



## CANBANK INVESTMENT MANAGEMENT SERVICES LIMITED

Wholly owned subsidiary of

**CANARA BANK**

Asset Management Company of

**CANBANK MUTUAL FUND**

### BOARD OF DIRECTORS

**N.K.Thingalaya**, Chairman (from 22nd October, 2001)

**J.L.Gupta** (from 22nd October, 2001)

**A.V.Gokak** (from 29th November, 2001)

**S.Ravi**

**R.K.Madhukar**, Managing Director (from 29th November, 2001)

**H.R.Shenoy**

**K.Jayabharath Reddy**, Chairman (till 22nd October, 2001)

**M.A.Pai** (till 22nd October, 2001)

**M.R.Mayya** (till 22nd October, 2001)

### EXECUTIVES

**N.R.Ramanujam**, General Manager (from 16th August, 2001)

**S.L.Manjrekar**, Asst. General Manager

**S.R.Ramaraj**, Asst. General Manager

**V.Ramesh Nayak**, Asst. General Manager

**Mohit Sachdev**, Asst. General Manager (till 31st August, 2001)

### AUDITORS

M/s. Mukund M Chitale & Co.,

Chartered Accountants,

204/205, Agarwal Shyamkamal Building- A,

Vile Parle (E), Mumbai 400 057.

### Registered Office

Orient House, 2nd Floor,

Adi Marzban Path,

Ballard Estate,

Mumbai 400 038

**DIRECTORS' REPORT****TO THE MEMBERS :**

Your Directors have pleasure in presenting the Ninth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2002

**FINANCIAL RESULTS :**

	(Rs. Lacs)	Year ended 31.3.2002 (Rs. Lacs)	Year ended 31.3.2001 (Rs. Lacs )
<b>Profit before depreciation</b>		435.76	369.39
Depreciation		91.45	101.27
<b>Profit before tax</b>		344.31	268.12
Less : Loss on sale of investments	13.39		3.00
Loss on sale of fixed assets	0.34		0.08
Write off of diminution in value of investments	0.81	14.54	2.12
<b>Profit for the year before taxation and prior period items</b>		329.77	262.92
Less: Prior period items		0.38	3.54
		329.39	259.38
Add : Excess provision for earlier year/s no longer required for : Income Tax		—	15.92
		329.39	275.30
Less : Provision for : Income Tax		10.00	44.00
Wealth Tax		6.23	5.86
<b>Profit for the year</b>		313.16	225.44
Add : Balance in Profit & Loss Account brought forward		2151.40	2130.33
<b>Amount available for appropriations</b>		2464.56	2355.77
Appropriations : Dividend (proposed)		220.00	165.00
Tax on dividend		-	16.83
Transfer to General Reserve		31.32	22.54
		251.32	204.37
<b>Profit &amp; Loss Account Balance carried forward</b>		2213.24	2151.40

**OPERATIONS :**

The Company's revenue, mainly in the form of management fees from Canbank Mutual Fund, aggregated to Rs. 1218.40 lacs for the year ended 31st March, 2002 (previous year : Rs. 1185.20 lacs).

During the year, Canliquid Scheme, an open ended liquid Scheme was launched. The Scheme was well received by the investor community and the initial corpus amounted to Rs. 48.99 crores.

Canpep 92 Scheme, an equity linked tax saving Scheme was redeemed on completion of ten years on 31st March, 2002. The unitholders were paid a redemption price of Rs.12.36 per unit.

As on 31st March, 2002, your Company was managing fourteen Schemes of Canbank Mutual Fund, of which three are balanced Schemes, four are debt Schemes and seven are equity Schemes.

As on 31st March, 2002, the corpus and the asset base of Canbank Mutual Fund stood at Rs. 659.80 crore (previous year : Rs. 571.80 crore) and Rs. 787.73 crore (previous year : Rs. 637.36 crore), respectively.

During the year, five Schemes declared dividend and the total payment on this account was Rs. 46.19 crore.

**DIVIDEND :**

Your Directors recommend payment of a dividend of 22% (previous year : 16.5%). As per the Finance Bill, 2002, the dividend is taxable in the hands of the shareholders.

**CONSERVATION OF ENERGY :**

The Company's operations involve low energy consumption. There are no major areas where energy conservation measures could be taken. However, the Company is making efforts to conserve and optimise energy where practicable by economising on the use of electric power in its offices.

**TECHNOLOGY ABSORPTION :**

The Company has not entered into any collaboration arrangement. The Company is using the necessary resources relevant to its business in keeping with the size of its operations.

**FIXED DEPOSITS :**

The Company has not invited/accepted deposits from members/public. The Reserve Bank of India has classified the Company as a non-banking non-financial company.

**PARTICULARS OF EMPLOYEES :**

None of the employees was covered by the disclosure requirement of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.



**DIRECTORS :**

Shri S.Ravi retires by rotation and is eligible for reappointment.

Shri K.Jayabharath Reddy, Shri M.A.Pai and Shri M.R.Mayya resigned from the Board with effect from 22nd October, 2001. Dr. N.K.Thingalaya and Dr. J.L.Gupta were appointed as Directors of the Company in the casual vacancies caused by the resignations of Shri K.Jayabharath Reddy and Shri M.R.Mayya, respectively, with effect from 22nd October, 2001. Shri A.V.Gokak was appointed as a Director of the Company in the casual vacancy caused by the resignation of Shri M.A.Pai with effect from 29th November, 2001.

