

# DSP MERRILL LYNCH MUTUAL FUND

Tulsiani Chambers, West Wing, 11th Floor, Nariman Point, Mumbai 400 021

## Half Yearly Financial Results (Unaudited) for the period ended March 31, 2005

### NOTES TO ACCOUNTS

#### 1. Basis of Accounting

The financial statements are prepared on the accrual basis of accounting, under the historical cost convention, as modified for investments, which are 'marked to market'. The financial statements have been prepared in accordance with the Securities and Exchange Board of India ('SEBI') (Mutual Funds) Regulations, 1996 as amended from time to time.

There are no changes in the accounting policies.

#### 2. Investments

##### a) Accounting for investment transactions

Investments are accounted on the date of the transaction at cost after considering transaction costs as applicable excluding custodian transaction charges. The front end fee receivable, if any, is reduced from the cost of such investment. Bonus entitlements are recognised as investments on the 'ex- bonus date'. Rights entitlements are recognised as investments on the 'ex-rights date'.

##### b) Valuation of investments

During the year, the Fund has valued its investments in accordance with SEBI (Mutual Funds) Regulations, 1996, as amended from time to time. All investments are marked to market and are stated in the balance sheet at their market / fair value. In valuing the Scheme's investments:

#### I. Valuation of Traded Securities

##### I.I. Equity and Equity related Securities

Traded Equity and Equity related Securities are valued at the last quoted closing price on the National Stock Exchange (NSE) or other Stock Exchange (SE) (in case where security is either not listed on NSE or not traded on NSE). In case where a security is not traded on the valuation day then it is valued at last traded price on the NSE or any other SE on which it traded provided it is not more than thirty days prior to the date of valuation.

##### I.II. Debt Securities

Traded Debt Securities (other than Government Securities) are valued at the last quoted price on the NSE on the day of valuation.

#### II. Valuation of Thinly Traded Securities / Non-traded and Unlisted Securities

##### II.I Equity & Equity related Securities

Thinly Traded, Non-traded and unlisted Equity and Equity Related securities are valued "in good faith" on the basis of net worth per share and earnings capitalization as prescribed by the SEBI.

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### II.II. Debt Securities of upto 182 Days to Maturity

Non-traded / thinly traded / unlisted debt securities of upto 182 days to maturity are valued at cost or last valuation price (in case of securities having maturity period of more than 182 days at the time of purchase) plus difference between the redemption value and the cost or last valuation price spread uniformly over the remaining maturity period of the instrument.

### II.III. Debt Securities of over 182 Days to Maturity

Non traded / thinly traded / unlisted debt securities of over 182 days to maturity are valued in good faith by the investment manager on the basis of valuation principles laid down by the SEBI. The approach in valuation of a non-traded / thinly traded / unlisted debt security is based on the concept of using spreads over the benchmark rate to arrive at the yields for pricing the security.

### III. Valuation of Non Traded / Thinly Traded and Unlisted Floating Rate Debt Securities (Floaters)

There are no valuation guidelines prescribed by SEBI for Valuation of Non Traded / Thinly Traded and Unlisted Floating Rate Debt Securities. These securities are valued as determined by the investment manager based on policy as approved by the Board of Trustees.

### IV. Valuation of Government Securities

Government Securities are valued at the prices provided by the agency (currently Crisil Investment & Risk Management Services) approved by the Association of Mutual Funds of India (AMFI), on a daily basis.

### V. Valuation of securities with Put / Call Options

#### V.I. Securities with Call option

The securities with call option are valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option. In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is taken as the value of the instrument.

#### V.II. Securities with Put option

The securities with put option are valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to put option. In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is taken as the value of the instruments.

#### V.III. The securities with both Put and Call option on the same day would be deemed to mature on the Put/Call day and would be valued accordingly.

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### VI. Valuation of Money Market Instruments

Investments in call money and short-term deposits with banks are valued at cost plus accrued interest.

Money market instruments are valued at the last traded yield on the date of valuation. In case the security is not traded on the valuation day then it is valued on straight-line amortization over the maturity period of the instruments.

