

**DSP MERRILL LYNCH MUTUAL FUND  
TULSIANI CHAMBERS, WEST WING, 11<sup>th</sup> FLOOR,  
NARIMAN POINT, MUMBAI – 400 021**

**HALF YEARLY FINANCIAL RESULTS (UNAUDITED)  
FOR THE PERIOD ENDED MARCH 31<sup>st</sup> 2004**

**NOTES ON 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 (Mutual Funds) Regulations, 1996 as amended from time to time.

There were no changes in 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:

### Valuation of Traded Securities

Traded Equity 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 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.

Traded Debt Securities (other than Government Securities) are valued at the last quoted price on the National Stock Exchange (NSE) on the day of valuation or one day prior to the valuation date.

Government Securities are valued at the prices provided by the agency (currently CrisRisc) approved by the Association of Mutual Funds of India (AMFI), on a daily basis.

### Valuation of Thinly Traded Securities/ Non-traded Equity & Equity related Securities

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

### Valuation of Unlisted Equity Securities

Unlisted security is valued "in good faith" on the basis of net worth per share and earnings capitalisation as prescribed by the SEBI.

### Valuation of Thinly Traded Securities/ Non-traded Debt Securities

#### Non-traded/Thinly Traded Fixed Rate Debt Securities of Upto 182 Days to Maturity

Non traded / Thinly traded 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.

#### Non-traded/ Thinly Traded Fixed Rate Debt Securities of Over 182 Days to Maturity

Non traded / thinly traded 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 SEBI. The approach in valuation of a Non traded / Thinly traded debt security is based on the concept of using spreads over the benchmark rate to arrive at the yields for pricing the security.

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

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.

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.

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

#### Valuation of Non Traded /Thinly Traded Floating Rate Debt Securities (Floaters)

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

#### Valuation of Money Market Instruments

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

Discounted 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 from the last traded price till maturity.

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

**Name of Associate: DSP Merrill Lynch Limited**

<b>Particulars of Transactions</b>	<b>BF</b>	<b>EF</b>	<b>LF</b>	<b>BAF</b>	<b>GSAF</b>	<b>GSBF</b>	<b>TF</b>	<b>OF</b>	<b>STF</b>	<b>TEF</b>	<b>SPF</b>	<b>FRF</b>
Payment of Brokerage for Distribution and Sale of Units – Rs Lakhs	102.00	10.65	52.60	23.46	10.02	0.64	5.02	37.38	33.55	21.49	65.91	12.48
Payment of Brokerage on Secondary Market transactions – Rs Lakhs	-	4.66	-	0.98	-	-	0.44	28.01	-	4.21	4.81	-
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	25.00	0.52	60.00	0.86	-	-	0.06	4.74	-	0.97	47.62	-

**Name of Associate: ING Vysya Financial Services Ltd. (subsidiary of ING Vysya Bank Ltd.)**

<b>Particulars of Transactions</b>	<b>BF</b>	<b>EF</b>	<b>LF</b>	<b>BAF</b>	<b>GSAF</b>	<b>GSBF</b>	<b>TF</b>	<b>OF</b>	<b>STF</b>	<b>TEF</b>	<b>SPF</b>	<b>FRF</b>
Payment of Brokerage for Distribution and Sale of Units – Rs Lakhs	2.17	0.30	0.36	0.71	0.45	0.07	-	4.83	0.05	0.96	0.13	-

BF-Bond Fund, EF - Equity Fund, LF - Liquidity Fund, BAF – Balanced Fund, GSAF – Government Securities Fund – Plan A, GSBF – Government Securities Fund – Plan B, TF – Technology.com fund, OF = Opportunities Fund, STF – Short Term Fund., TEF- Top 100 Equity Fund, SPF – Savings Plus Fund, FRF- Floating Rate Fund

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

<b>Scheme</b>	<b>No of Investors</b>	<b>% holding</b>
DSP Merrill Lynch Government Securities Fund Plan B	01	59.00 %

**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 Cost during the period under 25(11) %	At Market/Fair Value as at March 31, 2004
Bank of India	DSPMLLF	DSPMLSPF	10.00	-
Bharti Cellular Ltd. @	DSPMLLF	DSPMLBF	-	5.34
Bharti Televentures Ltd.	DSPMLFRF	DSPMLEF	2.27	2.08
		DSPMLOF	9.81	11.26
		DSPMLSPF	5.35	-
		DSPMLTEF	4.18	2.51
		DSPMLTF	2.05	2.30
Britannia Industries Limited	DSPMLBF	DSPMLSTF	25.00	-
Export Import Bank of India	DSPMLLF, DSPMLSTF	DSPMLBF	-	15.22
		DSPMLLF	102.53	102.54
		DSPMLSPF	30.34	30.43
		DSPMLSTF	36.16	15.21
Finolex Cables Ltd.	DSPMLFRF	DSPMLBF	-	3.39
Grasim Industries Ltd.	DSPMLSTF, DSPMLLF, DSPMLFRF	DSPMLBAF	0.98	3.20
		DSPMLEF	2.84	4.86
		DSPMLOF	15.55	31.67
		DSPMLSPF	9.93	5.61
		DSPMLTEF	7.72	9.20
Gujarat Ambuja Cements	DSPMLLF	DSPMLBAF	1.02	1.03
		DSPMLEF	0.97	1.60
		DSPMLOF	11.15	11.62
		DSPMLSTF	-	-
		DSPMLTEF	0.86	-
HCL Corporation Limited (Subsidiary - HCL Infosystems Ltd.)	DSPMLTEF	DSPMLEF	0.96	0.98
		DSPMLOF	4.41	-
		DSPMLTF	1.55	1.38
HCL Technologies Ltd, (HCL Corporation is the holding company, for other subsidiary details shown separately)	DSPMLSTF	DSPMLOF	9.56	13.65
		DSPMLTEF	6.48	3.87
		DSPMLTF	-	0.82

