

SER INDUSTRIES LIMITED

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34th **Annual Report 1996-97**

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	Sri Sriram. K.
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, Melleswaram BANGALORE - 560 003 Phone : 3341765.

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the THIRTY FOURTH ANNUAL GENERAL MEETING of the Company will be held at HOTEL AJANTHA, NO.22A, MAHATMA GANDHI ROAD, BANGALORE - 560 001 on MONDAY, the 29th September, 1997 at 11.30 a.m. to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997 and the Profit & Loss Account for the Financial Year ended on that date and the Reports of Directors and Auditors thereon.
2. To declare a Dividend on Equity Shares for the Financial Year ended 31st March, 1997.
3. To appoint a Director in place of Sri Pratap Singh Lodha, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Sri Yashvir Goel, who retires by rotation and being eligible offers himself for reappointment.
5. To appoint a Director in place of Sri Narendra Goel, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint Auditors and to fix their remuneration. M/s. G.V. Sunder and Company, Chartered Accountants, Bangalore who retire and are eligible for reappointment.

Bangalore
30th June, 1997

By Order of the Board
(Sriram K.)
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE IN HIS STEAD. A PROXY NEED NOT BE A MEMBER OF THE COMPANY. 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.
2. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 16.09.97 TO 29.09.97 (BOTH DAYS INCLUSIVE).
3. Warrants for Dividend, if declared, will be sent to the members registered in the books of the company as on 29th September 1997.
4. Pursuant to Section 205A of the Companies Act, 1956, all the unclaimed dividends upto the financial year ended on 31st march, 1993, have been transferred to the 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 in the prescribed Form No II under Companies Unpaid Dividend (Transfer to General Revenue Account of The Central Government) Rules, 1978 to The Registrar of Companies, Karnataka, E-Wing, 2nd floor, Kendriya Sadan, Koramangala, Bangalore - 560 034.
5. If you are desirous that the Dividend warrants of our Company be sent to you favouring your bank account in order to avoid any fraudulent encashments, please send the details of your registered Folio No, Name, Current/Savings Bank Account number and the Name of the Bank and Branch, etc., to our Share Transfer Agent M/s. **Raj Consultancy Services**, # 43 3rd Cross, Link Road, Malleswaram, Bangalore - 560 003 on or before 17th September 1997
6. Members desiring any information pursuant to the items on the agenda are requested to write to the Company well in advance so as to enable the management to keep information available at the meeting.
7. Members/Proxies are requested to bring the attendance slip duly filled in and hand it over at the entrance of the meeting Hall.

MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT ALONG WITH THEM TO THE ANNUAL 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 METING.

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Thirty Fourth Annual Report of the Company together with the Audited Statement of Accounts for the Financial Year ended 31st March, 1997.

FINANCIAL RESULTS

The Financial Results for the year ended 31st March, 1997 are as follows:-

(Figures in Rupees)

	Year ended 31/03/1997	Year ended 31/03/1996
Operating Profit-	10,07,979	9,00,706
Add : Other Income	22,48,141	41,89,532
Profit for the year before Depreciation and Taxation	32,56,120	50,90,238
LESS : Depreciation for the year	3,15,531	27,69,036
Profit Before Taxation	32,56,120	23,21,202
LESS : Income Tax Provision	11,30,000	9,00,000
Profit After Tax	18,10,589	14,21,202
ADD : Surplus brought forward from last year	53,51,226	52,17,532
Profit available for appropriation	71,61,815	66,38,734
APPROPRIATION :		
(a) Transfer to General Reserve	1,00,000	1,00,000
(b) Provision for Dividend @ Re. 1/- per equity Share (previous year @ Rs 1.20 per equity share)	9,89,590	11,87,508
(c) Corporate Dividend Tax	98,959	--
(d) Surplus carried to Balance Sheet	59,73,266	53,51,226
Total	71,61,815	66,38,734

OPERATIONS

The world is full of competition and the transportation business is not an exception to this. The principle of "survival of the fittest" applies to the Transportation Industry in the best way.

The year under review was a difficult one for the economy in general and for the transport sector in particular, due to strikes by the transporters in protest against imposition of Service Tax and Octroi.

Despite these difficulties the turnover of the Company increased by 7.10% to Rs.408.09 lakhs as against Rs.381.76 lakhs in the previous year.