Your Directors wish to place on record their appreciation of the services rendered by Shri K.Jayabharath Reddy, Shri M.A.Pai and Shri M.R.Mayya, during their tenure on the Board.

On the advice of the Promoter, Canara Bank, Shri R.K.Madhukar was appointed Managing Director of the Company for a period not exceeding two years effective 29th November, 2001.

Dr. N.K.Thingalaya, who was appointed as a Director in the casual vacancy caused by the resignation of Shri K.Jayabharath Reddy, under Section 262 of the Companies Act, 1956, holds office upto the date of the forthcoming Annual General Meeting. The Company has received notice from a Member signifying his intention to propose Dr. N.K.Thingalaya as a Director of the Company.

**NUMBER OF BOARD MEETINGS :**

The Board of the Company met eleven times during the year on the following dates :

7th April, 2001, 23rd April, 2001, 8th May, 2001, 8th June, 2001, 30th July, 2001, 31st August, 2001, 26th September, 2001, 22nd October, 2001, 29th November, 2001, 9th January, 2002 and 13th March, 2002.

**AUDITORS :**

The Comptroller and Auditor General of India, New Delhi has appointed M/s. Mukund M Chitale & Co., Chartered Accountants, as Auditors of the Company for the year 2001-2002. Under Section 224(8)(aa) of the Companies Act, 1956, the remuneration of Auditors appointed under Section 619 by the Comptroller and Auditor General of India, shall be fixed by the Company in the General Meeting. Accordingly, Item No. 4 of the Notice of the Annual General Meeting pertains to remuneration of the Auditors for the year 2002-2003.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors give hereunder the Directors' Responsibility Statement pertaining to the Accounts of the Company :

- (a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.



- (b) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- (c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, as amended, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (d) The Directors have prepared the Annual Accounts on a going concern basis.

**AUDIT COMMITTEE :**

Consequent upon resignation of Shri M.A. Pai from the Board with effect from 22nd October, 2001, the Audit Committee, of which he was the Chairman, was reconstituted on 29th November, 2001 and the reconstituted Audit Committee now comprises of Shri S.Ravi, Chairman, Dr. J.L.Gupta, Shri H.R.Shenoy and Shri R.K. Madhukar, Members.

**ACKNOWLEDGEMENTS :**

Your Directors record their gratitude for the support and guidance received from SEBI and the Board of Trustees of Canbank Mutual Fund. Your Directors also record their sincere appreciation of the support extended by Canara Bank, promoter of the Company, confidence reposed by the investor community and the dedicated work put in by the staff at all levels in the Company.

**For and on behalf of the Board of Directors**

Place : Mumbai

Date : April 25, 2002

**N.K.THINGALAYA  
CHAIRMAN**



## AUDITORS' REPORT

To the Members of Canbank Investment Management Services Limited

We have audited the attached Balance Sheet of Canbank Investment Management Services Limited, as at 31st March, 2002 and the Profit and Loss Account for the year ended on that date annexed thereto. 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. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) 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 those books;
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable ;
- (v) 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;

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002;  
and

(b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

For Mukund M. Chitale & Co.  
Chartered Accountants

Place: Mumbai  
Date: 25<sup>th</sup> April, 2002

(M.M. Chitale)  
Partner



**ANNEXURE TO THE AUDITORS' REPORT  
(REFERRED TO IN OUR REPORT OF EVEN DATE)**

1. As per the information and explanations given to us, the Fixed Assets Register showing full particulars including quantitative details and situation of Fixed Assets is maintained by the Company. The Fixed Assets have been physically verified by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable having regard to the size of the operations of the Company and on the basis of explanations received, no material discrepancies were noticed during the verification.
2. None of the Fixed Assets have been revalued during the year.
3. According to the information and explanations given to us, the Company has not taken any loan, secured or unsecured, from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, and / or from Companies under the same management as defined under sub-section (1 B) of Section 370 of the Companies Act, 1956.
4. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, and / or to the Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
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 are also regular in the 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 nature of its business with regard to purchases of plant and machinery, equipment and other assets and with regard to the rendering of services.
7. According to the information and explanations given to us, there are no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party.
8. The Company has not accepted any deposits during the year from the public within the meaning of the provisions of section 58A of the Companies Act, 1956 and rules made thereunder.
9. The Company has appointed a firm of Chartered Accountants as its Internal Auditors. In our opinion, the aforesaid internal audit system is commensurate with the size of the Company and the nature of its business.



10. The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
11. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited during the year with the appropriate authorities.
12. There were no undisputed amounts payable in respect of Income-tax, Wealth-tax and Sales-tax, outstanding as on 31st March, 2002 for a period of more than 6 months from the date they became payable.
13. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
14. The Company is not a Sick Industrial Company within the meaning of clause (o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
15. As the Company is engaged in service activity, the following clauses of the said order are not applicable to this Company.

Sub-paragraph A of the MAOCARO

	<b>Clause No.</b>	<b>In respect of</b>
a)	(iii) and (iv)	Physical verification of finished goods, stores, spare parts and raw materials.
b)	(v)	Discrepancies noticed on physical verification of stocks.
c)	(vi)	Valuation of stocks.
d)	(xii)	Unserviceable or damaged goods, stores, etc.
e)	(xiv)	Maintenance of records for the sale of by-products and scrap.

