

**CREDITCAPITAL ASSET MANAGEMENT  
COMPANY LIMITED**

**STATEMENT OF ACCOUNTS**      **DUPLICATE**  
**FOR THE YEAR ENDED MARCH 31, 2002**

**AUDITORS' REPORT****TO THE MEMBERS OF CREDITCAPITAL ASSET MANAGEMENT  
COMPANY LIMITED**

1. We have audited the attached Balance Sheet of Creditcapital Asset Management Company, Limited as at 31st March, 2002 and also the Profit and Loss 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 Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the Notes thereon and attached thereto and the Statement on Significant Accounting Policies, give in the prescribed manner the information required by 'The Companies Act, 1956' of India (the 'Act') and read with Notes 4 and 7 on Schedule N regarding treatment of registration and other charges recoverable from the schemes of erstwhile HB Mutual Fund and subject to matter stated in paragraph 3.1 below and the related Note, with consequential effect on the Company's loss for the year and net assets, also give respectively, a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2002, and
  - (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date.
- 3.1 As explained in Note 5 on Schedule N, the title of a property, aggregating to Rs.19,800,020, not being held in the name of the Company and non-provision of registration costs thereof, the amount of which is currently not ascertainable.
4. Subject to Paragraph 3.1 above, 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. In our opinion, subject to paragraph 3.1 above, proper books of account have been kept by the Company as required by law so far as appears from our examination of these books and the aforementioned Balance Sheet and Profit and Loss Account are in agreement therewith.

5. In our opinion, these accounts have been prepared in compliance with applicable accounting standards referred to in Section 211(3C) of the Act.
6. On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2002, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
7. As required by the manufacturing and Other Companies (Auditors' Report) Order, 1988 dated 7th September 1988 issued by the Central Government of India in terms of section 227(4A) of the Act and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:
  - i) a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
    - b) The fixed assets of the Company have been physically verified during the year by the management and no material discrepancies between the book records and physical inventory have been noticed.
  - ii) The fixed assets of the Company have not been revalued during the year.
  - iii) The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Act.
  - iv) The Company has granted advances to a Company listed in the register maintained under Section 301 of the Act without any stipulation with respect to rate of interest and repayment. These advances have been adjusted/recovered during the year/ subsequent to the year-end. In the absence of any stipulation we are unable to comment on the same.
  - v) The parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts where stipulated and are also regular in payment of interest, where stipulated.
  - vi) In our opinion, in general there is, an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for purchase of equipment and similar assets and for sale of securities.
  - vii) The Company has not purchased securities or sold any securities and services aggregating Rs. 50,000 or more in value from or to any of the parties listed in the register maintained under Section 301 of the Act.
  - viii) The Company has not accepted any deposits from the public.

  
PRICE WATERHOUSE

- ix) In our opinion, the Company's present internal audit system is generally commensurate with its size and nature of business.
- x) The Company has generally been regular during the year in depositing Provident Fund and Employees' State insurance dues with the appropriate authorities in India.
- xi) At the last day of the financial year, there were no amounts outstanding in respect of undisputed Income Tax and Wealth Tax which were due for more than six months from the date they became payable.
- xii) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses which have been charged to the Profit and Loss Account, nor have we been informed of such case by the management other than those payable under contractual obligations and accepted business practices.

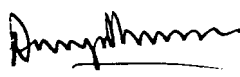
In respect of services rendered:

- xiii) a) The nature of services rendered is such that it does not involve consumption of materials and stores.
- b) Considering the nature of services rendered, it is not necessary to have a system of allocation of man-hours utilized to the relative jobs.
- c) In our opinion, there is a reasonable system of authorization at proper levels with necessary controls and the related system of internal control of the Company is commensurate with the size of the Company and the nature of its business.

