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MAFATLAL FINANCE COMPANY LIMITED

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**MAFATLAL
FINANCE**
BOARD OF DIRECTORS

SHRI J. A. PATEL
 SHRI P. R. MERCHANT
 SHRI V. J. OJHA
 SHRI R. R. PATEL
 SHRI N. R. DIVATE *Wholetime Director (upto 31/07/2001)*

**VICE PRESIDENT - RESOURCES AND
COMPANY SECRETARY**

SHRI K. CHANDRAMOULI

BANKERS

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

MANAGEMENT TEAM

SHRI J. A. PATEL *Chairman*
 SHRI N. R. DIVATE *President & CEO*
 SHRI K. CHANDRAMOULI *Vice President - Resources
& Company Secretary*

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

BIG SHARE SERVICES PRIVATE LTD.
 E-2, Ansa Industrial Estate,
 Saki Vihar Road, Sakinaka,
 Andheri (E), Mumbai 400 072.

**MAFATLAL
SECURITIES**
BOARD OF DIRECTORS

SHRI H.A. MAFATLAL *Chairman*
 SHRI N. R. DIVATE *Director*
 SHRI P. KARUNAKAR *Director*
 SHRI BIPIN K. BHATIA *Director*

AUDITORS

C. C. CHOKSHI & CO.
 Chartered Accountants

REGISTERED OFFICE

RUSTOM BUILDING,
 4TH FLOOR,
 29, VEER NARIMAN ROAD,
 MUMBAI - 400 023.

NOTICE

Notice is hereby given that the FOURTEENTH ANNUAL GENERAL MEETING of the Members of MAFATLAL FINANCE COMPANY LIMITED will be held at SASMIRA, Sasmira Marg, Worli, Mumbai - 400 025 on Friday, 21st December, 2001 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt the Directors' Report and the Audited Profit and Loss account of the Company for the year ended March 31, 2001 and the Balance Sheet as at that date, and the Auditors' Report thereon.
2. 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.

SPECIAL BUSINESS :

ADDITIONAL DIRECTOR

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

RESOLVED THAT Shri Vinod J. Ojha, who was co-opted by the Board as an Additional Director with effect from 08.06.2001 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, subject to retirement by rotation under the Articles of Association of the Company.

ADDITIONAL DIRECTOR

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

RESOLVED THAT Shri P. R. Merchant, who was co-opted by the Board as an Additional Director with effect from 08.06.2001 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, subject to retirement by rotation under the Articles of Association of the Company.

ADDITIONAL DIRECTOR

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

RESOLVED THAT Shri R. R. Patel, who was co-opted by the Board as an Additional Director with effect from 08.06.2001 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, subject to retirement by rotation under the Articles of Association of the Company.

ADDITIONAL DIRECTOR

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

RESOLVED THAT Shri Jagdish A. Patel, who was co-opted by the Board as an Additional Director with effect from 08.06.2001 and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, subject to retirement by rotation under the Articles of Association of the Company.

APPOINTMENT OF MANAGER

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

RESOLVED THAT pursuant to Section 269 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the Act) and subject to such approval as may be necessary under the provisions of the Act, the Company in the general meeting hereby approves the appointment of Shri N. R. Divale as a "Manager" for a period of 5 years from 01/08/2001 on a salary, commission and perquisites payable to him in accordance with the Schedule XIII of the Act, or any amendment, modification or re-enactment thereof hereafter, as set out in the Explanatory Statement and the draft Letter of Appointment submitted to this meeting and duly initialed by the Chairman, for the purpose of identification with liberty to the Board of Directors to alter or vary the said terms of appointment and salary, commission and perquisites in such manner as the Board in its discretion deem fit and as acceptable to Shri N. R. Divale, within the limits specified in the Schedule XIII of the Act, or any amendment or modification or re-enactment made hereafter in that regard.

ISSUE OF SHARES TO PROMOTORS

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

RESOLVED THAT pursuant to the provisions of Section 81(1A) and any other applicable provisions, if any, of the Companies Act, 1956 (including any statutory re-enactment or modification thereof), and subject to the requisite approvals, permissions, consents and

sanctions from appropriate authorities, as may be necessary and subject to such terms, conditions, alterations, modifications as may be prescribed and specified by them while granting such approvals, and which may be agreed to by the Board of Directors of the Company, (hereinafter referred to as the "Board") the Company do issue and allot 1,00,00,000 Equity Shares of the face value of Rs.10/- each of the Company at par aggregating to Rs. 10 crores to the promoters of the Company and/or their associates, whether or not they are members of the Company on preferential allotment basis to the extent and in one or more tranches and in such manner and on such other terms as the Board may in its absolute discretion to be most beneficial to the Company.

RESOLVED FURTHER THAT the Equity Shares to be so issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company, and shall rank pari passu with the existing Equity Shares of the Company, except that for the financial year in which they are issued and allotted, they shall rank only for pro rata dividend declared, if any, for the period during which such capital is so paid up.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for making the said issue as aforesaid, and to settle any question, difficulty or doubt that may arise in this regard, including the power to allot over subscribed/under subscribed portion, if any, in such manner and to such persons(s) as the Board may deem fit and proper in its absolute discretion to be most beneficial to the Company.

