

BOB ASSET MANAGEMENT COMPANY LTD.

14th Annual Report 2005-2006



BOB Mutual Fund
(Sponsor: Bank of Baroda)

BOB

LIQUID FUND

BOB

INCOME FUND

BOB

ELSS'96

BOB

ELSS'97

BOB

BALANCE FUND

BOB

GROWTH FUND

BOB

DIVERSIFIED FUND

BOB

GILT FUND

BOB

GILT FUND-PF PLAN

BOB

MIP Fund

BOB

Children Fund

BARODA

GLOBAL FUND

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
FOURTEENTH ANNUAL REPORT (2005-2006)

BOARD OF DIRECTORS

Shri R. R. Kumar
Shri Bhagirat B. Marchant
Shri S. D. Abhyankar
Shri J. K. Chandar
Shri N. L. Khurana

Chairman
Director
Director
Director
Managing Director

COMPANY SECRETARY

Shri Pradip Kumar

AUDITORS

M/s Babu U. Chokshi & Co.

BANKERS

Bank of Baroda

Delhi Office:

Shri G. L. Bhatia

Branch Head

REGISTERED OFFICE :

105, Maker Chamber III,
10th Floor, Nariman Point,
Mumbai-400021

BRANCH OFFICE:

1st Floor, Bank of Baroda Bldg.,
16, Sansad Marg,
New Delhi - 110001



BOB ASSET MANAGEMENT COMPANY LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fourteenth 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 Saturday, September 23, 2006 at 12.30 p.m. to transact the following business :

ORDINARY BUSINESS

To receive, consider and adopt the Audited Balance Sheet as at March 31, 2006 and Profit & Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon along with comments received from Comptroller and Auditor General of India.

To appoint a Director in place of Shri. R. R. Kumar, who retires by rotation and being eligible, offers himself for the re-appointment.

To authorize the Board of Directors to appoint Auditors on the directions of Comptroller & Auditor General of India for the financial year 2006-2007 and to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution with or without modification as an ordinary resolution,

"RESOLVED that Shri S. Bhattacharya be and is hereby appointed as a Director of the Company, not liable to retire by rotation."

By order of the Board of Directors

Sd/-
Krishna Kumar Kushwaha
Company Secretary

Place: Mumbai
Date: August 28, 2006,

REGISTERED OFFICE :

105, Maker Chamber III,
10th Floor, Nariman Point,
Mumbai-400021

Notes:

An Explanatory Statement Pursuant to Section 173 (2) of the Companies Act 1956 is annexed hereto.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and the proxy need not be a member of the Company. A proxy cannot vote except on a poll.

The instrument appointing the proxy should be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.

Explanatory Statement pursuant to the provision of Section 173 (2) of the Companies Act, 1956.

Item No-4 : Shri S. Bhattacharya was appointed as an Additional Director on the Board of your Company with effect from July 20, 2006 pursuant to the provision of section 260 read with Article 142(2) of the articles of Association of the Company and who holds office as such only of Director up to the date of ensuing Annual General Meeting. The Company has received notice in writing from a member along with a deposit of Rs. 500/- proposing the candidature of Shri S. Bhattacharya for the office of Director under the provision of section 257 of the companies Act, 1956. The resolution is accordingly commended for your acceptance.

None of the Directors of the Company other than Mr. S. Bhattacharya is interested in this resolution.

DIRECTORS' REPORT TO MEMBERS

Your Directors have pleasure in presenting the Fourteenth Annual Report, together with the Audited Accounts for the year ended 31st March 2006.

FINANCIAL RESULTS

	(Rs. in lac) As at	(Rs. in lac) As at
	31.3.06	31.03.05
Total Income	204.27	292.57
Profit Before Depreciation	43.34	118.38
Less Depreciation	7.93	6.57
Profit Before Tax	35.41	111.81
Less Provision for Tax	1.08	32.34
Profit After Tax	34.32	79.47
Less Prior Period Adjustments	0.86	21.87
Add Balance in		
Profit & Loss A/c. B/F	736.21	678.60
Reserves & Surplus	769.67	736.21
APPROPRIATION		
Proposed Dividend	-	-
General Reserve	-	-
Balance Carried Forward	769.67	736.21
Total	769.67	736.21

The total income of the Company has decreased to Rs. 204.27 lac in year 2005-06 from Rs. 292.57 lac in 2004-05 mainly on account of fall in profit on sale of investments and reduced management fees.

DIVIDEND

Although the Company has made profits during the fourteenth year in succession, your Directors do not recommend any dividend for the year 2005-06 with a view to consolidating the resources of the Company and strengthening the net worth in keeping with the challenges of the mutual fund industry.

