

**ANNUAL REPORT
1998-99**

CERTIFIED TRUE COPY
FOR ONIDA FINANCE LTD)
N. G. W. W. W. W. W.
DIRECTOR



ONIDA FINANCE LTD



BOARD OF DIRECTORS

Sonu L. Mirchandani
K.D. Dwivedi

AUDITORS

J.L. Garg & Co.
Chartered Accountants
Delhi

BANKERS

Catholic Syrian Bank
Federal Bank
Syndicate Bank

REGISTERED & CORPORATE OFFICE

12, Jung Pura, Bhogal
New Delhi-110 014





DIRECTORS' REPORT

To the Members,

Your Directors submit the Ninth Annual Report together with the Audited Accounts for the year ended 31st March, 1999.

FINANCIAL HIGHLIGHTS

	(Rs. in Lacs) Year Ended 31.03.1999	(Rs. in Lacs) Year Ended 31.03.1998
Total Income	306.46	556.31
Profit/(Loss) before tax	(297.39)	(1090.38)
Provision for Tax	Nil	Nil
Profit/(Loss) After Tax	(297.39)	(1090.38)

OPERATIONS

The Companies operations during the year under review were less than last year due to depressed capital market operation. As a result the company incurred a loss during the year.

Due to the delay and non-payment of various installments due to the company by its customers under the leasing/Hire purchase the arrangement entered into by it with its customers, the liquidity position of the company has been severely affected. The Company has initiated several legal proceedings for recovery of the same in District and High Courts and is also taking suitable alternative action. i.e. follow up and persuasion recovery etc.

The Reserve Bank of India's rejection to grant the fresh Certificates of Registration and restriction on fund based operations imposed on the company by them have also severally affected the business and the liquidity of your company.

DIVIDEND

In view of the losses incurred by the company the directors do not recommend payment of any dividend.

DIRECTORS

Board of Directors of your Company are pleased to inform you that tenure of Mr. V. K. Chopra as an Executive Director, which expired on 12th June, 1999 was extended to another One year subject to the approval of the Shareholders.

Mr. K. D. Dwivedi, Director on the Board retire by rotation at the forthcoming Annual General Meeting and being eligible offer himself for reappointment.

Mr. V. K. Chopra has resigned as Executive Director of the company. The Board places on record thier gratitude for the services rendered by them during their tenure as Director of the company. The board is taking appropriate steps to fill up the vacancy caused due to the resignation of Mr. V. K. Chopra.

AUDITORS

M/s. J. L. Garg & Co. Chartered Accountants, New Delhi, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment.

AUDITORS REPORT

The observations made in the Auditor's Report are self explanatory and do not require further clarification.

FIXED DEPOSITS

The Company had outstanding matured. Fixed Deposits of Rs. 376.96 lacs from 1456 depositors as on 31.03.1999.

The Company Law Board, Northern Bench, has directed the company to repay its Depositors in the manner prescribed in their order dated 13.10.98. As per the Order all deposits shall be paid within six months to four year of the date of maturity. The company made representation to the Company Law Board expressing the difficulty being faced by it due to the circumstances beyond its control and the restrictions imposed by court on the company for selling, alienating, transferring, parting with possession or creating third party rights in the assets of the company. The Company Law Board had vide its letter dated 24.12.98 had advised the company to seek nessesary clarification/directions from appropriate authority. In view of the above the Company is facing great difficulty in the repayments of Fixed Deposits.

NON CONVERTIBLE DEBENTURE

The Company had outstanding matured Non-Convertible Debentures of Rs. 57.317,772/- from depositors as on 31.03.99. The redemption of the Non Convertible Debentures of the Company has been delayed due to circumstances beyond the control of the company and the liquidity crisis the company is facing now has mismatched cash flows. However the Company is trying its best to satisfy its liabilities towards its debentureholders.

FOREIGN EXCHANG EARNING AND OUTGO

The Details are as Follows :

- a) Foreign Exchange earnings : Nil
- b) Foreign Exchange outgo : Nil



Considering the nature of activities undertaken by your company, the other particulars in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988 are not applicable.

OTHER INFORMATION

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding employees is given in Annexure to the Directors' Report.

ACKNOWLEDGEMENT

Your Directors express their sincere thanks to the shareholders for the confidence and the faith reposed in the management and place on record their appreciation of the dedicated services rendered by the employees of the company at all levels.

For and on behalf of the Board

SONU L. MIRCHANDANI
DIRECTOR

Place : New Delhi
Date : 17.11.99

K. D. DWIVEDI
DIRECTOR

ANNEXURE TO DIRECTORS' REPORT

Statement of Particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended upto date and forming part of the Directors' Report for the Year Ended 31st March 1998.

Name	Designation	Gross Remuneration (Rs.)	Experience in Years	Date of Joining	Age (Yrs.)	Qualification	Last employment
A. EMPLOYED THROUGHOUT THE YEAR							
1. V.K. Chopra	Executive Director	9,28,160	32	30.06.95	58 Yrs.	PGDBM	First Capital India Ltd.
2. Deepak Sharma	Assoc. Vice President	3,42,741	10	20.03.97	35 Yrs	ACA, MCA MEP	DCM Financial Services Ltd.
3. R. Sekar	Head Corp. Finance	3,70,281	18	05.08.96	40 Yrs.	ACA	Shoppers Investment & Finance Ltd.

Notes : 1. Remuneration includes Basic Salary, Allowances, Company's Contribution to Provident and other funds and perquisites.
2. None of the above employees is a relative of any of the Directors of the Company



For and on behalf of the Board

SONU L. MIRCHANDANI
DIRECTOR

Place : New Delhi
Date : 17.11.99

K. D. DWIVEDI
DIRECTOR



AUDITORS REPORT

TO THE MEMBERS OF ONIDA FINANCE LIMITED

We have audited the attached Balance Sheet of Onida Finance Limited as at 31st March, 1999 and the relative Profit and Loss Account for the year ended on the date and report that :

1. As required by the Manufacturing and other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of Sections 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us we enclose in the Annexure a statement of the matters specified in Paragraphs 4 & 5 of the said order to the extent applicable.
2. Further to our comments in the annexure referred in paragraph 1 above,
 - 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 books of account as required by law have been kept by the Company so far as appears from our examination of books.
 - c) the Balance Sheet and Profit and Loss Account as 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 comply with the mandatory accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e) In our opinion and the best of our information and according to the explanations given to us, the accounts read with the accounting policies and notes attached there to or appearing there on, subject to note No. 10 regarding valuation of long term investment where we are unable to comment at this stage whether is a permanent fall in the value of the investment, note no. 11 regarding non provision of interest amounting to Rs. 2,43,29,422 and note no. 12 regarding non-provision of additional interest on debentures in schedule 15 gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999.
 - ii. In the case of the Profit and Loss Account of the Loss for the year ended on that date.

FOR J.L. GARG & CO.

Chartered Accountants

ASHOK AGARWAL

(Partner)

Place : New Delhi

Dated : 17.11.99

ANNEXURE TO THE AUDITORS REPORT

(Referred to in Paragraph 1 of our Report of Even Date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. During the year, in small cases of assets its fixed assets. During the year, in small cases of assets leased, the company has done the random checking and in cases under litigation pending with the court, no physical verification of the assets has been done. We are unable to comment on any discrepancies between books records and physical verification
2. None of the fixed assets has been revalued during the year.
3. The Stocks of shares, debentures and some portion of stocks on hire has been physically verified by the management during the year.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stock of shares, debentures and stock on hire followed by the management is reasonable and adequate in relation to the size of company and the nature of its business. Except that the extend of coverage of physical verification of stock of hire needs to be made commensurate with the size of the company and the nature of its business.
5. According to information and explanations given to us the discrepancies noticed on physical verification of stocks were not material as compared to the stock records and these have been properly dealt with in the accounts.
6. In our opinion and on the basis of our examination of the stock records, the valuation is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
7. The company has not taken loans from the companies, firms or other parties as listed in the register maintained



- under Section 301 of the Companies Act, 1956 or from companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
8. No Loans and advances in the nature of loans have been given by the company to companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or to the Companies under the same management as defined under Section 370 (1B) of companies Act, 1956 except to subsidiaries subsiwhere there is no stipulation for repayment, the terms and conditions are not prima facie prejudicial to the interest of the company.
 9. In respect of Loans and advances given to the employees and other corporate bodies we are unable to comment on repayments or recovery of interest as there is no stipulation in this regard.
 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 for the purchase of plant and machinery, equipment and other assets including shares and debentures and, for the sale of shares and debentures. There is no transactions of purchase of stores and raw materials including components.
 11. In our opinion and according to the information and explanations given to us, the transactions for the purchase and sales of goods, materials and services made in pursuance of contracts and arrangements entered in the register maintained under section 301 and aggregating during the year to Rs. 50,000 or more in respect of each party, have been made at prices, which in our opinion, are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which similar transactions have been made with other parties, and the company's business needs and exigencies.
 12. In our opinion and according to the information and explanations given to us, the company has generally complied with the directives issued by the Reserve Bank of India and the provisions of section 58A of the Companies Act 1956 to the extent applicable with regard to the deposits accepted from the public except that :
 - (a) The Deposits including interest due thereon aggregating to Rs. 3,79,96,295/- matred, claimed and remained not paid as at 31st March, 1999. The aforesaid amount includes an interest of RS. 45,20,000/- not provided in the books of account.
 - (b) The Company has complied with the prescribed liquidity requirement but the approved securities have not been posted by the company with one of the scheduled commercial banks as required in paragraph 6 (1) of the non banking financial companies acceptance of public deposits (Reserve Bank) Directions, 1999.
 - (c) The company has generally not filed required periodic returns with the Reserve Bank of India.
 - (d) The Company Law Board in exercise of the powers conferred by section 45QA of the Reserve Bank of India Act, 1934 passed an order on 13.10.98. However, the company could not fully comply with the same. The company has subsequently made a representation to the Compnay Law Board. Th CLB had vide its letter dated 24.12.98 asked the company to seek necessary direction/clarification from the appropriate authority.
 13. The Company has an internal audit system commensurate with the size and the nature of its business.
 14. According to the records of company, Provident Fund and Employee's State Insurance dues have generally been regularly deposited during the year with appropriate authorities.
 15. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sale Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable, except tax deducted at source.
 16. According to the information and explanations given to us and on the basis of books of account of the company examined by us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
 17. 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.
 18. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
 19. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of transactions and contracts as to dealings in shares, securities, debentures and other investments and timely entries have been made therein. The same have been held by the Company in its own name except to the extent of exemption granted under Section 49 of the Companies Act, 1956 or in the process of transfer to its name.

