



# **MONALISA INFOTECH LIMITED**

**NINTH ANNUAL REPORT  
2002-2003**

***Ninth Annual Report 2002-2003***

**MONALISA INFOTECH LIMITED**

**BOARD OF DIRECTORS**

**Mohammed Aslam Khan**  
**Mohammed Anjum Khan**  
**Mohammed Alam Khan**  
**Kirli Mathuradas Mehta**

Chairman  
Executive Director  
Executive Director  
Director

**BANKERS**

State Bank of India  
State Bank of Mysore  
UCO Bank

**AUDITORS**

**TIWARI SAMANI & ASSOCIATES**  
D/205/206, Navyug CHS Ltd.  
Aarey Road, Aarey Check Naka Signal,  
Goregaon (E), Mumbai 400 063.

**REGD. OFFICE & WORKS**

Plot No. 31, Daman Industrial Estate,  
Somnath, Daman.  
396 210

**CORPORATE OFFICE**

1030/3, Navjivan Society  
Lamington Road,  
Mumbai 400 008.

**REGISTRAR & SHARE TRANSFER AGENTS**

Adroit Corporate Services Pvt. Ltd.  
19, Jaferbhoy Industrial Estate, Makwana Road,  
Marol Naka, Andheri (East),  
Mumbai - 400 059.

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## NOTICE

NOTICE is hereby given that the NINTH ANNUAL GENERAL MEETING of the Members of **MONALISA INFOTECH LIMITED** will be held at the Registered Office of the Company at Plot No. 31, Daman Industrial Estate, Somnath, DAMAN - 396210 on Tuesday, the 30th day of September 2003 at 11 A.M. to transact the following business.

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 2003 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. Mohammed Alam Khan, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint M/s. TIWARI SAMANI & ASSOCIATES, Chartered Accountants, the retiring auditors as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board  
For **MONALISA INFOTECH LIMITED**

Place : Daman  
Date : 21-08-2003

**Mohammed Aslam Khan**  
(Director)

### REGISTERED OFFICE :

Plot No. 31,  
Daman Industrial Estate, Somnath,  
DAMAN - 396 210.

### NOTES

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT PLOT NO. 31, DAMAN INDUSTRIAL ESTATE, SOMNATH ROAD, DAMAN - 396 210 AT LEAST 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.**
- (b) The Register of Members and the Shares Transfer Books in respect of Equity Shares will remain closed from Monday, the 22nd day of September, 2003 to Tuesday, the 30th day of September, 2003 (both days inclusive).
- (c) Members who have multiple accounts in identical names or joint accounts in the same order in more than one folio, are requested to send the share certificate(s) to the Registrar and Share Transfer Agent for consolidation of all such shareholding into one folio to facilitate better services.
- (d) Members desirous of having any information regarding accounts are requested to address their queries to the Company at the Registered office of the Company at least 7 days before the date of meeting, so that the requisite information is made available at the meeting.

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### DIRECTOR'S REPORT

Your Directors present their Ninth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2003.

#### FINANCIAL HIGHLIGHTS :

	2002-03 (Rupees in Lacs)	2001-2002 (Rupees in Lacs)
Sales and Other Income	1047.37	1601.02
Profit Before Interest, Depreciation and Tax	377.83	561.67
Less : Interest	203.75	265.61
Depreciation on Fixed Assets	174.68	173.84
Provision for Taxes	1.25	5.00
Profit/Loss After Tax	(1.85)	117.22
Add : Profit brought forward from previous year	1140.52	1023.30
Leaving a Balance to be carried forward	1138.67	1140.52

#### PERFORMANCE :

During the year 2002-2003, the Company was in the process of restructuring its manufacturing activities. Due to competitive margins and fluctuating raw material prices, the turnover remained low during the year under review. The sales and other income of the Company decreased from Rs 1601.02 Lacs in 2001-2002 to Rs. 1047.37 Lacs during the year under review, while the Company incurred a loss before taxation of Rs. 0.60 Lacs as against profit before taxation of Rs. 122.22 Lacs earned during the previous year.

The total realisation from software and related activities during the year under review amounted to Rs. 512.81 Lacs as against Rs. 648.32 Lacs during the previous year. The Company expects to perform well during the current year.

#### DIVIDEND :

With a view to conserve the resources of the Company, the Board of Directors do not recommend any dividend. In the next year the Board of Directors expects to give good dividend.

#### FUTURE OUTLOOK :

Your Company is focussed in plastic furniture and household articles and information technology. This sector of the economy has witnessed rapid growth and has potential for high growth in future. With sizeable capacities and new moulds acquired to produce multiple products as well as your Company's competitive position, your Company expects to perform well. Company's performance in I.T. sector is also good and expect good growth in 2003-2004.

#### DIRECTORS :

Mr. Mohammed Alam Khan, Director, retire by rotation and, being eligible, offers himself for reappointment. Further Mr. Mohammed Azam Khan has resigned as Director of the Company and your Board sincerely appreciates the valuable services rendered by him during his tenure as Director of the Company.

#### **AUDITORS AND AUDITORS' REPORT :**

M/s. TIWARI SAMANI & ASSOCIATES, Chartered Accountants, retire as Auditors of the Company at the ensuing Annual General Meeting and are eligible for reappointment.

The notes to accounts referred to in the Auditors' Report is self-explanatory and therefore do not call for any further comments.

#### **FIXED DEPOSITS :**

The Company has not accepted any Deposit from the Public during the year under review.

#### **PARTICULARS OF EMPLOYEES :**

The Company does not have any employee of the category specified in Section 217 (2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

#### **INSURANCE :**

All the properties of the Company have been adequately insured against fire, riot and various other risks.

#### **CONSERVATION OF ENERGY :**

The Company is not a major user of energy. The Company has taken various steps to reduce the consumption of energy by improved housekeeping, constant monitoring of equipments, improvement of power factor, upto date maintenance resulting in considerable power saving. Power to all major equipment and lighting in work - areas is put off at non working times.

