



8th
ANNUAL REPORT
1998 - 99

NOTICE OF 8TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighth Annual General Meeting of the Company will be held at 11.00 a.m. on **Thursday, the 23rd December, 1999 at Hotel Pavithra Paradise, No.463, 3rd Block, 3rd Stage, Basaveshwaranagar, Bangalore - 560 079** to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider, and adopt the Audited Profit and Loss Account of the Company for the year ended 31st March 1999 and Audited Balance Sheet as on that date together with the reports of the Directors and Auditors thereon.
2. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

SPECIAL BUSINESS :

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

" Resolved that Shri. K.V.R. Chavan, additional Director laying down office at the Annual General Meeting and being eligible be and is hereby elected as a Director of the Company."

4. To consider and if thought fit, to pass, with or without modifications, the following resolution as Special Resolution.

SPECIAL RESOLUTION :

"RESOLVED that the consent of the Company be and is hereby accorded to the commencement of the business by the Company as given in sub clause 1,2 & 5 of clause III (c) of the Memorandum of Association namely,

1. To carry on the business as agents, distributors, representatives, manufacturers, dealers, merchants, importers, exporters, traders, contractors, warehousemen and to establish, maintain, operate and/or run agency lines in goods, stores, consumable items, durable merchandise, chattels and effects of every kind and description in any place in the world

and without limiting the generality of the above, to carry on business as Selling Agents, Buying Agents, Factors, Mukadams, carriers, Jatha Merchants, Landing, Clearing and Forwarding Agents, Commission Agents, Insurance Agents, Distributors and Stockists, Brokers, and/or Guaranteed Brokers in respect of goods, materials, merchandise, produce, articles and/or commodities of all kinds and specification, whatsoever.

2. To carry on the business of Builders, Contractors and sub-contractors for the construction, designing, execution, control and/or erection of all kinds and descriptions of super-structures and erections like buildings for residential and other purposes, water tanks, run aways, facilities like roads, bridges, dams, gardens, parks, markets and other conveniences, public works like road layering, tunnels, culverts, drainage, sanitary and other facilities, water works, gas works, shops and market complexes, power and other energy supply works, works and conveniences of public utilities and/or demolition of such constructions or structures and ways.
3. To carry on business as designers, engineers, manufacturers, buyers, sellers, indentors, hirers, importers, exporters, agents, consultants and dealers of all types of computers, computer accessories, electrical and electronic equipments, products and accessories, computer software development and software maintenance and without limiting the generality of the above, to render assistance in selection of hardware, recruitment, selection and training of EDP and related personnel, to manage computer installations and one-time computer related projects and to render Computer Accounting Services and other Data Center Services.

Resolved further that the consent of the Company be and is hereby accorded to the Board of Directors to commence the above business pursuant to the provisions of Sub-section (2A) of section 149 of the Act.

By Order of the Board

Bangalore
3rd November, 1999

Sd/-
(V. SRINIVASA RAJU)
Managing Director

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NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. The Proxy forms, duly completed and signed, should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. Members are requested to notify immediately any change in their address to the Company.
3. Members are requested to bring their copies of the Annual Report to the Annual General Meeting.

EXPLANATORY NOTE APPENDED TO THE NOTICE OF THE 8TH ANNUAL GENERAL MEETING IN PURSUANCE OF THE PROVISIONS UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

Agenda Item : 3

Shri. K.V.R. Chavan was co-opted as a Director at the Board Meeting held on 5th October 1998. He lays down office at the Annual General Meeting. The Company has received a notice proposing his nomination for election

along with the requisite deposit. The Board of Directors considers the continuation Shri. K.V.R. Chavan as a Director would be beneficial to the Company and commends the acceptance of the resolution.

None of the Directors, except Shri. K.V.R. Chavan is interested in this resolution.

Agenda Item : 4

The market conditions are not very favourable for the Non-Banking Financial Companies. Therefore, it is proposed to undertake diversified activities like, development and marketing of real estate, development of software and trading including import and export, as provided in the other objects clause of the Memorandum of Association. The proposed resolution is an enabling resolution as per the stipulations of the Companies Act, 1956.

None of the Directors are interested in the resolution, except to the extent of their share holdings.

By Order of the Board

Bangalore
3rd November, 1999.

Sd/-
V. SRINIVASA RAJU
Managing Director



DIRECTOR'S REPORT

The Directors hereby present their Eighth Annual Report on the business and operations of the Company and the financial accounts for the year ended 31st March, 1999.

SUMMARISED FINANCIAL RESULTS :

PARTICULARS	(Rs. in lakhs)	
	Year ended 31.03.99	Year ended 31.03.98
Income from operations	16.79	62.42
Other Income	2.62	3.35
Total Expenditure	74.03	121.25
Profit/(Loss) before Interest Depreciation and Tax	(54.62)	(55.48)
Interest	1.42	5.56
Profit / (Loss) after Interest but before Depreciation and Tax	(56.04)	(61.04)
Depreciation	42.75	57.65
Provision for Taxation	—	—
Net Profit / (Loss)	(98.79)	(118.69)
Paid Up Equity Share Capital	302.13	302.13
Reserves (including Statutory Reserve)	1.71	1.71

OPERATIONS :

The Reserve Bank of India has issued the certificate of registration to carry on the Business as a non-banking financial Company effective from 12.3.1998 under the RBI guideline for Non-Banking Finance Companies. Your Company has complied with all the prudential norms laid down by the Reserve Bank of India for provisioning for non-performing debts/advances, income recognition and Asset Classification as per the notifications issued by the Reserve Bank of India from time to time to the extent possible.

The constraints like economic recession, tight money market conditions, continued and the operations and profitability of the Company were affected adversely. Provisioning for doubtful receivables and non-recognition of interest income has caused loss to the Company. Your directors hope to realize the outstanding and reverse the negative trend in profitability.

DIVIDEND :

Due to the provisions for non-performing advances made in accordance with the norms laid down as per the Reserve Bank of India guidelines and the resultant losses suffered, the Company is not in a position to declare any dividend for the year under review.

PROSPECTS & FUTURE PLANS :

In the light of the unfavourable market conditions prevailing in the country, the Board of Directors has proposed to diversify the activities of the Company and under take, development and marketing of real estate, development of software and trading including import and export as provided in the "other objects" in clause III (c) of the Memorandum of Association of the Company. Accordingly an enabling resolution as stipulated under Sec.149 of the Companies, Act, 1956 is being placed before the General Meeting for approval by the Members. Your Directors are negotiating with some parties for development of real estate and are likely to bag contracts for construction of apartment complex and villas. These will be finalized after approval of the diversification proposals by the members at the General Meeting.

