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INDUSTRIAL INVESTMENT TRUST LTD.

Reports & Accounts
of Subsidiary Companies
2001-2002

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IIT CORPORATE SERVICES LIMITED

BOARD OF DIRECTORS : SUSHIL K. PREMCHAND
Chairman
HOMI F. MEHTA
C. K. THANAWALA
PRADEEP R. MAFATLAL
J. F. REBEIRO
B. K. KOTAK
SANJAY ASHER

BANKERS : Canara Bank
UTI Bank Ltd.
Bank of India
State Bank of Mysore
IndusInd Bank Limited

AUDITORS : H. P. Vora & Co.

REGISTERED OFFICE : 14E, Rajabahadur Mansion, 2nd Floor, 28, Bombay Samachar Marg, Mumbai 400 001.

DIRECTORS' REPORT

Your Directors are pleased to present the Fifteenth Annual Report of the Company, together with the Audited Statement of Accounts for the year ended 31st March, 2002.

	Rupees in lakhs	Previous year Rupees in lakhs
1. FINANCIAL RESULTS		
Gross Revenue	**336.14**	565.64
Profit / (loss) before depreciation	**(100.58)**	(420.50)
Add : Depreciation	**(34.03)**	(34.90)
Profit / (loss) after depreciation	**(134.61)**	(455.40)
Add : VRS Expenditure written off	**(68.89)**	(45.81)
	(203.50)	(501.21)
Less : Excess provision for taxation in respect of previous years	**32.96**	0.59
Left a Balance to be carried forward	**(170.54)**	(500.62)

2. OPERATING RESULTS

The Gross Revenues of the Company have gone down from Rs. 565.64 lakhs to Rs. 336.14 lakhs, a reduction of 40 percent compared to last year. The reduction is mainly due to transfer of custodian clients to Deutsche Bank. The expenses also have been considerably reduced from Rs. 1001.04 lakhs to Rs. 470.74 lakhs. The reduction of 54 percent. The Company continues its drive of reduction in expenses. In view of completion of Deutsche Bank transaction, there will be considerable reduction in expenses.

3. ACTIVITIES

(a) Custodial Services

The Company has completed the transaction of transfer of custodian clients to Deutsche Bank. It took more time than expected in view of certain formalities to be completed by Deutsche Bank and various clients. The company has received expected consideration from Deutsche Bank.

(b) Registrar and Transfer Agency Services

The revenue from Registrar & Transfer activities have remained the same @ Rs. 132 lakhs as last year.

The electronic trading in equity has attracted more corporate clients. This has led to substantial reduction in manpower cost and increased profitability. The company is tying up with more corporate clients in view of SEBI's guidelines to have Depository and R & T activities under one roof.

(c) Depository

The revenue from Depository have gone up from Rs. 107 lakhs last year to Rs. 113 lakhs. The company is providing customer friendly environment and various value added services. In view of depressed market conditions, the company could not increase revenue during the year under review. In 2002-2003, during the current year, the volumes traded at the Stock Exchanges have increased and the number of transactions have also increased and with upward revision of rates, the company expects better revenues during the year 2002-2003.

OUTLOOK :

The exit from Custodial business and dematerialisation process covering all securities listed on exchanges have severely impacted the revenue of the company.

Commensurate with its core strength, the company is exploring other avenues like Business Process Outsourcing. The company expects to build reasonable business out of these activities.

4. DIVIDEND

In absence of profits, no dividend for the year ended 31st March, 2002 is proposed.

5. DIRECTORS

Mr. Homi F. Mehta, Mr. Pradeep R. Mafatlal and Mr. Sanjay Asher retire by rotation and being eligible offer for themselves for re-election.

6. AUDITORS REPORT

The observations made by the Auditors in their report are appropriately dealt with in the notes forming part of the accounts for the year, which are self-explanatory and hence do not require any further explanations.

7. AUDITORS

M/s. H.P. Vora & Co. Auditors of the Company retire from this office. Being eligible, they offer themselves for re-appointment. If appointed, they will hold office until the conclusion of the next Annual General Meeting.

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8. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, your Directors confirm that :

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed;

(b) appropriate accounting policies have been selected and applied consistently and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the affairs of the company for year ended March, 2002;

(c) 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 fraud and other irregularities; and

(d) the annual accounts have been prepared on a going concern basis.

