



2002 - 2003



GALADA FINANCE LIMITED

BOARD OF DIRECTORS

Justice P. Bhaskaran	Chairman
Mr. J. Ashok Galada	Managing Director
Mr. Naveen Galada	Executive Director
Mr. K. Ramu	Director
Mr. S. Venkatakrishnan	Director
Mrs. Shanthi Devi Galada	Director
Mrs. Jyothi Ostwal	Director

BANKERS

Indian Bank,
Mint Street,
CHENNAI - 600 003.

AUDITORS

M/s. H.K. Chandarana & Co.,
Chartered Accountants,
II Floor, 137, Nainiappa Naicken Street,
CHENNAI - 600 079.

LEGAL ADVISER

Mr. RM. Mutthu Kumar

Advocate, Chennai

**REGISTERED AND
CORPORATE OFFICE**

No. 11, Perianaiyakaran Street,
Sowcarpet, CHENNAI - 600 079.
Tel : 25366576, 25366577, 25395877
Fax : 25395878

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NOTICE OF THE ANNUAL GENERAL MEETING TO THE MEMBERS

Notice is hereby given that the **SEVENTEENTH ANNUAL GENERAL MEETING** of the Members of the Company will be held on Saturday, the 27th September 2003 at 4.00 p.m. at A/C Hall, The Madras Hire Purchase Association, "Golden Complex", IV Floor, No. 220 (Old No. 128), NSC Bose Road, Chennai 600 079 to transact the following business :-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2003 and the Profit and Loss Account for the year ended on that date and the Reports of Directors and the Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. K. Ramu who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S. Venkatakrishnan who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration. The retiring Auditors **M/s. Chandarana & Sanklecha**, Chartered Accountants are eligible for re-appointment.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution.

"RESOLVED that pursuant to Sections 269, 309, 310 read with the Schedule XIII attached to the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactment thereof, for the time being in force, the Company hereby accords its approval for enhancement in the remuneration of Mr. J. ASHOK GALADA, Managing Director of the Company from the present level of Rs. 25,000/- per month with perquisites to a sum not exceeding Rs. 1,00,000/- per month by way of salary, perquisites, allowances and benefits with effect from 1st October 2003 with further

liberty to the Board of Directors from time to time, to alter and vary the remuneration, subject to the provisions contained in Schedule XIII to the Companies Act, 1956 as amended from time to time.

RESOLVED FURTHER

That pursuant to Section 269 and other applicable provisions, if any, of the Companies Act, 1956, Mr. J. Ashok Galada, Managing Director be and is hereby re-appointed for a further period of five years with effect from 1st April 2004 ending with expiry of 31st March 2009".

For **GALADA FINANCE LIMITED**

J. ASHOK GALADA
Managing Director

Place : Chennai

Date : 12th June 2003

NOTES :-

1. A Member entitled to attend and vote at the meeting of the Company shall be entitled to appoint any other person, whether a Member or not, as his / her proxy to attend instead of himself / herself. Such proxy shall not be entitled to vote except on a poll. A form of proxy is enclosed. Proxy form in order to be effective, should be lodged with the Company at any time not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 16.09.2003 to 27.09.2003 (both days inclusive).
3. Members are requested to communicate their change of address, if any, quoting their respective folios.
4. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details etc. to their respective DPs and those holding shares in physical form are to intimate the above said changes to the Secretarial Department at the Registered Office of the Company.
5. Dividend upon its declaration at the meeting will be paid to those Members whose names appear in the Register of Members on 27.09.2003.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

ITEM NO. 6

At the Annual General Meeting held on 25th September 1998, Mr. J. ASHOK GALADA was re-appointed as Managing Director of the Company for a period of five years from 1.4.1999 to 31.3.2004 on a remuneration of Rs. 15,000/- p.m. plus a commission at 1% of the Net profit of the Company with other perquisites.

At the Annual General Meeting held on 29th September 1999, the Members have accorded their approval for enhancement in the remuneration from Rs. 15,000/- per month plus a commission at 1% of the Net profits of the Company with perquisites to Rs. 25,000/- per month with perquisites and without payment of commission with effect from 1.6.99.

Considering the onerous responsibilities shouldered by the Managing Director and keeping in view the escalation in the cost,

it is considered expedient to increase the remuneration from the present level of Rs. 25,000/- per month with perquisites and without payment of commission to a sum not exceeding Rs. 1,00,000/- per month whether by way of salary, perquisites, allowances and benefits with effect from 1st October 2003.

The remuneration proposed to be paid is well within the ceiling prescribed in Schedule XIII attached to the Companies Act, 1956.

Mr. J. Ashok Galada, Managing Director, Mr. Naveen Galada, Executive Director, Mrs. Shanthi Devi Galada and Mrs Jyothi Ostwal, Directors may be deemed to be concerned or interested in passing the resolution.

The Board of Directors commend passing the resolution.

For GALADA FINANCE LIMITED

J. ASHOK GALADA
Managing Director

Place : Chennai,

Date : 12th June 2003

DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting their **SEVENTEENTH ANNUAL REPORT** together with the Audited Accounts of the Company for the year ended March 31, 2003.

FINANCIAL RESULTS

The financial results for the year ended 31st March 2003 are given below :-

Description	For the year ended 31.3.2003 (Rs. in lakhs)	For the year ended 31.3.2002
Total Income	155.28	205.19
Less Expenditure	74.87	95.68
Profit before Depreciation and Taxes	81.41	109.51
Less Depreciation	44.88	80.72
Profit before Tax	36.53	28.79
Less Income Tax & Deferred Tax	12.51	7.50
Profit After Tax	24.02	21.29
Balance Brought Forward from Previous Year	10.92	9.62
Amount available for appropriation	34.94	30.91
APPROPRIATION		
Proposed Dividend & Tax thereon	16.87	15.00
Balance carried to Balance Sheet	12.07	10.91
Transfer to General Reserve	NIL	5.00
Transfer to Statutory Reserve	6.00	—
	34.94	30.91

DIVIDEND

Your Directors recommend a dividend at 5% on the paid up share capital of Rs. 300 lakhs absorbing a sum of Rs. 15.00 lakhs towards Dividend and Rs. 1.875 lakhs towards tax thereon for the financial year ended March 31, 2003. The dividend will be paid to all those equity shareholders whose names appear in the Register of Members as on 27th September 2003.

BUSINESS

The gross profit for the year under review stood at Rs. 36.53 lakhs as compared to Rs. 28.79 lakhs in the previous financial year, thus registering an increase of 26.88% over the previous financial year. The net profit for the year under report has risen from Rs. 21.29 lakhs in the previous financial year to Rs. 24.02 lakhs recording an increase of 12.82% as compared to previous financial year.

PROSPECTS

The Company has maintained the growth achieved in the earlier years. The future for the Company looks very bright.

DEPOSITS

As on 31st March 2003, there were 47 depositors for a value of Rs. 12.96 lakhs.