DIRECTORS :

In accordance with the Articles of Association of the Company, Shri. K.V.R.Chavan was co-opted as an additional Director in the vacancy caused by the resignation of Sri. A.V.S.Raju, and lays down office at the Annual General Meeting of the Company retires by rotation in the ensuing Annual General Meeting. Your Directors commend the appointment of Shri.K.V.R. Chavan as a Director of the Company. Shri.N.L.Hamirwasia, Director also resigned from office as Director.

AUDITORS :

Your Company's Auditors, M/s.Lawrence Tellis and Associates retire at the forthcoming Annual General Meeting and are eligible for re-appointment. One share holder has sent a letter proposing the name of Mr. Ravindranath, Chartered Accountant, who is eligible and willing, for appointment in the place of the retiring auditors.

PUBLIC DEPOSITS :

With effect from 31st January, 1998, the Company has decided to temporarily suspend acceptance of deposits from the public as per the Reserve Bank of India Norms. In respect of aggregate Fixed deposits lying with the Company as at the financial year ended 31.3.1999 amounting to Rs.17.77 Lakhs (including interest accrued thereon amounting to Rs.2.35 Lakhs), have not been claimed by 6 (six) depositors. The Company has sent intimations to these depositors for forwarding duly discharged receipts for repayment or for renewal in accordance with the Reserve Bank of India directives for phased repayment. Out of the above one unclaimed deposit of Rs.5 Lakhs is pending as on 31.03.1999.

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INFORMATION ON CONSERVATION OF ENERGY / FOREIGN EXCHANGE :

The Company has no activity, which has a bearing on conservation of energy or technology absorption. The Company did not have any foreign exchange earnings or out-go.

PARTICULARS OF EMPLOYEES :

There are no employees of the Company whose particulars of remuneration are required to be disclosed pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

LISTING :

The Shares of the Company are listed with Bangalore, Mumbai, Hyderabad and Chennai Stock Exchanges. Necessary listing fees have been paid to the respective Stock Exchanges.

ACKNOWLEDGMENTS :

Your Board of Directors places on record its gratitude to the Company's employees, shareholders, depositors and valued customers for their unstinted support and co-operation.

By order of the Board

Bangalore
3rd November, 1999

Sd/-
V. SRINIVASA RAJU
Managing Director

ADDENDUM TO THE DIRECTORS' REPORT

Y2K compliance : Adequate steps have been taken by the Company against the year 2000 (Y2K) problem in respect of all IT applications. Substantial progress has been made to become Y2K compliant. The costs already incurred/to be incurred in this connection are not expected to be significant.

In respect of the guidelines for accounting for leases, the disclosure in Significant Accounting Policies adequately explain the Companies stand in the context of encouraging collections during the year 1999-2000.

The Company has not accepted/renewed deposits during the year under report. The requirements of Deposit Acceptance Rules have been complied with.

Company is taking steps for registration of changes in respect of H.P. transactions.

Considering the present economic conditions and unfavourable market scenario the management had thought fit to diversify the Company's activities and had downsized the financing activities giving a thrust for realization of the outstanding. Notwithstanding the provisions made in the accounts towards bad and doubtful receivables the Company was able to realize a sizeable part of the outstanding. Hence, in the opinion of the management the provisions made in the accounts are adequate to cover any unforeseen losses due to non-realisation of the outstanding under H.P. Lease and Loans.

The notes on accounts are self explanatory and cover the observations made by the Auditors.

By Order of the Board

Sd/-
V. SRINIVASA RAJU
Managing Director
Bangalore
3rd November, 1999.

Sd/-
V. SRINIVASA RAJU
Managing Director

REPORT OF THE AUDITORS

To
**THE MEMBERS OF
M/S. PLUS FINANCE LIMITED**

We have audited the attached Balance Sheet of M/S. Plus Finance Limited as at 31st March 1999 and the Profit and Loss Account for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and other Companies (Auditor's Report) Order 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure hereto, a statement on the matters specified in paragraphs 4) and 5) of the said order in relation to the non-banking financial activities carried on by the Company.

Attention is invited to Note No.2) in schedule 'M' (notes to the accounts for the year ended 31/03/1999) with regard to the year 2000 (Y2K) compliance by the company. In this regard, we state that our audit has not been intended designed nor performed to identify or detect problems or accounting constraints that may result from computer hardware, software or other automated process inability in respect of owned assets as well as plants or equipments leased or given on hire purchase to properly process dates which includes issues internal and/or external and related to year 2000 (Y2K). We have extensively relied upon the representations made by the management in this regard.

2. We state 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 appears from our examination of such books ;
- (C) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account ;
- (D) In our opinion, the profit and loss Account and balance sheet of the company complies with the accounting standards referred to in sub-section(3C) of section 211 of the companies Act, 1956 excepting that the Guidance note of the Institute of Chartered Accountants of India on Accounting for Leases (Revised) made mandatory for compliance by a notification of the Reserve bank of India referred to by us in

sub-para (v) of para 3)E) infra has not been adopted in the accounts;

- (E) The company has not complied with the directives issued by the Reserve Bank of India and the Non-Banking Financial Companies directions, 1977 in the following areas:

- i) The directives issued by the Reserve Bank of India as contained in their later notification dated 12/05/1998 modifying the prudential norms for non-banking financial companies have not been adopted by the company in the accounts drawn up for the year under report;
- ii) The company has not filed the returns of the investments in approved securities held, for the quarters ended December 1998 and March 1999 with the Reserve Bank of India as stipulated under the directives of the Reserve Bank of India;
- iii) The company has not complied with the stipulation as to maintenance of the liquidity register on a day-to-day basis;
- iv) The company has not complied with the stipulation of depositing the approved securities with a designated banker being one of the scheduled commercial banks situated in the place where the registered office of the Company is situated; and
- v) In respect of accounting of lease transaction the Company has not adopted the stipulations contained in the guidance note of the Institute of Chartered Accountants of India (ICAI) on Accounting for Leases (revised) which have been made mandatory for compliance vide para 5 of the Non-Banking Financial Companies (NBFC) prudential Norms (Reserve Bank) Directives, 1998 dated 02/01/1998 issued by the Reserve Bank of India (vide Note 3(b) in the notes to the Accounts) .The resultant effect on the loss of the company, income recognition and the amount of provisioning required for leased assets as required by Reserve Bank of India directives, has not been determined by the company and is consequently not ascertainable. Further, the effect on the accounts of the notification issued by the Reserve Bank of India on 12/05/1998 is also not determined by the Company as the adoption of the directives contained therein have been kept in abeyance by the company

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for the year under report. No provision has been made for possible loss which may arise by adoption of these norms. We are consequently unable to express an opinion in the matter.

