

MORGAN STANLEY MUTUAL FUND

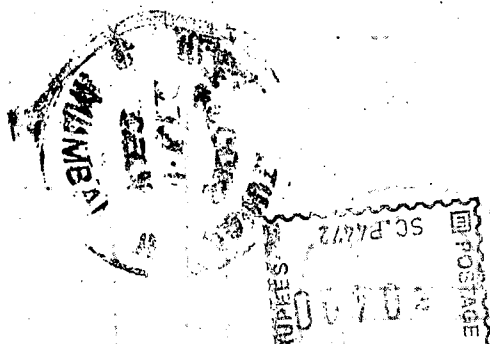
Morgan Stanley

Abridged Annual Report
March 31, 2011

Equity Oriented Funds

Morgan Stanley
Growth Fund

Morgan Stanley
A.C.E. Fund
(Across Capitalisations Equity Fund)



Mutual Fund:

Morgan Stanley Mutual Fund

Trustees:

Dr. Abid Hussain

J. S. Baijal

Dorab R. Sopariwala

Paul Martin

Schemes:

Morgan Stanley Growth Fund

Morgan Stanley A.C.E. Fund

Asset Management Company:

Morgan Stanley Investment Management Private Limited

Custodian:

JP Morgan Chase Bank

Registrar & Transfer Agent:

Karvy Computershare Private Limited

Legal Advisor:

J. Sagar Associates

Statutory Auditors:

Price Waterhouse

Internal Auditors:

M. P. Chitale & Co.

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Dear Unit Holder

The past financial year has been challenging, and investors, particularly in equity markets, have seen markets remaining range bound for the better part of the year. On the fixed income side, interest rates have steadily risen, but whilst this has meant a challenging environment for duration based products, like long-term bond funds, it has also given investors opportunities to lock into attractive yields through fixed maturity plans, and long tenure bank deposits.

The number of investors choosing the Systematic Investment Plan (SIP) route to invest in equity funds, has risen sharply during the year, and we are convinced that this is the simplest and the most effective way for individuals to invest into equity markets in the years to come as well. On the fixed income side, however, we believe that in the second half of the coming financial year, investors will do well, to re-look at duration funds like short and long-term bond funds, as we reach a period of stability in interest rates.

At Morgan Stanley Mutual Fund, the last twelve months have been a period of consolidation. We have focused on our existing fund range, and we are happy that this had paid off, not just in terms of investment performance, but also in terms of many new investors choosing Morgan Stanley funds for their investment needs.

Over the next twelve months, our plan is to enhance our product range substantially, and as we do so, we would hope that you consider investing in these new funds as well.

We thank you for continued patronage, and remain committed to being a trusted partner on your journey to financial success.

Thanking You,

With regards,



Anthony Heredia

Managing Director & CEO

Date: July 14, 2011

REPORT FROM THE BOARD OF TRUSTEES

We have pleasure in presenting the trustee report on the schemes of Morgan Stanley Mutual Fund ("MSMF") for the year ended March 31, 2011, along with the audited financial statements for the schemes.

During the year ended March 31, 2011 and as of the date of this report, MSMF has four Schemes: two equity oriented schemes viz (i) Morgan Stanley Growth Fund ("MSGF") and (ii) Morgan Stanley A.C.E. Fund ("MSACE") and two debt oriented schemes viz (i) Morgan Stanley Short Term Bond Fund ("MSSTBF") and (ii) Morgan Stanley Active Bond Fund ("MSABF").

1. Scheme Performance, Future Outlook and Operations of the Equity oriented Schemes of Morgan Stanley Mutual Fund:

[a] Morgan Stanley Growth Fund [MSGF]:

The performance of MSGF in comparison with benchmark index, as of March 31, 2011 is detailed below:

Period	Fund Returns	BSE 100
1 year	6.28	8.55
3 years	5.88	7.04
5 years	6.30	11.33
Since Inception (18th February 1994)	13.26	10.25

- Past performance is no indication of future performance and may not necessarily provide basis for comparison with other investments.
- Past performance may or may not be sustained in future.
- Distribution tax has been included in the calculation of returns.

* Performance of the fund has been calculated based on the assumption that all dividends during the period have been reinvested in the scheme at the then prevailing NAV

For the year ended March 31, 2011, the Scheme underperformed its Benchmark [BSE100] by 2.27%. Since inception the Fund has outperformed its Benchmark by 3.01% [annualized]. In the year that passed by, from a sector allocation perspective the underweight in Energy and Materials contributed to performance while the overweight in Consumer Discretionary and underweight in Financials detracted from performance.

