

8 2 n d A n n u a l R e p o r t 2 0 0 1 - 2 0 0 2



Report  junction.com

WALCHAND CAPITAL LIMITED



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.

BANKERS

STANDARD CHARTERED BANK

UCO BANK

REGISTERED OFFICE

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

ANNUAL GENERAL MEETING

WEDNESDAY, SEPTEMBER 18, 2002 AT 10.30 A.M.
AT BALASAHEB DAHANUKAR SABHAGRIHA
MAHARASHTRA CHAMBER OF COMMERCE
AND INDUSTRY, 6TH FLOOR, ORICON HOUSE,
12, K. DUBHASH MARG, MUMBAI- 400 001.

CONTENTS

NOTICE	1
DIRECTORS' REPORT	5
AUDITORS' REPORT	7
BALANCE SHEET	8
PROFIT & LOSS ACCOUNT	9
SCHEDULES TO ACCOUNTS	10
ADDITIONAL INFORMATION UNDER PART IV OF SCHEDULE VI	23
CASH FLOW STATEMENT	24
CORPORATE GOVERNANCE REPORT	25
CONSOLIDATED FINANCIAL STATEMENTS	29
SUBSIDIARIES : VIKHROLI METAL FABRICATORS LIMITED	46
WALCHAND .COM LIMITED	57
WALCHAND SECURITIES LIMITED	69
ATTENDANCE SLIP AND FORM OF PROXY	

NOTICE

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

DAY WEDNESDAY
DATE SEPTEMBER 18, 2002
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, 2002, Profit and Loss Account for the year ended on that date and the Reports of the Auditors' and the Directors' thereon.
2. To appoint a Director in place of Dr. Satish C. Jha, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Ms. Kamalini Bahubali who retires by rotation and being eligible, offers herself for re-appointment.
4. 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

5. To consider, and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) and re-enactment thereof for the time being in force, the Articles of Association of the Company be and are hereby amended as under :

- (A) In Article 2 for the Definition Clause, the following definition be inserted :

"Equity Share Capital" means equity share capital -

- (i) with voting rights; or
- (ii) with differential rights as to dividend, voting or otherwise in accordance with such rules and subject to such conditions as may be prescribed.

"Employee Stock Option" means the option given to the whole-time directors, officers or employees of a company, which gives such directors, officers or employees the benefit or right to purchase or subscribe at a future date, the securities offered by the Company at a pre-determined price.

"Postal Ballot" includes voting by shareholders by postal or electronic mode instead of voting personally by being present for transacting business in a general meeting of the Company.

- (B) THE DEFINITION OF DIVIDEND GIVEN IN ARTICLE 2 SHALL BE SUBSTITUTED BY THE FOLLOWING NEW DEFINITION :

"Dividend" includes any interim dividend and bonus but not bonus shares.

- (C) THE FOLLOWING NEW CLAUSE SHALL BE INSERTED AFTER ARTICLE 13 OF THESE ARTICLES AS ARTICLE 13A :-

13A Buy - BACK OF SHARES

Subject to and in compliance of the requirements of Sections 77A, 77AA and 77 B of the Companies Act, 1956 or corresponding provisions of any re-enactment thereof and any Rules and Regulations that may be prescribed by the Central Government, the Securities and Exchange Board of India (SEBI) or any other appropriate authority in this regard, the Company, in a General Meeting may, upon the recommendations of the Board of Directors, at any time and from time to time, by a Special resolution or a resolution passed by the Board as may be applicable authorise buy - back of any part of the share capital of the Company fully paid up on that date.

- (D) THE FOLLOWING ARTICLE SHALL BE INSERTED AFTER ARTICLE 5 OF THESE ARTICLES AS ARTICLE 5A :

5A SHARES WITH NON VOTING RIGHTS OR WITH DIFFERENTIAL RIGHTS

Subject to the provisions of Section 86 of the Act, the rules made there under and any other applicable provisions of the law, the company may issue equity shares, either with non-voting rights or with differential rights and the resolution authorizing such issue shall prescribe the terms and conditions of the issue.

- (E) THE FOLLOWING ARTICLE SHALL BE INSERTED AFTER ARTICLE 7 OF THESE ARTICLES AS ARTICLE 7A :

7A SWEAT EQUITY / ESOPs

Subject to the provisions of Section 79A and other applicable provisions, if any, of the Act, and subject to the rules, regulations, clarifications and guidelines as may be issued by the Securities Exchange Board of India in this regard, from time to time, the Company may issue Sweat Equity shares and or offer Employees Stock Options to employees and directors

of the Company on such terms and conditions and for such consideration or otherwise as may be approved by the members from time to time.

