

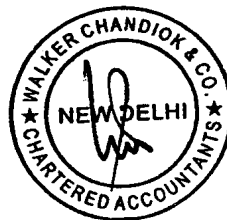
Auditors' Report

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To,
The Members of Taurus Asset Management Company Limited

1. We have audited the attached Balance Sheet of **Taurus Asset Management Company Limited**, (the 'Company') as at March 31, 2010 and also the Profit and Loss Account for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). 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 the 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.
3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a. 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;
 - b. 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;
 - c. The financial statements dealt with by this report are in agreement with the books of account;
 - d. On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;



Walker, Chandiook & Co

- e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
- i) the Balance Sheet, of the state of affairs of the Company as at March 31, 2010; and
 - ii) the Profit and Loss Account, of the profit for the year ended on that date.

Walker, Chandiook & Co

for Walker, Chandiook & Co
Chartered Accountants
Firm Registration No. 001076N

B.P. Singh
per B.P. Singh
Partner
Membership No. 70116

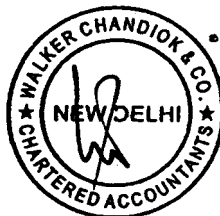


Place: New Delhi
Date: August 28, 2010

Annexure to the Auditors' Report of even date to the members of Taurus Asset Management Company Limited, on the financial statements for the year ended March 31, 2010

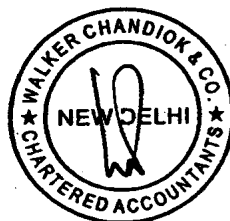
Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to (d) of the Order are not applicable.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
- (iv) Owing to the nature of its business, the Company does not maintain any physical inventories or sells any goods. Accordingly, clause 4(iv) of the Order with respect to purchase of inventories and sale of goods is not applicable. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the aforesaid internal control system.
- (v) The Company has not entered into contracts or arrangements referred to in section 301 of the Act. Accordingly, the provisions of clause 4(v) of the Order are not applicable.
- (vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.



Annexure to the Auditors' Report of even date to the members of Taurus Asset Management Company Limited, on the financial statements for the year ended March 31, 2010 (Cont'd)

- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act, in respect of the services rendered by the Company. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. No undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they became payable.
- (b) There are no dues in respect of income-tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) In our opinion, the Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. Further the Company has not incurred cash losses during the year. In the preceding financial year, the Company had incurred cash losses.
- (xi) In our opinion, the Company has not defaulted in repayment of dues to a bank during the year. Further, the Company has no dues payable to a financial institution or debenture holders during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.
- (xvi) The Company did not have any term loan outstanding during the year. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.



Walker, Chandio & Co

Annexure to the Auditors' Report of even date to the members of Taurus Asset Management Company Limited, on the financial statements for the year ended March 31, 2010 (Cont'd)

- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

Walker, Chandio & Co

for Walker, Chandio & Co
Chartered Accountants
Firm Registration No. 001076N

B.P. Singh
per B.P. Singh
Partner
Membership No. 70116



Place: New Delhi
Date: August 28, 2010

Taurus Asset Management Company Limited
Balance Sheet as at March 31, 2010

	Schedule	2010 Rs.	2009 Rs.
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	135,500,000	135,500,000
Reserves and surplus	2	2,100,000	2,100,000
Loan funds			
Secured loans	3	3,301,336	4,353,605
Deferred tax liabilities (net)	4	2,517,995	2,314,903
		143,419,331	144,268,508
APPLICATIONS OF FUNDS			
Fixed assets			
Gross block	5	43,201,220	39,992,631
Less: depreciation and amortisation		11,695,588	9,540,562
Net block		31,505,632	30,452,069
Investments			
	6	101,382,335	67,061,988
Current assets, loans and advances			
Sundry debtors	7	4,732,276	1,468,463
Cash and bank balances	8	11,281,418	19,730,748
Other current assets	9	74,888	74,888
Loans and advances	10	33,769,051	22,824,330
		49,857,633	44,098,429
Less: Current liabilities and provisions			
Current liabilities	11	42,057,967	22,114,370
Provisions	12	9,382,046	8,404,531
		51,440,013	30,518,901
Net current assets		(1,582,380)	13,579,528
Accumulated deficit in profit & loss account		12,113,744	33,174,923
		143,419,331	144,268,508
Significant accounting policies	17		
Notes to the financial statements	18		