Future outlook for the Scheme:

After a pretty sharp move of around 30% from May to November 2010, the markets have been drifting downwards, underperforming the broader Emerging Markets index during this period. High inflation has persisted longer than what policy makers had anticipated and this has resulted in monetary tightening measures from the Reserve Bank of India. High cost of borrowing combined with high commodity prices will likely lead to slower growth. We expect GDP estimates as well as earnings estimates for corporate India to get downgraded further as this year progresses. Investigations into corruption cases in telecom, real estate and mining have slowed down the pace of investment in infrastructure and industry.

In the current situation it is difficult to predict if the bad news is fully priced in. Any positive signals, albeit small steps, from policy makers will see markets reacting positively. Going forward the most closely watched indicator will be the resolve of the Government to go ahead with its reform agenda and its ability to contain inflation. A fall in prices of commodities particularly crude oil, will help India.

The portfolio is currently overweight Information Technology and Healthcare and Consumer Discretionary, and is underweight Energy, Materials. Investment team continues with their bias to hold high quality stocks, which they think will continue to out-perform in the market. While staying away from purely momentum driven stocks, our Investment team continues to be overweight Consumer related sectors and underweight Energy and Global Materials.

Operations of the Scheme:

The Fund's flagship fund, Morgan Stanley Growth Fund which was launched as a close ended scheme in 1994 was converted in to an open-ended fund with effect from January 19, 2009. The open ending of MSGF gave the investors an opportunity to continue with their investments in MSGF and avail advantages associated with open ended funds for e.g. daily subscriptions, redemptions, switches, Systematic Investment Plans etc.

The Net Asset Value of MSGF, as on March 31, 2011 was Rs. 62.736 per unit for Growth Option and Rs. 19.152 per unit for Dividend Option as compared to Rs. 59.029 per unit for Growth Option and Rs. 19.235 per unit for Dividend Option (introduced on Jan 19, 2009) as of March 31, 2010. The Net assets of MSGF as of March 31, 2011 were Rs. 1646.30 crore with outstanding corpus of 26.9 crore units. The net surplus for the year transferred from Revenue Reserve was Rs. 277.26 crore as against that of Rs. 760.98 crore last year.

There are no unit holders holding over 25% of the Net Asset Value of MSGF as of March 31, 2011.

[b] Morgan Stanley A.C.E. Fund [MSACE]:

The performance of MS A.C.E. Fund in comparison with benchmark index, as of March 31, 2011 is detailed below:

Period	Fund Returns	BSE 200
1 Year	9.42	8.15
Since Inception (April 03, 2008)	14.49	6.86

- Past performance is no indication of future performance and may not necessarily provide basis for comparison with other investments.
- Past performance may or may not be sustained in future.
- Distribution tax has been included in the calculation of returns.

* Performance of the fund has been calculated based on the assumption that all dividends during the period have been reinvested in the scheme at the then prevailing NAV

The Fund was ranked CRISIL Fund Rank 1 in the Diversified Equity Category, for quarters ended June 30, 2010 to March 31, 2011.

Higher than expected inflation, uncertainties on domestic government policies coupled with volatile global environment had its toll on the performance of Indian Equities markets, more particularly in the second half of FY 2011. The equity markets returns for the year and also returns for MS A.C.E. Fund were muted, in high single digit, with the fund managing to deliver average performance and beat the Benchmark. The Scheme continues to maintaining top quartile performance in comparison with its peers over the long term.

REPORT FROM THE BOARD OF TRUSTEES (Contd.)

With Indian economic growth now expected to slow under the new environment of high inflation/interest rates and RBI administered soft lending, we have made changes in the portfolio that will best reflect the current realities but with focus on future. From a sector allocation perspective, the portfolio is overweight on sectors like Health care, Consumer Products, Private Banks and Software Services and is underweight sectors like Materials, Energy & Telecom. Mid-cap allocation to the portfolio has been brought down to less than half to 15-17% range reflecting the growth slowdown phase in the economy. We believe, the portfolio is well positioned to provide reasonable protection on the downside while participating on the market rebound, likely in the second half of the year.

