

MD	<input checked="" type="checkbox"/>			BKC	<input type="checkbox"/>
CS	<input checked="" type="checkbox"/>			DPY	<input type="checkbox"/>
RO	<input checked="" type="checkbox"/>			DIV	<input type="checkbox"/>
TRA	<input checked="" type="checkbox"/>			AC	<input checked="" type="checkbox"/>
AGM	<input type="checkbox"/>	<input checked="" type="checkbox"/>		SHI	<input type="checkbox"/>
YE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>

SEER

INDUSTRIES LIMITED

35th Annual Report
1997 - 98

S E R INDUSTRIES LIMITED

BOARD OF DIRECTORS

Sri Yashvir Goel
Sri Sajjan Kumar Jhunjhunwala
Sri Pratap Singh Lodha
Sri Narendra Goel
Sri Avadhesh Mandelia
Sri B.K. Dhanuka

COMPANY SECRETARY

Ramesh Kumar Bhat

REGISTERED OFFICE

"Foundation House", No.40, 2nd Main
C.K.C. Garden, Mission Road
BANGALORE - 560 027

ADMINISTRATIVE OFFICE

107-108, Mittal Chambers
Nariman Point
MUMBAI - 400 021

BANKERS

Canara Bank
Commercial Centre
Town Hall Branch
BANGALORE - 560 027

The Standard Chartered Bank
23-25, M.G. Road
MUMBAI - 400 001

AUDITORS

M/s. G.V. Sunder and Company
Chartered Accountants
8/2, 2nd Floor, O.T.C. Road
BANGALORE - 560 002

SHARE TRANSFER AGENT

M/s. Raj Consultancy Services
43, Upstairs, III Cross
Link Road, Malleswaram
BANGALORE - 560 003
Phone : 3341765

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the **THIRTY FIFTH ANNUAL GENERAL MEETING** of the Members of the Company will be held at **HOTEL AJANTHA, NO. 22A, MAHATMA GANDHI ROAD, BANGALORE - 560 001 ON TUESDAY, the 29th September 1998 at 12.00 Noon** to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31.03.1998 and the Profit and Loss Account for the financial year ended on that date and the Reports of the Directors and Auditors.
2. To Declare a dividend on Equity Shares for the year 1997-98.
3. To appoint a Director in the Place of Mr. Sajjan Kumar Jhunjhunwala who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in the Place of Mr. Avadesh Mandelia who retires by rotation and is eligible for re-appointment
5. To appoint Auditors and to fix their remuneration.

By Order of the Board of Directors

RAMESH KUMAR BHAT
Company Secretary

Bangalore
30th June, 1998

NOTES :

1. IT IS NOTIFIED THAT THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM THURSDAY THE 24TH SEPTEMBER, 1998 TO THE 29TH SEPTEMBER 1998 (BOTH DAYS INCLUSIVE).
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. THE PROXIES IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED

SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

3. Members/ Proxies should bring the attendance slip duly filled in for attending the meeting.
4. Members desiring any information with regard to Accounts are requested to write to the company atleast 10 days before the date of the meeting, so as to enable the management to keep the information ready.
5. Pursuant to Section 205A of the Companies Act, 1956, all the unclaimed dividends upto the financial year ended 31st March 1994, have been transferred to General Revenue Account of the Central Government . Shareholders who have not encashed the Dividend Warrants for the said period are requested to claim the amount by submitting an application in Form No. II to the Registrar of Companies, Karnataka, E-Wing, II Floor, Kendriya Sadan, Koramangala, Bangalore - 560 034
6. Members are requested to immediately notify in their own interest the Bank/Branch to be specified in the Dividend Warrants and any change in their address to the Company's Share Transfer Agents:

M/s. Raj Consultancy Services
43, III cross, Link Road
Malleshwaram
BANGALORE - 560 003

7. MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT ALONG WITH THEM TO THE GENERAL MEETING.

KEEPING IN MIND THE FINANCE MINISTRY NOTICE TO BANKS AND FINANCIAL INSTITUTIONS AND THE REPORT OF THE WORKING GROUP ON THE COMPANIES ACT, 1956, WE REGRET TO INFORM THAT WE HAVE DECIDED TO DISCONTINUE THE DISTRIBUTION OF GIFTS IN THIS GENERAL MEETING.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors are pleased to present the 35th Annual Report of your Company alongwith the Audited statement of Accounts for the year ended 31st March 1998.

