



DSP MERRILL LYNCH LIMITED
27th ANNUAL REPORT 2001

Board of Directors

Mr. Hemendra M Kothari

— Chairman

Mr. Shitin Desai

— Vice Chairman & Managing Director

Mr. Check Kian Low

Mr. Christopher Reeves

Mr. Kevan Watts

Mr. Paul Roy

Mr. Prem Saigal

Mr. Yogesh M Kothari

Mr. Ausaf Abbas

— Alternate to Mr. Paul Roy

Company Secretary

Ms Jyoti Vineet Tandon

Auditors

Deloitte Haskins & Sells

Bankers

Bank of America

Bank of India

Citibank N.A.

Deutsche Bank

HDFC Bank Ltd.

ICICI Bank Ltd.

Standard Chartered Bank

State Bank of India

The Hongkong and Shanghai Banking Corporation Ltd.

Registered Office

Mafatlal Centre, 10th Floor

Nariman Point

Mumbai - 400 021

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Directors' Report to the Shareholders

Your Directors have pleasure in presenting the Twenty Seventh Annual Report of the Company; the Audited Statement of Accounts and the Auditors' Report for the year ended 31st December 2001.

The financial results for the year are summarised below:

(Rs.mm)

	Consolidated figures of DSP Merrill Lynch and its subsidiaries	DSP Merrill Lynch Limited	
	2001 (12 months)	2001 (12 months)	2000 (9 months)
Gross income	3,014.84	2,833.20	1,796.04
Profit before depreciation and tax	1,509.77	1,475.31	853.27
Depreciation	(75.11)	(67.11)	(41.61)
Profit before Tax	1,434.66	1,408.20	811.67
Provision for Tax:			
Current	(547.26)	(545.18)	(318.21)
Deferred tax/credits	50.60	50.60	—
Operating profit after Tax	937.99	913.61	493.45
Provision of tax for earlier years	(4.09)	(4.09)	(4.30)
Net Profit after Tax	933.90	909.52	489.16
Less: Share of minority interest in profits for the year	(10.04)		
Balance brought forward from the previous year (excluding share of minority)	125.91	152.76	9.38
Balance available for appropriation	1,049.78	1,062.28	498.54
Earnings Per share (in Rs.)		40.42	21.74
			Not Annualised

Corporate Update

In March 2001, your Company issued bonus equity shares in the ratio of 1:1. Further, as you may be aware, your Company's equity shares are now available for dematerialisation and trading in electronic form through the Central Depository Services (India) Limited (CDSL) as well as the National Securities Depository Limited (NSDL).

In June 2001, The Stock Exchange, Mumbai (BSE), which is the only exchange on which the shares of the Company are listed, amended clause 40A of the Listing Agreement to provide that where the

public shareholding of an existing listed company as on 1st April, 2001 is less than 10%, the Company shall, within one year, raise the public holding to at least 10%, failing which the Company/promoters have to buy-back the public shareholding and delist. Presently, the public holds about 2.5% of the Company's shares. Since the promoting shareholders do not wish to dilute their shareholdings, and the company does not routinely access capital markets, the Company, after receiving the necessary statutory approvals proposes to make an offer to buy back 564,000 equity shares of the Company, and delist the Company's shares from the BSE. The shareholders have approved buyback of the shares.

Dividend

Your Directors recommend a dividend of Rs. 24/- per equity share. If approved, dividend will be paid to the members whose names appear in the Register of Members on the date fixed in consultation with The Stock Exchange, Mumbai.

Transfer to Reserves

Your Directors recommend the transfer of Rs. 50,000,000/- to the General Reserve. Additionally, Rs. 181,910,000/- has been transferred to the Reserve Fund created as per the requirement of Section 45-IC of the Reserve Bank of India Act, 1934.

Market Overview

Year 2001 commenced on a very positive note for the Indian Fixed Income markets. The year started with an easing cycle triggered by significant global softening of interest rates and by the substantial liquidity created on account of inflows from State Bank of India's (SBI) India Millennium Deposit. During the year, yields across maturities moved significantly and were down around 3%. The Reserve Bank of India continued to favour softening of yields and provided adequate impetus for this easing through cuts in Cash Reserve Ratio (cut by 2.5%) and the bank rate (reduced by 1.5%). A sluggish economy, poor credit offtake, low inflation, a stable currency and the Reserve Bank of India's rate cuts provided the necessary scenario for interest rates to be pushed to their lowest levels in over two decades – and also the lowest since India has shifted from administered interest rates to a market-determined interest rate regime.

