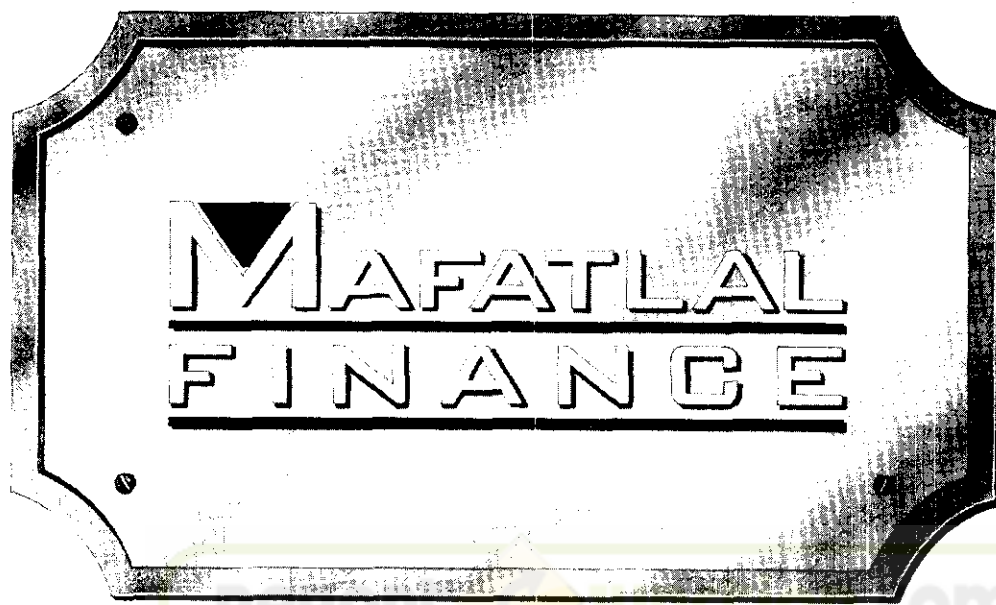


AMG
ARVIND MAFATLAL GROUP



MAFATLAL FINANCE COMPANY LIMITED

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BOARD OF DIRECTORS :

SHRI H. A. MAFATLAL	<i>Chairman</i>
SHRI N. C. PATEL	
SHRI J. R. GAGRAI	<i>(upto 31-07-98)</i>
SHRI Y. C. AMIN	
DR. A. C. SHAH	
SHRI B. R. SHAIH	
DR. N. M. DHULDHIOYA	
SHRI ROHIT ARORA	<i>(upto 28-05-99)</i>
SHRI N. R. DIVATE	<i>Wholetime Director</i>

COMPANY SECRETARY :

SHRI NAGARAJ U. HIREGANGE

BANKERS :

DENA BANK
 STATE BANK OF INDIA
 CENTRAL BANK OF INDIA
 UNION BANK OF INDIA
 BANK OF BARODA
 BANK OF INDIA
 STATE BANK OF INDOR
 STATE BANK OF HYDERABAD
 DHANALAKSHMI BANK LTD.
 THE SAKURA BANK LTD.
 BANK OF PUNJAB LTD.
 THE SOUTH INDIAN BANK LTD.
 ICICI BANKING CORPORATION LTD.
 THE FEDERAL BANK LTD.
 UNITED BANK OF INDIA
 ORIENTAL BANK OF COMMERCE

AUDITORS :

C. C. CHOKSHI & CO.
Chartered Accountants

SOLICITORS & ADVOCATES :

MANILAL KHER AMBALAL & CO.

REGISTERED OFFICE :

MAFATLAL HOUSE,
 BACKBAY RECLAMATION,
 MUMBAI - 400 020.

REGISTRARS & SHARE TRANSFER AGENTS :

MCS SOFTWARE SOLUTIONS LTD.
 Formerly known as:
 MAFATLAL CONSULTANCY SERVICES (INDIA) LTD.
 RAJAN HOUSE, OPP. CENTURY BAZAR, PRABHADEVI,
 MUMBAI - 400 025.

MANAGEMENT TEAM :

SHRI H. A. MAFATLAL
Chairman

SHRI N. R. DIVATE
Wholetime Director

SHRI K. CHANDRAMOULI
Vice President - Resources

SHRI S. M. KAKU
Financial Controller

SHRI S. N. BHATRI
Whole time Director -- Mafatlal Securities Ltd.