(F) THE FOLLOWING ARTICLES SHALL BE INSERTED AFTER ARTICLE 113 OF THESE ARTICLES AS 113A.

113A PASSING OF RESOLUTION BY POSTAL BALLOT

- i) Subject to the provisions of Section 192A of the Act and the rules made there under, the company may, declare any business to be conducted only by postal ballot, instead of transacting the business in a general meeting of the company.
 - ii) The Company shall transact the following businesses by postal ballot and such other businesses as may be notified by the Central Government from time to time.
 - a) Alteration in the Object Clause of Memorandum;
 - b) Alteration of Articles of Association in relation to insertion of provisions defining private company;
 - c) Buy-back of own shares by the company under sub-section (1) of Section 77A;
 - d) Issue of shares with differential voting rights as to voting or dividend or other wise under sub-clause (ii) of clause (a) of Section 86;
 - e) Change in place of Registered Office out side local limits of any city, town or village as specified in sub-section (2) of Section 146;
 - f) Sale of whole or substantially the whole of undertaking of a company as specified under sub-clause (a) of sub-section (1) of Section 293;
 - g) Giving loans or extending guarantee or providing security in excess of the limit prescribed under sub-section (1) of Section 372A;
 - h) Election of a director under sub-section (1) of section 252;
 - i) Variation in the rights attached to a class of shares or debentures or other securities as specified under Section 106.
 - (iii) The Company shall follow the procedure in respect of Postal Ballot as may be prescribed by the Central Government, from time to time.
- (G) THE WORDS 'TWENTY COMPANIES' IN ARTICLE 155 OF THESE ARTICLES SHALL BE SUBSTITUTED BY THE WORDS "FIFTEEN COMPANIES"**
- (H) THE WORDS 'FORTY - TWO DAYS' IN ARTICLE 192 OF THESE ARTICLES SHALL BE SUBSTITUTED BY THE WORDS "THIRTY DAYS"**
- (I) ARTICLE 198 OF THESE ARTICLES SHALL BE SUBSTITUTED BY THE FOLLOWING ARTICLE :**

198 PAYMENT BY POST OR BY BANKERS

Unless otherwise directed any dividend may be paid either by cheque or warrant sent through post to the registered address of the member or person entitled or by Electronic Clearing System (ECS) on the consent of shareholders or in the case of joint holders, to the registered address of that one whose name stands first on the Register in respect of the joint holding; and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent. Several executors or administrators of a deceased member, in whose sole name shall stand, shall for the purpose of this article be deemed to be joint holders thereof. The Company shall not be responsible or liable for any cheque or warrant lost in transit or Electronic Clearing System (ECS) for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent recovery thereof by any other means.

(J) ARTICLE 199 OF THESE ARTICLES SHALL BE SUBSTITUTED BY THE FOLLOWING ARTICLE :

199 UNPAID OR UNCLAIMED DIVIDEND

- (a) If the Company has declared a dividend but which has not been paid within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any Scheduled Bank called "The Unpaid Dividend Account of Walchand Capital Limited" and deposit the amount of such unclaimed dividend in the said account.
- (b) Any money transferred to the unpaid dividend account of the Company, which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Funds established under sub-section (1) of Section 205(C) of the Act."

By Order of the Board,

Sd/-

Bharat Desai

Company Secretary

July 25, 2002

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 Member and Share Transfer Books of the Company will remain closed from, Thursday, September 12, 2002 to Wednesday, September 18, 2002 (both days inclusive).
- (c) 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 up to 1994-95 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.
- (d) Shareholders desiring any future dividend to be paid to the banks or other mandates may register the mandates with the Company.
- (e) 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 nomina-

tions is now available to the shareholders in respect of the equity shares held by them. Shareholders, who are desirous to avail of 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.

- (f) Shares of the Company are listed at Bombay and Pune Stock Exchanges.
- (g) The shares of the Company have been Dematerialised with NSDL and CDSL with option to shareholders and the Company's ISIN No. is INE695DO1013.
- (h) 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 4334. Fax : 872 7792
- (i) 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.

