employment: The above employees are whole time employees of the Company during the year ended March 31, 2005 and the nature of his employment is contractual.
3. The above employees are not related to any of the Directors of the Company.

AUDITORS

The Statutory Auditors M/s. Shankar Giri & Prabhakar, Chartered Accountants retire at the conclusion of this meeting and they have expressed their unwillingness to continue as Auditors for the next financial year because of some personal reasons by way of a resignation letter.

Your Board of Directors have proposed the name of M/s Chaturvedi & Company, Chartered Accountants, Mumbai to be appointed as Statutory Auditors of the Company for the year 2005-06.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors responsibility statement under Section 217 (2AA) of the Companies Act is given below:

- i) That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii) That the directors had selected such accounting policies and applied them consistently and made judgments 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.
- iii) That the directors had 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.
- iv) That the directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors would like to place on record their gratitude for the valuable guidance and support received from the Securities and Exchange Board of India, AMFI, Reserve Bank of India and other Government and Regulatory Agencies. Your Directors wish to place on records the deep appreciation of the professional support and guidance received from the Trustees of Sahara Mutual Fund. Your Directors also acknowledge and wish to place their appreciation of staff, brokers, registrars and bankers for their commendable efforts, teamwork and professionalism.

On behalf of the Board

Sahara Asset Management Company Private Limited

Place: Mumbai

Date: 29.09.2005

Sd/-
Director

Sd/-
Director

SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

1. We have audited the attached Balance Sheet of **SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED** as at 31st March 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.
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 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 the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amended) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate, 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 :
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of those books.
 - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this Report comply with the accounting standards referred to in sub-section (3-C) of Section 211 of the Companies Act, 1956.
 - (v) On the basis of the written representations received from the directors as on 31st March 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us the said accounts together with the schedules attached thereto, give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India :
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2005 and
 - b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.

For **SHANKER GIRI & PRABHAKAR**
Chartered Accountants

Sd/-

P.PRABHAKAR RAO

Partner

Membership Number: 18408

Place : Chennai
Date : 29.09.2005

**Annexure referred to in Paragraph 3 of the Auditors' Report to the Members of
SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED
on the accounts for the year ended 31st March 2005.**

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) The fixed assets have been verified by the management and no discrepancies were noticed.
c) In our opinion and according to the information and explanations given to us substantial part of fixed assets have not been disposed of by the Company during the year.
- ii. a) The Company has given an intercorporate deposit of Rs. 200 lakhs to a party covered in the register maintained under section 301 of the Act. The rate of interest and other terms and conditions of the intercorporate deposit are prima facie not prejudicial to the Interest of the Company. The Company has not granted any other loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.
b) The Company has not taken any loans from companies, firms or other parties covered in the register maintained under section 301 of the Act.
- iii. 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 with regard to purchases of fixed assets and with regard to the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- iv. According to the information and explanations given to us, there are no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 apart from what is mentioned in clause (ii) (a).
- v. The Company has not accepted deposits from the Public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder.
- vi. The Company does not have a formal Internal Audit System. However, the internal control systems and procedures are commensurate with the size and nature of the business of the Company.
- vii. a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees & State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise Duty, Cess and other dues wherever applicable.
b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- viii. The accumulated losses of the Company as at 31st March 2005 are less than 50% of its net worth. The Company has incurred cash loss of Rs. 5,81,30,923/- during the year and Rs.2,41,12,446/- during the immediately preceding financial year.
- ix. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank. The Company has not issued any Debentures.
- x. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xi. In our opinion, and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments.

SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

- xii According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from bank or financial institutions.
- xiii The Company has not obtained any Term Loans during the year.
- xiv According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall basis, the funds raised on short term basis, prima facie, have not been used for acquiring long term investments.
- xv The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section covered in the Register maintained under section 301 of the Companies Act, 1956.
- xvi The Company has not issued any Debentures and hence the question of reporting on creation of security or charge in respect of Debentures issued does not arise.
- xvii The Company has not raised any resources by way of public issues and hence the question of reporting on the disclosure relating to end use of such resources does not arise.
- xviii During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
- xix The other clauses covered by (ii), (viii) & (xiii) of paragraph 4 of the Order are not applicable in the case of the Company for the current year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

