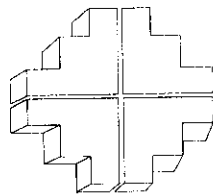


**10th Annual Report
1999-2000**



**FARRY INDUSTRIES
LIMITED**

Board of Directors

Mr. Farhang Azar
Chairman & Managing Director

Ms. Gulshan Azar

Mr. David Pandey
Executive Director

Mr. Lona Inasu

Mr. Ramchandran Murthy

Mr. Akhilesh R. Bhargava

Auditors

Sunita Narang
Chartered Accountant

Bankers

The United Western Bank Ltd.

Bank of Rajasthan Ltd.

Allahabad Bank

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 TENTH Annual General Meeting of Ferry Industries Limited, will be held on Friday, the 15th September, 2000, at 11 a.m., at the Registered Office of the Company, to transact the following business :

1. To review, consider and adopt the Profit & Loss Account for the year ended 31st March, 2000, the Balance Sheet as on that date and the reports of the Directors and the Auditors thereon.
2. To appoint a Director in the place of Mr. David Pandey, who was appointed by the Board of Directors, as an Additional Director of the Company, with effect from 20th December, 1999 and who holds office upto the date of the forthcoming Annual General Meeting of the Company, under Section 260 of the Companies Act, 1956, but who is eligible for reappointment and in respect of whom the Company has received notices in writing under Section 257 of the Act, proposing his candidature for the office of Director.
3. To appoint a Director in the place of Mr. Akhilesh R. Bhargava, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in the place of Ms. Gulshan Azar, who retires by rotation and being eligible, offers herself for reappointment.
5. To appoint Ms. Sunita Narang, Chartered Accountant, as the Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if though fit, to pass with or without modification, the following resolution as an ordinary resolution :

“RESOLVED THAT pursuant to Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956, (hereinafter referred to as the Act) (including any statutory modification or reenactment thereof, for the time being in force), the Company hereby approves the appointment of and the terms of remuneration payable to Mr. Farhang Azar as the Managing Director of the Company, for a period of five years, with effect from 5th January, 2000, as set out in the Agreement to be entered into between Mr. Farhang Azar and the Company, a draft whereof duly initialled by the Chairman for the purposes of identification is submitted to this meeting, with liberty to the Board of Directors (hereinafter referred to as the Board, which expression shall

also include a committee thereof) to alter and vary the said terms of appointment and remuneration and/or Agreement in such manner as may be agreed to between the Board and Mr. Farhang Azar, but so that his remuneration shall not exceed the limits specified in Schedule XIII of the Act (including any statutory modification or reenactment thereof for the time being in force) or any amendments and/or modifications that may hereinafter from time to time be made thereto by the Central Government.

Wherein any financial year, during the currency of the tenure of Mr. Farhang Azar as Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to Mr. Farhang Azar, all the remuneration by way of salary (including incentive) and allowances and perquisites, not exceeding the limits stipulated in Schedule XIII to the Act, or subject to the approval of the Central Government, notwithstanding that the same is in excess of the maximum remuneration permitted to be paid to him, under the applicable provisions of the Act, for the time being and from time to time in force.

The Board be and is hereby authorised at its discretion from time to time, to fix the remuneration and/or perquisites of Mr. Farhang Azar and revise such remuneration and/or perquisites from time to time, within the maximum limits specified in the aforesaid draft agreement. The Board be and is hereby further authorised to vary/modify/amend any of the aforesaid terms and conditions, provided such variations/modification/amendment is in conformity with the applicable provisions of the Act, as amended from time to time.

The Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to this Resolution.

7. To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution :-

“RESOLVED THAT pursuant to Section 269 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (hereinafter referred to as the Act) (including any statutory modification or reenactment thereof for the time being in force), the Company hereby approves the appointment of Mr. David Pandey, as a Whole Time Director of the Company, designated as Executive Director, with effect from 1st April, 2000, on the terms and conditions, including remuneration, as are set out in the Agreement to be entered into between the Company and Mr. David Pandey, a draft whereof, duly initialled by the Chairman for the purposes of

identification is submitted to this meeting, with liberty to the Board of Directors of the Company (hereinafter referred to as the Board, which expression shall also include a Committee thereof) to alter and vary the said terms of appointment and remuneration and or Agreement in such manner as may be agreed to between the Board and Mr. David Pandey but so that his remuneration shall not exceed the limits specified in Schedule XIII to the Act, (including any statutory modification or reenactment thereof, for the time being in force) or any amendment and/or modifications that may hereafter from time to time be made thereto, by the Central Government.

Where in any financial year, during the currency of the tenure of Mr. David Pandey, an Executive Director, the Company has no profits or its profits are inadequate, the Company may pay Mr. David Pandey all the remuneration by way of salary (including incentive) and allowances and perquisites not exceeding the limits stipulated in the aforesaid draft agreement within the overall ceiling specified in Schedule XIII to the Act, or subject to the approval of the Central Government notwithstanding that the same is in excess of the maximum remuneration permitted to be paid to him, under the applicable provisions of the Act, for the time being and from time to time in force.

