

Auditors' Report

L 41 Connaught Circus
New Delhi 110001
India

T +91 11 4278 7070
F +91 11 4278 7071
E NEWDELHI@wcgt.in

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, 2011 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, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;



Walker, Chandiok & 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, 2011; and
 - ii) the Profit and Loss Account, of the profit for the year ended on that date.

Walker Chandiok & Co.

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

Rajesh Jain

per **Rajesh Jain**
Partner
Membership No. 81203

Place: New Delhi
Date: August 29, 2011

Walker, Chandiook & 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, 2011

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.



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, 2011 (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 financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion, the Company has not defaulted in repayment of dues to a bank or financial institution during the year. Further, the Company has no dues payable to 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) In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.



Walker, Chandiook & 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, 2011 (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 Chandiook & Co

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

Rajesh Jain

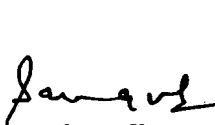
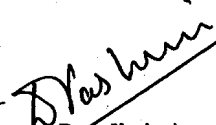
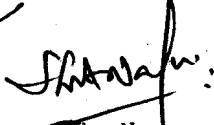
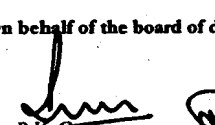
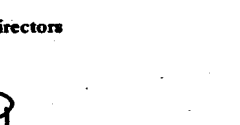
per Rajesh Jain
Partner
Membership No. 81203

Place: New Delhi
Date: August 29, 2011

Taurus Asset Management Company Limited
Balance Sheet as at March 31, 2011

	Schedule	2011 ₹	2010 ₹
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	1,599,612	3,301,336
Deferred tax liabilities, net	4	1,828,733	2,517,995
		<u>141,028,345</u>	<u>143,419,331</u>
APPLICATIONS OF FUNDS			
Fixed assets			
Gross block	5	44,419,974	43,201,220
Less: Accumulated depreciation and amortisation		<u>14,216,787</u>	<u>11,695,588</u>
Net block		30,203,187	31,505,632
Investments	6	104,723,185	101,382,335
Current assets, loans and advances			
Sundry debtors	7	5,935,818	4,732,276
Cash and bank balances	8	2,766,855	11,281,418
Other current assets	9	415,753	74,888
Loans and advances	10	<u>34,005,982</u>	<u>33,769,051</u>
		43,124,408	49,857,633
Less: Current liabilities and provisions			
Current liabilities	11	41,413,763	42,057,967
Provisions	12	<u>7,358,067</u>	<u>9,382,046</u>
		48,771,830	51,440,013
Net current (liabilities)		(5,647,422)	(1,582,380)
Accumulated deficit in profit and loss account		11,749,395	12,113,744
		<u>141,028,345</u>	<u>143,419,331</u>
Significant accounting policies	17		
Notes to the financial statements	18		

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

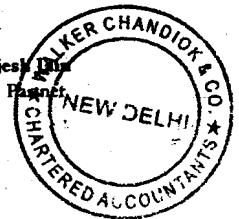
 Sangeeta Verma Company Secretary	 Deepa Varshnei Executive Vice President	 Waqar Naqvi Chief Executive Officer	 R.K. Gupta Managing Director
		 On behalf of the board of directors Director	

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

Walker Chandio & Co

for Walker, Chandio & Co
Chartered Accountants


per Rajesh
Partner



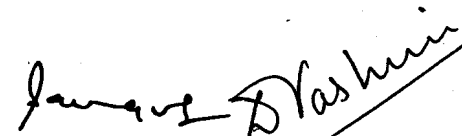
Place: New Delhi
Date: August 29, 2011

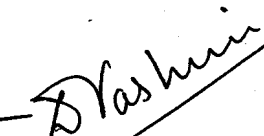
Taurus Asset Management Company Limited
Profit and Loss Account for the year ended March 31, 2011