FINANCIAL RESULTS :

The Financial Results for the year ended 31st March, 1998 are as follows :

(Figures in Rupees)

Particulars	Year ended 31.03.98	Year ended 31.03.97
Operating Profit	11,06,830	10,07,979
Other Income	10,43,749	22,48,141
Profit for the year before Depreciation and taxation	21,50,579	32,56,120
LESS : Depreciaion for the year	2,16,848	3,15,531
Profit before Taxation	19,33,731	32,56,120
LESS : Income Tax Provision (Net of excess provision in respect of earlier years)	12,378	11,30,000
Profit after Tax	19,21,353	18,10,589
ADD : Surplus brought forward from last year	59,73,266	53,51,226
Profit available for appropriation	78,94,619	71,61,815

APPROPRIATION :

(a) Transfer to General Reserve	1,00,000	1,00,000
(b) Provision for Dividend @ Rs.1/- per equity share (Previous year @ Rs.1.00 per equity share)	9,89,590	9,89,590
(c) Corporate Dividend Tax	98,959	98,959
(d) Surplus carried to Balance Sheet	67,06,070	59,73,266
	78,94,619	71,61,815

OPERATIONS :

The Year 1997-98 witnessed a significant economic slowdown, which affected the performance of most industries. Political uncertainty as well as the South East Asian crisis in the later part of the year prolonged the recessionary trend. Against this backdrop your Company's total income has gone upto Rs. 602.96 lakhs comparing to last years total income of Rs. 430.57 lakhs reflecting an increase of 40% over the previous year. The net profit of the company is also increased from Rs. 18.10 lakhs to 19.21 lakhs. The net realisation to turnover is less mainly due to intense competition and increase in cost of operation and low margin.

DIVIDEND :

The Directors, keeping in mind the increased requirement of Working Capital, additional Corporate Dividend Tax and availability of distributable profit for the year, have pleasure

in recommrning a Dividend of 10% on the Paid-up Capital for the year ended 31st March, 1998 without deduction of Tax at Source.

DIRECTORS :

In terms of Article 99 of the Articles of Association Sri. Sajjan Kumar Jhunjunwala & Sri. Avadesh Mandelia Directors of the company retire by rotation and being eligible offers themselves for re-appointment.

AUDITORS :

M/s. G.V. Sunder & Co., Chartered Accountants, the Auditors of the Company retire at the conclusion of the 35th Annual General Meeting and are eligible for re-appointment.

The Auditors of the Company have informed, that their appointment if made would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956. The Directors recommend for their re-appointment.

The observation made in the Auditors' Report are self explanatory and, therefore, do not call for any further comments under Section 217 of the Companies Act, 1956.

DISCLOSURES :

Particulars under Companies(Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 on Conservation of Energy, Technology, Absorption are not applicable to your company. The Company did not have any Foreign Exchange Earnings or outgo.

EMPLOYEES :

None of the employees of the Company were in receipt of remuneration exceeding the limits prescribed under Section 217(2A) of the Companies Act, 1956.

PUBLIC DEPOSITS :

The Company has not accepted any public deposit during the year. 4 deposits amounting to Rs.2,81,500 have matured but not been claimed. The Company has written to these depositors for forwarding duly discharged receipts for repayment and/or renewal of the deposits.

LISTING :

The equity shares of the Company are listed with The Bangalore Stock Exchange Limited, The Stock Exchange - Mumbai and The Calcutta Stock Exchange. Necessary listing fee has been paid to the respective stock exchanges.

APPRECIATION :

Your Directors wish to place on record their warm appreciation of the timely assistance and support extended to your company by the Bankers, Shareholders, Fixed Deposit Holders, Government Bodies and employees and look forward their continued support for growth of your company.

By Order of the Board of Directors

NARENDRA GOEL
Chairman

Bangalore
30th June, 1998

AUDITORS' REPORT

TO THE MEMBERS

We have audited the attached Balance Sheet of M/s. S.E.R. INDUSTRIES LIMITED as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date and report that :

1. 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.
2. 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 such books.
3. The Balance Sheet and Profit and Loss Account dealt with in the report are in agreement with the books of account.
4. In our opinion and to the best of our information and according to the explanations given to us, the attached accounts read with the notes thereon and subject to Item No.6 of Accounting Policies under Schedule - R, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - a. In the case of Balance Sheet of the state of affairs of the company as at 31st March, 1998 and
 - b. In the case of Profit and Loss Account of the profit of the Company for the year ended on that date.
5. As required by the manufacturing and other companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate, we further state that :
 - i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. These fixed assets have been physically verified by the management at reasonable intervals. On the basis of explanations given to us, no material discrepancies have been noticed on such verification.
 - ii) None of the fixed assets have been revalued during the year.
 - iii) The stock of stores, spare parts, tyres and tubes have been physically verified by the management at reasonable intervals.
 - iv) The procedures for physical verification of stores, spare parts tyres and tubes followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - v) No material discrepancies have been noticed on physical verification of stores, spare parts, tyres and tubes.
 - vi) In our opinion, the valuation of stores, spare parts, tyres and tubes is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
 - vii) The company has taken loan from companies listed in the register maintained under Section 301 of the Companies Act, 1956. However, the terms of such loans are not prima facie prejudicial to the interests of the Company. The Company has not taken loans from the companies under the same management as defined under Sub-section 1B of Section 370 of the Companies Act, 1956.
 - viii) The Company has granted loans Secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. However, in our opinion the terms and conditions of such loans are not prima facie prejudicial to the interest of the Company. During the year, no loans secured or unsecured, have been granted to the companies under the same management as defined under Sub-section 1B of Section 370 of the Companies Act, 1956.

