

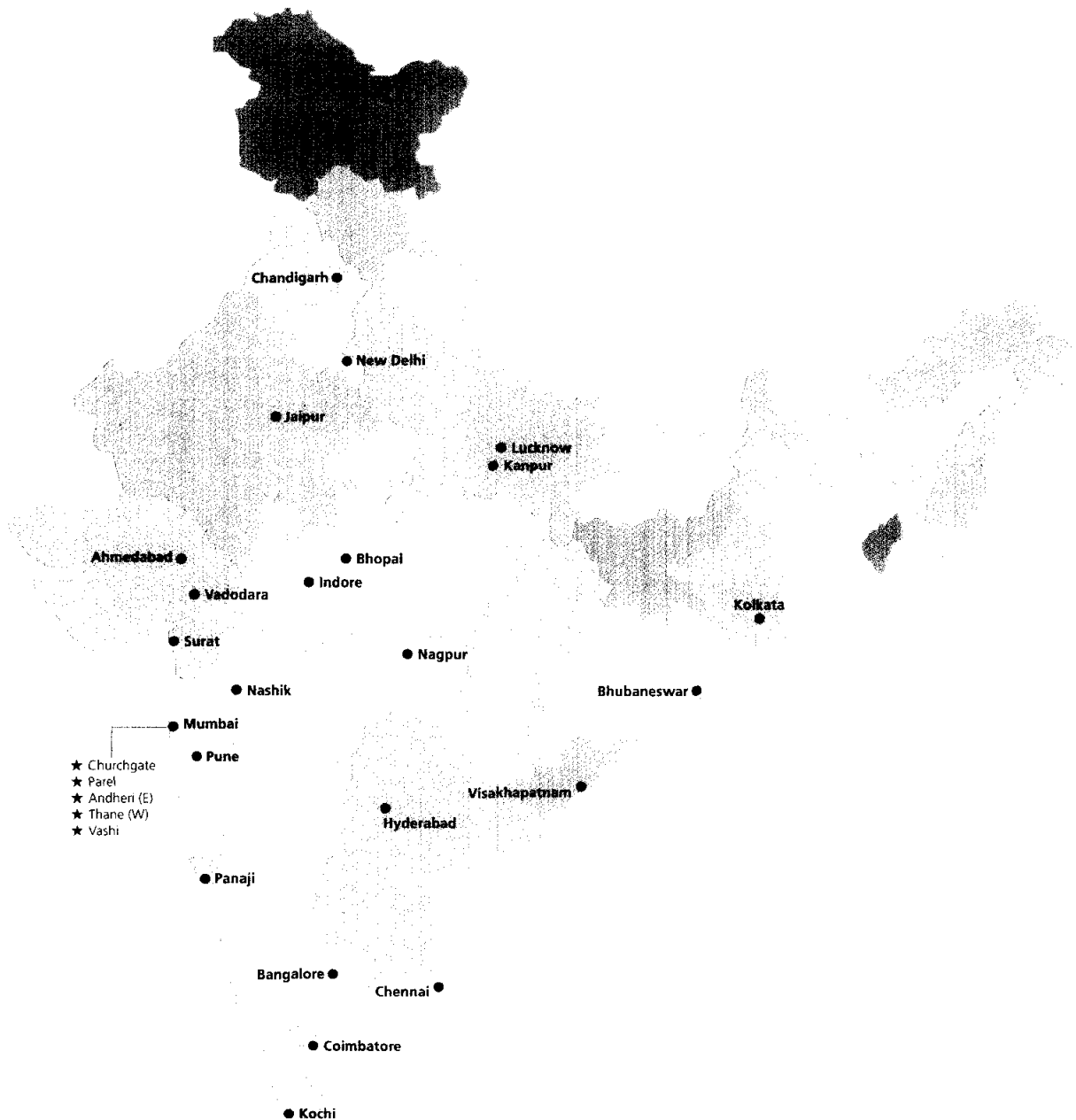


**Continuing a tradition of trust.**

**HDFC Asset Management Company Limited**  
A Joint Venture with Standard Life Investments

**Registered Office:** Ramon House, 3rd Floor, H.T. Parekh Marg, 169, Backbay Reclamation,  
Churchgate, Mumbai 400 020. Tel: 022-2029111, 2316030. Fax: 022-2028862.  
Visit us at: [www.hdfcfund.com](http://www.hdfcfund.com)

## Network of ISCs



Artist's impression, map not to scale

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[www.hdfcfund.com](http://www.hdfcfund.com)



**Telephone Services**  
**Investor Services (at Mumbai) :**  
Dedicated Numbers : 231 6300, 231 6302-5  
231 6329, 231 6342, 231 6370

**e-mail**  
For any query or suggestions :-

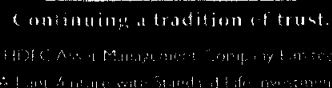
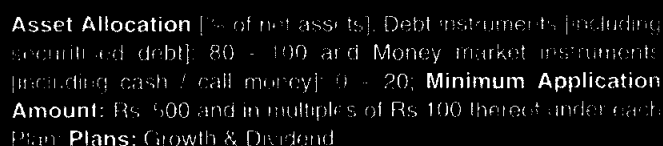


Investors may contact us at :  
[cliser@hdfcindia.com](mailto:cliser@hdfcindia.com)

Distributors may contact us at :  
[broser@hdfcindia.com](mailto:broser@hdfcindia.com)



**Invest wisely.**  
Consider investing in **HDFC Income Fund.**



Registered Office: 21, rue de la Loi, 1050 Brussels, Belgium. Tel: +32 (0)2 279 46 11. Fax: +32 (0)2 279 46 20. E-mail: [info@bce.be](mailto:info@bce.be)

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**LEO**  
**GROWTH FUND**

**Location** [% of net assets]: Equities & Equity related  
**Investments**: 80 - 100, Debt securities, Money market  
**Investments & Cash** [including money at call]: 0 - 20; **Minimum**  
**Investment Amount**: Rs. 500 and in multiples of Rs.100 thereof  
**Investment Plan**: **Plans**: Growth & Dividend

[illegible]

*(continued)*

Regional Office : Ramnagar, B-1, P.O. T. P. Marg, 169, Backbay Reclamation, Churchgate, Mumbai - 400 020. Tel : 022 - 202 1151. Fax : 022 - 202 1152. E-mail : [info@ramnagar.com](mailto:info@ramnagar.com)

**Risk Factor:** Mutual Fund investments are subject to market risks and there can be no assurance or guarantee that the investment in the Scheme will generate positive returns. The NAVs of the Units issued under the Scheme may go up or down depending on the various factors and the Scheme's performance. The Offer Document does not indicate the future performance of the Scheme or the Mutual Fund, since it is not possible to predict the performance of the Scheme beyond the initial contribution of Rs. 1 lakh made by it towards setting up of the Mutual Fund. The primary objective of the Scheme is to generate long term capital appreciation from a portfolio that is invested predominantly in Equity Instruments. The past performance of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects. Investors are advised to consult their Investment Advisors / Intermediaries before investing in the Scheme. Investors are also advised to carefully study the Offer Document and the Prospectus and obtain a copy of the Offer Document and the Prospectus from the AMC or the Investor Service Centres (ISCs) and obtain a copy of the Offer Document and the Prospectus from the AMC or the Investor Service Centres (ISCs) and obtain a copy of the Offer Document and the Prospectus from the AMC or the Investor Service Centres (ISCs). Investors are also advised to carefully study the Offer Document and the Prospectus and obtain a copy of the Offer Document and the Prospectus from the AMC or the Investor Service Centres (ISCs) and obtain a copy of the Offer Document and the Prospectus from the AMC or the Investor Service Centres (ISCs).



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## Investor Service Centres (ISCs)

### ANDHRA PRADESH

- 1 **HDFC Limited**  
101, Moghul's Court,  
Near Deccan Towers,  
Basheer Baug,  
**Hyderabad** 500 001  
Tel : 040-3233875 / 3237964  
Fax : 040-3243348
- 2 **HDFC Limited**  
Ground Floor, Saigopal Arcade,  
Opp. Waltair Club,  
Waltair Main Road, Siripuram,  
**Visakhapatnam** 530 003.  
Tel : 0891-769636  
Fax : 0891-550411

### DELHI

- 3 **HDFC Mutual Fund**  
6th Floor, Mohan Dev Building,  
13, Tolstoy Marg,  
Connaught Place,  
**New Delhi** 110 001  
Tel : 011-8522189  
Fax : 011-3351318

### GOA

- 4 **HDFC Limited**  
Krishna Building,  
Opp. Education Department,  
Behind Susheela Building,  
No. 11/46/7, G. P. Road, Panaji,  
**Goa** 403 001  
Tel : 0832-234172  
Fax : 0832-421186

### GUJARAT

- 5 **HDFC Limited**  
HDFC House, Near Mithakhali,  
Six Roads, Navrangpura,  
**Ahmedabad** 380 009  
Tel : 079-6560806 / 6560859  
Fax : 079-6563379
- 6 **HDFC Limited**  
1st Floor, Kashi Plaza,  
Majura Gate,  
**Surat** 395 002  
Tel : 0261-3479371 / 3475954  
Fax : 0261-3477929
- 7 **HDFC Limited**  
1st Floor, World Trade Centre,  
Sayaji Gunj,  
**Vadodara** 390 005  
Tel : 0265-361926, 361807  
Fax : 0265-363290

### KARNATAKA

- 8 **HDFC Limited**  
HDFC House,  
No. 51 Kasturba Road,  
**Bangalore** 560 001  
Tel : 080-2274600 / 2234142  
Fax : 080-2275754

### KERALA

- 9 **HDFC Limited**  
HDFC House, Post Bag No. 1667,  
Ravipuram Junction, M G Road,  
**Kochi** 682 015  
Tel : 0484-382325 / 382402  
Fax : 0484-371863

### MADHYA PRADESH

- 10 **HDFC Limited**  
Silver Mall, 1st Floor,  
8-A R.N.T. Marg,  
**Indore** 452 001  
Tel : 0731-523776 / 517360  
Fax : 0731-513784
- 11 **HDFC Limited**  
Ranjit Tower, Zone-II, 8,  
M. P. Nagar,  
**Bhopal** 462 001.  
Tel : 0755-277772 / 273330  
Fax : 0755-273331

### MAHARASHTRA

- 12 **HDFC Mutual Fund**  
1st Floor, Mistry Bhavan,  
122, Backbay Reclamation,  
Dinsha Vachha Road,  
Churchgate,  
**Mumbai** 400 020  
Tel : 022-2316300 / 302 to 305  
2316329 / 2316342 /  
2316370  
Fax : 022-2821144
- 13 **HDFC Limited**  
Damodar Hall Annexe Bldg.,  
Near Social Service League,  
Dr. Ambedkar Road, Parel,  
**Mumbai** 400 012.  
Tel : 022-4137497  
Fax : 022-4150884
- 14 **HDFC Limited \***  
2nd Floor, Rajgir Chambers,  
Old Nagardas Road,  
Andheri (E),  
**Mumbai** 400 069.  
Tel : 022-6839958 / 60  
Fax : 022-6830047

- 15 **HDFC Limited**  
Plot No. 82, Sector 17, Vashi,  
**Navi Mumbai** 400 705  
Tel : 022-7905203 / 04,  
Fax : 022-7905208

- 16 **HDFC Limited \***  
Manjula Arcade, First Floor,  
Gokhale Road, Near Ice Factory,  
**Thane (W)** 400 602  
Tel : 022-5451114 / 15 / 16  
Fax : 022-5331178

- 17 **HDFC Limited**  
HDFC House,  
1500 Shivaji Nagar,  
University Road,  
**Pune** 411 005  
Tel : 020-4006673, 5511675  
Fax : 020-5536213/0868