#### **TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT :**

No technology was imported by the Company since its incorporation. However the Company's Quality Assurance Department is developing in house standards for various products and adopting international standards so as to enable the Company to penetrate overseas markets.

#### **DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibilities Statement, it is hereby confirmed :

- (1) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (2) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (3) that the directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (4) that the directors have prepared the annual accounts on a going concern basis.

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### FOREIGN EXCHANGE EARNINGS AND OUTGO :

(Rs. in Lacs)

Foreign Exchange Earnings : NIL  
Foreign Exchange Outgo : NIL

### LISTING AGREEMENT COMPLIANCE :

Pursuant to the requirements of the Listing Agreement, the Company declares that its Equity Shares are listed on the Stock Exchanges at Mumbai and Ahmedabad.

### INDUSTRIAL RELATIONS :

Industrial relations continued to be cordial throughout the year. Your Directors wish to place on record their appreciation of the devoted services of employees at all levels.

### ACKNOWLEDGEMENT :

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from all its Bankers and Institutions. The Directors also acknowledge with thanks the continued support and confidence reposed in the management by the Company's shareholders, customers and suppliers.

Your Directors wish to place on record their deep sense of appreciation for the devoted services of the executives, staff and workers of the Company for its success.

For and on behalf of the Board,

Place : Daman  
Date : 21st August, 2003

**(MOHAMMED ASLAM KHAN)**  
Chairman

## CORPORATE GOVERNANCE REPORT

Company's policies on the Corporate Governance and due compliance report on specific areas wherever applicable for the year ended 31st March, 2003 are hereunder divided into the following areas :-

### I. Company's philosophy on Corporate Governance :-

The Company believes that good Corporate Governance is essential to achieve long term corporate goals and to enhance stakeholders value. Company's business objective and that of its management and employees is to manufacture and market the Company's products in such a way so as to create value that can be sustained over a long term for all its stakeholders including shareholders, employees, customers, Government and the lenders. In addition to compliance with regulatory requirements, the Company endeavors to ensure that highest standards of ethical are met throughout the organization.

### II. Board of Directors

#### (a) Composition of the Board

The Board of Directors comprises of four members, consisting of three Non-executive Directors who account for Seventy Five percent of the Board's strength as against minimum requirement of fifty percent as per the listing agreement. The Non-executive Directors are Promoters and Industrialists, having experience in business & industry, finance, law. The composition is as under:

Name of the Directors	Category of Directors	No. of Other Directorships held	No. of other Board Committee(s) He/she is a member	No. of other Board Committee(s) of which he/she is a Chairperson
Mohammed Aslam Khan	Promoter - Non-Executive	3	0	0
Mohammed Anjum Khan	Promoter - Non-Executive	2	0	0
Mohammed Alam Khan	Promoter - Non-Executive	3	0	0
Kirit Mathuradas Mehta	Independent - Non-Executive	4	0	0

#### (b) Details of sitting fees, remuneration etc. paid to Directors

The Company has not paid any sitting fees and /or remuneration to any of the Executive / Non Executive Directors.

#### (c) Number of Board Meetings held and attended by Directors

(i) Five Meetings of the Board of Directors were held during the year Ended 31st March 2003. These were held on :-

- |                       |                        |
|-----------------------|------------------------|
| (1) 30th April, 2002  | (4) 28th October, 2002 |
| (2) 31st July, 2002   | (5) 30th January, 2002 |
| (3) 28th August, 2002 |                        |

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- (ii) The attendance record of each of the Directors at the Board Meetings during the year ended on 31st March, 2003 and of the last Annual General Meeting is as under :-

Directors	No. of Board Meeting Attended	Attendance At the Last AGM
Mohammed Aslam Khan	5	Yes
Mohammed Azam Khan	5	Yes
Mohammed Anjum Khan	2	No
Mohammed Alam Khan	1	Yes
Kirit M. Mehta	5	No

### III Audit Committee

- (i) The Audit Committee was constituted by the Board at their meeting held on 31st January, 2001. The Audit Committee comprised of three Executive, Non Executive and independent member Directors viz :-

- (1) Mohammed Aslam Khan
- (2) Mohammed Azam Khan
- (3) Kirit Mathuradas Mehta

All the members of the Audit Committee are Executive, Non-executive and Independent Directors as described above. The Committee has elected Mohammed Aslam Khan as its Chairman. Mr. Azam Khan has resigned as Director of the Company from Audit Committee.

- (ii) The Audit Committee Meetings were held on 13th July, 2002, 25th October, 2002 and 28th January, 2003. The attendance of each Audit Committee member is as under :-

Name of the Audit Committee Member	No. of Meetings attended
Mohammed Aslam Khan	3
Mohammed Azam Khan	3
Mohammed Alam Khan	3
Kirit Mathuradas Mehta	3

- (iii) At the invitation of the Company, representatives from various divisions of the Company and statutory auditors attended and Senior Manager-Finance & Accounts Mr. V. Seetharaman who is acting as Secretary to the Audit Committee also attended the Audit Committee meetings to answer and clarify queries raised at the Committee meetings.
- (iv) The role and items of reference of the Audit Committee covers the matters specified for Audit Committee under Clause 49 of Listing Agreement as well as in sec. 292A of the companies Act, 1956.

#### IV. Remuneration Committee

The Company has only one Promoter cum Executive Director on the Board who is not drawing any remuneration.

In view of this, no Remuneration committee is required to be constituted.

#### V. Board Procedure

The Members of the Board have been provided with the requisite information mentioned in the listing agreement well before the Board meetings and the same were dealt with appropriately.

All the directors who are on various committees are within the permissible limits of the listing agreement. The directors have intimated from time to time about their membership in the various committees in other companies.

