



BOARD OF DIRECTORS : Uday Kotak (C), R.C. Khanna, Sukanth Kelkar, C. Jayaram.

DIRECTORS' REPORT

The Directors present their Eighth Annual Report together with the audited accounts of the Company for the year ended March 31, 2002

FINANCIAL RESULTS

	(Rs. in lakhs)	
	<u>2001-2002</u>	<u>2000-2001</u>
Gross Income	1347.69	1093.64
Profit/(Loss) for the year after Tax	17.75	(332.79)
Profit/(Loss) brought forward from previous year	(686.48)	(353.69)
Write back of excess provisions of earlier years	—	—
Net Profit/(Loss) carried to Balance Sheet	(668.73)	(686.48)

DIVIDEND

In view of earlier losses, the Directors are unable to recommend any dividend.

OPERATIONS

During the year under review, the debt and gilt schemes of Kotak Mahindra Mutual Fund (KMMF) have yielded good returns. Focused management of the portfolios in a softening interest rate scenario has been a major factor.

The equity markets during the year were quite listless. The slowdown in global economy and the terrorist attack on the US dampened stock markets all over the world, including India and this reflected in the performance of the equity schemes of KMMF as well.

The Finance Act 2002 has removed the tax-free status of dividend in the hands of investors. This has lowered the attractiveness of the dividend option of mutual fund schemes. Going forward, the mutual fund industry will have to target more long-term investors (gains from units of mutual funds held for more than one year are considered as long term). Our endeavour will be to deliver performance and facilities on the Schemes of KMMF.

No new branches were added this year.

In November 2001, KMMF introduced an Annual Dividend Option under the Wholesale Plan of Kotak Mahindra K Bond Unit Scheme 99. Dividend is payable annually under this option. The first dividend of Rs. 3/- per Unit was declared in March 2002.

Total assets under management were above Rs. 1900 crores as on May 31, 2002. There are over 1,17,000 Unitholders across all the Schemes of KMMF.

DIRECTORS

Mr. Shivaji Dam and Mr. Harsh Mariwala resigned as Directors of the Company with effect from April 04, 2002. The Board placed on record its appreciation for the valuable services rendered by Mr. Shivaji Dam and Mr. Harsh Mariwala.

Mr. C. Jayaram and Mr. Sukant Kelkar were appointed as additional Directors of the Company with effect from October 11, 2001. They hold office upto the date of the ensuing Annual General Meeting. The Company has received notices under Section 257 of the Companies Act, 1956 in writing, proposing their candidature for the office of Director.

Mr. Uday Kotak retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

AUDITORS

Messrs. Arthur Andersen & Associates, Chartered Accountants, Mumbai, have conveyed their unwillingness to be reappointed as auditors of the Company. Messrs Deloitte Haskins & Sells, Chartered Accountants, Mumbai, are therefore, proposed to be appointed as auditors of the Company from the conclusion of the ensuing Annual General Meeting. A certificate pursuant to the proviso to sub-section (1) of Section 224 of the Companies Act, 1956 has been received from the auditors informing that their appointment, if made, would be within the limits specified in sub-section (1B) of Section 224 of the Companies Act, 1956.

STATUTORY INFORMATION

A statement giving the information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, is annexed.

During the year under review the Company did not accept any deposits. There were no earnings or outgo of foreign exchange and the other requirements pursuant to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, do not apply since the Company is not a manufacturing company.



DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 (herein referred to as "the Act"), the Directors based on the representations from the Operating Management confirm that:-

- i. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. they have in selection of the accounting policies consulted the statutory auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii. they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. they have prepared the Annual Accounts on a going concern basis.

AUDIT COMMITTEE

Pursuant to Section 292A of the Companies Act, 1956, the Company has constituted an Audit Committee of the Board consisting of all the Directors of the Company. Mr. R. C. Khanna, independent Director on the Board, is the Chairman of the Audit Committee.

For and on behalf of the Board of Directors

UDAY KOTAK
Chairman

Mumbai, June 27, 2002.

