

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

TO THE SHARE HOLDERS

Your Directors have pleasure in presenting the TWENTYFIRST Annual Report of the company together with Audited Statement of Account for the year ended 31st March, 2005

1] FINANCIAL RESULTS

	FOR THE YEAR ENDED 31-03-2005 (Rs.)	FOR THE YEAR ENDED 31-03-2004 (Rs.)
Gross Receipts	4,98,722	8,25,224
Gross Profit before Depreciation	(71,234)	66,344
Less : Depreciation	55,192	1,55,839
Net Profit / (Loss) Before Tax	(1,26,426)	(89,495)
Less : Provision for Taxation	29,500	5,900
Add : Deferred Tax Asset Created	1,078	22,471
Net Profit / (Loss)	(1,54,648)	(72,924)

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] AUDITORS

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

6) 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, 2005 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.

7) COMPLIANCE CERTIFICATE

Secretarial Compliance report dated 20/08/2005 as obtained from Pramod S. Shah & Associates for the year ended 31/03/2005 and will be placed before the forthcoming Annual General Meeting.

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 : 22/9/2005

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

ANIL G.GANDHI & CO
CHARTERED ACCOUNTANTS

204,Shreedhar Apartment , Bhaji Market ,Near Everest Shubmangal Karyalaya,Dombivli (East) 421201
Phone :9821027777
Res:- B/3,Ashavihar,Hendrepada,Badlapur (West) PIN – 421503. PHONE –0251673260

TO
THE MEMBERS OF
ARCO LEASING LIMITED

We have audited the attached Balance Sheet of Arco Leasing Limited as at 31st March,2005 and the Profit & Loss Account and also the cash flow statement of the company for the year ended on that date annexed thereto. 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 conducted our audit in accordance with auditing standards generally accepted in India.Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis,evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion and report that :

1.As required by the Companies (Auditors'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 paragraphs 4 and 5 of the said Order.

2.Further to our comments in the annexure referred to in para 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 proper Books of Account as required by law have been kept by the company, so far as it appears from our examination of those books.

c.The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with books of account

d.In our opinion, the Balance Sheet and the Profit & Loss Account dealt with by this report comply with the Accountant Standards referred to in section 211(3C) of the Companies Act 1956.

e.On the basis of written representations received from the Directors as on 31st March 2005, and taken on record by the Board of Directors , we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 pf 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 the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and 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 2005 and
- 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
PROPRIETOR

PLACE : DOMBIVLI

DATE: 22/9/2005



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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, firm 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 12.45 lacs and the year end balance of loans given to such company was Rs. 12.53 Lacs.
- b. In our opinion, the rate of interest and other terms and conditions on which loans have been given to companies Act, 1956 are not prima-facie prejudicial to the interest of the company.
- c. The parties are regular in repayment of principal amounts and 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 and according to explanations given to us, there are adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of inventory, Fixed assets and 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.
5. a) According to the information & explanation given to us, we are of the opinion that the transactions that need to be entered into the register maintained under 301 of the Companies Act 1956 have been so entered.
- b) In our opinion & according to the information & explanation given to us the transaction made in pursuance of contracts or arrangement entered in the

register maintained under section 301 of the Companies Act 1956 & exceeding the value of rupees five lacs in respect of any party during the year have been made of 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, ESIC, Income Tax, sales Tax, wealth Tax, Customs duty, Excise Duty, Cess and other material statutory dues applicable to it.

b) According to the information and 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 31st March 2005 for a period of more than six months from the date they became payable.

c) According to the information and explanation 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 incurred cash losses during the financial year covered by our Audit. However the company has not incurred cash losses in the immediately preceding financial year.

11. In our opinion and according to the information and explanation given to us the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

12. According to the information given to us, the company has not granted any loans and advances on the basis of security, by way of pledge of shares, debentures and other

securities .

13. In our opinion the company is not a chit fund or a nidhi / mutual fund / society .

Therefore the provisions of clause 4 (xiii) of the Companies (Auditors Report) Order 2003 are not applicable to the company .

~~14. In our opinion the company is not dealing in or trading in shares , securities ,~~

debentures and other investments . therefore the provisions of clause 4 (xiv) of the Companies (Auditors Report) Order 2003 are not applicable to the company .

15. The company has not given any guarantee for loans by other from bank or financial institution . Therefore the provisions of clause 4 (xv) of the Companies (Auditors Report) Order 2003 are not applicable to the company .

16. The company has not obtained any term loans during the period covered by our audit report .

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company , we report that no funds raised on short term basis have been used for long term investment and No long term funds have been used to finance short term assets except permanent working capital

18. The company has not made any preferential allotment of shares during the period covered by our audit report .

19. The company has not issued any debentures during the period covered by our audit report .

20. The company has not raised any money by public issues during the period covered by our audit report

21. According to the information and explanations given to us , no fraud on or by the company has been noticed or reported during the course of our audit .

FOR ANIL G. GANDHI & CO
CHARTERED ACCOUNTANTS

Anil G. Gandhi

ANIL G. GANDHI
PROPRIETOR

PLACE : DOMBIVLI

DATE: 24/9/2005



ARCO LEASING LIMITED**BALANCE SHEET AS AT 31ST MARCH 2005**

	SCHEDULE	RUPEES	AS AT 31/03/2005 RUPEES	AS AT 31/03/2004 RUPEES
SOURCE OF FUNDS:				
SHAREHOLDERS FUNDS				
Share Capital	1		2,400,700	2,400,700
Reserves and Surplus	2		140,974	294,313
TOTAL:			2,541,674	2,695,013
APPLICATION OF FUNDS:				
FIXED ASSETS				
Gross Block	3	249,119		2,508,818
Less: Depreciation		220,656		2,268,648
Net Block			28,463	300,170
INVESTMENTS	4		72,975	72,975
CURRENT ASSETS, LOANS AND ADVANCES				
Sundry Debtors	5	115,400		3,000
Cash and Bank balances	6	32,283		31,596
Loans and Advances	7	2,453,695		2,358,761
		2,607,378		2,393,357
Less: CURRENT LIABILITIES AND PROVISIONS	8	190,691		93,960
Net Current Assets			2,416,687	2,299,397
Deferred Tax Asset			23,649	22,471
(Refer note No 4 of Notes of Accounts)				
TOTAL:			2,541,674	2,695,013
NOTES ON ACCOUNTS	12			

As per our report annexed

For Anil G. Gandhi & Co.
Chartered Accountants

 ANIL G. GHANDHI
 (PROPRIETOR)


 RAJENDRA RUIA
 (DIRECTOR)


 NARENDRA RUIA
 (DIRECTOR)

MUMBAI

DATE: 22/9/2005

CERTIFIED TRUE COPY
ARCO LEASING LTD.

 Director.