

**BOARD OF
DIRECTORS****DIRECTORS REPORT**

Mr. Satish G. Mehta TO THE MEMBERS

Mr. Conrad D'Souza Your Directors have pleasure in presenting their First Annual Report with the audited accounts for the period ended March 31, 2000.

Mr.Y.M.Shivamurthy

Mr.Bipin Gemani

INCORPORATION

Your company was incorporated on December 10, 1999 and the Certificate to commence business was received from the Registrar of Companies, Maharashtra on March 9, 2000.

PRINCIPAL ACTIVITIES

During the period, your company has taken steps towards establishing infrastructure in the areas of investor servicing , operations, systems, compliance and fund management. Your company has also initiated steps to obtain necessary regulatory approvals to act as Asset Management Company to the proposed HDFC Mutual Fund.

AUDITORS

Haribhakti &Co.
Chartered
Accountants

FINANCIAL RESULTS	
	For the
	period ended
	March 31, 2000
	(Rupees)
Profit before Tax	3,70,258
Provision for Tax	1,42,549
Profit after Tax carried to Balance sheet	2,27,709

BANKERS

HDFC Bank Limited Being the first year of operations, the directors do not recommend any dividend for the period ended March 31, 2000.

DIVIDEND**PARTICULARS OF EMPLOYEES
REMUNERATION**

The company had no employees on its payroll as March 31, 2000. The provisions of Section 217 (2A) of the Companies Act, 1956 are consequently not applicable.

ISSUE OF CAPITAL**PARTICULARS REGARDING**

REGISTERED OFFICE

Ramon House,
169, Backbay
Reclamation,
Churchgate,
Mumbai-400 020.
Tel no: 283 6255,
282 0282
Fax : (22) 204 6758.

During the period under review, your company issued and allotted 1,99,99,930 equity shares of Rs 10 each for cash at par to Housing Development Finance Corporation Limited (HDFC). The subscribers to the Memorandum of Association have transferred the beneficial interest in respect of an aggregate of 70 equity shares to HDFC. Thus the entire paid up equity share capital is being held by HDFC.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956, Mr Satish G.Mehta, Mr Conrad D'Souza, Mr.Y.M Shivamurthy and Mr. Bipin Gemani retire by rotation at the ensuing annual general meeting.They are eligible for re-appointment.

AUDITORS

M/s Haribhakti & Co, Chartered Accountants, will retire as auditors at the ensuing annual general meeting and being eligible offer themselves for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE.

Since the company does not carry out any manufacturing activity and has no dealings in foreign exchange, the particulars in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

DEPOSITS

The company has not accepted any fixed deposits during the period under review.

APPRECIATION

The directors wish to place on record their appreciation to employees who have been deputed from HDFC for their active contribution and dedicated service to the Company.

On behalf of the Board of Directors

MUMBAI

May 3, 2000

SATISH G MEHTA
CONARD D'SOUZA

Directors

AUDITOR'S REPORT

TO THE MEMBERS OF HDFC ASSET MANAGEMENT COMPANY LIMITED .

We have audited the attached Balance Sheet of HDFC ASSET MANAGEMENT COMPANY LIMITED as at March 31, 2000 and the Profit and Loss Account of the company for the period ended on that date annexed thereto and report thereon as follows:

1. As required by the Manufacturing and Other Companies (Auditor's report) Order , 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent they are applicable to the Company.

2. Further to our comments in the Annexure referred to in paragraph 1 above, we report as under:

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

(b) In our opinion, proper books of account as required by Law have been kept by the company so far as appears from our examination of such books;

(c) The Balance Sheet and the 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 the Balance Sheet comply with the Accounting Standards referred to in sub-section (3c) of the Section 211 of the Companies Act, 1956, to the extent they are applicable to the company.

(e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view :

(i) In so far it relates to the Balance Sheet, of the state of affairs of the Company as at March 31, 2000; and

(ii) In so far it relates to the Profit and Loss Account, of the profit of the company for the period ended on that date.

For Haribhakti &Co.
Chartered Accountants

Mumbai

May 3, 2000

CHETAN DESAI

Partner

ANEXURE TO THE AUDITORS REPORT

Referred to in paragraph 1 of our Report of even date to the Members of HDFC ASSET MANAGEMENT COMPANY LIMITED

1. The Company has not taken/given any loan from/to any party.

2. The Company has not accepted any deposit from ' public' attracting the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975.

3. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales- tax, customs duty and excise duty were outstanding as at March 31, 2000 for a period of more than six months from the date they become payable.

4. According to the information and explanations given to us, no personal expenses of directors or employees have been charged to revenue account, other than those payable under contractual obligations or in accordance with the generally accepted business practices.