#### VI. Shareholders

- (a) The Company has constituted a Share Transfer and Shareholders / Investors Grievance Committee consisting of Non Executive directors Mohammed Anjum Khan and Mohammed Alam Khan. The Senior Manager-Finance and Accounts Mr. V. Seetharaman has been designated as the Compliance Officer. There was no share transfer pending for registration for more than 30 days as on the said date except in disputed cases.
- (b) Details of the Directors seeking re-appointment at the ensuing Annual General Meeting fixed on Tuesday, the 30th day of September, 2003 are given hereunder :-

Name of Director	Mohammed Alam Khan
Date of appointment	09.05.1994
Expertise in specific Functional Areas	Industrialist having business experience
List of other Directors	Meher Plastics Private Limited Modern Impex Private Limited Supreme Company Private Limited
Chairman / Member of the committees of the Board of the Companies on which he/she is a Director	Nil

#### VII. Compliance Certificate

Compliance Certificate for Corporate Governance from Auditors of the Company is annexed herewith.

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### VIII. General Body Meetings

(a) The details of the Annual General Meeting held in last three years are as under :-

AGM	DAY	DATE	TIME	VENUE
6th	Thursday	30-11-2000	11.00 A.M.	Plot No. 31, Daman Industrial Estate, Somnath Daman-396210
7th	Saturday	29-9-2000	11.00 A.M.	Plot No. 31, Daman Industrial Estate, Somnath Daman-396210
8th	Monday	30-09-2002	11.00 A.M.	Plot No. 31, Daman Industrial Estate, Somnath Daman-396210

(b) Whether special resolution were put through postal ballot last year? No

(c) Are special resolution proposed to be put through postal ballot this year? No

### IX. Disclosure

(i) The Company has properly disclosed the significant material transactions with related parties viz. Promoters, Directors or the Management, their subsidiaries or relatives conflicting with Company's interest at the appropriate places in the Annual Accounts.

(ii) No penalties or stricture

### X. Means of communication

(i) Half-yearly report sent to each household of shareholders No

(ii) **Quarterly results :**  
Which newspapers normally published in The Free Press Journal, Mumbai  
Western Times, Gujarat

(iii) Any web site, where displayed No

(iv) Whether it also displays official News releases and presentations made to Institutional investors / analysts No

(v) Whether MD & A is a part of annual report No

### XI. General Shareholder Information

(a) **Annual General Meeting to be held :**

Day, date, time and venue :

Day : Tuesday

Date : 30th September, 2003

Time : 11.00 A.M.

Venue : Plot No. 31, Daman Industrial Estate, Somnath, Daman-396210

**(b) Financial Calendar 2003 - 2004 :**

First Quarterly Results :	Before end of July, 2003
Second Quarterly Results :	Before end of October 2003.
Third Quarterly Results :	Before end of January 2004.
Audited yearly Results for The year ended 31st March, 2004	Before end of August, 2004.

**(c) Dates of Book Closure :**

22nd September, 2003 to 30th September, 2003 (Both days inclusive).

**(d) Dividend payment date :**

The Company has not declared any dividend for the year 2002-2003 and hence no payment of dividend is being made.

**(e) Listing on Stock Exchange at :**

The Equity Shares of the Company are listed at the following Stock Exchanges :-

- (i) The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal street, Mumbai - 400 001
- (ii) The Stock Exchange, Ahmedabad, Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ambawadi, Ahmedabad - 380015

**(f) Registrar and Transfer Agents :**

The Registrar and Transfer Agents of the Company are M/s. Adroit Corporates Services Private Limited and they have their Office at

Adroit Corporate Services Private Limited  
19, Jaferbhoy Industrial Estate, Makwana Road,  
Marol Naka, Andheri (East),  
Mumbai - 400 059.

**(g) Share Transfer System :**

Share transfer are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. Officers of the Company have been authorized to approve transfers in addition to the Committee.

**(h) Dematerialisation of equity shares :**

Nearly 87% of Total equity share capital is held in dematerialised form with NSDL and CDSL.

**(i) Address for correspondence :**

Plot No. 31, Daman Industrial Estate, Somnath, Daman - 396 210.

**COMPLIANCE CERTIFICATE**

The Board of Directors  
**MONALISA INFOTECH LIMITED**  
Plot No. 31, Daman Industrial Estate,  
Somnath, Daman - 396 210.

We have reviewed the records concerning the company's compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges of India, for the financial year ended 31st March, 2003.

The Compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review and the information and explanations given to us by the Company.

Based on such a review, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreements except that the Company is not having majority of independent directors on its Audit Committee.

We further state that, such compliance is neither an assurance as to the future viability of the Company, or as to the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**FOR TIWARI SAMANI & ASSOCIATES**  
*Chartered Accountants*

*Sd/-*

**(K. R. TIWARI)**  
*Partner*

Place : Daman  
Date : 21st August, 2003

## **AUDITORS' REPORT**

### **TO THE MEMBERS OF MONALISA INFOTECH LIMITED**

We have audited the attached Balance Sheet of **MONALISA INFOTECH LIMITED** as at 31st March, 2003 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the companies' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the manufacturing and other companies (Auditor's Report) order, 1988 issued by the Company Law Board in the terms of section 227(4A) of the Companies Act, 1956 we enclosed in the annexure a statement on the matters specified in the paragraphs 4 & 5 of the said order.

- (1) As required by the Manufacturing and Other Companies (Auditors Report) Order, 1988 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in Paragraphs and 5 of the said order
- (2) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (3) In our opinion proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of such books.
- (4) The Balance Sheet and the Profit and Loss Account referred to in this report are in agreement with the books of accounts.
- (5) In our opinion, the Profit and Loss account and the Balance Sheet comply with the Accounting Standards referred to in Sub -section (3C) of section 211 of the Companies Act, 1956.
- (6) On the basis of written representation received from the directors, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2003 from being appointed as a director in terms of clause (g) of sub - section (1) of Section 274 of the Companies Act, 1956.
- (7) In our opinion, and the best of our Information and according to the explanation submitted to us, the said accounts, subject to Note no. 9 regarding non - provision for doubtful debts of Rs. 14.97 Lacs, together with the notes thereto, give the information required by the companies Act, 1956 in the manner so required and give a true and fair view in the case of
  - (a) In so far as it release to the Balance Sheet, of the state of affairs of the Company as at the 31st March, 2003.