In respect of finance activities:

- xiv) The Company has maintained proper records of transactions and contracts in respect of trading in shares and other securities and timely entries have been made therein. All shares and other securities have been held by the Company in its own name except for certain securities as detailed in Schedule E.
- xv) Other clauses of the Order are either not applicable or relevant to the Company and accordingly we have not reported on the matters specified in such clauses.

New Delhi:  
Dated: 21-9-2002

  
Anupam Dhawan  
Partner  
For and on behalf of  
PRICE WATERHOUSE  
Chartered Accountants

**CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED**

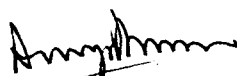
**BALANCE SHEET AS AT 31ST MARCH 2002**

	SCHEDULE	AMOUNT (RS.)	AMOUNT (RS.) As at 31-03-2002	AMOUNT (RS.) As at 31-03-2001
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' funds</b>				
Share Capital	A		125,400,000	125,400,000
Reserves and Surplus	B		2,100,000	2,100,000
Secured Loan	C		84,243	249,503
<b>Total</b>			<u>127,584,243</u>	<u>127,749,503</u>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	D	25,891,934		25,739,802
Less: Depreciation		<u>4,722,958</u>		<u>3,816,716</u>
Net Block			21,168,976	21,923,086
Investments	E		40,856,483	45,794,827
<b>Current Assets , Loans and Advances</b>				
Cash and Bank Balances	F	1,457,496		6,654,128
Sundry Debtors	G	701,220		4,443,689
Current Assets, Loans and Advances	H	<u>51,137,705</u>		<u>45,917,460</u>
		53,296,421		57,015,277
Less: Current Liabilities & Provisions	I	<u>7,742,251</u>		<u>3,037,926</u>
Net Current Assets			45,554,170	53,977,351
Miscellaneous Expenditure (to the extent not written off or adjusted)	J			
Profit and Loss Account			20,004,614	6,054,239
<b>Total</b>			<u>127,584,243</u>	<u>127,749,503</u>
Significant Accounting Policies and Notes to Accounts	N			

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

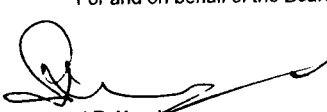
**DUPLICATE**

This is the Balance Sheet referred to in  
our report of even date


  
Anupam Dhawan  
Partner

For and on behalf of  
Price Waterhouse  
Chartered Accountants

For and on behalf of the Board

  
J.P. Kundra  
Chairman

M.G. Gupta  
Director

  
R.K. Gupta  
Chief Executive Officer

Place : New Delhi

Date : 21-9-2002

**CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2002**

	SCHEDULE	AMOUNT (RS.) For the year ended 31-03-2002	AMOUNT (RS.) For the year ended 31-03-2001
<b>INCOME</b>			
Investment Management and Advisory Fees (Gross, Tax Deducted at Source Rs.444,117 Previous year Rs.1,079,780 )		8,708,170	19,166,641
Other Income	K	3,649,617	2,985,345
		<u>12,357,787</u>	<u>22,151,986</u>
<b>EXPENDITURE</b>			
Employee Costs	L	5,099,988	5,083,528
Administrative and Other Expenses	M	20,839,304	14,073,257
Depreciation		927,006	920,575
Diminution in value of investments		-	2,412,889
		<u>26,866,298</u>	<u>22,490,249</u>
Profit/ (Loss) before taxation		(14,508,511)	(338,263)
Provision for taxation		-	-
Profit/ (Loss) After Taxation		(14,508,511)	(338,263)
(Short)/ Excess provision for taxation in earlier years		558,136	(109,690)
Profit/ (Loss) for the year		(13,950,375)	(447,953)
Loss Brought Forward from Previous Year		(6,054,239)	(5,606,286)
Deficit, Carried to Balance Sheet		<u>(20,004,614)</u>	<u>(6,054,239)</u>
Basic and Diluted earnings per share (in Rs.) Refer Note 15		(1.39)	(0.04)
Significant Accounting Policies and Notes to Accounts	N		

