

HDFC Asset Management Company Limited

SIXTH ANNUAL REPORT 2004-05



A subsidiary of Housing Development Finance Corporation Limited

Board of Directors

Mr. Deepak S. Parekh
Chairman

Directors

Mr. Alexander Maxwell Crombie
Mr. P. M. Thampi
Mr. Hoshang Billimoria
Dr. Deepak B. Phatak
Mr. Humayun Dhanrajgir
Ms. Renu S. Karnad

Mr. Milind Barve
Managing Director

Auditors

Haribhakti & Co.
Chartered Accountants

Bankers

HDFC Bank Ltd.

Registered Office

Ramon House, 3rd Floor,
H. T. Parekh Marg,
169, Backbay Reclamation,
Churchgate, Mumbai 400 020
Tel. Nos. : 2202 9111
Fax : 22-2202 8862

Directors' Report

TO THE MEMBERS,

Your directors have pleasure in presenting the Sixth Annual Report together with the Audited Accounts of the Company for the year ended March 31, 2005.

Financial Results	For the year ended March 31, 2005 (Rs. in crore)	For the year ended March 31, 2004 (Rs. in crore)
Profit before Tax	49.33	44.42
Provision for Tax	17.72	15.88
Profit after Tax	31.61	28.54
Balance brought forward from previous year	20.90	11.01
Profit available for appropriation	52.51	39.55
Short provision of Income Tax for earlier years (net)	0.22	—
General Reserve	3.16	2.85
Capital Redemption Reserve	25.00	—
Proposed Equity Dividend	12.58	10.06
Preference Dividend	3.96	3.93
Tax on Proposed Equity Dividend	1.76	1.29
Education Cess on Equity Dividend (previous year)	0.03	—
Tax on Preference Dividend	0.52	0.50
Balance carried to Balance Sheet	<u>5.28</u>	<u>20.90</u>

Dividend

Your directors recommend payment of dividend of Rs. 5/- per equity share for the financial year ended March 31, 2005 as against Rs. 4 per equity share for the previous year.

Your directors confirm payment of interim dividend of 10% on the 2,50,00,000 - Preference Shares of Rs.10/- each fully paid up which has been paid to those members whose names appear in the Register of Members as on March 28, 2005, out of the Profits of the Company for the financial year ending March 31, 2005 subject to deduction of tax, if any.

Review of Operations

Your directors are pleased to report that : –

- During the financial year, HDFC Mutual Fund achieved significant

growth in average assets under management. Average assets under management for the year were at Rs. 14,909 crore against Rs. 12,430 crore for the previous financial year. The asset mix improved significantly with equity assets as a proportion of total assets under management rising sharply from 20.16% as at March 31, 2004 to 36.01% as at March 31, 2005. During the year, HDFC Mutual Fund retained its position as a leading player in the market, in terms of assets under management.

- As at March 31, 2005, the Company operated Investor Service Centres (ISCs) in 26 cities including the offices of Housing Development Finance Corporation Limited (HDFC) at select locations. In order to facilitate better customer service, the Company

has opened additional dedicated ISCs at Chandigarh, Ludhiana, Goa, Lucknow, Kanpur and Kochi, taking the total number of its own ISCs to 16. The Company also expanded its existing ISCs at New Delhi, Chennai and Bangalore to cater to the increased volumes in these cities. In an effort to improve accessibility for customers, your Company has appointed approximately 31 Transaction Points of Computer Age Management Services Private Limited as additional points of acceptance for transactions of HDFC Mutual Fund. The year also witnessed the number of investor accounts increasing from 6,71,729 as at March 31, 2004 to 7,07,527 as at March 31, 2005.

- During the year, the Fund launched 3 new open-ended schemes viz. – HDFC Core & Satellite Fund and HDFC Premier Multi-Cap Fund (both open-ended growth schemes) and HDFC Multiple Yield Fund (an open-ended income scheme). The Fund also launched 2 fixed maturity plans under HDFC Fixed Investment Plan, a close-ended income scheme. HDFC Core & Satellite Fund raised Rs. 391.25 crore and the Multiple Yield Fund raised Rs. 605.38 crore during their initial launch in August 2004. The number of investor accounts in these Funds during the initial public offering were 41,753 & 10,349 respectively. HDFC Premier Multi-Cap Fund was launched towards the end of the financial year and closed for initial subscription on March 21, 2005. This Fund raised Rs. 1,281.38 crore and had 1,60,894 number of investor accounts during the initial public offering. Including the above funds, as on March 31, 2005,

your Company manages 23 schemes of HDFC Mutual Fund.

- During the year, your Company increased focus on communicating the advantages of the Systematic Investment Plan (SIP) and the Systematic Transfer Plan (STP) to retail investors. Consequently, HDFC Mutual Fund saw a significant jump in the number of SIP and STP transactions during the year.
- Your Company also provides investment management / advisory services under its portfolio management services division. Discretionary Portfolio Management is provided to High Networth Individuals and Corporates on a segregated basis while advisory services are provided to Foreign Institutional Investors and Domestic Insurance companies. Both these activities showed encouraging growth during the financial year ended March 31, 2005 with aggregate assets under management/ advisory increasing to Rs. 1,646 crore from Rs. 900 crore as at March 31, 2004.

Redemption of Preference Shares

The Company issued 5,00,00,000 – 10% Non Convertible Redeemable Cumulative Preference Shares of Rs. 10/- each amounting to an aggregate value of Rs. 50 crore to Housing Development Finance Corporation Limited (2,50,50,000 shares) and Standard Life Investments Limited (2,49,50,000 shares) in June 2003. In October 2004, 2,50,00,000 – 10% Redeemable Cumulative Preference Shares of Rs. 10/- each of the total nominal value of Rs. 25,00,00,000 were redeemed. Accordingly, the redemption amount was paid to

Housing Development Finance Corporation Limited (1,25,25,000 shares) and Standard Life Investments Limited (1,24,75,000 shares) out of the profits of the Company along with the pro-rata dividend of 10%.

