

BOB ASSET MANAGEMENT COMPANY LTD.

BOB

LIQUID FUND

BOB

INCOME FUND

BOB

ELSS'96

BOB

BALANCE FUND

BOB

GROWTH FUND

BOB

DIVERSIFIED FUND

BOB

GILT FUND

BOB

GILT FUND-PF PLAN

13th Annual Report
2004 - 2005

BOARD OF DIRECTORS



SHRI R. R. KUMAR
CHAIRMAN



SHRI N. L. KHURANA
MANAGING DIRECTOR



SHRI BHAGIRAT B. MERCHANT
DIRECTOR



SHRI SHARADCHANDRA D. ABHYANKAR
DIRECTOR



SHRI J. K. CHANDAR
DIRECTOR

BOB ASSET MANAGEMENT COMPANY LIMITED
THIRTEENTH ANNUAL REPORT (2004-2005)

BOARD OF DIRECTORS

Shri R. R. Kumar	Chairman
Shri Bhagirat B. Merchant	Director
Shri S. D. Abhyankar	Director
Shri J. K. Chandar	Director
Shri N. L. Khurana	Managing Director

COMPANY SECRETARY

Shri Pradip Kumar

AUDITORS

M/s. Babu Chokshi & Co.

BANKERS

Bank of Baroda

KEY - PERSONNEL

Mumbai Office :

Shri N. L. Khurana	Managing Director
Shri E. S. Mani	Senior Manager
Shri Dipak Acharya	Fund Manager - Debt
Shri Jayesh B. Shroff	Fund Manager - Equity
Shri Sudhakar Poojary	Head - Marketing
Shri Kishore Kumar T. V.	Head - Retail Marketing
Shri Vandana N. Thakkar	Head - Investor Services
Shri Sunil Nerurkar	Head - IT
Shri Pradip Kumar	Company Secretary / Compliance Officer
Ms. Maureen D'Souza	Head - Accounts

REGISTERED OFFICE

105, Maker Chamber III
10th Floor, Nariman Point
Mumbai 400 021

Delhi Office :

Shri G. L. Bhatia Branch - Head

BRANCH OFFICE :

1st Floor, Bank of Baroda Bldg.,
16, Sansad Marg,
New Delhi - 110 001.



BOB ASSET MANAGEMENT COMPANY LIMITED

NOTICE OF THIRTEEN ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirteen Annual General Meeting of BOB Asset Management Company Limited, will be held at the Registered Office of the Company at 105, Maker Chamber III, 10th floor, Nariman Point, Mumbai 400 021, on Tuesday, September 20, 2005 at 3.00 p.m. to transact the following business :

ORDINARY BUSINESS

1) To receive, consider and adopt the Directors' Report and the Audited Profit & Loss Account for the year ended 31.03.2005 and the Balance Sheet as at that date and the Auditors' Report thereon along with comments received from Comptroller and Auditor General of India.

2) To consider, and if thought fit, to pass with or without modification the following resolution as an **Ordinary Resolution**

RESOLVED THAT pursuant to section 255 of the Companies Act, 1956 and Article 165 of the Articles of Association of the Company, Shri Bhagirath B. Merchant be and is hereby appointed as a Director of the Company liable to retire by rotation.

3) To authorize the Board of Directors to appoint Auditors on the directions of Comptroller & Auditor General of India for the financial year 2005-2006 and to fix their remuneration.

By order of the Board of Directors

Place : Mumbai
Date : July 26, 2005.

Pradip Kumar
Company Secretary

Registered Office
105, Maker Chamber III,
10th floor, Nariman Point,
Mumbai 400 021

Notes:

- A member entitled to attend and vote is entitled to appoint a proxy (a proxy need not be a member of the Company) to attend and vote instead of himself; but shall not have any right to speak at the meeting.
- Proxy forms in order to be effective must be received by the company not less than 48 hours before the time of holding the meeting.

By order of the Board of Directors

Place : Mumbai
Date : July 26, 2005.

Pradip Kumar
Company Secretary

Registered Office
105, Maker Chamber III,
10th floor, Nariman Point,
Mumbai 400 021

DIRECTORS' REPORT TO MEMBERS

Your Directors have pleasure in presenting the Thirteenth Annual Report, together with the Audited Accounts for the year ended 31st March 2005.

FINANCIAL RESULTS

	(Rs. in lac) As at 31.3.05	(Rs. in lac) As at 31.3.04
Total Income	292.57	330.06
Profit Before Depreciation	118.38	134.15
Less Depreciation	6.57	8.30
Profit Before Tax	111.81	125.85
Less Provision for Tax	32.34	77.12
Profit After Tax	79.47	48.73
Less Prior Period Adjustments	21.87	3.81
Add Balance in		
Profit & Loss A/c. B/F	678.60	633.68
Reserves & Surplus	736.21	678.60
APPROPRIATION		
Proposed Dividend	-	-
General Reserve	-	-
Balance Carried Forward	736.21	678.60
Total	736.21	678.60

The total income of the Company has decreased from Rs.330.06 lac in 2003-04 to Rs.292.57 lac in 2004-05 mainly on account of fall in interest income from debentures and bonds.

DIVIDEND

Although the Company has made profits during the thirteenth year in succession, your Directors do not recommend any dividend for the year 2004-05 with a view to consolidate the resources of the Company and to strengthen its network in keeping with the challenge of the mutual fund industry.