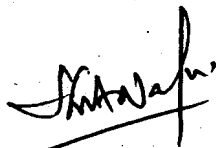
	Schedule	2011 ₹	2010 ₹
INCOME			
Investment management and advisory fees (Tax deducted at source Rs. 6,567,624, previous year Rs. 4,044,102)		59,742,167	34,603,157
Profit on sale/ switch over of investments, non-trade (net)		181,094,239	120,427,450
Provision for diminution in value of long-term investments written back		-	50,231,960
Other income	13	<u>3,802,995</u>	<u>2,996,545</u>
		<u>244,639,401</u>	<u>208,259,112</u>
EXPENDITURE			
Personnel cost	14	104,552,363	96,150,855
Administration and other expenses	15	131,555,787	88,025,119
Depreciation and amortisation	5	2,868,865	2,378,161
Finance cost	16	305,799	440,706
Provision for diminution in value of long-term investments		<u>2,997,320</u>	<u>-</u>
		<u>242,280,134</u>	<u>186,994,841</u>
Profit before tax		<u>2,359,267</u>	<u>21,264,271</u>
Tax expense			
Current tax - Minimum alternate tax (MAT)		173,795	-
Deferred tax (benefit)/ charge		(689,262)	203,092
Tax earlier years		<u>2,510,384</u>	<u>-</u>
Profit after tax		<u>364,350</u>	<u>21,061,179</u>
Balance brought forward from previous year		<u>(12,113,744)</u>	<u>(33,174,923)</u>
Balance carried over to balance sheet		<u>(11,749,395)</u>	<u>(12,113,744)</u>
Earnings per share - Basic (Refer note 10 on Schedule 18)		0.03	1.68
Significant accounting policies	17		
Notes to the financial statements	18		

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


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

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

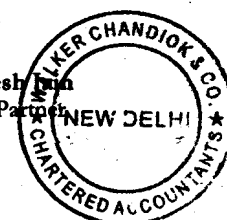
Walker Chandio & Co

for Walker, Chandio & Co
Chartered Accountants



per Rajesh
Partner

Place: New Delhi
Date: August 29, 2011



Taurus Asset Management Company Limited
Schedules forming part of the financial statements as at March 31, 2011

SCHEDULE - 1

	2011 ₹	2010 ₹
Share capital		
Authorised		
13,000,000 (previous year 13,000,000) equity shares of ₹ 10 each	130,000,000	130,000,000
3,000,000 (previous year 3,000,000) 8% Redeemable non-cumulative, non-convertible preference shares of ₹ 10 each	<u>30,000,000</u>	<u>30,000,000</u>
	<u>160,000,000</u>	<u>160,000,000</u>
Issued		
12,550,003 (previous year 12,550,003) equity shares of ₹ 10 each fully paid up	125,500,030	125,500,030
1,000,000 (previous year - 1,000,000) 8% Redeemable non-cumulative, non-convertible preference shares of ₹ 10 each fully paid up	10,000,000	10,000,000
	<u>135,500,030</u>	<u>135,500,030</u>
Subscribed and paid up		
12,550,000 (previous year 12,550,000) equity shares of ₹ 10 each fully paid up	125,500,000	125,500,000
1,000,000 (previous year - 1,000,000) 8% Redeemable non-cumulative, non-convertible preference shares of ₹ 10 each fully paid up	10,000,000	10,000,000
	<u>135,500,000</u>	<u>135,500,000</u>

(The above preference shares are redeemable on or before March 31, 2014)

Note:

Out of the above, 5,040,000 (previous year 5,040,000) equity shares of ₹ 10 each have been allotted as fully paid up, pursuant to the Scheme of Amalgamation, for consideration other than cash.

SCHEDULE - 2

Reserves and surplus
Amalgamation reserve

2,100,000	2,100,000
<u>2,100,000</u>	<u>2,100,000</u>

SCHEDULE - 3

Secured loans

Vehicle loan*

- from banks

- from a body corporate

(*Secured by hypothecation of the specific vehicle)

1,599,612	2,578,740
<u>1,599,612</u>	<u>722,596</u>
	<u>3,301,336</u>

Amounts due within one year

708,842	1,174,538
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SCHEDULE - 4

Deferred tax liabilities/(asset), (net)