Awards

Your directors are pleased to inform that –

At the 3rd Annual Outlook Money Awards 2004, HDFC Mutual Fund won the Runner-up Award in Wealth Creator - Overall Performer category as well as the Runner-up Award in Wealth Creator - Debt category.

At the Annual CNBC – TV 18 – BNP Paribas Mutual Fund Awards 2004 rated by CRISIL, held in Mumbai in February 2005 –

w HDFC Prudence Fund was among the 2 schemes that won the CNBC TV 18 CRISIL Mutual Fund of the Year Award in the Open – ended Balanced Funds Category.

At the ICRA Online Mutual Fund Awards 2005 -

w HDFC Prudence Fund has been ranked as ICRA-MFR 1, for Best Performance in the category of open - ended Balanced Fund for the three year period ending December 31, 2004 (from among 14 schemes).

w HDFC Long Term Advantage Fund has been ranked as ICRA-MFR 1, for Best Performance in the open - ended Equity Linked Savings Scheme Category for three year period ending December 31, 2004 (from among 12 schemes).

w HDFC MF Monthly Income Plan - Long Term Plan has been ranked as

ICRA-MFR 1, for “Best Performance” in the category of open - ended Marginal Equity Schemes for one year period ending December 31, 2004 (from among 17 schemes).

w HDFC Prudence Fund has been ranked as ICRA-MFR 1, for performance among the top 10% in the open - ended Balanced Fund Category for one year period ending December 31, 2004 (from among 18 schemes).

Directors

In accordance with the Companies Act, 1956 and the Articles of Association of the Company, Mr. Hoshang Billimoria, Mr. Humayun Dhanrajgir and Mr. P. M. Thampi, directors, retire by rotation at the ensuing annual general meeting. They are eligible for re-appointment.

Necessary resolutions for the appointment / re-appointment of the aforesaid directors have been included in the notice convening the annual general meeting.

None of the directors of the Company are disqualified for being appointed as directors as specified in Section 274 of the Companies Act, 1956.

Board Meetings

The meetings of the Board of Directors are held at the Company’s registered office in Mumbai.

Six board meetings were held during the financial year under review – on April 23, 2004, June 18, 2004, July 31, 2004, October 25, 2004, December 17, 2004 and January 25, 2005.

The attendance of each director at the meetings of the Board of Directors is as under:

Directors	Number of Board Meetings Attended
Mr. Deepak S. Parekh (Chairman)	6
Mr. Alexander Maxwell Crombie	0
Mr. Humayun Dhanrajgir	6
Mr. Hoshang Billimoria	6
Mr. P. M. Thampi	6
Dr. Deepak B. Phatak	6
Ms. Renu S. Karnad	6
Mr. Milind Barve (Managing Director)	6

Board Committees

To enable better and more focused attention on the affairs of the Company, the board has constituted committees of the board such as Audit Committee, Remuneration Committee, Risk Management Committee and Customer Services Committee to which specific matters have been delegated from time to time. These Committees prepare the groundwork for decision-making and report at the subsequent board meeting.

Audit Committee

The members of the Audit Committee are Mr. Hoshang Billimoria (Chairman), Mr. P. M. Thampi and Mr. Humayun Dhanrajgir. The Audit Committee has been constituted and functions in accordance with the provisions of Section 292A of the Companies Act, 1956. The Company Secretary & Compliance Officer acts as the secretary to the committee.

The committee met 6 times during the financial year under review. The Audit Committee met prior to the finalisation of the accounts for the year ended March 31, 2005.

Public Deposits

During the year under review, the Company has not accepted any deposits from the public.

Particulars Regarding Conservation Of Energy, Technology Absorption And Foreign Exchange Earnings And Expenditure

(a) Since the Company does not carry out any manufacturing activities, particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

(b) Foreign Exchange, earnings and expenditure during the year. -

Foreign exchange earnings : Rs. 1,18,91,323 (previous year; Rs. 86,58,988)

Foreign exchange expenditure (including Dividend) : Rs. 7,09,66,402 (previous year; Rs. 3,29,11,454)

Particulars of Employees

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 ("the Act") read with the Companies (Particulars of Employees) Rules, 1975 are set out in the annex to the Directors' Report. In terms of the provisions of Section 219(1)(b)(iv) of the Act, the Directors' Report is being sent to the shareholders of the Company excluding annex. Any shareholder interested in obtaining a copy of the said annex may write to the company secretary at the registered office of the Company.

Auditors

M/s. Haribhakti & Co., Chartered Accountants, Statutory Auditors of your Company hold office until the conclusion of the ensuing annual general meeting and are eligible for re-appointment.

The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Directors' Responsibility Statement

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 and based on the information provided by the management, your directors state that:

- (i) In the preparation of accounts, the applicable accounting standards have been followed.
- (ii) Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of March 31, 2005 and of the profit of the Company for year ended on that date.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- (iv) The annual accounts of the Company have been prepared on a going concern basis.

Acknowledgements

The directors acknowledge the valuable assistance, support and guidance given by the Securities and Exchange Board of India, Reserve Bank of India, bankers, distributors, key partners, investor service centres and other service providers. The directors would like to convey their gratitude to HDFC and Standard Life Investments Limited and look forward to their continued support.

The directors wish to place on record their appreciation to employees at all levels for their dedication and commitment.

The directors also acknowledge the faith reposed in HDFC Mutual Fund by its investors and look forward to their continued support.

On behalf of the Board of Directors

MUMBAI
April 20, 2005

DEEPAK S. PAREKH
Chairman

Auditors' Report

TO THE MEMBERS OF HDFC ASSET MANAGEMENT COMPANY LIMITED

We have audited the attached Balance Sheet of HDFC ASSET MANAGEMENT COMPANY LIMITED as at 31st March, 2005, the related Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

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 presentation of the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.

(I) As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, on the basis of such checks of the books

and records as we considered appropriate and the information and explanations given to us during the course of the audit, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent they are applicable to the Company.

