

**21<sup>st</sup> ANNUAL REPORT**

**2010–2011**

**BOARD OF DIRECTORS**

Mr. Farhang Azar	Chairman & Managing Director
Ms. Gulshan Azar	Director
Mr. Mahesh R. Jethva	Independent Director
Mr. Hemang N. Sampat	Independent Director

**AUDITORS**

**AMD & Co.**  
Chartered Accountant

**BANKERS**  
**IDBI BANK LIMITED**

**REGISTERED OFFICE**

289/2 Kalpatru Soc., "B" Bldg., Office No. 15,  
Timber Market Road, Above Karing Hospital,  
Ghorpade Peth, Pune – 411 042

**CUSTODIAN, REGISTRAR & TRANSFER AGENTS**

M/s Sharex (India) Private Limited  
17/B, Dena Bank Building,  
2<sup>nd</sup> Floor, Horniman Circle,  
Fort, Mumbai – 400 001.

**NOTICE**

Notice is hereby given that the 21<sup>st</sup> Annual General Meeting of Farry Industries Limited will be held on Wednesday, the 28<sup>th</sup> September, 2011, at 1.00 p.m., at the Registered Office of the Company at 289/2 Kalpataru Soc., "B" Bldg., Office No. 15, Timber Market Road, Above Karing Hospital, Ghorpade Peth, Pune -411042, to transact the following business:

**ORDINARY BUSINESS:**

To review, consider and adopt the Profit & Loss Account for the year ended 31<sup>st</sup> March, 2011, the Balance Sheet as on that date and the reports of the Directors and the Auditors thereon.

To appoint a Director in the place of Mr. Farhang Azar, who retires by rotation and being eligible offers himself for re-appointment.

To appoint Auditors, to hold the office from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting.

For and on behalf of Board of Directors

Place : Pune

Date : 30<sup>th</sup> July, 2011

Sd/-

Mr. Farhang Azar

Chairman & Managing Director

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company, will remain closed from Wednesday, the 21<sup>st</sup> September, 2011 to Wednesday, the 28<sup>th</sup> September, 2011 (both days inclusive), in terms of the provision of Section 154 of the Companies Act, 1956.

3. Members desirous of getting any information about the accounts of the Company are requested to send their queries so as to reach atleast 10 days before the meeting at the Registered Office of the Company, so that the information required can be made readily available at the meeting.
4. Members are requested to intimate change in their address immediately to the Investor Relations Department of the Company.
5. The Shareholders are requested to send their request for D-mat of shares to our Depository Participant M/s. Sharex (India) Pvt. Ltd., 17/B, Dena Building, 2<sup>nd</sup> Floor, Horniman Circle, Fort, Mumbai 400 021, or to the Company's registered office to our Investors' Relations Department.
6. Share Transfer Documents and all correspondence relating thereto, should be addressed to the Investors Relations Department, at the Registered Office of the Company.
7. Shareholders holding shares in the same set of names under different folios are requested to apply for consolidation of such folios along with relevant Share Certificates to Investors' Relations Department, at the Registered Office of the Company.
8. Members are requested to bring copies of Annual Report to the Annual General Meeting.
9. The members/proxies should bring the attendance slip duly filed in and signed for attending the meeting.
10. Members are requested to quote Ledger Folio Number in their correspondence.

For and on behalf of Board of Directors

Place : Pune

Sd/-

Date : 30<sup>th</sup> July, 2011

Mr. Farhang Azar

Chairman & Managing Director

**REGISTERED OFFICE :**

289/2 Kalpatru Soc., "B" Bldg.,  
Office No. 15, Timber Market Road,  
Above Kering Hospital, Ghorpade Peth,  
Pune – 411 042

**DIRECTORS' REPORT:**

To the Members,

Your Directors have pleasure in presenting the 21<sup>st</sup> ANNUAL REPORT, for the year ended 31<sup>st</sup> March, 2011.

**I. FINANCIAL RESULTS :**

(Rupees in lacs)

	<b><u>CURRENT YEAR</u></b>	<b><u>PREVIOUS YEAR</u></b>
Income from Operations	25.02	37.46
Profit before Depreciation & Tax	3.13	3.00
Provision for Depreciation	3.48	4.31
Less : Provision for Taxation	1.35	1.25
Profit After Taxation	6.35	2.03
Balance Brought Forward	(84.91)	(86.95)
Profits Available for Appropriations	(91.26)	(84.91)
<b><u>PROPOSED APPROPRIATIONS :</u></b>		
i) Special Reserve Fund	-	-
ii) Balance Carried to Balance Sheet	(84.91)	(86.95)

**II. GENERAL REVIEW OF OPERATIONS :**

The Indian Economy during the year displayed distinct signs of strong long term growth. The enquiry for credit and the demand for funds thus also registered a noticeable increase. The banks and financial institutions also reported a smart increase in the credit offtake. The demand for funds was thus high. Despite the rising demand for funds the interest rates remain relatively subdued affected the profits of Banks and NBFCs and thus profits of finance companies were relatively low. The company was able to conduct safe and secured business but volumes were low because a large part of demand for finance was at a very low rate of interest and such business had to be foregone by the company. The company also continues to face severe competition from banks and financial institutions who offer credit at very low rates of interest. In fact our competitors are seeking to enter every niche of business with large funds at their disposal. In view of such fierce competition, your directors are making the necessary efforts to yet attract the newer business by easy and quick but secured finance to customers. The Indian economy continues to be on a strong footing and is poised to achieve a big time growth. The company is confident of meeting its performance aided by such credit in the economy.

**III. DIVIDEND :**

In order to conserve the resources, your Directors are unable to declare any dividends.

**IV. DEPOSITS :**

The Company has not taken any deposits from the public. The deposits under finance contractual obligations have been received and refunded in the routine course of business. There were no deposits which were claimed for repayment but were unpaid as at 31<sup>st</sup> March, 2011. The company has complied with all the requirements of the Reserve Bank of India in respect of receipt of deposits and maintenance of minimum percentage of liquidity assets.

**V. REGULATORY GUIDELINES :**

Your Company has fully complied with the requirements of the prudential norms prescribed by the Reserve Bank of India, in respect of provisioning requirements, capital adequacy, asset classifications and restriction on concentration of credit and investments. Your Company is registered with the Reserve Bank of India as a Non Banking Finance Company in the category of Equipment Lease and Hire Purchase Company. The Registration No. is 13.00906 dated 26<sup>th</sup> May, 1998.

**VI. DIRECTORS :**

Mr. Farhang Azar, Managing Director, retire by rotation and being eligible offer himself for reappointment.

**VII. SECRETARIAL AUDIT REPORT:**

The Company has obtained Compliance Certificate from a Company Secretary in whole time practice pursuant to section 383A of the Companies Act, 1956 and is form part of the Balance Sheet.

**VIII. AUDITORS :**

M/s. Arvind Darji Associates, Chartered Associates, the retiring Auditors have expressed their willingness to be re-appointed. It has been proposed to reappoint M/s. Arvind Darji Associates, Chartered Accountants as Auditors of the Company. The Company has received a Certificate from them that they are qualified under Section 224 (1) of the Companies Act, 1956 for appointment as Auditors of the Company. Members are requested to consider their appointment at a remuneration to be decided by the Board of Directors for the Financial year ending March 31, 2012 as set out in the Notice convening the Meeting.