The Board be and is hereby authorised at its discretion from time to time, to fix the remuneration and/or perquisites of Mr. David Pandey and revise such remuneration and/or perquisites from time to time, within the maximum limits specified in the aforesaid draft agreement. The Board be and is hereby further authorised to vary/modify/amend any of the aforesaid terms and conditions provided such variation/modification/amendment is in conformity with the applicable provisions of the Act as may be amended from time to time.

The Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or desirable, to give effect to this resolution.

NOTES :

1. A MEMBER ENTITLED TO APPOINT 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. A BLANK PROXY FORM IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED TO THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE MEETING, DULY COMPLETED.

2. An Explanatory Statement under Section 173 of the Companies Act, 1956, in respect of special business to be transacted at the meeting is appended hereto.
3. The Register of Members and Share Transfer Books of the Company, will remain closed from 1st September, 2000 to 15th September, 2000 (both days inclusive), in terms of the provision of Section 154 of the Companies Act, 1956.
4. Share Transfer Documents and all correspondence relating thereto, should be addressed to the Investors Relations Department, at the Registered Office of the Company.
5. Members are requested to notify immediately any change in their addresses to the Investor Relations Department of the Company.
6. Shareholders holding shares in identical order in more than one folio are requested to write to the Investor Relations Department of the Company, enclosing their share certificates, to enable them to consolidate their shareholding into one folio.
7. Consequent upon amendment in Section 205A of the Companies Act, 1956, and the introduction of Section 205C, by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund. Members who have not encashed the dividend warrant(s) so far, for the financial year ended 31st March, 1996, or any subsequent dividend payment(s) are requested to make their claim to the Company.
8. Members are requested to produce the enclosed attendance slip duly signed, as per the specimen signature recorded with the Company for admission at the attendance hall.
9. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the available to the Company.
10. In all correspondence with the Company, members are requested to quote their folio numbers.

By order of the Board of Directors

Farhang Azar
Managing Director

Bombay, dated 2nd August, 2000

Registered Office :

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

EXPLANATORY STATEMENT

In terms of Section 173 of the Companies Act, 1956, the following explanatory statement sets out of the material facts relating to the notice dated 2nd August, 2000.

ITEM 3

The Board of Directors appointed Mr. David Pandey as an Additional Director of the Company with effect from 20th December, 1999. Mr. David Pandey has been with the Company since its inception and has been associated with it in various managerial capacities. He has been looking after the overall operations of the Company in the past few years. He has thus a proven *dedication and experience and his appointment may be viewed as his elevation and recognition of his commitment to the Company.*

ITEM 6

Mr. Farhang Azar was appointed as a Managing Director of the Company for a period of five years with effect from 5th January, 1995. The Board of Directors at its meeting held on 29th March, 2000 (hereinafter referred to as the Board) have reappointed him as the Managing Director, for a further period of five years, with effect from 5th January, 2000, on the remuneration and the perquisites as set out in the draft agreement, proposed to be entered between the Company and Mr. Farhang Azar. The material terms of his appointment are summarised below :

1. Mr. Azar shall serve the Company as its Managing Director for a term of five years, commencing from 1st April, 2000.
2. Mr. Azar shall carry out such functions and exercise such powers and perform such duties as the Board shall from time to time in their absolute discretion determine and entrust to him. Subject to the *superintendence, control and discretion* of the Board, Mr. Azar shall have the general control of the business of the Company and be vested with the management and the day to day affairs of the Company.
3. Mr. Azar shall devote his whole time and attention to the business of the Company, exert his best endeavours to promote its interest and welfare and to attend his place of employment at all proper times.
4. Mr. Azar shall be entitled to reimbursement of all expenses including travelling, entertainment/ business promotion and other out of pocket expenses incurred by him in connection with or in relation to the business of the Company.

5. In consideration of the performance of his duties as the Managing Director, Mr. Azar shall be paid the following *emoluments, benefits and perquisites*, subject to the limits laid down under Schedule XIII of the Companies Act, 1956 (hereinafter referred to as the Act), from time to time :

- a) Basic Salary - Rs. 25,000 per month
- b) Commission on profits at such percentage of salary as may be determined by the Board at its sole discretion, which will not qualify for Provident Fund and Superannuation Contributions.

Provided however subject always to the limits contained in Sections 198 and 309 of the Act, the Company may at its sole discretion pay way of salary, allowances, commission on profits and/or bonus as may be determined by the Board from time to time, which shall not exceed a maximum limit of Rs. 6 lakh per annum.

- c) In addition to the above remuneration, Mr. Azar shall be entitled to perquisites such as partly furnished accommodation and/or House Rent Allowance, gas, electricity, water, furnishings, medical reimbursement, leave travel concession for self and family, club fees and medical insurance, the monetary value of such perquisites being restricted to Rs. 3 lakh p.a.

