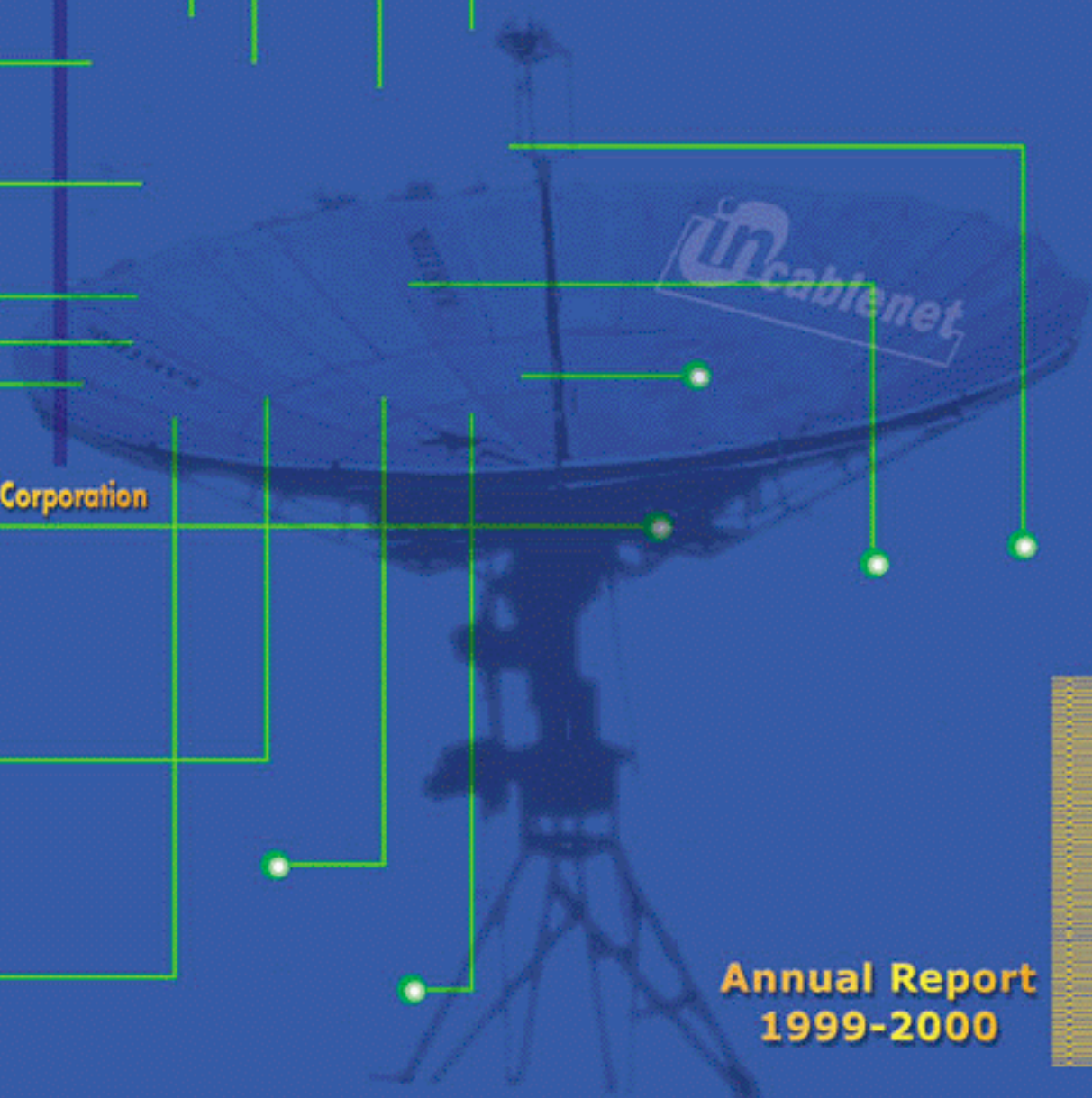




**HINDUJA
FINANCE
CORPORATION**



India's First Convergence Corporation

**Annual Report
1999-2000**

HINDUJA FINANCE CORPORATION LIMITED

BOARD OF DIRECTORS

| | |
|--------------------|---------------|
| A P Hinduja | Chairman |
| R P Hinduja | Co-Chairman |
| S Solomon Raj | Vice Chairman |
| A K Das | |
| H C Asher | |
| A Harish | |
| T Ananthanarayanan | |
| K V Seshasayee | |

MANAGEMENT TEAM

| | |
|--------------------|--------------------------|
| R C Khanduri | President |
| Chetan Shah | Vice President |
| Arun Kumar | Assistant Vice President |
| Yagnesh Sanghrajka | Chief Financial Officer |

COMPANY SECRETARY

Pradeep Pasari

AUDITORS

Shah & Co
Chartered Accountants
Maker Bhavan No. II, 3rd Floor
18, New Marine Lines
Mumbai-400 020

SOLICITORS & ADVOCATES

Crawford Bayley & Co.
Pandya & Co.

BANKERS

Standard Chartered Bank
IndusInd Bank Limited
State Bank of India
HDFC Bank Limited
Bank of Madura

REGISTERED OFFICE

Hinduja House
171, Dr. Annie Besant Road
Worli, Mumbai-400 018

REGISTRARS & SHARE TRANSFER AGENTS

Sharepro Services
Satam Industrial Estate
Cardinal Gracious Road
Above Bank of Baroda
Chakala, Andheri (East)
Mumbai-400 099

DIRECTORS' REPORT

TO THE MEMBERS

HINDUJA FINANCE CORPORATION LIMITED

Your Directors have pleasure in presenting their Annual Report together with the Audited Statement of Accounts for the period ended 31st March, 2000.

1. Financial Results

| | <i>(Rs in lacs)</i> | |
|------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------|
| | Period ended 31st March, 2000 (9 Months) | Year ended 30th June, 1999 (12 Months) |
| Total Income | 1176.12 | 2126.65 |
| Profit before Depreciation and bad debts | 762.46 | 1251.37 |
| Depreciation | 13.91 | 135.97 |
| Bad Debts | 18.58 | 700.32 |
| Extraordinary Items and Prior Period Items | (1367.30) | - |
| Profit before Tax | 2097.27 | 415.08 |
| Provision for Taxation | 480.00 | 104.00 |
| Profit after Tax | 1617.27 | 311.08 |
| Add : Balance brought forward from the previous year | 504.53 | 508.05 |
| Profit available for appropriation | 2121.80 | 819.13 |
| APPROPRIATIONS : | | |
| Interim Dividend : | | |
| (a) Equity Shares | 229.74 | - |
| (b) Cumulative Convertible Preference Shares | - | - |
| Final Dividend : | | |
| (a) Equity Shares | 287.17 | 206.11 |
| (b) Cumulative Convertible Preference Shares | - | 21.26 |
| Dividend Tax | 56.86 | 25.01 |
| Transfer to Statutory Reserve Fund | - | 62.22 |
| Transfer to General Reserve | 161.73 | - |
| Balance carried to Balance Sheet | 1386.30 | 504.53 |

2. Change in accounting year

Reserve Bank of India has made it mandatory for all Non Banking Financial Companies to close their books of account on 31st March with effect from 31st March 2001. Your Company has decided to change its accounting year from the current year and close the books of account on 31st March 2000.

3. Dividends

Your Directors have recommended final dividend for the year ended 31st March, 2000 @ Rs 1.25 per share on Equity Shares, subject to the approval by the shareholders at the Annual General Meeting. Your Company had paid an interim dividend of Re. 1/- per share during the year. The total dividend for the year works out to Rs. 2.25 per share.

4. Subsidiary Companies

The Company has two Subsidiaries, namely, In2Cable.com (India) Private Limited (formerly known as IndiusInd Distribution Private Limited) and Grant Investrade Private Limited. The details as required by Section 212 of Companies Act, 1956 pertaining to subsidiaries are enclosed with the Annual Report.

5. Operations : Past Performance and Future Plans

Past Performance

The year 1999-2000 has been a year of consolidation for your Company. In spite of this and the fact that the markets were highly volatile, your Company has managed to achieve good profitability. Total Income of your Company for the year ended 31st March, 2000 has been Rs. 1176.12 lacs as compared to Rs.2126.65 lacs in the previous year and net profit (after write backs) for the year was Rs. 1617.27 lacs as compared to Rs 311.08 lacs in the previous year. The above profit is after taking into consideration the provision for taxation of Rs.480 lacs and Bad Debts written off of Rs. 18.58 lacs.

Future Plans

With the change in economic scenario and emergence of the Technology, Media and Telecom (TMT) sectors as engines of growth, Hinduja Finance decided to enter these sectors. The Company's decision to invest in the above sectors was with an intention to reap the benefits of technological convergence in these areas and harness the resources within the group. The resulting synergies could be exploited profitably for the benefit of the shareholders.

Business Segments

A. FINANCE

The outlook for the year 2000-2001 appears good in the wake of overall economic recovery and prevailing optimistic market conditions. Your Company hopes to improve its income and profitability in the ensuing quarters. The stock market however is likely to remain volatile.

B. TECHNOLOGY, MEDIA AND TELECOM (TMT)

(i) Technology

Information Technology

As a part of the convergence strategy, your Company has taken steps to merge into itself **Ashok Leyland Information Technology Limited (ALIT)**, an IT Company with over 100 professionals and a wholly owned subsidiary based in the United States, having offices in New York and few other cities. ALIT is a major business partner for BaaN in India for ERP solution. Besides focus on e-commerce and web based applications, ALIT has a presence in solutions for financial services and the manufacturing industry.

The shareholders and creditors of both Hinduja Finance and ALIT have approved in their general meeting, the scheme of amalgamation filed with the respective High Courts of Mumbai and Chennai. The approval of the Hon'ble High Courts of Mumbai and Chennai is awaited. The exchange ratio approved by the respective Board of Directors and shareholders is 1:20 i.e. one share of your Company for every 20 shares of ALIT. As a result of the amalgamation, the post merger equity of your Company shall stand increased to Rs. 23.99 crores. The appointed date of the amalgamation is 1st July 1999, and the effective date shall be the date on which the High Court order received is filed with the Registrar of Companies.

Internet

Your Company has acquired majority shareholding of 51% in **In2Cable.com (India) Private Limited**, an Internet Service Provider (ISP) with a Category A licence permitting it to offer its services across the country. In2Cable will have access to the cable network of **IndusInd Media and Communication Ltd. (IMC)** to offer a host of broadband services including, E Commerce, Virtual Private Networks, Web Hosting etc.

In2Cable.Com (India) Private Limited is in discussion with Pacific Internet, Singapore for entering into a joint venture in India for Internet business. Pacific Internet is the largest ISP in Asia and has been promoted by SembCorp G.L.C., a Company wherein the Government of Singapore holds a substantial stake.

(ii) Media & Entertainment

Your Board has approved on April 20, 2000 acquisition of a majority control in **IndusInd Media and Communication Ltd. (IMC)** by merging Richman Investrade Pvt. Ltd. with itself. The swap ratio has been fixed at 1 : 5 i.e. 1 equity share of Hinduja Finance for every 5 shares of Richman Investrade Pvt. Ltd. The process for shareholders approval has been initiated. IMC is the largest Broadband Cable

Multiple System Operator (MSO) offering services under the brand 'InCableNet' with over 4 million households served. It is also the first MSO in India to build the information highway, with the first 550 MHz cable system, being upgraded to broadband network with fiber optic trunking.

The merger of Richman Investrade Pvt. Ltd. has also resulted in acquisition of a majority control in IndusInd Entertainment Private Limited. (IEPL). IEPL operates local television under the brands like 'In TV', 'In Mumbai', 'In Time' the city specific cable channels. These channels are operating in Mumbai, Bangalore, New Delhi, Indore etc. and offer local language programming.

Intel Corporation through its subsidiary Intel Pacific Inc has proposed to take a 49 % stake in Grant Investrade Private Limited, now a wholly owned subsidiary of Hinduja Finance, which holds 3.5 % stake in IMC. Intel Pacific will invest USD 49.23 mn (equivalent to Rs. 214.79 crores) for the stake in Grant Investrade Private Limited. The proposed investment is subject to Indian regulatory clearances. The proceeds of the above stake shall be used by Grant Investrade to raise their stake in IMC from existing 3.5% to 6.7 %. Hence, the valuation of IMC works out to USD 1.5 bn (equivalent to Rs. 6678 crores).

The Board has also approved in-principle on April 20, 2000, the acquisition of over 51% control in **Cable Video India Limited (CVIL)** through merger of Melody Trading Pvt. Ltd. (Melody) with your Company. CVIL operates the highly popular movie channel CVO and owns 1600 cable video rights. Over 6 million households in more than 100 cities view CVO Channel. It will soon be available on satellite.

(iii) Telecom

Fascel Limited is the operator of cellular mobile telephone services in Gujarat. It is the first Company in India to achieve a subscriber base of over 100,000 from a single circle outside the metros. Your Board in its meeting held on 20th April, 2000 approved in-principle the acquisition of an effective control of 32% in Fascel. The acquisition would be through the merger of Hinduja Telecom India Ltd. This would allow Hinduja Finance to unlock the opportunities offered by the rapidly growing cellular mobile sector in the country.

The share capital of your Company would stand increased from Rs. 22.97 crores to Rs. 29.04 crores after the merger of Ashok Leyland Information Technology Limited and Richman Investrade Private Limited.