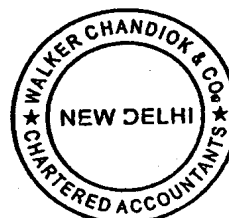
The schedules referred to above form an integral part of the financial statements

	For and on behalf of the Board of Directors		
<i>Sangeta Verma</i> Sangeta Verma Company Secretary	<i>Deepa Varshnei</i> Deepa Varshnei Executive Vice President	<i>Waqar Naqvi</i> Waqar Naqvi Chief Executive Officer	<i>R.K. Gupta</i> R.K. Gupta Managing Director
			<i>[Signature]</i> Director

This is the balance sheet referred to in our report of even date.

Walker, Chandio & Co
for Walker, Chandio & Co
Chartered Accountants

Place: New Delhi
Date: August 28, 2010



[Signature]
per B.P. Singh
Partner

Taurus Asset Management Company Limited
Profit and Loss Account for the year ended March 31, 2010

	Schedule	2010 Rs.	2009 Rs.
INCOME			
Investment management and advisory fees (Tax deducted at source Rs. 4,044,102 previous year Rs. 3,362,246)		34,603,157	26,442,852
Profit on sale/ switch over of investments, non-trade (net)		120,427,450	50,734,373
Provision for diminution in value of long-term investments written back		50,231,960	-
Other income	13	2,996,545	5,664,621
		208,259,112	82,841,846
EXPENDITURE			
Personnel cost	14	95,385,034	80,490,060
Administration and other expenses	15	88,790,940	63,746,073
Depreciation and amortisation	5	2,378,161	1,941,608
Finance cost	16	440,705	502,119
Provision for diminution in value of long-term investments		-	33,945,775
		186,994,841	180,625,635
Profit/ (loss) before tax		21,264,271	(97,783,789)
Provision for taxes			
Deferred tax expense		203,092	376,300
Fringe benefit tax		-	982,637
Profit/ (loss) after tax		21,061,179	(99,142,726)
(Loss)/ profit brought forward from previous year		(33,174,923)	65,967,803
Balance carried over to balance sheet		(12,113,744)	(33,174,923)
Basic earnings/ (loss) per share (Refer note 11 on Schedule 18)		1.68	(7.90)
Significant accounting policies	17		
Notes to the financial statements	18		

The schedules referred to above form an integral part of the financial statements

Sangeeta Verma
Sangeeta Verma
Company Secretary

Deepa Varshnei
Deepa Varshnei
Executive Vice President

For and on behalf of the Board of Directors

Waqar Naqvi
Waqar Naqvi
Chief Executive Officer


R.K. Gupta
R.K. Gupta
Managing Director

[Signature]
Director

This is the profit and loss account referred to in our report of even date.

Walker, Chandio & Co
for Walker, Chandio & Co
Chartered Accountants

B.P. Singh
B.P. Singh
Partner



Place: New Delhi
Date: August 28, 2010

Taurus Asset Management Company Limited
Schedules forming part of the financial statements as at March 31, 2010

SCHEDULE - 5

Fixed assets

Particulars	Gross block				Accumulated depreciation and amortisation		Net block	
	2009	Additions	Deletions/ adjustments	2010	2009	2010	2010	2009
Tangibles	21,853,270	-	-	21,853,270	4,377,509	356,208	17,119,553	17,475,761
Building								
Data processing equipments	6,809,180	512,562	43,200	7,278,542	2,122,705	1,029,285	4,169,752	4,686,475
Office equipments	2,472,716	745,906	381,858	2,836,764	639,357	167,225	2,209,181	1,833,359
Furniture and fixtures	831,149	646,458	27,000	1,450,607	558,204	58,620	834,719	272,945
Vehicles	6,015,093	-	-	6,015,093	512,868	571,434	4,930,791	5,502,225
Leasehold improvement	-	1,634,801	-	1,634,801	-	28,349	1,606,452	-
Intangibles	-	-	-	-	-	-	-	-
Computer softwares	2,011,223	120,920	-	2,132,143	1,329,919	167,040	635,184	681,304
Previous year	39,992,631	3,660,647	452,058	43,201,220	9,540,562	2,378,161	31,505,632	30,452,069
	26,975,929	13,825,802	809,100	39,992,631	7,837,498	1,941,608	30,452,069	

