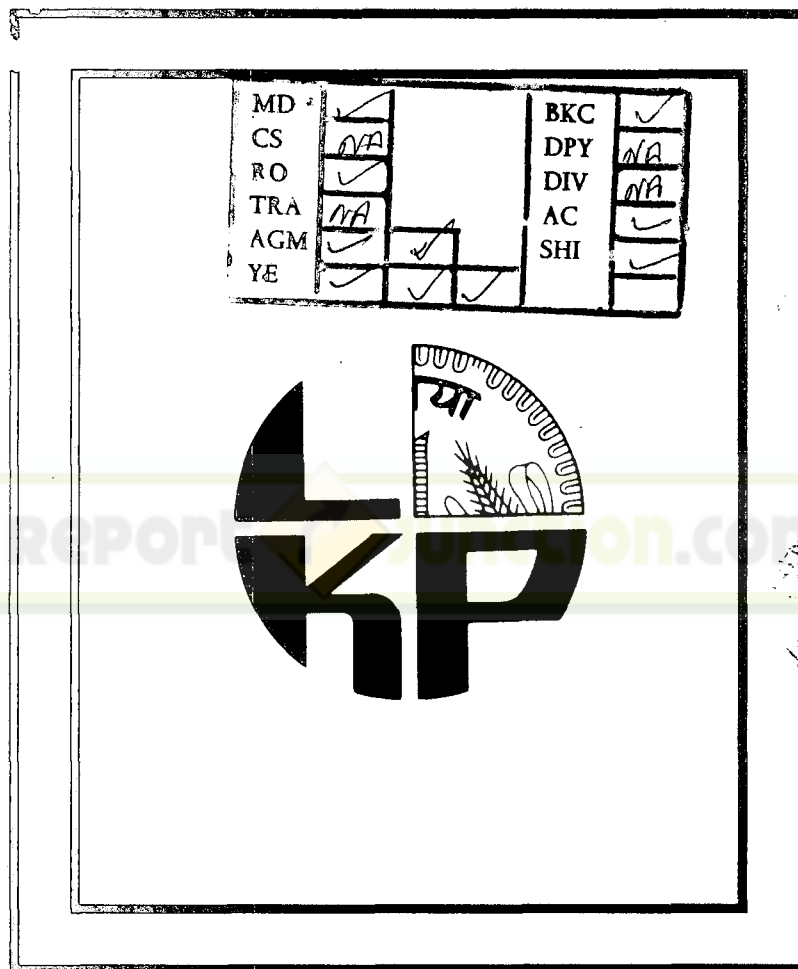


# LKP Merchant Financing Ltd.



**ANNUAL REPORT 1996-97**

## LKP MERCHANT FINANCING LTD.

### Board of Directors :

Mr. M.R. Shroff	<i>Chairman</i>
Mr. M.V. Doshi	<i>Vice Chairman</i>
Mr. S.N. Talwar	
Mr. C.P. Mehta	
Mr. V.D. Desai	
Mr. P.C. Mehta	<i>Executive Director</i>

### Auditors :

Ford, Rhodes, Parks & Co.,  
Maharashtra Bank Bldg.,  
45/47, Bombay Samachar Marg,  
Mumbai - 400 023.

### Bankers :

The Federal Bank Ltd.  
Bank of Baroda  
Allahabad Bank  
Bank of Bahrain & Kuwait  
State Bank of Travancore  
Global Trust Bank Ltd.  
The Catholic Syrian Bank Ltd.

*Annual General Meeting on 25th September, 1997  
at 3.30 p.m. at Ashoka Hall, Arcadia, NCPA Marg,  
Nariman Point, Mumbai - 400 021.*

### Registered Office :

203, Embassy Centre,  
Nariman Point,  
Mumbai - 400 021.