(II) Further to our comments in the Annexure referred to in paragraph I above, we report as under:

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 such books;

(c) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of the Section 211 of the Companies Act, 1956 to the extent they are applicable to the Company;

(e) on the basis of the written representations received from the directors of the Company as on

31st March, 2005 and taken on record by the Board of Directors of the Company, we report that none of the directors is disqualified as on 31st March, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

(f) in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet, the Profit and Loss Account and Cash Flow Statement read together with Notes thereon give the information required by the Companies Act, 1956 in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in so far it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005,

(ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date and

(iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For HARIBHAKTI & CO.
Chartered Accountants

Chetan Desai
Partner
(Membership No: 17000)

MUMBAI,
April 20, 2005

Annexure to the Auditors' Report

Annexure referred to in paragraph I of our Report of even date to the Members of HDFC ASSET MANAGEMENT COMPANY LIMITED on the Accounts for the year ended 31st March, 2005.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. The Company has physically verified the fixed assets in accordance with a programme of verification, which in our opinion provides for physical verification of all fixed assets at reasonable intervals. It was explained to us that there were no material discrepancies noticed on physical verification.
3. During the year, the Company has not disposed off a major part of the fixed assets.
4. The Company has neither granted nor taken any loans, secured or unsecured from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regards to purchase of fixed assets and sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
6. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the Company has not entered into any transactions that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
7. The Company has not accepted any deposits from the public.

8. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.

9. We are informed that no cost records are required to be maintained by the Company under Section 209(1)(d) of the Companies Act, 1956.

10. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income-tax, wealth-tax, service tax and any other statutory dues applicable to it.

11. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax and service tax were outstanding as at 31st March, 2005 for a period of more than six months from the date they became payable.

12. According to the information and explanations given to us by the Company, there is a disputed amount payable in respect of income tax as at 31st March, 2005. The details of disputed dues is as under:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961.	Income Tax	3,67,497/-	A.Y. 2002-2003	The Company is preferring an appeal against Income Tax Officer's Assessment Order with the Commissioner of Income Tax (Appeals)

13. The Company has neither accumulated losses as at 31st March, 2005 nor it has incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

14. The Company has not taken any loan from Financial Institution, Bank and the Company has not issued any Debentures.

15. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

16. The Company has not dealt or traded in shares, securities, debentures and other investments during the year.

17. The Company has not given any guarantee for loans taken by others from Bank or Financial Institutions.

18. The Company has not taken term loans during the year.

19. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the Company has not used funds raised on short-term basis for long-term investment.

20. The Company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.

21. The Company has not issued any Debentures during the year.

22. The Company has not raised any money by public issue during the year.

23. Based upon the audit procedures performed and information and explanations given by the

management, we report that no fraud on the Company or by the Company has been noticed or reported during the course of our audit.

24. The clause (ii) and (xiii) of para 4 are not reported upon as these are not applicable to the Company.

For HARIBHAKTI & CO.
Chartered Accountants

Chetan Desai
Partner

MUMBAI,
April 20, 2005

(Membership No: 17000)

Balance Sheet as at March 31, 2005

	Schedule	Rupees	Rupees	March 31, 2004 Rupees
FUNDS EMPLOYED				
SHAREHOLDER'S FUNDS				
Share Capital	1		50,16,10,000	75,16,10,000
Reserves and Surplus	2		37,00,04,035	24,45,80,841
			<u>87,16,14,035</u>	<u>99,61,90,841</u>
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	3	79,49,92,631		75,18,90,040
Less: Depreciation		12,62,51,492		6,74,53,765
Net Block		66,87,41,139		68,44,36,275
Capital Advances		11,15,856		68,99,924
			66,98,56,995	69,13,36,199
INVESTMENTS	4		33,26,90,199	40,52,22,975
DEFERRED TAX ASSET (see note 9)	5		1,24,04,535	1,45,33,401
CURRENT ASSETS, LOANS AND ADVANCES				
Sundry Debtors	6	2,42,20,249		1,58,73,566
Cash and Bank Balances	7	1,01,93,726		83,77,054
Other Current Assets	8	4,823		7,172
Loans and Advances	9	31,47,04,320		39,82,18,092
		34,91,23,118		42,24,75,884
Less: CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities	10	17,39,08,663		16,67,68,755
Provisions	11	31,85,52,149		37,06,08,863
		49,24,60,812		53,73,77,618
NET CURRENT ASSETS			(14,33,37,694)	(11,49,01,734)
			<u>87,16,14,035</u>	<u>99,61,90,841</u>
Significant Accounting Policies and Notes to Accounts	17			

As per our report attached

For Haribhakti & Co.
Chartered Accountants

Chetan Desai
Partner

MUMBAI, April 20, 2005

Deepak S. Parekh
Chairman

Milind Barve
Managing Director

Rahul Bhandari
Chief Financial
Officer

Directors
Humayun Dhanrajgir
R. S. Karnad
P. M. Thampi
Hoshang S. Billimoria
Dr. Deepak B. Phatak