The Operating Profit of the Company was increased by 11.91% even though the margin of Profit was under-stress due to increase in cost of operation, fuel and the woefully inadequate supporting infrastructure like roads and highway networks.

The Profit after Tax was substantially higher at Rs.18.11 lakhs as against Rs.14.21 lakhs an increase of 27.40% in comparison to the previous year.

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 recommending a Dividend of 10% on the Paid-up Capital for the year ended 31st March, 1997 without deduction of Tax at Source.

DIRECTORS

In terms of Article 99 of the Articles of Association Sarvashri Pratap Singh Lodha, Yashvir Goel and Narendra Goel, Directors of the company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-election.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The company has no activity of which the company is required to furnish information regarding conservation of energy or technology absorption. The information relating to foreign exchange outgo is given in the notes of accounts vide item No. 7 in Schedule R.

PUBLIC DEPOSITS

The company's public Deposit Scheme was continued during the year. 19 deposits amounting to Rs 11.30 lakhs which have matured were either renewed or repaid on the due dates.

PARTICULARS OF EMPLOYEES

None of the employees was in receipt of remuneration during the year or part of the year exceeding such sum as prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

AUDITORS' REPORT

The Auditors in their report have referred to item 6 of accounting policies under Schedule R. The explanation contained in this note may be treated as information/explanation submitted by the board as required under Section 217(3) of the companies act, 1956.

AUDITORS

M/s G V Sunder And Company, Chartered Accountants, Bangalore, the statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

ACKNOWLEDGMENT

The Board of Directors wish to record their appreciation for the support provided by our valued Customers, Bankers and Government Authorities. The Board of Directors also wish to place on record their appreciation of the sincere and efficient services rendered by the Executives, Officers, and Employees of the Company.

For and on behalf of the Board

Bangalore
30.06.97

NARENDRA GOEL
Chairman

AUDITORS' REPORT

To The Members,

We have audited the attached Balance Sheet of S E R industries limited as at 31st March, 1997 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, 1997 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 not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and 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.

- (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 and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase 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/- from firms in which the Directors were 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 (i) (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, Custom Duty and Excise Duty were outstanding as at 31st March 1996.
- (xix) No personal expenses of employees or Directors have been charged to Revenue Account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
- (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 G. V. SUNDER AND COMPANY
Chartered Accountants

Bangalore
30th June, 1997

G. V. Sunder
Partner.

BALANCE SHEET AS ON 31ST MARCH 1997

(Figures in Rupees)

	SCH No	As on 31.03.97	As on 31.03.96
A. SOURCES OF FUNDS			
Shareholders Funds			
(a) Capital	A	99,45,900	99,45,900
(b) Reserves and Surplus	B	84,29,266	77,07,226
		<u>1,83,75,166</u>	<u>1,76,53,126</u>
Loan Funds			
(a) Secured Loans	C	7,76,581	5,88,372
(b) Unsecured Loans	D	23,07,606	22,67,622
		<u>30,84,187</u>	<u>28,55,994</u>
Total		<u><u>2,14,59,353</u></u>	<u><u>2,05,09,120</u></u>
B. APPLICATION OF FUNDS			
Fixed Assets	E		
(a) Gross Block		1,34,14,321	2,22,81,388
(b) Less : Depreciation		1,01,20,632	1,90,53,529
(c) Net Block		<u>32,93,689</u>	<u>32,27,859</u>
Investments	F	58,86,715	58,87,715
Current Assets, Loans and Advances			
(a) Inventories	G	2,11,500	2,11,500
(b) Sundry Debtors	H	71,45,594	33,47,302
(c) Cash and Bank Balances	I	23,93,595	48,80,871
(d) Loans and Advances	J	1,45,87,425	1,19,26,561
		<u>2,43,38,113</u>	<u>2,03,66,234</u>
Less : Current Liabilities and Provisions			
(a) Current Liabilities	K	36,85,813	9,06,086
(b) Provisions	L	83,73,351	80,87,508
		<u>1,20,59,164</u>	<u>89,93,594</u>
Net Current Assets		1,22,78,949	1,13,72,640
Miscellaneous Expenses (To the extent not written off)		—	20,906
Total		<u><u>2,14,59,353</u></u>	<u><u>2,05,09,120</u></u>
Notes on Accounts	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
30.06.1997

