



Canbank Investment Management Services Limited

**8th Annual Report
2000 - 2001**

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.*

8TH ANNUAL REPORT 2000-2001



CANBANK INVESTMENT MANAGEMENT SERVICES LIMITED

Wholly owned subsidiary of
CANARA BANK

Asset Management Company of
CANBANK MUTUAL FUND

BOARD OF DIRECTORS

K. Jayabharath Reddy, Chairman

M. A. Pai

M. R. Mayya

S. Ravi

V. Aghoram (till 13th December, 2000)

K. V. Hegde, Managing Director (till 13th December, 2000)

R. K. Madhukar, Executive Director (from 14th December, 2000)

H. R. Shenoy (from 27th January, 2001)

EXECUTIVES

R. K. Madhukar, Chief General Manager (till 12th December, 2000)

S. K. M. Shetty, General Manager (till 20th January, 2001)

M. S. Kamath, General Manager

B. R. Shenoy, General Manager (till 30th December, 2000)

S. L. Manjrekar, Asst. General Manager

S. R. Ramaraj, Asst. General Manager

V. Ramesh Nayak, Asst. General Manager

Mohit Sachdev, Asst. General Manager (from 22nd September, 2000)

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.

Canpep 91 Scheme, an equity linked tax saving Scheme was redeemed on completion of ten years on 31st March, 2001. The unitholders were paid a redemption price of Rs.10/- per unit.

Cancigo Scheme, a debt-oriented assured return Scheme, was converted into a NAV based Scheme after complying with the necessary formalities. The Scheme had to take this step in view of the downtrend in the interest market. Prior to the conversion, the Scheme had consistently distributed the assured return of 12.50% p.a., payable every half year.

Canpep 93 Scheme, an open ended equity linked tax saving Scheme was renamed "Canequity - Tax Saver" to highlight the fact that the investment in the Scheme would result in tax savings to the investors under the Income Tax Act, 1961.

To give thrust to its marketing efforts and to provide an efficient and personalised service to its customers, the Company added 7 Investor Relation Centres (IRCs) to its existing list of 9 centres. These IRCs were opened at Chandigarh, Baroda, Vashi (Navi Mumbai), Ahmedabad, Mangalore, Coimbatore and Kottayam to carry the benefits of investing in Mutual Funds to a larger investor base.

As on 31st March, 2001, your Company was managing fourteen Schemes of Canbank Mutual Fund, of which three are Income Schemes, four are Income-cum-Growth Schemes and seven are Growth Schemes.

As on 31st March, 2001, the corpus and the asset base of Canbank Mutual Fund stood at Rs.571.80 crores (previous year : Rs.1159.93 crores) and Rs.637.36 crores (previous year : Rs.1693.98 crores), respectively.

During the year, seven Schemes declared dividend and the total payment on this account was Rs.27.16 crores.

The BSE Sensex fell from 5001.28 as on 31st March, 2000 to 3604.38 as on 31st March, 2001, a fall of 27.93%, and this had a corresponding impact on the NAVs of the Schemes at the close of the year.

DIVIDEND :

Your Directors recommend payment of a dividend of 16.5% (previous year : 35%). The Directors have recommended a lower dividend due to decline in profit and the need to conserve resources. Under the Income Tax Act, 1961, the dividend is tax free in the hands of 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.

CONTRIBUTION TO THE PRIME MINISTER'S NATIONAL RELIEF FUND :

The devastating earthquake in the State of Gujarat on the Republic Day left thousands dead and homeless. Aid in every form came from all corners of the World. In discharge of its rightful duty, your Company made a contribution of Rs. 10,00,000/- to the Prime Minister's National Relief Fund. The employees of the Company also contributed a sum of Rs. 46,000/- to the said Fund.

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 M.R. Mayya retires by rotation and is eligible for reappointment.