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- (b) In so far as it relates to the Profit And Loss Account, of the Less of the Company for the year ended 31st March 2003.


**FOR TIWARI SAMANI & ASSOCIATES**  
*Chartered Accountants*

Place : Daman  
Date : 21st August, 2003

**(K. R. TIWARI)**  
*Partner*

**ANNEXURE REFERRED TO IN PARAGRAPH (1) OF THE AUDITORS REPORT TO THE MEMBERS OF MONALISA INFOTECH LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2003**

- 1) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. We are informed that all the fixed assets of the company have been physically verified by the management at the reasonable intervals and that there were no material discrepancies found on such physical verification.
- 2) The fixed assets of the company have not been revalued during the year.
- 3) We are informed that physical verification has been conducted by the management at the reasonable intervals in respect of Finished Goods, Raw Material, Stores and Spares parts.
- 4) In our opinion and according to the information and explanations given to us, the procedure followed by the management for physical verification of stocks are reasonable and adequate in relation to the size of the company and the nature of its business.
- 5) As informed to us no material discrepancies were noticed on physical verification of stocks, as compared to book records.
- 6) In our opinion the valuation of stock is fair and proper and in accordance with the normally accepted accounting policies.
- 7) In respect of interest free loans taken by the company, from companies, firms and other parties listed in the register maintained under section 301 of the Companies Act, 1956 or from companies under the same management with in the meaning of Section 370 (1-B) of the Companies Act, 1956, others terms and conditions of loans were not prejudicial to the interest of the Company.
- 8) In respect of interest free loans to the companies under the same management as defines under section 370 (1-B) of the Companies Act, 1956, the other terms and conditions of loans are not prejudicial to the interest of the company.
- 9) In respect of loans and advances in the nature of loans given by the company to staff and other parties, the repayment of principal and payment of interest, where chargeable, are in accordance with the terms where stipulated.
- 10) 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 raw material, stores, components, equipments and other assets.

- 
- 11) In our opinion and having regards to our comments in paragraph 10 above according to the information and explanation given to us, the transaction of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the registered maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50000/- or more in respect of each party have been made at prices which are reasonable having regards to prevailing market prices are available with the company or the prices at which transaction for similar goods or services have been made with other parties.
  - 12) As explained to us, the company has regular system of identifying unserviceable or damaged stores, raw material and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined wherever necessary.
  - 13) In our opinion, the company has not accepted any deposits from public within the meaning of Section 58A of the Companies Act, 1956.
  - 14) In our opinion, reasonable records have been maintained by the company for the sale and disposal and usage of realizable scrap. The company has no by-products.
  - 15) In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
  - 16) The Central Government has not prescribed maintenance of cost records under Section 209(i)(d) of the Companies Act, 1956 for the products of the company.
  - 17) As certified by the company the Employees State Insurance Act is not applicable to the company for the year under Audit and the Provident Fund dues has been regularly deposited with the appropriate authorities.
  - 18) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duties and Excise Duty which have remained out standing for the period of more than six months as at 31st March, 2002 from the date they became payable.
  - 19) No personal expenses of the employees or directors have been incurred pursuant to certain contractual obligations and/or special sanction and/or generally business practice.
  - 20) The Company is not Sick Industrial Company within the meaning of Section 3(1)(0) of the Sick Industrial Companies (Special Provision) Act, 1985.
  - 21) In respect of the company's service activities, as explained to us, the nature of service activities does not involve the consumption of direct material or stores. The Company does not have a system of allocating man hours to relative jobs. Consequently, the question of system of authorization at proper level and allocation of stores and labour does not arise. However, in our opinion, there is a reasonable system of internal commensurate with the size of the company and nature of its business.

**FOR TIWARI SAMANI & ASSOCIATES**  
*Chartered Accountants*

Place : Daman  
Date : 21st August, 2003

**(K. R. TIWARI)**  
*Partner*

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**BALANCE SHEET AS AT 31ST MARCH, 2003**

	SCHEDULE	AS AT		AS AT	
		Rs.	Rs.	Rs.	Rs.
<b>SOURCES OF FUNDS</b>					
<b>SHARE HOLDERS' FUNDS</b>					
Share Capital	I	117243000	117243000		
Reserves & Surplus	II	<u>155626299</u>	<u>272869299</u>	<u>155812296</u>	273055296
<b>LOANS &amp; FUNDS</b>					
Secured Loans	III	128696476	150286133		
Unsecured Loans		<u>—</u>	<u>128696476</u>	<u>—</u>	<u>150286133</u>
			<u>401565775</u>		<u>423341429</u>
<b>APPLICATIONS OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block	IV				
Furniture Division		177192855	177192855		
I. T. Division		<u>100939695</u>	<u>99950135</u>		
		<u>278132550</u>	<u>277142990</u>		
Less: Depreciation		<u>132052201</u>	146080349	<u>114583540</u>	162559450
Investments	V		5485750		NIL
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Inventories	VI	58314281	63458080		
Sundry Debtors	VII	155547844	147721774		
Cash & Bank Balance	VIII	2044848	3274816		
Loans & Advances	IX	28339309	35070936		
Deposits		<u>33398780</u>	<u>40646937</u>		
		<u>277645062</u>	<u>290172543</u>		
<b>Less: CURRENT LIABILITIES &amp; PROVISION</b>	X	<u>28201882</u>	249443180	<u>30154870</u>	260017673
<b>MISCELLANEOUS EXPENDITURE</b>	XI		556496		764306
(to the extent not written off or adjusted)			<u>401565775</u>		<u>423341429</u>
Significant Accounting Policies, Contingent Liabilities, Notes on Accounts	XVI		—		

As per our report of Even Date  
For **TIWARI SAMANI & ASSOCIATES**  
Chartered Accountants  
Sd/-  
**(K. R. TIWARI)**  
Partner