### 3. Details of Transactions with Associates in terms of Regulation 25(8):

Name of Associate: DSP Merrill Lynch Limited

Scheme Name	Securities transaction in the form of investments in various Public issues / Private placements where the associate was the sole or one of the several Lead Managers. – Rs. Crores	Payment of Brokerage on Secondary Market transactions – Rs. Lakhs	Payment of Brokerage for Distribution and Sale of Units – Rs. Lakhs
BF	–	–	15.33
EF	3.63	1.06	18.56
LF	25.00	-	27.86
BaF	5.97	2.48	58.59
GSFA	–	–	0.65
GSFB	–	–	0.95
TF	0.38	0.15	3.46
OF	18.83	3.53	36.20
STF	–	–	5.16
TEF	3.01	0.75	7.37
SPF - M	11.79	0.26	53.78
FRF	180.00	–	61.30
SPF - C	0.59	–	1.45
SPF - A	1.01	–	2.16
ITF	3.26	3.60	18.94

BF – Bond Fund, EF – Equity Fund, LF – Liquidity Fund, BaF – Balanced Fund, GSFA – Government Securities Fund – Plan A (Longer Duration Plan), GSFB – Government Securities Fund – Plan B (Shorter Duration Plan), TF – Technology.com Fund, OF – Opportunities Fund, STF – Short Term Fund, TEF – Top 100 Equity Fund, SPF-M – Savings Plus Fund - Moderate, FRF – Floating Rate Fund, SPF-A – Savings Plus Fund - Aggressive, SPF-C – Savings Plus Fund - Conservative, ITF – India T.I.G.E.R. Fund

Note: Brokerage on distribution and sale of units paid / payable represents the amount paid / payable for the year and does not necessarily reflect the amount charged to the Scheme's revenue account.

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4. Large holdings in any of the Schemes (over 25% of the NAV of the Scheme): NIL

5. Investments made in companies which have invested more than five percent of the net asset value of the Schemes of DSP Merrill Lynch Mutual Fund in terms of Regulation 25 (11) :

Rupees Crores

Company Name @	Scheme invested in by the Company	Investing Scheme	Aggregate Purchase Cost during the period under 25(11) *	Market / Fair Value as at March 31, 2005
Allahabad Bank	EF	FRF	50.00	–
		LF	99.28	99.28
Bharti Televentures Ltd.	STF, FRF	BaF	–	1.87
		BF	–	3.87
		EF	0.75	2.33
		ITF	–	5.59
		OF	–	13.25
		TEF	–	2.17
		TF	–	1.49
Dabur India Ltd.	FRF	BaF	–	4.39
Finolex Industries Ltd.	SPF – A	EF	1.95	1.25
Grasim Industries Ltd.	FRF	BaF	2.83	4.50
		EF	1.68	6.00
		ITF	–	9.27
		OF	–	25.75
		SPF - A	0.58	0.48
		SPF - C	0.08	0.08
		SPF - M	3.17	2.89
		TEF	0.55	5.16

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Rupees Crores

Company Name @	Scheme invested in by the Company	Investing Scheme	Aggregate Purchase Cost during the period under 25(11) *	Market / Fair Value as at March 31, 2005
HCL Corporation Limited	TEF	BaF	0.96	2.14
		EF	0.71	2.91
		TF	0.24	1.54
HCL Technologies Ltd. (HCL Corporation is the holding company)	STF, BF	OF	–	6.07
		TEF	1.40	3.31
		TF	0.28	0.73
HDFC Bank Ltd.	FRF	BaF	0.99	1.04
		EF	1.58	1.71
		FRF	296.9	–
		ITF	4.56	4.80
		LF	54.57	–
		SPF - A	0.40	0.37
		SPF - C	0.09	0.08
		SPF - M	7.38	2.81
Hero Honda Ltd.	SPF - M, FRF, LF, SPF – C	EF	–	–
		OF	–	0.02
		TEF	0.65	0.72
Hindalco Ltd.	BF, FRF, LF	BF	–	5.21
		ITF	6.50	6.64
		OF	3.11	16.39
		TEF	0.56	3.11
Hindustan Lever Ltd.	LF	EF	–	–

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Rupees Crores

Company Name @	Scheme invested in by the Company	Investing Scheme	Aggregate Purchase Cost during the period under 25(11) *	Market / Fair Value as at March 31, 2005
ICICI Bank Ltd.	LF, SPF - C	BaF	1.63	1.76
		BF	–	10.61
		EF	2.49	3.00
		FRF	345.06	146.26
		ITF	8.05	8.64
		LF	215.72	155.77
		TEF	2.40	4.43
IDBI	OF, FRF, LF, SPF - C, STF, GSFA	BaF	20.27	20.28
		BF	15.40	15.40
		FRF	390.59	300.25
		LF	89.94	33.24
		OF	2.88	1.84
		SPF - M	–	46.47
		TEF	1.96	0.02
Indian Overseas Bank	ITF	EF	–	–
		ITF	2.95	2.68
		OF	–	–
		TEF	1.35	–
Infosys Technologies Ltd.	LF	BaF	8.50	9.15
		EF	2.87	5.37
		OF	15.25	26.52
		SPF - A	1.55	0.36
		SPF - C	0.60	0.11
		SPF - M	13.24	1.68