FOR J.L. GARG & CO.
Chartered Accountants

ASHOK AGARWAL
(Partner)
Place : New Delhi
Date : 17.11.99

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

	SCHEDULE	AS AT 31st MARCH, 1999 (RUPEES)		AS AT 31st MARCH 1998 (RUPEES)
SOURCES OF FUNDS				
Shareholders Funds				
Share Capital	1	69,293,630	69,293,630	
Reserves & Surplus	2	<u>64,503,480</u>	<u>64,503,480</u>	133,797,110
			133,797,110	
Loan Funds				
Secured Loans	3	131,811,010	137,619,442	
Unsecured Loans	4	<u>54,535,296</u>	<u>79,191,829</u>	216,811,271
			186,346,306	
TOTAL			<u>320,143,416</u>	<u>350,608,381</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	5	69,468,321	133,226,563	
Less : Depreciation		<u>10,953,990</u>	<u>19,889,689</u>	
Net Block		58,514,331	113,336,874	
Less : Lease Equalisation		<u>31,412,463</u>	<u>31,997,808</u>	
			27,101,868	81,339,066
Investments	6		100,489,896	111,925,635
Current Assets, Loans & Advances				
Inventories	7	404,582	1,908,235	
Stock on Hire		3,094,835	20,642,504	
Sundry Debtors		7,979,854	7,802,284	
Cash & Bank Balances		1,828,580	3,474,956	
Loans & Advances		<u>34,046,088</u>	<u>40,071,689</u>	
		47,353,939	73,899,668	
Less : Current Liabilities and Provisions	8	<u>10,776,161</u>	<u>577,778</u>	<u>35,434,727</u>
				38,464,941
Miscellaneous Expenditure	9		725,078	2,292,522
Profit and Loss Account			155,248,796	116,586,217
TOTAL			<u>320,143,416</u>	<u>350,608,381</u>
Accounting Policies, Notes and Additional Information as per our report of even date	15			

FOR J. L. GARG & CO.
Chartered Accountants

ASHOK AGARWAL
(Partner)
Place : New Delhi
Date : 17.11.99

For and on behalf of the Board.

SONU L. MIRCHANDANI
DIRECTOR
K. D. DWIVEDI
DIRECTOR



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

SCHEDULE	For the Year Ended 31st MARCH, 1999 (RUPEES)	For the Year Ended 31st MARCH, 1998 (RUPEES)	
INCOME			
Sales & Income from Operations	10	32,150,246	54,145,434
Other Income		—	163,329
Accretion/Decretion in Stock	11	(1,503,653)	1,322,715
		<u>30,646,593</u>	<u>55,631,478</u>
EXPENDITURE			
Purchases		44,516	3,994,379
Personal Expense	12	5,219,603	8,558,978
Administrative & Other Expenses	13	24,881,400	51,200,213
Finance Charges	14	5,285,031	41,970,811
Depreciation & Lease equalisation		24,989,994	58,830,347
		<u>60,420,544</u>	<u>164,554,728</u>
Net Profit(Loss) before Tax		(29,773,951)	(108,923,250)
Provision For Tax		—	115,000
Profit After Tax		(29,773,951)	(109,038,250)
Add/(Less) Prior Period Adjustment (Net)		8,888,628	1,768,222
Lease Equalisation of Previous Years		—	15,197,365
Tax Paid for earlier Years		—	2,386,610
Transfer from General Reserve		—	5,600,000
Balance as per last Year		(116,586,217)	6,204,230
Balance Carried over to Balance Sheet		(155,240,796)	(116,586,217)
Accounting Policy, Notes and Additional Information	15		

As per our report of even date



FOR J. L. GARG & CO.
Chartered Accountants

ASHOK AGARWAL
(Partner)
Place : New Delhi
Date : 17.11.99

For and on behalf of the Board.

SONU L. MIRCHANDANI
DIRECTOR
K. D. DWIVEDI
DIRECTOR



SCHEDULE TO ACCOUNTS

	AS AT 31st MARCH 1999 (RUPEES)	AS AT 31st MARCH 1998 (RUPEES)
1. SHARE CAPITAL		
AUTHORISED		
3,50,00,000 (3,50,00,000) Equity Shares of Rs. 10/- each	350,000,000	350,000,000
25,00,000 (25,00,000) Preference Shares of Rs. 100/- each	250,000,000	250,000,000
	<u>600,000,000</u>	<u>600,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
69,51,800 (69,51,800) Equity Shares of Rs.10/- each fully paid up	69,518,000	69,518,000
Less : Call in arrears	224,370	224,370
	<u>69,293,630</u>	<u>69,293,630</u>
	<u>69,293,630</u>	<u>69,293,630</u>
2. RESERVES AND SURPLUS		
Share Premium Account	63,113,480	63,113,480
Debenture Redemption Reserve	1,390,000	1,390,000
TOTAL	<u>64,503,480</u>	<u>64,503,480</u>
3. SECURED LOAN		
Debentures	57,317,772	50,727,780
Banks	74,312,907	76,382,566
Others	180,331	10,509,096
TOTAL	<u>131,811,010</u>	<u>137,619,442</u>
4. UNSECURED LOANS		
Public Deposit	41,395,296	56,591,829
Other Loans	13,140,000	22,600,000
TOTAL	<u>54,535,296</u>	<u>79,191,829</u>



5. SCHEDULE OF FIXED ASSETS AT 31ST MARCH, 1999

PARTICULARS	GROSS BLOCK				DEPRECIATION Upto 31st March, 1999	NET BLOCK	
	As at 1st April, 1998	Additions	Less Adjstment	As at 31st March 1999		As at 31st March, 99	As at 31st March, 98
ON LEASE							
Plant & Machinery	49,653,554	—	10,854,537	38,799,017	4,558,624	34,240,393	43,803,893
Computer, Electronics & Electrical Equipment	41,372,514	75,590	26,078,833	15,369,271	2,613,466	12,755,804	34,979,904
Generator Sets	7,809,051	—	4,709,535	3,099,516	384,291	2,715,225	7,263,261
Air Conditioners	3,302,755	—	2,400,030	902,725	110,999	791,726	3,083,032
Office Equipments	1,547,041	—	1,037,568	509,472	64,005	445,468	1,369,934
Vehicles	17,510,688	—	15,222,644	2,288,044	501,918	1,786,126	14,468,469
Books	183,000	—	48,000	135,000	9,709	125,291	178,018
SUB TOTAL (A)	121,378,603	75,590	60,351,147	61,103,045	8,243,013	52,860,031	105,146,511
OWN USE							
Building	2,016,215	—	2,016,215	—	—	—	637,539
Electrical Equipment	1,407,065	3,100	344,490	1,065,675	572,974	492,701	846,906
Furniture & Fixture	3,202,814	18,350	471,000	2,750,164	553,132	2,197,033	2,719,111
Office Equipments	3,746,300	17,930	312,160	3,452,070	1,464,264	1,987,816	2,603,290
Vehicles	1,185,731	311,417	682,617	807,531	120,618	686,913	1,093,682
Land	289,835	—	—	289,835	—	289,835	289,835
SUB TOTAL (B)	11,847,960	350,797	3,33,482	8,365,275	2,710,978	5,654,297	8,190,363
TOTAL (A+B)	133,266,563	426,387	64,184,629	69,468,320	10,953,991	58,514,329	113,336,874
Previous Year	148,591,762	30,912,814	46,278,013	133,226,563	19,889,689	113,336,874	

6. INVESTMENT-LONG TERM (AT COST)

TRADE INVESTMENT (QUOTED)

Nil (800) Equity Shares of Rs. 10/- each fully paid up in Liberty Shoes Ltd.	—	80,000
8480 (8480) Warrants of Rs. 22/- each fully paid up in Shriram Industrial Enterprises Ltd.	1	1
630300 (630300) Equity Shares of Rs. 10/- each fully paid up in Onida Saka Ltd.	7,370,750	7,370,750
16065 (16065) Equity Shares of Rs. 10/- each fully paid up in Godrej Soap Ltd.	2,288,562	2,288,562
Nil (100) Equity Shares of Rs. 10/- each fully paid up in Bhagwati Gases Ltd.	—	1,072
112000 (112800) Equity Shares of Rs. 10/- each fully paid up in SREI International Finance Ltd.	4,769,610	4,803,679
8700 (10000) Equity Shares of Rs. 10/- each fully paid up in PHIL Corporation Ltd.	1,288,348	1,480,860
2100(7100) Equity Shares of Rs. 10/- each fully paid up in Indian Petro Chem. Corporation Ltd.	370,635	1,253,100
6700 (8300) Equity Shares of Rs. 10/- each fully paid up in J.K. Pharma Ltd.	134,000	166,000
1660 (1660) Warrants of Rs. 4/- each fully paid up in J.K. Pharma Ltd.	6,640	6,640
40 (6640) Equity Shares of Rs. 10/- each fully paid up in Nahar Industrial Enterprises Ltd.	940	151,245