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2002

Sr. No., Name, Designation, Gross Remuneration (Rs), Qualification Exp (Yrs), Age, Date of Commencement, Last Employment, Designation

EMPLOYED THROUGHOUT THE YEAR :

1) Prakash Dalal, Senior Vice President, 3,411,270, BE (Mech), MS (Mech), 18, 40, 1/May/98, Kotak Mahindra Capital Company Limited, Vice President. 2) S.N. Rajan, Chief Investment Officer, 2,603,612, B. Com, ACA, 16, 38, 1/Jun/95, Kotak Mahindra Finance Ltd., Associate Vice President. 3) Srikar Baljekar, Senior Vice President, 2,770,363, B. Com, ACA, ACS, 17, 42, 1/Apr/98, Kotak Mahindra Finance Ltd., Vice President. 4) Sandesh Kirkire, Senior Vice President, 3,219,256, B.E. (Mech), MMS, 17, 38, 1/Apr/99, Kotak Mahindra Capital Company Limited, Vice President. 5) T. Krishnakumar, Senior Vice President, 3,457,081, B. Sc, MBA, 22, 43, 1/Oct/00, Kotak Securities Limited, Vice President.

EMPLOYED FOR PART OF THE YEAR : Chandrashekhar Sathe, Chief Executive Officer, 2,387,599, B.Tech (Chem), 28, 51, 1/Apr/98, Kotak Mahindra Capital Company Limited, Sr Vice President.

Notes:

- 1) Gross remuneration includes Salary, House Rent Allowance, Reimbursement of Medical Expenses and Leave Travel Passage, Company's contribution to Provident Fund/Pension Fund and monetary value of perquisites calculated in accordance with the Income Tax Act, 1961 and Rules made thereunder.
- 2) None of the above employees are related to any Director or Manager of the Company and holds 2% of the total share capital of the Company.
- 3) Nature of employment in all cases is non contractual and as per the rules of the Company.

For and on behalf of the Board of Directors

UDAY KOTAK
Chairman

Mumbai, June 27, 2002



AUDITORS' REPORT

To the Members of

KOTAK MAHINDRA ASSET MANAGEMENT COMPANY LIMITED:

1. We have audited the accompanying balance sheet of KOTAK MAHINDRA ASSET MANAGEMENT COMPANY LIMITED ('the Company') at March 31, 2002 and the statements of profit and loss and cash flows for the year then ended, prepared in conformity with accounting principles generally accepted in India. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
4. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements
 - a. give the information required by the Indian Companies Act, 1956 ('the Act'), in the manner so required; and
 - b. give a true and fair view of the state of affairs of the Company at March 31, 2002 and of its profit and cash flows for the year then ended, in conformity with the accounting principles generally accepted in India.Further, the balance sheet and the statement of profit and loss comply with the accounting standards referred to in section 211(3C) of the Act and are in agreement with the books of account. In our opinion, the Company has maintained proper books of account as required by law insofar as appears from our examination of those books.
5. On the basis of information and explanations given to us, and representations obtained by the Company and taken on record by the Board of Directors, as on March 31, 2002 none of the directors are disqualified from being appointed as directors in terms of section 274(1)(g) of the Act.
6. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of section 227 (4A) of the Act, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