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Rupees Crores

Company Name @	Scheme invested in by the Company	Investing Scheme	Aggregate Purchase Cost during the period under 25(11) *	Market / Fair Value as at March 31, 2005
		TEF	4.6	6.71
		TF	0.68	6.17
ITC Ltd.	FRF, LF, STF	BaF	1.11	1.08
		EF	3.66	4.74
		OF	4.13	15.52
		TEF	2.19	4.24
Jet Airways Ltd.	LF	BaF	0.62	–
		EF	0.30	–
		ITF	0.58	–
		OF	1.70	–
		SPF - A	0.08	–
		SPF - C	0.03	–
		SPF - M	1.05	–
		TEF	0.26	–
Maruti Udyog Ltd.	FRF	OF	3.37	5.24
Punjab National Bank	ITF	BaF	3.35	2.60
		BF	10.71	–
		EF	1.35	1.36
		FRF	75.00	50.00
		ITF	3.13	2.70
		LF	175.00	50.00
		OF	18.52	5.62
		SPF - A	0.43	0.33
		SPF - C	0.27	0.23

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Rupees Crores

Company Name @	Scheme invested in by the company	Investing Scheme	Aggregate Purchase Cost during the period under 25(11) *	Market / Fair Value as at March 31, 2005
		SPF - M	4.66	3.84
		TEF	2.90	1.02
State Bank of India	OF, EF, ITF	BaF	3.43	5.74
		BF	–	11.38
		EF	2.55	5.72
		FRF	24.23	24.23
		ITF	4.23	11.35
		LF	5.12	5.06
		OF	4.54	31.66
		SPF - A	0.54	0.57
		SPF - C	0.11	0.10
		SPF - M	2.61	1.92
		TEF	1.54	5.08
Tata Consultancy Services Ltd.	STF	TF	1.98	2.66
		BaF	6.26	4.93
		EF	3.76	4.33
		OF	22.31	18.22
		SPF - A	1.81	0.69
		SPF - C	0.56	0.10
		SPF - M	12.54	4.16
		TEF	4.33	3.48
Tata Iron And Steel Company Ltd.	LF	BaF	2.89	2.84
		EF	2.04	3.40
		ITF	7.68	8.02

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Rupees Crores

Company Name @	Scheme invested in by the Company	Investing Scheme	Aggregate Purchase Cost during the period under 25(11) *	Market / Fair Value as at March 31, 2005
		OF	2.96	17.40
		SPF - A	0.47	-
		SPF - C	0.19	-
		SPF - M	4.40	-
		TEF	2.03	3.79
Tata Motors Ltd.	SPF - M, FRF, STF	EF	0.12	1.58
		ITF	-	5.70
		OF	-	7.87
		TEF	-	0.04
Tata Power Limited	LF	EF	2.65	-
		ITF	5.10	-
Union Bank of India	FRF, SPF - A	BaF	0.32	0.95
		EF	0.85	1.17
		STF	-	-
		TEF	0.70	1.34
Vijaya Bank	EF	ITF	-	2.95
		OF	-	15.83
VSNL	LF, FRF	ITF	-	-
Wipro Ltd.	LF, STF	BaF	2.89	3.97
		TF	-	2.33

@ including investment in subsidiaries,

\* Includes the Inter Scheme investments

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The Investment Manager is of the opinion that the investments are made by the schemes in such companies since they are perceived as fundamentally strong and possess a high potential for growth. Further, investments in bonds issued by the aforesaid companies would yield attractive returns commensurate with the risks associated with the issuer.

6. Unit-holders can obtain from the mutual fund a copy of the Annual Report of the scheme in which he /she has invested.
7. The unaudited financial results have been approved by the Directors of the Board of DSP Merrill Lynch Fund Managers Limited and DSP Merrill Lynch Trustee Co. Pvt. Ltd. The Auditors of the Fund have performed a limited review of the above unaudited financial results.

**For DSP Merrill Lynch Fund Managers Limited**

**Ranjan Pant**

*Director*

Mumbai,  
April 26, 2005.

**K R V Subrahmanian**

*Director*

Mumbai,  
April 27, 2005.

**For DSP Merrill Lynch Trustee Co. Pvt. Ltd.**

**Shitin Desai**

*Chairman*

Mumbai,  
April 26, 2005.

**S. S. Thakur**

*Director*

Mumbai,  
April 26, 2005.