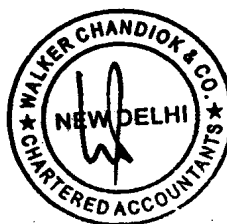


Taurus Asset Management Company Limited
Schedules forming part of the financial statements as at March 31, 2010

SCHEDULE - 6

Investments Long term, non-trade, fully paid up	No. of shares/ units	2010 Rs.	No. of shares/ units	2009 Rs.
Unquoted				
Investment in Government body				
Bonds				
7.90% HUDCO Bonds of face value of Rs.1,000,000 each	2	2,074,600	2	2,074,600
Equity shares of Rs. 10 each				
(a) Listed but not quoted				
ADS Diagnostics Limited	25,000	110,825	25,000	110,825
Aditya Aquaculture Limited	*	350,100	350,100	3,501
Agni Marine Exports Limited	*	73,300	73,300	733
Asian Vegpro Industries Limited	*	100,000	100,000	1,000
Auroma Coke Limited	*	250,000	250,000	2,500
Consolidated Containers Limited	*	12,500	12,500	125
Deep Diamond India Limited	100,000	3,500	100,000	3,500
Flora Textiles Limited	*	300,100	300,100	3,001
Gujarat Chemical Plasto Limited	*	25,000	25,000	250
Gummadi Industries Limited	*	100,100	100,100	1,001
Hindustan Domestic Oil Limited	*	42,400	42,400	424
Hytasun Magnetics Limited	*	35,500	35,500	355
Jaswal Granites Limited	*	150,000	150,000	1,500
Kumars Kotex Limited	*	300,100	300,100	3,001
LD Textiles Limited	*	225	225	2
Manav Pharma Limited	*	24,900	24,900	249
Maya Agro Limited	*	99,000	99,000	990

Sw *BC* *ED* *Shaw*

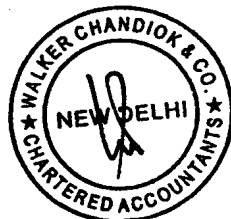


Taurus Asset Management Company Limited
Schedules forming part of the financial statements as at March 31, 2010

SCHEDULE - 6 (contd.)

Long term, non- trade, fully paid up	No. of shares/ units	2010 Rs.	No. of shares/ units	2009 Rs.
Megamarkets Share Resources Limited	*	-	61,000	610
Montana International Limited	*	148,800	148,800	1,488
M S Securities Limited	*	100,000	100,000	1,000
Naraingarh Sugar Mills Limited	*	250,000	250,000	2,500
Noel Agntech Limited	*	165,200	165,200	1,652
Nortech India Limited	*	200,000	200,000	2,000
Nutech Organic Chemicals Limited	*	200,000	200,000	2,000
Omtex Limited	*	50,000	50,000	500
Pan Asia Global Limited	*	3,100	3,100	31
P G Industries Limited	*	50,000	50,000	500
Pilani Investment Limited	*	11,975	11,975	1,196,422
Premier Aqua Limited	*	175,000	175,000	1,750
Premier Polyfilms Limited	*	170,800	170,800	1,708
Premier Vinyl Flooring Limited	*	50	50	-
Presidency Shoes Limited	*	87,100	87,100	871
Prime Solvent Extractions Limited	*	14,400	14,400	144
Punjab Wireless Limited	*	10,500	10,500	-
Raghuvendra Spinners Limited	*	30,000	30,000	300
Rajendra Mining Spares Limited	*	250,000	250,000	2,500
Ravi Spinning Limited	*	180,000	180,000	1,800
Sandur Laminates Limited	*	100,000	100,000	1,000
Sangam Healthcare Products Limited	*	97,700	97,700	977

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Taurus Asset Management Company Limited
Schedules forming part of the financial statements as at March 31, 2010

SCHEDULE - 6 (contd.)