Place : Daman  
Date : 21st August 2003

For and on behalf of the board

Sd/-  
**MOHAMMED ASLAM KHAN**  
Chairman

Sd/-  
**MOHAMMED ALAM KHAN**  
Director

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2003

	SCHEDULE	AS AT		AS AT	
		Rs.	Rs.	Rs.	Rs.
<b>INCOME</b>					
<b>Sales :</b>					
Local		52231371		92643172	
Export		NIL		NIL	
I. T. Realisation		<u>51281740</u>	103513111	<u>64832175</u>	157475347
Other Income	XII		<u>1224140</u>		<u>2626702</u>
			<u><u>104737251</u></u>		<u><u>160102049</u></u>
<b>EXENDITURE</b>					
Materials	XIII	43961888		80526491	
Expenses	XIV	22992573		23408513	
Interest & Other Financial Expenses	XV	20375126		26561654	
Depreciation		<u>17468661</u>	<u>104798248</u>	<u>17384083</u>	<u>147880741</u>
<b>PROFIT BEFORE TAXATION</b>			(60997)		12221308
Provision for Taxation			<u>125000</u>		<u>500000</u>
			(185997)		11721308
<b>PROFIT AFTER TAXATION</b>					
Less : Prior Years Adjustments			NIL		NIL
Add : Balance of Profit Brought Forward			<u>114052296</u>		<u>102330988</u>
Balance carried forward to Balance Sheet			<u><u>113866299</u></u>		<u><u>114052296</u></u>
Significant Accounting Policies, Contingent Liabilities, Notes on Accounts	XVI				

As per our report of Even Date  
For **TIWARI SAMANI & ASSOCIATES**  
Chartered Accountants  
Sd/-  
**(K. R. TIWARI)**  
Partner

Place : Daman  
Date : 21st August 2003

For and on behalf of the board

Sd/-  
**MOHAMMED ASLAM KHAN**  
Chairman

Sd/-  
**MOHAMMED ALAM KHAN**  
Director

Annual Report 2002-2003

**SCHEDULE FORMING PART OF BALANCE SHEET**

	AS AT 31-03-2003 Rupees	AS AT 31-03-2002 Rupees
<b>SCHEDULE I</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised Capital :</b>		
1,50,00,000 Equity Shares of Rs.10/- each	150000000	150000000
	<u>150000000</u>	<u>150000000</u>
<b>Issued, Subscribed and Paid-Up :</b>		
1,17,24,300 Equity shares of Rs.10/- each	117243000	117243000
	<u>117243000</u>	<u>117243000</u>
<b>SCHEDULE II</b>		
<b>RESERVES AND SURPLUS</b>		
<b>Share Premium :</b>		
Share Premium at Rs. 4/-per share in respect of 690000 Equity Shares issued to Non Resident Indians	2760000	2760000
Share premium at Rs.10/- per share in respect of 30,00,000 Equity Shares	30000000	30000000
<b>General Reserves :</b>		
As per last Accounts	9000000	9000000
<b>Profit &amp; Loss Account :</b>		
Balance Carried Forward	113866299	114052296
	<u>155626299</u>	<u>155812296</u>
<b>SCHEDULE III</b>		
<b>SECURED LOANS</b>		
<b>Term Loans :</b>		
From Financial Institutions	27953722	26092777
From Banks	39095690	46213497
	67049412	72306274
<b>Interest thereon :</b>		
Interest Accrued and Due	7861670	8236418
	74911082	80542692
<b>CASH CREDITS FROM BANKS</b>		
	53785394	69743441
	<u>128696476</u>	<u>150286133</u>

1. Term Loan from Industrial Development Bank of India (IDBI) is secured by a first charge by way of hypothecation of all the company's movable (save and except book debts), including movable machinery spares tools and accessories, present & future, subject to prior charges created and/or to be created in favour of the company's bankers for working capital requirements. The loan further will be secured by a first charge and charge of all the company's immovable properties, both the present and future, parri passu with the mortgage and charges created and to be created in favour of (i) State Bank of India of Rs. 500 Lacs and (ii) State Bank of Mysore for Term Loan of Rs. 300 Lacs.

2. Term loan from State Bank of India and State Bank of Mysore are secured by equitable mortgage of factory as well as office land & building and hypothecation of plant and machinery. Further, these loans are secured by personal guarantee of some of the director and third party guarantee of Mr. Abdul Aziz Khan.
3. The working capital borrowing from bank are preliminary secured by hypothecation of entire current assets of the company. These debts are to be, collaterally secured by second charge on the fixed assets of the company and the personal guarantee of some of the director and third party guarantee of Mr. Abdul Aziz Khan.
4. Instalment of Term Loan Payable before 31.03.2003 Rs. 420 Lacs (Previous Year Payable Rs. 480 Lacs).

**SCHEDULE IV  
FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.04.02	Additions	Deductions	As At 31.03.03	Up to 01.04.02	Additions	Deductions	Up to 31.03.03	As at 31.03.03	As at 31.03.02
Freehold Land	1514143	—	—	1514143	0	0	—	0	1514143	1514143
Leasehold Land	3448856	—	—	3448856	1117886	159698	—	1277584	2171272	2330970
Building - Factory	20660647	—	—	20660647	4750998	690066	—	5441064	15219583	15909649
Building - Office	8532298	—	—	8532298	954679	139076	—	1093755	7438543	7577619
Building - Residential	4054389	—	—	4054389	462247	66087	—	528334	3526055	3592142
Plant & Machinery	49871317	—	—	49871317	32128821	5045878	—	37174699	12696618	17742496
Ancillary Equipments	15080462	—	—	15080462	6746064	1045070	—	7791134	7289328	8334398
Moulds & Dies	55409247	—	—	55409247	50648496	4760751	—	55409247	0	4760751
Electrical Installation	4240895	—	—	4240895	1332776	201443	—	1534219	2706676	2908119
Office Equipments	7023016	989560	—	8012576	3813691	683472	—	4497163	3515413	3209325
Furniture & Fixtures	6032104	—	—	6032104	2501604	367715	—	2869319	3162785	3530500
Motor Vehicle	1325481	—	—	1325481	565270	88317	—	653587	671894	760211
Portals	99950135	—	—	99950135	9561008	4221088	—	13782096	86168039	90389127
<b>TOTAL</b>	<b>277142990</b>	<b>989560</b>	<b>0</b>	<b>278132550</b>	<b>114583540</b>	<b>17468661</b>	<b>0</b>	<b>132052201</b>	<b>14600349</b>	<b>162559450</b>
Previous Year	277142990	0	0	277142990	97199457	17384083	0	114583540	162559450	179943533