Future outlook for the Scheme:

The current slowdown in economic growth for India can be considered a short term aberration in the otherwise and structural high growth phase. The changing demographic profile of the population coupled with growing income levels and pent up domestic demand should provide sufficient tailwind for the Indian economy to sustained high GDP growth rates. Being one of the few truly domestically driven economies, India and its equities market is expected to perform better in an increasing global turbulent environment. Broad base economic growth has a positive spill over impact on broad equity markets/mid-caps and the investment team continues to be optimistic about adding alpha in the portfolio through optimal mix of mid-caps and sector biases. Endeavor is to deliver better risk adjusted returns over the long term as we have successfully done over the last three years.

Operations of the Scheme:

MSACE Fund, an open ended equity scheme which proposes to generate long term capital growth from an actively managed portfolio of equity and equity-related securities including equity derivatives was launched in April 2008. The fund management approach of MSACE fund has been to be flexible across capitalizations and choose stocks/sectors/themes on individual merit.

The net asset value of MSACE, as on March 31, 2011 was Rs. 14.994 per unit for Growth and Rs. 14.116 Dividend Option of MSACE as compared to Rs. 13.701 per unit for Growth and Dividend Option of the Scheme as of March 31, 2010. The Net assets of MSACE as on March 31, 2011, were Rs. 396.17 crore with outstanding corpus of 27.25 crore units. The net surplus for the year transferred from Revenue Reserve was Rs. 43.78 crore as against that of Rs. 43.70 crore as of March 31, 2010.

There are no unit holders holding over 25% of the Net Asset Value of MSACE Fund as of March 31, 2011.

2. Brief background of Sponsors, Trust, the Board of Trustees and the Board of Directors of AMC:

a. Morgan Stanley Mutual Fund:

Morgan Stanley Mutual Fund [MSMF] was set up as a Trust by the sponsor- Morgan Stanley on November 3, 1993 with the Board of Trustees as Trustees to MSMF in accordance with the provisions of the Indian Trust Act, 1882 and is duly registered under the Indian Registration Act, 1908. The Board of Trustees have entered into an Investment Management Agreement dated November 3, 1993 with Morgan Stanley Investment Management Pvt. Ltd. [the AMC] to function as the Investment Manager for all the Schemes of MSMF. MSMF was registered with SEBI on November 5, 1993 under Registration No. MF/005/93/1.

b. The Board of Trustees of Morgan Stanley Mutual Fund:

The Board of Trustees is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the unit holders. The Board has been discharging its duties and carrying out the responsibilities as provided in the Regulations and the Trust Deed. The Board of Trustees seeks to ensure that the Fund and the Schemes floated there under are managed by the AMC in accordance with the Trust Deed, the Regulations, directions and guidelines issued by SEBI, Stock Exchanges, Association of Mutual Funds in India and other regulatory agencies.

c. Morgan Stanley Investment Management Pvt. Ltd:

Morgan Stanley Investment Management Pvt. Ltd. [MSIM] is a private limited company incorporated on October 12, 1993 under the Companies Act, 1956, having its Registered Office at 18F/19F, Tower 2, One Indiabulls Centre, 841, Senapati Bapat Marg, Mumbai 400 013. MSIM has been appointed as the Asset Management Company for Morgan Stanley Mutual Fund by the Board of Trustees vide Investment Management Agreement dated November 3, 1993 executed between the Board of Trustees and MSIM.

3. Investment Objectives of the Schemes:

Equity oriented Schemes:

• Morgan Stanley Growth Fund:

The investment objective of the scheme is to achieve long-term capital appreciation by investing primarily in equity and equity related securities of companies having large market capitalization#.

#For the purpose of this Scheme, any company having a minimum threshold limit of market capitalization which is equal to or more than the market capitalization of the 100th stock in BSE 100, as on the date of investment shall qualify as Large Cap Company.

• Morgan Stanley A.C.E. Fund:

To generate long-term capital growth from an actively managed portfolio of equity and equity-related securities including equity derivatives.

4. Significant Accounting Policies:

Accounting policies are in accordance with Securities and Exchange Board of India [Mutual Funds] Regulations, 1996, and there was no deviation from the same.

5. Unclaimed Dividends & Redemptions:

Details of unclaimed dividend for Morgan Stanley Growth Fund are as follows: -

	Unclaimed Dividend (Rs.)		Number of unit holders	
	31-Mar-11	31-Mar-10	31-Mar-11	31-Mar-10
Interim Dividend - June 1999	14,483,799	14,750,799	69,646	71,012
Dividend - April 2000	12,281,630	12,566,781	60,175	61,599
Dividend - June 2001	17,732,292	18,293,600	69,194	70,931
Dividend - April 2004	31,792,983	33,436,616	79,416	81,915
Dividend - October 2006	49,208,074	52,364,320	89,242	94,702

REPORT FROM THE BOARD OF TRUSTEES (Contd.)