Your Company has complied with the requirements under the guidelines issued by the Reserve Bank of India for Non-Banking Financial Companies.

INFORMATION REQUIRED UNDER NON-BANKING FINANCIAL COMPANIES ACCEPTANCE OF PUBLIC DEPOSITS (RESERVE BANK) DIRECTIONS, 1998

The total number of accounts of public deposit of the Company which have not been claimed by the depositors or not paid by the company after the date on which the deposit became due for the repayment was NIL.

The total amount due under such accounts remaining unclaimed or unpaid beyond the dates referred to above was NIL.

DIRECTORS

Mr. K. Ramu and Mr. S. Venkatakrishnan, Directors retire by rotation and being eligible, they offer themselves for re-appointment.

RESIGNATION

Mr. P.S. Ramanujam ceased to be a Director effective 28th September 2002. The Board wishes to place on record its appreciation of the invaluable contribution made by Mr. P.S. Ramanujam during his tenure as a Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) That in the preparation of the accounts for the financial year ended 31st March 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 the year under review.
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the Directors have prepared the accounts for the financial year ended 31st March 2003 on a 'going concern' basis.

AUDITORS

M/s. Chandarana & Sanklecha (formerly known as H.K.Chandarana & Co., Chartered Accountants, the Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

EMPLOYEES

Your Directors wish to convey their appreciation of services rendered by the employees at all levels.

PARTICULARS REQUIRED UNDER SECTION 217 (2A) OF COMPANIES ACT, 1956

There were no employees who were in receipt of the remuneration for the year ended 31.3.2003

as prescribed under Section 217 (2A) of the Companies Act, 1956 and hence annexure as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is not attached.

INFORMATION PURSUANT TO SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956.

The Company has no activity relating to conservation of energy or technology absorption. There were no foreign exchange earnings or outgo during the year under review.

REGULATORY STATEMENT

In conformity with the provisions of Clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended 31st March 2003 is annexed to the Accounts.

COMMON AGENCY FOR SHARE REGISTRY WORK

As per Circular No. D & CC/FITTC/CIR-15/2002 dated 27.12.2002 of Securities and Exchange Board of India, M/s. Cameo Corporate Services Ltd., at 'Subramanian Building', No.1, Club House Road, Chennai 600 002 were appointed as Common Agency for physical and electronic share registry work.

CORPORATE GOVERNANCE

The Securities and Exchange Board of India has introduced a Code of Corporate Governance for implementation by Companies listed with Stock Exchanges. Accordingly, your Company has adopted the principles of Corporate governance. The certificate of Statutory Auditors dated 12th June 2003 in line with Clause 49 of the Listing Agreement with the Stock Exchange is annexed to and forms part of the Directors' Report.

ACKNOWLEDGEMENT

Your Directors would like to express their appreciation for the continued assistance and co-operation received from Company's Bankers, Customers, Advisers, Auditors and Depositors during the year under review.

For and on behalf of the Board

JUSTICE P BHASKARAN
Chairman

Place : Chennai

Date : 12th June 2003

CORPORATE GOVERNANCE DISCLOSURE

CORPORATE PHILOSOPHY ON CODE OF GOVERNANCE

Galada Finance Limited (GFL) has been practicing the principles of good corporate governance over the years. The Board of Directors supports the broad principles of corporate governance and strong emphasis is laid on transparency, accountability and integrity.

BOARD OF DIRECTORS

The Board comprises of Justice P. Bhaskaran as Chairman of the Board, Mr. S. Venkatakrishnan, Mr. K. Ramu, Mrs. Shanthi Devi Galada, Mrs. Jyothi Ostwal who are non-executive independent Directors. Mr. J. Ashok Galada is the Managing Director and Mr. Naveen Galada is the Executive Director

CONSTITUTION OF BOARD AS ON 31st MARCH 2003

Name of the Director	Category	No. of Directorships in other Public Limited Companies as on 31st March 2003		No. of Committee Positions held as on 31st March 2003	
		Chairman	Director	Chairman	Director
Justice P Bhaskaran	C - NED	2	–	–	–
S. Venkatakrishnan	NED	–	3	–	–
K. Ramu	NED	–	–	–	–
Shanthi Devi Galada	NED	–	2	–	–
Jyothi Ostwal	NED	–	2	–	–
J. Ashok Galada	Managing Director	–	2	–	–
Naveen Galada	Executive Director	–	2	–	–

ATTENDANCE RECORD OF THE DIRECTORS

During the year 2002 - 2003, the Board met 5 times on the following dates namely, 31st May 2002, 29th July 2002, 28th September 2002, 29th October 2002 and 28th January 2003.

The Annual General Meeting was held on 28th September 2002. The attendance record of the Directors is as under :

Name of Director	Category	Board Meetings	Last AGM on 28.9.2002
P. Bhaskaran	C - NED	5	Yes
S. Venkatakrishnan	NED	5	Yes
K. Ramu	NED	3	Yes
*P.S. Ramanujam	NED	2	Yes
Shanthi Devi Galada	NED	5	Yes
Jyothi Ostwal	NED	4	No
J. Ashok Galada	Managing Director	5	Yes
Naveen Galada	Executive Director	4	No

* Ceased to be a Director with effect from 28th September 2002

MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

There have been no materially significant related party transactions, pecuniary transactions or relationships between Galada Finance Limited and its Directors for the year ended 31st March 2003.

REMUNERATION OF DIRECTORS : SITTING FEES, SALARY, PERQUISITES AND COMMISSION

Remuneration paid or payable to Directors during 2002 - 2003.

Name of Director	Sitting Fees	Commission on Profits	Salary & Allowances	Contribution to PF	Perquisites	Total
P. Bhaskaran	1,750	N.A.	N.A.	N.A.	N.A.	1,750
S. Venkatakrishnan	1,750	N.A.	N.A.	N.A.	N.A.	1,750
P.S. Ramanujam	500	N.A.	N.A.	N.A.	N.A.	500
K. Ramu	1,250	N.A.	N.A.	N.A.	N.A.	1,250
Shanthi Devi Galada	1,000	N.A.	N.A.	N.A.	N.A.	1,000
Jyothi Ostwal	Nil	N.A.	N.A.	N.A.	N.A.	Nil
J. Ashok Galada	N.A.	N.A.	4,50,000	N.A.	60,055	5,10,055
Naveen Galada	N.A.	N.A.	1,35,000	N.A.	16,368	1,51,368

COMMITTEES OF THE BOARD
AUDIT COMMITTEE

The Audit Committee comprises of Justice P Bhaskaran, Mr. S. Venkatakrishnan and Mr. K. Ramu all non-executive Directors of the Company with Justice P Bhaskaran as its Chairman. The role, terms of reference, authority and powers of the Audit Committee are in conformity with the requirements of Companies Act, 1956 and listing agreement.