ISSUE OF SHARES TO BANKERS, FINANCIAL INSTITUTIONS ETC.

9. To consider and if thought fit, to pass with or without modification/s, the following resolution as a Special Resolution:-

RESOLVED THAT pursuant to the provisions of Section 81(1A) and any other applicable provisions, if any, of the Companies Act, 1956 (including any statutory re-enactment or modification thereof), and subject to the requisite approvals, permissions, consents and sanctions from appropriate authorities, as may be necessary, and subject to such terms, conditions, alterations, modifications as may be prescribed and specified by them while granting such approvals, and which may be agreed to by the Board of Directors of the Company, (hereinafter referred to as the "Board") the Company do issue and allot 1,50,00,000 Equity Shares of the face value of Rs.10/- each of the Company at par aggregating to Rs. 15 crores to the Company's Bankers, financial institutions and such other persons, whether or not they are members of the Company, on preferential allotment basis to the extent and in one or more tranches, and in such manner and on such other terms as the Board may in its absolute discretion to be most beneficial to the Company.

RESOLVED FURTHER THAT the Equity Shares to be so issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company, and shall rank pari passu with the existing Equity Shares of the Company, except that for the financial year in which they are issued and allotted, they shall rank only for pro rata dividend declared, if any, for the period during which such capital is so paid up.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for making the said issue as aforesaid, and to settle any question, difficulty or doubt that may arise in this regard, including the power to allot over subscribed/under subscribed portion, if any, in such manner and to such persons(s) as the Board may deem fit and proper in its absolute discretion to be most beneficial to the Company.

DE-LISTING OF SHARES ON STOCK EXCHANGES

10. To consider and if thought fit, to pass with or without modification/s, the following resolution as a Special Resolution:-

RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, and the rules framed thereunder, Listing Agreements, and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the Board to delist the equity shares of the Company from the Stock Exchanges at Ahmedabad and Delhi.

By Order of the Board
MAFATLAL FINANCE COMPANY LIMITED

K. CHANDRAMOULI
Company Secretary

Registered Office :
Mafatal House,
Backbay Reclamation,
Mumbai - 400 020.

Dated : 31st October, 2001.

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Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The proxy form duly completed and signed should be deposited at the registered office of the Company atleast 48 hours before the commencement of the meeting.
3. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of resolutions set out in this Notice is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company shall remain closed on 21/12/2001.
5. Shareholders/Proxy holders are requested to produce at the entrance, the attached admission slip duly completed and signed, for admission at the meeting.
6. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during the office hours on all working days, except holidays, between 9.00 A.M. and 5.00 P.M. upto the date of the Annual General Meeting.

ANNEXURE TO THE NOTICE

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

Following Explanatory Statement as required by Section 173 of the Companies Act, 1956 sets out all material facts relating to the special business under items 3 to 10 mentioned in the accompanying Notice dated 31st October, 2001.

In respect of Item no. 3 to 6 :

Shri Vinod J. Ojha, Shri P. R. Merchant, Shri R. R. Patel and Shri Jagdish A. Patel were appointed as Additional Directors of the Company by the Board with effect from 08.06.2001. In terms of Section 260 of the Companies Act, 1956 and Article 139 of the Company's Articles of Association, Shri Vinod J. Ojha, Shri P. R. Merchant, Shri R. R. Patel and Shri Jagdish A. Patel hold office as Directors only till the date of the forthcoming Annual General Meeting, but are eligible for re-appointment. Notices have been received from the Company's member as required by Section 257 of the Companies Act, 1956 signifying their intention to propose the candidatures of Shri Vinod J. Ojha, Shri P. R. Merchant, Shri R. R. Patel and Shri Jagdish A. Patel for the office of Director.

Shri Vinod J. Ojha aged 63 years, is a qualified Chartered Accountant, having experience in financial matters. The services of Shri Vinod J. Ojha have been and will be very useful to the Company. He is not a Director in any public limited company.

Shri Padmanabh. R. Merchant aged 66 years, is engaged in the practice of commercial and legal matters. The services of Shri Padmanabh. R. Merchant have been and will be very useful to the Company. He is not a Director in any public limited company.

Shri Ranakant R. Patel aged 64 years, is a qualified Company Secretary, having experience in corporate law matters. The services of Shri Ranakant R. Patel have been and will be very useful to the Company. He is not a Director in any public limited company.

Shri Jagdish A. Patel aged 58 years, is a qualified Chartered Accountant, having experience in financial management. The services of Shri Jagdish A. Patel have been and will be very useful to the Company. He is not a Director in any public limited company.

Each proposed Director is interested in his concerned resolution.

