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# Birla Sun Life Asset Management Company Limited

Schedules forming part of the Balance Sheet as at March 31, 2002  
and Profit and Loss Account for the year ended March 31, 2002



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## Schedule 16 - Notes to Accounts

### 1. Significant Accounting Policies

#### (i) Basis of Accounting

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with the requirements of the Companies Act, 1956 and accounting standards issued by the Institute of Chartered Accountants of India and referred to in Section 211 (3C) of the Companies Act, 1956.

#### (ii) Valuation of Fixed Assets (Own Assets)

Fixed assets are stated at their original cost of acquisition including taxes, duties and other incidental expenses related to acquisition and installation of the asset.

#### (iii) Method of Depreciation (Own Assets and Assets under Finance Leases)

Depreciation of fixed assets has been provided on written down value method at the following rates:

Asset Type	Depreciation rate (per annum)
Office Equipment	13.91%
Computers	40.00%
Furniture and Fixtures	18.10%
Motor Car	25.89%

Immovable assets at the leased premises including civil works, electrical items, etc. are capitalised as furniture and fixtures and office equipment and are accordingly being amortised over the period of the lease.

Depreciation on additions to fixed assets during the year is being provided on a prorata basis. Assets individually costing less than Rs. 5,000 are fully depreciated in the year of purchase / acquisition.

#### (iv) Investments

a. Long term investments are valued at cost. Permanent diminution in value of investments, if any, would be recognised by reducing the same from the carrying amount of investments.

b. Current investments are valued at lower of cost or net asset value as at year end.

#### (v) Miscellaneous Expenditure

Preliminary expenses are being amortised over a period of 10 years.

#### (vi) Revenue Recognition

Management fees which are accounted on an accrual basis are recognised on rendering of services and are dependent on the unaudited net asset value as recorded by the schemes of Birla Mutual Fund.

Advisory fees are recognised at the time the services are rendered and a binding obligation to receive fees has arisen.

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Income from portfolio management services which is accounted on an accrual basis is recognised on rendering of services and is dependent on the unaudited assets under management.

(vii) **Staff Benefits**

Contribution to provident and other funds are accounted on accrual basis. Benefits in respect of superannuation and gratuity schemes as applicable to the employees of the Company are being funded annually with Life Insurance Corporation of India.

(viii) **Regulations of Securities and Exchange Board of India**

a. Contingent deferred sales charge receivable from the schemes launched on a "no-load basis" in terms of regulations of the Securities and Exchange Board of India is accounted based on intimation received from the schemes and has been netted off against selling and distribution expenses (brokerage and incentives, etc.) in the Profit and Loss Account.

b. Initial issue expenses incurred on launch of schemes of Birla Mutual Fund are accounted under the respective expense heads in the Profit and Loss Account.

(ix) **Finance Leases**

Leases of assets under which all the risks and benefits of ownership are substantially transferred to the lessee are classified as finance leases. Finance leases are capitalised at the estimated present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in secured loans. The interest element of the finance charge is charged to the Profit and Loss Account over the lease period. The vehicles acquired under finance leasing contracts are depreciated as per the Company's depreciation policy over the useful life of the asset.

(x) **Fund Expenses**

The Company has absorbed a sum of Rs. 3,35,10,025 (Previous year Rs.5,51,54,635) being the expenses relating to schemes of Birla Mutual Fund in excess of limits prescribed under Securities and Exchange Board of India (Mutual Funds) Regulations 1996 and amendments thereto.

## 2. Capital Advances

Estimated amounts of contracts (net of advances) remaining to be executed on capital account and not provided for Rs. 31,08,492 (previous year Rs 78,14,755).

## 3. Contingent Liabilities

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## Schedule 16 - Notes to Accounts

- (a) Income tax matters (including for demands raised by the income tax authorities and disputed by the Company) is Rs.6,68,38,689 (Previous year Rs. 2,22,31,053).
- (b) In respect of claims received / receivable from the unit holders of the schemes of Birla Mutual Fund ("Schemes") for redemption proceeds and / or dividend amounts which may remain unpaid by the erstwhile registrar and transfer agents / bankers of the Schemes.
- (c) On account of conversion of registrar and transfer agents operations, amount whereof has not been ascertained by the Management.

### 4. Provision for Income Tax

Provision for income tax is determined at the current tax rates applied on the assessable income computed under Section 115JB of the Income Tax Act, 1961.

### 5. Significant Lease Arrangements (with effect from April 01, 2001)

The Company has entered into lease arrangements with Birla Global Asset Finance Company Limited for lease of motor cars for its employees, each agreement being for a period of five years. The agreements do not offer the Company a sub lease option.