Long term, non- trade, fully paid up		No. of shares/ units	2010 Rs.	No. of shares/ units	2009 Rs.
Shoppers Investments Limited	*	50	1	50	1
Shree Karthik Papers Limited	*	95,100	951	95,100	951
SKR Chemicals Limited	*	199,800	1,998	199,800	1,998
Sonal Cosmetics Limited	*	7,500	75	7,500	75
Southern Fuels Limited	*	162,000	1,620	162,000	1,620
Sudev Industries Limited	.	124,900	1,249	124,900	1,249
Superior Sox Limited	*	100,000	1,000	100,000	1,000
Suppliment Foods Limited	*	20,000	200	20,000	200
Suryo Foods and Industries Limited	*	77,700	777	77,700	777
Usha Ispat Limited		23,000	230	23,000	230
Viral Filaments Limited	*	107,100	1,071	107,100	1,071
Viral Syntex Limited		115,900	1,159	115,900	1,159
Western Foods Limited	*	84,800	848	84,800	848
Western Orissa Sugar Limited	*	2,950	30	2,950	30
(b) Unquoted					
Akshay Software Limited		300,000	4,218,000	300,000	4,218,000
Associated Infotech Limited		400,000	4,000	400,000	4,000
Sovika Infotek Limited		350,000	1,780,560	350,000	1,780,560
Teamasia Semiconductors Limited		250,000	2,500	250,000	2,500
Usha International Limited (Formerly Jai Engg Works)	#	50,600	1,133,900	11,500	1,133,900
Sub total (A)			10,576,869		10,577,479

These have increased consequent to restructuring done by the investee Company.

§ Rounded off to nil.



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Taurus Asset Management Company Limited
Schedules forming part of the financial statements as at March 31, 2010

SCHEDULE - 6 (contd.)

Long term, non- trade, fully paid up	No. of shares/ units	2010 Rs.	No. of shares/ units	2009 Rs.
<u>Units of Mutual Funds of Rs.10 each</u>				
Taurus Bonanza Fund -Dividend Plan	-	-	530,230	19,135,988
Taurus Infrastructure Fund -Growth Plan	-	-	3,185,034	43,395,467
<u>Quoted</u>				
<u>Equity shares of Rs. 10 each unless otherwise stated</u>				
Ahluwalia Contracts Limited (Rs.2 each)	2,721,499	3,265,799	3,582,606	4,299,127
Foursoft Limited (Rs.5 each)	-	-	63,031	3,728,834
Ganesh Polytex	99,193	3,927,790	-	-
Greaves Cotton Limited	7,226	2,296,476	11,226	3,567,706
Jaiprakash Associates	49,955	7,962,209 \$	-	-
Jaypee Hotels Limited	-	-	48,637	11,628,104
J K Paper Limited	-	-	29,801	1,195,020
Manjushree Extrusion Limited	-	-	100,000	1,504,250
Nahar Capital and Finance Limited	-	-	11,948	1,323,697
Polar Pharma Limited	-	-	49,049	666,576
Reliance Industries	4,124	6,010,390 @	-	-
Reliance Petroleum Limited	-	-	25,000	5,015,453
Seax Leather Exports Limited	140,000	2,000 ^	200,000	2,000
Spice Jet Limited	-	-	36,000	1,706,446
Sub total (B)		23,464,665		97,168,668
Total (A + B)		34,041,534		107,746,147
Less: Provision for diminution in value of investments		(2,242,790)		(52,474,751)
Sub total (C)		31,798,744		55,271,396

* Not held in the name of the Company.

^ These have decreased consequent to restructuring done by the investee Company.

\$ 48,637 shares of Jaiprakash Associates Ltd allotted against 48,367 shares of Jaypee Hotels Ltd. consequent to amalgamation.

@ 1,562 shares of Reliance Industries Ltd. allotted against 25,000 shares of Reliance Petroleum Ltd. consequent to amalgamation.

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Taurus Asset Management Company Limited
Schedules forming part of the financial statements: as at March 31, 2010

SCHEDULE - 6 (contd.)