Equity Markets were depressed globally, with the domestic markets, tracking its US, European and emerging market counterparts for the most part of last year. However, towards the end of the year, the Indian markets had begun to recover and in more recent months, outperformed most other markets, as India was being viewed as a relatively higher growth market and a safe haven with low dependence on foreign trade and global economic turmoil.

Equity Capital Markets

The year witnessed conditions that were significantly unfavorable to equity issuance. As a result of the market conditions, there was a steep fall in primary issuance globally and India was not insulated from this trend.

Merrill Lynch, along with your Company, was able to counter this

trend and deliver success to three of its valued clients who were keen to make their presence felt in global markets:

- **US\$132 mm Dr. Reddy's ADR Issue:** Dr. Reddy's raised proceeds with Merrill Lynch as the Sole Book Runner. This was the first Asian Pharmaceutical American Depository Issue. The transaction was oversubscribed by over four times and ended the year as one of the best performing global issues in 2001.
- **US\$161 mm Satyam Computer Services ADR Issue:** Merrill Lynch, acting as the Sole Book-runner, completed the first accelerated Asian initial ADR offering for Satyam Computer Services (Satyam), one of India's leading IT services companies. The success of the offering was significant considering that 2001 was a particularly difficult year for IT services companies globally.
- **US\$ 172 mm HDFC Bank ADR Issue:** An ADR issue for HDFC Bank Ltd., a leading private sector bank, was executed successfully at premium valuation. Despite the volatile market conditions, the offering was oversubscribed in a difficult environment by around 7.6 times.

With completion of these three landmark global offerings, raising an aggregate of close to US\$ 500 mm, Merrill Lynch had a 100% market share of ADR offerings by Indian companies in 2001.

Unfortunately, the domestic IPO was even more challenging and witnessed a smaller amount of primary issuance, with the few offerings that were completed being priced lower and, in some cases, managed by other intermediaries, devolving. During the year, your Company successfully managed one mid-sized domestic IPO for Andhra Bank.

In view of the above domestic equity issuance environment, your Company has focussed on new equity products such as buyback of shares and open offers for consolidation of holdings.

Some of the large Open Offer / Share Buyback transactions managed by your Company this year include:

- **Carrier Aircon Limited:** Rs. 1,147 mm Open Offer by Carrier Corporation
- **Otis Elevator Company India Limited:** Rs. 1,092 mm Open Offer by Otis Mauritius Limited
- **Wartsila India Limited:** Rs. 707 mm Open Offer by Wartsila Corporation
- **Siemens Limited:** Rs. 800 mm Share Buyback Programme
- **Madura Coats Limited:** Rs. 487 mm Share Buyback Programme
- **MICO Limited:** Rs. 760 mm Share Buyback Programme

At the end of the year, looking ahead at 2002, your Company has a cautiously optimistic outlook for Indian equities, given the underlying fundamental growth story of the Indian economy and prospects of select industrial/ service segments. Leading indicators also seem to indicate global recovery in 2002. Your Company

continues to be a leader in capital market activities and is poised to garner significant transactions in the future also through its strong brand, research and distribution capabilities.

Debt Capital Markets

During the year, mobilisation in the debt capital markets aggregated to Rs. 626.2 bn, and private placement of debt remained a favourite mode of raising funds, accounting for almost 93% of the debt capital placements. Financial institutions / banks led the mobilisation league tables by raising 37% of the total debt mobilised, followed by private sector corporates at 35%, state level undertakings/ state financial institutions with 16% and public sector units constituting the remaining 12%. Margins in the business continued to be under pressure owing to intense competition, while long term credit risk for some of the issuance classes emerged as a major concern for rating agencies and investors alike.

Innovative financing options continued to be your Company's forte. In 2001, for the first time, your Company introduced the partial guarantee structure to the Indian Bond Market and placed the first partial guarantee Indian Rupee Structured Debenture Obligation (SDO) issuance. The partial guarantee local currency SDO was a global first for International Finance Corporation, member of the World Bank Group. This innovation also marked the development, by credit rating agencies, of a new methodology for rating "hybrid-debt".

