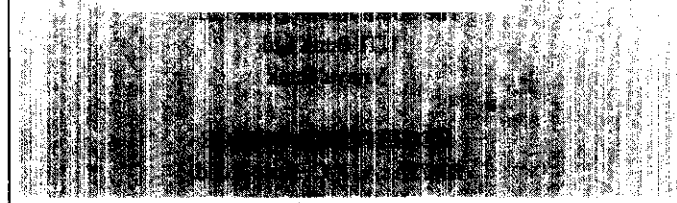


ANNUAL REPORT 99-00

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BOARD OF DIRECTORS

B. C. Malu
E. A. Kshirsagar
N. N. Kampani
A. D. Cooper
E. B. Desai
S. S. Thakur
O. P. Malhotra
H. C. Mathur (Managing Director)

AUDIT COMMITTEE OF DIRECTORS

B.C. Malu
E.A. Kshirsagar
A.D. Cooper
E.B. Desai
S.S. Thakur
H. C. Mathur

COMPANY SECRETARY

B.D. Cardmaster

SOLICITORS

M/s Mulla & Mulla and Craigie, Blunt & Caroe

AUDITORS

Tarmaster & Co.
Chartered Accountants

BANKERS

Bank of Baroda
Bank of Rajasthan Ltd.
Dena Bank
Deutsche Bank
Dhanalakshmi Bank Ltd.
Federal Bank Ltd.
Indian Bank
The IndusInd Bank Ltd.
Oriental Bank of Commerce
State Bank of India
State Bank of Travancore
The Catholic Syrian Bank Ltd.
The South Indian Bank Ltd.
UTI Bank Ltd.
Vijaya Bank

REGISTERED OFFICE

234/3A, A. J. C. Bose Road,
Kolkata-700 020

CORPORATE OFFICE

CEAT Mahal,
463, Dr. Annie Besant Road, Worli,
Mumbai 400 025

**NOTICE**

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of **CEAT FINANCIAL SERVICES LIMITED** will be held at the Mini Auditorium, Science City, JBS Haldane Avenue, Kolkata 700 046 on Friday the 23rd day of March 2001 at 3.30 P.M. to transact with or without modifications, as may be permissible, the following business:

Ordinary Business :

1. To receive, consider and adopt the audited Profit and Loss Account for the financial year ended 30th September, 2000, the Balance Sheet as at that date and the Reports of the Director and the Auditors thereon.
2. To appoint a director in place of Mr. E. A. Kshirsagar, who retires from office by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. A. D. Cooper, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. E.B. Desai, who retires from office by rotation and being eligible, offers himself for re-appointment.
5. To appoint auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to authorise the Board to fix their remuneration.

Special Business

To consider and if thought fit, to pass, with or without modification(s) the following resolutions as Ordinary Resolutions:

6. **"RESOLVED THAT** in accordance with the applicable provisions of the Companies Act, 1956, this meeting hereby approves the appointment of and the remuneration payable to Mr. H. C. Mathur as Managing Director of the Company for a period of three years with effect from 1st May, 2000 as set out in the Agreement dated 15th May, 2000 entered into between the Company and Mr. Mathur, a copy whereof is laid on the table and for the purpose of identification initialled by the Chairman hereof with liberty to the Board of Directors to alter or vary the remuneration as may be agreed to between the Board of Directors and Mr. Mathur even if the remuneration exceeds the limits specified in Schedule XIII to the Companies Act, 1956 or any amendment thereto and subject to the approval of the Central Government, if required."
7. **"RESOLVED THAT** pursuant to the provisions of Section 293 (1) (a) of the Companies Act 1956, consent of the Company be and is hereby accorded to the Board of Directors to transfer, on such terms and conditions as it shall determine, the Primary Dealership business of the Company (including all the assets and liabilities required for the running of the business, particularly all the securities acquired during the course of its Primary Dealership business) to a special purpose company with the object of acquiring and operating such business and to do all such acts and to take such steps as may be necessary."

To consider and if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution.

