

REPORT OF THE DIRECTORS

Your Directors hereby present the Annual Report and Audited Accounts of the Company for the financial year ended 31st March, 2001.

	Year ended 31.03.2001 (Rs. Lakhs)	Year ended 31.03.2000 (Rs. Lakhs)
Gross operating profit	43.76	104.31
Less: Provisions on NPAs	—	208.85
Less: Interest and finance charges	509.17	23.65
Profit/(Loss) before depreciation, amortisation and taxation	(465.41)	(128.19)
Less: Depreciation and Amortisation	134.79	294.51
Profit/ (Loss) before Taxation	(600.20)	(422.70)
Less : Provision for Taxation	—	—
Profit/ (Loss) after Taxation	(600.20)	(422.70)
Brought forward from previous year	(8285.12)	(7862.42)
Transfer from general reserve	—	—
Balance Carried to Balance Sheet	(8885.32)	(8285.12)

Total income during the year was at Rs. 88.07 lakhs and gross operating profit was at Rs. 43.76 lakhs compared to Rs. 204.17 lakhs and Rs. 104.31 lakhs respectively in the previous year. The loss during the year was Rs. 600.20 lakhs as against Rs. 422.70 lakhs in the previous year.

Economic Scenario

During the past year despite the on going liberalisation there has been no turnaround in the status of the non-performing clients of your Company and hence there has been no significant beneficial impact on the recovery of the monies due to your Company.

Operations

During the last four years your Company has concentrated only on recoveries and has collected a total of Rs. 8325.85 lakhs including property settlements. The collections were largely utilised for repayment of debt - Rs. 955.05 lakhs (Inter corporate deposits), Rs. 687.39 lakhs (Non convertible debentures), Rs. 161.08 lakhs (Bill Rediscounting), Rs. 1571.32 lakhs (Fixed Deposits), Rs. 408.69 lakhs (Financial Institutions) and Rs. 3564.33 lakhs (Banks), an aggregate of Rs. 7347.86 lakhs.

During the year ended your Company has collected Rs. 292.78 lakhs and has used the proceeds, inter alia, to repay Rs. 123.58 lakhs to Banks. Due to the legal action initiated against the defaulting clients, your Company was able to conclude negotiated settlements of debt for an aggregate sum of Rs. 375.62 lakhs.

The term loan of Rs. 2128.98 lakhs advanced by the Holding Company to your Company has been extended for a further period of two years from 6th April, 2000 at zero interest. The Holding Company has also waived interest on other financial assistance to the Company.

Reserve Bank of India Directions to NBFCs

Your Company has made provisions as per Reserve Bank of India's Directions. As your Company had made full provision as per the Reserve Bank of India's guidelines during the previous year, your Company is not required to make any further provision during the current year.

Directors' Responsibility Statement

Your Directors have :

- followed, in the preparation of the annual accounts, the applicable accounting standards with proper explanation relating to material departures;

- selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- prepared the annual accounts on a going concern basis.

Dividend

In view of the loss during the year, and the deficit from the previous year, your Board regrets that the Company is not in a dividend paying position.

Employees

Your Directors wish to place on record their appreciation of the co-operation extended by the employees.

Particulars of Employees

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

Subsidiary Companies

BFIL Securities Limited

As your Company's subsidiary has decided not to do business it has initiated steps for its voluntary winding up.

MRR Trading & Investment Company Limited

With a view to acquire office space in Mumbai, by way of tenancy rights, your Company had acquired the entire equity share capital of MRR Trading & Investment Company Limited after obtaining the necessary approval from the Central Government. The tenanted space is being utilised as corporate office of your Company.

Directors

Dr. (Mrs.) G.Sirur retires at the forthcoming Annual General Meeting and, being eligible, offers herself for reappointment.

Auditors

Lovelock & Lewes, Chartered Accountants, the Company's auditors, retire at the conclusion of this Annual General Meeting. They have signified their willingness to accept re-appointment and have further confirmed their eligibility under Section 224 (1-B) of the Companies Act, 1956.

Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

The Company has no activities relating to Conservation of Energy and Technology Absorption. There has been no foreign exchange earnings or outgo.

