

FOURTH ANNUAL REPORT 2000-01



NEEDS FINVEST LIMITED

REGD. OFFICE :

Flat No.12, 3rd Floor, Krishna Complex
D.No.4-1-938, Tilak Road,
Abids, Hyderabad – 500 001.

NEEDS FINVEST LIMITED

REGISTERED OFFICE:

Flat No. 12, 3rd Floor,
Krishna Complex,
D.No. 4-1-938, Tilak Road,
Abids, Hyderabad.

BOARD OF DIRECTORS

Smt. K. Varalakshmi
Sri. K.V.Reddy Pantulu
Sri. G. Ramamurthy
Sri B. Ashwini Kumar

Managing Director.
Wholetime Director
Director
Director

AUDITORS

M/s.P.S.N.RAVISHANKER & ASSOCIATES
Chartered Accountants
Flat 205, B-Block
Kushal Towers, Khairatabad
Hyderabad.

BANKERS

The Federal Bank Limited.
Abids Branch , Orient Estate,
Abids, Hyderabad- 500 001

Corporation Bank
Siddhi Amber Bazar Branch
Hyderabad

NOTICE TO THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fourth Annual General Meeting of the company M/s.NEEDS FINVEST LIMITED will be held on 7th day August, 2001 at 11.30 a.m. at the registered office of the company situated at Flat No.12, III Floor , Krishna Complex, Tilak Road, Abids, Hyderabad to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit & Loss account for the year ended 31st March, 2001, the Balance Sheet as on that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Sri B. Aswini Kumar who retires by rotation and being eligible, offers himself for reappointment
3. To appoint a Director in place of Sri G. Rama Murthy who retires by rotation and being eligible, offers himself for reappointment
4. To appoint Auditors to the company from the Conclusion of the Annual General Meeting up to the conclusion of the next Annual General Meeting and for this purpose to consider and if thought fit, to pass with or without modification the following resolution as on ordinary resolution.

RESOLVED THAT M/s.P.S.N. RAVISHANKER & ASSOCIATES, Chartered Accountants, Hyderabad the retiring Auditors of the company be and are hereby appointed as auditors of the company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors of the Company, in addition to the payment for other services and reimbursement of actual out of pocket expenses.

NOTES :

- i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself. A proxy need not be a member of the company.
- ii) The proxy form duly filled in must be deposited at the Registered Office of the company not less than 48 hours before the time for holding the meeting.

For NEEDS FINVEST LIMITED

Place : Hyderabad
Date : 09-07-2001

Sd/-
(K. VARALAKSHMI)
Managing Director

M/s.NEEDS FINVEST LIMITED
DIRECTORS' REPORT

To
The Share Holders
M/S. NEEDS FINVEST LIMITED
Flat No.12,
III Floor, Krishna Complex
Tilak Road, Abids,
Hyderabad.

Your directors are presenting this annual report of our company's activities during the Fourth year of operations ending on 31st March, 2001.

FINANCIAL RESULTS :

The Performance of the company during the year 2000-01 is as under :

Particulars	(Rs. in Lakhs)	
	2000-01	1999-00
Income from operations	11.70	11.08
Less : Expenditure	10.34	7.59
Profit for the year	1.36	3.48
Less : Provision for taxation for the year	1.15	1.25
Profit after tax	0.21	2.23
Less : prior period adjustment-short prov. for Income Tax	0.12	0.19
Add : Profit brought forward from previous year	0.04	1.10
Profit available for appropriation	0.13	3.14
Transfer to Reserve Fund	0.03	1.10
Transfer to General Reserve	0.02	2.00
Balance carried forward to Balance Sheet	0.08	0.04

The Gross income of the company has marginally increased during the year when compared to the previous year. However the total expenditure has also increased during the year significantly leaving lower margins from the operations for the company. Also the reduction in profitability is due to the provision made for non-performing assets, unrealized discounting charges, as per the requirements of RBI Provisioning Norms for NBFCs. However, the directors of the company have been making efforts to reduce the non-performing assets and thus increase the profitability.

CREDIT RATING :

The company has obtained credit rating from ICRA, which is one of the pre-requisites for getting permission from RBI for acceptance of Fixed Deposits from the public. The company has been allotted 'MB' category Credit Rating. The said Credit Rating Agency ICRA have awarded the above Credit rating basing on the reason that majority of the advances of the company are under the category of unsecured loans and not backed

by proper tangible securities. However, the Directors opine that the advances are made after obtaining personal guarantees of responsible persons who have got standing and net worth in the market after making thorough enquiries in this regard. However the quantum of the secured loans will be improved depending upon the business exigencies.