(F) In the respect of certain advances made by the company on the basis of security, under category of loans, 4 (four) parties aggregating in outstandings to Rs.29,23,498/- (Rs.30,73,498/-) and under Hire Purchase transactions, 1 (one) party - amount outstanding - Rs.5,82,729/- (Rs.5,78,729/-) as at the year - end. We have to report, under clause (a) of section 227(1A) of the Companies Act, 1956, that such loans/advances have not been properly secured in that securities the obtained are not enforceable by the company either for absence of proper documentation creating the charge on the security or for reason of being defective. Further, in three cases of advances given to Companies, on the basis of hire purchase transactions aggregating in outstandings as at the year-end to Rs.7,71,866/- (Rs.11,94,345/-), the required charges in respect of the hypothecation of the concerned assets have not been registered with the Registrar of the Companies under section 125 of the companies Act, 1956. Considering the absence of security and the inadequate safety of the funds of the company invested in such loans/advances, we are unable to satisfy ourselves that the terms on which such loans/advances have been made are not prejudicial to the interests of the Company and its members.

(G) Subject to:

- a) Our observation as reported by as in para (1) of the manufacturing and other Companies (Auditor's Report) order, 1988 relating to Fixed Assets;
- b) Our observations in para (13) of the Manufacturing and other companies (auditor's Report) order, 1988 relating to acceptance and holding of deposits from the public;
- c) Our observations in para (21) of the Manufacturing and other Companies (auditor's report) order, 1988 relating to grant of loan to a firm on the basis of pledge of shares; and
- d) Our comments in paras (D), (E) and (F) above, the effect of which has not been

determined by the Company and is consequently unascertainable, we report that in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the profit and Loss Account, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:

- (i) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March 1999; and
- (ii) In so far as it relates to the Profit and Loss Account, of the loss of the Company for the year ended on that date.

For LAWRENCE TELLIS & ASSOCIATES
Chartered Accountants

Bangalore
3rd November, 1999

Sd/-
(ROHAN MIRANDA)
Partner

ANNEXURE TO THE AUDITORS' REPORT ON THE ACCOUNTS OF M/s. PLUS FINANCE LIMITED FOR THE YEAR ENDED 31.03.1999

REFERRED TO IN PARAGRAPH (1) OF OUR REPORT
OF EVEN DATE :

- 1) The Company has maintained computerised records of fixed assets, in respect of owned and leased assets and also in respect of assets given on hire purchase, with certain broad details to indicate the original value, location (in respect of owned assets) and the depreciation written off. Additional particulars like individual value of the units in each type of asset, quantitative details, additions during the year need to be incorporated in the records of such fixed assets so that the records are complete in all respects. In respect of leased assets and assets given out on hire purchase, details of precise location of the asset are not available in all cases. The leased assets, the owned assets as also the assets given out on hire purchase have not been physically verified by the management during the period under audit. We are consequently unable to comment on the discrepancies, if any, present between the physical assets and the book records.

- 2) None of the fixed assets have been revalued during the year.
- 3,4
- 5&6) The Company does not have any stocks of finished goods, spare parts, raw materials and other stocks and consequently our commenting on the physical verification, procedures adopted in this respect, the discrepancies noticed in this regard and on the fairness of valuation of stocks does not arise for reporting.
- 7) 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 Companies under the same management as that of this Company within the meaning of and as defined under section 370 (1B) of the Companies Act, 1956.
- 8) The Company has not given any loans or advances in the nature of loans to Companies, firms or other parties listed in the register maintained under section 301 and/or to Companies under the same management as that of this Company within the meaning of and as defined under section 370 (1B) of the Companies Act, 1956 excepting for lease finance/ bills discounting /hire purchase facilities granted at normal commercial rates to Companies or concerns in which the director(s) of the Company are interested as members/directors/proprietor(s). The rates of interest and other terms and conditions of the aforesaid loan/advances are, based on the available records verified by us and according to the information and explanations furnished to us, prima facie not prejudicial to the interests of the Company.
- 9) a) In respect of loans and advances in the nature of loans granted by the Company including under hire-purchase, lease finance and bill discounting transactions, repayment of the principal amounts and the charges/interest thereon have not, in majority of the cases, been effected from the parties on the due date(s) stipulated. We are also informed that in respect of expired leases and expired Hire Purchase transactions where there are dues recoverable from the parties, the Company has initiated steps to re-possess the assets in various cases. The Company has also initiated steps to issue legal notices to the defaulters in some cases. On the basis of information and explanations given to us and considering the continuing severe liquidity crunch faced by the business sector and other persisting adversities in the market situation, despite the mounting defaults from majority of the parties, we are of the opinion that the Company is taking reasonable steps against the defaulting parties for recovery of the dues.
- b) Besides the above, the parties including employees to whom loans or advances in the nature of loans have been given, are repaying the principal amounts as stipulated and are regular in payment of interest wherever applicable, as stipulated or as re-scheduled.
- 10) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of Plant and Machinery, equipment and other assets for leasing and other purposes.
- 11) The Company has not purchased or sold any goods, materials or services in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- or more in respect of each party.
- 12) The Company has no unserviceable or damaged stores, raw materials and finished goods. Having regard to the nature of service activities carried on by the Company, there is no case, in our opinion, for determination of unserviceable or damaged stores, raw materials and / or finished goods.
- 13) The Company had accepted deposits from the public upto 31.12.1997 (and nothing thereafter) and has generally complied with the directives issued by the Reserve Bank of India and Non-Banking Financial Companies Directions, 1977 with regard to the deposits received by the Company excepting for certain irregularities noticed by us as under :
- a) Liquidity Norms : The Company has complied with the liquidity norms as per the Reserve Bank of India directives in that the quantum of the investment in the un-encumbered approved securities is as per the norms stipulated but however stipulation as to maintenance of the liquidity register on a day-to-day basis has not been complied with. The Company has also not complied with the stipulation of depositing the approved securities with a designated banker being one of the scheduled commercial banks situated in the place where the registered office of the Company is situated.