MANAGEMENT DISCUSSION & ANALYSIS

ECONOMIC SCENARIO

Indian economy has been on a high growth trajectory in the recent years. GDP growth in 2005-06 was around 8.1%. The strong expansion is reflected in the leading macro indicators, such as production and import of capital goods, production of commercial vehicle, increase off-take in non-food credits and strong growth in consumer durables. Manufacturing and service sector grew at 9.4 per cent and 10.0 per cent, while agriculture grew at 3.9 per cent. Investment climate is full of confidence. Today, India is one of the most attractive investment destinations in Asia.

Stock market has been booming with sensex hovering over 10K mark. Inflation is contained at

4-5%. India's exports in 2005-06 have increased to USD 101 billion from USD 80 billion registering a growth of 25% while Imports was USD 140 billion in 05-06 from USD 106 billion, up 32% from last fiscal. In this period foreign investment to the tune of USD 7.4 billion had flown into India. Government has raised the GDP growth rate bar to 10% for future years. In tune with this confidence, India is expected to be at the 4th place globally by 2020, with double-digit growth. India's Vision is to be part of the league of developed economies by 2020.

Going forward, we expect the same momentum to continue in the industrial and services sectors given the aggressive build up of productive capacities, congenial policy environment and rising personal income levels and business optimism. The banking and capital market institutions are fully geared up to face the challenge of meeting the financial needs of Indian corporate sector.

However, as the Reserve Bank of India has warned through its Annual Monetary Policy 2006-07, our economy needs to prepare itself in FY07 for higher orders of pass-through into consumer prices, in respect of the overhang as well as the possibility of additional increases in crude prices in the future. Higher levels of international crude prices continue to pose a risk to economic growth and inflation for global economy in general and Indian economy in particular.

MUTUAL FUND INDUSTRY

The Mutual Fund industry witnessed significant development during the fiscal year 2005-06. It launched as many as 190 new schemes which together mobilised Rs. 70,583 crore (Rs. 25,764 in the previous year) of which 54 equity schemes mobilised Rs. 38,015 crore setting an all time record. In the backdrop of the bullish market, equity schemes become the flavour of the year resulting in the emergence of equity as a major assets class accounting for 45% of the total assets under management. Total fund mobilised during the year stood at Rs. 10,98,158 crore as against Rs. 8,39,662 crore in the last year representing an increase of 31%. The industry also witnessed a gross redemption of Rs. 10,45,382 crore representing 25% increase over the previous year figure 8,37,508 crore. On a net basis there was an inflow of Rs. 52,776 crore as against Rs. 2,154 crore in the last year. The assets under management as on March 31, 2006 stood at Rs. 2,31,862 crore as against Rs. 1,49,554 crore as at March 31, 2005, registering an increase of 55% over the year. Investor friendly market related products, extension of branch network and investor awareness campaign etc. by the AMCs had contributed to the increased inflow into the schemes. The market also widened by reaching to the rural and non-metro areas.



BOB ASSET MANAGEMENT COMPANY LTD.

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 launched its first scheme (BOB ELSS'95) collecting a corpus of Rs.37.84. Today the Company has 13 Schemes and its net assets stood at Rs.190.94 Crore on March 31, 2006. We are seeing excellent efforts being put up by the marketing staff as well as fund management. We launched Baroda Global Fund during the year.

The total net assets as on 31-03-2006 of all the schemes is as follows:

Scheme	Net Assets (Rs. in Crore)
BOB DIVERSIFIED FUND	32.15
BOB ELSS 96	11.04
BOB ELSS 97	2.56
BOB Liquid Fund	67.94
BOB Income Fund	0.46
BOB Gift Fund	7.66
BOB Balance Fund	1.00
BOB Growth Fund	1.99
BOB PF Plan	4.72
BOB MIP Fund	2.56
BOB Children Fund	0.05
BOB NRI Fund	0.88
Baroda Global Fund	57.93
Total	190.94

SHARE CAPITAL

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

FUTURE OUTLOOK

It is expected that the upswing in the 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 setup could be established for mutual marketing of products of both the organisations. Your Company is also in the process of entering into a

marketing tie-up with Bank of Baroda and the MoU is expected to be signed shortly.

One new scheme, 'Baroda Global Fund', was launched during the year 2005-06. Launching of fresh schemes in the coming year is under consideration.

CORPORATE GOVERNANCE BOARD OF DIRECTORS

BOB Asset Management Company 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 2005-06, 10 meetings of the Board of Directors were held on 25.04.05, 28.05.05, 25.06.05, 26.07.05, 20.09.05, 24.10.05, 15.12.05, 17.01.06, 20.02.06, and 27.03.06.