K SRIRAM
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1997

(Figures in Rupees)

	SCH No	As on 31.03.97	As on 31.03.96
INCOME			
Freight Income		4,08,08,602	3,81,76,251
Other Income	M	22,48,141	41,89,532
Total Income		<u>4,30,56,743</u>	<u>4,23,65,783</u>
EXPENDITURE			
Operational Expenses	N	3,49,49,601	3,37,08,053
Personnel Expenses	O	9,02,866	10,90,043
Administrative Expenses	P	33,99,897	19,60,748
Financial Expenses	Q	5,48,259	5,16,701
Depreciation	E	3,15,531	27,69,036
Total		<u>4,01,16,154</u>	<u>4,00,44,581</u>
PROFIT BEFORE TAX		29,40,589	23,21,202
Less : Provision for Taxation		11,30,000	9,00,000
PROFIT AFTER TAX		<u>18,10,589</u>	<u>14,21,202</u>
Profit After Tax		18,10,589	14,21,202
Surplus brought forward from previous year		53,51,226	52,17,532
Profit available for appropriation		<u>71,61,815</u>	<u>66,38,734</u>
APPROPRIATION			
(a) General Reserve		1,00,000	1,00,000
(b) Proposed Dividend @ Re 1/- per Equity Share (Previous Year Rs.1.20 per Equity share)		9,89,590	11,87,508
(c) Corporate Dividend Tax		98,959	
(d) Surplus carried to Balance Sheet		59,73,266	53,51,226
Total		<u>71,61,815</u>	<u>66,38,734</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
30.06.1997

K SRIRAM
Company Secretary

SCHEDULE FORMING PART OF ACCOUNTS

(Figures in Rupees)

	As On 31.03.1997	As On 31.03.1996
SCHEDULE - A		
SHARE CAPITAL		
AUTHORISED 60,00,000 Equity Shares of Rs.10/- each	6,00,00,000	6,00,00,000
ISSUED AND SUBSCRIBED 9,99,490 Shares of Rs.10/- each	<u>99,94,900</u>	<u>99,94,900</u>
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	<u><u>99,45,900</u></u>	<u><u>99,45,900</u></u>

SCHEDULE - B**RESERVES AND SURPLUS****GENERAL RESERVE**

As per last Balance Sheet	23,56,000	22,56,000
Add : Transfer from Profit and Loss Account	<u>1,00,000</u>	<u>1,00,000</u>
	24,56,000	23,56,000
Profit and Loss Account	<u>59,73,266</u>	<u>53,51,226</u>
Total	<u><u>84,29,266</u></u>	<u><u>77,07,226</u></u>

SCHEDULE FORMING PART OF ACCOUNTS

(Figures in Rupees)

	As On 31.03.1997	As On 31.03.1996
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	5,88,372
From Countrywide Finance for purchase of Car against security of the same	5,34,039	—
Bank Overdraft with Canara Bank, Bangalore	46,378	—
Total	7,76,581	5,88,372

SCHEDULE - D**UNSECURED LOANS**

Inter Corporate Loans (including interest accrued Rs.98,910/- Previous Year Rs.97,020/-)	9,98,910	9,97,020
From Others (including interest accrued Rs 1,78,696/- Previous Year Rs 1,40,602/-)	13,08,696	12,70,602

