

**NINTH ANNUAL REPORT  
2005-06**

**NEEDS FINVEST LIMITED**

REGD. OFFICE :

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

**NEEDS FINVEST LIMITED**

**REGISTERED OFFICE:**

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

**BOARD OF DIRECTORS**

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

Managing Director.  
Wholetime Director  
Director  
Director  
Director

**AUDITORS**

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

**BANKERS**

- 1) The Federal Bank Limited.  
Abids Branch , Orient Estate,  
Abids, Hyderabad- 500 001
- 2) The Corporation Bank  
Siddhi Amber Bazar  
Hyderabad

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### NOTICE TO THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Ninth Annual General Meeting of the company M/s.NEEDS FINVEST LIMITED will be held on 29<sup>th</sup> of September, 2006 at 11.00 a.m. at the registered office of the company situated at Flat No.12, Third 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, 2006, the Balance Sheet as on that date and the Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Sri K.V. Reddy Pantulu, who retire by rotation and being eligible, offer himself for reappointment.
3. To appoint a Director in place of Sri G. Ramamurthi, who retire by rotation and being eligible, offer himself for reappointment.
4. To appoint Auditors of 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 an ordinary resolution:

"RESOLVED THAT M/s.P.S.N.RAVISHANKER & ASSOCIATES, Chartered Accountants, Hyderabad the retiring Auditors of the company be and are hereby reappointed 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 : 01.09.2006

Sd/-  
(K. VARALAKSHMI)  
Managing Director

**M/s.NEEDS FINVEST LIMITED**  
**DIRECTORS' REPORT**

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

Your directors are presenting this annual report of our company's activities during the Ninth year of operations ending on 31<sup>st</sup> March, 2006.

**FINANCIAL RESULTS :**

The Performance of the company during the year 2005-06 is as under:

Particulars	(Rs. in Lakhs)	
	2005-06	2004-05
Income from operations	3.95	4.97
Add: Provision for NPAs-written back as no longer required	-	6.77
Profit on sale of Asset	0.30	-
Total Income	4.25	11.64
Less: Expenditure	7.34	13.90
Loss for the year	3.09	2.26
Less: Provision for taxation for the year	-	-
Less: Provision for FBT	0.02	-
Loss after tax	3.11	2.26
Add: prior period adjustment	-	-
-Excess provisions for Income tax	-	-
Less: - Interest Short provided on FD's	-	-
Less: Short provision of Depreciation	-	0.26
Loss after Adjustment	3.11	2.52
Add: Loss brought forward from previous year	29.57	27.04
Total Loss carried forward to Balance Sheet	32.68	29.57

The Gross income of the company has decreased during the year when compared to the previous year from Rs.4.97 lakhs to Rs.3.95 lakhs. The Company has incurred a loss of Rs. 3.09 lakhs during the year when compared to Rs.2.26 lakhs from previous year.

**DEPOSITS :**

The company has not accepted deposits during the year, to which the provisions of Section 58A and Section 58AA of the Companies Act, 1956, and (Acceptance of Deposits) Rules, 1975 apply and the outstanding balance as on 31-03-2006 is NIL. (31.03.2005 was NIL)

## DIRECTORS :

Sri K.V. Reddy Pantulu and Sri G. Ramamurthi retire by rotation and are eligible for reappointment, and offer themselves 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.

## EXPLANATIONS TO QUALIFICATIONS IN AUDIT REPORT:

### 1. Qualification In Point I(a) of the Audit Report

The Non-Performing Assets (Loans & Advances) of the company is about Rs.21.47 lakhs, out of the total advances of Rs.49.59 lakhs as at 31.03.2006. (Previous year NPA assets is about Rs.17.34 lakhs out of total advances of Rs.48.82 lakhs). The high level of NPAs is on account of continued default by the customers in spite of stringent recovery procedures adopted by the management of the company. The management of the company has issued notices, filed suits, Criminal Complaints, wherever necessary. The management would take further measures to regularize these dues.

### 2. Qualification in Point I(b)(4) of the Audit Report:

The management has resorted to extending advances to customers without tangible securities in order to survive the tough competition in this field. However, the company has taken personal guarantees from all these borrowers and has been extending the loans only to the trustworthy people, after discrete enquiries. The amounts advanced during the recent years have been recovered to the maximum extent and the quantum of NPA's represents the Advances given in the earlier years, which are doubtful of recovery.

## 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as on 31<sup>st</sup> March, 2006 and of the loss of the company for the year ended 31<sup>st</sup> March, 2006;
- 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 : 01.09.2006

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, Third Floor,  
Krishna Complex, Tilak Road,  
Abids, Hyderabad.

From

P.S.N.RAVISHANKERASSOCIATES  
Chartered Accountants  
Flat No.205, B-Block  
II Floor, Kushal Towers  
Khairatabad  
Hyderabad

We have audited the attached Balance Sheet of M/S.NEEDS FINVEST LIMITED as at 31st March, 2006 and the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the management and our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

I.

