



# **FARRY INDUSTRIES LIMITED**

**Ninth Annual Report  
1998-99**

## **BOARD OF DIRECTORS**

Mr Farhang Azar	<b>Chairman &amp; Managing Director</b>
Ms Gulshan Azar	Director
Mr Lona Inasu	Director
Mr Ramchandran Murthy	Director
Mr Akhilesh R. Bhargava	Director

### **Auditors**

Sunita Narang  
Chartered Accountant

### **Bankers**

Allahabad Bank  
The United Western Bank Ltd  
Bank of Rajasthan Ltd

### **Registered Office**

1, Queen of Suburbs  
Plot No. 538, 17th Road  
Khar (W), Bombay 400 052

### **Investor Relations Department**

1, Queen of Suburbs  
Plot No. 538, 17th Road  
Khar (W), Bombay 400 052

**NOTICE**

NOTICE is hereby given that the NINTH Annual General Meeting of Farry Industries Limited, will be held on Friday, the 29th October, 1999 at 4 p.m. at the Registered Office of the Company, to transact the following business :

1. To receive and adopt the Profit & Loss Account for the year ended 31st March 1999, the Balance Sheet as at that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Mr Lona Inasu, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in the place of Mr Ramchandran Murthy, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s Sunita Narang, Chartered Accountant, Bombay, as Auditors to hold the office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**5. SPECIAL BUSINESS :**

To consider and if though fit, to pass with or without modification, the following resolution as a special resolution:

“RESOLVED that in pursuance of the Directives/ Guidelines issued by the Securities and Exchange Board of India, and the Stock Exchanges from time to time, the consent of the Company be and is hereby accorded to the voluntary delisting of the equity shares of the Company from Delhi Stock Exchange Association Limited and The Stock Exchange - Ahmedabad.

RESOLVED FURTHER THAT any Director of the Company be and is hereby authorised to do all such acts, deeds and things as may be necessary and incidental for the aforesaid purpose.”

**NOTES :**

1. Pursuant to Section 173 of the Companies Act, 1956, the relative Explanatory Statement in respect of Item 5 is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.  
*The form of instrument of proxy to be effective, must be duly filled, stamped and signed and must reach the Company's registered office at 1, Queen of Suburbs, Ground Floor, Plot No. 538, 17th Road, Khar (W), Mumbai 400 052, not later than 48 hours before the commencement of the meeting.*
3. The Register of Members and Share Transfer Books of the Company will remain closed from 21st October 1999 to 29th October 1999, both days inclusive.
4. Shareholders who have not encashed their dividend warrants should send the same to the Company for revalidation.

5. All correspondence regarding the shares of the Company, must be addressed to the Company's Investor Service Center, at its registered office.

By Order of the Board of Directors

Sd/-

Farhand Azar  
MANaging Director  
Bombay, dated 11th September, 1999

**Registered Office :**

1 Queen of Suburbs, Ground Floor, Plot No. 538, 17th Road, Khar (W), Mumbai 400 052

**EXPLANATORY STATEMENT**

In terms of Section 173 of the Companies Act, 1956, the following explanatory statement sets out the material facts relating to item 5 of the accompanying notice dated 11th September, 1999.

**ITEM 5**

The equity shares of the Company are listed on The Stock Exchange - Mumbai, The Delhi Stock Exchange Association Limited and The Stock Exchange - Ahmedabad.

It is proposed to delist shares from The Delhi Stock Exchange Association Limited and The Stock Exchange - Ahmedabad, since most of the trading in equity shares takes place on The Stock Exchange - Mumbai and the low trading volumes on the other Stock Exchange do not justify the continuance of listing on these Stock Exchanges. The Directors therefore deem it appropriate to delist the equity shares of the Company from the aforesaid Stock Exchanges at Delhi and Ahmedabad. Moreover since the Company's shares are listed on the Bombay Stock Exchange, which has screen based terminals in most of the major cities of India, multiple listing besides being expensive is unnecessary.

The Directives/ Guidelines issued by the Securities and Exchange Board of India and the Stock Exchange, require the prior approval of the holders of the securities which are sought to be delisted by a Special Resolution, passed at a General Meeting after giving due notice thereof in the prescribed manner. Accordingly the Resolution at Item 5 of the Notice seeks to obtain approval of the Members for such delisting.

The Resolution is commended for approval of the members.

By Order of the Board of Directors

Sd/-

Farhang Azar  
Managing Director

Bombay dated 11th September, 1999

**Registered Office :** 1 Queen of Suburbs, Ground Floor, Plot No. 538, 17th Road, Khar (W), Mumbai 400 052

## DIRECTOR'S REPORT

To The Members,

Your Directors have pleasure in presenting the **NINTH ANNUAL REPORT**, together with the audited accounts, for the year ended 31st March, 1999.