Deferred tax liability

Depreciation

Other timing differences

Deferred tax asset

Provision for employee benefits

Other timing differences

4,125,202	4,332,409
	94,820
(2,219,940)	(1,909,234)
<u>(76,529)</u>	
<u>1,828,733</u>	<u>2,517,995</u>

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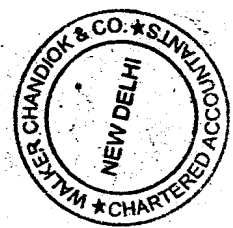
Taurus Asset Management Company Limited
Schedules forming part of the financial statements as at March 31, 2011

SCHEDULE - 5

Fixed assets

Description	Gross block			Accumulated depreciation and amortisation			Net block	
	2010	Additions	Disposals/ Adjustments	2010	Depreciation/ amortisation	Disposals/ adjustments	2010	2011
Building	21,853,270	-	-	4,733,717	356,208	-	16,763,345	17,119,553
Data processing equipments	7,278,542	880,066	42,290	3,108,790	1,104,375	22,611	3,925,764	4,169,752
Office equipments	2,836,764	292,008	70,787	627,563	169,898	38,103	2,298,607	2,209,181
Furniture and fixtures	1,450,607	37,957	-	615,888	105,245	-	767,431	834,719
Vehicles	6,015,093	-	1,250,000	1,084,302	521,006	286,952	3,446,737	4,930,791
Lesseehold improvement	1,634,801	41,646	-	28,349	289,743	-	1,358,355	1,606,452
Sub-total Tangibles	41,069,077	1,251,677	1,363,077	10,198,629	2,546,475	347,666	28,560,239	30,870,448
Computer softwares	2,132,143	1,330,154	-	1,496,959	322,390	-	1,642,948	635,184
Sub-total Intangibles	2,132,143	1,330,154	-	1,496,959	322,390	-	1,642,948	635,184
Total - current year	43,201,220	2,581,831	1,363,077	11,695,588	2,868,865	347,666	30,203,187	31,505,632
Previous year	39,992,631	3,660,647	452,058	9,540,562	2,378,161	223,135	31,505,632	11,695,588

M. P. S. / S. P. S.



Taurus Asset Management Company Limited
Schedules forming part of the financial statements as at March 31, 2011

SCHEDULE - 6

Investments Long term, non- trade, fully paid up	No. of shares/ units	2011 ₹	No. of shares/ units	2010 ₹
Unquoted				
Investment in Government body				
Bonds				
7.90% HUDCO Bonds of face value ₹ 1,000,000 each	2	2,074,600	2	2,074,600
10.75% Shriram Transport Co. Bonds of face value ₹ 100,000 each	25	2,500,000	-	-
10.90% Tata Motor Finance Bonds of face value ₹ 500,000 each	5	2,627,500	-	-
9.65% IDBI Bank Ltd. Bonds of face value ₹ 1,000,000 each	2	2,060,000	-	-
9.75% IFCI Ltd. Bonds of face value ₹ 1,000,000 each	3	3,000,000	-	-
Equity shares of ₹ 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
Agri 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	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
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 Agritech Limited	*	165,200	165,200	1,652
Nortech India Limited	*	200,000	200,000	2,000

R D E D Sharma



Taurus Asset Management Company Limited
Schedules forming part of the financial statements as at March 31, 2011

SCHEDULE - 6 (contd.)

Long term, non-trade, fully paid up	No. of shares/ units	2011 ₹	No. of shares/ units	2010 ₹	
Nutech Organic Chemicals Limited	*	200,000	2,000	200,000	2,000
Omtex Limited	*	50,000	500	50,000	500
Pan Asia Global Limited	*	3,100	31	3,100	31
P G Industries Limited	*	50,000	500	50,000	500
Pilani Investment Limited	*	11,975	1,196,422	11,975	1,196,422
Premier Aqua Limited	*	175,000	1,750	175,000	1,750
Premier Polyfilms Limited	*	170,800	1,708	170,800	1,708
Premier Vinyl Flooring Limited	*	50	-	50	-
Presidency Shoes Limited	*	87,100	871	87,100	871
Prime Solvent Extractions Limited	*	14,400	144	14,400	144
Punjab Wireless Limited	*	10,500	-	10,500	-
Raghuvendra Spinners Limited	*	30,000	300	30,000	300
Rajendra Mining Spares Limited	*	250,000	2,500	250,000	2,500
Ravi Spinning Limited	*	180,000	1,800	180,000	1,800
Sandur Laminates Limited	*	100,000	1,000	100,000	1,000
Sangam Healthcare Products Limited	*	97,700	977	97,700	977
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

Sw. P. L. J. Sharma



Taurus Asset Management Company Limited
Schedules forming part of the financial statements as at March 31, 2011

SCHEDULE - 6 (contd.)