8. **"RESOLVED THAT** subject to the approval of the Central Government in terms of Section 21 of the Companies Act, 1956 the name of the Company be changed to CFL Capital Financial Services Limited and immediately upon the said change in the name of the Company becoming effective, the new name be substituted for the existing name wherever it appears in the Memorandum and Articles of Association of the Company."

By Order of the Board

H. C. Mathur
Managing Director

Mumbai : Dated 24th February 2001

Registered Office : 234/3A, A.J.C. Bose Road, Kolkata-700 020.

NOTES

1. A member entitled to attend and vote at the meeting may appoint a proxy to attend and, on a poll, to vote on his behalf. A proxy need not be a member of the Company.
Proxies in order to be valid and effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business as above to be transacted at this Annual General Meeting is attached.
3. Members are requested to notify immediately any change in their address to the Company, quoting their Folio Number, to ensure prompt receipt of communication from the Company. Shareholders who have not furnished their PIN CODE numbers are requested to furnish the same immediately.
4. Shareholders desiring any information as regards the Accounts are requested to write to the Company at least seven days in advance of the date of the Annual General Meeting so as to enable the information to be kept ready.
5. Due to prohibitive cost of paper and printing, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are, therefore, requested to bring their copies of the Annual Report with them for the meeting.
6. Pursuant to Section 205A of the Companies Act, 1956 dividends for the financial year ended 31st March 1996 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 1996, 31st March 1997 and 31st March 1998 are requested to make their claim to the Registered Office of the Company. All unpaid/unclaimed dividends paid up to the financial year ended 31.3.1995 have been transferred to the General Revenue Account of the Central Government. Concerned shareholders are requested to claim the amount from the Registrar of Companies, West Bengal.
7. Individual shareholders can now avail of the facility of nomination. The nominee shall be the person in whom all rights of transfer and/or amount payable in respect of the shares/debentures shall vest in the event of the death of the shareholder(s). A minor can be a nominee provided the name of the Guardian is given in the Nomination Form. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. Members desirous of making a nomination in respect of their shareholdings in the Company, as permitted under Section 109A of the Companies Act, 1956, are requested to submit the prescribed Form 2B for this purpose to the Company.
8. The Company has listed its shares on the Kolkata, Mumbai and the National Stock Exchanges. The listing fee for these Exchanges has been paid.
9. Agreements have been signed both with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for dematerialization of equity shares. The number allotted to the Company is INE 481A01014. Members are at liberty, therefore, to dematerialize their holdings in the Company through a recognized Depository Participant. The Equity Shares of the Company have already come under compulsory dematerialized trading with effect from 28th August 2000.
10. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday the 20th day of March 2001 to Friday the 23rd day of March 2001.

CEAT FINANCIAL SERVICES LTD.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

EXPLANATORY STATEMENT

Item 6

Mr. H. C. Mathur was appointed as a Director of the Company with effect from 10th March 2000 to fill the casual vacancy caused by the resignation of Mr. R. K. Kaul. He was subsequently appointed as the Managing Director of the Company for a period of three years with effect from 1st May, 2000 to look after the day to day affairs of the Company, subject to the approval of the shareholders, on remuneration as set out in the Agreement dated 15th May, 2000, an abstract of which is given below:

- | | | |
|----------------------------|---|-----------------------|
| I. Salary | : | Rs.33,000/- per month |
| II. Consolidated Allowance | : | Rs.30,000/- per month |

Mr. Mathur shall be granted increments with effect from 1st April, 2001 at a rate not exceeding 10% of I and II above, if so decided by the Board of Directors.

III. Perquisites :

Perquisites are classified into the following categories:

CATEGORY A

- Housing-House Rent Allowance equivalent to 60% of Basic Salary per month
- Other perquisites :-
 - Medical Benefits for self, wife and dependent children.
 - Leave Travel concession
 - Club Fees
 - Membership of professional body

CATEGORY B

- Contribution to Provident Fund, Superannuation Fund or Annuity Fund in accordance with the Rules of the Company in force from time to time.
- Gratuity: As per rules of the Company in force from time to time but not exceeding the limits as mentioned in the Payment of Gratuity Act.
- Earned Privilege Leave on full pay and allowance as per rules of the Company.

