

SUBWAY FINANCE & INVESTMENT CO. LTD



23RD ANNUAL REPORT 2005-2006

SUBWAY FINANCE & INVESTMENT COMPANY LIMITED.

BOARD OF DIRECTORS

MR. K.V.VAKARIA

MR. U.R. AGARWAL

MR. V. R. YADAV

AUDITORS

M/s. J.S. BHATIA & CO
Chartered Accountants
14/15, Ashoka Centre,
2nd Floor,
Lokmanya Tilak Marg,
Mumbai – 400 001.

BANKERS

PUNJAB & SIND BANK
J.K. Somani Bldg.,
British Hotel Lane, Fort,
Mumbai – 400 023.

UNION BANK OF INDIA
Bombay Samachar Marg,
Mumbai – 400 023.

REGISTERED OFFICE

25, Ambalal Doshi Marg,
(Hamam Street), Fort,
Mumbai – 400 023.

NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of **SUBWAY FINANCE & INVESTMENT COMPANY LIMITED** will be held on Friday, 29th September 2006 at 11:00 A.M. at the Registered Office of the Company at 25, Ambalal Doshi Marg, Hamam Street, Fort, Mumbai -400 023 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Statement of Accounts for the year ended 31st March 2006 and Balance Sheet as on that date along with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Umanath Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. J. S. Bhatia & Co., Chartered Accountants, the retiring Auditors as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting of the Company 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 an Ordinary Resolution:

"RESOLVED THAT Mr. Kantilal Vakharia, who was appointed as an Additional Director the Company with effect from 10th December 2005 pursuant to the provisions of Section 260 of the Companies Act, 1956 and in accordance with the Articles of Association of the Company and whose term expires at the 23rd Annual General Meeting of the Company and for the appointment of whom the Company has received a notice under Section 257 of the said act from a shareholder proposing the candidature of Mr. Kantilal Vakharia for the office of a Director of the Company, be and is hereby appointed as a Director of the Company whose period of office shall be subject to retirement by rotation."

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

"RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorized Share Capital of the Company be and is hereby increased from Rs. 25,00,000/- (Rupees Twentyfive Lacs only) divided into 2,50,000 (Two Lacs Fifty Thousand) Equity Shares of Rs.10/- (Rupees Ten only) each to Rs. 1,15,00,000/- (Rupees One Crore Fifteen Lacs only) divided into 11,50,000 (Eleven Lacs Fifty Thousand) Equity Shares of Rs.10/- (Rupees Ten only) each by creation of 9,00,000 (Nine Lacs) new Equity Shares of Rs.10/- (Rupees Ten only) each."

"RESOLVED FURTHER THAT pursuant to Section 16 and other applicable provisions, if any, of the Companies Act, 1956, the existing Clause "V" of the Memorandum of Association of the Company relating to share capital be and is hereby

altered by deleting the same and substituting in its place, the following as new Clause "V":

V. The Authorised Share Capital of the Company is Rs.1,15,00,000/- (Rupees One Crore Fifteen Lacs only) divided into 11,50,000 (Eleven Lacs Fifty Thousand) Equity Shares of Rs.10/- (Rupees Ten only) each with rights, privileges and conditions attached thereto as are provided by the Articles of Association of the Company for the time being, with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company."

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

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the existing Article 3(a) of the Articles of Association of the Company be and is hereby deleted and the following article be substituted in its place as new Articles 3(a):

3(a) The Authorized Share Capital of the Company is Rs. 1,15,00,000/- (Rupees One Crore Fifteen Lacs only) divided into 11,50,000 (Eleven Lacs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten only) each with power to increase and/or reduce the capital of the Company in accordance with the provisions of the act and to divide the shares in the increased capital into several classes and attach thereto respectively such preferential, qualified or special rights, privileges and conditions in such manner as may be permitted for the time being."

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

"RESOLVED THAT in accordance with the relevant provisions of the Articles of Association of the Company and pursuant to the provisions of sub-section (3) of Section 205 of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof), and the Listing Agreement(s) entered into by the Company with the Stock Exchange(s) where the securities of the Company are listed and subject to the approvals, sanctions, permissions and consents of the Financial Institutions (FI's), Securities and Exchange Board of India (SEBI), Reserve Bank of India, Government of India and all other relevant authorities, if any, (hereinafter collectively referred to as "Appropriate Authorities") and subject to the guidelines issued by the Securities and Exchange Board of India and such approvals as may be required in this regard, consent of the members be and is hereby accorded to the Board of Directors of the Company (herein after referred to as the Board, which expression shall be deemed to include a Committee of Directors duly authorized in this behalf), to appropriate and capitalize out of the General Reserves and accumulated balance in the Profit & Loss Account of the

Company, such amount as may be considered necessary by the Board for the purpose of issue and allotment of 8,57,500 (Eight Lacs Fiftyseven Thousand Five Hundred) Equity Shares of Rs. 10/- each as fully paid up bonus shares in proportion of Seven (7) New Equity Shares of Rs. 10/- each as against every Two (2) existing Equity Share of Rs. 10/- fully paid up in the paid-up Share Capital of the Company, to the holders of the existing equity shares of the Company whose names appear in the Register of Members of the Company on the Record Date as may be determined by the Board in consultation with the Stock exchanges, subject to the condition that the recipients of such bonus shares shall become entitled to the new Equity Shares as capital and not as income."