Sonal Barot
Company Secretary
& Compliance Officer

Profit and Loss Account for the year ended March 31, 2005

	Schedule	Rupees	Previous Year Rupees
INCOME			
Management Fee	12	96,50,56,908	93,85,33,655
Interest	13	2,71,503	4,03,152
Dividend		1,65,99,156	1,29,00,244
Other Income	14	2,65,85,358	2,93,11,680
		<u>100,85,12,925</u>	<u>98,11,48,731</u>
EXPENDITURE			
Staff Expenses	15	19,12,96,703	17,49,36,240
Administrative and Other Expenses	16	25,73,13,844	30,93,68,550
Preliminary Expenses written off		—	2,07,846
Depreciation	3	6,65,90,054	5,24,57,768
		<u>51,52,00,601</u>	<u>53,69,70,404</u>
PROFIT/(LOSS) BEFORE TAX		49,33,12,324	44,41,78,327
Provision for Tax (see note 9)		17,71,68,866	15,88,05,465
PROFIT/(LOSS) AFTER TAX		31,61,43,458	28,53,72,862
Balance brought forward from Previous year		20,89,58,430	11,01,11,525
Profit Available for Appropriation		<u>52,51,01,888</u>	<u>39,54,84,387</u>
Appropriations:			
Short provision of Income Tax for earlier years (net)		21,72,933	64,412
General Reserve		3,16,14,346	2,85,37,286
Capital Redemption Reserve		25,00,00,000	—
Preference Dividend		3,96,57,535	3,93,44,262
Tax on Preference Dividend		51,82,745	50,40,984
Education Cess on Equity Dividend (previous year)		2,57,900	—
Proposed Equity Dividend		12,58,05,000	10,06,44,000
Tax on Proposed Equity Dividend		1,76,44,151	1,28,95,013
Balance carried forward to the Balance Sheet		<u>5,27,67,278</u>	<u>20,89,58,430</u>
Earnings Per Share (see note 8)		10.78	10.02
Significant Accounting Policies and Notes to Accounts	17		

As per our report attached

For Haribhakti & Co.
Chartered Accountants

Deepak S. Parekh
Chairman

Chetan Desai
Partner

Directors
Humayun Dhanrajgir
R. S. Karnad
P. M. Thampi
Hoshang S. Billimoria
Dr. Deepak B. Phatak

MUMBAI, April 20, 2005

Milind Barve
Managing Director

Rahul Bhandari
Chief Financial
Officer

Sonal Barot
Company Secretary
& Compliance Officer

Cash Flow Statement for the year ended March 31, 2005

	Rupees	Previous Year Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation and extraordinary items	49,33,12,324	44,41,78,327
Add / (Less) : Adjustment for		
Depreciation	6,65,90,054	5,24,57,768
Profit on sale of investment (net)	(1,00,75,602)	(2,50,78,727)
(Profit) / Loss on sale of fixed assets (net)	(10,48,315)	15,92,214
Investment Income (dividend)	(1,65,99,156)	(1,29,00,244)
Provision for gratuity	—	(1,25,000)
Provision for wealth tax	62,998	28,850
Preliminary expenses written off	—	2,07,846
Operating Profit before working capital changes	53,22,42,303	46,03,61,034
(Increase) / Decrease in Loans and Advances	(1,32,43,781)	(6,37,02,525)
(Increase) / Decrease in Other Current Assets	2,349	29,600
(Increase) / Decrease in Sundry Debtors	(83,46,683)	(77,53,889)
Increase / (Decrease) in Current Liabilities	71,39,908	11,11,22,052
Cash generated from Operations	51,77,94,096	50,00,56,272
Income tax paid	(16,24,85,230)	(19,33,73,871)
Net cash from operating activities	35,53,08,866	30,66,82,401
B. CASH FLOW FROM INVESTING ACTIVITIES		
Goodwill	—	(66,83,08,050)
Purchase of fixed assets	(4,58,05,383)	(5,38,01,289)
Proceeds from sale of fixed assets	17,42,848	9,57,674
Purchase of investments	(118,75,61,739)	(172,65,10,897)
Proceeds from sale of investments	128,67,69,273	167,11,07,153
Net cash used in investing activities	5,51,44,999	(77,65,55,409)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Share Capital - Equity	—	5,16,10,000
Share Capital - Preference	(25,00,00,000)	50,00,00,000
Dividend paid	(14,03,01,535)	(6,93,44,262)
Tax paid on Dividend	(1,83,35,658)	(88,84,734)
Net cash from financing activities	(40,86,37,193)	47,33,81,004
Net Increase / (Decrease) in cash and cash equivalents	18,16,672	35,07,996
Cash and cash equivalents at the beginning of the year	83,77,054	48,69,058
Cash and cash equivalents at the end of the year	1,01,93,726	83,77,054
	18,16,672	35,07,996

As per our report attached

For Haribhakti & Co.
Chartered Accountants

Chetan Desai
Partner

MUMBAI, April 20, 2005

Deepak S. Parekh
Chairman

Milind Barve
Managing Director

Rahul Bhandari
Chief Financial
Officer

Directors
Humayun Dhanrajgir
R. S. Karnad
P. M. Thampi
Hoshang S. Billimoria
Dr. Deepak B. Phatak

Sonal Barot
Company Secretary
& Compliance Officer

Schedules

Annexed to and forming part of the Accounts

Schedule 1

SHARE CAPITAL

	As at March 31, 2005 Rupees	As at March 31, 2004 Rupees
AUTHORISED		
3,00,00,000 (Previous Year 3,00,00,000) Equity Shares of Rs.10 each	30,00,00,000	30,00,00,000
5,00,00,000 (Previous Year 5,00,00,000) Redeemable, Cumulative Non-convertible Preference Shares of Rs.10 each	50,00,00,000	50,00,00,000
	<u>80,00,00,000</u>	<u>80,00,00,000</u>
ISSUED, SUBSCRIBED AND PAID-UP		
2,51,61,000 (Previous Year 2,51,61,000) Equity Shares of Rs.10 each, fully paid up (Of the above 1,26,05,661 (Previous Year 1,26,05,661) Equity Shares are held by Housing Development Finance Corporation Limited, the Holding Company and its nominees)	25,16,10,000	25,16,10,000
2,50,00,000 (Previous Year 5,00,00,000) 10% Redeemable, Cumulative Non-convertible Preference Shares of Rs. 10 each, redeemable in 5 equal annual instalments starting from June 18, 2005. The Company reserves the right to redeem the Preference Shares (in full or part) at any time before the scheduled due dates of redemption. (Of the above 1,25,25,000 (Previous Year 2,50,50,000) Preference Shares are held by Housing Development Finance Corporation Limited, the Holding Company)	25,00,00,000	50,00,00,000
	<u>50,16,10,000</u>	<u>75,16,10,000</u>