## NOTICE

NOTICE is hereby given that the 13th Annual General Meeting of the Members of LKP Merchant Financing Limited will be held at Ashoka Hall, Arcadia, NCPA Marg, Nariman Point, Mumbai 400 021 on Thursday, the 25th September, 1997 at 3.30 p.m. to transact the following business :

### Ordinary Business :

1. To consider and adopt the Directors' Report and Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 1997.
2. To elect a Director in place of Mr. M. R. Shroff, who retires by rotation and, being eligible, offers himself for reappointment.
3. To elect a Director in place of Mr. M.V. Doshi, who retires by rotation and, being eligible, offers himself for reappointment.
4. To appoint auditors and to fix their remuneration.

### Special Business :

5. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution :

Ratification of authority exercised by Board of Directors towards payment of dividend on 13.5% Cumulative Redeemable Preference shares issued/allotted on 1st September, 1995 to Financial Institutions

"RESOLVED THAT authority exercised by the Board of Directors for payment of 13.5 % dividend of Rs.33,75,000/- (Rupees Thirty Three Lacs Seventy Five Thousand only) to financial institution on 31st March, 1997 for the period from 1st April, 1996 to 31st March, 1997 after deducting income-tax at source of Rs.7,80,047/- (Rupees Seven Lacs Eighty Thousand Fourty Seven only) on 2,50,000 13.5% Cumulative Redeemable Preference Shares of Rs.100/- each aggregating to Rs.2,50,00,000/- allotted to Financial Institutions, be ratified.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to consent to any modification to the terms and conditions for settling any difficulties that may arise in regards to varying the terms of issue and the redemption of the existing preference shares wholly or in part.

6. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

Ratification of authority exercised by Board of Directors towards application made for delisting the Equity Shares to Madras and Ahmedabad Stock Exchanges

"RESOLVED THAT authority exercised by the Board of Directors for applying for delisting of the Equity shares of the Company to Madras and Ahmedabad Stock Exchanges

be ratified on account of low volume of trading of Securities during the last three years at these Stock Exchanges. However the Securities will continue to be listed at Regional Stock Exchange at Mumbai and on National Stock Exchange.

7. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution :

"RESOLVED THAT consent of the Company be and is hereby accorded to the reclassification of the Company's present Authorised Share Capital as follows namely,

The Authorised Share Capital of the company be divided into 2,00,00,000/- (Two Crores ) Equity Shares of Rs.10/- (Rupees ten only) each and 10,00,000/- (Ten lacs) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred) each and accordingly clause V of the Company's Memorandum of Association be amended to read as under :-

V. The Authorised Share Capital of the Company is Rs.30,00,00,000/- (Rupees Thirty Crores only) divided into 2,00,00,000 (Two Crore ) Equity Shares of Rs.10/- (Rupees ten only) each aggregating to Rs.20,00,00,000/- (Rupees Twenty Crores only) and 10,00,000 (Ten Lacs) Redeemable Preference Shares of Rs.100/- (Rupees One Hundred only) each aggregating to Rs.10,00,00,000/- (Rupees Ten Crores only)."

8. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 81(1A) of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors to issue and offer securities of the Company which may be in the form of equity shares, preference shares, cumulative convertible preference shares, debentures which may be convertible partly or otherwise, warrants which may be attached to any of these securities on such terms and conditions as the Board may in its discretion deem fit to members of the public through Prospectus, by private placement to others such as Foreign Institutional Investors, Mutual Funds, Financial Institutions, Banks, Companies, Body Corporates, NRIs, Overseas Corporate Bodies and any other entity which is entitled to subscribe to shares into these securities.

RESOLVED FURTHER THAT the total amount to be raised by issue of such securities shall not exceed Rs.10 crores inclusive of any premium that may be charged for, while issuing any of the securities.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation the entering into of underwriting, marketing, depository and custodian arrangements and with power on



behalf of the Company to settle any questions, difficulties or doubt that may arise in regard to any such issue or allotment as it may, in its absolute discretion, deem fit."