BOARD COMMITTEES

Audit Committee

The Audit Committee of the Board of Directors held 4 meetings during financial year 2005-06 on 25.04.05, 28.05.05, 24.10.05, and 20.02.06. The Audit Committee comprises of Shri Bhagirat B. 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
11th AGM	20.09.2003	BOB AMC Limited Maneckji Wadia Building Nanik Motwani Road, Mumbai
12th AGM	21.08.2004	BOB AMC Limited 105, Maker Chambers III, Nariman Point, Mumbai 21
13th AGM	20.09.2005	BOB AMC Limited 105, Maker Chambers III, Nariman Point, Mumbai 21

AUDITORS

The Company's present Auditor M/s Babu Chokshi & Co. Chartered Accountants, hold the office till the conclusion of the ensuing Annual General Meeting. 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 2006-2007 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.

AUDITOR'S REPORT

The observation made by the Auditors in their report are self-explanatory and therefore, do not call for any comments.

Particulars of employees under section 217 (2A):

The provision of section 217(2A) of the companies Act, 1956 read with the companies (Particulars of Employees) Rules 1988, as amended are not applicable to the Company, as there are no employees whose remuneration is in excess of the limits prescribed.

The Directors' Responsibility Statement Pursuant to Section 217(2AA) of the Companies Act, 1956

The Directors confirm

- 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.

Information under section 217(1) (e) of the Companies Act, 1956

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.

APPRECIATION

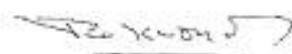
The Directors place on record their appreciation and thanks for the assistance and guidance rendered by Securities and Exchange Board of India, Association of Mutual Funds in India, Reserve Bank of India, Bank of Baroda and Trustees of BOB Mutual Fund. The Directors also thank the investors for having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

The Directors wish to take this opportunity to thank:

- M/s Karvy Computershare Private Limited, the registrar and Share Transfer Agents of BOB Mutual Fund for the services rendered by them.
- M/s Karvy Computershare Private Limited, HDFC Bank 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,
- 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



R.R.Kumar
Chairman

Place: Mumbai

Date: 21.08.2006



BOB ASSET MANAGEMENT COMPANY LTD.

AUDITED BALANCE SHEET AS AT 31ST MARCH, 2006

	SCHEDULE	AS AT 31.3.2006 (2005-2006) Rs.	AS AT 31.03.2005 (2004-2005) Rs.
SOURCE OF FUNDS			
1) Shareholders' Funds			
a) Share Capital	A	200,000,000	200,000,000
b) Reserves & Surplus	B	76,967,756	73,620,979
		<u>276,967,756</u>	<u>273,620,979</u>
APPLICATION OF FUNDS			
1) Fixed Assets	C		
Gross Block		5,540,110	5,605,784
Less : Depreciation		<u>4,596,793</u>	<u>4,012,475</u>
NET BLOCK		943,317	1,593,309
2) Investments	D	228,083,107	165,200,745
3) Deferred Tax Asset			
Deferred Tax asset		437,493	302,088
Less: Deferred Tax Liability		<u>274,646</u>	<u>1,094,940</u>
		162,847	(792,852)
3) Current Assets, Loans & Advances	E	77,226,885	122,003,934
Less : Current Liabilities and Provisions	F	<u>30,264,343</u>	<u>17,428,904</u>
NET CURRENT ASSETS		46,962,542	104,575,030
4) Miscellaneous Expenditure (to the extent not written off or adjusted)	G	815,943	3,044,747
		<u>276,967,756</u>	<u>273,620,979</u>
NOTES ON ACCOUNTS	D		

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 : 26th April, 2006

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 A.D.M. Chavali (Managing Director)

Shri Pradip Kumar (Company Secretary)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2006

