

15TH ANNUAL REPORT 1999-2000

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INDIA LEASE DEVELOPMENT LIMITED

INDIA LEASE DEVELOPMENT LIMITED**ILD****BOARD OF DIRECTORS****DIRECTORS**

Shri Ved Prakash Gupta (Chairman)

Shri P.K. Gupta (Nominee, Punjab National Bank)

Shri Lalit Gupta

Shri Rajiv Gupta

MANAGER

Shri Bharat Gupta

AUDITORS

Khanna & Annadhanam, Chartered Accountants, New Delhi

BANKERS

Punjab National Bank

State Bank of India

FINANCIAL INSTITUTIONSInternational Finance Corporation, Washington, U.S.A.
Small Industries Development Bank of India**REGISTERED OFFICE**4th Floor, Indraprakash Building,
21, Barakhamba Road, New Delhi-110 001.
Phone : 3325135, 3713514 Fax : 3716573**C O N T E N T S**

	PAGE
Director's Report	2-3
Auditors' Report	4-5
Balance Sheet	6
Profit and Loss Account	7

SCHEDULES:

1. Share Capital	8
2. Reserves and Surplus	8
3. Loan Funds	9
4. Fixed Assets	10-11
5. Investments	12-15
6. Current Assets, Loans and Advances	16
7. Current Liabilities and Provisions	17
8. Miscellaneous Expenditure	17
9. Other Income	18
10. Administrative and Other Expenses	18
11. Interest and Bank Charges	19
12. Accounting policies and notes	19-20
Balance Sheet Abstract & Company's General Business Profile	21
Cash Flow Statement	22-23
Financial Highlights	24-25
Shareholders' Information	26
Performance at a Glance	27

INDIA LEASE DEVELOPMENT LIMITED

ILD**DIRECTORS' REPORT TO THE MEMBERS**

1. The Directors are pleased to present the Fifteenth Annual Report on the business and operations of the Company together with the Audited Balance Sheet as on 31st March, 2000 and Profit and Loss Account for the year ended on that date.

2. FINANCIAL RESULTS

The financial results of the Company for the year ended 31st March, 2000 are summarised below for your consideration.

Particulars	(Rs. in Lakhs)	
	Year ended 31st March, 2000	Year ended 31st March, 1999
Profit before Taxation, Interest & Depreciation	1653.23	1672.33
Less: Interest (Net)	468.93	600.50
Depreciation	733.66	856.13
Profit before provision of Non Performing Assets & Tax	450.64	215.70
Less : Provision for Non Performing assets	131.09	297.11
: Provision for Tax : Corporate Tax	53.00	22.65
: Tax for earlier years	8.39	3.60
Add : Balance b/fd from last year	(54.49)	3.17
: Transfer From Debenture Redemption Reserve	50.00	50.00
: Investment Allowance Reserve (utilised) Written back	27.55	—
: Excess provision for Dividend written back	1.31	—
Balance Profit/(Loss)	282.53	(54.49)
Less : Appropriation :		
Interim Dividend	153.01	—
Tax on Proposed Dividend	16.83	—
Statutory Reserve (u/s 45-1c of RBI Act)	51.63	—
General Reserve	12.91	—
Balance carried to Balance Sheet	48.15	(54.49)

3. DIVIDEND

During the year The Board of Directors paid an Interim Dividend of 15% which was approved at their meeting held on 30th March, 2000. The said dividend has already been paid to you in May, 2000. Your Director's recommend that the Interim Dividend paid be treated as 'Final Dividend' for the year ended 31.3.2000.

4 BUSINESS

The recessionary conditions prevailing since 1997-98 continued. The margins were under pressure due to falling interest rates and competitive pressures. In this backdrop your Company tightened its lending norms to maintain quality of assets financed. Intensified efforts for recovery of overdues resulted in lowering of provision requirement directly affecting the bottom line of the Company. The Company continues to extend its reach by expanding its operations geographically. With its advantage of customer knowledge and wide network the Company is confident of future growth by adopting appropriate strategies.

5. RESOURCES

During the year the Company continued to meet all its repayment obligation in time. Foreign currency loan from IFC, Washington, Debentures and Term Loans from Small Industries Development Bank of India (SIDBI) and others were fully redeemed. The bankers continued their support by extending working capital limits.

