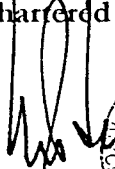


Walker, Chandiook & Co

- e. On the basis of written representations received from the directors, as on 31 March 2005, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For Walker, Chandiook & Co
Chartered Accountants


B.P. Singh
Partner
Membership No. 70116



Place: New Delhi

Date: 23 August 2005

Walker, Chandio & Co

Annexure to the auditors' report of even date to the members of Creditcapital Asset Management Company Limited, on the financial statements for the year ended 31 March 2005

In terms of the information and explanations given to us and the books and records examined by us in the normal course of audit, we report that:

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) In our opinion, a substantial part of fixed assets have not been disposed of during the year.
- (ii) The Company does not have any tangible inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable to the Company.
- (iii) The Company has not granted/ taken any loans, secured or unsecured to/ from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii) of the Order are not applicable to the Company.
- (iv) Owing to the nature of its business, the Company does not maintain any physical inventories or sell any goods. Accordingly, clause 4(iv) of the Order with respect to purchase of inventories and sale of goods is not applicable to the Company. In our opinion, there are adequate internal control systems 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 internal controls in respect of these areas.
- (v) We are of the opinion that 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 to the Company.
- (vi) The Company has not accepted any deposits from the public and accordingly, the provisions of clause 4(vi) of the Order are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) To the best of our knowledge, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company and accordingly, the provisions of clause 4(viii) of the Order are not applicable to the Company.



Walker, Chandiook & Co

Annexure to the auditors' report of even date to the members of Creditcapital Asset Management Company Limited, on the financial statements for the year ended 31 March 2005 (contd.)

- (ix) (a) The Company is regular in depositing the undisputed statutory dues including provident fund, investor education fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. No undisputed amounts payable in respect of income-tax, wealth-tax, service-tax, sales-tax, customs duty and excise duty were outstanding, at the year end for a period of more than six months from the date they became payable.
- (b) There are no amounts in respect of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) The Company has no dues in respect of dues to a financial institution, bank or debenture holders. Accordingly, the provisions of clause 4(xi) of the Order are not applicable to the Company.
- (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 and accordingly, the provisions of clause 4(xii) of the Order are not applicable to the Company.
- (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 to the company.
- (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 to the company.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable to the company.
- (xvi) The Company did not have any term loans outstanding during the year. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable to the company.
- (xvii) The Company did not have any outstanding borrowings during the year. Accordingly, the provisions of clause 4(xvii) of the Order are not applicable to the company.
- (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 to the company.
- (xix) The Company did not have any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable to the company.

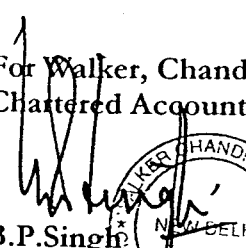


Walker, Chandio & Co

Annexure to the auditors' report of even date to the members of Creditcapital Asset Management Company Limited, on the financial statements for the year ended 31 March 2005 (contd.)

- (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 to the company.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For Walker, Chandio & Co
Chartered Accountants


B.P. Singh
Partner
Membership No. 70116



Place: New Delhi

Date: 23 August 2005


CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED

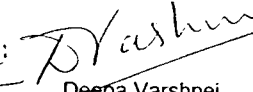
BALANCE SHEET AS AT 31 MARCH 2005


	Schedule	2005 Rs.	2004 Rs.
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	125,500,000	125,400,000
Reserves and surplus	2	8,046,294	2,100,000
Deferred tax liability (net)		-	1,516,024
Total		133,546,294	129,016,024
APPLICATION OF FUNDS			
Fixed assets			
Gross block	3	26,385,608	26,041,388
Less: depreciation		7,283,810	6,439,091
Net block		19,101,798	19,602,297
Investments	4	84,342,586	51,505,057
Deferred tax asset		1,164,677	-
Current assets, loans and advances			
Interest accrued on investments	5	191,911	111,280
Sundry debtors	6	6,922,289	2,655,250
Cash and bank balances	7	9,873,916	30,747,620
Loans and advances	8	15,054,824	10,081,059
		32,042,940	43,595,209
Less: Current liabilities and provisions			
-Current liabilities	9	1,296,764	1,313,624
-Provisions	10	1,808,943	998,674
		3,105,707	2,312,298
Net current assets		28,937,233	41,282,911
Profit and loss account		-	16,625,759
Total		133,546,294	129,016,024
Significant accounting policies	14		
Notes to the financial statements	15		