**6. INVESTMENT (Contd.....)**

24700 (24700) Equity Shares of Rs. 10/- each fully paid up in Jagan Tubes Ltd.	494,225	494,225
72800 (72800) Equity Shares of Rs. 10/- each fully paid up in Eon Polymers Ltd.	806,780	806,780
183900 (183900) Equity Shares of Rs. 10/-each fully paid up in Takshila Spinners Ltd.	5,294,503	5,294,503
Nil (10800) Equity Shares of Rs. 10/- each fully paid up in Gujarat Flouro Chemicals Ltd.	—	756,000
Nil (11400) Equity Shares of Rs. 10/- each fully paid up in HEG Ltd.	—	348,400
21100 (57150) Equity Shares of Rs. 10/- each fully paid up in JCT Ltd.	758,164	2,053,509
227 (357) Debentures of Rs. 10/- each fully paid up in Larsen & Toubro Ltd.	107,415	168,930
2200 (7100) Equity Shares of Rs. 10/- each fully paid up in Tata Telecom Ltd.	219,925	709,759
100 (13100) Equity Shares of Rs. 10/- each fully paid up in The Tata Iron & steel Company Ltd.	16,538	2,166,450
300 (300) Equity Shares of Rs. 10/- each fully paid up in Hotline Glass Ltd.	3,397	3,397
200 (200) Equity Shares of Rs. 10/- each fully paid up in Sterlite Industries Ltd.	62,265	62,265
Nil (50) Equity Shares of Rs. 10/- each fully (Partly) paid up in Federal Bank Ltd.	—	7,500
3600 (8600) Equity Shares of Rs. 10/- each fully paid up in DCM Sriram Industries Ltd.	192,240	459,240
43300 (49500) Equity Shares of Rs. 10/- each fully paid up in Easter Industries Ltd.	1,039,200	1,188,000
49200 (521000) Equity Shares of Rs. 10/- each fully paid up in HB Leasing & Finance Ltd.	885,600	937,800
Nil (12100) Equity Shares of Rs. 10/- each fully paid up in Hitkari Industries Ltd.	—	217,800
69900 (72150) Equity Shares of Rs. 10/- each fully paid up in Modi Alkalies & Chemicals Ltd.	712,980	735,930
81100 (183500) Equity Shares of Rs. 10/- each fully paid up in Mount Everest Mineral Water Ltd.	243,273	550,500
10100 (30100) Equity Shares of Rs. 10/- each fully paid up in NDA Securities Ltd.	151,500	451,500
96500 (96500) Equity Shares of Rs. 10/- each partly paid in American paints Ltd.	1	1
69700(69700) Equity Shares of Rs. 10/- each partly paid in Moulik Finance & Resorts Ltd.	1	1
23600 (23600) Equity Shares of Rs. 10/- each partly paid up in Jagan Tube Ltd.	1	1
45100 (45100) Equity Shares fo Rs. 10/- each partly paid up in Samtal Electronics Devices Ltd.	1	1
78700 (78700) Equity Shares of Rs. 10/- each partly paid up in Annasoya Spinners Ltd.	1	1
145700 (145700) Equity Shares of Rs. 10/- each partly paid up in Malvika Steel Ltd.	1	1
10500 (10500) Equity Shares of Rs. 10/- each partly paid up in Ahura Welding Electrode Manf. Ltd.	1	1



60000 (60000) Equity Shares of Rs. 10/- each partly paid up in J.K.L. Atlier Ltd.	1		1	
46400 (46400) Equity Shares of Rs. 10/- each partly paid up in Montari Industries Ltd.	1	27,217,500	1	35,014,406
(Market Value - Quoted Investments Rs. 70.08 Lacs Previous Year Rs. 113.61 Lacs)				
OTHER INVESTMENTS (UNQUOTED)				
970000 (970000) Equity Shares of Rs. 10/-each fully paid up in OFL Capital Corporation Ltd.	9,700,000		9,700,000	
10001 (10001) Equity Shares of Rs. 10/- each fully paid up in Onida International Ltd.	100,010	9,800,010	100,010	9,800,010
INVESTMENT IN GOVERNMENT SECURITIES				
2(2) 9.25 % IFCI Bonds 1998 of Face Value of Rs. 0.10 lacs. (Previous year Rs. 0.10 Lacs)	10,045		10,045	
1(1) 11.5% ICICI-2010 Bonds of Face Value of Rs. 5 Lacs. (Previous Year Rs. 5 Lacs)	496,252		496,252	
2(2) 12% IFCI-2002 Bonds of Face Value of Rs. 2 lacs (Previous Year Rs. 2 lacs)	197,878		197,878	
1(3) 12.5% SIDBI-2004 Bonds of Face Value of Rs. 10 lacs (Previous Year Rs. 30 lacs)	1,030,220		3,090,661	
2(2) 12.5 HFC-2004 Bonds of Face Value of Rs. 2 lacs (Previous Year Rs. 2 Lacs.)	204,980		204,980	
Indra Vikas Patra	10,000		10,000	
2 (4) 12.08% GOI Bonds of Face Value of Rs. 36 Lacs (Previous Year Rs. 50 Lacs)	4,033,011	5,982,386	5,601,403	9,611,219
INVESTMENT IN SUBSIDIARY COMPANIES (UNQUOTED)				
3000000 (3000000) Equity Shares of Rs. 10/- each fully paid up in OFL Securities Ltd.	30,000,000		30,000,000	
2750000(2750000) Equity Shares of Rs. 10/- each fully paid up in OFL Equity Services Ltd.	27,500,000	57,500,000	27,500,000	57,500,000
		100,499,896		111,925,635
Less : Provision of loss of Securities (Lost in Transit)		(10,000)		—
TOTAL		<u>100,489,896</u>		<u>111,925,635</u>





	AS AT 31st MARCH, 1999 (RUPEES)		AS AT 31st MARCH 1998 (RUPEES)	
7. CURRENT ASSETS, LOANS AND ADVANCES				
(A) CURRENT ASSETS :				
INVENTORIES (Stock of Shares & Debentures) (As taken, valued & certified by management)	404,582			1,908,235
STOCK ON HIRE* (As taken, valued & certified by management)	3,094,835			20,642,504
SUNDRY DEBTORS :				
Unsecured				
Debtors outstanding for a period Exceeding Six months				
-Considered Doubtful	3,613,013			
Less :- Provision for Doubtful Debts	3,613,043			
-Considered Good	8,098,469		8,313,628	
Other Debts-Considered Good	3,555,094		6,080,558	
	<u>11,653,563</u>		<u>14,394,186</u>	
Less :-Provision Against Non Performing Assets	3,673,709	7,979,854	6,591,902	7,802,284
CASH AND BANK BALANCES				
Cash in hand & Stamps	9,454		28,853	
Balance with Scheduled banks On Current Accounts	1,719,126		2,346,103	
Fixed Deposit with Bank	100,000	1,828,580	1,100,000	3,474,956
(B) LOANS AND ADVANCES (Unsecured-considered good)				
Advance Recoverable in Cash or in kind or for value to be received	32,219,840		35,762,364	
Less : Provision against Non-Performing Assets	628,082	31,591,758	628,082	35,134,282
Security Deposit	1,205,882		3,462,094	
Advance Payment of Tax/TDS	1,248,448	34,046,088	1,475,313	40,071,689
TOTAL	<u>47,353,939</u>		<u>73,899,668</u>	
8. CURRENT LIABILITIES & PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors	840,776		1,770,351	
Other Liabilities	7,292,022	8,132,798	30,429,723	32,107,709
PROVISIONS				
For TAX	601,000		796,000	
For Additional Provision for Non-Performing Assets	1,837,211		2,438,653	
For Gratuity	205,152	2,643,363	92,365	3,327,018
TOTAL	<u>10,776,161</u>		<u>35,434,727</u>	
9. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)				
Preliminary and Capital Issue Expenses				
Balance as per last year	200,253		252,409	
Less : Amount Written Off	52,156	148,097	52,156	200,253
Deferred Revenue Expenditure				
Balance as per last year	2,092,269		3,539,159	
Add : Incurred during the year	—		95,800	
	<u>2,092,269</u>		<u>3,634,959</u>	
Less : Amount written off	1,515,288	576,981	1,542,690	2,092,269
	<u>7,25,078</u>		<u>2,292,522</u>	



	AS AT 31st MARCH, 1999 (RUPEES)	AS AT 31st MARCH 1998 (RUPEES)
10. SALES & INCOME FROM OPERATIONS		
Sale of Shares	1,934,353	872,255
Lease Income/Hire Charges*	28,372,907	46,807,702
Issue Management, Project Consultancy & Advisory Income**	—	3,250,800
Underwriting Commission	—	32,240
Bill Discounting & Syndication Income	29,058	1,310,029
Dividend Income	257,570	807,756
Interest Income	816,563	1,064,652
Other Income	739,795	—
TOTAL	<u>32,150,246</u>	<u>54,145,434</u>
* Net off Rs. 77.48 (Rs. 73.97 Lacs) not recognised as Income in respect of Non Performing Assets.		
** Net off Rs. Nil (Rs. 10.82 Lacs) not recognised as Income in respect of Non Performing Assets.		
11 ACCRETION/(DECRETION) IN STOCKS		
Closing Stocks		
Shares & Debentures	404,582	1,908,235
Less : Opening Stock		
Shares & Debentures	1,908,235	585,520
Less : Transferred to Investment	—	1,828,194
TOTAL	<u>(1,503,653)</u>	<u>(1,322,715)</u>
12 PERSONNEL EXPENSES		
Salary, Bonus & Allowances	4,495,398	7,248,476
Contribution to Provident Fund	324,652	531,681
Staff Training & Recruitment Expenses	—	130,087
Staff Welfare	399,553	648,734
TOTAL	<u>5,219,603</u>	<u>8,558,978</u>
13 ADMINISTRATIVE & OTHER EXPENSES		
Rent	970,231	3,296,666
Stationery & Printing	226,590	795,462
Communication Expenses	561,021	1,785,342
Electricity & Water Charges	246,887	446,206
Travelling & Conveyance	1,585,300	3,408,488
Director Travelling Expenses	15,868	195,677
Director Sitting Fees	—	8,500
Legal & professional Charges	1,760,295	3,884,522
Insurance	49,541	168,118
Audit Fees	85,000	85,000
Repairs & Maintenance	719,728	1,198,899
Preliminary Expenses Written off	52,156	52,156
Advertisement	1,420,829	2,209,506
Brokerage & Commission	939,445	3,100,971
Fees & Subscription	48,870	351,403
Lease Rental/Hire Charges	485,422	146,665
Loss on Sale of Trade Investments	4,240,276	9,742,545
Provision for Non Performing Assets	4,617,890	8,984,253
Provision for Depreciation in Investment	—	6,438,986
Provision for Doubtful Debts/Bad Debts Written off	3,832,769	1,106,831
Other Expenses	3,023,282	3,793,987
TOTAL	<u>24,881,400</u>	<u>51,200,213</u>
14 FINANCE CHARGES		
Interest On Fixed Loans	845,418	12,453,963
Interest -Others	4,327,431	29,221,384
Financial Charges	112,182	295,464
TOTAL	<u>5,285,031</u>	<u>41,970,811</u>



15. ACCOUNTING POLICIES, NOTES AND ADDITIONAL INFORMATION

A. ACCOUNTING POLICIES :

1. Basis of Accounting :

- The accounts are prepared under historical cost convention on accrual basis except stated otherwise.

2. Fixed Assets

- Carried at cost less accumulated depreciation.

3. Depreciation & Lease Equalisation

- Depreciation
On Straight line method as per rates and in the manner prescribed in schedule XIV to the Companies Act, 1956. Depreciation includes terminal depreciation on sale of leased assets.
- Lease Equalisation
Lease Equalisation is provided in the Books of Account in compliance with the Guidance Note on Accounting for leases issued by the Institute of Chartered Accountants of India except on leased assets classified as non performing assets where in lease rentals are not recognised as income.