MANAGEMENT DISCUSSION & ANALYSIS**ECONOMIC SCENARIO**

India's economic juggernaut continues rolling at a robust pace. The results declared, so far, by India Inc. indicates no let down in the performance of companies. The macro economic data also vindicates this view. The Index for Industrial Production is clocking a healthy 8% plus rate of growth. Inflation is still in the band of 5-6% and interest rates still benign. India Inc. has squeezed the maximum efficiency out of existing manufacturing facility and has consequently embarked on an ambitious capital expenditure program in excess of Rs. 1,00,000 crores. Although the picture does look rosy from the data discussed above, there are equally large impediment to growth like high fiscal deficit, rising global crude prices and slow pace of reforms. We as a country are at an inflexion point where an accelerated pace of reforms and the right government policies could catapult us into a formidable economic power over the next decade.

MUTUAL FUND INDUSTRY

The year 2004-05 has been one of the most path breaking years in the history of capital markets in general and mutual funds in particular. This year has firmly established the place of equities and equity mutual funds in the investment priorities of retail investors. We have seen resurgence of IPOs from mutual funds with hefty mobilization. The most striking feature for the mutual fund industry has been the come back of equity mutual funds. Assets under management (AUM) of mutual funds, which were heavily loaded in favour of debt funds, grew primarily on account of growth in AUM of equity funds. Mutual fund units offer one of the best-regulated modes of investment for an investor. This very fact coupled with other superior advantages of liquidity, tax incentives and excellent quality of service will ensure accelerated growth of mutual fund industry in India.

STATE OF COMPANY AFFAIRS

The Company is a wholly owned subsidiary of Bank of Baroda and is an Investment Manager for BOB Mutual Fund. The Company has come a long way from 1994-95 when it has launched its first scheme (BOB ELSS'95) collecting a corpus of Rs.37.84. Today the Company has 15 Schemes and its net assets stood at Rs.144.88 Crore on March 31, 2005. We are seeing excellent efforts being put up by the marketing staff as well as fund management. We launched BOB MIP Fund, BOB Children Fund and BOB NRI Fund during the year. During the year, SEBI had made it mandatory for mutual funds to comply with the '20/25' norms whereby no scheme/plan should have less than 20 investors and no investor should have more than 25% investment in any scheme/plan.

The total net assets as on 31-03-2005 of all the schemes is as follows:

Scheme	Net Assets (Rs. in Crore)
BOB ELSS 95	23.79
BOB ELSS 96	3.13
BOB ELSS 97	1.72
BOB Liquid Fund	94.70
BOB Income Fund	0.40
BOB Gilt Fund	8.79
BOB Balance Fund	0.81
BOB Growth Fund	0.65
BOB PF Plan	6.67
BOB MIP Fund	2.73
BOB NRI Fund	1.36
BOB Children Fund	0.10
Total	144.88

SHARE CAPITAL

The authorised share capital of the Company was Rs.20 crore.

FUTURE OUTLOOK

The Confederation of Indian Industry (CII) has forecast a GDP growth rate of 6.6-7% for the current fiscal. It is expected that the upswing in the



BOB ASSET MANAGEMENT COMPANY LIMITED

industry and services sectors will continue and, indeed, accelerate over the next few quarters, as domestic and external demand continue to strengthen. Across sectors, companies are preparing to meet rising demand expectations by expanding capacity, modernizing technology and focusing on their marketing strategy.

It is proposed that the branch network of the Bank, especially in the rural and semi-urban areas would be used for tapping into the depositor base for fresh investments. Help of subsidiaries like BOBCARDS is also being sought for increasing awareness in their cardholders as well as to create potential investors. In a phased manner, these schemes could be linked up to various products of the Bank so that a symbiotic set-up could be established for mutual marketing of products of both the organisations.

Three new schemes (BOB Children Fund, BOB NRI Fund and BOB MIP Fund) were launched during the year.

CORPORATE GOVERNANCE

BOARD OF DIRECTORS

BOB AMC Ltd. has the following Five Directors (including Managing Director), out of whom the majority of Directors are Non-Executive Independent Directors, including the Chairman:

Shri R.R.Kumar	Chairman
Shri Bhagirat B.Merchant	Director
Shri Sharadchandra Abhyankar	Director
Shri J.K.Chandar	Director
Shri N.L.Khurana	Managing Director

BOARD MEETINGS

During the financial year, 11 meetings of the Board of Directors were held on 22.4.04, 10.5.04, 10.6.04, 19.7.04, 31.8.04, 21.9.04, 27.10.04, 11.12.04, 29.1.05, 23.2.05, 29.3.05

BOARD COMMITTEES

Audit Committee

The Audit Committee of the Board of Directors held 5 meetings during financial year 2004-05 on 22.4.04, 10.5.04, 19.7.04, 27.10.04, 29.1.05. The Audit Committee comprises of Shri Bhagirat Merchant (Chairman), Shri R R Kumar and Shri S D Abhyankar.

ANNUAL GENERAL MEETINGS

The details of Annual General Meetings held during the last three years are given below;

AGM	Date	Venue
10 th AGM	16.09.2002	BOB AMC Limited Maneckji Wadia Building Nanik Motwani Road Mumbai
11 th AGM	20.09.2003	BOB AMC Limited Maneckji Wadia Building Nanik Motwani Road Mumbai
12 th AGM	21.8.2004	BOB AMC Limited 105, Maker Chambers III, Nariman Point, Mumbai 21

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

There are no particulars under the above head, as it does not apply to our business activities.

ANNUAL ACCOUNTS

- 1) The Annual Accounts of the Company have been prepared in accordance with the accounting standards.
- 2) The accounting policies have been consistently followed 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 for that period.
- 3) Proper and sufficient care has been taken by your Directors for the maintenance of adequate accounting records in accordance with the provisions of the Companies act, 1956 for safeguarding the assets of the Company and for the preventing and detecting fraud and other irregularities.
- 4) The Annual Accounts of the company have been prepared on an ongoing basis.