**IX. AUDITORS REMARKS:**

The remarks of the auditors are self explanatory in nature and need no further clarification.

**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.

**IX. CORPORATE GOVERNANCE:**

The Company though not yet mandatorily require to comply with the provisions laid down in the Listing Agreement on corporate governance, has adhered to strict levels of corporate governance and management.

**X. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors subscribe to the 'Directors Responsibility Statement' and confirm that:-

- In the preparation of the annual accounts, the applicable accounting standards have been followed, alongwith proper explanation relating to material departures.
- 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.
- 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.
- The Directors have prepared the annual accounts on a going concern basis.

**XI. 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 Board of Directors

Place : Pune

Date : 30<sup>th</sup> July, 2011

Sd/-

Mr. Farhang Azar

Chairman & Managing Director

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Your Directors have pleasure in presenting the Management Discussion and Analysis report for the year ended on 31<sup>st</sup> March 2011.

**INDUSTRY STRUCTURE AND DEVELOPMENT-**

During the year under review, the Indian economy continued to be resilient with an estimated GDP growth rate of 8.6%. This growth has been on the back of an above normal monsoon and a robust services sector that continued to be the bedrock of the Indian economy. As at March 31, 2011, year-on-year bank credit growth was strong at 21% while year-on-year deposit growth was lower at 16 %. In FY 2010-11, foreign institutional investor (FII) inflows remained buoyant at USD 30 billion. Inflation continued to be one of the key concerns for the economy, particularly food inflation, which remained in the double digit range during the year. The rising price of crude oil prices and other commodities also contributed to higher inflation. During FY 2010-11, India's central bank, the Reserve Bank of India, increased the repo rate by 175 basis points to 6.75% and the reverse repo by 225 basis points to 5.75% to anchor inflationary expectations.

The company is an NBFC Company. The growth of economy is a key infrastructure backbone of the country; need to grow faster than the average growth of the economy, however because of substantial investment the growth of the sector is not up to the expected level.



**OPPORTUNITIES, THREATS AND RISKS****Opportunities**

- Low retail penetration of financial services/ products in India
- Tremendous brand strength and extensive distribution reach
- Opportunity to cross sell services
- Increasing per-capita GDP
- Changing demographic profile of the country in favor of the young

**Threats**

- Competition from local and multinational players
- Execution risk
- Regulatory changes
- Attraction and retention of human capital

**Risks**

Any slowdown in economic growth in India could cause the business of the Company to suffer. While the Indian economy has shown sustained growth over the last several years, the growth in industrial production has been variable. Any slowdown in the Indian economy and particularly in the demand for housing and infrastructure, could adversely affect the Company's business. Similarly, any sustained volatility in global commodity prices, including a significant increase in the prices of oil and petroleum products, could once again spark off a new inflationary cycle, thereby curtailing the purchasing power of financial products by consumers. RCL manages these risks by maintaining a conservative financial profile and following prudent business and risk management practices.

**SEGMENTWISE PERFORMANCE:**

The company operates into one segment only.

**ADEQUACY OF INTERNAL CONTROL:**

Considering the size and nature of business, the Company has adequate Internal Control System covering both accounting and administrative control. In addition the internal audit is

carried out periodically. The management is ensuring an effective internal control system so that the financial statements and reports give a true and fair view.

**HUMAN RESOURCES / INDUSTRIAL RELATION:**

The morale of the employees remained high. The organization culture and the commitment of the Company to its people reflect in the motivation levels and the acknowledgement of its employees.

**FUTURE OUTLOOK:**

India's GDP growth is expected to consolidate at 8 per cent in financial year 2011-12 compared to 8.5 per cent in financial year 2010-11 on account of continued tightening by RBI to manage inflation. But medium term prospects remain positive due to robust expansion in private services, strong consumption in both rural and urban sectors, acceleration in export demand and strong investment pipeline with emphasis on infrastructure. In the short term, outlook may turn cautious and growth may disappoint if oil price remain high, interest rates and inflation remain sticky. Higher cost of financing might lower capital expenditure and delay expansion plans of companies. Consumer demand, that has remained robust till now, may also get impacted as interests on auto loans, personal loans, educational loans, housing loans will increase.

**CAUTIONARY STATEMENT:**

Statement in the Management Discussion and Analysis describing the Company's objectives, expectations, estimates or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in Government regulations, tax laws, economic developments within the country and other incidental factors. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis, of any subsequent developments, events or information.

**CORPORATE GOVERNANCE REPORT****Company's Philosophy on Corporate Governance :**

The Company's philosophy is to aim at the highest levels of quality management through transparency and commitment to all the shareholders viz. its shareholders, employees, Government, lenders and the promoters.

**Board of Directors :**

The Board of Directors provides the strategic direction and thrust to the operations of the Company. The Board has a Managing Director and three other Directors.

**Board procedures :**

The Chairman prepares the agenda in consultation with the Board of Directors and the Chairman of the various committees. The agenda for the meetings of the Board and its Committees, together with the appropriate supporting documents, are circulated well in advance of the meetings. The meetings are generally held in Pune.

**Attendance at Board Meeting :**

During the year under review, the Board of Directors met 6 times on 30.04.2010, 06.05.2010, 10.06.2010, 31.07.2010, 30.10.2010 & 10.02.2011

The attendance record of the Directors at each Board meeting, and the last Annual General Meeting held on 30<sup>th</sup> September, 2010 is given below:

Name of Director	Type of Director	Board Meeting Attended	AGM Attended	No. of Committee Members held (excl. Private Cos.)	No. of outside Directorships Held (excl. Private Cos.)
Farhang Azar Chairman & Managing Director	Promoter Director	6	Yes	NIL	NIL
Gulshan Azar Director	Promoter Director	6	Yes	NIL	NIL
Mahesh Jethva Director	Non-Executive / Independent Director	6	Yes	1	1
Hemang Sampat Director	Non-Executive / Independent Director	6	Yes	2	4

**Audit Committee :**

The Audit Committee consists of one Chairman, Promoter Director and two Non- Executive Directors viz.

Sl. No.	Name	Category of Membership
1.	Farhang Azar	Chairman
2.	Gulshan Azar	Member
3.	Hemang Sampat	Member

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the stock exchanges.

During the year under review, the committee met 4 times on 30.04.2010, 31.07.2010, 30.10.2010, 31.01.2011.

The Attendance of Directors at the Audit Committee Meetings held during the year ended 31<sup>st</sup> March 2011 is given below:

Sl. No.	Name	Meetings Held	Meetings Attended
1.	Farhang Azar	4	4
2.	Gulshan Azar	4	4
3.	Hemang Sampat	4	4

Shareholders/Investors Grievance and Share Transfer Committee consist of two Independent Directors and one Executive Director viz.

