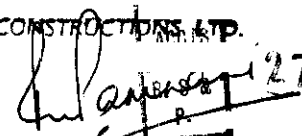


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MANTRI HOUSING & CONSTRUCTIONS LTD

CERTIFIED TRUE COPY

For MANTRI HOUSING & CONSTRUCTIONS LTD.


Company Secretary

SEVENTH ANNUAL REPORT 1998-99

MANTRI HOUSING & CONSTRUCTIONS LTD.
ANNUAL REPORT
1998-99

BOARD OF DIRECTORS

MR. V. R. RATHI
Director

MR. SUNIL MANTRI
Director

MR. SUSHIL MANTRI
Director

MR. SANDEEP MANTRI
Executive Director

MR. SUHAS MANTRI
Managing Director

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**General Manager (Operations)
& Company Secretary**
MS. RAJNI PAMNANI

Auditors
KALYANKUMAR & CO.
Chartered Accountants

Bankers
THE VYSYA BANK LTD.
UTI BANK LTD.

Registered Office
"MANTRI HOUSE",
929, F. C. Road,
Pune - 411 004.

Branches
MUMBAI
BANGALORE
DELHI
SOLAPUR



NOTICE OF ADJOURNED ANNUAL GENERAL MEETING

Notice is hereby given that the SEVENTH ADJOURNED ANNUAL GENERAL MEETING of the Members of the Company will be held at Institute of Engineers, Shivajinagar, Pune - 411 005, on Tuesday, 28th September, 1999 at 11 a.m. to consider and transact Item No. 1 & 3 of the notice dated 29th May, 1999 which were deferred for consideration on 24th August, 1999. The original notice dated 29th May, 1999 sent to the members is reproduced below.

By Order of the Board of Directors
For **Mantri Housing & Constructions Ltd.**

Rajni Pamnani

Place : Pune General Manager (Operations) &
Date : 25th August, 1999 Company Secretary

NOTE

THE ANNUAL GENERAL MEETING of the Shareholders was held on Tuesday, 24th August, 1999 and the same was adjourned as directed by the Board of Directors for accounting of certain earlier year adjustments. The revised set of Annual Accounts for the year 1998-99 after the said adjustments are enclosed herewith together with revised Directors Report and Auditors Report etc. thereon.

NOTICE

Notice is hereby given that the SEVENTH ANNUAL GENERAL MEETING of the Members of the Company will be held at Institute of Engineers, Shivajinagar, Pune - 411 005, on Tuesday, 24th August 1999, at 11.00 a.m., to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date together with the Report of the Directors' and Auditor's thereon.
2. To appoint a Director in place of Mr. Sushil Mantri who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint the Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board of Directors.

By Order of the Board of Directors
For **Mantri Housing & Constructions Ltd.**

Rajni Pamnani

Place : Pune General Manager (Operations) &
Date : 29th May, 1999 Company Secretary

NOTES FOR MEMBERS' ATTENTION

1. NOTICE is also given that the Register of Members and Share Transfer Books of the Company will remain closed from Monday, 16th August, 1999, to Tuesday, 24th August, 1999 (both days inclusive).
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
3. The Instrument appointing proxy should however be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
4. Members are requested to notify change in address, if any, immediately.
5. Members are requested to bring their copies of the Annual Report to the meeting.
6. All documents referred in the Notice, Memorandum and Articles of Association shall be available for inspection on all working days between 3 p.m. to 5 p.m.
7. Members desiring any information on the accounts are requested to write to the Company at least one week before the Meeting so as to enable the Management to keep the information ready.

MANTRI HOUSING & CONSTRUCTIONS LTD.**DIRECTORS' REPORT**

To,

The Members,

Your Directors submit herewith the Seventh Revised Annual Report along with the Audited Statement of Accounts for the year ended 31st March, 1999. The Seventh Annual General Meeting held on Tuesday, 24th August, 1999 was adjourned as directed by the Board of Directors for accounting of certain earlier year adjustments. The revised financial results for the year 1998-99, after incorporating the said earlier year adjustments are summarised below :

1) FINANCIAL RESULTS :