SCHEDULE FORMING PART OF ACCOUNTS

SCHEDULE - E

FIXED ASSETS

S E R INDUSTRIES LIMITED

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Particulars	Rate of Depn. in %	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Original Cost as on 31.03.96	Additions during the year	Adjustment for sale/ disposal	As on 31.03.97	Up to 31.03.96	For the year	Adjustment for sale/ disposal	Upto 31.03.97	As on 31.03.97	As on 31.03.96
Land	—	11,05,188	—	1,91,380	9,13,808	—	—	—	—	9,13,808	11,05,188
Building	3.34	3,94,214	—	83,214	3,11,000	1,24,507	12,863	62,926	74,444	2,36,556	2,69,707
Furniture & Fittings	6.33	3,05,624	10,356	—	3,23,980	2,51,349	9,531	—	2,60,880	63,100	54,275
Motor Cycles	9.50	1,12,611	24,533	19,133	1,18,011	90,201	3,454	19,131	74,524	43,487	22,410
Computers	16.21	1,36,988	—	—	1,36,988	71,548	22,083	—	93,631	43,357	63,540
Gas Cylinders	—	87,38,418	—	87,38,418	—	87,38,375	—	87,38,375	—	—	43
Trucks	16.21	73,75,870	19	8,53,061	65,22,828	73,75,870	—	8,53,059	65,22,811	17	—
Light Goods Vehicle	16.21	28,13,845	—	—	28,13,845	17,68,097	1,85,815	—	19,53,912	8,59,933	10,45,748
Cars	9.50	8,50,283	6,42,871	2,55,283	12,37,871	5,72,533	60,777	1,33,775	4,99,535	7,38,336	2,77,750
Air Breathing Apparatus	4.75	1,89,082	—	—	1,89,082	1,89,082	—	—	1,89,082	—	—
Office Equipment	4.75	2,54,514	27,355	—	2,81,869	1,34,742	10,227	—	1,44,969	1,36,900	1,19,772
Air Conditioners	4.75	90,905	—	—	90,905	86,588	4,314	—	90,902	3	4,317
Tools and Equipment	4.75	86,525	—	—	86,525	86,525	—	—	86,525	—	—
Workshop Equipment	4.75	1,48,860	—	—	1,48,860	1,22,019	6,227	—	1,28,246	20,614	26,841
Bicycle	9.50	2,100	1,449	—	3,549	931	240	—	1,171	2,378	1,169
Plant and Machinery	4.75	2,35,199	—	—	2,35,199	—	—	—	—	2,35,199	2,35,199
Total		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	32,27,859
		(3,61,57,102)	(7,73,678)	(1,46,49,392)	(2,22,81,388)	(2,90,43,925)	(27,69,036)	(1,27,59,432)	(1,90,53,529)	(32,27,859)	(7,11,317)

(Figures in Brackets relates to the previous year)

SCHEDULE FORMING PART OF ACCOUNTS

(Figures in Rupees)

	As On 31.03.1997	As On 31.03.1996
SCHEDULE - F		
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.2,38,000/- (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 of Rs.42,00,000/- (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.15,000/- (Bangalore Stock Exchange)	5,000	5,000
(d) Fully Paid-up 100 Equity Shares of Rs.10/- each in Comet Steels Limited (Mumbai Stock Exchange)	1,000	1,000
(e) Fully Paid-up 36 Equity Shares of Rs.10/- each (Including 1 Equity Share received against warrant certificate) in Reliance Industries Limited, Face Value Rs.360/- Market Value Rs.10,548/- (Bangalore 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.3,615/- (Bangalore 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/- (Mumbai Stock Exchange)	1,600	1,600
(h) Fully Paid-up 1 Equity Share of Rs.10/- in Zuari Agro Chemicals Limited Market Value of Rs.298.00 (Mumbai Stock Exchange)	80	80
	<u>28,63,595</u>	<u>28,63,595</u>

SCHEDULE FORMING PART OF ACCOUNTS
SCHEDULE - F (Contd.,)

(Figures in Rupees)

	As On 31.03.1997	As On 31.03.1996
Balance brought forward	28,63,595	28,63,595
(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.1000.00 Market Value of Rs.3150.00 (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.36,00,000 (Mumbai Stock Exchange)	30,00,000	30,00,000
(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.25/- each in Apollo Tyres Limited (Mumbai Stock Exchange)	12,500	12,500
(n) Fully paid up 1 No. 14% Secured Redeemable Non-Convertible Debentures of Rs.150/- each in Reliance Industries Limited (Series J) Market Value Rs.130/- (Mumbai Stock Exchange)	150	150
(o) Fully paid up 6 Nos. 12.5 % Secured Non-Convertible Debentures of Rs.95/- each in Reliance Industries Limited (Series H). Market Value Rs.126/- each (Mumbai Stock Exchange)	570	570
(p) Fully paid-up 10 Nos 14% Secured Redeemable Debentures of Rs.100/- each in Applied Electronics Limited	Nil	1,000
(q) Fully paid up 50 Nos 16% Non-Convertible Debentures Part-B of Rs 50 each in Essar Shipping Limited Market Value of Rs.2125/- (Mumbai Stock Exchange)	2500	2500
Total	<u><u>58,86,715</u></u>	<u><u>58,87,715</u></u>