Sl. No.	Name	Category of Membership
1.	Farhang Azar	Chairman
2.	Hemang Sampat	Member
3.	Mahesh Jethva	Member

The Committee oversees the performance of share transfer and recommends measures to improve the shareholders/investors service. Mr. Farhang Azar is the Compliance officer. During the Financial Year ended 31<sup>st</sup> March, 2011.

The Attendance of Directors at the Shareholders/Investors

Sl. No.	Name	Meetings Held	Meetings Attended
1.	Farhang Azar	4	4
2.	Mahesh Jethva	4	4
3.	Hemang Sampat	4	4

#### **Remuneration Committee :**

The Remuneration Committee comprise of three Directors viz:

Sl. No.	Name	Category of Membership
1.	Hemang Sampat	Chairman
2.	Mahesh Jethva	Member
3.	Farhang Azar	Member

The terms of reference of the Remuneration Committee are as per the guidelines set out in the Listing Agreement with the stock exchanges that include determination of the Company's policy on specific remuneration packages for Directors.

The Directors are paid remuneration as below.

Sl. No.	Name	Amount
1.	Farhang Azar	177611.00
2.	Gulshan Azar	N.A.
3.	Hemang Sampat	N.A.
4.	Mahesh Jethva	N.A.

The Non-executive Directors are neither paid any commission nor any sitting fees for attending a meeting of the Board or Committee thereof.

No Remuneration Committee Meeting held during the year ended 31<sup>st</sup> March 2011:

**General Body Meetings :**

The particulars of Annual General Meetings held during the last three years are as under :

Year	Date and Time	Venue
2010	30th September, 2010 at 10.30 A.M.	289/2 Kalpatru Soc., "B" Bldg., Office No. 15, Timber Market Road, Above Karing Hospital, Ghorpade Peth, Pune – 411 042
2009	30th September, 2009 at 10.30 A.M.	289/2 Kalpatru Soc., "B" Bldg., Office No. 15, Timber Market Road, Above Karing Hospital, Ghorpade Peth, Pune – 411 042
2008	30th September, 2008 at 10.30 A.M.	289/2 Kalpatru Soc., "B" Bldg., Office No. 15, Timber Market Road, Above Karing Hospital, Ghorpade Peth, Pune – 411 042

The particulars of Extra-Ordinary General Meetings held during the last three years are as under :

<b>Year</b>	<b>Date and Time</b>	<b>Venue</b>
2010	-- N.A.--	-- N.A.--
2009	-- N.A.--	-- N.A.--
2008	-- N.A.--	-- N.A.--

No special resolutions were passed by the Company necessitating postal ballot during the year.

**Disclosures :**

- a. Related Party Transactions: Disclosure on transaction(s) with related party as required under Accounting Standard 18 has been incorporated in the Notes to the Accounts.
- b. There have been no instances of non-compliance with Stock Exchange (except those related to furnishing of quarterly results, reports and related communication) or SEBI regulations, nor any cases of penalties or strictures imposed by any Stock Exchange or SEBI or any statutory authority for any violation related to Capital Markets during the last three years.
- c. The Company has complied with the requirements of the Listing Agreement with the Stock Exchanges as well as with the Regulations of the Securities and Exchange Board of India, subject to note (b) above.
- d. Our risk management procedures ensure that the management control risks through means of a properly defined framework.
- e. Our whistle blower policy encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personnel action. The Company's personnel have not been denied access to the Audit Committee.



**Management discussion and Analysis Report :**

The Management Discussion and Analysis (MDA) giving an overview of the Company's business and its financial etc. is provided separately as part of this Annual Report.

**Code of Conduct :**

The code of Conduct for all the members of the Board and senior management of the Company has been prepared.

**Shareholders' Information :**

- |                                  |                                                                                                                                                                                                 |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. Annual General Meeting</b> | Date: 28 <sup>th</sup> September, 2011<br>Time: 1.00 P. M.<br><br>Venue : 289/2 Kalpatru Soc., "B" Bldg., Office No. 15, Timber Market Road, above Kering Hospital Ghorpade Peth, Pune - 411042 |
| <b>2. Book Closure Date</b>      | Wednesday, September 21, 2011 to Wednesday, September 28, 2011 (both days inclusive)                                                                                                            |
| <b>3. Financial Calendar</b>     | April, 2011 to March, 2012                                                                                                                                                                      |

Results for the quarter ending June 30, 2011	By 15 <sup>th</sup> August, 2011 (tentative)
Results for the quarter ending September 30, 2011	By 15 <sup>th</sup> November, 2011 (tentative)
Results for the quarter ending December 31, 2011	By 15 <sup>th</sup> February, 2012 (tentative)
Results for the quarter ending 31 <sup>st</sup> March, 2012	By 15 <sup>th</sup> May, 2012 (tentative)
Annual General Meeting for financial year 31 <sup>st</sup> March, 2012	On or before 30 <sup>th</sup> September, 2012 (tentative)

**4. Listing of Shares on Stock Exchanges**

The Equity Shares of the Company are listed on the Bombay Stock Exchange Limited, Delhi Stock Exchange Limited & Ahmedabad Stock Exchange Limited.

Stock Code : BSE 531252

The ISIN No. is INE720D01019

**5. Status of Listing Fees**

The Company has paid Listing Fees for the year 2011-12 to the Bombay Stock Exchange Limited.

**6. Stock Price Data**

The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited is as follows: Company's Share

<u>Month</u>	<u>High (Rs.)</u>	<u>Low (Rs.)</u>
April 2010	-	-
May 2010	-	-
June 2010	-	-
July 2010	40.00	15.20
August 2010	40.00	13.70
September 2010	30.45	16.10
October 2010	40.60	26.25
November 2010	29.90	24.20
December 2010	27.70	20.00
January 2011	25.15	22.70
February 2011	24.65	20.65
March, 2011	29.65	21.05

**7. Shareholding Pattern as on 31.03.2011**

<b>Category</b>	<b>No. of Shares</b>	<b>Percentage</b>
Promoters and Persons acting in concert	19,57,872	64.98%
Mutual Funds	-	-
Financial Institutions/Banks	-	-
Foreign Institutional Investors	-	-
Private Corporate Bodies	77,295	2.56%
Public	9,77,933	32.46%

NRI's	-	-
Clearing Members		
<b>TOTAL</b>	<b>3013100</b>	<b>100</b>

#### 8. Distribution Schedule As On 31.3.2011

Holding of nominal value of Rs. (No. of Shares)	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Upto 100	120	9.32	9131	.30
101 to 200	153	11.89	28284	.94
201 to 500	454	35.28	157004	5.21
501 to 1000	395	30.69	275384	9.14
1001 to 5000	138	10.72	260017	8.63
5001 to 10000	13	1.01	94806	3.15
10001 to 100000	12	.93	230602	7.65
100001 & above	2	.16	1957872	64.98
<b>Total</b>	<b>1287</b>	<b>100.00</b>	<b>3013100</b>	<b>100.00</b>

#### 9. Percentage of Shares held in physical & dematerialized form:

As on 31<sup>st</sup> March 2011, 14.83% of Shares was held in dematerialized form and the rest

85.17% in physical form.