4. Investments

- Held by the company are long term investments and are stated at cost or at diminished value where the decline in value is of permanent nature.

5. Valuation of Inventories

- Valued at cost or realisable value whichever is lower.

6. Deferred Revenue Expenditure

- Amortized over a period of its intrinsic value as ascertained.

7. Lease Income

- Accounted for as per the terms of agreement. The initial payment received in respect of leased assets are recognised as lease income in the year of receipt. The lease rentals on Non-performing leases are not recognised as income till rentals are received.

8. Stock on Hire

- Stock on hire is valued at principal value of assets as reduced by capital recovery.

9. Dividend

- Accounted for on receipt basis.

10. Gratuity

- Provided as per actual Basis.

B. NOTES FORMING PART OF ACCOUNTS :

1. Claims against the company not acknowledged as debts Rs. 11,68,918 (Previous Year Rs. Nil)
2. As per the terms of the Secured Redeemable Non-Convertible Debentures, 31st October, 1996 is the deemed date of allotment in respect of all the three categories of the Debentures/Bond as mentioned below :
 - i) Series-A Regular Return 20% Debentures of the face value of Rs. 1000/- each are redeemable at par at the expiry of 17 months and 29 days from the date of allotment i.e. on 28.04.1998
 - ii) Series-B Deep discount Bonds of the face value of Rs. 1000/- each are issued at Rs. 740/- per debenture and are redeemable at its face value at the expiry of 17 months and 29 days from the date of allotment i.e. on 28.04.1998
 - iii) Series-C Money Multiplier Bonds of the face value of Rs. 1000/- each are redeemable at the value of Rs. 1500/- each at the expiry of 24 months from the date of allotment i.e. on 31.10.1998
3. Debentures are secured by way of charges/mortgage in favour of the ICICI (the trustees) of immovable and movable assets (save and except books debts) including movable machinery, machinery spares, tools and accessories, present and future subject to prior charge created/to be created in favour of the Company's banker on specified movable.
4. (a) Loans from banks are secured by way of hypothecation/first charge on specified assets to respective banks.
(b) Federal Bank Limited has written letter to the Debtors of the company for direct realisation and till date there is no information available with the company regarding any realisation as such. The effect of the same on the Bank loan/sundry debtors is not ascertainable.
(c) Balance with Catholic Syrian Bank is subject to confirmation.
5. Loans from others are secured by way of hypothecation of vehicles taken on finance
6. Balance in various accounts included in Sundry Debtors, Sundry Creditors and Advances recoverable are under confirmation from respective parties.
7. In the opinion of Board of Directors, the aggregate value of Current Assets, Loans and Advances on realization in ordinary course of business will not be less than the amounts at which these are stated in the Balance Sheet.
8. As per guidelines by RBI vide notification DFC.118/DG (SPT) 98 dated 31 January, 1998 income for Non Performing Assets have not been recognized. Consequently, Rs. 77.48 Lacs (Previous Year Rs. 84.79 Lacs) has not been



recognised income during the year and Sundry Debtors are net of above provision.

9. Salaries include remuneration under Section 198 of the Companies Act, 1956 paid/payable to the Executive Director for the period 1st April, 1998 to 31st March, 1999

	CURRENT YEAR (RUPEES)	PREVIOUS YEAR (RUPEES)
Salary & Allowances	860175	860175
Contribution to Provident Fund	36300	36300
	928710	928710

10. Long term investment have been valued in terms of Accounting standard issued by the ICAI as recommended by RBI guidelines. The shortfall in value of long term investments has not been considered necessary as the management is of the opinion, that the diminution & the stock market value is not of permanent nature, in view of intrinsic net worth and future prospects of investee companies.
11. Interest of Rs. 45,20,000 (estimated) on fixed deposit, Rs. 21,76,000 on unsecured loans and Rs. 1,76,33,422 pertaining to secured loans from banks has not been provided by the Company and hence the loss for the year is understated by Rs. 2,43,29,422.
12. Debentures amounting to Rs. 5,73,17,772 being matured are due for payment but not paid. However no provision for additional interest. If any, has been made on the defaulted amount.
13. Additional NPA provision against net book value of lease and hire purchase assets is shown under Current Liabilities and Provisions.
14. Depreciation & Leas Equalisation includes Rs. 1,18,85,347 (Previous Year Rs. 1,68,00,443) provided as lease equalisation as per Guidance Note of ICAI.
15. No provision for Debenture Redemption Reserve has been made in view of losses.
16. Terminal Depreciation includes a sum of Rs. 53,14,369 as Lease Equalisation Reserve relating to previous year.
17. Particulars of stock-in-trade

SL. No.	NAME OF THE COMPANY	No. OF SHARES	VALUE RUPEES
QUOTED SHARES/DEBENTURES			
1.	BPL Ltd.	100	20717
		(200)	(35800)
2.	BPL Sanyo Utilities Ltd.	Nil	Nil
		(1400)	(33600)
3.	Chambal Fertilisers & Chemicals Limited	Nil	Nil
		(100)	(1075)
4.	Hindustan Constructions Ltd.	Nil	Nil
		(100)	(1635)
5.	Eon Polymers Ltd	3800	5700
		(3800)	(5700)
6.	Eon Polymers Ltd. (Partly Paid-up)	8400	2325
		(8400)	(2325)
7.	Industrial Finance Corporation Ltd.	100	1150
		(100)	(2625)
8.	Indian Petrochemicals Ltd.	100	7100
		(100)	(7100)
9.	Jagan Tubes Ltd.	200	300
		(200)	(1700)
10.	JCT Ltd.	150	795
		(150)	(825)
11.	Machino Plastics Ltd.	300	4800
		(5300)	(84800)
12.	Mirza Tanners Ltd.	100	4145
		(30000)	(1243500)
13.	Padmini Polymers Ltd.	50	550
		(50)	(550)
14.	Parijat Papers Mills Ltd.	4100	6150
		(4100)	(10250)
15.	Puri Coir Mills Ltd.	3800	5700
		(3800)	(11400)
16.	Shiva Medicare Ltd.	6700	16750



	(7700)	(19250)
17. Srei International Finance Ltd.	3700	81400
	(3700)	(81400)
18. Takshila Spinners Ltd.	3800	5700
	(3800)	(30400)
19. NDA Securities Ltd.	78800	236400
	(95800)	(355300)
20. TISCO Ltd.	50	4900
	(Nil)	(Nil)
		<u>404582</u>
		(1908235)

(Figures in brackets relates to 31st March, 1998)

18. Figures for the previous year are regrouped or rearranged wherever necessary.
19. Administrative expenses & other expenses includes Rs. 25000/- (Previous year Rs. 25000/-) to auditors for other services and reimbursement of expenses.
- C. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART-II OF SCHEDULE-VI OF THE COMPANIES ACT, 1956.
- a. The details regarding capacities, production, consumption of Raw material, components etc. are not given since the company is not engaged in manufacturing activities.
- b. Expenditure in Foreign Currency - Nil
- c. Earning in Foreign Currency - Nil
- d. Remittance in Foreign Currency - Nil
- Schedule Nos. 1 to 15 form integral part of accounts and have been duly authenticated.

As per our report of even date

FOR J. L. GARG & CO.
Chartered Accountants

For and on behalf of the Board.

ASHOK AGARWAL
(Partner)
Place : New Delhi
Date : 17.11.98

SONU L. MIRCHANDANI
DIRECTOR
K. D. DWIVEDI
DIRECTOR

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

Name of the Subsidiary Co.	OFL Securities Ltd.	OFL Equity Services Ltd.
Financial Period ended on	31.03.1998	31.03.1998
No. of Equity Shares held by Onida Finance Limited in the Subsidiary	30 Lacs	27.5 Lacs
Extent of Interest of Onida Finance Limited in the capital of the Subsidiary	100% (Approx.)	100% (Approx.)
Net Aggregate amount of Profit/Loss of subsidiary company		
(A) Not dealt within the accounts of Onida Finance Limited		
-Financial Year ended 31.03.98	151.03 (Lacs)	14.74 (Lacs)
-Previous Financial Years	44.9 (Lacs)	47.03 (Lacs)
(b) Dealt with in accounts of Onida Finance Limited		
-Financial year ended 31.03.98	Nil	Nil
-Previous financial Year	Nil	Nil

For and on behalf of the Board.

Place : New Delhi
Date : 17.11.99

SONU L. MIRCHANDANI
DIRECTOR
K. D. DWIVEDI
DIRECTOR



PART IV
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL
BUSINESS PROFILE

ONIDA FINANCE LIMITED

I. Registration Details			
Registration No. :	40085	State Code	55
Balance Sheet Date	31	03	1999
	Date	Month	Year
II. Capital raised during the year (Amount in Rs. Thousands)			
	Pubic Issue	Right Issue	
	Nil	Nil	
	Bonus Issue	Private Placement	
	Nil	Nil	
III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)			
	Total Liabilities	Total Assets	
	197122	175671	
Sources of Funds	Paid-up Capital	Reserves & Surplus	
	69294	64503	
	Secured Loan	Unsecured Loan	
	131811	54535	
Application of Funds	Net Fixed Assets	Investments	
	27102	100490	
	Net Current Assets	Misc. Expenditure	
	36578	725	
	Accumulated Lossess		
	(155249)		
IV. Performance of Company (Amount in Rs. Thousands)			
	Turnover	Total Expenditure	
	30647	60421	
	Profit/(Loss)before Tax	Profit/(Loss) after Tax	
	(29774)	(29774)	
	Earning per Share (Rs.)	Dividend rate %	
	0	Nil	
V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)			
Item Code No. (ITC Cod)	Not Applicable		
Product Description			

For and on behalf of the Board.

SONU L. MIRCHANDANI
DIRECTOR
K. D. DWIVEDI
DIRECTOR

Place : New Delhi
Date : 17th November, 1999



CASH FLOW STATEMENT FOR THE YEAR ENDED 31.3.1999

(Amounts in Rs.)