- 18 **HDFC Limited**  
HDFC House,  
Sharanpur Link Road,  
**Nashik** 422 005  
Tel : 0253-571492 / 3,  
578840 / 570230  
Fax : 0253-570256

- 19 **HDFC Limited**  
HDFC House,  
Ravi Shankar Shukla Marg,  
VIP Road, Civil Lines,  
**Nagpur** 440 001  
Tel : 0712-522691 / 554395  
Fax : 0712-522690

### ORISSA

- 20 **HDFC Limited**  
Madhukunj, 2nd Floor,  
116, Station Square,  
**Bhubaneswar** 751 001  
Tel : 0674-534335, 534942  
Fax : 0674-534666

### PUNJAB

- 21 **HDFC Limited**  
SCO 343-344, Near Khyber  
Restaurant, Sector 35-B,  
**Chandigarh** 160 022  
Tel : 0172-603717 / 603880  
Fax : 0172-603855

### RAJASTHAN

- 22 **HDFC Limited**  
O - 19A, Ashok Marg,  
C-Scheme,  
**Jaipur** 302 001  
Tel : 0141-363895 / 377171 / 2 / 3  
Fax : 0141-413003

### TAMIL NADU

- 23 **HDFC Limited**  
Second Floor, ITC Centre,  
760, Anna Salai,  
**Chennai** 600 002  
Tel : 044-8510599 / 8553838  
Fax : 044-8553372
- 24 **HDFC Limited**  
HDFC House, No. 29,  
Kamaraj Road,  
(Near Circuit House)  
**Coimbatore** 641 018  
Tel : 0422-210735 / 211262  
Fax : 0422-216530

### UTTAR PRADESH

- 25 **HDFC Limited**  
Second Floor,  
Hindustan Times House,  
25 Ashok Marg,  
**Lucknow** 226 001  
Tel : 0522-205813 / 14  
Fax : 0522-205106
- 26 **HDFC Limited**  
1st Floor, 16/80 D,  
Behind SBI Main,  
Civil Lines,  
**Kanpur** 208 001  
Tel : 0512-306744 / 45  
Fax : 0512-306743

### WEST BENGAL

- 27 **HDFC Limited**  
Cooke and Kelvey Building,  
1st Floor,  
20 Old Court House Street,  
**Kolkata** 700 001  
Tel : 033-2481981 / 2481327  
Fax : 033-2489755

\* Except for HDFC Liquid Fund

# Load Structure

Particulars (as a % of Applicable NAV)	HDFC Growth Fund	HDFC Balanced Fund	HDFC Income Fund		HDFC Liquid Fund	HDFC Short Term Plan
Maximum Sales Load imposed on Purchases / Switch-in	2.00	1.50	Nil		Nil	Nil
Sales Load on issue of Units in lieu of dividends	Nil	Nil	Nil		Nil	Nil
Contingent Deferred Sales Load ('CDSL') (based on the period of holding)	Nil	Nil	Nil		Nil	Nil
Redemption / Repurchase Load	Nil	Nil	<ul style="list-style-type: none"><li>In respect of <b>each</b> purchase / switch - in of Units, upto and including Rs. 10 Lakh in value, an Exit Load of 0.50% is payable if Units are redeemed / switched-out within six months from the date of allotment.</li><li>In respect of <b>each</b> purchase / switch - in of Units, greater than Rs. 10 Lakh in value, an Exit Load of 0.25% is payable if Units are redeemed / switched-out within three months from the date of allotment.</li></ul>		Nil	An Exit Load of 0.25% will be payable if Units allotted under the Scheme are redeemed / switched-out within 15 days from the date of allotment.

Particulars (as a % of Applicable NAV)	HDFC Tax Plan 2000	HDFC Children's Gift Fund		HDFC Gilt Fund		HDFC Fixed Investment Plan
		Investment Plan	Savings Plan	Short Term Plan	Long Term Plan	Respective Plans
Maximum Sales Load imposed on Purchases / Switch-in	2.00	1.00	1.00	Nil	Nil	Nil
Sales Load on issue of Units in lieu of dividends	Nil	Nil	Nil	Nil	Nil	Nil
Contingent Deferred Sales Load ('CDSL') (based on the period of holding)	Nil	Nil	Nil	Nil	Nil	Nil
Redemption / Repurchase Load	Nil	Nil**	Nil**	Nil	Nil	1% if redeemed / switched-out before the Maturity Date / Final Redemption Date*

\* **HDFC FIP – February 2002 (1)** : Provided that no Exit Load shall be payable if the Unit holders give a Redemption / Switch-out (to other open-ended Schemes of HDFC Mutual Fund) notice in writing of atleast 15 clear days (excluding the date of notice and the Date of Redemption/Switch-out). Such notice once given cannot be withdrawn / changed.

**HDFC FIP – March 2002 (1)** : Provided that no Exit Load shall be payable if the Unit holders give a Redemption/Switch-out (to other open-ended Schemes of HDFC Mutual Fund) notice on any Business Day on or after March 21, 2003 in writing of atleast 5 clear days (excluding the date of notice and the Date of Redemption / Switch-out). Such notice once given cannot be withdrawn/changed.

- \*\* In case of Units not subject to Lock-in Period, the Exit Load payable shall be as follows :
- 3% if the Units are redeemed / switched-out within one year from the date of allotment.
  - 2% if the Units are redeemed / switched-out between first and second year of the date of allotment.
  - 1% if the Units are redeemed / switched-out between second and third year of the date of allotment.
  - Nil if the Units are redeemed / switched-out after third year from the date of allotment.

**Note** : HDFC Asset Management Company Limited reserves the right to change/modify the Load structure at a later date on a prospective basis subject to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

**Risk Factors** : Mutual Funds and securities investments are subject to market risks, and there can be no assurance or guarantee that the Schemes objectives will be achieved. As with any investment in securities, the Net Asset Value of Units issued under the Schemes may go up or down depending on the various factors and forces affecting the capital market. Past performance of the Sponsor/AMC/Mutual Fund/Scheme(s) and its affiliates do not indicate the future performance of the Schemes of the Mutual Fund. The Sponsor is not responsible or liable for any loss or shortfall resulting from the operations of the Schemes beyond the initial contribution of Rs. 1 lakh made by it towards setting up of the Mutual Fund. **HDFC Growth Fund, HDFC Balanced Fund, HDFC Income Fund, HDFC Liquid Fund, HDFC Tax Plan 2000, HDFC Children's Gift Fund, HDFC Gilt Fund, HDFC Short Term Plan and HDFC Fixed Investment Plan** are the names of the Schemes and do not in any manner indicate either the quality of the Schemes or their future prospects and returns. **Investors in the Schemes are not being offered any guaranteed/assured returns.** Please call any of the Investor Service Centres (ISCs) and obtain a copy of the respective Offer Documents and Abridged Offer Documents and read the same carefully before investing. **Lock-in Period : HDFC Tax Plan 2000** - Units purchased cannot be assigned / transferred / pledged / redeemed / switched-out until completion of 3 years from the date of allotment of the respective Units. **HDFC Children's Gift Fund** - Units purchased (subject to Lock-in Period) cannot be assigned / transferred / pledged / redeemed / switched-out until the Unit holder completes 18 years of age or until completion of 3 years from the date of allotment whichever is later. In view of the individual nature of tax consequences, each investor is advised to consult his/her professional tax advisor. Applications would be accepted at ISCs and on-going Redemptions (**subject to completion of Lock-in-Period, if any**) can be made at the ISCs on all Business Days. The AMC will calculate and publish NAVs and offer Sales and Redemptions (**subject to completion of Lock-in-Period, if any**) of Units at NAV based prices on all Business Days. **Statutory Details:** HDFC Mutual Fund has been set up as a trust by Housing Development Finance Corporation Limited (liability restricted to the initial corpus of Rs.1 lakh) with HDFC Trustee Company Limited as the trustee (Trustee under the Indian Trusts Act, 1882) and with HDFC Asset Management Company Limited as the Investment Manager.



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## Particulars of Dividend Distributed

during the year under review

### HDFC INCOME FUND – Dividend Plan

Record Date	Cum-Dividend NAV per Unit (Rs.)	Dividend per Unit (Re.)
June 28, 2001	10.593	0.30
September 27, 2001	10.519	0.30
December 27, 2001	10.657	0.30
March 18, 2002	10.750	0.30

### HDFC LIQUID FUND – Dividend Reinvestment Plan

Record Date	Cum-Dividend NAV per Unit (Rs.)	Dividend per Unit (Re.)
April 2, 2001	10.0183	0.01192
April 9, 2001	10.0231	0.01439
April 16, 2001	10.0228	0.01390
April 23, 2001	10.0224	0.01342
April 30, 2001	10.0232	0.01589
May 7, 2001	10.0196	0.01151
May 14, 2001	10.0225	0.01342
May 21, 2001	10.0238	0.01438
May 28, 2001	10.0222	0.01342
June 4, 2001	10.0229	0.01534
June 11, 2001	10.0235	0.01534
June 18, 2001	10.0243	0.01534
June 25, 2001	10.0249	0.01534
July 2, 2001	10.0243	0.01486
July 9, 2001	10.0242	0.01438
July 16, 2001	10.0256	0.01486
July 23, 2001	10.0246	0.01438
July 30, 2001	10.0239	0.01390
August 6, 2001	10.0243	0.01438
August 13, 2001	10.0233	0.01342
August 23, 2001	10.0277	0.01726
August 27, 2001	10.0229	0.01027
September 3, 2001	10.0293	0.01534
September 10, 2001	10.0272	0.01438
September 17, 2001	10.0194	0.01342
September 24, 2001	10.0207	0.01390
October 1, 2001	10.0200	0.01342
October 8, 2001	10.0196	0.01342
October 15, 2001	10.0201	0.01342
October 22, 2001	10.0208	0.01342
October 29, 2001	10.0200	0.01342
November 5, 2001	10.0205	0.01342
November 12, 2001	10.0205	0.01342
November 19, 2001	10.0198	0.01342
November 26, 2001	10.0198	0.01342
December 3, 2001	10.0201	0.01342
December 10, 2001	10.0197	0.01342
December 18, 2001	10.0198	0.01342
December 24, 2001	10.0194	0.01342
December 31, 2001	10.0187	0.01342
January 7, 2002	10.0184	0.01342
January 14, 2002	10.0169	0.01295
January 21, 2002	10.0167	0.01295

### HDFC LIQUID FUND – Dividend Reinvestment Plan (Contd.)

Record Date	Cum-Dividend NAV per Unit (Rs.)	Dividend per Unit (Re.)
January 28, 2002	10.0162	0.01295
February 4, 2002	10.0155	0.01247
February 11, 2002	10.0152	0.01247
February 18, 2002	10.0151	0.01247
February 25, 2002	10.0150	0.01247
March 4, 2002	10.0154	0.01247
March 11, 2002	10.0150	0.01247
March 18, 2002	10.0146	0.01247
March 26, 2002	10.0161	0.01425

### HDFC TAX PLAN 2000 – Dividend Plan

Record Date	Cum-Dividend NAV per Unit (Rs.)	Dividend per Unit (Rs.)
March 18, 2002	11.600	1.20

### HDFC GILT FUND – Short Term Plan - Dividend Option

Record Date	Cum-Dividend NAV per Unit (Rs.)	Dividend per Unit (Re.)
December 27, 2001	10.549	0.40
March 18, 2002	10.427	0.25

### HDFC GILT FUND – Long Term Plan - Dividend Option

Record Date	Cum-Dividend NAV per Unit (Rs.)	Dividend per Unit (Re.)
December 27, 2001	10.916	0.50
March 18, 2002	11.135	0.70

### HDFC SHORT TERM PLAN – Dividend Reinvestment Plan

Record Date	Cum-Dividend NAV per Unit (Rs.)	Dividend per Unit (Re.)
March 26, 2002	10.0600	0.0524

### HDFC FIXED INVESTMENT PLAN – Dividend Option

Plan	Record Date	Cum-Dividend NAV per Unit (Rs.)	Dividend per Unit (Re.)
July 2001 (1)	October 30, 2001	10.2000	0.1810
July 2001 (2)	January 30, 2002	10.4074	0.3695
August 2001 (1)	November 25, 2001	10.1873	0.1699
August 2001 (2)	February 22, 2002	10.3850	0.3491
September 2001 (1)	January 01, 2002	10.2150	0.1950
October 2001 (1)	January 30, 2002	10.1930	0.1748

All Dividends are on face value of Rs. 10 per Unit. Past Performance may or may not be sustained in the future.