Deposits

20 Deposits, aggregating Rs. 2.57 lakhs were unclaimed at the end of the year and the same have been kept in an escrow account with State Bank of India.

Acknowledgements

The Directors have pleasure in recording their appreciation of the assistance extended to the Company by various officials of the Central and State Governments and Commercial Banks.

On behalf of the Board

G. Sirur *Managing Director*

P.K. Talwar *Director*

Secunderabad, April 18, 2001

REPORT OF THE AUDITORS TO THE MEMBERS

We report that we have audited the Balance Sheet of BFIL Finance Limited as at March 31, 2001 and the relative Profit and Loss Account for the year ended on that date both of which we have signed under reference to this report and the above mentioned accounts are in agreement with the books of account.

In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with the notes attached thereto and the Statement on Significant Accounting Policies, *subject to Note No. 1 of Schedule 17 regarding the preparation of the accounts on a going concern basis*, give in the prescribed manner the information required by The Companies Act, 1956 and also give respectively, a true and fair view of the state of the Company's affairs as at March 31, 2001 and its loss for the year ended on that date.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for our audit. In our opinion, proper books of account have been kept as required by law so far as appears from our examination of the books.

In our opinion these accounts have been prepared in compliance with the applicable accounting standards referred to in Section 211(3C) of the Companies Act, 1956.

On the basis of the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2001 from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

As required by the Manufacturing and Other Companies (Auditor's Report) Order 1988 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:

- The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets. The fixed assets of the Company have been physically verified by the Management and no material discrepancies between the book records and the physical

inventory were noticed. No physical verification was carried out in respect of lease assets, where the parties have defaulted in payment of lease rentals and the Company has initiated legal proceeding for recovering the dues.

- The fixed assets of the Company have not been revalued during the year.
- The stock-in-trade (shares and securities) has been physically verified by the Management at reasonable intervals and no discrepancies have been noticed on such verification. In our opinion, the procedures of physical verification followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business. In our opinion, the valuation of such stocks is fair and proper and in accordance with the normally accepted accounting principles and the Non-Banking Financing Companies Prudential Norms (Reserve Bank) Directions, 1998.
- The Company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of the Section 370 are not applicable to a company.
- The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section (6) of the Section 370 of the Companies Act, 1956, provisions of the Section 370 are not applicable to a company.
- The parties to whom the loans and advances in the nature of loans have been given by the Company are generally not repaying the principal amounts as stipulated and are also not regular in payment of interest, where applicable, and the Company has taken adequate steps and is in the process of negotiations and reschedulings for the recovery of the principal and interest, in majority of the cases of defaults.

7. In our opinion there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for purchase of plant and machinery, equipment and similar assets. The nature of the business of the Company does not involve any sale of goods.
8. There are no transactions of purchase of shares and sale of shares and services made pursuant of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.
9. In our opinion, the Company's present internal audit system is commensurate with its size and nature of business.
10. The Company has regularly deposited, during the year, Provident Fund dues with the appropriate authorities in India. The Employees' State Insurance Act, 1948 is not applicable to the Company.
11. At the last day of the financial year there was no amount outstanding in respect of undisputed Income Tax, Wealth Tax, Customs Duty, and Excise Duty other than Sales Tax of Rs.4.68 lakhs as at March 31, 2001 which were due for more than six months from the date they became payable.
12. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any personal expenses which have been charged to Profit and Loss Account, nor have we been informed of such case by the management other than those payable under contractual obligations or normally accepted business practices.
13. In relation to service activities of the Company, there exists reasonable system of internal control system commensurate with the size of the Company and the nature of its business.
14. The Company has maintained adequate documents and records in respect of loans and advances granted on the basis of security by way of pledge of shares, debentures and other securities.
15. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of transactions and contracts as to dealing in shares, securities, debentures and other investments and timely entries have been made therein. The same have been held by the Company in its own or in the process of transfer in its name, except to the extent of exemption, if any, granted under Section 49 of the Companies Act, 1956.
16. As per the information given to us and taking into consideration the nature of business of the Company, Clauses xii, xiii, xiv, xvi, xx of paragraph 4(A) and 4(C) (ii) and Clauses (ii) and (iii) of Paragraph 4(D) of the aforesaid Order are not applicable.