AUDITORS

Since not less than 51% of the paid-up capital is held by Bank of Baroda, the Auditors of the Company for the financial year 2005-2006 will be appointed by the Comptroller and Auditor General of India, New Delhi in terms of clause (f) of section 619B of the Companies Act, 1956.

APPRECIATION

The Directors place on record their appreciation and thanks for the assistance and guidance rendered by Securities and Exchange Board of India, Association of Mutual Funds in India, Reserve Bank of India, Bank of Baroda and Trustees of BOB Mutual Fund.

The Directors also thank the investors for having reposed their confidence in BOB Mutual Fund.

The Directors wish to take this opportunity to thank:

- ❖ M/s IIT Corporate Services Limited and M/s Karvy Computershare Private Limited, the registrar and Share Transfer Agents of BOB Mutual Fund for the services rendered by them.
- ❖ M/s Karvy Consultants Limited, and Bank of Baroda for providing collection centers for various schemes of the BOB Mutual Fund,
- ❖ Bank of Baroda for helping in marketing of our schemes and collection of investments all over the country,
- ❖ Deutsche Bank AG, and HDFC Bank, custodians of schemes of BOB Mutual Fund and the Company for the services rendered by them.

The Directors also appreciate the dedication and sense of commitment shown by the employees at all levels and acknowledge their contribution towards the progress and performance of the Company.

On behalf of the Board of Directors

Place : Mumbai
Date : 28th May, 2005.

R. R. Kumar
Chairman

AUDITOR'S REPORT TO THE MEMBERS OF BOB ASSET MANAGEMENT CO. LTD.

We have audited the attached Balance Sheet of BOB ASSET Management Company Ltd. as at 31st March 2005 and also the Profit & Loss Account for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements, based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order, as applicable to the Company.

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 & Loss account dealt with by this report are in agreement with the books of account;

- iv) In our opinion, the Balance Sheet and Profit & Loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- v) On the basis of 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 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March 2005
 - b) In the case of Profit & Loss Account, of the profit for the year ended on that date.

For **Babu Chokshi & Co.**
Chartered Accountants

Place: Mumbai
Date: 28th May 2005

Sanjay Chokshi
Partner
Mem. No. 48508



BOB ASSET MANAGEMENT COMPANY LIMITED

ANNEXURE TO AUDITORS' REPORT (Referred to in our report of even date)

(i) Fixed Assets

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) All the fixed assets of the Company have been physically verified by the management at the end of the year. No material discrepancies were noticed on such verification. In our opinion, having regard to size of the Company and the nature of its business, the frequency of verification is reasonable.
- c) During the year, the Company has not disposed off substantial part of fixed assets. However, some of the old items of furniture transferred originally from the sponsor Bank at the time of establishment in the old premises, were transferred to them.

(ii) Inventories

The Company does not deal in goods hence, inventory need not be maintained.

(iii) Loans and Advances

The Company has not taken or granted any loans from/to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

(iv) Internal Controls

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 the purchase of fixed assets. The Company does not deal in goods hence, provision for purchase & sale of goods does not apply. During the course of our audit, no major weakness was noticed in the internal controls.

(v) Related Party

- a) Based on the audit procedures applied by us and according to the information and explanations provided by the

management, we are of the opinion that the transactions that need to be entered into a register in purchase of section 301 of the Companies Act, 1956 have been so entered.

- b) In our opinion and according to the information and explanations given to us, the transactions made in purchase of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) Fixed Deposits

The Company has not accepted deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there-under are not applicable to the Company.

(vii) Internal Audit

In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.

(viii) Cost Records

To the best of our knowledge and as explained to us, the Central government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for any of the products of the Company.

(ix) Statutory dues

- a) According to the records of the Company, the Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, wealth tax, and other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of income

13th Annual Report 2004-2005

tax, wealth tax and other statutory dues were outstanding as at 31st March, 2005 for a period of more than six months from the date they became payable.

- b) According to the records of the Company, there are no dues of income tax, wealth tax, or other statutory dues, which have not been deposited on account of any dispute.

Other Matters

(x) The Company has been registered for a period of more than five years and it has no accumulated losses as on 31st March, 2005. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xi) Based on our audit procedures and on the basis of the information and explanations given by the management, the Company has not defaulted in repayment of dues to bank.

The Company has not taken any loan from financial institutions. Further, no loan has been taken by way of issuance of debentures.

(xii) According to the information and explanations give to us and based on the documents and records produced 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) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2004 are not applicable to the Company.

(xiv) Based on our examination of the records and evaluation of the related internal controls, we are of the opinion that proper records have been maintained of the transactions and

contracts and timely entries have been made in those records. We also report that the company has held the shares, securities, debentures and other investments in its own name.

(xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) Based on our examination of records and information and explanations given to us, the Company has not borrowed by way of term loan.

(xvii) According to information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.

(xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

(xix) So far, the Company has not issued any debentures.

(xx) The Company has not raised any money through public issue.

(xxi) Based on the information and explanations furnished by the management, which have been relied upon by us, there were no fraud on or by the Company noticed or reported during the year.