Shri V. Aghoram, nominee of Canara Bank ceased to be a Director of the Company. At the Meeting held on 27th January, 2001, the Board of Directors appointed Shri H.R. Shenoy, as a Director not liable to retire by rotation,

AUDITORS' REPORT

To,
The Members,
CANBANK INVESTMENT MANAGEMENT SERVICE LIMITED

We have audited the attached Balance Sheet of CANBANK INVESTMENT MANAGEMENT SERVICES LIMITED as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date, annexed thereto, and report that :-

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government in terms of section 227 (4A) 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 to the extent applicable to the Company.
2. Further to our comments in the annexure referred to in paragraph (1) above, we state 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 it appears from our examination of such books;
 - (c) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet and the Profit and Loss Account dealt with by this report complies with Accounting Standards referred to in sub-section 3 (c) of section 211 of the Companies Act, 1956 to the extent applicable.
 - (e) On the basis of the written representations received from the Directors as on 31st March, 2001 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2001 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 account read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required.
 - (i) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2001.
and
 - (ii) in case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For **MUKUND M. CHITALE & CO.,**
Chartered Accountants

Place : Mumbai
Date : 23rd April, 2001

M. M. CHITALE
PARTNER



**ANNEXURE TO THE AUDITORS' REPORT
(REFERRED TO IN PARAGRAPH (1) OF 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 and is in the process of being updated. 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. The Company does not have any stock of finished goods, stores, spare parts and raw materials and the directions in this regard are not applicable.
4. 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 (1B) of section 370 of the Companies Act, 1956.
5. 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.
6. 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.
7. 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 stores and spares, plant & machinery, equipment and other assets and with regard to the rendering of services.
8. 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.
9. 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.
10. In our opinion, the Company has an internal audit system which is commensurate with the size of the Company and the nature of its business.
11. The Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
12. According to the records of the Company, Provident Fund dues have been regularly deposited during the year with the appropriate authorities.
13. There were no undisputed amounts payable in respect of Income-tax, Wealth-tax and Sales-tax, outstanding as on 31st March, 2001 for a period of more than 6 months from the date they became payable.
14. 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.
15. 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.
16. In our opinion, having regard to the nature of the Company's business, the other clauses of the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government are not applicable to the Company.

For **MUKUND M. CHITALE & CO.,**
Chartered Accountants

Place : Mumbai
Date : 23rd April, 2001

M. M. CHITALE
PARTNER

BALANCE SHEET AS AT 31ST MARCH, 2001

	Schedule	As at 31st March, 2001 Rs.	As at 31st March, 2000 Rs.
I. SOURCES OF FUNDS			
(1) Shareholder's funds			
(a) Share Capital	A	100,000,000	100,000,000
(b) Reserves & Surplus	B	291,509,388	287,148,390
TOTAL		391,509,388	387,148,390
II. APPLICATION OF FUNDS			
(1) Fixed Assets	C		
(a) Gross Block		218,593,181	219,379,530
(b) Less : Depreciation		76,992,385	69,186,517
(c) Net Block		141,600,796	150,193,013
(2) Investments	D	168,038,781	165,821,190
(3) Current Assets, Loans & Advances			
(a) Sundry Debtors	E	9,116,260	10,093,649
(b) Cash and Bank Balances	F	70,783,102	56,921,800
(c) Other Current Assets	G	19,435,219	8,546,126
(d) Loans & Advances	H	34,515,101	84,571,378
Total Current Assets		133,849,682	160,132,953
Less : a) Current Liabilities	I	4,199,000	16,139,196
b) Provisions	J	47,900,009	73,038,277
Total Current Liabilities & Provisions		52,099,009	89,177,473
Net Current Assets		81,750,673	70,955,480
(4) Miscellaneous Expenditure	K	119,138	178,707
Preliminary Expenses (to the extent not written off or adjusted)			
TOTAL		391,509,388	387,148,390

Accounting Policies & Notes on Accounts

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As per our report of even date
for **Mukund M. Chitale & Co.,**
Chartered Accountants