Details of vehicles under finance lease where the Company is a lessee are:

**March 31, 2002**      **March 31, 2001**

Cost (Capitalised finance leases)	33,78,661	Nil
Less: Depreciation for the year	<u>5,25,281</u>	<u>Nil</u>
Net book value	<u>28,53,380</u>	<u>Nil</u>
Finance lease liabilities (minimum lease payments)		
Not later than one year	10,38,992	Nil
Later than one year and not later than five years	<u>34,93,273</u>	<u>Nil</u>
Total minimum lease payments	45,32,265	Nil
Less: Future finance charges on finance lease	<u>14,81,886</u>	<u>Nil</u>
Present value of finance lease liabilities	30,50,379	Nil
Representing lease liabilities:		
not later than one year	4,92,142	Nil
Later than one year and not later than five years	25,58,237	Nil

### 6. Purchase and Sale / Redemption of Investments

The Company has purchased and sold / redeemed the following investments during the year:

Name of Investment	Purchase (Units)	Sale / Redemption (Units)
Birla Income Plus - Growth Plan (Plan B)	1,25,58,781.423 units	1,65,56,111.267 units
Birla Cash Plus - Growth Plan	9,23,371.776 units	Nil

# Birla Sun Life Asset Management Company Limited

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## Schedule 16 - Notes to Accounts

(Plan B)		
Birla Cash Plus - Reinvestment Plan (Plan A)	30,16,279.162 units	30,16,279.162 units
Birla Fixed Maturity Plan - Quarterly Plan - Group 1 - Dividend option	10,000.000 units	Nil
Birla Fixed Maturity Plan - Quarterly Plan - Group 2 - Dividend option	10,169.983 units	Nil
National Bank for Agriculture Rural Development Capital Gain Bonds	160 bonds	Nil

7. Sundry Debtors include management fees receivable from Birla Mutual Fund (Schemes) as follows:

Sr. No.	Scheme	March 31, 2002 Rupees	March 31, 2001 Rupees
1	Birla Advantage Fund	4,67,937	4,35,716
2	India Advantage (Offshore) Fund	9,57,957	9,00,118
3	Birla Income Plus	35,09,353	(6,889)
4	India Excel (Offshore) Fund	Nil	1,46,274
5	Birla Equity Plan	42,013	(2,613)
6	Birla Balance	3,11,331	(67,666)
7	Birla Gilt Plus – Long Term Plan	8,28,212	(4,528)
8	Birla Gilt Plus – Liquid Plan	1,19,025	(113)
9	Birla Gilt Plus – Investment Plan	1,46,667	4,038
10	Birla IT Fund	1,52,355	(5,878)
11	Birla MNC Fund	2,58,218	(2,264)
12	Birla Cash Plus	10,55,599	5,79,323
13	Birla Monthly Income Plan	(22,620)	(523)
14	Birla Bond Plus	2,22,991	Nil
15	Birla Tax Plan	7,898	Nil
16	Birla Fixed Maturity Plan	7,20,378	Nil

Further, Sundry Debtors include fees receivable towards portfolio management services from Birla Sun Life Insurance Company Limited Rs. 1,94,756 (Previous year Rs. Nil).

8. Advances recoverable in cash or in kind or for value to be received include:

Sr No	Due From	March 31, 2002 Rupees	March 31, 2001 Rupees
1	Birla Income Plus	2,17,69,087	36,47,217
2	Birla Mutual Fund	Nil	4,17,375
3	Birla Monthly Income Plan	16,51,179	8,221
4	Birla Balance	33,32,901	69,03,616
5	Birla Advantage Fund	1,82,15,736	Nil
6	Birla Equity Plan	15,92,064	Nil
7	Birla Gilt Plus – Long Term Plan	43,65,316	Nil

# Birla Sun Life Asset Management Company Limited

Schedules forming part of the Balance Sheet as at March 31, 2002  
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## Schedule 16 - Notes to Accounts

8	Birla Gilt Plus – Liquid Plan	2,13,223	Nil
9	Birla MNC Fund	60,73,667	Nil
10	Birla IT Fund	44,65,042	Nil
11	Birla Tax Plan	40,717	Nil
12	Birla Sun Life Trustee Company Limited (Maximum outstanding during the year Rs.2,97,932 , Previous year Rs. 9,70,226 )	1,54,475	Nil
13	Birla Sun Life Distribution Company Limited (Maximum outstanding during the year Rs.4,94,900 , Previous year Rs. 14,49,212 )	4,380	Nil
14	Birla Sun Life Securities Limited (Maximum outstanding during the year Rs.4,05,191 , Previous year Rs. 1,90,482)	84,080	1,90,482
15	Birla Global Asset Finance Company Limited (Maximum outstanding during the year Rs. 6,06,058 , Previous year Rs. 7,97,187)	Nil	3,38,782
16	Birla Sun Life Insurance Company Limited (Maximum outstanding during the year Rs. 31,01,593, Previous year Rs. 27,87,734 )	22,39,849	Nil
17	Birla Management Centre Services Limited.	37,436	Nil
18	Rohit Industrial Organics Limited	7,05,052	7,05,052
19	Manager (Maximum outstanding during the year Rs. 1,26,061, Previous year Rs. 1,26,061)	Nil	1,26,061
20	Former Company Secretary (Maximum outstanding during the year Rs. 44,00,000, Previous year Rs. 50,00,000)	10,37,018	44,00,000