The Board will have the authority at its discretion from time to time fix Mr. Azar's remuneration within the maximum remuneration specified and revise such remuneration from time to time within the maximum limits specified in the Agreement.

Your Directors consider the aforesaid remuneration commensurate with the duties and responsibilities of the Managing Director and recommend the resolution at Item 6 for acceptance.

The draft agreement to be entered into by the Company with Mr. Azar is available for inspection for the shareholders at the Registered Office of the Company, during business hours on any working day.

Mr. Azar is concerned or interested in the Resolution at Item 6 as it relates to his appointment. This may be treated as an abstract of the terms of Agreement between the Company and Mr. Azar when executed and the Memorandum of Interest, pursuant to Section 302 of the Act.

ITEM 7

Mr. David Pandey was appointed as a Whole Time Director of the Company, designated as Executive Director by the Board of Directors (hereinafter referred

to as the Board) on 20th December, 1999. The Board of Directors of the Company at its meeting held on 29th March, 2000, have appointed him as Executive Director, for a period of five years, with effect from 1st April, 2000, on the remuneration and the perquisites set out in the draft agreement, proposed to be entered between the Company and Mr. David Pandey. The material terms of his appointment are summarised below :

1. Mr. Pandey will serve the Company for a term of five years, commencing from 1st April, 2000 as a Whole Time Director, designated as Executive Director.
2. Mr. Pandey shall carry out such functions and exercise such powers and perform such duties as the Board may from time to time in their absolute discretion determine and entrust to him.
3. Mr. Pandey shall devote his Whole time and attention to the business of the Company, exert his best endeavours to promote its interest and welfare and attend his place of employment at all proper times.
4. In consideration of his performance as Executive Director, Mr. Pandey will be paid the following emoluments, benefits and perquisites, subject to the limits laid down under Schedule XIII to the Companies Act, 1956, (hereinafter referred to as the Act), from time to time :-
 - a) Basic Salary - Rs. 15,000 per month
 - b) Perquisites as may be determined by the Board.

Provided however subject always to the limits contained in Sections 198 and 309 of the Act, the Company may at its sole discretion pay by way of salary, allowances, commission on profits and/or bonus, as may be determined by the Board, from

time to time, which shall not exceed a maximum limit of Rs. 3 lakh per annum.

The Board will have the authority at its discretion from time to time to fix Mr. Pandey's remuneration, within the maximum remuneration specified and revise such remuneration from time to time, within the maximum limits specified in the Agreement.

Your Directors consider the aforesaid remuneration commensurate with the duties and responsibilities of the Executive Director and recommend the resolution at Item 7 for acceptance.

The draft Agreement to be entered into the Company with Mr. Pandey is available for inspection for the shareholders at the Registered Office of the Company, during business hours on any working day.

Mr. Pandey is concerned or interested in the Resolution at Item 7 as it related to his appointment.

This may be as an abstract of the term of Agreement between the Company and Mr. Pandey when executed and the Memorandum of Interest, pursuant to Section 302 of the Act.

By Order of the Board of Directors

Farhang Azar
Managing Director

Bombay, dated 2nd August, 2000

Registered Office :

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

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting the TENTH ANNUAL REPORT, for the year ended 31st March, 2000.

I. FINANCIAL RESULTS :

	Current Year	Rupees in lacs. Previous Year
Income from Operations	726.53	757.30
Profit before Depreciation & Tax	29.97	30.15
Provision for Depreciation	8.36	9.03
Provision for Lease Equalisation Account	0.30	0.30
Less : Provision for Taxation	4.00	3.50
Profit After Taxation	17.61	17.62
Balance Brought Forward	(103.36)	(120.99)
Prior Period Deductions	7.20	-
Profits Available for Appropriations	(92.95)	(103.36)

PROPOSED APPROPRIATIONS :

i) Special Reserve Fund	-	-
ii) Transfer to General Reserve	-	-
iii) Balance Carried to Balance Sheet	(92.95)	(103.36)

II. GENERAL REVIEW OF OPERATIONS :

Whilst the earlier years had witnessed a downturn in the Indian NBFC industry, the period under report was one of correction and restructuring in the industry. The traditional sectors of vehicle finance became fiercely competitive and led to a meltdown of gross margins. A similar scene was repeated in the second hand car finance market, a niche area for the Company, where all the big institutions also directed their attention. This market however is not too accessible for institutional players, being inherently of an unorganised nature. The Company thus consolidated its position in the second hand vehicle finance market and managed to carve a profitable niche for itself. The vehicle finance market has attracted all the big players of finance and banking and has become very competitive. The increasing number of fraudulent borrowers, also make the going dicey for the lenders. This activity is the mainstay of the Company's business and it manages to surge ahead purely due to the prudent management policies, cautious lending, a deep operating experience and a loyal customer base. The business margins continue to be under severe pressure, moreso, because your Directors have preferred safety of funds to profit margins. During the year under Report, the branch of the Company at Pune, recorded a strong growth and is in the process of recording a good business. Your Directors are examining the possibility of opening further more branches in other cities of Maharashtra with cautious optimism. The overall demand for credit has been buoyant, but much of it has been diverted to the traditional banking sector, in the country.