SHRI A. L. SHETTY
Whole time Director -- Mafatlal Securities Ltd.

NOTICE

Notice is hereby given that the TWELFTH ANNUAL GENERAL MEETING of the Members of MAFATLAL FINANCE COMPANY LIMITED will be held at M. C. Ghia Hall, Bhogilal Hargovindas Bldg., 18/20 K. Dubhash Marg, (Rampart Road), Mumbai 400 001 on Tuesday the 10th August, 1999 at 4.00 p.m. to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 1999 and the Balance Sheet as at that date and the Reports of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri. H. A. Mafatlal, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri. N. G. Patel, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Dr. N. M. Dhuldhoya, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

NOTES :

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THAT A PROXY NEED NOT BE A MEMBER.
- b) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 3rd August, 1999 to Tuesday, the 10th August, 1999 (both days inclusive).
- c) Members are requested to notify any change in their address to the Company's Registrars & Transfer Agents, MCS Software Solutions Ltd., formerly known as Mafatlal Consultancy Services (I) Ltd., Rajan House, Opp. Century Bazar, Prabhadevi, Mumbai - 400 025 quoting their folio nos. immediately, so as to ensure that all communications/reports reach the Members promptly.
- d) Shareholders seeking any information with regard to the Accounts of the Company are requested to write to the Company at an early date so as to enable the Management to keep the information ready.

By Order of the Board

For MAFATLAL FINANCE COMPANY LIMITED

NAGARAJ U. HIREGANGE
Company Secretary

Registered Office :

Mafatlal House
Backbay Reclamation
Mumbai - 400 020.

Dated : 28th May, 1999.

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ANNUAL REPORT 1998-99

DIRECTORS' REPORT

To,
The Members,
Mafatlal Finance Company Limited

Your Directors present the Twelfth Annual Report with the Audited Statement of Accounts of the Company for the year ended 31st March, 1999.

FINANCIAL RESULTS

The Financial results of the Company for the year under review as compared to the previous year are summarised below for your consideration:

	Year ended 31.03.1999 (Rs. in lacs)	Year ended 31.03.1998 (Rs. in lacs)
Gross Income	6626.28	12863.11
Gross Profit before depreciation and Income tax	(265.44)	3487.73
Depreciation	3096.78	3272.17
Provision for Tax	10.21	47.50
Net Profit after Tax (Loss)	(3372.43)	168.06
Add: Amount brought forward from previous year	—	531.36
Amount available for appropriation	—	699.42
Transferred to Debenture Redemption Reserve	—	665.80
Transferred to Statutory Reserve under RBI Act	—	33.62
Balance carried forward	(3372.43)	—

DIVIDEND

The Company has reported a loss of Rs. 3372.43 lacs for the year. Hence, considering this, your Directors are unable to pay any dividend for the year ended March 31, 1999 on the paid up equity and preference share capital.

OPERATIONS

The year 1998-99 has been a very disappointing year for the Company, with the Company declaring a loss for the first time in its history.

The new RBI guidelines of January 1998 had clearly cut out the task for the 37,000 odd Non Banking Financial Companies (NBFCs) operating in country. The guidelines in essence have tried to bring the NBFCs operations on the same foundation as those of the banking sector. This new viewpoint was a radical variation from the then prevailing guidelines, as a result it called for a major change in the operating plans of the companies. From aggressively raising funds for deployment in the market, the task of an NBFC, reversed to that of repaying funds, from the collections arising out of earlier deployments in the market. This sudden reversal in role coupled with the economic slowdown, has taken its toll on the NBFCs in the country.

The Company has discontinued, acceptance / renewals of fixed deposits, leasing, auto financing and other traditional fund based

activities. The focus is now in the following three areas of operations;

1. Cost Reduction
2. Asset/Liability - Management
3. Collections

1. Cost Reduction: During the year the Company has put in place a number of cost reduction measures resulting in a reduction of operational expenses by 33%, from Rs. 17.45 Crores to Rs. 11.74 Crores for the year 1998-99. The measures adopted include reduction in the number of offices, size, employee strength and rents of offices all over the country. The full impact of these measures will be seen in the year 1999-2000.