16. The nature of services and activities carried on by the Company are such that the question of recording receipts, issue and consumption of material and stores, allocation of material consumed and man hour utilized to the relative jobs and the system of authorisation and allocation of stores and labour to jobs does not arise.

For Mukund M. Chitale & Co.  
Chartered Accountants

Place : Mumbai  
Date : 25<sup>th</sup> April, 2002

(M. M. Chitale)  
Partner



<b>CANBANK INVESTMENT MANAGEMENT SERVICES LIMITED</b>			
BALANCE SHEET AS AT 31 ST MARCH , 2002			
	SCH	As at 31st March 2002 (Rs.)	As at 31st March 2001 (Rs.)
<b>I SOURCES OF FUNDS</b>			
(1) Shareholder's funds			
(a) Share Capital	A	100,000,000	100,000,000
(b) Reserves & Surplus	B	300,825,110	291,509,388
<b>TOTAL</b>		<b>400,825,110</b>	<b>391,509,388</b>
<b>II APPLICATION OF FUNDS</b>			
(1) Fixed Assets	C		
(a) Gross Block		217,409,052	218,593,181
(b) Less : Depreciation		84,938,970	76,992,385
(c) Net Block		132,470,082	141,600,796
Capital Advances		672,140	
(2) Investments	D	245,712,525	168,038,781
(3) Current Assets, Loans & Advances			
(a) Sundry Debtors	E	9,005,662	9,116,260
(b) Cash and Bank Balances	F	23,732,341	70,783,102
(c) Other Current Assets	G	3,728,213	19,435,219
(d) Loans & Advances	H	41,990,144	34,515,101
<b>Total Current Assets</b>		<b>78,456,360</b>	<b>133,849,682</b>
Less : a) Current Liabilities	I	6,385,975	4,199,000
b) Provisions	J	50,159,591	47,900,009
Total Current Liabilities & Provisions		56,545,566	52,099,009
Net Current Assets		21,910,794	81,750,673
(4) Miscellaneous Expenditure	K	59,569	119,138
Preliminary Expenses ( to the extent not written off or adjusted)			
<b>TOTAL</b>		<b>400,825,110</b>	<b>391,509,388</b>

Accounting Policies & Notes on Accounts

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As per our report of even date

For Mukund.M.Chitale & Co.,

Chartered Accountants

N K Thingalaya  
Chairman

S.Ravi  
Director

J.L.Gupta  
Director

(M. M. Chitale)  
Partner

A.V. Gokak  
Director

H R Shenoy  
Director

Place : Mumbai  
Date : 25<sup>th</sup> April, 2002

R.K.Madhukar

N.R.Ramanujam  
Managing Director      General Manager

S L Manjrekar  
Company Secretary

N Jothimani  
Divisional Manager

Place : Mumbai

Date : 25<sup>th</sup> April, 2002



<b>CANBANK INVESTMENT MANAGEMENT SERVICES LIMITED</b>			
<b>PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002</b>			
	SCH	For the year ended 31st March 2002 (Rs.)	For the year ended 31st March 2001 (Rs.)
<b>INCOME</b>			
Management Fee		78,145,369	93,424,612
Dividend income		26,320,000	1,656,250
Other Income		17,374,279	23,439,177
<b>TOTAL</b>	L	<b>121,839,648</b>	<b>118,520,039</b>
<b>EXPENDITURE</b>			
Employees' Remuneration and Benefit	M	26,471,237	25,309,927
Administrative Expenses	N	51,792,512	56,271,552
Depreciation		9,144,918	10,126,708
Loss on sale of investments		1,338,846	300,000
Loss on sale of fixed Assets		34,668	8,110
Write off of diminution in value of investments		80,886	211,619
<b>TOTAL</b>		<b>88,863,067</b>	<b>92,227,916</b>
<b>PROFIT FOR THE YEAR BEFORE TAXATION &amp; PRIOR PERIOD ITEMS</b>		32,976,581	26,292,123
Less : Prior Period Items	O	38,359	354,180
Add : Excess provision for earlier year/s no longer required - for income tax			1,592,055
Less : Provision for Income Tax		1,000,000	4,400,000
Less : Provision for wealth tax		622,500	586,000
<b>PROFIT FOR THE YEAR</b>		<b>31,315,722</b>	<b>22,543,998</b>
Balance brought forward		215,140,149	213,033,551
Amount Available for Appropriations		246,455,871	235,577,549
<b>APPROPRIATIONS</b>			
Dividend		22,000,000	16,500,000
Tax on Dividend		--	1,683,000
Transferred to General Reserve		3,131,572	2,254,400
Balance of profit carried to Balance-Sheet		221,324,299	215,140,149
<b>TOTAL</b>		<b>246,455,871</b>	<b>235,577,549</b>

Accounting Policies &amp; Notes on Accounts

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As per our report of even date

For Mukund.M.Chitale &amp; Co.,

Chartered Accountants

N K Thingalaya  
ChairmanS.Ravi  
DirectorJ.L.Gupta  
Director(M. M. Chitale)  
PartnerA.V. Gokak  
DirectorH R Shenoy  
DirectorPlace : Mumbai  
Date : 25<sup>th</sup> April, 2002R.K.Madhukar  
Managing DirectorN.R.Ramanujam  
General ManagerS L Manjrekar  
Company SecretaryN Jothimani  
Divisional Manager