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

**DUPLICATE**

This is the Profit and Loss Account referred to in our report of even date



Anupam Dhawan  
Partner

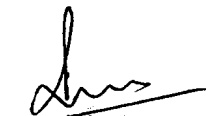
For and on behalf of  
Price Waterhouse  
Chartered Accountants

For and on behalf of the Board



J.P. Kundra  
Chairman

M.G. Gupta  
Director



R.K. Gupta  
Chief Executive Officer

Place : New Delhi

Date: 21-4-2002

**CREDIT CAPITAL ASSET MANAGEMENT COMPANY LIMITED**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31 ,2002**

**SCHEDULE 'A' : SHARE CAPITAL**

	<b>AMOUNT (RS.)</b> As at 31-03-2002	<b>AMOUNT (RS.)</b> As at 31-03-2001
<b>Authorised</b>		
13,000,000 Equity Shares of Rs. 10 each	130,000,000	130,000,000
3,000,000 6% Non -Cumulative Redeemable Preference Shares of Rs. 10 each	<u>30,000,000</u>	<u>30,000,000</u>
	<u><u>160,000,000</u></u>	<u><u>160,000,000</u></u>
 <b>Issued and Subscribed</b>		
<b>Equity Share Capital</b>		
10,040,000 equity shares (Previous year 10,040,000) of Rs. 10 each fully paid up	100,400,000	100,400,000
<b>6% Non- Cumulative Redeemable Preference Share Capital</b>		
2,500,000 preference shares (Previous year 2,500,000) of Rs. 10 each fully paid up	25,000,000	25,000,000
	<u>125,400,000</u>	<u>125,400,000</u>

**Notes:**

1. Of the above, 5,040,000 Equity Shares of Rs. 10 each have been allotted as fully paid up, pursuant to the Scheme of Amalgamation, for consideration other than cash.
2. Non-Cumulative Redeemable Preference Shares are redeemable at par on July 6, 2004

**SCHEDULE ' B' : RESERVES AND SURPLUS**


Amalgamation Reserve	<u>2,100,000</u>	<u>2,100,000</u>
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**SCHEDULE 'C' : SECURED LOAN**

Car Loan	<u>84,243</u>	<u>249,503</u>
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**Note:**

Secured by hypothecation of specific vehicle

  
PRICE WATERHOUSE





CREDIT CAPITAL ASSET MANAGEMENT COMPANY LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2002

SCHEDULE 'D' : FIXED ASSETS  
(Refer note 1(b), 1(c) and 5 of Schedule N)

( Figures In Rupees )

Particulars	Gross Block				Depreciation				Net Block	
	As at 1/4/01	Additions during the year	Deductions during the year	As at 31/3/02	Upto 1/4/01	For the year	On Deductions	Upto 31/3/02	As at 31/3/02	As at 31/3/01
BUILDING	19,800,020	-	-	19,800,020	1,766,279	322,740	-	2,089,019	17,711,001	18,033,741
VEHICLES	923,802	-	-	923,802	113,481	87,761	-	201,242	722,560	810,321
AIR CONDITIONERS	394,200	99,080	-	493,280	79,186	22,417	-	101,603	391,677	315,014
DATA PROCESSING EQUIPMENT	3,223,025	34,450	-	3,257,475	1,395,037	420,797	-	1,815,834	1,441,641	1,827,988
ELECTRIC INSTALLATION	193,449	-	-	193,449	40,513	9,189	-	49,702	143,747	152,936
OFFICE EQUIPMENT	538,462	51,620	33,018	557,064	223,473	23,195	20,764	225,904	331,160	314,989
FURNITURE AND FIXTURES	666,844	-	-	666,844	198,747	40,907	-	239,654	427,190	468,097
<b>TOTAL</b>	<b>25,739,802</b>	<b>185,150</b>	<b>33,018</b>	<b>25,891,934</b>	<b>3,816,716</b>	<b>927,006</b>	<b>20,764</b>	<b>4,722,958</b>	<b>21,168,976</b>	<b>21,923,086</b>
<b>PREVIOUS YEAR</b>	<b>25,323,287</b>	<b>416,515</b>	<b>-</b>	<b>25,739,802</b>	<b>2,896,141</b>	<b>920,575</b>	<b>-</b>	<b>3,816,716</b>	<b>21,923,086</b>	<b>22,427,146</b>

