

SEVENTH ANNUAL REPORT 2000 - 2001

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TRC Financial Services Ltd.

BOARD OF DIRECTORS

T. R. Chadha - Chairman
Prem Nath Anand
Anuj Anand
Harsukh B. Gohel
Manu Chadha
Sumant Chadha
Deepak Virmani
(Alternate to Prem Nath Anand)
Ajesh Tuli
(Alternate to Anuj Anand)

**FINANCIAL CONTROLLER
& COMPANY SECRETARY**

Bharat Bhushan Batra

AUDITORS

Johar & Kathpalia
Chartered Accountants
405, South-Ex Plaza-II
South Extension II
New Delhi - 110 049

BANKERS

Central Bank of India,
Green Park, New Delhi

Canara Bank,
SDA Commercial Complex, New Delhi.

Citi Bank N.A.,
Connaught Place, New Delhi.

REGISTERED OFFICE

C-11, SDA Commercial Complex,
New Delhi - 110 016.

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NOTICE

Notice is hereby given that the Seventh Annual General Meeting of the Members of TRC Financial Services Limited will be held on Friday, the 3rd day of August, 2001 at 11.30 a.m. at ARJUN FARMS, (Khasra No. 11/16), Village Pindwala Khurd, Jhatikra Road, New Delhi-110 071, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2001 and the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors' & Auditors thereon.
2. To appoint a Director in place of Mr. T.R. Chadha, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Anuj Anand, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint 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 to fix their remuneration.

"RESOLVED THAT M/s. Johar & Kathpalia, Chartered Accountants, New Delhi, be and are hereby re-appointed 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 at a remuneration mutually agreed between the Board of Directors of the Company and the Auditors."

SPECIAL BUSINESS :**Item No. 5**

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

"RESOLVED THAT in continuation of the special resolution passed under Sections 81 and 81 (1A) and other applicable provisions of the Companies Act, 1956 in the Annual General Meeting of the Company held on 29.09.2000, the issue of 10,00,000 equity shares of the face value of Rs. 10/- each, aggregating to Rs. 100 lakhs, and allotment of the same on preferential allotment basis to the associate concern, TRC Securities (P) Limited be and is hereby ratified."

By Order of the Board
For TRC FINANCIAL SERVICES LIMITED

Place : New Delhi
Date : 12.06.2001

(B.B. BATRA)
Company Secretary

TRC FINANCIAL SERVICES LIMITED

Notes :

1. The explanatory statement as required by Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL IN HIS/HER STEAD. A PROXY NEED NOT BE A MEMBER OF THE COMPANY, PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 27.07.2001 to 03.08.2001 (both days inclusive).
4. Members are requested to bring their copies of the Annual Report to the meeting, since additional copies will not be available.

EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

It was explained in the last Annual General Meeting held on 29.09.2000 that the network of the company has been depleting due to losses suffered by the company. Accordingly, a resolution for making a preferential issue of shares was approved in the last Annual General Meeting.

However, a detailed disclosure of the preferential issue in terms of which 10,00,000 equity shares of Rs. 10 each aggregating to Rs. 100 lakhs were allotted to an associate company TRC Securities (P) Limited on 18.11.2000 in terms of Regulation 3(1)(c)(ii) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, is now being complied with.

Prior to the allotment, TRC Securities Pvt. Ltd., was holding 32000 equity shares of the total capital of 40,00,900 equity shares i.e. 0.80% of the total capital of TRC Financial Services Limited. After the allotment of 10,00,000 equity shares, their

holding has increased to 10,32,000 equity shares of the total issued capital of 50,00,900 equity shares which consists of 20.63% of the total shareholding. The allotment has not resulted in any change in the Board of Directors or control over the company, as the investment has been made by an associate company having common promoters. The allotment, having been made to an associate concern has resulted in increase in the promoter holding from 58.77% to 67.01% including that of persons acting in concert. The objective of the preferential issue was to increase the network of the company and to augment long terms resources to repay high cost deposits and bank loan.

Your Director(s) are concerned or interested in the resolution, as the allotment was made to an associate concern.

Your Directors recommend adoption of the resolution.

TRC FINANCIAL SERVICES LIMITED

DIRECTORS' REPORT

To The Members of TRC Financial Services Limited

Your Directors' have pleasure in submitting the Seventh Annual Report of your Company together with the audited statement of Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS

The financial results of the Company for the year ended 31st March, 2001 compared to the previous year are summarised below :

	(Rs. in Lakhs)	
	Year ended 31.03.2001	Year ended 31.03.2000
Total Income	125.57	155.88
Profit before Interest & Depreciation	89.97	118.75
Interest	19.96	49.35
Profit after interest but before depreciation	70.01	69.40
Depreciation/Lease Equalisation/ Lease Termination	74.22	81.30
Preliminary, Share Issue & Deferred Revenue Expenditure written off	2.26	2.79
Profit/(Loss) Before Tax	(6.47)	(14.69)
Provision for Tax	(-0.83)	0.20
Profit/(Loss) After Tax	(5.64)	(14.89)

OPERATIONS

The profitability of the company continued to be under strain due to decrease in spreads, high delinquency levels and slow down in disbursements. Further, the defaults have taken their toll by reducing the available balance for circulation in business. The entire focus of the

company is at present on recoveries of its lease and hire instalments.