5. The Company is not "a sick industrial company" within the meaning of clause (o) of subsection (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

FOR HARIBHAKTI & CO

Chartered Accountant

MUMBAI

May 3, 2000

CHETAN DESAI

Partner

BALANCE SHEET AS AT MARCH 31, 2000

FUNDS EMPLOYED	Rupees	Rupees	Rupees
SHAREHOLDERS' FUNDS			
SHARE CAPITAL			
Authorised:			
2,00,00,000 Equity Shares of Rs 10 each			20,00,00,000
Issued,Subscribed and Paid -up: 2,00,00,000 Equity Shares of Rs 10 each fully Paid -up (All the shares are held by Housing Development Finance Corporation Limited , the holding company , and its nominees).			20,00,00,000
RESERVES AND SURPLUS			
GENERAL RESERVE			
Transfer from Profit and Loss Account			2,27,709

			20,02,27,709
APPLICATION OF FUNDS			
CURRENT ASSETS, LOANS AND ADVANCES CURRENT ASSETS			
Interest accrued on Investments	4,90,685		
Cash on Hand	700		
Balance with Scheduled Banks:			
Current Accounts	9,99,300		
Deposit Accounts	19,90,00,000		
Advance Recoverable in Cash or Kind	44,503		
		20,05,35,188	
Less: CURRENT LIABILITIES AND PROVISIONS CURRENT LIABILITIES			
Amount Due to Housing Development			
Finance Corporation Limited	10,93,937		
Sundry Creditors	6,300		
	11,00,237		
PROVISIONS			
Provision for Tax	1,42,549		
		12,42,786	
			19,92,92,402
NET CURRENT ASSETS MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF			
Preliminary Expenses			9,35,307
			20,02,27,709
Schedules 1 and 2 annexed hereto form part of the Balance Sheet and the Profit and Loss Account			
As per our report attached			
For Haribhakti & Co.			
Chartered Accountants			

		Directors	
Chetan Desai		Satish G Mehta	
Partner		Conrad D'Souza	Iqbal Jugari
		Y.M Shivamurthy	Company Secretary
Mumbai, May 3, 2000		Bipin Gemani	& Compliance Officer.

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM DECEMBER 10,1999 (DATE OF INCORPORATION) TO MARCH 31, 2000

INCOME			Rupees
Interest on Deposit (Tax Deducted at source Rs Nil)			4,90,685
			4,90,685
EXPENDITURE			
Insurance Premium			104
Travel Expenses			10,100
Auditor's Remuneration			6,300
Preliminary Expenses			1,03,923
			1,20,427
PROFIT BEFORE TAX			3,70,258
Less: Provision for Tax			1,42,549
PROFIT AFTER TAX CARRIED TO BALANCE SHEET			2,27,709

Schedules 1 and 2 annexed hereto form part of the Balance Sheet and the Profit and Loss Account

As per our report attached			
For Haribhakti & Co.			
Chartered Accountants			
		Directors	
Chetan Desai		Satish G Mehta	

Partner		Conrad D'Souza	Iqbal Jugari
		Y.M Shivamurthy	Company Secretary
Mumbai, May 3, 2000		Bipin Gemani	& Compliance Officer

SCHEDULES

Annexed to and forming Part of the Accounts

Schedule 1

NOTES FORMING PART OF THE ACCOUNTS

1 This being the first year of operation , no comparative figures are available in respect of the previous year

2 There are no amounts payable to any Small Scale Industrial Undertaking

3 Auditors Remuneration:

Audit Fees

Service tax

Rupees

6,000

300

6,300

Schedule 2

ACCOUNTING POLICIES

1 SYSTEM OF ACCOUNTING

The Company adopts the accrual concept in the preparation of the Accounts

2 PRELIMINARY EXPENSES

Preliminary expenses are written off over a period of ten years in accordance with the provisions of section 35D of the Income - Tax Act 1961

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(submitted in terms of part IV to the Companies Act, 1956)

I Registration Details

Registration No		State Code
Balance Sheet Date		
II Capital Raised During the year (Amount in Rs'000)		
Public Issue		Right Issue
Bonus Issue		Private Placement
III Position of Mobilisation and Deployment And Deployment of Funds(Amount in Rs'000)		
Total Liabilites		Total Assets
	SOURCE OF FUNDS	
Paid -up Capital		Reseves and Surplus
Secured Loans		Unsecured Loans
	APPLICATION OF FUNDS	
Net Fixed Assets		Investment
Net Current Assets		Miscellaneous Expenditure
Accumulated Losses		
IV Performance of the Company (Amount in Rs'000)		
Total Income		Total Expenditure
Profit Before Tax		Profit After Tax

Earnings per Share (in Rs)		Dividend%
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V Generic Names of Principal Services of the company(as per monetary terms)

Item Code No (ITC Code)	
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Product Description	
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Item Code No (ITC Code)	
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Product Description	
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