In respect of Item no. 7 :

The Board of Directors of the Company had at its meeting held on 31/07/2001 appointed Shri N. R. Divate as "President & CEO" and designated as "Manager" under Section 269 and other relevant provisions of the Companies Act, 1956 for a period of 5 years effective from 01/08/2001 with substantial powers of management with remuneration and perquisites which are within the provisions stipulated under Schedule XIII of the Companies Act, 1956 more particularly mentioned hereunder, subject to the approval of the Company's members at the ensuing Annual General Meeting.

The Material terms of his remuneration are as under :

- Salary of Rs. 60,000/- (Sixty Thousand only) per month, in the scale of Rs. 60,000/- to Rs. 1,00,000/- with annual increment at the discretion of the Board/Chairman of the Company.
- Perquisites such as medical benefits for self and family, leave travel concession for himself and family, club fees personal accident insurance.
- He shall be entitled for free use of Company's maintained car for official and limited personal purposes as per the policies of the Company.
- The salary and perquisites as mentioned above shall be exclusive of all retirement benefits viz., contribution to provident fund, superannuation fund and gratuity.
- He will further be eligible for all benefits as are applicable to the senior employees of the Company.

Draft of letter to be issued by the Company for the appointment of Mr. N. R. Divate as the Manager under Section 269 of the Act will be kept available for inspection of the Company's members. No Director of the Company is concerned or interested in the Ordinary Resolution under reference.

In respect of Item No. 8

The Company's financial position has been deteriorating on account of accumulated losses during the last 3 years. The Company has drawn up a restructuring plan, which includes infusion of additional funds.

Keeping in view the funds required to meet the additional cost, it is proposed to issue further 1,00,00,000 Equity Shares of Rs. 10 each aggregating to Rs. 10 crores for cash at par on a preferential allotment basis to some of the promoters i.e. Ensen Holdings Ltd. The Company is a part of the AMG group. Ensen Holding is a wholly owned, subsidiary of National Organic Chemical Industries Limited. The holding company of Ensen, NOCIL has shown its willingness to subscribe to the shares of the Company. The promoters of your Company viz. Mafatlal Industries Limited and Ensen Holdings Ltd. presently hold an aggregate of 39.91% of the subscribed Equity Capital of Rs. 3988 lacs.

The preferential issue and allotment of equity shares proposed to be made as mentioned above, is to be made for cash at par value of Rs. 10 each. This price is higher than the minimum price arrived at pursuant to the SEBI Disclosure and Investors Protection Guidelines, 2000 issued by the Securities and Exchange Board of India (SEBI). The computation regarding the minimum price of the Company's Shares is certified by the Statutory auditors of the Company. The proposed preferential allotment to any of the promoters and/or their associates as aforesaid would not result in any change in the control over your Company.

The relevant clause of the Listing Agreements executed by the Company with the various Stock Exchange in India where the Company's securities are listed and the provisions of Section 81(1A) provides inter-alia that when it is proposed to increase the issued capital of the Company by allotment of further shares, such shares shall be first offered to the existing shareholders of the Company for subscription in proportion on pre-emption basis unless the shareholders decide in General Meeting otherwise.

The said Special Resolution will enable the Board to issue and allot Equity shares on a preferential basis to promoters and/or their associates.

The Directors recommend the resolution for your approval.

The Certificate of Statutory Auditors about computation of minimum price of the Company's share of National Organic Chemical Industries Limited are available for inspection. None of the Directors of the Company is concerned or interested in the Special Resolution under reference.

In respect of Item No. 9 :

The Company's financial position has been deteriorating on account of accumulated losses during the last 3 years. The Company has drawn up a restructuring plan, which includes infusion of additional funds.

As a measure of the financial restructuring, the Company is in dialogue with its lenders to convert their loans and interest outstanding aggregating to Rs. 1500 lacs into equity shares of the Company on a preferential allotment basis.

The Company vide resolution passed in the annual general meeting held on 18.08.2000 allotted 48,81,700 equity shares of Rs. 10/- each aggregating to Rs. 488.17 lacs to banks and financial institutions as a part of its financial restructuring programme. The negotiations and settlements with various lenders for conversion of their loans is an ongoing process, and the period of three months from the date of AGM for issue and despatch of shares proved to be inadequate. Hence, the Company is again taking up the same resolution for converting loans into equity, including the loans converted earlier. The price at which the loan and the accumulated interest thereon is to be converted into equity shares will be at a price not less than minimum as computed pursuant to the SEBI Disclosure and Investors Protection Guidelines, 2000 issued by the Securities and Exchange Board of India (SEBI). The computation regarding the minimum price of the Company's shares is certified by the Statutory auditors of the Company.

After the proposed preferential issue, the shareholding pattern of the lenders of the Company would change depending on the lender to whom the aforesaid 1,50,00,000 shares will be issued.

The proposed preferential allotment to the said lenders as aforesaid would not result in any change in the control over your Company.

The relevant clause of the Listing Agreements executed by the Company with the various Stock Exchanges in India where the Company's securities are listed, and the provisions of Section 81(1A) provide inter-alia that when it is proposed to increase the issued capital of the Company by allotment of further shares, such shares shall be first offered to the existing shareholders of the Company for subscription in proportion on pre-emption basis unless the shareholders decide in General Meeting otherwise.

