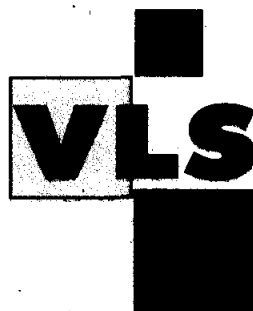


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communication in form of fax, courier charges with these stock exchanges. Since investors do not get any benefit despite Company spending this amount, it is proposed that listing on these stock exchanges be discontinued. Investors in this region will not suffer due to delisting since with the introduction of screen based trading on the National Stock Exchange, trading in the Company's shares can be easily done all over the Country.

Considering the facts cited above the Board of Directors propose to delist the shares from Ahmedabad, Calcutta, Madras and Uttar Pradesh Stock Exchanges and put before you the special resolution under item no. 10 of the notice of Annual General Meeting for approval. The approval of members for this purpose though had already been given vide resolution passed in the Annual General Meeting held on 27/9/2000, however, the management is of opinion that fresh approval is advisable as considerable time has elapsed since then.

None of the Directors of your Company are concerned or interested in the resolution.

**By Order of the Board
for VLS Finance Ltd.
H.Consul
Company Secretary**

Place : New Delhi

Date : 27/7/2001

DIRECTORS' REPORT TO THE MEMBERS

Your Directors are pleased to present the Fourteenth Annual Report of VLS Finance Limited with the audited statement of accounts for the year ended 31st March, 2001.

1. Financial Results

	(Rs. in Lacs)	
	For the year ended 31st March, 2001	For the year ended 31st March, 2000
Gross Receipts	11345.21	36907.19
Profit before Interest & Depreciation	527.99	2699.81
Less: Interest & Finance Charges	330.84	908.14
Profit before depreciation	197.15	1781.67
Less: Depreciation	658.22	1761.32
Profit Before Tax	(461.07)	20.35
Less: Provision for Taxation	60.00	0.00
Add: Adjustments relating to earlier year	0.44	163.22
Add: Surplus Brought Forward	135.11	105.61
Available for Appropriation	(385.52)	269.18
Appropriations:		
General Reserve	0.00	150.00
Statutory Reserve	0.00	4.07
From General Reserve	385.52	0.00
Total Appropriations	385.52	154.07
Surplus carried to Balance Sheet	0.00	135.11

2. Operations

The year 2000-01 has seen a softening of the growth in majority of the areas of the Indian economy. One of the major features of the fiscal year was the unfavourable financial market condition. There was no perceptible improvement in the primary market during the year as compared to the previous year and many issues, which hit the primary market, could not mop up their offer price. The investors in general showed lack of interest in the primary issue as a result of continuous erosion in value of stocks in the secondary market.

Profits of the corporate sector witnessed an overall decline despite visible signs of turnaround in core sectors of the industry earlier and NBFCs witnessed poor performance. VLS Finance however is in the process of consolidation and efforts are being made to enhance the network of the Company through renewed focus on its core competence in securities related operations and investments.

During the year under review, your Company registered a loss of Rs. 521.07 lakhs for the first time since inception. The company however generated cash profit of Rs. 286.90 lakhs during the year. The company was successful in making some recoveries this year. The Company is continuing to make sustained efforts to recover its debts, which is likely to result in positive outcome in few of the cases.

The Company did not enter into any Hire Purchase or Leasing business this year. Its main area of focus during the year has been Venture Capital, Investments etc. The Company has over the period built up sound knowledge based internal technologies for its investment business.

Your Company has not been affected by the recent meltdown in the stock prices and the substantial recession in the capital market. The income from hire purchase and leasing business has seen a decline over the years from as high as ninety two percent in 1997-99 to less than one percent in 2000-01. The Company is one among the few companies that has survived the recession in the economy and more particularly in the industry. Your Company, for all purposes, is now an Investment Company.

During fiscal 2000-01, the Company issued Bonus shares in the ratio of two shares for every one share held by the members.

3. Dividend

In view of losses suffered by the Company during the year under review, no dividend is recommended.

4. Directors

Shri S.D. Varma, who was on the Board since May 1989 and Dr. A.C. Shah, who was on the Board since August 2, 1994, tendered their resignations, effective August 22, 2000 and January 24, 2001 respectively. The Board accepted their resignations and placed on record its appreciation of the contributions made by them during their tenure.