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- b) We have to further report that owing to the fact that the Company has not obtained credit rating for acceptance of deposits as required by the provisions of Non-Banking Financial Companies (Reserve Bank) Directions, 1999, all the deposits accepted and held by the Company as at 31.03.1999 aggregating in value to Rs.17,77,008/- (Rs. 34,42,608/-) (including interest accrued thereon of Rs.2,85,209/-) (Rs.3,77,398/-) as at the year end are exceeding the permissible limits applicable to the Company and have to be refunded to the depositors in a phased manner as stipulated by the Reserve Bank of India directives.
- c) Out of the total deposits of Rs.17,77,008/- (Rs.34,42,608/-) held as aforesaid, deposits amounting in value to Rs.14,31,799/- (Rs.12,26,635/-) (including interest accrued thereon of Rs.2,68,287/- (Rs.3,48,836/-) as at the year-end, have matured for payment as at 31.03.1999 but have not been renewed or repaid for want of instructions from the depositor as per the explanations given to us. The Company is holding the said unclaimed deposits of Rs.14,31,799/- from 6 (six) depositors (Rs.12,26,635/- from 10 depositors) as unclaimed deposits as at the year-end.
- (figures in brackets as in b) and c) aforesaid refer to the previous year).
- 14) The Company has no realisable scrap or by-products.
- 15) The Company has, during the year under report, appointed a firm of Chartered Accountants as internal auditors and therefore, the Company's internal control procedures, together with the internal checks conducted by the internal auditors during the year can be considered, in our opinion, as an adequate internal audit system commensurate with its size and nature of its business.
- 16) We are informed that the Central Government has not prescribed the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 to this Company.
- 17) We are informed that the regulations relating to Provident Fund and Employees State Insurance Schemes are not yet applicable to this Company.
- 18) According to the information and explanations given to us, besides an amount of Rs.5,85,403/- (previous year Rs.5,24,694/-) being sales tax payable on lease transactions and turnover tax payable on lease rentals amounting to Rs. 48,535/- (previous year Rs.23,211/-), there are no other undisputed amounts payable in respect of income tax, wealth tax, customs duty and excise duty which were outstanding as at 31st March 1999 for a period of more than six months from the date they became payable.
- 19) According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with the generally accepted business practices.
- 20) The Company is not a sick industrial Company within the meaning of clause (O) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- 21) The Company has not granted any loan or advances on the basis of security by way of pledge of shares, debentures and other securities excepting in a solitary case of a loan granted to a firm during the preceding year ended 31.03.1998 amounting to Rs.15,34,400/- which is still outstanding as at the year end (including interest and other charges levied thereon) on the basis of security to be obtained by way of pledge of share/scrips of a body corporate in respect of which, considering that the scrips and the relevant transfer deeds were not made available for our verification, the documents and records available are not adequate.
- 22) In our opinion and according to the information and explanations given to us, the provisions of special statutes applicable to Chit Fund, Nidhi or Mutual Benefit Society are not applicable to the Company.
- 23) In respect of purchase of shares which is being done by the Company for investment purposes, computerised records are being maintained of the transactions in respect of purchase of shares and entries have been made therein at regular intervals.

For **LAWRENCE TELLIS & ASSOCIATES**
Chartered Accountants

Sd/-
Bangalore
3rd November, 1999.

(**ROHAN MIRANDA**)
Partner

BALANCE SHEET AS AT 31ST MARCH, 1999

	Schedule Reference	As at 31.03.1999 Rs.	As at 31.03.1998 Rs.
I. SOURCES OF FUNDS			
1. Shareholders' Funds :			
Share Capital	A	3,02,13,500	3,02,13,500
Reserves & Surplus	B	1,71,131	1,71,131
2. Loan Funds			
Unsecured Loans	C	17,77,008	34,42,608
TOTAL		3,21,61,639	3,38,27,239
II. APPLICATION OF FUNDS :			
1. Fixed Assets :	D	2,31,75,743	
Gross Block		1,85,48,221	2,31,75,743
Less: Depreciation			1,42,72,960
Net Block		46,27,522	89,02,783
2. Investments :	E	24,45,268	25,79,635
3. Current Assets, Loans & Advances :			
Current Assets	F	1,52,69,613	1,57,70,410
Loans and Advances	G	70,97,136	88,34,104
		2,23,66,749	2,46,04,514
Less: Current Liabilities & Provisions	H	2,03,40,943	1,60,27,053
Net Current Assets		20,25,806	85,77,461
4. Miscellaneous Expenditure	I	19,36,602	23,65,125
5. Profit & Loss Account:			
(Surplus) /Loss as per last balance sheet		1,14,02,235	(3,00,336)
(Profit)/Loss for the year		97,24,206	1,17,02,571
		2,11,26,441	1,14,02,235
TOTAL		3,21,61,639	3,38,27,239

Schedules 'A' to 'I' and Notes to Accounts (Schedule 'M') annexed hereto form an integral part of this Balance Sheet.

This is the Balance Sheet
Referred to in our report of even date
for **LAWRENCE TELLIS & ASSOCIATES**
Chartered Accountants

Sd/-
S.R SUBBA RAJU
Director
Bangalore
3rd November, 1999.

Sd/-
K.V.R. CHAVAN
Director

Sd/-
V.SRINIVASA RAJU
Managing Director

Sd/-
ROHAN MIRANDA
Partner

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

	Schedule Reference	Year ended 31.03.1999 Rs.	Year ended 31.03.1998 Rs.
I. INCOME :			
Lease Rentals & Hire Charges		16,10,882	50,39,951
Factoring Charges		0	32,175
Interest		68,034	11,70,164
Other income	J	2,62,058	3,35,044
TOTAL		19,40,974	65,77,334
II. EXPENDITURE :			
Administrative & General Expenses	K	8,83,871	13,62,489
Financial Expenses		1,42,336	5,56,486
Miscellaneous expenses written off		4,28,523	4,48,666
Provision for bad & doubtful debts		57,14,120	96,37,632
Investment in Shares written off		1,00,449	—
Provision for diminution in value of investments		2,76,137	6,75,753
TOTAL		75,45,436	12,681,026
Profit/(Loss) before Depreciation & Taxation		(56,04,462)	(61,03,692)
Depreciation	D	42,75,261	57,65,005
III Profit/(Loss) before Taxation		(98,79,723)	(1,18,68,697)
IV Provision for Taxation		(98,79,723)	(1,18,68,697)
V Profit/(Loss) after Tax		1,55,517	1,66,126
Less : Prior period adjustments	L		
		97,24,206	(1,17,02,571)
VI APPROPRIATIONS :			
Statutory Reserve		(97,24,206)	(1,17,02,571)
Balance carried to Balance Sheet		(97,24,206)	(1,17,02,571)

Schedules 'D' 'J' 'K' & 'L' and Notes to Accounts (Schedule 'M') annexed hereto form an integral part of this Profit & Loss Account.

This is the Profit & Loss Account
Referred to in our report of even date
for **LAWRENCE TELLIS & ASSOCIATES**
Chartered Accountants

Sd/-
S.R SUBBA RAJU
Director

Sd/-
K.V.R. CHAVAN
Director

Sd/-
V.SRINIVASA RAJU
Managing Director

Sd/-
ROHAN MIRANDA
Partner

Bangalore
3rd November, 1999.