The said Special Resolution will enable the Board to issue and allot Equity shares on a preferential basis to the lenders of the Company.

The Directors recommend the resolution for your approval.

Certificate of Statutory Auditors about computation of minimum price of the Company's shares is kept available for inspection of the Company's members.

None of the Directors of your Company may be deemed to be concerned or interested in the above resolution.

In respect of Item No. 10 :

Presently, the Company's securities are listed at the following four Stock Exchanges in India :-

1. The Stock Exchange, Mumbai
2. The National Stock Exchange of India Limited, Mumbai
3. The Stock Exchange, Ahmedabad
4. The Delhi Stock Exchange Association Limited

The Company's shares are being traded on a very minimal scale in all the four stock exchanges. It is being observed that listing fees paid to all the Stock Exchanges is disproportionately higher as compared to the trading volumes in the Company's shares.

As a part of its policy of cost reduction, the Company has proposed this Special Resolution, which will enable it to delist its equity shares from all or any of the following stock exchanges:

The Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association Limited

In line with the SEBI regulations and approval, member's approval is being sought by a Special Resolution for enabling voluntary delisting of the Company securities from the said stock exchanges.

Your Directors recommend the Special Resolution for approval of members.

None of the Directors of your Company may be deemed to be concerned or interested in the above resolution

By Order of the Board
MAFATLAL FINANCE COMPANY LIMITED

K. CHANDRAMOULI
Company Secretary

Registered Office :

Mafatlal House,
Backbay Reclamation,
Mumbai - 400 020.

Dated : 31st October, 2001.

DIRECTORS' REPORT

To,
The Members
Maftal Finance Company Limited

Your Directors present the Fourteenth Annual Report with the Audited Statement of Accounts of the Company for the year ended 31st March, 2001.

1. 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 31/03/2001 (Rs. in lacs)	Year ended 31/03/2000 (Rs. in lacs)
Gross Income	2220.35	3949.70
Gross Loss before depreciation	(5030.34)	(2139.07)
Depreciation	1513.73	2498.93
Net Loss	(6544.07)	(4638.00)
Add : Loss brought forward from previous year	(7744.11)	(3372.43)
Transferred to Debenture Redemption Reserve	-	266.32
Aggregate Loss carried forward	(14288.18)	(7744.11)

As per Section 217 (1) (d) of the Companies Act, 1956, there were no material changes and commitments affecting the financial position of the Company from the end of the financial year till the date of this Report.

(1). Redemption of debentures -

The liabilities in respect of the public issue of debentures amounting to Rs. 21.5 crores matured on 6/8/2001 for the purpose of redemption. The Company is in the process of working out a compromise proposal for the same, after taking into account the various factors affecting the said debentures.

(2). Suspension of trading by National Stock Exchange (NSE) -

NSE on account of non-submission of certain information, as well as non-redressal of investor complaints in respect of debentures, suspended temporarily the trading in the Company's shares with effect from 03/09/2001. The information has since been submitted, except the issue relating to redemption of debentures.

(3). Ongoing restructuring operations and pending litigations -

As was indicated at the time of the previous Annual General Meeting, the Company on account of difficulties in realising dues from its borrowers, had requested the Banks, Financial Institutions and Debenture Holders for a compromise proposal, which also envisaged settlement of liabilities through debt-equity and debt-property swaps. While some of the banks and financial institutions showed their inclination for the said proposal, few of the banks have taken recourse to litigation under the Debt Recovery Tribunal Act, notwithstanding the continuing negotiations. In this regard, it is now proposed to take this entire issue on a composite basis, and should the need arise, proceed under the relevant provisions of the Companies Act, 1956. Appropriate resolutions for issue of equity shares to the Company's lenders is being proposed to take care of any eventuality in this regard, subject however to SEBI rules and regulations.

(4). Resignation of Shri N. R. Divate as Whole-time Director with effect from 31/07/2001 -

Subsequent to the resignation of Shri N. R. Divate as Whole-time Director, he was reappointed as "President & CEO" having substantial powers of management and also designated as "Manager" for the purposes of the Companies Act, 1956. Necessary resolution in this regards is also being separately proposed at the ensuing Annual General Meeting.

2. DIVIDEND

In view of the reported loss, the Directors are unable to recommend payment of dividend for the year ended 31/3/2001 on the paid-up equity and preference share capital.

3. OPERATIONS

The financial year 2000-2001 has ended with the Company declaring a loss of Rs. 6544.07 lacs.

The focus of the Company continues to be that of reducing its liabilities, controlling costs of operations and maximising revenue from assets deployed in the earlier years. While the Company has been gradually winding down its Balance Sheet size, it has also simultaneously focussed its role as a service provider and also in distribution of financial products so as to take advantage of the likely environmental scenario.