- a) There are certain Non-Performing Assets (Loans & Advances) amounting to about Rs. 21.47 lakhs Out of the total advances of Rs.49.59 lakhs as at 31.03.2006 (Previous year NPA's Rs. 17.34 lakhs out of Total Advance of Rs. 48.83 lakhs) determined as per the prudential accounting norms of Reserve Bank of India, which are required to be followed up for regularizing/effecting the recovery.
- b) As required by the Companies (Auditors' Report) Order, 2003 issued by company Law Board, in terms of Section 227(4A) of the Companies Act, 1956, we have enclosed a statement on the matters specified in paragraphs 4 and 5 of the said order.

II. Further to our statement referred to in paragraph I above, we report that :

- 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 accounts as referred to by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.

- d) In, our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act , 1956.
- e) On the basis of written representations received from the directors, as on 31-03-2006, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31-03-2006 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) In so far as it relates to the Balance Sheet, of the state of affairs of the company as at 31st March, 2006; and
- (ii) In so far as it relates to the Profit & Loss Account, of the Loss of the company for the year ended on that date.

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

Place: Hyderabad  
Date : 01.09.2006

Sd/-  
(P. RAVI SHANKER)  
Partner

STATEMENT REFERRED TO IN PARAGRAPH I OF OUR REPORT OF EVEN DATE

1. a) The company maintains records showing the particulars, including quantitative details, situation of assets.  
b) The fixed assets of the company have been physically verified by the management at reasonable intervals and we are informed that no material discrepancies were noticed on such verification.  
c) During the year the company has disposed off one of the fixed assets of the company (Vehicle). However it has not affected the going concern concept.
2. The company does not maintain any stocks hence the points ii (a), (b) and (c) do not apply to the company.
3. a) The company has not accepted or granted any loans, secured or unsecured, from to the companies, firms or other parties covered in the register maintained under section 301 of the Act. However, during the year the company has accepted Short term loans and granted Short term loans, in the form of Inter-corporate Deposits from / to a company covered in the register maintained under section 301 of the Act in the normal course of its business and the amount involved in the transactions during the year is Rs.5.15 lakhs.  
b) The rate of interest and other terms and conditions of loans given /taken by the company do not, prima-facie appear to be prejudicial to the interest of the company.  
c) The payment of principal and interest are regular in respect of these accounts and the outstanding balance as on 31.03.2006 is Rs.2.15 lakhs (Previous year NIL).  
d) The overdue amount in respect of these accounts as on 31.03.2006 is NIL.
4. There is an internal control procedure commensurate with the size of the company and the nature of its business, for the purpose of purchase of fixed assets and making advances. However there appears to be continuing failure to correct the existing procedure of extending the loans & advances to customers without tangible securities/ Collateral securities. Accordingly the quantum of NPA's in the Advances has gone up to Rs.21.47 lakhs out of the total advances Rs.49.59 lakhs, when compared to the previous year NPA's of Rs.17.34 lakhs out of the Total Advance of Rs.48.83 lakhs, which shows that there is a corresponding failure in making the recoveries for NPA accounts.
5. a) As per the information and explanations furnished to us during the year , the Company has accepted Short Term Loans and granted Short Term loans from/to a party during the normal course of its business, which need to be entered in the register in pursuance of Section 301 of the Companies, Act 1956 and we are of the opinion that the same have been entered in the said register by the company.  
b) According to the information and explanations furnished to us, it appears that these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time as stated under point No. 3 above.
6. The company has not accepted any Deposits during the year and the directives issued by the Reserve Bank of India and the provisions of section 58A, 58AA of the Act and rules framed there under and the outstanding balance as on 31.03.2006 is NIL. (Previous year NIL)

7. The Company does not have any formal Internal Audit system during the year.
8. Maintenance of Cost records does not apply to the company.
9. a) The company has not adopted the Provident Fund and Employees State Insurance Laws and we are informed by the management that as such these laws do not apply to the Company.  
b) As per the information and explanations given to us, the company does not have any undisputed statutory dues relating to Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and any other statutory dues as at 31st March, 2006 outstanding for a period of more than six months from the date they became payable.
10. The company has been registered for a period of more than five years. The company has incurred cash losses during the year amounting to Rs.3.11 lakhs and Rs.2.26 lakhs during the financial years ending 31.03.2006 and 31.03.2005 respectively. The total accumulated losses as on 31.03.2006 is Rs.32.68 lacs, and it is equivalent about 50% of the Net worth of the company before the accumulated losses. Thus, the Tangible Net worth of the company has come down to Rs.33.32 lakhs as at 31.03.2006, when compared to Rs. 36.39 lakhs as at 31.03.2005.
11. The company has not borrowed any loans from the Banks, financial institutions or in the form of debentures.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares.
13. The company is not a Chit fund/Nidhi/Mutually Benefit Fund/ Society and is a Non-Banking Financial Company(NBFC) registered with RBI.
14. The company has not dealt with or traded in shares, securities, debentures and other investments.
15. As per the information and explanations furnished to us the company has not given any guarantees for loans taken by others from bank or financial institutions.
16. The company has not obtained any term loans during the year.
17. The company has not generally used the funds on short-term basis for long term investment and vice versa.
18. The company has not made any preferential allotment of shares during the year.
19. The company has not issued any debentures.
20. The company has not raised any money by way of public issue.