9. EMPLOYEE RELATIONS

The Directors place on record the hardwork, dedication and team work of all officers and staff at all levels. The relations with the employees continue to be cordial.

10. PARTICULARS OF EMPLOYEES

There are no employees coming under purview of section 217(2A) of the Companies Act, 1956, and therefore such information has not been disclosed.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

Your Company is a service company and is not required to disclose particulars under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, as relating to conservation of energy or technology absorption.

On behalf of the Board of Directors

SUSHIL K. PREMCHAND
Chairman

Mumbai, 19th June, 2002

AUDITORS' REPORT

TO THE MEMBERS OF IIT CORPORATE SERVICES LIMITED

We have audited the attached Balance Sheet of IIT Corporate Services Limited for the year ended 31st March, 2002 and also the annexed Profit and Loss Account for the year ended on that date. 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 test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. 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 Companies Act, 1956 we give in the annexure, a statement of the matters specified in paragraph 4 & 5 of the said order.

2. Further to our comments in the annexure referred to in paragraph 1 above, we report that :

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

   c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the Books of Account;

   d) In our opinion, the Profit and Loss Account and Balance Sheet comply, with the requirements of the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.

   e) On the basis of written representations received from the directors, as on 31st March, 2002, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2002 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 accounts together with the notes give the information required under Companies Act, 1956, in the manner so required and give a fair view in conformity with the accounting principles generally accepted in India ;

      I) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002; and

      II) In the case of the Profit and Loss Account, of the loss for the Company for the year ended on that date.

For H. P. VORA & CO.,
Chartered Accountants

H. P. VORA
Proprietor

Mumbai,
Date: 19th June, 2002

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ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE REPORT OF THE AUDITORS TO THE MEMBERS OF IIT CORPORATE SERVICES LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2002

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. A physical verification of the assets has been conducted by the management during the year and no serious discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of unsecured loans taken from companies listed in the register maintained under Section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
4. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of unsecured loans granted to companies listed in the registers maintained under Section 301 and Section 370 (1-B) of the Companies Act, 1956 are not prima facie prejudicial to the interests of the Company.
5. The parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and have also been regular in payment of interest.
6. 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 the nature of its business with regard to the purchase of plant and machinery, equipment and other assets.
7. In our opinion and according to information and explanations given to us, where transactions have been made with different parties, the transactions for such services made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 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 the prevailing market prices for such services where such market prices are available or the prices at which transaction for similar services have been made with other parties.
8. The Company has not accepted any deposits from the public and hence provisions of Section 58A of the Companies Act, 1956 are not applicable.
9. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
10. Provident Fund and Employees State Insurance dues have been regularly deposited during the year with the appropriate authorities.
11. As explained to us, there are no undisputed amounts payable in respect of income-tax, sales tax and customs duty, which were outstanding as at 31st March, 2002 for a period of more than six months from the date they became payable.
12. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
13. The recording of receipts, issue and consumption of material and stores, and the allocation of the materials consumed to the relative jobs are not applicable to the company in view of the nature of its business.
14. In our opinion, the company does not have a system of allocating manhours utilised to the relative jobs. Except for allocating of labour to jobs, there is a reasonable system of authorisation at proper levels and an adequate system of internal control commensurate with the size of the company and the nature of its business.
15. According to the information and explanations given to us and having regard to the nature of the Company's business, clause (iii), (iv), (v), (vi), (x) (to the extent applicable for purchase of stores, raw materials including components and sale of goods), (xi) (to the extent applicable to purchase and sale of goods and materials), (xii), (xiv), (xvi), (xviii) (to the extent applicable to Wealth Tax and Excise Duty) and (xx) of paragraph 4(A) of the Order are not applicable to the Company.