The perquisites mentioned in a) and b) above and encashment of leave at the end of tenure will not be included in the computation of the ceiling on remuneration specified in Schedule XIII, Part II in the event of absence or inadequacy of profits.

CATEGORY C

Car and Telephone:

The Company will provide him with a car and telephone at his residence. However, provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to him.

Notwithstanding anything mentioned above, where in any financial year during the currency of his tenure as Managing Director, the Company has no profits or its profits are inadequate, the remuneration payable to him in that financial year will be paid if it is within the limits mentioned in Part II to Schedule XIII of the Companies Act, 1956 and will be payable with the approval of the Central Government if it exceeds the limits as mentioned above.

In the opinion of the Board of Directors of your Company, the remuneration payable to Mr. Mathur is commensurate with his ability, qualification and experience. The resolution set out at item 6 of the annexed Notice is intended to obtain approval of the Shareholders to the appointment of Mr. H. C. Mathur and payment of remuneration mentioned above to him as Managing Director of the Company with liberty to the Board of Directors to vary the terms, as mentioned in the Resolution. Mr. Mathur possesses over 39 years of commercial experience related to various aspects of management including legal, administration, finance etc. Your Directors feel that it will be advantageous to appoint him as Managing Director and make use of his vast experience for steady growth of your Company and recommend that the said resolution be passed.

Copy of the agreement dated 15th May, 2000 entered into between the Company and Mr. Mathur will be available for inspection of members at the Registered Office of the Company on any working day during the hours of 10.00 A.M. and 12 Noon and will also be available at the meeting.

None of the Directors of the Company other than Mr. Mathur is concerned or interested in this resolution.

Item 7

Your Company was permitted by the Reserve Bank of India to carry on the business of a primary dealer of Government Securities. As per the current Guidelines issued by the Reserve Bank of India for Primary Dealers in the Government Securities Market, a company incorporated under the Companies Act, 1956 and engaged predominantly in the securities business and, in particular in the Government securities market, is eligible for Primary Dealership. Further, the Guidelines also require that an eligible entity should have minimum Net Owned Funds of Rs.50 crores invested in Government Securities.

In the current scenario, it will be difficult for your Company to mobilise the funds on its own to meet the requirements and therefore, your Board proposes to restructure its business of Primary Dealership. In view thereof, your Company had been looking for some party to join in this activity. Negotiations have taken place towards this objective and interest has been shown provided this activity is carried on in a separate company with a view to better risk management, market perception, access to cheaper resources and growth. Bearing in mind the requirements of Reserve Bank of India also, your Directors see no other option but to hive off this business to a separate company to be formed as a Joint Venture. As the business of Primary dealership has tremendous potential, your Directors feel that the proposed Joint Venture will be of great benefit to the Company and will enhance shareholder value. The Resolution being item no 7 set out in the annexed notice in terms of Section 293 (1) (a) of the Companies Act, 1956 is intended for this purpose. Your directors recommend that the resolution be passed.

None of the Directors is concerned with or interested in the resolution.

Item 8

The shareholdings of CEAT Ltd. and its subsidiaries/associates have been reduced substantially following the completion of the Rights Issue of the Company. The Company is now obliged to drop the word "CEAT" from its name in terms of the Name Licence Agreement with CEAT Ltd. Further, it is proposed to change the name to reflect therein the present activities of the Company. The Special Resolution being item 8 set out in the annexed Notice is intended to obtain your approval to the proposed new name.

Your Directors recommend that the resolution be passed.

A copy each of the Memorandum of Association of your Company and the Name License Agreement mentioned above are available for inspection by the members at the Registered Office of the Company between the hours of 10.00 A.M. and 12 Noon on any working day of the Company and will also be available at the meeting.

None of the Directors is concerned with or interested in the resolution.



DIRECTORS' REPORT

The Directors present their Sixteenth Annual Report and Audited Statement of Accounts for the year ended 30th September, 2000.