Unit holders whose names appeared in the Register of Unit holders under the Dividend / Dividend Reinvestment Plan / Option of the above Schemes, as on the respective record dates were eligible to receive dividend. Dividend drafts were sent to eligible Unit holders under the Dividend Payout Option of these Schemes immediately after the respective record dates.

Some of these Unit holders have not presented their dividend drafts for collection and these drafts are consequently still outstanding as per our banker's records. Unit holders who have not presented their dividend drafts for payment are requested to do so at the earliest. In case where the validity of the dividend drafts has expired, investors are requested to submit the same for revalidation at any of the Investor Service Centres.

Some of the drafts have been returned undelivered by the postal authorities / courier agencies. Unit holders who have not received the drafts, please call any of the Investor Service Centres or e-mail us at [cliser@hdfcindia.com](mailto:cliser@hdfcindia.com)



**Statement of Portfolio as at March 31, 2002 (Contd.)**

Name of the Instrument	Quantity	Fair / Market Value (Rupees)	% to NAV	% to Investment Category
<b>Oil &amp; Gas</b>		<b>192,907,250</b>	<b>15.53</b>	<b>16.44</b>
Bharat Petroleum Corporation Ltd.	370,000	121,563,500	9.79	10.36
Gujarat Gas Company Ltd.	90,000	46,647,000	3.76	3.98
Hindustan Petroleum Corporation Ltd.	85,000	24,696,750	1.99	2.10
<b>Pharmaceuticals</b>		<b>156,686,936</b>	<b>12.62</b>	<b>13.35</b>
Ranbaxy Laboratories Ltd.	70,000	61,379,500	4.94	5.23
Aventis Pharma India Ltd.	120,000	48,504,000	3.91	4.13
Cipla Ltd.	20,000	20,346,000	1.64	1.73
E Merck (India) Ltd.	50,000	14,822,500	1.19	1.26
J B Chemicals & Pharmaceuticals Ltd.	75,699	11,634,936	0.94	0.98
<b>Power</b>		<b>14,156,250</b>	<b>1.14</b>	<b>1.21</b>
The Tata Power Company Ltd.	125,000	14,156,250	1.14	1.21
<b>Speciality Chemicals</b>		<b>10,788,750</b>	<b>0.87</b>	<b>0.92</b>
Clariant (India) Ltd.	105,000	10,788,750	0.87	0.92
<b>Telecommunication</b>		<b>9,637,500</b>	<b>0.78</b>	<b>0.82</b>
Bharti Tele-Ventures Ltd.	250,000	9,637,500	0.78	0.82
<b>Textiles</b>		<b>9,480,000</b>	<b>0.76</b>	<b>0.81</b>
Himatsingka Seide Ltd.	100,000	9,480,000	0.76	0.81
<b>Sub Total</b>		<b>1,173,377,897</b>	<b>94.48</b>	<b>100.00</b>
<b>DEBENTURES &amp; BONDS</b>				
<b>Listed / awaiting listing on stock exchanges</b>				
<b>Engineering</b>				
Sandvik Asia Ltd.**	500,000	34,168,500	2.75	100.00
<b>Sub Total</b>		<b>34,168,500</b>	<b>2.75</b>	<b>100.00</b>
<b>Call Money, Deposits and Net Current Assets</b>		<b>34,350,687</b>	<b>2.77</b>	
<b>NET ASSETS</b>		<b>1,241,897,084</b>	<b>100.00</b>	

\*\* Thinly Traded / Non Traded Securities

The amount of deposits and calls outstanding with HDFC Bank Limited (a group company of the Sponsor) as at March 31, 2002 is as under :			
Name of the Scheme	Rs. in lacs	Name of the Scheme	Rs. in lacs
HDFC Growth Fund	321	HDFC Gilt Fund – Short Term Plan	1,346
HDFC Balanced Fund	366	HDFC Gilt Fund – Long Term Plan	1,741
HDFC Income Fund	8,211	HDFC Fixed Investment Plan – July 2001 (3)	60
HDFC Liquid Fund	9,434	HDFC Short Term Plan	892
HDFC Tax Plan 2000	56	HDFC Fixed Investment Plan – February 2002 (1)	159
HDFC Children's Gift Fund – Investment Plan	153	HDFC Fixed Investment Plan – March 2002 (1)	353
HDFC Children's Gift Fund – Savings Plan	95	<b>TOTAL</b>	<b>23,187</b>





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# 17. Statement of Portfolio as at March 31, 2002

Name of the Instrument	Quantity	Fair / Market Value (Rupees)	% to NAV	% to Investment Category
<b>EQUITY SHARES</b>				
<b>Listed / awaiting listing on Stock Exchanges</b>				
<b>Automobiles</b>		<b>160,071,000</b>	<b>12.89</b>	<b>13.64</b>
Hero Honda Motors Ltd.	300,000	101,565,000	8.18	8.66
Tata Engineering and Locomotive Company Ltd.	350,000	44,100,000	3.55	3.76
Swaraj Engines Ltd.	60,000	14,406,000	1.16	1.22
<b>Banking</b>		<b>67,051,000</b>	<b>5.40</b>	<b>5.71</b>
State Bank of India	220,000	48,389,000	3.90	4.12
Corporation Bank	140,000	18,662,000	1.50	1.59
<b>Capital Goods</b>		<b>42,250,000</b>	<b>3.40</b>	<b>3.60</b>
Bharat Heavy Electricals Ltd.	250,000	42,250,000	3.40	3.60
<b>Cement</b>		<b>22,856,600</b>	<b>1.84</b>	<b>1.95</b>
Associated Cement Company Ltd.	149,000	22,856,600	1.84	1.95
<b>Diversified</b>		<b>15,798,750</b>	<b>1.27</b>	<b>1.35</b>
Grasim Industries Ltd.	55,000	15,798,750	1.27	1.35
<b>Communication</b>		<b>8,375,000</b>	<b>0.67</b>	<b>0.71</b>
MRO-TEK Ltd.	500,000	8,375,000	0.67	0.71
<b>Conglomerate</b>		<b>18,085,000</b>	<b>1.46</b>	<b>1.54</b>
Larsen & Toubro Ltd.	100,000	18,085,000	1.46	1.54
<b>Consumer Durables</b>		<b>57,277,500</b>	<b>4.61</b>	<b>4.88</b>
Asian Paints (India) Ltd.	175,000	57,277,500	4.61	4.88
<b>Electronics</b>		<b>26,093,611</b>	<b>2.10</b>	<b>2.22</b>
Bharat Electronics Ltd.	207,010	26,093,611	2.10	2.22
<b>FMCG</b>		<b>161,695,750</b>	<b>13.02</b>	<b>13.78</b>
ITC Ltd.	85,000	59,219,500	4.77	5.05
Hindustan Lever Ltd.	275,000	61,916,250	4.99	5.28
Smithkline Beecham Consumer Healthcare Ltd.	70,000	26,250,000	2.11	2.24
Godrej Consumer Products Ltd.	225,000	14,310,000	1.15	1.21
<b>Information Technology</b>		<b>101,729,500</b>	<b>8.19</b>	<b>8.67</b>
Infosys Technologies Ltd.	25,000	93,715,000	7.55	7.99
Satyam Computers Services Ltd.	30,000	8,014,500	0.64	0.68
<b>Logistics</b>		<b>49,810,000</b>	<b>4.01</b>	<b>4.25</b>
Container Corporation of India Ltd.	200,000	49,810,000	4.01	4.25
<b>Metals</b>		<b>48,627,500</b>	<b>3.92</b>	<b>4.15</b>
Tata Iron & Steel Company Ltd.	300,000	29,325,000	2.37	2.50
Hindalco Industries Ltd.	25,000	19,302,500	1.55	1.65

## Schedules

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

Particulars	March 31, 2002 (Rs.)	March 31, 2001 (Rs.)
(G) Net Asset Value	<b>8.475</b>	7.462
(H) Repurchase Prices during the year		
i) Highest repurchase price	<b>8.902</b>	10.164
ii) Lowest repurchase price	<b>6.046</b>	7.353
(I) Sale Prices during the year #		
i) Highest ongoing sale price	<b>9.084</b>	10.371
ii) Lowest ongoing sale price	<b>6.169</b>	7.503
(J) Ratio of expenses to average daily net assets by percentage	<b>2.43</b>	2.31@
(K) Ratio of gross income to average daily net assets by percentage	<b>16.87</b>	10.68@

\* Per unit calculations based on number of units in issue at the end of the year

@ Annualised for the year from September 11, 2000 to March 31, 2001.

# The highest and lowest sale price of the units of the scheme has been determined after adding to the highest and lowest NAV, the maximum sales load applicable.

**14.** There are no Unit holders holding over 25% of the Net Asset Value of the Scheme as at March 31, 2002.

**15. Unclaimed Redemption Amount**

This being an Open Ended Scheme, there is no Unclaimed Redemption amount. Redemption Payable represents the amount payable against Redemption requests received at the end of the year.

**16. Prior Period Figures**

As the previous period comprises period beginning from July 20, 2000 to March 31, 2001, they are strictly not comparable with the current year. Previous Period figures are regrouped wherever necessary.



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## Schedules

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

Company which has invested	Schemes in which companies have invested more than 5% of the net assets	Schemes which have invested	Aggregate Cost of acquisition during the year ended March 31, 2002 (Rs. in lacs)	Outstanding as at March 31, 2002 at Fair / Market Value (Rs. in lacs)
Indo Gulf Corporation Limited	HDFC Fixed Investment Plan – July 2001(2)	HDFC Growth Fund	478.78	Nil
ICICI Securities and Finance Company Limited	HDFC Fixed Investment Plan – July 2001(1)	HDFC Liquid Fund	38,500.00	Nil
	HDFC Fixed Investment Plan – October 2001 (1)	HDFC Income Fund	10,000.00	Nil

^^ HDFC Short Term Plan and HDFC Liquid Fund have invested in Panatone Finvest Limited which is a subsidiary of Tata Sons Limited

These Investments comprise Equity Shares, Debentures / Bonds, Commercial Paper and Fixed Deposits. These investments have been made on account of their high credit quality and competitive yield for the investment in fixed income / money market instruments and in case of equity shares because of attractive valuations of these companies.

IDBI Capital Market Services Limited, a wholly owned subsidiary of IDBI Limited, is on the panel of the Primary Dealers / Bankers with whom the Mutual Fund places money on call and enters into reverse repo transactions from time to time at competitive rates.

IDBI Bank Limited, a subsidiary of IDBI Limited, is on the panel of the Bankers with whom the Mutual Fund places money on call and enters into reverse repo transactions from time to time at competitive rates.