For **SHANKER GIRI & PRABHAKAR**

Chartered Accountants

Sd/-

P.PRABHAKAR RAO

Partner

Membership Number: 18408

Place : Chennai

Date : 29.09.2005

SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2005

SHANKER GIRI & PRABHAKAR
Chartered Accountants

SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

BALANCE SHEET AS AT MARCH 31, 2005

	Sch. No	As at March 31, 2005 (Rs)	As at March 31, 2004 (Rs)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	258,000,000	194,000,000
Reserves & Surplus			
Share Premium Account		22,000,000	6,000,000
		<u>280,000,000</u>	<u>200,000,000</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	B	14,283,818	14,170,722
Less: Depreciation Reserve		10,201,409	9,260,662
		<u>4,082,409</u>	<u>4,910,060</u>
INVESTMENTS	C	124,498,964	110,387,721
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry Debtors	D	11,322,414	3,189,502
Cash and Bank Balances	E	166,569	180,497
Loans and Advances	F	28,977,009	9,251,032
		<u>40,465,992</u>	<u>12,621,031</u>
LESS : CURRENT LIABILITIES & PROVISIONS	G	22,997,217	5,062,135
NET CURRENT ASSETS		17,468,775	7,558,896
MISCELLANEOUS EXPENDITURE	H	-	3,537,007
PROFIT AND LOSS ACCOUNT		133,949,852	73,606,316
		<u>280,000,000</u>	<u>200,000,000</u>
NOTES ON ACCOUNTS	K		

Schedules A to H and K form an integral part of this Balance Sheet and are to be read in conjunction there with

On behalf of the Board

Sahara Asset Management Company Private Limited

Sd/-

Director

Sd/-

Director

This is the Balance Sheet referred to
in our Report of even date

For SHANKER GIRI & PRABHAKAR

Sd/-

P. PRABHAKAR RAO

Partner

CHARTERED ACCOUNTANTS

Place: Mumbai

Date : 29/09/2005

Place: Chennai

Date: 29/09/2005

SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

	Sch. No	As at March 31, 2005 (Rs)	As at March 31, 2004 (Rs)
INCOME			
Advisory Income		13,149,358	10,059,364
Other Income	I	10,882,137	11,081,629
		24,031,495	21,140,993
EXPENDITURE			
Operating and other expenses	J	82,162,418	45,253,439
		82,162,418	45,253,439
LOSS BEFORE DEPRECIATION		(58,130,923)	(24,112,446)
Depreciation		2,212,613	2,240,261
LOSS BEFORE TAXATION		(60,343,536)	(26,352,707)
Provision for taxation		-	-
NET LOSS FOR THE YEAR		(60,343,536)	(26,352,707)
Balance brought forward from previous year		(73,606,316)	(47,253,609)
BALANCE CARRIED TO BALANCE SHEET		(133,949,852)	(73,606,316)
NOTES ON ACCOUNTS	K		

Schedules I to K form an integral part of this Profit and Loss Account and should be read in conjunction there with

On behalf of the Board

Sahara Asset Management Company Private Limited

Sd/- Director
Sd/- Director

Place: Mumbai
Date : 29/09/2005

This is the Balance Sheet referred to
in our Report of even date

For SHANKER GIRI & PRABHAKAR

Sd/-
P. PRABHAKAR RAO
Partner
CHARTERED ACCOUNTANTS

Place: Chennai
Date: 29/09/2005

SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	As at March 31, 2005 (Rs)	As at March 31, 2004 (Rs)
SCHEDULE A		
SHARE CAPITAL		
Authorised		
30,000,000 (2003/04 - 20,000,000 Equity Shares of Rs. 10 each)	300,000,000	200,000,000
	<u>300,000,000</u>	<u>200,000,000</u>
Issued, Subscribed and Paid Up 25,800,000 (2003/04- 19,400,000) Equity Shares of Rs.10 each	258,000,000	194,000,000
	<u>258,000,000</u>	<u>194,000,000</u>