Company Name	Scheme invested in by the company	Investing Scheme	Aggregate Cost during the period under 25(11) %	At Market/Fair Value as at March 31, 2004
HDFC Bank Ltd.	DSPMLLF, DSPMLSTF	DSPMLSPF	6.47	6.72
HDFC Ltd	DSPMLLF, DSPMLBAF, DSPMLSTF, DSPMLSPF	DSPMLBF	-	25.36
		DSPMLLF	247.34	170.62
		DSPMLSPF	9.54	9.55
Hero Honda Ltd	DSPMLLF, DSPMLBF, DSPMLSPF	DSPMLBAF	0.72	1.82
		DSPMLEF	0.28	0.97
		DSPMLOF	13.95	18.05
		DSPMLSPF	9.02	6.03
		DSPMLTEF	5.08	3.53
Hindalco Ltd.	DSPMLLF, DSPMLBF	DSPMLBF	-	5.46
		DSPMLOF	7.36	15.52
		DSPMLSPF	5.69	3.08
		DSPMLTEF	4.40	3.94
Hindustan Lever Ltd	DSPMLGSF, DSPMLSTF, DSPMLLF	DSPMLEF	0.10	0.45
		DSPMLSPF	4.16	-
Hindustan Zinc Limited	DSPMLSTF	DSPMLEF	1.84	1.63
		DSPMLSPF	2.46	2.03
		DSPMLTEF	0.72	-
ICICI Bank Ltd. @	DSPMLLF, DSPMLSTF	DSPMLBF	19.94	10.99
		DSPMLLF	302.80	208.19
		DSPMLSPF	30.97	28.72
		DSPMLSTF	19.63	-
		DSPMLTEF	2.49	-
IDBI @	DSPMLLF, DSPMLSTF, DSPMLGSF, DSPMLFRF	DSPMLBF	90.43	66.49
		DSPMLFRF	115.00	49.98
		DSPMLLF	288.37	253.04
		DSPMLOF	8.04	6.39
		DSPMLSPF	41.20	25.98
		DSPMLSTF	96.21	35.50
IDFC	DSPMLLF, DSPMLGSF, DSPMLSTF, DSPMLFRF	DSPMLBF	-	21.54
		DSPMLEF	0.84	-
Indian Rayon and Industries Ltd.	DSPMLFRF	DSPMLEF	0.84	-

Company Name	Scheme invested in by the company	Investing Scheme	Aggregate Cost during the period under 25(11) %	At Market/Fair Value as at March 31, 2004
		DSPMLOF	4.55	4.05
Indo Rama Synthetics	DSPMLOF	DSPMLEF	1.99	1.05
ITC Ltd.	DSPMLLF, DSPMLSTF	DSPMLBAF	1.47	2.94
		DSPMLEF	1.56	2.49
		DSPMLOF	10.28	5.22
		DSPMLSPF	8.26	6.20
		DSPMLTEF	8.02	5.67
Kotak Mahindra Bank @	DSPMLLF	DSPMLEF	1.88	2.03
		DSPMLFRF	75.00	25.00
		DSPMLLF	240.38	130.74
		DSPMLSTF	45.00	-
		DSPMLTEF	0.09	0.09
LIC Housing Finance	DSPMLLF	DSPMLLF	57.15	-
		DSPMLOF	4.20	3.28
		DSPMLSTF	-	45.00
		DSPMLFRF	25.00	30.00
Maruti Udyog	DSPMLSTF, DSPMLFRF	DSPMLBAF	0.35	-
		DSPMLEF	1.48	2.69
		DSPMLOF	7.32	17.64
		DSPMLSPF	7.71	3.33
		DSPMLTEF	3.28	2.95
Oriental Bank of Commerce	DSPMLSPF, DSPMLTEF	DSPMLOF	11.09	-
		DSPMLTEF	3.74	-
Punjab National Bank	DSPMLSTF, DSPMLTEF, DSPMLLF	DSPMLBF	-	16.77
		DSPMLOF	5.64	-
		DSPMLSTF	-	33.82
		DSPMLTEF	1.89	-
State Bank of India @	DSPMLOF	DSPMLBAF	1.55	3.73
		DSPMLBF	6.30	47.93
		DSPMLEF	4.73	5.09
		DSPMLLF	80.00	80.00
		DSPMLOF	28.45	35.71
		DSPMLSPF	8.48	5.21
		DSPMLTEF	13.93	8.87