The Committee held two meetings during the year 2002 - 2003 on the following dates - 29th October 2002 and 28th January 2003. The attendance of the meetings was as under :

Name of the Director	Attendance Particulars
Justice P. Bhaskaran	2
S. Venkatakrishnan	2
K. Ramu	2

The scope of the Audit Committee includes :

- (a) Review of the Company's financial reporting process, financial statements and financial / risk management policies.
- (b) Review of the adequacy of internal control systems and the adequacy of the internal audit function.
- (c) Discussion with the management and external auditors of the audit plan for the financial year and a joint post - audit review of the same.

REMUNERATION COMMITTEE

The Company has not constituted any Remuneration Committee during the year under review.

SHARE TRANSFER CUM INVESTOR RELATIONS COMMITTEE

The Company has a Share Transfer cum Investor Relations Committee comprising of Mr. J. Ashok Galada, Mr. Naveen Galada and Mrs Shanthi Devi Galada. The Committee is vested with the requisite powers and authorities to specifically look into redressal of shareholder and investor grievances.

The Committee held 4 meetings during the financial year 2002 - 2003. The attendance of the meetings was as under :

S.No.	Name of the Director	Total No. of Meetings	Meetings attended
1.	Mr. J. Ashok Galada	4	4
2.	Mr. Naveen Galada	4	4
3.	Mrs. Shanthi Devi Galada	4	4

The Committee inter alia approves the issue of duplicate certificate and reviews all matters connected with the securities transfer. The Committee also looks into redressing the shareholders / investors complaints like transfer of shares, non-receipt of balance sheet etc. The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement of the quality of investor services.

MANAGEMENT

DISCLOSURES BY THE MANAGEMENT TO BOARD

All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board and the interested Directors neither participate in the discussion nor vote on such matters.

SHAREHOLDERS INFORMATION**MEANS OF COMMUNICATION**

The Company publishes its quarterly and annual results in the Trinity Mirror issue in English and Makkal Kural issue in vernacular language.

INVESTOR GRIEVANCES

As mentioned earlier, the Company has a duly constituted Share Transfer cum Investor Relations Committee for redressing shareholders and investor complaints.

SHARE TRANSFER

The Company appointed M/s. Cameo Corporate Services Ltd. as Common Agency for providing share transfer work and depository services through NSDL and CDSL.

DETAILS OF NON-COMPLIANCE BY THE COMPANY, PENALTIES, STRICTURES IMPOSED ON THE COMPANY BY STOCK EXCHANGE OR SEBI OR ANY STATUTORY AUTHORITY OR ANY MATTER RELATED TO CAPITAL MARKETS

There were no instances of non compliance of any matters mentioned above.

GENERAL BODY MEETINGS

The details of last three Annual General Meetings are given below :

No. of AGM	Date and Time	Venue
14th AGM	23rd September 2000 4.00 p.m.	"Indra Sabha Hall" Hotel palmgrove, Kodambakkam High Road, Chennai - 600 034.
15th AGM	22nd September 2001 4.00 p.m.	A/c Hall, The Madras Hire Purchase Association, 'Golden Complex', IV Floor, No. 220 (Old No. 128), N.S.C. Bose Road, Chennai - 600 079.
16th AGM	28th September 2002 4.00 p.m.	-- do --

ADDITIONAL SHAREHOLDER INFORMATION
17th Annual General Meeting

Date : 27th September 2003
Time : 4.00 p.m.
Venue : A/c Hall, The Madras Hire Purchase Association,
 "Golden Complex", 4th Floor, No. 220, (Old No. 128)
 N.S.C. Bose Road, Chennai - 600 079.

FINANCIAL CALENDER

Financial year 1st April to 31st March

Results	For the year ended 31st March 2003 was announced on	For the year ending 31st March 2004 will be announced by
First Quarter	29th July 2002	31st July 2003
Second Quarter	29th October 2002	30th October 2003
Third Quarter	28th January 2003	31st January 2004
Fourth Quarter & Annual	13th June 2003	30th June 2004

BOOK CLOSURE

The Book closure period is from 16th September 2003 to 27th September 2003 (both days inclusive).

DIVIDEND DATE

27th September 2003

LISTING ON STOCK EXCHANGE

The Company's equity shares are listed on the Madras stock Exchange.

The ISIN Number (Demat) is INE243E01010.

STOCK DATA

It is ascertained from Madras Stock Exchange that no transactions have taken place in the equity shares of the Company for the period from 1st April 2002 to 31st March 2003.

DISTRIBUTION OF SHAREHOLDING BY OWNERSHIP AS ON 31ST MARCH 2003

Category	No. of shares	Percentage of share holding
A. PROMOTER'S HOLDING		
1. Promoters		
- Indian Promoters	19,74,750	65.82%
- Foreign promoters	Nil	Nil
2. Persons acting in concert	Nil	Nil
Sub total	19,74,750	65.82%



Category	No. of Shares	Percentage of share holding
B. NON - PROMOTERS HOLDING		
3. Institutional Investors		
a. Mutual Funds	Nil	Nil
b. Banks, Financial Institutions, Insurance Companies Central / State Government Institutions / Non-Government Institutions	Nil	Nil
c. Foreign Institutional Investors	Nil	Nil
4. Others		
a. Private Corporate Bodies	59,600	2.00%
b. Indian public	9,65,650	32.18%
c. NRIs/OCBs	Nil	Nil
d. Any other (Please specify)	Nil	Nil
Sub Total	10,25,250	34.18%
Grand Total	30,00,000	100.00%

DISTRIBUTION OF SHAREHOLDING BY SIZE AS ON 31ST MARCH 2003

Share holding of nominal value of		Shareholders		Share Amount	
Rs.	Rs.	Number	% to Total	(in Rs.)	% to Total
(1)	(2)	(3)	(4)	(5)	(6)
Upto 5,000	5,000	341	43.85	13,28,000	4.43
5,001 - 10,000	10,000	144	18.44	12,34,000	4.11
10,001 - 20,000	20,000	31	3.97	4,60,500	1.54
20,001 - 30,000	30,000	170	21.77	42,96,000	14.32
30,001 - 40,000	40,000	21	2.69	7,75,000	2.58
40,001 - 50,000	50,000	20	2.56	9,73,000	3.24
50,001 - 1,00,000	1,00,000	16	2.05	11,67,000	3.89
1,00,001 AND ABOVE		38	4.87	1,97,66,500	65.89
TOTAL		781	100.00	3,00,00,000	100.00

Outstanding GDRs/Warrants or Convertible Instruments

Not Applicable

Address for Correspondence

Registrars and Share Transfer Agents :

M/s. Cameo Corporate Services Ltd.,
'Subramanian Building', No.1, Club House Road,
Chennai - 600 002. Phone : 28460390. (5 Lines)
Fax : 28460129, Grams : Cameo, E-mail : cameo@cameoindia.com,
Website : www.cameoindia.com

COMPANY :

Galada Finance Limited, "Galada Nivas", No.11, Perianaiyakaran Street, Sowcarpet,
Chennai - 600 079. Phone : 25366576, 25366577, 25395877 Fax : 25395878

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, the Auditors Certificate is given as annexure to the Directors' Report.

