



# **SOUTH ASIAN ENTERPRISES LIMITED**

## ***XVII ANNUAL REPORT 2005-2006***

**REGISTERED OFFICE :**

Mikky House, K-Block,  
Kidwai Nagar,  
Kanpur - 208 011, (U.P.)

**CORPORATE OFFICE :**

C-489, Defence Colony,  
New Delhi-110 024

**SHARE TRANSFER & INVESTOR SERVICES**

RCMC Share Registry Pvt. Ltd.,  
Unit: South Asian Enterprises Ltd.,  
1515, 1st Floor, Bhishm Pitamah Marg,  
Kotla Mubarakpur, Near South Extension,  
New Delhi-110 003.

# SOUTH ASIAN ENTERPRISES LIMITED

**SEVENTEENTH ANNUAL GENERAL MEETING**

at Mikky House, K-Block Kidwai Nagar,  
Kanpur - 208 011  
at 1.30 p.m.  
on Friday, 29th September, 2006

**BOARD OF DIRECTORS :**

DR. B. VENKATARAMAN  
SHRI T.B. GUPTA  
SHRI P.K. SHARAN  
SHRI S.V.S. JUNEJA  
DR. S. RAMESH  
SHRI A.R. GANGAL  
SHRI R. K. GOSWAMI  
SHRI K.K. SONI  
SHRI S.C. AGARWAL

*Chairman*

*Vice-Chairman & Managing Director.*

Members are requested to bring their copy of the Annual Report at the Annual General Meeting.

**AUDITORS**

M/s. Anil Pariek & Garg,  
Chartered Accountants,  
33, Anand Bazar  
Swaroop Nagar  
Kanpur-208002

**BANKERS**

Punjab National Bank  
Bank of Baroda  
Union Bank of India  
HDFC Bank Ltd.

**COMPANY SECRETARY**

SHRI SANJOG DIWAN

**SHARES ARE LISTED AT :**
**THE BOMBAY STOCK EXCHANGE LTD.**

PHIROZE JEEJEEBHOY TOWERS,  
DALAL STREET,  
MUMBAI-400 001

Note:- The Equity Shares of the Company have been delisted from the Delhi Stock Exchange, New Delhi and the U.P. Stock Exchange, Kanpur w.e.f. 31/3/2004, and from the Stock Exchange - Ahmedabad w.e.f. 8th March 2006 vide letter No. ASEL/2006/896 dated 06-03-2006 pursuant to Company's application for voluntary delisting of its shares in accordance with applicable SEBI guidelines for delisting.

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## SOUTH ASIAN ENTERPRISES LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 17<sup>th</sup> Annual General Meeting of the Members of SOUTH ASIAN ENTERPRISES LTD. will be held at the Registered Office of the Company at Mikky House, K-Block, Kidwai Nagar, Kanpur-208 011 on Friday, the 29<sup>th</sup> day of September, 2006 at 1.30 p.m. to transact the following business:-

#### ORDINARY BUSINESS:

- To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2006, the Profit & Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
- To appoint a Director in place of Dr. B. Venkataraman, who retires by rotation, and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri Atma Ram Gangal, who retires by rotation, and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri S.V.S. Juneja, who retires by rotation, and being eligible, offers himself for re-appointment.
- To appoint the Auditors and to fix their remuneration and in this connection to consider and if thought fit, to pass following resolution, with or without modification(s) as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 224 and other applicable provisions of the Companies Act, 1956, M/s. Anil Pariek & Garg, Chartered Accountants, the present Statutory Auditors of the Company be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and that the Board of Directors of the Company be and are hereby authorized to fix their remuneration."

#### SPECIAL BUSINESS:

- Appointment of Shri K. K. Soni as Director.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Shri K. K. Soni, who was appointed as an Additional Director on 30<sup>th</sup> January, 2006 and who holds office till the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 but is eligible for re-appointment; and for whose appointment as a Director, a notice in writing alongwith requisite deposit pursuant to Section 257 of the Companies Act, 1956 has been received from a member of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation."

- Appointment of Shri S.C. Agarwal as Director.**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Shri S.C. Agarwal, who was appointed as an Additional Director on 30<sup>th</sup> January, 2006 and who holds office till the date of this Annual General Meeting under Section 260 of the Companies Act, 1956 but is eligible for re-appointment; and for whose appointment as a Director, a notice in writing alongwith requisite deposit pursuant to Section 257 of the Companies Act, 1956 has been received from a member of the Company, be and is hereby appointed as Director of the Company, liable to retire by rotation."