Current investments, non-trade, fully paid up	No. of shares/ units	2010 Rs.	No. of shares/ units	2009 Rs.
Unquoted				
<u>Units of Mutual Funds of Rs. 1,000 each (previous year Rs. 10 each)</u>				
Taurus Ultra Short Term Bond Fund -Super Inst. Growth	60,751	65,051,510	11,708	11,790,592
Taurus Ultra Short Term Bond Fund -Retail Growth	3,738	4,006,149	-	-
Taurus Liquid Fund - Institutional Growth	526	525,933	-	-
Sub total (D)		<u>69,583,592</u>		<u>11,790,592</u>
Total investments (C) + (D)		<u>101,382,335</u>		<u>67,061,988</u>
Aggregate cost of unquoted investments		80,160,460		84,901,527
Aggregate cost of quoted investments		23,464,665		34,635,211
Market value of quoted equity shares		599,190,669		124,915,243
Net asset value of units of mutual funds		70,030,771		41,948,198

SCHEDULE - 7

Sundry debtors (Unsecured, considered good)				
Debtors outstanding for less than six months		4,732,276		1,468,463
		<u>4,732,276</u>		<u>1,468,463</u>

SCHEDULE - 8

Cash and bank balances				
Cash in hand		62,602		52,417
Balances with scheduled banks				
- in current accounts		11,218,816		19,678,331
		<u>11,281,418</u>		<u>19,730,748</u>

SCHEDULE - 9

Other current assets				
Interest accrued on investments		74,888		74,888
		<u>74,888</u>		<u>74,888</u>

SCHEDULE - 10

Loans and advances (Unsecured, considered good)				
Advances recoverable in cash or in kind or for value to be received		19,750,285		12,849,666
Prepaid taxes		14,018,766		9,974,664
		<u>33,769,052</u>		<u>22,824,330</u>

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 SR
 E A
 J K
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Taurus Asset Management Company Limited
Schedules forming part of the financial statements as at March 31, 2010

	2010 Rs.	2009 Rs.
SCHEDULE - 11		
Current liabilities		
Sundry creditors	38,356,981	18,859,578
Other liabilities	3,670,391	3,220,461
Interest accrued but not due on vehicle loan	30,595	34,331
	42,057,967	22,114,370
SCHEDULE - 12		
Provisions		
Employee benefits	5,617,046	4,639,531
Provision for tax	3,765,000	3,765,000
	9,382,046	8,404,531

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Taurus Asset Management Company Limited
Schedules forming part of the financial statements for the year ended March 31, 2010

	2010 Rs.	2009 Rs.
SCHEDULE - 13		
Other income		
Dividend income, non-trade	2,831,031	3,705,081
Interest		
- on investments, non trade	158,000	158,000
(Tax deducted at source Rs. Nil, previous year Rs. Nil)		
- on bank deposits	839	
- on income-tax refunds	-	-
	<u>158,839</u>	<u>119,565</u>
Bad debts recovered	-	1,679,855
Miscellaneous income	6,675	1,522
Excess provision written back	-	598
	<u>2,996,545</u>	<u>5,664,621</u>

SCHEDULE - 14

Personnel cost		
Salaries, wages and bonus	88,225,521	73,616,552
Contribution to provident and other funds	5,410,620	5,772,462
Staff welfare	1,748,893	1,101,046
	<u>95,385,034</u>	<u>80,490,060</u>

SCHEDULE - 15

Administration and other expenses		
Advertisement and business promotion	4,706,325	7,165,669
Legal and professional	7,513,921	2,245,189
Recruitment charges	392,394	4,699,379
Director's sitting fees	900,000	1,010,000
Electricity	1,972,638	1,431,977
Travelling and conveyance	6,719,436	6,788,874
Repair and maintenance		
- building	85,986	84,695
- others	2,105,393	1,852,828
Office expenses	294,593	530,871
Outsourced professional service cost	3,198,565	1,809,594
Insurance	159,004	148,921
Printing and stationery	910,592	1,392,109
Subscription and membership	5,131,673	3,386,497
Communication	3,450,629	3,461,427
Rent	21,389,281	12,677,146
Loss on sale of assets	178,268	73,461
Brokerage on rented premises	387,500	1,567,300
Security deposit for rent, forfeited	734,646	-
Rates and taxes	168,138	2,455,869
Securities transaction tax	-	127,249
Mutual fund expenses	28,299,244	10,799,488
Advances written off	46,064	-
Miscellaneous	46,650	37,530
	<u>88,790,940</u>	<u>63,746,073</u>

SCHEDULE - 16

Finance cost		
Interest on vehicle loan	440,706	451,559
Processing fees	-	50,560
	<u>440,706</u>	<u>502,119</u>

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Taurus Asset Management Company Limited

Schedules forming part of the financial statements for the year ended March 31, 2010

Schedule 17

Significant accounting policies

1. Basis of preparation

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rule 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company unless otherwise stated.