ANNEXURE TO THE DIRECTORS' REPORT

Auditors Certificate on compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement.

TO THE MEMBERS OF GALADA FINANCE LIMITED

We have examined the compliance of conditions of Corporate Governance by Galada Finance Limited for the year ended on 31st March 2003 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the

Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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.

We state that there were no investor grievances remaining unattended / pending for more than 30 days.

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.

For H.K. Chandarana & Co.,
Chartered Accountants

Bharat Raj Sanklecha
Proprietor

Place : Chennai,

Date : 12th June 2003

AUDITORS' REPORT TO THE MEMBERS OF GALADA FINANCE LIMITED

- 1) We have audited the attached Balance Sheet of Galada Finance Limited as at 31st March 2003, and also the annexed Profit and Loss Account of the Company for the period ended on that date. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our Audit.
- 2) We have 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 of 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Manufacturing and Other Companies (Auditors' Report) Order 1988, issued by the Central Govt. in terms of the Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanation given to us in course of Audit, we enclose in the annexure a statement of the matter specified in the paragraph 4 & 5 of the said order to the extent applicable.
- 4) Further to our comments in the Annexure referred to in paragraph 3 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 purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the books.
 - c) The Balance Sheet and the Profit & Loss Account dealt with by the report are in agreement with the books of account.
 - d) In our opinion, the Profit & Loss Account and Balance Sheet comply with the mandatory accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of representations received from the directors of the Company as at 31st March, 2003, and taken on record by the Board of Directors, we report that no director is disqualified from being appointed as a director of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - f) In our opinion and to the best of information and according to the explanations given to us, the said accounts, read together with the company's accounting policies and the Notes thereto, give the information required by the Companies Act 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India: -
 - I. In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003;
 - II. In so far as it relates to the Profit & Loss Account, of the profit of the Company for the year ended on that date;

For H.K Chandarana & Co.,
Chartered Accountants,

Bharat Raj Sanklecha
Proprietor

Place: Chennai
Date: 12th June 2003

ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in paragraph 3 of the Report of the Auditors' to the Members of Galada Finance Limited on the accounts for the year ended 31st March 2003.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets. The fixed assets have been physically verified by the management at regular intervals. No discrepancies have come to the notice at such physical verifications.
2. None of the fixed assets have been revalued during the year.
3. The Company does not hold finished goods, stores, spare parts or raw materials.
4. The Company has taken loans, unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies act, 1956. The rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the Company.
5. The Company has not granted loans, to firms or other parties listed in the register maintained under Section 301.
6. a) In respect of loans and advances in the nature of loans, the parties are repaying the principal amounts as stipulated and they are regular in payment of interest wherever applicable.
b) In respect of hire money due on stock-on-hire under hire purchase transaction entered into by the company in the ordinary course of business, where installments are overdue, the Company has taken reasonable steps to recover the said amounts.
7. There is adequate internal control procedure commensurate with the size of the Company and the nature of its business, for purchase of other assets.
8. The company has accepted fixed deposits from the public and has complied with the directives issued by the Reserve Bank of India and the Provisions of Section 58A of the Companies Act, 1956 and Rules framed thereunder wherever applicable.
9. The Company's internal audit system together with its internal control procedures commensurate with the size and nature of business.
10. The Central Government has not prescribed the maintenance of any cost records under section 209(1) of the Companies Act, 1956.
11. We are informed that the Provisions of the Provident Fund Act are not applicable to the Company as the number of whole-time employees of the company are less than the minimum number prescribed under the Provident Fund Act.
12. There are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty as at 31st March, 2003, and which are outstanding for a period of more than six months from the date they became payable.
13. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to the revenue accounts, other than those payable under contractual obligations or in accordance with generally accepted business practices.
14. The Company has not granted loans and advances on the basis of security or by way of pledge of shares or debentures and other securities.
15. The provisions of any special statute are not applicable to this company.
16. The Company is not dealing or trading in shares, securities or debenture and other investments.
17. As per the information and explanations given to us, clauses IV, V, VI, XI, XII, XIV, XX of the Para 4a of the aforesaid order are not applicable to the company.

For H.K Chandarana & Co.,
Chartered Accountants,

Bharat Raj Sankdecha
Proprietor

Place: Chennai
Date: 12th June 2003

BALANCE SHEET AS AT 31ST MARCH 2003

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2003 Rs.	AS AT 31.03.2002 Rs.
I SOURCES OF FUNDS			
Shareholder's Funds			
Capital	1	3,00,000,00	3,00,00,000
Reserves & Surplus	2	88,58,577	79,41,604
Loan Funds			
Secured Loans	3	62,68,646	64,65,121
Unsecured Loans	4	12,96,000	26,95,000
Deferred Tax Liability		22,00,000	18,50,000
Total		4,74,21,223	4,89,51,725
II. APPLICATION OF FUNDS			
Fixed Assets	5		
a. Gross Block		3,26,58,189	4,32,10,664
(-) b. Depreciation		1,52,95,127	1,88,26,158
c. Net Block		1,73,63,062	2,43,84,506
Investments	6	10,67,599	8,55,140
Current Assets, Loans & Advances			
Cash and Bank Balances	7	7,12,653	12,18,302
Stock on Hire	8	1,74,53,559	4,30,71,380
Leased Assets	9	90,53,186	51,79,539
Loans and Advances	10	3,25,73,530	82,36,989
		5,97,92,928	5,77,06,210
(-) Current Liabilities & Provisions	11	3,15,86,604	3,47,93,346
Net Current Assets		2,82,04,324	2,29,12,864
Miscellaneous Expenditure	12	7,86,238	7,99,215
(to the extent not written off)			
Total		4,74,21,223	4,89,51,725
Notes on Account	18		

"As per our report of even date attached"
for **H.K. Chandarana & Co.**
Chartered Accountants