During the year under operation, the Company has suffered a loss (after provision) of Rs. 65.44 crores mainly on account of the requirement of provisions. The Company is hopeful of concluding settlement with its borrowers and lenders with consequential effects on the losses. During the year, we have reduced our liabilities by Rs. 27.46 crores, and brought down the cost

of operations by 41.28%. While the Company is taking every effort to recover all its dues from the market place, it has not been very successful in doing so because of the following reasons:

- The operations of some of the units that we have financed have been seriously affected due to the changed economic climate, eroding their ability to repay us in the current environment.
- The legal framework of the country has not been very helpful to the finance companies in delivering speedy justice to the aggrieved, especially in transparent cases like money lending.
- The process of recovery is also hampered on account of some of the borrowers absconding, some of the corporate houses going into BIFR, besides frequent changes of staff.

4. COMMENTS ON AUDITORS' OBSERVATIONS

During the financial year 2000-2001, the Company has provided for reversal of income on Non Performing Assets (NPAs) to the extent of Rs. 2.61 crores; the Company has provided also for NPAs and diminution in the values of unquoted shares, to the extent of Rs. 24.41 crores; and the Company has written off an amount of Rs. 13.01 crores for bad debts. As regards the auditors' observations in respect of under provisioning for Non Performing Assets (NPAs) and also non provisioning for interest of certain liabilities, the management is of the view that the same reflects a realistic position on account of the expected recoveries to be made, the likelihood of one-time settlements, waiver of interest on certain liabilities and certain other factors in view of which a decision in respect of the same can be made at a later stage. The qualification of the auditors in respect of reconciliations as being attended, but it is constrained by the changes in staff members.

5. SHARE CAPITAL

During the year under review the Company allotted 48,81,700 equity shares of Rs. 10/- each to the following parties: 1. I.C.I.C.I. Limited - 22,31,700 equity shares; 2. I.C.I.C.I Bank - 25,00,000 equity shares; 3. Dhanlaxmi Bank - 1,50,000 equity shares, sequel to the resolution passed by the shareholders in the Annual General Meeting held on 18.08.2000. As at the end of the year, the paid-up share capital of the Company was Rs. 39,88,17,000.

6. PUBLIC FIXED DEPOSITS

At the end of the financial year, 1337 depositors have not claimed their deposits aggregating to Rs. 1.39 crores. Except this, your Company does not have any unclaimed or unpaid deposits. The Company has sent appropriate communication to the depositors, and expects to significantly reduce the outstanding unclaimed deposits.

The Company has applied to the Reserve Bank of India as per the new RBI directives u/s. 451A of RBI Act, 1934 for registration as an NBFC. The approval of the RBI is awaited.

7. MAFATLAL SECURITIES LIMITED (MSL) - SUBSIDIARY COMPANY

The Company has posted a net profit of Rs. 1.71 lacs for the financial year ended 31st March, 2001, after writing off Rs. 16.23 lacs towards bad debts. Notwithstanding the present adverse conditions in stock market, the Subsidiary Company is exploring various options to fare better in the current financial year. Statement pursuant to Section 212 of the Companies Act, 1956 in respect of Maftal Finance Limited is separately given in this Report.

8. OUTLOOK

The outlook continues to be depressing and severely affected on account of the economic environment, which has been vitiated due to global events. In view of this, we do not visualise any significant improvements in the coming year. The focus of the Company continues to be that of reducing its liabilities, controlling costs and maximising revenue from assets deployed earlier.

Taking into account the realities and the difficulties that may be encountered in recovery through litigations, we are also exploring the possibility of settlement of our debtors against properties, providing opportunity for real estate development.

9. 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

10. DIRECTORATE

Shri Hrishikesh A. Malatla, Shri N. G. Patel and Dr. N. M. Dhuldhoya resigned from the Board of Directors with effect from 11th June, 2001, 26th June, 2001 and 26th June, 2001 respectively. Your Directors would like to record their appreciation of the services rendered by aforesaid directors.

Shri Vinod J. Ojha, Shri P. R. Merchant, Shri R. R. Patel and Shri Jagdish A. Patel were appointed as Additional Directors of the Company on 08.06.2001, and they vacate their offices at the ensuing Annual General Meeting. Pursuant to Section 257 of the Companies Act, 1956 the Company has received notices together with requisite deposits from a shareholder signifying his intention to propose their names for appointment as Directors of the Company at the ensuing Annual General Meeting.

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11. DEPOSITORIES

Effective October 30, 2000, the equity shares of your Company have been mandated by Securities and Exchange Board of India for delivery only in dematerialised form for all investors.

Your Company has already entered into arrangements with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for custody and dematerialisation of shares in accordance with the Depositories Act, 1996.

12. 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 form 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.

13. DELISTING OF SHARES FROM STOCK EXCHANGES AT AHMEDABAD & DELHI

Due to low Trading volumes, the Company proposes to De list its Share from the stock exchanges at Ahmedabad & Delhi after following appropriate procedure in this regard.

14. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm that :

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently, and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors had prepared the annual accounts on a going concern basis.