During the year the company achieved a cash profit of Rs. 70.01 lakhs, as against Rs. 69.40 lakhs in the previous year, but suffered a net loss of Rs. 5.64 lakhs, as against a loss of Rs. 14.89 lakhs in the earlier year. To be in conformity of the guidelines of the Institute of Chartered Accountants of India, the company provided for the shortfall in lease equalisation charge upto 31st March, 2000, amounting Rs. 48.62 lakhs, and included under the head prior period.

The company was well placed in respect of capital adequacy ratio at 61.36% compared to the RBI norms of 15%.

DIVIDEND

Due to loss for the year under review, the Board of Directors do not recommend declaration of any dividend for the year ended 31.03.2001.

RESOURCES

Working Capital Limits

To reduce the interest burden, the company has during the year repaid the working capital limits availed from Central Bank of India of Rs. 150 lakhs.

Public Deposits

As on 31.03.2001 the outstanding public deposits amounted to Rs. 37.27 lakhs as against Rs. 398 lakhs which the company could raise in terms of the prevalent RBI Guidelines.

There were no overdue or unclaimed deposits during and/or at the end of the year.

Additional Resources

During the year the company has made an allotment of 10,00,000 equity shares of the face

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value of Rs. 10 each aggregating to Rs. 100 lakhs to TRC Securities Pvt. Ltd., an associate concern. The augmentation of the resources by Rs. 100 lakhs will go a long way to strengthen the financial position of the company.

CREDIT RATING

The Reserve Bank of India has classified the company an "Equipment Leasing and Hire Purchase Finance Company". Therefore, no rating is required for accepting public deposits upto 1.5 times of the Net Owned Funds.

AUDIT COMMITTEE

Pursuant to the changes made in the Companies (Amendment) Act, 2000, an Audit Committee has been constituted, consisting of the following directors of the company:

Mr. Deepak Virmani

Mr. Sumant Chadha

Mr. Ajesh Tuli

Mr. Deepak Virmani, Chartered Accountant has been elected Chairman of the Audit Committee.

DIRECTORS

Mr. T.R. Chadha and Mr. Anuj Anand, the Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

DEMATERIALISATION OF SHARES

With a view to give better service to the shareholders, the company has decided to get its equity shares dematerialised. Accordingly, the company has appointed M/s. Alankit Assignments Limited as Registrar and Transfer Agents for

electronic connectivity with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the same is expected to be established shortly, after the execution of the respective agreements. The company will intimate to the shareholders as soon as the process is complete.

AUDITORS

M/s. Johar & Kathpalia, Chartered Accountants retire and being eligible, offer themselves for re-appointment.

PARTICULARS ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING AND OUTGO.

Information to be given pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars) Rules, 1988 to the extent applicable, is given below:

Foreign Exchange Earnings and Outgo:

Foreign Exchange earnings	: Nil
Foreign Exchange outgo	: Nil

PARTICULARS OF EMPLOYEES

There is no employee covered under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

1. That in the preparation of annual accounts, the applicable accounting standards have been followed.
2. That the Directors have selected such accounting policies and have applied them

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consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for that period.

3. *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 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.*

4. *That the Directors have prepared the annual accounts on a going concern basis.*

ACKNOWLEDGEMENTS

Your Directors' place on record their deep appreciation to the Bankers, Shareholders, Fixed deposit holders and Customers for their co-operation and support and to the staff members for their contribution towards the performance of the company.

For and on behalf of the Board

Place : New Delhi

Date : 12.06.2001

T.R. CHADHA
CHAIRMAN

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AUDITOR'S REPORT

To
The Members of
TRC Financial Services Limited
C-11, SDA Commercial Complex,
NEW DELHI-110 016

We have audited the attached Balance Sheet of TRC Financial Services Limited as at 31st March, 2001 and the annexed Profit & Loss Account for the year ended on that date and report as follows:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in the Paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to in Paragraph 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 appears from our examination of those books.
 - (c) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.

- (d) In our opinion, the Profit & Loss Account and the Balance Sheet dealt with by this report comply with the Accounting Standards as referred to in Section 211(3C) of the Companies Act, 1956.
- (e) On the basis of the written representation received from the Directors, we report that none of the Directors are disqualified 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 thereon 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 the Balance Sheet, of the state of affairs of the company as at 31st March, 2001, and
 - ii) in the case of the Profit & Loss Account of the loss of the company for the year ended on that date.

For **JOHAR & KATHPALIA**
CHARTERED ACCOUNTANTS

Place : New Delhi
Dated : 12.06.2001

Sd/-
(M.S. JOHAR)
PARTNER

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date to the members of TRC FINANCIAL SERVICES LIMITED on the accounts for the year ended 31st March, 2001)

1. The company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. The fixed assets of the Company have been physically verified by the management during the year, at reasonable intervals. In respect of leased out fixed assets, the company has a practice of physical verification by their own staff at

reasonable intervals in phased manner. No material discrepancies have been noticed on such verification as compared to book records.

2. None of the fixed assets have been revalued during the year.
3. The Company does not have any stocks of finished goods, stores, spare parts and raw materials and, therefore, Clauses (iii), (iv), (v), (vi), (xii) and (xiv) of Paragraph 4(A) of Manufacturing and Other Companies (Auditor's