PARTICULARS	Year Ended 31st MARCH, 1999	Year Ended 31st MARCH, 1998
A: Cash flow from operating activities		
Net Profit before Tax and Extraordinary Items	(29,773,951)	(108,933,250)
Adjustments for :		
Depreciation	24,989,994	58,830,347
Investments	4,240,276	9,742,545
Interest (Net)	4,468,468	40,906,159
Dividend Received	(257,570)	(807,756)
Miscellaneous Expenditure written off	1,567,444	1,594,846
Prior Period Item	8,888,628	1,768,222
Operating Profit before working capital changes	14,123,289	3,101,113
Adjustments for :		
Trade and other receivables	(5,621,166)	(5,826,803)
Inventories	19,091,322	14,296,802
Trade and other payables	(23,974,911)	6,655,412
Cash Generated from operations	14,820,866	18,226,524
Interest Paid	(5,285,031)	(41,970,811)
Direct Tax Paid	226,865	626,234
Cash flow before extraordinary items	9,762,700	(23,118,053)
Extraordinary Items	0	0
Net Cash Flow from operating activities	9,762,700	(23,118,053)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(426,387)	(30,912,814)
Sale of Fixed Assets	6,982,404	6,195,843
Purchase of Investments	0	(14,888,357)
Sale of Investments	11,425,739	30,563,954
Interest Received	816,563	1,064,652
Dividend Receive	257,570	807,756
Net Cash flow from Investing Activities	(19,055,889)	(7,168,966)
C : Cash flow from Financing Activities :		
Proceeds from Term Borrowings (Net)	(30,464,965)	26,731,807
Net Proceeds from financing activities	(30,464,965)	26,731,807
Net Increase in cash and Cash Equivalents	(1,646,376)	(3,555,212)
Cash and Cash Equivalents as at 1.4.1998 (Opening Balance)	3,474,956	7,030,168
Cash and Cash Equivalents as at 31.3.1999(Closing Balance)	1,828,580	3,474,956

For and on behalf of the Board,

SONU L. MIRCHANDANI
DIRECTOR
K. D. DWIVEDI
DIRECTOR

AUDITORS CERTIFICATE

We have verified the cash flow statement of ONDIA FINANCE LIMITED derived from the annual financial statements for the year ended March 31, 1998 and found the same to be accordance with the requirements of Clause 31 of the listing agreements with stock exchanges

For J. L. GARG & CO.

Chartered Accountants

ASHOK AGARWAL

(PARTNER)

New Delhi, 12th August, 1998

OFL SECURITIES LTD.

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors are pleased to present the Fifth Annual Report together with the Audited Accounts for the year ended 31st March, 1999.

FINANCIAL HIGHLIGHTS

	(Rs. in Lacs) Year Ended 31.03.1999	(Rs. in Lacs) Year Ended 31.03.1998
Total Income	68.45	123.21
Profit/(Loss) before tax	(151.03)	(41.14)
Provision for tax	Nil	Nil
Profit/(Loss) After tax	(151.03)	(41.14)

OPERATIONS AND FUTURE PLANS

The year under review has been characterised by severe financial crunch on all fronts. The Companies operations during the year under review were less than last year due to depressed capital market operation. As a result the company incurred a loss during the year.

DIRECTORS

Mr. Sonu L Mirchandani, Director on the Board retire by rotation at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

AUDITORS

M/s. Goel Garg & Co. Chartered Accountants, New Delhi. Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment.

AUDITOR'S REPORT

The observations made in the Auditor's Report are self explanatory and do not require further clarification.

OTHER INFORMATION

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended regarding employees is given in Annexure to the Directors' Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING AND OUTGO

Considering the nature of activities undertaken by your Company, the other particulars in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988 are not applicable.

ACKNOWLEDGEMENT

The Directors acknowledge their gratitude to business associates, Clients, Merchant Bankers, Financial Institutions & Banks and Securities & Exchange Board of India for their valuable assistance, co-operation and patronage.

Your Directors place on record their sense of appreciation of sincere contributions made by all the employees.

For & On behalf of the Board
SONU L. MIRCHANDANI
DEEPAK KHOSLA
DIRECTORS

PLACE : NEW DELHI

Date : 17.11.99

ANNEXURE TO DIRECTORS' REPORT

Statement of Particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particular of Employee) Rules, 1975 as amended upto date and forming part of the Directors' Report for the year ended 31st March, 1996

S. No.	Name	Designation	Gross Remuneration (Rs)	Experience in Years	Date of Joining	Age	Qualification	Last Employment
A. EMPLOYED FOR FULL YEAR								
1.	Sandeep Mehta	Dy. Chief Executive	3,50,411	5	8.5.1995	31	Computer Engineer Diploma (Finance)	Nirpan Investments,
B. EMPLOYED FOR THE PART OF THE YEAR								
1.	A.B. Nagar	Chief Executive	3,11,370	25	31.12.1993	47	B.Tech Masters in Management	Onida Finance Ltd. Mumbai
2.	Anita Gandhi	Dy. Chief Executive	3,56,170	13	20.6.95	35	ACA & Grad. (CWA)	JM Share & Stock Broker

NOTES : 1. Remuneration includes Basic Salary, Allowances, Company's Contribution to Provident and other Funds and perquisites.
2. None of the above employees is a relative of any of the Directors of the Company.

For & On behalf of the Board

SONU L. MIRCHANDANI
DEEPAK KHOSLA
DIRECTORS

PLACE : NEW DELHI

DATE : 17th November, 1999

AUDITORS REPORT

TO THE MEMBERS OF OFL SECURITIES LTD.

We have audited the attached Balance Sheet of OFL Securities Limited as at 31st March, 1999 and report that :

1. As required by the Manufacturing and other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of Sections 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us we enclose in the Annexure a statement of the matters specified in Paragraphs 4 & 5 of the said order.
2. Further to our comments in the Annexure referred in paragraph 1 above, 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 books.
 - c) The Balance Sheet as referred to in this report are in agreement with the books of accounts.
 - d) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the Accounting policies and notes given in schedule 14 subject to valuation of long term investment where we are unable to comment at this stage whether there is a permanent fall in the value of th investment and subject to note No. 4 regarding Investments gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999
 - ii. In the case of the Profit and Loss Account of the Loss for the year ended on that date.

FOR GOEL GARG & CO.
Chartered Accountants

LALIT GOEL
(Partner)
Place : New Delhi
Date : 17th November, 1999

ANNEXURE TO THE AUDITORS REPORT

(Referred to in Paragraph 1 of our Report of Even Date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets. Fixed Assets have been physically verified by the management during the year. We are informed that no material discrepancies with respect to book records were noticed on such verification.
2. None of the fixed assets has been revalued during the year.
3. The Stock of shares and debentures have been physically verified by the management at the end of the financial year.
4. In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of company and the nature of business.
5. The discrepancies noticed on physical verification of stocks which were not material as compared to the stock records have been properly dealt with in the accounts.
6. In our opinion and on the basis of our examination of the valuation of stocks, such valuation is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
7. The company has not taken any loans from the companies, firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956 or from companies under the same management within the meaning of Section 370 (IB) of the Companies Act, 1956.

8. No Loans and advances in the nature of loans have been given by the company to companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or to the Companies under the same management as defined under Section 370 (1B) of companies Act, 1956 .
9. In respect of interest free Loans and advances given to the employees, they are repaying the principal amount as stipulated or as rescheduled.
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 for the purchase of the shares & debentures, including other assets, and for the sale of shares, debentures.
11. In our opinion and according to the information and explanations given to us, the transactions for the purchase and sales of goods, materials and services made in pursuance of contracts and arrangements entered in the register maintained under section 301 and aggregating during the year to Rs. 50,000 or more in respect of each party, have been made at prices, which in our opinion, are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which similar transactions have been made with other parties, and the company's business needs and exigencies.
12. According to the information and explanations given to us, the Company does not have any unserviceable or damaged goods.
13. The Company has not accepted deposits from public.
14. The Company does not have any scrap or by-product.
15. The Internal Audit System needs to be further strengthened to commensurate with the size and nature of its business.
16. Provisions of Section 209 (1) (d) of the Companies Act, 1956, with regard to maintenance of cost records do not apply to the company.
17. According to the records of Company, Provident Fund and Employee's State Insurance dues have generally been regularly deposited during the year with appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of income Tax, Wealth Tax, Sale Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable.
19. 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.
20. According to the information and explanations given to us and on the basis of books of accounts of the company examined by us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
21. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
22. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of transactions and contracts of dealings in shares, securities, debentures and other investments and timely entries have been made therein. The same have been held by the Company in its own name except to the extent of the exemption granted under Section 49 of the Companies Act, 1956 or where these are in the process of transfer to its name.


FOR GOEL GARG & CO.
Chartered Accountants

LALIT GOEL
(Partner)
Place : New Delhi
Date : 17th November, 1999

OFL SECURITIES LTD.

BALANCE SHEET AS AT 31ST MARCH, 1999

PARTICULARS	SCHEDULE	AS AT 31st MARCH, 1999 (RUPEES)		AS AT 31st MARCH 1998 (RUPEES)
SOURCES OF FUNDS				
Shareholder's Funds	1	30,000,070		30,000,070
Loan Funds				
Secured Loans	2	1,297,188		4,779,004
Unsecured Loans	3	22,294,162		11,471,023
TOTAL		<u>53,591,420</u>		<u>46,250,097</u>
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	4	773,984	2,775,467	
Less : Depreciation		<u>220,973</u>	<u>344,002</u>	2,431,465
Investments	5	13,579,293		13,579,293
Current Assets, Loan & Advances				
Inventories	6	433,113	434,624	
Sundry Debtors		11,959,197	12,950,401	
Cash & Bank Balances		717,718	1,783,018	
Loan & Advances		<u>14,625,081</u>	<u>11,800,808</u>	
		27,735,109	26,968,851	
Less : Current Liabilities and Provisions	7	6,778,934		11,016,868
Miscellaneous Expenditure	8	13,025,054		14,731,082
Profit and Loss Account		19,565,128		4,491,389
TOTAL		<u>53,591,420</u>		<u>46,250,097</u>

Accounting Policies, and Notes to Accounts¹⁵

FOR GOEL GARG & CO.