### 12. Net Asset Value Per Unit (Rs.)

	March 31, 2002	March 31, 2001
Face Value	10.000	10.000
Net Asset Value	8.475	7.462

### 13. Perspective Historical Per Unit Statistics \*

Particulars	March 31, 2002 (Rs.)	March 31, 2001 (Rs.)
(A) Gross Income		
(i) income other than profit on sale of investment	0.263	0.256
(ii) income from profit on inter Scheme sales / transfer of investments	0.001	0.001
(iii) income from profit on sale / redemption of investment to third parties	0.402	0.269
(iv) transfer to revenue account from past year's reserves	—	—
(B) Aggregate of expenses, write off, amortisation and charges	(2.150)	(1.291)
(C) Net income	(1.484)	(0.765)
(D) Net unrealised appreciation / diminution in value of investments	2.562	(1.636)
(E) Equalisation Reserve and Unit Premium Reserve	(0.056)	(0.137)
(F) Previous Years' Reserve	(2.547)	—

## Schedules

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

Company which has invested	Schemes in which companies have invested more than 5% of the net assets	Schemes which have invested	Aggregate Cost of acquisition during the year ended March 31, 2002 (Rs. in lacs)	Outstanding as at March 31, 2002 at Fair / Market Value (Rs. in lacs)
Tata Sons Limited	HDFC Short Term Plan	HDFC Liquid Fund HDFC Income Fund HDFC Short Term Plan^^ HDFC Liquid Fund^^	3,023.41 7,500.00 3,675.20 9,174.31	2,508.57 7,550.89 3,682.19 5,515.45
Union Bank of India	HDFC Short Term Plan HDFC Gilt Fund – Long Term Plan	HDFC Liquid Fund	2,000.00	2,000.00
Bharti Mobile Limited	HDFC Gilt Fund – Short Term Plan	HDFC Income Fund HDFC Children's Gift Fund – Savings Plan	1,500.00 100.00	1,563.47 104.23
Bharti Tele-Ventures Limited	HDFC Liquid Fund	HDFC Growth Fund HDFC Balanced Fund	180.00 225.00	96.38 192.75
ICICI Limited	HDFC Liquid Fund	HDFC Balanced Fund HDFC Liquid Fund HDFC Income Fund HDFC Short Term Plan HDFC Fixed Investment Plan – July 2001 (1) HDFC Fixed Investment Plan – July 2001 (2) HDFC Fixed Investment Plan – September 2001(1) HDFC Fixed Investment Plan – October 2001 (1) HDFC Fixed Investment Plan – February 2002 (1) HDFC Fixed Investment Plan – March 2002 (1)	500.37 31,004.38 8,300.78 3,657.16 2,398.28 499.07 1,468.92 1,962.07 914.29 920.19	Nil 14,503.19 1,747.64 1,828.58 Nil Nil Nil Nil 914.29 460.89
Nirma Limited	HDFC Liquid Fund	HDFC Growth Fund HDFC Liquid Fund HDFC Balanced Fund HDFC Children's Gift Fund – Investment Plan HDFC Children's Gift Fund – Savings Plan HDFC Income Fund	490.65 24,973.30 516.87 106.25 106.25 6,260.31	Nil Nil Nil Nil Nil 528.01
HDFC Bank Limited	HDFC Liquid Fund	HDFC Liquid Fund	5,000.00	5,000.00
Wipro Limited	HDFC Liquid Fund	HDFC Balanced Fund	427.81	Nil
ITC Limited	HDFC Liquid Fund	HDFC Growth Fund HDFC Balanced Fund HDFC Income Fund HDFC Liquid Fund HDFC Tax Plan 2000 HDFC Children's Gift Fund – Investment Plan HDFC Liquid Fund	2,097.38 1,345.64 3,000.00 5,000.00 20.52 55.08 2,997.58	592.20 404.09 Nil Nil 19.16 34.84 Nil



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## Schedules

forming part of Balance Sheet as at March 31, 2002 and  
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- (ii) An amount of Rs. 20.99 lacs has been paid as client servicing fees to the Sponsor. The AMC is availing the services of the Sponsor for client servicing and also to act as collection and distribution agent. The client servicing fees may be higher than the market rates due to superior quality of services rendered and prime locations of the Investor Service Centres.
- (iii) An amount of Rs. 0.01 lac has been paid to the Sponsor of the Mutual Fund towards commission for distribution of Units. The commission has been paid at rates applicable to general distribution agents
- (iv) HDFC Bank Limited, an associate of the Sponsor, is on the panel of Bankers with whom the Mutual Fund places money on call, fixed deposits and enters into reverse repo transactions from time to time at competitive rates. The amount of deposits outstanding as at March 31, 2002 was Rs. 321 lacs.

### 11. Disclosure under Regulation 25 (11) of the SEBI Regulations as amended

Investments made by the Scheme of HDFC Mutual Fund in Companies or their subsidiaries that have invested more than 5% of the net assets of any Scheme.

Company which has invested	Schemes in which companies have invested more than 5% of the net assets	Schemes which have invested	Aggregate Cost of acquisition during the year ended March 31, 2002 (Rs. in lacs)	Outstanding as at March 31, 2002 at Fair / Market Value (Rs. in lacs)
Industrial Development Bank of India Limited (IDBI)	HDFC Liquid Fund	HDFC Income Fund	9,233.95	2,124.81
		HDFC Liquid Fund	14,429.37	7,460.57
		HDFC Balanced Fund	477.80	Nil
		HDFC Fixed Investment Plan – July 2001(1)	979.88	Nil
The Tata Power Company Limited	HDFC Income Fund HDFC Short Term Plan HDFC Liquid Fund	HDFC Balanced Fund	262.04	215.52
		HDFC Children's Gift Fund – Investment Plan	14.67	11.33
		HDFC Children's Gift Fund – Savings Plan	100.00	106.20
		HDFC Growth Fund	161.82	141.56
		HDFC Tax Plan 2000	8.35	5.66
		HDFC Income Fund	1,642.74	1,257.35
HCL Technologies Limited	HDFC Liquid Fund HDFC Short Term Plan HDFC Fixed Investment Plan – September 2001(1)	HDFC Growth Fund	642.96	Nil
		HDFC Balanced Fund	642.73	Nil
Grasim Industries Limited	HDFC Fixed Investment Plan – July 2001 (2) HDFC Fixed Investment Plan – August 2001(1) & (2) & September 2001(1)	HDFC Growth Fund	477.32	157.99
		HDFC Income Fund	8,577.46	3,698.94
		HDFC Tax Plan 2000	12.86	Nil
		HDFC Liquid Fund	10,459.66	1,000.00
		HDFC Short Term Plan	1,684.15	1,537.08
Hindalco Industries Limited	HDFC Liquid Fund HDFC Fixed Investment Plan – August 2001 (1)	HDFC Balanced Fund	1,700.71	326.93
		HDFC Tax Plan	1.50	Nil
		HDFC Children's Gift Fund – Investment Plan	103.63	108.98
		HDFC Children's Gift Fund – Savings Plan	103.63	108.98
		HDFC Growth Fund	1,081.94	193.03
		HDFC Income Fund	15,664.13	14,230.69

## Schedules

forming part of Balance Sheet as at March 31, 2002 and  
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Nature of Expense	Amount (Rs. in lacs)
1. Agents' Commission	32.09
2. Advertisement & Publicity Expenses	4.29
<b>Total</b>	<b>36.38</b>

### 7. Aggregate Fair Value of Non Traded Investments & Illiquid Securities

Aggregate fair value of Non Traded Investments, valued in 'good faith' by the AMC on the basis of the valuation principles laid down by SEBI as at March 31, 2002 is Rs. 341.69 lacs.

Aggregate value of Illiquid Securities as at March 31, 2002 is Nil.

### 8. Aggregate Value of Purchases and Sales of Investments

The aggregate value of investments purchased and sold (including matured) during the financial year as a percentage of average weekly net assets are as under:

Purchase value (Rs. in lacs)	%	Sales value (Rs. in lacs )	%
11,885.27	108.67	11,125.67	101.72

### 9. Income/ Expenditure

The total income and expenditure (excluding initial issue expenses and loss on sale of investments) as a percentage of the average weekly net assets during the year are given below:

Income	16.87%
Expenditure	2.43%

### 10. Disclosure Under Regulation 25(8) of the SEBI Regulations and other applicable Regulations

- (i) The Scheme has paid following charges to the parties associated with the Sponsor in which the AMC or its major shareholders or its subsidiaries are having a substantial interest.

Entity	Nature	Amount (Rs. in lacs)	% equity capital held by the Sponsor & its subsidiary / associates as at March 31, 2002
HDFC Bank Limited	Bank Charges	0.47	24.47
	Custody Charges	19.29	
	Commission on distribution of Units	6.71	
HDFC Securities Limited	Brokerage	1.29	68.50#
	Commission on distribution of Units	0.01	
HDFC Asset Management Company Limited*	Management Fees	134.37	60.10
HDFC Trustee Company Limited	Trusteeship Fees	1.09	100.00
Computer Age Management Services (P) Limited	Registrars' Fees and Expenses	16.24	50.00#

\* 39.90% held by Standard Life Investments Limited.

# Held by Sponsor and its Associates.



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## Schedules

forming part of Balance Sheet as at March 31, 2002 and  
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cost spread uniformly over the remaining maturity period of the instrument. Non Traded / Thinly Traded Debt securities purchased with maturity greater than 182 days at the time of purchase, the last valuation price plus accrued interest is used instead of purchase cost.

- Government securities are valued at the last quoted closing price on the principal stock exchange on which the security is traded. Government securities, which are not traded on a recognised stock exchange, are valued at yield to maturity based on the prevailing market rates upto February 19, 2002. With effect from February 20, 2002, Government Securities are valued at the prices released by CRISIL, which is currently the only approved agency suggested by Association of Mutual Funds in India (AMFI).
- Following the issue of the Guidance Note on Accounting for Investments in the Financial Statements of Mutual Funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the SEBI Regulations) net unrealised gain or loss in the value of investments is determined separately for each category of investments. Further, the change in net unrealised gain / (loss), if any, between two balance sheet dates is recognised in the revenue account. However, unrealised appreciation is reduced from the distributable income at the time of income distribution.

2.3. Investment transactions are accounted for on a trade date basis. In determining the holding cost of investments and the gain or loss on sale of investments, the 'weighted average cost' method is followed.

### 2.4. Income Recognition

- (i) Dividend Income is accrued on the ex-dividend date.
- (ii) Interest on fixed income securities is recognised on accrual basis.

### 2.5. Unit Premium Reserve

Upon issue and redemption of Units, the net premium or discount to the face value of Units is adjusted against the Unit Premium Reserve of the Scheme, after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the Income Equalisation Reserve.

The Unit Premium Reserve is available for dividend distribution except to the extent it is represented by unrealised net appreciation in value of investments.

### 2.6. Income Equalisation Reserve

Income Equalisation Reserve is being maintained by crediting (debiting) the equalisation account in respect of purchase (or redemption) of Units by an appropriate amount which represents the distributable income at the time of purchase (or redemption).

### 2.7. Load Charges

Load amount collected is utilised for meeting the selling and distribution expenses. Any surplus in this account is shown as Reserves but not considered for computation of the Net Asset Value.

## 3. Investment Management and Advisory Fees

The Scheme pays for investment management and advisory fees under an agreement with the AMC at the annual rate of 1.25% of the average daily net assets recorded by the Scheme upto Rs.100 crore and at an annual rate of 1% of the excess over Rs.100 crore.

## 4. Trustee Fees

The Scheme pays the Trustee a quarterly fee computed at a rate of 0.01% per annum of the daily average net assets of the Scheme.

## 5. Custodian Fees

HDFC Bank Limited (an associate of the Sponsor) provides custodial services to the Scheme for which it receives custody fees including transaction and safe keeping fees.

## 6. Utilisation of Load Charges

During the year, the load charges have been utilised for meeting the following expenses in addition to those charged to revenue account.