III. DIVIDEND :

With a view to conserve resources and to strengthen the financial position of the Company, your Directors are unable to declare any dividends.

IV. DEPOSITS :

The Company has not taken any deposits from the public. Deposits under lease contractual obligations are being

refunded, in the routine course of business. There were no deposits which had been claimed for repayment, but were unpaid, as on 31st March, 2000. The Company has complied with the requirements of the Reserve Bank, for the maintenance of a minimum percentage of liquid 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. The Company's capital adequacy ratio of more than 35% is in excess of the prescribed minimum norm of 12% as on 31st March, 2000. 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 26th May, 1998.

VI. DIRECTORS :

Ms. Gulshan Azar and Mr. Akhilesh Bhargava, Directors, retire by rotation and being eligible offer themselves for reappointment.

VII. AUDITORS :

Ms. Sumita Narang, Chartered Accountant, retires at the conclusion of the ensuing Annual General Meeting and being eligible offers 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.

IX. Y2K COMPLIANCE :

The members will be pleased to note that the Company had no Y2K problem or failure and the rollover was smooth.

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

Farhang Azar
Chairman

Bombay, dated 2nd August, 2000

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, 2000 and the Profit & Loss Account for the year ended 31st March, 2000, annexed thereto and report that :

1. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board, in terms of Section 227(4A) of the Companies Act, 1956, 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 accounts 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) In my opinion to 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 comments above, give a true and fair view;
 - i) In case of the Balance Sheet, of the state of affairs of the Company, as at 31st March, 2000.
 - ii) In the case of the Profit & Loss Account, of the Profit for the year ended 31st March, 2000.

For and on behalf of
Sunita Narang
Chartered Accountant

(Sunita Narang)
Proprietor

Bombay, dated 2nd August, 2000

**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 (1B) of Section 370 of the Companies Act, 1956. The provisions of Section 370 (1B) of the Act are not applicable to a company, on or after 31st October, 1998.
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 the Companies under the same management as defined under Sub Section (1B) of Section 370 of the Companies Act, 1956. The provisions of Section 370(1B) of the Act are not applicable to a company, on or after 31st October, 1998.
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 purchase 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 six months as at 31st March, 2000.
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 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
Sunita Narang
Chartered Accountant

(Sunita Narang)
Proprietor

Bombay, dated 2nd August, 2000

BALANCE SHEET AS AT 31ST MARCH, 2000

PARTICULARS	SCHEDULE	AS AT 31.03.00 Rs.	AS AT 31.03.99 Rs.
I. FUNDS EMPLOYED :			
1. <u>Shareholders' Funds -</u>			
a) Share Capital	1	30131000.00	30131000.00
b) Reserves & Surplus	2	6174807.10	5133237.46
		36305807.10	35264237.46
2. <u>Loan Funds -</u>			
a) Secured Loans	3	51466126.06	41487907.92
b) Unsecured Loans	4	4005904.00	6205088.00
		55472030.06	47692995.92
TOTAL FUNDS EMPLOYED		91777837.16	82957233.38
II. APPLICATIONS OF FUNDS :			
1. <u>Fixed Assets</u>	5		
a) Gross Block		25765934.93	22891540.45
b) Less : Depreciation		6649635.17	5813824.17
Less : Lease Equalisation		29918.00	29918.00
c) Net Block		19086381.76	17047798.28
2. Investments	6	630000.00	630000.00
3. Current Assets, Loans & Advances :	7		
a) Stock on Hire Debtors		58309499.50	55993841.50
b) Sundry Debtors		-	5179575.48
c) Cash & Bank Balances		4641942.71	2490023.15
d) Loans & Advances		12160975.50	2571710.00
		75112417.71	66235150.13
Less : Current Liab. & Provisions :	8		
a) Current Liabilities		3745619.51	1683267.00
b) Provisions		451289.50	661693.73
		4196909.01	2344960.73
Net Current Assets		70915508.70	63890189.40
4. Miscellaneous Expenditure (to the extent not written off or adjusted)	9	1145946.70	1389245.70
NOTES TO ACCOUNTS	11		
SIGNIFICANT ACCOUNTING POLICIES	12		
TOTAL NET ASSETS		91777837.16	82957233.38

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

(Sunita Narang)
Proprietor

Bombay, dated 2nd August, 2000

For and on behalf of the Board

)
Farhang Azar)
)
Guishan Azar) DIRECTORS
)
David Pandey)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2000