**I. FINANCIAL RESULTS :**

	<b>Current Year</b>	<b>Previous Year</b>
	<b>(Rupees In Lakhs)</b>	
	<b>Rs</b>	<b>Rs</b>
Income from operations	757.30	766.65
Profit before depreciation and tax	30.15	29.78
Provision for depreciation	9.03	10.59
Provision for Lease Equalisation Account	0.30	0.30
Less : Provision for taxation	3.50	3.25
Profit after tax	17.62	15.94
Balance brought forward	(120.99)	7.40
Prior period deductions	-	(144.33)
Profits available for appropriations	(103.36)	(120.99)
<b>PROPOSED APPROPRIATIONS</b>		
i. Special Reserve Fund	-	-
ii. Transfer to General Reserve	-	-
iii. Balance carried to Balance Sheet	(103.36)	(120.99)

**II. GENERAL REVIEW OF OPERATIONS :**

The downturn in the NBFC industry continued for most of the period under report, but a phase of stabilization and consolidation was witnessed in the latter part. The industry has got defined into the big players, the micro players and those with a niche market. Your Company continued to operate and consolidate its operations in its niche area. As a result of severe competition in the market for finance for new cars, your Directors moved into the segment of finance for second hand vehicles, which was more profitable and safer. Though the utilisation of funds was good, however, overall business uncertainties were a continued cause for concern. The Company has for the first time been forced to record and write off irrecoverable debts, despite its trackrecord of stringent recovery systems.

The shifting regulatory mechanisms too provided little comfort. RBI regulations continued to change, and the authorities continued to view the sector adversely. Judicial based recovery mechanisms which have been strengthened for banks were not done for the NBFC sector, despite various representations made by the industry associations. Ironically the industry which aids in savings and capital build up is being viewed with continued skepticism, due to the continued failure on the part of regulatory authorities. Demand for credit has picked up in recent months and a co-terminous effect thereof is expected to percolate down to the NBFC sector.

**III. ACCOUNTS**

On the basis of technical advice, in order to correctly reflect the wear & tear of owned assets in the revenue, the Company has changed the method of depreciation in respect of owned assets from Written Down Value Method to Straight Line Method, resulting in a comparatively short provision of Rs 7,74,458.76 in depreciation for the year. Your Directors view this as a long term change for prudent accounting.

**IV. DIVIDEND :**

In view of the erosion of the Company's networth, your Directors are unable to recommend any dividend for the year.

**V. DEPOSITS :**

As on the date of report, your Company had accepted Rs 26.96 Lakhs from its customers under lease contracts. There were no deposits which had been claimed for payment, but were unpaid as on 31st March 1999. Your Company has complied with the requirements of the Reserve Bank, for the maintenance of a minimum percentage of liquid assets.

**VI. DIRECTORS :**

Mr Ramchandran Murthy and Mr Lona Inasu, Directors, retire by rotation and being eligible offer themselves for reappointment.

**VII. AUDITORS :**

M/s Sunita Narang, Chartered Accountant, retires at the conclusion of the ensuing Annual General Meeting and has offered herself for reappointment. The Company has obtained the requisite certificate from her, for her reappointment.

**VIII. STATUTORY INFORMATION :**

The Company had no employees, drawing remuneration in excess of the limits laid out under Section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975.

The Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988, require disclosure of particulars regarding conservation of energy etc. Since the Company is not a manufacturing company, the said rules are not applicable to it. The Company had no foreign exchange earnings or outgo during the year.

**IX. Y2K COMPLIANCE :**

The Company achieved year 2000 (Y2k) Compliance for all its internal systems as of March, 1999. The cost of the Company of addressing the Y2k issue was not significant. The Company is in the process of preparing a contingency plan to reduce the risk of external agencies not meeting the required status of Y2K readiness. On the basis of internal and external risk assessment, potential risks, if any, will be identified and appropriate contingency plans will be developed. The Company does not anticipate that the Y2k issue will have a material cost and effect on the results of operations or financial condition. However, in view of the risks inherent over which the Company has no control or for which no precedents exist, the Company is unable to provide any definite assurances.

**X. ACKNOWLEDGEMENT :**

Your Directors wish to thank the Company's bankers and all other associates, for their co-operation and support during the year.