# Schedules

forming part of Balance Sheet as at March 31, 2002 and  
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## SCHEDULE 9 – Notes to the Accounts

### 1. Background

HDFC Mutual Fund ("the Mutual Fund") was set up as a trust under the Indian Trusts Act, 1882, by way of a trust deed dated June 8, 2000 executed by Housing Development Finance Corporation Limited ("Sponsor"), the sponsor of the Mutual Fund. In accordance with the Securities and Exchange Board of India (SEBI) (Mutual Funds) Regulations, 1996 ("the SEBI Regulations"), the Board of Directors of HDFC Trustee Company Limited ("the Trustee") has appointed HDFC Asset Management Company Limited, ("AMC"), incorporated under the Companies Act, 1956, as the Investment Manager of the Mutual Fund.

HDFC Growth Fund ("the Scheme") is an open ended Scheme of HDFC Mutual Fund and was launched on July 20, 2000. The Scheme closed for initial subscription on August 10, 2000 and re-opened for issue and redemption of units on September 21, 2000. The duration of the Scheme is perpetual. The investment objective of the Scheme is to generate long term capital appreciation from a portfolio that is predominantly invested in equity and equity related instruments. The Scheme has two plans i.e. Growth Plan and Dividend Plan.

### 2. Significant Accounting Policies

#### 2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis.

#### 2.2 Portfolio Valuation

Investments are stated at market/fair value at the Balance Sheet date/ date of determination. In valuing the Scheme's investments:

- Traded securities are valued at the last quoted closing price on the principal stock exchange on which the security is traded.
- When a security (other than debt securities) is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange, as the case may be, on the earliest previous day is used provided such date is not more than 30 days prior to valuation date.
- Thinly Traded Equity / Equity related securities are those securities whose trade in a month, are both less than Rs. 5 lacs and the total volume is less than 50,000 shares. These securities will be fair valued as per procedures determined by the AMC and approved by Trustee of HDFC Mutual Fund, in accordance with the SEBI Regulations and related circulars.
- Investments in Money market instruments are valued on the basis of amortization (cost plus accrued interest till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments).
- Non Traded / Thinly Traded Securities / Asset Backed Securities of over 182 days to maturity are valued in good faith by the Investment Manager on the basis of valuation principles laid down by SEBI. The approach in valuation of Non Traded Debt Securities is based on the concept of using spreads over the Government Securities to arrive at the yields for the pricing the Non Traded Debt Security.
- A debt security (other than Government Securities) that had a trading volume of less than Rs. 15 crore in the previous calendar month was considered as a thinly traded security for the period upto February 19, 2002. With effect from February 20, 2002, a debt security (other than Government Securities) is considered as a thinly traded security if on the valuation date, there are no individual trades in that security in marketable lots (presently Rs. 5 crore) on the principal stock exchange or any other stock exchange.
- When a debt security (other than Government Securities) is not traded on any stock exchange on a particular valuation day, the security is considered as 'Non Traded Security'. The value at which it was traded on the principal stock exchange or any other stock exchange, as the case may be, on the earliest previous day is used provided such date is not more than 15 days (30 days for the period upto February 19, 2002) prior to valuation date. When a debt security (other than Government Securities) is purchased by way of private placement, the value at which it was bought is used for a period of 15 days (30 days for the period upto February 19, 2002) from the date of purchase.
- Non Traded / Thinly Traded Debt Securities purchased with residual maturity of upto 182 days are valued at cost (including accrued interest till the beginning of the day) plus the difference between the redemption value (inclusive of interest) and



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## Schedules

forming part of Balance Sheet as at March 31, 2002 and  
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	March 31, 2002 Rupees	March 31, 2001 Rupees
<b>SCHEDULE 6 – Other Current Assets</b>		
Balances with Banks and Reserve Bank of India in Current Account	2,237,401	2,407,793
Contracts for sale of investments	6,262,639	45,505,426
Outstanding and accrued income	1,267,963	2,847,818
	<u>9,768,003</u>	<u>50,761,037</u>
	Current Year Rupees	Previous Period Rupees
<b>SCHEDULE 7 – Interest</b>		
Call Money Lending	3,426,965	30,318,151
Commercial Paper	2,803,691	512,727
Term Deposits	149,589	176,076
Debentures / Bonds	6,484,953	4,762,482
Repo Income	18,618	–
	<u>12,883,816</u>	<u>35,769,436</u>
<b>SCHEDULE 8 – Net Unrealised Gain / (Loss) in the Value of Investments</b>		
<b>(A) Equity Shares</b>		
At the beginning of the year	(240,590,717)	–
At the end of the year	135,536,705	(240,590,717)
Net unrealised gain / (loss) in the value of investments	<u>376,127,422</u>	<u>(240,590,717)</u>
<b>(B) Debentures / Bonds</b>		
At the beginning of the year	20,568	–
At the end of the year	(624,650)	20,568
Net unrealised gain / (loss) in the value of investments	<u>(645,218)</u>	<u>20,568</u>
TOTAL (A) + (B)	<u>375,482,204</u>	<u>(240,570,149)</u>



## Schedules

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

### SCHEDULE 2 – Reserves and Surplus (Contd.)

	March 31, 2002 Rupees	March 31, 2001 Rupees
(C) Accumulated Load :		
At the beginning of the year	219,717	–
Load charges received during the year	4,139,746	31,428,000
	4,359,463	31,428,000
Utilised for selling & distribution expenses	(3,638,179)	(31,208,283)
At the end of the year	721,284	219,717
TOTAL (A) + (B) + (C)	(222,803,113)	(372,994,323)

### SCHEDULE 3 – Current Liabilities and Provisions

Contracts for purchase of investments	5,128,222	11,750,723
Management Fees	122,064	1,154,055
Trusteeship Fees	29,125	34,831
Agents' Commission	1,439,638	1,904,203
Advertisement & Publicity	80,055	2,310,323
Audit Fees	99,645	49,560
Custodian Fees and Expenses	3,750	–
Registrars' Fees and Expenses	150,245	66,459
Client Servicing Fees	217,991	150,620
Inter-scheme Dues	–	3,499,519
Repurchase Amount Payable	131,550	–
Other Current Liabilities	493,747	231,603
	7,896,032	21,151,896

### SCHEDULE 4 – Investments

Equity Shares	1,173,377,897	904,769,600
Debentures and Bonds Listed / Awaiting Listing	34,168,500	–
Privately Placed Debentures and Bonds	–	79,963,848
	1,207,546,397	984,733,448

### SCHEDULE 5 – Deposits

Deposits with Scheduled Banks	33,200,000	77,200,000
Deposits with Companies/Institutions	–	6,000,000
	33,200,000	83,200,000



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## Schedules

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

	March 31, 2002		March 31, 2001	
	Units	Rupees	Units	Rupees
<b>SCHEDULE 1 – Unit Capital</b>				
<b>(A) Growth Plan</b>				
Initial Capital Issued and Subscribed :				
Units of Rs.10 each fully paid up	<u>34,156,876.000</u>	<u>341,568,760</u>	34,156,876.000	<u>341,568,760</u>
Outstanding :				
At the beginning of the year	39,936,677.651	399,366,777	34,156,876.000	341,568,760
Issued during the year	<u>10,155,233.105</u>	<u>101,552,331</u>	<u>14,626,906.239</u>	<u>146,269,062</u>
	50,091,910.756	500,919,108	48,783,782.239	487,837,822
Repurchased during the year	<u>(11,893,175.865)</u>	<u>(118,931,759)</u>	<u>(8,847,104.588)</u>	<u>(88,471,046)</u>
At the end of the year	<u>38,198,734.891</u>	<u>381,987,349</u>	<u>39,936,677.651</u>	<u>399,366,776</u>
<b>(B) Dividend Plan</b>				
Initial Capital Issued and Subscribed :				
Units of Rs.10 each fully paid up	<u>100,915,860.300</u>	<u>1,009,158,603</u>	100,915,860.300	<u>1,009,158,603</u>
Outstanding :				
At the beginning of the year	107,117,013.563	1,071,170,135	100,915,860.300	1,009,158,603
Issued during the year	<u>10,809,994.776</u>	<u>108,099,948</u>	<u>11,861,382.668</u>	<u>118,613,827</u>
	117,927,008.339	1,179,270,083	112,777,242.968	1,127,772,430
Repurchased during the year	<u>(9,583,595.103)</u>	<u>(95,835,951)</u>	<u>(5,660,229.405)</u>	<u>(56,602,294)</u>
At the end of the year	<u>108,343,413.236</u>	<u>1,083,434,132</u>	<u>107,117,013.563</u>	<u>1,071,170,136</u>
TOTAL (A) + (B)	<u>146,542,148.127</u>	<u>1,465,421,481</u>	<u>147,053,691.214</u>	<u>1,470,536,912</u>
			<b>March 31, 2002</b>	<b>March 31, 2001</b>
			<b>Rupees</b>	<b>Rupees</b>

## SCHEDULE 2 – Reserves and Surplus

### (A) Unit Premium Reserve :

At the beginning of the year	(20,072,207)	-
Net Additions during the year	<u>(13,279,669)</u>	<u>(20,072,207)</u>
At the end of the year	<u>(33,351,876)</u>	<u>(20,072,207)</u>

### (B) Revenue Reserve :

At the beginning of the year	(353,141,833)	-
Net Surplus / (Deficit) transferred from Revenue Account	<u>162,969,312</u>	<u>(353,141,833)</u>
At the end of the year	<u>(190,172,521)</u>	<u>(353,141,833)</u>

## Revenue Account

for the year ended March 31, 2002

	Schedule	Current Year Rupees	Previous Period Rupees
<b>INCOME</b>			
Dividend		25,691,329	1,847,769
Interest	7	12,883,816	35,769,436
Profit on sale / redemption of investments (other than inter-scheme transfer / sale)		58,978,265	39,669,766
Profit on inter-scheme transfer / sale of investments		21,018	4,920
<b>TOTAL</b>		<b>97,574,428</b>	<b>77,291,891</b>
<b>EXPENSES AND LOSSES</b>			
Loss on sale / redemption of investments (other than inter-scheme transfer / sale)		288,128,989	146,110,326
Loss on inter-scheme transfer / sale of investments		399,550	-
Management Fees		13,437,104	8,619,773
Trusteeship Fees		109,472	138,111
Agents' Commission (Note 6)		3,284,843	2,219,144
Advertisement and Publicity (Note 6)		2,952,163	2,395,496
Audit Fees		105,000	78,750
Custodian Fees and Expenses		1,929,871	1,542,084
Registrars' Fees and Expenses		1,623,808	651,011
Client Servicing Fees		2,098,786	1,030,423
Initial Issue Expenses		-	27,014,547
Other Operating Expenses		1,019,642	54,326
<b>TOTAL</b>		<b>315,089,228</b>	<b>189,853,991</b>
Deficit for the year		(217,514,800)	(112,562,100)
Income Equalisation		5,001,908	(9,584)
		(212,512,892)	(112,571,684)
Net unrealised gain / (loss) in the value of investments	8	375,482,204	(240,570,149)
Surplus / (Deficit) carried forward to Balance Sheet		162,969,312	(353,141,833)

**Notes forming part of the Accounts annexed hereto in Schedule '9'**  
**forms part of the Balance Sheet and Revenue Account**

As per our report of even date attached.