6. SHARE FORFEITURE

During the year the Board of Directors after complying with the listing requirements forfeited 16200 shares which were allotted under Rights cum Public Equity Issue of the Company in 1994 on which 'call money' inspite of sending repeated reminders was not forthcoming. The Board may reissue the shares in consultation with the Stock Exchanges) on which shares of the Company are listed.

7. AUDITORS' REPORT

Observations made in the Auditors' report are dealt with in the notes to the accounts at appropriate places and being explanatory, need no further explanation.

8. FIXED DEPOSITS

The Company had a fixed deposit base of Rs.1358.46 Lacs as compared to Rs.1498.99 Lacs as on 31st March, 2000. There

INDIA LEASE DEVELOPMENT LIMITED



NOTICE

Notice is hereby given that the 15th Annual General Meeting of the Members of India Lease Development Limited will be held on Thursday, 27th July, 2000 at FICCI Auditorium, Golden Jubilee Hall, Tansen Marg, New Delhi - 110001 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2000 and the Profit and Loss Account for the year ended on that date together with the Report of the Directors and Auditors thereon.
2. To note payment of Dividend on Shares.
3. To appoint a Director in place of Shri Lalit Gupta, who retires by rotation and, being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri Rajiv Gupta, who retires by rotation and, being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration, M/s Khanna & Annadhanam, Chartered Accountants, New Delhi, retire and are eligible for reappointment.

SPECIAL BUSINESS

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

As a Special Resolution :

"Resolved that pursuant to Section 31 and other applicable provisions of the Companies Act, 1956, the Articles of Association of the Company be and hereby amended to the extent and in the manner set out hereunder:-

After Article 17B, a new Article 17C be inserted:**"DEMATERIALISATION OF SECURITIES"**

Definitions

For the purpose of this Article :

- (i) 'Beneficial Owner' means a person or persons whose name(s) is recorded as such with a depository.

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992.

'SEBI' means the Securities & Exchange Board of India.

"Security" means such security as may be specified by SEBI from time to time.

Dematerialisation of securities

- (ii) Notwithstanding anything contained in the Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Options to hold securities (iii)(a)

Every person subscribing to securities offered by the Company shall have the option either to receive the security certificates or to hold the securities with a depository. If a person opts to hold a security with a depository, the Company shall intimate such depository the details of allotment of the security. On receipt of such information, the depository shall enter in its records the name of the allottee as the beneficial owner of the security.

- (b) Every person who is the beneficial owner of the securities can at any time opt out of a depository, in the manner provided by the Depositories Act. The Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

Securities in depositories to be in fungible form

- (iv) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of

INDIA LEASE DEVELOPMENT LIMITED

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- the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
- | | | |
|--|--------|--|
| Rights of depositories and beneficial owners | (v)(a) | Notwithstanding anything to the contrary contained in the Act or the Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner. |
| | (b) | Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it. |
| | (c) | Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a depository. |
| Service of documents | (vi) | Notwithstanding anything in the Act or the Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs. |
| Transfer of securities | (vii) | Nothing contained in Section 108 of the Act or the Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository. |
| Allotment of securities dealt within a depository | (viii) | Notwithstanding anything contained in the Act or the Articles, where securities are dealt with by a depository, the Company shall intimate the details thereof to the depository immediately on allotment of such securities. |
| Distinctive numbers of securities held in a depository | (ix) | Nothing contained in the Act or the Articles regarding necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository. |
| Register and index of beneficial owners | (x) | The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purposes of the Articles." |
7. To consider and if thought fit, to pass with or without modification the following resolution.
- As a Special Resolution:**
- "Resolved that pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:
- 1) Article 61A and 61B be inserted after Article 61.**
- Article 61A. Nomination**
1. Every shareholder, debentureholder or depositor of the Company, may at any time, nominate, in the prescribed manner, a person to whom his shares, debentures or deposits of the Company shall vest in the event of his death.
 2. Where the shares, debentures or deposits of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares, debentures or the deposits of the Company as the case may be, shall vest in the event of death of all the joint holders.
 3. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in, debentures or deposits of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, debentures or deposits of the Company, the nominee shall, on the death of the shareholder, debentureholder or depositor, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares, debentures or deposits, as the case may be, all the joint holders, in relation to such shares, debentures or deposits, to the exclusion of all other persons, unless

INDIA LEASE DEVELOPMENT LIMITED



the nomination is varied, cancelled in the prescribed manner.