	As at 31.03.1999 Rs.	As at 31.03.1998 Rs.
SCHEDULE - A		
SHARE CAPITAL :		
<i>Authorised :</i>		
60,00,000 Equity Shares of Rs.10/- each	6,00,00,000	6,00,00,000
<i>Issued :</i>		
42,50,000 Equity Shares of Rs. 10 /- each	4,25,00,000	4,25,00,000
<i>Subscribed and Paid-up :</i>		
39,57,400 Equity Shares of Rs. 10 /- each	3,95,74,000	3,95,74,000
Less: Allotment Money Receivable	93,60,500	93,60,500
	<u>3,02,13,500</u>	<u>3,02,13,500</u>
	<u>3,02,13,500</u>	<u>3,02,13,500</u>
SCHEDULE - B		
RESERVES AND SURPLUS :		
General Reserve :		
As per last Balance Sheet	2,098	2,098
Add : Transferred from Profit and Loss Account	—	—
	<u>2,098</u>	<u>2,098</u>
Less : Provision for Non performing advances	—	2,098
	<u>2,098</u>	<u>2,098</u>
Statutory Reserve :		
As per last Balance Sheet	1,36,000	—
Add : For the year	—	1,36,000
	<u>1,36,000</u>	<u>1,36,000</u>
Dividend Equalisation Reserve	33,033	33,033
	<u>1,71,131</u>	<u>1,71,131</u>
SCHEDULE - C		
LOAN FUNDS :		
UNSECURED LOANS :		
Fixed deposits - Non-Cumulative	5,00,000	16,56,000
Add : Interest accrued but not due	0	5,696
	<u>5,00,000</u>	<u>16,61,696</u>
Cumulative Deposits	9,91,799	14,09,210
Add : Interest accrued but not due	2,85,209	3,71,702
	<u>12,77,008</u>	<u>17,80,912</u>
TOTAL	<u>17,77,008</u>	<u>34,42,608</u>

SCHEDULE - D

FIXED ASSETS

(Amount in Rupees)

Sl Description No.	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01/04/98	Additions	Deletions	As at 31/03/99	Up to 31/03/98	For the year	Deductions/ Adjustments	Up to 31/03/99	As at 31/03/99	As at 31/03/98
A. OWNED ASSETS :										
1 Furniture & Fixtures	1,63,423	—	—	1,63,423	1,02,897	10,955	—	1,13,852	49,571	60,526
2 Electrical Installation	35,000	—	—	35,000	23,438	2,312	—	25,750	9,250	11,562
3 Office Equipments	3,33,319	—	—	3,33,319	2,43,847	35,789	—	2,79,636	53,683	89,472
4 Vehicles	22,410	—	—	22,410	15,558	1,774	—	17,332	5,078	6,852
Sub Total (A)	5,54,152	—	—	5,54,152	3,85,740	50,830	—	4,36,570	1,17,582	1,68,412
B LEASED ASSETS :										
1 Plant & Machinery	2,26,21,591	—	—	2,26,21,591	1,38,87,220	42,24,431	—	1,81,11,651	45,09,940	87,34,371
Sub Total (B)	2,26,21,591	—	—	2,26,21,591	1,38,87,220	42,24,431	—	1,81,11,651	45,09,940	87,34,371
Grand Total (A + B)	2,31,75,743	—	—	2,31,75,743	1,42,72,960	42,75,261	—	1,85,48,221	46,27,522	89,02,783
Previous Year	3,08,25,388	33,836	76,83,481	2,31,75,743	1,61,91,436	57,65,005	76,83,481	1,42,72,960	89,02,783	1,46,33,952

SCHEDULE - E

As at
31.03.1999
Rs.

31.03.1998

INVESTMENTS (At cost)

A) IN GOVERNMENT SECURITIES

Indira Vikas Patra
Add : Interest accrued and due

10,06,000
21,000

10,65,300
59,300

Less : Matured during the year

10,27,000
42,000

11,24,600
1,18,600

Add : Interest accrued but not due

9,85,000
6,92,743

10,06,000
5,13,204

(A)

16,77,743

15,19,204

16,77,743

15,19,204

B) IN SHARES OF COMPANIES : (QUOTED AND VALUED AT COST)

	NO OF SHARES	VALUE Rs.	NO OF SHARES	VALUE Rs.
Ruchi strips and Alloys Ltd.	300	10,470	1,000	34,900
TN Petro products Ltd.	400	52,800	400	52,800
UTI Master Shares Ltd	5,998	2,15,990	5,998	2,15,990
CanGrowth (Can Bank Mutual Fund)	400	30,000	1,000	75,000
Bharath pipes & Fittings Ltd.	0	0	1,000	11,000
Nova Electronics Ltd.	500	33,750	500	33,750
Ester Industries Ltd	200	5,140	200	5,140
Indsil Electrosmelts Ltd	800	17,480	800	17,480
Kunststoffe Industries Ltd.	1,000	15,250	1,000	15,250
Media Video Ltd	1,000	18,250	1,000	18,250
Pan clothing and consolidated Co Ltd.	4,500	80,573	4,900	87,700
Preyanshu Exports Ltd.	1,900	9,505	1,900	9,505
Preyanshu Industries Ltd.	500	5,000	1,000	10,000
Sagar Cements Ltd.	1,500	19,714	1,500	19,714
Sakura Seimitsu (India) Ltd.	500	15,625	500	15,625
The Silcal Metallurgic Ltd.	1,000	26,600	1,000	26,600
Varindar Agro Chemicals Ltd.	1,250	23,125	1,500	27,750
Lakshmi Vilas Bank Ltd.	100	8,680	100	8,680
Nagarjuna Fertilizers Ltd.	500	10,875	500	10,875
Priyarshini Cements Ltd.	700	23,660	700	23,660
Prism Cements Ltd .	1,000	8,250	1,000	8,250
Vishnu Cements Ltd.	0	0	500	8,000
Vinyl Chemicals Ltd	500	24,090	500	24,090
Gujarath State Fertilizers Ltd.	100	13,130	100	13,130
Orient Paper & Industries Ltd.	100	17,575	100	17,575
SIP Resins Ltd.	1,600	20,025	1,600	20,025
Indo Flowgates Ltd.	1,000	17,500	1,000	17,500
Shahi Shipping Ltd .	600	24,525	600	24,525
Raasi Refractories Ltd.	200	3,510	200	3,510
Maruthi plastics Ltd.	500	2,750	500	2,750
Krishna Plastochem Ltd.	900	24,030	900	24,030

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		As at 31.03.1999 Rs.		As at 31.03.1998 Rs.
SCHEDULE - E (CONTD...)				
VBC Ferro Alloys Ltd.	1,000	44,150	1,000	44,150
Yuken India Ltd.	200	18,160	200	18,160
Krone Communications Ltd.	100	10,705	100	10,705
Ambika Cotton Mills Ltd.	10,000	7,80,000	10,000	7,80,000
	(B)	<u>16,30,887</u>		<u>17,36,184</u>
GRAND TOTAL	(A+B)	33,08,630		32,55,388
Less : Provision for diminution in values of investments		<u>8,63,362</u>		<u>6,75,753</u>
		<u>24,45,268</u>		<u>25,79,635</u>