ARTHUR ANDERSEN & ASSOCIATES
Chartered Accountants

AMEET PARIKH
Partner

Mumbai, June 27, 2002

**ANNEXURE TO AUDITORS' REPORT — MARCH 31, 2002**

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. We are informed that fixed assets have been physically verified by management during the year and no material discrepancies were noted on such verification.
2. The fixed assets of the Company have not been revalued during the year.
3. Due to the nature of its business, the Company does not have any stock of finished goods, stores, spare parts or raw materials. Accordingly, clauses (iii) to (vi) and (xii) of Paragraph 4A of the Manufacturing and Other Companies (Auditor's Report) Order, 1988, relating to physical verification and valuation of stock and provisioning for unserviceable or damaged stores, raw materials or finished goods are not applicable to the Company.
4. The rates of interest and other terms and conditions of loans, secured or unsecured, taken from companies, firms or other parties, listed in the register maintained under Section 301 of the Act and from companies under the same management as defined under Section 370(1B) of the Act, are prima facie not prejudicial to the interests of the Company.
5. We are informed that the Company has not granted any loans, secured or unsecured, to companies, firms or other parties, listed in the register maintained under Section 301 of the Act or to companies under the same management as defined under Section 370(1B) of the Act.
6. We are informed that the Company has not given any loans or advances in the nature of loans other than loans to its employees, who are repaying the principal amounts as stipulated and are also regular in payment of interest.
7. In our opinion, the internal control procedures of the Company relating to the purchase of equipment and other assets are commensurate with the size of the Company and the nature of its business.
8. Transactions for the purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rs 50,000 or more in respect of each party, have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials, or services.
9. The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Act and the rules framed thereunder apply.
10. As the Company does not undertake any manufacturing activity, it has no realisable by-products or scrap.
11. In our opinion, the Company has an internal audit system which is commensurate with its size and the nature of its business.
12. We are informed that the Central Government has not prescribed the maintenance of cost records by the Company under Section 209(1)(d) of the Act.
13. According to the records of the Company, provident fund dues have been regularly deposited with the appropriate authorities. We are informed that the provisions of the Employees' State Insurance Act, 1948 are not applicable to the Company.
14. According to the records of the Company, there are no amounts at March 31, 2002 in respect of undisputed income-tax, wealth-tax, sales-tax, customs duty and excise duty which have been outstanding for a period of more than six months from the date they became payable.
15. On the basis of our examination of the books of account, and according to the information and explanations given to us, no personal expenses have been charged to the statement of profit and loss for the year ended March 31, 2002.
16. The Company is not an industrial company within the meaning of Section 3(1)(e) of the Sick Industrial Companies (Special Provisions) Act, 1985 ('SICA'). Accordingly, the provisions of SICA are not applicable to the Company.
17. The nature of services rendered by the Company is such that it does not involve consumption of materials and stores.
18. The nature of services rendered by the Company is such that it does not require allocation of manhours to relative jobs.
19. On the basis of our examination of the books of account, and according to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
20. The Company is not a chit fund, nidhi or mutual benefit society.
21. The Company has maintained proper and timely records of its dealing and trading transactions in debentures and mutual fund units. All such investments have been held by the Company in its own name.

ARTHUR ANDERSEN & ASSOCIATES
Chartered Accountants
AMEET PARIKH
Partner

Mumbai, June 27, 2002

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

	Note	(All amounts in Rupees lakhs)	
		March 31, 2002	March 31, 2001 (Note 19)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share capital	3	2,400.00	1,900.00
SECURED LOAN	4	1.48	3.94
		2,401.48	1,903.94
APPLICATION OF FUNDS			
FIXED ASSETS, net	2(a) & 5	77.47	63.68
INVESTMENTS	2(b) & 6	1,400.00	810.68
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry debtors	7	119.49	77.28
Cash and bank balances	8	9.04	11.91
Loans and advances	9	549.82	346.64
		678.35	435.83
LESS: CURRENT LIABILITIES AND PROVISIONS	2(c) & 10	(423.07)	(114.47)
NET CURRENT ASSETS		255.28	321.36
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	2(d) & 11	—	21.74
PROFIT AND LOSS ACCOUNT		668.73	686.48
		2,401.48	1,903.94

The accompanying notes (1 to 19) are an integral part of this balance sheet.

ARTHUR ANDERSEN & ASSOCIATES
Chartered Accountants

AMEET PARIKH
Partner

Mumbai, June 27, 2002

UDAY KOTAK
Chairman

ROMESH C. KHANNA
Director

SUKESH KHANDELWAL
Manager

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2002

	Note	(All amounts in Rupees lakhs unless stated otherwise)	
		Year ended March 31, 2002	Year ended March 31, 2001 (Note 19)
INCOME			
Management fees	2(e)	1,255.15	980.53
Interest on investments	2(e) & 12	15.32	92.15
Profit on sale/redemption of investments	2(e)	72.77	12.45
Other income	13	4.45	8.51
		1,347.69	1,093.64
EXPENDITURE			
Employee costs	2(c) & 14	477.95	350.01
Other expenses	15	798.18	1,044.66
Depreciation	2(a) & 5	33.98	27.47
Interest		0.64	4.29
		1,310.75	1,426.43
Profit / (loss) before tax		36.94	(332.79)
Provision for taxation - Current	2(f)	19.19	—
Net profit / (loss) for the year		17.75	(332.79)
Profit and loss account, beginning of year		(686.48)	(353.69)
Profit and loss account, end of year		(668.73)	(686.48)
Earnings per share of Rs 10/- each Basic and Diluted (in Rs)	16	0.09	(1.85)

The accompanying notes (1 to 19) are an integral part of this statement.

ARTHUR ANDERSEN & ASSOCIATES
Chartered Accountants

AMEET PARIKH
Partner

Mumbai, June 27, 2002

UDAY KOTAK
Chairman

ROMESH C. KHANNA
Director

SUKESH KHANDELWAL
Manager



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2002

(All amounts in Rupees lakhs unless stated otherwise)

1. BACKGROUND

Kotak Mahindra Asset Management Company Limited ('the Company') was incorporated in India on August 2, 1994, to act as a manager of any trust or fund to be launched by Kotak Mahindra Mutual Fund ('KMMF'). The Company is a wholly-owned subsidiary of Kotak Mahindra Finance Limited ('KMFL').