For H. P. VORA & CO.,
Chartered Accountants

H. P. VORA
Proprietor

Mumbai,
Date: 19th June, 2002

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BALANCE SHEET AS AT 31ST MARCH, 2002

	Schedule	As at 31-3-2002 Rupees	As at 31-3-2001 Rupees
I. SOURCES OF FUNDS			
(1) SHAREHOLDERS' FUNDS			
(a) Share Capital	"A"	**5,00,00,000**	5,00,00,000
(b) Reserves & Surplus	"B"	**5,10,04,334**	3,69,17,881
		10,10,04,334	8,69,17,881
(2) LOAN FUNDS			
(a) Secured Loans	"C"	**7,18,65,079**	7,11,66,547
(b) Unsecured Loans	"D"	**89,57,950**	67,42,950
		8,08,23,029	7,79,09,497
Total		**18,18,27,363**	16,48,27,378
II. APPLICATION OF FUNDS			
(1) FIXED ASSETS	"E"		
(a) Gross Block		**6,06,57,252**	6,22,51,377
(b) Less : Depreciation		**2,17,89,071**	2,17,39,104
(c) Net Block		**3,88,68,181**	4,05,12,273
(2) INVESTMENTS	"F"	**75,31,041**	80,97,003
(3) CURRENT ASSETS, LOANS AND ADVANCES	"G"		
(a) Sundry Debtors		**4,54,16,685**	4,36,00,512
(b) Cash and Bank Balances		**16,49,154**	87,87,514
(c) Loans and Advances		**2,64,38,047**	3,55,57,977
		7,35,03,886	8,79,46,003
Less: CURRENT LIABILITIES AND PROVISIONS	"H"		
(a) Current Liabilities		**1,70,06,002**	2,30,90,701
(b) Provisions		**–**	58,60,000
		1,70,06,002	2,89,50,701
NET CURRENT ASSETS		**5,64,97,884**	5,89,95,302
(4) MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted) Payment under Voluntary Retirement Scheme (See Note no. 1 (vi))		**1,83,95,710**	1,37,42,152
(5) DEBIT BALANCE IN PROFIT & LOSS ACCOUNT	"I"	**6,05,34,547**	4,34,80,648
Total		**18,18,27,363**	16,48,27,378
Notes to Accounts	"K"		

As per our report attached
For H. P. VORA & CO.
Chartered Accountants

H. P. VORA
Proprietor

Mumbai, 19th June, 2002

SUSHIL K. PREMCHAND
Chairman

C. K. THANAWALA
Director

B. K. KOTAK
Director

Mumbai, 19th June, 2002

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

	Schedule	Year ended 31-3-2002 Rupees	Year ended 31-3-2001 Rupees
INCOME			
Service charges (Net)		**2,90,30,896**	5,27,39,172
Lease income		**16,500**	18,71,375
Net profit on sale of long term investment		**34,655**	94,783
Profit on sale of fixed asset		**4,71,060**	–
Dividend on long term investment		**47,066**	1,78,541
Interest :			
on deposit with body corporate & on loan to staff (tax deducted at source Rs. 19952; previous year Rs.34040)		**2,28,451**	2,93,997
on income tax refund		**30,21,075**	13,76,722
Miscellaneous		**7,64,181**	9,230
Total		**3,36,13,884**	5,65,63,820
EXPENDITURE			
Management expenses	"J"	**3,24,78,845**	8,57,22,913
Depreciation on fixed assets		**34,03,450**	34,89,640
Interest on fixed period loans/deposits		**1,11,22,733**	1,23,26,407
Interest on bank overdraft		**69,933**	5,65,285
		4,70,74,961	10,21,04,245
Profit / (Loss) for the year		**(1,34,61,077)**	(4,55,40,425)
Less : Payment under Voluntary Retirement Scheme (See Note 1(vi))		**68,89,287**	45,80,718
Profit / (Loss) before taxation		**(2,03,50,364)**	(5,01,21,143)
Add : Excess/(Short) provision for taxation		**32,96,465**	–
in respect of prior years		**–**	58,634
Profit / (Loss) after taxation		**(1,70,53,899)**	(5,00,62,509)
Add : Balance brought forward		**(5,00,62,509)**	–
Balance carried to Balance Sheet		**(6,71,16,408)**	(5,00,62,509)
Notes to Accounts	"K"		

As per our report attached
For H. P. VORA & CO.
Chartered Accountants

H. P. VORA
Proprietor

Mumbai, 19th June, 2002

SUSHIL K. PREMCHAND
Chairman

C. K. THANAWALA
Director

B. K. KOTAK
Director

Mumbai, 19th June, 2002

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SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH, 2002

SCHEDULE "A"