For **Babu Chokshi & Co.**
Chartered Accountants

Place: Mumbai
Date: 28th May 2005

Sanjay Chokshi
Partner
Mem. No. 48508



BOB ASSET MANAGEMENT COMPANY LIMITED

BALANCE SHEET AS AT 31st MARCH, 2005

	SCHEDULE	AS AT 31.03.2005 (2003 - 2004) Rs.	AS AT 31.03.2004 (2002 - 2003) Rs.
SOURCE OF FUNDS			
1) Shareholders' Funds			
a) Share Capital	A	200,000,000	200,000,000
b) Reserves & Surplus	B	73,620,979	67,860,484
		<u>273,620,979</u>	<u>267,860,484</u>
APPLICATION OF FUNDS			
1) Fixed Assets			
Gross Block	C	5,605,784	6,426,347
Less : Depreciation		4,012,475	4,146,263
NET BLOCK		<u>1,593,309</u>	<u>2,280,084</u>
2) Investments	D	165,200,745	204,811,800
3) Current Assets, Loans & Advances	E	122,306,022	68,798,436
Less : Current Liabilities and Provisions	F	18,523,843	13,576,107
NET CURRENT ASSETS		<u>103,782,178</u>	<u>55,222,329</u>
4) Miscellaneous Expenditure (to the extent not written off or adjusted)	G	3,044,747	5,546,271
		<u>273,620,979</u>	<u>267,860,484</u>
NOTES ON ACCOUNTS	P		

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

As per our Report of even date

For **BABU U. CHOKSHI & CO.**
CHARTERED ACCOUNTANTS

(**SANJAY B. CHOKSHI**)
Partner
M. No. 48508

Place : Mumbai

Date : 28th May, 2005

For and on behalf of Board of Directors

Shri R. R. Kumar (Chairman)

Shri Bhagirat B. Merchant

Shri Sharadchandra D. Abhyankar

Shri J. K. Chandar

Shri N. L. Khurana (Managing Director)

Shri Pradip Kumar (Company Secretary)

13th Annual Report 2004-2005

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2005

	SCHEDULE	CURRENT PERIOD 1.4.04 TO 31.3.05 Rs.	PREVIOUS YEAR 1.4.03 TO 31.03.04 Rs.
INCOME			
Interest on Debentures / Bonds T.D.S. Rs.1,46,173/- (Previous Year Rs.17,76,443/-)		4,355,598	7,874,783
Interest on Deposits T.D.S. Rs.66,044/- (Previous Year Rs.3,36,963/-)		2,176,816	1,499,923
Dividend on Preference Shares/ units T.D.S. Rs.NIL/- (Previous Year Rs.53,760/-)		512,000	607,000
Management Fees from BOB Mutual Fund T.D.S. Rs.8,94,230/- (Previous Year Rs.4,61,969/-)	H	17,321,850	14,907,434
Profit on sale / redemption of Investments	J	4,672,162	7,543,839
Income Tax Refund		-	400,372
Other Income	K	218,461	173,119
		29,256,887	33,006,470
EXPENDITURE			
Staff Expenses	L	4,584,680	3,804,839
Rent, Rates & Taxes	M	1,373,424	78,764
Legal & Professional Expenses		381,989	26,480
Remuneration to Statutory Auditor's		11,020	11,100
Remuneration to Tax Auditor's		11,240	11,100
Advertisement & Publicity Expenses		109,421	103,213
Other Operating Expenses	N	4,606,175	4,243,759
Depreciation		657,205	830,565
Depredation in value of investments		742,253	
Loss on Conversion / Redemption of Invt.	I	3,096,515	8,726,270
Deferred Revenue Exps w/off		2,449,031	2,432,821
Preliminary Exps w/off		52,493	52,493
		18,075,446	20,421,404
Profit Before Taxation (PBT)		11,181,441	12,585,066
Less: Provision for Deferred Taxes (Current Year)			262,013
Deferred Tax Asset created		(295,210)	
Deferred Tax Liability W/off		(970,485)	
: Provision for Taxation (Normal Tax)		4,500,000	7,450,000
		3,234,305	7,712,013
		7,947,136	4,873,053
Less : Prior period adjustments			-
Add : Prior Period Expenses		524,138	
Less : Prior Period Income		(12,601)	
Income tax for the year 2001-02		1,675,104	-
Income Tax for the year 1997-98 (AY 1998-99)		-	57,573
Income Tax for the year 1999-2000 (AY 2000-01)		-	323,455
		2,186,641	381,028
		5,760,495	4,492,025
Add : Prior period adjustments		-	-
Profit After Tax & Adjustment (PAT)		5,760,495	4,492,025
Add : Balance of Profit from last year		67,860,484	63,368,459
Balance Carried to Balance Sheet		73,620,979	67,860,484
NOTES ON ACCOUNTS	P		

The Schedules referred to above form an integral part of the Balance Sheet As per our Report of even date For **BABU U. CHOKSHI & CO.** CHARTERED ACCOUNTANTS

(**SANJAY B. CHOKSHI**)
Partner
M. No. 48508

Place : Mumbai
Date : 28th May, 2005

For and on behalf of Board of Directors

Shri R. R. Kumar (Chairman)

Shri Bhagirat B. Merchant

Shri Sharadchandra D. Abhyankar

Shri J. K. Chandar

Shri N. L. Khurana (Managing Director)

Shri Pradip Kumar (Company Secretary)



BOB ASSET MANAGEMENT COMPANY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2005 AND THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2005

	AS AT 31.03.2005 (Rs.)	AS AT 31.03.2004 (Rs.)
SCHEDULE 'A'		
SHARE CAPITAL :		
Authorised :		
200,00,000 Equity shares of Rs.10/- each (200,00,000 Equity shares of Rs.10/- each)	<u>200,000,000</u>	<u>200,000,000</u>
Issued, Subscribed & Paid Up :		
200,00,000 Equity shares of Rs.10/- each fully paid up. (200,00,000 Equity Shares of Rs.10/- each fully paid up)	<u>200,000,000</u>	<u>200,000,000</u>
The entire Share Capital is held by Bank of Baroda & its nominees.		
SCHEDULE 'B'		
RESERVES & SURPLUS :		
Surplus as per Profit & Loss Account		
Opening Balance as per Last Balance Sheet	67,860,484	63,368,459
Add : Surplus during the year	<u>5,760,495</u>	<u>4,492,025</u>
	73,620,979	67,860,484
Less : Debit balance of P&L a/c	<u>- 73,620,979</u>	<u>- 67,860,484</u>
Deferred Tax Adjustment	<u>73,620,979</u>	<u>67,860,484</u>