Schedule 2

RESERVES AND SURPLUS

	As at March 31, 2005 Rupees	As at March 31, 2004 Rupees
General Reserve		
Opening Balance	3,56,22,411	70,85,125
Add : Transfer from Profit and Loss Account	3,16,14,346	2,85,37,286
	<u>6,72,36,757</u>	<u>3,56,22,411</u>
Share Premium	—	82,57,60,000
Less : Adjusted against Goodwill Account	—	82,57,60,000
	<u>—</u>	<u>—</u>
Capital Redemption Reserve		
Opening Balance	—	—
Add : Transfer from Profit and Loss Account	25,00,00,000	—
	<u>25,00,00,000</u>	<u>—</u>
Balance in Profit and Loss Account	<u>5,27,67,278</u>	<u>20,89,58,430</u>
	<u>37,00,04,035</u>	<u>24,45,80,841</u>

Schedule 3
FIXED ASSETS

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at March 31, 2004	Additions	Acquired on Amalga- mation	Deductions	As at March 31, 2005	As at March 31, 2004	Acquired on Amalga- mation	For the Year	Deductions	As at March 31, 2005	As at March 31, 2005	As at March 31, 2004
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Goodwill	66,83,08,050	—	—	—	66,83,08,050	3,34,15,402	—	3,34,15,402	—	6,68,30,804	60,14,77,246	63,48,92,648
Improvement of Rented Premises	3,19,54,582	1,58,60,062	—	13,93,274	4,64,21,370	98,29,387	—	1,53,75,973	12,90,130	2,39,15,230	2,25,06,140	2,21,25,195
Computer Equipment	2,37,60,528	1,14,65,260	—	3,58,853	3,48,66,935	1,14,85,864	—	91,78,976	3,58,853	2,03,05,987	1,45,60,948	1,22,74,664
Intangible Assets (Computer Software)	—	32,75,313	—	—	32,75,313	—	—	4,16,518	—	4,16,518	28,58,795	—
Office Equipment	1,30,76,938	1,07,29,552	—	6,39,947	2,31,66,543	34,33,061	—	40,35,811	4,27,375	70,41,497	1,61,25,046	96,43,877
Furniture & Fixtures	59,13,233	8,84,495	—	3,88,526	64,09,202	28,69,731	—	13,37,171	2,24,428	39,82,474	24,26,728	30,43,502
Electrical Installations	26,950	—	—	—	26,950	15,817	—	3,465	—	19,282	7,668	11,133
Vehicles	88,49,759	93,74,769	—	57,06,260	1,25,18,268	64,04,503	—	28,26,738	54,91,541	37,39,700	87,78,568	24,45,256
	<u>75,18,90,040</u>	<u>5,15,89,451</u>	<u>—</u>	<u>84,86,860</u>	<u>79,49,92,631</u>	<u>6,74,53,765</u>	<u>—</u>	<u>6,65,90,054</u>	<u>77,92,327</u>	<u>12,62,51,492</u>	<u>66,87,41,139</u>	<u>68,44,36,275</u>
Previous Year	<u>4,44,37,140</u>	<u>71,33,82,283</u>	<u>6,32,79,766</u>	<u>6,92,09,149</u>	<u>75,18,90,040</u>	<u>2,02,02,626</u>	<u>6,14,52,634</u>	<u>5,24,57,768</u>	<u>6,66,59,263</u>	<u>6,74,53,765</u>	<u>68,44,36,275</u>	

Schedule 4
INVESTMENTS

**CURRENT INVESTMENTS (Valued at Cost
and Net Asset Value, whichever is lower)**

	As at March 31, 2005 Rupees	As at March 31, 2004 Rupees
Nil Units (Previous Year 35,68,727 Units) of Rs. 10 each in HDFC Income Fund (Growth Plan) (Purchased Nil Units and Redeemed 35,68,727 Units during the year)	—	4,59,56,114
Nil Units (Previous Year 1,67,17,965) of Rs.10 each in HDFC Liquid Fund - Premium Plus Plan (Dividend Plan) (Purchased 1,68,04,180 Units and Redeemed 3,35,22,145 Units during the year)	—	20,05,06,153
Nil Units (Previous Year 61,07,937) of Rs.10 each in HDFC Liquid Fund - Premium Plan (Dividend Plan) (Purchased 22,002 Units and Redeemed 61,29,939 Units during the year)	—	7,33,23,925
Nil Units (Previous Year 34,77,484) of Rs. 10 each in HDFC Liquid Fund (Dividend Plan) (Purchased 13,884 Units and Redeemed 34,91,368 Units during the year)	—	3,50,25,540
1,15,00,338 Units (Previous Year 48,58,025) of Rs. 10 each in HDFC Monthly Income Plan-Long Term Plan (Dividend Plan) (Purchased 66,42,313 Units and Redeemed Nil Units during the year)	11,79,57,178	5,04,11,243
Carried forward	<u>11,79,57,178</u>	<u>40,52,22,975</u>

Schedule 4 (Continued)**CURRENT INVESTMENTS (Valued at Cost and Net Asset Value, whichever is lower)**

	As at March 31, 2005 Rupees	As at March 31, 2004 Rupees
Brought forward	11,79,57,178	40,52,22,975
2,14,04,381 Units (Previous Year Nil) of Rs. 10 each in HDFC Floating Rate Income Fund - Short Term Plan (Dividend Plan) (Purchased 8,16,03,946 Units and Redeemed 6,01,99,565 Units during the year)	21,47,33,021	—
	<u>33,26,90,199</u>	<u>40,52,22,975</u>
Repurchase Price of the above	<u>33,39,61,331</u>	<u>41,56,46,573</u>

Schedule 5**DEFERRED TAX**

	As at March 31, 2005 Rupees	As at March 31, 2004 Rupees
Deferred Tax Asset	1,28,25,350	1,49,81,838
Deferred Tax Liability	(4,20,815)	(4,48,437)
	<u>1,24,04,535</u>	<u>1,45,33,401</u>

Schedule 6**SUNDRY DEBTORS**

(Unsecured, Considered good, less than six months)