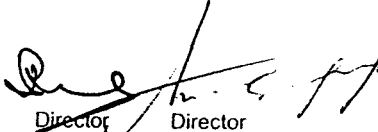
The schedules referred to above form an integral part of the financial statements

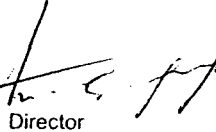
For and on behalf of the Board of Directors


 Sangeeta Verma
 Company Secretary


 Deepa Varshnei
 Vice President (Accounts)


 R.K. Gupta
 Managing Director


 Director

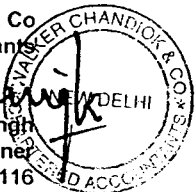

 Director

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

For Walker, Chandio & Co
Chartered Accountants

B.P. Singh
Partner

Membership No. 70116



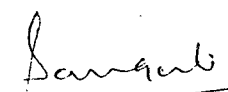
Place : New Delhi

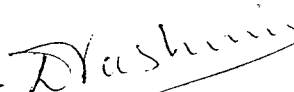
Date : 23 August 2005

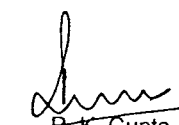
CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

	Schedule	2005 Rs.	2004 Rs.
INCOME			
Investment management and advisory fees (Tax deducted at source Rs.1,022,547 previous year Rs.840,952)		17,892,844	15,190,732
Other income	11	19,649,041	4,881,369
		37,541,885	20,072,101
EXPENDITURE			
Personnel cost	12	5,825,960	4,947,924
Administration and other expenses	13	8,105,809	6,856,136
Depreciation		951,063	907,450
Provision for diminution in value of investments		1,842,959	305,684
		16,725,791	13,017,194
Profit before tax		20,816,094	7,054,907
Income tax earlier years		(6,086)	-
Prior period adjustments			
- Repair and maintenance		-	(113,962)
- Depreciation		106,344	
Provision for tax			
-Current		(1,025,000)	(385,000)
-Deferred		2,680,701	(60,654)
		22,572,053	6,495,291
Profit after tax		22,572,053	6,495,291
Loss brought forward from previous year		(16,625,759)	(23,121,050)
Balance carried over to balance sheet		5,946,294	(16,625,759)
Earnings per share		1.99	0.65
Significant accounting policies	14		
Notes to the financial statements	15		


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

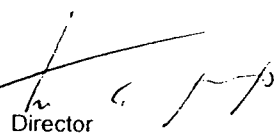

 Sangeeta Verma
 Company Secretary


 Deepa Varshnei
 Vice President (Accounts)


 R. K. Gupta
 Managing Director

For and on behalf of the Board of Directors


 Director

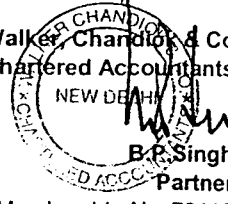

 Director

This is the Profit & Loss account referred to in our report of even date.

Place : New Delhi

Date : 23 August 2005

For Walker, Chandola & Co
Chartered Accountants


 B. P. Singh
 Partner
 Membership No. 70116

CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED

Schedules forming part of the financial statements for the year ended 31 March 2005

SCHEDULE - 1

	2005 Rs.	2004 Rs.
Share Capital Authorised		
13,000,000 Equity shares of Rs. 10 each	130,000,000	130,000,000
3,000,000 6% Non -cumulative redeemable preference shares of Rs. 10 each	<u>30,000,000</u>	<u>30,000,000</u>
	<u>160,000,000</u>	<u>160,000,000</u>
Issued		
12,550,003 (previous year 10,040,000) equity shares of Rs. 10 each fully paid up	125,500,030	100,400,000
Nil (previous year 2,500,000) 6% non- cumulative redeemable preference shares of Rs.10 each fully paid up	-	25,000,000
	<u>125,500,030</u>	<u>125,400,000</u>
Subscribed		
12,550,000 (previous year 10,040,000) equity shares of Rs. 10 each fully paid up	125,500,000	100,400,000
Nil (previous year 2,500,000) 6% non- cumulative redeemable preference shares of Rs.10 each fully paid up	-	25,000,000
	<u>125,500,000</u>	<u>125,400,000</u>

Note:

Of the above, 5,040,000 equity shares of Rs. 10 each have been allotted as fully paid up, pursuant to the Scheme of Amalgamation, for consideration other than cash.