6. Preferential Allotment of shares

The Board has approved the Company's plans for a private placement of shares through preferential allotment of additional 50 lakh equity shares at a price as per the SEBI norms. The proceeds shall be used to fund its expansion cum diversification plans in information technology, media and telecom sectors.

The proposal is subject to approval by shareholders in the forthcoming annual general meeting and various regulatory authorities.

7. Share Capital

Your Company did not raise fresh capital during the period ended on 31st March, 2000.

8. Fixed Deposits

The Company has not accepted and/or renewed any Fixed Deposits during the period under review.

9. Directors

Mr. H.C. Asher retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

Mr. T. Ananthanarayanan retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers himself for re-appointment.

Two Additional Directors, Mr. S. Solomon Raj and Mr. K. V. Seshasayee were appointed in the Board meeting held on 21st March, 2000. Mr. S. Solomon Raj and Mr. K.V. Seshasayee hold office upto the date of this Annual General Meeting and in respect of them the Company has received notices in writing under Section 257 of the Companies Act, 1956 from shareholders proposing their candidature for the office of Director of the Company at the forthcoming Annual General Meeting.

The Board has also appointed Mr. R.P. Hinduja as Co Chairman of the Company and Mr. S. Solomon Raj as Vice Chairman.

10. Statutory Information

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

However, as per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Report is being sent excluding the statement of particulars of employees. Such statement will be sent to the Shareholders, who may be desirous of having the same, on a specific written request addressed to the Company Secretary.

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, require disclosure of particulars regarding Conservation of Energy in Form A and Technology Absorption in Form B prescribed by the Rules. The Company not being a Manufacturing Company is advised that

Form A and B are not applicable to it.

The outgoings in respect of foreign travel expenses during the year: Rs. 1.12 lacs.

11. Information on Suspension of trading of shares of Company

For the book closure for Annual General Meeting dated 14th October 1999, the Company through an oversight gave a shorter notice than required (33 days instead of 42 days) to Stock Exchange, Mumbai. As a result, the Exchange suspended trading of shares of the Company for a period of 5 days from 27-9-1999 till 1-10-1999.

12. Year 2000 (Y2K) Compliance

The Company did not face any problem on account of Y2K and had a smooth transition in the year 2000. In the unlikely event of any such problem taking place, the Company has equipped itself with contingency plans. The cost incurred towards Y2K compliance during the year 1999 -2000 was Rs. 7.30 lacs.

13. Auditors and Auditors' Report

Messrs. Shah & Co., Chartered Accountants, Mumbai, Auditors of the Company retire at the end of the ensuing Annual General Meeting of the Company. As Messrs. Shah & Co have expressed their inability to be reappointed, the Company had offered Messrs. Price Waterhouse, Chartered Accountants to be appointed as Statutory Auditors for the accounting year ending March 31, 2001. Messrs. Price Waterhouse, Chartered Accountants have agreed and have offered themselves for appointment.

The observations made by the Auditors' report with reference to notes on the accounts for the current period are self explanatory and need no further comments from the Directors.

14. Acknowledgement

The Board wishes to express its deep appreciation to all staff members for their excellent contribution to the creditable performance of the Company and to the Bankers, Financial Institutions, Shareholders and Customers for their sustained support.

Registered Office :
Hinduja House
Dr Annie Besant Road
Worli, Mumbai 400 018

On behalf of the Board of Directors
for **HINDUJA FINANCE CORPORATION LIMITED**

AUDITORS' REPORT

To the Members

HINDUJA FINANCE CORPORATION LIMITED

We have audited the attached Balance Sheet of **HINDUJA FINANCE CORPORATION LIMITED** as at 31st March, 2000 and also the Profit & Loss Account of the Company for the period of nine months ended on that date annexed thereto and report that :

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 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 the books ;
 - c) The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account and comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 ;
 - d) In our opinion and to the best of our information and according to the explanations given to us the said Balance Sheet and Profit and Loss Account read together with the other Notes in Schedule 'Q' 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, 2000

and
 - ii. In the case of the Profit and Loss Account of the 'Profit' of the Company for the period ended on that date.

For **SHAH & CO.**
Chartered Accountants

Place : Mumbai
Date : 20th April, 2000

Indulal H Shah
Partner

ANNEXURE TO AUDITORS' REPORT

- i. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All assets for own use have been physically verified by the management during the period. No material discrepancies were noticed on such physical verification. In respect of assets given on lease, physical verification was not carried out as it was not possible.
- ii. None of the Fixed Assets of the Company have been revalued during the period under review.
- iii. The procedures followed by the management for physical verification of stocks of shares and debentures are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- iv. The discrepancies noticed on such verification between the physical stocks of shares, debentures and the book records were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
- v. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceeding year.
- vi. The Company has not taken loans from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. We are informed that there is no Company under the same management as defined under Section 370(1)(b) of the Companies Act, 1956.
- vii. The Company has not granted any loans to companies, firms or other parties listed and Register maintained under Section 301 of the Companies Act, 1956.
- viii. Loans and Advances have been given to employees and other parties who are repaying the principal amount wherever stipulated and are also regular in payment of interest where applicable.
- ix. In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of plant and machinery, equipments and other assets.
- x. According to the information and explanations given to us the Company has entered into transactions for sale/purchase of shares/debentures and obtained services, made in pursuance of contracts or arrangements entered in the Registers maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50,000/- or more in respect of each party. These are made at prices which are reasonable having regard to the nature of the transactions.
- xi. In our opinion and according to the information and explanations given to us, the Company had accepted deposits from other Corporate bodies, which are in accordance with the provisions of the directives issued by the Reserve Bank of India and Section 58A of the Companies Act, 1956.

- xii. The Company does not have any formal internal audit system commensurate with the size and nature of its business.
- xiii. According to the records of the Company, Provident Fund dues and ESI dues wherever applicable, have been regularly deposited during the period with the appropriate authorities.
- xiv. According to the information and explanations given to us we are informed that there are no undisputed amounts payable in respect of Income tax, Sales tax, Wealth tax, Custom duty and Excise duty outstanding as at 31st March, 2000 for a period of more than 6 months from the date they became payable.
- xv. On the basis of the examination of (i) the Books of Account, (ii) Other records, (iii) the explanations given to us on our inquiries, no personal expenses other than expenses under services contract obligation with the Company's employees and/or accepted business practices, have been charged to revenue account.
- xvi. In our opinion, adequate documents and records are maintained by the Company for loans and advances granted on the basis of security by way of pledge of shares and debentures and similar other securities.
- xvii. We are informed that the provisions of any special statute applicable to Chit Funds, Nidhi or Mutual Benefits Society do not apply to the Company.
- xviii. The company has maintained proper records of transactions and contracts in respect of trading in shares, debentures and other securities and that timely entries have been made therein. All shares, debentures and other securities have been held by the Company in its own name except to the extent of exemption granted under Section 49 of the Companies Act, 1956 and save for certain shares which are either held with blank transfer forms or are lodged for transfer.
- xix. As per the information and explanations given to us and taking into consideration the nature of the business of the Company, clauses (xii), (xiv), (xvi) and (xx) of paragraph 4(a) of the Manufacturing and other Companies (Auditors' Report) Order, 1988 are not applicable.

For **SHAH & CO.**
Chartered Accountants

Place : Mumbai
Date : 20th April, 2000

Indulal H Shah
Partner

BALANCE SHEET
AS AT 31ST MARCH, 2000

| | | | | (Rs. in lacs) | |
|------------------------------------------------------------------------------|-------------------------|----------|------------------------|------------------------|--|
| | | Schedule | As at 31.03.2000 | As at 30.06.1999 | |
| SOURCES OF FUNDS | | | | | |
| Shareholders' Funds | | | | | |
| (a) | Share Capital | A | | | |
| | Equity Share Capital | | 2297.36 | 2297.36 | |
| (b) | Reserves and Surplus | B | <u>12612.33</u> | <u>11568.83</u> | |
| | | | 14909.69 | 13866.19 | |
| Loan Funds | | | | | |
| | Secured Loans | C | 17.41 | 559.38 | |
| | TOTAL | | <u>14927.10</u> | <u>14425.57</u> | |
| APPLICATION OF FUNDS | | | | | |
| Fixed Assets | | | | | |
| | Gross Block | D | 2251.79 | 2248.23 | |
| | Less : Depreciation | | 2023.82 | 2012.68 | |
| | Less : Lease Adjustment | | <u>102.87</u> | <u>102.87</u> | |
| | Net Block | | 125.10 | 132.68 | |
| Investments | | | | | |
| | | E | 6679.06 | 6041.26 | |
| Current Assets, Loans and Advances | | | | | |
| | Stock in Trade | F | 5436.75 | 4241.01 | |
| | Debtors | G | 5332.71 | 6172.99 | |
| | Cash and Bank Balances | H | 56.94 | 88.32 | |
| | Loans and Advances | I | <u>82.56</u> | <u>163.10</u> | |
| | | | 10908.96 | 10665.42 | |
| Less : Current Liabilities and Provisions | | | | | |
| | Current Liabilities | J | 2500.35 | 2144.34 | |
| | Provisions | K | <u>318.76</u> | <u>307.48</u> | |
| | | | 2819.11 | 2451.82 | |
| Net Current Assets | | | | | |
| | | | 8089.85 | 8213.60 | |
| Miscellaneous Expenditure (to the extent not written off or adjusted) | | | | | |
| | | L | 33.09 | 38.03 | |
| | TOTAL | | <u>14927.10</u> | <u>14425.57</u> | |
| Accounting Policies | | | | | |
| | Notes to the Accounts | P Q | | | |

As Per Our Report of Even Date
For SHAH & CO.
Chartered Accountants

For and on behalf of the Board

Indulal H Shah
Partner

Pradeep Pasari
Company Secretary

S. Solomon Raj

Place : Mumbai
Date : 20th April, 2000

Place : Mumbai
Date : 20th April, 2000

A K Das
Directors

PROFIT & LOSS ACCOUNT

FOR THE PERIOD ENDED 31ST MARCH, 2000

| | Schedule | Period Ended 31.03.2000 (9 Months) | (Rs. in lacs) Year Ended 30.06.1999 (12 Months) |
|--------------------------------------------------------------------------------------------------------------------------------|----------|------------------------------------------|----------------------------------------------------------|
| INCOME | | | |
| I Trading Income | | | |
| Income from dealing in Shares/Debentures etc. | | 734.33 | 2009.23 |
| II Profit / (Loss) on Sale of Investments | | 92.36 | (504.78) |
| III Fees | | | |
| a) Distribution/Advisory fees (Tax deducted at source Rs.nil, previous year Rs.0.91 lacs) | | - | 18.25 |
| b) Origination and Placement | | 1.83 | - |
| c) Syndication Fee (Tax deducted at source Rs.nil, previous year Rs.16.82 lacs) | | 9.13 | - |
| | | 10.96 | 101.00 |
| IV Interest Income (Tax deducted at source Rs.4.22 lacs, previous year Rs.16.82 lacs) | | 66.91 | 117.34 |
| V Dividend Received (Tax deducted at source Rs.nil, previous year Rs.0.15 lacs) (Refer note no. 9 of Notes of Accounts) | | 263.13 | 268.50 |
| VI Lease Rentals (Net of Lease Equalisation a/c) | | - | 110.38 |
| VII Profit on Sale of Asset | | - | 6.35 |
| VIII Miscellaneous Income | | 8.43 | 0.38 |
| TOTAL | | 1176.12 | 2126.65 |
| EXPENDITURE | | | |
| Administrative and Other Expenses | M | 315.15 | 405.97 |
| Interest and Other Finance Charges | N | 98.51 | 469.31 |
| Depreciation | | 13.91 | 135.97 |
| Bad Debts written off | | 73.68 | - |
| Less : Provision for N.P.A. written back | | 55.10 | 700.32 |
| TOTAL | | 446.15 | 1711.57 |
| Profit / (Loss) Before Taxes and Extraordinary items | | 729.97 | 415.08 |
| Add : Provision for diminution in value of investments written back | | 1377.09 | - |
| Less : Provision for Taxation | | 480.00 | 104.00 |
| | | 1627.06 | 311.08 |
| Add : Transfer from General Reserve | | - | 1939.17 |
| Less : Prior Period Items (net) | O | 9.79 | - |
| Provision for diminution in value of investments | | - | 1939.17 |
| Net Profit / (Loss) | | 1617.27 | 311.08 |
| Add : Balance brought forward from previous year | | 504.53 | 508.05 |
| | | 2121.80 | 819.13 |
| APPROPRIATIONS | | | |
| Interim Dividend : | | | |
| Equity Shares | | 229.74 | - |
| Proposed Dividend : | | | |
| (a) Equity Shares | | 287.17 | 206.11 |
| (b) Cumulative Convertible Preference Shares | | - | 21.26 |
| Dividend Tax | | 56.86 | 25.01 |
| Transfer to Statutory Reserve Fund(U/s. 45 IC of R.B.I. Act) | | - | 62.22 |
| Transfer to General Reserve | | 161.73 | - |
| Balance carried to Balance Sheet | | 1386.30 | 504.53 |
| Accounting Policies | P | | |
| Notes to the Accounts | Q | | |