#### NOTES :

- a) A Member, entitled to attend and vote at the meeting is entitled to appoint a proxy instead of himself, to attend and to vote on a poll and the proxy need not be a member.
- b) Proxy, in order to be effective, shall be deposited at any time at the Registered Office of the Company, but not less than 48 hours, before the commencement of the Meeting.
- c) The Register of Members and Share Transfer books will remain closed from 8th September, 1997 to 25th September, 1997 (both days inclusive).
- d) Members are requested to
  - i) quote their Folio Numbers in all correspondence with the Company's Registrars and Transfer Agents, IIT Corporate Services Ltd., 61 Bombay Samachar Marg, Mumbai 400 001.
  - ii) notify to the Registrars and Transfer Agents on or before 8th September, 1997 change in their address and their mandates, if any.

By Order of the Board of Directors

Mumbai,  
4th August, 1997

**M.V. Doshi**  
Vice-Chairman

### ANNEXURE TO THE NOTICE

#### Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956:

##### Item No. 5

The Company had issued and allotted 2,50,000 13.5% Cumulative Redeemable Preference Shares of Rs.100/-each aggregating to Rs.2,50,00,000/- ( Rupees Two Crores Fifty Lacs Only ) to Financial Institutions on 1st September, 1995 for the tenor of 36 months from the date of allotment with object of meeting the working capital requirements. The dividend was payable on annually basis on a date not later than 15th March of every year on pro-rata basis. Accordingly, as per the terms of issue the Company has paid gross dividend Rs.33,75,000/ ( Rupees Thirty Three Lacs Seventy Five Thousand Only) on 31st March, 1997 for the period from 1st April, 1996 to 31st March, 1997 after deducting Rs.7,80,047/- ( Rupees Seven Lacs Eighty Thousand Fourty seven Only ) towards the income-tax at source. The Board has exercised its power for the payment of dividend on the above shares in the best interest of the Company though without the necessary sanction of the members of the Company. The members shall approve the above payment of dividend for ratifying the powers utilised by the Board of Directors.

The proposed resolution is for the purpose of fulfilling the conditions laid down in section 205 of the Companies Act, 1956.

None of your Directors are interested in the proposed resolution and recommend your acceptance thereof in the interest of the Company.

##### Item No. 6

The Company has made applications to the Ahmedabad and Madras Stock Exchanges during May, 1997 for delisting in view of the low volume of trading of Securities during the last three years and the company's securities will continue to be listed at Regional Stock Exchange at Mumbai and on National Stock Exchange.

None of your Directors are interested in the proposed resolution and recommend your acceptance thereof in the interest of the Company.

##### Item No. 7

The present authorised share capital of the Company constitutes of Rs.25 Crores towards equity share capital and Rs.5 Crores towards redeemable cumulative preference share capital. As you are aware, pursuant to the authority given by the members, the Company had issued 2,50,000 Redeemable Cumulative Preference Shares of Rs.100/-each aggregating to Rs.2,50,00,000/-.

However to meet the company's long term financial requirements, the Company intends to issue further preference shares. It is therefore necessary to amend the Company's present authorised share capital to reclassify it into required equity shares capital and redeemable preference shares capital. The resolution at this item seeks to achieve this.

None of your Directors are interested in the proposed resolution and recommend your acceptance thereof in the interest of the Company.

##### Item No.8

As part of its fund raising programme to finance its future plans, the Company intends to raise a sum, not exceeding Rs.10 Crores, through an offer/private placement to Institutional Investors/ Foreign Institutional Investors, Indian Financial Institutions, Domestic Corporate Bodies and Mutual Funds by Issue of Equity Shares represented by Securities and/or Convertible Securities and/or other instruments or Securities. The detailed terms and conditions including combination of one or more instruments to be issued through the offer/private placement will be determined by the Board of Directors in consultation with the Advisors, Lead Manager(s) and Underwriters, as may be deemed to be in the best interest of the Company. Furthermore, private placement will enable the Company to meet its fund requirements without the need for resorting to frequent right issues as in the past.