*For and on behalf of the Board of Directors*

Sd/-

(Farhang Azar)

Chairman

Bombay, dated 11th September 1999

AUDITOR'S REPORT

To the Members of,  
**Farry Industries Limited**

I have audited the attached Balance Sheet of Farry Industries Limited, as at 31st March, 1999 and the Profit & Loss Account for the year ended 31st March, 1999, annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1998 issued by the Company Law Board, in terms of Section 227 (4A) of the Companies Act, 1956. I enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable to the Company.
2. Further to my comments in the Annexure, referred to in paragraph (1) above:
  - a. I have obtained all the information and explanation which to the best of my knowledge and belief, were necessary for the purpose of my audit.
  - b. In my opinion, proper books of account as required by law, have been kept by the Company, so far as it appears from my examination of those books.
  - c. The Balance Sheet and Profit & Loss Account, dealt with by this Report are in Agreement with the Books of Accounts.
  - d. In my opinion the Profit & Loss Account and the Balance Sheet referred to in this report comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
  - e. The Company has changed the method of depreciation in respect of Owned Assets from Written Down Value Method to Straight Line Method, resulting in a short provision of depreciation by Rs 7,74,458.76 for the year and an increase in profit for the year by a similar amount.
  - f. In my opinion and to the best of my information and according to the explanations given to me, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so, required and subject to my note(s) above, 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, 1999.
    - ii. In the case of the Profit & Loss Account, of the Profit for the year ended 31st March, 1999.

For and on behalf of  
for Sunita Narang  
Chartered Accountant

Sd/-  
(Sunita Narang)  
Proprietor

Bombay, dated 11th September, 1999

**ANNEXURE TO THE AUDITOR'S REPORT  
(REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE)**

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. As informed to me, these assets have been physically verified by the management during the year and no discrepancy has been noticed between physical balance and book balance.
2. None of the fixed assets has been revalued during the year.
3. The Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, and/ or from the Companies under the same management as defined under Sub section 1(B) of Section 370 of the Companies Act, 1956.
4. The Company has not given any loans and advances to Companies, firms or any other parties listed in the register under Section 301 of the Companies Act, 1956 and/ or to the Companies under the same management as defined under Sub section 1(B) of Section 370 of the Companies Act, 1956.
5. According to the records of the Company, the parties to whom loans or advances in nature of loans have been granted are repaying the principal amount and the interest thereon, as per the stipulated terms.
6. In my opinion and according to information and explanations given to me, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regards to purchase of finished goods, plant and machinery and other assets and with regard to the sale of goods and services.
7. In my opinion and according to information and explanations given to me, there are no transactions of purchases and sales of goods and services aggregating to Rs 50,000/- or more in respect of each party during the period made in pursuance of contracts or arrangement entered in the register maintained under Section 301 of the Companies Act, 1956.
8. The Company has not accepted fixed deposits from the public and has complied with the directions of the NBFC (RBI) Directions, 1977.
9. The Company is having internal audit system, which is commensurate with the size of the Company and the nature of its business.
10. According to the records of the Company, the Company is regular in depositing Provident Fund dues with the appropriate authorities. The provisions of Employees State Insurance Act are not applicable to the Company.
11. According to the information and explanations given to me, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding for more than 6 months as at 31st March, 1999.
12. According to the records of the Company examined by me, no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
13. According to the information and explanations given to me the provisions of any special statute applicable to Chit Funds, Nidhis or Mutual Benefit Societies to do not apply to the Company.
14. The Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures or other similar securities.