1. FINANCIAL RESULTS

(Rs. in Crores)

	For the year ended 30/9/2000	For the period ended 30/9/1999 (18 months)
Gross Income	169.72	208.51
Less: Expenditure	113.00	178.05
Gross Profit before Depreciation & Tax	56.72	30.46
Less: Depreciation	29.43	47.93
Profit/ (Loss) before Tax and Provisions	27.29	(17.47)
Write off/Provision against doubtful and irrecoverable debts and Diminution/loss in value of Investments	77.17	78.12
Profit/ (Loss) before Tax	(49.88)	(95.59)
Less: Provision for Tax	Nil	Nil
Profit/ (Loss) after Tax	(49.88)	(95.59)
Add/ Deduct: Balance brought forward from earlier years	(89.46)	6.13
Loss after Previous year's adjustments carried to Balance Sheet	(139.34)	(89.46)

2. DIVIDEND

In view of the loss for the year, your Directors have not recommended any dividend on the Preference Shares or the Equity Shares.

3. ENVIRONMENT

A mild revival in industrial activity was witnessed after a couple of years of recessionary conditions. However, the revival was varied across different segments of the economy with strong performance from software, communications, media and entertainment sectors commonly referred to as the "New Economy". A number of sectors belonging to the "Old Economy" continued to be laggards in performance. Unfortunately, most NBFCs had the maximum exposure to sectors belonging to the old economy and continued to face problems of recoveries.

NBFCs continued to face pressure on their funding front from traditional sources like banks, financial institutions and depositors. As a result, most NBFCs were not in a position to correct the Asset/Liability mismatches in their Balance Sheets, which had become evident over the last few years.

4. OPERATIONS

As the monies raised were required to be utilised mainly towards repayment of Fixed Deposits, your Company could not undertake any significant lending activity during the year.

The Company's exposure to the old economy sectors in its traditional Lease and Hire Purchase business continued to be a drag on the performance for the year. The results were helped to some extent by the sale of some of its portfolio as also by shifting to better quality assets. The Company also effected the sale of the majority holding in Secura Capital Markets Limited, an erstwhile subsidiary. The Company's decision to make its Primary Dealership activity into a core activity by investing additional Rs. 15 crores during the year, was reaffirmed by the Division's continued good performance.

The factors mentioned above contributed to the improved gross income of Rs. 169.72 crores for the year as compared to Rs. 208.51 crores for the earlier period of 18 months.

The heavy interest burden continued to weigh down the Company's performance, notwithstanding its concerted efforts to reduce its dependence on costly Fixed Deposits. The Company's efforts to bring down its operating expenses resulted in a reduction by 45% on an annualized basis to Rs. 12.52 crores from Rs. 34.36 crores in the previous period.

The Profit before Taxes and Provisions, but after depreciation too showed a marked improvement at Rs. 27.29 crores against a loss of Rs. 17.47 crores in the previous period.

The Company is continuing to vigorously follow up on recoveries and the task force created to concentrate on collections through persuasion, arbitration and legal proceedings has been witnessing positive results. However, owing to the inevitable long drawn processes, results emerge only over a period of time.

As reported last year, your Company is continuing the exercise of cleaning up its asset portfolio. Substantial provisions have been made amounting to Rs. 77.17 crores against the doubtful and irrecoverable debts as also diminution/loss in value of investments (previous period Rs. 78.12 crores). The aggressive approach adopted in this regard has enabled the Company to gradually emerge with a healthier balance sheet.

With the decision to stop acceptance of costly Fixed Deposits, the Company is expected to correct further the asset liability mismatch in the coming months. You will be pleased to learn that the Company's E-Commerce initiative has reached a landmark, in that the first vertical portal -FundsPark.com -for online marketing and distribution of Government Securities has been launched.

5. RESOURCE RAISING

The Company did not accept any fresh nor renewed the existing Fixed Deposits during the year under review. The timely repayment of matured Fixed Deposits was affected due to the delay in receipt of funds.

The Company remains committed to meet all its FD liabilities.

CEAT FINANCIAL SERVICES LTD.

During the year Fixed Deposit levels have reduced from Rs. 243.67 crores (as on 30th September 1999) to Rs. 137.29 crores (as on 30th September 2000). 63,680 deposits amounting to Rs. 97.05 crores have matured and remain unclaimed/unpaid as on the date of the Balance Sheet. The Company has taken necessary steps of communicating with depositors to keep them informed of all developments and reassure them of the repayments of their Fixed Deposits.