BHARAT RAJ SANKLECHA
Proprietor

J.ASHOK GALADA
MANAGING DIRECTOR

NAVEEN GALADA
EXECUTIVE DIRECTOR

Place: Chennai
Date: 12th June 2003

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2003

PARTICULARS	SGCHEDULE NO.	AS AT 31.03.2003 Rs.	AS AT 31.03.2002 Rs.
INCOME			
Income From Operation	13	1,52,93,827	1,97,56,145
Other Income	14	3,34,788	7,63,029
Total Income		1,56,28,615	2,05,19,174
EXPENDITURE			
Interest & Finance Charges		10,43,095	14,66,810
Establishment Charges	15	10,69,807	10,34,975
Administrative & Other Expenses	16	28,40,020	28,54,868
Bad Debts	17	25,21,464	41,98,299
Depreciation		44,87,806	80,72,134
Preliminary Expenses		12,977	12,977
Total Expenditure		1,19,75,169	1,76,40,063
Profit Before Tax		36,53,446	28,79,111
Deduct : Income Tax		8,00,973	7,50,000
Deferred Tax		2,50,000	-
Profit After Tax		24,02,473	21,29,111
Previous year balance		10,91,604	9,62,493
Amount available for appropriation		34,94,077	30,91,604
APPROPRIATIONS:			
Statutory Reserve		6,00,000	-
General Reserve		-	5,00,000
Proposed Dividend & Tax		16,87,500	15,00,000
Balance carried to Balance Sheet		12,06,577	10,91,604
		34,94,077	30,91,604
Earning per share-Basic & Diluted		0.50	0.71
Notes on Account	18		

"As per our report of even date attached"

for **H.K. Chandarana & Co.**
Chartered Accountants

BHARAT RAJ SANKLECHA
Proprietor

J.ASHOK GALADA
MANAGING DIRECTOR

NAVEEN GALADA
EXECUTIVE DIRECTOR

Place: Chennai
Date: 12th June 2003

**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET
AS AT 31ST MARCH 2003 AND THE PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31ST MARCH 2003**

PARTICULARS	SCHEDULE NO.	AS AT 31.03.2003 Rs.	AS AT 31.03.2002 Rs.
SCHEDULE - 1 - SHARE CAPITAL			
AUTHORISED SHARE CAPITAL			
40,00,000 Equity shares of Rs.10/- each		4,00,00,000	4,00,00,000
ISSUED, SUBSCRIBED AND PAID UP			
30,00,000 Equity shares of Rs.10/- each		3,00,00,000	3,00,00,000
Fully paid up		3,00,00,000	3,00,00,000
SCHEDULE - 2 RESERVES & SURPLUS			
Statutory Reserve		6,00,000	---
General Reserve		68,50,000	68,50,000
Profit and Loss Account		12,06,577	10,91,604
		86,56,577	79,41,604
SCHEDULE - 3 SECURED LOANS			
From Banks		52,68,646	64,65,121
(Secured by hypothecation of Stock on hire & Personal Guarantees of Directors)		52,68,646	64,65,121
SCHEDULE - 4 UNSECURED LOANS			
Corporate Deposit		---	6,52,000
Fixed Deposits		12,96,000	20,43,000
		12,96,000	26,95,000

SCHEDULE - 5 FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS ON 01.04.2002 Rs.	ADDITION Rs.	DELETION Rs.	AS ON 31.03.2003 Rs.	UP TO 01.04.2002 Rs.	FOR THIS YEAR Rs.	ADJUST- MENT Rs.	TOTAL Rs.	AS ON 31.3.2003 Rs.	AS ON 31.3.2002 Rs.
LEASED ASSETS										
Vehicles	3,08,37,973	0	1,01,89,627	20,64,345	2,15,66,983	37,96,759	82,87,078	1,70,75,654	25,71,582	92,70,990
Plant and Machinery	85,61,828	0	7,45,470	78,16,358	32,93,393	2,75,106	543307	30,25,192	47,91,166	52,68,435
Lease Terminal Adjustment	---	---	---	---	(78,48,036)	---	---	(70,36,488)	70,36,488	78,48,036
(A)	3,93,99,801	0	1,09,35,097	2,84,54,704	1,70,12,340	40,71,865	8830385	1,30,65,368	1,53,99,336	2,23,87,461
ASSETS FOR OWN USE										
Vehicles	9,19,645	3,68,622	0	12,88,267	2,24,592	1,82,826	---	4,07,418	8,80,849	6,95,053
Office Equipments	12,87,863	14,000	0	13,01,863	7,41,451	96,846	---	1,38,297	4,63,566	5,46,412
Plant and Machinery	2,42,350	0	0	2,42,350	1,69,810	10,090	---	1,79,900	62,450	72,540
Furniture	13,61,005	0	0	13,61,005	6,77,965	1,26,179	---	8,04,144	8,56,861	6,83,040
(B)	38,10,863	3,82,622	0	41,93,485	18,13,818	4,15,941	---	22,29,759	19,62,726	19,97,045
Grand Total (A+B)	4,32,10,664	3,82,622	1,09,35,097	3,34,58,190	1,88,26,158	44,87,806	8830385	1,82,95,127	1,73,63,062	2,43,84,506
Previous Year	5,33,01,448	5,41,438	1,06,32,222	4,32,10,664	1,93,66,515	80,72,134	9119697	1,88,26,158	2,43,84,506	3,39,34,933

GALADA FINANCE LIMITED

PARTICULARS	Face Value	No. of Shares	AS AT 31.03.2003 Rs.	AS AT 31.03.2002 Rs.
SCHEDULE - 6 LONG TERM INVESTMENTS (NON - TRADE)				
A : SHARES (QUOTED. AT COST)				
Bharat Televentures Limited	10	800	-	36,000
Gupta Carpet Ltd	10	360	11,425	11,425
First Leasing Co. of India Ltd	10	30	-	664
T.A.C.Ltd	10	350	5,688	5,688
Tungabhadra Pulp Board Ltd	10	150	750	750
Annamalai Finance Ltd	10	1000	-	26,608
Modi Cement Ltd	10	100	650	650
Kochar Oil Mill Ltd	10	100	1,200	1,200
S.N.S.Leasing Ltd	10	100	650	650
W.I.E.Engg. Ltd	10	100	2,500	2,500
Kaypee Mantex Ltd	10	100	1,000	1,000
M.R.P.L	10	200	2,000	1,000
Bihar Alloys Steels Ltd	10	200	2,000	2,000
State Bank of India	10	50	-	5,000
G.N.F.C	10	500	-	25,000
Morgan Stanley Mutual Fund	10	500	-	5,000
Zen Global Finance Ltd	10	5000	75,000	75,000
Colgate Palmolive	10	100	16,380	16,380
Indian Oil Corporation	10	200	-	37,360
Knoll Pharmaceuticals	10	200	43,062	63,370
Mahaveer Spinning Mill	10	1000	-	43,700
Mukta Arts Limited	10	100	-	15,375
Tamilnadu Newsprint Ltd	10	1200	-	35,630
Tata Chemicals Ltd	10	500	-	23,450
Bharat Petro Co Ltd	10	700	1,51,590	-
Chambal Fertiliser Ltd	10	1000	14,180	-
Shasun Chemical Ltd	10	1600	1,51,515	-
State Trading Corporation Ltd	10	1600	78,300	-
Sliverline Technology Ltd	10	1000	17,350	-
Shipping Corporation of India	10	400	88,420	-
DEBENTURES				
M.R.P.L. 16% Party Convertible Debentures	31	50	-	1,950
First Leasing Co. of India Ltd.	50	50	2,500	2,500
15% Convertible Debentures	100	16	1,120	1120
First Leasing Co. of India Ltd.				
17% Non - Convertible Debentures				
			8,77,578	4,40,970
Market Value			4,92,402	2,92,610
B: Indira Vikas Patra			10,020	10,020
C:13.75% Tamilnadu Govt. Loan			30,000	30,000
D. 11.50% Tamilnadu Govt. Security			3,50,000	3,74,150
			10,47,549	8,55,140