APPLICATION TO THE RBI FOR PERMISSION TO ACCEPT FIXED DEPOSITS :

However, as per RBI Guidelines the minimum required rating is 'MA-' category. Due to this reason, the application made by the company for permission to accept Fixed Deposits has been kept pending by RBI. Hence the Company could not access the Fixed Deposits from the Public. The company has continued the operations with the existing fund base consisting of Share capital and reserves.

DIVERSIFICATION & FUTURE PLANS :

As mentioned earlier the company has drawn plans to finance the consumer durables on group finance basis for which there is a good demand, but the margins are comparatively low. The Company is unable to meet the demand available for financing due to the limited funds available with the Company. The company will continue the efforts to improve the funds position by increasing the share capital from the promoters and also deposits from the Directors and their relatives which the company is permitted to accept. With the experience gained during the year and diversification plans which are on the anvil the directors feel confident that during the next year the business would be further increased and profitability would be improved.

DEPOSITS :

The company has not accepted deposits during the year, to which the provisions of Section 58A of the Companies Act, 1956, and (Acceptance of Deposits) Rules, 1975 apply. However, during the year the company has accepted Deposits to the tune of about Rs. 3.70 lakhs from the Directors and their relatives which do not come under the purview of Public Deposits.

DIRECTORS :

- 1) Sri B. Ashwini Kumar retires by rotation and is eligible for reappointment, and offers himself for reappointment.
- 2) Sri G. Rama Murthy retires by rotation and is eligible for reappointment, and offers himself for reappointment.

AUDITORS :

M/s. P.S.N. RAVISHANKER & ASSOCIATES, Chartered Accountants retire from the office of auditors and being eligible offer themselves for re-appointment as auditors of the company till the conclusion of the next Annual General Meeting.

PARTICULARS OF EMPLOYEES :

There are no employees drawing a salary exceeding the limits mentioned in Section..217(2A) of the Companies Act, 1956.

ENERGY CONSERVATION, FOREIGN EXCHANGE, ETC. :

The provisions relating to energy conservation etc., do not apply to our company, since ours is not a manufacturing concern. The company has not dealt with any foreign exchange transactions during the year.

DIRECTORS' RESPONSIBILITY STATEMENT :

- 1) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 2) that the directors had 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 on 31st March, 2001 and of the profit or loss of the company for the year ended 31st March, 2001;
- 3) that the directors had 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;
- 4) that the directors had prepared the annual accounts on a going concern basis.

APPRECIATION :

Your Directors place on record the appreciation for the dedication and hard work of the staff and others who have assisted the company directly or indirectly during the year. Your Directors also place on record their appreciation for the services rendered by the Bankers of the company.

Place : Hyderabad
Date : 09-07-2001

for and on behalf of the Board of Directors of
NEEDS FINVEST LIMITED

Sd/-

(K. VARALAKSHMI)

Managing Director.

AUDITORS' REPORT

To
The Members of
M/s. NEEDS FINVEST LIMITED
FLAT NO .12, 3RD FLOOR
Krishna Complex,
D.No.4-1-938, Tilak Road
Abids, Hyderabad.

From
P.S.N. RAVISHANKER & ASSOCIATES
Chartered Accountants,
Flat No.205, B-Block,
Kushal Towers, Khairatabad,
Hyderabad.

We have audited the attached Balance Sheet of M/S.NEEDS FINVEST LIMITED as at 31st March, 2001 and the Profit & Loss Account for the year ended on that date annexed thereto and report that :

1. As required by the Manufacturing and other company's (Auditor's Report) order, 1988 issued by the company Law Board in terms of the Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our statement 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 it appears from our examination of such books,
 - c) The Balance Sheet and the Profit & Loss Account dealt with referred by this report are in agreement with the books of account,
 - d) In our opinion, the Balance Sheet and Profit & Loss Account comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956,
 - e) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet, Profit & Loss A/c. read together with the Notes annexed to and forming part of the accounts, give the information in the manner so required and give a true and fair view,
 - i) In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 2001 and
 - ii) In so far as it relates to the profit and loss account, of the profit of the company for the year ended on that date and
 - f) On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31-03-2001 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956

For P.S.N. RAVISHANKER & ASSOCIATES
Chartered Accountants

Sd/-
(P. RAVI SHANKER)
Partner

Place : Hyderabad
Date : 09-07-2001

STATEMENT REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE :

1. The company has maintained proper records showing broad particulars, including quantitative details and situation of fixed assets.
2. The fixed assets of the company have been physically verified by the management during the year and it is reported to us by the Management that no significant discrepancies between the book records and physical inventory have been noticed on such verification.
3. During the year the fixed assets of the company have not been revalued.
4. The company has not taken any loans, secured or unsecured, from the companies, Firms or other parties coming under the provisions of Section 301 of the Companies Act, 1956 or from the companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956. However, the company has accepted during the year Deposits from the Directors and their relatives to the tune of Rs.3.70 lakhs, at the prevailing market rates in the normal course of its business operations.
5. The Company has not granted any loans, secured and unsecured to the Companies, firms or other parties listed in the register maintained under section 301 of Companies Act, 1956 and/or to the Companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956.
6. Loans and advances in the nature of credit facilities have been given to parties who are generally repaying the principal amount as stipulated and are regular in payment of interest. Where installments are due, we are of the opinion that reasonable steps have been taken by the Company for the recovery of the same.
7. In our opinion and according to the information and explanation given to us, the existing internal control procedures appear to be proper and adequate with regard to the size of the company and nature of its business with regard to disbursement of loans. However the policies and procedures of the company need to be drastically changed in order to secure the advances made by obtaining the collateral securities of immovable properties for relatively big loans and advances.
8. As per the information and explanations furnished to us no transactions of purchase of goods, materials and services have been made with the parties coming under the provisions under Section 301 of the Companies Act, 1956 aggregating during the year Rs.50,000/- or more.
9. The Company has not accepted deposits during the year to which the provisions of section 58A of the Companies Act, 1956 and the companies (Acceptance of Deposits) Rules, 1975 and the directions issued by the Reserve Bank of India, apply. However, the company has accepted during the year Deposits from the Directors and their relatives to the tune of Rs.3.70 lakhs, at the prevailing market rates in the normal course of its business operations.

10. The Company does not have any formal Internal Audit system during the year.
11. According to the information and explanations given to us the provisions of Provident Fund and Employees State Insurance Laws are not applicable to the company.
12. As per the information and explanations given to us, the company does not have any undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Excise Duty and Custom Duty as at 31st March, 2001 outstanding for a period of more than six months from the date they became payable.
13. According to the information and explanations given to us and during the course of our examination of books of accounts, carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses other than the expenses under contractual obligations and/or generally accepted business practices, which have been charged to revenue.
14. The provisions of section 3(1)(O) of the Sick Industrial Companies (Special Provision) Act, 1985 are not applicable to the Company.
15. The company has not granted any loans and advances on the basis of security by way of pledge of shares.
16. During the year company has not made any transactions relating to dealing or trading in shares, securities, debentures and other investments.
17. In our opinion and according to the information given to us no special statute is applicable to this company and the company is governed by the provisions of the Companies Act, 1956, Reserve Bank of India Act, 1945 and other provisions applicable to the Non-Banking Finance Companies.
18. In our opinion and according to the explanations given to us other provisions of the said Order are not applicable to the company.

For P.S.N.RAVI SHANKER & ASSOCIATES
Chartered Accountants

Sd/-
(P. RAVI SHANKER)
Partner

Place: Hyderabad
Date : 09-07-2001

**NEEDS FINVEST LIMITED
BALANCE SHEET AS AT 31-03-2001**

	Sche.No.	As at 31-03-2001		As at 31-03-2000
SOURCE OF FUNDS:		Amount in Rs.		Amount in Rs.
I. SHAREHOLDERS FUNDS:				
1. Share Capital	A	6,083,000		6,083,000
2. Reserves & Surplus	B	527,847		518,945
II. LOAN FUNDS :				
3. Secured Loans	C	2,472,890		-
4. Unsecured Loans		370,154		-
TOTAL :		9,453,891		6,601,945
II. APPLICATION OF FUNDS:				
1. Fixed assets - Net block	D	284,292		343,092
2. Current Assets, Loans & Advances	E	9,687,625	6,551,236	
Less: Current Liabilities & Provisions	E	537,226	314,783	6,236,453
3. Miscellaneous Expenditure (to the extent not written off or adjusted)	G	19,200		22,400
Notes on accounts (to be read along with notes on accounts)	I			
TOTAL :		9,453,891		6,601,945

As per the Report of even date attached
For P.S.N. RAVISHANKER & ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-
(P. RAVI SHANKER)
PARTNER

Place : Hyderabad,
Date : 09-07-2001.