Company Name	Scheme invested in by the company	Investing Scheme	Aggregate Cost during the period under 25(11) %	At Market/Fair Value as at March 31, 2004
Tata Motors Limited	DSPMLLF, DSPMLFRF, DSPMLSPF	DSPMLBAF	2.03	1.17
		DSPMLEF	0.89	1.67
		DSPMLOF	17.24	7.29
		DSPMLFRF	5.10	-
		DSPMLSPF	1.26	-
		DSPMLSTF	15.30	-
		DSPMLTEF	3.51	-
Union Bank of India	DSPMLSPF, DSPMLLF	DSPMLSTF	11.19	11.06
UTI Bank	DSPMLSPF, DSPMLFRF, DSPMLLF	DSPMLBAF	1.57	2.14
		DSPMLLF	102.04	68.08
		DSPMLSTF	-	-
		DSPMLFRF	14.79	14.79
		DSPMLSPF	9.78	9.78
Vijaya Bank	DSPMLBAF, DSPMLEF, DSPMLTEF	DSPMLBAF	0.20	-
		DSPMLEF	1.73	2.28
		DSPMLOF	18.22	20.09
		DSPMLTEF	4.07	4.40
VSNL	DSPMLLF, DSPMLSTF, DSPMLFRF	DSPMLSPF	1.43	-
		DSPMLTF	0.66	-
Wipro	DSPMLSTF	DSPMLBAF	-	2.50
		DSPMLEF	0.96	1.60
		DSPMLSPF	2.75	-
		DSPMLTEF	1.15	-
		DSPMLTF	0.20	1.26

% - Includes the Inter Scheme investments, @ including investment in subsidiaries

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 Trustee Co. Pvt Ltd.**

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

**Shitin Desai**  
**Director**

**S.S.Thakur**  
**Director**

Mumbai,  
April 28, 2004

**DSP Merrill Lynch Mutual Fund**  
**Corrigendum to the Unaudited Half Yearly Results for the period ended March 31, 2004**  
**Updated on website on April 29, 2004**

1. In Notes to Accounts para 3: “**Details of Transactions with Associates in terms of Regulation 25(8)**” the following item should be read along with the table under name of associate - DSP Merrill Lynch Ltd (DSPML).

<b>Particulars of Transactions</b>	<b>FRF</b>
Securities transaction in the form of investments in Private placements in debt securities where the associate was the one of the several arrangers (these investments were made through arrangers other than DSPML) – Rs. Crores	50.00

2. In Notes to Accounts para 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)**”, disclosure of aggregated cost of investments during the period under 25(11) by the following investing schemes in the companies mentioned below should be read as under (please note that only the aggregate cost during the period under 25(11) has been revised):

<b>Rupees Crores</b>				
<b>Company Name</b>	<b>Scheme invested in by the company</b>	<b>Investing Scheme</b>	<b>Aggregate Cost during the period under 25(11) %</b>	<b>At Market/Fair Value as at March 31, 2004</b>
Grasim Industries Ltd.	DSPMLSTF, DSPMLLF, DSPMLFRF	DSPMLTEF	8.40	9.20
HCL Corporation Limited	DSPMLTEF	DSPMLTF	1.64	1.38
HCL Technologies Ltd, (HCL Corporation is the holding company, for other subsidiary details shown separately)	DSPMLSTF	DSPMLOF	13.57	13.65
Hero Honda Ltd	DSPMLLF, DSPMLBF, DSPMLSPF	DSPMLTEF	7.08	3.53
Hindustan Lever Ltd	DSPMLGSF, DSPMLSTF, DSPMLLF	DSPMLBAF	0.74	-
		DSPMLSPF	6.02	-
IDBI @	DSPMLLF, DSPMLSTF, DSPMLGSF, DSPMLFRF	DSPMLLF	312.08	253.04
Tata Motors Limited	DSPMLLF, DSPMLFRF, DSPMLSPF	DSPMLSPF	3.02	-

BF-Bond Fund, EF - Equity Fund, LF - Liquidity Fund, BAF – Balanced Fund, GFAF – Government Securities Fund – Plan A, GFBF – Government Securities Fund – Plan B, TF – Technology.com fund, OF = Opportunities Fund, STF – Short Term Fund., TEF- Top 100 Equity Fund, SPF – Savings Plus Fund, FRF- Floating Rate Fund

3. The corrigendum has been approved by the Directors of the Board of DSP Merrill Lynch Trustee Co. Pvt Ltd.

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

Sd-  
**Shitin Desai**  
**Director**

Sd-  
**S. S. Thakur**  
**Director**

Mumbai,

May 21, 2004