Total market value of Quoted investments in item B) above is Rs. 7,04,650/- (Rs. 10,60,431/-)

SCHEDULE - F

CURRENT ASSETS

A) STOCK ON HIRE AND LEASE RECEIVABLES				
Stock on Hire under Hire Purchase Agreements (at agreement value less amount received) (Outstanding for more than six months - Rs.22,19,655/- (Previous year - Rs.13,85,932/-)	24,63,265		30,81,060	
Less : Provision for non performing advances	<u>12,70,018</u>		<u>12,70,018</u>	
		11,93,247		18,11,042
B) SUNDRY DEBTORS				
Unsecured - Considered good Lease Rent Receivables under Lease agreements (at agreement value less amounts received) (outstanding for more than six months - Rs. 1,94,97,774/- (Previous year - Rs.86,08,558 /-)	1,99,84,424		1,64,08,800	
Less : Provision for non performing advances (Debts considered doubtful)	<u>61,79,865</u>		<u>26,27,532</u>	
		1,38,04,559		1,37,81,268
Sub Total (A)		1,49,97,806		1,55,92,310
C) CASH & BANK BALANCES				
Cash		1,15,127		263
Balances with Scheduled Banks in current accounts		<u>1,56,680</u>		<u>1,77,837</u>
Sub Total (B)		2,71,807		1,78,100
TOTAL (A + B)		1,52,69,613		1,57,70,410

	As at 31.03.1999 Rs.	As at 31.03.1998 Rs.
SCHEDULE - G		
LOANS & ADVANCES :		
Unsecured : Advances recoverable in cash or for value to be received Considered good :		
Factoring Account (Outstanding for more than six months- Rs. 33,67,979/- (Rs 23,96,083/-)	33,67,979	36,74,995
Less : Provision for non performing advances (Considered doubtful)	22,68,953	22,68,953
	<u>10,99,026</u>	<u>14,06,042</u>
Loans and advances (Outstanding for more than six months) Rs. 90,43,858/- (Rs. 58,33,630/-)	90,43,858	98,00,746
Less : provision for non performing advances (considered doubtful)	69,46,523	48,51,725
	<u>20,97,335</u>	<u>49,49,021</u>
Deposits (outstanding for more than six months) Rs. 28,000/- (Rs. 33,000/-)	28,000	38,000
Others :		
Advance for capital expenditure (outstanding for more than six months) Rs. 23,36,900/- (Rs. 19,86,900/-)	35,00,000	20,11,900
others (outstanding for more than six months) Rs. 3,72,775/- (Rs. 3,75,375/-)	3,72,775	4,29,141
	<u>70,97,136</u>	<u>88,34,104</u>

SCHEDULE - H

A) CURRENT LIABILITIES & PROVISIONS:		
Unmatured Finance Charges on Hire Purchase Transactions and loans & advances	56,790	1,20,561
Lease Rent received in advance		
Contingent Deposits	3,56,938	3,64,079
Interest tax Payable	1,16,694	1,15,334
Lease Deposits	9,47,043	9,47,043
Other Liabilities	1,30,996	78,564
Lease Rentals Suspense	91,42,735	48,44,473
Interest & Finance Charges suspense	83,68,486	83,68,486
T.D.S. payable	9,200	3,000
T.O.T payable	56,092	42,394
KST Payable	6,17,142	6,05,267
Profession tax payable	975	
Unclaimed/unpaid Dividend	82,852	82,852
Sub-Total (A)	<u>1,98,85,943</u>	<u>1,55,72,053</u>
B) PROVISIONS :		
Provision for Income tax	4,55,000	4,55,000
TOTAL (A+B)	<u>2,03,40,943</u>	<u>1,60,27,053</u>

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	As at 31.03.1999 Rs.	As at 31.03.1998 Rs.
SCHEDULE - I		
MISCELLANEOUS EXPENDITURE : (to the extent not written off or adjusted)		
A) PRELIMINARY EXPENDITURE		
Company Incorporation Expenses	18,855	25,140
Less: Charged to Profit & Loss Account	6,285	6,285
	<u>12,570</u>	<u>18,855</u>
B) DEFERRED REVENUE EXPENDITURE		
Advertisement Expenditure	37,430	95,005
Less: Charged to Profit & Loss Account	37,430	57,575
	<u>—</u>	<u>37,430</u>
C) PUBLIC ISSUE EXPENDITURE		
Less: Charged to Profit & Loss Account	23,08,840	26,93,646
	3,84,806	3,84,806
	<u>19,24,034</u>	<u>23,08,840</u>
TOTAL (A+B + C)	<u>19,36,604</u>	<u>23,65,125</u>
SCHEDULE - J		
OTHER INCOME	Current year Rs.	Previous Year Rs.
Service/Documentation Charges	0	30,715
Interest on Indira Vikas Patra	2,00,539	1,83,674
Lease termination charges	0	84,308
Dividend	36,367	36,347
Misc. Income-profit on sale of shares	25,152	0
TOTAL	<u>2,62,058</u>	<u>3,35,044</u>
SCHEDULE - K		
ADMINISTRATIVE & GENERAL EXPENSES		
Salaries & Gratuity	1,73,470	5,14,768
Managing Director's Remuneration	1,80,000	1,80,000
Legal and Professional Charges	17,150	32,850
Rates and Taxes	47,013	27,385
Printing and Stationery	8,089	17,621
Travelling & Conveyance	17,850	92,644
Postage, Telephone & Telegrams	49,094	82,467
Bank Charges & Commission	3,133	3,275
Staff Welfare	22,151	47,194
Advertisement and Business Promotion expenses	7,553	44,964
Secretarial and A.G.M. Expenses	36,995	37,649
Brokerage & Commission	0	71,300
Miscellaneous Expenses	1,92,703	57,040
Repairs & Maintenance Expenses	12,542	8,148
Office Maintenance	35,657	30,216
Turnover tax	15,471	47,673
Subscription & Membership	0	1,025
Vehicle Maintenance	0	6,270
Audit Fees	35,000	60,000
Internal Audit fees	30,000	—
TOTAL	<u>8,83,871</u>	<u>13,62,489</u>

	Current year Rs.	Previous year Rs.
SCHEDULE - L		
PRIOR PERIOD ADJUSTMENTS		
KST Surcharge - liability provided	0	(10,321)
Turnover tax (1994-95)- liability provided	0	(17,203)
Overdue Interest on lease transactions	0	8,480
Overdue Interest on Hire Purchase transactions	0	1,66,090
Provision for diminution in value of shares written back as no longer required	88,528	
Provision for non-performing advances written back as no longer required	66,989	19,080
	<u>1,55,517</u>	<u>1,66,126</u>