2. Use of estimates

In preparing the Company's financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period; actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

3. Fixed assets

Tangibles

Fixed assets are stated at cost (gross block) less accumulated depreciation. The cost of fixed assets comprises its purchase price and any cost attributable to bringing the assets to its working condition and intended use.

Expenditure on account of modification / alteration in fixed assets, which increases the future benefit from the existing asset beyond its previous assessed standard of performance, is capitalised.

Intangibles

Intangible asset comprises of computers software, is stated at cost less accumulated amortisation.

4. Depreciation and amortisation

Depreciation is provided on straight line method on fixed assets except in case of leasehold improvements, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 on prorata basis from the date of addition. The rates are indicative of the useful life of the respective assets.

Assets costing less than Rs. 5,000 are depreciated at the rate of 100% per annum.

Intangibles assets are amortised on a straight line basis from the date of capitalisation based on the useful life, as estimated by the management, being five years.

Leasehold improvements are amortised on a straight line basis over the primary lease period of the lease or useful life of the related asset whichever is shorter.

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Taurus Asset Management Company Limited

Schedules forming part of the financial statements for the year ended March 31, 2010

Schedule 17

Significant accounting policies (contd.)

5. Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary in the value of the long term investments.

6. Revenue recognition

- i) Management fees are accounted for on an accrual basis at the rates agreed upon with the schemes with reference to their average daily net assets.
- ii) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iii) Dividend on investments is recognised when the right to receive dividend is established.

7. Employee benefits

Wages, salaries, bonuses, paid annual leave and sick leave are accrued in the year in which the associated services are rendered by employees of the Company.

The Company has two post employment benefit plans in operation viz. Gratuity and Leave encashment and one defined contribution plan viz. Provident Fund.

Provident fund benefit is a defined contribution plan under which the Company pays fixed contribution into funds established under Employees Provident Fund and Miscellaneous Provisions Act, 1952. The contributions recognised in respect of defined contribution plans are expensed as they accrue. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short term nature.

The Company provides for gratuity, a defined benefit plan, which defines an amount of benefit that an employee will receive on separation from the Company, usually dependent on one or more factors such as age, years of service and remuneration. The liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation ('DBO') at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The present value of DBO is calculated annually by an independent actuary using the projected unit credit method at the balance sheet date.

The Company also provides benefit of compensated absences under which un-availed leaves are allowed to be accumulated to be availed in future. The scheme is considered as a long term benefit. The compensated absences comprises of vesting as well as non vesting benefit and the liability is determined in accordance with the rules of the Company and is based on actuarial valuations made using the projected unit credit method at the balance sheet date.

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Taurus Asset Management Company Limited

Schedules forming part of the financial statements for the year ended March 31, 2010

Schedule 17

Significant accounting policies (contd.)

8. Leases

- i) Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the of the lease term.
- ii) Assets acquired on lease where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. The resultant interest cost is charged to profit and loss account on accrual basis

9. Taxes on income

Provision for tax includes current tax and deferred tax. Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

Deferred income-taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of change in tax rates is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

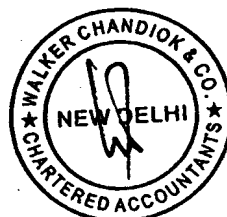
Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax arising from brought forward losses and depreciation are recognized only when there is virtual certainty supported by convincing evidence that such assets will be realized.

Minimum Alternate Tax ('MAT') paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income-tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly, it is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will be able to utilise that credit during the specified period.

10. Impairment of assets

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is charged to the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

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Taurus Asset Management Company Limited

Schedules forming part of the financial statements for the year ended March 31, 2010

Schedule 17

Significant accounting policies (contd.)

11. Earnings per share

Earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

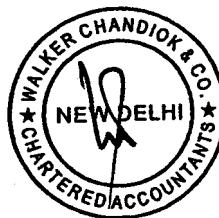
12. Provisions and contingencies

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company;
- present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- present obligation, where a reliable estimate cannot be made or where the possibility of outflow of resources is remote.