2. Asset / liability - Management: The process of rationalisation involves downsizing the balance sheet of the Company to a manageable level in tune with the new operating environment. In line with this objective the Company has managed to downsize by 25%, by repaying high cost debt to the extent of Rs. 111 Crores. The Company is also in the process of restructuring asset / liability, maturity profiles, to minimise mismatches.

3. Collections: The Company has created a separate division to strengthen collections and to deal with the legal issues arising

thereof. The division has been responsible for keeping the receivables under control inspite of a sharp deterioration in the financial health of a number of small and mid-size companies.

In terms of the RBI prudential guidelines, we have during the year reversed income to the extent of Rs. 9.19 Crores and provided for Non Performing Assets to the extent of Rs. 10.09 Crores. During the year, we have booked loss on sale of assets to an extent of Rs. 2.84 Crores. We are sure that some of these provisions would be reversed in a couple of years with a change in the economic climate of the country.

PUBLIC FIXED DEPOSITS

At the end of financial year 3438 depositors have not claimed their deposits aggregating to Rs. 4.94 Crores. Except this, your Company does not have any unclaimed or unpaid deposits. Steps have been taken to inform the depositors of their outstandings and thereafter to claim the same after complying with the regular repayment procedures.

The company has applied to the RBI as per the new RBI directives u/s 45IA of RBI Act, 1934 for registration as an NBFC. The approval of the RBI is awaited.

MUTUAL FUND

The Company has not started its mutual fund business as the approval from the SEBI is still awaited. Meanwhile, the company is engaged in seeking a joint venture partner to further this business to its full potential.

MAFATLAL SECURITIES LIMITED (MSL)

Mafatlal Securities Limited, the subsidiary of the Company has managed to remain profitable in an adverse capital market climate. MSL has ended the year with a profit of Rs. 2.28 lacs as compared to Rs. 3.04 lacs in the previous year.

OUTLOOK

In an economic slowdown, the finance markets are amongst the first sectors to be hit, and whenever there is a reversal, they are also the first off the block. We do not visualise any immediate reversal in the financial sector in the country, however, whenever it does happen we would be in a better position to take advantage of the opportunities that it would throw up. Until then we would be engaged in sharpening our skills in our line of businesses and restructuring our balance sheet.

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the audited statement of account of Mafatlal Securities Ltd., and Mafatlal Asset Management Company Ltd., alongwith the report of the Board of Directors and Auditors Report thereon for the financial year March 31, 1999 are annexed.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGOING

The Company is not engaged in manufacturing activities therefore there is no information to submit in respect of conservation of energy and absorption of technology.

Foreign exchange earnings	:	Nil
Foreign exchange outgoings	:	Nil

DONATIONS

During the year under review, the Company had made donation of Rs. 50,000/- to a Charitable Institution for their philanthropic activities.

DIRECTORATE

Shri H. A. Mafatlal, Shri N. G. Patel and Dr. N. M. Dhuldhoya retire by rotation at the ensuing Annual General Meeting, but being eligible offer themselves for reappointment. Mr. Rohit Arora, a Director of the Company has resigned from the Board with effect from May 28, 1999. The Board puts on record its appreciation for the service rendered by him as the Director of the Company.

PARTICULARS OF EMPLOYEES

The particulars of employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 forms a part of this Report.

However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent excluding this information. Those members who are interested in obtaining such particulars may write to the Company Secretary at the Registered Office.

AUDITORS

The Company's Auditors M/s. C.C. Chokshi & Co., Chartered Accountants retire at the ensuing Annual General Meeting. They being eligible have given their consent to act as Auditors of the Company if reappointed. Members are requested to consider their reappointment as Auditors of the Company for the current year and fix their remuneration.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation of the valuable support given by our Clients, Financial Institutions, Banks, Mutual Funds as well as the Shareholders, Debentureholders and Depositholders for their sustained support.

For and on behalf of the Board

H. A. MAFATLAL
Chairman

Place: Mumbai
Dated: 28th May, 1999.

ANNUAL REPORT 1998-99

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of MAFATLAL FINANCE COMPANY LIMITED, as at 31st March, 1999 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in the said order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) 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;
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) The Balance Sheet and Profit and Loss Account Comply with Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) Attention is invited to the following notes in Schedule No. 18 :
 - (i) Note No. 7 regarding reconciliation of Interest payable on Fixed Deposit and Fixed Deposits received.
 - (ii) Note No. 8(a) regarding shortfall in the value of investments. We are unable to express our opinion on the realisability of certain quoted investments in Equity Shares, with a shortfall of Rs. 95,65,478/- which is included in the amount of Rs. 7,60,77,099/- stated in the aforesaid note as these shares have suffered a major decline in the Market Value.