The ISIN Number of Company is "INE720D01019"

**10. Address for Correspondence with Contact Information Compliance Officer:**

Mr. Farhang Azar

(Compliance Officer)

FARRY INDUSTRIES LIMITED

289/2 Kalpatru Soc., "B" Bldg., Office No. 15,

Timber Market Road, Above Karing Hospital,

Ghorpade Peth, Pune – 411 042

**11. Address of Registrar & Share Transfer Agents:**

Unit:- Farry Industries Limited

Sharex Dynamic (India) Pvt. Ltd.

17/B, Dena Bank Building,

Fort, Mumbai – 400 001

Ph: 22702485, 22641376

Fax: 22641349

Email: sharexindia@vsnl.com

**12. COMPLIANCE**

A certificate has been obtained from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance and is attached to this report.

**For And On Behalf Of Board of Directors**

Sd/-

**Date: 30<sup>th</sup> July, 2011**

**Farhang Azar**

**Place: Pune**

**Chairman & Managing Director**

**DECLARATION ON CODE OF CONDUCT**

To,

The Member of

**Farry Industries Limited**

Pursuant to Clause 49 I (D) of the Listing Agreement entered into with the Bombay Stock Exchanges Limited, I, hereby declare that to the best of my knowledge and belief, all the members of the Board of Directors and the designated personnel in the senior management of the Company have affirmed compliance with the Code of Conduct for the financial year ended 31<sup>st</sup> March 2011.

**For And On Behalf Of Board of Directors**

**Sd/-**

Date: 30<sup>th</sup> July, 2011

**Place: Pune**

Farhang Azar

Chairman & Managing Director

**CEO/CFO CERTIFICATION TO THE BOARD****(Under Clause 49(V) of Listing Agreement)**

I, Mr. Farhang Azar, Managing Director of Farry Industries Limited Certify that --

I have reviewed the financial statements and the cash flow statement for the year 2010-2011 and that to the best of our knowledge and belief:

- i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year 2010-2011 which are fraudulent, illegal or violative of the Bank's code of conduct;
- c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Bank and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee –
- i) Significant changes in internal control over the financial reporting during the year 2010-2011
  - ii) Significant changes in accounting policies during the year 2010-2011 and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Bank's internal control system over the financial reporting.

For and behalf of the Board of Directors

*Farry Industries Limited*

*Sd/-*

*Mr. Farhang Azar*  
**Managing Director**

Date: 30<sup>th</sup> July, 2011

Place: Pune

**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To,

The Members

Farry Industries Limited

Pune

We have examined the compliance of conditions of Corporate Governance by Farry Industries Limited for the year ended on 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our Examination was limited to the procedures and implementation thereof, adopted by the Company to ensure Compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the company has complied with the conditions of the Corporate Governance as stipulated in the above-mentioned Listing Agreement under the clause 49 except that, the website designing and posting of necessary information of the listing requirements on the company's website is not done. However, though it has been explained to us the management of the company is committed to be persistent in their efforts to ensure that these conditions are also fulfilled at the earliest.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Chartered Accountants

Sd/-

**(Arvind M Darji)**

Place: Mumbai

Date: 30<sup>th</sup> July, 2011

Membership No. 41748

**FARRY INDUSTRIES LIMITED**

**(Pursuant to Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 1998)**

To,  
The Board of Directors

We have audited the attached Balance Sheet of Farry Industries Ltd as at March 31, 2011 and the Profit and Loss account and the Cash Flow Statement for the year ended on that date annexed thereto.

Further to our audit report of even date issued under section 224 of the Companies Act, 1956, as required by the Non-Banking Financial Companies Auditors Report (Reserve Bank) Directions, 1998, we provide below a statement on matters specified in paragraph 3 of the said Directions.

1. The Company has obtained certificate of registration as required under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) on 26<sup>th</sup> May, 1998 having Registration No 13.00906.
2. The Board of Directors has passed a resolution in their meeting held on April 30, 2010 for the non-acceptance of any public deposits.
3. The company has not accepted any public deposits during the period under review.
4. The company has complied with the prudential norms relating to income recognition, assets classification, accounting standards and provisioning for bad and doubtful debts during the year ended March 31, 2011.

For AMD & CO  
Chartered Accountants  
Firm Registration No 130247W

Sd/-  
Arvind M Darji  
Partner  
Membership No 41748

Mumbai, 30<sup>th</sup> July 2011







	(b) Preference	
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-
	2. <u>Unquoted</u> :	
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-

(6)	<b>Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :</b>			
	Please see Note 2 below			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	1. Related Parties **			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	15.28	15.28
	2. Other than related parties	-	620.17	620.17
Total		635.45	635.45	
(7)	<b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :</b>			
	Please see Note 3 below			
	Category	Market Value / Break up or fair value or NAV		Book Value (Net of Provisions)
		Market Value	NAV	
1. Related Parties **				

	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
	2. Other than related parties			
	Quoted		-	
	Unquoted	-	-	-
	Total	-	-	-
**	As per Accounting Standard of ICAI (Please see Note 3)			

**(8) Other Information**

Particulars		Amount
(i)	Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	-
(ii)	Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	-
(iii)	Assets acquired in satisfaction of debt	-

**Notes:**

- 1 As defined in Paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- 2 Provisioning norms shall be applicable as prescribed in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- 3 All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

**AUDITORS' REPORT****TO THE MEMBERS OF FARRY INDUSTRIES LIMITED**

We have audited the attached Balance Sheet of **FARRY INDUSTRIES LIMITED** as at 31st March 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In accordance with the provisions of Section 227 of the Companies Act, 1956, we report that:

1. As required by the Companies (Auditor's Report) Order, 2003 and as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 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 the paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
  - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956, to the extent applicable;

- e) on the basis of written representations received from the directors of the Company as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956; and
- f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with Significant Accounting Policies and Notes on Accounts in Schedule 12 appearing thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
  - ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
  - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For AMD & CO  
Chartered Accountants  
Firm Registration No 130247W

Sd/-  
Arvind M Darji  
Partner  
Membership No 41748

Mumbai, 30<sup>th</sup> July 2011

**ANNEXURE TO THE AUDITORS' REPORT**

With reference to the Annexure referred to in paragraph 1 of the Auditors' Report to the members of FARRY INDUSTRIES LIMITED on the accounts for the year ended on March 31, 2011 we report that:

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management, in accordance with a phased programme of verification which, in our opinion, is reasonable, considering the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off any part of the fixed assets.
- ii) The Company is a non-banking finance company and does not hold any inventories. Accordingly, reporting on paragraph 4(ii)(a), (b) and (c) of the Order is not applicable.
- iii) a) The Company had granted unsecured loans to two parties covered in the register maintained under section 301 of the Companies Act, 1956 in an earlier year. The aggregate maximum amount during the year is Rs 15,28,190/- and the outstanding amount at the balance sheet date of such loans is Rs 15,28,190/-.
- b) In our opinion, the terms and conditions on which the loan has been given are *prima facie* not prejudicial to the interest of the Company.
- c) There is no stipulation as regards payment of principal amounts.
- d) In respect of the said loans, since there is no stipulation as regards payment of principal amount, the question of overdue amounts does not arise.
- e) In respect of the loans given by the company, these are recoverable on demand and therefore the question of Company taking steps for recovery of the principal and interest does not arise.
- f) The Company has taken any unsecured loans from three parties covered in the register maintained under section 301 of the Companies Act, 1956. The Maximum amount involved during the year was Rs 32,08,734/- and the year end balance of loans taken from such parties was Rs 32,08,734/-