SCHEDULE 'C'

FIXED ASSETS ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31st, 2005

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	AS AT 01.04.2004	ADDITIONS DURING THE PERIOD	DEDUCTIONS DURING THE PERIOD	AS AT 31.03.2005	UPTO 31.03.2004	FOR THE PERIOD	ON DEDUCTIONS DURING THE PERIOD	UPTO 31.03.2005	AS AT 31.03.2005	AS AT 31.03.2004
	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)	(RS.)
Motor Car	487,521	-	-	487,521	210,799	71,643	-	282,442	205,079	276,722
Computers	3,447,638	161,100	-	3,608,738	2,651,770	367,050	-	3,018,820	589,918	795,868
Furniture & Fixtures	1,495,017	-	813,759	681,258	757,157	143,554	640,970	249,741	431,517	737,869
Office Equipment	996,171	52,200	220,104	828,267	526,337	84,958	150,023	461,472	366,795	469,634
TOTAL	6,426,347	213,300	1,033,863	5,605,784	4,146,263	657,205	790,993	4,012,475	1,593,309	2,280,084
PREVIOUS YEAR	6,132,311	194,016	-	6,426,347	3,115,899	830,565	-	4,146,263	2,280,034	2,816,633

13th Annual Report 2004-2005

	AS AT 31.03.2005 (Rs.)	AS AT 31.03.2004 (Rs.)
SCHEDULE 'D'		
INVESTMENTS		
(At Cost OR Market Value whichever is less) :		
QUOTED		
Traded:		
Bonds		
200 (Previous year - 200 bonds) 14.3% Bank of Baroda Bonds - Series II (option - III) of Rs.100000/- each	20,000,000	20,000,000
108118 (Previous year - 108118 units) 6.75% UTI Bonds-2008 (Tax Free) of 100/- each (Converted into Bonds on 1.6.2003)	10,811,800	10,811,800
Non-Convertible Debentures		
100 (Previous year - Nil bonds) 10% National Textile Corporation Ltd. of Rs.100000/- each	11,090,500	-
Non-Traded:		
Units		
NIL (Previous year - 1000000 units) Units of UTI MIP'2000 (II) Annual	-	10,000,000
UN-QUOTED		
UNITS		
482225.180 (Pr. Year - Nil Units) Units of BOB MIP - Growth Plan NAV PER UNIT Rs. 10.4072 AS ON 31.03.2005	5,000,000	-
482197.277 (Pr. Year - Nil Units) Units of BOB MIP - Monthly Dividend NAV PER UNIT Rs.10.4078 AS ON 31.03.2005	5,000,000	-
6201371.970 (Pre year - 4403618.013 units) Units of BOB LIQUID FUND (Growth) NAV PER UNIT Rs.11.8908 AS ON 31.03.2005	71,540,255	50,000,000
2200000 (Previous year-4702518.669 units) Units of BOB GILT FUND (Growth) NAV PER UNIT Rs.10.3312 AS ON 31.03.2005	22,728,640	50,000,000
1700000 (Pr. Yr. - 4973639.710 units) Units of BOB GILT P.F. PLAN (Growth) NAV PER UNIT Rs.9.7115 AS ON 31.03.2005	16,509,550	50,000,000
114621.811 (Pr. Yr. - 781928.758 units) Units of BOB BALANCE FUND (Growth) NAV PER UNIT Rs.15.0715 AS ON 31.03.2005	1,376,000	9,000,000
84502.183 (Pr. Yr. - 357653.791 units) Units of BOB GROWTH FUND (Growth) NAV PER UNIT Rs.15.2634 AS ON 31.03.2005	1,144,000	5,000,000
	165,200,745	204,811,800



BOB ASSET MANAGEMENT COMPANY LIMITED

	AS AT 31.03.2004 (Rs.)	(Rs.)	AS AT 31.03.2003 (Rs.)	(Rs.)
SCHEDULE 'E'				
CURRENT ASSETS, LOANS & ADVANCES, DEPOSITS :				
a) Current Assets				
Interest accrued on Investments Receivables (Unsecured, considered good unless other wise stated) Over six months***	3,011,393		2,159,719	
Others	10,000,000			
Sales Receivables on UTI MIP Units 2000(II)	10,000,000		5,074,365	
Sales Receivables on Redemption of Bonds/units	-		17,500,000	
Sales Receivables on Redemption of Preference Shares	-		10,000,000	
Cash & Balance with Banks			10,000,000	
Cash in hand	5,104		1,534	
Bank Balances				
In Current Account with Scheduled Banks	1,909,609		2,696,111	
Deposits				
In Fixed Deposit with Scheduled Banks	78,951,959		20,000,000	
		103,878,065		57,431,729
b) Loans & Advances				
(Unsecured considered good ; unless otherwise stated) Advances recoverable in cash or in kind for value to be received Advance to staff Advance others { Foot Note (i) }				22,000
		18,427,957		11,344,707
		122,306,022		68,798,436
Foot Note				
(i) Includes Advance Tax and T.D.S. amounting to Rs.1,58,04,842/- (Previous Year-Rs.1,07,58,465/-)				
(ii)*** Amount recoverable from ATCOM Technologies being investment in Pref. Shares. Case in BIFR.				
	AS AT 31.03.2005		AS AT 31.03.2004	
	(RS.)		(RS.)	
SCHEDULE 'F'				
CURRENT LIABILITIES & PROVISIONS :				
a) Current Liabilities				
Liability for Expenses (Schedule "D")		2,876,467		701,306
Other liabilities		312,636		456,376
		3,189,103		1,157,682
b) Provisions				
For Deferred Tax Liability		1,094,940		2,065,425
For Taxation (Normal Tax)		14,239,800		10,353,000
		18,523,843		13,576,107
SCHEDULE 'G'				
MISCELLANEOUS EXPENDITURE :				
(to the extent not written off)				
Preliminary Expenses		52,493		104,986
Deferred Revenue Expenditure		2,992,254		5,441,285
		3,044,747		5,546,271