PARTICULARS	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
<u>INCOME :</u>			
Hire Purchase Sales		54349128.00	58328879.00
Lease Rentals		607985.00	672518.00
Hire Purchase Interest		16812978.00	15856480.00
Other Income		882874.00	873018.50
TOTAL INCOME		72652965.00	75730895.50
<u>EXPENDITURE :</u>			
Hire Purchase	10	54349128.00	58328879.00
Interest		8409375.60	7574464.00
Establishment Charges		1240144.00	981572.95
Administrative Expenses		5413778.76	5587102.15
Depreciation		835811.00	903079.85
Miscellaneous Exp. Written Off		243299.00	243299.00
TOTAL EXPENDITURE		70491536.36	73618396.95
PROFIT BEFORE TAX		2161428.64	2112498.55
PROVISION FOR TAX		400000.00	350000.00
PROFIT AFTER TAX		1761428.64	1762498.55
Balance in Profit & Loss Account brought forward		(10336461.54)	(12098960.09)
Add : Prior Period Items		7,19,859.00	-
PROFIT/(LOSS) AVAILABLE FOR APPROPRIATION		(9294891.90)	(10336461.54)
<u>APPROPRIATIONS :</u>			
Special Reserve Fund		-	-
General Reserve		-	-
Loss Carried to the Balance Sheet		(9294891.90)	(10336461.54)
NOTES TO ACCOUNTS SIGNIFICANT ACCOUNTING POLICIES			
TOTAL APPROPRIATIONS		(9294891.90)	10336461.54)

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

(Sunita Narang)
Proprietor

For and on behalf of the Board
)
Farhang Azar)
)
Gulshan Azar) DIRECTORS
)
David Pandey)

Bombay, dated 2nd August, 2000

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2000**

PARTICULARS	AS AT 31.03.00 Rs.	AS AT 31.03.99 Rs.
1. SHARE CAPITAL :		
<u>AUTHORISED -</u>		
3250000 Equity Shares of Rs. 10/- each (Previous Year 3250000 Equity Shares of Rs. 10/- each)	32500000.00	32500000.00
<u>ISSUED, SUBSCRIBED & PAID UP -</u>		
3013100 Equity Shares of Rs. 10/- each fully paid (Previous year 3013100 equity shares) (Out of the above 600000 shares are issued as fully paid up bonus shares by capitalisation of the General Reserve)	30131000.00	30131000.00
TOTAL	30131000.00	30131000.00
2. RESERVES & SURPLUS :		
<u>General Reserve -</u>		
As per last Balance Sheet	5891108.40	5891108.40
Add : Transfer from Profit & Loss Account	-	-
SUB-TOTAL	5891108.40	5891108.40
<u>Special Reserve Fund -</u>		
As per last Balance Sheet	513090.60	513090.60
Add : Transfer from Profit & Loss Account	-	-
SUB-TOTAL	513090.60	513090.60
<u>Share Premium Account -</u>		
As per last Balance Sheet	9065500.00	9065500.00
SUB-TOTAL	9065500.00	9065500.00
Surplus/(Loss) in Profit & Loss Account	(9294891.90)	(10336461.54)
SUB-TOTAL	(9294891.90)	(10336461.54)
TOTAL	6174807.10	5133237.46
3. SECURED LOANS :		
Loan from Allahabad Bank on Cash Credit Account (Secured by hypothecation of Hire Purchase Agreements, guarantees of two Directors and equitable mortgage of the residential flat of a Director)	6109830.57	8926279.87
Loan from Bank of Rajasthan Ltd. on Cash Credit Account. (Secured by hypothecation of Hire Purchase/ Lease Receivables. Guarantees of two Directors and the equitable mortgage of a Flat, belonging to the Company)	5165946.45	3084968.60
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)	40190349.04	29476659.45
TOTAL	51466126.06	41487907.92
4. UNSECURED LOANS :		
Security Deposits from Lessees (against Lease Assets. under Lease Agreements)	-	2696783.00
Other Loans & Advances	4005904.00	3508305.00
TOTAL	4005904.00	6205088.00