The Board has appointed Shri Surendra Singh, retired IAS Officer and former Cabinet Secretary, Government of India, as Director of VLS Finance Ltd. effective September 14, 2000, in the casual vacancy created by the resignation of Shri S.D. Varma. Shri Surendra Singh will hold office until the conclusion of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 have been received from a member signifying his intention to propose the name of Shri. Surendra Singh for election to the office of Director of the Company. The same has been suitably incorporated in the Notice to the members for the ensuing Annual General Meeting.

The Board has appointed Shri. Ranji Mehrotra, Chartered Accountant, with over 30 years of experience, as Director of VLS Finance Ltd. effective January 27, 2001 in the casual vacancy created by the resignation of Dr. A.C. Shah. Shri. Ranji Mehrotra will hold office till the expiry of the tenure of Dr. A.C. Shah, the outgoing Director.

Shri. B.D. Shah, who was on the Board since March 1994, Shri. M.P. Mehrotra who was on the Board since February 1991, Shri. T.N. Pandey who was on the Board since April 1992 and Shri. G.K. Arora, who was on the Board since November 1994, tendered their resignations effective June 21, 2001, June 22, 2001, June 23, 2001 and June 25, 2001 respectively. The Board accepted their resignations and placed on record its appreciation of the contributions made by them during their tenure.

The Board has appointed Shri. T.B. Gupta, B. Tech (Honours), M.Tech, as Director of VLS Finance Ltd. effective June 21, 2001, in the casual vacancy created by the resignation of Shri. B.D. Shah. The Board has appointed Shri. D. Dipti Chopra, Financial Consultant, as Director of VLS Finance Ltd. effective June 30, 2001, in the casual vacancy created by the resignation of Shri. M.P. Mehrotra. The Board has appointed Dr. S. Ramesh, retired IAS officer and former Secretary, Government of Uttar Pradesh, as Director of VLS Finance Ltd. effective June 30, 2001, in the casual vacancy created by the resignation of Shri. T.N. Pandey. The Board has appointed Shri. B.M. Oza, retired IFS officer and former Ambassador to South Korea, Sweden, Czechoslovakia and former High Commissioner to Singapore, as Director of VLS Finance Ltd. effective June 30, 2001, in the casual vacancy created by the resignation of Shri. G.K. Arora.

Shri. T.B. Gupta, Shri. D. Dipti Chopra, Dr. S. Ramesh and Shri. B.M. Oza will all hold office till the expiry of the tenure of Shri B.D. Shah, Shri M.P. Mehrotra, Shri T.N. Pandey and Shri G.K. Arora respectively, being the outgoing Directors.

Dr. S. Ramesh will hold office until the conclusion of this Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 have been received from a member signifying his intention to propose the name of Dr. S. Ramesh for election to the office of Director of the Company. The same has been suitably incorporated in the Notice to the members for the ensuing Annual General Meeting.

The Board of Directors at its meeting held on June 21, 2001 appointed Shri T.B. Gupta as Managing Director of the Company for a period of three years. Your approval is sought for his appointment and for the remuneration payable to him as detailed in the Notice convening the meeting. The Board recommends his appointment.

Shri M.G. Diwan, Shri N.C. Sundararajan, Dr. P.D. Ojha and Shri. Somesh Mehrotra, Directors would retire by rotation at the forthcoming Annual General Meeting and all, being eligible, offer themselves for reappointment. To enable the Company to obtain their continued valuable direction, guidance and assistance in conduct of the affairs of your Company, it is recommended that their reappointment be approved.

5. Directors' Responsibility Statement

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility statement, the Directors hereby confirm:

- that in the preparation of the annual accounts for the financial year ended 31st March, 2001, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- that they have selected such accounting policies and applied them consistently and made judgments 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 profit or loss of the Company for that period;
- that they have taken proper and sufficient care for the maintenance of proper accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- that they have prepared the annual accounts for the financial year ended 31st March, 2001 on a going concern basis.

6. Corporate Governance

The Securities and Exchange Board of India introduced a comprehensive code on Corporate Governance in April 2000, which is to be practiced by Corporates. Pursuant to this announcement, the stock exchanges have made amendments to the listing agreements. Your Company is required to comply with the mandatory provisions in the financial year 2001-2002 but not later than March 31, 2002. Your Board has initiated necessary action in this regard and in its meeting held on June 21, 2001 constituted the following committees:

(a) Audit Committee

Composition:

A committee of the Board of Directors known as Audit Committee has been constituted comprising Shri N.C. Sundararajan, Shri A.K. Puri and Shri Somesh Mehrotra as its members. The Chairman of the Audit Committee shall be elected by its members amongst themselves.