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GALADA FINANCE LIMITED

PARTICULARS	AS AT 31.03.2003 Rs.	AS AT 31.03.2002 Rs.
SCHEDULE - 7		
CASH AND BANK BALANCES		
Cash on Hand	5,34,461	4,13,786
Balance with Scheduled Banks		
In Current Accounts	5,76,192	8,04,516
Balance with Non - Scheduled Banks		
- in Current Accounts	7,12,662	12,18,302
(People Co-operative Bank, Pune - Maximum Balance outstanding RS.3857/- previous year Rs.382353/-)		
SCHEDULE - 8 STOCK ON HIRE		
(Secured by Hire Purchase Agreements)	1,74,53,559	4,30,71,380
	1,74,53,559	4,30,71,380
SCHEDULE - 9 LEASED ASSETS		
Lease Rent Receivable	1,15,24,947	67,58,553
Less: Unmatured Finance Charges	24,71,761	15,79,014
	90,53,186	51,79,539
SCHEDULE - 10 LOANS & ADVANCES		
Secured Loans	2,64,53,778	-
(Secured by Hypothecation Agreements)		
(Unsecured, considered good)		
Lease Debtors		
Exceeding Six Months	8,20,561	16,15,617
Others	1,27,975	11,92,181
Loans	35,37,972	35,58,908
Income Tax & T.D.S	2,72,874	2,45,457
Interest Accrued but not due	818	11,719
Advances and Deposits	12,81,255	16,13,107
(Recoverable in cash or in kind or for value to be received)	5,28,73,530	82,36,989
SCHEDULE - 11 CURRENT LIABILITIES AND PRIVISIONS		
Current Liabilities:		
Unmatured Finance Charges	33,01,210	87,37,082
Advance Interest	51,44,618	-
Advances & Deposits	1,45,18,993	1,82,08,325
Sundry Creditors for others	1,54,877	2,43,757
Sundry Creditors for expenses	1,52,191	1,04,189
Interest Accrued but not due	52,867	1,00,930
	2,93,51,656	2,73,94,283
Provisions:		
Provision for Dividend & Tax	15,00,000	15,00,000
Provision for Bad and Doubtful Debts	44,43,295	58,04,940
Provision for Depreciation in Investments	94,123	94,123
	60,37,418	3,47,93,346

PARTICULARS	AS AT 31.03.2003 Rs.	AS AT 31.03.2002 Rs.
SCHEDULE - 12 MISCELLANEOUS EXPENDITURE		
Preliminary Expenses	13,954	26,931
Less: Written Off during the year	12,977	12,977
(A)	977	13,954
Public Issue Expenses	7,85,261	7,85,261
(B)	7,85,261	7,85,261
Total A+B	7,86,238	7,99,215
SCHEDULE - 13 INCOME FROM OPERATION		
LEASE INCOME		
Lease Rentals	86,44,886	86,92,360
Add: Lease Equalisation Amount	13,15,458	18,03,303
	99,60,344	1,04,95,663
Hire Purchase profit & Service Charges	54,99,548	87,81,670
Interest Receipts, Gross	31,49,393	4,78,812
(T.D.S Rs.23943/- Previous Year Rs.15065/-)	1,82,93,827	1,97,56,145
SCHEDULE - 14 OTHER INCOME		
Dividend Receipts, Gross	25,305	54,925
Profit on Sale of Fixed Assets	75,083	2,79,966
Profit on Sale of Land	-	3,10,000
Profit on Sale of Shares	-	25,796
Miscellaneous Income	2,14,162	54,715
Interest from Government Securities	20,238	37,627
	3,34,786	7,63,029
SCHEDULE - 15 ESTABLISHMENT CHARGES		
Salary & Bonus	4,08,284	4,49,975
Managerial Remuneration	5,61,423	5,85,000
	10,69,807	10,34,975

PARTICULARS	AS AT 31.03.2003 Rs.	AS AT 31.03.2002 Rs.
SCHEDULE - 16 ADMINISTRATIVE AND OTHER EXPENSES		
A.G.M.Expenses	10,745	2,670
Advertisements	6,080	14,547
Auditors' Remuneration	62,200	52,125
Bank Charges	93,841	71,310
Books & Periodicals	3,249	6,016
Branch Office Expenses	1,76,750	297,321
Business Promotion Expenses	82,263	78,574
Club Fees	36,782	35,208
Commission & Brokerage	67,924	91,556
Complimentary Expenses	-	2,940
Conveyance Expenses	42,329	37,764
Demat Charges	234	4,791
Directors Sitting Fees	5,250	5,500
Donation	2,000	15
Electricity Charges	68,603	43,852
Insurance	21,888	50,868
Internet Charges	7,840	-
Legal & Professional Fees	2,33,068	1,77,587
LIC Keyman Policy	1,69,185	1,69,185
Listing Fees	12,600	12,600
Loss on Sale of Shares	55,886	-
Membership Fees	14,970	12,746
Miscellaneous Expenses	52,724	13,274
Office Expenses	67,754	68,816
Office Rent	2,92,600	7,08,600
Postage & Telegram	74,714	74,685
Printing & Stationery	87,162	76,726
Parking Charges	25,545	-
Rates & Taxes	9,340	1,200
Rebate & Discount	46,321	30,168
Repairs and Maintenance Charges	1,78,052	1,65,701
ROC Fees	1,500	4,350
Seizing Charges	1,84,577	1,67,000
Staff Welfare	56,397	46,692
Telephone Charges	1,92,649	1,49,330
Travelling Expenses	1,51,809	1,11,470
Vehicle Maintenance	1,36,059	69,681
	26,40,020	28,54,868
SCHEDULE - 17 BAD DEBTS		
Bad Debts	18,82,109	27,82,107
Provision for Bad & Doubtful Debts	6,38,355	14,16,192
	25,21,464	41,98,299