4. Where the nominee is a minor, it shall be lawful for the holder of the shares, debentures or deposits, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in debentures or the deposits of the Company, in the event of his death, during the minority.

61B. Transmission of Securities by nominee

'A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-

- (i) to be registered himself as holder of the share(s) or debenture(s), as the case may be; or
- (ii) to make such transfer of the share(s) or debenture(s), as the case may be, as the deceased shareholder or debentureholder, could have made;
- (iii) if the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder as the case may be; or
- (iv) A nominee shall be entitled to the same dividends and other advantages to which he would be entitled, to, if he were the registered holder of the share or debenture except that he shall not, before being registered as the member in respect of his share or debenture, be entitled in respect of it to exercise as right conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with'.

NOTES:

1. The relative Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under item 6 to 7 set out above is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy form duly completed should be deposited at the Registered Office of the Company not less than Forty-Eight hours (48 hours) before the scheduled time of the Annual General Meeting. Blank proxy form is enclosed.
3. The Board of Directors in their meeting held on 30th March, 2000 have declared payment of Interim Dividend of Rs. 1.50 per Share for the year 1999-2000. At the Board Meeting held on 16th June, 2000, the Board has decided to treat the Interim Dividend as Final Dividend. Accordingly shareholders would note the payment of Interim Dividend made on the shares of the Company. (Refer item no.2 of the 'Notice')
4. The Company has already notified closure of Register of Members and Transfer Books from Monday, 15th May, 2000 to Friday, 19th May, 2000 (both days inclusive) for payment of Interim Dividend on Equity Shares. The company has already dispatched the dividend warrants in May, 2000.
5. In terms of Section 205A of the Companies Act, 1956, the company has already transferred unclaimed dividend declared upto the financial year ended 31.03.95 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (transferred to General Revenue Account of the Central Government) Rules, 1978. Prior to such transfer the company had individually informed the shareholders concerned about the particulars of the unclaimed dividend remaining unencashed.
Shareholders who have a valid claim to the unclaimed dividends refer to above may claim the same from Registrar of Companies, NCT of Delhi and Haryana, Block B, 2nd floor, Paryavaran Bhawan, CGO Complex, Lodhi Estate, New Delhi-110003.
6. Pursuant to the provision of the section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1996 and thereafter, which remain unpaid or unclaimed for a period 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March 1996 or any subsequent financial years are requested to make their claim to the Registered office of the company. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.
7. Persons holding shares in the identical names in different folios are requested to apply for consolidation of the

INDIA LEASE DEVELOPMENT LIMITED

ILD

said folios and send relevant shares certificates.

8. The Companies (Amendment) Ordinance, 1999 enable a member to nominate a person to whom rights of the Security Holders of the Company shall vest in the event of his/her death. For members desiring to exercise this option a nomination form is enclosed which after completion may be returned to the Company's Register office.
9. Members attending the meeting are requested to complete the enclosed Attendance Slip and deliver the same at entrance of the meeting place.
10. Members are requested :
 - a) To bring their copies of Annual Report and Attendance Slip at the time of the meeting.
 - b) To quote their Folio No.(s) in all correspondence.

Place : New Delhi
Dated : 16th June, 2000

Registered Office :
4th Floor, Indraprakash,
21 Barakhamba Road,
New Delhi-110001

By order of the Board
for India Lease Development Limited

(Ved Prakash Gupta)
Chairman

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173(2) of the Companies Act, 1956('the Act')

The following Explanatory Statement relating to Special Business at Item No. 6 & 7 of the accompanying Notice sets out all material facts as required under Section 173 of the Act.

Item No. 6

With the introduction of the Depositories Act, 1996, and the Depository System, some of the provisions of the Companies Act, 1956, relating to issue, holding, transfer, transmission of shares and other securities have been amended to facilitate implementation of the new system. Further, In terms of notification issued by Securities & Exchange Board of India (SEBI) yours company's shares and other securities are to be compulsorily traded in dematerialised form w.e.f. 26th February, 2000.