For and on behalf of  
for Sunita Narang  
Chartered Accountant

Sd/-  
(Sunita Narang)  
Proprietor

Bombay, dated 11th September, 1999

**BALANCE SHEET AS AT 31ST MARCH, 1999**

PARTICULARS	SCHEDULE	AS AT 31.3.99 Rs	AS AT 31.3.98 Rs
<b>I. FUNDS EMPLOYED :</b>			
1. Shareholders Funds ...			
a. Share Capital	1	3,01,31,000.00	3,01,31,000.00
b. Reserves & Surplus	2	51,33,237.46	33,70,738.91
		<b>3,52,64,237.46</b>	<b>3,35,01,738.91</b>
2. Loan Funds ...			
a. Secured Loans	3	4,14,87,907.92	3,75,47,710.25
b. Unsecured Loans	4	62,05,088.00	91,46,639.00
		<b>4,76,92,995.92</b>	<b>4,66,94,349.25</b>
<b>TOTAL FUNDS EMPLOYED</b>		<b>8,29,57,233.38</b>	<b>8,01,96,088.16</b>
<b>II. APPLICATIONS OF FUNDS :</b>			
1. Fixed Assets	5		
a. Gross Block		2,28,91,540.45	2,21,19,251.45
b. Less : Depreciation		58,13,824.17	51,46,066.32
Less : Lease Equalisation		29,918.00	29,918.00
c. Net Block		<b>1,70,47,798.28</b>	<b>1,69,43,267.13</b>
2. Investments	6	6,30,000.00	7,30,000.00
3. Current Assets, Loans & Advances :	7		
a. Stock on hire debtors		5,59,93,841.50	5,00,05,587.33
b. Sundry debtors		51,79,575.48	80,15,470.15
c. Cash & Bank balances		24,90,023.15	31,30,381.85
d. Loans & Advances		25,71,710.00	25,18,759.00
		<b>6,62,35,150.13</b>	<b>6,36,70,198.33</b>
Less : Current Liabilities & Provisions	8		
a. Current Liabilities		16,83,267.00	18,31,738.00
b. Provisions		6,61,693.73	9,48,184.00
		<b>23,44,960.73</b>	<b>27,79,922.00</b>
<b>Net Current Assets</b>		<b>6,38,90,189.40</b>	<b>6,08,90,276.33</b>
4. Miscellaneous Expenditure (to the extent not written off or adjusted)	9	13,89,245.70	16,32,544.70
NOTES TO ACCOUNTS	11		
SIGNIFICANT ACCOUNTING POLICIES	12		
<b>TOTAL NET ASSETS</b>		<b>8,29,57,233.38</b>	<b>8,01,96,088.16</b>

The Schedules referred to above, form an integral part of the Balance Sheet.

As per my report of even date

For and on behalf of  
Sunita Narang  
Chartered Accountant  
  
Sd/-  
(Sunita Narang)  
Proprietor  
Bombay, dated 11th September 1999

For & on behalf of the Board

Sd/- ]  
Farhang Azar ]  
] Directors  
Sd/- ]  
Akhilesh Bhargava ]

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1999**

PARTICULARS	SCHEDULE	CURRENT YEAR Rs	PREVIOUS YEAR Rs
<b>INCOME</b>			
Hire Purchase Sales		5,83,28,879.00	4,28,44,277.00
Lease Rentals		6,72,518.00	2,07,58,186.90
Hire Purchase Interest		1,58,56,480.00	1,24,71,180.00
Other Income		8,73,018.50	5,91,640.52
<b>TOTAL INCOME</b>		<b>7,57,30,895.50</b>	<b>7,66,65,284.42</b>
<b>EXPENDITURE :</b>			
Hire Purchases	10	5,83,28,879.00	6,19,15,368.30
Interest		75,74,464.00	79,11,349.94
Establishment charges		9,81,572.95	8,85,964.00
Administration expenses		55,87,102.15	27,31,087.25
Depreciation		9,03,079.85	10,58,945.52
Miscellaneous Exp. Written off		2,43,299.00	2,43,299.00
<b>TOTAL EXPENDITURE</b>		<b>7,36,18,396.95</b>	<b>7,47,46,014.01</b>
<b>PROFIT BEFORE TAX</b>		<b>21,12,498.55</b>	<b>19,19,270.41</b>
PROVISION FOR TAX		3,50,000.00	3,25,000.00
<b>PROFIT AFTER TAX</b>		<b>17,62,498.55</b>	<b>15,94,270.41</b>
Balance in Profit & Loss Account brought forward		(1,20,98,960.09)	7,40,136.50
Less : Prior Period Items		-	(1,44,33,367.00)
<b>PROFIT/ (LOSS) AVAILABLE FOR APPROPRIATION</b>		<b>(1,03,36,461.54)</b>	<b>(1,20,98,960.09)</b>
<b>APPROPRIATIONS :</b>			
Special Reserve Fund		-	-
General Reserve		-	-
Loss Carried to the Balance Sheet		(1,03,36,461.54)	(1,20,98,960.09)
NOTES TO ACCOUNTS	11		
SIGNIFICANT ACCOUNTING POLICIES	12		
<b>TOTAL APPROPRIATIONS</b>		<b>(1,03,36,461.54)</b>	<b>(1,20,98,960.09)</b>

The Schedules referred to above, form an integral part of the Profit and Loss Account.