15. AUDITORS

The Company's Auditors Messrs. 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.

16. ACKNOWLEDGEMENTS

Your Directors wish to thank and place on record their appreciation of the valuable support given by Company's Customers, Shareholders, Bankers, Depositholders, Financial Institutions, Mutual Funds and Debentureholders.

The Directors would also like to thank the employees for their contribution to the Company's contribution.

17. CORPORATE GOVERNANCE

Under Clause 49 of the Standard Listing Agreement of Stock Exchanges, the Company has to comply with the provisions relating to Corporate Governance disclosures by March 31, 2002. The Company will implement the provisions by that date.

MEANS OF COMMUNICATION

Half-yearly and quarterly unaudited financial results are published in Free Press Journal and Nava Shakti. The Company does not display its results in any website or in official news releases.

GENERAL SHAREHOLDER INFORMATION

AGM : date, time and venue	- 21st December, 2001, 4.00 p.m. ; SASMIRA, Sasmira Marg, Worli, Mumbai - 400 025.
Financial Calendar	- Year ending March 31
Date of Book Closure	- 21st December, 2001
Listing on Stock Exchanges	- The Stock Exchange, Mumbai (BSE) National Stock Exchange (NSE) Ahmedabad Stock Exchange (ASE) Delhi Stock Exchange (DSE) Listing fees have been paid to BSE & NSE. Listing fees are in arrears for ASE & DSE.
Stock Code (Physical form) (Demat form)	- in BSE : 282 - INE965B01014

Market Information -

Market Price Data : High, Low during each month of the Company's Equity shares during the last financial year at the Stock Exchange, Mumbai (BSE).

Month (Rs.)	April 2000	May 2000	June 2000	July 2000	Aug. 2000	Sept. 2000	Oct. 2000	Nov. 2000	Dec. 2000	Jan. 2001	Feb. 2001	March. 2001
High	9.45	5.50	4.50	3.90	3.50	3.45	3.80	4.00	5.85	4.05	3.10	2.85
Low	4.60	3.55	2.90	2.50	2.40	2.60	2.00	3.05	4.05	2.45	2.40	1.50

Registrar & Transfer agents - Big Share Services Private Ltd.
E-2, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (E), Mumbai 400 072.

Distribution of Equity Shareholding as on 31st March, 2001-

Sr. No.	Category	Shareholding	Percentage
1.	Promoters	1,59,20,000	39.92
2.	Financial Institutions	60,46,500	15.16
3.	Banks	30,01,888	7.53
4.	Bodies Corporate	52,97,812	13.28
5.	Directors & their relatives	25,900	00.06
6.	Non-Resident Individuals	1,26,400	00.32
7.	General Public	94,63,200	23.73
Total		3,98,81,700	100.00

Dematerialisation of shares - The Company has arrangements with NSDL and CDSL for demat facility.

Address for correspondence - Mafatal Finance Company Limited
Unique Mechanical Works, 36-A,
Mahal Indl. Estate, Opp. Apollo Indl. Estate,
Mahakali Caves Road, Andheri (East),
Mumbai - 400 093.

For and on behalf of the Board

J. A. PATEL
Chairman

Place : Mumbai
Dated : 31.10.2001.

DETAILS OF THE DIRECTORS SEEKING APPOINTMENT IN FORTHCOMING ANNUAL GENERAL MEETING (In pursuance of the Listing Agreement)