SHARE CAPITAL

	As at 31-3-2002 Rupees	As at 31-3-2001 Rupees
Authorised :		
5,00,000 Equity Shares of Rs.100 each	**5,00,00,000**	5,00,00,000
Issued, subscribed and paid-up :		
5,00,000 Equity Shares of Rs.100 each fully paid-up.		
All the above shares are held by Industrial Investment Trust Limited, the Holding Company.	**5,00,00,000**	5,00,00,000
(Of the above, 4,90,000 Equity shares are allotted as *fully paid-up bonus shares by* capitalisation of general reserves and Profit & Loss account)		
Total	**5,00,00,000**	5,00,00,000

SCHEDULE "B"

RESERVES AND SURPLUS

Capital Reserve : (See Note 2)		
Balance as per last Balance Sheet	**3,69,17,881**	–
Add : Addition during the year	**1,40,86,453**	3,69,17,881
General Reserve :		
Balance as per last Balance Sheet	**65,81,861**	65,81,861
Less : Debit balance setoff to the extent of uncommitted	**65,81,861**	65,81,861
Reserves per contra (see Schedule I)	–	–
Total	***5,10,04,334***	3,69,17,881

SCHEDULE "C"

SECURED LOANS

	As at 31-3-2002 Rupees	As at 31-3-2001 Rupees
(i) Bank Overdraft (Secured against hypothecation of book debts and guarantee given by Holding Company)	–	19,66,249
(ii) Loan from UTI Bank Ltd. (Secured against pledge of securities of and guarantee given by Holding Company) (Repayable within a year Rs.6,92,00,298.)	–	6,92,00,298
(iii) Loan from IL&FS Limited (Secured against pledge of securities of and guarantee given by Holding Company) (Repayable within a year Rs.2,00,00,000.)	**2,00,00,000**	–
(iv) Loan from Kotak Mahindra Finance Limited (Secured against pledge of securities of and guarantee given by Holding Company) (Repayable within a year Rs.5,18,65,079.)	**5,18,65,079**	–
	7,18,65,079	7,11,66,547

SCHEDULE "D"

UNSECURED LOANS

(i) Loans and advances from Holding Company	**79,07,950**	54,92,950
(ii) Short term deposits from Bodies Corporate	**10,50,000**	12,50,000
Total	***89,57,950***	*67,42,950*

SCHEDULE "E"

FIXED ASSETS

Name of the Asset	COST: As at 1st April 2001	COST: Additions during the year	COST: Deduction during the year	COST: **As at 31st March 2002**	DEPRECIATION: As at 1st April 2001	DEPRECIATION: Depreciation for the year	DEPRECIATION: Deduction during the year	DEPRECIATION: **As at 31st March 2002**	NET BLOCK: **As at 31st March 2002**	NET BLOCK: As at 31st March 2001
Own Assets :										
Buildings	48,33,210	–	–	**48,33,210**	5,72,137	78,781	–	**6,50,918**	**41,82,292**	42,61,073
Furniture & Fixtures	1,87,12,915	5,00,000	–	**1,92,12,915**	57,66,583	12,16,178	–	**69,82,761**	**1,22,30,154**	1,29,46,332
Computers	68,28,612	7,04,500	37,94,423	**37,38,689**	50,43,628	4,99,749	33,53,483	**21,89,894**	**15,48,795**	17,84,984
Office equipments	1,39,80,158	2,50,000	–	**1,42,30,158**	44,65,550	6,75,933	–	**51,41,483**	**90,88,675**	95,14,608
Vehicle	2,50,000	7,45,798	–	**9,95,798**	23,750	94,601	–	**1,18,351**	**8,77,447**	2,26,250
Sub-total	4,46,04,895	22,00,298	37,94,423	**4,30,10,770**	1,58,71,648	25,65,242	33,53,483	**1,50,83,407**	**2,79,27,363**	2,87,33,247
Assets given on Lease :										
Plant and machinery	1,76,46,482	–	–	**1,76,46,482**	58,67,456	8,38,208		**67,05,664**	**1,09,40,818**	1,17,79,026
Grand total	6,22,51,377	22,00,298	37,94,423	**6,06,57,252**	2,17,39,104	34,03,450	33,53,483	**2,17,89,071**	**3,88,68,181**	4,05,12,273
Previous year	7,75,80,224	66,03,653	2,19,32,500	6,22,51,377	2,54,50,227	34,89,640	72,00,763	2,17,39,104	4,05,12,273	5,21,29,997