(iii) Note No. 9 regarding treatment of difference of Issue Price and Redemption Value of Deep Discount Debentures resulting in lower charge of Rs. 2,80,53,295/- and consequent effect on loss/ reserves & surplus.

(iv) Note No. 10 regarding application for registration u/s. 45 IA of RBI Act, 1934 which is awaiting the formal approval of RBI.

(v) Note No. 11 regarding Unsecured Loans and Advances of Rs. 10,26,84,097/- to Companies which have suffered a substantial erosion in network.

We are unable to express our opinion on the shortfall in realisation of these loans as and when they fall due.

(vi) Note No. 12 regarding hire purchase transaction (cost Rs. 7,60,54,208/-) where documentation is pending.

f) Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the other 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, 1999; and

b) In the case of the Profit and Loss Account of the loss for the year ended on that date.

For C. C. CHOKSHI & CO.
Chartered Accountants

R. SALIVATI
Partner

Place : Mumbai

Date : 28th May, 1999.

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 1 of our report of even date on the accounts of MAFATLAL FINANCE COMPANY LIMITED for the year ended 31st March, 1999.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets of the company, other than those leased out, have been physically verified by the management during the year. Leased assets have been physically verified by the management during the year in accordance with the regular programme which in our opinion is reasonable having regard to the size of the company and the nature of its assets. Reconciliation of some of the assets verified with book records is in progress. In addition confirmations have also been received from few lessees in respect of leased assets, and are awaited from the remaining lessees.

2. None of the Fixed Assets have been revalued during the year.
3. The nature of the Companies activities is such that the requirements of items (xii), (xiv) and (xvi) of Clause A and item (i) of Clause C of paragraph 4 of the Order are not applicable to the Company.
4. The stocks of shares have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
5. The procedures of physical verification of stocks of shares followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
6. We are informed that no material discrepancies have been noticed on physical verification of stocks of shares as compared to the book records.

7. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks of shares is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
8. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies listed in the register being maintained under Section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company. The Company has not taken loans from firms or other parties listed in the registers maintained under Section 301 of the Companies Act, 1956 and/or from Companies under the same management as this Company within the meaning of Section 370(1B) of the Companies Act, 1956.
9. In our opinion, the rate of interest and other terms and conditions on which loans have been granted to the companies listed in the register being maintained under Section 301 of the Companies Act, 1956 and to the Companies under the same management as this company within the meaning of Section 370(1B) of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company except in respect of interest free loan of Rs. 3,01,50,000 made during the year. As the terms and conditions of the loans are being negotiated, we are unable to express our opinion on the same. The company has deployed short term surplus funds with its subsidiary, interest free and payable on demand. These advances, in our opinion, may not be considered prima facie prejudicial to the interest of the company since the same have been made to the wholly owned subsidiary.
10. The parties (including employees) to whom loans or advances in the nature of loans have been given by the company are repaying the principal amounts as stipulated and are also regular in payment of interest where applicable other than non-performing loans for which provision has been made as per norms prescribed by Reserve Bank of India subject to sub para (v) of para 2 (e) of our Report. The company is advised that Bills purchased are not in the nature of loans and advances.
11. 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 for the purchase of plant and machinery, equipment and other assets.
12. Transactions of sale of services have been 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 more than Rs. 50,000/- in respect of each party. As explained to us, no similar services were rendered to other parties and hence the prices at which services have been rendered are not comparable.
13. (a) In our opinion and according to the information and explanations given to us, the company has generally complied with the provisions of Section 58A of the Companies Act, 1956 and the directions issued by the Reserve Bank of India in respect of deposits received from the public except that 76 Nos. of fixed deposits amounting to Rs. 9,69,000/- have been accepted/renewed after the change in the credit rating on 10th December, 1998 including 3 Nos. of deposits amounting to Rs. 25,000/- have been renewed for a period longer than the tenure permitted by the Amendment to the RBI directions on 18th December, 1998. However, the Company has not accepted after 31st January, 1999 any fresh deposits/renewals.
 - (b) The Company has not attained capital adequacy of 15% at the end of the year.
 - (c) The Company has completed the process of complying with Rule 6 regarding entrusting of approved securities (acquired by the Company for maintenance of liquid assets) to the designated scheduled commercial bank by June 1998.
14. In our opinion, the company's internal audit system, operated by firms of Chartered Accountants, is commensurate with the size and nature of its business.
15. According to the records of the company, Provident Fund and Employee State Insurance dues have been regularly deposited with the appropriate authorities.
16. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty and Excise Duty as on 31st March, 1999 were outstanding for a period of six months from the date they became payable.
17. According to the information and explanations given to us, no personal expenses of the employees or directors have been charged to the revenue account, other than those payable under the contractual obligations or in accordance with the generally accepted business practice.
18. The provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable to the company being a finance company.
19. The nature of the service activities carried on by the company does not require a system of recording receipts, issues and consumption of materials and allocation thereof and labour to jobs. Further, the question of having a system of authorisation and internal control on issue of stores and allocation of stores and labour does not arise.
20. In our opinion, adequate documents and records are maintained by the company in respect of loans and advances on the basis of security by way of pledge of shares.
21. We are informed that the provisions of any special statute applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to the Company.
22. The Company has maintained records of the transactions and contracts of dealing or trading in shares and timely entries have been made therein. The shares, securities, debentures and other investments are in the name of the Company except the shares referred to in Schedule 6.