For Lovelock & Lewes
Chartered Accountants

S. Gopalakrishnan
Partner

Secunderabad, 18th April, 2001

STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

GENERAL

These accounts have been prepared under the historical cost convention and on accrual system based on the principle of going concern. Income recognition and provisioning for Non-Performing Assets, consisting of Lease and Hire Purchase Assets, Bills Discounted and other Loans and Advances, is done as per Non-Banking Finance Companies Prudential Norms (Reserve Bank) Directions, 1998.

REVENUE RECOGNITION

As per the directives of the Reserve Bank of India, revenue is recognised upon realisation, on Non-Performing Assets.

Revenue is not recognised on the grounds of prudence until realised in respect of liquidated damages, penalties and delayed payment charges, as recovery of the amounts is uncertain.

The lease processing charges, hire purchase processing charges, management fees and other service charges have been considered as income on execution of agreements.

The guidance note on accounting for lease issued by the Institute of Chartered Accountants of India is adopted in respect of lease rentals and leased assets. Therefore, appropriate amount is adjusted to the income by adding to/deducting from the lease rentals, under the head "Lease Equalisation Account" to maintain equal annual charge to the Profit and Loss Account.

The income on hire-purchase transactions by way of finance charges is arrived at on the basis of reducing balance method.

Underwriting Commission is recognised when accrued on closure of relevant issue.

STOCK-IN-TRADE

Stock of securities are stated at cost or market price whichever is lower. Stock-on-hire is valued at acquisition value less amounts receivable.

INVESTMENTS

All investments are stated at cost i.e. cost of acquisition, inclusive of expenses incidental to acquisition where applicable. Provision for any permanent diminution in value of investments is made which is considered to be appropriate. Income from investments is stated in revenue account in the year in which it is accrued and at gross value.

FIXED ASSETS

All fixed assets including assets given on lease are valued at cost inclusive of direct and incidental expenses related to acquisition.

Depreciation of fixed assets is provided on written down value method on pro rata basis in accordance with the rates prescribed under amended Schedule XIV of the Companies Act, 1956.

DEFERRED REVENUE EXPENDITURE

All expenditure, the benefit of which is spread over a number of years is grouped under miscellaneous expenditure and will be amortised over number of years on the basis of estimated benefit derived in each such year.

BALANCE SHEET AS AT 31st MARCH, 2001

	Schedule	31st March, 2001		31st March, 2000	
		(Rs. Lakhs)	(Rs. Lakhs)	(Rs. Lakhs)	(Rs. Lakhs)
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	20,00.00		20,00.00	
b) Reserves and Surplus		—	20,00.00	—	20,00.00
2. Loan Funds					
a) Secured Loans	2	31,73.95		29,54.42	
b) Unsecured Loans	3	54,65.08		55,12.14	
			86,39.03		84,66.56
			<u>1,06,39.03</u>		<u>1,04,66.56</u>
II. APPLICATIONS OF FUNDS					
1. Fixed Assets	4				
a) Gross Block		46,14.70		64,48.96	
b) Depreciation		(22,07.76)		(31,81.05)	
c) Lease Terminal Adjustment		(6,83.53)		(14,15.32)	
d) Net Block		17,23.41		18,52.59	
e) Capital Work-in-Progress		3,97.70		3,94.35	
f) Provision for Doubtful Assets		(12,58.93)	8,62.18	(12,59.61)	9,87.33
2. Investments	5		6,52.57		6,52.57
3. Current Assets, Loans and Advances					
a) Stock-on-hire		17,60.03		19,77.29	
Less : Provision For Doubtful Assets		(14,95.80)		(15,27.00)	
		2,64.23		4,50.29	
b) Stock-in-trade	6	6,90.65		6,92.26	
c) Sundry Debtors	7	—		5.08	
d) Cash and Bank Balances	8	4.13		4.78	
e) Loans and Advances	9	1,94.13		1,92.01	
		<u>11,53.14</u>		<u>13,44.42</u>	
Less: Current Liabilities and Provisions					
Current Liabilities	10	9,15.13		8,04.24	
Net Current Assets			2,38.01		5,40.18
4. Miscellaneous Expenditure	11		0.95		1.36
5. Profit and Loss Account - Debit Balance			88,85.32		82,85.12
			<u>1,06,39.03</u>		<u>1,04,66.56</u>
Notes on Accounts	17				

Schedules 1 to 11 and 17 and Statement on Significant Accounting Policies form an integral part of the Balance Sheet.