As per my report of even date

For and on behalf of  
Sunita Narang  
Chartered Accountant  
  
Sd/-  
(Sunita Narang)  
Proprietor  
Bombay, dated 11th September 1999

For & on behalf of the Board  
  
Sd/- ]  
Farhang Azar ]  
] Directors  
Sd/- ]  
Akhilesh Bhargava ]

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH, 1999**

<b>PARTICULARS</b>	<b>AS AT 31.3.99 Rs</b>	<b>AS AT 31.3.98 Rs</b>
<b>1. SHARE CAPITAL :</b>		
<b>AUTHORISED</b>		
3250000 Equity Shares of Rs 10/- each (Previous year 3250000 Equity Shares of Rs 10/- each)	3,25,00,000.00	3,25,00,000.00
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
3013100 Equity Shares of Rs 10/- each fully paid (Previous year 301 3100 equity shares) (Out of the above 600000 shares are issued as fully paid up bonus shares by capitalisation of the General Reserves)	3,01,31,000.00	3,01,31,000.00
<b>TOTAL</b>	<b>3,01,31,000.00</b>	<b>3,01,31,000.00</b>
<b>2. RESERVES &amp; SURPLUS :</b>		
<b>General Reserves ...</b>		
As per last Balance Sheet	58,91,108.40	58,91,108.40
Add : Transfer from Profit & Loss Account	-	-
<b>SUB TOTAL</b>	<b>58,91,108.40</b>	<b>58,91,108.40</b>
<b>Special Reserve Fund ...</b>		
As per last Balance Sheet	5,13,090.60	5,13,090.60
Less : Transfer from Profit & Loss Account	-	-
<b>SUB TOTAL</b>	<b>5,13,090.60</b>	<b>5,13,090.60</b>
<b>Share Premium Account ...</b>		
as per last Balance Sheet	90,65,500.00	90,65,500.00
<b>SUB TOTAL</b>	<b>90,65,500.00</b>	<b>90,65,500.00</b>
<b>Surplus/ (Loss) in Profit &amp; Loss Account</b>		
	(1,03,36,461.54)	(1,20,98,960.09)
<b>SUB TOTAL</b>	<b>(1,03,36,461.54)</b>	<b>(1,20,98,960.09)</b>
<b>TOTAL</b>	<b>51,33,237.46</b>	<b>33,70,738.91</b>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH, 1999**

PARTICULARS	AS AT 31.3.99 Rs	AS AT 31.3.98 Rs
<b>3. SECURED LOANS :</b>		
Loan from Allahabad Bank on Cash Credit Account (Secured by hypothecation of the Hire Purchase Agreements, guarantees of two Directors and equitable mortgage of the residential flat of a Director)	89,26,279.87	90,45,526.87
Loan from Bank of Rajasthan Ltd on Cash Credit Account (Secured by hypothecation of the Hire Purchase/ Lease Receivables, guarantees of two Directors and the equitable mortgage of the flat, belonging to the Company)	30,84,968.60	23,22,025.43
Loan from United Western Bank on Cash Credit Account (Secured by hypothecation of Hire Purchase/ Lease receivable, guarantees of two Directors and equitable mortgage of a residential flat and office premises, belonging to the company)	2,94,76,659.45	2,61,80,157.95
<b>TOTAL</b>	<b>4,14,87,907.92</b>	<b>3,75,47,710.25</b>
<b>4. UNSECURED LOANS :</b>		
Security Deposits from Lessees (against Lease Assets, under Lease Agreements)	26,96,783.00	68,78,957.00
Other Loans & Advances	35,08,305.00	22,67,682.00
<b>TOTAL</b>	<b>62,05,088.00</b>	<b>91,46,639.00</b>