K. J. Reddy
Chairman

M. M. Chitale
Partner

M. A. Pai
Director

M. R. Mayya
Director

S. Ravi
Director

H. R. Shenoy
Director

R. K. Madhukar
Executive Director

M. S. Kamath
General Manager

S. L. Manjrekar
Company Secretary

N. Jothimani
Divisional Manager

Place : Mumbai
Date : 23.04.2001

Place : Mumbai

Date : 23.04.2001



Canbank Investment Management Services Limited

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2001

	Schedule	For the year ended 31st March, 2001 Rs.	For the year ended 31st March, 2000 Rs.
INCOME			
Management Fee		93,424,612	124,997,860
Dividend income		1,656,250	—
Profit on sale of Bonds		—	2,705,363
Other Income	L	23,439,177	23,027,514
TOTAL		118,520,039	150,730,737
EXPENDITURE			
Employees' Remuneration and Benefit	M	25,309,927	26,003,827
Administrative Expenses	N	56,271,552	59,468,350
Depreciation		10,126,708	11,298,278
Loss on sale of bonds		300,000	—
Loss on sale of fixed Assets		8,110	144,007
TOTAL		92,016,297	96,914,462
PROFIT FOR THE YEAR BEFORE TAXATION & PRIOR PERIOD ITEMS		26,503,742	53,816,275
Less : Prior Period Items	O	354,180	164,609
Less : Provision for diminution in value of investments		211,619	—
Add : Excess provision for earlier year/s no longer required			
– for income tax		1,592,055	422,027
– for diminution in value of investments		—	55,000
Less : Provision for Income Tax		4,400,000	13,500,000
Less : Provision for wealth tax		586,000	322,300
PROFIT FOR THE YEAR		22,543,998	40,306,393
Balance brought forward		213,033,551	215,607,797
Amount Available for Appropriations		235,577,549	255,914,190
APPROPRIATIONS			
Dividend			
– Interim Dividend		—	35,000,000
– Final Dividend		16,500,000	—
– Tax on Dividend		1,683,000	3,850,000
Transferred to General Reserve		2,254,400	4,030,639
Balance of profit carried to Balance-Sheet		215,140,149	213,033,551
TOTAL		235,577,549	255,914,190

Accounting Policies & Notes on Accounts

P

As per our report of even date for **Mukund M. Chitale & Co.**,
Chartered Accountants

K. J. Reddy
Chairman

M. M. Chitale
Partner

M. A. Pai
Director

M. R. Mayya
Director

S. Ravi
Director

H. R. Shenoy
Director

R. K. Madhukar
Executive Director

M. S. Kamath
General Manager

S. L. Manjrekar
Company Secretary

N. Jothimani
Divisional Manager

Place : Mumbai
Date : 23.04.2001

Place : Mumbai

Date : 23.04.2001

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2001

	As at 31st March, 2001 Rs.	As at 31st March, 2000 Rs.
SCHEDULE 'A' – SHARE CAPITAL		
AUTHORISED		
10,000,000 Equity Shares of Rs.10/- each	100,000,000	100,000,000
ISSUED, SUBSCRIBED AND PAID UP :		
10,000,000 Equity Shares of Rs.10/- each Fully paid up (All the shares are held by Canara Bank and its nominees)	100,000,000	100,000,000
Of the above shares : 5,000,000 shares were allotted as fully paid-up by way of Bonus shares by Capitalisation of Surplus in the Profit & Loss Account		
TOTAL	100,000,000	100,000,000
SCHEDULE 'B' - RESERVES AND SURPLUS		
GENERAL RESERVE		
Balance as per Last Balance Sheet	74,114,839	70,084,200
Add : Transferred from P & L Account	2,254,400	4,030,639
TOTAL (A)	76,369,239	74,114,839
PROFIT & LOSS ACCOUNT	215,140,149	213,033,551
TOTAL (B)	215,140,149	213,033,551
TOTAL (A+B)	291,509,388	287,148,390

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2001

SCHEDULE 'C' FIXED ASSETS

(In Rs.)