This is the Balance Sheet referred to in our Report of even date.

For Lovelock & Lewes

Chartered Accountants

S. Gopalakrishnan, Partner

Secunderabad, 18th April, 2001

On behalf of the Board

G. Sirur
Managing Director
P.K. Talwar
Director
V. Radhakrishnan
Company Secretary

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

	Schedule	Year ended 31st March, 2001 (Rs. Lakhs)	Year ended 31st March, 2000 (Rs. Lakhs)
I. INCOME			
Lease	12	—	1,26.87
Hire Purchase		10.08	60.70
Investments	13	1.15	0.14
Other Income	14	76.84	16.46
		<u>88.07</u>	<u>2,04.17</u>
II. EXPENDITURE			
Personnel, Operating and Administration expenses	15	1,24.96	99.86
Interest and Finance Charges	16	5,09.17	23.65
Depreciation		1,34.37	2,94.09
Amortisation of Miscellaneous expenses		0.42	0.42
Provision for Doubtful Debts and Advances		—	2,08.85
NPA provision written back		(80.65)	—
		<u>6,88.27</u>	<u>6,26.87</u>
III. PROFIT/(LOSS) BEFORE TAXATION		<u>(6,00.20)</u>	<u>(4,22.70)</u>
Provision for Taxation		—	—
IV. PROFIT/(LOSS) AFTER TAXATION		<u>(6,00.20)</u>	<u>(4,22.70)</u>
Brought forward from previous year		(82,85.12)	(78,62.42)
Balance in General Reserve		—	—
V. AVAILABLE BALANCE		<u>(88,85.32)</u>	<u>(82,85.12)</u>
Balance carried to Balance Sheet		<u>(88,85.32)</u>	<u>(82,85.12)</u>
Notes on Accounts	17		

Schedules 12 to 17 and Statement on Significant Accounting Policies form an integral part of the Profit and Loss Account. This is the Profit and Loss Account referred to in our Report of even date.

For Lovelock & Lewes

Chartered Accountants

S. Gopalakrishnan, Partner

Secunderabad, 18th April, 2001

On behalf of the Board

G. Sirur Managing Director

P.K. Talwar Director

V. Radhakrishnan Company Secretary

SCHEDULES TO THE FINANCIAL STATEMENTS

	31st March, 2001 (Rs. Lakhs)	31st March, 2000 (Rs. Lakhs)
1. CAPITAL		
AUTHORISED		
3,00,00,000 (2000 - 3,00,00,000)		
Equity Shares of Rs. 10/- each	30,00.00	30,00.00
10,00,000 (2000 - 10,00,000) Cumulative Redeemable/ Convertible Preference Shares of Rs. 100/- each	<u>10,00.00</u>	<u>10,00.00</u>
	<u>40,00.00</u>	<u>40,00.00</u>
ISSUED AND SUBSCRIBED		
2,00,00,000 (2000 - 2,00,00,000) Equity Shares of Rs. 10/- each fully paid-up in cash (1,99,99,994 Equity Shares are held by Holding Company ITC Bhadrachalam Paperboards Limited)	<u>20,00.00</u>	<u>20,00.00</u>
	<u>20,00.00</u>	<u>20,00.00</u>
2. SECURED LOANS		
Term Loan :		
From Financial Institution		
Secured against the first mortgage of the title deeds of specific buildings	70.00	98.00
Cash Credit from Banks :		
Secured by way of hypothecation of specific equipment, plant and machinery, vehicles, stock on hire etc., and related book debts	16,69.17	17,52.38
Interest accrued and due	<u>14,34.78</u>	<u>11,04.04</u>
	<u>31,73.95</u>	<u>29,54.42</u>
3. UNSECURED LOANS		
Fixed Deposits (including Rs. 2,57,247 unclaimed, 2000 - Rs. 4,62,596) Less : Amount in Escrow Account	<u>2.57</u>	<u>4.63</u>
15,00,000 Non-Convertible Debentures of Rs. 100/- each issued to the Holding Company ITC Bhadrachalam Paperboards Ltd. renewed at 0% interest for a further period of 24 months from 1st April, 1999	15,00.00	15,00.00
Interest accrued and due	1,33.21	1,33.21
Short Term Loans :		
- Holding Company	37,24.11	37,24.11
- Interest accrued and due	44.46	44.47
- Others	—	—
Interest accrued and due (Due to Holding Company Rs. 56.87 Lakhs, 2000 - Rs. 56.89 Lakhs)	56.87	56.89
Other than short term :		
Security Deposits	<u>6.43</u>	<u>53.46</u>
	<u>54,65.08</u>	<u>55,12.14</u>