5. FIXED ASSETS :

SCHEDULE - 5

ASSETS	RATE %	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
		BALANCE B/F	ADDITIONS	DEDUCTIONS	AS ON 31.03.99 (Rs)	UPTO 31.03.99 (Rs)	CURRENT YEAR	DEDUCTIONS	UPTO 31.03.99 (Rs)	AS ON 31.03.99 (Rs)	AS ON 31.03.98 (Rs)
<b>LEASED ASSETS :</b>											
Motor Vehicles	30.00	31,89,573.00	-	-	31,89,573.00	16,30,166.02	4,67,822.10	-	20,97,988.12	10,91,584.88	15,59,406.98
Furniture & fixtures	18.10	42,789.00	-	-	42,789.00	-	7,744.80	-	7,744.80	35,044.20	42,789.00
<b>SUB TOTAL</b>		<b>32,32,362.00</b>	<b>-</b>	<b>-</b>	<b>32,32,362.00</b>	<b>16,30,166.02</b>	<b>4,75,566.90</b>	<b>-</b>	<b>21,05,732.92</b>	<b>11,26,629.08</b>	<b>16,02,195.98</b>
<b>OWNED ASSETS :</b>											
Land	-	38,00,049.00	3,00,000.00	-	41,00,049.00	-	-	-	-	41,00,049.00	38,00,049.00
Motor Car	9.50	29,20,358.00	9,00,000.00	7,00,000.00	31,20,358.00	12,53,833.58	1,96,508.75	2,35,322.00	12,15,020.33	19,05,337.67	16,66,524.42
Furniture & fixtures	9.50	11,78,283.60	-	-	11,78,283.60	3,88,236.10	75,054.50	-	4,63,290.60	7,14,993.00	7,90,047.50
Air Conditioner	4.75	-	23,999.00	-	23,999.00	-	60.00	-	60.00	23,939.00	-
Computer Systems	16.21	-	91,500.00	-	91,500.00	-	3,332.00	-	3,332.00	88,168.00	-
Fax	4.75	-	15,400.00	-	15,400.00	-	270.50	-	270.50	15,129.50	-
Motor Bike	9.50	-	75,525.00	-	75,525.00	-	2,604.50	-	2,604.50	72,920.50	-
Office Equipments	4.75	-	57,865.00	-	57,865.00	-	845.00	-	845.00	57,020.00	-
Premises	1.63	1,09,88,198.85	-	-	1,09,88,198.85	18,73,830.62	1,48,564.20	-	20,22,394.82	89,65,804.03	91,14,368.23
Printer	16.21	-	8,000.00	-	8,000.00	-	273.50	-	273.50	7,726.50	-
<b>SUB TOTAL</b>		<b>1,88,86,889.45</b>	<b>14,72,289.00</b>	<b>7,00,000.00</b>	<b>1,96,59,178.45</b>	<b>35,15,900.30</b>	<b>4,27,512.95</b>	<b>2,35,322.00</b>	<b>37,08,091.25</b>	<b>1,59,51,087.20</b>	<b>1,53,70,989.15</b>
<b>TOTAL</b>		<b>2,21,19,251.45</b>	<b>14,72,289.00</b>	<b>7,00,000.00</b>	<b>2,28,91,540.45</b>	<b>51,46,066.32</b>	<b>9,03,079.85</b>	<b>2,35,322.00</b>	<b>58,13,824.17</b>	<b>1,70,77,716.28</b>	<b>1,69,73,185.13</b>
<b>PREVIOUS YEAR</b>		<b>6,89,27,173.92</b>	<b>22,96,539.00</b>	<b>5,36,108.00</b>	<b>2,21,19,251.45</b>	<b>1,52,99,671.55</b>	<b>10,58,945.82</b>	<b>1,56,770.51</b>	<b>51,46,066.32</b>	<b>1,69,73,185.13</b>	<b>1,66,31,634.14</b>

Note :

See Note 10 for depreciation calculation

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH, 1999**

<b>PARTICULARS</b>	<b>AS AT 31.3.99 Rs</b>	<b>AS AT 31.3.98 Rs</b>
<b>6. INVESTMENTS :</b>		
Trade Investments - Long Term - At Cost		
i. Unquoted - 27500 Equity Shares of Autoinvest Leasing & Finance (I) Pvt Ltd of Rs 10/- each (Previous year 27500 equity shares of Rs 10/- each)	2,75,000.00	2,75,000.00
ii. Quoted 2500 equity shares of United Western Bank of Rs 10/- each (Previous year 2500 equity shares of Rs 10/- each) (Market Value Rs 80,000/-)	-	1,00,000.00
iii. Government Securities ... Unquoted Indira Vikas Patra (Previous year Rs 3,55,000/-)	3,55,000.00	3,55,000.00
<b>TOTAL</b>	<b>6,30,000.00</b>	<b>7,30,000.00</b>
<b>7. CURRENT ASSETS, LOANS &amp; ADVANCES :</b>		
Loans & Advances :		
(Unsecured, Considered Good)		
Deposits	18,02,673.00	17,57,673.00
Advance Income Tax & TDS	2,67,037.00	4,67,750.00
Advances recoverable in cash or in kind or for value to be received	5,02,000.00	2,93,336.00
<b>TOTAL</b>	<b>25,71,710.00</b>	<b>25,18,759.00</b>
Cash & Bank Balance :		
Balance with Scheduled Bank		
- on Current Account	19,58,022.62	19,13,763.72
- on Fixed Deposit	75,000.00	75,000.00
Cash on hand	4,57,000.53	11,41,618.13
<b>TOTAL</b>	<b>24,90,023.15</b>	<b>31,30,381.85</b>
Stock on Hire Debtors :	5,59,93,841.50	5,00,05,587.33
(Unsecured, considered good)		
Under Hire Purchase Agreements (At cost of sales less cost repayment received)		
Amount overdue - NIL		
Sundry Debtors - lease	51,79,575.48	80,15,470.15
<b>TOTAL</b>	<b>6,11,73,416.98</b>	<b>5,80,21,057.48</b>
Debts outstanding for a period exceeding six months	-	-
Other debts	6,11,73,416.98	5,80,21,057.48