It is proposed to amend the Articles of Association of the Company suitably to incorporate therein necessary provisions relating to the depository system & to facilitate trading in electronic form as per SEBI Directive.

None of the Directors of the Company are interested or concerned in the proposed Resolution.

The Board recommends the Resolution for approval of the shareholders.

Item No. 7

By the Companies (Amendment) Ordinance, 1999 the holders of security of the Company have been given an option to nominate a person to whom the rights of security holders of the Company shall vest in the event of his death. It would be beneficial if such nomination clause is included in the Articles of Association of the Company.

It has, therefore, become necessary to alter the Articles of Association of the Company as proposed in the Resolution set out at Item No.7 of the accompanying Notice.

No Director of the Company is concerned or interested in the said Resolution except to the extent of his/her shareholding.

The Directors commend the Resolution for approval of the Members.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at its Registered Office between 11.00 A.M. and 1.00 P.M. on any working day .

Place : New Delhi
Dated : 16th June, 2000

Registered Office :
4th Floor, Indraprakash,
21 Barakhamba Road,
New Delhi-110001

By order of the Board
for India Lease Development Limited

(Ved Prakash Gupta)
Chairman

INDIA LEASE DEVELOPMENT LIMITED

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were no unclaimed deposits as on 31st March, 2000. All deposits due for payment were either paid or renewed during the year. The Company has complied with all the requirements of Reserve Bank of India Directions to provide specified percentage of the deposits as liquid asset. The Credit Rating of the Company for Fixed Deposits was reviewed by ICRA and revised to MA-minus). This Credit Rating signifies 'Adequate Safety' for payment of principal & interest.

9. DIRECTORS

In accordance with the requirement of Section 256 of the Companies Act, 1956 and the Articles of Association of your Company, Shri. Lalit Gupta and Shri. Rajiv Gupta, Directors retire by rotation and being eligible offer themselves for re-appointment.

10. AUDITORS

M/s. Khanna & Annadham, Chartered Accountants, the Auditors retire and being eligible offer themselves for reappointment. A Certificate under section 224 (1) (B) of the Companies Act, 1956 has been obtained from them.

11. YEAR 2000 COMPLIANCE

The Company is fully Y2K Compliant and the switch over to year 2000 has been completed smoothly.

12. PARTICULARS OF EMPLOYEES

Particulars of Employees as required by section 217(2A) of the Companies Act, 1956 and read with (particulars of Employees) Rules, 1975 have been given as per Annexure 'A' to the report and form part of it.

13. THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE RECEIPT OF BOARD OF DIRECTORS) RULES, 1988.

In terms of the requirements of clause (e) of sub-section (1) of section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars are given as under:

a) Technology	Not applicable		
b) Conservation of Energy	Not applicable		
c) Transactions in Foreign Currency			
	This Year	Previous Year	
	Rs.	Rs.	
a) Expenditure in Foreign Currency			
i) Repayment of Foreign Currency Loan	1,90,94,636	1,86,20,974	
ii) Interest on Foreign Currency Loan	15,97,821	36,14,891	
iii) Travelling Expenses	4,01,735	5,88,279	
b) Shares held by non-resident Shareholders	11,29,500	11,29,500	
No. of Shareholders	5	5	

14. ACKNOWLEDGEMENTS

The Directors wish to place on record our valued clients, Bankers, financial Institutions, debenture holders, depositors and Shareholders for their continued support. The Directors also wish to express their sincere appreciation to all the staff members for their contribution to the performance of the Company.

By Order of the Board
For INDIA LEASE DEVELOPMENT LIMITED

Place : New Delhi
Dated : 16th June, 2000

(Ved Prakash Gupta)
Chairman

ANNEXURE 'A' TO DIRECTORS' REPORT

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended upto date forming part of the Directors report of the year ended 31.03.2000.

S. No.	Name of Employee	Designation	Qualification	Remuneration (in Rupees)	Experience (in Years)	Age (in Years)	Date of Joining	Particulars of Last Employment
EMPLOYED FOR THE YEAR								
1.	Bharat Gupta	Vice President- Operation	ACA	6,55,722	13	37	1.11.1987	N.A.