Your Company is engaged in significant efforts towards development of the securitisation market in India. Promulgation of the proposed "Securitisation Bill" is expected to result in substantial growth of securitisation in India. Securitisation transactions completed during the year aggregated Rs. 37.2 bn, of which your Company lead managed deals aggregating Rs. 10.1 bn.

During the year, your Company contributed significantly to growth of the private placement debt market. Significant Debt Capital transactions executed by your Company during the year include:

- **Ballarpur Industries Limited:** First Partial Guarantee local currency SDO (Rs. 1.50 bn)
- **Bharati Mobile Limited:** First Telecom sector Partial Guarantee local currency SDO (Rs. 2.10 bn)
- **Bharat Petroleum Corporation Limited:** First "sub 10%" 5-year Bond (Rs. 3.45 bn)
- **Indian Oil Corporation:** Issuance of very long tenor corporate bonds – 15-year bonds (Rs. 4.11 bn)
- **Bharat Sanchar Nigam Limited:** First bond issuance by India's largest Public Sector Enterprise (Rs. 5.10 bn)

Other notable transactions include: Canara Bank (Tier-II issuance of Rs. 4.50 bn), Punjab National Bank (Tier-II issuance of Rs. 4.80 bn), ICICI Bank (Tier-II issuance of Rs. 2.27 bn), IDFC (Rs. 2.50 bn), IDBI (Multiple transactions aggregating Rs. 7.75 bn), Power Finance Corporation (Rs. 3.54 bn), Reliance Petroleum Limited (Multiple transactions aggregating Rs. 11.96 bn), G E Capital Services India Limited (Multiple transactions aggregating Rs. 5.45 bn) and

Whirlpool of India Limited (Multiple transactions aggregating Rs.6.96 bn).

Indian corporates continued to shun the international debt capital markets with minor activity witnessed in the international syndicated loan segment. Withholding tax on External Commercial Borrowings (ECBs) and lower local interest rates for bonds and debentures proving more attractive for issuers, corporates continued to favor Indian debt capital markets for their debt borrowing requirements.

Mergers and Acquisitions

In line with global trends, the Indian M&A market also witnessed fewer transactions over the previous year. Despite this, your Company continued its strong presence in the sector and recorded an increase in the value of announced M&A transactions over the previous year. The year was marked by a change in the profile of acquirers from Multinational Corporations to large Domestic Corporates. Your Company continues to be well positioned to capitalise on the M&A business, given its strong presence.

The most significant transactions led by your Company this year include:

- **Merger of ICICI with ICICI Bank:** This was the largest transaction in the Indian banking/ financial services sector to date and results in creation of India's second largest bank with total assets aggregating approx. US\$ 20 bn and combined market capitalisation of about US\$ 1.4 bn.
- **Cadila Healthcare Limited's acquisition of German Remedies:** This largest ever M & A transaction in the Indian pharmaceutical sector enabled our client Cadila HealthCare Limited, to emerge as the fourth largest Indian pharmaceutical company - up two notches.
- **Acquisition of a Majority Stake in CMC Limited by Tata Sons:** Tata Sons Limited, acquired a 51% equity stake in CMC Ltd. from Government of India, marking the first disinvestment of a listed public sector enterprise.
- **Aban Lloyd acquisition of Hitech Drilling Services India Limited:** The acquisition represents the largest M&A transaction in the Indian Offshore Drilling Industry to date.
- **Acquisition of 70.35% stake in PSI Data Systems Ltd. from Group Bull, France, by Indian Rayon & Industries Limited.**
- **Acquisition of 60% stake in Rhone Poulenc India Limited by Nicholas Piramal Limited.**

Equity Broking

In 2001, stock markets witnessed a sharp drop in volumes amidst regulatory changes, adverse market conditions, introduction of rolling settlements and turmoil in the international business environment. However, your Company consolidated its market share in the Foreign Institutional Investor (FII) segment and continued to be amongst the market leaders in the institutional segment. Your Company's sales team along with Merrill Lynch continues to be rated highly, both locally and globally. Your Company continued to receive prestigious awards in the securities market in 2001 and was rated "Best Equity House" by *Euromoney*

magazine and rated # 1 for "Best Execution" for Equities by *Asiamoney* magazine

Additionally, the derivatives market has witnessed significant growth in volumes consequent to introduction of Index Options, Options on individual stocks and Stock Futures. With Foreign Institutional Investors (FII) being allowed to trade in all derivative products, the volumes are expected to grow further.