Chartered Accountants

LALIT GOEL

(Partner)

New Delhi, 12th August, 1998

For and on behalf of the Board

SONU L. MIRCHANDANI

DEEPAK KHOSLA

DIRECTORS

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

PARTICULARS	SCHEDULE	For the year ended 31st MARCH, 1999 (RUPEES)		For the year ended 31st MARCH 1998 (RUPEES)
INCOME				
Sale of Shares		—		1,691,398
Income from Operations	9	6,847,071		10,630,476
Accretion/(Decrease) in Stock	10	(1,511)		(9,81,983)
		<u>6,845,560</u>		<u>11,339,891</u>
EXPENDITURE				
Purchases		—		1,658,939
Personnel Expense	11	1,685,228		2,623,515
Administrative Expenses	12	17,145,833		9,854,400
Finance Charges	13	908,543		2,111,161
Depreciation		128,675		187,418
Provision for Bad Depts		1,427,218		—
Loss on Sales of Fixed Assets		653,179		—
		<u>21,948,676</u>		<u>16,435,433</u>
Profit before Tax		(15,103,116)		(5,095,542)
Provision For Tax		—		—
Profit After Tax		(15,103,116)		(5,095,542)
Add/(Less) Prior Period Adjustment (Net)		(60,623)		(75,702)
Add : Surplus as per last year		(4,491,389)		679,855
Balance Carried over to Balance Sheet		(4,491,389)		679,855
		<u>(19,655,128)</u>		<u>(4,491,389)</u>

FOR GOEL GARG & CO.

Chartered Accountants

LALIT GOEL

(Partner)

New Delhi, Dated 17th Nov., 1999

For and on behalf of the Board

SONU L. MIRCHANDANI

DEEPAK KHOSLA

DIRECTORS

OFL SECURITIES LTD.

SCHEDULE TO ACCOUNTS

	AS AT 31st MARCH 1999 (RUPEES)	AS AT 31st MARCH 1998 (RUPEES)
	1. SHARE CAPITAL	
AUTHORISED		
40,00,000 (40,00,000) Equity Shares of Rs. 10/- each	40,000,000	40,000,000
ISSUED, SUBSCRIBED PAID UP		
3000007 (3000007) Equity Shares of Rs.10/- each	30,000,070	30,000,070
TOTAL	<u>30,000,070</u>	<u>30,000,070</u>
2. SECURED LOANS		
Global Trust Bank	1,297,188	4,779,004
TOTAL	<u>1,297,188</u>	<u>4,779,004</u>
3. UNSECURED LOANS		
Others	22,294,162	11,471,023
TOTAL	<u>22,294,162</u>	<u>11,471,023</u>

5. SCHEDULE OF FIXED ASSETS AT 31ST MARCH, 1999

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 1998	Additions	Less Adjustment	As at 31st March, 99	Up to 31st March, 1998	For the Year	Less Adjustment	Upto 31st March, 99	As at 31st March, 99	As at 31st March, 98
Furniture & Fixture	1,165,541	7,000	868,941	303,600	177,352	29,719	143,879	63,192	—	966,189
Office Equipment	47,670	14,900	21,500	41,070	919	2,285	748	2,456	38,614	46,751
Computer	429,314	—	—	429,314	85,733	69,592	—	155,325	273,989	343,581
Temporary Structure	475,425	—	475,425	—	79,998	6,258	86,256	—	—	395,427
Motor Car	657,516	—	657,516	—	—	20,821	20,821	—	—	657,517
TOTAL	2,775,466	21,900	2,023,382	773,984	344,002	128,675	251,704	220,973	553,011	243,1465
Previous Year	1,859,936	915,531	—	2,775,467	156,584	187,418	—	344,002	24,31,465	

	AS AT 31st MARCH, 1999 (RUPEES)	AS AT 31st MARCH, 1998 (RUPEES)
	5. INVESTMENT (AT COST)	
TRADE INVESTMENTS (QUOTED)		
340909 (340909) Equity Shares of Rs. 10/- each fully paid up in Srei Industrial Finance Ltd. Warrant "A" 37500 Warrant "B" 37500 (under lock-in period upto 13.5.2001)	7,499,998	7,499,998
80000 (80000) Equity Shars of Rs. 10/- each partly paid up in J.K.L. atelier Ltd.	400,000	400,000
177500 (177500) Equity Shars of Rs. 10/- each fully paid up in Hotline Glass Ltd.	1,100,500	1,100,500
70000 (70000) Equity shares of Rs. 10/- each fully paid up in IFCI Ltd.	2,625,000	2,625,000
13000 (13000) Equity Shares of Rs. 10/- each fully paid up in I.G. Petrochemicals Ltd.	390,000	390,000
1200 (1200) Equity Shares of Rs. 10/- each fully paid up in IPCA Laboratories Ltd.	161,00	161,100
8500 (8500) Equity Shares of Rs. 10/- each fully paid up in Saw Pipes Ltd.	1,402,695	1,402,695
TOTAL	<u>13,579,293</u>	<u>13,579,293</u>
(Market Valued-Quoted Investment Rs. 60.15 Lacs, Previous Year Rs. 84.11 Lacs)		

OFL SECURITIES LTD.

	AS AT 31st MARCH, 1999 (RUPEES)		AS AT 31st MARCH 1998 (RUPEES)
6. CURRENT ASSETS, LOANS AND ADVANCES			
(A) CURRENT ASSETS :			
INVENTORIES (Stock of Shares) (As taken, valued & certified by management)	433,113		434,624
SUNDRY DEBTORS : (Unsecured-Considered Good)			
Debtors outstanding for a period Exceeding Six months	11,959,197	12,950,401	
Other Debts	—	—	12,950,401
CASH AND BANK BALANCES			
Cash in Hand	7,391	19,127	
Balance with Scheduled Banks On Current Accounts	710,327	1,763,891	1,783,018
(B) LOANS AND ADVANCES (Unsecured-considered good)			
Advances Recoverable in Cash or in kind or for value to be received	5,688,678	2,989,887	
Security Deposit	5,600,000	5,860,000	
Balance with NSE Clearing House	3,131,962	2,606,880	
Advance Payment of Tax/TDS	204,411	344,041	11,800,808
TOTAL	27,735,109		26,968,851
7. CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES			
Sundry Creditors	18,237,891	13,344,435	
Other Liabilities	1,045,234	2,521,548	
Security Deposit from Clients	1,690,000	—	
Provision for TAX	72,000	86,000	15,951,983
TOTAL	20,955,125		15,951,983
8. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)			
Preliminary and Capital Issue Expenses			
Balance as per last year	42,070	47,557	
Less : Amount Written Off	5,487	5,487	42,070
Pre-Operative Expenses			
Add : Balance as per last year	14,689,012	16,389,554	
Less : Amount Written Off	1,700,542	1,700,542	14,689,012
TOTAL	13,025,053		14,731,082
9. INCOME FROM OPERATIONS			
Brokerage Received	6,627,683	8,813,433	
Other Income	219,388	1,817,043	10,630,476
TOTAL	6,847,071		10,630,476
10. ACCRETION/(DECRETION) IN STOCK			
Closing Stock (Shares Debentures)	433,113		434,624
Less : Opening Stock	434,624		1,416,607
TOTAL	(1,511)		(981,983)

OFL SECURITIES LTD.

	AS AT 31st MARCH, 1998 (RUPEES)	AS AT 31st MARCH, 1997 (RUPEES)	
11 PERSONNEL EXPENSES			
Salaries, Bonus, Allowances & LTA	1,628,464	2,458,523	
Contribution to Provident Fund	24,358	16,422	
Staff Welfare	32,406	148,570	2,623,515
TOTAL	<u>1,685,228</u>		<u>2,623,515</u>
12 ADMINISTRATIVE EXPENSES			
Travelling & Conveyance	580,086	739,712	
Custodial/Transaction Charges	548,064	1,427,922	
Electricity, Water & Fuel	107,734	158,829	
Fees & Subscription	330,817	443,146	
Lease Rent Paid	642,257	1,244,824	
Rent	306,120	1,519,200	
Printing & Stationery Charges	178,356	373,870	
Repairs & Maintenance	109,395	39,738	
Audit Fees	17,000	5,000	
Communication Expenses	252,569	290,345	
Legal & Professional Expenses	100,796	838,744	
Insurance Charges	32,897	255,728	
Trading Loss	11,808,616	511,240	
Preliminary & Pre-Operative Exp. Written Off	1,706,029	1,706,029	
Other Expenses	390,520	300,073	9,854,400
TOTAL	<u>17,11,246</u>		<u>9,854,400</u>
13 FINANCE CHARGES			
Bank Charges	90,250	220,143	
Interest	817,813	1,891,018	2,111,161
TOTAL	<u>908,063</u>		<u>2,111,161</u>

15. ACCOUNTING POLICIES AND ADDITIONAL INFORMATION

A. ACCOUNTING POLICIES :

1. Basis of Accounting :

- The accounts are prepared under historical cost convention on accrual basis.

2. Fixed Assets

- Carried at cost less accumulated depreciation.

3. Investment

- Held by the company as long term investments and are stated at cost or at diminished value when the decline in value is of permanent nature.

4. Inventories

- Valued at cost or reliable value whichever is lower.

5. Valuation of Inventories

- Valued at cost or reliable value whichever is lower.

6. Preliminary/Pre-Operative Expenses

- Amortized over a period of its intrinsic value as ascertained.

7. Depreciation

- On Straight line method as per rates and in the manner prescribed in schedule XIV to the Companies Act, 1956.

8. Dividend

- Accounted for on receipt basis.

B. NOTES FORMING PART OF ACCOUNTS :

1. Previous year figures have been regrouped/rearranged wherever necessary.
2. Balance in various accounts included in Sundry Debtors, Sundry Creditors and Advances recoverable are under confirmation from respective parties.
3. In the opinion of Board of Directors, the aggregate value of Current Assets, Loans and Advances on realisation in ordinary course of business will not be less than the amounts at which these are stated in the Balance Sheet.

OFL SECURITIES LTD.

4. Particulars of Stock-in-trade

SL. No.	NAME OF COMPANY	No. OF SHARES	VALUE (RUPEES)
1.	Oriental Bank of Commerce	200 (300)	14000 (20186)
2.	JCT Ltd.	3350 (3350)	19933 (29983)
3.	Seasons Furnishing Ltd.	100000 (100000)	350000 (350000)
4.	Asian Paints Ltd.	Nil (50)	Nil (15297)
5.	State Bank of India	50 (100)	8510 (27890)
6.	Jamuna Auto Ltd.	Nil (100)	Nil (1318)
7.	CESE	100 (Nil)	2685 (Nil)
8.	Chemplast	65 (Nil)	1576 (Nil)
9.	ITC Bhardrachlam Ltd.	150 (nil)	24561 (Nil)
10.	ICICI Ltd.	2 (Nil)	11698 (Nil)
11.	India Poly	50 (Nil)	250 (Nil)
	TOTAL		4,33,113 (4,34,624)

5. All the investment of the Company have been classified to be of long term nature. Adjustment towards appreciation and deminution in the market/intrinsic value of these Investment are made at the time of disposal.
6. Loan from Bank are secured by hypothecation of specified securities of the company and of holding company.
7. Administration Expenses includes amount paid to Auditors towards reimbursement of expenses Rs. 5,000/- (Previous Year Nil)

C. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART-II OF SCHEDULE-VI OF THE COMPANIES ACT, 1956.