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT 31ST MARCH, 1999**

PARTICULARS	AS AT 31.3.99 Rs	AS AT 31.3.98 Rs
<b>8. CURRENT LIABILITIES &amp; PROVISIONS</b>		
<i>Current Liabilities :</i>		
Advance Hire Purchase Instalments	4,93,573.00	5,83,109.00
Advance Lease Rentals	11,89,694.00	12,48,629.00
<b>SUB TOTAL</b>	<b>16,83,267.00</b>	<b>18,31,738.00</b>
Provisions ...		
Provision for Taxation	3,50,000.00	5,21,956.00
Provision for Dividend (Inclusive of Dividend Tax)	-	18,017.50
Provision for expenses	3,11,693.73	4,08,210.50
<b>SUB TOTAL</b>	<b>6,61,693.73</b>	<b>9,48,184.00</b>
<b>TOTAL</b>	<b>23,44,960.73</b>	<b>27,79,922.00</b>
<b>9. MISCELLANEOUS EXPENDITURE :</b>		
(To the extent not written off or adjusted)		
a. Preliminary expenses ...	50,271.00	58,649.00
Less : Written off during the year	8,378.00	8,378.00
	<b>41,893.00</b>	<b>50,271.00</b>
b. Public issue expenses ...	15,47,773.70	17,76,944.70
Less : Written off during the year	2,29,171.00	2,29,171.00
	<b>13,18,602.70</b>	<b>15,47,773.70</b>
c. Deferred Revenue Expenditure ...	34,500.00	40,250.00
Less : Written off during the year	5,750.00	5,750.00
	<b>28,750.00</b>	<b>34,500.00</b>
<b>TOTAL</b>	<b>13,89,245.70</b>	<b>16,32,544.70</b>
<b>10. EXPENDITURE :</b>		
a. Interest :		
To Bank	65,28,808.00	72,48,885.94
To others	10,45,656.00	6,62,464.00
<b>TOTAL</b>	<b>75,74,464.00</b>	<b>79,11,349.94</b>
b. Establishment Charges		
Remuneration to Directors	3,40,610.00	3,02,400.00
Salaries & Wages	5,21,048.25	4,90,321.00
Provident Fund Contribution	1,16,670.00	92,179.00
Staff Welfare Expenses	3,244.70	1,064.00
<b>TOTAL</b>	<b>9,81,572.95</b>	<b>8,85,964.00</b>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 1999**

PARTICULARS	CURRENT YEAR Rs	PREVIOUS YEAR Rs
<u>c. Administration &amp; Other Charges</u>		
Professional Charges	62,850.00	1,31,600.00
Printing & stationery	90,815.50	91,011.35
Electricity	1,03,362.00	1,17,047.00
Travelling & Conveyance	1,16,039.55	1,65,219.34
Office Expenses	27,859.00	22,510.65
Motor Car Expenses	86,667.00	90,308.00
Repairs & Maintenance	3,54,827.00	1,60,210.00
Telephone expenses	1,77,379.03	1,13,955.87
Books & periodicals	8,319.00	14,881.00
Postage & telegram	6,519.00	22,822.00
Sales Tax	-	100.00
Insurance	35,772.00	5,586.00
Auditor's Remuneration :		
For Audit	13,000.00	13,000.00
For Tax Audit	3,000.00	3,000.00
Lease Rent	-	94,822.00
Legal Expenses	4,800.00	-
Sales Promotion	1,06,407.21	1,79,218.79
Advertisement & Publicity	37,780.00	20,420.00
Commission & Brokerage	11,06,448.00	5,45,486.00
Misc. Write offs	23,58,494.00	1,49,410.00
Misc. Expenses	33,332.50	33,048.25
Membership & subscription	1,120.00	11,500.00
Donation	1,500.00	-
Sales Promotion	-	36,050.00

**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH, 1999**

PARTICULARS	CURRENT YEAR Rs	PREVIOUS YEAR Rs
Stamping charges	66,090.00	1,08,698.00
Profession Tax	1,500.00	3,000.00
Diwali Expenses	-	1,150.00
Recovery charges	2,40,185.00	1,64,020.00
Misc. Expenses	25,609.00	14,000.00
Octroi Charges	-	11,074.00
Share Transfer Fees	35,561.00	85,228.00
Courier Charges	11,069.00	-
Custom Duty	6,999.00	-
Income Tax	1,000.00	-
Loss on sale of shares	26,125.00	-
Loss on sale of car	14,678.00	-
Rent & Society charges	1,75,865.75	1,44,039.15
Bank charges	2,46,129.61	1,78,671.85
<b>TOTAL</b>	<b>55,87,102.15</b>	<b>27,31,087.25</b>