For C. C. CHOKSHI & CO.
 Chartered Accountants

R. SALIVATI
 Partner

Place : Mumbai
 Date : 28th May, 1999.

ANNUAL REPORT 1998-99

BALANCE SHEET AS AT 31ST MARCH, 1999

	Schedule No.	Rs. 000's	Rs. 000's	AS AT 31.3.1998 Rs. 000's
A. SOURCES OF FUNDS				
1. Shareholders' Fund				
a. Capital	1	324,467		324,467
b. Reserves and Surplus	2	574,133		574,133
			898,600	898,600
2. Loan Funds				
a. Secured Loans	3	1,853,542		2,063,863
b. Unsecured Loans	4	1,048,429		1,948,106
			2,901,971	4,011,969
TOTAL			3,800,571	4,910,569
B. APPLICATION OF FUNDS				
1. Fixed Assets	5			
a. Gross Block		2,549,450		3,091,101
b. Less: Depreciation		814,594		722,024
		1,734,856		2,369,077
c. Add: Lease Terminal Adjustment Account		(266,228)		(116,382)
			1,468,628	2,252,695
2. Investments	6		905,623	827,896
3. Current Assets, Loans and Advances				
a. Current Assets	7	935,707		1,246,518
b. Loans and Advances	8	754,712		1,104,675
		1,690,419		2,351,193
Less: Current Liabilities and Provisions	9			
a. Liabilities		597,841		513,882
b. Provision		3,501		7,333
		601,342		521,215
Net Current Assets			1,089,077	1,829,978
Profit and Loss Account			337,243	—
TOTAL			3,800,571	4,910,569
Notes to Accounts and Significant Accounting Policies.	18			
As per our Attached Report of even date				
For C. C. CHOKSHI & CO. Chartered Accountants	H. A. MAFATLAL Chairman	N. G. PATEL A. C. SHAH B. R. SHAH N. M. DHULDHOYA Y. C. AMIN N. R. DIVATE	} Directors	
R. SALIVATI Partner	NAGARAJ U. HIREGANGE Company Secretary			
Mumbai, Dated: 28th May, 1999.				Mumbai, Dated: 28th May, 1999.