DESCRIPTION	GROSS BLOCK					DEPRECIATION			NET BLOCK	
	AS AT 31.03.2000	ADDITIONS	ADJUST	AS AT 31.03.2001	AS AT 31.03.2000	ADDITIONS	ADJUST	AS AT 31.03.2001	AS AT 31.03.2001	AS AT 31.03.2000
Electrical	942,466	—	—	942,466	787,847	30,900	—	818,747	123,719	154,619
Motor Vehicle	2,024,396	572,246	195,900	2,400,742	1,167,540	309,561	171,339	1,305,762	1,094,980	856,856
Quarter Furniture	3,491,997	28,698	—	3,520,695	2,752,371	157,635	—	2,910,006	610,689	739,626
Office Equipments	8,161,486	7,500	—	8,168,986	4,813,693	465,193	—	5,278,886	2,890,100	3,347,793
Office Furniture	10,049,812	53,952	—	10,103,764	7,250,868	532,054	—	7,782,922	2,320,842	2,798,945
Comp. & Peripherals	23,162,347	828,238	2,282,383	21,708,202	19,534,217	1,586,791	2,149,502	18,971,506	2,736,696	3,628,130
Air Conditioners	2,279,416	201,300	—	2,480,716	1,264,443	161,971	—	1,426,414	1,054,302	1,014,972
Residential Flats	169,267,610	—	—	169,267,610	31,615,538	6,882,604	—	38,498,142	130,769,468	137,652,072
TOTAL	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	150,193,013
PREVIOUS YEAR	218,719,870	1,454,004	794,344	219,379,530	58,363,575	11,298,278	475,336	69,186,517	150,193,013	160,356,295

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2001

	As at 31st March, 2001 Rs.	As at 31st March, 2000 Rs.
SCHEDULE 'D' – INVESTMENTS		
A) LONG TERM		
1) Quoted		
(a) Investment in Tax-free Bonds:		
9% IRFC (2001) Bonds F.V. Rs. 700 LACS (Previous year F.V. Rs.300.00 Lacs)	65,946,850	25,366,850
9 % IRFC (2002) Bonds F.V. Rs. 99.84 LACS (Previous year F.V. Rs.99.84 Lacs)	9,834,240	9,834,240
9% IRFC (2000) Bonds (Previous year F.V. Rs.250.00 Lacs)	—	25,055,000
10.5% HUDCO (2004) Bonds F.V. Rs.100 Lacs (Previous year F.V. Rs 100.00 Lacs)	10,227,812	10,320,000
9% IRFC (2001) Bonds F.V. Rs.200 Lacs	20,049,069	—
TOTAL	106,057,971	70,576,090
(b) Investment in other Bonds :		
11.5% MSRDC (2005) Bonds F.V. Rs.100 Lacs (Previous year F.V. Rs. 100 Lacs)	10,000,000	10,000,000
TOTAL	10,000,000	10,000,000
2) Unquoted		
12% MSEB (2006) Bonds F.V. Rs.250 Lacs	25,000,000	25,000,000
Investment in units of Cangilt PGS	26,980,710	—
Investment in Indira Vikas Patra	100	100
TOTAL	51,980,810	25,000,100
B) CURRENT INVESTMENT :		
1) Quoted		
(a) Investment in Tax-free Bonds:		
9% HUDCO Bonds (2001) F.V. Rs. 600 Lacs	—	60,245,000
TOTAL	—	60,245,000
TOTAL	168,038,781	165,821,190
NOTE :		
1. The Aggregate Value of quoted Investments		
Long Term Investments		
Cost :	116,269,590	80,576,090
Market Value :	120,918,400	84,976,373
Current Investments		
Cost :	—	60,245,000
Market Value :	—	60,300,000
2. The Aggregate Value of unquoted Investments		
Long term Investments		
Cost :	51,980,810	25,000,100
3. During the year the following investments were acquired and sold :		
Sale : 9% NHPC bonds	—	10,000,000
Purchase : 9% NHPC bonds	—	10,000,000