**SCHEDULE 11 : NOTES TO ACCOUNTS**

1. Claims against the Company not acknowledged as debts (Previous Year - NIL)
2. Estimated amount of contracts remaining to be executed on capital and not provided for Purchase of land ... Amount not ascertainable (Previous Year - NIL)
3. In the opinion of the Board of Directors, Current Assets, Loans and Advances are recoverable at the values at which they have been stated.
4. Previous year's figures have been regrouped/ rearranged, wherever necessary.
5. There are no employees during the year, drawing salary in excess of the amount stipulated as per the provisions of section 217(2A) of the Companies Act, 1956.
6. The particulars of remuneration, paid to the Managing Director are as follows :

	<b>for the year ended 31.3.99</b>	<b>for the year ended 31.3.98</b>
	(Rs)	(Rs)
a. Salaries	2,31,000.00	3,02,400.00
b. Contribution to P.F.	30,000.00	36,000.00



**SCHEDULE 12 : SIGNIFICANT ACCOUNTING POLICIES**

**1. GENERAL :**

The financial statements are prepared on the basis of historical cost convention and confirm to the statutory provisions and practices prevailing in the industry.

**2. INCOME RECOGNITION :**

- a. Income arising out of lease and hire purchase transactions are accounted for on accrual basis as per the terms of the agreement entered into with the parties from time to time.
- b. Dividend declared till close of the accounting year are accounted for as income.
- c. In respect of other heads on income the Company follows the practice of accounting of such income on accrual basis.

**3. EXPENSES :**

Expenses are accounted for on accrual basis and provisions made for all known liabilities and losses based on the available information.

**4. FIXED ASSETS :**

Fixed Assets are stated at cost less accumulated depreciation.

**5. DEPRECIATION :**

Depreciation is provided as per the provisions of Schedule XIV to the Companies Act, 1956 on the following basis :

On Lease Assets - Written Down Value Method (WDV)

On Owned Assets - Straight Line Method (SLM)

Terminal Depreciation is charged, in the year of disposal of assets, wherever applicable.

**6. INVESTMENT :**

Investments are stated at cost.

**7. MISCELLANEOUS EXPENDITURE :**

- a. The one time expense incurred and management fees earned, at the time of execution of Lease/ Hire Purchase Agreements are charged to revenue, in the year of execution itself, as they are deemed to accrue then itself.
- b. The Hire Purchase Assets are sold at cost itself and interest is charged to the HP Debtors as per the terms of the Hire Purchase Agreement.
- c. The Hire Purchase Debtors are accounted for at cost only and the outstanding balances therein, reflect the cost of the Hire Purchase sales, yet to be recovered.



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 1999  
(Pursuant to amended to Clause 32 of the Listing Agreement)**

	31st MARCH, 1999 (Rs. in Lakhs)	31st MARCH, 1998 (Rs. in Lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax and Extraordinary Items	21.12	19.19
Adjustments for :		
Depreciation	9.03	10.89
Foreign Exchange	-	-
Investments	-	-
Interest/ Dividend	-	-
Operating Profit before Working Capital Charges	30.15	30.08
Adjustments for :		
Trade and Other Receivables	(31.97)	(173.53)
Inventories	-	-
Trade Payables	(4.35)	25.53
Cash Generated from operations	(6.17)	(117.92)
Interest Paid	-	-
Direct Taxes Paid	(3.50)	(3.25)
Cash Flow before Extraordinary Items	(9.67)	-
Extra Ordinary Items	-	144.33
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(9.67)</b>	<b>23.16</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	14.72	22.97
Sale of Fixed Assets	(7.00)	(5.36)
Acquisition of Companies	-	-
Purchase of Investments	-	-
Sale of Investments	(1.00)	-
Interest Received	-	-
Dividend Received	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(6.72)</b>	<b>(17.61)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from Issue of Share Capital	-	-
Proceeds from Long Term Borrowing	9.99	14.69
Repayment of Finance Lease Liabilities	-	-
Dividend Paid	-	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>9.99</b>	<b>14.69</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents as at (Opening Balance)	31.30	11.06
Cash and Cash Equivalents as at (Closing Balance)	24.90	31.30