The resolution is an enabling one which provides adequate flexibility and discretionary powers to the Board of Directors to finalise the terms of issue/offer/private placement in consultation with Lead Manager(s), Advisors and Underwriters on various matters including pricing of the issue which will be at a premium or discount as the Board in its absolute discretion may deem fit.

The Board recommends the resolution for approval of the members. None of the Directors are concerned or interested in the resolution.

By Order of the Board of Directors

Mumbai,  
4th August, 1997

**M.V. Doshi**  
Vice-Chairman



## DIRECTORS' REPORT

1. The Directors present the Thirteenth Annual Report and Audited Accounts of the Company for the year ended March 31, 1997.

	1996-97	1995-96
<b>2. Financial Results</b>	<b>(Rs.in Lacs)</b>	<b>(Rs.in Lacs)</b>
Profit Subject to Depreciation & Tax	38.35	416.25
Less: Depreciation	527.16	510.49
Provision for Non Performing Assets	25.24	—
Provision for Diminution in investments	391.16	—
Profit/(Loss) before tax	(905.21)	(94.24)
Less: Provision for taxation	—	—
Profit/(Loss) after tax	(905.21)	(94.24)
Profit brought forward from Previous year	617.88	844.32
Transfer from General Reserve	450.00	—
Amount available for Appropriation	162.67	750.08
<b>Appropriations :</b>		
Proposed Dividend :		
Preference	33.75	19.70
Equity	—	—
Transfer to Debenture Redemption Reserve	117.50	112.50
Profit for the year carried to Balance Sheet	11.42	617.88

### 3. Dividend

In view of the losses incurred for the year ended 31st March 1997, the Board of Directors have not recommended any dividend for the year. However, a dividend of 13.5% has been paid on Preference Shares for the year ended 31st March, 1997, subject to deduction of tax.

### 4. Performance Review

The performance was adversely affected as a result of protracted sluggishness in the financial services sector and a higher burden of interest. The Company has witnessed a downturn in most of its lines of business in 1996-97.

The company carries a large stock of shares and debentures mainly on account of underwriting, devolvments and bought out deals. Owing to depressed market conditions it has not been considered desirable to sell these investments during the year and they will have to be retained till the stock market revives. The company has also made a large investment in property which it has decided to hold onto till real estate prices, which are currently depressed, look up.

### 5. Business Outlook

The market continues to remain sluggish during the current year which would adversely affect the company's income stream. The thrust this year will be largely on fee based income activities. In view of the political instability the capital markets are not doing well and there is very little hope of any improvements in these markets during the current year. The Company's Full Fledged Money Changing operations have stabilised and the necessary infrastructure has also been developed with the opening of twelve branches all over the country. This is a thrust area of growth for the company during the current year.

### 6. Public Deposits

Deposit worth Rs.15,000/- due for repayment as at 31st March, 1997 remained unclaimed by the Depositor. Besides this, there are no fixed deposits which have remained unpaid by your Company.

### 7. Subsidiary Company

During the year under review, LKP Securities Ltd., the wholly owned subsidiary having membership of National Stock Exchange on both Equity and Debt Market has developed substantial business with the overseas and domestic institutional investors. The volume of business has increased substantially and the company has started making profits. We intend to do well during the current year as well.

### 8. Employees

As the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended requiring a statement to be given with regard to employees is not applicable to our company, the same is not enclosed.

### 9. Directors

Mr.M.R.Shroff and Mr.M.V. Doshi retire by rotation and being eligible offer themselves for reappointment.

### 10. Auditors' Report

The Auditors' comments in their report dated 4th August, 1997, are dealt with by Note No.3, 4, 5 & 11 of the report which are self explanatory.