As Per Our Report of Even Date
For **SHAH & CO.**
Chartered Accountants

For and on behalf of the Board

Indulal H Shah
Partner

Pradeep Pasari
Company Secretary

S. Solomon Raj

Place : Mumbai
Date : 20th April, 2000

Place : Mumbai
Date : 20th April, 2000

A K Das
Directors

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2000

| | | As at 31.03.2000 | (Rs. in lacs) As at 30.06.1999 |
|-----------------------------------------------------------------------------|---------------|---------------------|--------------------------------------|
| SCHEDULE 'A' | | | |
| SHARE CAPITAL | | | |
| Authorised | | | |
| 2,95,00,000 Equity Shares of Rs.10/- each | | 2950.00 | 2950.00 |
| 10,50,000 9% Cumulative Convertible Preference Shares of Rs.100/- each | | 1050.00 | 1050.00 |
| 30,00,000 Cumulative Redeemable Preference Shares of Rs.100/- each | | 3000.00 | 3000.00 |
| TOTAL | | <u>7000.00</u> | <u>7000.00</u> |
| Issued, Subscribed and Paid-up | | | |
| 2,29,73,572 Equity Shares of Rs.10/- each fully paid up | | 2297.36 | 2297.36 |
| TOTAL | | <u>2297.36</u> | <u>2297.36</u> |
| SCHEDULE 'B' | | | |
| RESERVES AND SURPLUS | | | |
| General Reserve | | | |
| As per last Balance Sheet | 550.01 | | |
| Add : Transferred from Profit & Loss Account | <u>161.73</u> | 711.74 | 550.01 |
| | | <u>711.74</u> | <u>550.01</u> |
| Share Premium | | | |
| As per last Balance Sheet | | 10161.43 | 10161.43 |
| Profit and Loss Account | | 1386.30 | 504.53 |
| Statutory Reserve Fund (U/s. 45 IC of R.B.I. Act) | | | |
| As per last Balance Sheet | 352.86 | | - |
| Add : Transferred from Profit & Loss Account | - | 352.86 | 352.86 |
| TOTAL | | <u>12612.33</u> | <u>11568.83</u> |
| SCHEDULE 'C' | | | |
| SECURED LOANS | | | |
| (A) From Banks | | | |
| (Due within one year Rs.9.07 lacs ; Previous year Rs.542.60 lacs) | | | |
| a) Cash Credit and Demand Loan (Secured by pledge of shares) | | - | 536.32 |
| b) Car Finance (Secured by first and exclusive charge on the cars financed) | | 17.41 | 23.06 |
| TOTAL | | <u>17.41</u> | <u>559.38</u> |

(Rs. in lacs)

SCHEDULE 'D'
FIXED ASSETS

| Description | Gross Block | | | Depreciation | | | NetBlock | | As on 30.06.99 | |
|---------------------------------|-------------------|--------------------------------------|----------------------------------|-------------------|------------------|-------------------|----------------------------------|------------------|-------------------|-------------------|
| | As on 01.07.99 | Additions during the period | Sales during the period | As on 31.03.00 | Upto 30.06.99 | For the period | W/Off during the period | Upto 31.03.00 | | As on 31.03.00 |
| A) ASSETS FOR OWN USE | | | | | | | | | | |
| Office Equipment | 22.88 | 2.21 | 2.28 | 22.81 | 4.20 | 0.88 | 0.65 | 4.43 | 18.38 | 18.68 |
| Data Processing Equipment | 54.73 | 4.26 | 3.78 | 55.21 | 32.11 | 6.58 | 2.12 | 36.57 | 18.64 | 22.62 |
| Furniture and Fixtures | 74.89 | - | - | 74.89 | 14.48 | 3.57 | - | 18.05 | 56.84 | 60.41 |
| Vehicles | 38.15 | 3.18 | 0.03 | 41.30 | 7.18 | 2.88 | - | 10.06 | 31.24 | 30.97 |
| (A) | 190.65 | 9.65 | 6.09 | 194.21 | 57.97 | 13.91 | 2.77 | 69.11 | 125.10 | 132.68 |
| B) ASSETS GIVEN ON LEASE | | | | | | | | | | |
| Plant and Machinery (B) | 2057.58 | - | - | 2057.58 | 1954.71 | - | - | 1954.71 | 102.87 | 102.87 |
| SUB-TOTAL (A+B) | 2248.23 | 9.65 | 6.09 | 2251.79 | 2012.68 | 13.91 | 2.77 | 2023.82 | 227.97 | 235.55 |
| Lease adjustment A/c* (C) | - | - | - | - | - | - | - | - | (102.87) | (102.87) |
| TOTAL (A+B+C) | 2248.23 | 9.65 | 6.09 | 2251.79 | 2012.68 | 13.91 | 2.77 | 2023.82 | 125.10 | 132.68 |
| Previous Year | 2832.42 | 10.46 | 594.65 | 2248.23 | 2438.76 | 135.97 | 562.05 | 2012.68 | 235.55 | 393.66 |

* Refer Note 3 (C) in Schedule P

SCHEDULE 'E'**INVESTMENTS - (At cost)**

(As per Annexure - A)

Less : Provision for diminution in value of investments

TOTAL

| As at 31.03.2000 | As at 30.06.1999 |
|---------------------|---------------------|
| 7582.33 | 8321.62 |
| 903.27 | 2280.36 |
| 6679.06 | 6041.26 |

| | As at 31.03.2000 | <i>(Rs. in lacs)</i> As at 30.06.1999 |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|---------------------------------------------|
| SCHEDULE 'F' | | |
| STOCK IN TRADE | | |
| Shares and Debentures (At Cost or Market Value whichever is lower) (As taken, valued and certified by the Management) (As per Annexure - B) | 5098.75 | 3187.07 |
| Real Estate (At Cost or Net Realisable Value whichever is less) (See Note No. 8 of Notes to Accounts) | 338.00 | 1053.94 |
| TOTAL | <u>5436.75</u> | <u>4241.01</u> |
| SCHEDULE 'G' | | |
| SUNDRY DEBTORS (Unsecured and considered good) | | |
| Debts Outstanding for a period exceeding six months | 127.44 | 588.14 |
| Other Debts | 5205.27 | 5584.85 |
| TOTAL | <u>5332.71</u> | <u>6172.99</u> |
| SCHEDULE 'H' | | |
| CASH AND BANK BALANCES | | |
| Cash on hand | 0.80 | 1.93 |
| Bank balances with Scheduled Banks in Current Accounts | 56.14 | 86.39 |
| TOTAL | <u>56.94</u> | <u>88.32</u> |
| SCHEDULE 'I' | | |
| LOANS AND ADVANCES | | |
| (Unsecured and considered good, unless stated otherwise) | | |
| Advances recoverable in cash or in kind or for value to be received | 44.71 | 48.40 |
| Advance Tax and Tax Deducted at Source (Net of Provisions) | 27.15 | 104.00 |
| Security Deposits | 10.70 | 10.70 |
| TOTAL | <u>82.56</u> | <u>163.10</u> |

| | As at 31.03.2000 | <i>(Rs. in lacs)</i> As at 30.06.1999 |
|----------------------------------------------------------------------------|-----------------------------|---------------------------------------------|
| SCHEDULE 'J' | | |
| CURRENT LIABILITIES | | |
| Sundry Creditors (Due to other than Small Scale Industrial Undertaking) | 2401.71 | 2102.20 |
| Unclaimed Dividend | 17.71 | 14.00 |
| Other Liabilities | 80.93 | 28.14 |
| TOTAL | <u>2500.35</u> | <u>2144.34</u> |
| SCHEDULE 'K' | | |
| PROVISIONS | | |
| Provision for Non Performing Assets | - | 55.10 |
| Provision for Dividend | 287.17 | 227.37 |
| Provision for Dividend Tax | 31.59 | 25.01 |
| TOTAL | <u>318.76</u> | <u>307.48</u> |
| SCHEDULE 'L' | | |
| MISCELLANEOUS EXPENDITURE | | |
| (To the extent not written off or adjusted) | | |
| Share Issue Expenses | 22.09 | 25.53 |
| Deferred Revenue Expenses | 11.00 | 12.50 |
| TOTAL | <u>33.09</u> | <u>38.03</u> |

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2000

| | Period ended 31.03.2000 (9 Months) | (Rs. in lacs) Year ended 30.06.1999 (12 Months) |
|--------------------------------------------------------------------|-------------------------------------------------|----------------------------------------------------------|
| SCHEDULE 'M' | | |
| ADMINISTRATIVE AND OTHER EXPENSES | | |
| Salary and Other Benefits | 51.71 | 61.48 |
| Contribution to Employees' Provident Fund, etc. | 4.25 | 4.84 |
| Staff Welfare Expenses | 5.61 | 7.80 |
| Travelling and Conveyance | 6.12 | 8.33 |
| Rent | 118.60 | 148.98 |
| Legal and Professional Fees (Refer note no. 2 in Schedule 'Q') | 48.60 | 41.00 |
| Telephone and Postage | 6.88 | 8.53 |
| Printing and Stationery | 6.40 | 7.22 |
| Advertisement Expenses | 1.29 | 1.52 |
| Repairs and Maintenance | 4.34 | 6.72 |
| Membership and Subscription | 8.94 | 13.01 |
| Motor Car Expenses | 4.94 | 6.15 |
| Lease Rentals Paid | 0.08 | 1.48 |
| Y2K Compliance Expenses | 7.29 | - |
| Auditors' Remuneration : | | |
| Audit Fees | 1.88 | 1.88 |
| Tax Audit Fees | 0.62 | 0.62 |
| As Advisors for Taxation Matters | - | 0.63 |
| Certification Work | 0.20 | 0.17 |
| Commission and Brokerage | - | 0.43 |
| Interest Tax | 1.50 | 0.04 |
| Share Issue and Deferred Revenue Expenses Written Off | 4.94 | 6.59 |
| Directors' Sitting Fees | 0.40 | 0.26 |
| Miscellaneous Expenses | 28.17 | 23.19 |
| Loss on Sale of Assets | 2.39 | - |
| Provision for Non Performing Assets | - | 55.10 |
| TOTAL | 315.15 | 405.97 |
| SCHEDULE 'N' | | |
| INTEREST AND OTHER FINANCE CHARGES | | |
| On Cash Credit Facilities | 58.61 | 134.98 |
| On Fixed Loans | 17.52 | 325.58 |
| Others | 22.38 | 8.75 |
| TOTAL | 98.51 | 469.31 |
| SCHEDULE 'O' | | |
| PRIOR PERIOD ITEMS | | |
| Sales Tax of earlier years | 92.04 | - |
| Less : Excess Provision of Income Tax of prior period w/Back (Net) | 82.25 | - |
| TOTAL | 9.79 | - |

SCHEDULE 'P'
ACCOUNTING POLICIES

1. Accounting Convention

The accounts have been prepared under the historical cost convention.

2. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation.

3. Depreciation

- a. Depreciation on assets for own use is provided on Straight Line Method on pro-rata basis at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- b. Depreciation on assets given on lease is provided in such a manner that 95% of the cost of these assets is written off over the primary lease period in proportion to lease rentals accrued and accounted during the year as per one of the methods recommended by the Institute of Chartered Accountants of India.
- c. Lease adjustment account represents depreciation on assets written off in the books of accounts, which is short / excess of the amount calculated in accordance with the methods prescribed under the guidelines issued by the Institute of Chartered Accountants of India.

4. Valuation of Investments

Investments are carried at cost including related expenses. Provision for decline in value where necessary, has been made for fall in value, other than temporary, as per opinion of the management.

5. Valuation of Stock-in-trade

Stock in trade has been valued at cost (aggregate) or market value (aggregate), whichever is lower. The cost is arrived at by the "First in First Out" Method. Real Estate is valued at cost or net realisable value whichever is lower. (Refer Note No. 8 in Schedule 'Q')

6. Income

- a. Profits or losses from dealing in shares are recognised on trade dates on "First in First Out" basis.
- b. Lease rentals are recognised as revenue over the lease period as per the terms of the lease agreements except for income portion in case of overdue instalments.
- c. Dividend income is accounted on accrual basis (Refer Note No. 9 in Schedule 'Q').
- d. In respect of other heads of income, the Company follows the practice of accounting of such income on accrual basis.

7. Taxation

Provision for Income Tax is made after considering exemptions and deductions available and at the rates applicable under the Income Tax Act, 1961.

SCHEDULE 'Q'

NOTES TO THE ACCOUNTS

1. **Contingent Liabilities**
 - a) Guarantees given on behalf of third parties amounting to Rs.4250 lacs (Previous year Rs.4250 lacs) secured by counter guarantees.
 - b) The matter of payment of stamp duty on merger of erstwhile Hinduja Finance Limited is pending adjudication.
2. Legal and Professional Fees include a sum of Rs.0.47 lacs paid to a partner of Auditors for other services (Previous year Rs.1.35 lacs).
3.
 - a) The Company has been following prudential norms for income recognition and for non performing assets as prescribed by Reserve Bank of India.
 - b) All the investments of the Company have been classified to be of long term nature. In the Management's opinion, where the decline in the value of these investments is of a nature other than temporary, provision to recognize such decline is made in the books of accounts amounting to Rs.903.27 lacs (Previous year Rs.1939.17 lacs). Accordingly, an amount of Rs.903.27 lacs has been retained as on 31st March, 2000 and provision relating to Investments sold during the period has been written back in Profit & Loss Account.

4. Expenditure in foreign currency

| | 1999-00 | <i>(Rs. in lacs)</i> 1998-99 |
|----------------|----------------|---------------------------------|
| Foreign Travel | 1.12 | 0.22 |
| Subscription | 0.03 | Nil |

5. Additional Information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956.

| Traded Goods | Unit | Opening Stock | Purchases | Sales | Closing Stock |
|--------------|---------------------|---------------|-----------|-----------|---------------|
| Shares | Qty. (Nos.) | 4901621 | 35938479 | 37089887 | 3751263 |
| | Value (Rs. in lacs) | 3187.07 | 202019.47 | 201453.96 | 5098.75 |
| Real Estate | (Rs. in lacs) | 1053.94 | | | 338.00 |

Closing Stock includes 11500 Bonus Shares.