	As at March 31, 2005 Rupees	As at March 31, 2004 Rupees
Management Fee Receivable	2,42,20,249	1,58,73,566
	<u>2,42,20,249</u>	<u>1,58,73,566</u>

Schedule 7**CASH AND BANK BALANCES**

	As at March 31, 2005 Rupees	As at March 31, 2004 Rupees
Balance with Scheduled Bank:		
In Current Account	76,93,726	58,77,054
In Deposit Account	25,00,000	25,00,000
	<u>1,01,93,726</u>	<u>83,77,054</u>

Schedule 8

OTHER CURRENT ASSETS

	As at March 31, 2005 Rupees	As at March 31, 2004 Rupees
Interest Accrued but Not Due	4,823	7,172
	<u>4,823</u>	<u>7,172</u>

Schedule 9

LOANS AND ADVANCES

(Unsecured, considered good)

	As at March 31, 2005 Rupees	As at March 31, 2004 Rupees
Sundry Deposits	2,57,33,972	2,88,83,216
Advance Payment of Taxes	18,20,31,408	27,87,88,961
Advances recoverable in cash or in kind or for value to be received	10,69,38,940	9,05,45,915
	<u>31,47,04,320</u>	<u>39,82,18,092</u>

Schedule 10

CURRENT LIABILITIES

	As at March 31, 2005 Rupees	As at March 31, 2004 Rupees
Sundry Creditors	16,95,75,966	15,36,44,225
Other Liabilities	43,32,697	1,31,24,530
	<u>17,39,08,663</u>	<u>16,67,68,755</u>

Schedule 11

PROVISIONS

	As at March 31, 2005 Rupees	As at March 31, 2004 Rupees
For Taxation (see note 10)	17,51,02,998	25,70,69,850
Proposed Dividend	12,58,05,000	10,06,44,000
Income-tax on Proposed Dividend	1,76,44,151	1,28,95,013
	<u>31,85,52,149</u>	<u>37,06,08,863</u>

Schedule 12**MANAGEMENT FEE**

	For the year ended March 31, 2005 Rupees	For the year ended March 31, 2004 Rupees
Investment Management Fee (Tax Deducted at Source Rs. 5,25,43,340; Previous Year Rs. 5,05,36,109)	92,11,07,350	91,46,83,895
Portfolio Management Fee (Tax Deducted at Source Rs. 6,40,094; Previous Year Rs. 5,66,810)	4,39,49,558	2,38,49,760
	<u>96,50,56,908</u>	<u>93,85,33,655</u>

Schedule 13**INTEREST**

	For the year ended March 31, 2005 Rupees	For the year ended March 31, 2004 Rupees
On Fixed Deposit with a Bank (Tax Deducted at Source Rs. 25,998; Previous Year Rs. 28,022)	1,22,865	1,38,165
On Income Tax Refund	1,48,638	2,64,987
	<u>2,71,503</u>	<u>4,03,152</u>

Schedule 14**OTHER INCOME**

	For the year ended March 31, 2005 Rupees	For the year ended March 31, 2004 Rupees
Profit on Sale of Current Investments (net)	1,00,75,602	2,50,78,727
Profit/(Loss) on Sale of Fixed Assets (net)	10,48,315	(15,92,214)
Miscellaneous Income	1,54,61,441	58,25,167
	<u>2,65,85,358</u>	<u>2,93,11,680</u>

Schedule 15**STAFF EXPENSES**

	For the year ended March 31, 2005 Rupees	For the year ended March 31, 2004 Rupees
Salaries, Allowances and Bonus	17,66,37,115	15,87,91,317
Contribution to Provident and Other Funds	66,84,117	48,55,078
Staff Welfare and Training Expenses	61,26,097	99,36,677
Recruitment Expenses	18,49,374	13,53,168
	<u>19,12,96,703</u>	<u>17,49,36,240</u>

Schedule 16

ADMINISTRATIVE AND OTHER EXPENSES

	For the year ended March 31, 2005 Rupees	For the year ended March 31, 2004 Rupees
Special Brokerage / Incentives	1,29,98,674	4,65,20,334
Scheme Launch Expenses	4,38,13,401	3,09,04,580
Advertisement	27,67,256	2,02,91,442
Business Promotion	1,55,77,889	1,60,57,305
Rent (Net) (Tax Deducted at Source Rs. 6,84,732; Previous Year Rs. 5,64,960)	5,33,99,110	4,87,25,742
Printing and Courier	1,59,28,856	3,46,23,949
Travel and Conveyance	1,51,82,929	1,50,50,339
Communication Expenses	1,26,82,634	91,21,290
Establishment Expenses	1,22,72,054	95,21,676
Subscription and Membership Fees	42,71,881	51,30,087
Professional and Legal Fees	1,73,89,296	1,96,37,374
Repair and Maintenance	2,22,07,164	1,67,87,365
Insurance Expenses	67,03,866	55,02,252
Auditors Remuneration:		
Statutory Audit Fee	2,20,400	1,89,000
Tax Audit Fee	41,680	33,150
Taxation Matters	3,07,890	2,15,390
Other Services	61,306	1,75,000
	<hr/>	<hr/>
	6,31,276	6,12,540
Directors Sitting Fee	18,00,000	11,15,000
Donations	15,00,000	5,00,000
Wealth Tax	62,998	28,850
Rates and Taxes	2,020	11,500
Miscellaneous Expenses	1,81,22,540	2,92,26,925
	<hr/> <hr/>	<hr/> <hr/>
	25,73,13,844	30,93,68,550

Schedule 17**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2005****1. SIGNIFICANT ACCOUNTING POLICIES****1.1 Accounting Convention**

The financial statements have been prepared in accordance with historical cost convention, applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.

1.2 Income Recognition

Management fees and income from investments are accounted for on accrual basis.

1.3 Fixed Assets

Fixed Assets are stated at cost of acquisition, including incidental expenses.