5. FIXED ASSETS :

ASSETS	RATE %	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
		BALANCE B/F.	ADDITIONS	DEDUCTIONS	AS ON 31.03.00	UPTO 31.03.99 (Rs.)	CURRENT YEAR (Rs.)	DEDUCTIONS	UPTO 31.03.00 (Rs.)	AS ON 31.03.00 (Rs.)	AS ON 31.03.99 (Rs.)
LEASED ASSETS :											
Motor Vehicles	30.00	3189573.00	-	-	3189573.00	2097988.12	327475.00	-	2425463.12	764109.88	1091584.88
Furniture & Fixtures	18.10	42789.00	-	-	42789.00	7744.80	6343.00	-	14087.80	28701.20	33044.20
SUB-TOTAL		3232362.00	-	-	3232362.00	2105732.92	333818.00	-	2439550.92	792811.08	1126629.08
OWNED ASSETS :											
Land	-	4100049.00	1938104.48	-	6038153.48	-	-	-	-	6038153.48	4100049.00
Motor Car	9.50	3120358.00	1738502.00	2756922.00	2101938.00	1215020.33	205088.00	-	1420108.33	681829.67	1905337.67
Furniture & Fixtures	9.50	1178283.60	429168.00	-	1607451.60	463290.60	93447.00	-	556737.60	1050714.00	714993.00
Air Conditioner	4.75	23999.00	-	-	23999.00	60.00	1137.00	-	1197.00	22802.00	23939.00
Computer Systems	16.21	91500.00	165500.00	-	257000.00	3332.00	25584.00	-	28916.00	228084.00	88168.00
Fax	4.75	15400.00	-	-	15400.00	270.50	718.00	-	988.50	14411.50	15129.50
Refrigerator	4.75	-	60400.00	-	60400.00	-	87.00	-	87.00	60313.00	-
Motor Bike	9.50	75525.00	48747.00	-	124272.00	2604.50	10617.00	-	13221.50	111050.50	72920.50
Office Equipments	4.75	57865.00	15840.00	-	73705.00	845.00	3169.00	-	4014.00	69691.00	57020.00
Premises	1.63	10988198.85	1233555.00	-	12221753.85	2022394.82	160759.00	-	2183153.82	10038600.03	8965804.03
Printer	16.21	8000.00	-	-	8000.00	273.50	1252.00	-	1525.50	6474.50	7726.50
Cycle	9.50	-	1500.00	-	1500.00	-	135.00	-	135.00	1365.00	-
SUB-TOTAL		19659178.45	5631316.48	2756922.00	22533572.93	3708091.25	501993.00	-	4210084.25	18323488.68	15951087.20
TOTAL		22891540.45	5631316.48	2756922.00	25765934.93	5813824.17	835811.00	-	6649635.17	19116299.76	17077716.28
PREVIOUS YEAR		22119251.45	1472289.00	700000.00	22891540.45	5146066.32	903079.85	235322.00	5813824.17	17077716.28	16973185.13

NOTE :

See Note 10 of Schedule 11 for depreciation calculation.

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2000**

PARTICULARS	AS AT 31.03.00 Rs.	AS AT 31.03.99 Rs.
6. INVESTMENTS :		
<i>Trade Investments – Long Term - At Cost -</i>		
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)	275000.00	275000.00
ii) Government Securities - Unquoted Indira Vikas Patra (Previous Year Rs. 355000/-)	355000.00	355000.00
TOTAL	630000.00	630000.00
7. CURRENT ASSETS, LOANS & ADVANCES :		
<i>Loans & Advances - (Unsecured, Considered Good)</i>		
Deposits	2621123.00	1802673.00
Advance Income Tax & TDS	1459002.00	267037.00
Advances Recoverable in Cash or in kind or for Value to be Received	8080850.50	502000.00
TOTAL	12160975.50	2571710.00
<i>Cash & Bank Balances -</i>		
Balance with Scheduled Bank		
- On Current Account	4536109.26	1958022.62
- On Fixed Deposit	75000.00	75000.00
Cash on Hand	30833.45	457000.53
TOTAL	4641942.71	2490023.15
<i>Stock on Hire Debtors - (Unsecured, considered good)</i>		
<i>Under Hire Purchase Agreements (At cost of sales less cost repayments received) -</i>		
Amount overdue - NIL	58309499.50	55993841.50
Sundry Debtors – Lease	-	5179575.48
TOTAL	58309499.50	61173416.98
Debts Outstanding for a period exceeding six months	-	-
Other Debts	58309499.50	61173416.98
8. CURRENT LIABILITIES & PROVISIONS :		
<i>Current Liabilities -</i>		
Advance Hire Purchase Instalments	275616.00	493573.00
Advance Lease Rentals	-	1189694.00
Other Liabilities	3470003.51	-
SUB-TOTAL	3745619.51	1683267.00

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH, 2000**

PARTICULARS	AS AT 31.03.00 Rs.	AS AT 31.03.99 Rs.
<u>Provisions -</u>		
Provision for Taxation	400000.00	350000.00
Provision for Expenses	51289.50	311693.73
SUB-TOTAL	451289.50	616693.73
TOTAL	4196909.01	2344960.73
9. MISCELLANEOUS EXPENDITURE : (To the extent not written off or adjusted)		
a) Preliminary Expenses	41893.00	50271.00
Less : Written Off during the year	8378.00	8378.00
	33515.00	41893.00
b) Public Issue Expenses	1318602.70	1547773.70
Less : Written Off during the year	229171.00	229171.00
	1089431.70	1318602.70
c) Deferred Revenue Expenditure	28750.00	34500.00
Less : Written Off during the year	5750.00	5750.00
	23000.00	28750.00
TOTAL	1145946.70	1389245.70

