

18th
ANNUAL REPORT
2003 - 2004




CERTIFIED TRUE COPY

AD-MANUM FINANCE LIMITED

'Agarwal House', Second Floor
5, Yeshwant Colony, Indore (M.P) - 452 003



AD-MANUM FINANCE LIMITED

BOARD OF DIRECTORS

- *Mr. Vinod Kumar Agarwal* - *Managing Director*
- *Mr. J.N. Choudhury* - *Director - In - Charge*
- *Mr. Aseem Trivedi* - *Director*
- *Mr. Vishnu Gupta* - *Director*
- *Mr. Badrilal Gupta* - *Director*

AUDITORS

- *M/s. Mahendra Badjatya & Company*
Chartered Accountants
208, Morya Center, 16 Race Course Road,
Indore (M.P).

COMPANY SECRETARY

- *Mr. Pankaj Pabariya*

BANKERS

- *UCO BANK*

REGISTERED OFFICE

- *'Agarwal House', Second Floor,*
5, Yeshwant Colony, Indore (M.P.) - 452 003
Ph.: 91-731-2548851, 2538874, 2431709 and 2539575, Fax: 5040805
E-mail: agarcoal@mantrafreenet.com & agarcoal@sancharnet.in

BRANCH OFFICES

Sendhwa, Dhulia, Jalgaon, Nandurbar, Chalisgaon, Shirpur, Bhuj, Rajkot, Junagadh, Amreli, Mehsana, Surendranagar, Veraval, Chennai & Himmatnagar.

SHARE TRANSFER AGENT

(For Physical & Electronic Mode)
M/s Ankit Consultancy Pvt. Ltd.
11nd Floor, Alankar Point, Geeta Bhawan Chouraha, A.B. Road,
Indore (M.P.) - 452 001 Ph. 91-731-2491298, Fax : 5065798
E-mail : ankitind@sancharnet.in

AD-MANUM FINANCE LIMITED**NOTICE**

NOTICE IS HEREBY given that the 18th Annual General Meeting of the members of M/s Ad-Manum Finance Limited will be held on Thursday the 30th day of September 2004 at Hotel Surya 5/5, Nath Mandir Road, Indore - 452 001 (M.P.) at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31.03.2004 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors thereon.
2. To appoint a Director in Place of Mr. Vishnu Gupta, who retires by rotation and being eligible, offer himself for re-appointment.
3. To Appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

4. To consider, and if thought fit, to pass with or without modification(s), the following resolution as Special resolution:

"RESOLVED THAT pursuant to the provisions of section 149(2A) of the Companies Act, 1956, if and so far as may be applicable and other applicable provisions, if any, of the said Act, approval be and is hereby accorded to the Company for commencement of new business as follows:

"to generate, distribute & supply heat, motive power and for all other purposes for which electrical energy can be employed, and to manufacture & deal in all apparatus and things required for or capable of being used in connection with generation, distribution, supply, accumulation and employment of electricity" as detailed in Para (90) of sub-clause (c) of Clause III of Memorandum of Association of the Company."

Registered Office

"Agrawal House" Second Floor,
5, Yeshwant Colony, Indore - 3 (M.P.)

Place : INDORE

Date : 16/08/2004

By Order of the Board

sd/-

VINOD K. AGARWAL
MANAGING DIRECTOR

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday the 28th day of September 2004 to Thursday the 30th day of September 2004 (Both days inclusive).
3. An Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
4. Shareholders desiring any information as regards the accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the meeting.
6. Shareholders are requested to bring their copy of the Annual Report to the Meeting.
7. Members/Proxies should fill the Attendance Slip for attending the meeting.
8. Shareholders are requested to address their correspondence, including a change in their address, if any, to the R&T Agents of the Company.
9. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
10. As per section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in the prescribed form to the R&T Agents of the Company.
11. At the ensuing Annual General Meeting, Shri Vishnu Gupta, retire by rotation and being eligible offer themselves for reappointment. The information relating to the above director to be

AD-MANUM FINANCE LIMITED

provided in terms of Clause 49 of the Listing Agreement are included in the report on Corporate Governance published in this annual report.

12. Shareholders who have not yet claimed/enchased their Dividend warrant are advised to take steps to realize the same.

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

ITEM No. 4:

At present, the Company is carrying on business of finance, with a view to diversify the business yours director's desirous, to set up a Wind Power Generation Plant (Wind Mill) for power generation.

According to Para (90) of sub-clause (c) of Clause III of the Memorandum of Association of the Company, the Company is empowered to commence the aforesaid new business.