Primary Dealership

Your Company continues to do well in the Primary Dealership business. With a favourable market environment created by falling interest rates, the government securities market witnessed record volumes and your Company continues to consolidate its market position in the business. All the regulatory requirements in terms of bidding commitments, success ratios, turnover ratios, capital adequacy were comfortably achieved. The success was as a result of prudent trading strategy, backed by strong risk management and credit norms.

Private Client Business

In continuation from last year, your Company made significant progress in implementing the Private Client Group's business plan. In the latter part of the year, your Company commenced depository operations with an objective to offer the same to private client customers. Significant achievements were made in integrating our business processes with those followed by Merrill Lynch International Private Client Group (MLIPCG) practices. During the year, your Company also received approval from the regulator to conduct portfolio management activities. Your Company is confident that with these basic facilities in place and with further investment in technology, the Private Client business will now be able to achieve greater scale within next couple of years.

One of the most noteworthy transactions executed on behalf of our private client customers was the syndication of equity for Metlife India Private Limited, an affiliate of Metlife, USA, where some of our private client customers were successfully introduced as co-promoters. This was a landmark and a unique transaction in terms of size and structuring.

While the year has begun on a promising note for the private client group, your management will continue to remain focussed on scaling the business to desired levels, as envisaged in the business plan.

Research

An independent and analytical research department remains the key to enhancing service to both corporate and institutional investors. In an increasingly competitive and uncertain environment, your Company believes that quality of research will help maintain and broaden the franchise. Your Company continues to invest in research in order to ensure that its products are on par with international benchmarks. Meanwhile, your Company continues to move up in all fund managers' rankings such as those published by *Institutional Investor*, *Greenwich* and *Asiamoney*.

Risk Management

In the course of conducting the business, the Company is exposed to a variety of risks which include market, credit, liquidity, process and other risks that are material and require comprehensive controls and management. The long-term viability and continued success of any financial institution are critically dependent on optimal firm-wide management of risks inherent in all of its businesses.

While the responsibility and accountability for these risks remain primarily with various business units within the firm, Risk Management is functionally independent of risk takers in the business units. Your Company believes that excellence in risk management is centered on the ability to identify, measure, aggregate and manage risks, to attribute capital and to price risks appropriately. Your Company's risk objective is to maximize shareholders' returns within the framework of the overall risk appetite by making consistent investment, portfolio and business decisions across all units and departments based on risk-adjusted return on capital or an equivalent measure.

Technology

Key focus for 2001 was to optimise the cost incurred by the Company to meet its technology requirements. We are happy to state that your Company successfully met this objective and additionally, kept Technology spend at minimal levels by a judicious combination of deferring implementation of non core projects, and by using new technologies with superior deliverables.

Your Company has successfully migrated to newer versions of the various applications that are currently being used in the firm, which has resulted in increased functionality and, in addition, has optimised usage of available resources. Separately, your Company has successfully implemented the software and infrastructure for Depository Operations, including completing the interface with the National Securities Depository Limited (NSDL). Your Company was amongst the first market participants to have successfully implemented the infrastructure and applications for interfacing with the Reserve Bank of India and using the Negotiated Dealing System software. Work has been initiated to address optimisation of infrastructure resources by consolidating and upgrading current equipment. With the decreasing cost of bandwidth, your firm is in the process of evaluating the use of the Internet to build backup systems to the current wide area network. We are also in the process of evaluating software to address the needs of the Equity Markets Group, Risk Management and Private Client Business.

In 2002, your Company hopes to further the Business Continuity Plan (BCP), in continuation with the Business Impact Analysis completed in conjunction with Merrill Lynch Hong Kong in 2001, which will include implementation of scaled-down technology infrastructure at an alternate location in the event of a disaster.

Commitment in Action

With the Charity Committee in its second year of operation, your Company made important inroads in 2001 to further the Corporate principle of "Responsible Citizenship". The Charity

Committee achieved the two main objectives set at the beginning of the year, namely - focusing efforts on key thrust areas i.e. Youth & Education and increased employee participation in charity efforts.

Through 2001, the Charity Committee followed its strategy of monetary assistance coupled with active involvement and participation.