11. M/s. Ford, Rhodes, Parks & Co., Chartered Accountants, Mumbai, retire and are eligible for reappointment.

For and on behalf of the Board of Directors

Mumbai  
Date: August 4, 1997

**S.N. Talwar**  
Director



## AUDITORS' REPORT

We have audited the attached Balance Sheet of LKP Merchant Financing Limited as at 31st March, 1997 and also the Profit & 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. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
4.
  - a) No provision has been made in respect of dispute with a client about certain machinery leased and the clients claim against the Company (Note No. 3 of Notes to Accounts).
  - b) Necessary approval to be obtained as required under Section 372 of the Companies Act, 1956 for investments in shares of limited companies exceeding the limits (Note No. 4).
  - c) In compliance with prudential norms of the Reserve Bank of India and as a matter of prudence, provisions have been made during current year towards diminution in the market value of investments and also towards non-performing assets (as explained in Note No. 11) resulting in loss for the year being higher by Rs.416.40 lacs.

Subject to above, in our opinion and to the best of our information and according to the explanations given to us the accounts read together with notes thereon, 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 31st March, 1997

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, and on the basis of such checks as we considered appropriate, we further state on the matters specified in paragraphs 4 and 5 of the said Order as under:

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. The assets on lease, subject to Note No. 3 to the

accounts have been physically verified by the management partially and where physical verification has not been carried out, certificates from the lessees have been obtained. All other Fixed Assets have been physically verified by the Management during the year. No discrepancies have been noticed on such verification.

2. None of the fixed assets have been revalued during the year.
3.
  - (i) The Company does not have any stock of raw materials, stores, spare parts, finished goods and therefore clauses (iii), (iv), (v), (vi), (xii) and (xiv) of paragraph 4(A) are not applicable. However the Company has stock on hand comprising of shares and other securities, foreign currencies of Full-Fledged Money Changing Division and stocks on hire. Physical verification has been conducted by the Management at reasonable intervals in respect of stocks on hire and foreign currencies. Shares and securities have been physically verified at the year end.
  - (ii) In our opinion the procedure of physical verification of above stocks followed by the management are reasonable and adequate considering the size of the Company and the nature of its business.
  - (iii) There are no discrepancies noticed on physical verification.
  - (iv) In our opinion the valuation of above mentioned stocks are fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding years.

4. The Company has taken loans from a company listed in the Register maintained under Section 301 of the Companies Act, 1956 and also under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956. In our opinion the rates of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
5. The Company has granted unsecured loans during the year to companies, listed in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and the other terms and conditions are prima facie not prejudicial to the interest of the Company.
6. The parties/employees to whom loans or advances in the nature of loans are given by the Company have been repaying the principal amounts and interest as stipulated and are also regular in payment of the interest except in some cases where reasonable steps have been taken by the Company for recovery of the principal and interest.
7. 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 its business with regard to purchase of equipments and other assets.

8. The Company has no transactions of purchase of goods and materials and sale of goods, materials and services during the year.
9. The Company has accepted deposits from the public during the year and the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder where applicable have been complied with.
10. The Company's activities do not generate any by-products or scrap.
11. In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
12. As per the records of the Company, the Provident Fund and ESIS dues have been regularly deposited with the appropriate authorities during the year.
13. At the last day of the financial year, according to the books and records examined by us and the information and explanations given to us, there were no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable.
14. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses which have been charged to Profit and Loss Account, nor have we been informed of any such case by the management.

15. The service activities of the Company are such that the question of recording receipts, issues and consumption of materials and stores and allocation of materials and man-hours consumed to the relative jobs does not arise. Consequently, the authorisation and control on the issue of stores and allocation of stores and labour to jobs is not applicable.
16. In our opinion, adequate documents and records are maintained by the Company for loans and advances granted on the basis of security by way of pledge of shares and debentures and similar other securities.
17. We are informed that the provisions of any special statutes applicable to chit funds, nidhi or mutual benefit society, do not apply to the Company.
18. The Company has maintained proper records of transactions and contracts in respect of trading in shares, debentures and other securities and that timely entries have been made therein. All shares, debentures and other securities have been held by the Company in its own name save for certain shares which are yet to be registered in the name of the Company (Note No. 5).
19. As per the information and explanations given to us and taking into consideration the nature of the business of the Company, Clauses (xvi) & (xx) of paragraph 4(A) and Clauses (ii) & (iv) of the paragraph 4(B) of the Manufacturing and Other Companies (Auditors' Report) Order, 1988 are not applicable.