SIGNATORIES TO SCHEDULES 'A' TO 'L'

Subject to our Report of even date
for **LAWRENCE TELLIS & ASSOCIATES**
Chartered Accountants

Sd/-
S.R SUBBA RAJU
Director

Sd/-
K.V.R. CHAVAN
Director

Sd/-
V.SRINIVASA RAJU
Managing Director

Sd/-
ROHAN MIRANDA
Partner

Bangalore
3rd November, 1999

SCHEDULE - M

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF AND ANNEXED TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1999

A) SIGNIFICANT ACCOUNTING POLICIES :

1. OVERALL ACCOUNTING POLICY

- a) The accompanying financial statements have been prepared on historical cost and accrual basis as required under Section 209 of the Companies Act, 1956, for the financial year ended 31st March 1999 applying the Accounting Standards and Prudential norms for income recognition and provisioning for non-performing advances as outlined by the Reserve Bank of India for Non-Banking Financial Companies, wherever applicable, as per their directives/notifications issued upto 31st January, 1999.
- b) The accounts have been prepared on the basis that the Company will continue as a going concern despite the huge accumulated losses of Rs. 2,11,26,241/- as at 31st March, 1999 as the Company expects to recover from most of its non-performing advances and reverse its losses in the forthcoming years.

2. VALUATION OF FIXED ASSETS

OWNED :

Fixed assets comprise of Furniture & Fixtures, Office Equipment, Electrical Installations and Vehicles, the gross book values of which have been taken at their historical cost in consonance with the established accounting standard for accounting of fixed assets.

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3. DEPRECIATION

a) OWNED ASSETS :

The Fixed assets (owned assets) have been depreciated on written down value method at the rates prescribed as per Schedule XIV to the Companies Act, 1956 as amended and worked out on pro-rata basis.

b) LEASED ASSETS :

The adoption of the Guidance note on Accounting for Leases (revised) issued by the Institute of Chartered Accountants of India and as prescribed by the Reserve Bank of India guidelines has been kept in abeyance for the current financial year ended 31.03.1999 as in the previous year as the management is of the view that the lease period in majority of the cases of the leased assets have expired upto the year ended 31.03.1999 and the remaining leased assets are nearing completion of lease period and hence it would not be feasible to switch over to these revised guidelines of accounting for leases.

As in the preceding year, Depreciation has been charged on the entire block of leased assets at a rate so as to amortise the amount financed on these assets, over the primary period of lease. The rates would vary on a case-to-case basis depending upon the period of the lease and the amount financed. However, the rate of depreciation is higher than the rate prescribed under the straight line method under schedule XIV of the Companies Act, 1956.

4. A) REVENUE RECOGNITION

- a) Income is accounted adopting prudential norms for income recognition issued by the Reserve Bank of India for Non-Banking Financial Companies. Income from non-performing assets is recognised on cash basis excepting in respect of amounts recovered subsequent to the Balance Sheet date.
- b) Income by way of lease rentals arising out of lease transactions has been accounted on accrual basis as per the terms of the lease agreements entered into with the lessees from time to time except in respect of non-performing assets, income against which is recognised on cash basis.
- c) Financial Charges in respect of Hire Purchase transactions are accounted on accrual basis and are apportioned over the period of contract by even spread/distribution method.
- d) Income on bills discounted is accounted on time accrual basis. For bills maturing after the closure of the accounting year, the discounting charges calculated upto 31st March 1999 have been taken as income and credited to the Profit & Loss Account.
- e) Interest income on Loans and Advances is recognised on the time proportion method taking into account the amount outstanding and the rate applicable except in respect of non-performing assets, income against which is recognised on cash basis.
- f) Dividend income is accounted for on receipt basis.
- g) Management fees and/or service charges arising out of hire purchase, lease, loans or bill discounting transactions are accounted for on the date of entering into respective agreements.
- h) Overdue charges on all loans and advances including leases, Hire Purchase, Bills discounting and other loans have been waived for the year.

B) EXPENDITURE

- a) All expenditure including interest and finance charges are provided on accrual basis and provision has been made for all known liabilities and losses based on available information.
 - b) Share issue expenses (on public issue) and Preliminary expenditure are being amortised over a period of ten years. Advertisement and other expenditures are amortised over a period of five years.
-

5. a) Current Assets, Loans & Advances are at least of the values stated on realisation in the ordinary course of business in the opinion of the Directors.
- b) Stock-on-hire is reflected at total Gross Receivables (comprising of total value of Hire Purchase Installments falling due after the end of the accounting year). Finance Charges receivable on such unmatured installments is correspondingly shown as "Unmatured Finance Charges" under the head "Current Liabilities".

6. INVESTMENTS (TRADE)

- a) All Investments in quoted shares in limited Companies are classified as long term investments and are being carried at cost less provision made for diminution in value to recognise the permanent decline in value of shares in accordance with the Reserve Bank of India guidelines and the Accounting Standards issued by the Institute of Chartered Accountants of India in this respect.
- b) Equity shares of the book value of Rs. 1,00,449/- in several Companies have been found to have no realisable value. Necessary provision for write-off of these shares have been made in the Accounts.

7. PROVISIONS

- i) Liability towards gratuity payable for employees stands at Rs. 8,996/- upto the year ended 31.03.1998. No provision for gratuity has been provided in the accounts for the year under report as presently there are no employees in the service of the Company having put in the qualifying period of 5 (five) years of service.
- ii) No provision for taxation has been made in the accounts for the current year in view of the loss suffered by the Company for the year under report and in view of the carry forward losses and allowances available to the Company.

8. Y2K COMPLIANCE

Your Company has confirmed from its hardware/software suppliers that all equipments both in the office and given on lease/hire purchase are Y2K compliant. The Company is also in the process of completing all critical preparatory work related to the Y2K issue and expects to complete all works by end of December, 1999.