- A. The details regarding capacities, production, consumption of Raw material, components etc. are not given since the company is not engaged in manufacturing activities.
- B. Expenditure in Foreign Currency - Nil (Nil)
- C. Earning in Foreign Currency - Nil (Nil)
- D. Remittance in Foreign currency - Nil (Nil)
- E. Schedule No.s 1 to 14 form integral part of accounts and have been duly authenticated

As per our report of even date
FOR GOEL GARG & CO.
 Chartered Accountants

LALIT GOEL
 (Partner)
 New Delhi,
 Dated : 17th November, 1999

For and on behalf of the Board
SONU L. MIRCHANDANI
DEEPAK KHOSLA
 DIRECTORS

OFL EQUITY SERVICES LTD.

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors are pleased to present the Fourth Annual Report together with the Audited Accounts for the year ended 31st March, 1999

FINANCIAL HIGHLIGHTS

	(Rs. in Lacs) Year Ended 31.03.1999	(Rs. in Lacs) Year Ended 31.03.1998
Total Income	1.09	21.98
Profit/(Loss) before tax	(14.74)	(4.87)
Provision for tax	—	Nil
Profit/(Loss) After tax	(14.74)	(4.87)

OPERATIONS

The year under review has been characterised by severe financial crunch on all fronts.

As a prudent financial policy your Company also did not sponsor any issue on the OTC Exchange.

DIVIDEND

The Directors do not recommend payment of Dividend for this year.

DIRECTORS

Mr. Sonu L. Mirchandani, Director of the company retires at the forthcoming Annual General Meeting and being eligible offers himself for reappointment.

AUDITORS

M/s. J. L. Garg & Co. Chartered Accountants, New Delhi, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment.

AUDITOR'S REPORT

The observations made in the Auditor's Report are self explanatory and do not require further clarification.

OTHER INFORMATION

There was no employee employed for part or full year. Information for which is required in accordance with the provision of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

CONSERVATION OF ENERGY, TECHNOLOGY ABORPTION & FOREIGN EXCHANGE EARNING AND OUTGO

Considering the nature of activities undertaken by your Company, the other particulars in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988 are applicable.

ACKNOWLEDGEMENT

Your Directors place on record their sense of appreciation of the sincere contribution made by all the employees towards the growth of the company.

The Directors acknowledge with gratitude the valuable assistance, co-operation and patronage received from Clients, Merchant Bankers, Financial Institutions & Banks and SEBI.

For & on behalf of the Board
SONU L. MIRCHANDANI
V.K. CHOPRA
DIRECTORS

Place : New Delhi

Date : 17th November, 1999

AUDITORS REPORT

TO THE MEMBERS OF OFL EQUITY SERVICES LIMITED

We have audited the attached Balance Sheet of OFL Equity Services Limited as at 31st March, 1999 and the relative Profit & Loss Account for the period ended on the date and report that :

1. As required by the Manufacturing and other Companies (Auditors Report) Order, 1988 issued by the Company Law Board in terms of Sections 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us we enclose in the Annexure a statement of the matters specified in Paragraphs 4 & 5 of the said order.
2. Further to our comments in the annexure referred in paragraph 1 above, 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 books.
 - c) The Balance Sheet as referred to in this report are in agreement with the books of accounts.
 - d) In our opinion and to the best of our information and according to the explanations given to us, the accounts read with the Accounting policies and notes given in Schedule 7, Subject to valuation of Long Term Investment where we are unable to comment at this stage whether there is a permanent fall in the value of the investments and subject to Note No. 5 regarding Investments gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.
 - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1998
 - ii. In the case of the Profit and Loss Account of the Loss for the year ended on that date.

FOR J. L. GARG & CO.
Chartered Accountants

ASHOK AGARWAL
(Partner)
Place : New Delhi
Date : 17th November, 1999

ANNEXURE TO THE AUDITORS REPORT

(Referred to in Paragraph 1 of our Report of Even Date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets. Fixed Assets have been physically verified by the management during the year. We are informed that no material discrepancies with respect to book records were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The Stock of shares and debentures have been physically verified by the management at the end of financial year.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of company and the nature of business.
5. The discrepancies noticed on physical verification of stocks which were not material as compared to the stock records have been properly dealt with in the accounts.
6. In our opinion and on the basis of our examination of the valuation of stocks, such valuation is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
7. The company has not taken loans from the companies, firms or other parties as listed in the register maintained under Section 301 of the Companies Act, 1956 or from companies under the same management within the

OFL EQUITY SERVICES LTD.

meaning of Section 370 (1B) of the Companies Act, 1956.

8. No Loans and advances in the nature of loans have been given by the company to companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or to the Companies under the same management as defined under Section 370 (1B) of Companies Act, 1956.
9. In respect of interest free Loans and advances given to the employees, they are repaying the principal amount as stipulated or as rescheduled.
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 for the purchase of the shares and debentures, including other assets, and for the sale of shares, debentures.
11. In our opinion and according to the information and explanations given to us, the transactions for the purchase and sales of goods, materials and services made in pursuance of contracts and arrangements entered in the register maintained under section 301 and aggregating during the year to Rs. 50,000 or more in respect of each party, have been made at prices, which in our opinion, are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which similar transactions have been made with other parties, and the company's business needs and exigencies.
12. According to the information and explanations given to us, the Company does not have any unserviceable or damaged goods.
13. The Company has not accepted deposits from public.
14. The Company does not have any scrap or by-product.
15. The Company does not require a formal internal audit system.
16. Provisions of Section 209 (1) (d) of the Companies Act, 1956, with regard to maintenance of cost records do not apply to the company.
17. Employees State Insurance Scheme is not applicable to the Company. According to the records to company, Provident Fund dues have generally been regularly deposited during the year with appropriate authorities.
18. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sale Tax, Custom Duty and Excise Duty were outstanding as at 31st March, 1999 for a period of more than six months from the date they became payable.
19. 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.
20. According to the information and explanations given to us and on the basis of books of accounts of the company examined by us, no personal expenses have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
21. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other similar securities.
22. In our opinion and according to the information on and explanations given to us, the Company has maintained proper records of transactions and contracts as to dealings in shares, securities, debentures and other investments and timely entries have been made therein. The same have been held by the Company in its own name except to the extent of the exemption granted under Section 49 of the Companies Act, 1956 or where these are in the process of transfer to its name.

FOR J.L. GARG & CO.
Chartered Accountants



ASHOK AGARWAL
(Partner)
Place : New Delhi
Date : 17th November, 1999

OFL EQUITY SERVICES LTD.

BALANCE SHEET AS AT 31ST MARCH, 1999

	SCHEDULE		AS AT 31st MARCH, 1999 (RUPEES)		AS AT 31st MARCH 1998 (RUPEES)
SOURCES OF FUNDS					
Shareholder's Funds	1	27,500,070	27,500,070	27,500,070	27,500,070
TOTAL			<u>27,500,070</u>	<u>27,500,070</u>	<u>27,500,070</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	2	461,706	461,706	461,706	461,706
Less : Depreciation		<u>127,767</u>	<u>333,939</u>	<u>87,847</u>	<u>373,859</u>
Investments	3		17,091,212		17,091,212
Current Assets, Loan & Advances					
Sundry Debtors	4	9,459,890	9,447,875	9,447,875	9,447,875
Cash & Bank Balances		9,199	13,144	13,144	13,144
Loans & Advances		<u>1,392,700</u>	<u>1,652,184</u>	<u>1,652,184</u>	<u>1,652,184</u>
		10,861,789	11,113,283	11,113,283	11,113,283
Less : Current Liabilities and Provisions	5	10,121,630	740,159	10,074,440	1,038,763
Miscellaneous Expenditure	6		3,142,468		4,293,642
Profit and Loss Account			<u>6,192,292</u>		<u>4,702,594</u>
TOTAL			<u>27,500,070</u>	<u>27,500,070</u>	<u>27,500,070</u>
Accounting Policies, Notes to accounts	10				

As per our report of even date

FOR J. L.GARG & CO.

Chartered Accountants

ASHOK AGARWAL

(Partner)

New Delhi, 17th November, 1999

For and on behalf of the Board

SONU L. MERCHANTANI

V.K. CHOPRA

DIRECTORS

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

	SCHEDULE		AS AT 31st MARCH, 1999 (RUPEES)		AS AT 31st MARCH 1998 (RUPEES)
INCOME					
Sales of Shares			—		718,180
Income from Operations	7		<u>108,685</u>		<u>1,479,485</u>
			<u>108,685</u>		<u>2,197,665</u>
EXPENDITURE					
Purchases			—		1,927,265
Personnel Expense	8		153,538		475,932
Administrative Expenses	9		1,389,592		4,620,673
Depreciation			<u>39,920</u>		<u>39,920</u>
			1,583,050		7,063,790
Profit/(Loss) before Tax			(1,474,365)		(4,866,125)
Prior Period Adjustment			(15,333)		(35,230)
Provision For Tax			—		—
Profit/(Loss) After Tax			<u>(1,489,698)</u>		<u>(4,901,355)</u>
Add: Surplus as per last year			<u>(4,702,594)</u>		<u>198,761</u>
Available for Appropriation			<u>(6,192,292)</u>		<u>(4,702,594)</u>

As per our report of even date

FOR J. L.GARG & CO.

Chartered Accountants

ASHOK AGARWAL

(Partner)

New Delhi, 17th November, 1999

For and on behalf of the Board

SONU L. MERCHANTANI

V.K. CHOPRA

DIRECTORS

OFL EQUITY SERVICES LTD.