Notes:

1. Building is pending registration in the name of the Company.
2. Vehicles having cost of Rs. 523,802 have been acquired on Hire Purchase.

PRICE MANAGEMENT



**CREDIT CAPITAL ASSET MANAGEMENT COMPANY LIMITED**

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31 ,2002**

**SCHEDULE 'E' : INVESTMENTS**

<b>Long Term, Non Trade, Fully Paid Up (Refer Note 1(e) and 14 of schedule N)</b>	<b>Face Value AMOUNT (RS.)</b>	<b>As at 31-03-2002 AMOUNT (RS.)</b>	<b>As at 31-03-2001 AMOUNT (RS.)</b>
<b>Unquoted</b>			
<b><u>Non-Convertible Debentures</u></b> #			
26,838 (Previous Year 26,838) 13% DCM Shriram Consolidated Ltd. *	100	2,312,236	2,312,236
4,400 (Previous Year 4,400) 10.5% Jindal Iron and Steel Ltd.	167	532,730	1,065,460
153,587 (Previous Year 153,587) 15% Pasupathi Spinning and Weaving Mills Ltd.	9	1,411,317	2,665,822
<b>Sub-Total ( A )</b>		<b>4,256,283</b>	<b>6,043,518</b>
<b><u>Non -Cumulative Preference Shares</u></b> #			
250,000 (Previous Year 250,000) 12.50% CFL Securities Ltd.	100	25,010,000	25,010,000
<b>Sub-Total ( B )</b>		<b>25,010,000</b>	<b>25,010,000</b>
<b><u>Units of Mutual Funds</u></b>			
<b>Libra Leap</b>			
1,000,000 (Previous Year 1,000,000)	10	8,950,000	8,950,000
<b>Discovery Stock Fund</b>			
653,451.81 (Previous Year 653,451.81)	10	5,000,000	5,000,000
<b>Sub-Total ( C )</b>		<b>13,950,000</b>	<b>13,950,000</b>
<b>Quoted</b>			
<b><u>Equity Shares</u></b>			
100 (Previous Year 15,000) Federal Bank Ltd.	10	10,264	1,539,690
50(Previous Year 5,000) State Bank Of India **	10	16,229	1,622,921
Nil(Previous Year 7,500) Goodlass Nerolac Paints Ltd.	10	-	1,622,625
40,000 (Previous Year 45,000) Industrial Finance Corporation of India Ltd.	10	1,211,400	1,362,825
Nil(Previous Year 150) Punjab Anand Lamps	10	-	12,677
<b>Sub-Total ( D )</b>		<b>1,237,893</b>	<b>6,160,738</b>
<b>Total ( A + B + C + D )</b>		<b>44,454,176</b>	<b>51,164,256</b>
<b>Less: Diminution in value of investments</b>		<b>(3,597,693)</b>	<b>(5,369,429)</b>
		<b>40,856,483</b>	<b>45,794,827</b>

\* 1904 Pending for transfer in the name of Company

\*\* 50 shares are in objection

# Listed but not quoted.

Aggregate value of unquoted investments is Rs.43,216,283 (Previous year 45,003,518)

Aggregate value of Quoted investments is Rs.1,237,893 (Previous year 6,160,738)

Market Value of Quoted Equity shares is Rs.179,440 (Previous year 2,618,100)

Market Value of units of Mutual fund is Rs. 12,635,789.47 (Previous year 14,428,051)