6. Managerial Remuneration under Section 198 of the Companies Act, 1956.

Salary and other benefits include payments and provisions of remuneration on account of Manager are as under:

| | <i>(Rs. in lacs)</i> | |
|-----------------------------------|----------------------|---------|
| | 1999-00 | 1998-99 |
| 1. Salary | 7.22 | 8.52 |
| 2. Contribution to Provident Fund | 0.85 | 1.19 |
| 3. Perquisites | 2.81 | 1.53 |

7. An application is made by the company for amalgamation of Ashok Leyland Information Technology Limited with itself with effect from 1-7-1999 duly approved by the members in the general meeting called pursuant to the order of the High Court of Bombay. Pending the approval by High Courts, the effect of the amalgamation has not been given in above accounts.

8. The company has changed during the period the method of valuation of Real Estate from cost to cost or net realisable value whichever is lower. The company has obtained expert opinion from leading tax consultant for the above matter. Accordingly the company has valued the Real Estate at Rs.338.00 lacs (based on valuation report from approved valuers) as a result of which, current period profit is down by Rs.715.94 lacs.

9. The company has changed during the period the method of recording dividend income from receipt basis to accrual basis as a result of which the profit for the current period is up by Rs.40.76 lacs.

10. Provision for Income-Tax for the current period has been made after taking into account the benefit of carry forward of loss u/s Section 72A of the I.T. Act on account of the proposed merger of the company as indicated in Note No. 7 above.

11. Previous Accounting Year's figures have been regrouped/rearranged, wherever considered necessary.

12. Current period figures are for 9 months and are not comparable with previous year's figures of 12 months.

As Per Our Report of Even Date
For **SHAH & CO.**
Chartered Accountants

For and on behalf of the Board

Indulal H Shah
Partner

Pradeep Pasari
Company Secretary

S. Solomon Raj

Place : Mumbai
Date : 20th April, 2000

Place : Mumbai
Date : 20th April, 2000

A K Das
Directors

ANNEXURE 'A' INVESTMENTS (At Cost)

| Scrip | (Rs in lacs) | | | |
|-------------------------------|-------------------------------|-------------------------------|----------------------------|----------------------------|
| | Quantity As on 31.03.00 | Quantity As on 30.06.99 | Value As on 31.03.00 | Value As on 30.06.99 |
| I MUTUAL FUNDS : | | | | |
| Kothari Pioneer Infotech Fund | 521648 | - | 200.00 | - |
| TOTAL (A) | <u>521648</u> | <u>-</u> | <u>200.00</u> | <u>-</u> |
| II QUOTED SHARES : | | | | |
| Autopins (India) Ltd | 240 | 820240 | 0.13 | 451.13 |
| Advani Oerlikon Ltd | - | 16300 | - | 3.76 |
| Ashok Leyland Ltd | 62535 | - | 87.63 | - |
| ABB Ltd | 15000 | - | 54.74 | - |
| ABB Alstom Power Ltd | 10000 | - | 0.10 | - |
| Astra IDL Ltd | 143500 | 143500 | 390.80 | 390.80 |
| Alfa Laval Ltd | - | 10000 | - | 21.14 |
| Autolec Industries Ltd | 22300 | - | 17.15 | - |
| Bhagyanagar Metals Ltd | - | 701100 | - | 315.56 |
| Bharat Seats Ltd | - | 120200 | - | 43.27 |
| Birla Corporation Ltd | 47000 | - | 21.48 | - |
| BPL Ltd | 10000 | - | 43.29 | - |
| Bausch & Laumb Ltd | 25000 | - | 30.04 | - |
| Century Enka Ltd | - | 18200 | - | 21.30 |
| Chettinad Cement Ltd | - | 85500 | - | 77.86 |
| Chowgule Steamships Ltd | - | 59032 | - | 8.41 |
| Cipla Ltd | 2500 | - | 30.06 | - |
| Cheminor Drugs Ltd | - | 10000 | - | 27.88 |
| Consortium Finance Ltd | 33 | 730033 | 0.01 | 292.01 |
| Citicorp Securities Ltd | 1100 | 30700 | 1.39 | 41.14 |
| Dynamatic Technologies Ltd | 59206 | 87856 | 23.68 | 35.14 |
| Deccan Cements Ltd | 118300 | 259050 | 31.35 | 68.65 |
| Dhampur Sugar Mills Ltd | - | 24400 | - | 17.22 |
| D S J Finance Corporation Ltd | 29870 | 30400 | 1.34 | 1.37 |
| Digital Equipment (India) Ltd | 20000 | - | 175.15 | - |
| E I H Associated Hotels Ltd | 6100 | 28100 | 4.24 | 19.41 |
| Excel Industries Ltd | 6700 | - | 24.96 | - |
| Finolex Cables Ltd | 20 | 10 | - | - |
| Filatex India Ltd | - | 502600 | - | 153.38 |
| Fluidomat Ltd | - | 432300 | - | 25.94 |
| F A G Precision Bearings Ltd | 71900 | 75000 | 47.71 | 49.76 |
| Fujitsu ICIM Ltd | - | 6900 | - | 25.63 |
| Flat Products Ltd | 70800 | - | 26.75 | - |
| Gujarat Industrial Power Ltd | 50000 | - | 22.55 | - |
| Glaxo India Ltd | 10000 | - | 67.02 | - |
| Global Boards Ltd | - | 510400 | - | 61.95 |

| Scrip | (Rs in lacs) | | | |
|-------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Quantity | Quantity | Value | Value |
| | As on 31.03.00 | As on 30.06.99 | As on 31.03.00 | As on 30.06.99 |
| Glenmark Pharma Ltd | 7550 | - | 20.75 | - |
| Gulf Oil India Ltd | 493500 | 493500 | 678.90 | 678.90 |
| Gujarat Siddhee Cement Ltd | 50 | 285550 | - | 13.28 |
| Goodlass Nerolac Ltd | - | 10400 | - | 16.05 |
| Hindustan Oil Exploration Ltd | 50200 | 50200 | 24.96 | 24.96 |
| Hindustan Power Plus Ltd | - | 50000 | - | 53.53 |
| Hindustan Zinc Ltd | 936949 | 1145100 | 201.88 | 258.44 |
| Hindustan Machines Ltd | 160800 | 160800 | 14.37 | 14.37 |
| Hitech Drilling Ltd | 86000 | - | 72.15 | - |
| IDL Industries Ltd | 100000 | 100000 | 60.00 | 60.00 |
| Indian Card Clothing Co. Ltd | - | 14058 | - | 7.31 |
| India Cement Ltd | 205000 | - | 170.98 | - |
| Indian Organic Chemicals Ltd | - | 42100 | - | 4.78 |
| India Gelatine & Chemicals Ltd | 9350 | 21300 | 6.31 | 14.38 |
| ITC Hotels Ltd | - | 37000 | - | 51.80 |
| I T I Ltd | 700 | 700 | 0.12 | 0.12 |
| Infosys Technologies Ltd | 500 | - | 54.85 | - |
| IndusInd Bank Ltd | 2789600 | 2789600 | 879.91 | 879.91 |
| I P Rings Ltd | 14000 | 31400 | 17.54 | 38.37 |
| Ipca Laboratories Ltd | 3300 | - | 6.31 | - |
| ITW Signode (I) Ltd | 26650 | - | 26.13 | - |
| International Travelhouse Ltd | 64300 | 65200 | 58.85 | 59.51 |
| Jayaswals Neco Ltd | 1130 | 190925 | 0.03 | 187.23 |
| Jamshri Ranjitsinghji Spg. & Wvg. Mills Co. Ltd | - | 20000 | - | 5.00 |
| Kerala Chemicals & Proteins Ltd | - | 30000 | - | 78.42 |
| Kulkarni Power Tools Ltd | 146850 | 146850 | 54.78 | 54.78 |
| Kvaerner Cementation Ltd | - | 19700 | - | 69.32 |
| Kirloskar Oil Engines Ltd | - | 27250 | - | 28.03 |
| K G Denim Ltd | 49700 | 204900 | 4.72 | 19.47 |
| KLG Systel Ltd | - | 400 | - | 0.48 |
| KEC International Ltd | - | 61200 | - | 20.99 |
| KPIT Systems Ltd | - | 7000 | - | 20.77 |
| KSE Ltd | - | 3800 | - | 2.39 |
| Kopran Ltd | 2300 | - | 4.06 | - |
| Kopran Drugs Ltd | 81550 | - | 195.85 | - |
| Mahavir Spinning Mills Ltd | 37500 | 37500 | 27.75 | 27.75 |
| Madura Coats Ltd | 309981 | 309981 | 169.02 | 169.02 |
| Monotana Exports Ltd | 55200 | 132900 | 2.76 | 6.65 |
| Montana International Ltd | - | 539600 | - | 57.81 |
| Magnus Industries Ltd | 200 | 352200 | 0.02 | 82.71 |
| Medi - caps Ltd | - | 117100 | - | 14.05 |

(Rs in lacs)

| Scrip | Quantity | Quantity | Value | Value |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | As on 31.03.00 | As on 30.06.99 | As on 31.03.00 | As on 30.06.99 |
| Machino Plastics Ltd | - | 90000 | - | 16.65 |
| Majestic Auto Liners Ltd | 257100 | 257100 | 79.66 | 79.66 |
| Mastek Computers Ltd | - | 4400 | - | 34.14 |
| Mukand Engineering Ltd | 53100 | - | 103.08 | - |
| MICO Ltd | 2440 | - | 124.68 | - |
| Nestle India Ltd | 42000 | - | 170.31 | - |
| Namaste Exports Ltd | - | 70300 | - | 50.96 |
| Nirlon Ltd | - | 30300 | - | 1.20 |
| Nahar Spinning Ltd | 26800 | 26800 | 20.60 | 20.60 |
| Nahar Exports Ltd | 32900 | - | 9.43 | - |
| Omax Autos Ltd | 78100 | 122100 | 64.75 | 101.23 |
| Odyssey Technologies Ltd | - | 115800 | - | 2.32 |
| O E N Connectors Ltd | - | 30250 | - | 17.71 |
| Orient Paper Ltd | 5300 | - | 1.94 | - |
| Oil Country Tubular Ltd | - | 254100 | - | 76.85 |
| Oil & Natural Gas Corporation Ltd | 27200 | - | 67.67 | - |
| Pacific Industries Ltd | 61 | 365761 | 0.02 | 146.99 |
| Paper Products Ltd | 35000 | - | 49.69 | - |
| Procter & Gamble Ltd | 15480 | - | 104.66 | - |
| Pidilite Industries Ltd | 160 | 960 | 0.33 | 1.98 |
| Prime Securities Ltd | - | 85000 | - | 12.11 |
| Premier Instruments & Controls Ltd | - | 6000 | - | 12.67 |
| Rollainers Ltd | - | 54600 | - | 15.56 |
| Ramakrishna Mills Ltd | 5200 | 5200 | 3.74 | 3.74 |
| Reed Relays and Electronics India Ltd | 15000 | 15000 | 6.23 | 6.23 |
| Raasi Cement Ltd | 180 | 180 | 0.21 | 0.21 |
| Ramco Industries Ltd | - | 3150 | - | 47.36 |
| Rashtriya Chemicals & Fertilisers Ltd | 150000 | - | 30.58 | - |
| Rel. Petro. W1999 | - | 2600 | - | 0.26 |
| Rel. Petro. W2000 | 2600 | 2600 | 0.39 | 0.39 |
| Rel. Petro. W2001 | 2600 | 2600 | 0.39 | 0.39 |
| SAE India Ltd | - | 4000 | - | 5.56 |
| Satyam Computers Ltd | 2700 | - | 148.86 | - |
| Sanrhea Technical Textiles Ltd | 24500 | 24500 | 0.21 | 0.21 |
| Steelco Gujarat Ltd | - | 41900 | - | 0.78 |
| Sanderson Industries Ltd | 95500 | 95500 | 1.34 | 1.34 |
| Super Auto Forge Ltd | 635300 | 635300 | 462.09 | 462.09 |
| S I Property Development Ltd | 91400 | 91400 | 7.31 | 7.31 |
| SIV Industries Ltd | - | 16850 | - | 3.50 |
| Swaraj Mazda Ltd | - | 100800 | - | 47.91 |
| Samkreg Pistons Ltd | 161300 | - | 49.65 | - |