		CURRENT PERIOD SCHEDULE 1.4.2005 TO 31.03.2006 Rs.	PREVIOUS YEAR 1.4.2004 TO 31.03.2005 Rs.
INCOME			
Interest on Debentures / Bonds		4,627,481	4,355,598
T.D.S. Rs.8,50,884/- (Previous Year Rs.635710/-)			
Interest on Deposits		4,103,317	2,176,816
T.D.S. Rs.7,36,605/- (Previous Year Rs.4,47,100/-)			
Dividend on Preference Shares/ units		1,792,052	512,000
T.D.S. Rs.NIL/- (Previous Year Rs.NIL)			
Management Fees from BOB Mutual Fund	H	8,110,121	17,321,850
T.D.S. Rs.4,54,978/- (Previous Year Rs.8,94,230/-)			
Profit on sale / redemption of Investments	J	1,650,499	4,672,162
Income Tax Refund		-	-
Other Income	K	143,715	218,461
		20,427,185	29,256,887
EXPENDITURE			
Staff Expenses	L	5,137,351	4,584,680
Rent, Rates & Taxes	M	1,384,691	1,373,424
Legal & Professional Expenses		63,653	381,989
Remuneration to Statutory Auditor's			
As Audit Fees		12,000	11,020
As Other Fees		20,510	-
Out of Pocket Expenses		560	-
Remuneration to Tax Auditor's		12,000	11,240
Advertisement & Publicity Expenses		395,588	109,421
Other Operating Expenses	N	6,036,559	4,606,175
Depreciation		793,549	657,205
Depreciation in value of investments		768,137	742,253
Loss on Conversion / Redemption of Invts.	I	-	3,096,515
Deferred Revenue Exps w/off		2,176,311	2,449,031
Preliminary Exps w/off		52,493	52,493
Office equipment & security deposit w/off		32,542	-
Profit Before Taxation (PBT)		3,541,241	11,181,441
Less: Provision for Deferred Taxes (Current Year)			
Deferred Tax Asset created		(135,405)	(295,210)
Deferred Tax Liability W/off		(820,294)	(970,485)
Provision for Taxation (Normal Tax)		1,000,000	4,500,000
Provision for Taxation (Fringe Benefit)		64,000	-
		3,432,940	7,947,136
Less : Prior period adjustments			
Prior Period Expenses		87,535	524,138
Less : Prior Period Income		(1,372)	(12,601)
Income tax for the year 2001-02		-	1,675,104
		3,346,777	5,760,495
Add : Prior period adjustments		-	-
Profit After Tax & Adjustment (PAT)		3,346,777	5,760,495
Add : Balance of Profit from last year		73,620,979	67,860,484
Balance Carried to Balance Sheet		76,967,756	73,620,979

NOTES ON ACCOUNTS

O

The Schedules referred to above form an integral part of the Profit & Loss Account

As per our Report of even date

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

(**SANJAY B. CHOKSHI**)

Partner

M. No. 48508

Place : Mumbai

Date : 26th April, 2006

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 A.D.M. Chavali (Managing Director)

Shri Pradip Kumar (Company Secretary)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2006**

Particulars	Amount (Rs.'000)	Amount (Rs.'000)	Amount (Rs.'000)
Cash Flows from Operating activities			
Cash receipts from management fees	5190		
Add: Cash receipt from other income	144	5334	
Less: Cash paid towards Administrative & other expenses	1378		
Income Tax paid	82		
FBT Paid	64	1524	
		3810	
Less: Increase (decrease) in Loans & Advances		(2203)	
Net cash from Operating Activities (A)			6013
Cash Flows from Investing Activities			
Net (increase)/decrease in fixed assets		(173)	
Net (increase)/decrease in investment in units		(52000)	
Net interest received on investments		7797	
Net dividends received on investments		2304	
Net cash from investing Activities (B)			(42072)
Cash Flows from Financing activities (C)			Nil
Net decrease in cash & cash equivalents (A+B+C)			(36059)
Cash & cash equivalents at the beginning of period (01/04/2005)			80867
Cash & cash equivalents at the end of period (31/03/2006)			44808
Net decrease in cash & cash equivalents			36059

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

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

Place : Mumbai
Date : 20th April, 2006

For BOB Asset Management Co., Ltd.

Shri A.D.M. Chavali
(Managing Director)

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2006
AND THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31st MARCH, 2006**

	AS AT 31.03.2006 (RS.)	AS AT 31.03.2005 (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	73,620,979	67,860,484
Add : Surplus during the year	<u>3,346,777</u>	<u>5,760,495</u>
	<u>76,967,756</u>	<u>73,620,979</u>
	<u>76,967,756</u>	<u>73,620,979</u>

SCHEDULE 'C'
FIXED ASSETS ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2006

Particulars	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As At 01.04.2005 (RS.)	Additions During The PERIOD (RS.)	Deductions During The PERIOD (RS.)	As At 31.3.06 (RS.)	Upto 31.03.2005 (RS.)	For The Period (RS.)	OnDeductions During The PERIOD (RS.)	Upto 31.3.06 (RS.)	As At 31.3.06 (RS.)	As At 31.03.2005 (RS.)
Motor Car	487,521	-	-	487,521	282,442	53,095	-	335,537	151,984	205,079
Computers	3,608,738	41,800	86,989	3,563,549	3,018,820	550,151	86,989	3,481,982	81,567	589,918
Software	-	32,575	-	32,575	-	32,575	-	32,575	-	-
Furniture & Fixtures	681,258	749	-	682,007	249,741	78,239	-	327,980	354,027	431,517
Office Equipment	828,267	97,975	151,784	774,458	461,472	79,489	122,242	418,719	355,739	366,795
TOTAL	5,605,784	173,099	238,773	5,540,110	4,012,475	793,549	209,231	4,596,793	943,317	1,593,309
PREVIOUS YEAR	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



BOB ASSET MANAGEMENT COMPANY LTD.