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

PARTICULARS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
10. EXPENDITURE :		
a) <u>Interest -</u>		
To Bank	7178019.10	6528808.00
To Others	1231356.50	1045656.00
TOTAL	8409375.60	7574464.00
b) <u>Establishment Charges -</u>		
Remuneration to Directors	273000.00	340610.00
Salaries & Wages	879401.00	521048.25
Provident Fund Contribution	84243.00	116670.00
Staff Welfare Expenses	3500.00	3244.70
TOTAL	1240144.00	981572.95
c) <u>Administration & Other Charges -</u>		
Professional Charges	281396.70	62850.00
Printing & Stationery	95922.50	90815.50
Electricity	110849.00	103362.00
Travelling & Conveyance	164646.00	116039.55
Office Expenses	140465.90	27859.00
Motor Car Expenses	356895.11	86667.00
Repairs & Maintenance	344530.00	354827.00
Telephone Expenses	175717.08	177379.03
Books & Periodicals	8698.00	8319.00
Postage & Telegram	14160.00	6519.00
Sales Tax	450.00	-
Auditor's Remuneration :		
For Audit	13000.00	13000.00
For Tax Audit	3000.00	3000.00
Legal Expenses	30680.00	4800.00
Sales Promotion	145330.79	106407.21
Advertisement & Publicity	23640.00	37780.00
Commission & Brokerage	932427.00	1106448.00
Miscellaneous Write Offs	1417425.00	2358494.00
Miscellaneous Expenses	119677.50	33332.50
Membership & Subscription	188024.00	1120.00
Donation	16500.00	1500.00
Security Charges	10169.00	-
Stamping Charges	43250.00	66090.00
Profession Tax	-	1500.00

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

PARTICULARS	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
Diwali Expenses	9074.00	-
Recovery Charges	338925.00	240185.00
Miscellaneous Expenses	-	25609.00
Share Transfer Fees	17078.00	35561.00
Courier Charges	9767.00	11069.00
Custom Duty	-	6999.00
Income Tax	-	1000.00
Loss on Sale of Shares	-	26125.00
Loss on Sale of Car	86431.00	14678.00
Rent & Society Charges	265650.18	175865.75
Bank Charges	50000.00	246129.61
TOTAL	5413778.76	5587102.15

SCHEDULE 11 : NOTES TO ACCOUNTS :

1. Claims against the Company not acknowledged as debts -- NIL. (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 – Amount not ascertainable)
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 :

	For the Year ended 31.03.00 Rs.	For the Year ended 31.03.99 Rs.
a. Salaries	180000.00	231000.00
b. Contribution to P.F.	36000.00	30000.00

7. Miscellaneous expenditure is being written off over a period of ten years in equal instalments.
8. *Expenditure incurred on leases and hire purchase sales and income therefrom, 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.*
9. Information required to be stated, pursuant to Parts I and II of Schedule VI, to the Companies Act, 1956, has been stated to the extent applicable to the Company.
10. The Company charges depreciation at the rates provided in Schedule XIV to the Companies Act, 1956, on the following methods:-
-Lease Assets - At Written Down Value (WDV)
-Owned Assets - At Straight Line Method (SLM)
11. Terminal depreciation is charged in each case in the year of transfer of assets, if any.
12. The Company writes off Lease Assets, in accordance with the Lease Equalisation Account method, as stipulated in the Guidance Note on Accounting for Leases, issued by the Institute of Chartered Accountants of India. A sum of Rs. 29918/- has been provided towards the Lease Equalisation Account, for the year 1997-98.
13. 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) 70ED(S)/93, dated 12th May, 1993.
14. The Company has complied with all the prudential norms as prescribed by the Reserve Bank of India, for NBFCs, Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, as at 31st March, 2000, which are applicable to it.
15. Schedules 1 to 11 form an integral part of Balance Sheet and Profit and Loss Account and have been duly authenticated.

Figures in brackets represent previous year's figures.

As per my report of even date.

For and on behalf of
Sunita Narang
Chartered Accountant

(Sunita Narang)
Proprietor

For and on behalf of the Board
)
Farhang Azar)
)
Gulshan Azar) DIRECTORS
)
David Pandey)

Bombay, dated 2nd August, 2000

SCHEDULE 12 : SIGNIFICANT ACCOUNTING POLICIES

1. GENERAL :

The financial statements are prepared on the basis of historical cost convention and conform 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.

8. CONTINGENT LIABILITIES :

Liabilities of a contingent nature have not been provided in the accounts and have been separately disclosed by way of notes to accounts.

9. LEASE EQUALISATION ACCOUNT :

The Company writes off lease assets under finance leases, over the lease period, by providing for Lease Equalisation as per the Guidance Note of the Institute of Chartered Accountants of India, in respect of accounting for leases.

As per my report of even date.