For **FORD, RHODES, PARKS & CO.**  
*Chartered Accountants*

Mumbai  
Date : 4th August, 1997

**A.D. Shenoy**  
*Partner*



## BALANCE SHEET AS AT 31ST MARCH, 1997

	Schedule	Rs. in Lacs	Rs. in Lacs	As at 31-3-96 Rs. in Lacs
<b>I. SOURCES OF FUNDS :</b>				
<b>1. Shareholders' Funds</b>				
a. Share Capital	1	1,528.22		1,528.17
b. Reserves and Surplus	2	2,838.58		3,777.45
			4,366.80	5,305.62
<b>2. Loan Funds</b>				
a. Secured Loans	3	2,799.99		2,908.14
b. Unsecured Loans	4	1,653.98		2,807.50
			4,453.97	5,715.64
<b>TOTAL</b>			<b>8,820.77</b>	<b>11,021.26</b>
<b>II. APPLICATION OF FUNDS :</b>				
<b>1. Fixed Assets</b>	5			
a. Gross Block		3,889.61		3,882.03
b. Less : Depreciation		1,972.92		1,445.75
c. Net Block			1,916.69	2,436.28
d. Capital Work-in-Progress			343.64	343.64
<b>2. Investments</b>	6		1,797.51	2,597.29
<b>3. Current Assets, Loans &amp; Advances</b>				
a. Stock on Hand	7	567.46		766.19
b. Sundry Debtors	8	813.15		457.18
c. Cash & Bank Balances	9	402.38		587.22
d. Loans & Advances	10	3,730.65		4,890.82
		5,513.64		6,701.41
<b>Less : Current Liabilities and Provisions</b>				
a. Liabilities	11	833.18		1,155.01
b. Provisions	12	4.29		3.45
		837.47		1,158.46
Net Current Assets			4,676.17	5,542.95
<b>4. Miscellaneous Expenditure</b>	13		86.76	101.10
<b>TOTAL</b>			<b>8,820.77</b>	<b>11,021.26</b>
NOTES TO THE ACCOUNTS	17			
ACCOUNTING POLICIES	18			
BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE	19			
SCHEDULES 1 TO 19 ANNEXED HERETO FORM PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT				

As per our Report attached.

Vice-Chairman

M.V. Doshi

For **FORD, RHODES, PARKS & CO.**  
Chartered Accountants

Directors

S.N. Talwar  
C.P. Mehta  
V.D. Desai**A.D. Shenoy**  
Partner

Executive Director

P.C. Mehta

Mumbai  
Dated : 4th August, 1997Mumbai  
Dated : 4th August, 1997



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1997

	Schedule	Rs. in Lacs	Rs. in Lacs	Previous Year Rs. in Lacs
<b>INCOME :</b>				
Income from Leases			788.37	837.00
Income from Service Activities			134.99	481.76
Income from Other Financing Activities			795.09	771.34
Other Income	14		70.22	140.22
			<u>1,788.67</u>	<u>2,230.32</u>
<b>EXPENDITURE :</b>				
Establishment Charges	15	124.52		119.37
Administrative and Other Expenses	16	359.36		286.74
Interest and Finance Charges		1,252.10		1,393.62
Depreciation		527.16		510.49
Share & Debenture Issue Expenses written off		14.34		14.34
			<u>2,277.48</u>	<u>2,324.56</u>
<b>(LOSS) FOR THE YEAR BEFORE TAXATION AND NPAs</b>			<b>(488.81)</b>	<b>(94.24)</b>
<b>PROVISION FOR NON-PERFORMING ASSETS</b>			<b>25.24</b>	<b>—</b>
<b>PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS</b>			<b>391.16</b>	<b>—</b>
<b>(LOSS) AFTER TAXATION AND PROVISION FOR NPAs</b>			<b>(905.21)</b>	<b>(94.24)</b>
<b>TRANSFER FROM GENERAL RESERVE</b>			<b>450.00</b>	<b>—</b>
<b>BALANCE BROUGHT FORWARD FROM LAST YEAR</b>			<b>617.88</b>	<b>844.32</b>
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>			<b>162.67</b>	<b>750.08</b>
<b>APPROPRIATIONS :</b>				
Preference Shares Dividend (subject to deduction of Tax)			33.75	19.70
Transfer to Debenture Redemption Reserve			117.50	112.50
<b>BALANCE CARRIED TO BALANCE SHEET</b>			<b>11.42</b>	<b>617.88</b>
			<u>162.67</u>	<u>750.08</u>
NOTES TO THE ACCOUNTS	17			
ACCOUNTING POLICIES	18			
BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE	19			
SCHEDULES 1 TO 19 ANNEXED HERETO FORM PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT				