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31 ST MARCH, 2001

	As at 31st March, 2001 Rs.	As at 31st March, 2000 Rs.
SCHEDULE 'E' – SUNDRY DEBTORS (Unsecured and considered good)		
More than 6 months	223,648	—
Others	8,892,612	10,093,649
TOTAL	9,116,260	10,093,649
SCHEDULE 'F' – CASH & BANK BALANCES		
Cash in Hand	10,327	40,263
Balance with Scheduled Banks in		
– Current Accounts	3,772,775	881,537
– In Term Deposits	67,000,000	56,000,000
TOTAL	70,783,102	56,921,800
SCHEDULE 'G' – OTHER CURRENT ASSETS		
Interest accrued on Investments	4,309,496	6,924,508
Interest accrued on security deposits	123,750	181,875
Income Tax Refund Due	14,339,473	1,439,743
Dividend Receivable	662,500	—
TOTAL	19,435,219	8,546,126
SCHEDULE 'H' – LOANS & ADVANCES		
– Secured and considered good:		
Staff Loans	2,627,935	2,964,660
– Unsecured and considered good:		
Security Deposit	2,704,775	2,457,062
Other Deposit	1,217,628	1,220,729
Income Tax	22,736,872	72,958,702
Wealth Tax	2,040,038	1,719,373
Other Advances	1,160,922	1,122,195
Staff Loans & Advances	2,026,931	2,128,657
TOTAL	34,515,101	84,571,378
SCHEDULE 'I' – CURRENT LIABILITIES		
Sundry Creditors	728,480	11,349,118
Other Liabilities	3,470,520	4,790,078
TOTAL	4,199,000	16,139,196
SCHEDULE 'J' – PROVISIONS		
Final Dividend (Proposed)	16,500,000	—
Tax on Final Dividend (Proposed)	1,683,000	—
Leave Encashment	3,764,436	3,462,125
Bonus	2,823	2,048
Expenses	3,899,700	4,110,054
Taxation	22,050,050	65,464,050
TOTAL	47,900,009	73,038,277
SCHEDULE 'K' – MISCELLANEOUS EXPENDITURE		
PRELIMINARY EXPENSES (to the extent not written off or adjusted)		
Balance at the beginning of the year	178,707	238,276
Less: Written off during the year	59,569	59,569
TOTAL	119,138	178,707

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2001**

	For the year ended 31st March, 2001 Rs.	For the year ended 31st March, 2000 Rs.
SCHEDULE 'I' – OTHER INCOME		
Interest on tax-free bonds	15,328,946	17,072,670
Interest on other bonds (TDS Rs. 913,000/- P.Y. TDS Rs.442,863/-)	4,153,220	3,258,220
Interest on Term Deposit (TDS Rs. 174,236/-P.Y. TDS Rs. 158,399/-)	713,274	816,095
Interest on Staff Loans	271,762	307,578
Interest on Income Tax Refund	2,726,728	1,018,930
Registrar & Transfer charges	15,042	—
Interest on Application Money (TDS Rs. Nil. P.Y. Rs.81,370/-)	—	369,863
Interest on security Deposit	225,000	181,875
	23,433,972	23,025,231
Miscellaneous Income	5,205	2,283
TOTAL	23,439,177	23,027,514

SCHEDULE FORMING PART OF THE ACCOUNTS

SCHEDULE 'P' – ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES :

1. ACCOUNTING ASSUMPTIONS :

The financial statements are prepared under Historical convention on accrual basis.

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 the date of maturity.

Current investments 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.

7. PRIOR PERIOD ITEMS :

The prior period items represent income or expenses which have arisen in the earlier years but accounted for in the current years.