  
DIRECTOR





**CREDIT CAPITAL ASSET MANAGEMENT COMPANY LIMITED**

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2002**

**SCHEDULE 'F' : CASH AND BANK BALANCES**

	AMOUNT (RS.) As at 31-03-2002	AMOUNT (RS.) As at 31-03-2001
Cash in Hand	2,620	8,962
Deposit with Scheduled Bank *	1,011,759	5,000,000
Balances with Scheduled Banks in Current Account	443,117	1,645,166
	<u>1,457,496</u>	<u>6,654,128</u>

\* Includes Fixed Deposit of Rs. 100,000 (Previous Year Nil) held under lien against issue of Bank Guarantee

**SCHEDULE 'G' : SUNDRY DEBTORS  
(Unsecured and Considered Good)**

Debts outstanding for a period exceeding six months	-	507,404
Other Debts	701,220	3,936,285
	<u>701,220</u>	<u>4,443,689</u>

**SCHEDULE 'H' : CURRENT ASSETS, LOANS AND ADVANCES  
(Unsecured and Considered Good unless otherwise stated)  
(Refer Note 4 & 7 of Schedule N)**

Advances recoverable in cash or in kind or for value to be received. (Considered Doubtful Rs.2,457,392 Previous Year 1,228,696)	50,478,116	42,632,683
Advance Income Tax	2,594,229	2,961,763
Less: Provision for Taxation	-	(1,500,000)
Interest Receivable (Considered Doubtful Rs.1,188,354 Previous Year 894,398)	1,406,401	2,104,449
Recoverable from Schemes	304,705	1,841,659
	<u>54,783,451</u>	<u>48,040,554</u>
Less: Provision for Doubtful Advances / Interest	<u>(3,645,746)</u>	<u>(2,123,094)</u>
	<u>51,137,705</u>	<u>45,917,460</u>



**CREDIT CAPITAL ASSET MANAGEMENT COMPANY LIMITED**


**SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31 ,2002**

**SCHEDULE 'I' : CURRENT LIABILITIES AND PROVISIONS**  
(Refer Note 1(f) ,1(g) and 1(h) of Schedule N)

	AMOUNT (RS.) As at 31-03-2002	AMOUNT (RS.) As at 31-03-2001
<b>CURRENT LIABILITIES</b>		
Sundry Creditors		
- Dues to small scale industrial undertaking	-	-
- Creditors other than small scale undertaking	7,207,853	2,576,493
Other Liabilities	<u>121,208</u>	<u>113,975</u>
	<u>7,329,061</u>	<u>2,690,468</u>
<b>PROVISIONS</b>		
Leave Encashment	244,290	199,290
Gratuity	<u>168,900</u>	<u>148,168</u>
	<u>413,190</u>	<u>347,458</u>
	<u><u>7,742,251</u></u>	<u><u>3,037,926</u></u>

**SCHEDULE 'J' : MISCELLANEOUS EXPENDITURE**  
(to the extent not written off or adjusted)

Deferred Revenue Expenditure	-	1,782,212
Less: written off during the year	<u>-</u>	<u>(1,782,212)</u>
	<u>-</u>	<u>-</u>

  
DIRECTOR





**CREDIT CAPITAL ASSET MANAGEMENT COMPANY LIMITED**

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31 ,2002**

**SCHEDULE 'K' : OTHER INCOMES**  
(Refer Note 1(d) of Schedule N)


	For the year ended 31-03-2002	For the year ended 31-03-2001
Dividend	188	110,750
Interest Income (Gross, TDS Rs.132,014 Previous Year Rs.105,677 )	1,113,346	2,311,876
Profit on sale of investments (Net)	-	25,000
Miscellaneous Income	35,752	9,553
Provision no longer required written back	1,812,873	84,029
Creditors written back and Bad Debts recovered	511,197	269,086
Profit on redemption of debentures (Net)	176,261	175,051
	<u>3,649,617</u>	<u>2,985,345</u>