Place : Mumbai

Date : 25<sup>th</sup> April, 2002



<b>CANBANK INVESTMENT MANAGEMENT SERVICES LIMITED</b>		
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 ST MARCH, 2002		
	As at 31st March 2002 (Rs.)	As at 31st March 2001 (Rs.)
<b>SCHEDULE 'A' - SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
10,000,000 Equity Shares of Rs. 10 each	100,000,000	100,000,000
<b>ISSUED, SUBSCRIBED AND PAID UP :</b>		
10,000,000 Equity Shares of Rs. 10 each	100,000,000	100,000,000
Fully paid up		
(All the shares are held by Canara Bank and its nominees).		
Of the above shares :		
5000000 shares were allotted as fully paid-up by way of Bonus shares by Capitalisation of Surplus in the Profit & Loss Account		
<b>TOTAL</b>	<b>100,000,000</b>	<b>100,000,000</b>
<b>SCHEDULE 'B' - RESERVES AND SURPLUS</b>		
<b>GENERAL RESERVE</b>		
Balance as per Last Balance Sheet	76,369,239	74,114,839
Add: Transferred from P & L Account	3,131,572	2,254,400
<b>TOTAL (A)</b>	<b>79,500,811</b>	<b>76,369,239</b>
<b>PROFIT &amp; LOSS ACCOUNT</b>	<b>221,324,299</b>	<b>215,140,149</b>
<b>TOTAL (B)</b>	<b>221,324,299</b>	<b>215,140,149</b>
<b>TOTAL (A+B)</b>	<b>300,825,110</b>	<b>291,509,388</b>



<p align="center"><b>CANBANK INVESTMENT MANAGEMENT SERVICES LIMITED</b>  <b>SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 ST MARCH 2002</b></p>												
<p align="center"><b>SCHEDULE 'C' FIXED ASSETS</b></p>												
DESCRIPTION	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 31.03.2001	Reclassification	Additions	Deletions	As at 31.03.2002	As at 31.03.2001	On Account of Reclassification	Additions	Deletions	As at 31.03.2002	As at 31.03.2002	As at 31.03.2001
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
<b>Residential Flats</b>	169,267,610	0	0	0	169,267,610	38,498,142	0	6,538,473	0	45,036,615	124,230,995	130,769,468
<b>Office Equipments</b>	8,168,986	(827,723)	0	0	7,341,263	5,278,886	(380,721)	226,140	0	5,124,305	2,216,958	2,890,100
<b>Air Conditioners</b>	2,480,716	208,569	0	0	2,689,285	1,426,414	146,702	152,277	0	1,725,393	963,892	1,054,302
<b>Comp &amp; Peripherals</b>	21,708,202	(481,489)	243,585	0	21,470,298	18,971,506	(540,377)	1,292,713	0	19,723,842	1,746,456	2,736,696
<b>Electrical</b>	942,466	(307,372)	0	0	635,094	818,747	(270,543)	22,177	0	570,381	64,712	123,719
<b>Furniture &amp; Fixtures</b>	13,624,459	1,160,281	16,142	664,401	14,136,481	10,692,928	821,633	694,265	537,434	11,671,392	2,465,089	2,931,531
<b>Motor Vehicle</b>	2,400,742	0	37,815	569,536	1,869,021	1,305,762	0	289,016	507,736	1,087,042	781,980	1,094,980
<b>TOTAL</b>	218,593,181	(247,734)	297,542	1,233,937	217,409,052	76,992,385	(223,306)	9,215,061	1,045,170	84,938,970	132,470,082	141,600,796
<b>PREVIOUS YEAR</b>	219,379,530		1,691,934	2,478,283	218,593,181	69,186,517		10,126,709	2,320,841	76,992,385	141,600,796	--
Capital Advances												672,140



<b>CANBANK INVESTMENT MANAGEMENT SERVICES LIMITED</b>		
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 ST MARCH, 2002		
	As at 31st March 2002 (Rs.)	As at 31st March 2001 (Rs.)
<b>SCHEDULE 'D'- INVESTMENTS</b>		
<b>A) LONG TERM</b>		
<b>1) Quoted</b>		
<b>a) Investment in Tax-free Bonds:</b>		
9% IRFC (2001) Bonds (Pr.yr.F.V. Rs 700.00 Lacs)	--	65,946,850
9 % IRFC (2002) Bonds (Pr.yr.F.V. Rs 99.84 Lacs)	--	9,834,240
10.5% HUDCO (2004) Bonds F.V. Rs. 100 LACS (Pr. yr.F.V. Rs 100.00 Lacs)	10,146,925	10,227,812
9% IRFC (2001) Bonds (Pr. yr.F.V. Rs 200.00 Lacs)	--	20,049,069
	<b>10,146,925</b>	<b>106,057,971</b>
<b>b) Investment in other Bonds :</b>		
11.5% MSRDC (2005) Bonds F.V. Rs.100 Lacs (Pr. yr. F.V. Rs. 100 Lacs)	10,000,000	10,000,000
	<b>10,000,000</b>	<b>10,000,000</b>
<b>2) Unquoted</b>		
12% MSEB (2006) Bonds F.V. Rs.250 Lacs (Pr. yr.F.V. Rs 250.00 Lacs)	25,000,000	25,000,000
8.50% HUDCO Gujrat Punarnirman Bonds F. V. Rs.150 lacs ( Pr. Yr. F.V. Nil)	15,000,000	--
Investment in units of Cngilt PGS F.V. Rs. 1309.90 Lacs (Pr. yr.F.V. 265.00Lacs)	185,565,600	26,980,710
Investment in Indira Vikas Patra	--	100
	225,565,600	51,980,810
<b>TOTAL</b>	<b>245,712,525</b>	<b>168,038,781</b>
<b>NOTE :</b>		
1. The Aggregate Value of quoted Investments Long Term Investments		
Cost :	20,320,000	116,269,590
Market Value :	20,045,000	120,918,400
2. The Aggregate Value of unquoted Investments Long term Investments		
Cost :	225,565,600	51,980,810
<b>SCHEDULE 'E'- SUNDRY DEBTORS</b>		
(Unsecured and considered good)		
More than 6 months	--	223,648
Others	9,005,662	8,892,612
<b>TOTAL</b>	9,005,662	9,116,260