B. NOTES ON ACCOUNTS :

1. Claims against the company not acknowledged as Debts Rs. Nil (Previous Year Rs. Nil).
2. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. Nil (Previous year Rs. Nil).
3. Other monies for which company is contingently liable Rs. Nil (Previous Year Rs. Nil)
4. During the year an amount of Rs. 4.58 lakhs, being the expenditure incurred by schemes in excess of the prescribed limit as per SEBI (Mutual Fund) Regulation 1996, has been absorbed by the company.
5. Income from Management fees includes Rs.95.53 lakhs received from Canbank Mutual Fund - General Administration Dept. (CMF - GAD) for the period 7.12.2000 to 31.03.2001. The accounts of Canbank Mutual Fund - General Administration Department (CMF- GAD) for the year 2000-2001 are under audit and the amount of Rs. 95.53 lakhs has been taken as income on the basis of certificate obtained from the auditors of CMF - GAD. As per the certificate of the auditors, the amount of Rs.95.53 lakhs calculated @ 0.50% consists of Rs.12.66 lakhs as per SEBI Circular and Rs. 82.87 lakhs recovered on gross assets of CMF - GAD.



Canbank Investment Management Services Limited

- The company does not expect any amount to be paid to Canara Bank for service charges and accordingly no provision has been made for the same (Previous Year Rs.38.99 Lakhs).
- Managing Director of the Company was on Deputation from Canara Bank up to 13.12.2000. The remuneration of Managing Director is in accordance with the service rules of the said bank and also in terms of appointment as Managing Director by the shareholders of the Company.

Canara Bank has deputed an Executive Director for the company from 14.12.2000. The remuneration of the Executive Director is in accordance with the service rules of the said bank and the same is subject to approval by the shareholders of the company in the forthcoming Annual General Meeting.

Details of Salary and Allowances

	2000-2001 (Rs)		1999-2000 (Rs)
	Managing Director	Executive Director	
Salary and Allowances	2,57,351	90,229	2,80,258
Contribution to Provident Fund and other funds	18,450	7,109	17,976
Arrears to Managing Director	—	—	75,361
Value of perquisites	1,39,658	—	1,39,658
	<u>4,15,459</u>	<u>97,338</u>	<u>5,13,253</u>
	2000-2001 (Rs)	1999-2000 (Rs)	
8. Expenditure in Foreign Currency			
Travelling	NIL	72,146	
Training & Seminar	NIL	NIL	
9. Income Tax Assessments have been completed up to Assessment Year 1999-2000. Accordingly Advance Tax and Provision for Income Tax, Inter-se, for respective assessment years have been adjusted in the books of accounts.			
10. The figures for the previous year have been rearranged/regrouped wherever necessary.			

SIGNATURE TO SCHEDULES 'A' TO 'P'

As per our report of even date for **Mukund M. Chitale & Co.,** Chartered Accountants

K. J. Reddy
Chairman

M. M. Chitale
Partner

M. A. Pai
Director

M. R. Mayya
Director

S. Ravi
Director

H. R. Shenoy
Director

R. K. Madhukar
Executive Director

M. S. Kamath
General Manager

S. L. Manjrekar
Company Secretary

N. Jothimani
Divisional Manager

Place : Mumbai
Date : 23.04.2001

Place : Mumbai

Date : 23.04.2001

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details		
Registration No.	11 71003	State Code 11
Balance Sheet Date	31 03 2001	
	Date Month Year	
II. Capital Raised during the year (Rs. in Thousands)		
	Public Issue	Right Issue
	NIL	NIL
	Bonus Issue	Private Placement
	NIL	NIL
ACADEMIC GUIDANCE		
III. Position of Mobilisation and Deployment of Funds (Rs. in Thousands)		
	Total Liabilities	Total Assets
	391509	391509
Source of Funds	Paid-up Capital	Reserves and Surplus
	100000	291509
	Secured Loans	Unsecured Loans
	NIL	NIL
Application of Funds	Net Fixed Assets	Investments
	141600	168038
	Net Current Assets	Misc. Expenditure
	81750	119
	Accumulated Losses	
	NIL	
IV. Performance of Company (Rs. in Thousands)		
	Turnover	Total Expenditure
	118520	92016
	+/- Profit/Loss before Tax	+/- Profit/Loss after Tax
	26503	22543
	Earning per Share in Rs.	Dividend Rate %
	2.2543	16.50
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	