Sr. No.	Name of Director	Date of Birth	Date of Appointment	Expertise in specific functional areas	List of public limited Companies in which the person holds the directorship
1.	Mr. V. J. Ojha	01.01.1938	08.06.2001	Financial Matters Practising Chartered Accountant	Nil
2.	Mr. P. R. Merchant	10.06.1935	08.06.2001	Commercial & Legal Matters	Nil
3.	Mr. R. R. Patel	17.10.1936	08.06.2001	Company law matters Practising Company Secretary	Nil
4.	Mr. J. A. Patel	17.01.1942	08.06.2001	Financial Management Practising Chartered Accountant	Eye Global Com India Pvt. Ltd., Mishapur Investment Ltd., Repal Apparel Pvt. Ltd., Samatva Investments P. Ltd., Sushmita Holdings Ltd., Gayatri Pestichem Mfg. P. Ltd., Pamit Investments Ltd., Repal Industrial Garments Ltd., Suremi Investments Ltd.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of **MAFATLAL FINANCE COMPANY LIMITED**, as at 31st March, 2001 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 except for non-provision of interest expense of Rs.9,02,65,452/- (including Rs.5,32,36,279/- for the year) as explained in the Note No. 10 (b), 14(a) and 14(b) of Schedule 17.
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet and Profit & Loss Account comply with Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 subject to para f (ii) bid for non provision for diminution in value of certain investments of Rs.45,26,981/- and to Note Nos. 10(b), 14(a) and 14(b) of Schedule 17 for non-provisioning of interest of Rs. 9,02,65,452/- (including Rs. 5,32,36,279/- for the year) on borrowings which is not in compliance with the Accounting Standard -13 and Accounting Standard -1 respectively.
 - e) On the basis of written representations received from the Directors as on 31st March, 2001, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2001 from being appointed as a Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 by virtue of being a Director in any other public company. The Company has failed to redeem its debentures as on 31st March, 2001. The Company has obtained a legal opinion to the effect that provisions of Sections 274(1)(g) does not prohibit re-appointment of a Director in a public company which has defaulted as per Section 274(1)(g).
 - f) Attention is invited to the following notes in Schedule No. 17 :
 - i. Note No.5 regarding the unreconciled difference of Rs. 3,46,04,000/- between public deposit as per General ledger and as per subsidiary register and the provision of interest on the lower balance. The impact of the reconciliation on the accounts is not ascertainable at present.
 - ii. Note No. 6 regarding shortfall in the value of investments. In our opinion the shortfall of Rs.45,26,981/- on certain quoted investments in equity shares, included in the amount of Rs.3,65,95,500/- needs to be provided, being the decline in value other than temporary. Consequently, loss for the year is lower by Rs.45,26,981/- and investments are over-stated by the same amount.
 - iii. Note No. 7 regarding treatment of difference of Issue Price and Redemption Value of Deep Discount Debentures resulting in lower charge of Rs. 3,14,98,434/-. Consequently loss for the year is lower by Rs.3,14,98,434/- and accumulated losses are lower by Rs. 10,95,35,965/-.
 - iv. Note No.8 regarding application for registration u/s. 45 IA of RBI Act, 1934 which is awaiting the formal approval of RBI.
 - v. Note No. 9 regarding provision of Rs. 14,72,00,050/- for non-performing debtors as required by the prudential norms prescribed by Reserve Bank of India (the prudential norms) not being made by the Company. Consequently loss for the year is lower by Rs. 14,72,00,050/- and Sundry Debtors is higher by like amount.
 - vi.(a) Note No. 10(a) regarding loans of Rs. 20,61,52,293/- given to two companies in 1995-96. As against the provision of Rs. 15,99,67,973/- required to be made as per the prudential norms, the Company has made provision of

Rs.1,09,63,920/- . Consequently there is under-provisioning of Rs.14,90,84,053/- and loss for the year is lower by Rs. 14,90,84,053/- and loans & advances to Companies are higher by the like amount.

- (b) We are unable to express an opinion on the shortfall in the realisability of the balance out-standing of Rs. 4,61,84,320/- which is dependent on the negotiations with the company's lender and the realisation of the securities.
 - vii. Note No. 10(b) for non- provisioning of interest on ICD taken from a company for reasons stated in the note. Consequently loss for the year, debit balance of profit and loss account in the balance sheet and current liabilities are understated by Rs.3,69,28,000/-, Rs.7,39,57,173/- and Rs.7,39,57,173/-.
 - viii. Note No. 11 regarding short provision of Rs.13,77,09,000/- and non reversal of finance income of Rs. 1,73,02,000/- as per RBI prudential norms. Consequently loss for the year is under-stated by Rs. 15,50,11,000/- and current assets and loans and advances are over-stated by the same amount.
 - ix. Note No. 12 regarding loan of Rs.2,77,50,000/- due from Mafatlal Industries Ltd. a sick industrial company. We are unable to express our opinion on the recoverability or otherwise of the said amount.
 - x. Note No. 13 regarding statement of accounts/ confirmations awaited for balances of secured loans from banks, financial institutions and current accounts with banks and reconciliation pending for a few current accounts with banks. Necessary adjustment to interest expense & other accounts would be effected on reconciliation of the balances.
 - xi. Note No. 14(a) and 14(b) regarding non provisioning of interest of Rs.1,63,08,279/- on some debentures /ICD for the reasons explained in the note. Consequently loss for the year is under-stated by Rs. 1,63,08,279/- and current liability is understated by a like amount.
 - xii. Note No. 15 regarding accounts being prepared on going concern basis.
- In view of the continued losses for the year and the substantial negative networth of Rs.42,66,98,559/- (Rs. 108,22,99,890/- if our qualifications are considered, excluding items, the impact of which could not be determined) the ability of the company to continue as a going concern is dependent on the outcome of the negotiations with its lenders and recoveries from borrowers.
- We further report that, without considering the items mentioned in paragraphs i), iv), vi), ix) x) and xii) above the effect of which could not be determined, had the observations made by us in para ii), iii), v), via), vii), viii) and xi) above been considered, the loss for the year would have been Rs.1,19,49,44,842/- (against reported loss of Rs. 65,44,08,045/-), and accumulated losses would have been Rs.208,44,21,501/- (against reported figure of Rs. 1,42,88,18,000/- investments would have been Rs.51,82,91,078/- (as against reported figure of Rs. 52,28,18,059/-), current assets would have been Rs.63,59,63,086/- (as against reported figure of Rs. 1,08,72,38,189/-) and current liability would have been Rs.41,81,57,995/- (as against reported figure of Rs. 32,78,82,543/-).
- g) 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:
 - i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2001; and
 - ii) 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 June, 2001.