Long term, non- trade, fully paid up	No. of shares/ units	2011 ₹	No. of shares/ units	2010 ₹
(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
Sub total (A)		19,630,468		10,576,868
§ Rounded off to Nil.				
Quoted				
<u>Equity shares of ₹ 10 each unless otherwise stated</u>				
Ahluwalia Contracts Limited (₹ 2 each)	1,759,185	2,111,022	2,721,499	3,265,799
Ganesh Polytex Limited	139,890	6,857,563	99,193	3,927,790
Greaves Cotton Limited			7,226	2,296,476
Jaiprakash Associates Limited (₹ 2 each)	79,255	11,020,434	49,955	7,962,209 §
Rashtriya Chemical Fertilizers Limited	25,000	2,852,152		
Reliance Industries Limited	26,917	28,889,745	4,124	6,010,390 @
Seax Global Ventures Limited (formerly known as Seax Leather Exports Limited)			140,000	2,000 ^
Sub total (B)		51,730,916		23,464,665
Total (A + B)		71,361,384		34,041,533
Less: Provision for diminution in value of investments		(5,240,111)		(2,242,790)
Sub total (C)		66,121,273		31,798,743
* 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 Limited allotted against 48,637 shares of Jaypee Hotels Limited consequent to amalgamation.				
@ 1,562 shares of Reliance Industries Limited allotted against 25,000 shares of Reliance Petroleum Limited consequent to amalgamation.				
Current investments, non- trade, fully paid up				
Unquoted				
<u>Units of Mutual Funds of ₹ 1,000 each</u>				
Taurus Ultra Short Term Bond Fund -Super Institutional Growth	30,245	34,385,524	60,751	65,051,510
Taurus Ultra Short Term Bond Fund -Retail Growth	3,210	3,665,456	3,738	4,006,149
Taurus Gilt Fund - Growth	1,762	25,000		
Taurus Liquid Fund - Institutional Growth	526	525,933	526	525,933
Sub total (D)		38,601,913		69,583,592
Total investments (C) + (D)		104,723,185		101,382,335
Aggregate cost of unquoted investments		58,232,382		80,160,460
Aggregate cost of quoted investments		51,730,916		23,464,665
Market value of quoted equity shares		240,101,467		599,190,669
Net asset value of units of mutual funds		39,157,581		70,030,771

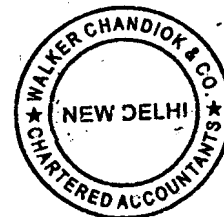


Taurus Asset Management Company Limited
Schedules forming part of the financial statements as at March 31, 2011

	2011	2010
	₹	₹
SCHEDULE - 7		
Sundry debtors		
(Unsecured, considered good)		
Debtors outstanding for less than six months	5,935,818	4,732,276
	<u>5,935,818</u>	<u>4,732,276</u>
SCHEDULE - 8		
Cash and bank balances		
Cash in hand	62,253	62,602
Balances with scheduled banks		
- in current accounts	2,704,602	11,218,816
	<u>2,766,855</u>	<u>11,281,418</u>
SCHEDULE - 9		
Other current assets		
Interest accrued on investments	415,753	74,888
	<u>415,753</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	23,394,256	21,198,901
Prepaid taxes	10,611,726	12,570,150
	<u>34,005,982</u>	<u>33,769,051</u>
SCHEDULE - 11		
Current liabilities		
Sundry creditors		
- dues to Micro, Small and Medium Enterprises *		
- others	37,012,498	38,356,981
Other liabilities	4,386,294	3,670,391
Interest accrued but not due on vehicle loan	14,971	30,595
	<u>41,413,763</u>	<u>42,057,967</u>
* Based on information available with management, which has been relied upon by the auditors		
SCHEDULE - 12		
Provisions		
Employee benefits	7,184,272	5,617,046
Tax	173,795	3,765,000
	<u>7,358,067</u>	<u>9,382,046</u>

