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BOARD OF DIRECTORS

Ms. PALLAVI JHA - CHAIRPERSON & MANAGING DIRECTOR
Mrs. KAMALINI BAHUBALI
Mr. SANJAY JHA
Mr. M. N. BHAGWAT
Dr. S. C. JHA
Mr. VIVEK SEKHAR

COMPANY SECRETARY

BHARAT DESAI

AUDITORS

MESSERS K. S. AIYAR & CO., CHARTERED ACCOUNTANTS

SOLICITORS AND ADVOCATES

MESSERS KANGA & CO.
MESSERS WADIA GHANDY & CO.

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BANKERS

STANDARD CHARTERED BANK
UCO BANK

REGISTERED OFFICE

1, CONSTRUCTION HOUSE,
WALCHAND HIRACHAND MARG,
BALLARD ESTATE,
MUMBAI - 400 001.

ANNUAL GENERAL MEETING

FRIDAY, SEPTEMBER 28, 2001 AT 10.30 A. M.
AT BABASAHEB DAHANUKAR SABHAGRIHA
MAHARASHTRA CHAMBER OF COMMERCE
AND INDUSTRY, 6TH FLOOR, ORICON HOUSE,
12, K. DUBHASH MARG, MUMBAI - 400 001.

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NOTICE

NOTICE IS HEREBY GIVEN that the EIGHTY-FIRST ANNUAL GENERAL MEETING of the Company will be held as scheduled below :

DAY FRIDAY
DATE SEPTEMBER 28, 2001
TIME 10:30 A.M.
PLACE BABASAHEB DAHANUKAR SABHAGRIHA,
 MAHARASHTRA CHAMBER OF COMMERCE
 AND INDUSTRY, 6TH FLOOR, ORICON HOUSE,
 12, K. DUBHASH MARG, MUMBAI - 400 001.

The Agenda for the Meeting will be as under : -

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2001, Profit and Loss Account for the year ended on that date and the Reports of the Auditors' and the Directors' thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Mr. Sanjay Jha, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr M. N. Bhagwat, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold the office from the conclusion of this meeting until conclusion of the next Annual General Meeting and to authorise Board to fix their remuneration.

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Vivek Sekhar who was appointed as an Additional Director of the Company by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company and that period of office shall be liable to determination by retirement by rotation.

By Order of the Board,

Sd/-

Bharat Desai
Company Secretary

July 26, 2001
Mumbai

Registered Office

1, Construction House,
Walchand Hirachand Marg,
Ballard Estate, Mumbai - 400 001.

Notes :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF

HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

- (b) The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 12, 2001 to Friday, September 28, 2001 (both days inclusive).
- (c) The dividend as recommended by the Board, if sanctioned at the meeting, will be paid on or before October 27, 2001, to those members whose names appear on the Company's Register of Members on September 28, 2001. In respect of the shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose.
- (d) In accordance with the provisions of Section 205A of the Companies Act, 1956, the Company has from time to time transferred unclaimed/unpaid dividends relating to the years upto 1995-96 to the General Revenue Account of the Central Government. Members who have not yet encashed their dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, Hakoba Mills Compound, 2nd Floor, Kalachowki, Mumbai-400 033.
- (e) Shareholders desiring any future dividend to be paid to the banks or other mandates may register the mandates with the Company.
- (f) As per the provisions of Section 109 A and 109 B of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1999, the facility for making nominations is now available to the shareholders in respect of the equity shares held by them. Shareholders, who are desirous to avail this facility may send their request for nomination in the prescribed Form No. 2B duly filled in and signed at the Registered Office of the Company or to the Registrar and Transfer Agent's address.
- (g) Shares of the Company are listed at Bombay and Pune Stock Exchanges.
- (h) The shares of the Company have been Dematerialised with NSDL and CDSL with option to shareholders and the Company's ISIN No is INE695DO1013.
- (i) Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their electronic share accounts and to Company's Registrar and Transfer Agents in respect of their physical shares at M/s. Datacorp Management Services Private Limited, 202 - 204, Nirman Industrial Estate, Link Road, Malad (West), Mumbai - 400 064. Tel: 872 1770 / 4334. Fax : 872 7792
- (j) Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.

EXPLANATORY STATEMENT

AS REQUIRED BY SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 6

Mr. Vivek Sekhar was appointed by the Board of Directors of your Company in their meeting held on July 26, 2001 as an Additional Director, pursuant to Section 260 of the Companies Act, 1956 read with Article 135 of the Articles of Association of the Company. He holds office up to the date of the ensuing Annual General Meeting.