- Your Company and the employees responded to the tragedy struck by the Gujarat Earthquake by contributing to various agencies towards Gujarat Earthquake Relief.
- The Charity Committee organised voluntary blood donation camps, excursion visits to increase environmental awareness and material donation drives for good causes to encourage employee participation in charity activities.
- Your Company has been donating used inkjet and laser printer cartridges to Players' Forum, an initiative spearheaded by Dhanraj Pillai, Captain of the Indian Hockey Team. The objective is to help set up a Hockey Academy from the proceeds of the cartridges.

Your Company continues to sponsor the Akanksha Centre at St. Xavier's School, Mumbai, a non-profit centre run for underprivileged children by the Akanksha Foundation. Your Company not only provides financial assistance to the centre but also provides additional support to the Akanksha children through the "Mentor Program." Under the program, employees of your Company have volunteered to act as dedicated mentors to Akanksha children and do their best to support students in their endeavour to succeed in school and in life.

Looking ahead, the Charity Committee will maintain focus on its key areas of commitment and continue with its efforts to build a noteworthy track record as a corporate social citizen.

Subsidiaries

DSP Merrill Lynch Investment Managers Limited (DSP MLIM)
DSP MLIM's audited statement of accounts for the year ended 31st December 2001, together with the report of Directors and the Auditors, as required under Section 212 of the Companies Act, 1956, are attached.

DSP Merrill Lynch (Jersey) Limited (DSP MLJ)

The statement of accounts certified by the Directors for the period ended 28th December 2001 of DSP MLJ together with the report of the Directors, as required under Section 212 of the Companies Act, 1956, are attached.

Directors

Mr. Prem Saigal and Mr. Paul Roy, retire by rotation, and being eligible offer themselves for re-appointment. The Board recommends their re-election.

In January 2002, Mr. Winthrop H. Smith Jr. resigned from the Board. The Board places on record its appreciation of the valuable contribution made by Mr. Smith, during his tenure as Deputy

Chairman of the Company. Mr. Ausaf Abbas, who was holding office as Alternate Director to Mr. Smith, automatically ceased to hold office and has since been appointed Alternate Director to Mr. Paul Roy in January 2002.

In February 2002, Mr. Check Low was appointed as an Additional Director and in accordance with the provisions of Section 260 of the Companies Act, 1956, he holds office up to the date of the forthcoming Annual General Meeting. Notice has been received under Section 257, along with the requisite deposit from a shareholder proposing his name for appointment as a Director.

Directors' Responsibility Statement :

Your Directors state that while preparing the accounts for the year:

- applicable accounting standards have been followed consistently, and proper explanation relating to material departures, if any, have been made;
- accounting policies have been applied consistently, and reasonable and prudent judgements and estimates have been made so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the profit/loss of the Company for the year;
- proper and sufficient care has been taken in the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956, to safeguard assets of the Company and prevent and detect fraud and other irregularities; and
- accounts have been prepared on a going concern basis.

Audit Committee

In January 2002, Mr. Winthrop Smith Jr., ex-Chairman of the Audit Committee, resigned from the Board of your Company and accordingly, ceases to be a member of the Audit Committee. The Audit Committee, at its meeting held on 21st February 2002, elected Mr. Paul Roy as the Chairman of the Audit Committee. Furthermore, the Board at its meeting held on 21st February 2002, also appointed Mr. Check Low, as a member of the Audit Committee. Accordingly, the Audit Committee comprises the following non-executive directors:

- Mr. Paul Roy (Chairman) or Mr. Ausaf Abbas (Alternate to Mr. Roy)
- Mr. Yogesh Kothari
- Mr. Christopher Reeves
- Mr. Prem Saigal
- Mr. Kevan Watts
- Mr. Check Low

The above Committee functions as an Audit Committee for purposes of the Companies Act, 1956, as well as the Reserve Bank of India directions for Non Banking Financial Companies.

Auditors

M/s Deloitte Haskins & Sells, Chartered Accountants and Statutory Auditors of the Company retire at the ensuing Annual General Meeting, and are eligible for re-appointment. The Company has received a letter from them stating that the re-appointment, if made, will conform with the provisions of Section 224(1-B) of the Companies Act, 1956. The Audit Committee has also recommended their re-appointment.