35th Annual Report 1997-98

- ix) In respect of loans or advances in the nature of loans, given by the company, the parties are repaying the interest and principal amount as stipulated.
- x) In our opinion and according to the information given to us, there are adequate internal control procedures with the size of the Company and the nature of its business for the purchases of stores including components, equipment and other assets.
- xi) The Company has not purchased / sold goods and materials aggregating to Rs.50,000/- or more in value from/to any of the parties listed in the register maintained under Section 301 of the Companies Act, 1956. However, the company has rendered, during the year, service exceeding the value of Rs.50,000/- to a company in which the Directors are interested. The price paid for such services is reasonable having regard to the prevailing market prices for such services.
- xii) As explained to us, on physical verification of stores, spare parts, tyres and tubes, the company is not having unserviceable or damaged goods.
- xiii) The company has complied with the directives issued by The Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956, in respect of deposits renewed/accepted during the year.
- xiv) The company does not have any by-products and scrap except used tyres and tubes, in respect of which the company has reasonable records for sale and disposal.
- xv) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- xvi) The Central Government has not prescribed maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956.
- xvii) The company is regular in depositing the Provident Fund and Employee's State Insurance dues with the appropriate authorities.
- xviii) No undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding as at 31st March, 1998.
- xix) No personal expenses of the employees or directors have been charged to Revenue Account, other than those payable under contractual obligations or in accordance with generally accepted business practices.
- xx) The Company is not a sick industrial company within the meaning of Clause (O) of Sub-Section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- xxi) The company has a reasonable system of recording receipts, issues and consumption of materials and stores commensurate with the size and nature of its business and has a system which provides for a reasonable allocation of materials consumed.
- xxii) The company has a reasonable system of recording manhours utilised.
- xxiii) The company has a reasonable system of authorisation at proper levels and an adequate system of internal control commensurate with the size of the company and the nature of its business, on issue of stores and allocation of stores and labour to jobs.

For and on behalf of
G.V. SUNDER & CO.
Chartered Accountants

G.V. SUNDER
Partner

Bangalore
30th June, 1998

BALANCE SHEET AS ON 31ST MARCH, 1998

	Sch.	31.03.1998		31.03.1997	
		Rs.	Rs.	Rs.	Rs.
A. SOURCES OF FUNDS					
Shareholders Funds					
a. Capital	A	99,45,900		99,45,900	
b. Reserves and Surplus	B	92,62,070	1,92,07,970	84,29,266	1,83,75,166
Loan Funds					
a. Secured Loans	C	3,73,900		7,76,581	
b. Unsecured Loans	D	15,52,717	19,26,617	23,07,606	30,84,187
			<u>2,11,34,587</u>		<u>2,14,59,353</u>
B. APPLICATION OF FUNDS					
Fixed Assets					
a. Gross Block	E	1,26,30,049		1,34,14,320	
b. Less : Depreciation		79,31,260		1,01,20,632	
c. Net Block			46,98,789		32,93,688
Investments					
F			58,81,575		58,86,715
Current Assets, Loans and Advances					
a. Inventories	G	2,11,500		2,11,500	
b. Sundry Debtors	H	94,38,955		71,45,594	
c. Cash and Bank Balances	I	30,01,959		23,93,595	
d. Loans and Advances	J	92,44,050		1,45,87,425	
		<u>2,18,96,464</u>		<u>2,43,38,114</u>	
Less : Current Liabilities and Provisions					
a. Current Liabilities	K	52,32,195		36,85,813	
b. Provisions	L	61,10,046		83,73,351	
		<u>1,13,42,241</u>		<u>1,20,59,164</u>	
Net Current Assets			<u>1,05,54,223</u>		<u>1,22,78,950</u>
Notes on Accounts	R		<u>2,11,34,587</u>		<u>2,14,59,353</u>

Vide our report of even date
For G V SUNDER AND COMPANY
Chartered Accountants

YASHVIR GOEL
Director

B K DHANUKA
Director

G V SUNDER
Partner

Bangalore
30th June, 1998

RAMESH KUMAR BHAT
Company Secretary

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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 1998