Notice in writing has been received from a Member of the Company along with a deposit of Rs. 500/- pursuant to Section 257 of the Companies Act, 1956, signify-

ing his intention to propose Mr. Vivek Sekhar as a candidate for the Office of the Director.

A brief resume of Mr. Vivek Sekhar is annexed to this notice.

None of the Directors except Mr. Vivek Sekhar is interested in this Resolution.

By Order of the Board,

Sd/-

Bharat Desai
Company Secretary

July 26, 2001
Mumbai

Registered Office :

1, Construction House,
Walchand Hirachand Marg,
Ballard Estate,
Mumbai - 400 001.

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PROFILE OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT

1. Name : Mr. Sanjay Jha
 Father's Name : Mr. Divakar Jha
 Date of Birth : March 3, 1961
 Qualification & Experience :

Mr. Sanjay Jha is an MBA from XLRI (Jamshedpur); one of India's best-known business schools and also holds a post-degree in Economics, University of Pune. In his prior assignment Mr. Jha was Senior Vice President with ITC - Threadneedle AMC Ltd. (a subsidiary of BAT, Plc), in charge of Marketing & Sales. Prior to that he was a Vice President, Alliance Capital, New York (USA), Assistant Vice President, Bank of America and Senior Manager (Marketing) with ANZ Grindlays Bank Plc. He is a regular columnist in newspaper and a visiting professor at business schools. He is also active in various industry forums and is a speaker on various panels. He is a member of the Audit Committee, Share Transfer Committee and Shareholders Grievance Committee of Walchand Capital Ltd.

The other Directorships are as follows :

<u>Name of the Company</u>	<u>Position held</u>
Walchand Cricketnext.com Ltd.	Managing Director
Walchand & Company Pvt. Ltd.	Director
Walchand Securities Ltd	Director
Vikhroli Metal Fabricators Limited	Director
Capital Images Public Relations Pvt. Ltd.	Director
Powercom Public Relations (India) Pvt. Ltd.	Director
Walchand.com Ltd.	Director
Walchand Entertainment Pvt. Ltd.	Director
Feedback Ventures Limited	Alternate Director

2. Name : Mr. Madhukar Bhagwat
 Father's Name : Mr. Narayan Bhagwat
 Date of Birth : June 4, 1933.
 Qualification & Experience :

Mr. Bhagwat did his Bachelors Degree in Mechanical & Electricals Engineering from the University of Pune, M.S. (Mechanical Engineering) from University of Illinois, USA and Diploma in Business Management from the prestigious Bajaj Institute of Management Studies, Mumbai. He worked in various senior positions both in India and abroad, which includes Blue Star, Yokogawa Blue Star, Total Mechanical Systems Inc., USA, Skidmore, Owings & Merrill, Chicago, USA and Managing Director of Tata Honeywell Limited. He is currently advisor to Tata Sons Limited and heading the Corporate Assurance Group,

which administers the Tata Brand equity and the Tata Code of Conduct. He is Chairman of the Audit Committee of Walchand Capital Ltd.

The other Directorships are as follows :

<u>Name of the Company</u>	<u>Position held</u>
Nalco	Director
Telco Automation Ltd.	Director

3. Name : Mr. Vivek Sekhar
 Father's Name : Mr. Avadh Chandrasekhar
 Date of Birth : January 28, 1963
 Qualification & Experience :

Mr. Vivek Sekhar is B.A. in Economics from University of Delhi and M.A. in Sociology from Jamia Millia University, New Delhi. He is MBA from Manchester Business School.

Mr. Vivek Sekhar is skilled in Investment Management & Venture Capital; Solution and Change-Oriented Consulting; Stock picking; Restructuring portfolios; Investment and Credit Analysis. He has a successful record in investing in knowledge-based industries. He also has the ability to make sound judgement on the strategic and operational direction of businesses based on strong research and consultancy-related skills. He worked in various positions both in India and abroad. He is Founder of 2i Capital Group, Mauritius, London and Bangalore. He was with Batterymarch Financial Management, Boston as Portfolio Manager. He worked with Fleming Investment Management, London and Baring Asset Management, London / Bombay as Investment Manager, with ANZ Grindlays Bank, New Delhi as Manager. He also had independent Management Consultancy at New Delhi. He had a Consultative assignment of Simon Engineering / Simon Gloster Saro, Gloucester; Laprte Industries, Windes, Unilever plc London; Lever Industrial, London/ Manchester and others. He was Junior Research Fellow with Delhi School of Economics and J Nehru University.