(Aggregate Market Value of Investments
in quoted shares Rs.80,73,961/-
(Previous year Rs.1,30,04,042/-)

(Aggregate Market Value of Investments
in quoted debentures Rs 16,011/-
(Previous year Rs.11,810/-)

SCHEDULE FORMING PART OF ACCOUNTS

(Figures in Rupees)

	As On 31.03.1997	As On 31.03.1996
SCHEDULE - G		
INVENTORIES		
(a) Stores, Spares, Tyres and Tubes (At Cost, valued and certified by Management)	2,11,500	2,11,500
Total	<u>2,11,500</u>	<u>2,11,500</u>
SCHEDULE - H		
SUNDRY DEBTORS		
a. Outstanding for more than six months	1,58,807	—
b. Other Debts (Debts due by firms in which directors are interested Rs Nil previous year Rs 24,440/-) (Maximum amount outstanding during the year Rs 24,440/-)	69,86,787	33,47,302
Total	<u>71,45,594</u>	<u>33,47,302</u>
SCHEDULE - I		
CASH AND BANK BALANCE		
a. Cash in hand	94,167	1,58,390
b. With Scheduled Banks : Current Account	19,77,676	43,84,474
c. Dividend Account	1,71,752	2,48,007
d. Term Deposit	1,00,000	—
e. Funds in Transit	50,000	90,000
Total	<u>23,93,595</u>	<u>48,80,871</u>

SCHEDULE FORMING PART OF ACCOUNTS

(Figures in Rupees)

	As On 31.03.1997	As On 31.03.1996
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 advances to firms in which the directors are interested Rs.9,67,282/- Previous Year Rs.15,000/- (Maximum amount outstanding at any time during the year by firms in which the Directors are interested is Rs.9,67,282/-)		
	51,83,613	59,33,456
Land Advance	15,40,000	10,40,000
Advance Income Tax	10,31,421	9,04,947
Deposits	1,91,863	3,84,363
Staff and Driving Contractor Advances	66,808	88,845
Other Loans	65,58,341	35,70,785
Interest accrued but not due	15,379	4,165
Total	1,45,87,425	1,19,26,561
SCHEDULE - K		
CURRENT LIABILITIES		
Sundry Creditors : Purchases	27,324	2,14,735
Others	2,78,181	23,257
Outstanding Liabilities	31,95,541	4,07,072
Share Application Money Refundable	13,015	13,015
Unclaimed Dividend on shares	1,71,752	2,48,007
Total	36,85,813	9,06,086
SCHEDULE - L		
PROVISIONS		
Income Tax	72,84,802	69,00,000
Proposed Dividend	9,89,590	11,87,508
Corporate Dividend Tax	98,959	
Total	83,73,351	80,87,508

(Figures in Rupees)

	As On 31.03.1997	As On 31.03.1996
SCHEDULE - M		
OTHER INCOME		
Godown Rent	---	9,000
Miscellaneous Receipts	---	1,87,958
Interest and Dividend	6,95,961	7,07,529
Profit on sale of Fixed Assets	15,52,180	32,85,045
Total	<u>22,48,141</u>	<u>41,89,532</u>

SCHEDULE - N**OPERATIONAL EXPENSES**

Diesel and Lubricants	9,32,006	15,90,684
Freight Charges	3,06,51,342	2,79,89,333
Insurance	51,289	55,467
Miscellaneous Operational Expenses	8,61,499	4,72,877
Rates and Taxes	2,67,463	5,10,008
Repairs and Maintenance : Trucks and LCVs	2,76,668	14,78,781
Trip Charges	12,64,405	8,14,109
Tyres, Tubes and Flaps	6,44,930	7,96,794
Total	<u>3,49,49,601</u>	<u>3,37,08,053</u>

SCHEDULE - O**PERSONNEL EXPENSES**

Salaries and Allowances	6,88,163	8,48,793
Bonus	61,733	40,545
Staff Welfare	1,07,653	1,46,308
Provident Fund	35,754	44,367
Employees State Insurance	9,563	10,030
Total	<u>9,02,866</u>	<u>10,90,043</u>

SCHEDULE FORMING PART OF ACCOUNTS

(Figures in Rupees)