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 1999**

	Schedule No.	Rs. 000's	Rs. 000's	Previous Year Rs. 000's
INCOME				
Lease and Hire Purchase Income	10		554,820	848,288
Profit on sale of Long term Investments (Net)			(1,106)	21,046
Income from Merchant Banking	11		---	322
Income from Trading	12		---	(438)
Interest & Bill Discounting Income	13		64,532	225,371
Other Income	14		44,382	191,722
			<u>662,628</u>	<u>1,286,311</u>
EXPENDITURE				
Employee Cost	15	25,917		34,585
Administrative & other expenses	16	102,240		145,663
Interest & Finance Charges	17	461,376		718,718
Depreciation		<u>309,678</u>		<u>327,217</u>
			<u>899,211</u>	<u>1,226,183</u>
PROFIT/(LOSS) BEFORE TAXES AND PROVISIONS FOR NON PERFORMING ASSETS/DIMINUTION IN THE VALUE OF UNQUOTED SHARES			(236,583)	60,128
PROVISION FOR TAXES				
Income Tax			---	1,400
Wealth Tax			<u>1,021</u>	<u>3,350</u>
			<u>(237,604)</u>	<u>55,378</u>
PROVISION FOR NON PERFORMING ASSETS/ DIMINUTION IN THE VALUE OF UNQUOTED SHARES		100,876		47,593
Amount Adjusted from General Reserve (per Contra)		<u>---</u>		<u>5,374</u>
			<u>100,876</u>	<u>42,219</u>
			<u>(338,480)</u>	<u>13,159</u>
Excess Provision for Taxation Written Back			<u>1,237</u>	<u>3,647</u>
			<u>(337,243)</u>	<u>16,806</u>
Balance Brought Forward from previous year			---	53,136
			<u>(337,243)</u>	<u>69,942</u>
Transferred To Debenture Redemption Reserve			---	66,580
Transferred To Reserve u/s 45IC of RBI Act, 1934			---	3,362
BALANCE CARRIED TO BALANCE SHEET			<u><u>(337,243)</u></u>	<u><u>---</u></u>
Notes to Accounts and Significant Accounting Policies	18			

As per our Attached Report of even date

For C. C. CHOKSHI & CO.
Chartered Accountants

R. SALIVATI
Partner

Mumbai, Dated: 28th May, 1999.

H. A. MAFATLAL
Chairman

NAGARAJ U. HIREGANGE
Company Secretary

N. G. PATEL
A. C. SHAH
B. R. SHAH
N. M. DHULDHOYA
Y. C. AMIN
N. R. DIVATE

Directors

Mumbai, Dated: 28th May, 1999.

ANNUAL REPORT 1998-99

**SCHEDULES 1 TO 18 FORMING PART OF
THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT**

Schedule - 1**SHARE CAPITAL**

	Rs. 000's	Rs. 000's	As at 31.3.1998 Rs. 000's
AUTHORISED			
3,50,00,000 Equity shares of Rs. 10 each (Previous year 3,50,00,000 shares)		350,000	350,000
3,00,00,000 Redeemable preference shares of Rs. 10/- each (Previous year 3,00,00,000)		300,000	300,000
3,50,00,000 Unclassified shares of Rs. 10/- each (Previous year 3,50,00,000)		350,000	350,000
		1,000,000	1,000,000
ISSUED, SUBSCRIBED AND PAID-UP			
3,12,31,700 (Previous year 3,12,31,700) Equity shares of Rs. 10 each fully paid		312,317	312,317
Add : Shares Forfeited		3,943	3,943
		316,260	316,260
8,20,700 14.5% (Previous year 8,20,700) Redeemable Preference Shares of Rs. 10 each fully paid. (Note)		8,207	8,207
TOTAL		324,467	324,467

Note : Out of 8,20,700 14.5% Redeemable Preference Shares of Rs. 10 each, 7,63,200 14.5% Redeemable Preference Shares of Rs. 10 each are Redeemable within the expiry of 60 months from the date of allotment i.e. 15th July, 1997 and 57,500 14.5% Redeemable Preference Shares of Rs. 10 each are redeemable within the expiry of 60 months from the date of allotment i.e. 26th November, 1997.

Schedule - 2**RESERVES AND SURPLUS****SHARE PREMIUM ACCOUNT**

As per last Balance Sheet	437,744	604,223
Deep discount debentures	—	166,479
	437,744	437,744

INVESTMENT ALLOWANCE RESERVE

As per last Balance Sheet	72	72
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DEBENTURE REDEMPTION RESERVE

125,980	125,980	59,400
Transferred from Profit and Loss Account	—	66,580
	125,980	125,980

RESERVE u/s 45IC of RBI Act, 1934

As per last Balance Sheet	10,337	6,975
Transferred from Profit and Loss Account	—	3,362
	10,337	10,337

GENERAL RESERVE

As per last Balance Sheet	—	5,374
Less: Adjusted against provision for Non Performing Assets etc. in Profit and Loss Account (per contra)	—	5,374
TOTAL	574,133	574,133