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SCHEDULE "F"

INVESTMENTS : LONG TERM (AT COST)

Name of the Company	Face Value Per Scrip Rupees	As at 31st March, 2002 Holding Nos.	As at 31st March, 2002 Book Value Rupees	As at 31st March, 2001 Holding Nos.	As at 31st March, 2001 Book Value Rupees
QUOTED :					
EQUITY SHARES FULLY PAID UP :					
IFB Industries Limited	10	**51,543**	**48,45,120**	51,543	48,45,120
IIT Capital Services Limited	10	**5,000**	**95,950**	5,000	95,950
Industrial Development Bank of India	10	**7,200**	**5,85,000**	7,200	5,85,000
Serene Dyestuff Industries Limited	10	**800**	**24,275**	800	24,275
Tata SSL Limited	10	**3,808**	**2,18,095**	3,808	2,18,095
Grasim Industries Limited	10	**100**	**36,500**	100	36,500
Paramount Cosmetics (I) Limited.	10	**600**	**5,700**	600	5,700
Suprapti Plastics Limited	10	**400**	**760**	400	760
DEBENTURES FULLY PAID UP :					
Special Steels Limited	50	**2,763**	**1,38,150**	2,763	1,38,150
14% Secured Redeemable NCD (Part B) (Aggregate Market Value of the above investment is Rs.5,29,546/-; previous year Rs. 3,95,976/-) See Note no. 1 (iv)					
			59,49,550		59,49,550
UNQUOTED :					
Indian Bank - IND NAVRATNA	10	**1,00,000**	**10,00,000**	1,00,000	10,00,000
Canbank Mutual Fund - CAN PREMIUM	10	**27**	**266**	9,704	98,953
DSJ Bonds	1,000	**100**	**1,00,000**	100	1,00,000
Gama Holdings Pvt. Ltd.	10	**69,000**	**4,48,500**	69,000	4,48,500
Birla Income Plus Scheme	10	**–**	**–**	50,000	5,00,000
Unit Trust of India	10	**4,675**	**32,725**	–	–
			15,81,491		21,47,453
Total			**75,31,041**		80,97,003

	As at 31-3-2002 Rupees	As at 31-3-2001 Rupees
SCHEDULE "G"		
CURRENT ASSETS, LOANS AND ADVANCES		
(a) Sundry Debtors :		
(unsecured considered good)		
Outstanding for a period exceeding six months	**1,70,98,312**	2,62,74,735
Others	**2,83,18,374**	1,73,25,777
	4,54,16,685	4,36,00,512
(b) Cash and bank balances :		
Cash and stamps on hand	**1,96,234**	3,14,832
With Scheduled banks on current account	**14,52,920**	84,72,682
	16,49,154	87,87,514
(c) Loans and advances :		
Short term deposit with body corporate	**–**	8,00,000
Advances recoverable in cash or in kind or for value to be received	**2,27,57,961**	2,22,28,290
Deposit with Industrial Development Bank of India under the Investment Deposit Account Scheme, 1986	**46,000**	46,000
Tax deducted at source, advance tax	**36,34,086**	1,24,83,687
	2,64,38,047	3,55,57,977
Total	**7,35,03,886**	8,79,46,003
SCHEDULE "H"		
CURRENT LIABILITIES AND PROVISIONS		
(a) Current liabilities :		
Sundry creditors (no outstanding dues of small scale industrial undertakings)	**1,44,56,002**	2,04,40,701
Security and trade deposit	**25,50,000**	26,50,000
	1,70,06,002	2,30,90,701
(b) Provisions :		
Taxation	**–**	58,60,000
	–	58,60,000
Total	**1,70,06,002**	2,89,50,701
SCHEDULE "I"		
DEBIT BALANCE IN PROFIT & LOSS ACCOUNT		
Debit balance as per accounts annexed	**6,71,16,408**	5,00,62,509
Less : set off to the extent of uncommitted reserves	**65,81,861**	65,81,861
Per contra (see Schedule B)	**6,05,34,547**	4,34,80,648