"RESOLVED FURTHER THAT no fractional Certificates shall be issued by the Company in respect of fractional entitlements, if any to which the members may be entitled on issue of bonus shares and the Board shall instead consolidate all fractional entitlements and thereupon issue and allot equity Shares in lieu thereof to a Director or an Officer of the Company who shall hold such shares in trust on behalf of the concerned members with the express understanding that such Director or Officer to whom such Equity Shares shall be allotted shall sell the same in the market at the best available price and pay to the Company the net sale proceeds thereof whereupon the Company shall distribute such net sale proceeds to the members in proportion to their respective fractional entitlements."

"RESOLVED FURTHER THAT the new Equity Shares referred to hereinabove, shall be subject to the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with the existing Equity Shares of the Company."

"RESOLVED FURTHER THAT no allotment letters shall be issued to the allottees of the bonus shares and that the certificate(s) in respect of bonus shares shall be completed and thereafter be dispatched to the allottees thereof within the period prescribed or that may be prescribed in this behalf, from time to time, except in respect of those allottees who opt for issue of shares in dematerialized form."

"RESOLVED FURTHER THAT for the purposes of giving effect to the bonus issue of Equity Shares, the Board and other designated officers of the Company be and are hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose, including without limitation, filing a registration statement, if any, and other documents with the Securities and Exchange Board of India, listing the additional Equity Shares on the Bombay Stock Exchange Limited, as the case may be, amending, if necessary,"

"RESOLVED FURTHER THAT the Board be and it is hereby authorised to take all other steps as may be necessary to give effect to the aforesaid resolution and to determine all other terms and conditions of the issue of bonus shares as the Board may in its absolute discretion deem fit.

On behalf of the Board
For Subway Finance & Investment Company Limited

Place: Mumbai
Dated: 30th June 2006

V.R. YADAV
DIRECTOR

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, if any, in order to be effective must be received at the Company's Registered Office not later than 48 hours (fortyeight hours) before the time fixed for holding the meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, 23rd September 2006 to Friday, 29th September 2006 (both days inclusive).
4. Shareholders are requested to forward their queries on the Accounts for the financial year ended 31st March, 2006 to the Registered Office of the Company at least 10 days in advance to enable the Company to keep the information ready at the meeting.
5. The Annual Reports and Attendance slips will not be distributed at the Annual General Meeting. Shareholders are requested to bring the same along with them.

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

ITEM NO. 4

Mr. Mr. Kantilal Vakharia was appointed as an Additional Director of the Company with effect from 10th December 2005. Pursuant to the provisions of the Section 260 of the Companies Act, 1956, the term of office as Additional Director of the aforesaid person shall expire at the 23rd Annual General Meeting of the Company. In the meantime, the Company has received notice under Section 257 of the said act from a shareholder proposing the candidature of Mr. Mr. Kantilal Vakharia for the office of Director of the Company. The Board recommends the appointment of Mr. Kantilal Vakharia as a Director of the Company.

The resolution vide Item No. 4 is therefore proposed for the approval of the Members.

Except Mr. Kantilal Vakharia no other Director shall be deemed to be concerned or interested in the resolution.

ITEM NO.5 and 6:

At present, the Authorized Share Capital of the Company is Rs. 25,00,000/- divided into 2,50,000 Equity Shares of Rs. 10/- each. The Board of Directors at its meeting held on 30th June 2006 have recommended the issue of Bonus Shares to the existing members in the ratio of 7:2 i.e. Seven fully paid up equity shares of Rs.10/- each for every Two equity shares held as on the record date. The issue of Bonus shares on being approved by the members of the Company will increase the issued and paid up share capital of the Company beyond the

current limit and hence the authorized share capital of the Company needs to be increased to accommodate the issue of Bonus shares.

In view of this, it is proposed to increase the authorized Share Capital from Rs. 25,00,000/- divided into 2,50,000 Equity Shares of Rs. 10/- each to Rs.1,15,00,000/- divided into 11,50,000 Equity Shares of Rs. 10/- each.

Consequent to increase in the Authorized Share Capital of the Company, Clause V of the Memorandum of Association and Article 3(a) of the Articles of Association of the Company shall be required to be altered suitably so as to reflect the increase in the Authorized Share Capital.

A copy of the Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at its Registered Office between 11:00 a.m. to 1:00 p.m. on any working day of the Company.

The resolutions proposed in Item Nos. 5 & 6 are therefore, recommended for your approval.

None of the Directors shall be deemed to be concerned or interested in the said resolutions except to the extent of their respective shareholding in the Company or to the extent of shareholdings of the Companies in which they are directors.