	Sch.	31.03.1998 Rs.	31.03.1997 Rs.
INCOME			
Freight Income		5,92,52,237	4,08,08,602
Other Income	M	10,43,749	22,48,141
TOTAL		6,02,95,986	4,30,56,743
EXPENDITURE			
Operational Expenses	N	5,32,35,703	3,49,49,601
Personal Expenses	O	10,90,087	9,02,866
Administrative Expenses	P	34,84,817	33,99,897
Financial Expenses	Q	3,34,800	5,48,259
Depreciation	E	2,16,848	3,15,531
TOTAL		5,83,62,255	4,01,16,155
PROFIT BEFORE TAX		19,33,731	29,40,589
Add : Adjustments related to earlier year - Taxation		7,47,622	—
		26,81,353	29,40,589
Less : Provision for Taxation		7,60,000	11,30,000
PROFIT AFTER TAX		19,21,353	18,10,589
Profit After Tax		19,21,353	18,10,589
Surplus brought forward from previous year		59,73,266	53,51,226
Profit available for appropriation		78,94,619	71,61,815
APPROPRIATION			
a. General Reserve		1,00,000	1,00,000
b. Proposed dividend @ Re.1/- per Equity Share (Previous Year Re.1/- per Equity Share)		9,89,590	9,89,590
c. Corporate Dividend Tax		98,959	98,959
d. Surplus carried to Balance Sheet		67,06,070	59,73,266
Total		78,94,619	71,61,815
NOTES AND ADDITIONAL INFORMATION	R		

Vide our report of even date
For **G V SUNDER AND COMPANY**
Chartered Accountants

YASHVIR GOEL
Director

B K DHANUKA
Director

G V SUNDER
Partner

Bangalore
30th June, 1998

RAMESH KUMAR BHAT
Company Secretary

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE - A

	31.03.1998 Rs.	31.03.1997 Rs.
SHARE CAPITAL		
AUTHORISED		
60,00,000 Equity Shares of Rs. 10/- each	6,00,00,000	6,00,00,000
ISSUED, SUBSCRIBED		
9,99,490 Equity Shares of Rs.10/- each	99,94,900	99,94,900
PAID UP		
9,89,590 Equity Shares of Rs.10/- each fully paid	98,95,900	98,95,900
Add : Amount Paid - up on 9,900 shares forfeited	50,000	50,000
TOTAL	99,45,900	99,45,900

SCHEDULE - B

RESERVES AND SURPLUS

GENERAL RESERVE

As per last Balance Sheet	24,56,000	23,56,000
Add: Transfer from Profit & Loss Account	1,00,000	1,00,000
	25,56,000	24,56,000
Profit and Loss Account	67,06,070	59,73,266
TOTAL	92,62,070	84,29,266

SCHEDULE - C

SECURED LOANS

TERM LOANS

From Tata Finance Limited for the purpose of 4 Light Goods Vehicles against security of the same	—	1,96,164
From Countrywide finance for the purpose of purchase of Cielo Car against security of th same	3,73,900	5,34,039
Bank Overdraft with Canara Bank, Bangalore	—	46,378
	3,73,900	7,76,581

SCHEDULE - D

UNSECURED LOANS

Inter Corporate Loans (including interest accrued Rs.46,217/- Previous Year Rs.98,910/-)	3,96,217	9,98,910
From Others (including interest accrued Rs.31,500/- Previous Year Rs.1,78,696/-)	11,56,500	13,08,696
	15,52,717	23,07,606

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE - E

FIXED ASSETS

Sl. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		Rate of Dep.	Original Cost as on 31.3.97	Additions	Adj. for Sale/Dis.	As on 31/03/98	Upto 31/03/97	For the Year	Adj. for Sale/Disposal	Upto 31/03/98	As on 31/03/98	As on 31/03/97
1.	Land	—	9,13,808	—	—	9,13,808	—	—	—	—	9,13,808	9,13,808
2.	Buildings	3.34	3,11,000	24,25,500	—	27,36,500	74,444	28,366	—	1,02,810	26,33,690	2,36,556
3.	Furniture & Fittings	6.33	3,28,213	2,570	—	3,30,783	2,61,262	10,647	—	2,71,929	58,854	66,931
4.	Motor Cycles	9.5	1,18,011	—	—	1,18,011	74,524	5,785	—	80,309	37,702	43,487
5.	Computers	16.21	1,36,988	9,750	—	1,46,738	93,631	22,019	—	1,15,650	31,088	43,357
6.	Cars	9.50	12,37,871	—	—	12,37,871	4,99,535	1,17,597	—	6,17,132	6,20,739	7,38,336
7.	Office Equipments	4.75	2,77,636	29,700	—	3,06,336	1,44,567	13,177	—	1,57,744	1,48,592	1,33,069
8.	Air Conditioners	4.75	90,905	—	—	90,905	90,902	—	—	90,902	3	3
9.	Work Shop Equipments	4.75	1,48,860	—	—	1,48,860	1,28,246	4,167	—	1,32,413	16,447	20,614
10.	Bicycle	9.5	3,549	1,450	1,775	3,224	1,171	329	926	574	2,650	2,378
11.	Light Goods Vehicle	16.21	28,13,845	—	25,74,822	2,39,023	19,53,913	14,761	17,29,652	2,39,022	1	8,59,932
12.	Trucks	16.21	65,30,128	—	4,07,337	61,22,791	65,30,111	—	4,07,336	61,22,775	16	17
13.	Plant & Machinery	4.75	2,35,199	—	—	2,35,199	—	—	—	—	2,35,199	2,35,199
TOTAL			1,31,46,013	24,67,970	29,83,934	1,26,30,049	98,52,326	2,16,848	21,37,914	79,31,260	46,98,789	32,93,687
(Previous year figures)			(2,28,40,226)	(7,14,583)	(1,01,40,489)	(1,34,14,320)	(1,96,12,367)	(3,15,531)	(98,07,266)	(1,01,20,632)	(32,93,688.00)	(32,27,859.00)