6. RIGHTS ISSUE

The Company's Rights issue of capital aggregating Rs. 110.94 crores was fully subscribed with the support of the promoters. This has helped the Company in meeting its obligations to depositors as also in keeping the net worth positive. The allotment of these shares was effected on 30th September 2000.

7. Y2K COMPLIANCE

The Company is fully Y2K compliant

8. CORPORATE GOVERNANCE

An Audit Committee has been constituted and met to review the audited accounts attached hereto.

In the preparation of the annual accounts on a going concern basis, the applicable accounting standards have been followed along with proper explanation relating to material departures.

The Directors have selected, to the extent possible, such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit and loss account for that period.

The Directors have taken proper and sufficient care for the maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. However, further improvements are being made in this area.

9. DIRECTORS

Messrs. E. A. Kshirsagar, A. D. Cooper and E. B. Desai retire by rotation and being eligible, offer themselves for re-election.

Mr. H. C. Mathur was appointed a Director from 10th March, 2000 in the casual vacancy caused by the resignation of Mr. R.K. Kaul. The Board appointed him as the Managing Director of the Company effective 1st May, 2000 for a period of three years. Consent of the members to the appointment of and remuneration payable to Mr. Mathur as the Managing Director is being sought at the ensuing Annual General Meeting.

10. PARTICULARS OF EMPLOYEES

Particulars of Employees as required by Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 have been given as annexure to this Report and form part of it.

11. SUBSIDIARY

The Audited Accounts of Ceat Finance (Mauritius) Limited as of June 30, 2000 together with the Reports of the Directors and Auditors are attached.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

Your Company being a finance company, does not consume energy of any significant level and, therefore, there is no significant scope for taking any measures for energy conservation or making any additional investment for reduction of energy consumption.

There was an outgo of Rs.6.82 crores (previous period Rs.5.88 crores) in foreign exchange during the year under review. The Company had no earnings in foreign exchange.

13. NOTES ON ACCOUNTS: REMUNERATION TO MR. S.A. KRISHAN

The observations of the Auditors in paragraph 5 of their Report should be read together with Note 6 in Schedule 10 forming part of the accounts, which is self explanatory.

14. LISTING

The Company's shares are listed on The Calcutta Stock Exchange, The Mumbai Stock Exchange and the National Stock Exchange. There are no arrears in payment of listing fees.

15. AUDITORS

Messrs. Tarmaster & Co., Chartered Accountants, the Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

16. ACKNOWLEDGEMENT

The Directors wish to thank the Company's Customers, Shareholders, Bankers, Depositors, International Finance Corporation and Financial Institutions for the support extended to it. The Directors also thank the employees for their contribution to the Company's operations.

For and on behalf of the Board

B. C. Malu
Director

H. C. Mathur
Managing Director

Mumbai
Date: 29th December 2000

Please see Page 17 for the Annexure to the Directors' Report.



AUDITORS' REPORT

We have audited the attached Balance Sheet of CEAT FINANCIAL SERVICES LIMITED, as at 30th September, 2000 and the Profit and Loss Account of the company for the year ended on that date, annexed thereto and report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 2. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
 3. In our opinion, the Balance Sheet and Profit & Loss Account referred to herein, comply with the Accounting Standards referred to in Sec. 211(3c) of the Companies Act, 1956.
 4. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
 5. In our opinion and to the best of our information and according to the explanations given to us, the accounts together with the notes thereon subject to excess managerial remuneration paid (refer note no.6) give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.
- a) In the case of the Balance Sheet, of the state of affairs of the company as at 30th September, 2000.
- and
- b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date.