13th Annual Report 2004-2005

	FOR THE PERIOD 1.4.2004 to 31.03.2005 (RS.)	FOR THE PERIOD 1.4.2003 to 31.3.2004 (RS.)
SCHEDULE 'H'		
Management Fees:		
From BOB ELSS'95	2,870,949	2,539,238
From BOB ELSS'96	377,677	308,250
From BOB ELSS'97	191,209	153,446
From BOB LIQUID FUND	5,091,491	3,448,605
From BOB INCOME FUND	65,533	329,261
From BOB SHORT TERM PLAN	1,996,212	2,962,156
From BOB GILT FUND	1,307,598	1,091,537
From BOB GILT P.F. PLAN	1,548,268	308,777
From BOB BALANCE FUND	1,986,743	2,743,287
From BOB GROWTH FUND	1,241,737	1,022,877
From BOB MIP Fund	595,984	-
From BOB NRI - STB Fund	16,721	-
From BOB NRI - LTB Fund	6,829	-
From BOB NRI - Flexi Asset Plan	16,057	-
From BOB CHILDREN FUND - GIFT PLAN	5,533	-
From BOB CHILDREN FUND - STUDY PLAN	3,309	-
	<u>17,321,850</u>	<u>14,907,434</u>
SCHEDULE 'I'		
LOSS on sale / redemption / conversion of Investments:		
Loss on Redemption of IDBI Omni BONDS	-	466,700
Loss on Redemption of State Bank of Travancore BONDS	-	1,504,838
Loss on Redemption of ICICI BONDS	-	450,872
Loss on Redemption of MKVDC BONDS	-	580,990
Loss on Redemption of GMIDC BONDS	-	534,670
Loss on Conversion of Units of US'64 into 6.75% UTI Tax Free Bonds	-	5,188,200
Loss -BOB Gilt PF. Plan	1,487,545	-
Loss on Sale of Units of BOB Gilt Fund	1,608,970	-
	<u>3,096,515</u>	<u>8,726,270</u>
SCHEDULE 'J'		
PROFIT on sale / redemption of Investments:		
Profit on Sale of Units of BOB Short Term Plan under BOB Income Fund	-	1,637,787
Profit on Sale of Units of BOB Balance Fund	3,536,466	1,752,145
Profit on Sale of Units of BOB Growth Fund	995,441	-
Profit on Sale of Units of BOB Gilt Fund	-	1,442,085
Profit on Sale of Units of BOB Gilt P.F. Plan under BOB Gilt Fund	-	328,680
Profit on Sale of Units of BOB Liquid Fund	140,255	2,383,142
	<u>4,672,162</u>	<u>7,543,839</u>
SCHEDULE 'K'		
Other Income:		
Miscellaneous Income	115,867	60,368
Interest on Income Tax Refund	102,594	112,751
	<u>218,461</u>	<u>173,119</u>
SCHEDULE 'L'		
Staff Expenses:		
Salaries, Wages and Allowances	4,186,574	3,528,063
ESIC Company contribution	22,577	15,244
Ex-gratia	60,000	-
Gratuity *	78,792	53,525
Staff Welfare Expenses	236,737	208,007
	<u>4,584,680</u>	<u>3,804,839</u>



BOB ASSET MANAGEMENT COMPANY LIMITED

	FOR THE PERIOD 1.4.2004 to 31.03.2005 (RS.)	FOR THE PERIOD 1.4.2003 to 31.3.2004 (RS.)
SCHEDULE 'M'		
Rent, Rates & Taxes:		
Rent for Office Premises	1,363,824	75,264
Profession Tax	2,500	2,500
Shop and establishment exp.	-	1,000
Municipal tax and water charges	7,100	-
	1,373,424	78,764
SCHEDULE 'N'		
Other Operating Expenses:		
Printing & Stationery	540,820	448,376
Electricity Charges	440,261	534,284
Telephone Expenses	327,323	258,342
Motor Car Expenses	105,966	93,015
Conveyance & Travelling Expenses	494,343	389,402
Membership & Registration Fees	1,253,551	1,180,530
Director Sitting Fees	190,000	75,000
Newspaper & Periodical Expenses	13,932	12,076
Website Maintenance Expenses	52,081	110,250
Postage	84,277	52,827
Repairs & Maintenance	409,014	527,739
Miscellaneous Expenses	113,642	146,093
Premises Maintenance Charges	120,492	4,700
Training & Seminar Fees	1,000	30,412
Bank Charges	4,794	110,100
Custodian charges	96,000	39,146
Insurance Premium	42,201	10,000
Stamp Duty	-	8,011
Entertainment Expenses	-	192,679
Trail Fees	-	18,380
Brokerage	-	-
Registrar Charges	15,169	-
Filing Fees	108	2,397
Extra Plan Benefit	301,201	-
	4,606,175	4,243,759
SCHEDULE 'O'		
Liability for Expenses:		
Provision for Gratuity Payable	99,725	93,625
Amount payable to BOB NRI FUND - STB	17,537	38,620
Amount payable to BOB NRI FUND - LTB	1,918	20,858
Amount Payable to BOB NRI Flexi Asset Plan	3,356	-
Amount Payable to BOB MIP, Fund	1,002,777	-
Amount Payable to BOB Children Study Plan	5,587	-
Amount Payable to BOB Children Gift Plan	5,867	-
Income Tax payable 1999-2000 (AY 2000-01)	-	57,573
Outstanding rents, rates & taxes	976,603	165,461
Provision for Expenses 2003-2004	-	325,169
Provision for Expenses 2004-2005	763,097	-
	2,876,467	701,306