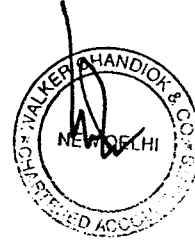
SCHEDULE - 2

Reserves and surplus

Amalgamation reserve	2,100,000	2,100,000
Profit and loss account	<u>5,946,294</u>	<u>-</u>
	<u>8,046,294</u>	<u>2,100,000</u>

SV

[Handwritten signatures]



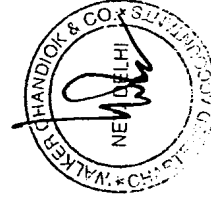
CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED

Schedules forming part of the financial statements for the year ended 31 March 2005

SCHEDULE 3 : Fixed assets

Particulars	Gross Block			Depreciation		Net Block	
	As at 1 April 2004	As at 31 March 2005	As at 1 April 2004	During the year	Adjustment	As at 31 March 2005	As at 31 March 2004
Building	19,800,020	19,943,120	2,734,499	323,731	-	3,058,230	17,065,521
Data processing equipment	3,732,205	3,841,635	2,664,811	461,607	(7,679)	3,118,739	1,067,394
Office equipment	1,318,517	1,394,637	491,186	69,095	(89,239)	471,042	827,331
Furniture and fixtures	666,844	682,414	323,831	46,869	(9,426)	361,274	343,013
Vehicles	523,802	523,802	224,764	49,761	-	274,525	299,038
Total	26,041,388	26,385,608	6,439,091	951,063	(106,344)	7,283,810	19,602,297
Previous year	25,692,008	26,041,388	5,531,641	907,450	-	6,439,091	20,160,367





CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED

Schedules forming part of the financial statements for the year ended 31 March 2005

SCHEDULE - 4

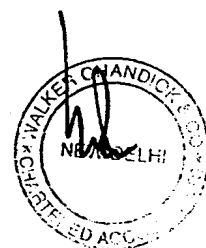
Investments

Long term, non- trade, fully paid up

	No. of shares/ units	2005 Rs.	No. of shares/ units	2004 Rs.
Unquoted				
<u>Non-Convertible Debentures</u> #				
13% DCM Shriram Consolidated Ltd. (Face value Rs.33 each)	-	-	26,838	765,316
Sub-Total (A)		<u>-</u>		<u>765,316</u>
<u>Non -Cumulative Preference Shares</u> #				
12.50% CFL Securities Ltd. Face value Rs.100 each	250,000	25,010,000	250,000	25,010,000
Sub-Total (B)		<u>25,010,000</u>		<u>25,010,000</u>
<u>Units of Mutual Funds of Rs.10 each</u>				
Starshare	153,374	2,500,000	-	-
Bonanza Exclusive Growth-Open	1,010,364	17,106,353	1,083,351	7,580,750
Discovery Stock Fund	653,452	5,000,000	653,452	5,000,000
Quoted				
<u>Equity Shares of Rs. 10 each</u>				
Industrial Finance Corporation of India Ltd.	40,000	1,211,400	40,000	1,211,400
Sub-Total (C)		<u>25,817,753</u>		<u>13,792,150</u>
Total (A + B + C)		50,827,753		39,567,466
Less: Provision for Diminution in value of investments		(679,400)		(2,113,128)
Sub-Total (D)		<u>50,148,353</u>		<u>37,454,338</u>

Listed but not quoted.

Handwritten signatures and initials.



CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED

Schedules forming part of the financial statements for the year ended 31 March 2005

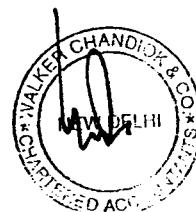
SCHEDULE - 4(continued)