ITEM NO. 7:

In order to bring the paid up capital of the Company more in line with the capital employed, the Board at its meeting held on 30th June 2006 recommended an issue of Bonus Shares in the proportion of 7(Seven) new Equity Shares of the Company of Rs.10/- each for every 2(Two) existing Equity Shares of the Company of Rs.10/- each held by the Members on a date to be fixed by the Board, by capitalizing a part of General Reserve Account and/or Profit and Loss Account.

Under the Articles of Association of the Company and the guidelines framed by the Securities and Exchange Board of India for the issue of Bonus Shares, it is necessary for the members to approve the issue of Bonus Shares.

In view of the proposal contained in Item No. 7 of this Notice, it is necessary to authorize the Board of Directors of the Company to complete all the necessary formalities that may be prescribed by the Securities and Exchange Board of India, the Stock Exchanges on which the securities of the Company are listed and any other regulatory authority.

Accordingly, the resolution at Item No. 7 seeks the approval of members to issue Bonus shares on the terms and conditions set out in the resolution. The Board recommends the resolutions set forth in the Item No. 7 for approval of the Shareholders.

None of the Directors shall be deemed to be concerned or interested in the said resolutions except to the extent of their respective shareholding in the Company or to the extent of shareholdings of the Companies in which they are directors.

**On behalf of the Board
For Subway Finance & Investment Company Limited**

**Place: Mumbai
Dated: 30th June 2006**

**V.R. YADAV
DIRECTOR**



DIRECTORS' REPORT*Dear Members,*

Your Directors have pleasure in presenting the 23rd Annual Report on the business operations of the Company along with the Statement of Audited Accounts for the year ended 31st March 2006.

Financial Results:**(Rupees in Lacs)**

Particulars	Year Ended 31st March 2006	Year Ended 31st March 2005
Total Income	79.03	17.96
Profit before Interest, Depreciation & Taxation	76.80	16.42
Less: Interest	2.21	9.95
Profit before Depreciation & Tax	74.59	6.47
Less: Depreciation	1.12	1.80
Profit before Tax	73.47	4.67
Less: Provision for Tax		
Current Tax	(11.79)	1.87
Add: Deferred Tax	0.51	(0.05)
Excess Provision for Taxation	0.01	-
Net Profit after Tax	62.20	2.85
Balance brought forward from Last year	37.08	34.80
Transfer to Statutory Reserve	-	0.57
Balance carried forward to Balance Sheet	99.28	37.08

Operations

During the year under review, the Company has earned a majority of its revenue i.e. Rs. 69.25 Lacs from the sale of Fixed Assets whereas the interest and other income generated from Truck on hire were constant. Therefore, the profit has increased remarkably from Rs. 2.85 Lacs in the previous year to Rs.62.20 Lacs.

Your Company is optimistic about its growth prospects for the current financial year.

Dividend:

With a view to conserve the resources of the Company, your Directors have not recommended any payment of dividend for the year under review.

Issue of Bonus Shares:

The Directors have, subject to the approval of the shareholders, approved a bonus issue of equity shares in the ratio of SEVEN equity shares of the Company of Rs.10/- each for every TWO equity Shares of the Company as on a Record Date to be fixed later. Necessary Resolutions for obtaining the approval of the shareholders for issue of bonus shares as aforesaid together with

proposal for increase of Authorised Share Capital have been incorporated in the Notice of the forthcoming Annual General Meeting of the Company.

Directors:

Mr. Umanath Agarwal is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Board recommends his re-appointment.

Mr. Kantilal Vakharia who was appointed as an Additional Director of the Company during the year pursuant to the provisions of Section 260 of the Companies Act, 1956 would vacate his office on the date of the ensuing Annual General Meeting of the Company. The Company has received Notices under Section 257 of the said act from a shareholder proposing the candidature of Mr. Vakharia for the offices of Director of the Company. Accordingly, resolution has been proposed in the Notice of the forthcoming Annual General Meeting of the Company for the appointment of Mr. Vakharia as a Director of the Company.

Mr. N.N. Parekh had due to his other pre-occupations tendered resignation with effect from 10th December 2005. Your Board places on record their deep appreciation for the valuable contribution made by the outgoing Director during his association with the Company.

Particulars of Employees:

During the year under review, none of the employees of the Company was in receipt of remuneration aggregating Rs.24,00,000/- or more per annum, if employed throughout the year, or Rs.2,00,000/- or more per month, in case employed for part of the year. Hence, there are no particulars to be annexed to this report as required under Section 217 (2A) of the Companies Act, 1956 and the rules made thereunder.

Directors' Responsibility Statement:

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, your Directors confirm the following:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- that the Directors have selected such accounting policies and applied them consistently and made judgments 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 31st March, 2006 and of the profit of the Company for that period;
- that the Directors have taken proper and sufficient care 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.
- that the annual accounts for the year ended March 31, 2006 have been prepared on a going concern basis.