	Year ended 31.03.1999 Rupees	Year ended 31.03.1998 Rupees
Income	181,231,586	178,512,118
Profit before Tax	1,807,278	8,398,148
Less : Provision for tax	—	—
Net Profit After Tax for the year	1,807,278	8,398,148
Less : Prior year adjustments :		
- for expenses	608,109	843,351
- for earlier year profit *	55,414,431	—
- for income tax for earlier year	—	6,165,334
Add Balance brought forward from previous year	25,768,905	24,379,442
Add transferred from General Reserve	30,000,000	—
AMOUNT AVAILABLE FOR APPROPRIATION	1,553,643	25,768,905
APPROPRIATIONS :		
Proposed Dividend on Preference Shares	101,430	—
(On pro-rata basis)		
Tax on Dividend	11,157	—
Balance carried to Balance Sheet	1,441,056	25,768,905
	1,553,643	25,768,905

* Refer Note No. 18 to Notes to Accounts

2) REVIEW OF OPERATIONS & FUTURE SCENARIO

The Industrial scenario in the country has not been encouraging for the past few years and the overall recessionary trend of the Indian economy has continued for the year under Report also. As a result the industrial growth during 1998-99 has fallen further compared to the previous year. The Company is engaged in the business of Construction and Financial Services both of which are passing through a deep recession. Continuing recession in the Construction Industry has affected the Sales tremendously, which has put pressure on the margins. In addition to this the preference of buyers has undergone a substantial change and they prefer to buy flats at a completed stage unlike in the past when buildings were sold at plinth level itself. This has resulted in funds being blocked in projects under construction resulting in negative Cash flow. The slowdown which commenced in 1996-97 has worsened in 1998-99. As a result, the profitability of the Company during the year under Report has witnessed a downfall as compared to the Previous Year.

However, to boost housing, to improve the flow of funds into housing and to improve the real estate market the Government has taken various measures: Tax

Exemption for projects developed on a minimum of one acre plot and having flats of size less than 1500 SFT in all cities and 1000 SFT in Mumbai and Delhi, Repealed Urban Land Ceiling Regulation Act, Increased finance from Banks and Institutions for the Housing Sector, Programmes to promote rural housing, Incentives to individual tax payers for interest payment on housing loans etc. which are bound to improve the current situation in the Housing Construction Industry.

The above factors should result in an all round favourable effect on housing and real estate development thereby ascending the demand for housing and housing finance. With this your Directors believe that Housing Construction Industry has a very good future ahead, and with the "Land Bank" in hand the Directors are confident of achieving its business plans and sustain the recessionary adverse impact on the Housing Industry.

The Company has set up a Contract Division with effect from April 1, 1999 in order to expand its activities specially in the Construction work of roads, bridges, flyovers, commercial, residential and industrial buildings. The major clients are Osmanabad Janata Sahakari Bank, Vaidyanath Sahakari Karkhana, APMC

Barshi, Solapur Municipal Corporation and Pimpri Chinchwad Municipal Corporation. The Company expects further contracts during this financial year.

3) DIVIDEND

The Directors regret their inability to recommend any dividend on the Equity Shares of the Company due to inadequate profits. However a dividend in respect of 15% and 16% Redeemable Cumulative Preference Shares is recommended for a period of 18 months ending March 31, 1999. The dividend if declared on 15% and 16% Redeemable Cumulative Preference Shares shall amount to Rs 1,01,430/- only.

4) FIXED DEPOSITS

The total deposits mobilised as on March 31, 1999 are Rs 2,78,04,000/-. The total deposits matured and unclaimed as on 31.03.99 are Rs.59,96,000/-. Of this deposits amounting to Rs. 9,09,000/- have since been claimed/renewed upto the date of this report.

5) DIRECTORS

In accordance with the provisions of Companies Act, 1956 and Articles of Association of the Company Mr. Sushil Mantri, Director retired by rotation at the Annual General Meeting dated 24th August, 1999 and being eligible was reappointed as Director.

During the year 1998-1999, Mr Y.S.Sane and Mr. P.R.Damani resigned from the Directorship of the Company due to health reason. The Board places on record their appreciation for the valuable guidance received from them during their tenure as Directors.

6) AMALGAMATION OF MANTRI CREDIT & CAPITAL LTD. WITH YOUR COMPANY.