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SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

	Year ended 31-3-2002 Rupees	Year ended 31-3-2001 Rupees
SCHEDULE "J"		
MANAGEMENT EXPENSES		
(1) Payments to and provisions for Employees :		
Salaries and bonus	**1,03,42,708**	1,68,98,197
Contributions to provident fund & other funds	**27,85,740**	47,59,380
Staff welfare expenses	**12,89,071**	29,26,370
	1,44,17,519	2,45,83,947
(2) Other expenses:		
Rates and taxes	**4,65,860**	2,73,296
Rent	**36,79,918**	1,43,38,867
Insurance	**6,65,870**	1,95,191
Printing & Stationery	**4,60,740**	19,60,310
Postage, Telegram and Telephone	**19,88,884**	26,69,529
Electricity	**20,91,907**	29,55,794
Travelling & conveyance	**4,51,890**	9,79,856
Repairs and maintenance	**18,79,025**	56,67,069
Legal & professional charges	**3,69,470**	16,22,609
Computer processing charges	**15,94,839**	57,29,762
Guarantee commission	**–**	3,85,125
Bad Debts written off	**–**	33,22,965
Loss on leased assets written off	**–**	1,47,31,737
Directors' fees	**21,000**	31,000
Auditors' remuneration:		
Audit fees	**31,500**	30,000
Tax audit fees	**5,250**	5,000
Other services	**84,775**	1,23,750
	1,21,525	1,58,750
Books, periodicals and membership subscription	**13,05,473**	14,74,105
Donations	**–**	36,500
Miscellaneous expenses	**29,64,926**	46,06,501
	1,80,61,326	6,11,38,966
Total	**3,24,78,845**	8,57,22,913

SCHEDULE "K"

NOTES TO ACCOUNTS

(1) Significant Accounting Policies

(i) Basis of Accounting

The financial statements are prepared under historical cost convention on an accrual basis and are in accordance with the requirements of The Companies Act, 1956.

(ii) The Company accounts for lease income arising out of lease agreements as per the terms of the agreement entered into with the lessees from time to time.

(iii) Fixed Assets and Depreciation

All fixed assets are stated at cost of acquisition less accumulated depreciation.

The Company provides depreciation in the following manner :

Nature of Fixed Assets	Depreciation Method used	Depreciation rate adopted
(1) Fixed assets acquired for own use and immovable property:	Straight Line Method	As specified in Schedule XIV of the Companies Act, 1956 for the full year irrespective of the date of addition.
(2) Fixed Assets acquired and given on lease :	Straight Line Method	As specified in Schedule XIV of the Companies Act, 1956 for the full year irrespective of the date of addition.

(iv) Investments

Long term investments are stated at cost less any permanent diminution in value, if any.

(v) Retirement Benefits

Contributions for Provident Fund and Superannuation Fund (based on a percentage of salary) are made to the respective funds. Annual contribution for gratuity is based on the contribution made to The Life Insurance Corporation of India (LIC) and the adequacy of the accumulated funds available with the LIC has been confirmed on the basis of an actuarial valuation made as at the year end. A provision for encashment of the unavailed leave payable on retirement of employees, determined on an actuarial valuation as at the year end, has been made.

(vi) Miscellaneous Expenditure represents payments made under Voluntary Retirement Scheme and are to be amortised over a period of five years from the date of payment.

(2) Due to need for complying with the requirement of maintaining high net worth (minimum Rs. 50 crores networth) under SEBI (Custodian of Securities) Regulations, 1996 to continue the business of providing Custodial Services, the company is in process of effectively transferring the said business of Custodial Services by shifting its major custodian clients to a third party for an agreed compensation. During the year, a compensation amounting to Rs. 1.40 crores (net) (previous year 3.69 crores) has accrued to the Company on account of this arrangement. The Company is advised that such compensation, being in the nature of Capital Receipt, can be directly credited to Capital Reserve. Accordingly, the amount of such compensation has been directly credited to Capital Reserve Account.

(3) As the Company has substantial unabsorbed depreciation and carried forward losses under the Income Tax Act, 1961 and is unlikely to have taxable income in the foreseeable future, in accordance with the Accounting Standard 22 issued by The Institute of Chartered Accountants of India, the net deffered tax assets/liabilities has not been recognised.