SCHEDULES TO THE FINANCIAL STATEMENTS (Contd.)

4. FIXED ASSETS	Gross Block (at cost)				Depreciation				Lease Terminal Adjustment		(Rs. Lakhs) Net Block	
	As at 31st March, 2000	Additions during the year	Deductions during the year	As at 31st March, 2001	As at 31st March, 2000	Additions during the year	Deductions during the year	As at 31st March, 2001	As at 31st March, 2001	As at 31st March, 2000	As at 31st March, 2001	As at 31st March, 2000
	Buildings*	4,32.34	4.81	—	4,37.15	83.43	17.48	—	1,00.91	—	—	3,36.24
Office Equipment	57.42	0.68	—	58.10	26.26	8.56	—	34.82	—	—	23.28	31.16
Furniture and Fixtures	1,48.91	—	0.49	1,48.42	53.90	17.18	0.23	70.85	—	—	77.57	95.01
Vehicles	5.66	—	—	5.66	1.63	1.37	—	3.00	—	—	2.66	4.03
Lease Hold Improvement**	66.10	—	—	66.10	9.76	11.88	—	21.64	—	—	44.46	56.34
LEASED ASSETS												
Plant and Machinery	57,38.53	—	18,39.26	38,99.27	30,06.07	77.90	11,07.43	19,76.54	6,83.53	14,15.32	12,39.20	13,17.14
Total	64,48.96	5.49	18,39.75	46,14.70	31,81.05	1,34.37	11,07.66	22,07.76	6,83.53	14,15.32	17,23.41	18,52.59
Previous Year	64,45.79	3.17	0.00	64,48.96	28,86.96	2,94.09	0.00	31,81.05	14,15.32	12,36.43	18,52.59	23,22.40
Capital Work in Progress at Cost											3,97.70	3,94.35

* Conveyance documentation in favour of the Company for the property acquired in the financial year 1996-97 (Original Cost Rs. 26.44 Lakhs) is pending.

** Leasehold Improvement represents the amount incurred on renovation of the premises taken on Sub-lease from the wholly owned subsidiary, MRR Trading & Investment Co. Ltd. which holds tenancy rights.