- g) In our opinion, the terms and conditions on which the loan has been given are *prima facie* not prejudicial to the interest of the Company.
- h) There is no stipulation as regards payment of principal amounts and interest.
- iv) The Company did not purchase any inventory or sell any goods during the year. With regard to sale of services and purchase of fixed assets, based on information and explanations given to us and in our opinion, there are adequate internal control systems commensurate with the size of the Company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct weakness in the aforesaid internal control system.
- v) a) On the basis of the audit procedures performed by us, and according to the information and explanations given to us, we are of the opinion that the Company has entered particular of all contracts or arrangements in which directors were interested, and which are required to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- b) In our opinion and according to the information and explanations given to us, the Company does not have any transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year.
- vi) The Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.
- vii) The Company does not have formal internal audit system. Internal audit is carried out by in house staff. ***In our opinion, there is a scope for further improvement in the internal audit system.***
- viii) The clause relating to maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 is not applicable.
- ix) According to the information and explanation given to us in respect of statutory and other dues:
- a) The Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth-tax, Custom Duty, Excise Duty, Cess, Service tax and any other material statutory dues, wherever applicable, with the appropriate authorities during the year.
- b) No undisputed amount payable in respect of Income tax, Wealth tax, Sales tax, Customs duty, Excise duty and Service tax were outstanding as at 31<sup>st</sup> March, 2011 for a period of more than



six months from the date they became payable. We have been informed that the provisions of the Investor Education and Protection Fund, Employees State Insurance Act, Sales Tax, Custom Duty and Excise Duty are not applicable to the Company for the year.

- c) According to the information and explanation given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- x) In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. The Company has not incurred cash loss during the financial year covered by our audit.
- xi) To the best of our knowledge and belief and according to the information and explanations given to us, the company has not availed of any loans from financial institutions or banks and has not issued debentures.
- xii) According to the information and explanation given to us, the company has not granted any loans and advances on the basis of security by way of pledge of share, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company. Accordingly, reporting on paragraph 4(xiii) of the Order is not applicable.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- xvi) The Company has not availed any term loans during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and other records of the Company, we report that no funds raised on short-term basis have been used for long-term purposes. No long-term funds have been used to finance short-term assets except permanent working capital.
- xviii) The Company has not made any preferential allotment of shares during the year.
- xix) The Company has not issued any debentures during the year.

- xx) The Company has not raised any money by public issues during the year. Consequently, provisions of paragraph 4(xx) of the Order are not applicable.
  
- xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the course of our audit.

For AMD & CO  
Chartered Accountants  
Firm Registration No 130247W

Sd/-  
Arvind M Darji  
Partner  
Membership No 41748

Mumbai, 30<sup>th</sup> July 2011

BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2011

PARTICULARS	SCHEDULE	AS AT 31.03.11	AS AT 31.03.10
		Rs.	Rs.
<b>I. SOURCES OF FUNDS :</b>			
<i>1. Shareholders' Funds</i>			
a) Share Capital	1	30,131,000	30,131,000
b) Reserves & Surplus	2	17,176,493	17,176,493
<i>2. Loan Funds</i>			
a) Unsecured Loans	3	64,008,734	3,198,734
<i>3. Deferred Tax Liabilities</i>		797,926	-
<b>TOTAL</b>		<b>112,114,153</b>	<b>50,506,227</b>
<b>II. APPLICATIONS OF FUNDS :</b>			
<i>1. Fixed Assets</i>	4		
a) Gross Block		21,302,143	21,302,142
b) Less : Depreciation		11,331,999	10,983,119
c) Net Block		9,970,144	10,319,023
<i>2. Investments</i>	5	-	275,000
<i>3. Deferred Tax Asset</i>		-	15,456
<i>4. Current Assets, Loans &amp; Advances :</i>	6		
a) Sundry Debtors		714,983	4,826,178
b) Cash & Bank Balances		1,173,112	1,419,487
c) Loans & Advances		91,788,486	25,975,167
		93,676,581	32,220,832
<i>Less : Current Liabilities &amp; Provisions :</i>	7		
a) Current Liabilities		135,601	143,526
b) Provisions		523,077	671,664
		658,678	815,190
<b>Net Current Assets</b>		<b>93,017,903</b>	<b>31,405,642</b>
<b>Profit &amp; Loss Account (Debit Balance)</b>		<b>9,126,106</b>	<b>8,491,106</b>
<b>TOTAL</b>		<b>112,114,153</b>	<b>50,506,227</b>
Earnings per Share (Basic & Diluted)		<b>(0.21)</b>	<b>0.07</b>

Significant Accounting Policies &amp;

10

Notes to the Accounts

As per Our Report of even date attached

For AMD &amp; Co

For And On Behalf Of The Board Of Directors

Chartered Accountants

Firm Registration No.: 130247W

Sd/-

Farang Azhar

Director

Sd/-

Arvind M Darji

Partner

Membership No.: 41748

Sd/-

Hemang Sampat

Director

Place: Mumbai

Date: 30th July 2011

Place: Mumbai

Date: 30th July 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2011

PARTICULARS	SCHEDULE	2010-11 Rs.	2009-10 Rs.
<b>INCOME :</b>			
Interest Received		2,446,260	2,913,328
Other Income	8	56,003	833,180
<b>TOTAL INCOME</b>		<b>2,502,263</b>	<b>3,746,508</b>
<b>EXPENDITURE :</b>			
Administrative Expenses	9	1,840,000	2,889,735
Interest and Finance Charges		-	124,500
Depreciation		348,881	431,656
<b>TOTAL EXPENDITURE</b>		<b>2,188,881</b>	<b>3,445,891</b>
<b>Net Profit Before Tax</b>		<b>313,382</b>	<b>300,617</b>
<i>Less: Provision for Tax</i>			
Income Tax		135,000	125,000
Deferred Tax Liabilities / (Assets)		813,382	(28,313)
<b>PROFIT/(LOSS) AFTER TAX</b>		<b>(635,000)</b>	<b>203,930</b>
Balance Brough forward from Previous years		(8,491,106)	(8,695,036)
Balance Carried to the Balance Sheet		<b>(9,126,106)</b>	<b>(8,491,106)</b>
Earnings per Share (Basic & Diluted)		(0.21)	0.07
Significant Accounting Policies & Notes to the Accounts	10		