Report  junction.com

EXPLANATORY STATEMENT**AS REQUIRED BY SECTION 173 (2) OF THE COMPANIES ACT, 1956.****Item No. 5**

In light of the various amendments made to the Companies Act, 1956 during the last few years, the Board of Directors of the Company has decided to update the Articles of Association of the Company by incorporating such important changes. This will enable the Company to have the Articles which are in consonance with current provisions of the Companies Act, 1956, for the time being in force. The Board recommends this

resolution for your approval.

None of the Directors is interested in this Resolution.

July 25, 2002
Mumbai

Registered Office

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

By Order of the Board,
Sd/-

Bharat Desai
Company Secretary

PROFILE OF THE DIRECTORS SEEKING RE-APPOINTMENT

1. Name : Dr. Satish C. Jha
Father's Name : Mr. Rati Nath Jha
Date of Birth : April 1, 1934
Qualification & Experience :

Dr. Satish C. Jha has done his M.A. from Patna University and M.Sc. & Ph. D., in Agriculture Economics from the prestigious Stanford University and University of Illinois, USA. Dr. Jha was a Consultant to the Economic Commission for Asian and Pacific (UN) during 1995-96. Prior to this, he was Director of Research – Indian Society of Agricultural Economics, Bombay during 1963-68 and Director & Chief Economist – Asian Development Bank, Manila, Philippines during 1968-1994. He was on the Board of The Delhi Stock Exchange Association Ltd. He is also active in various industries forums and has delivered number of keynote addresses in various forum of topical interest.

The other Directorship is as follows:

Name of the Company	Position held
ICICI Bank	Director
Srei International Finance Ltd	Director
Philips India Ltd	Director

2. Name : Ms. Kamalini Bahubali
Husband's Name : Mr. Bahubali Gulabchand.
Date of Birth : July 10, 1933.

Qualification & Experience :

Ms. Kamalini Bahubali is a Graduate in Arts.

She has gathered a lot of experience by closely working with our illustrious Executive Chairman late Mr. Bahubali Gulabchand, being his wife. She has actively contributed in the development of the Walchand Group of Companies.

The other Directorship is as follows :

Name of the Company	Position held
Walchand & Co Pvt Ltd	Whole time Director.

DIRECTORS' REPORT

The Members of

WALCHAND CAPITAL LIMITED

Your Directors are pleased to present the 82nd Annual Report together with the Audited Statement of Accounts for the financial year ended March 31, 2002.

1. FINANCIAL RESULTS

	(Rs. In Lacs)
	2001-02
	2000-01
Profit before interest, depreciation and taxation	46.57
Less : Interest	2.20
Depreciation	27.17
Provision for Taxation-current	3.67
- Deferred	6.43
	39.47
Profit before non-recurring item	7.10
Loss on sale of property	-
Net Profit	7.10
Add: Balance brought forward	997.85
Less : Transferred to Reserve Fund	(1.42)
Total	1003.53
Appropriations	
Dividend	-
Dividend Tax	-
Balance carried forward	1003.53
Total	1003.53

2. DIVIDEND

No Dividend is being recommended for the year under review.

3. MANAGEMENT DISCUSSION AND ANALYSIS

The economy has witnessed much slowing down in the past year on account of a spate of unfortunate incidents. First of all the world witnessed a series of terrorist strikes. The United States of America was shaken when the World Trade Centre, a symbol of global commerce, was brought down to ground zero on September 11.

The bastion of democracy was under attack when the Parliament House in New Delhi was attacked. To make matters worse, were Gujarat riots and the war rhetoric maimed business sentiment across the nation and set back India's image globally.

Although the Indian economy looks better poised to stage a recovery, with the country recording a current account surplus of \$1.4 billion, first time since 1978, and foreign reserves are at a comfortable level, there is a lot that

remains to be achieved in terms of real growth. Signs of a delayed monsoon may retract from the process of economic recovery in the current year and the business sentiment is cautious as uncertainty persists.

The financial performance of your company reflects the difficult trends faced by the industry in the past year. Total income during the financial year was Rs. 240.27 lacs compared to that of Rs. 282.15 lacs in the previous year inspite of lower dividend and interest income. Profit before Taxation was marginally higher at Rs.17.20 lacs from that of Rs. 12.32 lacs earned in the previous year. Net profit earned during the year, stands at Rs.7.10 lacs against Rs.8.82 lacs earned in the previous year.

The uncertain conditions and the difficult trends and developments in the Financial Services have weakened the NBFC sector considerably. Your company has had to continuously innovate and review its core business model as past experiences are fast getting ineffective.