INVESTOR RELATIONS CENTRES

Centres	Name of the person & addresses	Phone & Fax Nos.	E-Mail ID.
MUMBAI	Mr. K. K. Hegde Ground Floor, Canara Bank Building, Adi Marzban Path, Ballard Estate, Mumbai-400 038.	(022) 2621371, 2693590, 2693591 Fax : (022) 2673084	canbank@canbankmutual.com
BANGALORE	Mr. S. Parthasarathy 14, IV Floor, Naveen Complex, M. G. Road, Bangalore-560 001.	(080) 5594730, 5594731 Fax : (080) 5584521	cimblr@bgl.vsnl.net.in
KOLKATA	Mr. Nilotpal Banerjee "Vaibhav", 5th Floor, 4, Lee Road, Kolkata-700 020.	(033) 2478275, Fax : (033) 2404549	cimcal@cal2.vsnl.net.in
CHENNAI	Mr. P. Viswanath 770-A, 1st Floor, Spencer Annexe, Anna Salai, Chennai-600 002.	(044) 8552598, 8523729 Fax : (044) 8551386	cimmds@md4.vsnl.net.in
KOCHI	Mr. C. R. Venkitachalam Door No. XL, 367, 1st Floor, (North Wing), Latin Arch Bishop's Building, Opp. Saint Mary's Basilica Church, Broadway North End, Kochi-682 031.	(0484) 364846 Fax : (0484) 364836	cimcoh@md4.vsnl.net.in
DELHI	Mr. Prabhat Kumar 306, Kanchen Junga Bldg., 18, Barakamba Road, New Delhi-110 001.	(011) 3326417 Fax: (011) 3354780	cimsl@ndb.vsnl.net.in
HYDERABAD	Mr. M. D. Patil 3/5/168/1234, 2nd Floor, Opp. Santhi Talkies, Narayanguda, Hyderabad-500 029.	(040) 4755729, 4750105 Fax : (040) 4753614	cimsltd@hd2.vsnl.net.in
PATNA	Mr. K. Venkatesan 401/402, Aashiana, Hariniwas, 4th Floor, Dak Bunglow Road, Patna-800 007.	(0612) 227950 Fax : (0612) 227990	
PUNE	Mr. P. K. Ramadurai C-3, 2nd Floor, Renuka Complex, J. M. Road, Deccan Gymkhana, Pune-411 004.	(020) 5539564 Fax : (020) 5536690	cimpune@vsnl.com

NEW INVESTOR RELATIONS CENTRES

Centres	Name of the person & Addresses	Phone & Fax Nos.	E-Mail ID.
AHMEDABAD	Mr. Dinesh Suvarna 203, 2nd Floor, Samedh Bldg., Near Associated Petrol Pump, G. C. Road, Ahmedabad-380 006.	(079) 6406150	cimsahd@ad1.vsnl.net.in
CHANDIGARH	Mr. Shivagnanam SCO 83-84, 1st Floor, Sector 34A, Chandigarh-160 022.	(0172) 664934	cfhlch@sancharnet.in
COIMBATORE	Mr. N. S. Srinivasan 439, Lawrance Complex, Cross Cut Road, Gandhipuram, Coimbatore-641 012.	(0422) 230557	cfhlcb@md4.vsnl.net.in
KOTTAYAM	Ms. Shiba Johnson C/o. Canara Bank, Western Gate, Temple Road, Kottayam-686 001.	(0481) 583122, 583422	shibajohnson@yahoo.co.in shibajohnson@hotmail.com
MANGALORE	Mr. G. Muralidhar Shenoy Hotel Navaratna Complex, K. S. Rao Road, Mangalore-575 001.	(0824) 446416	gnanmurali@yahoo.com
NAVI MUMBAI	Ms. Virakthi Hegde 227, Arenja Corner, Sector 17, Vashi, Navi Mumbai-400 705.	(022) 7650268	cfhlva@gecsl.com
VADODARA	Mr. Prakash Pai 568, 4th Floor, Above Canara Bank, Opp. Express Hotel, R. C. Dutt Road, Alkapuri, Vadodara-390 007.	(0265) 326483	cimsba@ad1.vsnl.net.in