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**SCHEDULE FORMING PART OF BALANCE SHEET**

	AS AT 31-03-2003 Rupees	AS AT 31-03-2002 Rupees
<b>SCHEDULE V</b>		
<b>INVESTMENTS</b>		
In shares (Un-Quoted)	5485750	Nil
<b>SCHEDULE VI</b>		
<b>INVENTORY</b>		
(As verified and certified by the management)		
Raw Material and Material in Process	56765489	60618949
Finished Goods	1548792	1899306
Packing Materials	—	913080
Stationery	—	26745
	<u>58314281</u>	<u>63458080</u>
<b>SCHEDULE VII</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured and considered goods unless otherwise specified)		
Over Six Months		
Considered Goods	113560540	94558642
Considered Doubtful	1497852	7470942
	<u>115058392</u>	<u>102029584</u>
Less : Provision for Doubtful Debts	—	—
	<u>115058392</u>	<u>102029584</u>
Add : Less Than Six Months	40489452	45692190
	<u>155547844</u>	<u>147721774</u>
<b>SCHEDULE VII</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in Hand	195130	722871
Balances with Schedule Banks		
In Current Accounts	1752007	5625
In Fixed Deposits	97711	2546320
	<u>2044848</u>	<u>3274816</u>
<b>SCHEDULE IX</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured and Considered Goods)		
Advances recoverable in cash or in kind for value to be received		
Advance Lease Rent	28058914	34675895
For Capital Expenses	—	—
Balance in Modvat A/c.	21450	30635
Prepaid Expenses	258945	364406
	<u>28339309</u>	<u>35070936</u>

## SCHEDULE FORMING PART OF BALANCE SHEET

	AS AT 31-03-2003 Rupees	AS AT 31-03-2002 Rupees
<b>SCHEDULE X</b>		
<b>CURRENT LIABILITIES AND PROVISIONS</b>		
Security Deposits from Distributors/Dealers	NIL	NIL
Sundry Creditors	19458905	24465320
Other Liabilities	7845125	4049226
Provision for Expenses	897852	1640324
	<u>28201882</u>	<u>30154870</u>
<b>SCHEDULE XI</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Preliminary Expenses	115046	143808
Deffered Advertisement Expenses	972498	1349997
	<u>1087544</u>	<u>1493805</u>
Less : Amortised/Written off during the year	531048	729499
	<u>556496</u>	<u>764306</u>

**Annual Report 2002-2003**

**SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT**

	AS AT 31-03-2003 Rupees	AS AT 31-03-2002 Rupees
<b>SCHEDULE XII</b>		
<b>OTHER INCOME</b>		
Labour Charges	110450	136039
Other Income	1113690	2490663
	<u>1224140</u>	<u>2626702</u>
<b>SCHEDULE XIII</b>		
<b>MATERIALS</b>		
Raw/Packing Material Consumed	27940450	82753771
Less : Resale of Material	—	—
	<u>27940450</u>	<u>82753771</u>
Movement in Stocks		
Opening Stock		
Finished Goods	1899306	1699530
Work In Progress	62436413	60408909
	<u>64335719</u>	<u>62108439</u>
Closing Stock		
Finished Goods	1548792	1899306
Work In Progress	46765489	62436413
	<u>48314281</u>	<u>64335719</u>
	<u>16021438</u>	<u>(2227280)</u>
	<u>43961888</u>	<u>80526491</u>
<b>SCHEDULE XIV</b>		
<b>EXPENSES</b>		
Power and Fuel	6538498	5264713
Employees Remuneration and Benefits	6974368	5832927
Consumable Stores and Spares	190480	248316
Rent, Rates and Taxes	6919	9020
Lease Rent	893140	1164325
Repairs and Maintenance	796864	1038817
Labour Charges (for processing materials)	1328695	1732128
Insurance	612455	798416
Freight and Forwarding	218704	285110
Security Service charges	300834	392176
Advertisement and Sales Promotion	280306	365416
Postage, Telephone and Telex	794915	1036276
Printing, Packing and Stationery	779917	1016724
Travelling and Conveyance	1847850	2408915
Internet Service	48577	63327
Auditors Remuneration	116549	106310
Professional & Legal Fees	166055	216475
Vehicle Expenses	245826	320466
Preliminary Expenses Written Off	28762	35952
Miscellaneous Expenses	672233	876344
Scheme Discount	12588	16410
Clearing & Forwarding Charges	77956	101626
Share Transfer Expenses	60082	78324
	<u>22992573</u>	<u>23408513</u>

## SCHEDULE FORMING PART OF PROFIT AND LOSS ACCOUNT

	AS AT 31-03-2003 Rupees	AS AT 31-03-2002 Rupees
<b>SCHEDULE XV</b>		
<b>INTEREST AND FINANCIAL CHARGES</b>		
Interest		
Term Loan	13293636	17330001
Others	<u>6978177</u>	<u>9096971</u>
	20271813	26426972
Bank Charges	<u>103313</u>	<u>134682</u>
	<u><u>20375126</u></u>	<u><u>26561654</u></u>

### SCHEDULE XVI :

#### NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2003

##### 1) SIGNIFICANT ACCOUNTING POLICIES

###### A. System of Accounting :

Revenue/Income and Costs/Expenditure are generally accounted on accrual basis, as they are earned or incurred.