### 9. Sundry creditors include amounts due to:

Sr No	Particulars	March 31, 2002 Rupees	March 31, 2001 Rupees
1	Birla Cash Plus	51,73,945	Nil
2	Birla Bond Plus	11,01,530	Nil
3	Birla Gilt Plus – Investment Plan	2,82,602	Nil
4	Birla Mutual Fund	1,38,512	Nil
5	Birla Global Asset Finance Company Limited	4,88,750	Nil
6	Birla Sun Life Insurance Company Limited	Nil	27,87,734

# Birla Sun Life Asset Management Company Limited

Schedules forming part of the Balance Sheet as at March 31, 2002  
and Profit and Loss Account for the year ended March 31, 2002



## Schedule 16 - Notes to Accounts

10. The accounts include managerial remuneration as follows:

Particulars	April 1, 2001 to March 31, 2002 Rupees	April 1, 2000 to March 31, 2001 Rupees
Salary	** 13,50,000	Nil
Contribution to Provident and Other Funds	Nil	Nil
Perquisites *	*** 5,10,575	1,12,912
Commission	Nil	Nil
<b>Total</b>	<b>18,60,575</b>	<b>1,12,912</b>

\* Perquisites have been valued as per the Income Tax Act, 1961 where applicable.

\*\* Remuneration for which approval of the shareholders and Central Government of India is being sought.

\*\*\* Includes Rs. 58,927 for former Chief Executive Officer for which approval of the shareholders is being sought.

### 11. (i) Earning in foreign currency (on accrual basis)

	April 1, 2001 to March 31, 2002 Rupees	April 1, 2000 to March 31, 2001 Rupees
Management and Advisory Fees	35,00,000	35,00,000

### (ii) Expenditure in foreign currency (on payment basis)

	April 1, 2001 to March 31, 2002 Rupees	April 1, 2000 to March 31, 2001 Rupees
Travel	74,276	72,867
Software Rental Charges (net of tax)	50,50,099	44,67,169
Consultancy	Nil	1,62,316
Professional Charges	40,74,960	Nil

12. Information with regard to other matters specified in paragraphs 3, 4-A, 4-C and 4-D of Part-II of Schedule VI of the Companies Act, 1956, are either Nil or not applicable to the Company for the year ended March 31, 2002.

13. Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and Company's General Business Profile.

#### I Registration Details

Registration No.	80811
State Code	11
Balance Sheet Date	March 31, 2002

#### II Capital raised during the year (Amount in Rupees in 000's)

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil

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# Birla Sun Life Asset Management Company Limited

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## Schedule 16 - Notes to Accounts

Private Placement Nil

### III Position of Mobilisation and Deployment of Funds

(Amount in Rupees in 000's )

Total Liabilities	16,11,31
Total Assets	59,40,80
Source of Funds	
Paid-up Capital	18,00,00
Reserves and Surplus	25,29,49
Secured Loans	25,58
Unsecured Loans	Nil
Application of Funds	
Net Fixed Assets	4,46,26
Investments	32,18,15
Net Current Assets	6,88,41
Miscellaneous Expenditure	2,25
Accumulated Losses	Nil

### IV Performance of the Company (Amount in Rupees in 000's)

Income	48,42,78
Total Expenditure	39,19,85
Profit before Tax	9,22,93
Profit after Tax	7,93,87
Earning per Share	4.41
Dividend rate (%)	Nil

### V Generic Names of the Principal Products/Services of the Company (as per monetary terms)

Item Code No.	Nil
Product Description	Mutual Fund Management Service

14. Previous year's figures have been regrouped / rearranged, wherever necessary.

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Signatures to the Schedules 1 to 15 forming part of the Accounts and to the above notes

For and on behalf of the Board

**K. H. Vachha**  
Partner  
For and on behalf of  
**Price Waterhouse & Co.**

Chartered Accountants  
Mumbai

**Kumar Mangalam Birla**  
Chairman

**Rajesh Ajgaonkar**  
Company Secretary

**S. K. Mitra**  
Managing Director

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# **Birla Sun Life Asset Management Company Limited**

**Schedules forming part of the Balance Sheet as at March 31, 2002  
and Profit and Loss Account for the year ended March 31, 2002**



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**Schedule16 - Notes to Accounts**  
August , 2002