Your Directors are pleased to inform you that Mantri Credit and Capital Ltd. has amalgamated with your Company with effect from April 1, 1998 vide Court Order dated January 14, 1999 issued by the High Court of Judicature, Bombay. Accordingly as per the Court Order and Scheme of Amalgamation all Assets and Liabilities including Bank Accounts of Mantri Credit and Capital Ltd. stood transferred to this Company and the accounts dealt under this report are considered accordingly.

7) ACHIEVEMENT

Your Company has bagged a 2nd prize in "Concrete Cube Competition 1998-99" (All India level) organised by Maharashtra India Chapter of American Concrete Institute, Mumbai.

8) AUDITORS

The Auditors, M/s.Kalyankumar & Co., Chartered Accountants, will retire at the conclusion of the

forthcoming Adjourned Annual General Meeting. They have expressed their willingness to continue for the current year. Members are requested to consider their re-appointment.

9) AUDITORS' OBSERVATIONS

The Auditors observations as detailed in the report annexed herewith are self explanatory.

10) PERSONNEL

Your Directors wish to place on record their appreciation of the contribution made by the employees at all levels for the continued growth and prosperity of the Company. Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, is Nil.

11) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

As the Company is not engaged in the manufacturing activity and at present carries out the construction and financial activities only, prescribed information regarding compliance of Rules relating to Conservation of Energy and Technology Absorption pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is not provided as the same is not applicable to the Company. Particulars relating to Foreign Exchange Earnings & Outgo appears as item No.12 and 13 of the Notes to the Accounts.

12) Y2K NOTE

The Companies present systems i.e. the Financial, Administration and Share Accounting systems are computerised and Y2K compliant and the Company has obtained necessary certificates to that effect from the concerned agencies.

13) APPRECIATION

The Directors acknowledge with pleasure the valued co-operation and continued support extended by the employees of the Company, various Departments of State Government and Municipal Corporations, Bankers, Housing Finance Companies, Customers, Professionals, Suppliers & Sub-Contractors of the Company.

For and on behalf of the Board of Directors

Suhas Mantri
Managing Director

Sandeep Mantri
Executive Director

Place : Pune
Date : 25th August, 1999

MANTRI HOUSING & CONSTRUCTIONS LTD.**AUDITORS' REVISED REPORT**

To,
The Members of Mantri Housing and Constructions Limited,

We have audited the attached Balance Sheet of Mantri Housing and Constructions Ltd. as at 31st March, 1999 and also the Profit and Loss Account of the Company for the year ended on that date annexed thereto, and report that :

A. As required by Manufacturing and Other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we state that :

1. The Company is maintaining the proper records showing full particulars including quantitative details and situation of fixed assets. The frequency of such verification is reasonable. No material discrepancies were noticed on such verification. In case of assets leased out, the Company has obtained the certificate from the lessees that these assets are in good working condition, on which we have relied upon.
2. None of the fixed assets have been revalued during the year.
3. The stock of construction material, residential and commercial units complete in all respects at various sites have been physically verified by the management. In our opinion, the frequency of verification is reasonable. As explained to us, the nature of Company's business is such that it does not consume stores and spare parts.
4. As per the information and explanations given to us, the procedures of physical verification of stocks referred to in 3 above, followed by the management, in our opinion, are reasonable and adequate in relation to the size of the Company and nature of its business.
5. No material discrepancies noticed on physical verification of stocks, referred to in 3 above, as compared to book records .
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year. Due to understatement of Finance Cost, Finished Goods and Work-in-Progress are undervalued by Rs. 8,17,300/- .
7. In our opinion the rate of interest and the terms and conditions of loans taken from Companies and other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and Companies under the same management as defined under Section 370(1-B) of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
8. In our opinion the rate of interest and other terms and conditions of loans which have been granted to Companies and other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and Companies under the same management as defined under Section 370(1B) of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
9. In respect of loans and advances in the nature of loans given by the Company, the parties are regularly paying principal and interest.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of business with regard to the purchase of construction material, plant & machinery, equipments and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
12. As explained to us, there are no unserviceable or damaged construction materials.
13. In our opinion and according to information and explanations given to us the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.