<b>CANBANK INVESTMENT MANAGEMENT SERVICES LIMITED</b>		
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 ST MARCH, 2002		
	As at 31st March 2002 (Rs.)	As at 31st March 2001 (Rs.)
<b>SCHEDULE 'F' - CASH &amp; BANK BALANCES</b>		
Cash in Hand	18,567	10,327
Balance with Scheduled Banks in		
- Current Accounts	3,713,774	3,772,775
- In Term Deposits	20,000,000	67,000,000
<b>TOTAL</b>	<b>23,732,341</b>	<b>70,783,102</b>
<b>SCHEDULE 'G' - OTHER CURRENT ASSETS</b>		
Interest accrued on Investments	2,187,220	4,309,496
Interest accrued on security deposits	101,250	123,750
Income Tax Refund Due	1,439,743	14,339,473
Dividend Receivable	0	662,500
<b>TOTAL</b>	<b>3,728,213</b>	<b>19,435,219</b>
<b>SCHEDULE 'H' - LOANS &amp; ADVANCES</b>		
<b>- Secured and considered good:</b>		
Staff Loans	2,475,169	2,627,935
<b>- Unsecured and considered good:</b>		
Security Deposit	1,292,825	2,704,775
Other Deposit	1,238,628	1,217,628
Income Tax	28,827,722	22,736,872
Wealth Tax	2,625,797	2,040,038
Staff Loans & Advances	2,017,661	2,026,931
Advances recoverable in cash or kind or for value to be received	3,512,342	1,160,922
<b>TOTAL</b>	<b>41,990,144</b>	<b>34,515,101</b>
<b>SCHEDULE 'I' - CURRENT LIABILITIES</b>		
Sundry Creditors		
Dues to small scale industrial undertakings	-	-
Others	2,446,720	728,480
Other Liabilities	3,939,255	3,470,520
<b>TOTAL</b>	<b>6,385,975</b>	<b>4,199,000</b>
<b>SCHEDULE 'J' - PROVISIONS</b>		
Dividend (Proposed)	22,000,000	16,500,000
Tax on Dividend (Proposed)	-	1,683,000
Leave Encashment	4,484,132	3,764,436
Bonus	2,909	2,823
Expenses	0	3,899,700
Taxation	23,672,550	22,050,050
<b>TOTAL</b>	<b>50,159,591</b>	<b>47,900,009</b>



<b>CANBANK INVESTMENT MANAGEMENT SERVICES LIMITED</b>		
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 ST MARCH, 2002		
	As at 31st March 2002 (Rs.)	As at 31st March 2001 (Rs.)
<b>SCHEDULE 'K'-MISCELLANEOUS EXPENDITURE</b>		
PRELIMINARY EXPENSES (to the extent not written off or adjusted )		
Balance at the beginning of the year	119,138	178,707
Less: Written off during the year	59,569	59,569
<b>TOTAL</b>	<b>59,569</b>	<b>119,138</b>
<b>SCHEDULE 'L'- OTHER INCOME</b>		
Interest on taxfree bonds	6,633,225	15,328,946
Interest on other bonds (TDS Rs. 846600 P.Y. TDS Rs.913000)	4,150,000	4,153,220
Interest on Term Deposit (TDS Rs. 228221 P.Y. TDS Rs. 174236)	1,162,951	713,274
Interest on Staff Loans	263,155	271,762
Interest on Income Tax Refund	0	2,726,728
Registrar & Transfer charges	164,178	15,042
Interest on Application Money (TDS Rs. 20665 P.Y. Rs.Nil)	101,301	--
Interest on security Deposit	132,188	225,000
Provision for service charges no longer required	3,899,000	--
Miscellaneous Income	868,281	5,205
<b>TOTAL</b>	<b>17,374,279</b>	<b>23,439,177</b>
<b>SCHEDULE 'M'- EMPLOYEES' REMUNERATION &amp; BENEFITS</b>		
Salaries, Bonus and other allowances	19,733,587	19,585,102
Contribution to PF, Group Gratuity and other Funds	2,392,297	2,079,755
Other Welfare expenses	4,345,353	3,645,070
<b>TOTAL</b>	<b>26,471,237</b>	<b>25,309,927</b>
<b>SCHEDULE 'N' - ADMINISTRATIVE EXPENSES</b>		
Advertisement & Publicity	1,408,738	2,637,204
Computer software & development	537,922	1,156,468
Director Sitting Fees	72,000	61,000
Donation	0	1,592,832
Electricity Charges	2,426,663	2,651,573
Insurance	99,686	96,071
Lease rental paid	1,437,172	1,774,372
Legal and Professional Charges	1,430,829	158,611
Miscellaneous Expenses	1,539,381	1,489,150
Preliminary Expenses written off	59,569	59,569
Payment to Statutory Auditors -- Audit Fee	105,000	105,000