As per Our Report of even date attached

For AMD & Co  
Chartered Accountants  
Firm Registration No.: 130247W

Sd/-  
Arvind M Darji  
Partner  
Membership No.: 41748

Place: Mumbai  
Date: 30th July 2011

For And On Behalf Of The Board Of Directors

Sd/-  
Farang Azhar  
Director

Sd-  
Hemang Sampat  
Director

Place: Mumbai  
Date: 30th July 2011

## Cash flow statement pursuant to Clause 32 of the Listing Agreement for the year ended 31st March,2011

	Year Ended 31st March 2011	Year Ended 31st March 2010
	(Rs.in Lakhs)	(Rs. In Lakhs)
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Taxes and Extra ordinary item	3.14	3.00
<b>Adjustments</b>		
Depreciation	3.49	4.32
Interest	-	1.25
Operating Profit before Working Capital Changes	6.63	8.57
<b>Adjustments</b>		
(Increase) / Decrease in trade & Other receivable	41.11	95.45
(Increase) / Decrease in Loan & Advances	(658.13)	(106.30)
Increase / (Decrease) in Sundry Creditors and provisions	(0.08)	(15.12)
Cash generated from operations	(610.47)	(17.40)
Less: Taxes paid	(2.84)	(7.46)
Net Cash generated from operations	(613.31)	(24.86)
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Fixed Assets	-	11.53
Sale of Investments	2.75	125.00
Net Cash generated from investing activities	2.75	136.53
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	-	(1.25)
Increase/(Decrease) Long Term borrowing	608.10	(110.97)
Net Cash generated from financing activities	608.10	(112.22)
NET CHANGE IN CASH AND CASH EQUIVALENT (A+B+C)	(2.46)	(0.55)
CASH AND CASH EQUIVALENT AS AT 01.04.2010 / 2009	14.19	14.74
CASH AND CASH EQUIVALENT AS AT 31.03.2011 / 2010	11.73	14.19

For AMD & Co  
Chartered Accountants  
Firm Registration No.: 130247W

Sd/-  
Arvind M Darji  
Partner  
Membership No.: 41748

For And On Behalf Of The Board Of Directors

Sd/-  
Farang Azhar  
Director

Sd/-  
Hemang Sampat  
Director

## SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH 2011

PARTICULARS	AS AT 31.03.11 Rs.	AS AT 31.03.10 Rs.
<b>1. SHARE CAPITAL :</b>		
<u>AUTHORISED -</u> 32,50,000 (32,50,000) Equity Shares of Rs. 10/- each	32,500,000	32,500,000
<u>ISSUED, SUBSCRIBED &amp; PAID UP -</u> 30,13,100 Equity Shares of Rs. 10/- each fully paid  (Out of the above 6,00,000 shares are issued as fully paid up bonus shares by capitalisation of the General Reserve)	30,131,000	30,131,000
<b>TOTAL</b>	<b>30,131,000</b>	<b>30,131,000</b>
<b>2. RESERVES &amp; SURPLUS :</b>		
Capital Reserve	2,055,000	2,055,000
Share Premium Account	9,065,500	9,065,500
Special Reserve Fund	548,628	548,628
General Reserve	5,507,365	5,507,365
<b>TOTAL</b>	<b>17,176,493</b>	<b>17,176,493</b>
<b>3. UNSECURED LOANS :</b>		
From Directors and their relatives	1,010,000	-
From Corporates	62,998,734	3,198,734
<b>TOTAL</b>	<b>64,008,734</b>	<b>3,198,734</b>



**4. FIXED ASSETS :**

ASSETS	RATE	GROSS BLOCK AT COST			DEPRECIATION				NET BLOCK	
		AS AT 01.04.2010	ADDITIONS / DEDUCTIONS DURING THE YEAR	AS AT 31.03.11	AS AT 31.03.10(Rs.)	FOR THE YEAR	Adj ust me nt	UPTO 31.03.11	AS AT 31.03.11	AS AT 31.03.10
	%	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>LEASED ASSETS :</b>										
Motor Vehicles	25.89	3,189,573	-	3,189,573	3,030,094	41,289	-	3,071,383	118,190	159,479
Furniture & Fixtures	18.10	42,789	-	42,789	38,893	705		39,598	3,191	3,896
SUB-TOTAL		3,232,362	-	3,232,362	3,068,987	41,994		3,110,981	121,381	163,375
<b>OWNED ASSETS :</b>										
Land	0.00	6,213,503	-	6,213,503	-	-		-	6,213,503	6,213,503
Motor Car	25.89	3,692,431	-	3,692,431	3,449,023	63,018		3,512,041	180,390	243,408
Furniture & Fixtures	18.10	1,618,952	-	1,618,952	1,417,274	36,504		1,453,778	165,174	201,678
Air Conditioner	13.91	74,317	-	74,317	47,826	3,685		51,511	22,806	26,491
Computer Systems	40.00	1,043,068	-	1,043,068	990,914	20,862	-	1,011,776	31,292	52,154
Fax	13.91	37,390	-	37,390	22,218	2,110		24,328	13,062	15,172
Refrigerator	13.91	102,150	-	102,150	60,873	5,742		66,615	35,535	41,277
Office Equipments	13.91	141,230	-	141,230	84,962	7,827		92,789	48,441	56,268
Inverter	13.91	25,500	-	25,500	4,696	2,894		7,590	17,910	20,804
Premises	5.00	5,121,240	-	5,121,240	1,836,345	164,245		2,000,590	3,120,650	3,284,895
SUB-TOTAL		18,069,781	-	18,069,781	7,914,131	306,887		8,221,018	9,848,763	10,155,650
<b>TOTAL</b>		<b>21,302,143</b>	<b>-</b>	<b>21,302,143</b>	<b>10,983,118</b>	<b>348,881</b>		<b>11,331,999</b>	<b>9,970,144</b>	<b>10,319,025</b>
<b>PREVIOUS YEAR</b>		<b>21,704,259</b>	<b>(1,153,086)</b>	<b>21,302,142</b>	<b>11,172,182</b>	<b>431,656</b>		<b>10,983,119</b>	<b>10,319,022</b>	<b>11,116,311</b>

**NOTE :**

- Capital expenditure has been classified and stated as per Accounting Standard 10, prescribed by the Institute of Chartered Accountants of India.
- Depreciation is provided on Witten Down Value basis, at the rates provided in Schedule XIV to the Companies Act 1956.