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Taurus Asset Management Company Limited
Schedules forming part of the financial statements for the year ended March 31, 2011

	2011 ₹	2010 ₹
SCHEDULE - 13		
Other income		
Dividend income, non-trade	2,477,577	2,831,031
Interest		
- on investments, non trade (Tax deducted at source Rs. Nil, previous year Rs. Nil)	576,337	158,000
- on income-tax refunds	701,881	
- on others	889	839
Excess provision written back	1,145	
Miscellaneous income	45,166	6,675
	<u>3,802,995</u>	<u>2,996,545</u>

SCHEDULE - 14		
Personnel cost		
Salaries, wages and bonus	96,070,838	88,991,342
Contribution to provident and other funds	6,383,959	5,410,620
Staff welfare	2,097,566	1,748,893
	<u>104,552,363</u>	<u>96,150,855</u>

SCHEDULE - 15		
Administration and other expenses		
Advertisement and business promotion	4,257,034	4,706,325
Legal and professional	4,212,702	7,513,921
Recruitment charges	1,236,337	392,394
Director's sitting fees	760,000	900,000
Electricity	2,270,649	1,972,638
Travelling and conveyance	6,500,738	5,953,615
Repair and maintenance		
- building	76,412	85,986
- others	2,411,059	2,105,393
Office expenses	527,696	294,593
Outsourced professional service cost	6,536,478	3,198,565
Insurance	127,326	159,004
Printing and stationery	1,262,257	910,592
Subscription and membership	7,819,642	5,131,673
Communication	3,250,706	3,450,629
Rent	21,775,208	21,389,281
Loss on sale of assets	296,950	178,268
Brokerage on rented premises	55,000	387,500
Rates and taxes	68,903	168,138
Mutual fund expenses	67,985,620	28,299,244
Advances written off	908	46,064
Miscellaneous	124,162	781,296
	<u>131,555,787</u>	<u>88,025,119</u>

SCHEDULE - 16		
Finance cost		
Interest on vehicle loan	305,799	440,706
	<u>305,799</u>	<u>440,706</u>

Am Dr L P Sharma



Taurus Asset Management Company Limited

Schedules forming part of the financial statements for the year ended March 31, 2011

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.

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the results of operations during the reporting period. The actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

3. Fixed assets and intangibles

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.

Intangibles

Intangible assets comprise softwares and licences which are stated at cost less accumulated amortisation. These are recognised as assets if it is probable that future economic benefits attributable to such assets will flow to the Company and the cost of the assets can be measured reliably.

4. Depreciation and amortisation

Depreciation is provided on straight line method on fixed assets at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 on the 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.

Leasehold improvements are amortised over the lease period or the estimated useful life, whichever is shorter.

Amortisation of intangibles is based on the estimated useful life, as estimated by management, being five years.

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Taurus Asset Management Company Limited

Schedules forming part of the financial statements for the year ended March 31, 2011

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 agreed upon rates with the schemes with reference to their average daily net assets.
- ii. Portfolio Management fees are recognised on an accrual basis in accordance with Portfolio Management Agreement entered with respective client.
- iii. Interest income is accounted for on an accrual basis on time proportionate basis at the applicable rates.
- iv. Dividend income is accounted for as income when the Company's right to receive it is established.
- v. The gains/ losses on sale of investments are recognised in the profit and loss account on the trade day. Profit or loss on sale of investments is determined on average cost basis.

7. Leases

- a) 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.
- b) 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



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Taurus Asset Management Company Limited

Schedules forming part of the financial statements for the year ended March 31, 2011

Schedule 17

Significant accounting policies (contd.)

8. Employee benefits

Wages, salaries, bonuses 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.