Current Investments, non- trade, fully paid up	No. of shares/ units	2005 Rs.	No. of shares/ units	2004 Rs.
Unquoted				
<u>Bonds</u>				
7.90% HUDCO Bonds of face value of Rs.10,00,000 each	2	2,074,600	2	2,074,600
<u>Equity shares of Rs. 10 each</u>				
Sovika Infotek	200,000	1,091,430	-	-
Quoted				
<u>Equity shares</u>				
Canara Bank (Rs.10 each)	-	-	16,750	2,122,220
Hindustan Lever Ltd.(Re 1 each)	16,000	2,565,819	50,000	8,018,184
Bajaj Hindustan Ltd. (Rs.10 each)	14,309	2,221,777	-	-
Balaji Telefilm Ltd. (Rs.2 each)	25,441	2,710,392	-	-
Cipla (Rs.2 each)	17,848	5,016,457	-	-
Essar Oil (Rs.10 each)	61,000	1,553,182	-	-
GIC Housing Finance (Rs.10 each)	40,000	1,710,060	-	-
IDBI (Rs.10 each)	35,000	2,428,612	-	-
IEC Software (Rs.10 each)	20,644	101,362	-	-
J K Paper (Rs.10 each)	40,000	1,913,300	-	-
Nahar Spinning (Rs.10 each)	16,081	3,522,137	-	-
Pilani Investment (Rs.10 each) #	1,975	614,857	-	-
SAIL (Rs.10 each)	70,000	4,009,674	-	-
Satnam Overseas (Rs.10 each)	11,846	1,123,051	-	-
TISCO (Rs.10 each)	5,000	1,500,166	-	-
Usha International (Rs.10 each)	11,500	1,133,900	-	-
Videocon International (Rs.10 each)	15,000	1,052,100	-	-
Union Bank (Rs.10 each)	-	-	44,663	2,141,399
Sub-Total (E)		36,342,876		14,356,403
Less: Provision for diminution in value of investments		(2,148,643)		(305,684)
Sub-Total (F)		34,194,233		14,050,719
Total (D + F)		84,342,586		51,505,057

Listed but not quoted.

Aggregate cost of unquoted investments	52,782,383	40,430,666
Aggregate cost of quoted equity shares	34,388,246	13,493,203
Market value of quoted equity shares	33,925,891	12,881,490
Market value of units of mutual fund	27,582,355	19,554,500

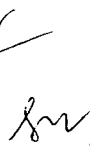

[Handwritten signatures and initials]

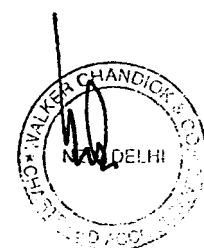


CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED

Schedules forming part of the financial statements for the year ended 31 March 2005

	2005 Rs.	2004 Rs.
SCHEDULE - 5		
Interest accrued on investments		
Interest accrued on investments		
- Considered good	191,911	111,280
- Considered doubtful	<u>133,916</u>	<u>133,916</u>
	325,827	245,196
Less: provision for interest doubtful of recovery	<u>(133,916)</u>	<u>(133,916)</u>
	<u><u>191,911</u></u>	<u><u>111,280</u></u>
 SCHEDULE -6		
Sundry debtors		
(Unsecured, considered good)		
Other debts	<u>6,922,289</u>	<u>2,655,250</u>
	<u><u>6,922,289</u></u>	<u><u>2,655,250</u></u>
 SCHEDULE - 7		
Cash and bank balances		
Cash in hand	1,401	13,083
Balances with scheduled banks		
-in current account	4,756,496	30,734,537
-in fixed deposit account	<u>5,116,018</u>	<u>-</u>
	<u><u>9,873,916</u></u>	<u><u>30,747,620</u></u>
 SCHEDULE - 8		
Loans and advances		
(Unsecured, considered good unless otherwise stated)		
Inter corporate loan	10,000,000	
Advances recoverable in cash or in kind or for value to be received	3,691,187	8,392,299
Prepaid taxes	<u>1,363,637</u>	<u>1,688,760</u>
	<u><u>15,054,824</u></u>	<u><u>10,081,059</u></u>

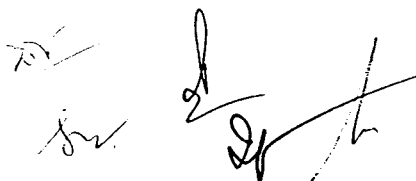
for  



CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED

Schedules forming part of the financial statements for the year ended 31 March 2005

	2005 Rs.	2004 Rs.
SCHEDULE - 9		
Current liabilities		
Sundry creditors	1,106,770	1,073,516
Other liabilities	189,994	240,108
	<u>1,296,764</u>	<u>1,313,624</u>
SCHEDULE - 10		
Provisions		
Retirement benefits	783,943	613,674
Provision for tax	1,025,000	385,000
	<u>1,808,943</u>	<u>998,674</u>
SCHEDULE - 11		
Other income		
Dividend income, non-trade	1,136,475	152,500
Interest		
- on inter corporate deposit	904,657	-
(Tax deducted at source Rs.1,89,074, previous year Rs. Nil)		
- on Investments , non-trade	270,447	372,722
(Tax deducted at source Rs.64,160, previous year Rs. 50,736)		
- on fixed deposits	421,668	23,581
(Tax deducted at source Rs.87,856, previous year Rs. 4,964)		
- on income tax refunds	<u>116,248</u>	<u>85,024</u>
	1,713,020	481,327
Profit on sale/ switch over of investments, non-trade (net)	15,049,796	2,401,622
Profit on redemption of debentures, non-trade (net)	120,339	120,338
Provision written back	1,433,728	1,720,735
Unclaimed balances written back	-	3,477
Miscellaneous income	195,683	1,370
	<u>19,649,041</u>	<u>4,881,369</u>
SCHEDULE - 12		
Personnel cost		
Salaries and allowances	5,017,800	4,303,516
Contribution to provident fund and other funds	676,286	599,511
Staff welfare	131,874	44,897
	<u>5,825,960</u>	<u>4,947,924</u>