Details of unclaimed redemptions as at March 31, 2011 are as follows:-

Plan	Amount (Rupees)	Number of Investors
Morgan Stanley Growth Fund	10,314,912	791
Morgan Stanley A.C.E. Fund	1,742,869	89

6. Redressal of Complaints received against Mutual Funds (MFs) during April 1, 2010 - March 31, 2011

Name of Mutual Fund: Morgan Stanley Mutual Fund

Total number of folios as on March 31, 2011: 433937

Complaint code	Type of complaint#	(a) No. of complaints pending at the beginning of the year	Action on (a) and (b)									
			(b) No of complaints received during the year	Resolved				Non Actionable*	Pending			
				Within 30 days	30 to 60 days	60 to 180 days	Beyond 180 days		0 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months
I A	Non receipt of Dividend on Units	-	264	263	-	-	-	-	1	-	-	-
I B	Interest on delayed payment of Dividend	-	-	-	-	-	-	-	-	-	-	-
I C	Non receipt of Redemption Proceeds	-	438	438	-	-	-	-	-	-	-	-
I D	Interest on delayed payment of Redemption	-	13	13	-	-	-	-	-	-	-	-
II A	Non receipt of Statement of Account/ Unit Certificate	-	141	141	-	-	-	-	-	-	-	-
II B	Discrepancy in Statement of Account	-	-	-	-	-	-	-	-	-	-	-
II C	Non receipt of Annual Report/ Abridged Summary	-	-	-	-	-	-	-	-	-	-	-
III A	Wrong switch between Schemes	-	-	-	-	-	-	-	-	-	-	-
III B	Unauthorized switch between Schemes	-	-	-	-	-	-	-	-	-	-	-
III C	Deviation from Scheme attributes	-	-	-	-	-	-	-	-	-	-	-
III D	Wrong or excess charges/load	-	-	-	-	-	-	-	-	-	-	-
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	-	202	202	-	-	-	-	-	-	-	-
IV	Others	-	2159	2158	-	-	-	-	1	-	-	-
	TOTAL	-	3217	3215	-	-	-	-	2	-	-	-

including against its authorized persons/distributors/employees etc.

*Non actionable means the complaint that are incomplete/outside the scope of the mutual fund.

Note: The type of complaints in the category "others" mentioned above includes the following: Complaints forwarded by Stock Exchanges as well as SEBI, Legal complaints, non-receipt of certificates sent for transfer, transfer of units, power of attorney, complaints related to special products, correction in e-mail ids, Plan/Option/Mode of holding, change of legal status, loss of certificates/conversion of scheme into open-ended scheme, transmission of units, pledge of units, demat related.

Statutory Information:

- The Sponsors are not responsible or liable for any loss resulting from the operations of the Schemes of the Fund beyond their initial contribution of Rs. 5 lacs for setting up the Fund, and such other accretions/additions to the same.
- The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.
- Full Annual Report shall be disclosed on the website www.morganstanley.com/indiamf and shall be available for inspection at the Head Office of the Mutual Fund. Present and prospective unit holder can obtain copy of the Trust Deed, the full Annual Report of the Fund/AMC at a price.