His other Directorships are as follows :

<u>Name of the Company</u>	<u>Position held</u>
2i Capital (India) Pvt. Ltd	Director
2i Capital (UK) Ltd	Director
2i Capital PCC	Director
2i Capital AMC Ltd	Director
Trimurti Ltd	Director

DIRECTORS' REPORT

The Members of

WALCHAND CAPITAL LIMITED

Your Directors are pleased to present the 81st Annual Report together with the Audited Statement of Accounts for the financial year ended March 31, 2001.

1. FINANCIAL RESULTS

	(Rs. In Lacs)	
	<u>2000-01</u>	<u>1999-00</u>
Profit before interest, depreciation and taxation	106.33	323.27
Less : Interest	0.60	4.60
Depreciation	34.34	32.54
Provision for Taxation	3.50	55.00
	<u>38.44</u>	<u>92.14</u>
Profit before non-recurring item	67.89	231.13
Less : Loss on sale of property	59.07	Nil
Net Profit	8.82	231.13
Add : Balance brought forward	1022.19	1002.74
Less : Transferred to Reserve Fund	(1.76)	(46.23)
Total	<u>1029.25</u>	<u>1187.64</u>
Appropriations		
Dividend	28.49	128.20
Dividend Tax	2.90	14.10
General Reserves	-	23.15
Balance carried forward	997.85	1022.19
Total	<u>1029.25</u>	<u>1187.64</u>

2. ECONOMY

The overall economic scenario is quite sombre. The industrial sector is under severe strain due to lack of demand. To add to that, the slowdown in the global economy has cast a shadow on the Indian economy as well.

Statistics too are discouraging. The Centre for Monitoring Indian Economy (CMIE) states in its July review that the GDP growth in 2000-01 was 5.2% much lower than most estimates. The CMIE projects India's GDP growth at 6.3 per cent in 2001-02, predominately from the recovery of agriculture sector. The industrial and investment environment continues to remain gloomy. The industrial sector is projected to grow at about 4.5 per cent in the best case.

Coming to agriculture, even if there is a bumper harvest this year, its impact on the demand for industrial goods would be seen much later in the year,

or perhaps only next year. Till farm incomes rise for some time, the damage caused to urban sentiment by fall in asset values cannot be repaired. Hence, there is no immediate pick-up seen in industries and consequently no investment trigger.

The bias towards softer interest rates could help catalyse demand revival. As the Reserve Bank of India Governor Mr. Bimal Jalan puts it, a good monsoon and better agriculture production would provide the needed impetus to the economy which would lead to GDP growth of over six per cent this fiscal and as per his reiteration a softer bias for interest rate would continue. However, in our view, real impetus needs to be provided by the government through activity on a few big infrastructure projects and implementing the disinvestments initiatives.

3. PERFORMANCE

Your Company's financial performance during the year ended March 2001 has indeed been fairly disappointing. As we mentioned last year, we increased our exposure to equities, by further deploying our debt portfolio to the stock markets.

On account of the strong success of the technology sector, we invested significant portion of our assets in high-tech stocks. The sudden and continued stock market crash both in NASDAQ and on BSE/NSE has sharply depreciated our investment value. We were unable to offload our equity holdings on account of high purchase price, decreasing liquidity and an overall expectation of stock market revival. The financial pressures were accentuated on account of the fact that our debt assets had also considerably shrunk, resulting in lower interest income. Despite a reformist budget, the Indian stock markets have continued to spiral downwards, principally on account of the financial scam involving banks, brokers and the stock exchange. These factors were beyond our control and expectations, and have universally affected most investors, both short-term and long-term.

The ICD market continued to be extremely sluggish and we were unable to generate sizeable revenue both on account of low fund availability as well as soft interest rates. We did not book losses, on stocks, as we believed that a turnaround was imminent.

Our mutual fund investments have also declined sharply in NAV value, and we do not see an early recovery at this stage.



DIVIDEND

Your Directors recommend the following dividend, which, if approved at the Annual General Meeting, will be paid out of the disposable profit.

	(Rs. In lacs)	
	2000-2001	1999-2000
On 2,84,890 shares		
@ Rs. 10/- per share	28.49	128.20
(free of tax in the hands of the shareholders)		
[Previous year : Interim Dividend @ Rs. 45 per share]		

5. INVESTMENTS

During the year under report the outstanding position in the investment of shares and debentures of various companies were to the tune of Rs. 1309.00 lacs as compared to the last year's investment of Rs. 1218.88 lacs. This translates into 7.39 % growth in the investment exposure. Your Company will continue its focus on treasury operations.