	31st March, 2001 (Rs. Lakhs) (Rs. Lakhs)		31st March, 2000 (Rs. Lakhs) (Rs. Lakhs)			31st March, 2001 (Rs. Lakhs) (Rs. Lakhs)		31st March, 2000 (Rs. Lakhs) (Rs. Lakhs)	
5. INVESTMENTS					8. CASH AND BANK BALANCES				
Unquoted (At cost)					Cash/Cheques on hand		1.23		0.27
Long Term:					With Scheduled Banks				
Government/Trust Securities					on current account		—		4.01
(other than trade)					on short term deposit		2.90		0.50
National Savings Certificate fully paid		0.05		0.05			4.13		4.78
(deposited with Government Authorities)									
Kisan Vikas Patra fully paid					9. LOANS AND ADVANCES				
(lodged with Government		0.05		0.05	(Unsecured, considered good)				
authorities Rs. 5,000)					Advances recoverable in cash				
Trade Investments					or in kind or for value to be received				
5 Shares of Maker Towers Co-operative					(includes Rs. 2.00 Lakhs advance for repairs				
Housing Society Ltd. of Rs 50/- each fully paid.		—		—	paid to subsidiary company, 2000-Rs. Nil)		3.93		4.57
10 Shares of Laxmi Finance and Leasing					Advances with Government,				
Companies Commercial Premises		0.01		0.01	Public Bodies etc.		12.26		9.80
Co-operative Society Limited of Rs 50/- each fully paid					Advance payment of tax net of provision		1,77.94		1,77.64
Bombay Mercantile Co-op. Bank Ltd.		0.01		0.01			1,94.13		1,92.01
Subsidiary Companies					10. CURRENT LIABILITIES				
BFIL Securities Limited					Sundry Creditors				
19,99,994 Equity Shares of Rs. 10/-each fully paid	1,99.99		1,99.99		Due to Small Scale Industries		—		—
Less : Provision for Permanent Diminution	50.00	1,49.99	50.00	1,49.99	Others (includes due to Subsidiaries				
MRR Trading & Investment Company Limited					Rs. 151.47 Lakhs,	3,82.56	3,82.56	4,28.63	4,28.63
10,000 Equity Shares of Rs. 10/-each fully paid		5,02.46		5,02.46	2000 Rs. 151.47 Lakhs; Due to Holding				
		6,52.57		6,52.57	Company Rs. 13.66 Lakhs,				
					2000 Rs. 27.94 Lakhs)				
6. STOCK-IN-TRADE					Other Liabilities		1,73.86		5.58
(Valued at Cost or Market Value					Unmatured Finance Charges		3,58.71		3,68.80
whichever is lower)					Interest accrued but not due on loans/deposits		—		1.23
Stock of Shares & Securities							9,15.13		8,04.24
Quoted - Fully paid					11. MISCELLANEOUS EXPENDITURE				
Equity Shares of Rs. 10/- each		0.01		0.01	Funds mobilisation :				
Secured Premium Notes		—		0.96	As at the commencement of the year	1.37		1.78	
Convertible/ Non-Convertible Debentures		0.04		0.69	Add : Incurred during the year	—		—	
Unquoted - Fully paid					Less : Written off during the year	0.42	0.95	0.42	1.36
Equity Shares of Rs. 10/- each	3,42.00		3,42.00				0.95		1.36
Optionally Fully Convertible Debentures	5,94.00		5,94.00		12. LEASE				
	9,36.00		9,36.00		Leasing		—		3,05.76
Less : Provision for erosion in value	2,45.40	6,90.60	2,45.40	6,90.60	Less : Lease Equalisation Account				1,78.89
		6,90.65		6,90.65	for the year		—		1,26.87
							—		
7. SUNDRY DEBTORS					13. INVESTMENT BUSINESS				
(Unsecured, considered good)					Sale of Share and Securities		2.76		3.94
Not over 6 months old:					Opening Stock	6,92.26		6,96.05	
Lease and hire purchase debtors		—		—	Add : Purchases	—		—	
Trade debtors		—		—		6,92.26		6,96.05	
Over 6 months old:					Less : Closing Stock	6,90.65		6,92.25	
Lease and hire purchase debtors		—		—	Cost of Sale		(1.61)		(3.80)
Trade debtors		—		—			1.15		0.14
(Unsecured, considered doubtful)									
Over 6 months old:									
Lease and hire purchase debtors		8,75.04		9,43.21					
Trade debtors		12,94.75		12,94.89					
		21,69.79		22,38.10					
Less : Provision for doubtful debts		21,69.79		22,33.02					
		—		5.08					

SCHEDULES TO THE FINANCIAL STATEMENTS (Contd.)