###### B. Fixed Assets :

All fixed assets are stated at historical costs of acquisition or construction which includes all expenses up to commissioning/putting the assets into use.

###### C. Depreciation :

Depreciation is provided on straight line method on all assets, except Leasehold land in accordance with the rate prescribed under Schedule XIV to the Companies Act, 1956. Leasehold lands are amortized equally over the unexpired period of lease.

###### D. Inventories :

The general practice adopted by the company for valuation of inventory as under :

Raw Material	At Cost
Stores & Spares	At Cost
Work in progress	At Cost
Finished Goods	At cost or Net Realisable Value, whichever is lower

###### E. Excise Duty :

The Excise duty payable on Finished Goods is accounted on the clearance thereof from factory premises.

###### F. Contingent Liabilities :

Unprovided Contingent Liability are disclosed in the accounts by the way of notes giving the nature and quantum of such liabilities.

###### G. Modvat on capital goods :

Modvat credit on excise duty paid on capital goods in the factory premises. The same is reduced from the cost of the capital goods.

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### H. Foreign Currency Transaction :

Foreign Currency transaction during the year is translated at the rate prevalent on the transaction dates. Exchange difference arising from the foreign currency fluctuations is dealt with on the date of payment/receipt. The exchange difference is capitalised in case of the capital expenditure and/or credited/charged to profit and loss account in case of revenue items.

### 2) CONTINGENT LIABILITIES NOT PROVIDED FOR :

	As At 31st March 2003 (Rs. in Lacs)	As At 31st March 2002 (Rs. in Lacs)
a) Letters of credit issued by banks	NIL	NIL
b) Guarantees issued by Banks	7.30	7.30
c) Estimated amounts of Contract remaining to be executed on capital account and not provided for (Net of Advances)	NIL	NIL
3) Salary Includes provision of Rs. 4.00 Lacs towards bonus on estimation basis.		
4) The Company does not have any liability for gratuity for the year and hence no provision has been made for the year.		
5) The Computation of net profit for the purpose of calculation of managerial remuneration u/s. 349 of Companies Act, 1956 has not been enumerated since no commission has been paid to the Managing Directors/Whole Time Director(s).		
6) Managerial remuneration u/s. 198 of the Companies Act, 1956 includes :		
	2002-2003 (Rs. in Lacs)	2001-2003 (Rs. in Lacs)
Salary	NIL	NIL
Perquisites & Benefits	NIL	NIL
7) Auditors Remuneration		
	2002-2003 (Rs. in Lacs)	2001-2002 (Rs. in Lacs)
For Audit	0.40	0.40
For Tax Audit	0.25	0.25
For Other Services	0.51	0.41
	1.16	1.06
8) No provision has been made for the doubtful debts amounting to Rs. 14.97 Lacs (Previous year Rs. 74.71)		
9) Loans and Advances (Current Assets) includes Rs. NIL (Previous year Rs.0.31 Lacs) outstanding for more than six months considered goods.		
10) Sundry Creditors include Rs. 7.29 Lacs (Previous Year Rs. 10.24 Lacs) on account of supply of capital items.		
11) In the opinion of the board, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business.		

- 12) Previous years figures have been regrouped/reclassified/rearranged wherever necessary.
- 13) As per the information available with the company, there were no amounts overdue and remaining unpaid to small scale industries and/or Ancillary Suppliers as the close of the year.
- 14) Additional Information pursuant to the provision of paragraph 3, 4C, and 4D of Part II of Schedule VI to the Companies Act, 1956.

**I. CAPACITY AND PRODUCTION**

	2002-2003 (in M. Tons)	2001-2002 (in M. Tons)
a. Licensed Capacity	NA	NA
b. Installed Capacity	4,900.00	4,900.00
c. Production	1008.84	2,068.84

**NOTES :**

- The Company is not required to obtain any license under Industrial (Development and Regulation) Act, 1951 for the products being manufactured by the company. Therefore the requirement for furnishing details of licensed capacity is not applicable.
- Installed capacity is as certified by the management and relied upon by the Auditor, being a technical matter.
- Productions made on job basis for outsider worth Rs. 86052/- not include herein (Previous Year Rs. 136039/-)

**II. SALES AND STOCK OF FINISHED GOODS :**

	2002-2003		2001-2002	
	Qty. Mt.	Value (Rs. in Lacs)	Qty. Mt.	Value (Rs. in Lacs)
a) Opening Stock	19.76	18.99	19.76	17.00
b) Sales	2123.15	862.44	2,726.06	1,568.42
c) Closing Stock	15.45	48.31	19.76	18.99

**III. RAW MATERIALS & COMPONENTS CONSUMED :**

	2002-2003		2001-2002	
	Qty. Mt.	Value (Rs. in Lacs)	Qty. Mt.	Value (Rs. in Lacs)
Plastic Granules	1008.84	279.40	2068.84	827.54
Additives & Others		15.05		42.67
	1008.84	294.45	2068.84	870.21

## Annual Report 2002-2003

### IV. BREAK-UP OF RAW MATERIAL AND COMPONENTS CONSUMED :

	2002-2003		2001-2002	
	Value (Rs. in Lacs)	% of Total Consumption	Value (Rs. in Lacs)	% of Total Consumption
Indigenous	294.21	100.00	870.21	100.00
Imported			Nil	Nil
	294.21	100.00	870.21	100.00

### V. BREAK-UP OF STORES AND SPARES CONSUMED :

	2002-2003		2001-2002	
	Value (Rs. in Lacs)	% of Total Consumption	Value (Rs. in Lacs)	% of Total Consumption
Indigenous	1.89	100	2.85	100.00
Imported				
	1.89	100	2.85	100.00

### VI. BREAK-UP OF STORES AND SPARES CONSUMED :

	2002-2003	2001-2002
Raw Material	NIL	NIL
Capital Goods	NIL	NIL
	NIL	NIL

### VII. EXPENDITURE IN FOREIGN CURRENCY :

	2002-2003	2001-2002
Foreign Travels	NIL	NIL
Consumable Stores	NIL	NIL
Capital Goods	NIL	NIL
	NIL	NIL