For and on behalf of the Board of Directors of
NEEDS FINVEST LIMITED

Sd/-
(K. VARALAKSHMI)
MANAGING DIRECTOR

Sd/-
(K.V. REDDY PANTULU)
WHOLETIME DIRECTOR

Sd/-
(G. RAMA MURTHY)
DIRECTOR

NEEDS FINVEST LIMITED
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2001

Amount in Rupees for the year ended on ..

	31-03-2001	31-03-2000
A. INCOME :		
<u>Income from Operations:</u>		
Discounting Charges	1,259,273	1,103,509
Less: Unrealised discounting charges (As per RBI guidelines)	<u>88,908</u>	<u>-</u>
Hire purchase income	-	4,680
	<u>1,170,365</u>	<u>1,108,189</u>
B. EXPENDITURE :		
Administrative Cost	H 386,857	235,867
Personnel cost	162,000	121,500
Selling & Distribution cost	63,780	13,720
Interest Tax	-	24,176
Finance cost	22,097	11,984
Remuneration to Directors	270,000	270,000
Depreciation	78,650	55,775
Provision for non-performing assets (As per RBI Guidelines)	48,009	23,457
Preliminary expenses written off	<u>3,200</u>	<u>3,200</u>
	<u>1,034,593</u>	<u>759,679</u>
Profit for the year (A) - (B)	135,772	348,510
Provision for taxation for the year	115,000	125,000
Profit after taxation for the year	20,772	223,510
Less: prior period adjustment - short provision for income tax for the year 99-2000, now made	<u>11,870</u>	<u>19,592</u>
	8,902	203,918
Add: Profit brought forward from previous year	3,945	110,027
Profit available for appropriations	<u>12,847</u>	<u>313,945</u>
APPROPRIATIONS:		
Transfer to Reserve Fund	3,000	110,000
Transfer to General Reserve	1,500	200,000
Balance carried to Balance Sheet	<u>8,347</u>	<u>3,945</u>

As per the Report of even date attached
For P.S.N. RAVISHANKER & ASSOCIATES
CHARTERED ACCOUNTANTS

Sd/-
(P. RAVI SHANKER)
PARTNER

Place : Hyderabad,
Date : 09-07-2001.

For and on behalf of the Board of Directors of
NEEDS FINVEST LIMITED

Sd/-
(K. VARALAKSHMI)
MANAGING DIRECTOR

Sd/-
(K.V. REDDY PANTULU)
WHOLETIME DIRECTOR

Sd/-
(G. RAMA MURTHY)
DIRECTOR

NEEDS FINVEST LIMITED
SCHEDULES TO THE BALANCE SHEET

Schedule - A: SHARE CAPITAL

Authorised Capital:

10,00,000 Equity shares of Rs.10/- each

Issued, Subscribed and paid-up capital

6,08,300 Equity shares of Rs.10/- each
 fully paid up

Schedule - B: RESERVES & SURPLUS:

- a) General Reserve
- b) Reserve Fund
- c) Profit & Loss account credit balance

Schedule - C: SECURED LOANS:

Bid amounts received from:
 Margadarsi Chit Funds Ltd
 Konapala Chits Pvt Ltd
 (Guaranteed by personal sureties of Directors
 and others)

	As on 31-03-2001 Rupees	As on 31-03-2000 Rupees
	10,000,000	10,000,000
	6,083,000	6,083,000
	408,000	405,000
	111,500	110,000
	8,347	3,945
Total :	527,847	518,945
	1,662,890	-
	810,000	-
Total :	2,472,890	-

As per the Report of even date attached
 For P.S.N. RAVISHANKER & ASSOCIATES
 CHARTERED ACCOUNTANTS

Sd/-
 (P. RAVI SHANKER)
 PARTNER

Place : Hyderabad,
 Date : 09-07-2001.

For and on behalf of the Board of Directors of
 NEEDS FINVEST LIMITED

Sd/-
 (K. VARALAKSHMI)
 MANAGING DIRECTOR

Sd/-
 (K.V. REDDY PANTULU)
 WHOLETIME DIRECTOR

Sd/-
 (G. RAMA MURTHY)
 DIRECTOR

NEEDS FINVEST LIMITED
SCHEDULE TO THE PROFIT & LOSS ACCOUNT AND BALANCE SHEET
Schedule - D: SCHEDULE OF FIXED ASSETS - AS PER COMPANIES ACT, 1956:

Name of the Asset	GROSS BLOCK				DEPRECIATION				(Amount in Rupees)	
	As on 31-03-2000	Addition during the year	As on 31-03-2001	Upto 31-03-2000	For the year 2000-01	% of depreciation	Upto 31-03-2001	As on 31-03-2001	As on 31-03-2000	
	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	
Furniture & Fixtures	44,992	17,350	62,342	3,601	9,567	18.10	13,168	49,174	41,391	
Computer & other office equipments	96,350	2,500	98,850	20,158	10,699	13.91	30,857	67,993	76,192	
Car	265,625	-	265,625	40,116	58,384	25.89	98,500	167,125	225,509	
Total	406,967	19,850	426,817	63,875	78,650		142,525	284,292	343,092	

As per the Report of even date attached
 For P.S.N. RAVISHANKER & ASSOCIATES
 CHARTERED ACCOUNTANTS

Sd/-
 (P. RAVI SHANKER)
 PARTNER

Place : Hyderabad,
 Date : 09-07-2001.

For and on behalf of the Board of Directors of
 NEEDS FINVEST LIMITED

Sd/-
 (K. VARALAKSHMI)
 MANAGING DIRECTOR

Sd/-
 (K.V. REDDY PANTULU)
 WHOLETIME DIRECTOR

Sd/-
 (G. RAMA MURTHY)
 DIRECTOR

NEEDS FINVEST LIMITED
SCHEDULES TO THE BALANCE SHEET

Schedule E - CURRENT ASSETS, LOANS AND ADVANCES:

	As on	
	31-03-2001	31-03-2000
	Rupees	Rupees
a) Loan debtors	6,138,414	4,943,934
b) Stock-on-hire (secured, considered good)	-	8,210
b) Cash in hand	11,035	69,184
c) Balance with scheduled bank in current account	471,272	90,357
d) Subscription to Chits: Margadarsi Chit Fund Ltd	1,649,643	1,033,350
Konapala Chits Pvt. Ltd	1,317,261	278,565
e) Income Tax paid in advance	2,966,904	1,311,915
g) Others	100,000	125,000
	-	2,636
	9,687,625	6,551,236

SUB-SCHEDULE - E(a) - LOAN DEBTORS:

Particulars	(Amount in Rupees)					
	31-03-2001			31-03-2000		
	Outstanding for less than 6 months	Outstanding for more than 6 months	Total	Outstanding for less than 6 months	Outstanding for more than 6 months	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Loans - Secured by mortgage of immovable properties - considered good	-	22,838	22,838	214,000	50,375	264,375
Loans - Unsecured - considered good	5,208,149	907,427	6,115,576	351,265	4,328,294	4,679,559
Total	5,208,149	930,265	6,138,414	565,265	4,378,669	4,943,934

Schedule F - CURRENT LIABILITIES & PROVISIONS:

A) CURRENT LIABILITIES:

a) Discounting charges received in advance		
b) TDS payable	63,007	121,620
c) Unmatured hire purchase charges (UMHP)	15,797	2,636
e) Creditors for expenses	-	-
f) Interest tax payable	183,048	20,000
Total (A)	-	22,070
	261,852	166,326

B) PROVISIONS:

a) Provision for taxation for the year 2000-01	115,000	125,000
b) Provision for non-performing assets	71,466	23,457
c) Unrealised discounting charges	88,908	
Total (B)	275,374	148,457
Total (A) + (B)	537,226	314,783

Schedule - G: MISCELLANEOUS EXPENDITURE:

(to the extent not written off or adjusted)		
Preliminary expenses to be written off	19,200	22,400

As per the Report of even date attached
 For P.S.N. RAVISHANKER & ASSOCIATES
 CHARTERED ACCOUNTANTS

Sd/-
 (P. RAVI SHANKER)
 PARTNER

Place : Hyderabad,
 Date : 09-07-2001.

For and on behalf of the Board of Directors of
 NEEDS FINVEST LIMITED

Sd/-
 (K. VARALAKSHMI)
 MANAGING DIRECTOR

Sd/-
 (K.V. REDDY PANTULU)
 WHOLETIME DIRECTOR

Sd/-
 (G. RAMA MURTHY)
 DIRECTOR

NEEDS FINVEST LIMITED
SCHEDULE TO THE PROFIT & LOSS ACCOUNT

Schedule - H: ADMINISTRATION COST

	For the year ended on 31-03-2001		For the year ended on 31-03-2000	
	Rupees		Rupees	
Rent, Rates & Taxes		125,557		68,622
Printing & Stationery		26,353		16,740
Office Maintenance & other general expenses		71,510		80,078
Postage, Telephones & Telegrams		32,593		22,935
Legal charges		12,500		10,650
Directors sitting fees		2,500		2,000
Conveyance		26,291		8,130
Insurance		6,674		6,713
Travelling expenses		8,130		-
Car Maintenance charges		6,750		-
Misc. expenses		-		-
Auditors remuneration:				
Statutory Audit fees	12,500		12,500	
Taxation Services fee	2,500		2,500	
Fee for other services	5,000		5,000	
Accountancy charges		18,000		20,000
Consultancy charges		30,000		-
Total :		386,857		235,868

