

Avalon? 2000 1st.

FLAG FININ LIMITED

MD	✓		BKC	✓
CS	NA		DPY	✓
RO	✓		DIV	✓
TRA	NA		AC	
AGM	✓	✓	SHI	
YE	✓	✓		

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NOTICE TO THE MEMBERS

Notice is hereby given that the Fifth Annual General Meeting of the members of FLAG FININ LIMITED will be held at the 316, Transport Nagar, Indore - 452 001 on 20th February 1998 at 10. A.M. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st May, 1997 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.

2. To appoint M's. R.M. Jain & Co., Chartered Accountants, Indore as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

3. To appoint Dated 26th July 1997 Mrs. Chandrikadevi Gangwal as a director of the Company.

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself, and a proxy need not be a member. The proxy form, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

2. The Register of Members and the Share Transfer Books of the Company will remain close from 18th February 1998 to 20th February 1998 inclusive both days.

3. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions to the office of the Company so as to reach atleast seven days before the date of the meeting, so that the information required may be made available at the meeting to the best extent possible.

4. Members are requested to notify immediately any change in their address to the Company's Share Transfer Agent M's. Flag Finin Limited, 3, Everest Building, 1st

Floor, 30, Saket, Indore, with their respective folio numbers and number of shares held details.

For and on behalf of the Board

Registered Office :

3, Everest Building,
1st Floor, 30, Saket,
INDORE - 452 001.

Narendra Kumar Gangwal
(Managing Director)

DIRECTORS' REPORT

Your directors have pleasure in presenting the 5th Annual Report together with the audited Financial results for the period ended on 31st May, 1997.

FINANCIAL PERFORMANCE

(Rs. in lacs)

Year Ended

31.05.97 31.05.96

Sales & other Income	147.84	595.76
Loss before Taxation	(-) 98.04	27.37
Provision for Taxation	0.00	0.00
Profit for the year	(-) 98.04	27.37
EPS (Annualised)	N.A.	.48

DIVIDEND

Your directors regret their inability to recommend any dividend for the year considering loss during the year.

PROJECTION V/s. PERFORMANCE

The projections as per MPFC appraisal as reported in the company's Prospectus dated 24.08.95 and the corresponding figures of actual as per audited accounts of the period ended 31st May 1997 are as under :

	Projections	Actual
Total Income Rs. in lacs	1793.93	47.84
Profit after Tax Rs. in lacs	863.45	(-) 98.04
Earning Per Share Rs.)	8.47	Nil
Dividend (%)	18	Nil

The variation between the projected and actual figures is attributable to Non receipt of A large portion of allotment money, tight money conditions impacting resource mobilisation and depressed capital market.

APPLICATION FOR NON BANKING FINANCIAL COMPANY

The Company has made an application to Reserve Bank of India, for registering the Company as Non Banking Financial Company.

PUBLIC DEPOSITS

Your Company has not accepted any Deposit within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

DIRECTORS

Mr. Shyam Sunder Pandit retire by rotation at the issuing Annual General Meeting and Mr. Chitranjan Gangwal Director of the Company resigned on 26th July 1997 from Board of Directors due to his personal exigencies. The Board of Directors placed on Record their appreciation for the valuable services rendered by them during their tenure of office.

AUDITORS & AUDITORS' REPORT

The Auditors' Report given elsewhere in the annual report is self explanatory and does not call any explanation from the Board. M/s. R. M. JAIN & COMPANY Chartered Accountants, auditor of the company hold office until the conclusion of ensuing Annual General Meeting and are recommended for reappointment.

PERSONNEL

The Company did not have any employee drawing salary Rs. 3.00 lacs per annum or more during the year and as such no particulars As required by provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, as amended is furnished.

ADDITIONAL INFORMATION

The Company is not a manufacturing Company and hence part A and part B of the Particulars required to be furnished under the companies (disclosure of particulars in the report of Board of Directors) Rules, 1988 are not applicable. There were no foreign exchange earning and out go during the year.

ACKNOWLEDGEMENTS

Your Directors would like to express their appreciation of the co-operation and assistance received from the shareholders, bankers and other business constituents during the year under review.

For and on Behalf of the
Board of Directors

Narendra Kumar Gangwal
(MANAGING DIRECTOR)

AUDITOR'S REPORT

TO THE MEMBERS OF FLAG FININ LIMITED

We have audited the attached Balance Sheet of Flag Finin Limited as at 31st May, 1997 and also the Profit and Loss Account of the company for the period ended on 31st May, 1997 annexed thereto and report that :-

1. As required by the manufacturing and other companies Auditors Report) Order, 1988 issued by the company law board in terms of Sec. 227 (4A) of the companies act, 1956, annex hereto a statement on the matters specified in paragraph 4 and 5 of the said order.

2. Further to our comments in the annexure referred to in paragraph 1 above, we report that :

a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

b. In our opinion proper books of accounts as required by law have been kept by the company so far as appears from

our examination of the books.

c. The balance sheet and Profit and Loss account dealt with by 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 said accounts give 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 Balance Sheet of the state of affairs of the company as at 31st May. 1997.

ii. in the case of Profit and Loss Account of the Loss of the company for the year ended on that day.

For R.M. Jain & Co.
Chartered Accountants,

Place : Indore. (Ramesh M. Jain)
Date : 29th August 1997.. Proprietor.

ANEXURE TO THE AUDITORS REPORT OF FLAG FININ LIMITED

1. The company has maintained proper records showing full particulars including quantitative details and situation of leased and other fixed assets. The fixed assets of the company other than leased assets have been physically verified by the management at the end of the year and no discrepancies were noticed on such verification.

2. The fixed assets of the company have not been revalued during the year.

3. The company has not accepted any loans from companies, firms or other parties listed in the register maintained u/s 301 or 370 (1/B) of the companies act 1956.

4. The company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the registers maintained u/s 301 or 370 (1B) of the companies act 1956.

5. The parties to whom loans have been given by the company are repaying the principal amount as stipulated

and are also regular in payment of interest, except in few cases, where reasonable steps have been taken for the recovery.

6. In our opinion company has adequate internal control commensurate with its size regarding purchase of Fixed and other assets.

7. During the year the company has not accepted any deposit from the public which attract the provisions of section 58-A of the Companies Act. 1956.

8. In our opinion, there are adequate internal control system commensurate with the size and nature of business of the company.

9. The provisions of Provident Fund Act are not yet applicable to the company.

10. In our opinion and according to the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax and Interest Tax and Other Taxes as at the last day of the financial year concerned for a period of more than 6 months from the date they become payable.

11. In our opinion and according to the information and explanations given to us, no personal expenses have been charges to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.

12. According to the information and explanations given to us the company is keeping adequate records of loans and advances given against the security of pledge of shares.

13. We are informed that the provisions of any Special statute applicable to Chit funds, Nidhi or Mutual Benefit Society do not apply to the company.

14. The company does not own any industrial undertaking therefore the provisions of sick industrial companies (special provisions) Act, 1985 do not apply to the company.

15. The other provisions of the manufacturing and other companies (Auditors Report) order, 1988 are not applicable for the year covered by the aforesaid accounts.

For R.M. Jain & Co.
Chartered Accountants,

Place : Indore.
Date : 29th August 1997..

(Ramesh M. Jain)
Proprietor.