Your Directors recommends the said resolution seeking the approval & consent of the shareholders under section 149(2A) and other applicable provisions of the Companies Act, 1956.

None of the Directors is in any way concerned or interested in the Resolution.

A copy of the Memorandum & Articles of Association of the Company is kept ready for the inspection of the members at the Registered Office of the Company.

Registered Office
"Agrawal House" Second Floor,
5, Yeshwant Colony, Indore - 3 (M.P.)
Place : INDORE
Date : 16/08/2004

By Order of the Board
sd/-
VINOD K. AGARWAL
MANAGING DIRECTOR

DIRECTOR'S REPORT

Your Directors have pleasure in presenting the 18th Annual Report and Audited Accounts for the year ended on 31st March 2004.

1. FINANCIAL RESULTS (Amount in Rs.)

| | Current Year(Rs.) | Previous Year(Rs.) |
|---|--------------------------|---------------------------|
| Profit before Depreciation- | | |
| Interest & other Adjustments | 20065128 | 16942410 |
| Less : Interest | 7846183 | 6428318 |
| : Depreciation | 560560 | 529050 |
| Profit before Tax | 11658385 | 9985042 |
| Less : Provision for current Income Tax | 3630000 | 2850000 |
| Provision for deferred Income Tax | 157800 | 215000 |
| Income Tax for Earlier Year | 19875 | 151350 |
| Exp. for Earlier Year | 9255 | -- |
| Provision for NPA | 527917 | 404870 |
| Add : Income of Earlier Year | -- | 18887 |
| Profit for the Year | 7313538 | 6382709 |
| Add : Balance of Profit B/F | 4499984 | 3117275 |
| Amount Available for Appropriation | 11813522 | 9499984 |

APPROPRIATIONS :

| | | |
|----------------------------------|-----------------|---------|
| Transfer to NBFC Reserve | 1500000 | -- |
| Transfer to General Reserve | 5000000 | 5000000 |
| Balance Carried to Balance Sheet | 5313522 | 4499984 |
| | 11813522 | 9499984 |

2. DIVIDEND

With a view to conserve the resources for strengthening the working capital base of the Company no dividend is recommended by the Board of Directors for the year.

3. DIRECTORS

During the year Shri Vishnu Gupta retires by Rotation and being eligible offer himself for reappointment.

AD-MANUM FINANCE LIMITED

Shri Deepak K. Kalani, Shri Pankaj K. Kalani & Shri Ajay Mittal were resigned from the Board and in their places Shri Vishnu Gupta, Shri Aseem Trivedi & Shri Badrilal Gupta were appointed as ordinary directors to fill the casual vacancies occurred due to said resignation of directors in the meeting of the Board of Directors held on 1st day of April 2004.

The Board of Directors places its sincere appreciation for the services rendered by the outgoing Directors during their tenure as Directors of the Company.

4. PUBLIC DEPOSITS

The Company has neither invited nor accepted any deposits during the Year and also Complied with the requirements of Non-Banking Financial Companies, Reserve Bank Directives and the rules made there under.

5. DISCLOSURES AS PER TERMS OF PARAGRAPH 9BB OF NON-BANKING FINANCIAL COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 1998.

The disclosures as required under Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 is enclosed herewith as Annexure - A.

6. PARTICULARS OF EMPLOYEES

There was no employee drawing salary of Rs. 200000/- per month or Rs. 2400000/- per annum.

7. PARTICULARS U/s. 217(i)(e) Of THE COMPANIES ACT, 1956

Since the Company does not carry on any industrial activity, therefore, the information required in accordance with the provisions of section 217(1)(e) of the Companies Act, 1956 need not be furnished by the Company.

8. DIRECTOR'S RESPONSIBILITY STATEMENT

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

- I. In the preparation of the annual accounts the applicable accounting standards have been followed;
- II. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st

March 2004 and of the profit of the Company for the year ended on that date;

- III. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records on computer in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- IV. The Directors have prepared the annual accounts of the Company on a 'going concern' basis.

9. WIND POWER PROJECT

With a view to diversify into the other line of business, the Company has decided to install one Wind Mill at Harshnath District Seekar (Raj.) and the Directors are confident to commence the production by the end of November 2004.

10. CORPORATE GOVERNANCE

A separate report on Corporate Governance and a certificate from the Auditors of the Company regarding the compliance of condition of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, form part of Annual Report.

11. AUDITORS AND AUDITOR'S REPORT

M/s Mahendra Badjatya & Company, Chartered Accountants, retire at the conclusion of ensuing Annual General Meeting and eligible offer themselves for re-appointment.