	As On 31.03.1997	As On 31.03.1996
SCHEDULE - P		
ADMINISTRATIVE EXPENSES		
Rent	5,62,674	2,30,982
Water and Electricity Charges	81,673	64,742
Insurance for Cars and Two Wheelers	21,545	2,817
Establishment Charges	96,303	36,092
Postage and Telegram	68,449	40,499
Printing and Stationery	1,34,161	1,77,760
Telephone and Telex	4,25,379	2,85,105
Books and Periodicals	9,394	15,721
Director's Sitting Fees	4,000	9,000
Professional and Legal Charges	43,886	91,326
Auditors' Remuneration :		
(i) Audit Fee	10,000	10,000
(ii) Tax Audit Fee	2,500	2,500
A G M expenses	26,100	23,243
General expenses	2,99,739	1,42,284
Listing and Filing Fees	36,340	12,780
Share Issue Expenses Written off	20,906	83,640
Repairs and Maintenance - Office Equipment and Others	7,80,942	40,518
Cars and Two Wheelers Maintenance	3,20,860	2,71,856
Travelling and Conveyance	3,39,317	3,16,597
Press Notices and Advertisement Expenses	1,15,729	1,03,286
Total	33,99,897	19,60,748

SCHEDULE - Q**FINANCIAL EXPENSES**

Bank Interest on Loans	30,581	1,30,992
Bank Charges	95,826	56,663
Interest on deposits	2,84,726	3,29,046
Service Charges on Cars and LCVs	1,37,126	
Total	5,48,259	5,16,701

SCHEDULE FORMING PART OF ACCOUNTS

SCHEDULE - R

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1997

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 on Fixed Assets is provided on Straight Line method 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.
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, 1997 is estimated on arithmetical basis is Rs. 1,05,864/- (previous year Rs. 96,975).

B. NOTES ON ACCOUNTS

1. The company is contingently liable in respect of Bank Guarantee issued to the extent of Rs 3,00,000 (previous year Rs. 3,00,000).
2. Repairs and Maintenance includes consumption of Stores and spare parts to the extent of Rs.1,99,545/- (previous year Rs. 8,44,941).
3. Claims against the company not acknowledged as debt is Rs nil (previous year Rs. nil).
4. Estimated amount of contracts remaining to be executed on Capital Accounts not provided for is Rs. nil (previous year Rs.Nil).
5. Considering all aspects of the pending appeals and Provision for Taxation made during earlier years, a provision of Rs.11,30,000/- has been made towards Income Tax for the current year.
6. Figures of the previous year have been regrouped or rearranged wherever necessary.
7. Expenditure in Foreign Currency : Nil
8. Additional information required :

Paragraph 3, 4C and 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 and 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

Bangalore
30.06.1997

K SRIRAM
Company Secretary

G V SUNDER
Partner

CASH FLOW STATEMENT

(Figures in Lakhs of Rupees)

PARTICULARS	Year Ended 31.03.97	Year Ended 31.03.96
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	29.41	23.21
Adjustment for :		
Depreciation	3.16	27.69
Interest and Dividend Income	(6.96)	(7.08)
Interest Expenditure	5.48	5.17
Profit on Sale of Assets	(15.52)	(32.85)
Amortisation of Miscellaneous Expenses	0.21	0.84
Operating Profit before Working Capital Changes	<u>15.78</u>	<u>16.98</u>
Adjustment for :		
Decrease in Sundry Debtors	—	40.87
Increase in Loans and Advances	(25.35)	(45.41)
Decrease in Current Liabilities	—	(10.04)
Decrease in Inventories	—	0.36
Increase in Sundry Debtors	(37.98)	—
Increase in Current Liabilities	<u>28.56</u>	<u>—</u>
Cash Generation from Operations	<u>(18.99)</u>	<u>2.76</u>
Interest Received	1.34	1.46
Interest Paid	(2.64)	(1.88)
Direct Tax Paid (Net of refund and adjustment)	<u>(7.95)</u>	<u>(2.52)</u>
NET CASH FROM OPERATING ACTIVITIES (A)	<u><u>(28.24)</u></u>	<u><u>(0.18)</u></u>

(Figures in Lakhs of Rupees)