Responsibilities and Powers:

The Audit Committee shall have such roles and duties as specified under Clause 49 of the listing agreement read with Section 232A of the Companies Act, 1956. It shall oversee the Company's financial reporting process and the disclosure of its financial information; ensure that the financial statement is correct, sufficient and credible; recommend appointment and removal of external auditor, fixation of audit fee, approval for payment for any other services; review with the management the annual financial statements before submission to the Board; review with the management, external and internal auditors and the adequacy of internal control system; review the adequacy of internal audit function, including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit; review the company's financial and risk management policies; and look into the reasons for substantial defaults in the payment of the depositors, debenture holders, shareholders and creditors.

The Audit Committee shall have powers to investigate any activity/matter within its terms and reference, seek information from any employee, obtain legal or professional advice from outsiders, and secure attendance of outsiders with relevant expertise, if it considers necessary.

(b) Remuneration Committee

Composition:

A committee of the Board of Directors known as Remuneration Committee has been constituted comprising Shri M.P. Mehrotra, Shri Somesh Mehrotra and Shri T.N. Pandey as its members. The Chairman of the Audit Committee shall be elected by its members amongst themselves.

The Board in its meeting held on June 30, 2001, reconstituted the Committee consequent to the resignations of Shri M.P. Mehrotra and Shri T.N. Pandey. The reconstituted committee comprises Shri B.M. Oza, Shri Surendra Singh, Shri Ranji Mehrotra and Shri Somesh Mehrotra.

The Chairman of the Remuneration Committee shall be elected by its members amongst themselves.



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AUDITORS' REPORT TO THE MEMBERS

Responsibilities and Powers:

The Remuneration Committee shall have the powers to determine the remuneration of Directors and such other duties as may be assigned by the Board or stipulated in any regulation in force.

(c) Shareholders'/Investors' Grievance Committee

Composition:

A committee of the Board of Directors known as Shareholders'/Investors' Grievance Committee has been constituted comprising Shri T.N. Pandey, Shri M.P. Mehrotra and Shri Somesh Mehrotra as its members. The Chairman of the Shareholders'/Investors' Grievance Committee shall be elected by its members amongst themselves.

The Board, in its meeting held on June 30, 2001, reconstituted the Committee consequent to the resignations of Shri M.P. Mehrotra and Shri T.N. Pandey. The reconstituted committee comprises Shri B.M. Oza, Shri D. Dipti Chopra, Shri Ramji Mehrotra, Shri Somesh Mehrotra and Shri T.B. Gupta.

Responsibilities and Powers:

The Shareholders'/Investors' Grievance Committee shall look into redressing the grievances and complaints of shareholders and investors such as transfer/dematerialisation of shares, non-receipt of balance sheets, non-receipt of declared dividends etc.

7. Auditors

The Auditors, M/s. Agiwal & Associates, Chartered Accountants, will retire at the forthcoming Annual General Meeting. The Company has received a Certificate from the Auditors that they are qualified under Section 224 (1B) of the Companies Act, 1956 to act as the Auditors of the Company, if reappointed. The Board recommends the reappointment of M/s. Agiwal & Associates, Chartered Accountants, as the statutory auditor of the Company. The Board may also be authorised to fix their remuneration.

8. Auditors' Report

The observations made by the Auditors with reference to notes on accounts for the year under report have been adequately dealt with within the relevant Notes on Accounts and need no further comments from Directors.

9. Statutory Information

The Company, not being a manufacturing Company, is advised that the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to Conservation of Energy and Technology Absorption in Form A & B are not applicable in its case. Details of foreign exchange earnings and outgo is enclosed as Annexure - I and forms part of this report. The Company has paid annual listing fees for the year 2000-01 to the Stock Exchanges at Delhi, Mumbai, Ahmedabad, Chennai, Kanpur, Kolkata and the National Stock Exchange. In order to conserve valuable resources without causing discomfort in the services to valued members of the company, the Company is in the process of getting its shares de-listed from the stock exchanges at Ahmedabad, Chennai, Kanpur and Kolkata.