The Auditor's Report is self-explanatory hence there is no need of any comments.

12. ACKNOWLEDGMENT

The Board of Directors places its sincere gratitude for the assistance and co-operation received from Banks, Customers and Shareholders. The Directors take the opportunity to express their sincere appreciation for the dedicated services of the Executives and staff for their contribution to the overall performance of the Company.

By Order of the Board

sd/-

VINOD K. AGARWAL
MANAGING DIRECTOR

Place : INDORE
Date : 16/08/2004

AD-MANUM FINANCE LIMITED**Annexure A****As per Para (5) of Director's Report.****SCHEDULE TO THE BALANCE SHEET OF A
NON-BANKING FINANCIAL COMPANY**

(As required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998)

(Rs. In Lakhs)

PARTICULARS**Liabilities side :**

| (1) Loan and advances availed by the NBFCs Inclusive of interest accrued thereon but not paid: | Amount out- standing | Amount overdue |
|---|-------------------------------------|---------------------------|
| (a) Debentures : Secured | N.A | N.A |
| : Unsecured (other than falling within the meaning of public deposits) | | |
| (b) Deferred Credits | N.A | N.A |
| (c) Term Loans | N.A | N.A |
| (d) Inter-corporate loans and borrowing | 478.03 | NIL |
| (e) Commercial Paper | | |
| (f) Public Deposits | | |
| (g) Other Loans (specify nature)(Bank) | 348.48 | NIL |
| Please see Note 1 below | | |

(2) Break-up of (1)(f) above (Outstanding public deposits**Inclusive of interest accrued thereon but not paid):**

- (a) In the form of unsecured debentures
- (b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security
- (c) Other public deposits

_____ NIL _____

Please see Note 1 below

Assets side :

Amount outstanding

(3) Break-up of Loans and Advance including bills receivables**[other than those included in (4) below] :**

- (a) Secured NIL
- (b) Unsecured 24.11

AD-MANUM FINANCE LIMITED

**(4) Break-up of Leased Assets and stock on hire and hypothecation.
loans counting towards EL/HP activities**

| | |
|--|---------|
| (i) Lease assets including lease rentals under sundry debtors : | |
| (a) Financial lease | NIL |
| (b) Operating lease | NIL |
| (ii) Stock on hire including hire charges under sundry debtors : | |
| (a) Assets on hire | 13.15 |
| (b) Repossessed Assets | NIL |
| (iii) Hypothecation loans counting toward EL/HP activities | |
| (a) Loans where assets have been repossessed | NIL |
| (b) Loans other than (a) above | 1267.80 |

(5) Break-up of Investment

Current Investment :

1. Quoted :

- (i) Shares : (a) Equity
- (b) Preference
- (ii) Debentures and Bonds
- (iii) Units of mutual funds
- (iii) Government Securities
- (iii) Others (please specify)

NIL

2. Unquoted :

- (i) Shares : (a) Equity
- (b) Preference
- (ii) Debentures and Bonds
- (iii) Units of mutual funds
- (iii) Government Securities
- (iii) Others (please specify)

NIL

Long Term investments :

1. Quoted :

| | |
|-------------------------------|------|
| (i) Share : (a) Equity | 3.40 |
| (b) Preference | NIL |
| (ii) Debentures and Bonds | 0.09 |
| (iii) Units of mutual funds | 0.10 |
| (iii) Government Securities | NIL |
| (iii) Others (please specify) | NIL |

2. Unquoted :

- (i) Shares : (a) Equity
- (b) Preference
- (ii) Debentures and Bonds
- (iii) Units of mutual funds
- (iii) Government Securities
- (iii) Others (please specify)

NIL

AD-MANUM FINANCE LIMITED

**(6) Borrower group - wise classification of all leased assets,
stock on hire and loans and advances :**

| <i>category</i> | <i>Amount net of provisions</i> | | |
|---------------------------------|---------------------------------|------------------|--------------|
| | <i>secured</i> | <i>Unsecured</i> | <i>Total</i> |
| 1. Related Parties : | | | |
| (a) Subsidiaries | | NIL | |
| (b) Companies in the same group | | | |
| (c) Other related parties | | | |
| 2. Other than related parties | | | |
| Total | | | |

**(7) Investor group-wise classification of all investment
(current and long term) in shares and securities (both
quoted and unquoted) :**

| <i>category</i> | <i>Market Value / Break up or fair value or NAV</i> | <i>Book Value (Net of provisions)</i> |
|------------------------------------|---|---|
| | | |
| 1. Related Parties ** | | |
| (a) Subsidiaries | | |
| (b) Companies in the same group | | NIL |
| (c) Other related parties | | |
| Total | | |