(4) Since the Company is engaged solely in service activities, no separate information for segmentwise disclosure is required.

	As at 31-3-2002 Rupees	As at 31-3-2001 Rupees
(5) Remuneration to Directors :		
1) Directors' fees	–	31,000
2) Managerial Remuneration :		
a) Salary	–	3,92,000
b) Commission	–	–
c) Perquisites	–	20,000
d) Contribution to Provident and other funds	–	11,340
	–	4,54,340

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	As at 31-3-2002 Rupees	As at 31-3-2001 Rupees
(6) Calculation of Net Profit u/s 198 of the Companies Act, 1956.		
Loss Before Taxation as per Profit & Loss Account	–	(1,78,41,767)
Add : Directors' Remuneration (including Directors' fees)	–	4,54,340
Provision for Depreciation on fixed assets as per account		45,31,434
	–	(1,28,55,993)
Less: Depreciation u/s 350 of the Companies Act, 1956		50,99,680
Net Loss	–	(77,56,312)
Commission payable 2% of Net Profit or Rs.2,50,000, whichever is lower	**Nil**	Nil

	As at 31-3-2002 Rupees	As at 31-3-2001 Rupees
(7) Contingent liabilities not provided for in respect of disputed income tax matters	**Nil**	19,21,193

(8) Related party disclosures :

Name of related parties and nature of related party relationship where control exists are as under :

Holding Company	Industrial Investment Trust Limited
Associate Company of Holding Co.	IIT Capital Services Limited
Fellow subsidiary Companies	IIT Investrust Limited
	Anand Electric Supply Company Limited
	Sanyei Mediquip Limited
Other Related parties	Teamcall Private Limited
	Nishtha Technologies India Private Limited

Transactions with related parties during the year :

Name of the related party & description of relationship	Nature of transaction	Volume of transaction during the year	Outstanding due from as on 31.03.2002	Outstanding due to as on 31.03.2002
1) Industrial Investment Trust Limited	Loan taken	2,29,70,714		79,07,950
Holding Company	Loan Repaid	2,05,55,714		
	Interest on Loan	11,27,241		
	Rent Paid	13,80,000	5,50,000*	
	Service Charges Recd.	3,05,265		
	Service Charges & Reimbursement of Exps.	41,80,115		49,66,401
2) IIT Capital Services Limited	Service Charges Recd.	3,78,755	4,63,988	
Associate Company of Holding Co.	Advance Given	56,66,380	56,66,380	
3) IIT Investrust Limited	Service Charges Paid	13,83,000		13,83,000
Fellow subsidiary Companies	Brokerage paid	2,671		
4) Anand Electric Supply Co. Limited	ICD Repaid	2,00,000		
Fellow subsidiary Companies	Interest Paid	11,667		
	Asset Sold	4,72,000		
	Software Sold	2,10,000		
	Shares purchased	23,870		
	Service Charges Recd.	1,250		
5) Sanyei Mediquip Limited	ICD			10,50,000
Fellow subsidiary Companies	Interest Paid	1,05,000		
	Asset Sold	4,40,000		
	Shares purchased	8,855		
	Service Charges Recd.	1,263	13	

* *Security Deposit paid*

(9) Miscellaneous expenses includes Motorcar hire charges Rs.3,58,220/- (previous year Rs.16,60,992 /-),Vehicle Expenses Rs.7,59,212/- (previous year Rs. 5,93,680/-), and Security Charges Rs. 5,86,221/- (previous Year Rs.6,09,359/-) which during the year exceeds 1% of the turnover.

(10) Loans under schedule "G" include Rs. 12,58,957/- (previous year Rs.15,11,977/-) given to the officers of the company. The aggregate maximum balance due at any time during the year in respect of the above amounted to Rs. 15,11,977/- (previous year Rs. 28,55,245/-)

(11) Earnings in foreign exchange on account of service charges Rs. 2,73,006/- (previous year Rs. 7,00,000/-).

(12) The figures relating to the previous year have been regrouped wherever necessary.

Signatures to Schedule "A" to "K"

B. K. KOTAK *Director*

C. K. THANAWALA *Director*

SUSHIL K. PREMCHAND *Chairman*

Mumbai, 19th June, 2002

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