The details of de-listing have been set out in the notice convening this Annual General Meeting and is recommended for your approval. The de-listing in these stock exchanges will not in any way affect the interest of members as the members can switch over to the National Stock Exchange, where the volume of Company's shares traded is the largest, and continue to trade in Company's shares as NSE terminals are available at all places across the country.

10. Fixed Deposits

The Company has neither held, nor accepted any fixed deposit, during the year under review. As on date, the Company has no plans to solicit and accept any deposits from public in future also.

11. Human Resources

The relationship with employees continued to be cordial during the year. The Directors place on record their sincere appreciation to the employees at all levels. In terms of the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, there was no employee during the year drawing remuneration more than the stipulated amount in the said rules.

12. Subsidiary Companies

Statements pursuant to Section 212(1) (e) & (f), read with sub-Section (3) and sub Section (5) of the said Section of the Companies Act, 1956, for the financial year 2000-2001 in respect of the subsidiary companies are enclosed with Annual Accounts of the Company.

In view of the fact that Iris India Fund SICAV was liquidated on December 30, 2000 and the process of liquidation, transfer of securities and related work has continued well into the year 2001, and since Credit Agricole Indosuez, Luxembourg, the Administrators for both VLS International S.A. and its wholly owned subsidiary VLS Iris India Advisory S.A., could not provide adequate attention to manage the affairs of both the companies, CITCO (Luxembourg) S.A., Luxembourg was therefore appointed as the new administrator.

VLS International S.A. and its wholly owned subsidiary, VLS Iris India Advisory S.A., have both not been able to finalise their accounts for the year 2000 and consequently could not get them audited, primarily on account of non-completion of work related to the liquidation of Iris India Fund SICAV and other factors related to Credit Agricole Indosuez Luxembourg, the erstwhile administrators of the Companies. The process of liquidation of Iris India Fund, SICAV has now been completed. The Companies have already taken steps for finalisation and audit of their accounts for the year 2000. The audited accounts are likely to be ready by September 30, 2001. The accounts of VLS International S.A., wholly owned subsidiary of VLS Finance Ltd., and that of VLS Iris India Advisory S.A., the wholly owned subsidiary of VLS International S.A. are therefore not being enclosed.

13. Acknowledgements

Your Directors wish to place on record their sincere appreciation and gratitude to the Company's business associates, customers, Association of Leasing and Financial Services Companies, Bankers, Financial Institutions and the Reserve Bank of India for their continued support and assistance, and also to the esteemed shareholders of the Company for their valuable support and patronage.

Place : New Delhi
Date : July 27, 2001

For and on behalf of the Board
P.D.Ojha
Chairman

ANNEXURE I

Foreign Exchange Earnings and Outgo:

Foreign Exchange earned : Nil
Foreign Exchange used : Rs. 5,75,820

Place : New Delhi
Date : July 27, 2001

For and on behalf of the Board
P.D.Ojha
Chairman

Dear Members,

We have audited the attached Balance Sheet of VLS Finance Ltd. having its Regd. Office at VLS House, C-489, Defence Colony, New Delhi - 110024 as at 31st March 2001 and the annexed Profit & Loss Account for the year ended on that date and report as under:-

- 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;
- 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 such books. In respect of the Branch office of the Company at Mumbai and Chennai, no separate books of accounts are being maintained and all the income and expenses of the Branch Office have been accounted for in the books of accounts maintained at the Registered office.
- The Balance Sheet and Profit & Loss Account referred to in this report are in agreement with the books of account of the Company;
- On the basis of the written representation received from all the Directors and taken on record by the Board of Directors, we report that none of the Directors is prima-facie disqualified as on 31st March, 2001 from being appointed as a Director in term of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
- In our opinion, the Profit & Loss Account and Balance Sheet comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 except as stated.
- In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss account read together with the notes and accounting policies thereon subject to :
 - Leave encashment on retirement which is accounted for on PAY-AS-YOU-GO method, which is not in accordance with the Accounting Standard 15 of the Institute of Chartered Accountants of India.
 - Note III-C of Notes on Profit & Loss Account regarding non-provision of interest on Banks and Financial Institutions' loan. In the opinion of the Management, interest and other charges have been charged at higher rates by the Banks and Financial Institutions in the earlier years. The amount is not ascertainable. Due to this the Loss shown by the Company is lower to the extent of non-provision.
 - Note II-E During the year the Company has entered in MoU with some of the borrowers to purchase/invest in there shares against the amount due from them, in view that such advance has been reclassified as performing Assets. Accordingly provision of Rs. 76,80,681 for NPA made during the last year has been reversed. In result loss has been understated and Loans & Advances has been overstated to extent of that amount.