### 15. Related party disclosures under accounting standard 18 related parties :

#### (A) (I) Associate Company :

1. Monalisa Moldings
2. Supreme Company Ltd.

(II) Chairman : Mr. Mohammed Aslam Khan

(III) Directors : Mr. Mohammed Azam Khan  
Mr. Mohammed Anjum Khan  
Mr. Mohammed Alam Khan  
Mr. Kirit Mathuradas Mehta  
Mr. Vijay Mishra

#### (B) Related Party Transactions :

- (1) Outstanding Amount Payable to Associates Companies as at 31-3-2003 0.00 Lacs
- (2) Outstanding Amount Receivable to Associates Companies as at 31-3-2003 0.00 Lacs
- (3) There are no write off/write back of any amounts  
for any of the above related parties.
- (4) Lease Rent 8.93 Lacs

**16. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

State Code

Registration No.

Balance Sheet Date

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

Public Issue

Rights Issue

Bonus Issue

Private Placement

**III. Position of Mobilisation and Development of Funds (Amounts Rs. in Thousands)**

Sources of Funds  
Total Liabilities

Total Assets

Paid-Up Capital

Reserves & Surplus

Application of Funds  
Secured Loans

Unsecured Loans

Net Fixed Assets

Net Current Assets

Investments

Accumulated Losses

Miscellaneous Expenditure

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

Turnover

Total Expenditure

Loss Before Tax

Loss After Tax

Earning per Share (Annualised)

Dividend Rate %

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

Item Code No. (ITC Code)	Product Description
<input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value="F"/> <input type="text" value="U"/> <input type="text" value="R"/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="T"/> <input type="text" value="U"/> <input type="text" value="R"/> <input type="text" value="E"/> <input type="text" value="O"/> <input type="text" value="F"/> <input type="text" value="P"/> <input type="text" value="L"/> <input type="text" value="A"/> <input type="text" value="S"/> <input type="text" value="T"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="S"/>
<input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="2"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="9"/>	<input type="text" value="O"/> <input type="text" value="T"/> <input type="text" value="H"/> <input type="text" value="E"/> <input type="text" value="R"/> <input type="text" value="I"/> <input type="text" value="N"/> <input type="text" value="J"/> <input type="text" value="E"/> <input type="text" value="C"/> <input type="text" value="T"/> <input type="text" value="I"/> <input type="text" value="O"/> <input type="text" value="N"/>
	<input type="text" value="M"/> <input type="text" value="O"/> <input type="text" value="U"/> <input type="text" value="L"/> <input type="text" value="D"/> <input type="text" value="E"/> <input type="text" value="D"/> <input type="text" value="P"/> <input type="text" value="L"/> <input type="text" value="A"/> <input type="text" value="S"/> <input type="text" value="T"/> <input type="text" value="I"/> <input type="text" value="C"/> <input type="text" value="S"/>
	<input type="text" value="I"/> <input type="text" value="T"/> <input type="text" value="S"/> <input type="text" value="O"/> <input type="text" value="F"/> <input type="text" value="T"/> <input type="text" value="W"/> <input type="text" value="A"/> <input type="text" value="R"/> <input type="text" value="E"/>

As per our report of Even Date  
For **TIWARI SAMANI & ASSOCIATES**  
Chartered Accountants  
Sd/-  
**(K. R. TIWARI)**  
Partner

For and on behalf of the board  
  
Sd/-  
**MOHAMMED ASLAM KHAN**  
Chairman  
  
Sd/-  
**MOHAMMED ALAM KHAN**  
Director

Place : Daman  
Date : 21st August 2003

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### CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2003

PARTICULARS	2002-2003 (Rs. in Lacs)	2001-2002 (Rs. in Lacs)
<b>I. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	(0.61)	122.21
<b>Adjustments for :</b>		
Depreciation	174.68	173.84
Interest (Net)	203.75	265.62
Lease Rental	8.93	11.64
Miscellaneous Exp w/off	0.28	0.36
	<u>387.64</u>	<u>451.46</u>
Operating Profit before Working Capital Changes	387.03	573.67
<b>Adjustment for :</b>		
Trade and Other Receivables	63.61	(711.52)
Inventories	51.44	210.75
Trade Payables	(19.53)	93.51
<b>Cash generated from operations</b>	<b>482.55</b>	<b>166.41</b>
Income Tax	(1.25)	(5.00)
<b>Cash Flow before Extraordinary Items</b>	<b>481.30</b>	<b>161.41</b>
Miscellaneous Expenditure	(0.28)	(0.36)
<b>Net Cash from Operating activities</b>	<b>481.02</b>	<b>161.05</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(9.89)	NIL
Investments	(54.86)	NIL
Net Cash used in investing Activities	<u>(64.75)</u>	<u>NIL</u>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Long Term borrowings	(215.89)	107.57
Interest Paid	(203.75)	(265.62)
Lease Rentals	(8.93)	(11.64)
<b>Net Cash used in Financing Activities</b>	<b>428.57</b>	<b>(169.69)</b>
<b>IV. NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		(8.64)
Cash and Cash equivalents as at 01-04-2002	32.74	41.38
Cash and Cash equivalents as at 01-04-2003	20.44	32.74

For and on behalf of the Board,

**(MOHAMMED ASLAM KHAN)**  
Managing Director

Place : Daman  
Date : 21st August, 2003

### AUDITORS' REPORT

We have audited the attached Cash Flow Statement of Monalisa Infotech Limited derived from the audited financial statements and the books and records maintained by the Company for the year ended 31st March, 2003 and found the same in agreement therewith.

**FOR TIWARI SAMANI & ASSOCIATES**  
Chartered Accountants

Sd/-  
**(K. R. TIWARI)**  
Partner

Place : Daman  
Date : 21st August, 2003