SCHEDULE 'P'**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st March 2005****1. SIGNIFICANT ACCOUNTING POLICIES:****1.1 ACCOUNTING CONVENTION**

The Company adopts the accrual concept in the preparation of accounts, except reimbursements to staff members, which are accounted on cash basis.

1.2 INCOME RECOGNITION

Management fees and income from investments are accounted for on accrual basis.

1.3 FIXED ASSETS

Fixed assets are valued at cost less accumulated depreciation.

1.4 DEPRECIATION

Depreciation on fixed assets is provided on written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956.

1.5 INVESTMENTS

Investments are stated at lesser of cost or market value to be in conformity with the practice followed by the sponsor Bank of Baroda. Till hitherto, the Company was stating the investments at cost in view of the non-applicability of AS-13 relating to accounting for investments for asset managements companies and not making any provision for decline in investments.

1.6 RETIREMENT BENEFITS

The Company contributes to the recognised Provident Fund for its employees.

1.7 DEFERRED REVENUE EXPENDITURE**A. Miscellaneous Expenditure**

Preliminary expenses are being written off over a period of ten years.

B. Deferred Revenue Expenditure

Deferred Revenue Expenditure is being written off over a period of ten years.

- C. During the financial year 2001-2002, the Company had incurred Rs.87,97,581 towards the initial issue expenses for launch of BOB Liquid Fund, BOB Income Fund and BOB Gift Fund schemes of BOB Mutual Fund, which was treated as Deferred Revenue Expenditure to be written off over a period of five years commencing from financial year 2001-2002.

- D. During the financial year 2002-2003, the Company had incurred Rs.14,03,836 towards initial issue expenses for launch of BOB Short Term Plan under BOB Income Fund Scheme of BOB Mutual Fund. The same has been treated as Deferred Revenue Expenditure to be written off over a period of five years commencing from the financial year 2002-2003.

- E. During the financial year 2003-2004, the Company has incurred Rs.9,12,938.50 towards initial issue expenses for launch of BOB Growth Fund and BOB Balance Fund schemes of BOB Mutual Fund. The same has been treated as Deferred Revenue Expenditure to be written off over a period of five years commencing from financial year 2003-2004.

- F. During the financial year 2003-2004, the Company has incurred Rs.1,00,000 (Rupees One Lakh), towards Stamp Duty paid on allotment of shares to Bank of Baroda, due to increase in paid up capital from Rs.10 crore to Rs. 20 crore. The same has been treated as Deferred Revenue Expenditure to be written off over a period of ten years commencing from the financial year 2003-2004.

2. REMUNERATION TO MANAGING DIRECTOR

	2004-05 (RS.)	2003-04 (RS.)	2002-03 (RS.)
Salary & Other allowances	3,59,553	3,91,594	3,77,690
TOTAL	3,59,553	3,91,594	3,77,690

3. REMUNERATION TO DIRECTORS

4. The Company has entered into the following transactions with Bank of Baroda, the Holding Company

	2004-05 (RS.)	2003-04 (RS.)	2002-03 (RS.)
INCOME			
Interest	1,45,137	29,18,398	28,63,288
EXPENSES			
Bank Charges	1,718	2,465	1,765
Rent	1,29,024	75,264	23,02,140
Salary	13,15,490	8,68,670	5,25,000
ASSETS			
Bank Balance	19,14,713	26,96,111	21,55,047
Fixed Deposit Balance	50,44,596	-	-
LIABILITIES			
Share Capital	2,00,00,000	2,00,00,000	2,00,00,000

5. Sundry Creditors do not include any amount payable to Small Scale Industrial Undertakings.

6. The registered office of the BOB ASSET Management Company Ltd. is 105, Maker Chambers III, Nariman Point, Mumbai 400 021.



BOB ASSET MANAGEMENT COMPANY LIMITED

The Company is making payments directly to the Maker Chambers III CHS Ltd. towards premises maintenance, municipal taxes and lease rent. Pending finalisation of a formal arrangement with Bank of Baroda towards payment of rent, a provision of Rs.13,46,760/- has been made in the current year. This has been done at the suggestion of the CAG during finalisation of accounts last year.