KMMF has since launched 7 schemes, which have been managed by the Company during the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the standards of accounting issued by the Institute of Chartered Accountants of India and referred to in Section 211(3C) of the Companies Act, 1956. The significant accounting policies are as follows:

(a) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The Company capitalises all costs relating to the acquisition and installation of fixed assets.

Depreciation on fixed assets is provided pro-rata to the period of use, on the straight-line method, from the date of purchase, based on the estimated useful life of the assets, at the following rates:

<u>Asset</u>	<u>Rate</u>
Motor vehicles	33.33%
Computers	33.33%
Furniture and fixtures	16.67%
Office equipment	20.00%

(b) Investments

Purchase and sale of investments are recorded at cost and sale value respectively, which is adjusted for brokerage, commission and other charges, if any, on the date of the transaction.

Current investments are those intended to be held for not more than one year from the date of acquisition. Mutual fund units held are stated at the lower of cost of acquisition and net asset value. Non-convertible debentures ('NCDs'), in the nature of zero coupon discounted instruments, are valued at carrying cost, which includes interest accrued on a yield to maturity basis over the period to redemption.

(c) Retirement benefits for employees

Liability for gratuity and leave encashment is determined based on an actuarial valuation at year end by an independent actuary.

(d) Miscellaneous expenditure

Miscellaneous expenditure comprises deferred revenue expenditure in the nature of corporate brand building expenditure (including advertising and marketing expenses), which is amortised on a straight-line basis over a period of three years from the date of launch of the Company's initial two schemes.

(e) Income recognition

- Management fee is recognised at specific rates agreed with the relevant schemes, applied on the average daily net assets of each scheme (excluding inter-scheme investments and investments made by the Company in the respective scheme).
- Gains and losses on sale of investments are determined using the weighted average cost method.
- Interest on NCDs in the nature of zero coupon discounted instruments is recognised on a yield to maturity basis over the period to redemption.

(f) Income-tax

Provision for current income-tax, if any, is made on an accrual basis after taking credit for allowances and exemptions. Deferred tax liability, if any, is provided for. Deferred tax asset, if any, is recognised after considering certainty of realisation.

3. SHARE CAPITAL

	<u>March 31, 2002</u>	<u>March 31, 2001</u>
Authorised 2,50,00,000 (2001 — 2,00,00,000) equity shares of Rs 10/- each	<u>2,500.00</u>	<u>2,000.00</u>
Issued, subscribed and paid-up 2,40,00,000 (2001 — 1,90,00,000) equity shares of Rs 10/- each, fully paid up	<u>2,400.00</u>	<u>1,900.00</u>

All equity shares of the Company are held by KMFL, the Company's holding company, and its nominees.


NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2002
4. SECURED LOAN

Secured loan represents a loan taken from Ford Credit Kotak Mahindra Limited, a company under the same management as defined under Section 370(1B) of the Companies Act, 1956. The loan is secured against a motor vehicle and is repayable in equated monthly instalments during the period upto September 23, 2002.

5. FIXED ASSETS

Particulars	Balance, beginning of year	Additions	Deletions	Balance, end of year
Gross block				
Motor vehicles	10.20	13.34	7.26	16.28
Computers	66.69	36.90	1.48	102.11
Furniture and fixtures	3.50	1.08	—	4.58
Office equipment	32.14	1.12	0.49	32.77
	<u>112.53</u>	<u>52.44</u>	<u>9.23</u>	<u>155.74</u>
Previous year	79.84	32.69	—	112.53
Accumulated depreciation				
Motor vehicles	5.02	4.27	2.92	6.37
Computers	32.58	22.22	1.32	53.48
Furniture and fixtures	2.65	0.95	—	3.60
Office equipment	8.60	6.54	0.32	14.82
	<u>48.85</u>	<u>33.98</u>	<u>4.56</u>	<u>78.27</u>
Previous year	21.38	27.47	—	48.85
Net block				
Motor vehicles	5.18			9.91
Computers	34.11			48.63
Furniture and fixtures	0.85			0.98
Office equipment	23.54			17.95
	<u>63.68</u>			<u>77.47</u>
Previous year	58.46			63.68