As per the Report of even date attached
 For P.S.N. RAVISHANKER & ASSOCIATES
 CHARTERED ACCOUNTANTS

Sd/-
 (P. RAVI SHANKER)
 PARTNER

Place : Hyderabad,
 Date : 09-07-2001.

For and on behalf of the Board of Directors of
 NEEDS FINVEST LIMITED

Sd/-
 (K. VARALAKSHMI)
 MANAGING DIRECTOR

Sd/-
 (K.V. REDDY PANTULU)
 WHOLETIME DIRECTOR

Sd/-
 (G. RAMA MURTHY)
 DIRECTOR

SCHEDULE - I

NEEDS FINVEST LIMITED :

NOTE ON ACCOUNTS FORMING PART OF THE BALANCE SHEET :

SIGNIFICANT ACCOUNTING POLICIES :

a) ACCOUNTING ASSUMPTIONS :

These Financial Statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the company and the accounting standards prescribed by the Institute of Chartered Accountants of India on going concern basis with revenues recognized and expenses accounted for on their accrual, including provisions/adjustments for committed obligations and amount determined payable or receivable during the year.

b) FIXED ASSETS :

Fixed Assets are stated at historical cost of acquisition which is inclusive of freight, installation charges, duties and other incidental expenses.

c) DEPRECIATION ACCOUNTING:

Depreciation is provided on Written Down Value method at the rates and the manner specified in Schedule XIV of the Company's Act, 1956 as amended from time to time on the Company's fixed Assets.

d) CURRENT ASSETS & CURRENT LIABILITIES : In the opinion of Board of Directors, save as otherwise stated, the current assets, loans & advances have been stated at values realizable in the course of business & provisions have been made for all known liabilities. The provision for taxation is made as per the provisions of the Income Tax Act, 1961.

e) PRUDENTIAL ACCOUNTING NORMS :

The company compiles its Financial Statements in accordance with the prudential norms prescribed by Reserve Bank of India for Non-Banking Finance Companies, in respect of

- a) Income Recognition
- a) Asset classification, and
- b) Provisioning for Bad and Doubtful debts

d) INCOME RECOGNITION :

- I) Income from Hire-Purchase transactions is recognized on "Sum of Digits Method" and the amount of hire charges credited to profit & loss account bears the proportion to total hire charges under the agreement as the number of outstanding installments bear to the sum of the total installments. However, during the year there are no transactions coming under this category.
- II) Interest income on loans & advances is recognized on the accrual basis.

e) The company is in existence for less than 5 years. Hence no Gratuity liability arises to the company.

6. **EXPENSES ACCOUNTING :**

Preliminary expenses are amortized over a period of 10 years.

7. **MANAGERIAL REMUNERATION :**

(Amount in Rupees)		
Salary & other perquisites paid to :		
Particulars	2000-01	1999-00
the Managing Director	1,80,000	1,80,000
the Whole time Director	90,000	90,000
Total :	2,70,000	2,70,000

8. Expenditure and earnings in foreign currency : NIL

Earnings in foreign currency : NIL

9. Paise have been rounded off to the nearest rupee.

10. Confirmation Letters :

The outstanding balances in the loan accounts are subject to confirmation from the respective parties.

11. The statement on significant accounting policies forms integral part of financial statement.

12. Previous year's figures have been regrouped and recast wherever necessary, to conform to current year's classification.

13. Contingent liabilities not provided for - NIL

14. The other particulars of Schedule - VI are not applicable to the company.

As per our report attached
For P.S.N.RAVI SHANKER & ASSOCIATES
Chartered Accountants

For and on behalf of the
Board of Directors of
NEEDS FINVEST LIMITED.

Sd/-
(P. RAVI SHANKER)
Partner

Sd/-
(Smt. K. VARALAKSHMI)
Managing Director

Sd/-
(K.V. REDDY PANTULU)
Director

Sd/-
(G. RAMA MURTHY)
Director

Place: Hyderabad
Date : 09-07-2001