Note : Annual Remuneration, includes Salary, Ex-Gratia, Gratuity, Company's Contribution to Provident Fund, Reimbursement of Medical Expenses and all other allowances.

INDIA LEASE DEVELOPMENT LIMITED

ILD**AUDITORS' REPORT**

We have audited the attached Balance Sheet of India Lease Development Limited as at 31st March, 2000 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto and report:

1. As required by the 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 enclose in the annexure a statement on the matters specified in paragraphs 4 & 5 of the said order to the extent applicable.
2. Further to our comments in the annexure referred to in paragraph 1 above, we refer to :-
 - (i) Accounting Policy 7(c) with regard to accounting of overdue charges on hire purchase/lease receivable and bills discounted respectively, on cash basis;
 - (ii) Financial Note no. 6 regarding provisions having not been made for short fall in value of long term investments of Rs. 36.56 lacs for reasons explained there in.

Subject to paragraphs 2(i) and 2(ii) above ;

- 3.1 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.
- 3.2 In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books; and the Profit & Loss account and the Balance Sheet comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
- 3.3 The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- 3.4 In our opinion, and according to the explanations given to us, the accounts subject to and read with the accounting policies and notes attached thereto or appearing thereon give the information required by the Companies Act, 1956, in the manner so required and gives a true and fair view.
 - (a) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2000 and
 - (b) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.

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For KHANNA & ANNADHANAM
Chartered Accountants

Place: New Delhi
Date: 16th June, 2000

(K.A.BALASUBRAMANIAN)
Partner

INDIA LEASE DEVELOPMENT LIMITED

ILD**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. Management has carried out physical verification of "Other Fixed Assets" during the year and no discrepancies have been noticed. For Assets on Lease, Management has sent confirmation letters as regards their Physical existence as at 31.03.2000 but these were received in a few cases only.
2. None of the fixed assets have been revalued during the year.
3. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or from Companies under the same management within the meaning of Section 370 (1-B) of the Companies Act, 1956, where the rate of interest and the terms and conditions are prima-facie prejudicial to the interest of the Company.
4. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or to Companies under the same management within the meaning of Section 370 (1-B) of the Companies Act, 1956, where the rate of interest and the terms and conditions are prima-facie prejudicial to the interest of the Company. Loans granted to other parties includes Rs. 15.30 Lacs which is doubtful of recovery in respect of which full provision has been made.
5. (a) In respect of monies due under hire purchase transactions, where installments are not received as stipulated, on the basis of the information and explanations given to us, we are of the opinion, that reasonable steps have been taken by the Company for their recovery.
(b) In respect of interest free loans and advances in the nature of Loans given to staff, the repayment of principal is generally in accordance with the originally stipulated terms.
6. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of plant and machinery, equipments and other assets. The Company being a hire purchase/ lease Company, the question of sale of goods doesn't arise.
7. In our opinion and according to the information and explanation given to us, the Company has complied with the directions issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956, and rules framed thereunder, with regard to deposits from the public.
8. Internal audit was carried out by a firm of Chartered Accountants during the year which is commensurate with the size and nature of the business of the Company.
9. According to the records of the Company examined by us Provident Fund and ESI dues have been regularly deposited with the appropriate authorities during the year.
10. According to the information and explanations given to us, no undisputed amount payable in respect on income tax, wealth tax, sales tax, custom duty and excise duty were outstanding as at 31.03.2000 for period of more than six months from the date they became payable.
11. 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.
12. According to the information and explanations given to us, the provisions of special statutes applicable to Chit Fund, Nidhi or benefit society are not applicable to the Company.
13. According to the information and explanations given to us, the Company has not granted any Loans and advances on the basis of security by way of pledge of Shares, Debentures and other securities.
14. The Company is not dealing or trading in Shares, Securities, Debentures and other investments.
15. The Sick Industrial Companies (Special Provisions) Act, 1985 is not applicable to the Company.

For KHANNA & ANNADHANAM
Chartered Accountants

Place: New Delhi
Date: 16th June, 2000.

(K.A.BALASUBRAMANIAN)
Partner