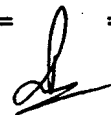
**SCHEDULE 'L' : EMPLOYEE COSTS**

Salaries and Allowances	4,457,065	4,361,165
Contribution to PF and other funds	531,167	564,348
Staff Welfare	111,756	158,015
	<u>5,099,988</u>	<u>5,083,528</u>

**SCHEDULE 'M': ADMINISTRATION AND OTHER EXPENSES**

Advertisement and Business Promotion	1,936,745	1,087,917
Legal and Professional	480,631	1,281,988
Board Meeting	33,411	31,000
Director's sitting fees	255,000	245,000
Electricity	302,488	344,098
Travelling and Conveyance	840,722	1,336,046
Repair and Maintenance (Others)	1,054,297	889,441
Insurance	15,031	35,819
Printing and Stationary	436,889	574,547
Subscription & Membership	713,486	692,751
Communication	1,163,409	1,536,186
Rent	1,775,820	1,083,960
(Refer Note 1(i) and 12 of Schedule N)		
Rates and Taxes	183,875	28,925
Interest-others	24,174	49,118
Miscellaneous expenditure amortised	-	1,782,212
Excess of expenses of schemes borne by the Company	2,474,363	-
(Refer Note 6 of Schedule N)		
Loss on sale of investments (Net)	2,580,476	-
Balances written off	-	943,326
Provision for Doubtful Advances / Interest	1,563,789	2,123,094
Scheme Management Expenses	4,991,255	-
(Refer Note 1(d)(iv) and 11 of Schedule N)		
Miscellaneous Expenses	13,443	7,829
	<u>20,839,304</u>	<u>14,073,257</u>

 **MANAGING DIRECTOR**



**CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED**

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2002 AND  
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2002.**

**SCHEDULE 'N' NOTES TO ACCOUNTS**

**1. Significant Accounting Policies**

**a) Basis of Accounting**

The financial statements are prepared under the historical cost convention on accrual basis and comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956.

**b) Fixed Assets**

i. Fixed Assets are stated at cost of acquisition inclusive of duties, taxes, freight and any other incidental expenses related to their acquisition and installation.

**c) Depreciation**

i) Depreciation on fixed assets located at Mumbai Office is consistently provided on the written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

ii) Depreciation on fixed assets located at the Delhi Office is consistently provided on the straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

iii) Depreciation on additions / disposals of fixed assets during the year is provided on a pro-rata basis.

**d) Revenue Recognition**

i) Management fees, which are accounted for on an accrual basis, are calculated with reference to the average weekly net asset values of the managed schemes.

ii) Interest Income is accounted for on an accrual basis.

iii) Dividend is accounted for as income when the Company's right to receive it is established.

iv) Expenses incurred in launching the new schemes are being charged to revenue account in the year in which the scheme is launched.

**e) Investments**

Long Term Investments are valued at cost. Any permanent diminution in value is recognised in the year of such diminution.

**f) Gratuity**

For employees of the Delhi Office, provision for gratuity is being made on actuarial basis. Contribution in respect of Mumbai Office employees is made to LIC in the form of premium under the Group Gratuity Scheme. All contributions are charged to profit and loss account as they become due.

**g) Leave Encashment**

The Company allows encashment of leave at the time of retirement / resignation. Leave due to the employees at the year-end is considered encashable and provided for.

PRICE WATERHOUSE



**h) Superannuation**

Contributions are made to Life Insurance Corporation of India in the form of premium under the Superannuation Scheme of LIC. All contributions are charged to Profit and Loss Account as they become due.

**i) Leases**

a. In respect of assets leased before April 1,2001:

Lease rentals in respect of assets are charged to profit and loss account on a straight-line basis over the lease term.

b. In respect of assets leased after April 1,2001:

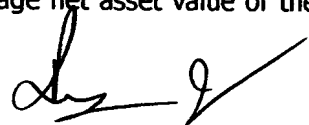
Flats taken on lease under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on the basis of the terms of the lease agreement over the lease period.