SCHEDULE FORMING PART OF ACCOUNTS

SCHEDULE - F

	31.03.1998 Rs.	31.03.1997 Rs.
INVESTMENTS		
INVESTMENT IN SHARES AND DEBENTURES		
(a) Fully paid-up 2,000 Equity Shares of Rs.10/- each in Apollo Tyres Limited, Face value of Rs.20,000/- Market Value Rs.1,68,000/- (Mumbai Stock Exchange)	47,500	47,500
(b) Fully Paid-up 1,20,000 Equity Shares of Rs 10/- each (including Right Offer 80,000) in Haryana Steel & Alloys Limited Face value Rs.12,00,000/- Market Value Rs.38,40,000/- (Mumbai Stock Exchange)	28,00,000	28,00,000
(c) Fully Paid-up 500 Equity Shares of Rs 10/- each in Indo-Gulf Fertilisers & Chemicals Corporation Limited Market value Rs.18,500/- (Mumbai Stock Exchange)	5,000	5,000
(d) Fully Paid-up 10 Equity Shares of Rs 10/- each in Jai Corp Ltd. (Issued for 100 Equity shares of Rs.10/- each held in Comert Steels Ltd.) Face Value Rs.100/- Market Value Rs.460/- (Mumbai Stock Exchange)	1,000	1,000
(e) Fully Paid-up 72 Equity Shares of Rs 10/- each (Including 36 Equity Share received as bonus shares) in Reliance Industries Limited, face Value Rs 360/- Market Value Rs.12,816/- (Mumbai Stock Exchange)	2,390	2,390
(f) Fully Paid-up 241 Equity Shares of Rs 10/- each in Essar Shipping Limited, (Including 50 Equity Shares received on conversion of Debentures and 91 Equity Shares received on Right offer) Face Value of Rs 2,410/- Market Value of Rs.2,663/- (Mumbai Stock Exchange)	6,025	6,025
(g) Fully Paid-up 100 Equity Shares of Rs 10/- each in Applied Electronics Limited Face Value of Rs.1,000/- Market Value Rs.910/- (Mumbai Stock Exchange)	1,600	1,600
(h) Fully Paid-up 2 Equity Share of Rs 10/- (including 1 No. right offer) in Zuari Agro Chemicals Limited Face Value Rs.20/- Market Value of Rs.228/- (Mumbai Stock Exchange)	90	80
(i) Fully Paid up 100 equity shares of Rs 10/- (including 80 shares received by conversion of Debentures) in Essar Steel Limited Face Value of Rs.1,000/- Market Value of Rs.2,000/- (Mumbai Stock Exchange)	5,500	5,500
(j) Fully Paid-up 3,00,000 Equity Shares of Rs 10/- each in Chambal Fertilizers & Chemicals Limited Face Value of Rs.30,00,000/- Market Value of Rs.35,70,000/- (Mumbai Stock Exchange)	30,00,000	30,00,000

SCHEDULE - F INVESTMENTS (Contd..)