	AS AT 31.03.2006 (RS.)	AS AT 31.03.2005 (RS.)
SCHEDULE 'D'		
INVESTMENTS (At Cost OR Market Value whichever is less) :		
QUOTED		
Traded:		
Bonds		
200 (200000 units of Rs. 100 each)(Previous year - 200 bonds)	20,000,000	20,000,000
14.3% Bank of Baroda Bonds - Series II (option - III) of Rs.100000/- each. Price as on 31.03.2006 - Rs.121.0050 per unit		
108118 (Previous year - 108118 units) 6.75% UTI Bonds-2008 (Tax Free) of 100/- each (Converted into Bonds on 1.6.2003) Price as on 31.03.2006 - Rs. 102.46	10,811,800	10,811,800
Non-Convertible Debentures		
100 (Previous year - 100 bonds) 10% National Textile Corporation Ltd. of Rs.100000/- each. Price as on 31.03.2006 Rs. 110.3968.	11,090,500	11,090,500
Non-Traded:		
Units		
UN-QUOTED		
UNITS		
896026.173 (Pr. Year - Nil Units) Units of BOB Diversified Fund (Dividend) NAV PER UNIT Rs. 30.5471 AS ON 31.03.2006	18,000,000	-
482225.180 (Pr. Year - 482225.180 Units) Units of BOB MIP - Growth Plan NAV PER UNIT Rs. 11.3242 AS ON 31.03.2006	5,000,00	5,000,000
482197.277 (Pr. Year - 482197.277 Units) Units of BOB MIP - Monthly Dividend NAV PER UNIT Rs. 11.3249 AS ON 31.03.2006	5,000,000	5,000,000
4520087.754 (Pr. year - 6201371.970 units) Units of BOB LIQUID FUND (Growth) NAV PER UNIT Rs. 12.5518 AS ON 31.03.2006	52,190,754	71,540,255
2200000 (Previous year-2200000 units) Units of BOB GILT FUND (Growth) NAV PER UNIT Rs. 10.7132 AS ON 31.03.2006	22,728,640	22,728,640
1700000 (Pr. Yr. - 1700000 units) Units of BOB GILT P.F. PLAN (Growth) NAV PER UNIT Rs. 10.0687 AS ON 31.03.2006	16,509,550	16,509,550
92490.604 (Pr. Yr. - NIL units) Units of BOB INCOME FUND (Growth) NAV PER UNIT Rs. 12.1879 AS ON 31.03.2006	1,100,000	-
377427.877 (Pr. Yr. - NIL units) Units of BOB NRI FUND-SHORT TERM BOND (Growth) NAV PER UNIT Rs. 10.6871 AS ON 31.03.2006	3,900,000	-
114621.811 (Pr. Yr. - 114621.811 units) Units of BOB BALANCE FUND (Growth) NAV PER UNIT Rs. 23.7969 AS ON 31.03.2006	1,376,000	1,376,000
84502.183 (Pr. Yr. - 84502.183 units) Units of BOB GROWTH FUND (Growth) NAV PER UNIT Rs. 27.7234 AS ON 31.03.2006	1,144,000	1,144,000
5993186.739 (Pr. Yr. NIL) Units of Baroda Global Fund (Growth) NAV PER UNIT Rs. 9.8832 AS ON 31.03.2006	59,231,863	
	228,083,107	165,200,745

	AS AT 31.03.2006 (RS.)	AS AT 31.03.2005 (RS.)
SCHEDULE 'E'		
CURRENT ASSETS, LOANS & ADVANCES, DEPOSITS :		
a) Current Assets		
Interest accrued on Investments	1,845,966	3,011,393
Receivables (Unsecured, considered good unless otherwise stated)		
Over six months***	10,000,000	10,000,000
Others	2,464,930	-
Sales Receivables on UTI MIP Units 2000(II)	-	10,000,000
Cash & Balance with Banks		
Cash in hand	3,769	5,104
Bank Balances		
In Current Account with Scheduled Banks	2,767,054	1,909,609
Deposits		
In Fixed Deposit with Scheduled Banks	42,036,853	78,951,959
	59,118,572	103,878,065
b) Loans & Advances		
(Unsecured considered good, unless otherwise stated)		
Advances recoverable in cash or in kind for value to be received		
Advance others {Foot Note (i)}	18,108,313	18,427,957
	77,226,885	122,306,022
i) Includes Advance Tax and T.D.S. amounting to Rs.1,76,27,314 (Previous Year - Rs.1,58,04,842)		
ii) *** Amount recoverable from ATCOM Technologies being investment in Pref. Shares. Case in BIFR.		