SCHEDULE B

FIXED ASSETS

Description of Assets	COST			DEPRECIATION			NET BLOCK	
	As at 1/4/2004	Additions/ (Deletions)	As at 31/3/2005	As at 1/4/2004	Additions/ (Deletions)	As at 31/3/2005	As at 31/3/2005	As at 31/3/2004
Furniture & Fixtures	2,973,680	381,606	3,355,286	1,956,748	548,033	2,504,781	850,505	1,016,932
Air Conditioners	481,500	119,658	601,158	307,959	98,294	406,253	194,905	173,541
Electrical Fittings	504,684	-	504,684	302,812	100,937	403,749	100,935	201,872
Computers & Office Equipments	7,879,510	948,309	8,827,819	5,435,668	1,061,442	6,497,110	2,330,709	2,443,842
Vehicles	2,331,348	588,132 (1,924,609)	994,871	1,257,475	403,907 (1,271,866)	389,516	605,355	1,073,873
Rs.	14,170,722	2,037,705 (1,924,609)	14,283,818	9,260,662	2,212,613 (1,271,866)	10,201,409	4,082,409	4,910,060

SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

SCHEDULE 'C'

	As at 31.3.2005		As at 31.3.2004	
INVESTMENTS - AT COST				
CURRENT - NON TRADE - UNQUOTED				
IN UNITS OF MUTUAL FUND				
	No. of Units	Value Rs.	No. of Units	Value Rs.
Sahara Liquid Fund - Growth	7320719.800	86180750	7780116.619	87887721
Sahara Growth Fund - Growth	-	-	1106991.110	22500000
Sahara Growth Fund - Dividend	582232.750	11509978		
Sahara Income Fund - Growth	275937.980	3200000		
Sahara Short Term Plan - Dividend	249581.590	2608231		
Sahara Short Term Plan - Growth	1802236.760	2100000		
		124498959		110387721

Purchases and sales during the year

Number of Units	
Purchases	Sales

In Units of Mutual Fund

Sahara Liquid Fund - Growth	9610298.100	10069694.880
Sahara Growth Fund - Growth	388048.120	1495039.230
Sahara Growth Fund - Dividend	704188.720	121955.970
Sahara Income Fund - Growth	275937.980	
Sahara Short Term Plan - Dividend	249581.590	
Sahara Short Term Plan - Growth	1802236.800	

SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	As at March 31, 2005 (Rs)	As at March 31, 2004 (Rs)
SCHEDULE D		
SUNDRY DEBTORS		
(Unsecured - Considered Good)		
Debts outstanding for a period exceeding six months	220,415	-
Other debts	11,101,999	3,189,502
	<u>11,322,414</u>	<u>3,189,502</u>
SCHEDULE E		
CASH AND BANK BALANCES		
Cash on hand	54,259	12,554
Balance with Scheduled Bank		
- On Current Account	112,310	167,943
	<u>166,569</u>	<u>180,497</u>
SCHEDULE F		
LOANS AND ADVANCES		
(Unsecured - Considered Good)		
Loans	20,549,976	654,992
Advances recoverable in cash or in kind for value to be received	1,242,748	1,303,257
Advance tax (Net of Provision for tax)	3,019,337	3,521,768
Deposits	4,164,948	3,771,015
	<u>28,977,009</u>	<u>9,251,032</u>
SCHEDULE G		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	19,838,976	3,677,301
Other liabilities	1,583,043	383,447
	<u>21,422,019</u>	<u>4,060,748</u>
PROVISIONS		
Provision for Leave encashment benefit	1,575,198	1,001,387
	<u>22,997,217</u>	<u>5,062,135</u>

SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	As at March 31, 2005 (Rs)	As at March 31, 2004 (Rs)
SCHEDULE H		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off)		
Deferred Revenue Expenditure		
Scheme Issue and Launch expenses		
Balance as at the beginning for the year	3,537,007	7,170,772
Add : Expenses incurred during the year	-	-
	3,537,007	7,170,772
Less: Written off during the year	3,537,007	3,633,765
	-	3,537,007

	For the Year Ended 31.03.2005 (Rs)	For the Year Ended 31.03.2004 (Rs)
SCHEDULE I		
OTHER INCOME		
Interest on Loans	65,753	2,548,677
Interest on Debentures	-	3,858,137
Interest - Others	101,830	-
Dividend from Non-Trade Investments	1,491,476	-
Profit on sale of Investments	9,094,767	4,647,782
Profit on sale of Assets	128,311	-
Miscellaneous Income	-	27,033
	10,882,137	11,081,629

SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

SCHEDULE TO BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

	For the Year Ended 31.03.2005 (Rs)	For the Year Ended 31.03.2004 (Rs)
SCHEDULE J		
OPERATING AND OTHER EXPENSES		
Salaries, Allowances & Bonus	20,832,791	17,338,299
Contribution to Provident Fund	411,661	773,388
Contribution to Gratuity Fund	95,542	233,968
Staff Welfare	235,033	258,957
Electricity	818,718	747,288
Rent	3,786,808	2,162,864
Rates & Taxes	1,666,188	1,375,654
Insurance	1,033,591	39,028
Printing & Stationery	118,160	319,190
Repairs & Office Maintenance	1,381,902	1,581,755
Travelling & Conveyance	4,560,068	3,404,587
Postage, Telegram & Telephone	1,800,598	2,697,117
Subscription	1,657,429	1,081,472
Registrar Expenses	25,554	1,189,145
Mutual Fund Promotion Expenses - Refer Note No 2	8,643,289	7,445,479
Mutual Fund Launch Expenses written off - Refer Note No.1 (g)	3,537,007	3,633,765
Initial Public Offer expenses	29,910,202	
Legal, Professional & Consultancy	409,071	394,000
Directors' Sitting fees	150,000	55,000
Trusteeship fees and Trustees sitting fees	790,610	167,000
Auditors' Remuneration:		
For Audit	100,000	100,000
For Tax Audit	15,000	15,000
For Other Services	-	48,000
Miscellaneous expenses	183,196	192,483
	<u>82,162,418</u>	<u>45,253,439</u>

SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

SCHEDULE 'K'

NOTES FORMING PART OF THE ACCOUNTS

1) Significant accounting Policies:

a) The financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India.

b) Revenue Recognition

Onshore Management fees are as approved by the Trustees of the First India Mutual Fund

c) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation.

d) Depreciation

Assets are depreciated on Straight Line Method at the rate of 20% per annum from the month in which the assets are purchased. Assets costing individually upto Rs.5000/- are fully depreciated in the year of purchase.

e) Investments

Investments are valued at Cost. The diminution, if any in the market value of Long Term Investment is not recognised unless such diminution is considered permanent. Dividend Income is accounted for in the year in which the right to receive payment is established.

f) Retirement Benefits

Provident Fund Contributions are made to Regional Provident Fund Commissioner and charged to revenue. Contribution to Gratuity fund is made based on the actuarial valuation determined every year through the Life Insurance Corporation of India. Provision for Leave encashment is made as per the Service rules of the Company

g) Deferred Revenue Expenditure

All initial issue expenses relating to the schemes of the Mutual Fund, including the registration fees paid to the Securities and Exchange Board of India for launching the schemes of Mutual Fund are written off during the year of launch itself from the current year as against the earlier policy of writing off over a period of three years from the month of issue adopted in the previous years.

2) Mutual Fund Promotion Expenses & Initial Public Offer Expenses represent expenses incurred in connection with promotion of the Mutual Fund Schemes net of the amount chargeable to the scheme, wherever applicable, which are borne by the Company due to limitation of expenses stipulated in the offer documents of the related schemes.

3) Tax Deducted at Source on Income :

On Advisory Fees Rs. 636263

On Interest on Debentures & Loans Rs. Nil

4) No provision for income tax has been made as there is no taxable income computed in accordance with the provisions of the Income tax Act, 1961.

5) In accordance with the provisions of the Accounting Standard AS-22 - Accounting for taxes on Income - issued by the Institute of Chartered Accountants of India, the Company has determined the Deferred Tax Asset / Liability as under. As a prudent measure, the aggregate deferred asset has not been recognized in these accounts.

SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

	2004 - 2005		2003-2004	
	Asset	Liability	Asset	Liability
Timing differences on account of Depreciation		267351		25297
Deferred Revenue Expenditure				1268901
Provision for Leave Salary	576404		356583	
Carry Forward losses	62029137		36822170	
Tax Shield on Capital loss	1707632		1707632	
	64313173	267351	38886385	1294198
Net Deferred Tax Asset	64045822		37592187	

SIGNATURES TO SCHEDULES 'A' TO 'K'

On behalf of the Board

Sahara Asset Management Company Private Limited

Sd/-

Director

Sd/-

Director

Place: Mumbai

Date : 29/09/2005

This is the Balance Sheet referred to
in our Report of even date

For SHANKER GIRI & PRABHAKAR

Sd/-

P. PRABHAKAR RAO

Partner

CHARTERED ACCOUNTANTS

Place: Chennai

Date: 29/09/2005

SAHARA ASSET MANAGEMENT COMPANY PRIVATE LIMITED

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