**j) Borrowing costs**

Interest on borrowings is charged to the income statement for the year.

2. The Company is contingently liable for Rs. 1,218,893 (Previous year Rs. 1,218,893) in respect of an income tax assessment order, which has been appealed against.
3. Deposits with bank includes Rs. 100,000 against which Bank Guarantee has been issued to Tata Share Registry for transfer of 1040 shares of TISCO lodged in Taurus the Starshare Scheme.
4. Advances recoverable in cash or in kind or for value to be received, include Rs. 653,943(Previous year Rs. 800,820) towards one time registration charges of the schemes of the erstwhile HB Mutual Fund with the Securities and Exchange Board of India (SEBI), which is being recovered annually over the period of the schemes on the basis of higher of 0.05% of the corpus of each scheme or 1/10<sup>th</sup> of such expenses.
5. The erstwhile HBAMC purchased an office in Mumbai in earlier years for Rs. 19,800,020, the title to which is yet to be transferred in the name of the Company.
6. Expenses of the schemes in excess of the limits specified in SEBI regulations amounting to Rs. 2,474,363 (Previous year Rs. Nil) are being borne by the Company.
7. The amount recoverable from Schemes includes, Brand Image Expenses incurred by the Company for Discovery Stock Fund Scheme of Taurus Mutual Fund, which were to be reimbursed by the scheme over the period of five years w.e.f. March 31, 1995, subject to the expenditure limit of 2.5% of average net asset value of the scheme. The period has now been extended to ten years and an amount of Rs. 1,022,750 (Previous year Rs. 1,022,750) are still due from the scheme. The above amount will be accounted for by the scheme in the remaining period subject to the expenditure limit of 2.5% of average net asset value of the scheme.

  
PRICE WATERHOUSE



8. The Company has been advised that there will be no liability of Income Tax as per provisions of section 115JB of the Income Tax Act, 1961, and accordingly no provision has been considered in the accounts.
9. The erstwhile HBAMC has been served with a show cause notice under section 51 of the now repealed FERA, 1973 alleging certain violations u/s 9(1)(7)(ii) of the said Act, for making payment of Rs. 450,000.00 for releasing an advertisement.
10. Mr. P S Mathur resigned as the Managing Director of the Company effective 1<sup>st</sup> October 2000. The Company is in the process of appointing a new Managing Director.
11. Scheme Management Expenses include Rs. 4,971,255, being the up-front fees paid for the transfer of management of Bonanza Exclusive Growth Scheme-Open and Bonanza Equity Linked Saving on Tax Scheme 1993 from Bank of India Asset Management Company to Creditcapital Asset Management Company Limited w.e.f 25<sup>th</sup> March 2002.

12. Operating Lease:

a) Particulars of the minimum lease payments under Operating Lease:

i.	Not later than one year	Rs. 1,390,320
ii.	Later than one year and not later than five years	Rs. 6,366,774
iii.	Later than Five Years	Rs. 891,468

b) Minimum lease payments recognised in the statement of profit and loss account during the year ended 31<sup>st</sup> March 2002 is Rs. 1,775,820.

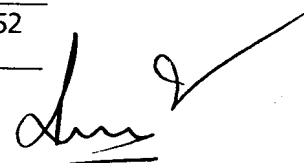
c) General description of the leasing arrangements:

- i. Renewal Option - At the end of the lease period, lessee has the option to renew the lease for another period of three years. This option is available to the lessee in respect of all the leases.
- ii. Escalation Clause - If the renewal option is exercised by the lessee the rent will be increased by 25% in case of flat no. 3G, Q, H and 20% in respect of flat no. 3I, V.
- iii. Restrictions imposed by lease arrangements -
  - The lessee shall not sublet or otherwise part with possession of a part or whole of the premises without the previous consent in writing of the lessor.
  - The lessee shall use the premises for commercial purposes only.
  - All the leases can be terminated by the lessee by serving three months notice to the lessor.