PARTICULARS	AS AT 31.03.2003 Rs.	AS AT 31.03.2002 Rs.
SCHEDULE - 18 NOTES ON ACCOUNT		
1. Significant Accounting Policies		
(a) Overall Policy		
The accounts have been prepared on historical cost convention.		
(b) Recognition of Income and Expenditure		
i) The Company accounts for income and expenditure on accrual basis except otherwise stated.		
ii) Finance Charges in respect of Hire Purchase & Hypothecation transactions entered after 1st April 2002 are apportioned over the period of agreement by Internal Rate of Return basis and transactions entered before 31st March 2002 have been accounted on the even spread method.		
iii) Lease transactions entered after 1st April 2002 have been accounted as per the Accounting Standard (AS-19) issued by the Institute of Chartered Accountants of India.		
iv) The Company has followed the Prudential norms prescribed by the Reserve Bank of India for Non-Banking Financial Companies.		
v) Gratuity Liabilities accounted on cash basis.		
vi) Interest on overdue lease rentals, Loans and hire purchase instalments accounted for on receipt basis.		
(c) Fixed Assets and Depreciation :		
i) Fixed Assets are stated at historical cost less accumulated depreciation		
ii) Depreciation on assets has been provided on Written down value method as prescribed by Schedule XIV to the Companies Act 1956. The Company follows the guidance note on accounting for lease issued by the Institute of Chartered Accountants of India in respect of assets acquired between 1st April 1994 and 31st March 2001.		
(d) Investments :		
i) Investments in Shares and Debentures are stated at cost. However, any decline in the value of such investments which, in the opinion of the management is not temporary, is provided for.		
(e) Miscellaneous Expenditure :		
The Company amortizes Preliminary Expenses over a period of 10 years. The Company does not amortizes the Public issue Expenses.		
2. Payments to Auditors		
For Statutory Audit	30,000	25,000
For Tax Audit	10,000	10,000
For Taxation	10,000	7,500
For Other Services	10,000	7,500
For Expenses & Service Tax	3,200	2,125
	63,200	52,125
3. Finance Charges		
On Fixed Loans	2,92,761	3,03,188
On Other Loans	1,08,801	52,674
On Bank Cash Credits	6,41,533	11,10,950
	10,43,095	14,66,810

4. Related Party Transactions and Managerial Remuneration ;

Name of the Transaction Party	Relationship between the Party	Nature of Transaction	Volume of transaction (In Rs.)
J. Ashok Galada	Managing Director	Managerial Remuneration	5,10,055
Naveen Galada	Executive Director	Managerial Remuneration	1,51,368

5. Interest Accrued Rs. Nil /- (Previous year Rs. 4820/-) on Indira Vikas Patra
6. Interest to Directors on fixed deposit is Rs. Nil /- (Previous year Rs. 11451/-)
7. Lease Rental Receivable (Gross)
 - a) Not later than one year 77,11,333
 - b) Later than one year but not later than five years 38,13,614
8. In accordance with Accounting Standard 22 (Accounting for Taxes on Income) issued by the Institute of Chartered Accountants of India, the deferred tax liability as at 31st March, 2003 aggregating to Rs. 3.5 lakhs has been charged to Profit and Loss Account. This liability has been provided on account of timing difference of depreciation.
9. The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard 17 (Segment reporting)
10. Contingent Liability
No provision for service tax on hire purchase profit & lease income has been made as Hire Purchase Association has taken stay on levy of service tax.
11. Additional Information pursuant to para 4c and 4d of part II of Schedule VI of the Companies Act, 1956 is either NIL or NOT APPLICABLE.
12. Previous year's figures have been re-grouped wherever found necessary.

for **H.K. CHANDARANA & Co.**
Chartered Accountants.

BHARAT RAJ SANKLECHA
Proprietor

J.ASHOK GALADA
MANAGING DIRECTOR

NAVEEN GALADA
EXECUTIVE DIRECTOR

Place: Chennai
Date: 12th June 2003

SCHEDULE TO THE
BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY
(as required in terms of Paragraph 9BB of
Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998
(Rs. in lakhs)

Particulars			
Liabilities side :			
(1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount out Standing	Amount Over due
	(a) Debentures : Secured	—	—
	: Unsecured	—	—
	(other than falling within the meaning of public deposits*)	—	—
	(b) Deferred Credits	—	—
	(c) Term Loans	—	—
	(d) Inter-corporate loans and borrowing	—	—
	(e) Commercial Paper	—	—
	(f) Public Deposits*	13	—
	(g) Other Loans (specify nature)	—	—
	From Bank	—	—
	* Please see Note 1 below		
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
	(a) In the form of Unsecured debentures	—	—
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	—	—
	(c) Other public deposits	13	—
	* Please see Note 1 below		
Assets side :			
		Amount outstanding	
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
	(a) Secured	—	
	(b) Unsecured	52	

(4)	Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities	
	<p>(i) Lease assets including lease rentals under sundry debtors :</p> <p>(a) Financial lease (NET) 151</p> <p>(b) Operating lease —</p> <p>(ii) Stock on hire including hire charges under sundry debtors:</p> <p>(a) Assets on hire (NET) 142</p> <p>(b) Repossessed Assets —</p> <p>(iii) Hypothecation loans counting towards EL/HP activities</p> <p>(a) Loans where assets have been repossessed —</p> <p>(b) Loans other than (a) above (NET) 214</p>	
(5)	<p><u>Break-up of Investments :</u></p> <p><u>Current Investments :</u></p> <p>1. <u>Quoted :</u></p> <p>(i) Shares : (a) Equity — (b) Preference —</p> <p>(ii) Debentures and Bonds —</p> <p>(iii) Units of mutual funds —</p> <p>(iv) Government Securities —</p> <p>(v) Others (please specify) —</p> <p>2. <u>Unquoted :</u></p> <p>(i) Shares : (a) Equity — (b) Preference —</p> <p>(ii) Debentures and Bonds —</p> <p>(iii) Units of mutual funds —</p> <p>(iv) Government Securities —</p> <p>(v) Others (Please specify) —</p>	

	Long Term investments :			
	1. Quoted :			
	(i) Share :	(a) Equity	7	
		(b) Preference	--	
	(ii) Debentures and Bonds		--	
	(iii) Units of mutual funds		--	
	(iv) Government Securities		4	
	(v) Others (Please specify)		--	
	2. Unquoted :			
	(i) Shares :	(a) Equity	--	
		(b) Preference	--	
	(ii) Debentures and Bonds		--	
(iii) Units of mutual funds		--		
(iv) Government Securities		/--		
(v) Others (Please specify)		--		
(6)	Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances : 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	--	--	--
	2. Other than related parties	445	50	495
	Total	445	50	495
	(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below		
Category		Market Value / Break up or fair value or NAV		Book Value (Net of Provisions)
1. Related Parties **				
(a) Subsidiaries		---		---
(b) Companies in the same group		--		--
(c) Other related parties		--		--
2. Other than related parties				11
Total				11

** 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	133
	(ii)	Net Non-Performing Assets	
	(a)	Related parties	—
	(b)	Other than related parties	69
	(iii)	Assets acquired in satisfaction of debt	—

Notes :

“As per our report of even date attached”

for **H.K. Chandarana & Co.**
Chartered Accountants

BHARAT RAJ SANKLECHA
Proprietor

J.ASHOK GALADA
MANAGING DIRECTOR

NAVEEN GALADA
EXECUTIVE DIRECTOR

Place: Chennai
Date: 12th June 2003

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER PART IV TO SCHEDULE VI TO THE COMPANIES ACT, 1956.