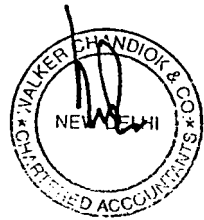
CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED

Schedules forming part of the financial statements for the year ended 31 March 2005

SCHEDULE - 13	2005 Rs.	2004 Rs.
Administration and other expenses		
Advertisement and business promotion	132,602	181,269
Legal and professional	801,370	355,492
Board meeting	40,000	31,000
Director's sitting fees	425,000	267,500
Electricity	298,581	291,037
Travelling and conveyance	727,325	801,023
Repair and maintenance		
- building	126,176	74,117
- others	915,046	815,489
Insurance	14,712	11,995
Printing and stationery	312,914	216,779
Subscription and membership	1,067,013	1,045,396
Communication	560,049	526,137
Rent	1,538,200	1,486,020
Rates and taxes	58,523	21,531
Securities transaction tax	76,467	-
Excess expenses of schemes borne by the Company	30,370	560,832
Advances and interest receivable written off	-	19,120
Provision for doubtful advances / interest	-	133,916
Investments written off	-	16,228
Scheme management expenses	968,272	-
Miscellaneous expenses	13,189	1,255
	<u>8,105,809</u>	<u>6,856,136</u>

Dr
for

Dr
for



CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED

Schedules forming part of the financial statements for the year ended 31 March 2005

SCHEDULE - 14

Significant accounting policies

1. Basis of preparation

The financial statements have been prepared to comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956 ("the Act"). The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

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.

3. Operating leases

Lease rentals in respect of assets taken under an operating lease are charged to the profit and loss account on accrual basis.

4. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.


5. Depreciation

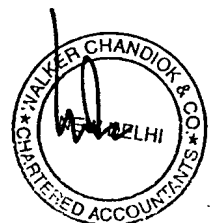
Depreciation is provided on straight line method on fixed assets at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, on pro rata basis from the date of addition. The rates are indicative of the useful life of the respective assets.

6. Investments

Long term investments are stated at cost. Provision for diminution in value, other than temporary, is made in the accounts.

Current investments are valued at the lower of cost and fair value determined on individual investment basis.

for 



CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED

Schedules forming part of the financial statements for the year ended 31 March 2005

SCHEDULE – 14

Significant accounting policies (contd.)

7. Retirement benefits

(i) Gratuity

The liability towards gratuity is determined on the basis of actuarial valuation as at the Balance Sheet date. In respect of Mumbai Office employees, this liability is funded with Life Insurance Corporation of India and administered through a separate trust set up by the Company. Provision for gratuity liability is made for all other employees. The Company's contribution is charged to the Profit and Loss account.

(ii) Leave Encashment

The liability towards unavailed encashable leave is determined and provided for in the financial statements on the basis of actuarial valuation as at the Balance Sheet date.

(iii) Superannuation

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

8. Revenue recognition

(i) Management fees are accounted for on accrual basis at the agreed upon rates with the schemes with reference to their average weekly net asset values.

(ii) Interest income is accounted for on an accrual basis.

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

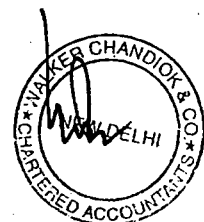
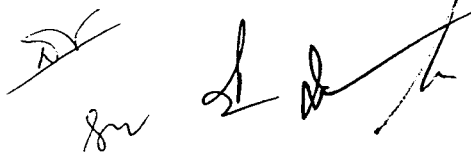
9. Income-taxes

Provision for income-tax is made for current taxes, based on assessable income and the tax rate applicable to the relevant assessment year.

Deferred income-taxes 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.

10. 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.



CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED

Schedules forming part of the financial statements for the year ended 31 March 2005

SCHEDULE - 14

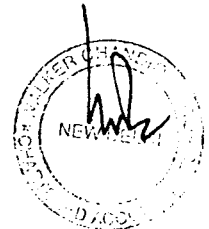
Significant accounting policies (contd.)

11. Contingent liabilities

Depending on the facts of each case and after due evaluation of relevant legal aspects, claims against the Company not acknowledged as debts are provided or disclosed as contingent liabilities. In respect of statutory matters, contingent liabilities are provided or disclosed only for those demands that are contested by the Company.

[The space has intentionally been left blank]

[Handwritten signatures]



CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED

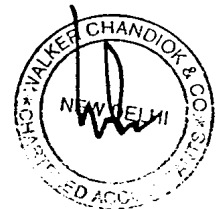
Schedules forming part of the financial statements for the year ended 31 March 2005

SCHEDULE - 15

Notes to the financial statements

1. Contingent Liability – Income Tax Rs.1,218,893 (Previous year Rs.1,218,893) excluding interest. The company has filed an appeal with Income Tax Appellate Tribunal against the same.
2. Advances recoverable in cash or in kind or for value to be received, include
 - a) Rs. 30,974 (Previous year Rs.52,301) towards one time registration charges of the schemes of the erstwhile HB Mutual Fund with the Securities and Exchange Board of India (SEBI), which is being recovered annually over the period of the schemes on the basis of higher of 0.05% of the corpus of each scheme or 1/10th of such expenses.
 - b) Brand Image Expenses incurred by the Company for Discovery Stock Fund Scheme of Taurus Mutual Fund, which were to be reimbursed by the scheme over the period of five years with effect from 31 March 1995, subject to the expenditure limit of 2.5% of average net asset value of the scheme. The period had been extended to 10 years in March 2001. However the amount could not be charged to the scheme as the prescribed expense limit of 2.5% was exceeding in the financial years 2002 to 2004. The period has been further extended by 5 years i.e. upto 31 March 2009 and an amount of Rs 509,818.55 is recoverable from the scheme as on 31 March 2005 on account of availability of balance within the 2.5% expenses limit in the scheme. The balance amount of Rs. 5,12,931.34 (Previous year Rs. 1,022,750) will be accounted for by the scheme in the remaining period subject to the expenditure limit of 2.5% of average net asset value of the scheme.
3. 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. However on July 30, 2004 the company has applied for the registration of the office under the “Amnesty Scheme 2004” announced by the Government of Maharashtra and the amount of registration charges and/or penalty, if any are subject to assessment thereunder.
4. Expenses of the schemes in excess of the limits specified in SEBI regulations amounting to Rs. 30,370 (Previous year Rs. 560,832) are being borne by the Company.
5. Scheme management expenses include Rs 933,422.59 borne by the Company for meeting the shortfall in redemption liability in Libra Leap scheme on account of illiquid securities held in the Scheme. As per approval by the Board of Directors and the Board of Trustees, the illiquid securities of the Scheme were sold to the Company at the prevailing market/fair value and net shortfall in respect of meeting the liabilities of redeeming the outstanding units of the Scheme was borne by the Company after adjustment of liability already met by it.
6. During the year, 2,500,000 6% non-cumulative redeemable preference shares of Rs 10 each fully paid up were redeemed.

[Handwritten signatures]



CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED

Schedules forming part of the financial statements for the year ended 31 March 2005

SCHEDULE - 15

Notes to the financial statements (contd.)

7. Deferred Tax

Major components of deferred tax assets/(liabilities) are as under:

	2005	2004
	Rs.	Rs.
Depreciation	(2,048,199)	(2,116,335)
Brought forward losses	2,658,621	-
Provisions	554,255	600,311
Total	1,164,677	(1,516,024)

8. Detail of Managerial Remuneration is as follows:

Salaries and Allowances	1,102,000	588,000
Contribution to Provident fund & other funds	162,000	81,000
Perquisites	57,127	32,965
Total	1,321,127	701,965

Notes:

- The remuneration does not include contribution towards gratuity fund and leave encashment as the same is made on an overall valuation basis for all eligible employees.
- Mr. R.K. Gupta was appointed as Managing Director with effect from 1st October 2003.

9. Auditors' remuneration:

	Rs.	Rs.
Statutory Audit Fees	175,000	175,000
Tax Audit Fees	25,000	25,000
Out of pocket expenses	13,170	6,637
Service tax	20,400	16,000
Total	233,570	222,637

Out of pocket expenses amounting to Rs.13,170 is pertaining to the previous auditors.