PARTICULARS	Year Ended 31.03.97	Year Ended 31.03.96
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Dividend Received	5.62	5.62
Sale of Fixed Assets	18.85	51.75
Additions to Fixed Assets	(7.15)	(7.74)
Purchase of Investment	0.01	—
NET CASH FROM INVESTING ACTIVITIES (B)	17.33	49.63
C. CASH FLOW FROM FINANCIAL ACTIVITIES :		
Repayment of Term Loan	2.28	(5.55)
Dividend Paid	(12.64)	(17.09)
Interest Paid	(2.84)	(3.29)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(13.20)	(25.93)
Net Increase / (Decrease) in cash and cash equivalents (A + B + C)	(24.11)	23.52
CASH AND CASH EQUIVALENTS (OPENING)		
Cash and Bank Balance	46.33	22.81
CASH AND CASH EQUIVALENTS (CLOSING)		
Cash and Bank Balance	22.22	46.33

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*

We have examined the above Cash Flow Statement of S E R Industries Limited for the year ended 31st March 1997 and verified that it has been derived from the audited accounts (and the underlying records) of the company reported on by us as per our report date 30th June, 1997.

For **G V SUNDER AND COMPANY***Chartered Accountants*

Bangalore
30th June 1997

G V Sunder*Partner*

S E R INDUSTRIES LIMITED**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I. REGISTRATION DETAILS**

State Code (08)

Registration No. : 4604
 Balance Sheet date : 31.03.1997

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

Public Issue	Right Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

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

	Total Liabilities	Total Assets
	21459	21459
SOURCES OF FUNDS		
	Paid-up Capital	Advance against Equity
	9946	Nil
	Reserves & Surplus	Secured Loans
	8429	776
	Unsecured Loans	
	2308	
APPLICATION OF FUNDS		
	Net Fixed Assets	Capital Works in Progress
	3294	Nil
	Investments	Net Current Assets
	5887	12278
	Misc. Expenditure	Accumulated Losses
	Nil	Nil

IV. PERFORMANCE OF COMPANY (AMOUNT IN RUPEES THOUSANDS)

	Turnover	Total Expenditure
	43056	40116
	Profit Before Tax	Profit After Tax
	2940	1810
	Earning Per Share in Rs	Dividend @ 10%
	1.83	

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF COMPANY

(AS PER MONETARY TERMS)

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

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

For and on behalf of the Board
 For **S E R INDUSTRIES LIMITED**

G V SUNDER
Partner

B K DHANUKA
Director

Bangalore
 30.06.1997

S E R INDUSTRIES LIMITED
"FOUNDATION HOUSE" # 40, 2ND MAIN, C.K.C. GARDEN,
MISSION ROAD, BANGALORE - 560 027

ATTENDANCE SLIP

**THIS ATTENDANCE SLIP DULY FILLED IN TO BE HANDED OVER
AT THE ENTRANCE OF THE MEETING HALL**

Name of the attending Member (in BLOCK LETTERS).....
Member's Folio Numbers.....
Name of Proxy (in Block) Letters. to be filled in if the proxy attends instead of the Member)
No. of Shares held..... I hereby record my presence at
the Thirty Fourth Annual General Meeting of the Company held on 29th September 1997.

.....
Signature of Member / Proxy

Note . Shareholder / proxy holder desiring to attend the meeting should bring his copy of the Annual Report for reference at the meeting

S E R INDUSTRIES LIMITED
"FOUNDATION HOUSE" # 40, 2ND MAIN, C.K.C. GARDEN,
MISSION ROAD, BANGALORE - 560 027

PROXY

I/We..... of
..... in the district of
..... being a Member / members of S E R INDUSTRIES LIMITED hereby
appoint Mr./Mrs./Ms..... of
..... in the district of, ...
or failing him/her Mr./Mrs./Ms. of
..... in the district of as my / our Proxy
to vote for me/us on my/our behalf at the Thirty Fourth Annual General Meeting of the Company to be held
at the Hotel Ajantha 22-A, M G Road, Bangalore - 560 001 on Monday the 29th September 1997 and of any
adjournment thereof.

Signed this day of 1997

Regd. Folio No.

No. of Shares Held

Affix One
Rupee
Revenue
Stamp

Signature

- Note
- 1, A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member of the Company
 - 2; The proxy must be returned so as to reach the Registered Office of the Company, not less than 48 hours before the commencement of aforesaid meeting.
 - 3) Proxy form should be signed by the member according to the specimen signature of member(s) on the Company record.