	Year ended 31st March, 2001		Year ended 31st March, 2000	
	(Rs. Lakhs)	(Rs. Lakhs)	(Rs. Lakhs)	(Rs. Lakhs)
14. OTHER INCOME				
Dividend Income (Gross)		3.03		3.44
(Tax deducted at source Rs. Nil, 2000 – Rs. Nil)				
Interest on Bonds, Debentures, Deposits etc.		0.21		1.36
(Tax deducted at source Rs. 4,971, 2000 – Rs.28,425)				
Profit/ (Loss) on sale of Fixed Assets		9.85		4.00
Settlement Charges		61.69		4.77
Other Income		2.06		2.89
		<u>76.84</u>		<u>16.46</u>
15. PERSONNEL, OPERATING AND ADMINISTRATION EXPENSES				
Salaries, Allowances and Bonus	22.71		31.89	
Contribution to Provident and other funds	3.53		5.00	
Staff Welfare	4.11	30.35	6.64	43.53
Rent		3.14		3.65
Electricity and Lighting		3.80		4.12
Insurance		0.75		0.63
Rates, Taxes and Stamp Duty		51.67		1.29
Postage, Telephone and Telegrams		4.86		6.93
Repairs and Maintenance				
– Buildings	1.81		1.34	
– Others	0.22	2.03	0.45	1.79
Travelling and Conveyance		12.73		19.20
Professional Charges		1.46		5.13
Legal Expenses		10.45		5.72
Service Charges		—		0.25
Remuneration to Auditors				
Audit Fee and Expenses	0.88		1.34	
Certification	—	0.88	0.05	1.39
Miscellaneous		2.84		6.23
		<u>1,24.96</u>		<u>99.86</u>
16. INTEREST AND FINANCE CHARGES				
Interest paid on				
– Term Loans		—		—
– Other Loans		3,30.74		3,94.88
– Fixed Deposits		—		0.19
– Others		1,78.25		21.55
Bank / Other financial charges		0.18		1.32
Interest provision no longer required written back		—		(394.29)
		<u>509.17</u>		<u>23.65</u>

17. NOTES ON ACCOUNTS

1. The financial statements have been drawn up on a going concern basis. There had been a business disruption due to problems currently prevalent in the Non-Banking Finance Industry and no new business has been done during the year. However, the Company is continuing to recover its dues in the normal course of business and through settlements and collection of dues has largely been used for reducing its liabilities.

2. Contingent Liabilities

- i) Income tax matters under dispute Rs. 3,73.17 lakhs (March 31, 2000 - Rs. 3,10.44 lakhs)
- ii) Lease Tax liability on account of non-accrual of lease rental (as per the Reserve Bank of India guidelines on Non Performing Assets) – Rs. 67.96 Lakhs (March 31, 2000 - Rs. 60.56 lakhs)

3. The Company has received demand notices for interest tax of Rs. 82.77 lakhs and the bank accounts of the Company were attached for recovering the dues. The Company has fully provided for the taxes demanded and paid an amount of Rs. 27.01 lakhs until the balance sheet date. The Company has also proposed to pay the balance from the sale proceeds of its real estate assets and from the normal business collections. The response from the income tax authorities is awaited.

4. Estimated amount of contracts remaining to be executed on capital accounts not provided for: Rs. Nil lakhs (March 31, 2000 - Rs. 3.40 lakhs)

5. The Company had paid the principal amount to one creditor who had initiated legal action U/s. 138 of the Negotiable Instruments Act. The Company has filed a writ petition for dismissal of the said complaint in the Bombay High Court and the same has been admitted by the High Court.

6. The Company has initiated legal proceedings against various parties for recovery of dues and such legal proceedings are at different stages as at the date of the Balance Sheet and are expected to materialise in recovering the dues in the future.

7. Directors' remuneration included in Schedule 15

	(Rs. In Lakhs) 31/03/2001	(Rs. In Lakhs) 31/03/2000
Salary	7.20	7.20
Contribution to Provident and other funds	2.23	2.23
Commission	—	—
Other benefits	2.00	2.06
Total	<u>11.43</u>	<u>11.49</u>

8. Information with regard to matters specified in clauses 3, 4(A), 4(C) and 4(D) of Part II of Schedule VI to the Companies Act, 1956 to the extent that they are either Nil or not applicable to the Company has not been given.