For **S. B. Billimoria & Co.**  
Chartered Accountants

Nalin M. Shah  
Partner

For **HDFC Asset Management  
Company Limited**

Deepak S. Parekh  
Chairman

Milind Barve  
Managing Director

Sanjoy Bhattacharyya  
Chief Investment Officer

For **HDFC Trustee Company  
Limited**

Kalyan Banerji  
Chairman

Keki M. Mistry  
Director

Mumbai, April 24, 2002



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# Balance Sheet

as at March 31, 2002

	<u>Schedule</u>	<u>March 31, 2002</u> <u>Rupees</u>	<u>March 31, 2001</u> <u>Rupees</u>
<b>LIABILITIES</b>			
Unit Capital	1	<b>1,465,421,481</b>	1,470,536,912
Reserves & Surplus	2	<b>(222,803,113)</b>	(372,994,323)
Current Liabilities and Provisions	3	<b>7,896,032</b>	21,151,896
TOTAL		<b><u>1,250,514,400</u></b>	<u>1,118,694,485</u>
<b>ASSETS</b>			
Investments	4	<b>1,207,546,397</b>	984,733,448
Deposits	5	<b>33,200,000</b>	83,200,000
Other Current Assets	6	<b>9,768,003</b>	50,761,037
TOTAL		<b><u>1,250,514,400</u></b>	<u>1,118,694,485</u>

**Notes forming part of the Accounts annexed hereto in Schedule '9'**  
**forms part of the Balance Sheet and Revenue Account**

As per our report of even date attached.

For **S. B. Billimoria & Co.**  
*Chartered Accountants*

Nalin M. Shah  
*Partner*

For **HDFC Asset Management**  
**Company Limited**

Deepak S. Parekh  
*Chairman*

Milind Barve  
*Managing Director*

Sanjoy Bhattacharyya  
*Chief Investment Officer*

For **HDFC Trustee Company**  
**Limited**

Kalyan Banerji  
*Chairman*

Keki M. Mistry  
*Director*

Mumbai, April 24, 2002



## Auditors' Report

To,  
The Board of Directors of  
HDFC Trustee Company Limited

We have audited the attached Balance Sheet of **HDFC GROWTH FUND** (the "Scheme") as at March 31, 2002 and the Revenue Account of the Scheme for the year ended March 31, 2002 and report thereon as follows :

- a) The Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. These financial statements are the responsibility of the Managements of the Trustee and the Asset Management Companies.
- b) Our audit was conducted in accordance with the generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- c) 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.
- d) The Balance Sheet and the Revenue Account dealt with by this report are in agreement with the books of account of the Scheme.
- e) Non-traded securities have been valued in accordance with the guidelines notified by the Securities and Exchange Board of India. In our opinion, these valuations are fair and reasonable.
- f) 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 Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and give a true and fair view in conformity with the accounting principles generally accepted in India :
  - (i) in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2002 and
  - (ii) in the case of the Revenue Account, of the excess of expenditure over income of the Scheme for the year ended March 31, 2002.

For **S. B. Billimoria & Co.**  
*Chartered Accountants*

**Nalin M. Shah**  
*Partner*

Mumbai, April 24, 2002







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## Trustee's Report

for the year ended March 31, 2002

3. The Systematic Withdrawal Advantage Plan (SWAP) facility was offered under the Growth Plan / Option of HDFC Growth Fund, HDFC Balanced Fund, HDFC Income Fund, HDFC Liquid Fund, HDFC Gilt Fund and HDFC Short Term Plan. This facility was intended to enable the investors to plan their finances by systematic withdrawals in a tax efficient manner.
4. Effective March 30, 2002, Saturdays (which are not Holidays) are also Business Days for investors for the purposes of submitting applications for purchase and redemption (except switching) of Units of HDFC Liquid Fund and HDFC Short Term Plan, besides non-financial transactions. This facility is currently available in Bangalore, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi.

The Personal Identification Number (PIN) facility for investors will be made available to enable investors to carry out non-financial transactions through our website. The website currently provides a host of information to investors / Unit holders. The website also provides a facility to register for an auto email update on NAVs of all Schemes for each business day. Quarterly newsletters and monthly fact sheets are regular communications provided from the Fund.

### STATUTORY DETAILS

HDFC Mutual Fund has been set up as Trust by Housing Development Finance Corporation Limited (liability restricted to the initial corpus of Rs.1 lakh) with HDFC Trustee Company Limited as the trustee (Trustee under the Indian Trusts Act, 1882) and with HDFC Asset Management Company Limited as the Investment Manager.

The price and redemption value of the Units, and income from them, can go up as well as down with the fluctuations in the market value of its underlying investments. Past performance may or may not be sustained in the future.

The per Unit NAV of the respective Scheme(s) on the Date of Allotment / Inception is taken as Rs. 10 for computation of returns in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

On written request present / prospective investors can obtain a copy of the Trust Deed, the Annual Report and the text of the relevant Scheme. Unit holders, if they so desire, may request for the Annual Report of the AMC.

### LIABILITY AND RESPONSIBILITY OF TRUSTEE AND SPONSOR

The main responsibility of the Trustee is to safeguard the interest of the Unit holders and *inter-alia* ensure that the AMC functions in the interest of investors and in accordance respectively with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, the provisions of the Trust Deed and the Offer Documents of the respective Schemes. From the information provided to the Trustee and the reviews the Trustee has undertaken, the Trustee believes the AMC has operated in the interests of the Unit holders.

The Sponsor is not responsible or liable for any loss or shortfall resulting from the operation of the Schemes beyond the initial contribution of Rs. 1 lakh made by it towards setting up of the HDFC Mutual Fund.

### ACKNOWLEDGEMENTS

The Trustee thanks the investors, Investor Service Centres, distributors, key partners, service providers, the AMC and its employees for their commitment and looks forward to their continued support.

For and on behalf of the Board of Directors  
of **HDFC Trustee Company Limited,**

**Kalyan Banerji**  
Chairman

April 24, 2002  
Mumbai



# Trustee's Report

for the year ended March 31, 2002

## ■ HDFC FIP - March 2002(1)

The Initial Public Offer opened on March 18, 2002 and closed on March 27, 2002. The Plan collected Rs. 15.96 crore during the Initial Public Offer. The per Unit NAV as at March 31, 2002 of the Plan was Rs. 10.006. The Plan generated an absolute return of 0.06% from the date of inception (i.e. March 27, 2002) till March 31, 2002. The net assets of the Plan were Rs. 15.96 crore as at March 31, 2002. The Maturity date / Final Redemption date of the Plan is April 10, 2003.

## SHAREHOLDING PATTERN OF THE AMC

In order to reflect the current structure of the Standard Life Group, wherein asset management operations fall under the remit of Standard Life Investments Limited, Standard Life Investments Limited had requested to transfer the 52,00,000 equity shares (amounting to 26% of the paid-up share capital) of HDFC Asset Management Company Limited (AMC) held by The Standard Life Assurance Company into the name of Standard Life Investments Limited. Accordingly, the said equity shares have been transferred from The Standard Life Assurance Company, the parent company of Standard Life Investments Limited, to Standard Life Investments Limited on August 29, 2001.

Pursuant to the Shareholders Agreement dated October 17, 2001, entered between Housing Development Finance Corporation Limited (HDFC) and Standard Life Investments Limited, HDFC transferred 27,80,000 equity shares of the AMC (amounting to 13.90% of the paid-up share capital of the AMC) to Standard Life Investments Limited, on January 31, 2002. Consequently, HDFC and Standard Life Investments Limited are respectively holding 60.10% and 39.90% of the paid-up share capital of the AMC.

## MARKET OUTLOOK

Towards the end of the year, the economy showed no discernible signs of improving. While the Union Budget has set the stage for further reforms, successful implementation remains key.

Going forward, domestic interest rates would be a function of overall liquidity in the system, domestic inflation, credit offtake by the industrial sector, the combined fiscal deficit, the cleaning up of the financial sector's long-standing bad loan problem and also international interest rate movements. Thus, the prevailing environment suggests the need for maintaining a debt portfolio geared to take advantage of the possibility of softening domestic rates with the flexibility to restructure maturities should the interest environment change.

In an uncertain political and economic environment, retail equity investors remain nervous and on the sidelines. The focus on strong companies, with competent management that are available at an attractive price will remain AMC's disciplined approach to investing in equities. The outcome of the domestic and global political and economic events will determine the broad movement of equity markets.

## INVESTOR SERVICES

The Fund presently has 25 Investor Service Centres (ISCs) in 21 cities. The Fund aims to offer its investors a T+1 standard for transactions, which means that transactions of any day are generally confirmed to investors on the next business day. Account Statements confirming these transactions are generally issued on the next business day. Similarly, redemption cheques / drafts are also normally couriered on the next business day.

Investors can contact any of the ISCs through dedicated numbers for latest information about the Fund. A single point e-mail facility is available for investors to communicate with the AMC / ISCs. It is the endeavour of the AMC to increase the network of ISCs to other locations. During the financial year, the AMC has opened ISCs at Panaji (Goa), Kanpur and Surat. In the next financial year, the AMC proposes to start ISCs at Amritsar, Aurangabad, Bharuch, Bhopal, Jalandhar, Jamshedpur, Ludhiana, Madurai, Mangalore, Patna, Rajkot, Thiruvananthapuram, Tiruchirapalli, and Visakhapatnam.

New facilities offered to investors during the year include:

1. Investors under the Dividend Plan / Option of the respective Schemes, having bank accounts with select banks with which the AMC has an arrangement, were offered the facility of direct credit of dividend, if any, declared. The same facility was introduced for redemption under all Schemes.
2. Previous day NAV concept introduced with effect from July 30, 2001 under HDFC Liquid Fund for purchase of Units.



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## Trustee's Report

for the year ended March 31, 2002

### ● **HDFC Fixed Investment Plan - A Close-ended Income Scheme**

HDFC Fixed Investment Plan (HDFC FIP) is a close-ended income scheme comprising thereunder several investment Plans seeking to generate regular income through investments in debt / money market instruments and government securities. Each Plan offers a Growth and Dividend Option. The Dividend Option also offers a Dividend Reinvestment facility. A series of Plans were launched during the year under the Scheme. This has enabled us to offer a wider product portfolio to investors.

Every investment opportunity is assessed with regard to credit risk, interest rate risk and liquidity risk. Investments in bonds and debentures are usually made in instruments that have been assigned as "high investment grade" by a credit rating agency registered with SEBI.

#### ■ **HDFC FIP - July 2001(1), July 2001(2) and July 2001(3)**

The Initial Public Offer opened on July 27, 2001 and closed on August 01, 2001. The above-mentioned Plans collected Rs. 53 crore, Rs. 27 crore and Rs. 13.50 crore respectively during the Initial Public Offer. HDFC FIP July 2001 (1) and (2) matured on October 31, 2001 and January 31, 2002 respectively. HDFC FIP July 2001(1) and HDFC FIP July 2001 (2) generated absolute returns of 2.02% (includes Dividend paid) and 4.09% during their respective tenures. The per Unit NAV as at the Maturity date / Final Redemption date of HDFC FIP July 2001(1) was Rs. 10.0028 under the Dividend Option. There were no subscriptions to the Growth Option. The per Unit NAV as at the Maturity date / Final Redemption date of HDFC FIP July 2001(2) was Rs. 10.4092 under the Growth Option and Rs. 10.0020 under the Dividend Option. The per Unit NAV as at March 31, 2002 of HDFC FIP July 2001(3) was Rs. 10.545. The Plan generated absolute return of 5.45% from the date of inception (i.e. August 2, 2001) till March 31, 2002. The net assets of the Plan were Rs. 14.24 crore as at March 31, 2002. The Maturity date / Final Redemption date of HDFC FIP July 2001(3) is August 13, 2002.

#### ■ **HDFC FIP - August 2001(1) and August 2001(2)**

The Initial Public Offer opened on August 20, 2001 and closed on August 27, 2001. The above-mentioned Plans collected Rs. 12.50 crore and Rs. 12.50 crore respectively during the Initial Public Offer. HDFC FIP August 2001(1) and (2) matured on November 26, 2001 and February 25, 2002 respectively. The per Unit NAV as at the Maturity date / Final Redemption date of HDFC FIP August 2001(1) under the Growth Option was Rs. 10.1890 and under the Dividend Option was Rs. 10.0016. The per Unit NAV as at the Maturity date / Final Redemption date of HDFC FIP August 2001(2) under the Growth Option was Rs. 10.3909 and under the Dividend Option was Rs. 10.0061. HDFC FIP August 2001(1) and HDFC FIP August 2001(2) generated absolute returns of 1.89% and 3.91% during their respective tenures.