For and on behalf of
Sunita Narang
Chartered Accountant

(Sunita Narang)
Proprietor

For and on behalf of the Board
)
Farhang Azar)
)
Gulshan Azar) DIRECTORS
)
David Pandey)

Bombay, dated 2nd August, 2000

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2000
(Pursuant to amended to Clause 32 of the Listing Agreement)

	31 ST MARCH, 2000 (Rs. In Lacs)	31 ST MARCH, 1999 (Rs. In Lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before Tax and Extraordinary Items	21.61	21.12
Adjustments for :		
Preliminary Expenses Written Off	2.43	-
Depreciation	8.36	9.03
Foreign Exchange	-	-
Investments	-	-
Interest/Dividend	-	-
Operating Profit before Working Capital Charges	32.40	30.15
Adjustments for :		
Trade and Other Receivables	(67.25)	(31.97)
Inventories	-	-
Trade Payables	18.02	(4.35)
Cash Generated from operations	(16.83)	(6.17)
Interest Paid	-	-
Direct Taxes Paid	(3.50)	(3.50)
Cash Flow before Extraordinary Items	(20.33)	(9.67)
Extra Ordinary Items	(7.19)	-
NETCASH FROM OPERATING ACTIVITIES	(27.52)	(9.67)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(56.31)	14.72
Sale of Fixed Assets	27.56	(7.00)
Acquisition of Companies	-	-
Purchase of Investments	-	-
Sale of Investments	-	(1.00)
Interest Received	-	-
Dividend Received	-	-
NET CASH USED IN INVESTING ACTIVITIES	(28.75)	(6.72)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from Issue of Share Capital	-	-
Proceeds from Long Term Borrowing	77.79	9.99
Repayment of Finance Lease Liabilities	-	-
Dividend Paid	-	-
NET CASH USED IN FINANCING ACTIVITIES	77.79	9.99
NET INCREASE IN CASH AND CASH EQUIVALENTS	21.52	(6.40)
Cash and Cash Equivalents as at (Opening Balance)	24.90	31.30
Cash and Cash Equivalents as at (Closing Balance)	46.42	24.90
NET INCREASE AS DISCLOSED ABOVE	21.52	(6.40)

GENERAL SHAREHOLDER INFORMATION

1. **Annual General Meeting**
 - Date** : 15th September, 2000
 - Time** : 11.00 a.m.
 - Venue** : Queen of Suburbs,
Plot No. 538, 17th Road,
Khar (W), Bombay 400 052
2. **Financial Calendar** : April to March
3. **Book Closure Date** : 1st September, 2000 to 15th September, 2000
4. **Dividend Payment Date** : N.A.
5. **Listing of Equity Shares** : The shares are listed on Bombay Stock Exchange, Delhi Stock Exchange and Ahmedabad Stock Exchange.
6. **Market Price** : Not actively traded.
7. **Registrars and Transfer Agents** : Investor Relations Department,
1, Queen of Suburbs,
Plot No. 538, 17th Road,
Khar (W), Bombay 400 052
8. **Share Transfer System** : Share transfer requests received in physical form are registered within an average of 20 days from the date of receipt.
9. **Distribution of Shareholding as on 31st March, 2000** : NONE
 - International Investors such as FIIs, GDRs, IFC and NRIs**
 - Indian Financial Institutions, Banks, Mutual Funds**
 - Bodies Corporate**
 - Others**
10. **Dematerialisation of Shares** : N.A.
11. **Outstanding GDRs** : Nil
12. **Other offices of the Company** : 120, Sterling Centre,
Opp. Arora Tower,
M. G. Road, Pune - 1
13. **Address for Correspondence** : Investor Relations Department,
Queen of Suburbs,
Plot No. 538, 17th Road,
Khar (W), Bombay 400 052

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

a) Registration Details

Registration No. : 59344
 State Code : 11
 Balance Sheet Date : 31st March, 2000

b) Capital Raised during the year

Public Issue	: NIL	Rights Issue	: NIL
Bonus Issue	: NIL	Private Placement	: NIL

c) Position of Mobilisation & Deployment of Funds

Total Liabilities	: 82957233.38	Total Assets	: 82957233.38
Sources of Funds -		Application of Funds -	
Paid Up Capital	: 30131000.00	Net Fixed Assets	: 17047798.28
Reserves & Surplus	: 5133237.46	Investments	: 630000.00
Secured Loans	: 41487907.92	Net Current Assets	: 63890189.40
Unsecured Loans	: 6205088.00	Misc. Expenditure	: 1389245.70

d) Performance of the Company

Total Income	: 75730895.50	Total Expenditure	: 73618396.95
Profit Before Tax	: 2112498.55	Profit After Tax	: 1762498.55
Earnings Per Share	: 0.58	Dividend Tax (%)	: NIL

e) Generic Names of Principal Products/Services of the Company

Item Code : 1
 Product Description : Leasing & Hire Purchase