Particulars of Employees

The particulars in accordance with Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms a part of this report. However, according to the provisions of Section 219(1)(iv) of the Companies Act, 1956, the report and accounts are being sent to all shareholders of the Company excluding the statement of particulars of employees under Section 217(2A) of the Companies Act, 1956. Any shareholder interested in obtaining a copy of the said statement may write to the Company.

Information in Accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988

The Company has not been associated with manufacturing activities. Hence, there is no report pertaining to conservation of energy or technology absorption. The details of earnings and expenditure in foreign currency are given in

- Notes No. 8(a) and 8(b) respectively of Schedule 20, forming part of the consolidated accounts
- Notes No. 7(a) and 7(b) respectively of Schedule 19 forming part of DSP Merrill Lynch Limited accounts.

Acknowledgement

Your Company believes that 'People' form the cornerstone of any successful enterprise. At DSP Merrill Lynch too, our people are the facets that make us whole, and define whatever we do and achieve. In acknowledgement, the Company Directors would like to express their sincere appreciation and thanks to all the employees. Additionally, the Directors would also like to extend their thanks to the members for their continued support.

For and on behalf of the Board

H.M. Kothari
Chairman

Mumbai
4th March, 2002

Auditors' Report to Board of Directors of DSP Merrill Lynch Limited on the Consolidated Financial Statements of DSP Merrill Lynch Limited and its Subsidiaries.

We have examined the attached Consolidated Balance Sheet of DSP Merrill Lynch Limited and its subsidiaries as at 31st December, 2001, the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year then ended.

These financial statements are the responsibility of DSP Merrill Lynch Limited's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.

We have relied on the unaudited financial statements of the foreign subsidiary [viz. DSP Merrill Lynch (Jersey) Limited], as the same were not required to be audited under the local regulations. The foreign subsidiary has total assets of Rs.2,137,315/- as at the year end and total revenues of Rs.(11,105/-) for the period 30th December, 2000 to 28th December, 2001.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS 21), Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements, save and except in the case of the foreign subsidiary referred to in the preceding paragraph, of DSP Merrill Lynch Limited and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of DSP Merrill Lynch Limited and its aforesaid subsidiaries, we are of the opinion that:

- (a) The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of DSP Merrill Lynch Limited and its subsidiaries as at 31st December, 2001; and
- (b) The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of DSP Merrill Lynch Limited and its subsidiaries for the year then ended.

For Deloitte Haskins & Sells

Chartered Accountants

R. Salivati

Partner

Mumbai

4th March, 2002



Consolidated Balance Sheet as at 31st December, 2001

	Schedule No.	As at 31.12.2001 Rs.'000
I. SOURCES OF FUNDS		
1. Shareholders' Funds		
(a) Share Capital	1	225,000
(b) Reserves & Surplus	2	2,331,982
		2,556,982
2. Minority Interest	3	73,169
3. Loan Funds		
(a) Secured Loans	4	591,800
(b) Unsecured Loans	5	1,146,841
		4,368,792
II. APPLICATION OF FUNDS		
1. Fixed Assets	6	
Gross Block		529,538
Less : Depreciation		255,672
Net Block		273,866
2. Investments	7	1,492,483
3. Deferred Tax Asset (Net)		46,073
4. Current Assets, Loans & Advances		
I. Current Assets		
(a) Interest Accrued on Investments and Stock-in-Trade	8	25,578
(b) Securities held as Stock-in-Trade	9	2,698,145
(c) Sundry Debtors	10	1,011,448
(d) Cash & Bank Balances	11	356,226
	12	1,565,046
II. Loans and Advances	(A)	5,656,443
Less : Current Liabilities & Provisions		
(a) Current Liabilities	13	1,137,328
(b) Provisions	14	1,963,086
	(B)	3,100,414
Net Current Assets	(A-B)	2,556,029
5. Miscellaneous Expenditure		
I. Preliminary expenses		341
		4,368,792
Significant Accounting Policies & Notes on Accounts	20	

Schedules 1 to 20 annexed hereto form part of these accounts

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

R. Salivati
Partner

Mumbai
4th March, 2002

For and on behalf of the Board of Directors

H.M. Kothari
Chairman

S.D. Desai
Vice Chairman &
Managing Director

Jyoti Vineet Tandon
Company Secretary

Mumbai
4th March, 2002