| Scrip | (Rs in lacs) | | | |
|----------------------------------------------------------|-------------------------------|-------------------------------|----------------------------|----------------------------|
| | Quantity As on 31.03.00 | Quantity As on 30.06.99 | Value As on 31.03.00 | Value As on 30.06.99 |
| Sona Steering Systems Ltd | - | 4800 | - | 1.72 |
| Shri M M Softek Ltd | 5000 | - | 20.04 | - |
| Tata S S L Ltd | 105050 | 105050 | 27.70 | 27.70 |
| Tata Hydro Electric Power Supply Co. Ltd | - | 150 | - | 0.14 |
| Tirupati Fibres & Industries Ltd | 132000 | 132000 | 7.92 | 7.92 |
| Tata Yodogawa Ltd | 116400 | 116400 | 34.33 | 34.33 |
| Tata Power Ltd | 89690 | - | 72.75 | - |
| Tube Investments of India Ltd | 300 | 65400 | 0.39 | 37.39 |
| Ultramarine & Pigments Ltd | - | 14950 | - | 10.58 |
| Uttam Steel Ltd | - | 363800 | - | 35.47 |
| United Breweries Ltd | 15000 | - | 33.28 | - |
| Vardhaman Spinning & General Mills Ltd | 120650 | 120650 | 92.90 | 92.90 |
| V S T Industries Ltd | - | 10000 | - | 11.37 |
| Vashisti Detergent Ltd | - | 50000 | - | 31.66 |
| Vesuvius India Ltd | 15300 | - | 16.98 | - |
| Vindhya Telelinks Ltd | - | 282300 | - | 163.96 |
| VDO India Ltd | - | 7500 | - | 2.94 |
| Videsh Sanchar Nigam Ltd | 1000 | - | 23.81 | - |
| Vulcan Engineers Ltd | - | 20500 | - | 3.13 |
| Total (B) | 8777275 | 16048586 | 5692.50 | 6812.41 |
| III UNITS : | | | | |
| UTI Mastergain 1992 | - | 200 | - | 0.02 |
| Total (C) | - | 200 | - | 0.02 |
| IV NON CONVERTIBLE DEBENTURES | | | | |
| Tata SSL Ltd | 100000 | 100000 | 50.00 | 50.00 |
| Garware Polyester Ltd | 40 | 40 | 0.01 | 0.01 |
| Total (D) | 100040 | 100040 | 50.01 | 50.01 |
| V FULLY CONVERTIBLE DEBENTURES | | | | |
| VCK Capital Market Services Ltd | 5300 | 5300 | 1.46 | 1.46 |
| Total (E) | 5300 | 5300 | 1.46 | 1.46 |
| Total Quoted Stock In Investments (A+B+C+D+E) | 9404263 | 16154126 | 5943.97 | 6863.90 |
| Market Value Of Quoted Investments | | | 4413.11 | 4527.94 |

| Scrip | (Rs in lacs) | | | |
|------------------------------------------------------------|-------------------------------|-------------------------------|----------------------------|----------------------------|
| | Quantity As on 31.03.00 | Quantity As on 30.06.99 | Value As on 31.03.00 | Value As on 30.06.99 |
| VI UNQUOTED SHARES | | | | |
| I D L Finance Ltd | 39100 | 11500 | 5.29 | 1.15 |
| IndusInd Enterprise & Finance Ltd | 1255000 | - | 125.50 | - |
| Modi International Paper Ltd | 1045000 | 1045000 | 398.85 | 398.85 |
| Prasanth Textiles Ltd | 458333 | 458333 | 165.00 | 165.00 |
| Patheja Brothers Forgings & Stampings Ltd | 200000 | 200000 | 360.00 | 360.00 |
| Eurobike Ltd | 1000000 | 1000000 | 532.72 | 532.72 |
| Total (F) | 3997433 | 2714833 | 1587.36 | 1457.72 |
| VII SUBSIDIARY COMPANIES | | | | |
| Grant Investrade Pvt Ltd | 2 | - | - | - |
| In2Cable.Com (India) Pvt Ltd | 510000 | - | 51.00 | - |
| Total (G) | 510002 | - | 51.00 | - |
| AGGREGATE COST OF INVESTMENTS (A+B+C+D+E+F+G) | 13911698 | 18868959 | 7582.33 | 8321.62 |
| Less : Provision for Diminution In Value of Investments | | | (903.27) | (2280.36) |
| Total Investments | 13911698 | 18868959 | 6679.06 | 6041.26 |

ANNEXURE 'B'

STOCK IN TRADE [Valued at cost (aggregate) or market value (aggregate) whichever is lower]

| Scrip | (Rs in lacs) | | | |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Quantity | Quantity | Value | Value |
| | As on 31.03.00 | As on 30.06.99 | As on 31.03.00 | As on 30.06.99 |
| I QUOTED SHARES : | | | | |
| Associated Cements Co. Ltd | 150120 | - | 211.27 | - |
| Arvind Mills Ltd | 100000 | 100000 | 45.44 | 45.44 |
| Autopins (India) Ltd | 20 | 20 | 0.01 | 0.01 |
| Ashok Leyland Ltd | 38900 | - | 42.10 | - |
| Asian Paints Ltd | 24822 | - | 100.83 | - |
| Bharat Earth Movers Ltd | 72500 | 72500 | 20.19 | 20.19 |
| Bharat Bijlee Ltd | 13700 | - | 24.78 | - |
| B S E S Ltd | 21150 | 100 | 58.33 | 0.16 |
| Bajaj Auto Ltd | - | 1037 | - | 5.63 |
| Bharat Heavy Electricals Ltd | 25000 | - | 31.86 | - |
| Ballarpur Industries Ltd | 16884 | - | 11.27 | - |
| Bank Of Baroda | - | 100 | - | 0.18 |
| Bhagyanagar Metals Ltd | 500 | 500 | 0.12 | 0.12 |
| Bombay Dyeing Ltd | - | 10000 | - | 4.89 |
| Bharat Petroleum Corporation Ltd | - | 60000 | - | 153.67 |
| Bharat Electronics Ltd | - | 11400 | - | 2.83 |
| Bharat Hotels Ltd | - | 250 | - | 0.32 |
| B F L Software Ltd | 2500 | 1000 | 20.39 | 2.31 |
| B O C Ltd | 30900 | 30900 | 25.22 | 25.22 |
| B P L Ltd. | 100 | - | 0.28 | - |
| Century Spinning & Textile Ltd | 114000 | 25000 | 83.01 | 13.46 |
| C E S C Ltd | 154000 | - | 54.79 | - |
| Cochin Refineries Ltd | 500 | 500 | 0.67 | 0.71 |
| Castrol India Ltd | - | 2500 | - | 10.65 |
| Cadbury India Ltd | 12167 | 260 | 102.04 | 1.59 |
| Chicago Penumatic Tools Ltd | 10000 | 51150 | 6.87 | 34.93 |
| Colgate Palmolive Ltd | 60000 | 350 | 90.75 | 0.67 |
| Cipla Ltd | 10000 | - | 112.89 | - |
| Chettinad Cement Ltd | - | 100 | - | - |
| Cheminor Drugs Ltd | - | 50 | - | 0.06 |
| Citicorp Securities Ltd | - | 500 | - | 0.43 |
| Crompton Greaves Ltd | - | 85000 | - | 37.34 |
| Clariant (India) Ltd | - | 5700 | - | 6.51 |
| D C L Polyesters Ltd | 95 | 45 | - | - |
| D C W Ltd | - | 50 | - | 0.02 |
| Dabur India Ltd | 1000 | 10000 | 13.52 | 59.12 |
| Deccan Cements Ltd | 181250 | 200200 | 47.00 | 51.94 |
| Dhampur Sugar Mills Ltd | - | 50 | - | 0.03 |
| Dynamatic Technologies Ltd | 40800 | 196600 | 11.82 | 57.03 |
| Dr. Reddy's Laboratories Ltd | 43981 | - | 686.18 | - |

(Rs in lacs)

| Scrip | Quantity | Quantity | Value | Value |
|---------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | As on 31.03.00 | As on 30.06.99 | As on 31.03.00 | As on 30.06.99 |
| Digital Equipments (India) Ltd | 5000 | - | 39.04 | - |
| DSQ Software Ltd | 2500 | - | 42.63 | - |
| Essar Shipping Ltd | 100 | 100 | 0.03 | 0.03 |
| Escorts Ltd | 50 | 150 | 0.04 | 0.10 |
| Esab India Ltd | 51600 | 61900 | 50.92 | 59.52 |
| EIH Associated Hotels Ltd | 9300 | 9400 | 6.11 | 6.17 |
| Essel Packaging Ltd | - | 11500 | - | 30.79 |
| Excel Industries Ltd | 200 | - | 0.65 | - |
| Fujitsu ICIM Ltd | 2500 | - | 17.86 | - |
| Godrej Soaps Ltd | 17385 | - | 8.51 | - |
| German Remedies Ltd | 50 | 5000 | 0.52 | 39.56 |
| Gujarat Ambuja Cements Ltd | - | 350 | - | 1.09 |
| Gulf Oil India Ltd | 4100 | 3000 | 5.27 | 2.71 |
| Gujarat Industrial Power Ltd | 10900 | - | 4.38 | - |
| Glaxo India Ltd | 15639 | - | 80.47 | - |
| Great Eastern Shipping Co. Ltd | - | 25000 | - | 5.90 |
| Gujarat State Fertilisers Ltd | - | 70000 | - | 26.57 |
| Gujarat Flourochemicals Ltd | 200 | 200 | 0.13 | 0.13 |
| Hindustan Motors Ltd | 22300 | 50000 | 2.42 | 5.01 |
| H D F C Bank Ltd | - | 5400 | - | 3.40 |
| Henkel Spic India Ltd | - | 76300 | - | 24.85 |
| Hindustan Petroleum Corporation Ltd | 50000 | 43125 | 62.82 | 109.53 |
| Hindustan Lever Ltd | 140 | 2810 | 4.38 | 66.34 |
| Hindustan Development Corporation Ltd | - | 36100 | - | 4.97 |
| Hindustan Zinc Ltd | 139500 | 189500 | 30.99 | 42.64 |
| Industrial Credit & Investment Corporation of India Ltd | 50003 | 2906 | 71.61 | 2.01 |
| I D L Industries Ltd | 15600 | 300 | 5.28 | 0.08 |
| Innovative Marine Foods Ltd | - | 100 | - | - |
| Indo Gulf Fertilisers & Chemical Corporation Ltd | 100 | 24900 | - | 8.45 |
| I T C Ltd | 890 | 4641 | 8.82 | 51.56 |
| Infosys Technologies Ltd | 1588 | 56 | 174.63 | 2.07 |
| India Cement Ltd | 14973 | - | 11.96 | - |
| I T C Bhadrachalam Paperboards Ltd | 48372 | 50000 | 28.56 | 14.70 |
| Indian Aluminium Ltd | 30000 | 23500 | 27.34 | 15.44 |
| I T I Ltd | 478700 | 1657000 | 155.43 | 198.99 |
| I T C Hotels Ltd | 25 | 25 | 0.03 | 0.03 |
| Indian Petrochemical Corporation Ltd | 101750 | 500 | 59.00 | 0.54 |
| Indian Shaving Products Ltd | 100 | 100 | 0.23 | 0.23 |
| Indian Hotels Ltd | - | 10156 | - | 29.69 |

| Scrip | (Rs in lacs) | | | |
|---------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | Quantity | Quantity | Value | Value |
| | As on 31.03.00 | As on 30.06.99 | As on 31.03.00 | As on 30.06.99 |
| Industrial Finance Corporation of India Ltd | - | 100 | - | 0.04 |
| India Card Clothing Ltd | 58 | - | 0.02 | - |
| I P C A Laboratories Ltd | - | 20000 | - | 30.15 |
| Ingersoll - Rand (India) Ltd | 50 | 3650 | 0.26 | 19.62 |
| J B Chemicals Ltd | 30700 | 12500 | 59.81 | 10.26 |
| Kulkarni Power Tools Ltd | 1400 | 1400 | 0.82 | 0.82 |
| Kanoria Dyechem Ltd | 96300 | 96300 | 6.16 | 6.16 |
| Kotak Mahindra Ltd | 100 | 500 | 0.02 | 0.14 |
| Kodak India Ltd | 3229 | 1995 | 11.74 | 9.59 |
| Larsen & Toubro Ltd | 195159 | - | 535.94 | - |
| Lloyd Finance Ltd | 100 | - | - | - |
| Madras Cements Ltd | - | 495 | - | 23.36 |
| Madura Coats Ltd | 750 | 750 | 0.06 | 0.06 |
| Mahanagar Telephone Nigam Ltd | - | 40000 | - | 76.23 |
| Mahindra & Mahindra Ltd | 140 | 10000 | 0.57 | 27.18 |
| M R F Tyres Ltd | - | 150 | - | 3.27 |
| MasterShares | 4798 | - | 0.04 | - |
| Madras Refineries Ltd | - | 93800 | - | 40.50 |
| Majestic Auto Ltd | 2000 | 1800 | 0.69 | 0.58 |
| Medicaps Ltd | 100 | - | 0.02 | - |
| Nahar Spinning Ltd | 4150 | - | 4.70 | - |
| Novartis Ltd | 5000 | - | 45.91 | - |
| Nicholas Piramal Ltd | 50 | - | 0.28 | - |
| Nestle Limited | - | 150 | - | 0.87 |
| Nocil Ltd | - | 50 | - | - |
| Orkay Industries Ltd | 195 | 195 | 0.02 | 0.02 |
| O E N Connector Ltd | 7050 | 24000 | 3.70 | 12.83 |
| Oil Country Tubular Ltd | - | 100 | - | - |
| Pfizer Ltd | 5000 | 10 | 47.84 | 0.07 |
| Pidilite Industries Ltd | 10500 | 47000 | 69.01 | 121.09 |
| Plastiblends Ltd | 37300 | - | 11.58 | - |
| Premier Instruments & Controls Ltd | 41 | 691 | 0.01 | 0.14 |
| Parry's Confectionery Ltd | 5127 | 5127 | 9.69 | 9.69 |
| Pentafour Software Ltd | - | 7000 | - | 79.85 |
| Punjab Tractors Ltd | 10000 | 950 | 62.72 | 7.87 |
| Raymond Woollens Ltd | - | 50 | - | 0.05 |
| Ramco Industries Ltd | 100 | 8950 | 2.50 | 62.12 |
| Raasi Cements Ltd | 170 | 170 | 0.41 | 0.41 |
| Reckitt & Colman Ltd | 585 | - | 2.74 | - |
| Reliance Industries Ltd | 151230 | - | 395.21 | - |