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Taurus Asset Management Company Limited

Schedules forming part of the financial statements for the year ended March 31, 2010

SCHEDULE - 18

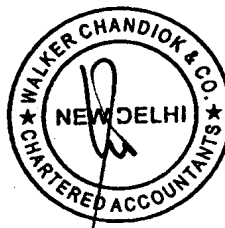
Notes to the financial statements

1. The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 1956. Accordingly, the Company has complied with the Accounting Standards as applicable to a SMC. Pursuant to exemptions/ relaxations applicable to a SMC, Accounting Standard 3 – Cash Flow Statements, and Accounting Standard 17 – Segment Reporting, are not applicable to the Company for the current year. Further, certain disclosure requirements in terms of Accounting Standard 15 (R) – Employee Benefits, Accounting Standard 19 – Leases, Accounting Standard 20 – Earnings per Share and Accounting Standard 29 - Contingent Liabilities and Contingent Assets are also not applicable to the Company for the current year.
2. The erstwhile HB Asset Management Company 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 at the balance sheet date. However on July 30, 2004 the Company had applied for the registration of the office under the "Amnesty Scheme 2004" announced by the Government of Maharashtra. Pending the disposal of Company's application, during the earlier years, a demand of Rs.1,884,550 towards stamp duty and Rs 3,769,100 towards penalty has been raised on the Company by the office of the Collector of Stamps (Enforcement-1) Mumbai. On September 6, 2008 the Company has moved an application for the registration of the office under the "Abhay Yagna 2008" vide Revenue and Forest Department order no. Mudrank-2007/922/C.R199/M-1 dated June 7, 2008 announced by the Government of Maharashtra whereby penalty amount was reduced to Rs 1,000. Accordingly an amount of Rs 1,884,550 was paid towards stamp duty and Rs 1,000 as a penalty thereon. However, subsequent to the balance sheet date the title has been transferred.
3. a) The mutual fund expenses include Rs. 26,783,448 (previous year Rs. 6,385,994) being expenses of the mutual fund schemes managed by the Company in excess of the limits specified in SEBI regulations which are borne by the Company.
- b) The mutual fund expenses for the year includes Rs. 1,346,738 incurred in connection with Taurus FMP -370 Days Series – II & III, Taurus FMP -15 Months Series –I and Taurus FMP -385 Days Series –I launched during that year. These expenses were borne by the Company as per SEBI guidelines / Scheme offer document whereby the new fund offer (NFO) expenses over and above the load collected are required to be borne by the Asset Management Company. An amount of Rs 3,320,178 was incurred in the previous year for schemes launched during the year ended March 31, 2009.
4. **Managerial remuneration***

	2010	2009
	Rs.	Rs.
Salaries and bonus	3,187,204	2,987,167
Contribution to provident and other funds	388,800	469,800
Perquisites	33,469	36,472
Total	3,609,473	3,493,439

* Exclusive of provision for future liabilities in respect of employee benefits (which are based on actuarial valuation on an overall basis for all employees).

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Taurus Asset Management Company Limited

Schedules forming part of the financial statements for the year ended March 31, 2010

SCHEDULE - 18

Notes to the financial statements (contd.)

5. Auditors' remuneration:

	2010	2009
	Rs.	Rs.
Statutory audit	350,000	300,000
Tax audit	25,000	25,000
Out of pocket expenses	2,500	-
Service tax	38,883	33,475
Total	416,383	358,475

6. Included in the investments are securities amounting to Rs. 45,771 (previous year Rs. 46,381) acquired in the earlier years, at book value from Taurus Investment Trust Company, the trustee of Taurus Mutual fund. The Company is in the process of getting these investments transferred in their name.

7. Employee benefits

For the below mentioned defined benefit schemes

a. Compensated absences

b. Gratuity

Actuarial valuation has been done with the following assumptions:

Particulars	Compensated absences (Unfunded)	Compensated absences (Unfunded)	Gratuity (Partly funded)	Gratuity (Partly funded)
	2010	2009	2010	2009
Discount rate	8%	7%	8%	7%
Rate of increase in compensation levels	5.5%	5%	5.5%	5%
Rate of return on plan assets	N.A.	N.A.	8.5%	8.5%

8. Expenditure in foreign currency

	2010	2009
	Rs.	Rs.
Business promotion	-	39,043
Traveling expenses	-	38,517
Total	-	77,560

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Taurus Asset Management Company Limited

Schedules forming part of the financial statements for the year ended March 31, 2010

SCHEDULE - 18

Notes to the financial statements (contd.)