9. Foreign exchange transactions

Transactions in foreign currency are recorded at the rates prevailing on the date of the transaction. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Monetary items denominated in foreign currency are restated at the rate prevailing on the balance sheet date.

Exchange differences arising on the settlement/ restatement of monetary items at the rates different from those at which they were initially recorded during the year or reported in the previous financial statements, are recognised as income or expense in the year in which they arise.

10. Impairment of assets

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of asset. 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, 2011

Schedule 17

Significant accounting policies (contd.)

11. Taxes on income

Tax expenses comprises of current and deferred tax.

Current tax is determined as higher of the amount of tax payable calculated at the tax rates applicable to the relevant assessment year on the assessable income of the respective year or tax payable on book profit computed in accordance with the provisions of section 115JB of the Income tax Act, 1961.

Deferred income-tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax asset to the extent it pertains to unabsorbed business loss/ depreciation is recognized only to the extent that there is virtual certainty of realization based on convincing evidence, as evaluated on a case to case basis.

Minimum Alternate tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and write down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income-tax during the specified period.

12. Earnings per share

Basic earning per share is 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.

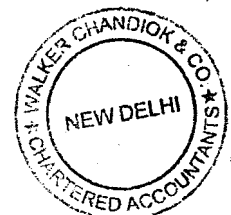
13. Provisions and contingencies

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.

Dr. J. S. Sharma



Taurus Asset Management Company Limited

Schedules forming part of the financial statements for the year ended March 31, 2011

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 (Accounting Standards) Rules, 2006. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.
2. a) The mutual fund expenses include ₹ 27,259,587 (previous year ₹ 26,783,448) 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 ₹ 20,366,342 incurred in connection with Taurus Dynamic Fund, Taurus Nifty Index Fund, Taurus MIP Advantage Fund, Taurus FMP -91 Days Series - A, B & E, Taurus FMP -120 Days Series - I & II, Taurus FMP -180 Days Series -I, Taurus FMP -367 Days Series -C, Taurus FMP -370 Days Series -3 & D 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 are required to be borne by the Asset Management Company. An amount of ₹ 1,346,738 were incurred in the previous year for schemes launched during the year ended March 31, 2010.
c) The mutual fund expenses for the year include ₹ 19,264,479 being expenses towards upfront distributors/agent's commission fees paid on mobilization of funds in mutual fund schemes. These expenses were borne by the Company as per SEBI clarification vide email dated March 29, 2010 and March 30, 2010 and subsequent email dated October 18, 2010 on compliance with SEBI Guidelines on "No upfront commission from scheme" whereby exit load or past load balance could not be utilized by the scheme(s) for paying upfront distributors/agent's commission referred to in Regulation 52(4) (b) (i) of SEBI (Mutual Fund) Regulations, 1996, effective April 1, 2010.
3. **Managerial remuneration***

Particulars	2011	2010
	₹	₹
Salaries and bonus	3,090,000	3,187,204
Contribution to provident and other funds	486,000	388,800
Perquisites	24,798	33,469
Total	3,600,798	3,609,473

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

4. Included in the investments are securities amounting to ₹ 45,771 (previous year ₹ 45,771) 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.

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Taurus Asset Management Company Limited

Schedules forming part of the financial statements for the year ended March 31, 2011

SCHEDULE - 18

Notes to the financial statements (contd.)

5. Auditors' remuneration:

Particulars	2011	2010
	₹	₹
Statutory audit	400,000	350,000
Out of pocket expenses	2,000	2,500
Service tax	41,406	38,883
Total	443,406	319,383

6. 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) 2011	Compensated absences (Unfunded) 2010	Gratuity (Partly funded) 2011	Gratuity (Partly funded) 2010
	Discount rate	8%	8%	8%
Rate of increase in compensation levels	5.5%	5.5%	5.5%	5.5%
Rate of return on plan assets	N.A.	N.A.	8.5%	8.5%

7. Expenditure in foreign currency

Particulars	2011	2010
	₹	₹
Subscription and membership	56,985	-
Total	56,985	-

8. 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. Further, owing to lack of convincing evidence of utilisation of the MAT credit entitlement within the time stipulated by the Income-tax Act, 1961, no credit entitlement on the MAT has been created in the financial statement.