	31.03.1998 Rs.	31.03.1997 Rs.
(k) Fully paid-up 90 Equity shares of Rs.10/- each in Andhra Pradesh Heavy Machinery & Engineering Limited (Unquoted)	900	900
(l) Fully Paid-Up 100 Equity Shares of Rs.10/- each in Indrocks International Limited (Unquoted)	1,000	1,000
(m) Fully paid-up 500 12.5% Non-Convertible Debentures of Rs.15/- each in Apollo Tyres Limited (Mumbai Stock Exchange)	7,500	12,500
(n) Fully paid up 1 No. 14% Secured Redeemable Non-Convertible Debentures of Rs 150/- each in Reliance Industries Limited (Series J) (Quoted) (Mumbai Stock Exchange)	—	150
(o) Fully paid up 6 Nos. 12.5 % Secured Non-Convertible Debentures of Rs 95/- each in Reliance Industries Limited (Series H) (Quoted). Market Value Rs.410/- (Mumbai Stock Exchange)	570	570
(p) Fully paid up 50 Nos 16 % Non-Convertible Debentures Part-B of Rs.50 each in Essar Shipping Limited (Quoted) Market Value of Rs.2,300/- (Mumbai Stock Exchange)	2,500	2,500
	<u>58,81,575</u>	<u>58,86,715</u>

(Aggregate Market Value of Investments in quoted shares Rs.76,15,577/- (Previous year Rs 80,73,961/-)

(Aggregate Market Value of Investments in unquoted debentures Rs.10,210/- (Previous year Rs 16,011/-)

SCHEDULE - G

INVENTORIES

a. Stores, Spares, Tyres and Tubes (At Cost, valued & certified by Management)	2,11,500	2,11,500
	<u>2,11,500</u>	<u>2,11,500</u>

SCHEDULE - H

SUNDRY DEBTORS

a. Outstanding for more than six months	2,05,996	1,58,807
b. Other Debts	92,32,959	69,86,787
TOTAL	<u>94,38,955</u>	<u>71,45,594</u>

SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE - I

	31.03.1998 Rs.	31.03.1997 Rs.
CASH AND BANK BALANCE		
a. Cash in Hand	13,31,564	94,167
b. With Scheduled Banks : Current Account	13,99,282	19,77,676
Dividend Account	1,72,945	1,71,752
Term Deposit	98,168	1,00,000
Funds in Transit	—	50,000
TOTAL	30,01,959	23,93,595

SCHEDULE - J

LOANS AND ADVANCES

(Advances Receivable in cash or in kind or for value to be received
- unsecured and considered good) Advance for purchases & others
(Includes Trade advance to firms in directors are interested Rs.NIL
(Previous YearRs.9,67,282/-)

	41,73,694	51,83,613
Land Advance	—	15,40,000
Advance Income Tax	12,10,161	10,31,421
Deposits	3,25,662	1,91,863
Staff and Driving Contractor Advances	45,587	66,808
Other Loans	34,83,810	65,58,341
Interest accrued but not due	5,136	15,379
TOTAL	92,44,050	1,45,87,425

SCHEDULE - K

CURRENT LIABILITIES

Sundry Creditors : Purchases	16,650	27,324
Others	5,29,695	2,78,181
Outstanding Liabilities	41,93,325	31,95,541
Share Application Money Refundable	13,015	13,015
Unclaimed Dividend on shares	1,72,945	1,71,752
Books Overdraft - Allahabad Bank	3,06,565	—
TOTAL	52,32,195	36,85,813

SCHEDULE - L

PROVISIONS

Income Tax	50,21,497	72,84,802
Proposed Dividend	9,89,590	9,89,590
Corporate Dividend Tax	98,959	98,959
TOTAL	61,10,046	83,73,351

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SCHEDULES FORMING PART OF ACCOUNTS

SCHEDULE - M

OTHER INCOME

	31.03.1998 Rs.	31.03.1997 Rs.
Miscellaneous Receipts	4,68,066	—
Dividend from Shares	5,61,342	5,61,960
Interest Income	14,341	1,34,001
Profit on sale of Fixed Assets	—	15,52,180
TOTAL	10,43,749	22,48,141

SCHEDULE - N

OPERATIONAL EXPENSES

Diesel and Lubricants	10,41,687	9,32,006
Freight Charges	4,86,84,509	3,06,51,342
Insurance	19,864	51,289
Miscellaneous Operational Expenses	18,28,610	8,61,499
Rates and Taxes	2,25,811	2,67,463
Repairs and Maintenance	1,28,893	2,76,668
Trip Charges	11,43,651	12,64,405
Tyres, Tubes and Flaps	1,62,678	6,44,930
TOTAL	5,32,35,703	3,49,49,601

SCHEDULE - O

PERSONNEL EXPENSES

Salary and Allowances	8,63,548	6,88,163
Bonus	56,402	61,733
Staff Welfare	1,09,464	1,07,653
Provident Fund	44,866	35,754
Employees State Insurance	15,807	9,563
TOTAL	10,90,087	9,02,866

SCHEDULE - P

ADMINISTRATIVE EXPENSES

Rent	6,05,466	5,62,674
Water & Electricity Charges	1,50,720	81,673
Insurance for Cars & Two Wheelers	21,073	21,545
Establishment Charges	1,92,658	96,303
Postage & Telegram	86,614	68,449
Printing & Stationery	1,34,119	1,34,161
Telephone & Telex	4,82,018	4,25,379
Books & Periodicals	10,444	9,394
Director's Sitting Fees	5,000	4,000
Professional and Legal Charges	19,360	43,886
Balance c/f	17,07,472	14,47,464

SCHEDULE - P (Contd..)