| Scrip | (Rs in lacs) | | | |
|---------------------------------------|-------------------------------|-------------------------------|----------------------------|----------------------------|
| | Quantity As on 31.03.00 | Quantity As on 30.06.99 | Value As on 31.03.00 | Value As on 30.06.99 |
| Ranbaxy Laboratories Ltd | - | 7526 | - | 50.13 |
| Rhone Poulenc Ltd | 345 | 5800 | 4.99 | 75.62 |
| Reliance Petroleum Ltd | 153900 | 165500 | 86.67 | 37.20 |
| Rane (Madras) Ltd | - | 100 | - | 0.43 |
| Siemens Ltd | 6734 | 5125 | 20.51 | 12.02 |
| SKF Bearing Ltd | 75 | - | 0.95 | - |
| Smithkline Beecham Pharma Ltd | - | 770 | - | 4.44 |
| Sterlite Industries (India) Ltd | 781 | 1255 | 7.04 | 2.81 |
| Surlux Diagnostics Ltd | 40000 | 40000 | 3.16 | 3.16 |
| SAE India Ltd | 18 | 2318 | 0.02 | 2.32 |
| Silverline Industries Ltd | 5000 | - | 44.39 | - |
| Sun Pharma Ltd | 300 | 45700 | 0.46 | 211.06 |
| Surana Strips Ltd | 2400 | 2400 | 0.49 | 0.49 |
| State Bank Of India Ltd | 126649 | 36615 | 251.24 | 86.72 |
| Satyam Computers Ltd | 1830 | 440 | 82.51 | 5.58 |
| Software Solution Ltd | - | 2800 | - | 12.36 |
| South India Viscose Ltd | 100000 | - | 10.00 | - |
| Swojas Energy Foods Ltd | - | 900 | - | 0.16 |
| Sierra Optima Ltd | 3100 | 91100 | 12.04 | 218.65 |
| Swaraj Mazda Ltd | 200 | 325400 | 0.14 | 127.64 |
| Samkreg Pistons Ltd | 17500 | - | 5.78 | - |
| Tata SSL Ltd | 60450 | 60450 | 17.45 | 17.45 |
| Tata Chemicals Ltd | 100000 | 5000 | 45.92 | 3.64 |
| Tata Power Company Ltd | 200 | 300 | 0.17 | 0.35 |
| Tata Engineering & Locomotive Co. Ltd | 110000 | 33200 | 150.62 | 68.25 |
| Tata Iron & Steel Co. Ltd | 41 | 212 | - | 0.29 |
| Tata Telecom Ltd | 148900 | 148900 | 58.10 | 58.10 |
| Tudor India Ltd | - | 14100 | - | 5.33 |
| Tata Infotech Ltd | 11500 | 4500 | 107.97 | 72.13 |
| Thomas Cook India Ltd | - | 21 | - | 0.14 |
| Television Eighteen Ltd | 2200 | - | 3.96 | - |
| Tata Donnelley Ltd | 14 | 35325 | 0.03 | 84.30 |
| Tube Investments of India Ltd | 32500 | 98000 | 58.63 | 26.02 |
| Utility Engineers (India) Ltd | 15300 | 15600 | 0.79 | 0.80 |
| United Phosphorus Ltd | - | 100 | - | 0.10 |
| United Breweries Ltd | - | 55200 | - | 23.72 |
| Vesuvius India Ltd | 5100 | 300 | 2.87 | 0.32 |
| VDO India Ltd | 50 | - | 0.05 | - |
| VCK Capital Market Services Ltd | 21200 | 21200 | 2.12 | 2.12 |
| Vashisti Detergent Ltd | - | 200 | - | 0.10 |

| Scrip | (Rs in lacs) | | | |
|-----------------------------------------------|-------------------------------|-------------------------------|----------------------------|----------------------------|
| | Quantity As on 31.03.00 | Quantity As on 30.06.99 | Value As on 31.03.00 | Value As on 30.06.99 |
| Wartsila Deisel Ltd | - | 26300 | - | 69.22 |
| Wockhardt Ltd | - | 600 | - | 2.22 |
| Zee Telefilms Ltd | 14340 | 3500 | 143.12 | 49.52 |
| Total (A) | 3750463 | 4864521 | 5096.35 | 3166.45 |
| Aggregate Book value of Quoted stock | | | 5096.35 | 3166.45 |
| Aggregate Market value of Quoted stock | | | 5114.29 | 3463.19 |
| II UNQUOTED SHARES : | | | | |
| Cinevista Communications Ltd | 800 | - | 2.40 | - |
| South India Bank Ltd | - | 37100 | - | 20.62 |
| Total (B) | 800 | 37100 | 2.40 | 20.62 |
| Aggregate Stock in Trade (A+B) | 3751263 | 4901621 | 5098.75 | 3187.07 |
| Less : Diminution In Value Written Off | | | - | - |
| III REAL ESTATE (BANGALORE PROPERTY) | | | 338.00 | 1053.94 |
| Stock in Trade | 3751263 | 4091621 | 5436.75 | 4241.01 |

Note : Diminution in value written off represents the difference between the aggregate cost and the aggregate market value of the Stock-in-Trade which has been written off from the gross income.

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.03.2000

| | Period ended 31st March, 2000 | (Rs in lacs) Year ended on 30th June, 1999 |
|--------------------------------------------------|----------------------------------|--------------------------------------------------|
| A Cash flow from operating activities : | | |
| Net profit before tax and extraordinary items | 729.97 | 415.08 |
| Adjustments for : | | |
| Share Issue and Deferred | | |
| Revenue expenses written off | 4.94 | 6.59 |
| Depreciation | 13.91 | 135.97 |
| Bad Debts | 18.58 | 700.32 |
| Provision for Non Performing Assets | - | 41.32 |
| Loss / Profit on sale of Assets | 2.39 | (6.35) |
| Interest Received | (66.91) | (117.34) |
| Dividend Received | (263.13) | (268.50) |
| Profit on Sale of Investments | (92.36) | 504.78 |
| Interest Paid | 98.51 | 469.31 |
| Fee Income | (10.96) | - |
| Other Income | (8.43) | - |
| Lease Equalisation | - | 25.12 |
| | <u>(303.46)</u> | <u>1491.22</u> |
| Operating profit before working capital changes | 426.51 | 1906.30 |
| Adjustments for : | | |
| Trade Receivables | 816.35 | (922.01) |
| Inventories | (1195.74) | 3119.52 |
| Trade Payables | 339.69 | (2743.63) |
| Other Receivables | (1.31) | 33.35 |
| | <u>(41.01)</u> | <u>(512.77)</u> |
| Cash generated from operations | 385.50 | 1393.53 |
| Interest Paid | 93.51 | 527.52 |
| Taxes Paid | 403.15 | (75.45) |
| | <u>496.66</u> | <u>452.07</u> |
| Net cash from operating activities (A) | <u>(111.16)</u> | <u>941.46</u> |
| B Cash flow from investing activities : | | |
| Purchase of Fixed Assets | (9.65) | (15.91) |
| Sale of Fixed Assets | 0.93 | 9.49 |
| Purchase of Investments | (3407.53) | (2216.18) |
| Sale of Investments | 4238.76 | 3494.71 |
| Dividend Received | 222.37 | 268.50 |
| Interest Received | 65.16 | 117.34 |
| Fee Income | 6.96 | - |
| Other Income | 8.43 | - |
| | <u>1125.43</u> | <u>1657.95</u> |
| Net cash used in investing activities (B) | <u>1125.43</u> | <u>1657.95</u> |

| | Period ended 31st March, 2000 | <i>(Rs in lacs)</i> Year ended on 30th June, 1999 |
|-----------------------------------------------------------|------------------------------------------|---------------------------------------------------------|
| C Cash flow from financing activities : | | |
| Proceeds from long term borrowings | (541.97) | (486.48) |
| Proceeds from short term borrowings | - | (1500.00) |
| Dividend Paid | <u>(503.68)</u> | <u>(536.82)</u> |
| | <u>(1045.65)</u> | <u>(2523.30)</u> |
| Net cash used in financing activities (C) | (1045.65) | (2523.30) |
| Net increase in cash and cash equivalents (A+B+C) | (31.38) | 76.11 |
| Cash and cash equivalents as at the beginning of the year | 88.32 | 12.21 |
| Cash and cash equivalents as at the end of the year | <u>56.94</u> | <u>88.32</u> |

For and on behalf of the Board

Pradeep Pasari
Company Secretary

S Soloman Raj

Place : Mumbai
Date : 20th April, 2000

A K Das
Directors

Auditors' Certificate

We have verified the above Cash Flow Statement of Hinduja Finance Corporation Limited derived from the audited accounts for the Accounting Year ended 31st March, 2000 and found the same to be drawn in accordance therewith and also with the requirement of Clause 32 of the listing agreements with Stock Exchanges.

As Per Our Report of Even Date
For SHAH & CO.
Chartered Accountants

Indulal H Shah
Partner

Place : Mumbai
Date : 20th April, 2000

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956

| | | |
|---------------------------------------------------------------------------------------------------------|--|--------------------|
| I. Registration Details | | |
| Registration No. | | 01136896 |
| State Code | | 11 |
| Balance Sheet Date | | 31.03.2000 |
| II. Capital Raised during the year <i>(Amount in Rs. Thousands)</i> | | |
| Public Issue | | Nil |
| Rights Issue | | Nil |
| Bonus Issue | | Nil |
| Private Placement | | Nil |
| III. Position of Mobilisation and Deployment of Funds <i>(Amount in Rs. Thousands)</i> | | |
| Total Liabilities | | 1492710 |
| Total Assets | | 1492710 |
| Sources of Funds | | |
| Paid-up Capital | | |
| a) Equity Share Capital | | 229736 |
| Reserves & Surplus | | 1261233 |
| Secured Loans | | 1741 |
| Application of Funds | | |
| Net Fixed Assets | | 12510 |
| Investments | | 667906 |
| Net Current Assets | | 808985 |
| Miscellaneous Expenditure | | 3309 |
| Accumulated Losses | | Nil |
| IV. Performance of the Company <i>(Amount in Rs. Thousands)</i> | | |
| Total Income | | 117612 |
| Total Expenditure | | 44615 |
| Profit Before Tax | | 72997 |
| Provision for Taxation | | 48000 |
| Profit After Tax | | 161727 |
| Net Profit | | 161727 |
| Earnings Per Share (Rs.) (Annualised) | | 9.39 |
| Dividend Rate (% p.a.) (Annualised) | | 30% |
| V. Generic Names of Principal Products/Services of the Company <i>(as per monetary terms)</i> | | |
| Item Code No. | | N.A. |
| Product Description | | Investment Banking |

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary Company : In2Cable.com (India) Private Limited

1. The Company holds 5,10,000 shares of Rs.10/- each in the Subsidiary Company.
2. The Company has become subsidiary by virtue of our majority shareholdings.
3. The subsidiary has no profit and loss account as it had not commenced any commercial activity.

Name of the Subsidiary Company : Grant Investrade Private Limited

1. The Company holds 2 shares of Rs.10/- each in the Subsidiary Company.
2. The Company has become subsidiary by virtue of our majority shareholdings.
3. The Net Loss of Rs. 35,784/- of the Subsidiary Company for the year ended 31.03.2000 has not been dealt in the company's accounts.

ANNUAL ACCOUNTS OF SUBSIDIARIES

- **In2Cable.com (India) Pvt. Ltd.**
- **Grant Investrade Pvt. Ltd.**

In2Cable.com (India) Private Limited
(Formerly known as IndusInd Distribution Pvt. Ltd.)

DIRECTORS' REPORT

TO THE MEMBERS

In2Cable.com (India) Private Limited

Your Directors have pleasure in presenting their Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2000.

1. Financial Results

The company did not commence commercial operations during the year.

2. Dividends

Since the company has not started commercial operations, your Directors are unable to recommend any dividend for the year ended 31st March 2000.

3. Operations

During the year, the company changed its name from IndusInd Distribution Private Limited to In2cable.com (India) Private Limited with effect from January 19, 2000.

During the year, Hinduja Finance Corporation Limited has picked up 51% stake in the company and therefore the company has become a subsidiary of Hinduja Finance Corporation Limited.

Your company has successfully completed its trial project for porting Internet services on the coaxial cable network of its associate company viz. IndusInd Media & Communications Limited. This trial project was carried out in the residential area of Bandra - Khar and in the commercial area of Nariman Point.

Your company has started commercial operations from April 1, 2000 in Mumbai. During the course of the next financial year, your company intends to spread its operations to Bangalore, Delhi, Ahmedabad, Hyderabad, Nagpur, Indore, Agra & Belgaum.

The conventional medium of telephone cable has severe bandwidth limitation for transmission of voice, video and data. Among alternate technologies, cable holds out great promise as the most suitable medium for Broadband Internet and your company intends to be India's Premier Broadband ISP.

4. Share Capital

Your Company raised fresh equity capital of Rs. 99 lakhs during the period ended on 31st March, 2000 thereby taking the paid up equity capital to Rs. 100 lakhs.