1.4 Depreciation

A) Depreciation on Fixed Assets is provided on straight-line basis at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 except for certain assets, where based on the Management's estimate of the useful lives of the assets, higher depreciation has been provided at the following rates:

CLASS OF FIXED ASSET	RATE OF DEPRECIATION (%)
Building	2.00
Computer Equipment	33.33
Computer Software	33.33
Furniture & Fixtures	14.29
Electrical Installations	14.29
Office Equipment	20.00
Vehicles	25.00
Improvement of Rented Premises	Over the primary period of the lease

Assets individually costing less than Rupees Five Thousand are fully depreciated in the year of purchase/acquisition.

B) Goodwill

Based on the Management's estimate, since the benefit of acquisition is perpetual, goodwill generated on amalgamation of erstwhile HDFC AMC Services Company Private Limited and HDFC AMC Mauritius Limited, with the Company is being depreciated equally over a period of 20 years.

1.5 Investments

Current investments are valued at lower of cost and net asset value.

1.6 Transaction in Foreign Currency

Transactions in foreign currency are accounted for at the rates prevailing at the date of the transaction. Current assets and liabilities are translated at the ruling rate of exchange at year-end and the resultant exchange gains or losses are reflected in the profit and loss account.

1.7 Retirement Benefits

The Company contributes to the Recognised Provident Fund for its employees. Company's contribution in the case of gratuity is funded annually with the Life Insurance Corporation of India, as determined by the corporation, based on actuarial valuation.

Schedule 17 (Continued)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2005

1.8 Income Tax

The accounting treatment for Income Tax in respect of the Company's income is based on the Accounting Standard on "Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India. The provision made for Income Tax in the Accounts comprises both, the current tax and the deferred tax. The deferred tax assets and liabilities for the year, arising on account of timing differences, are recognized in the Profit and Loss Account and the cumulative effect thereof is reflected in the Balance Sheet. The major components of the respective balances of deferred tax assets and liabilities are disclosed in the Accounts.

2. Contingent Liabilities

Disputed Income Tax demand Rs. 3,67,497 (Previous Year Rs. Nil).

3. Sundry Creditors

Sundry creditors do not include any amount payable to Small Scale Industrial Undertakings.

4. Scheme Expenses

Recurring expenses of schemes of HDFC Mutual Fund in excess of limits prescribed by the Securities and Exchange Board of India are accounted under the respective expense heads in the Profit and Loss Account.

5. Segmental Reporting

The Company is primarily engaged in the investment management business. As such, there are no separate reportable segments, as per the Accounting Standard on "Segment Reporting" (AS-17) issued by the Institute of Chartered Accountants of India. The Company has no offices or assets outside India.

6. Related Party Transactions

As per the Accounting Standard on "Related Party Disclosures" (AS-18) issued by the Institute of Chartered Accountants of India, the related parties of the Company are as follows:

- A) Holding Company : Housing Development Finance Corporation Limited
- B) Investing Party : Standard Life Investments Limited
- C) Fellow Subsidiaries : HDFC Developers Limited
HDFC Investments Limited
HDFC Holdings Limited
HDFC Trustee Company Limited
HDFC Standard Life Insurance Company Limited
HDFC Realty Limited
GRUH Finance Limited
HDFC Chubb General Insurance Company Limited
Home Loan Services India Private Limited
HDFC Venture Capital Limited
HDFC Ventures Trustee Company Limited
- D) Key Management Personnel : Mr. Milind Barve, Managing Director

Schedule 17 (Continued)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2005

The nature and volume of transactions of the Company with the above related parties were as follows:

(Amount in Rupees)

Particulars	Holding Company	Investing Party	Fellow Subsidiaries*	Key Management Personnel
INCOME				
Management Fees	—	—	1,08,00,000	—
	—	—	(1,26,00,000)	—
Profit on Sale of Assets	988	—	—	—
	—	—	—	—
EXPENDITURE				
Rent	2,12,68,997	—	6,14,460	—
	(2,33,68,839)	—	(4,60,845)	—
Technology Support Cost	36,85,000	—	—	—
	(39,96,000)	—	—	—
Establishment Expenses	1,22,72,054	—	—	—
	(95,21,676)	—	—	—
Administrative & Other Expenses	14,11,909	—	—	—
	(20,21,657)	—	—	—
Brokerage	—	—	—	—
	—	—	(3,39,552)	—
Insurance Premium	—	—	34,47,288	—
	—	—	(32,46,173)	—
Remuneration	—	—	—	1,27,35,641
	—	—	—	(85,58,724)
Software Maintenance Cost	4,00,000	—	—	—
	—	—	—	—
Preference Dividend	1,98,68,425	1,97,89,110	—	—
	(1,97,11,475)	(1,96,32,787)	—	—
ASSETS				
Deposits	—	—	4,689	—
	—	—	(6,949)	—
Account Receivable	—	—	60,50,000	—
	—	—	(56,29,500)	—
Insurance Premium	—	—	25,88,945	—
	—	—	(27,46,973)	—
LIABILITIES				
Account Payable	8,010	—	—	—
	—	—	—	—
Proposed Equity Dividend	6,30,28,305	6,27,76,695	—	—
	(5,04,22,644)	(5,02,21,356)	—	—

Schedule 17 (Continued)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2005

Reimbursement of Expenses amounting to Rs. 3,25,020 (Previous Year Rs. 1,27,587) to the Holding Company and Rs. 1,16,671 (Previous Year Rs. Nil) to a Fellow subsidiary are not considered above.

* Details of transactions with the Fellow Subsidiaries are as follows:

(Amount in Rupees)

Particulars	HDFC Trustee Company Limited	HDFC Standard Life Insurance Company Limited	HDFC Chubb General Insurance Company Limited	GRUH Finance Limited
Rent	—	—	—	6,14,460
	—	—	—	(4,60,845)
Management Fees	—	72,00,000	36,00,000	—
	—	(72,00,000)	(54,00,000)	—
Insurance Premium	—	5,89,360	28,57,928	—
	—	(4,37,662)	(28,08,511)	—
Account Receivable	33,50,000	18,00,000	9,00,000	—
	(29,29,500)	(18,00,000)	(9,00,000)	—

Figures in bracket pertain to the Previous Year.