give the information required by the Companies Act, 1956 in the manner so required give a true and fair view :-

- in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2001, and
- in so far as it relates to the Profit and Loss Account, of the Loss of the Company for the year ended on that date.

for AGI WAL & ASSOCIATES
Chartered Accountants
(P.C. Agiwal)
Partner

Dated : 30th June, 2001
Place : New Delhi

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 and on the basis of such checks of the books and records of the Company, as we considered appropriate and the information and explanations given to us during the course of our audit, we further report as follows on the matters specified in paragraph 4 and 5 of the said Order:-

- The Company is maintaining proper records showing full particulars including quantitative details and situation of all its tangible fixed assets. We have been informed that the fixed assets of the Company are being physically verified at random by the management at reasonable intervals during the year and no major discrepancies were noticed on such verification.
- The Company has not revalued any of its fixed assets during the year.
- The securities held as stock in trade have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
- In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management were found reasonable and adequate in relation to the size of the company and the nature of its business.
- The discrepancies noticed on verification between the physical stocks and book records which are not material in relation to the operations of the Company, have been properly dealt with in the books of accounts.
- On the basis of our examination of stock records, we are of the opinion, the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles.
- The Company has not taken any loan from Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. We have been informed that there are no Companies under the same management within the meaning of Section 370(1B) of the Companies Act, 1956.
- In respect of the loans and advances granted by the Company to the parties listed in the register maintained under section 301 of the Companies Act, 1956 the terms and conditions of the loans and rate of interest charged are not prima facie prejudicial to the interests of the Company or its member. We have been informed that there are no Companies under the same management within the meaning of section 370(1B) of the Companies Act, 1956.
- The parties to whom loans and advances in the nature of loans have been given by the company are repaying the principal amounts as stipulated and are also generally regular in payment of interest, wherever applicable except in the case of Non - Performing Assets (NPA) for which Company has followed the Guidelines issued by Reserve Bank of India applicable to all Non Banking Financial Companies for Asset Classification, provisioning and income recognition.
- In our opinion and according to the information and explanations given to us, the Company has an adequate internal control procedure commensurate with its size and nature of its business, for the purchase of fixed assets and for purchase / sale of securities.
- The transactions of services, made in pursuance of contracts or arrangements entered into Register(s) maintained under section 301 of the Companies Act, 1956 as aggregating during the period to Rs. 50,000 (Rs Fifty thousand only) or more in respect of each party, have been made at the rates which are reasonable having regard to prevailing market

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- rates for such services or rates at which transactions for similar services have been made with other parties.
12. The Company has not accepted any deposits from the public during the year. Hence provisions of Section 58A of the Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits are not applicable to the Company.
 13. In our opinion, the company has an internal audit system, commensurate with its size and nature of its business which is required to be more strengthened.
 14. The dues under the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the Employees State Insurance Act, 1948, have been regularly deposited with appropriate authorities by the Company.
 15. According to information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax and Service Tax as at 31.03.2001 which are outstanding for a period of more than six months from date they became payable. The provisions of Custom Duty and Excise Duty are not applicable to the Company.
 16. According to the information and explanations given to us no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practice.
 17. The Company is not a Sick Industrial Company within the meaning of Clause (c) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 (1 of 1985).
 18. In respect of services activities :
 - a) The service activities of the Company do not involve consumption of materials and,

- hence, the question of reporting existence or otherwise of a reasonable system to record the receipts, issues and consumption of materials does not arise
- b) It has been informed to us, that considering the nature of the services of the Company it is not possible to allocate man-hours utilized to the relative jobs.
 - c) There is a reasonable system of authorization at proper levels and adequate system of internal control commensurate with the size of the company and nature of its business.
19. In the case of Finance & Investment Company :
 - (a) The Company maintains adequate documents and records for loans and advances granted on the basis of hypothecation of assets and also against pledge of shares, debenture etc.
 - (b) In respect of the Company's investment portfolio consisting of shares, securities, debentures and bonds proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the company in its own name except to the extent of the exemption, if any, granted under section 49 of the companies Act, 1956. Some shares and debentures are in the process of transfer in the name of the company as at the close of the period.
 20. In our opinion and as explained to us Para no. 4 (xii), (xiv) and (xvi) of the above said order are not applicable to the company.