SCHEDULES ANNEXED TO AND FORMING PART OF THE  
BALANCE SHEET AS AT 31ST MARCH 2011

PARTICULARS	AS AT 31.03.11 Rs.	AS AT 31.03.10 Rs.
<b>5. INVESTMENTS :</b>		
Trade Investments – Long Term – At Cost - Unquoted – Zero Equity Shares of Autoinvest Leasing & Finance (I) Pvt. Ltd. of Rs.10/- each (Previous Year 27500 equity shares of Rs. 10/- each)	-	275,000
	-	<b>275,000</b>
<b>6 CURRENT ASSETS, LOANS &amp; ADVANCES :</b>		
a) <u>Debtors under Loans :</u>		
(Unsecured, considered good)		
Under Loan Agreements	714,983	4,826,178
	<b>714,983</b>	<b>4,826,178</b>
b) <u>Cash &amp; Bank Balances -</u>		
Balance with Scheduled Bank		
- On Current Account	1,068,922	1,228,193
Cash on Hand	104,190	191,294
	<b>1,173,112</b>	<b>1,419,487</b>
c) <u>Loans &amp; Advances -</u>		
(Unsecured, Considered Good)		
Loan & Advances	63,545,119	-
Deposits	144,187	144,187
Advance Income Tax	2,114,421	2,442,282
Tax Deducted at Source	231,602	135,541
Advances Recoverable in Cash or in kind or for Value to be Received	25,753,157	23,253,157
	<b>91,788,486</b>	<b>25,975,167</b>
<b>7 CURRENT LIABILITIES &amp; PROVISIONS :</b>		
a) <u>Current Liabilities -</u>		
Trade Advances	125,000	125,000
Sundry Creditors	10,601	18,526
	<b>135,601</b>	<b>143,526</b>
b) <u>Provisions -</u>		
TDS Payable	697	2,442
Provision for Taxation	171,008	335,685
Provision for Expenses	351,372	333,537
	<b>523,077</b>	<b>671,664</b>
<b>TOTAL</b>	<b>658,678</b>	<b>815,190</b>

**SCHEDULES ANNEXED TO AND FORMING PART OF THE  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

PARTICULARS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
<b>8. OTHER INCOME</b>		
Prior Period Income	-	153,358
Interest on Loan	-	315,927
Misc Income	56,003	363,895
<b>TOTAL</b>	<b>56,003</b>	<b>833,180</b>
<b>9. EXPENDITURE :</b>		
<i>Administrative Expenses</i>		
Salaries & Wages	136,300	488,800
Remuneration to Directors	177,611	670,951
Legal Expenses	-	55,000
Register Fees	8,824	-
Rent, Rates & Taxes	120,000	120,000
Repairs & Maintenance	900	53,039
Telephone Expenses	36,635	321,077
Transport charges	8,000	78,832
Staff Welfare Expenses	12,311	74,116
Labour charges	-	36,978
Employee Provident fund	30,545	-
Advertisement & Publicity	40,848	6,295
Bad Debts	2,351	47,210
Bank Charges	6,638	14,111
Books & Periodicals	-	15,836
Business Promotions	2,240	-
Computer charges	-	35,225
Courier Charges	3,342	18,658
Car Expenses	15,159	-
Depository Charges	350,131	38,379
Diwali Expenses	1,600	38,688
Electricity	12,480	8,830
Entertainment Expenses	664	-
Insurance Charges	-	8,485
Internet Charges	4,144	13,372
Labour charges	500	-

Listing Fees & ROC Charges	-	27,400
Membership & Subscription	-	5,250
Misc. Expenses	3,107	15,259
Mobile Charges	147,839	-
Motor Car Expenses	-	270,039
Office Expenses	3,113	71,526
Petrol Expenses	45,950	-
Printing & Stationery	40,283	63,750
Prior Period Expenses	180,549	-
Loss on Sale of Asset	-	129,813
Professional Charges	12,500	9,000
Travelling & Conveyance	3,255	87,636
Work compensation	366,000	-
Audit Fee	66,180	66,180
	<b>1,839,999</b>	<b>2,889,735</b>

**SCHEDULES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2011 (continued)****SCHEDULE 10: SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****10.1.1 Basis of preparation of financial statements**

The financial statements are prepared under the historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in India ("GAAP"). GAAP comprises accounting standards as specified in Rule 3 of the Companies (Accounting Standards) Rules 2006, and the relevant provisions of the Companies Act, 1956 to the extent applicable.

**10.1.2 Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. The difference between the actual results and estimates are recognized in the period in which results are known / materialized.

**10.1.3 Revenue Recognition**

- a) Income arising out of lease and hire purchase transactions is 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.

**10.1.4 Fixed Assets and Depreciation**

Fixed Assets are stated at cost, after reducing accumulated depreciation and impairment upto the date of Balance Sheet. Direct costs are capitalized until the assets are ready for use and include financing costs relating to any borrowing attributable to acquisition or construction of those fixed assets which necessarily take substantial period of time to get ready for its intended use. Intangible assets are recorded at the consideration paid for acquisition of such assets. Depreciation on fixed assets is provided at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, on WDV Method.

**10.1.5 Taxes on Income**

Tax on income for the current period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments / appeals.

Deferred tax is recognized on timing differences between the accounting income and the estimated taxable income for the year and quantified using the tax rates and laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets/liabilities, other than brought forward business loss and unabsorbed depreciation are recognized and carried forward to the extent there is reasonable certainty that sufficient future taxable income will be available against which deferred tax assets/liabilities can be adjusted.

**10.1.6 Provisions, Contingent Liabilities and Contingent Assets**

The company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a present obligation that cannot be estimated reliably or a possible or present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are made for all known losses and liabilities and future unforeseeable factors that may affect the profit of the entity. Accounting for contingencies (gains and losses) arising out of contractual obligation, are accounted on the basis of mutual acceptances. Contingent Assets are neither recognized nor disclosed. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

**10.1.7 Events Occurring After the Balance Sheet Date**

Where material, events occurring after the date of the Balance Sheet are considered upto the date of approval of accounts by the Board of Directors

**10.1.8 Impairment of Assets**

Management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use i.e. the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised.

**10.1.9 Earnings per share**

In determining earnings per share, the company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of basic and diluted common equivalent shares outstanding during the period except where the result would be anti-dilutive.

**10.1.10 Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the company are segregated.

**10.1.11 Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution is made to recognize a decline, other than temporary in nature, in the carrying amount of such long term investments.

**10.1.12 Borrowing Cost**

Borrowing costs that are attributable to the acquisition of tangible fixed assets are capitalized till the date of substantial completion of the activities necessary to prepare the relevant asset for its intended use.

**10.1.13 Lease Accounting**

- a) The onetime 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) Hire Purchase Assets are sold at cost and interest is charged to Hire Purchase 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.
- d) The Company writes off lease assets under finance lease, over the lease period, by providing for Lease Equalization as per Guidance Note of the ICAI, in respect of accounting for leases.

**10.2 NOTES TO FINANCIAL STATEMENTS**

**10.2.1** Claims against the company not acknowledged as debts- NIL (Previous Year – NIL).

**10.2.2** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. NIL (Previous year NIL).

**10.2.3** Sundry Debtors, Loans and Advances and Creditors balances are subject to confirmation, reconciliation and consequent adjustments, if any.

**10.2.4** There are no Micro, Small and Medium Enterprises, as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made. The

above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of the information available with the company. This has been relied upon by the Auditors.

**10.2.5** As per the best estimate of the management, no provision is required to be made as per Accounting Standard (AS -29) as notified by Companies (Accounting Standard) Rules, 2006 in respect of any present obligation as a result of a past event that could lead to probable outflow of resources, which would be required to settle the obligation.

**10.2.6 Earnings per share**

(In Rs.)