5. Directors

During the year, Mr. R. P. Hinduja, Mr. K.C. Samdani, Mr. K. V. Seshasayee, Mr. A.K. Das and Mr. R. C. Khanduri were appointed as Directors, and Mr. K. N. Venkatasubramanian, Mr. A.H. Mansukhani, Mr. A.K. Das and Mr. J. S. Kohli resigned.

Mr. R.P. Hinduja, Mr. K.V. Seshasayee and Mr. R.C. Khanduri appointed as Additional Directors during the year, hold the office upto the date of next Annual General Meeting. The Company has received the notice from the shareholders proposing the candidatures of Mr. R.P. Hinduja, Mr. K.V. Seshasayee and Mr. R.C. Khanduri as Directors in the Annual General Meeting.

During the year Mr. R. P. Hinduja was appointed as Chairman of the Company.

6. Statutory Information

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

However, as per the provisions of Section 219(1) (b) (iv) of the Companies Act, 1956, the Report is being sent excluding the statement of particulars of employees. Such statement will be sent to the Shareholders, who may be desirous of having the same, on a specific written request addressed to the Company Secretary.

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, require disclosure of particulars regarding Conservation of Energy in Form A and Technology Absorption in Form B prescribed by the Rules. The Company not being a Manufacturing Company is advised that Form A and B are not applicable to it.

The outgoings in respect of foreign travel expenses during the year : Nil

8. Subsidiary Companies

The company does not have any subsidiaries.

9. Year 2000 (Y2K) Compliance

The Company does not own any equipment and hence the question of Y2K compliance does not arise.

10. Auditors and Auditors' Report

M/s Shah & Co., Chartered Accountants, Mumbai, Auditors of the Company retire at the end of the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

The observations made by the Auditors' report with reference to notes on the accounts for the current period are self explanatory and need no further comments from the Directors.

11. Acknowledgement

The Board wished to express its appreciation to all staff members and Bankers for their support and contribution.

Registered Office :
171, Dr. Annie Besant Road,
Worli, Mumbai 400 018

On behalf of the Board of Directors
for **In2Cable.com (India) Private Limited**

Place : Mumbai
Date : 17th April, 2000

R P Hinduja
Chairman

AUDITORS' REPORT

To the Members

In2Cable.com (India) Private Limited

We have audited the attached Balance Sheet of **In2Cable.com (India) Private Limited** (formerly known as INDUSIND DISTRIBUTION PRIVATE LIMITED) as at 31st March, 2000 and Profit & Loss Account as on that date annexed thereto and report that :

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose herewith the Annexure and Statement on the matter specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph (1) above, we report that:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of 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 such books.
 - c) The said Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the Books of Account and comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.
 - d) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together 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, 2000.

AND

- ii. in the case of Profit and Loss Account of the nil Profit/Loss of the Company for the year ended on that date.

For **SHAH & CO.**
Chartered Accountants

Place : Mumbai
Date : 17th April, 2000

Ashish H Shah
Partner

ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 1 of our report of even date:

1. The Company does not have any Fixed Assets and, therefore, items (i) and (ii) of Clause "A" to paragraph 4 of the aforesaid order are not applicable.
2. The Company has not obtained any loans, secured or unsecured from Companies, Firms or other parties listed in the Register maintained u/s 301 of the Companies Act, 1956.
3. The Company has not granted any loans secured or unsecured to Companies, Firms or other parties listed in the Register maintained u/s 301 of the Companies Act.
4. The Company has not given any loans and advances in the nature of loans to other parties.
5. The Company has not accepted any deposits from the public.
6. As the Company has not commenced business on commercial basis, Sub Clause Nos. (iii), (iv), (v), (vi), (x), (xi), (xii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of Clause "A" to paragraph 4 of the aforesaid order are not applicable and hence not commented upon.

For **SHAH & CO.**
Chartered Accountants

Place : Mumbai
Date : 17th April, 2000

Ashish H Shah
Partner

In2Cable.com (India) Private Limited
(Formerly known as IndusInd Distribution Pvt. Ltd.)

BALANCE SHEET
AS AT 31ST MARCH, 2000

| | | | | (Rs. in lacs) | |
|------------------------------------------------------------------------------|----------|---------------------|---------------------|---------------|--|
| | Schedule | As at 31.03.2000 | As at 31.03.1999 | | |
| SOURCES OF FUNDS | | | | | |
| Shareholders' Funds | | | | | |
| (a) Share Capital | A | 100.00 | 1.00 | 1.00 | |
| (i) Equity Share Capital | | 100.00 | 1.00 | 1.00 | |
| Loan Funds | | | | | |
| Unsecured Loans | B | - | 8.03 | 8.03 | |
| TOTAL | | <u>100.00</u> | <u>9.03</u> | <u>9.03</u> | |
| APPLICATION OF FUNDS | | | | | |
| Fixed Assets (Capital Work-in-Progress) | | | | | |
| Gross Block | C | 39.01 | - | - | |
| Less : Depreciation | | - | - | - | |
| Net Block | | 39.01 | - | - | |
| Pre-Operative Exps., Pending Allocation | | | | | |
| | | 45.84 | - | - | |
| Current Assets, Loans and Advances | | | | | |
| Closing Stock | D | 3.76 | - | - | |
| Cash and Bank Balances | E | 14.92 | 0.96 | 0.96 | |
| Loans and Advances | F | 37.00 | 4.00 | 4.00 | |
| | | 55.68 | 4.96 | 4.96 | |
| Less : Current Liabilities and Provisions | | | | | |
| Current Liabilities | G | 46.70 | 0.24 | 0.24 | |
| Net Current Assets | | | | | |
| | | 8.98 | 4.72 | 4.72 | |
| Profit / Loss Account | | | | | |
| | | 4.10 | 4.10 | 4.10 | |
| Miscellaneous Expenditure (to the extent not written off or adjusted) | | | | | |
| | H | 2.07 | 0.21 | 0.21 | |
| TOTAL | | <u>100.00</u> | <u>9.03</u> | <u>9.03</u> | |
| Accounting Policies | K | | | | |
| Notes to the Accounts | L | | | | |

As Per Our Report of Even Date
For SHAH & CO.
Chartered Accountants

For and on behalf of the Board

Ashish H Shah
Partner

R P Hinduja
Chairman

K V Seshasayee
Director

Place : Mumbai
Date : 17th April, 2000

Place : Mumbai
Date : 17th April, 2000

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2000

| | Schedule | Year Ended 31.03.2000 | (Rs. in lacs) Year Ended 31.03.1999 |
|--------------------------------------------------------|----------|--------------------------|-------------------------------------------|
| EXPENDITURE | | | |
| Purchases | | 3.76 | - |
| Less : Closing Stock | | <u>3.76</u> | <u>-</u> |
| Net Cost of Goods | | - | - |
| | | | |
| Lease Line Rental Charges (MTNL/DOT) | | 4.84 | - |
| | | | |
| Administrative and Other Expenses | I | 33.79 | 0.08 |
| Interest and Other Finance Charges | J | 7.21 | 4.00 |
| TOTAL | | <u>45.84</u> | <u>4.08</u> |
| | | | |
| Net Profit / (Loss) | | (45.84) | (4.08) |
| Add : Balance brought forward from previous year | | - | (0.02) |
| | | <u>(45.84)</u> | <u>(4.10)</u> |
| | | | |
| Transfer to Pre-Operative Exps. Pending Capitalisation | | (45.84) | - |
| Balance carried to Balance Sheet | | - | (4.10) |
| | | | |
| Accounting Policies | K | | |
| Notes to the Accounts | L | | |

As Per Our Report of Even Date
For SHAH & CO.
Chartered Accountants

Ashish H Shah
 Partner

Place : Mumbai
 Date : 17th April, 2000

For and on behalf of the Board

R P Hinduja
 Chairman

Place : Mumbai
 Date : 17th April, 2000

K V Seshasayee
 Director

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2000

| | As at 31.03.2000 | (Rs. in lacs) As at 31.03.1999 |
|----------------------------------------------------------------------|---------------------|--------------------------------------|
| SCHEDULE 'A' | | |
| SHARE CAPITAL | | |
| Authorised | | |
| 10,00,000 (P. Y. 10,000) Equity Shares of Rs.10/- each | 100.00 | 1.00 |
| TOTAL | 100.00 | 1.00 |
| Issued, Subscribed and Paid-up | | |
| 10,00,000 (P. Y. 10,000) Equity Shares of Rs.10/- each fully paid up | 100.00 | 1.00 |
| TOTAL | 100.00 | 1.00 |
| SCHEDULE 'B' | | |
| UNSECURED LOANS | | |
| A) From Bodies Corporate | - | 8.03 |
| TOTAL | - | 8.03 |

SCHEDULE 'C'
FIXED ASSETS (Capital Work-in-Progress)

| Description | Gross Block | | | | Depreciation | | | | NetBlock | |
|------------------------------------------|-------------------|------------------------------------|--------------------------------|-------------------|------------------|-----------------|--------------------------------|------------------|-------------------|-------------------|
| | As on 01.04.99 | Additions during the year | Sales during the year | As on 31.03.00 | Upto 31.03.99 | For the year | W/Off during the year | Upto 31.03.00 | As on 31.03.99 | As on 31.03.00 |
| Equipment - HeadEnd | - | 37.70 | - | 37.70 | - | - | - | - | - | 37.70 |
| Data Processing Equipment (Computers) | - | 1.31 | - | 1.31 | - | - | - | - | - | 1.31 |
| TOTAL | - | 39.01 | - | 39.01 | - | - | - | - | - | 39.01 |

| | As at 31.03.2000 | (Rs. in lacs) As at 31.03.1999 |
|----------------------------------------------------------------------------|---------------------|--------------------------------------|
| SCHEDULE 'D' | | |
| CLOSING STOCK | | |
| Stocks of Goods Traded | 3.76 | - |
| TOTAL | <u>3.76</u> | <u>-</u> |
| SCHEDULE 'E' | | |
| CASH AND BANK BALANCES | | |
| Cash on Hand | 0.02 | - |
| Bank Balances with Scheduled Banks In Current Accounts | 14.90 | 0.96 |
| TOTAL | <u>14.92</u> | <u>0.96</u> |
| SCHEDULE 'F' | | |
| LOANS AND ADVANCES | | |
| (Unsecured and considered good, unless stated otherwise) | | |
| Advances recoverable in cash or in kind or for value to be received | 37.00 | 4.00 |
| TOTAL | <u>37.00</u> | <u>4.00</u> |
| SCHEDULE 'G' | | |
| CURRENT LIABILITIES | | |
| Sundry Creditors (Due to other than Small Scale Industrial Undertaking) | 44.24 | - |
| Advances received from Customers | 1.23 | - |
| Other Liabilities | 1.23 | 0.24 |
| TOTAL | <u>46.70</u> | <u>0.24</u> |
| SCHEDULE 'H' | | |
| MISCELLANEOUS EXPENDITURE | | |
| (To the extent not written off or adjusted) | | |
| Share Issue Expenses | 0.36 | - |
| Preliminary Expenses | 1.71 | - |
| TOTAL | <u>2.07</u> | <u>-</u> |

SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2000

| | Year Ended 31.03.2000 | <i>(Rs. in lacs)</i> Year Ended 31.03.1999 |
|-------------------------------------------|----------------------------------|----------------------------------------------------------|
| SCHEDULE 'I' | | |
| ADMINISTRATIVE AND OTHER EXPENSES | | |
| Communication Expenses | 1.04 | - |
| Establishment Charges | 3.76 | - |
| Legal and Professional Charges | 10.99 | 0.01 |
| Promotional Expenses | 0.39 | - |
| Staff Cost | 4.32 | - |
| Travelling and Conveyance | 10.31 | - |
| Audit Fees | 0.52 | 0.01 |
| Car Hire Charges | 0.56 | - |
| Computer Package | 0.32 | - |
| Freight Charges | 0.06 | - |
| Gas and Electricity | 0.04 | - |
| Local Conveyance | 0.25 | - |
| Miscellaneous Office Expenses | 0.02 | 0.03 |
| Printing and Stationery | 0.02 | 0.03 |
| Recruitment Expenses | 1.19 | - |
| TOTAL | 33.79 | 0.08 |
| SCHEDULE 'J' | | |
| INTEREST AND OTHER FINANCE CHARGES | | |
| Bank Interest | 3.06 | - |
| Commission on Bank Guarantee | 4.00 | 4.00 |
| L/C Charges | 0.15 | - |
| TOTAL | 7.21 | 4.00 |

SCHEDULE 'K'**ACCOUNTING POLICIES****1. Accounting Convention :**

The accounts have been prepared under the historical cost convention.

2. Fixed Assets :

Fixed assets are stated at cost.

3. Pre-Operative expenses pending capitalisation :

Pre-Operative expenses pending capitalisation consists of all overheads incurred prior to commissioning of commercial operations and includes administrative and financial expenses.

4. Valuation of Stock-in-trade :

Stock in trade has been valued at cost or market value whichever is lower.