Dated : 30th June, 2001
Place : New Delhi

for AGIwal & ASSOCIATES
Chartered Accountants
(P.C. Agiwal)
Partner

BALANCE SHEET AS AT 31ST MARCH, 2001

(Amount in Rupees)

	Sch. No.	As at 31st March, 2001	As at 31st March, 2000
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Capital	1	39,91,72,250	13,38,72,250
b) Reserves & Surplus	2	120,23,48,430	151,97,11,292
2. Loan Funds			
a) Secured Loans	3	1,86,27,390	10,72,29,675
b) Unsecured Loans	4	3,29,44,283	6,02,34,911
Total Sources		165,30,92,353	182,10,48,128
II. APPLICATION OF FUNDS			
3. Fixed Assets			
a) Gross Block	5	137,90,13,759	137,86,57,025
b) Less: Depreciation		122,52,94,548	116,00,23,995
c) Net Block		15,37,19,211	21,86,33,030
4. Investments (At cost)	6	48,02,52,200	48,03,68,435
5. A. Current Assets, Loans & Advances			
a) Share stock in trade	7	41,16,69,189	23,85,33,670
b) Net stock on hire	8	2,02,14,196	1,27,25,213
c) Sundry Debtors	9	1,45,755	35,81,768
d) Cash & Bank Balances	10	2,49,97,387	5,42,42,952
e) Other Current Assets	11	11,23,27,049	17,09,47,446
f) Loans and Advances	12	44,95,77,525	62,24,08,087
		101,89,31,101	110,24,39,136
B. Less: Current Liabilities & Provisions			
a) Liabilities	13	2,13,47,032	1,46,51,993
b) Provisions	14	76,00,000	16,00,000
		2,89,47,032	1,62,51,993
Net Current Assets (A-B)		98,99,84,069	108,61,87,143
6. Miscellaneous Expenditure	15	2,91,36,873	3,58,59,520
(To the extent not written-off or adjusted)			
Total Deployments		165,30,92,353	182,10,48,128

As per our report of even date

For and on behalf of Board

For Agiwal & Associates

Chartered Accountants

P.C. Agiwal

Partner

T.B. Gupta

Managing Director

V.K. Goel

Director

Somesh Mehrotra

Director

H. Consul

Company Secretary

Date : 30th June, 2001

Place : New Delhi



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PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2001

	Sch. No.	For the year ended on 31st March, 2001	(Amount in Rupees) For the year ended 31st March, 2000
INCOME			
Sale of Shares		11,22,63,29,071	3,35,93,34,948
Income from Credit Operations Division	16	9,70,44,173	23,56,91,534
Income from Investments Division		1,19,97,101	9,07,67,919
Other Income		71,51,033	49,25,398
Increase/Decrease in stock of shares	20	17,31,35,519	17,54,92,852
Total (A)		1,151,56,50,897	386,62,12,651
EXPENDITURE			
Purchase of Shares		1,142,64,66,742	344,57,80,733
Interest & Finance Charges	17	3,30,84,101	9,08,13,835
Administrative & Other Expenses	18	1,66,64,188	1,46,38,205
Employees' Cost	19	34,48,625	42,26,560
Depreciation	5	6,58,22,834	17,61,32,379
Bad Debts written off		13,03,930	13,01,12,615
Miscellaneous Expenditure Written-off		26,57,712	24,72,812
Provision for Non Performing Assets		1,23,16,982	Nil
Total (B)		1,196,17,84,114	386,41,77,139
PROFIT/LOSS BEFORE TAX		-4,61,07,217	20,35,512
Less: Provision for Taxation		60,00,000	Nil
PROFIT/LOSS AFTER TAX		-5,21,07,217	20,35,512
Add: Surplus b/fd. from previous year		1,35,10,941	1,05,60,710
PROFIT/LOSS BEFORE PRIOR YEAR ADJUSTMENTS		-3,85,96,276	1,25,96,222
Add: Excess Provision written back		Nil	1,63,36,978
Add/Less: Prior year adjustments		44,355	-15,157
PROFIT AVAILABLE FOR APPROPRIATIONS		-3,85,51,921	2,89,18,043
APPROPRIATED TO:			
Transfer to General Reserve		0	1,50,00,000
Transfer from General Reserve		3,85,51,921	0
Statutory Reserve u/s 45 IC of the RBI Act, 1934		0	4,07,102
TOTAL APPROPRIATIONS		3,85,51,921	1,54,07,102
SURPLUS CARRIED TO BALANCE SHEET		0	1,35,10,941