7. The Company has paid Bank of Baroda, Rs. 1,29,024/- towards rent and other maintenance charges for the period ended 31.3.2005 in respect of premises occupied by its branch in New Delhi.
8. The Company has written off certain items of furniture and fixture at the previous premises, which had been hitherto been carried in its books, amounting to Rs. 2,42,870/-. This has been done at the suggestion of the CAG during finalisation of accounts last year.
9. **Earnings Per Share:**
Earnings per share have been computed as under

	Current Year	Previous Year
Profit After Taxation (Rs).	57,60,495	44,92,025
No. of shares outstanding	2,00,00,000	2,00,00,000
Earnings Per Share (Face Value of Rs.10 per share) Rs.	0.29	0.22

10. Recurring expenses of schemes of BOB Mutual Fund in excess of limit prescribed by the Securities and Exchange Board of India (Mutual Fund) Regulations, 1996, are accounted under the respective expense heads in the Profit & Loss Account.
11. In the opinion of the Management, the Current Assets, Loans & Advances, are approximately of the value stated, if realised in the ordinary course of the business. Provision for all expenses including depreciation is reasonable and is not in excess. No personal expenses have been charged to Profit & Loss account.
12. No provision has been made for retirement gratuity and other benefits for employees on deputation from Bank of Baroda, other than employees of BOB ASSET Management Company Ltd.
13. The figures of the previous year have been regrouped/rearranged, wherever necessary to confirm the current year's presentation.
14. The Balance Sheet abstract and the Company's business profile as required by Part IV of Schedule VI to the Companies Act, 1956, is attached herewith.

As per our Report of even date

For **BABU U. CHOKSHI & CO.**
CHARTERED ACCOUNTANTS

(**SANJAY B. CHOKSHI**)
Partner
M. No. 48508

Place : Mumbai

Date : 28th May, 2005

For and on behalf of Board of Directors

Shri R. R. Kumar (Chairman)

Shri Bhagirat B. Merchant

Shri Sharadchandra D. Abhyankar

Shri J. K. Chandar

Shri N. L. Khurana (Managing Director)

Shri Pradip Kumar (Company Secretary)

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL
OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT
1956, ON THE ACCOUNTS OF BOB ASSET MANAGEMENT
COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED
31ST MARCH, 2005.**

I have to state that the Comptroller and Auditor General of India has no comments upon or supplement to the Auditors' Report under Section 619(4) of the Companies Act 1956, on the Accounts of BOB Asset Management Company Limited, Mumbai for the year ended 31st March, 2005.

(SUSHAMA V. DABAK)

Principal Director of Commercial Audit and
Ex-Officio Member, Audit Board - I, Mumbai

Date : 26th August, 2005.

BOB**LIQUID FUND**

Investment objective : To generate income with a high level of liquidity by investing in a portfolio of money market and debt securities.

Entry Load : Nil

Exit Load : Nil

Minimum Investment : Rs.10,000/-

BOB**BALANCE FUND**

Investment objective : To generate long term capital appreciation along with stability through a well balanced portfolio of equity and debt.

Entry Load : Upto investment of Rs.25 lac:1.50%, Above Rs.25 lac upto 1 Cr:1% Above Rs.1 Cr: 0.5%

Exit Load : Nil

Minimum Investment : Rs. 3,000/-

BOB**INCOME FUND**

Investment objective : To generate regular income by investing in a portfolio of good quality fixed income securities by maintaining a balance between risk and return

Entry Load : Nil

Exit Load : For investment below Rs. 5 lac : 0.5% (if redeemed within 6 months) For investment of Rs.5 lacs and above : Nil

Minimum Investment : Rs. 2,000/-

BOB**ELSS'96**

Investment objective : To provide long term capital growth as also tax benefits u/s 88 of the Income Tax Act, 1961.

Entry Load : 2.50%

Exit Load : Nil

Minimum Investment : Rs.1,000/-

BOB**GILT FUND**

Investment objective : To generate income by investing in a portfolio of Government Securities.

Entry Load : Nil

Exit Load : For investment below Rs. 5 lacs : 0.5% (if redeemed within 6 months) For investment of Rs.5 lacs and above : Nil

Minimum Investment : Rs. 2,000/-

BOB**GROWTH FUND**

Investment objective : To generate long term capital appreciation from an actively managed portfolio of equity related instruments.

Entry Load : Upto investment of Rs.25 lac:1.50%, Above Rs.25 lac upto 1 Cr:1% Above Rs.1Cr:0.5%

Exit Load : Nil

Minimum Investment : Rs. 3,000/-

BOB**GILT FUND- PF FUND**

Investment objective : To generate income by investing in a portfolio of Government Securities.

Entry Load : Nil

Exit Load : Load of 0.50% of applicable NAV incase the amount redeemed is not being invested under the plan for a minimum period of 6 months.

Minimum Investment : Rs. 1,00,000/-

BOB**DIVERSIFIED FUND**

Investment objective : To generate long term capital appreciation through a well researched portfolio comprising of equity, equity related instruments and money market instruments.

Entry Load : Below investment of Rs.25 lac: 2.25%, Above Rs.25 lac upto Rs. 5 Cr: 0.50%

More than 5 Cr: Nil

Exit Load : Nil

Minimum Investment : Rs. 3,000/-

Risk Factors : i. Mutual funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Mutual Fund will be achieved. ii. As with any investments in securities, the Net Asset Value (NAV) of the Schemes can go up as well as down depending on the factors and forces affecting securities markets. iii. Past performance of the Sponsor/ the Asset Management Company/Mutual Fund does not indicate the future performance of the Schemes of the Mutual Fund. **Note** : Investors in the schemes are not being offered a guarantee or assured rate of return. **Statutory Details**: BOB Mutual Fund has been set up as a trust under the Indian Trust Act 1882 with BOB Asset Management Company Limited as Investment Manager to BOB Mutual Fund. The sponsor is neither responsible nor liable for any loss resulting from operation of the schemes beyond the initial contribution of Rs. 10 lacs made by it towards the corpus of the Fund. **Mutual Fund investments are subject to market risks, read the offer document carefully before investing.**

OUR SPONSOR



बैंक ऑफ़ बड़ौदा
Bank of Baroda

If undelivered please return to :
BOB Asset Management Co. Ltd.
105, 10th Floor, Maker Chamber III,
Norman Point, Mumbai 400 021
website : www.bobmf.com