<b>CANBANK INVESTMENT MANAGEMENT SERVICES LIMITED</b>		
SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 ST MARCH, 2002		
	As at 31st March 2002 (Rs.)	As at 31st March 2001 (Rs.)
-- Reimbursement of Expenses	2,000	--
Payment to Other Auditors		
-- Internal Audit, Tax Audit, Certification Charges, etc.,	560,678	1,062,385
Postage , Telegrams & Telephone	3,037,939	2,867,045
Printing & Stationery	1,847,140	1,826,212
Rates & Taxes	4,497,337	6,022,771
Rent	17,439,616	22,419,265
Repairs & Maintenance		
-Buildings	913,935	1,505,808
-Others	4,309,153	3,902,119
Scheme Expenses	4,849,804	971,182
Subscription	2,636,244	1,401,399
Travelling & Conveyance	2,581,706	2,511,516
<b>TOTAL</b>	<b>51,792,512</b>	<b>56,271,552</b>
<b>SCHEDULE 'O' - PRIOR PERIOD ITEMS</b>		
Professional charges	--	157,820
Repairs & Maintenance	--	51,849
Rent	--	107,355
Courier charges	--	16,645
Electricity charges	--	4,701
Telephone charges	--	11,741
Vehicle Maintenance	--	2,055
Newspaper & Periodicals	--	773
Conveyance	--	1,197
Medical Expenses	--	4,500
Travelling Expenses	--	215
LIC & Professional Tax	--	(4,671)
Security Deposit recovered	(30,000)	--
Registrars & Transfer Fees	(26,211)	--
Repairs	24,427	--
Depreciation	70,143	--
<b>TOTAL</b>	<b>38,359</b>	<b>354,180</b>



**SCHEDULE FORMING PART OF THE ACCOUNTS**  
**SCHEDULE 'P' ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES :**

**1. BASIS OF ACCOUNTING :**

The financial statements are prepared under historical cost convention and in accordance with the accounting standards referred to in section 211(3C) of the Companies Act, 1956.

**2. FIXED ASSETS & DEPRECIATION :**

Fixed Assets are stated at cost of acquisition or construction. Depreciation on various assets is provided on written down value method at the rates provided in Schedule XIV of the Companies Act, 1956 except in the case of Electrical Fittings. The rate of depreciation charged on Electrical Fittings is @20% p.a. on Written Down Value method. Depreciation on additions / deletions during the year are provided on pro-rata basis.

Cost of temporary partition / constructions not removable / reusable as such, in company's leased / rental premises are charged to revenue.

**3. INVESTMENT:**

Long term investments are stated at cost. However, provision for diminution in value of investments is made, if such diminution in the opinion of the management, is of a permanent nature. The excess of cost over face value is amortised over the period of holding of investment upto redemption.

Current investment are stated at lower of cost and fair market value.

**4. RETIREMENT BENEFITS:**

Periodical contributions made to concerned authority towards provident fund are charged to revenue.

Group Gratuity Scheme is administered through policy taken from Life Insurance Corporation of India and the premium is charged to revenue based on actuarial valuation of gratuity liability made as at 1st September each year.

Leave encashment benefits on retirement are provided on actual basis.

**5. REVENUE RECOGNITION :**

Revenue is recognised when there is certainty of ultimate collection.

**6. PRELIMINARY EXPENSES :**

Preliminary expenses are written off over a period of ten years in equal installments.

**B. NOTES ON ACCOUNTS :**

1. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 10,67,761/- (Previous year Rs. NIL).
2. Contingent Liability Rs. 56,40,340/- towards claim made by Canara Bank for reimbursement of municipal taxes made by Municipal Corporation of Greater Mumbai arising out of enhancement of rateable value for the period 01.04.2000 to 31.03.2002.
3. As per the terms of the agreement between the Company and Canbank Mutual Fund and as per the offer letter of Canliquid Scheme launched during the year, initial issue expenses amounting to Rs. 20,64,409/- incurred for the said Scheme has been absorbed by the Company.
4. During the year an amount of Rs. 1,05,000/- , Rs.2,40,000/- and Rs 20,08,660/- being expenditure incurred by Canpep94, Canpremium and Canbonus schemes respectively in excess of the limit prescribed by SEBI (Mutual Fund) Regulation 1996, has been absorbed by the Company.
5. An amount of Rs. 3.00 lakhs paid to SEBI as penalty for non disclosure of certain information in the abridged offer document of Canpep93 scheme, has been absorbed by the Company as scheme expenses.
6. Income from Management Fee includes Rs.1,16,48,236/- received from Canbank Mutual Fund - General Administration Dept. (CMF GAD) for the year 2001-2002. The accounts of Canbank Mutual Fund - General Administration Department for the year 2001-2002 are not yet audited and hence the amount of Rs. 1,16,48,236/- has been taken as income on the basis of certificate obtained from the internal auditors of CMF - GAD. As per the certificate of the auditors, the amount is calculated @ 0.50% consisting of Rs. 37,32,585/- as per SEBI Circular and Rs. 79,15,651/- recovered on gross assets of CMF - GAD.
7. Income from Management fee includes Rs. 12,75,153/- received from Canbank Offshore Mutual Fund towards sub-manager services. The fees for the period 01.04.2001 to 31.12.2001 as per the certificate obtained from the statutory auditors of the Fund is Rs. 11,02,763/-. The fees for the period 01.01.2002 to 31.03.2002 amounting to Rs. 1,72,390/- has been taken as income as certified by the authorised official of the Fund.
8. The Fixed Asset Register has been updated and matched with the schedule of fixed assets. Consequently certain items of fixed assets had to be reclassified and the depreciation on such items