9. QUANTITATIVE ANALYSIS FOR STOCK-IN-TRADE

Particulars	Opening Stock		Purchases 2000-01		Closing Stock		Sales 2000-01	
	Quantity (Nos.)	Value (Rs. Lakhs)	Quantity (Nos.)	Value (Rs. Lakhs)	Quantity (Nos.)	Value (Rs. Lakhs)	Quantity (Nos.)	Value (Rs. Lakhs)
Quantitative Information								
Equity Shares of Rs. 10/- each quoted - fully paid up	8	0.01	—	—	8	0.01	—	—
Secured Premium Notes	1,910	0.96	—	—	—	—	1,910	0.96
Convertible / Non-Convertible Debentures - fully paid up	2,000	0.69	—	—	1,333	0.04	667	0.65
Unquoted Equity Shares of Rs. 10/- each fully paid up	2,40,000	3,42.00	—	—	2,40,000	3,42.00	—	—
Unquoted Convertible / Non-Convertible Debentures	5,40,000	5,94.00	—	—	5,40,000	5,94.00	—	—
Less : Provision for Diminution in the value	—	(2,45.40)	—	—	—	(2,45.40)	—	—
Total		6,92.26		—		6,90.65		1.61

17. NOTES ON ACCOUNTS (Contd.)

9A. QUANTITATIVE ANALYSIS FOR STOCK-IN-TRADE

Particulars	2001		2000	
	Quantity (Nos.)	Value (Rs. Lakhs)	Quantity (Nos.)	Value (Rs. Lakhs)
Equity Shares of Rs. 10/- each quoted - fully paid up				
Larsen & Toubro Limited	8	0.01	8	0.01
Secured Premium Notes				
Bombay Dyeing & Manufacturing Company Limited	—	—	1,910	0.96
Convertible/Non-Convertible Debentures - fully paid up				
East India Hotels Limited (NCD)	1,333	0.04	2,000	0.69
Unquoted Equity Shares of Rs. 10/- each - fully paid up				
Punj Lloyd Ltd.	2,40,000	3,42.00	2,40,000	3,42.00
Unquoted Convertible/Non-Convertible Debentures				
G Tech Stones Ltd.	5,40,000	5,94.00	5,40,000	5,94.00
Less : Provision For Diminution in the value		(2,45.40)		(2,45.40)
Total		6,90.65		6,92.26

10. Previous year's figures are regrouped wherever necessary.

Statement Regarding Subsidiary Companies

Pursuant to Section 212 (1) and (3) of the Companies Act, 1956

BFIL SECURITIES LIMITED

Voluntary winding up proceedings have been initiated for the Company.

On behalf of the Board

G. Sirur *Managing Director*
P.K. Talwar *Director*
V. Radhakrishnan *Company Secretary*

Secunderabad, April 18, 2001

Pursuant to Section 212 (1) and (3) of the Companies Act, 1956

MRR TRADING & INVESTMENT COMPANY LIMITED

(Rs. Lakhs)

- (a) Holding Company's interest:
9,998 Equity Shares of Rs. 10/- each fully paid-up
- (b) Net aggregate amount of Subsidiary's profits/(losses) not dealt with in the Holding Company's accounts :
 - (i) for the Subsidiary's financial year ended 31st March, 2001 (0.01)
 - (ii) for the previous financial year (0.96)
- (c) Net Aggregate amount of subsidiary's profits/(losses) dealt with in the Holding Company's accounts :
 - (i) for the Subsidiary's financial year ended 31st March, 2001 Nil
 - (ii) for the previous financial years Nil

On behalf of the Board

G. Sirur *Managing Director*
P.K. Talwar *Director*
V. Radhakrishnan *Company Secretary*

Secunderabad, April 18, 2001

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. State Code
Balance Sheet Date
Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue Rights Issue
Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities Total Assets
Sources of Funds
Paid up Capital Reserves & Surplus
Secured Loans Unsecured Loans
Application of Funds
Net Fixed Assets Investments
Net Current Assets Misc. Expenditure
Accumulated Losses

IV. Performance of Company (Amount in Rs. Thousands)

Turnover Total Expenditure
+ - + -
Profit/Loss Before Tax Profit/Loss After Tax
Earning per Share (Rs.) Dividend Rate %

V. Generic Names of Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC CODE)
Product Description

On behalf of the Board

G. Sirur *Managing Director*
P.K. Talwar *Director*
V. Radhakrishnan *Company Secretary*

Secunderabad, April 18, 2001