7. Operating Leases

The company has entered into non-cancellable leasing arrangements for certain official and residential premises generally for a period of 36 months. The total lease payments recognized in the Profit and Loss Account towards the said leases amount to Rs. 4,71,79,176 (Previous Year Rs. 2,30,73,449).

The future lease payments in respect of the above are as follows:

	Current Year Rupees	Previous Year Rupees
Not later than one year	3,88,29,695	3,76,51,954
Later than one year but not later than five years	4,51,65,380	4,38,90,470
Later than five years	Nil	Nil

8. Earnings per Share

Earnings per Share has been computed as under:

	Current Year Rupees	Previous Year Rupees
(a) Profit after Taxation	31,61,43,458	28,53,72,862
Less: Preference Dividend and Tax thereon	4,48,40,280	4,43,85,246
	<u>27,13,03,178</u>	<u>24,09,87,616</u>
(b) Weighted Average Number of Equity Shares Outstanding	2,51,61,000	2,40,61,115
(c) Earnings per Share (Face Value Rs.10 per Share) (a) / (b) (Basic and Diluted)	10.78	10.02

Schedule 17 (Continued)**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2005****9. Deferred Tax**

In compliance with the Accounting Standard on "Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India, the Company has made net deferred tax adjustment of Rs. 21,28,866 (Previous Year Rs. 1,41,94,535) as per details given below. The amount has been debited to the Profit and Loss Account alongwith provision for taxation for the year.

(Amount in Rupees)

Description	As on March 31, 2004	For the year	As on March 31, 2005
Assets			
Depreciation	18,65,269	1,09,60,081	1,28,25,350
Others	1,31,16,569	(1,31,16,569)	Nil
Total	1,49,81,838	(21,56,488)	1,28,25,350
Liabilities			
Others	4,48,437	(27,622)	4,20,815
Net Deferred Tax Asset (Adjustment)	1,45,33,401	(21,28,866)	1,24,04,535

10. Provisions

In compliance with the Accounting Standard on "Provisions, Contingent Liabilities and Contingent Assets" (AS-29) issued by the Institute of Chartered Accountants of India, the details of carrying amount in respect of Company's provision for Income Tax are as under:

(Rupees)

Opening Balance	Additions	Amount Used	Closing Balance
25,70,69,850	17,51,02,998	25,70,69,850	17,51,02,998

11. Income in foreign currency

	Current Year Rupees	Previous Year Rupees
Investment Advisory Fee	1,18,91,323	86,58,988

12. Payments in foreign currency

A) Expenditure

	Current Year Rupees	Previous Year Rupees
i) Travelling Expenses	2,50,313	3,08,391
ii) Staff Training Expenses	7,05,623	Nil
iii) Professional Fees	Nil	10,00,276

Schedule 17 (Continued)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2005

B) Dividend

	Current Year Rupees	Previous Year Rupees
i) Dividend on Equity Shares		
(a) Year to which the dividend relates	2003-04	2002-03
(b) Number of non-resident shareholders	1	1
(c) Number of Shares held	1,25,55,339	79,80,000
(d) Amount Remitted (Gross)	5,02,21,356	1,19,70,000
ii) Dividend on Preference Shares		
(a) Year to which the dividend relates	2004-05	2003-04
(b) Number of non-resident shareholders	1	1
(c) Number of Shares held (year-end)	1,24,75,000	2,49,50,000
(d) Amount Remitted (Gross)	1,97,89,110	1,96,32,787

13. Managerial Remuneration

Remuneration to Managing Director:

	Current Year Rupees	Previous Year Rupees
Salary & Allowances (incl. Perquisites)	1,23,69,641	82,53,724
Contribution to Retirement benefits	3,66,000	3,05,000

Computation of net profits in accordance with Section 309(5) of the Companies Act, 1956 has not been given since no commission is payable.

14. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 45,32,638 (Previous Year Rs. 33,67,973).

15. Prior Year Comparatives

Figures for the previous year have been regrouped / rearranged, wherever necessary.

16. Part IV to the Schedule VI of the Companies Act, 1956

The Balance Sheet abstract and the Company's business profile as required by Part IV to Schedule VI to the Companies Act, 1956 is attached herewith.

Deepak S. Parekh
Chairman

Directors
Humayun Dhanrajgir
R. S. Karnad
P. M. Thampi
Hoshang S. Billimoria
Dr. Deepak B. Phatak

Milind Barve
Managing Director

Rahul Bhandari
Chief Financial
Officer

Sonal Barot
Company Secretary
& Compliance Officer

MUMBAI, April 20, 2005

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

I. Registration Details

Registration No.

1 2 3 0 2 7

State Code

1 1

Balance Sheet Date

3 1 3 2 0 0 5

II. Capital raised during the year (Amount in Rs. '000)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities

1 3 6 4 0 7 5

Total Assets

1 3 6 4 0 7 5

SOURCES OF FUNDS

Paid-up Capital

5 0 1 6 1 0

Reserves and Surplus

3 7 0 0 0 4

Secured Loans

N I L

Unsecured Loans

N I L

APPLICATION OF FUNDS

Net Fixed Assets

6 6 9 8 5 7

Investments

3 3 2 6 9 0

Net Current Assets

(-) 1 3 0 9 3 3

Miscellaneous Expenditure

N I L

Accumulated Losses

N I L

IV. Performance of the Company (Amount in Rs. '000)

Total Income

1 0 0 8 5 1 3

Total Expenditure

5 1 5 2 0 1

Profit Before Tax

4 9 3 3 1 2

Profit After Tax

3 1 6 1 4 3

Earnings per Share (in Rs.)

1 0 . 7 8

Dividend (%)

5 0

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

Item Code No. (ITC Code)

N I L

Product Description

A S S E T M A N A G E M E N T

Item Code No. (ITC Code)

N I L

Product Description

P O R T F O L I O M A N A G E M E N T S E R V I C E S