As per our report of even date

For and on behalf of Board

For Agilwal & Associates

Chartered Accountants

P.C. Agilwal

Partner

Date : 30th June, 2001

Place : New Delhi

T.B. Gupta
Managing DirectorV.K. Goel
DirectorSuresh Mehrotra
DirectorH. Consul
Company Secretary

SCHEDULES TO BALANCE SHEET AS AT 31ST MARCH, 2001

	As at 31st March, 2001	As at 31st March, 2000
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SCHEDULE 1 SHARE CAPITAL

AUTHORISED CAPITAL

5,00,00,000 Equity Shares of Rs.10/- each	50,00,00,000	25,00,00,000
(Previous year 2,50,00,000 Equity shares of Rs.10/- each)		

ISSUED CAPITAL

4,02,62,500 Equity Shares of Rs.10/- each	40,26,25,000	13,73,25,000
(Previous year 1,37,32,500 Equity shares of Rs.10/- each)		

SUBSCRIBED & PAID-UP CAPITAL

3,97,96,000 Equity Shares of Rs.10/- each fully paid up for cash	39,79,50,000	13,26,50,000
(Previous year 1,32,65,000 Equity Shares of Rs.10/- each)		
Add: Amount forfeited on 4,67,500 equity shares	12,22,250	12,22,250
(Previous year 4,67,500 equity shares)		
	39,91,72,250	13,38,72,250

Issued, Subscribed & Paid-Up Capital includes:-
26530000 equity shares of Rs.10/- each aggregating to Rs.265300000/- issued as bonus shares during the year by capitalisation of share premium.

SCHEDULE 2 RESERVES & SURPLUS

a) GENERAL RESERVE

As per last Balance Sheet	28,86,05,160	25,36,05,160
Less: Transfer to Profit and Loss A/c	3,85,51,921	0
Add: Transfer from Profit and Loss A/c	0	1,50,00,000
Total (a)	23,00,53,239	26,86,05,160

b) STATUTORY RESERVE

As per last Balance Sheet	44,48,956	40,41,854
Add: Amount transferred from Profit & Loss Account	0	4,07,102
Total (b)	44,48,956	44,48,956

(Amount in Rupees)

	As at 31st March, 2001	As at 31st March, 2000
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SCHEDULE 2 CONTD...

c) SHARE PREMIUM ACCOUNT

As per last Balance Sheet	123,31,46,235	123,31,46,235
Less: Bonus Shares issued on capitalisation of Share Premium	26,53,00,000	Nil
Total (c)	96,78,46,235	123,31,46,235

Of the above amount of Rs.96,78,46,235/-, an amount of Rs.4,76,67,750 is relating to share premium received on forfeited shares.

d) SURPLUS

	Nil	1,35,10,941
Grand Total (a) to (d)	120,23,48,430	151,97,11,292

SCHEDULE 3 : SECURED LOANS

a) Working Capital Facilities from Banks

i) Working Capital Demand Loan	1,86,27,390	6,76,10,353
ii) Cash Credit Facility	Nil	91,07,390

(Secured by hypothecation of the Company's Assets on Lease and Stock on Hire and by the assignment of the Lease and Hire Purchase Receivables. In addition to this, the facilities are further secured by the collateral security of two properties of the Company and personal guarantee of some of the directors)

b) Term Loans from Financial Institutions

(Secured by hypothecation of specific leased assets and by assignment of Lease Receivables)	Nil	2,78,33,260
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c) Interest accrued and due on Term Loans

	Nil	26,78,672
Total	1,86,27,390	10,72,29,675

SCHEDULE 4 UNSECURED LOANS

a) Bills Discounted	Nil	2,72,90,628
b) Adjustable deposits	3,29,44,283	3,29,44,283
Total	3,29,44,283	6,02,34,911