<i>Particulars</i>	<b>Year ended 31<sup>st</sup> March, 2011</b>	<b>Year ended 31<sup>st</sup> March, 2010</b>
a) Numerator Profit after tax and taxation adjustments of earlier years	(6,35,000)	2,03,930
b) Denominator Weighted average number of equity shares	30,13,100	30,13,100
c) Earnings per equity share (EPS) (Basic and diluted)	(0.21)	0.07
Numerator		
EPS = .....		
Denominator		
<b>d) Nominal value of equity share</b>	10	10

**10.2.7** The Company has not incurred any borrowing costs pertaining to qualifying assets during the year. Hence the reporting requirements pursuant to Accounting Standard 16 on "Borrowing Costs" do not arise.

**10.2.8** The Company operates in one business segment. Hence the reporting requirements pertaining to Accounting Standard 17 on "Segment Reporting" are not provided.

**10.2.5** In the opinion of the Board, the provisions for known liabilities are adequate and current assets in the ordinary course of business have a value at least equal to the amount at which they are stated.



**10.2.6** The disclosure requirements in respect of Accounting Standard 18 on “Related Party Disclosures” are as under:

**List of Related Parties:**

<b>Name of the related party</b>	<b>Relationship</b>
Farry Education & Welfare Foundation Pvt. Ltd.	Companies under same management
Farry Education Pvt. Ltd.	Companies under same management
Farhang Azar	Promoter
Gulshan Azar	Promoter
Obike Trading Pvt. Ltd.	Major Shareholder
Tien Trading Pvt. Ltd.	Major Shareholder

The details of related party transactions entered into by the company, for the year ended March 31<sup>st</sup>, 2011 are as follows:

<b>Particulars</b>	<b>Maximum Outstanding March 31, 2011</b>	<b>Year ended 31<sup>st</sup> March, 2011</b>
<b><u>Financial transactions:</u></b>		
<b>Loans taken</b>		
Farry Education & Welfare Foundation Pvt Ltd	21,98,734	21,98,734

**10.2.7 Reconciliation between basic and dilutive shares**

The reconciliation between basic and dilutive shares

<i>Particulars</i>	<i>Year ended 31<sup>st</sup> March, 2011</i>	<i>Year ended 31<sup>st</sup> March, 2010</i>
Weighted average shares used in computing basic earnings per share	30,13,100	30,13,100
Dilutive effect of stocks	Nil	Nil
Weighted average shares used in computing diluted earnings per share	30,13,100	30,13,100

**10.2.8** In accordance with the Accounting Standard (AS – 28) on “Impairment of Assets” the management during the year carried out an exercise of identifying the assets that may have been impaired. On the basis of this review carried out by the management, there was no impairment loss on fixed assets during the year ended March 31, 2011.

**10.2.9 Deferred Taxation**

<i>Particulars</i>	<i>Year ended 31<sup>st</sup> March, 2011</i>	<i>Year ended 31<sup>st</sup> March, 2010</i>
<b><u>Deferred Tax Assets / (Liabilities)</u></b>		
Related to Fixed Assets	(813,382)	15,456
Less: Deferred Tax Asset Reversal	15,456	Nil
<b>Net Deferred Tax (Liability) / Asset</b>	<b>(7,97,926)</b>	<b>15,456</b>

**10.2.10** There were no contingent liabilities during the period under review which were not provided for.

**10.2.11** There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

**10.2.12** Expenditure incurred on leases and hire purchase sales and income there from, are charged to revenue in the first year itself and not over the agreement period of the lease and hire purchase, as they are deemed to accrue in that year itself.

**10.2.13 Auditors Remuneration**

<b>Particulars</b>	<b>2010-11</b>	<b>2009-10</b>
Audit Fees	66,180	66,180
<b>Total</b>	<b>66,180</b>	<b>66,180</b>

**10.2.14** There are no employees during the year drawing salary in excess of the amount stipulated as per provisions of section 217(2A) of the Companies Act 1956.

**10.2.15** Particulars of remuneration, paid to Managing Director are as follows:

<b>Particulars</b>	<b>2010-11</b>	<b>2009-10</b>
Salaries	1,50,000	4,88,800
Contribution to PF	-	-
Perquisites	27,611	-

**10.2.16** Earnings and Expenditure in Foreign Currency for the year are Rs. NIL (Previous Year Rs. NIL).

**10.2.17** Terminal Depreciation is charged in each case in the year of transfer of assets, if any.

**10.2.18** The Company writes off Lease Assets, in accordance with the Lease Equalization Account Method, as stipulated in the Guidance Note on Accounting for Leases, issued by ICAI.

**10.2.19** The company has complied with the requirements for maintenance of minimum percentage of liquid assets, pursuant to notification issued by Reserve Bank of India no. DFC (CDC) 70 ED(S)/93, dated 12<sup>th</sup> May 1993.

**10.2.20** The Company has complied with all the applicable prudential norms as prescribed by the Reserve Bank of India, for NBFCs, Non Banking Finance Companies Prudential Norms (Reserve Bank) Directions 1998, as at 31<sup>st</sup> March 2011.

**10.2.21** Figures for the previous year have been regrouped / reclassified wherever necessary.

**10.2.22** Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956.

## Balance Sheet Abstract and Company's General Business Profile:

<b>I.</b>	<b>Registration Details :</b>	
	Registration No	L65910PN1990PLC017818
	State Code	011
	Balance Sheet Date	31 <sup>st</sup> March, 2011
<b>II.</b>	<b>Capital Raised during the year :</b>	<b>(Amount)</b>
	Public Issue	Nil
	Rights Issue	Nil
	Bonus Issue	Nil
	Private Placement (Preferential Allotment)	Nil
<b>III.</b>	<b>Position of Mobilization and Deployment of Funds:</b>	<b>(Amount)</b>
	Total Liabilities	11,21,14,153.00
	Total Assets	11,21,14,153.00
	<b>Sources of Funds</b>	
	Paid-up Capital	3,01,31,000.00
	Reserves and Surplus	1,71,76,493.00
	Secured Loans	Nil
	Unsecured Loans	6,40,08,734.00
	Deferred Tax Liabilities	7,97,926.00
	<b>Application of Funds</b>	
	Fixed Assets	99,70,144.00
	Investments	Nil
	Net Current Assets	9,30,17,903.00
	Miscellaneous Expenditure	Nil
	Accumulated Losses	91,26,106.00

IV.	Performance of the Company :	(Amount)
	Turnover (including other income)	25,02,263.00
	Total Expenditure	21,88,881.00
	Profit / (Loss) before tax	3,13,383.00
	Profit / (Loss) after tax and tax adjustments	(6,35,000.00)
	Earnings Per Equity Share in Rs <i>(Refer Note 10 of Schedule B)</i>	(0.21)
	Dividend Rate (%) Final	Nil
V.	Generic Names of three Principal Products / Services of the Company (as per monetary terms) - Not Applicable	
	Product Description	Item Code No. (ITC Code)
	Land Procurement	-

For AMD &amp; CO

Chartered Accountants

Firm Registration No. 130247W

Sd/-

Arvind M Darji

Partner

Membership No. 41748

Mumbai, 30<sup>th</sup> July 2011

For and on Behalf of Board of

Directors

Sd/-

Farhang Azar

Director

Sd/-

Hemang Sampat

Director

Mumbai, 30<sup>th</sup> July 2011