**As per Accounting Standard of ICAI (Please see Note 3)

(8) Other Information

| <i>Particulars</i> | <i>Amount</i> |
|---|---------------|
| (i) Gross Non-Performing Assets | |
| (a) Related Parties | NIL |
| (b) Other than related parties | 40.45 |
| (ii) Net Non-Performing Assets | |
| (a) Related Parties | NIL |
| (b) Other than related parties | 13.43 |
| (iii) Assets acquired in satisfaction of debt | NIL |

By Order of the Board

sd/-

**VINOD K. AGARWAL
MANAGING DIRECTOR**

Place : INDORE

Date : 16/08/2004

AD-MANUM FINANCE LIMITED

CORPORATE GOVERNANCE

REPORT

Company's philosophy on Corporate Governance:

Ad-Manum Finance Limited recognizes the ideals and importance of Corporate Governance and acknowledges its responsibilities towards all stakeholders including customers, employees, regulatory authorities and shareholders.

1. BOARD OF DIRECTORS

a. Composition & Category of Directors

| Name of Directors | Designation | Category |
|---|--------------------|-----------------------------|
| Mr. Vinod Kumar Agarwal | Managing Director | Executive |
| Mr. J.N. Choudhury | Director-in-Charge | Executive |
| Mr. Aseem Trivedi (w.e.f. 01/04/2004) | Director | Independent & Non-Executive |
| Mr. Vishnu Gupta (w.e.f. 01/04/2004) | Director | Independent & Non-Executive |
| Mr. Badrilal Gupta (w.e.f. 01/04/2004) | Director | Independent & Non-Executive |
| Mr. Deepak K. Kalani (upto 31/03/2004) | Director | Independent & Non-Executive |
| Mr. Pankaj K. Kalani (upto 31/03/2004) | Director | Independent & Non-Executive |
| Mr. Ajay Mittal (upto 31/03/2004) | Director | Independent & Non-Executive |

Brief Resume of Director being reappointed, nature of his expertise in specific functional area and names of the Companies in which he holds the directorship and the membership of Committees of the Board are as under :

- I. Shri Vishnu Gupta is a Director of the Company. He is a Chartered Accountants in practice, and has a vide experience in the field of Finance, Tax, Auditing & Accounts. At present he is not a Director on the Board of any other Company.

b. Attendance Record of Directors

| Name of Directors | No. of Board Meeting Attended | Last AGM whether attended | Other Directorships | Committee Membership/ Chairman |
|---|-------------------------------|---------------------------|---------------------|--------------------------------|
| Mr. Vinod Kumar Agarwal | 12 | Yes | 3 | - |
| Mr. J.N. Choudhury | 12 | Yes | 1 | - |
| Mr. Aseem Trivedi (w.e.f. 01/04/2004) | - | - | - | 2 |
| Mr. Vishnu Gupta (w.e.f. 01/04/2004) | - | - | - | 2 |
| Mr. Badrilal Gupta (w.e.f. 01/04/2004) | - | - | 1 | 2 |
| Mr. Deepak K. Kalani (upto 31/03/2004) | 4 | Yes | - | 2 |
| Mr. Pankaj K. Kalani (upto 31/03/2004) | 2 | Yes | - | 2 |
| Mr. Ajay Mittal (upto 31/03/2004) | 12 | yes | - | 2 |

During the financial year 2003-2004 the Board of Directors met 12 times on 01.04.2003, 30.04.2003, 05.05.2003, 30.07.2003, 18.08.2003, 20.09.2003, 30.10.2003, 15.12.2003, 10.01.2004, 21.01.2004, 30.01.2004 and 04.03.2004.

2. AUDIT COMMITTEE

The Audit Committee was reconstituted by the Board of Directors in their meeting held on 1st day of April 2004. The effective changes are:

- ❖ Mr. Aseem Trivedi was inducted in the Audit Committee and appointed as new Chairman of the Committee in place of Shri Ajay Mittal. Two other Independent Directors, Shri Vishnu Gupta & Shri Badrilal Gupta were inducted as members in the Committee.
- ❖ Mr. Deepak K. Kalani & Mr. Pankaj K. Kalani discontinued as members of the Audit Committee w.e.f. 1st April 2004.
- ❖ The terms of reference stipulated by the Board of Directors to the Audit Committee are, as contained in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, major of which are as follows:
 - i. Oversight of the Company's financial reporting process and the disclosure of its financial information.
 - ii. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.