As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Central Government and on the basis of such checks as we considered appropriate, we further report that:

- i) The Company has maintained proper records to show full particulars, including quantitative details and situation of the fixed assets. The fixed assets of the Company excluding those leased out have been physically verified/confirmation obtained by the Management during the year other than suit filed cases. No discrepancies between book records and physical verification were noticed.
- (ii) None of the fixed assets have been revalued during the year.
- (iii) The Stock of Shares and Securities of the Company has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (iv) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stock of shares and securities followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (v) In our opinion and on the basis of our examination, the valuation of stock of shares and securities is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the previous year.
- (vi) The Company, has not taken any loans from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from the Companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
- (vii) The Company has not granted any loans to Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or to the Companies under the same management as defined under Section 370 (1B) of the Companies Act, 1956.
- (viii) The parties to whom loans and advances in the nature of loans have been granted by the company are repaying the principal amounts as stipulated or restituted and are also generally regular in the payment of interest, wherever applicable. In cases where instalment of principal and/or interest are not received regularly, as explained, the steps as considered necessary having regard to the operations of the borrowers and overall objective of the Company, are taken from time to time. The steps taken for recovery include restructuring of loans and various legal and other measures.
- (ix) In our opinion and according to the information and explanation given to us during the course of the audit, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of plant and machinery, equipment and other assets.
- (x) No transactions of purchase of goods and materials and sale of goods, materials and services were made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 as aggregating during the year to Rs. 50,000 or more in respect of each party.
- (xi) The Company had accepted fixed deposits, and has complied with other provision of section 58A of the Companies Act, 1956 and the Rules made thereunder, the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- (xii) The Company has an internal audit system, which is broadly commensurate with its size and the nature of its business except that the extent of coverage needs to be more exhaustive.
- (xiii) The Company is regular in depositing Provident Fund dues with the appropriate authority.
- (xiv) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax and Sales Tax outstanding for a period of more than six months as at 30th September, 2000.
- (xv) In our opinion and according to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
- (xvi) Proper records have been maintained by the company for the transactions relating to trading in shares, securities, debentures and other investments and timely entries have been made therein. Investments on hand are in the name of the Company or in the process of transfer to the Company.
- (xvii) Other matters of the aforesaid order are not applicable to this company.

For TARMASER & Co.
Chartered Accountants

Place : Kolkata
Date : 29th December, 2000

R.P. NANDY
Partner

CEAT FINANCIAL SERVICES LTD.**BALANCE SHEET AS AT 30TH SEPTEMBER, 2000**

	Schedule	As at 30.9.2000 (Rs. Lakhs)	As at 30.9.1999 (Rs. Lakhs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	16,362.05	5,268.04
Reserves and Surplus	2	6,366.16	6,366.14
		<u>22,728.21</u>	<u>11,634.18</u>
Advance against Equity Shares from Promoters (See Note No. 14)		-	5,750.00
		<u>22,728.21</u>	<u>17,384.18</u>
Loan Funds	3		
Secured Loans		38,726.35	37,039.87
Unsecured Loans		21,118.93	30,614.33
		<u>59,845.28</u>	<u>67,654.20</u>
Total		<u>82,573.49</u>	<u>85,038.38</u>
APPLICATION OF FUNDS			
Fixed Assets	4		
Gross Block		29,262.11	31,251.32
Less: Depreciation		17,695.76	15,947.78
Add : Lease Terminal Adjustment Account		366.10	1,253.45
Net Block		<u>11,932.45</u>	<u>16,556.99</u>
Investments	5	5,546.30	5,498.09
CURRENT ASSETS, LOANS AND ADVANCES	6		
Current Assets		40,046.57	39,383.50
Loans and Advances		15,864.02	22,795.16
		<u>55,910.59</u>	<u>62,178.66</u>
Less: CURRENT LIABILITIES & PROVISIONS	7	4,860.97	8,196.67
Net Current Assets		<u>51,049.62</u>	<u>53,981.99</u>
PROFIT & LOSS ACCOUNT		13,934.52	8,945.87
Miscellaneous Expenditure (to the extent not written off or adjusted)		110.60	55.44
Total		<u>82,573.49</u>	<u>85,038.38</u>

Notes on Accounts

10

As per our Report attached
For TARMASER & Co.
Chartered Accountants

R.P. NANDY
Partner

H.C. Mathur
Managing Director

B.C.Malu
Director

Place : Kolkata
Date : 29th December, 2000

Place : Mumbai
Date : 29th December, 2000