I. REGISTRATION DETAILS:

Regn. No.:

		1	2	8	2	6
--	--	---	---	---	---	---

 State code:

1	8
---	---

Balance Sheet date

3	1
---	---

0	3
---	---

2	0	0	3
---	---	---	---

Date Month Year

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue	Right Issue														
<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>i</td><td>i</td></tr></table>					N	i	i	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>i</td><td>i</td></tr></table>					N	i	i
				N	i	i									
				N	i	i									
Bonus Issue	Private Placement														
<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>i</td><td>i</td></tr></table>					N	i	i	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>i</td><td>i</td></tr></table>					N	i	i
				N	i	i									
				N	i	i									

III. POSITION OF MOBLISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities	Total Assets														
<table border="1" style="display: inline-table;"><tr><td></td><td></td><td>4</td><td>7</td><td>4</td><td>2</td><td>1</td></tr></table>			4	7	4	2	1	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td>4</td><td>7</td><td>4</td><td>2</td><td>1</td></tr></table>			4	7	4	2	1
		4	7	4	2	1									
		4	7	4	2	1									

Sources of Funds:

Paid up Capital	Reserves & Surplus														
<table border="1" style="display: inline-table;"><tr><td></td><td></td><td>3</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>			3	0	0	0	0	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td>8</td><td>6</td><td>5</td><td>6</td></tr></table>				8	6	5	6
		3	0	0	0	0									
			8	6	5	6									
Secured Loans	Unsecured Loans														
<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td>5</td><td>2</td><td>6</td><td>9</td></tr></table>				5	2	6	9	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td>1</td><td>2</td><td>9</td><td>6</td></tr></table>				1	2	9	6
			5	2	6	9									
			1	2	9	6									
	Deferred Tax Liability														
	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td>2</td><td>2</td><td>0</td><td>0</td></tr></table>				2	2	0	0							
			2	2	0	0									

Application of Funds

Net Fixed Assets	Investments														
<table border="1" style="display: inline-table;"><tr><td></td><td></td><td>1</td><td>7</td><td>3</td><td>6</td><td>3</td></tr></table>			1	7	3	6	3	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td>1</td><td>0</td><td>6</td><td>8</td></tr></table>				1	0	6	8
		1	7	3	6	3									
			1	0	6	8									
Net Current Assets	Misc. Expenditure														
<table border="1" style="display: inline-table;"><tr><td></td><td></td><td>2</td><td>8</td><td>2</td><td>0</td><td>4</td></tr></table>			2	8	2	0	4	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>7</td><td>8</td><td>6</td></tr></table>					7	8	6
		2	8	2	0	4									
				7	8	6									
Accumulated Losses															
<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td>N</td><td>i</td><td>i</td></tr></table>					N	i	i								
				N	i	i									

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

Total Income		Total Expenditure	
<input type="text"/> <input type="text"/> 1 5 6 2 8		<input type="text"/> <input type="text"/> 1 1 9 7 5	
Profit / Loss		Profit / Loss	
+ Before Tax		+ After Tax	
<input type="text"/> <input type="text"/> <input type="text"/> 3 6 5 3		<input type="text"/> <input type="text"/> <input type="text"/> 2 4 0 2	
Earning per share in Rs.		Dividend Rate %	
<input type="text"/> <input type="text"/> <input type="text"/> 0 . 8 0		<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 5 %	

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

ITEM CODE NO. (ITC CODE)	:	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N . A .
PRODUCT DESCRIPTION	:	H I R E P U R C H A S E
ITEM CODE NO. (ITC CODE)	:	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N . A .
PRODUCT DESCRIPTION	:	L E A S E B U S I N E S S
ITEM CODE NO. (ITC CODE)	:	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> N . A .
PRODUCT DESCRIPTION	:	I N V E S T M E N T S

For **H.K.CHANDARANA & CO.,**
Chartered Accountants

BHARAT RAJ SANKLECHA
Proprietor

J.ASHOK GALADA
Managing Director

NAVEEN GALADA
Executive Director

Place: Chennai
Date: 12.06.2003

PARTICULARS	AS AT 31.03.2003 (Rs. in Thousands)	AS AT 31.03.2002
CASH FLOW STATEMENT AS AT 31ST MARCH 2003		
Cash flow from operating activities		
Net profit before Tax and Extra ordinary items	3,653	2,879
<u>Add:</u>		
Adjustment for depreciation	4,468	8,072
Preliminary / Issue Expenses amortised	13	13
Interest & Financial Charges	1,043	1,466
Profit on sale of fixed Assets	(75)	(616)
Dividend Receipts	(25)	(55)
Lease Terminal Adjustment	812	507
	<u>9,909</u>	<u>12,266</u>
Operating profit before working capital charges		
<u>Less:</u>		
Adjustment for decrease in stock on Hire	(25,817)	(1,137)
Adjustment for increase in lease rent receivable	3,873	5,179
Increase in advance & deposits	24,309	2,508
Increase in Current Liabilities	2,354	1,862
Cash Generated from Operations	<u>3,990</u>	<u>3,854</u>
Less: Interest Paid	1,081	1,522
Income Tax Paid	928	858
Net Cash from Operating activities (A)	<u>1,981</u>	<u>1,474</u>
Cash flow from Investing activities		
Purchase of Fixed Assets (Net)	1,722	971
Purchase of Investments (Net)	(213)	405
Net Cash used in Investing Activities (B)	<u>1,509</u>	<u>1,376</u>
Cash Flow from Financing Activities		
Proceeds from long term borrowing (Net of repayments)	(1,399)	772
Short Term Borrowings (Net of repayments)	(1,196)	(1,927)
Profit on sale of Fixed Assets	75	616
Dividend Receipts	25	55
Less: Dividend Paid	(1,500)	(1,984)
Net Cash Flow from financing activities ©	<u>(3,995)</u>	<u>(2,468)</u>

GALADA FINANCE LIMITED

PARTICULARS	AS AT 31.03.2003	AS AT NO. 31.03.2002
	(Rs. in Thousands)	
Net increase in cash and cash equivalents (A+B+C)	(806)	382
Cash and equivalents as at 31st March 2002	1,218	836
Cash and equivalents as at 31st March 2003	712	1218
Increase / Decrease in cash equivalents	(506)	382

J.ASHOK GALADA
 MANAGING DIRECTOR

NAVEEN GALADA
 EXECUTIVE DIRECTOR

Place: Chennai
 Date: 12.06.2003

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement of Galada Finance Limited derived from the audited Financial Statements for the year ended 31st March 2003. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement with the stock exchange. Previous year's figures have been re-grouped wherever found necessary.

for **H.K.CHANDARANA & Co.**
 Chartered Accountants

BHARAT RAJ SANKLECHA
 PROPRIETOR

Place: Chennai
 Date: 12.06.2003