9. No deferred tax asset has been recognised for timing difference on account of accumulated losses and brought forward depreciation in view of the uncertainty as to its realization in the foreseeable future.
10. Particulars of investments purchased and sold during the year:

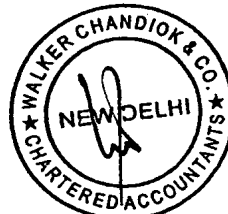
Particulars	Purchase (Nos.)	Amount (Rs.)	Sale (Nos.)	Amount (Rs.)
a) Long term investments				
Ahluwalia Contracts Limited	-		861,107	1,033,328
Foursoft Limited	-		63,031	3,728,834
Greaves Cotton Limited	-		4,000	1,271,230
Ganesh Polytex	99,193	3,927,790	-	-
Nahar Capital & Finance Limited	-		11,948	1,323,697
Manjushree Extrusion Limited	-		100,000	1,504,250
Polar Pharma Limited	-		49,049	666,576
JP Associates Limited *	19,318	-	18,000	3,665,895
J K Paper Limited	-		29,801	1195200
Megamarkets Share Resources Limited	-		61,000	610
Reliance Industries *	2,562	994,937	-	-
Spice Jet Limited	-		36,000	1,706,446
Taurus Bonanza Fund – Dividend Plan	-		530,230	19,135,988
Taurus Infrastructure Fund –Growth Plan	-		3,185,034	43,395,467
b) Current investments				
Taurus Liquid Fund –Institutional Growth	10,500	10,500,000	9,974	9,974,067
Taurus Ultra Short Term Bond Fund – Retail Growth	26,398	27,991,624	22,660	23,985,475
Taurus Ultra Short Term Bond Fund – Super Institutional Growth	106,511	1,13,153,660	57,468	59,892,742

* Including bonus shares

11. Basic earnings / (loss) per share:

	2010	2009
	Rs.	Rs.
Weighted average number of equity shares outstanding (Nos.)	12,550,000	12,550,000
Net profit/ (loss) after tax available for equity shareholders (Rs.)	21,061,179	(99,142,726)
Nominal value per share (Rs.)	10	10
Basic earnings/ (loss) per share (Rs.)	1.68	(7.90)

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Taurus Asset Management Company Limited

Schedules forming part of the financial statements for the year ended March 31, 2010

SCHEDULE - 18

Notes to the financial statements (contd.)

12. The Company leases certain office premises under cancellable operating lease arrangements. The rent expense under these agreements is Rs. 21,389,281 (previous year – Rs. 12,677,146).
13. In the opinion of Board of Directors, current assets, loan and advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated in the balance sheet and provision for all known liabilities have been made in the financial statement.

14. Related party transactions

- a. Names of related parties and description of relationship

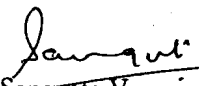
Key management personnel Mr. R.K Gupta, Managing Director

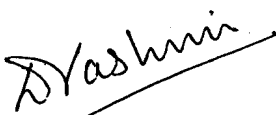
- b. Transactions undertaken/ balances outstanding with related parties: -

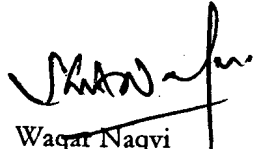
Particulars	Key Management Personnel	
	2010	2009
Transactions during the year		
Remuneration paid	3,609,473	3,493,439
Balances at the end of the year	422,172	54,397

15. The Company has identified the micro and small enterprises based upon the information available and confirmations sent to all the suppliers who have registered themselves under the Micro Small Medium Enterprise Development Act, 2006 (MSMED Act, 2006). Based on the information available with the Company and the confirmations received, there are no dues outstanding to these micro and small enterprises as at March 31, 2010. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.
16. Previous year figures have been regrouped / recast wherever considered necessary to make them comparable to those of current year.

for and on behalf of the Board of Directors


Sangeeta Verma
Company Secretary


Deepa Varshnei
Executive Vice President


Waqar Naqvi
Chief Executive Officer


R.K Gupta
Managing Director


Director

Place: New Delhi
Date: August 28, 2010