6. INVESTMENTS, unquoted, at cost
Debentures

Nil (2001 — 626) KMFL zero coupon NCDs of Rs 1,00,000/- each, matured on June 13, 2001 (net of 626 NCDs redeemed during the year)

Mutual fund units

6451150.456 (2001 — 1586232.830) units of Kotak Mahindra K Gilt Unit Scheme '98 (Savings Plan) - Growth Option of Rs 10/- each (net of 11489488.695 units purchased and 6624571.069 units sold during the year)

3584743.332 (2001 — Nil) units of Kotak Mahindra K Bond Unit Scheme '99 (Wholesale Plan) - Growth Option of Rs 10/- each

Nil (2001 — Nil) units of Kotak Mahindra Liquid Scheme - Growth Option of Rs 10/- each (net of 23093128.7327 units purchased and 23093128.7327 units sold during the year)

Nil (2001 — Nil) units of Kotak Mahindra Liquid Scheme - Dividend Option of Rs 10/- each (net of 1249575.2747 units purchased and 1249575.2747 units sold during the year)

	March 31, 2002	March 31, 2001
Debentures	—	610.68
Mutual fund units	900.00	200.00
	500.00	—
	—	—
	—	—
	<u>1,400.00</u>	<u>810.68</u>

Note:

All the investments made by the Company are current, non-trade investments.


NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2002

	March 31, 2002	March 31, 2001
7. SUNDRY DEBTORS	119.49	77.28
All the sundry debtors of the Company are unsecured, considered good and outstanding for less than six months.		
8. CASH AND BANK BALANCES		
Cash in hand	0.61	1.05
Balances with scheduled banks in current accounts	8.43	10.86
	9.04	11.91
9. LOANS AND ADVANCES (considered good)		
Secured		
Loans to employees	—	10.66
Unsecured		
Loans to employees	5.49	4.30
Tax deducted at source	155.75	116.70
Advances recoverable in cash or kind or for value to be received	260.31	49.20
Deposits	128.27	165.78
	549.82	346.64
At year end, an unsecured loan amount of Rs Nil (2001 - Rs 0.23) is due from an officer of the Company. The maximum amount of unsecured loan due at any time during the year from officers of the Company was Rs 0.23 (2001 - Rs 7.06). Advances recoverable in cash or kind or for value to be received include Rs 17.60 (2001 - Rs 17.51) due from Kotak Mahindra Trustee Company Limited, a company under the same management as defined under Section 370(1B) of the Companies Act, 1956. The maximum amount due at any time during the year was Rs 17.60 (2001 - Rs 17.51).		
10. CURRENT LIABILITIES AND PROVISIONS		
(a) Current liabilities		
Accrued expenses	287.64	69.80
Other current liabilities	92.44	15.10
	380.08	84.90
(b) Provisions		
Gratuity	14.06	25.16
Leave encashment	9.74	4.41
Taxation	19.19	—
	42.99	29.57
	423.07	114.47
There are no amounts due to small scale industrial undertakings.		
11. MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Deferred revenue expenditure		
Balance, beginning of year	21.74	50.74
Amortised during the year	(21.74)	(29.00)
Balance, end of year	—	21.74
12. INTEREST ON INVESTMENTS		
Interest on investments includes tax deducted at source aggregating Rs 0.68 (2001 — Rs 3.89).		
13. OTHER INCOME		
Gain on sale of fixed assets	2.09	—
Interest on employee loans	0.95	1.87
Dividend from investments	0.19	—
Interest on income-tax refunds	—	3.89
Miscellaneous income	1.22	2.75
	4.45	8.51
14. EMPLOYEE COSTS		
Salaries and allowances	450.46	327.01
Contribution to provident and other funds	21.38	15.84
Staff welfare	6.11	7.16
	477.95	350.01


NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2002

	March 31, 2002	March 31, 2001
15. OTHER EXPENSES		
Rent, rates and taxes	107.02	91.68
Legal and professional fees	16.65	18.86
Insurance	4.42	0.25
Service charges	31.44	38.61
Travel and conveyance	52.91	45.62
Communication expenses	55.73	46.59
Business promotion and distribution costs [including amortisation for the year Rs 21.74 (2001 — Rs 29.00)] (net of contingent deferred sales charge/load)	387.24	714.12
Printing and stationery	12.32	11.99
Memberships and subscription	16.04	12.93
Electricity	17.91	9.86
Share issue expenses	3.51	0.18
Computer and software related expenses	55.48	21.03
Directors' fees	1.30	0.55
Repairs and maintenance	6.79	6.75
Miscellaneous expenses	29.42	25.64
	798.18	1,044.66
16. EARNINGS PER SHARE ('EPS')		
Net profit/(loss) considered for EPS calculation		
Basic and Diluted	17.75	(332.79)
Weighted average number of shares used in computing EPS		
Basic and Diluted	19,082,192	18,008,219
Basic EPS 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. The Company has not issued any potential equity shares, and accordingly, the basic EPS and diluted EPS are the same.		
17. CAPITAL COMMITMENTS		
The estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for is Rs 0.80 (2001 - Rs 4.61).		
18. SUPPLEMENTARY PROFIT AND LOSS DATA		
(a) Payments to auditors (included in legal and professional fees)		
As auditors	3.99	3.78
As tax auditors	1.58	2.57
Out-of-pocket expenses	0.08	0.10
	5.65	6.45
(b) Managerial remuneration		
Salaries	1.92	1.17
Directors' fees	1.30	0.55
Contribution to provident and other funds	0.23	0.14
Perquisites and allowances	3.77	2.05
	7.22	3.91
(c) Expenditure in foreign currency (on accrual basis)		
Travel	—	1.04
19. Prior year comparatives		
Prior year amounts have been reclassified, wherever necessary, to conform with the current year's presentation.		



STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2002

(All amounts in Rupees lakhs)

	March 31, 2002	March 31, 2001
		(Note 19)
Cash flows from operating activities		
Net profit / (loss)	17.75	(332.79)
Interest expense	0.64	4.29
	18.39	(328.50)
Adjustments to reconcile net profit / (loss) to cash provided by operating activities :		
Depreciation	33.98	27.47
Provision for gratuity and leave encashment	(5.77)	21.87
Miscellaneous expenses written off	21.74	29.00
(Profit) / loss on sale of Investments	(72.77)	(12.45)
Interest and dividend income	(15.51)	(92.15)
Provision for taxation	19.19	—
(Profit) / loss on sale of assets	(2.09)	(26.26)
	(2.84)	(354.76)
Changes in current assets and liabilities		
(Increase) / decrease in Sundry debtors	(42.21)	(0.64)
(Increase) / decrease in Loans and advances	(164.13)	395.24
Increase / (decrease) in Current liabilities	295.18	(462.27)
	88.84	(67.67)
Cash from operating activities	86.00	(422.43)
Interest expense	(0.64)	(4.29)
Payment of taxes (taxes deducted at source)	(39.05)	(46.56)
Net cash from operating activities	46.31	(473.28)
Cash flows from investing activities		
Purchase of fixed assets (owned)	(52.44)	(32.69)
Sale of fixed assets (owned)	6.76	—
Purchase of investments	(4,752.66)	(1,230.86)
Sale of investments	4,117.49	1,556.72
Interest received	133.94	50.49
Dividends received	0.19	—
Net cash used in investing activities	(546.72)	343.66
Cash flows from financing activities		
Increase / (decrease) in Long term borrowings	(2.46)	(2.03)
Increase / (decrease) in Share capital	500.00	100.00
Net cash from financing activities	497.54	97.97
Net increase / (decrease) in cash and cash equivalents	(2.87)	(31.65)
Cash and cash equivalents, beginning of year	11.91	43.56
Cash and cash equivalents, end of year	9.04	11.91

The accompanying notes (1 to 19) are an integral part of this statement.

ARTHUR ANDERSEN & ASSOCIATES
Chartered Accountants

AMEET PARIKH
Partner

Mumbai, June 27, 2002

UDAY KOTAK
Chairman

ROMESH C. KHANNA
Director

SUKESH KHANDELWAL
Manager



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration details

Registration Number

State code

Balance Sheet Date

Date Month

Year

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

Public Issue

Rights Issue

Bonus Issue

Private placement

III Position of mobilisation and deployment of funds (Amount in Rs.Thousand)

Total Liabilities

Total Assets

Sources of Funds

Paid up Capital

Reserves and Surplus

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc Expenditure

Accumulated Losses

IV Performance of Company(Amount in Rs. Thousand)

Turnover

Total Expenditure

+ — Profit /Loss before tax

+ — Profit/Loss after Tax

Earnings per share in Rs

Dividend Rate(%)

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

Item Code No (ITC Code)

Product Description