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Taurus Asset Management Company Limited

Schedules forming part of the financial statements for the year ended March 31, 2011

SCHEDULE - 18

Notes to the financial statements (contd.)

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

Particulars	Purchase (Nos.)	Amount ₹	Sale (Nos.)	Amount ₹
Long term investments				
a) Equity Shares				
Ahluwalia Contracts Limited	-	-	962,314	169,108,060
Delta Corporation Limited	35,000	2,456,010	35,000	3,905,128
Ganesh Polytex Limited	51,697	3,459,582	11,000	731,681
Greaves Cotton Limited	-	-	7,226	2,583,525
JP Associates Limited	29,300	3,058,225	-	-
Rashtriya Chemical Fertilizers Limited	25,000	2,852,152	-	-
Reliance Industries Limited	22,793	22,879,354	-	-
Seax Global Ventures Limited	-	-	140,000	4,931,564
Usha International Limited	-	-	50,600	4,387,526
b) Bonds				
IDBI Bank Limited	2	2,060,000	-	-
IFCI Limited	3	3,000,000	-	-
Shriram Transport Finance Company Limited	25	2,500,000	-	-
Tata Motors Finance Limited	5	2,627,500	-	-
Current investments				
Taurus Liquid Fund –Growth Plan	2,662	3,300,000	2,662	3,301,406
Taurus Gilt Fund-Growth Plan	1,762	25,000	-	-
Taurus Ultra Short Term Bond Fund –Retail Growth	62,036	68,900,000	62,564	69,425,000
Taurus Ultra Short Term Bond Fund –Super Institutional Growth	106,267	118,500,000	136,774	152,000,000

10. Earnings per share:

Particulars	2011	2010
Weighted average number of equity shares outstanding (Nos.)	12,550,000	12,550,000
Net Profit after tax available for equity shareholders (₹)	364,351	21,061,179
Nominal value per share (₹)	10	10
Basic earnings per share	0.03	1.68

Dr. L. J. Sharma



Taurus Asset Management Company Limited

Schedules forming part of the financial statements for the year ended March 31, 2011

SCHEDULE - 18

Notes to the financial statements (contd.)

11. 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.
12. The Company leases certain office premises under cancellable operating lease arrangements. The rent expense under these agreements is ₹ 21,755,208 (previous year – ₹ 21,389,281).
13. The Company has entered into finance lease arrangements towards vehicles purchased on finance leases and are secured by first charge over those assets.

14. Related party transactions

- a. Names of related parties and description of relationship

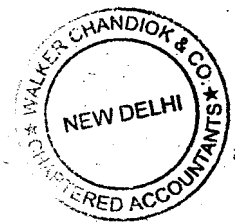
Key management personnel Mr. R.K Gupta, Managing Director

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

Particulars	Key Management Personnel	
	2011 ₹	2010 ₹
Transactions during the year		
Remuneration paid	3,600,798	3,609,473
Balances at the end of the year	208,027	422,172

15. The Company has identified the micro and small enterprises under the Micro Small Medium Enterprise Development Act, 2006 (MSMED Act, 2006) based upon the information available and confirmations sent to all the suppliers. 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, 2011. Further, no interest during the year has been paid or payable under the terms of the MSMED Act, 2006.

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Taurus Asset Management Company Limited


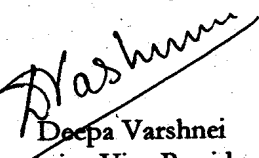
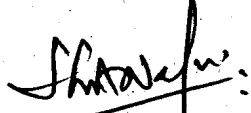
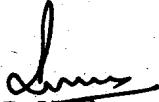
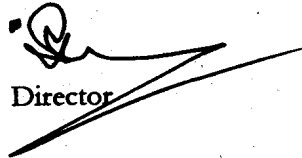
Schedules forming part of the financial statements for the year ended March 31, 2011

SCHEDULE - 18

Notes to the financial statements (contd.)

16. Previous year figures have been regrouped / recast wherever considered necessary to make them comparable to those of current year.

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
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Place: New Delhi

Date: August 29, 2011