The Book value of the quoted investments for the year under review was Rs.1037.68 lacs (last year Rs. 995.43 lacs) and its market valuations were Rs.514.94 lacs (last year Rs. 870.83 lacs).

6. FUTURE PLANS

We will work towards squaring positions and offloading equity at opportune moments so that we are able to minimise booking losses. Further, we shall increase our exposure to quality debt instruments as well as strong stocks. Current research analysis predicts a continued lull on the technology sector (where your company has high exposure) on account of recessionary trends in the US economy. We thus foresee a tough year ahead on account of illiquid investments and low cash balances.

We are therefore going to focus aggressively on restructuring our portfolio, improvising our personal finance portal, MoneyPickle.com and creating a new revenue stream in corporate website creation and consulting.

We have formed a talented team of technical professionals who will be spearheading this profit centre, through providing exceptional quality web consulting, creativity & design and technical support.

7. SUBSIDIARIES

The annual accounts of Vikhroli Metal Fabricators Limited, Walchand.com Ltd and Walchand Securities Limited for the year ended March 31, 2001 are annexed to this report as required by the Companies Act, 1956.

8. FIXED DEPOSITS

As you may be aware that your Company has stopped accepting / renewing fixed deposits since February 1998. The Company after obtaining necessary approvals from the Reserve Bank of India had offered to repay the entire fixed deposits to all the deposit holders, who were holding the deposits on August 31, 1999, including the interest thereon.

As at March 31, 2001, the outstanding liability from 28 fixed depositors were Rs.1.78 lacs. The outstanding liability includes matured and due amount of Rs. 1.42 lacs, which remained unclaimed by 25 depositors. ICRA Credit rating for this Scheme is "MA+", which indicates adequate safety for timely payment of interest and principal.

9. DEMATERIALISATION OF SHARES

During the current year your Company has entered into agreements with both the Depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CSDL) to facilitate the investors to trade in the Company's equity shares in dematerialised form. The Securities and Exchange Board of India (SEBI) has also made compulsory trading in your Company's equity shares in dematerialised form by all investors.

10. CORPORATE GOVERNANCE

Your Company has initiated steps towards implementation of the requirements of Corporate Governance as the requirements of Clause 49 of the Listing Agreement will have to be complied with by your Company within the Financial Year 2001 -2002, but not later than March 31, 2002.

11. MANAGEMENT DISCUSSION AND ANALYSIS

The paragraph foregoing under the heads performance and future plans has discussed and analysed the Company's operating performance. The remaining particulars as required by Clause 49 of the Listing Agreement will be given in the current year's Report.

12. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956 :

- that in the preparation of the Annual Accounts for the year ended March 31, 2001, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.

- b) that the Directors have 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 ended March 31, 2001, and of the profit of the Company for that year.
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate 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.
- d) that the Directors have prepared the Annual Accounts for the year ended March 31, 2001, on a going concern basis.

13. DIRECTORS

Mr. Sanjay Jha, Director and Mr. M.N, Bhagwat, Director of the Company retire at the ensuing Annual General Meeting by rotation and being eligible, offer themselves for re-election. Your Directors recommend for their re-appointments.

Mr. Vivek Sekhar has been appointed as an Additional Director of the Company with effect from July 26, 2001. Mr. Sekhar holds office only upto the date of the forthcoming Annual General Meeting pursuant to Section 260 of the Companies Act, 1956.

Notice has been received from a Member signifying his intention to propose Mr. Sekhar as a candidate for the office of Directorship. Your Directors recommend for his appointment.

14. AUDITORS

You are requested to appoint Auditors for the current year and fix their remuneration. The retiring Auditors, Messrs K. S. Aiyar & Co. have given certificate to the effect that their appointment, if made, will be in accordance with the limits specified under Section 224 (1-B) of the Companies Act, 1956.

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

The provisions of Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

The Company has neither earned nor utilised any foreign exchange during the year under review.

16. PARTICULARS OF EMPLOYEES

Statement giving particulars of employees as required under Section 217(2-A) of the Companies Act, 1956 is given herewith and forms part of this Report.

For and on behalf of the Board of Directors

July 26, 2001
Mumbai.

Sd/-
PALLAVI JHA
Chairperson &
Managing Director

Registered Office :
1, Construction House,
Walchand Hirachand Marg,
Ballard Estate, Mumbai - 400 001.

Statement of particulars of employees pursuant to the provisions of Section 217 (2A)(B)(II) read with the Companies (Particulars of employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2001.