SCHEDULE TO ACCOUNTS

	AS AT 31st MARCH 1999 (RUPEES)	AS AT 31st MARCH 1998 (RUPEES)
	1. SHARE CAPITAL	
AUTHORISED		
40,00,000 (40,00,000) Equity Shares of Rs. 10/- each	40,000,000	40,000,000
TOTAL	<u>40,000,000</u>	<u>40,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
2750007 (2750007) Equity Shares of Rs.10/- each	27,500,070	27,500,070
TOTAL	<u>27,500,070</u>	<u>27,500,070</u>

2. SCHEDULE OF FIXED ASSETS AT 31ST MARCH, 1998

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 1st April, 1998	Additions during the year	As at 31st March, 99	Up to 31st March, 1998	For the Year	Upto 31st March, 99	As at 31st March, 99	As at 31st March, 98
Furniture & Fixtures	341,785	—	341,785	47,466	21,635	69,101	272,684	294,319
Office Equipments	10,066	—	10,066	1,056	478	1,534	8,532	9,010
Computer	109,855	—	109,855	39,325	17,807	57,132	52,723	70,530
TOTAL	461,706	—	461,706	87,847	39,920	127,767	333,939	373,859
Previous Year	461,706	—	461,706	47,927	39,920	87,847	373,859	

3. INVESTMENT (AT COST)	31st MARCH, 1999 (RUPEES)	31st MARCH, 1998 (RUPEES)
	TRADE INVESTMENTS (QUOTED)	
189600 (189600) Equity Shares of Rs. 10/- each fully paid up in Godrich Finance & Securities Ltd.	1,943,400	1,943,400
67200 (67200) Equity Shares of Rs. 10/- each fully paid up in India Seamless Steel & Alloys Ltd.	1,646,400	1,646,400
9900 (9900) Equity Shares of Rs. 10/- each fully paid up in Eon Polymers Ltd.	15,964	15,964
119400 (119400) Equity shares of Rs. 10/- each fully paid up in Parijat Papers Mills Ltd.	1,197,024	1,197,024
149000 (149000) Equity Shares of Rs. 10/- each fully paid up in Puri coir Mills Ltd.	2,595,470	2,595,470
6300 (6300) Equity Shares of Rs. 10/- each fully paid up in Jagan Tubes Ltd.	119,025	119,025
67800 (67800) Equity Shares of Rs. 10/- each fully paid up in Takshila Spinners Ltd.	1,773,932	1,773,932
60000 (60000) Equity Shares of Rs. 10/- each Partly paid up in J.K.L. Atelier Ltd.	300,000	300,000
340909 (340909) Equity Shares of Rs. 10 fully paid up in SREI International Finance Ltd.	7,499,998	7,499,998
Warrant "A" 37500		
Warrant "B" 37500 (Under Lock-in-Period Upto 13.05.2001)		
TOTAL	<u>17,091,212</u>	<u>17,091,212</u>
(Market Valued-Quoted Investment Rs. 83.83 Lacs Previous Year Rs. 77 Lacs)		

OFL EQUITY SERVICES LTD.

	AS AT 31st MARCH, 1999 (RUPEES)	AS AT 31st MARCH 1998 (RUPEES)
4. CURRENT ASSETS, LOANS AND ADVANCE		
(A) CURRENT ASSETS :		
SUNDRY DEBTORS : (Unsecured-Considered Good)		
Debtors outstanding for a period Exceeding Six months	9,459,890	9,447,875
Other Debts	<u>—</u>	<u>—</u>
	9,459,890	9,447,875
CASH AND BANK BALANCES		
Cash in Hand & Stamps	5	1
Balances with Scheduled Banks On Current Accounts	<u>9,194</u>	<u>13,143</u>
	9,199	13,144
(B) LOANS AND ADVANCES (Unsecured-considered good)		
Advances Recoverable in Cash or in kind or for value to be received	1,082,183	1,341,667
Security Deposit	—	—
Advance Payment of Tax/TDS	<u>310,517</u>	<u>310,517</u>
	1,392,700	1,652,184
TOTAL	<u>10,861,789</u>	<u>11,113,203</u>
5. CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	10,092,213	10,010,925
Other Liabilities	<u>26,417</u>	<u>60,515</u>
	10,118,630	10,071,440
Provision For Tax	<u>3,000</u>	<u>3,000</u>
TOTAL	<u>10,121,630</u>	<u>10,074,440</u>
6. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Preliminary and Capital Issue Expenses		
Balance as per last period	125,959	140,493
Less : Amount Written Off	<u>14,534</u>	<u>14,534</u>
	111,425	125,959
PRE-OPERATIVE EXPENSES		
Balance as per last year	4,167,683	5,304,323
Add : Amount incurred during the year	<u>—</u>	<u>—</u>
	4,167,683	5,304,323
Less : Amount Written Off	<u>1,136,640</u>	<u>1,136,640</u>
	3,031,043	4,167,683
TOTAL	<u>3,142,468</u>	<u>4,293,642</u>
7. INCOME FROM OPERATIONS		
Project Consultancy	—	200,000
Dividend Income	—	1,275,000
Misc. Income	<u>108,685</u>	<u>4,485</u>
TOTAL:	<u>108,685</u>	<u>1,479,485</u>
8 PERSONNEL		
Salary, Bonus & Allowances	136,292	427,004
Contribution to Provident Fund	1,892	29,853
Staff Welfare	<u>15,354</u>	<u>19,075</u>
TOTAL	<u>153,538</u>	<u>475,932</u>

OFL EQUITY SERVICES LTD.

	/ E A /	AS AT
	31st MARCH 1999	31st MARCH 1998
	(IN RUPEES)	(IN RUPEES)
9 ADMINISTRATIVE EXPENSES		
Rent)	653,024
Printing & Stationery)	3,881
Communication Expenses)	113,212
Electricity & Water Charges)	58,901
Travelling & Conveyance)	127,140
Legal & Professional Charges	1,010	37,500
Insurance	1,151	20,604
Entertainment Expenses)	6,449
Repairs & Maintenance)	108,000
Preliminary & Pre-Operative Expenses	1,151,174	1,151,174
Advertisement)	16,000
Audit Fees	10,000	10,000
Bank Charges	753	1,077
Fees & Subscription	125,000	133,328
Leas Rental/Hire Charges	0	140,275
Loss on Sale of Trade Investments	0	1,924,084
Other Expenses	100,500	116,024
Total	1,389,592	4,620,673

11. ACCOUNTING POLICIES AND ADDITIONAL INFORMATION

A. ACCOUNTING POLICIES :

1. **Basis of Accounting :**
 - The accounts are prepared under historical cost convention on accrual basis.
2. **Fixed Assets**
 - Carried at cost less accumulated depreciation.
3. **Investment**
 - Held by the company as long term investments and are stated at cost or at diminished value where the decline in value is of permanent nature.
4. **Inventories :**
 - Valued at cost or reliable value whichever is lower
5. **Valuation of Inventories**
 - Valued at cost or reliable value whichever is lower.
6. **Preliminary/Pre-Operative Expenses**
 - Amortized over a period of its intrinsic value as ascertained.
7. **Depreciation**
 - On Straight line method as per rates and in the manner prescribed in schedule XIV to the Companies Act, 1956.
8. **Dividend**
 - Accounted for on receipt basis.

B. NOTES FORMING PART OF ACCOUNTS :

1. Contingent Liability not provided for in respect of partly paid-up shares Rs. 3.93 Lacs (Previous period Rs. 3.93 Lacs)
2. Balance in various accounts included in Sundry Debtors, Sundry Creditors and Advances recoverable are under confirmation from respective parties.
3. In the opinion of Board of directors, the aggregate value of Current Assets, Loans, and Advances on realisation in ordinary course of business will not be less than the amounts at which these are stated in the Balance Sheet.
4. All the investment of the Company have been classified to be of Long Term nature. Adjustment towards appreciation and deminution in the market/intrinsic value of these investment are made at the time of disposal.
5. Expenses incurred by the Company before the date of start of operations for the respective activities have been capitalised and shown as pre-operative expenses.
6. Previous period figures have been regrouped/rearranged wherever necessary. The figures of current period are not directly comparable with that of previous period.
7. Administrations Expenses includes amount paid to Auditors towards reimbursement of expenses Rs. 5,000/- (Previous year Nil).

C. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART-II OF SCHEDULE-VI OF THE COMPANIES ACT, 1956.

- | | | |
|---|-------|-------|
| A. The details regarding capacities, production, consumption of Raw material, components etc. are not given since the company is not engaged in manufacturing activities. | | |
| B. Expenditure in Foreign Currency | - Nil | (Nil) |
| C. Earning in Foreign Currency | - Nil | (Nil) |
| D. Remittance in Foreign currency | - Nil | (Nil) |
| E. Schedule Nos. 1 to 11 form integral part of accounts and have been duly authenticated. | | |

As per our report of even date

FOR J.L. GARG & CO.

Chartered Accountants

ASHOK AGARWAL

(Partner)

New Delhi, 17th November, 1999

For and on behalf of the Board

SONUL MIRCHANDANI

V.K. CHOPRA

DIRECTORS

PROXY FORM**ONIDA FINANCE LTD.**

Regd. Office :
12, Jung Pura, Bhogal,
New Delhi-110014

Equity Folio No.	
No. of Shares Held	

I/We _____
of _____ in the district of _____
_____ being a member/members of the above named
Company, hereby appoint _____ of _____
in the district of _____ or failing him _____
_____ of _____ in the district of _____

as my/our proxy to vote for me/us on my/our behalf at the NINTH ANNUAL GENERAL MEETING of the Company to be held at E-22, Ansal, Satbari, New Delhi-110030 at 9.00 A.M. on 24th December, 1999 and at any adjournment thereof.

Signed this _____ day of _____ 1998

Note : Proxy in order to be effective must be received by the company at its registered office not less than 48 hours before the meeting.

Affix a 30 paise Revenue Stamp

**ONIDA FINANCE LTD.**

Regd. Office :
12, Jung Pura, Bhogal,
New Delhi-110014

ATTENDANCE SLIP

Equity Folio No.	
No. of Shares Held	

SHAREHOLDERS ATTENDING THE MEETING IN PERSON OR BY PROXY ARE REQUESTED TO COMPLETE THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING PLACE
I hereby record my presence at the 9th Annual General Meeting of the Company held at E-22, Ansal, Satbari, New Delhi-110030 at 9.00 A.M. on 24th December, 1998

Full Name of the Shareholder _____
(in block Capitals)

Father/Husband's Name _____

Full Name of Proxy _____
(in block Capitals)

Signature of
Shareholder/Proxy/Authorised Representative*

* Strike out whichever is not applicable.

NOTE :

- Members or their Proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the company. The admission will however be subject to verifications of signature & such other checks, as may be necessary.
- NO GIFTS/COUPONS WILL BE DISTRIBUTED AT THE MEETING.**



ONIDA FINANCE LTD.

Regd. Office :

12, Jung Pura, Bhogal, New Delhi-110014

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Phone : 5930907