- Approval of Appointment of Shri T. B. Gupta as Managing Director of the Company.**

To consider and if thought fit, to pass, with or without modification (s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and pursuant to Article No.108 of the Articles of Association of the Company, consent of the Company be and is hereby accorded for appointment of Shri T. B. Gupta as Managing Director of the Company for a period of three years w.e.f. 30<sup>th</sup> January 2006, on such remuneration and other terms and conditions as are expressed and contained in the agreement entered into for this purpose between the Company and the Managing Director.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to vary and/or revise the remuneration of the Managing Director within the permissible limits under the provisions of the Companies Act, 1956 or any statutory amendment/modification thereof, from time to time, to settle any question or difficulty in connection therewith or incidental thereto and to do all such things, deeds and acts including delegation of powers herein to any person/committee as may be necessary or expedient for giving effect to said appointment and in case required to obtain the consent of Company in this regard, to end and intent that it shall be deemed to have been accorded expressly by authority of this resolution.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to take all necessary steps in this regard in order to comply with all the legal, procedural and other formalities and further to authorise any of its committee or any of its directors and/or any of the officer of Company to do all such acts, deeds or things to give effect to the aforesaid resolution."

*By Order of the Board*

For South Asian Enterprises Ltd.

Sanjog Diwan

Company Secretary

Place: New Delhi

Date: 27/07/2006

#### NOTES:

- A member entitled to attend and vote is also entitled to appoint a proxy to attend and vote instead of himself/herself. The proxy need not be a member of the Company. The appointment of proxy in order to be effective must be lodged at the Registered Office of the Company not less than 48 hours before the commencement of the 17<sup>th</sup> Annual General Meeting in the form, enclosed hereto, duly filled and authenticated. A proxy may not vote except on a poll.
- The submission of form of proxy by a member does not preclude such member from attending and voting at the meeting. The proxy in such event shall not be eligible to attend the meeting.
- The Register of Members of the Company shall remain closed from **23<sup>rd</sup> September 2006 to 29<sup>th</sup> September 2006** (both days inclusive).
- The Company has retained M/s RCMC Share Registry Pvt. Ltd., 1515, 1<sup>st</sup> floor, Bhishm Pitamah Marg, Kotla Mubarakpur, Near South Extension, New Delhi-110003 (Phone No. 24692346, 24601017) as its Registrar & Transfer Agents ("Registrar") w.e.f. 01/04/2003 for entire shareholder services. All correspondence, therefore, may be addressed to the said "Registrar". However, for any further assistance in said matters, queries may be addressed to the Company Secretary at Corporate Office: C-489, Defence Colony, New Delhi-110024, Phone No. 41553081(5 lines), Fax: 41553091.
- The shares of the Company are being traded in Demat segment only, w.e.f. 24<sup>th</sup> July, 2000. Members who still hold the shares of Company in physical form are advised to contact their depository participant for dematerialization of their holdings in their own interest. The ISIN No. allotted to Company is **INE118B01010** for both the Depositories viz. The National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

- Members, who are holding shares in identical order of names in more than one Folio, are requested to write to the 'Registrar' of the Company, or the Company at its Corporate Office, to enable the Company to consolidate their holding under one Folio. Members can avail the facility of nomination in respect of shares held by them in physical form in accordance with the provisions of Section 109A of the Companies Act, 1956. Members desiring to avail of this facility may send their nomination in prescribed form No. 2B, duly filled in, to the 'Registrar' of Company. Members are also requested to intimate change in address, if any, to the Company's 'Registrar' or to the Company at its Corporate Office for shares held in physical mode. **Members holding shares in Demat (Electronic) form are requested to notify any change in address, mandate/bank details/nominations to their Depository Participants.**
- In case of joint holders attending the meeting, the vote of only such joint holder who is higher in the order of names will be counted and vote of other joint holders will be excluded. Corporate Members intending to send their authorized representative are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
- All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all days between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting, except on Saturdays, Sundays and other Holidays. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 for item No. 6, 7 and 8 of the notice is annexed hereto and forms part of this notice.
- Member/Proxies are requested to bring their copies of the Annual Report to the meeting. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting.
- As per provisions of Section 205A & 205C of the Companies Act, 1956, the Company is required to transfer any money lying in the Unpaid Dividend Account, which remains unpaid or unclaimed for a period of seven years from the date of such transfer to the Unpaid Dividend Account, to the credit of Investor Education and Protection Fund ("IEPF") established by the Central Government and no claim shall lie against the Company or the said fund after such transfer to IEPF. The Company has transferred unclaimed dividend amounting to Rs.34,727/- for the year 1997-98 lying in Unpaid Dividend Account No. 579011003603 of the Company with The Vysya Bank, Delhi to IEPF on 02/12/2005 and the said account has been closed on 27/12/2005. The relevant Return with the Registrar of Companies (Uttar Pradesh and Uttaranchal) has also been filed on 22/12/2005. Further, since no dividend has been declared for the year 1998-99 and in subsequent years till date, hence no unpaid/unclaimed dividend remains to be transferred to IEPF.
- The unclaimed/unpaid dividend upto financial year 1994-95 had been transferred to General Revenue Account of Central government and can be claimed from Central Government, through Registrar of Companies, U. P. & Uttaranchal.
- Only bonafide members of the Company whose names appear on the Register of Members/ Proxy holders, in possession of valid attendance slips duly filled and signed will be permitted to attend the meeting. The Company reserves its right to take all steps as may be deemed necessary to restrict non-members from attending the meeting.
- Information regarding Directors retiring by rotation and seeking re-appointment:

S. No.	Name of the Director	Date of Birth	Date of Appointment	Qualifications and Expertise in specific functional areas	Other Directorships	Membership in Committees of other Companies and designation as on 27/07/2006.	Whether qualified u/s 274(1)(g) of the Companies Act, 1956
1)	Dr. B. Venkataraman (IAS(Retd.))	19/09/1925	26/12/1992	B.Sc.(H), M.A., D.Litt. He is Former Secretary to the Govt. of India, Ministry of Tourism and Civil Aviation, having over 4 decades of experience in administration and govt. affairs with rich experience in planning and development of Amusement Industry in India.	a) C.J. International Ltd. b) Indraprastha Medical Corporation Ltd.	i) Audit Committee Member ii) Management Committee, Member iii) Audit Committee, Member	Yes
2	Shri Atma Ram Gangal PCS (Retd.)	04/12/1931	29/01/2004	M.Sc. (Math) He has held various senior positions in Government of Uttar Pradesh, the last being Deputy Provincial Controller of Iron and Steel. He is former Vice-President (Projects) of the Company and has been associated with the Company for past over 12 years in various capacities.	Omkar Nagreya Sahakari Bank Ltd. (Vice-Chairman)	Nil	Yes
3	Shri S. V. S. Juneja (Retd.)	13/05/1931	26/03/1993	B.A. Economics, MPA (Harvard). He has held several key positions in the Government of India and possesses over 40 years of experience in planning and administration. He had been the Chairman and Chief Executive Officer of the Noida, Director, Infrastructure Department and officer-in-charge, Office of Environment, Asian Development Bank.	Nil	N.A.	Yes

#### (B) Shareholding of above stated Directors (As on 27-07-2006) :

S.No.	Name of Director	No. of Equity Shares held in Company	Percentage of voting Capital
1)	Dr. B. Venkataraman	100	0.0025
2)	Shri Atma-Ram Gangal	100	0.0025
3)	Shri S. V. S. Juneja	Nil	Nil

# SOUTH ASIAN ENTERPRISES LIMITED

14. Information regarding persons seeking appointment as Directors of Company, liable to retire by rotation:

A)								
S. No	Name of the Director	Date of Birth	Date of Appointment	Qualifications and Expertise in specific functional areas	Other Directorships	Membership in committees of other Companies and designation as on 27/07/2006.	Whether qualified u/s 274(1)(g) of the Companies Act, 1956	
1	Shri K. K. Soni	14/09/1953	30/01/2006	B.Com., FCA, FCS He is a qualified Chartered Accountant and Company Secretary with over 28 years experience in the area of Finance, Taxation, Corporate Planning and other corporate affairs.	a) VLS Finance Ltd. b) VLS Capital Ltd. c) AFD Laboratories Pvt. Ltd. d) Paritosh Industrial Finance Ltd. e) VLS Securities Limited f) VLS Asset Management Limited	Audit Committee Member NIL NIL NIL Audit Committee Member NIL	Yes	
2	Shri S. C. Agarwal	12/01/1962	30/01/2006	B. A. He has vast experience in field of Accounts, administration, running Amusement Parks and allied areas. He has been associated with the Company since inception in various capacities and was Chief Executive of Company till 29/01/2006 designated as Manager.	a) VLS Capital Limited  b) VLS Asset Management Limited	a) Remuneration Committee Member b) Audit Committee Member Nil	Yes	