#### ■ **HDFC FIP - September 2001(1)**

The Initial Public Offer opened on September 24, 2001 and closed on September 28, 2001. The Plan collected Rs. 31 crore during the Initial Public Offer. The Plan matured on January 2, 2002. The per Unit NAV as at the Maturity date / Final Redemption date under the Growth Option was Rs. 10.2170 and under the Dividend Option was Rs. 10.0020. The Plan generated absolute return of 2.17% during its tenure.

#### ■ **HDFC FIP - October 2001(1)**

The Initial Public Offer opened on October 30, 2001 and closed on November 5, 2001. The Plan collected Rs. 40 crore during the Initial Public Offer. The Plan matured on January 31, 2002. The per Unit NAV as at the Maturity date / Final Redemption date under the Dividend Option was Rs. 10.0018. There were no subscriptions to the Growth Option. The Plan generated absolute return of 1.94% (includes Dividend paid) during its tenure.

#### ■ **HDFC FIP - February 2002 (1)**

The Initial Public Offer opened on February 25, 2002 and closed on February 26, 2002. The Plan collected Rs. 35 crore during the Initial Public Offer. The per Unit NAV as at March 31, 2002 of the Plan was Rs. 10.095. The Plan generated an absolute return of 0.95% from the date of inception (i.e. February 26, 2002) till March 31, 2002. The net assets of the Plan were Rs. 35.33 crore as at March 31, 2002. The Maturity date / Final Redemption date of the Plan is February 26, 2003.



# Trustee's Report

for the year ended March 31, 2002

The net assets of the Short Term Plan as at March 31, 2002 amounted to Rs. 21.12 crore. The per Unit NAV of the Short Term Plan - Growth Option was Rs. 10.899 and of the Short Term Plan - Dividend Option was Rs. 10.199 as at March 31, 2002.

The net assets of the Long Term Plan as at March 31, 2002 amounted to Rs. 118.00 crore. The per Unit NAV of the Long Term Plan - Growth Option was Rs. 11.881 and of the Long Term Plan - Dividend Option was Rs. 10.482 as at March 31, 2002.

The average portfolio maturities of Short Term Plan and Long Term Plan were 1.3 years and 7.8 years respectively as at March 31, 2002.

Every investment opportunity is assessed with regard to interest rate risk and liquidity risk. Since non-cash investments are restricted by the nature of the Scheme to government securities, the credit quality of the portfolio is estimated to be of the highest order.

The performance of the HDFC Gilt Fund is presented below:

Particulars	Absolute Returns (%) (From inception* to March 31, 2002)
Short Term Plan - Growth Option	8.99
Long Term Plan - Growth Option	18.81

\*Date of Inception / Allotment - July 25, 2001.

## ● HDFC Short Term Plan - An Open-ended Income Scheme

The objective of the Scheme is to generate regular income through investment in debt securities and money market instruments. The Scheme offers investors two Plans: (1) Growth Plan (2) Dividend Reinvestment Plan. The Initial Public Offer of HDFC Short Term Plan was open from February 18, 2002 to February 25, 2002. The Scheme collected Rs. 323 crore during the Initial Public Offer. Thereafter, the Scheme re-opened for issue and redemption of Units on an ongoing basis from March 4, 2002. The net assets of the Scheme were Rs. 188.10 crore as at March 31, 2002. As at March 31, 2002, the per Unit NAV of the Growth Plan and Dividend Reinvestment Plan was Rs. 10.070 and Rs. 10.013 respectively.

Every investment opportunity is assessed with regard to credit risk, interest rate risk and liquidity risk. Investments in bonds and debentures are usually made in instruments that have been assigned as "high investment grade" by a credit rating agency registered with SEBI.

As at March 31, 2002, HDFC Short Term Plan had 73.34% of its net assets invested in debentures and 26.66% of its net assets invested in money market instruments, fixed deposits and net current assets. As at March 31, 2002, HDFC Short Term Plan had 86.46% of its net assets invested in AAA / P1+ rated corporate debt, fixed deposits and cash and 13.54% of its net assets invested in instruments rated AA+. The average portfolio maturity of the HDFC Short Term Plan was 0.9 year as at March 31, 2002.

The performance of the HDFC Short Term Plan is presented below:

Particulars	Absolute Returns (%) (From inception* to March 31, 2002)
HDFC Short Term Plan - Growth Plan	0.70

\*Date of Inception / Allotment - February 28, 2002.





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## Trustee's Report

for the year ended March 31, 2002

### ● **HDFC Children's Gift Fund - An Open-ended Balanced Scheme**

The Scheme offers investors two Plans each with its own NAV: (1) Investment Plan (equity oriented) (2) Savings Plan (debt oriented). The investment objective of both the Plans under the Scheme is to generate long term capital appreciation.

The net assets of the Investment Plan are primarily invested in equities and equity related instruments. The net assets of the Plan are also invested in debt / money market instruments with an objective of generating long term returns and maintaining risk under control.

The net assets of the Savings Plan are primarily invested in debt and money market instruments. The net assets of the Plan are also invested in equity and equity related instruments. This Plan seeks to generate long-term returns with relatively low levels of risk.

The equity investment approach is to invest in companies in strong businesses, run by competent managers and available at a price that represents a discount to the intrinsic value of that business. It aims to actively manage risk through prudent diversification across companies and sectors by investing a majority of funds in stocks with high liquidity. Investments in debt securities are usually made in instruments that have been assigned as "high investment grade" by a credit rating agency registered with SEBI.

The net assets of the Investment Plan amounted to Rs. 14.27 crore as at March 31, 2002 as against Rs. 9.02 crore as at March 31, 2001. As at March 31, 2002, 46.77% of the net assets of the Investment Plan were invested in equities, 39.64% of the net assets invested in debt securities and 13.59% of the net assets in call money / net current assets. The per Unit NAV of the Investment Plan was Rs. 9.703 as at March 31, 2001 and Rs. 11.522 as at March 31, 2002.

The net assets of the Savings Plan amounted to Rs. 21.03 crore as at March 31, 2002 as against Rs. 9.00 crore as at March 31, 2001. As at March 31, 2002, the net assets of the Savings Plan were invested in debt securities and money market instruments and it had no exposure to equities and equity related instruments. The per Unit NAV of the Savings Plan was Rs. 9.959 as at March 31, 2001 and Rs. 11.487 as at March 31, 2002.

The performance of the HDFC Children's Gift Fund is presented below:

Particulars	Returns # (%) Last 12 months (366 days)	Returns # (%) (From inception* to March 31, 2002)
Investment Plan	18.69	13.99
Savings Plan	15.30	13.67

# Compounded Annualised Returns

\*Date of Inception / Allotment - March 2, 2001.

### ● **HDFC Gilt Fund - An Open-ended Income Scheme**

The objective of the Scheme is to generate credit risk-free returns through investments in sovereign securities issued by the Central Government and / or a State Government. The Scheme offers investors two Plans each with its own NAV: (1) Short Term Plan and (2) Long Term Plan. The Short Term Plan is for investors who wish to invest for short time periods and the Long Term Plan is for investors who wish to invest for longer time periods. Each Plan offers a Growth and Dividend Option. The Dividend Option also offers a Dividend Reinvestment facility.

The Initial Public Offer of HDFC Gilt Fund was open from July 16, 2001 to July 17, 2001. The Scheme collected Rs. 8.42 crore under the Short Term Plan and Rs. 30.85 crore under the Long Term Plan during the Initial Public Offer. Thereafter, the Scheme re-opened for issue and redemption of Units on an ongoing basis from July 25, 2001.

# Trustee's Report

for the year ended March 31, 2002

The average portfolio maturity was 97 days as at March 31, 2002. As at March 31, 2002, HDFC Liquid Fund had 67.91% of its net assets invested in debentures and 32.09% of its net assets invested in money market instruments, fixed deposits and net current assets. As at March 31, 2002, HDFC Liquid Fund had 80.20% of its net assets invested in AAA / P1+ rated corporate debt, fixed deposits and cash and 19.80% of its net assets invested in instruments rated AA+.

The net assets of the Scheme amounted to Rs. 1080.31 crore as at March 31, 2002 as against Rs. 171.98 crore as at March 31, 2001. The per Unit NAV of the Growth Plan and Dividend Reinvestment Plan was Rs. 10.4207 and Rs. 10.0157 respectively, as at March 31, 2001. The per Unit NAV of the Growth Plan and Dividend Reinvestment Plan was Rs. 11.2766 and Rs. 10.0108 respectively, as at March 31, 2002.

The performance of the HDFC Liquid Fund is presented below:

Particulars	Returns # (%) Last 12 months (366 days)	Returns # (%) (From inception* to March 31, 2002)
HDFC Liquid Fund - Growth Plan	8.19	8.61

# Compounded Annualised Returns

\*Date of Inception / Allotment - October 17, 2000.

## ● HDFC Tax Plan 2000 - An Open-ended Equity Linked Savings Scheme

The investment objective of the Scheme is to generate long term capital appreciation from a portfolio that is invested predominantly in equity and equity related instruments. The Scheme offers investors two Plans: (1) Growth Plan (2) Dividend Plan. The Dividend Plan also offers a Dividend Reinvestment Option.

The assessment of investments is a function of extensive research and based on data and reasoning rather than current fashion and emotion. The equity investment approach is to invest in companies in strong businesses, run by competent managers and available at a price that represents a discount to the intrinsic value of that business. It aims to actively manage risk through prudent diversification across companies and sectors by investing a majority of funds in stocks with high liquidity.

The net assets of the Scheme were Rs. 3.50 crore as at March 31, 2002 as against Rs. 1.65 crore as at March 31, 2001. The Scheme had 78.97% of its net assets invested in equities as at March 31, 2002.

The per Unit NAV of the Scheme was Rs. 9.293 as at March 31, 2001. The per Unit NAV of the Growth Plan and Dividend Plan was Rs. 11.410 and Rs. 10.411 respectively, as at March 31, 2002.

The performance of the HDFC Tax Plan 2000 is presented below:

Particulars	Returns # (%) Last 12 months (366 days)	Returns # (%) (From inception* to March 31, 2002)
HDFC Tax Plan 2000 - Growth Plan	22.71	11.19
Benchmark - SENSEX	(3.74)	(10.00)

# Compounded Annualised Returns

\*Date of Inception / Allotment - January 2, 2001.



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## Trustee's Report

for the year ended March 31, 2002

The per Unit NAV of the Scheme was Rs. 9.238 as at March 31, 2001 and Rs. 10.536 as at March 31, 2002. The performance of the HDFC Balanced Fund is presented below:

Particulars	Returns # (%) Last 12 months (366 days)	Returns # (%) (From inception* to March 31, 2002)
HDFC Balanced Fund	14.01	3.42

# Compounded Annualised Returns

\*Date of Inception / Allotment - September 11, 2000.

### ● HDFC Income Fund - An Open-ended Income Scheme

The investment objective of HDFC Income Fund is to optimize returns while maintaining a balance of safety, yield and liquidity. The Scheme offers investors two Plans: (1) Growth Plan (2) Dividend Plan. The Dividend Plan also offers a Dividend Reinvestment Option.

The Scheme aims to identify securities that offer superior levels of yields at low level of risks. An internal credit analysis studies the potential investments in terms of credit risk, interest rate risk and liquidity risk. Investments in bonds and debentures are usually made in instruments that have been assigned as "high investment grade" by a credit rating agency registered with SEBI.