	31.03.1998 Rs.	31.03.1997 Rs.
Balance b/d	17,07,472	14,47,464
Auditors' Remuneration :		
Audit Fee	12,500	10,000
Tax Audit Fee	2,500	2,500
A G M expenses	13,033	26,100
General expenses	3,74,724	2,99,739
Listing Fees & filing Fees	38,210	36,340
Share Issue Expenses Written Off	—	20,906
Repairs & Maintenance - Others	1,33,297	7,80,942
Cars & Two Wheelers maintenance	2,58,271	3,20,860
Travelling & Conveyance	4,09,420	3,39,317
Press Notices & Advertisement Expenses	64,969	1,15,729
Loss on sale of Fixed Assets	4,70,421	—
TOTAL	34,84,817	33,99,897

SCHEDULE - Q**FINANCIAL EXPENSES**

Bank Interest on Loans	79,071	30,581
Bank Charges	80,981	95,826
Interet on deposits	52,570	2,84,726
Service Charges on Cars & LCVs	1,22,178	1,37,126
TOTAL	3,34,800	5,48,259

SCHEDULE - R**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1998****A. ACCOUNTING POLICIES**

- 1) Financial statements have been prepared under historical cost and on accrual basis of accounting.
- 2) Fixed Assets have been capitalised at its acquisition cost and other direct cost attributable to bring the assets to its working condition for intended use.
- 3) a) Depreciation of fixed assets is provided on straight linemethod in accordance with the rates specified in the Schedule XIV to the Companies Act, 1956/
b) Depreciation on assets acquired during the year has been provided on a pro-rata basis.
c) Depreciation is not charged on the assets which are not put to actual use.
- 4) Stock of stores and spares have been valued at lower cost or market value.

SCHEDULE - R (Contd..)

- 5) Investments are stated at cost.
- 6) Gratuity payable in respect to the employees are accounted on cash basis. Hence, no provision has been made for present liability in respect of future payment of gratuity. The gratuity liability as on 31st March, 1998 is estimated on arithmetical basis is Rs.1,15,132/- (Previous year Rs.1,05,864/-).

B. NOTES ON ACCOUNTS :

- 1) The Company is contingently liable in respect of bank guarantee issued to the extent of Rs.5,00,000/- (Previous year Rs.3,00,000/-).
- 2) Claims against the company not acknowledged as debt is Rs.Nil (Previous year Rs.Nil)
- 3) Estimated amount of contracts remaining to be executed on Capital Accounts not provided for is Rs.Nil (Previous year Rs.Nil).
- 4) Figures of the previous year have been regrouped or rearranged wherever necessary.
- 5) Expenditure in Foreign Currency : Nil
- 6) Additional information required :

Paragraph 3, 4C & 4D of Part II of the Schedule VI to the Companies Act, 1956, is applicable only to the extent that the Gross Income is derived from the Services rendered. This information has been appropriately given in the Profit & Loss Account. Other requirements of these paragraphs are not applicable as the company is rendering services and is not engaged in manufacturing or trading of any kind.

Vide our report of even date
For G V SUNDER AND COMPANY
Chartered Accountants

YASHVIR GOEL
Director

B K DHANUKA
Director

G V SUNDER
Partner

Bangalore
30th June, 1998

RAMESH KUMAR BHAT
Company Secretary

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31ST MARCH , 1998

A. CASH FLOW FROM OPERATING ACTIVITIES	Year ended 31.03.1998 (Rs. in lacs)	Year ended 31.03.1997 (Rs. in lacs)
Net Profit Before Tax	19.34	29.41
Adjustment for:		
Depreciation	2.17	3.16
Interest and Dividend Income	(5.75)	(6.96)
Interest Expenditure	3.35	5.48
Profit on Sale of Assets		(15.52)
Loss on Sale of Assets	4.70	
Amortisation of Miscellaneous Expenses		0.21
Operating Profit before Working Capital Changes	23.81	15.78
Adjustment for:		
Increase in Loans and Advances		(25.35)
Decrease in Loans and Advances	55.22	
Increase in Sundry Debtors	(22.94)	(37.98)
Increase in Current Liabilities	15.46	28.56
Cash Generation from Operations	71.55	(18.99)
Interest Received	0.14	1.34
Interest Paid	(2.82)	(2.64)
Direct Tax Paid (Net of refund and adjustment)	(25.55)	(7.95)
NET CASH FROM OPERATING ACTIVITIES (A)	43.32	(28.24)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Dividend Received	5.61	5.62
Sale of Fixed Assets	3.76	18.85
Additions to Fixed Assets	(24.68)	(7.15)
Purchase of Investment	0.05	0.01
NET CASH FROM INVESTING ACTIVITIES (B)	(15.26)	17.33
C. CASH FLOW FROM FINANCIAL ACTIVITIES:		
Repayment of Term Loan	(11.57)	2.28
Dividend Paid	(9.89)	(12.64)
Interest Paid	(0.53)	(2.84)
NET CASH FLOW FROM FINANCIAL ACTIVITIES (C)	(21.99)	(13.20)
Net Increase / (Decrease) in cash and cash equivalents (A + B + C)	6.07	(24.11)
CASH AND CASH EQUIVALENTS (OPENING)		
Cash and Bank Balance	22.22	46.33
CASH AND CASH EQUIVALENTS (CLOSING)		
Cash and Bank Balance	28.29	22.22