had to be reworked with reference to the date of the original transaction. This has resulted in certain expenses amounting to Rs. 24,427/- (net) being written off in the current year. The net effect on the Cost and Accumulated Depreciation on each class of asset due to the reclassification of assets, has been shown under the column no. 3 & 8 respectively in Schedule C. The Depreciation for the year as shown in column no. 9 in Schedule C amounting to Rs. 92,15,061/- includes Rs. 70,143/- written off for earlier years on account of reclassification of assets.

9. The remuneration of the Executive Director was in accordance with the service rules of Canara Bank and was approved by the shareholders of the Company at the Annual General Meeting held on 7th June, 2001. The Executive Director relinquished his position as Executive Director on 29th November 2001, and he was appointed as Managing Director of the Company on the same day, on the advise of the said Bank.

The remuneration of the Managing Director is in accordance with the service rules of the said Bank and the same is subject to approval of the shareholders of the Company at the forthcoming Annual General Meeting.

10. Salary and Allowances of Managing Director /Executive Director:

	2001-2002 (Rs)		2000-2001 (Rs)	
	Managing Director	Executive Director	Managing Director	Executive Director
Salary and Allowances	1,05,692	2,01,183	2,57,351	90,229
Contribution to Provident Fund and other funds	8,080	15,757	18,450	7,109
Value of Perquisites	99,393	--	1,39,658	--
	<b>2,13,165</b>	<b>2,16,440</b>	<b>4,15,459</b>	<b>97,338</b>

11. Operating Leases

The Company has entered into lease agreements for various premises of the branch offices for which the future lease payments are as under:

	<u>Amount</u>
Not later than 1 year	Rs.14,25,000
Later than 1 year but not later than 5 years	Rs. 36,99,622
Later than 5 years	Rs.1,69,61,906



	2001-2002	2000-2001
12. (i) Expenditure and earnings in foreign currency	NIL	NIL
(ii) Value of import calculated on C.I.F. basis	NIL	NIL

13. The figures of previous year have been regrouped wherever necessary.

**SIGNATURE TO SCHEDULES 'A' TO 'P'**

As per our report of even date  
For Mukund M. Chitale & Co  
Chartered Accountants

(M.M.Chitale)  
Partner

N.K. Thingalaya  
Chairman

S. Ravi  
Director

J.L.Gupta  
Director

Place : Mumbai  
Date : 25<sup>th</sup> April, 2002

A.V.Gokak  
Director

H.R.Shenoy  
Director

R K Madhukar  
Managing Director

N R Ramanujam  
General Manager

S L Manjrekar  
Company Secretary

N Jothimani  
Divisional Manager

Place : Mumbai

Date : 25<sup>th</sup> April, 2002



**CANBANK INVESTMENT MANAGEMENT SERVICES LTD**  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

**I Registration Details**

Registration No.	1 1 7 1 0 0 3	State code	1 1
Balance Sheet Date	3 1 0 3 2 0 0 2		
	Date Month Year		

**II Capital Raised During the Year ( Amount in Rs., thousands )**

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

**ACADEMIC GUIDANCE****III Position of Mobilisation and Deployment of Funds (Amt. in Rs., Thousands )**

	Total Liabilities	Total Assets
	4 0 0 8 2 5	4 0 0 8 2 5
Source of Funds	Paid - up Capital	Reserves and surplus
	1 0 0 0 0 0	2 8 7 1 4 8
	Secured Loans	Unsecured Loans
	NIL	NIL
Application of Funds	Net Fixed Assets	Investments
	1 3 2 4 7 0	2 4 5 7 1 2
	Net Current Assets	Misc. Expenditure
	2 1 9 1 0	5 9
	Accumulated Losses	
	NIL	

**IV Performance of Company ( Amount in Rs.,Thousands )**

	Turnover	Total Expenditure
	1 2 1 8 3 9	8 8 8 6 3
	+/- Profit/Loss Before Tax	+/- Profit/Loss After Tax
	3 2 9 7 6	3 1 3 1 5
	Earning Per Share in Rs.	Dividend Rate %
	3. 1 3 1 5	2 2

**V Generic Names of Three Principal products/ Services of Company (as Per Monetary terms)**

Item Code No. (ITC Code)	Not Applicable
Product Description	INVESTMENT MANAGER



**COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT 1956, ON THE ACCOUNTS OF CANBANK INVESTMENT MANAGEMENT SERVICES LIMITED, MUMBAI FOR THE YEAR ENDED 31ST MARCH 2002.**

I have to state that the Comptroller & Auditor General of India has no comments upon or supplement to the Auditors' Report under Section 619(4) of the Companies Act 1956, on the accounts of Canbank Investment Management Services Limited for the year ended 31st March 2002.