SCHEDULE 'L'**NOTES TO THE ACCOUNTS****1. Expenditure in foreign currency :**

| | 1999-00 | <i>(Rs. in lacs)</i> 1998-99 |
|----------------|----------------|---------------------------------|
| Foreign Travel | Nil | Nil |
| Subscription | Nil | Nil |

2. Additional Information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956.

| Traded Goods | Unit | Opening Stock | Purchases | Sales | Closing Stock |
|----------------|-------------|---------------|-----------|-------|---------------|
| Cable | Qty. (Nos.) | Nil | 25 | Nil | 25 |
| Modems | | (Nil) | (3.52) | (Nil) | (3.52) |
| Ethernet Cards | Qty. (Nos.) | Nil | 31 | Nil | 31 |
| | | (Nil) | (0.22) | (Nil) | (0.22) |
| Ethernet Cords | Qty. (Nos.) | Nil | 40 | Nil | 40 |
| | | (Nil) | (0.02) | (Nil) | (0.02) |

Value in Rs. Lacs appear in brackets

3. Managerial Remuneration under Section 198 of the Companies Act, 1956.

Salary and other benefits include payments and provisions of remuneration on account of Manager are as under:

| | <i>(Rs. in lacs)</i> | |
|-----------------------------------|----------------------|----------------|
| | 1999-00 | 1998-99 |
| 1. Salary | Nil | Nil |
| 2. Contribution to Provident Fund | Nil | Nil |
| 3. Perquisites | Nil | Nil |

4. The company did not commence commercial operations during the year. The Company has commenced commercial operations with effect from 1st April 2000.

5. Previous Accounting Year's figures have been regrouped/rearranged, wherever considered necessary.

As Per Our Report of Even Date

For SHAH & CO.

Chartered Accountants

For and on behalf of the Board

Ashish H Shah

Partner

R P Hinduja

Chairman

K V Seshasayee

Director

Place : Mumbai

Date : 17th April, 2000

Place : Mumbai

Date : 17th April, 2000

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956

| | | |
|-------------|-------------------------------------------------------------------------------------------------------|---------------------------|
| I. | Registration Details | |
| | Registration No. | 88487 |
| | State Code | 11 |
| | Balance Sheet Date | 31.03.2000 |
| II. | Capital Raised during the year <i>(Amount in Rs. Thousands)</i> | |
| | Public Issue | Nil |
| | Rights Issue | 9900 |
| | Bonus Issue | Nil |
| | Private Placement | Nil |
| III. | Position of Mobilisation and Deployment of Funds <i>(Amount in Rs. Thousands)</i> | |
| | Total Liabilities | 10000 |
| | Total Assets | 10000 |
| | Sources of Funds | |
| | Paid-up Capital | |
| | a) Equity Share Capital | 10000 |
| | Reserves & Surplus | Nil |
| | Secured Loans | Nil |
| | Application of Funds | |
| | Net Fixed Assets (inclusive of Preoperative Expenses) | 8895 |
| | Investments | Nil |
| | Net Current Assets | 898 |
| | Miscellaneous Expenditure | 207 |
| | Accumulated Losses | Nil |
| IV. | Performance of the Company <i>(Amount in Rs. Thousands)</i> | |
| | Total Income | Nil |
| | Total Expenditure | Nil |
| | Profit Before Tax | Nil |
| | Provision for Taxation | Nil |
| | Profit After Tax | Nil |
| | Net Profit | Nil |
| | Earnings Per Share (Rs.) (Annualised) | Nil |
| | Dividend Rate (% p.a.) (Annualised) | - |
| V. | Generic Names of Principal Products/Services of the Company <i>(as per monetary terms)</i> | |
| | Item Code No. | N.A. |
| | Product Description | Internet Service Provider |

Grant Investrade Private Limited

DIRECTORS' REPORT

TO THE MEMBERS

Grant Investrade Private Limited

Your Directors have pleasure in presenting their Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2000.

1. Financial Results

The Company has incurred a loss of Rs.35,784/- during the year ended on 31st March, 2000.

The Company had purchased 21,19,000 Class I Optionally Convertible Preference Shares of IndusInd Media & Communications Ltd. from Amas Mauritius Ltd. The Company has also obtained the permission of Reserve Bank of India for purchasing the said shares, since Amas Mauritius Ltd. is an Overseas Corporate Body (OCB). The Preference shares have since then been converted into equity shares on 10th April 2000.

2. Share Capital

Your Company did not raise fresh capital during the period ended on 31st March, 2000.

3. Fixed Deposits

The Company has not accepted and/or renewed any Fixed Deposits during the year under review.

4. Statutory Information

The Company has no employees in receipt of remuneration in excess of Rs.50,000/- per month or Rs.6,00,000/- p.a. Hence, the information as required under Section 217(2A) of the Companies Act 1956, read with the Companies(Particulars of Employees) Rules 1975, are not given.

The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, require disclosure of particulars regarding Conservation of Energy in Form A and Technology Absorption in Form B prescribed by the Rules. The Company not being a Manufacturing Company is advised that Form A and B are not applicable to it.

5. Auditors and Auditors' Report

M/s. S. V. Godbole & Co., Chartered Accountants, Mumbai, Auditors of the Company have resigned during the year. M/s Shah & Co, Chartered Accountants have been appointed as Auditors. They retire at the end of the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

The observations made by the Auditors' report with reference to notes on the accounts for the current year are self explanatory and need no further comments from the Directors.

Registered Office :
171, Dr. Annie Besant Road,
Worli, Mumbai 400 018

On behalf of the Board of Directors
for **Grant Investrade Private Limited**

AUDITORS' REPORT

To the Members

Grant Investrade Private Limited

We have audited the attached Balance Sheet of **Grant Investrade Private Limited** as at 31st March, 2000 and also the Profit & Loss Account as on that date annexed thereto and report that :

- 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 the books ;
- c) The said Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the Books of Account and comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956 ;
- d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together 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, 2000

AND

- ii. in the case of the Profit and Loss Account of the 'LOSS' for the year ended on that date.

As the Company had no manufacturing, trading or other activities during the year the Manufacturing and other Companies (Auditor's Report) Order, 1988, is, in our opinion, not applicable to the Company.

For **SHAH & CO.**
Chartered Accountants

Place : Mumbai
Date : 17th April, 2000

Ashish H Shah
Partner

Grant Investrade Private Limited

BALANCE SHEET AS AT 31ST MARCH, 2000

| | Schedule | As at 31.03.2000 | Amount (Rs.) As at 31.03.1999 |
|---------------------------------------------------------------------------------|----------|---------------------|-------------------------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| (a) Share Capital | A | | |
| (i) Equity Share Capital | | 20 | 20 |
| Loan Funds | | | |
| Unsecured Loans | B | 3320 | 3320 |
| TOTAL | | <u>3340</u> | <u>3340</u> |
| APPLICATION OF FUNDS | | | |
| Investments - At Cost | C | 21190000 | - |
| Current Assets, Loans and Advances | | | |
| Cash and Bank Balances | D | 10000 | - |
| Less : Current Liabilities and Provisions | | | |
| Current Liabilities | E | <u>21464500</u> | - |
| Net Current Assets | | (21454500) | - |
| Profit & Loss A/c | F | 35784 | - |
| Miscellaneous Expenditure (to the extent not written off or adjusted) | G | 232056 | 3340 |
| TOTAL | | <u>3340</u> | <u>3340</u> |
| Accounting Policies | I | | |
| Notes to the Accounts | J | | |

As Per Our Report of Even Date
For SHAH & CO.
Chartered Accountants

For and on behalf of the Board

Ashish H Shah
Partner

R P Hinduja
Director

A K Das
Director

Place : Mumbai
Date : 17th April, 2000

Place : Mumbai
Date : 17th April, 2000

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 2000

| | Schedule | Year Ended 31.03.2000 | Amount (Rs.) Year Ended 31.03.1999 |
|-----------------------------------|----------|--------------------------|------------------------------------------|
| INCOME | | | |
| TOTAL | | - | - |
| EXPENDITURE | | | |
| Administrative and Other Expenses | H | 35784 | - |
| TOTAL | | 35784 | - |
| Net Loss | | (35784) | - |
| Balance carried to Balance Sheet | | (35784) | - |
| Accounting Policies | I | | |
| Notes to the Accounts | J | | |

Grant Investrade – BALANCE SHEET / PROFIT & LOSS ACCOUNT

As Per Our Report of Even Date
For **SHAH & CO.**
Chartered Accountants

Ashish H Shah
Partner

Place : Mumbai
Date : 17th April, 2000

For and on behalf of the Board

R P Hinduja
Director

Place : Mumbai
Date : 17th April, 2000

A K Das
Director

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2000

| | As at 31.03.2000 | <i>Amount (Rs.)</i> As at 31.03.1999 |
|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|----------------------------------------------------|
| SCHEDULE 'A' | | |
| SHARE CAPITAL | | |
| Authorised | | |
| 5,000,000 Equity Shares of Rs.10/- each | 50000000 | 100000 |
| TOTAL | <u>50000000</u> | <u>100000</u> |
| Issued, Subscribed and Paid-up | | |
| 2 Equity Shares of Rs.10/- each fully paid up | 20 | 20 |
| TOTAL | <u>20</u> | <u>20</u> |
| SCHEDULE 'B' | | |
| UNSECURED LOANS | | |
| From Directors | 3320 | 3320 |
| TOTAL | <u>3320</u> | <u>3320</u> |
| SCHEDULE 'C' | | |
| INVESTMENTS – At Cost | | |
| 2119000 Class I Optionally Convertible Preference Shares of IndusInd Media and Communications Ltd. of Rs.10/- each fully paid up | 21190000 | - |
| TOTAL | <u>21190000</u> | <u>-</u> |
| SCHEDULE 'D' | | |
| CASH AND BANK BALANCES | | |
| Bank Balances with Scheduled Banks In Current Accounts | 10000 | - |
| TOTAL | <u>10000</u> | <u>-</u> |

| | As at 31.03.2000 | Amount (Rs.) As at 31.03.1999 |
|---------------------------------------------|---------------------|-------------------------------------|
| SCHEDULE 'E' | | |
| CURRENT LIABILITIES | | |
| Sundry Creditors | 21454500 | - |
| Others | 10000 | - |
| TOTAL | <u>21464500</u> | <u>-</u> |
| SCHEDULE 'F' | | |
| PROFIT & LOSS A/C | | |
| TOTAL | <u>35784</u> | <u>-</u> |
| SCHEDULE 'G' | | |
| MISCELLANEOUS EXPENDITURE | | |
| (To the extent not written off or adjusted) | | |
| Deferred Revenue Expenses | 232056 | 3340 |
| TOTAL | <u>232056</u> | <u>3340</u> |

**SCHEDULES ANNEXED TO AND FORMING PART OF THE
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2000**

| | Year Ended 31.03.2000 (12 Months) | <i>Amount (Rs.)</i> Year Ended 31.03.1999 (12 Months) |
|------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------|
| SCHEDULE 'H' | | |
| ADMINISTRATIVE AND OTHER EXPENSES | | |
| Auditors Remuneration | | |
| Audit Fees | 10000 | - |
| Preliminary Exps. W/off | 25784 | - |
| TOTAL | <u>35784</u> | <u>-</u> |

SCHEDULE 'I'**ACCOUNTING POLICIES****1. Accounting Convention**

The accounts have been prepared under the historical cost convention.

2. Valuation of Investments

Investments are carried at cost including related expenses.

3. Income

The Company follows the practice of accounting of income on accrual basis.

4. Taxation

Provision for Income Tax is made after considering exemptions and deductions available and at the rates applicable under the Income Tax Act, 1961.

SCHEDULE 'J'**NOTES TO THE ACCOUNTS****1. Expenditure in foreign currency :**

| | <i>(Rs. in lacs)</i> | |
|----------------|----------------------|----------------|
| | 1999-00 | 1998-99 |
| Foreign Travel | Nil | Nil |
| Subscription | Nil | Nil |

2. Additional Information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 – Nil.**3. Managerial Remuneration under Section 198 of the Companies Act, 1956.**
Salary and other benefits – Nil.**4. Previous Accounting Year's figures have been regrouped/rearranged, wherever considered necessary.**

As Per Our Report of Even Date

For SHAH & CO.

Chartered Accountants

For and on behalf of the Board

Ashish H Shah

Partner

R P Hinduja

Chairman

K V Seshasayee

Director

Place : Mumbai

Date : 17th April, 2000

Place : Mumbai

Date : 17th April, 2000

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956

| | | |
|-------------|-------------------------------------------------------------------------------------------------------|------------|
| I. | Registration Details | |
| | Registration No. | 106676 |
| | State Code | 11 |
| | Balance Sheet Date | 31.03.2000 |
| II. | Capital Raised during the year <i>(Amount in Rs.)</i> | |
| | Public Issue | Nil |
| | Rights Issue | Nil |
| | Bonus Issue | Nil |
| | Private Placement | Nil |
| III. | Position of Mobilisation and Deployment of Funds <i>(Amount in Rs.)</i> | |
| | Total Liabilities | 3340 |
| | Total Assets | 3340 |
| | Sources of Funds | |
| | Paid-up Capital | |
| | a) Equity Share Capital | 20 |
| | Reserves & Surplus | Nil |
| | Secured Loans | 3320 |
| | Application of Funds | |
| | Net Fixed Assets | Nil |
| | Investments | 21190000 |
| | Net Current Assets | (21454500) |
| | Miscellaneous Expenditure | 232056 |
| | Accumulated Losses | 35784 |
| IV. | Performance of the Company <i>(Amount in Rs.)</i> | |
| | Total Income | Nil |
| | Total Expenditure | 35784 |
| | Profit / (Loss) Before Tax | (35784) |
| | Provision for Taxation | Nil |
| | Profit / (Loss) After Tax | (35784) |
| | Net Profit / (Loss) | (35784) |
| | Earnings Per Share (Rs.) (Annualised) | Nil |
| | Dividend Rate (% p.a.) (Annualised) | - |
| V. | Generic Names of Principal Products/Services of the Company <i>(as per monetary terms)</i> | |
| | Item Code No. | N.A. |
| | Product Description | Investment |