	AS AT 31.03.2006 (RS.)	AS AT 31.03.2005 (RS.)
SCHEDULE 'F'		
CURRENT LIABILITIES & PROVISIONS :		
a) Current Liabilities		
Liability for Expenses:		
Provision for Gratuity Payable	65,942	99,725
Amount Payable on behalf of BOB Liquid Fund	1,842,654	
Amount Payable on behalf of BOB Income Fund	52,948	
Amount Payable on behalf of BOB Growth Fund	150,227	
Amount Payable on behalf of BOB Balance Fund	4,076	
Amount payable on behalf of BOB NRI FUND - STB	51,567	17,537
Amount payable on behalf of BOB NRI FUND - LTB	7,380	1,918
Amount Payable on behalf of BOB NRI Flexi Asset Plan	10,064	3,356
Amount Payable on behalf of BOB MIP Fund	1,037,295	1,002,777
Amount Payable on behalf of BOB Children Study Plan	6,506	5,587
Amount Payable on behalf of BOB Children Gift Plan	7,762	5,867
Amount Payable on behalf of Baroda Global Fund	4,085,636	
Amount Payable to BOB	88,424	-
Outstanding rents, rates & taxes	-	976,603
Provision for Expenses 2004-2005	1,092,439	763,097
Provision for Expenses 2005-2006	1,255,766	-
Other liabilities*	9,758,686	2,876,468
	5,201,857	312,636
	14,960,543	3,189,104
b) Provisions		
For Taxation (Fringe Benefit Tax)	64,000	-
For Taxation (Normal Tax)	15,239,800	14,239,800
	30,264,343	17,428,904



BOB ASSET MANAGEMENT COMPANY LTD.

	AS AT 31.03.2006 (RS.)	AS AT 31.03.2005 (RS.)
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SCHEDULE 'G'

MISCELLANEOUS EXPENDITURE :

to the extent not written off)

Preliminary Expenses

Deferred Revenue Expenditure

815,943

52,493

2,992,254

815,943

3,044,747

Foot Note: Other liabilities includes amount received from Kinetic Finance Rs. 47,00,000/-, payable to unit holders of STP plan after deducting Legal & other charges.

SCHEDULE 'H'

Management Fees:

from BOB DIVERSIFIED FUND

3,136,490

2,870,949

from BOB ELSS'96

705,217

377,677

from BOB ELSS'97

245,811

191,209

from BOB LIQUID FUND

2,353,853

5,091,491

from BOB INCOME FUND

38,053

65,533

from BOB SHORT TERM PLAN

-

1,996,212

from BOB GILT FUND

560,457

1,307,598

from BOB GILT P.F. PLAN

437,440

1,548,268

from BOB BALANCE FUND

108,013

1,986,743

from BOB GROWTH FUND

98,608

1,241,737

from BOB MIP Fund

203,911

595,984

from BOB NRI - STB Fund

25,572

16,721

from BOB NRI - LTB Fund

9,372

6,829

from BOB NRI - Flexi Asset Plan

19,977

16,057

from BOB CHILDREN FUND - GIFT PLAN

4,362

5,533

from BOB CHILDREN FUND - STUDY PLAN

1,947

3,309

from Baroda Global Fund

161,039

8,110,121

17,321,850

SCHEDULE 'I'

Loss on sale / redemption / conversion of Investments:

Loss -BOB Gilt PF Plan

-

1,487,545

Loss on Sale of Units of BOB Gilt Fund

-

1,608,970

-

3,096,515

SCHEDULE 'J'

Profit on sale / redemption of Investments:

Profit on Sale of Units of BOB Balance Fund

-

3,536,466

Profit on Sale of Units of BOB Growth Fund

-

995,441

Profit on Sale of Units of BOB Liquid Fund

1,650,499

140,255

1,650,499

4,672,162

	AS AT 31.03.2006 (RS.)	AS AT 31.03.2005 (RS.)
SCHEDULE 'K'		
Other Income:		
Miscellaneous Income	143,715	115,867
Interest on Income Tax Refund	-	102,594
	<u>143,715</u>	<u>218,461</u>
SCHEDULE 'L'		
Staff Expenses:		
Salaries, Wages and Allowances	4,843,637	4,186,574
ESIC Company contribution	20,669	22,577
Ex-gratia	-	60,000
Gratuity	45,832	78,792
Staff Welfare Expenses	227,213	236,737
	<u>5,137,351</u>	<u>4,584,680</u>
SCHEDULE 'M'		
Rent, Rates & Taxes:		
Rent for Office Premises	1,363,824	1,363,824
Profession Tax	2,500	2,500
Service Tax	12,540	
Ed. Cess	1,394	
VAT/Sales Tax/ WCT	4,433	
Municipal tax and water charges	-	7,100
	<u>1,384,691</u>	<u>1,373,424</u>
SCHEDULE 'N'		
Other Operating Expenses:		
Printing & Stationery	556,344	540,820
Electricity Charges	530,882	440,261
Telephone Expenses	269,772	327,323
Motor Car Expenses	123,039	105,966
Conveyance & Travelling Expenses	404,193	494,343
Membership & Registration Fees	1,056,494	1,253,551
Director Sitting Fees	180,000	190,000
Newspaper & Periodical Expenses	14,120	13,932
Website Maintenance Expenses	75,000	52,081
Postage	108,340	84,277
Repairs & Maintenance	589,584	409,014
Trail Fees	150,000	-
Miscellaneous Expenses	155,738	113,642
Premises Maintenance Charges	120,820	120,492
Training & Seminar Fees	-	1,000
Bank Charges	419,676	4,794
Custodian charges	-	96,000
Insurance Premium	41,371	42,201
Registrar Charges	1,111,212	15,169
Filing Fees	25,399	108
Extra Plan Benefit	104,575	301,201
	<u>6,036,559</u>	<u>4,606,175</u>


SCHEDULE 'O'
SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st March 2006
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. Depreciation on computer hardware items has been computed at 33 $\frac{1}{3}$ % on straight line method to amortise the cost over a period of three years with retrospective effect, against the previous method of WDV depreciation @ 40%. Due to this depreciation has increased by Rs. 3,01,906.

1.5 INVESTMENTS

Investments are stated at lesser of cost (weighted average) or market value to be in conformity with the practice followed by the sponsor Bank of Baroda.

1.6 RETIREMENT BENEFITS

The Company contributes to the recognised Provident Fund for its employees. The modality of calculation of gratuity is as specified in the Act.

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 Gilt 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

	2005-06 (RS.)	2004-05 (RS.)	2003-04 (RS.)
Salary & Other allowances	7,21,941	3,59,553	3,91,594
Total	<u>7,21,941</u>	<u>3,59,553</u>	<u>3,91,594</u>

3. REMUNERATION

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

INCOME

Interest	28,97,684	1,45,137	29,18,398
----------	-----------	----------	-----------

EXPENSES

Bank Charges	14,512	1,718	2,465
Rent	13,63,824	1,29,024	75,264
Salary	16,70,687	13,15,490	8,68,670

ASSETS

Bank Balance	27,67,054	19,14,713	26,96,111
Fixed Deposit Balance	2,78,21,152	50,44,596	-

LIABILITIES

Share Capital	20,00,00,000	20,00,00,000	20,00,00,000
---------------	--------------	--------------	--------------

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, and Mumbai 400 021. 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. 12,34,800 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 31.3.2006 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. 29,542 and securities deposit of Rs. 3000 (establishment closed). 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).	33,46,777	57,60,495
No. of shares outstanding	2,00,00,000	2,00,00,000
Earnings Per Share (Face Value of Rs.10 per share) Rs.	0.17	0.29

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

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

Place : Mumbai
Date : 26th April, 2006

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 A.D.M. Chavali (Managing Director)
Shri Pradip Kumar (Company Secretary)



BOB ASSET MANAGEMENT COMPANY LTD.

AUDITORS REPORT TO THE MEMBERS OF BOB ASSET MANAGEMENT CO. LTD.

To the members of BOB Asset Management Company Limited

We have audited the attached Balance Sheet of BOB Asset Management Company Ltd. as at 31st March 2006 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 2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2006 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 2006
 - b) In the case of Profit & Loss Account, of the profit for the year ended on that date.

For Babu Chokshi & Co.
Chartered Accountants

Sanjay Chokshi
Partner
Mem.No.48508

Place: Mumbai

Date: 26th April, 2006

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 of substantial part of fixed assets.

ii. Inventories

The Company does not deal in goods and no inventory is being maintained, hence no Comments are required for the same.

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 a 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 thereunder 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, undisputed amounts payable in respect of income tax, wealth tax and other statutory dues were outstanding as at 31st March, 2006 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, 2006. 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 given 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, 2003 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.
- 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 are reported during the year.

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

Sanjay Chokshi
Partner
M. No. 48508

Place : Mumbai
Date : 26th April, 2006

AUDITORS' REPORT TO THE MEMBERS OF BOB ASSET MANAGE- MENT CO. LTD. FOR THE AUDIT OF CASH FLOW STATEMENT

We had audited the Balance Sheet of BOB Asset Management Company Ltd. as at 31st March 2006 and also the Profit & Loss Account for the year ended on that date and had provided our opinion on the same vide our Audit Report dated April 26th 2006.

This Audit Report is issued in furtherance to our above mentioned audit report.