10. Expenditure in Foreign Currency:

	Rs.	Rs.
Travelling Expenses	Nil	79,649

[Handwritten signatures and initials]



CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED

Schedules forming part of the financial statements for the year ended 31 March 2005

SCHEDULE - 15

Notes to the financial statements (contd.)

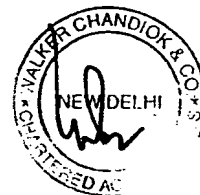
11. Particulars of investments purchased and sold during the year:

Particulars	Purchase (Nos.)	Sale (Nos.)
Bajaj Hindustan	37,009	22,700
Balaji Telefilm	25,441	-
Canara Bank	-	16,750
CIPLA	17,848	-
Essar Oil	75,000	14,000
GIC Housing	40,000	-
Hero Honda	3,000	3,000
Hindustan Lever	-	34,000
IDBI	40,000	5,000
IEC Software	57,455	36,811
Jindal Stainless	8,189	8,189
JK Paper	40,000	-
Nahar Spinning	16,081	-
Pilani Investments	1,975	-
Ram Information	31,034	31,034
Reliance Industries	10,000	10,000
SAIL	70,000	-
Satnam Overseas	46,846	35,000
Satyam Computers	23,000	23,000
Sovika Infotek	200,000	-
TISCO	29,000	24,000
Ultratech Cemco	2,000	2,000
Union Bank	-	44,663
Usha International	11,500	-
Videocon International	15,000	-
Starshare	1,533,740.23	
Bonanza Exclusive	1,010,364.31	1,083,351.19
Libra Gilt Fund	1,116,096.34	1,116,096.34

12. Earnings per share:

	2005	2004
	Rs.	Rs.
Weighted average number of equity shares outstanding (Nos.)	11,319,068	10,040,000
Net profit after tax available for equity shareholders (Rs.)	22,572,053	6,495,291
Earnings per share (Rs.)	1.99	0.65
Nominal value per share (Rs.)	10	10

[Handwritten signatures]



CREDITCAPITAL ASSET MANAGEMENT COMPANY LIMITED

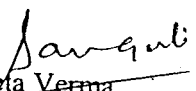
Schedules forming part of the financial statements for the year ended 31 March 2005

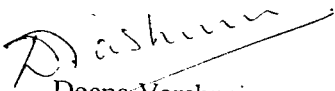
SCHEDULE - 15


Notes to the financial statements (contd.)

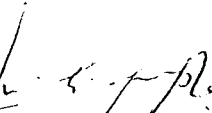
13. In the opinion of Board of Directors, current assets, loan and advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated in the balance sheet and provision for all known liabilities have been made.
14. During the year, policy of providing depreciation on fixed assets located at the Mumbai Office has been changed from written down value basis to straight line basis to provide for uniformity in depreciation policy. The change in policy has resulted in a write back of depreciation of Rs.1,06,344 pertaining to the previous years. Further, owing to the change, the current year profits are lower by Rs.9,384 .
15. There are no small scale industries to which the Company owes any sum (previous year-Nil) on the basis of information available with the Company.
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

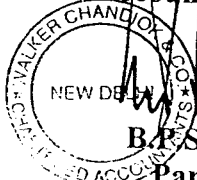

Deepa Varshnei
Vice President (Accounts)


Director


Director


R.K. Gupta
Managing Director

For Walker, Chandio & Co
Chartered Accountants


B.P. Singh
Partner

Place: New Delhi

Date: 23 August 2005

Membership No. 70116

PART IV
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL
BUSINESS PROFILE

I. Registration Details

Registration No.

7	3	1	5	4															
---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Balance Sheet Date

3	1	0	3	2	0	0	5
Date		Month		Year			

 State Code

1	1
---	---

II. Capital raised during the year (Amount in Rs. Thousands)

<p>Public Issue</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td></tr></table> <p>Bonus Issue</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td></tr></table>	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	<p>Rights Issue</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td></tr></table> <p>Private Placement</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td></tr></table>	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
x	x	x	x	x	x	x	x	x	x																																
x	x	x	x	x	x	x	x	x	x																																
x	x	x	x	x	x	x	x	x	x																																
x	x	x	x	x	x	x	x	x	x																																