As per our Report attached.

For **FORD, RHODES, PARKS & CO.**  
Chartered Accountants

**A.D. Shenoy**  
Partner

Mumbai  
Dated : 4th August, 1997

Vice-Chairman

Directors

Executive Director

Mumbai  
Dated : 4th August, 1997

**M.V. Doshi**

**S.N. Talwar**  
**C.P. Mehta**  
**V.D. Desai**

**P.C. Mehta**



## SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 1997

	Rs. in Lacs	Rs. in Lacs	As at 31-3-96 Rs. in Lacs
<b>SCHEDULE 1 - SHARE CAPITAL</b>			
<b>Authorised :</b>			
(i) 2,50,00,000 Equity Shares of Rs.10/- each		2,500.00	2,500.00
(ii) 5,00,000 Redeemable Cumulative Preference Shares of Rs.100/- each		500.00	500.00
		<u>3,000.00</u>	<u>3,000.00</u>
<b>Issued :</b>			
(i) 1,28,00,000 Equity Shares of Rs.10/- each		1,280.00	1,280.00
(ii) 2,50,000 13.5% Redeemable Cumulative Preference Shares of Rs.100/- each		250.00	250.00
		<u>1,530.00</u>	<u>1,530.00</u>
<b>Subscribed &amp; Paid up :</b>			
(i) 1,28,00,000 Equity Shares of Rs.10/- each fully paid up	1,280.00		1,280.00
Less : Calls unpaid (Other than Directors)	1.78		1.83
		1,278.22	1,278.17
(ii) 2,50,000 13.5% Redeemable Cumulative Preference Shares of Rs.100/- each fully paid up		250.00	250.00
TOTAL		<u>1,528.22</u>	<u>1,528.17</u>
<b>Note :</b>			
1. The above Equity Shares include 22,50,000 Equity Shares allotted as Bonus Shares by capitalization of Share Premium Account.			
2. 2,50,000 13.5% Redeemable Cumulative Preference Shares are held by Housing Development Finance Corporation Limited.			
<b>SCHEDULE 2 - RESERVES &amp; SURPLUS</b>			
<b>Share Premium Account</b>			
Balance as per last Balance Sheet	2,248.83		2,233.16
Add : Received during the year	0.09		15.67
		2,248.92	2,248.83
<b>Debenture Redemption Reserve</b>			
Balance as per last Balance Sheet	182.50		70.00
Add : Transfer from Profit and Loss Account	117.50		112.50
		300.00	182.50
<b>Investment Allowance Reserve</b>			
Balance as per last Balance Sheet		8.24	8.24
<b>General Reserve</b>			
Balance as per last Balance Sheet	720.00		720.00
Less : Transfer to Profit & Loss Account	450.00		—
		270.00	720.00
<b>Balance in Profit &amp; Loss Account</b>		11.42	617.88
TOTAL		<u>2,838.58</u>	<u>3,777.45</u>