As at March 31, 2002, HDFC Income Fund had 94.27% of its net assets invested in AAA / P1+ rated corporate debt, government securities and cash and 5.73% of its net assets invested in instruments rated AA+ / AA. During the year under review, there were no investments in unrated debt instruments.

The net assets of the Scheme amounted to Rs. 2422.88 crore as at March 31, 2002 as against Rs. 815.78 crore as at March 31, 2001. The per Unit NAV of the Growth Plan and Dividend Plan was Rs. 10.851 and Rs. 10.116 respectively as at March 31, 2001. The per Unit NAV of the Growth Plan and Dividend Plan was Rs. 12.763 and Rs. 10.485 respectively, as at March 31, 2002.

The performance of the HDFC Income Fund is presented below:

Particulars	Returns # (%) Last 12 months (366 days)	Returns # (%) (From inception* to March 31, 2002)
HDFC Income Fund - Growth Plan	17.57	17.01

# Compounded Annualised Returns

\*Date of Inception / Allotment - September 11, 2000.

### ● HDFC Liquid Fund - An Open-ended Liquid Income Scheme

The investment objective of HDFC Liquid Fund is to enhance income consistent with a high level of liquidity, through a judicious portfolio mix comprising of money market and debt instruments. The Scheme offers investors two Plans: (1) Growth Plan (2) Dividend Reinvestment Plan.

Every investment opportunity is assessed with regard to credit risk, interest rate risk and liquidity risk. Investments in bonds and debentures are usually made in instruments that have been assigned as "high investment grade" by a credit rating agency registered with SEBI.





# Trustee's Report

for the year ended March 31, 2002

## OBJECTIVES, INVESTMENT POLICY AND REVIEW OF THE SCHEMES

### ● HDFC Growth Fund - An Open-ended Growth Scheme

The investment objective of HDFC Growth Fund is to generate long term capital appreciation from a portfolio that is invested predominantly in equity and equity related instruments. The Scheme offers investors two Plans: (1) Growth Plan (2) Dividend Plan. The Dividend Plan also offers a Dividend Reinvestment Option.

HDFC Growth Fund's approach is to invest in companies in strong businesses, run by competent managers and available at a price that represents a discount to the intrinsic value of that business. It aims to actively manage risk through prudent diversification across companies and sectors by investing a majority of funds in stocks with high liquidity.

The net assets of the Scheme amounted to Rs. 124.19 crore as at March 31, 2002 as against Rs. 109.73 crore as at March 31, 2001. 94.48% of the net assets were invested in equities as at March 31, 2002.

The per Unit Net Asset Value (NAV) of the Scheme was Rs. 7.462 as at March 31, 2001 and Rs. 8.475 as at March 31, 2002. The performance of the HDFC Growth Fund is presented below:

Particulars	Returns # (%) Last 12 months (366 days)	Returns # (%) (From inception* to March 31, 2002)
HDFC Growth Fund	13.54	(10.10)
Benchmark - SENSEX	(3.74)	(17.40)

# Compounded Annualised Returns

\*Date of Inception / Allotment - September 11, 2000.

### ● HDFC Balanced Fund - An Open-ended Balanced Scheme

The investment objective of HDFC Balanced Fund is to generate capital appreciation along with current income from a combined portfolio of equity & equity related and debt & money market instruments. The Scheme offers investors two Plans: (1) Growth Plan (2) Dividend Plan. The Dividend Plan also offers a Dividend Reinvestment Option.

The Scheme aims to provide a lower risk alternative while retaining some of the upside potential from equities exposure. The equity investment approach is to invest in companies in strong businesses, run by competent managers and available at a price that represents a discount to the intrinsic value of that business. It aims to actively manage risk through prudent diversification across companies and sectors by investing a majority of funds in stocks with high liquidity. During the year under review, investments in debt securities were primarily in AAA and P1+ rated instruments, which have been assigned as "highest investment grade" by a credit rating agency registered with the Securities and Exchange Board of India (SEBI).

The net assets of the Scheme amounted to Rs. 99.33 crore as at March 31, 2002 as against Rs. 120.99 crore as at March 31, 2001. As at March 31, 2002, the Scheme had 65.56% of its net assets invested in equities, 28.49% of its net assets in debt securities and 5.95% of its net assets in call money / net current assets.





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# Trustee's Report

for the year ended March 31, 2002

The Trustee presents its second report and the audited financial statements of the Schemes of HDFC Mutual Fund (the Fund), for the year ended March 31, 2002.

## HDFC MUTUAL FUND

During the year, the Fund launched 2 open-ended income schemes viz; HDFC Gilt Fund and HDFC Short Term Plan. The Fund also launched various Plans under the HDFC Fixed Investment Plan, a close-ended income scheme.

The Fund has declared dividends under its various Schemes and a list of such dividends is annexed and forms part of the Annual Report. Past performance may or may not be sustained in the future.

The assets under management amounted to Rs. 4158.26 crore as at March 31, 2002 as compared to Rs. 1238.15 crore as at March 31, 2001. The Fund had 1,99,058 investor accounts in its various Schemes as at March 31, 2002 as compared to 1,28,931 investor accounts as at March 31, 2001.

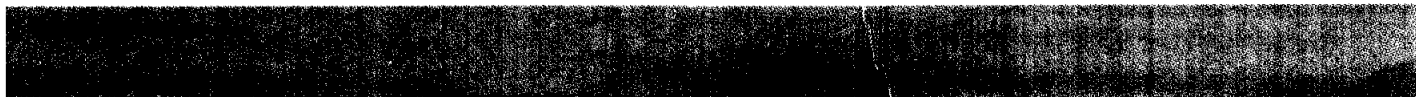
## OVERVIEW

The last year has bared many challenges. Economic growth slowed, with industrial growth sluggish and services growth faltering. A good monsoon did provide some relief and a resurgence in rural demand could have a positive trickle down effect. Not surprisingly, the thrust of the Union Budget 2002-03 was to consolidate the ongoing reform process. The Budget continued with interest rate reforms and has aligned the structured interest rates on small savings with prevailing market rates. The Government continued with its commitment to the privatization program and has already achieved some measure of success.

Although nominal interest rates have declined significantly over the year, real rates continue to be higher than they were a year ago as inflation remains at near historic lows. Unless there is an unforeseen sustained rise in domestic inflation, the monetary authorities are likely to continue favoring a further reduction in the level of nominal interest rates in the economy. Credit offtake from the industrial sector is not picking up. On the other hand, growth in domestic deposits continues to be healthy, resulting in increased investible funds in the banking sector. India's foreign exchange reserves have crossed US\$ 50 billion and continue to rise rapidly this year. Consequently, the liquidity in the financial system is likely to be comfortable in the coming year, even in the absence of further Cash Reserve Ratio (CRR) cuts. However, the rising level of the nation's fiscal deficit, including that of state governments, is a cause of concern; as is the unresolved problem of bad loans in the financial system.

The slew of negative domestic and overseas developments pulled down the SENSEX and S&P CNX Nifty, by 3.7% and 1.6% respectively. As the privatization program gathered momentum Public Sector Undertaking (PSU) stocks rallied significantly. Besides PSUs, auto stocks outperformed as two-wheelers in particular exceeded market growth expectations. The consumer sector continued to grapple with slow growth while the pharmaceutical sector took advantage of export opportunities. Towards the end of the year, a focus on bottom up stock picking was evident.

Globally, the US economic slowdown deepened following the attacks of September 11. However, fiscal and monetary stimulus, resilient consumer spending and a buoyant housing market helped support the American economy. Global interest rate movements also impact domestic yields. The US Federal Reserve has indicated that further rate cuts are unlikely. On the contrary, it might raise rates if found necessary. Should that happen, other economies are likely to take the cue from the US markets. With increased instability in the Middle East and the unclear nature of the economic recovery, US equity investors remain ambivalent.



**SPONSOR****Housing Development Finance Corporation Limited**

Registered Office :

Ramon House, H. T. Parekh Marg,  
169, Backbay Reclamation,  
Churchgate, Mumbai 400 020**TRUSTEE****HDFC Trustee Company Limited**

Registered Office :

Ramon House, 3rd Floor, H. T. Parekh Marg,  
169, Backbay Reclamation,  
Churchgate, Mumbai 400 020**ASSET MANAGEMENT COMPANY****HDFC Asset Management Company Limited**

A Joint Venture with Standard Life Investments

Registered Office :

Ramon House, 3rd Floor, H. T. Parekh Marg,  
169, Backbay Reclamation,  
Churchgate, Mumbai 400 020**CUSTODIAN****HDFC Bank Limited**Kamala Mills Compound, Senapati Bapat Marg,  
Lower Parel, Mumbai 400 013**STATUTORY AUDITORS****S. B. Billimoria & Co.**

Chartered Accountants

Meher Chambers, R. Kamani Road,  
Ballard Estate, Mumbai 400 001**LEGAL ADVISORS****Dave & Girish & Co.**Sethna Building, 1st Floor, 55, Maharshi Karve Road,  
Marine Lines, Mumbai 400 002**REGISTRAR AND TRANSFER AGENT****Computer Age Management Services (P) Limited**A & B, Lakshmi Bhawan,  
609, Anna Salai, Chennai 600 006**BOARD OF DIRECTORS****HDFC Trustee Company Limited (Trustee)**

Mr. Kalyan Banerji - Chairman

Mr. Anil Kumar Hirjee

Mr. Shishir K. Diwanji

Mr. Keki M. Mistry

Mr. Ranjan Sanghi

Mr. R. V. S. Rao

**BOARD OF DIRECTORS****HDFC Asset Management Company Limited (AMC)**

Mr. Deepak S. Parekh - Chairman

Mr. A. S. Bell (upto March 15, 2002)

Mr. Iain Lumsden (from March 16, 2002)

Mr. P. M. Thampi

Mr. Hoshang S. Billimoria

Dr. Deepak B. Phatak

Mr. Humayun Dhanrajgir

Ms. Renu S. Karnad

Mr. Milind Barve - Managing Director



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**Investment Manager:** HDFC Asset Management Company Limited, Registered Office: Ramen House, 3rd Floor, H.T. Parekh Marg, Connaught Place, New Delhi-110021. Tel: 022-2341 9111, 231 6331. Fax: 022-2341 9111.

**Risk Factors:** Mutual Funds and securities investments are subject to market risks and there can be no assurance or guarantee of the return on the investment in securities. The Net Asset Value of the Scheme(s) may go up or down depending on the various factors and operations of the Sponsor / AMC / Mutual Fund. The AMC does not intend to indicate the future performance of the Scheme(s) of the Mutual Fund. The loss or shortfall resulting from the operations of the Scheme(s) beyond the initial contribution of Rs. 1 lakh made by it towards setting up the Mutual Fund do not in any manner indicate the performance of the Scheme(s) or its future prospects and returns. **Investors in the Scheme(s) should consult their tax advisor for the tax implications of the investment and the returns.** Please call any of the investor Service Centres to obtain a copy of the Offer Document and abridged Offer Document and read the same carefully. The Scheme(s) may be subject to the individual nature of tax consequences; each investor should consult his / her own professional tax advisor. Applications would be accepted at 10% and 15% discount for the first year of completion of Lock-in-Period (if any) can be made in the case of all Business Days. The AMC will calculate and publish NAVs and offer sales and redemptions at the end of each Business Day. **Statutory Details:** HDFC Mutual Fund has been set up as a trust by Housing Development Finance Corporation Limited, liability restricted to the initial corpus of Rs. 1 lakh with HDFC Trustee Company Limited as the trustee (Trustee under the Indian Trusts Act, 1882) and with HDFC Asset Management Company Limited as the Investment Manager.

*Annual Report 2001-2002*



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**HDFC Growth Fund**  
An Open-ended Growth Scheme

**HDFC**  
**MUTUAL FUND**  
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