For & on behalf of

The Board of Trustees of Morgan Stanley Mutual Fund

Sd/-

Dr. Abid Hussain
Chairperson

July 14, 2011

AUDITORS' REPORT

To the Board of Trustees of

MORGAN STANLEY MUTUAL FUND

1. We have audited the attached Balance Sheet of **MORGAN STANLEY MUTUAL FUND – MORGAN STANLEY GROWTH FUND** (The "Fund") as at March 31, 2011 and, the related Revenue Account for the year ended on that date annexed thereto, and the Cash Flow Statement for the year ended on that date which we have signed under reference to this report. These financial statements are the responsibility of the Board of Trustees of Morgan Stanley Mutual Fund and the Management of Morgan Stanley Investment Management Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain a 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. Our procedures included confirmation of securities owned and unit capital balances as at March 31, 2011 by correspondence with the custodian/others and registrar and transfer agent respectively. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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. The Balance Sheet, the Revenue Account and the Cash Flow Statement referred to above are in agreement with the books of account of the Fund.
4. In our opinion and to the best of our information and according to the explanations given to us;
 - (i) The Balance Sheet, the Revenue Account and the Cash Flow Statement together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and the amendments thereto, as applicable, and also give respectively a true and fair view of the state of affairs of Morgan Stanley Mutual Fund – Morgan Stanley Growth Fund as at March 31, 2011; its net surplus and its cash flows for the year on that date.
 - (ii) The Balance Sheet as at March 31, 2011, and the Revenue Account for the year ended on that date, together with the notes thereon, have been prepared in all material respects in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable.
 - (iii) The method used to value
 - (a) privately placed equity shares in accordance with the guidelines for valuation of unlisted equity shares for Mutual Funds dated May 9, 2002 issued by Securities and Exchange Board of India and amendments thereto,
 - (b) non-traded/thinly traded debt securities,
 as at March 31, 2011 as determined by Morgan Stanley Investment Management Private Limited under procedures approved by the Board of Trustees of Morgan Stanley Mutual Fund are fair and reasonable.

For **PRICE WATERHOUSE**
Firm Registration Number: 301112E
Chartered Accountants

Alpa Kedia
Partner

Membership Number: F 100681

Place: Mumbai
Date: July 14, 2011

To the Board of Trustees of

MORGAN STANLEY MUTUAL FUND

1. We have audited the attached Balance Sheet of **MORGAN STANLEY MUTUAL FUND – MORGAN STANLEY A.C.E. FUND** (The "Fund") as at March 31, 2011 and, the related Revenue Account for the year ended on that date annexed thereto, both of which we have signed under reference to this report. These financial statements are the responsibility of the Board of Trustees of Morgan Stanley Mutual Fund and the Management of Morgan Stanley Investment Management Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain a 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. Our procedures included confirmation of securities owned and unit capital balances as at March 31, 2011 by correspondence with the custodian/others and registrar and transfer agent respectively. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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. The Balance Sheet and Revenue Account referred to above are in agreement with the books of account of the Fund.
4. In our opinion and to the best of our information and according to the explanations given to us;
 - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and the amendments thereto, as applicable, and also give respectively a true and fair view of the state of affairs of Morgan Stanley Mutual Fund – Morgan Stanley A.C.E. Fund as at March 31, 2011 and its net surplus for the year on that date.
 - (ii) The Balance Sheet as at March 31, 2011, and the Revenue Account for the year ended on that date, together with the notes thereon, have been prepared in all material respects in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and the amendments thereto, as applicable.

For **PRICE WATERHOUSE**
Firm Registration Number: 301112E
Chartered Accountants

Alpa Kedia
Partner

Membership Number: F 100681

Place: Mumbai
Date: July 14, 2011

ABRIDGED BALANCE SHEET

MORGAN STANLEY MUTUAL FUND Abridged Balance Sheet as at March 31, 2011

(Rupees in Lakhs)

	MORGAN STANLEY GROWTH FUND		MORGAN STANLEY A.C.E. FUND	
	As at March 31, 2011	As at March 31, 2010	As at March 31, 2011	As at March 31, 2010
LIABILITIES				
1 Unit Capital	26,901	33,704	27,245	15,097
2 Reserves & Surplus:				
2.1 Unit Premium Reserves	(43,674)	(34,560)	5,786	1,224
2.2 Unrealised Appreciation Reserve	24,319	39,141	1,704	4,002
2.3 Other Reserves	157,100	157,330	5,010	362
3 Loans & Borrowings	-	-	-	-
4 Current Liabilities & Provisions:				
4.1 Provision for doubtful Income/Deposits	-	-	-	-
4.2 Other Current Liabilities & Provisions	3,143	4,906	530	367
TOTAL	167,789	200,521	40,275	21,052
ASSETS				
1 Investments				
1.1 Listed Securities:				
1.1.1 Equity Shares	160,692	188,715	37,011	18,955
1.1.2 Preference Shares	-	-	-	-
1.1.3 Equity Linked Debentures	-	-	-	-
1.1.4 Other Debentures & Bonds	126	-	-	-
1.1.5 Securitised Debt securities	-	-	-	-
1.2 Securities Awaited Listing:				
1.2.1 Equity Shares	-	-	-	40
1.2.2 Preference Shares	-	-	-	-
1.2.3 Equity Linked Debentures	-	-	-	-
1.2.4 Other Debentures & Bonds	-	-	-	-
1.2.5 Securitised Debt securities	-	-	-	-
1.3 Unlisted Securities:				
1.3.1 Equity Shares	-	-	-	-
1.3.2 Preference Shares	-	-	-	-
1.3.3 Equity Linked Debentures	-	-	-	-
1.3.4 Other Debentures & Bonds	-	-	-	-
1.3.5 Securitised Debt securities	-	-	-	-
1.4 Government Securities	-	-	-	-
1.5 Treasury Bills	-	-	-	-
1.6 Commercial Paper	-	-	-	-
1.7 Certificate of Deposits	-	-	-	-
1.8 Bill Rediscounting	-	-	-	-
1.9 Units of Domestic Mutual Fund	-	-	-	-
1.10 Foreign Securities	-	-	-	-
Total Investments	160,818	188,715	37,011	18,995
2 Deposits	1,411	1,746	265	115
3 Other Current Assets:				
3.1 Cash & Bank Balance	648	126	177	221
3.2 CBLO/Reverse Repo Lending	4,702	7,961	2,365	1,229
3.3 Others	210	1,973	457	492
4 Deferred Revenue Expenditure (to the extent not written off)	-	-	-	-
TOTAL	167,789	200,521	40,275	21,052