## (B) Shareholding of above stated Directors (As on 27/07/2006):

S.No.	Name of Directors	No. of Equity Shares held in the Company	Percentage of voting capital
1)	Shri K. K. Soni	Nil	Nil
2)	Shri S. C. Agarwal	Nil	Nil

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

### ITEM NO. 6:

Shri K. K. Soni was appointed as an Additional Director by the Board on 30/01/2006 in terms of Article No. 80 of Articles of Association of the Company and will hold office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956. Shri K. K. Soni is a qualified Chartered Accountant and Company Secretary with over 28 years experience in the field of Accounts, Finance, Taxation and other Corporate Affairs. At present he is the Managing Director of VLS Capital Ltd. besides directorships in VLS Finance Ltd., VLS Securities Limited, VLS Asset Management Limited, AFD Laboratories Pvt. Ltd. and Paritosh Industrial Finance Ltd.

The Company has received a notice along with requisite deposit u/s 257 of the Companies Act, 1956 from a member proposing the resolution for appointment of Shri K. K. Soni as Director of the Company, liable to retire by rotation, at the forthcoming Annual General Meeting. The Board is of the opinion that the Company will benefit immensely from the guidance and experience of Shri K.K. Soni and recommends his appointment.

Shri K.K. Soni does not hold any shares of the Company. None of the Directors is concerned or interested in the resolution except Shri K. K. Soni.

### ITEM NO. 7:

Shri S.C. Agarwal was appointed as an Additional Director by the Board on 30/01/2006 in terms of Article No. 80 of Articles of Association of the Company and will hold office up to the date of this Annual General Meeting in terms of Section 260 of the Companies Act, 1956. Shri S.C. Agarwal has vast experience in field of Accounts, administration, running amusement Parks and allied areas. He has been associated with the Company since inception in various capacities and was Chief Executive of Company till 29/01/2006 holding the position of Manager. In order to have his continued guidance, he was co-opted by the Board as Additional Director. He holds directorship in VLS Capital Limited and VLS Asset Management Limited.

The Company has received a notice along with requisite deposit u/s 257 of the Companies Act, 1956 from a member proposing the resolution for appointment of Shri S.C. Agarwal as Director of Company, liable to retire by rotation, at the forthcoming Annual General Meeting. The Board is of the opinion that the Company will benefit immensely from the guidance and experience of Shri S.C. Agarwal and recommends his appointment.

Shri S.C. Agarwal does not hold any shares of the Company. None of the Directors is concerned or interested in the resolution except Shri S. C. Agarwal.

### ITEM NO. 8:

The Board has appointed Shri T. B. Gupta as the Managing Director of the Company on 30/01/2006 upon expiry of term of Shri S.C. Agarwal as Manager on 29/01/2006. Shri T.B. Gupta was also elected as the Vice-Chairman of the Board on the same date. He is M.Tech. from IIT, Kharagpur. He has over 40 years of experience in electrical & amusement industry, securities market and financial services and has held senior positions with various public and private sector undertakings. He has been associated with the Company since the very beginning and was Managing Director till October 1999. Shri T.B. Gupta is also the Executive Vice-Chairman of VLS Finance Ltd. and continues to hold that position. He is on the board of VLS Securities Ltd., VLS Investments Ltd., VLS Capital Ltd and Arien (New Delhi) Pvt. Ltd.

Shri T.B. Gupta's appointment as Managing Director on 30/01/2006 was made in accordance with the conditions specified in Part I of Schedule XIII and the remuneration payable is within the ceilings laid down in Part II thereof and the requirements of Part III thereof are being complied with. The total remuneration of Shri T.B. Gupta i.e. including remuneration drawn from VLS Finance Ltd. is also within the limits prescribed in Schedule XIII of the Companies Act, 1956. The abstract of agreement with Shri T.B. Gupta pursuant to provisions of section 302 of the Companies Act 1956, has already been sent to the members on 14/02/2006.

The agreement entered into by the Company with Shri T. B. Gupta inter-alia contains the following terms and conditions:-

I. **Period of agreement:** 3 (Three) years w.e.f. 30<sup>th</sup> January 2006.

## II. Remuneration:

### a) Salary

A salary of Rs.12,000 /- (Rupees twelve thousand only) per month from 30/1/2006.

### b) Perquisites

In addition to the aforesaid salary, the Managing Director shall also be entitled to the following Perquisites.

#### Housing:-

House rent allowance of Rs. 8,000/- (Rupees eight thousand only) per month or leased accommodation of equivalent value.