Your company, through its subsidiary, Walchand.com Ltd. has established its credentials in the field of Financial Training. Under the aegis of Walchand Centre of Financial Excellence, it currently offers world-class training products and services to blue chip Indian and Multi National corporate clients in the field of Finance. It has also pioneered in the area of providing online education services through its website www.walchandcentre.com, which has also become a popular resource centre for Financial professionals.

With the success of its training services in Finance, the company now intends to diversify into the wider field of Management Development. With competition in corporate India intensifying and the need for globally acceptable practices and governance growing, there exists tremendous potential amongst Indian corporates to enhance their skills and forward Management Development initiatives. The company is already in talks with leading international service providers for partnering to offer world-class services in India. Your company intends to focus on corporate and professional training and development services by leveraging its assets in technology, real estate and human resources.

Your Company has an adequate and effective internal control system, commensurate with its size and nature of business whereby ensures that assets are efficiently used and interest of the Company is safe guarded. Checks and balances are in place to determine the accuracy and reliability of accounting data. The internal control system provides for well-documented policies, guidelines, authorization and approval procedures.

Your Company considers its manpower as most valuable asset. Personnel policies of your Company are designed to ensure fairness to and growth of all individuals in the organisation and continuously strives to provide a challenging work environment. The Company's total manpower strength stands at 15.

4. 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.946.67 lacs as compared to the last year's investment of Rs.1309.00 lacs. This translates into 27.87% reduction 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.800.82 lacs (last year Rs. 1037.68 lacs) and its market valuations were Rs.299.24 lacs (last year Rs. 514.94 lacs).

5. SUBSIDIARIES

The annual accounts of Vikhroli Metal Fabricators Limited, Walchand.Com Ltd and Walchand Securities Limited for the year ended March 31, 2002 are annexed to this report as required by the Companies Act, 1956.

6. CONSOLIDATED FINANCIAL STATEMENT

In accordance with Accounting Standard 21 - "Consolidated Financial Statements" Issued by the Institute of Chartered Accountants of India, the audited Consolidated Financial Statements of the Group are annexed. These Group accounts have been prepared on the basis of audited financial statements received from Subsidiaries Companies, as approved by their respective Boards.

7. 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, 2002, the outstanding liability from 12 fixed depositors were Rs.1.05 Lacs. The outstanding liability includes matured and due amount of Rs.0.69 Lac, which remained unclaimed by 9 depositors. The company has transferred Rs.0.70 Lac to Central Government's Investor Education and Protection Fund formed under section 205 (C) of the Companies Act, 1956, in respect of 14 fixed deposits which matured for more than 7 years but not claimed by 14 Fixed Depositors. ICRA Credit rating for this Scheme is "MA+", which indicates adequate safety for timely payment of interest and principal.

8. CORPORATE GOVERNANCE

As stipulated in clause 49 of the Listing Agreement with the stock exchanges, a separate section on Corporate Governance together with a Certificate from the Statutory Auditors confirming compliance is set out forming part of this report.

9. 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:

- a) that in the preparation of the Annual Accounts for the year ended March 31, 2002, 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, 2002, 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, 2002, on a going concern basis.

10. DIRECTORS

Dr. S. C. Jha, Director and Ms Kamalini Bahubali 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.

11. 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.

12. 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.

13. PARTICULARS OF EMPLOYEES

The Company has no employee in the category specified under Section 217(2A) of the Companies Act, 1956

For and on behalf of the Board of Directors

Sd/-

July 25, 2002
Mumbai.

PALLAVI JHA
CHAIRPERSON &
MANAGING DIRECTOR

Registered Office

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



AUDITORS' REPORT

To the Members of
WALCHAND CAPITAL LIMITED

**Report on the Accounts for the year ended 31st March, 2002
in compliance with Section 227(2) of the Companies Act, 1956.**

We have audited the attached Balance Sheet of **Walchand Capital Ltd.**, as at 31st March, 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, issued by the Central Government of India 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, 2002 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 Note No. 2 to Schedule E in respect of "Investments" and other notes to the accounts 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, 2002 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

RAGHUVIR M. AIYAR
Partner

Mumbai
July 25, 2002

ANNEXURE TO THE AUDITORS' REPORT

(Referred in paragraph 3 of our Report of even date on the Accounts for the year ended 31st March, 2002 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) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 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, 2002 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

RAGHUVIR M. AIYAR
Partner

Mumbai
July 25, 2002