NOTES TO CASH FLOW STATEMENTS

1. Figures in brackets indicate cash outflow and without brackets indicate cash inflow
2. Direct taxes paid is treated as arising from Operating Activities and is not bifurcated between Investing and Financing Activities.

For and on behalf of the Board
B.K. DHANUKA
Director

AUDITORS REPORT

We have examined the above Cash Flow Statement of M/s. SER Industries Limited for the year ended 31st March, 1998 and verified that it has been derived from the audited accounts (and the under-lying records of the company reported on by us as per our report date 30th June, 1998.

For and on behalf of the Board
For G.V. SUNDER AND COMPANY
Chartered Accountants

G.V. SUNDER
Partner

BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT 1956

I. REGISTRATION DETAILS

Registration No.	:	4604	State code	:	080
Balance Sheet date	:	31.03.98			

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RUPEES THOUSANDS)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private placement	NIL

III. POSITION OF MOBILISATION DEPLOYMENT OF FUNDS (AMOUNT IN RUPEES THOUSANDS)

	Total Liabilities	Total Assets
	32477	32477
SOURCES OF FUNDS	Paid-up Capital	Advance against Equity
	9946	NIL
	Reserves & Surplus	Secured Loans
	8562	374
	Unsecured Loans	
	1553	
APPLICATION OF FUNDS	Net Fixed Assets	Capital Works in Progress
	4699	NIL
	Investments	Net Current Assets
	5882	10554
	Misc. Expenditure	Accumulated Losses
	NIL	NIL

IV. PERFORMANCE OF COMPANY (AMOUNT IN RUPEES THOUSANDS)

Turnover	60296	Total Expenditure	58362
Profit before tax	1934	Profit After Tax	1921
Earning per Share in Rs. 1.93		Dividend @ 10%	

V. GENERIC NAMES OF THREE PRINCIPAL PRUCTS OF COMPANY(AS PER MONETARY TERMS)

Item Code No. (ITC Code)	N.A.	Item Code No.(ITC Code)	N.A..
Product Description	Transportation	Product Description	N.A.
Item Code No.(ITC Code)	N.A.		
Product Description	N.A.		

S E R INDUSTRIES LIMITED

"Foundation House", #40, 2nd Main,
C K CGarden, Mission Road,
Bangalore - 560 027

ATTENDANCE SLIP

No. of Shares

Folio

To be handed over at the entrance of meeting hall

Name and Address

**35th Annual
General Meeting
on 29.09.1998**

I certify that I am a Registered Shareholder of the Company.

I hereby record my presence at the above Annual General Meeting of the Company

A Member/Proxy wishing to attend the meeting must complete this attendance slip and hand it over at the entrance of the meeting hall.

Name of Proxy (if any) in BLOCK LETTERS

Signature of Member/Proxy

S E R INDUSTRIES LIMITED

"Foundation House", #40, 2nd Main,
C K CGarden, Mission Road,
Bangalore - 560 027

PROXY FORM

No. of Shares

Folio

I/We _____

of _____

being a member / members of S E R INDUSTRIES LIMITED hereby appoint

of _____ or failing him _____

of as my/our proxy to attend and vote for me/us on my/our behalf at the 35th Annual General Meeting of the Company to be held at HOTEL AJANTHA, NO. 22A, MAHATMA GANDHI ROAD, BANGALORE - 560 001 ON TUESDAY, the 29th September 1998 at 12.00 Noon.

Affix
Revenue
Stamp
Rs.1.00

Signed

NOTE : Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. This form duly completed should be deposited at the Registered Office of the Company at Bangalore not later than 48 hours before the commencement of the meeting.

BOOK-POST

Under Certificate of Posting

If undelivered please return to :

S E R INDUSTRIES LIMITED

*"Foundation House", #40, 2nd Main,
C K CGarden, Mission Road,
Bangalore - 560 027*