In our above mentioned Audit Report dated April 26, 2006 wherein the Cash Flow Statement had not been commented upon as the same was not felt to be needed to be prepared by the Company as at that date. The same was brought to the notice Audit party of the C & AG. The Company in response decided to incorporate the Cash Flow Statement in the final audited accounts before the circulation of the same to the members. The said Cash Flow Statement, laying herewith has been certified by the Managing Director of the Company at the forthcoming Board Meeting to be ratified and adopted.

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 reasonable basis for our opinion.

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 Cash Flow dealt with by this report comply with the accounting standard referred to in sub-section (3c) of section 211 of the Companies Act, 1956;
- V. 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 case of the Cash Flow Statement, of the cash flow for the year ended on that date.

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

Sanjay Chokshi
Partner
Mem.No.48508

Place: Mumbai

Date: 20th June, 2006



BOB ASSET MANAGEMENT COMPANY LTD.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNT OF BOB ASSET MANAGEMENT COMPANY LIMITED, FOR THE YEAR ENDED 31ST MARCH 2006.

Pursuant to observation made by the Comptroller and Auditor General of India, the Company has prepared Cash Flow Statement, which would be adopted by the Board at the forthcoming meeting. The Statutory Auditor has audited the Cash Flow Statement by issuing a supplementary Auditors' Report instead of issuing a revised Auditors' Report as required under Auditing and Assurance Slandered - 28 prescribed by the Institute of Chartered Accountants of India.

(SUSHAMA V. DABAK)

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

Date: 31 July, 2006

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I REGISTRATION DETAILS**

Registration No.	: 69414
State Code	: 11
Balance Sheet Date	: 31.3.2006

II CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

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

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMT IN Rs.000s)

Total Liabilities	: 27,69,68
Total Assets	: 27,69,68

SOURCES OF FUNDS (Amount in Rs. Thousand)

Paid up Capital	: 2,00,000
Reserves & Surplus	: 76,968
Secured Loans	: NIL
Unsecured Loans	: NIL

APPLICATION OF FUNDS (Amount in Rs. Thousand)

Net Fixed Assets	: 9,43
Investment	: 228,083
Net Current Assets	: 46,963
Miscellaneous Expenditure	: 8,16
Accumulated Losses	: NIL

IV PERFORMANCE OF THE COMPANY (Amount in Rs. Thousand)

Turnover	: 20,427
Total Expenditure	: 168,86
Profit Before Tax	: 35,41
Profit After Tax	: 33,47
Earnings Per Share (In Rs.)	: 0.17
Dividend %	: NIL

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/ SERVICES OF CO.

Item Code No. (ITC Code)	: NIL
Product Description	: ASSET MANAGEMENT
Item Code No. (ITC Code)	: NIL
Product Description	: INVESTMENT ADVISORY SERVICES

PROXY FORM

I/We _____
of _____ in the district of _____
being a member/members of the above named Company hereby appoint _____
_____ of _____ failing his
_____ of _____ in the district of _____
as my/our proxy to vote for me/us and on my/our behalf
at the Fourteenth Annual General Meeting of the Company to be held on the _____ day
_____ 2006 and at any adjournment thereof.

Signed this _____ day of _____ 2006

Signature _____

Revenue Stamp _____

Note: The proxy form should be deposited at the Registered Office of the Company at Mumbai not less than (48) forty-eight hours before the meeting.

BOB ASSET MANAGEMENT CO. LTD

I hereby record my presence at the 14th Annual General Meeting of the Company to be held at 105, Mak
Chamber III, 10th Floor, Nariman Point, Mumbai - 400 021 on Saturday, September 23, 2006 at 12.30 p.m.

Full Name of Shareholder: _____

Folio No.: _____

No. of Shares held: _____

Signature _____

Member's / Proxy's Signature _____

Please complete this attendance Slip and hand over at the entrance of the hall.

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**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%

Exit Load : Nil

Minimum investment : Rs. 3,000/-

BOB**INCOME FUND**

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

Entry Load : Nil

Exit Load : For investing 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**GILT FUND**

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

Entry Load : Nil

Exit Load : For investing 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-PF PLAN**

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 month.

Minimum investment : Rs. 2,000/-

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/-

BARODA**GLOBAL FUND**

Investment objective : To generate Medium to long term capital appreciation by investing in a diversified portfolio of equity & equity related securities of large medium & small Companies

Entry Load : Investment Below Rs. 5 Cr. - 2.25% investment of Rs 5 Cr. & above - Nil

Exit Load : Investment below Rs. 5Cr. - Nil, investment of Rs 5Cr. and above on any redemption/switch out of 3 months from time of investment - 1%

Minimum investment : Rs. 5,000/-

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. 1 Cr: 0.5%

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.