

**ARCO LEASING LIMITED.****MUMBAI****DIRECTORS REPORT**

TO THE SHARE HOLDERS

Your Directors have pleasure in presenting the TWENTIETH Annual Report of the company together with Audited Statement of Account for the year ended 31st March, 2004.

1] **FINANCIAL RESULTS**

	<b><u>FOR THE YEAR ENDED 31-03-2004</u></b>	<b><u>FOR THE YEAR ENDED 31-03-2003</u></b>
	(Rs.)	(Rs.)
Gross Receipts	8,25,224	9,02,234
Gross Profit before Depreciation	66,344	2,47,073
Less : Depreciation	1,55,839	1,74,196
Net Profit / (Loss) Before Tax	(89,495)	72,877
Less : Provision for Taxation	5,900	55,500
Add : Deferred Tax Asset Created	22,471	-
Net Profit / (Loss)	(72,924)	17,377

2] **DIVIDENDS :**

Your Directors are not recommending any dividend.

3] **EMPLOYEES:**

There are no employees drawing remuneration exceeding the amount prescribed under the provisions of section 217(2A) of the Companies Act, 1956.

4] **DISCLOSURE OF OTHER PARTICULARS :**

Particulars as required in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors rules, 1988) are not applicable to the company.

5] **DIRECTORS :**

Shri Minakshi Ruia, Director, retires by rotation and being eligible, offers herself for reappointment.

6] **AUDITORS**

M/s. ANIL G. GANDHI & CO Chartered Accountants are willing to continue in office as Auditors of the Company are recommended for reappointment.

: 2 :

7) DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;
- ii. that the selected accounting policies were applied consistently and the directors made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2004 and of the profit of the company for the year ended on that date;
- iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. that the annual accounts have been prepared on a going concern basis.

8) ACKNOWLEDGEMENT :

The Directors wish to place on the record their appreciation for co-operation received by the company from its Bankers and Employees.

By order of the Board



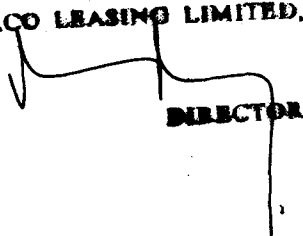
Rajendra Ruia  
Chairman

MUMBAI

DATED : 16/8/2004

CERTIFIED TRUE COPY

For ARCO LEASING LIMITED.



DIRECTOR

**ANIL G. GANDHI**

B.COM., F.C.A.

**CHARTERED ACCOUNTANT**

204, Shreedhar Apartments, Bhaji Market, Near Everest Shubhlangal Karyalaya, Dombivli  
(East) 421201

Res:- D/3, Ashavihar, Hendrapada, Badlapur (West) PIN-421503-PHONE-09422475480

**ANIL G. GANDHI & CO.**

**CHARTERED ACCOUNTANTS**

**ARCO LEASING LIMITED.**

**AUDITOR'S REPORT**

We have audited the attached Balance Sheet of ARCO LEASING LIMITED

as at 31<sup>st</sup> March 2004 and also the Profit & Loss Account and also the cash flow statement of the company for the year ended on that date annexed there to. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan & perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test check basis, evidence supporting the amounts & disclosures in the financial statements. An audit also includes assessing the accounting principles used & significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies ( Auditor's Report ) order , 2003,  
issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act,  
1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of  
the said order.
2. Further to our comments in the Annexure referred to in para 1 above ,we report that:
  - A) We have obtained all the information & explanation which to the best of our knowledge &  
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 those books.
  - C) The Balance Sheet & the Profit & Loss Account dealt with by this report are in agreement  
with the books of accounts.
  - D) In our opinion the Balance Sheet & the Profit & Loss account dealt with by this report  
comply with the accounting standards referred to in sub- section (3C) of section 211 of  
the Companies Act 1956:

**ANIL G. GANDHI**

**B.COM. F.C.A.**

**CHARTERED ACCOUNTANT**

204, Shree Chakr Apartments, 10th Floor, Near Forest Shikharangal Karyataya, Dombivli  
(E), 421201

Res:- B/3, Ashwini, Hindrowadi, Badlapur (West) PIN-421503- PHONE-02512673260

**ANIL G. GANDHI & CO.**

**CHARTERED ACCOUNTANTS**

E) On the basis of the written representations received from the Directors as on 31 st March 2004 & taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 st March 2004 from being appointed as a Director in terms of clause (g) of sub- section (1) of section 274 of the Companies Act 1956.

F) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes given in the Schedule of Notes on Accounts give the information required by the Companies Act, 1956, in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India :

I. In the case of the Balance Sheet, of the State of Affairs of the company as at 31st March 2004.

II. In the case of the Profit & Loss Account of the LOSS of the company for the year ended on that date; and

III. In the case of the cash flow statement, of the cash flows for the year ended on that date.

FOR ANIL G. GANDHI & CO.  
CHARTERED ACCOUNTANTS

*Anil G. Gandhi*

ANIL G. GANDHI  
PROPRIETOR  
MEMBERSHIP NO: 49589

PLACE : **DOMBIVLI**

DATE : **16/8/2004**



**CERTIFIED TRUE COPY**

**For ARCO LEASING LIMITED.**

*[Signature]*  
**DIRECTOR**

ANIL G. GANDHI

B.COM. F.C.A.

CHARTERED ACCOUNTANT

204, Shreedhar Apartments, Bhaji Market, Near Everest Shubhmangal Karyalaya, Dombivli (East)-421201

Res: B/3, Ashavihar, Hendrepada, Badlapur (West) PIN-421503-PHONE-02512673260

ANIL G. GANDHI & CO.

CHARTERED ACCOUNTANTS

ARCO LEASING LIMITED

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

1. a) The company has maintained proper records showing full particulars including quantitative details and situations of fixed assets.
- b) The fixed assets have been physically verified by the management during the year and no discrepancies were noticed during such verification on comparison with book records. In our opinion, the frequency of verification is reasonable.
- c) During the year the company has not disposed off a major part of its Fixed Assets.
2. As explained to us, the company does not have inventory. As such the provisions of clause ii (a), (b), (c) are not applicable.
3. a) The company has not taken any loans from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956. The company has granted loan to one company covered in the register maintained u/s 301 of the Companies Act 1956. The maximum amount involved during the year was Rs.10.97 lacs and the year end balance of loans given to such company was Rs.10.89 lacs.
- b) In our opinion, the rate of interest and other terms & conditions on which loans have been given to companies, firm or other parties listed in the register maintained u/s 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- c) The parties are regular in repayment of principal amounts & interest wherever stipulated.
- d) There is no overdue amounts of loans granted to companies, firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956.
4. In our opinion & according to explanations given to us, there are adequate internal control procedures commensurate with the size of the company & the nature of its business with regard to purchases of Inventory, Fixed Assets & with regard to the sale of goods.
- During the course of our audit we have not observed any continuing failure to correct major weaknesses in Internal Controls.

**ANIL G. GANDHI**  
**COM. F.C.A.**  
**CHARTERED ACCOUNTANT**

**ANIL G. GANDHI & CO.**  
**CHARTERED ACCOUNTANTS**

104, Bhreedhar Apartments, Bhaji Market, Near Everest Shubhanganal Karyalaya, Dombivli  
 (Estr) 421201

Res. - D/3, Ashavihar, Hendrapada, Badlapur (West) PIN-421503-PHONE-02512673260

- 5 a) According to the information & explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b) In our opinion & according to the information & explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 & exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. During the year, the company has not accepted any deposits from the public. No order has been passed by the Company Law Board.
7. In our opinion the company has an internal audit system commensurate with its size & the nature of its business.
8. As explained to us, the Central Government has not prescribed maintenance of cost records u/s 209 (1) (d) of the Companies Act 1956 for any of the products of the company.
9. a) The company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- b) According to the information & explanations given to us no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty and Cess were in arrears as at 31<sup>st</sup> March 2004 for a period of more than six months from the date they became payable.
- c) According to the information & explanations given to us there are no dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
10. In our opinion the accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our Audit and the immediately preceding financial year.
11. In our opinion and according to the information & explanations given to us the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.