Name	Designation & nature of duties	Qualifications	Experience (Yrs.)	Date of Commencement of employment	Age (Yrs.)	Total remuneration Rs.	Details of previous employment	
							Designation & employer	Period (Yrs.)
Pallavi Jha	Managing Director Incharge of the day- to-day operations	M.B.A	9 yrs.	01.05.1996	36 yrs.	16,13,284/-	Executive Director Hindustan Construction Co. Ltd.	3

- Notes :
1. Total remuneration includes salary, house rent allowance, leave travel allowance, medical benefits, monetary value of perquisites as per the Income Tax Rules, Company's contribution to Provident Fund.
 2. Amount paid by LIC under the scheme is not included in the above remuneration.
 3. Nature of employment of the Managing Director is contractual.
 4. Ms. Pallavi Jha is related to Mr. Sanjay Jha (spouse) and to Ms. Kamalini Bahubali (mother), directors of the Company.



AUDITORS' REPORT

To the Members of
WALCHAND CAPITAL LIMITED

Report on the Accounts for the year ended 31st March, 2001 in compliance with Section 227(2) of the Companies Act, 1956.

We have examined the attached Balance Sheet and the Profit and Loss Account annexed thereto which are in agreement with the Company's books of account.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of provisions of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to the above :

- a) 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.
- 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 these books.
- c) In our opinion, the Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
- d) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2001 from being appointed as directors in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.
- e) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read with the 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 profit for the year ended on that date.

For K. S. AIYAR & CO.
Chartered Accountants

Sd/-
RAGHUVIR M. AIYAR
Partner

Mumbai
July 26, 2001

Annexure to the Auditors' Report

(Referred in paragraph 3 of our Report of even date on the Accounts for the year ended 31st March, 2001 of Walchand Capital Limited)

In our opinion, and on the basis of such checks of the books and records as we considered appropriate and the information and explanations given to us during the normal course of the audit which were necessary to the best of our knowledge and belief we report that:

- i) The Company has maintained proper records to show full particulars including quantitative details and situation of Fixed Assets. The Fixed Assets other than leased assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- ii) The Fixed Assets have not been revalued during the year.
- iii) The Company does not carry any stocks of materials or stores, so the question of physical verification by the management and valuation thereof does not arise.

- iv) The Company has not taken any loans from companies, firms or other parties listed in the register maintained pursuant to provisions of Section 301 of the Companies Act, 1956. The provisions of Section 370(1-B) of the Companies Act, 1956 are not applicable to the Company with effect from 31st October 1998.
- v) The Company has given unsecured loans to companies listed in the register maintained pursuant to provisions of Section 301 of the Companies Act, 1956. The rate of interest and terms and conditions in respect of such loans are not prejudicial to the interest of the company. The provisions of Section 370(1-B) of the Companies Act, 1956 are not applicable to the Company with effect from 31st October 1998.
- vi) Interest free loans are given to employees and the same is being recovered as per stipulations.
- vii) There are adequate internal controls and procedures commensurate with the size of the Company and nature of its business for the purchase of plant and machinery, equipment and other assets. The Company does not have any transaction involving purchase of stores, raw materials and sale of goods.
- viii) There are no transactions of purchase of goods and materials and sale of goods, and materials made in pursuance of contracts or arrangements entered in the register maintained under Section 301 and aggregating during the year to Rs.50,000 or more.
- ix) The Company does not carry any stocks of stores, raw materials or finished goods and as such the question of determining unserviceable items does not arise.
- x) The Company has complied with the provisions of Section 58(A) (2) (b) of the Companies Act, 1956 and the Non-Banking Financial Companies (Reserve Bank) Directions, 1998, in respect of the deposits accepted from the public.
- xi) The Company does not have an internal audit system.
- xii) The Company is regular in depositing Provident Fund dues with the appropriate authorities. We have been informed that the provisions of Employees' State Insurance Scheme are not applicable to the Company.
- xiii) No undisputed amounts payable in respect of Income Tax and Sales Tax were outstanding as at 31st March, 2001 for a period of more than six months from the date they became payable.
- xiv) No personal expenses have been charged to revenue account.
- xv) The provision of the Sick Industrial Companies (Special Provisions) Act, 1985, are not applicable to the Company.
- xvi) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, therefore the question of maintenance of adequate documents and records by the Company does not arise.
- xvii) The clause 4(A)(xiv) and 4(A)(xvi) of the order are considered as not applicable to the company.

For K. S. AIYAR & CO.
Chartered Accountants

Sd/-
RAGHUVIR M. AIYAR
Partner

Mumbai
July 26, 2001