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

<p>Total Liabilities</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>1</td><td>3</td><td>3</td><td>5</td><td>4</td><td>6</td></tr></table> <p>Sources of Funds</p> <p>Paid-up Capital</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>1</td><td>2</td><td>5</td><td>5</td><td>0</td><td>0</td></tr></table> <p>Secured Loans</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td></tr></table> <p>Application of Funds</p> <p>Net Fixed Assets</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>x</td><td>1</td><td>9</td><td>1</td><td>0</td><td>2</td></tr></table> <p>Net Current Assets</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>x</td><td>2</td><td>8</td><td>9</td><td>3</td><td>7</td></tr></table> <p>Accumulated Losses</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td></tr></table>	x	x	x	1	3	3	5	4	6	x	x	x	1	2	5	5	0	0	x	x	x	x	x	x	x	x	x	x	x	x	x	1	9	1	0	2	x	x	x	x	2	8	9	3	7	x	x	x	x	x	x	x	x	x	<p>Total Assets</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>1</td><td>3</td><td>3</td><td>5</td><td>4</td><td>6</td></tr></table> <p>Reserves & Surplus</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>8</td><td>0</td><td>4</td><td>6</td></tr></table> <p>Unsecured Loans</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td></tr></table> <p>Investments</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>x</td><td>8</td><td>4</td><td>3</td><td>4</td><td>3</td></tr></table> <p>Misc. Expenditure</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td><td>x</td></tr></table>	x	x	x	1	3	3	5	4	6	x	x	x	x	x	8	0	4	6	x	x	x	x	x	x	x	x	x	x	x	x	x	8	4	3	4	3	x	x	x	x	x	x	x	x	x
x	x	x	1	3	3	5	4	6																																																																																												
x	x	x	1	2	5	5	0	0																																																																																												
x	x	x	x	x	x	x	x	x																																																																																												
x	x	x	x	1	9	1	0	2																																																																																												
x	x	x	x	2	8	9	3	7																																																																																												
x	x	x	x	x	x	x	x	x																																																																																												
x	x	x	1	3	3	5	4	6																																																																																												
x	x	x	x	x	8	0	4	6																																																																																												
x	x	x	x	x	x	x	x	x																																																																																												
x	x	x	x	8	4	3	4	3																																																																																												
x	x	x	x	x	x	x	x	x																																																																																												

IV. Performance of the Company (Amount in Rs. Thousands)

<p>Turnover (including other income)</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>x</td><td>3</td><td>7</td><td>5</td><td>4</td><td>2</td></tr></table> <p>Profit before tax</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>x</td><td>2</td><td>0</td><td>9</td><td>1</td><td>6</td></tr></table> <p>Earning Per Share in Rs.</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td></td><td>0</td><td>1</td><td></td><td>9</td><td>9</td></tr></table>	x	x	x	x	3	7	5	4	2	x	x	x	x	2	0	9	1	6		0	1		9	9	<p>Total Expenditure</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>x</td><td>1</td><td>6</td><td>6</td><td>2</td><td>5</td></tr></table> <p>Profit after tax</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td><td>x</td><td>x</td><td>2</td><td>2</td><td>5</td><td>7</td><td>2</td></tr></table> <p>Dividend Rate %</p> <table border="1" style="width: 100%; border-collapse: collapse;"><tr><td>x</td><td>x</td></tr></table>	x	x	x	x	1	6	6	2	5	x	x	x	x	2	2	5	7	2	x	x
x	x	x	x	3	7	5	4	2																																					
x	x	x	x	2	0	9	1	6																																					
	0	1		9	9																																								
x	x	x	x	1	6	6	2	5																																					
x	x	x	x	2	2	5	7	2																																					
x	x																																												

V. Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

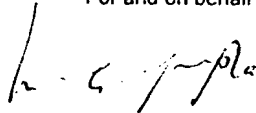
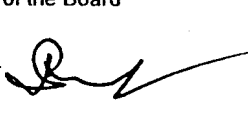


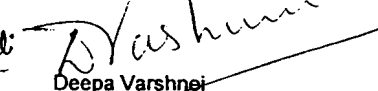
Item Code No. (ITC Code)

N	O	T		A	P	P	L	I	C	A	B	L	E
---	---	---	--	---	---	---	---	---	---	---	---	---	---

Product Description

Investment Management

For and on behalf of the Board

 Director	 Director	 R.K. Gupta Managing Director	 Sangeeta Verma Company Secretary	 Deepa Varshnei Vice President(Accounts)
---	---	--	--	---

Place: New Delhi

Date: 23 August 2005