Notes to Accounts – Annexure I

ABRIDGED REVENUE ACCOUNT

MORGAN STANLEY MUTUAL FUND

Abridged Revenue Account for the year ended March 31, 2011

(Rupees in Lakhs)

	MORGAN STANLEY GROWTH FUND		MORGAN STANLEY A.C.E. FUND	
	Year ended March 31, 2011	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2010
INCOME				
Dividend (Includes dividend on American Depository Receipt and Global Depository Receipt (Net))	2,370	2,406	362	109
Interest	179	151	113	20
Realised Gain/(Losses) on Foreign Exchange Transactions	-	-	-	-
Realised Gains/(Losses) on Interscheme sale of investments	-	-	-	-
Realised Gains/(Losses) on External sale/redemption of investments	28,631	41,226	4,672	3,037
Realised Gains/(Losses) on Derivative Transactions	-	-	-	-
Other Income (Annexure 1 - Note 8)	13	14	0 ^ ^	1
(A)	<u>31,193</u>	<u>43,797</u>	<u>5,147</u>	<u>3,167</u>
EXPENSES (Annexure 1 - Note 10):				
Management fees	1,857	1,983	355	149
Service tax on Management fees	191	204	37	15
Transfer agents fees and expenses	289	303	52	19
Custodian fees	71	79	13	6
Trusteeship fees	12	14	2	1
Commission to Agents	167	230	436	125
Marketing & Distribution expenses	827	532	25	16
Audit fees	11	12	3	1
Other operating expenses	49	31	9	3
Less: Expenses to be Reimbursed by the Investment Manager	(7)	-	(163)	(30)
(B)	<u>3,467</u>	<u>3,388</u>	<u>769</u>	<u>305</u>
NET REALISED GAINS/(LOSSES) FOR THE YEAR	(A-B = C)	<u>27,726</u>	<u>4,378</u>	<u>2,862</u>
Change in Unrealised Depreciation in value of investments	(D)	-	-	(1,508)
NET GAINS/(LOSSES) FOR THE YEAR	(E=(C-D))	<u>27,726</u>	<u>4,378</u>	<u>4,370</u>
Change in Unrealised Appreciation in the value of investments	(F)	(14,823)	(2,298)	4,002
NET SURPLUS/(DEFICIT) FOR THE YEAR	(E + F = G)	<u>12,903</u>	<u>2,080</u>	<u>8,372</u>
Add: Balance transfer from Unrealised Appreciation Reserve	14,823	-	2,298	-
Less: Balance transfer to Unrealised Appreciation Reserve	-	39,141	-	4,002
Add/(Less): Equalisation	(27,836)	(36,892)	1,405	814
TOTAL	<u>(110)</u>	<u>39,205</u>	<u>5,783</u>	<u>5,184</u>
Dividend appropriation				
Income Distributed during the year	119	-	1,135	-
Tax on income distributed during the year	-	-	-	-
Retained Surplus/(Deficit) carried forward to Balance Sheet	<u>(229)</u>	<u>39,205</u>	<u>4,648</u>	<u>5,184</u>

^ ^ Less than 0.01

Notes to Accounts - Annexure I