Besides the above, the Managing Director shall be entitled to the reimbursement of out of pocket expenses incurred for performance of his official duties. No other perquisites, however, shall be payable apart from the above.

### c) Sitting Fees

The Managing Director shall not be paid any sitting fees for attending the meeting of the Board of Directors or committee thereof from the date of his appointment. However he shall endeavor to attend every meeting of the Board and report on working of the Company, as may be directed by the Board, from time to time.

d) The Board may from time to time, review and if deemed fit, revise the remuneration payable to the Managing Director with the limits permissible and in the manner permitted under the Companies Act, 1956 or any other applicable law, in force, for the time being. The other terms and conditions of Mr. T. B. Gupta's appointment as Managing Director may be varied, altered, increased or otherwise revised from time to time by the Board as it may in its discretion deem fit, subject to the provisions of the Companies Act, 1956 and other applicable laws, for the time being in force.

e) In terms of Article 109 of the Articles of Association of the Company, Shri T.B. Gupta shall not be liable to retire by rotation during his tenure as Managing Director of the Company.

The appointment of Shri T.B. Gupta as Managing Director on the terms and conditions as set out in the agreement entered into between Shri T. B. Gupta and the Company is subject to the approval of the members. The Board recommends his appointment as set out in Item no. 8 of the accompanying Notice.

A copy of agreement entered into between the Company and Shri T. B. Gupta is available for inspection by the members of the Company at Registered office of the Company between 11:00 a.m. and 1:00 p.m. on all working days till the date of the Annual General Meeting except on Saturdays, Sundays and Holidays.

Shri T. B. Gupta does not hold any shares of the Company. None of the Directors except Shri T. B. Gupta is concerned or interested in the resolution.

By Order of the Board  
For South Asian Enterprises Ltd.  
Sanjog Diwan  
Company Secretary

Place: New Delhi

Date: 27/07/2006

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the Seventeenth Annual Report of your Company with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2006.

1. Financial Results	For the year ended 31 <sup>st</sup> March, 2006	(Rs. in Lakhs) For the year ended 31 <sup>st</sup> March, 2005
Total Income	44.35	62.64
Total Expenditure	57.96	49.38
Interest	0.00	0.00
Gross Profit/(loss)	(13.61)	13.26
Depreciation	17.88	81.23
Provision for taxation (Net)	(5.22)	(27.27)
Other provisions	0.00	0.00
Net Profit after tax	(26.27)	(40.70)
Paid up Equity Share Capital (excluding calls in arrears)	399.90	399.90
Reserves, excluding revaluation reserve	831.47	857.75
Earnings per share (Rs.)	(0.66)	(1.02)

## 2. Management Discussion and Analysis

### Financial Review

Your Company registered a total income of Rs. 44.35 lakhs during the year under review. It is lower by Rs. 18.29 lakhs, as compared to the total income of Rs.62.64 lakhs generated in the previous year.

The Company has incurred a net loss of Rs. 26.27 lakhs as compared to Rs.40.70 lakhs loss incurred for the last year. The inflation coupled with uptrend in unemployment and cost of living vis-à-vis the per capita income at the disposal of target clientele contributed to decline in footfalls. Further, there was no significant improvement on the political front and volatility of law and order situation in the state of Uttar Pradesh. The revenue generation process of the Company took a hit largely by these factors.

The silver lining was that with the help of public authorities, the issue of inadequate infrastructure including poor maintenance of approach roads around Kanpur Park was resolved and an increase of 8.21% was registered in the revenue generated by the Kanpur Park during the year. As part of the Company's business initiatives to augment revenues and sustain ridership base, more rides have been added.

### Industry Structure and Development

In spite of volatility on economic front, the Indian amusement industry has continued to recover on an optimistic note. Amusement parks have penetrated into smaller towns with many new parks in pipeline in the northern sector. According to the Indian Association of Amusement Parks and Industries (IAAPI), investments up to Rs 3,000 to Rs 5,000 crore are expected towards setting up and operating 60 new amusement parks nationwide. The outlook for the sector is bright with investments manifesting in the form of theme parks, water parks, family entertainment centers, multiplexes, interactive arcades, food bazaar and sports zones. Your Company intends to capitalize on the opportunities in the sector and is carefully weighing various alternatives.

### Outlook, risks and concerns

The amusement industry including your Company continues to be saddled with constraints like local govt. policies and bureaucratic delays restraining high growth rates. Further, continuous innovation, maintenance expenditure and stiff competition from other sources of entertainment have put profit margins of the industry under pressure. Your company also operates on thin