13. Payment to Auditors

	2001-2002 Amount (Rs.)	2000-2001 Amount (Rs.)
Audit Fee (incl' service tax)	183,750	1,83,750
Out of Pocket Expenses	3,235	3,302
	<hr/>	<hr/>
	186,985	187,052
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PRICE WATERHOUSE



14. Particulars of investments purchased and sold during the year:


Particulars	Nos.	Purchase (Rs.)	Nos.	Sale (Rs.)
Federal Bank	-	-	14,900	647,484
State Bank of India	-	-	4,950	998,222
Goodlass Nerolac Limited	-	-	7,500	664,530
IFCI	-	-	5,000	24,986
Punjab Anand Lamps	-	-	150	14,212

15. Basic and diluted earnings per share:

	2001-2002	2000-2001
a) Weighted average number of equity shares Outstanding	10,040,000	10,040,000
b) Net Profit/(Loss) after tax available for equity Shareholders (Rs.)	(13,950,375)	(447,953)
c) Basic and Diluted earnings per share (Rs.)	(1.39)	(.044)
d) Nominal Value per share (Rs.)	10	10

16. Information with regard to other matters specified in Part II of Schedule VI to the Companies Act, 1956 are either Nil or are not applicable to the Company for the year ended March 31, 2002.

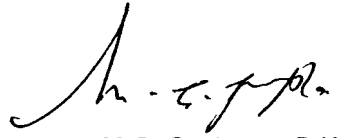
17. Previous year's figures have been reclassified and regrouped wherever necessary to conform to the current year's classification.


  
PRICE WATERHOUSE

For and on behalf of the Board

Anupam Dhawan  
Partner  
For and on behalf of  
Price Waterhouse  
Chartered Accountants

  
J.P. Kundra  
Chairman

  
M.G. Gupta  
Director

  
R.K. Gupta  
Chief Executive Officer

Place: New Delhi

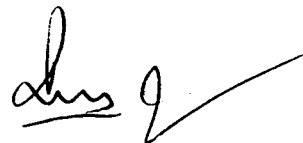
Date: 21-7-2002



**Additional information as required under Part IV of Schedule VI to the Companies Act, 1956.**

Balance Sheet Abstract and Company's General Business Profile.

I	Registration Details	
	Registration No.	73154 of 1993
	State Code	11
	Balance Sheet Date	31/03/2002
II	Capital raised during the year (Amount in Rs. Thousands)	
	Public Issue	Nil
	Right Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
III	Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)	
	Total Liabilities	Rs. 107,579
	Total Assets	Rs. 107,579
	Sources of Funds:	
	Paid up Capital	Rs. 125,400
	Reserve and Surplus	Rs. 2,100
	Secured Loans	Rs. 84
	Unsecured Loans	Nil
	Applications of Funds:	
	Net Fixed Assets	Rs. 21,169
	Investments	Rs. 40,856
	Net Current Assets	Rs. 45,554
	Miscellaneous Expenditure	Nil
	Accumulated Losses	Rs. 20,005
IV	Performance of the Company (Amount in Rs. Thousands)	
	Turnover (Including miscellaneous income)	Rs. 12,358
	Total Expenditure	Rs. 26,866
	Profit /(Loss) before Tax	Rs. (14,508)
	Profit /(Loss) after Tax	Rs. (14,508)
	Earning per Share	Rs. (1.39)
	Dividend Rate %	Nil



V Generic Names of three principal products/ services of the Company (as per monetary terms)

Item Code No.  
(ITC Code)


Not Applicable

Product /Service Description:

Investment Management

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For and on behalf of the Board

  
J P Kundra  
Chairman

  
M G Gupta  
Director

  
R K Gupta  
Chief Executive Officer

Place: New Delhi

Date: 21-9-2002