**(Balvinder Singh)**

Principal Director of Commercial Audit  
& Ex-Officio Member, Audit Board-I, Mumbai

Date: 24<sup>th</sup> May, 2002.

## INVESTOR RELATION CENTRES

Centres	Name of the person & addresses	Phone & Fax Nos.	E-mail ID
<b>MUMBAI</b>	<b>Mr. R. Swaminathan</b> Ground Floor, Canara Bank Building, Adi Marzban Path, Ballard Estate, Mumbai-400 001.	(022) 2621371, 2693590, 2693591 Fax : (022) 2673084	canbank@canbankmutual.com
<b>BANGALORE</b>	<b>Mr. S. Parthasarathy</b> 14, Naveen Complex, VIth Floor, M. G. Road, Bangalore-560 001.	(080) 5594730, 5594731 Fax : (080) 5584521	cimblr@bgl.vsnl.net.in
<b>KOLKATA</b>	<b>Mr. Nilotpal Banerjee</b> "Vaibhav", IVth Floor, 4, Lee Road, Kolkata-700 020.	(033) 2478275 Fax: (033) 2404549	cimcal@cal2.vsnl.net.in
<b>CHENNAI</b>	<b>Mr. P. Viswanath</b> 770-A, Ist Floor, Spencer Annexe, Anna Salai, Chennai-600 002.	(044) 8552598, 8523729 Fax: (044) 8551386	cimmds@md4.vsnl.net.in
<b>KOCHI</b>	<b>Mr. C. R. Venkitachalam</b> Door No. XL/6030, Ist Floor, Al-Falah Plaza, (Opp. Global Trust Bank Ltd.) Broadway North End, Kochi-682 031.	(0484) 364846 Fax: (0484) 364836	cimcoh@md4.vsnl.net.in
<b>NEW DELHI</b>	<b>Mr. Prabhat Kumar</b> 306, Kanchenjunga Bldg., 18, Barakhamba Road, New Delhi-110 001.	(011) 3326417 Fax: (011) 3354780	cimsl@ndb.vsnl.net.in
<b>HYDERABAD</b>	<b>Mr. M. D. Patil</b> 3-5-168/1234, IIInd Floor, Opp. Santhi Talkies, Narayanguda, Hyderabad - 500 029.	(040) 4755729, 4750105 Fax: (040) 4753614	cimsltd@hd2.vsnl.net.in
<b>PATNA</b>	<b>Mr. K. Venkatesan</b> 401/402, Aashiana Hariniwas, IVth Floor, Dak Bangalow Road, Patna - 800 001.	(0612) 227950 Fax: (0612) 227950	cimspatna@sify.com, canbankpatna@rediffmail.com
<b>PUNE</b>	<b>Mr. P. K. Ramadurai</b> C-3, IIInd Floor, Renuka Complex, J. M. Road, Deccan Gymkhana, Pune-411 004.	(020) 5539564. Fax: (020) 5536690	cimpune@vsnl.com
<b>AHMEDABAD</b>	<b>Mr. Dinesh Suvarna</b> 203, IIInd Floor, Samedh Bldg., Near Associated Petrol Pump, C.G. Road, Ahmedabad - 380 006.	(079) 6406150	cimsahdad1@sancharnet.in
<b>CHANDIGARH</b>	<b>Mr. Shivagnanam</b> SCO 83-84, Ist Floor, Sector 34A, Chandigarh - 160 020.	(0172) 648007	chcims@sify.com
<b>COIMBATORE</b>	<b>Mr. N. S. Srinivasan</b> 439, Lawrance Complex, Cross Cut Road, Gandhipuram, Coimbatore - 641 012.	(0422) 230557	cimscbe@vsnl.net
<b>KOTTAYAM</b>	<b>Ms. Shiba Johnson</b> C/o. Canara Bank, Western Gate, Temple Road, Thirunakkara, Kottayam - 686 001.	(0481) 583122, 583422, 563422(D)	shibajohnson@yahoo.co.in, shibajohnson@hotmail.com
<b>MANGALORE</b>	<b>Mr. G. Muralidhar Shenoy</b> Hotel Navaratna Complex (Basement), K. S. Rao Road, Mangalore - 575 001.	(0824) 446416	cimsmrlr@sify.com
<b>NAVI MUMBAI</b>	<b>Mr. Devendra Mangaonkar</b> 227, Arenja Corner, Sector - 17, Vashi, Navi Mumbai - 400 705.	(022) 7650268	devendra_man1@rediff.com
<b>VADODARA</b>	<b>Mr. Prakash Pai</b> 568, IVth Floor, Above Canara Bank, Opp. Express Hotel, R. C. Dutt Road, Alkapuri, Vadodara - 390 007.	(0265) 326483	cimsbaad1@sancharnet.in



## MISSION STATEMENT

*To build on a deep strong foundation  
ensuring long-lasting stability.*

*To attain heights of growth  
with an eye always on safety.*

*To share with every single investor  
the sweet scent of success.*

*To manage our most precious assets  
your trust and confidence.*