Annual Report 2000-2001

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, 2001.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except that accumulated depreciation is being reconciled. 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 on hire 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 on hire 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 stock on hire 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 stock on hire 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 are not prima facie prejudicial to the interest of the Company except in respect of interest free loan of Rs.2,77,50,000/- given during the previous years where the terms and conditions of the loans are being negotiated. In view of the circumstances explained in Note No. 12 of Schedule 17, we are unable to express our opinion whether the terms & conditions were prima facie prejudicial to the interests of the Company. The Company has not given any loans to the companies under the same management as this company within the meaning of Section 370 (1B) of the Companies Act, 1956.
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 except, in respect of certain non-performing /other loans as explained in Note No. 10 and 11 of Schedule 17 and also in respect of an ex-employee from whom an amount of Rs. 34,96,755/- is outstanding. Steps are being taken to recover the out standing amounts.
In respect of loans aggregating to Rs. 14,07,61,169/- made during the year to two companies, the terms and conditions are being drawn up.
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 and for sale of services.
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 available.
13. 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. Attention is invited in Note No. 5 of Schedule 17 regarding the fixed deposit

and interest payable on fixed deposits being subject to reconciliation and consequent adjustment.

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 generally deposited with the appropriate authorities within due dates.
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, 2001 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 denoted by an (*) under other investments referred to in Schedule 6.

For C.C. CHOKSHI & CO.
Chartered Accountants

R. SALIVATI
PARTNER

Place : Mumbai
Date : 28th June, 2001.

BALANCE SHEET AS AT 31ST MARCH, 2001

	Schedule No.	Rupees ' 000	Rupees ' 000	AS AT 31.03.2000 Rupees ' 000
A. SOURCES OF FUNDS				
1. Shareholders' Funds :				
a. Capital	1	443,724		394,907
b. Reserves and Surplus	2	558,398		556,007
			1,002,122	950,914
2. Loan Funds				
a. Secured Loans	3	1,770,067		1,757,481
b. Unsecured Loans	4	341,474		503,690
			2,111,541	2,261,171
TOTAL			3,113,663	3,212,085
B. APPLICATION OF FUNDS				
1. Fixed Assets	5			
a. Gross Block		1,162,176		1,990,488
b. Less: Depreciation		556,784		825,767
c. Net Block		605,392		1,164,721
d. Add: Lease Terminal Adjustment Account		(202,712)		(364,267)
			402,680	800,454
2. Investments	6		522,818	573,853
3. Current Assets, Loans and Advances				
a. Current Assets	7	460,331		650,045
b. Loans and Advances	8	626,908		867,266
		1,087,239		1,517,311
Less : Current Liabilities and Provisions	9			
a. Liabilities		323,939		448,940
b. Provision		3,953		5,004
		327,892		453,944
Net Current Assets			759,347	1,063,367
Profit and Loss Account			1,428,818	774,411
TOTAL			3,113,663	3,212,085

Notes to Accounts and Significant Accounting Policies 17

As per our attached report of even date

For C.C.CHOKSHI & CO.
Chartered Accountants

J. A. PATEL
Chairman

P. R. MERCHANT

V. J. OJHA

R. R. PATEL

N. R. DIVATE

Directors

R. SALIVATI
Partner

K. CHANDRAMOULI
Company Secretary

Mumbai, Dated : 28th June, 2001

Mumbai, Dated : 27th June, 2001

*Annual Report 2000-2001***PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2001**

	Schedule No.	Rupees ' 000	Rupees ' 000	PREVIOUS YEAR Rupees ' 000
INCOME				
Lease and Hire Purchase Income	10		182,590	312,234
Interest & Bills Discounting Income	11		29,792	58,492
Other Income.	12		9,653	24,243
			<u>222,035</u>	<u>394,969</u>
EXPENDITURE				
Employee Cost	13	13,150		18,945
Administrative & other expenses	14	31,779		57,568
Interest & Finance Charges	15	249,927		347,797
Provisions & Write Offs	16	400,378		182,191
Depreciation		151,373		249,893
Loss on sale of Long term Investments (Net)		29,835		2,375
			<u>876,442</u>	<u>858,769</u>
LOSS FOR THE YEAR			(654,407)	(463,800)
Transferred from Debenture Redemption Reserve			—	26,632
Balance Brought Forward from previous year			(774,411)	(337,243)
BALANCE CARRIED TO BALANCE SHEET			<u>(1,428,818)</u>	<u>(774,411)</u>

Notes to Accounts and Significant Accounting Policies 17

As per our attached report of even date

For C.C.CHOKSHI & CO.
Chartered AccountantsJ. A. PATEL
Chairman

P. R. MERCHANT

V. J. OJHA

R. R. PATEL

N. R. DIVATE

Directors

R. SALIVATI
PartnerK. CHANDRAMOULI
Company Secretary

Mumbai, Dated : 28th June, 2001

Mumbai, Dated : 27th June, 2001