9. AUDITOR'S REMUNERATION

	Current Year Rs.	Previous Year Rs.
Audit Fees	31,500/-	51,500/-
Fees for Advisory Services	NIL	NIL
Certification fees	3,500/-	8,500/-
	35,000/-	60,000/-
	=====	=====

10. a) Expenditure incurred on Employees (including Managing Director) who were in receipt of remuneration of not less than :

- i) Rs.6,00,000/- per annum if employed throughout the year
- | | | |
|--|-----|-----|
| | NIL | NIL |
|--|-----|-----|

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- | | | | |
|------|---|----------------|---------------|
| ii) | Rs.50,000/- per month if employed for part of the year | NIL | NIL |
| iii) | Managing Director's Remuneration (including Salary, allowances and perquisites) | Rs. 1,80,000/- | Rs.1,80,000/- |
- b) The Company has been advised that the computation of net profits for the purpose of Directors' remuneration under section 349 of the Companies Act, 1956 need not be displayed as no commission is payable to the Managing Director for the year.
11. The Company has been granted the Certification of registration bearing No.02.00061 by the Reserve Bank of India, Bangalore on and with effect from 12/03/1999 vide their letter bearing No.DNBS(BG) 3442/09.01.04/97-98 dated 13/04/1999 to carry on the business of a Non-Banking Financial Institution subject to conditions mentioned in the said certificate.
12. Included in the amount of unsecured loans of Rs.17,77,008/- (Rs. 34,42,608/-) (Refer Schedule 'C') is an amount of Rs 14,31,799/- (previous year - Rs.12,26,635/-) being un-paid/unclaimed deposits due to the depositors
13. The Company has been advised that it is not obligatory for the Company to transfer to the 'Unpaid Dividend Account' under Section 205-A (1) of the Companies Act, 1956, any amount in respect of which dividend warrants have been posted within 42 days of the date of declaration of dividend, notwithstanding the fact that such warrants have not been encashed as the amount of un-encashed dividend warrants does not constitute unpaid dividends in terms of section 205 of the Act. However, as a measure of abundant caution, an amount of Rs. 1,30,046/- has been transferred to 'Unpaid Dividend Account' and is lying with Vijaya Bank and Corporation Bank, Bangalore as at 31.03.1999. On the basis of the advice received as aforesaid, the said amount of Rs. 1,30,046/- though outstanding for over three years, has not been transferred to the General Revenue account of the Central Government.
14. Pending Dividend reconciliation for the years ended 31st March 1995 and 31st March 1996, an amount of Rs.33,033/- lying in the designated bank account for distribution as dividends has been found to be in excess and has been transferred to Dividend Equalisation Reserve during the year ended 31st March, 1998. The balances in unpaid dividend accounts with Vijaya Bank and Corporation Bank, Bangalore could not be confirmed in the absence of statements of account/certificates from the said banks.
15. The Company did not have a Company Secretary during the year as required under section 383 A of the Companies Act, 1956. However, though the paid-up share capital is more than Rs. 25 lakhs there are huge accumulated losses to the extent of Rs. 2,11,26,441/- thereby substantially lowering the effective capital of the Company. Moreover, in the opinion of the Directors, in view of the losses and smallness of operations, a Secretary is neither required nor can the Company afford to incur the expense as at present.
16. All balances in Sundry Debtors, Sundry Creditors, Loans and Advances, Deposits are taken as per books of account only and are subject to confirmation from parties and reconciliation, if any. Request letters seeking confirmation of balances have been sent to Debtors/Creditors and replies are awaited.
17. **Contingent liabilities**
- a) Sales Tax assessments have been completed for the years ended 31st March, 1995. In respect of all other pending assessments, the sales tax liability (ies), if any, arising on completion of assessment(s), will be provided as and when they arise.

18. Figures in respect of the previous year have been re-grouped and re-classified wherever necessary to conform with the classification adopted in the accounts of the current year. Figures in brackets wherever shown relate to the previous year ended 31.03.1998.
19. Information as required under paragraphs (3), (4), 4(A) to 4(D) of Part II to Schedule VI to the Companies Act, 1956 has been given only to the extent applicable.

SIGNATORIES TO NOTES TO ACCOUNTS

**SUBJECT TO OUR REPORT OF EVEN DATE
for LAWRENCE TELLIS & ASSOCIATES
Chartered Accountants**

Sd/-
S.R SUBBA RAJU
Director

Sd/-
K.V.R. CHAVAN
Director

Sd/-
V.SRINIVASA RAJU
Managing Director

Sd/-
ROHAN MIRANDA
Partner

Bangalore
3rd November, 1999



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BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS :

Registration No. : 08/12591 State Code : 08
Balance-sheet dated : 31 03 1999
Date Month Year

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue (Share Allotment monies) : NIL
Rights Issue : NIL
Bonus Issue : NIL
Private Placement : NIL

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities : 52503
Total Assets : 52503

SOURCES OF FUNDS

Paid-up Capital : 30214
Reserves and Surplus : 171
Secured Loans : NIL
Unsecured Loans : 1777

APPLICATION OF FUNDS

Net Fixed Assets : 4628
Investments : 2445
Net Current Assets : 2026
Miscellaneous Expenditure : 1937
Accumulated Losses : 21126

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover / Other Income : 1941
Total expenditure : 11821
+/- Profit/(loss) before tax : (9880)
+/- Profit/(loss) after tax : (9880)
Earnings per share in Rs. : In deficit
Dividend rate % : NIL

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY :

1. Item Code No (ITC Code) : Not Applicable
2. Service Description : Hire Purchase, Leasing, Bill Discounting & Financial Services

Subject to our report of even date
for **LAWRENCE TELLIS & ASSOCIATES**
Chartered Accountants

Sd/-
S.R SUBBA RAJU
Director

Sd/-
K.V.R. CHAVAN
Director

Sd/-
V.SRINIVASA RAJU
Managing Director

Sd/-
ROHAN MIRANDA
Partner

Bangalore
3rd November, 1999



PLUS FINANCE LIMITED

No.44-B, Hotel Chalukya Annexe
Race Course Road
BANGALORE - 560 001

ATTENDANCE SLIP

To be handed over at the entrance of meeting hall

No. of Shares

Folio

Name and Address

[Empty box for Name and Address]

**8th Annual
General Meeting
on 23.12.1999**

I certify that I am a Registered Shareholder of the Company.

I hereby record my presence at the above Annual General Meeting of the Company

A Member/Proxy wishing to attend the meeting must complete this attendance slip and hand it over at the entrance of the meeting hall.

Name of Proxy (if any) in BLOCK LETTERS

Signature of Member/Proxy



PLUS FINANCE LIMITED

No.44-B, Hotel Chalukya Annexe
Race Course Road
BANGALORE - 560 001

PROXY FORM

No. of Shares

[Empty box for No. of Shares]

Folio

[Empty box for Folio]

I/We _____
of _____
being a member / members of PLUS FINANCE LIMITED hereby appoint _____
of _____ or failing him _____
of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the Eighth Annual
General Meeting of the Members of Plus Finance Limited will be held on **Thursday, the 23rd December, 1999**
at **11.00 a.m. at HOTEL PAVITHRA PARADISE, No. 463, 3rd Block, 3rd Stage, Basaveshwaranagar, Bangalore -**
560 079.

Signed

Affix
Revenue
Stamp
Re.1.00

NOTE : Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member. This form duly completed should be deposited at the Registered Office of the Company at Bangalore not later than 48 hours before the commencement of the meeting.

BOOK POST



If undelivered please return to :



PLUS FINANCE LIMITED

No.44-B, Chalukya Hotel Annexe, Race Course Road
BANGALORE - 560 001