21. As per the information and explanations furnished to us, no fraud on or by the company has been reported during the year.

Matters to be included in the Auditors Report As per the Non Banking Financial Companies Auditor's Report(Reserve Bank) Directions, 1998 issued by RBI.

- A) The company is registered with RBI as per Section 45-IA of the Reserve Bank of India Act, 1934 and the company has obtained the certificate of registration from RBI vide COR No.09.00006 dt.30.12.1997.
- B) As per the information and explanations furnished to us by the management and on the basis of books and records examined by us, we are of the opinion that
- i) The Board of directors of the company has passed a resolution for the non-acceptance of any public deposits
  - ii) The company has not accepted any public deposits during the year and the outstanding balance as on 31.03.2006 is NIL (Previous year NIL) and
  - iii) Subject to our observation in Clause I) (a) of the Audit Report, the company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it.

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

Place : Hyderabad  
Date : 01.09.2006

Sd/-  
(P. RAVI SHANKER)  
Partner

NEEDS FINVEST LIMITED					
BALANCE SHEET AS ON 31-03-2006					
	Schedule No	As on 31.03.2006	As on 31.03.2006 Rs.	As on 31.03.2005	As on 31.03.2005 Rs.
<b>SOURCES OF FUNDS:</b>					
<b>I. SHAREHOLDERS FUNDS:</b>					
1. Share Capital	A		6,083,000		6,083,000
2. Reserves & Surplus	B		519,500		519,500
3. Secured Loans	C		1,158,450		426,010
<b>TOTAL</b>			<b>7,760,950</b>		<b>7,028,510</b>
<b>II. APPLICATION OF FUNDS:</b>					
1. Fixed assets - Net block	D		48,606		122,207
2. Current Assets, Loans & Advances	E	6,670,075		5,913,733	
Less: Current Liabilities & Provisions	F	2,228,551		1,970,399	
<b>Net Current Assets</b>			<b>4,441,524</b>		<b>3,943,333</b>
3. Miscellaneous Expenditure (to the extent not written off or adjusted)	G		3,270,820		2,962,968
(to be read along with notes on accounts)					
<b>TOTAL</b>			<b>7,760,950</b>		<b>7,028,508</b>
As per the report of even date attached For P.S.N.RAVI SHANKER & ASSOCIATES CHARTERED ACCOUNTANTS			For and on behalf of board of directors of NEEDS FINVEST LIMITED		
Sd/- (P.RAVI SHANKER) PARTNER			Sd/- (K.VARALAKSHMI) MANAGING DIRECTOR		
Place : Hyderabad Date : 01-09-2006			Sd/- (K.SATYANARAYANA) WHOLE TIME DIRECTOR		
			Sd/- (G.RAMAMURTHI) DIRECTOR		

**NEEDS FINVEST LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-2006**

	Schedule No		As on 31.03.2006		As on 31.03.2005
			Rs.		Rs.
<b>A. INCOME:</b>					
Income from Operations:					
Discounting Charges/Interest Income		389,410		494,869	
Less: Provision for Unrealised Interest for the year (As per RBI guidelines)		2,800		40,820	
		386,610		454,049	
Add: Excess provision for Unrealised discounting charges (As per RBI guidelines)		-		25,083	
Add : Realised discounting charges during the year (As per RBI guidelines)		-	386,610	-	479,132
Profit/(Loss) from closure of Chits			-		2,607
Misc. Income			8,868		15,287
Provision for NPAs-Written back as no longer required			-		667,433
Profit on Sale of Asset			30,057		-
Total (A)			425,535		1,164,459
<b>B. EXPENDITURE:</b>					
Administrative Cost	H		104,767		166,662
Personel cost	I		132,015		149,696
Finance cost	J		959		44,521
Remuneration to Directors			180,000		225,000
Depreciation	D		28,659		47,329
Bad debts writtenoff			-		667,433
Provision for non-performing assets (as per RBI guidelines)			285,087		86,481
Preliminary expenses written off			3,200		3,200
Total (B)			734,687		1,390,321
(Loss) for the year (A) - (B)			(309,152)		(225,862)
Provision for taxation for the year			-		-
Provision for FBT			1,900		-
(Loss) after taxation for the year			(311,052)		(225,862)
Add : Prior period adjustments -- Short provision for Depreciation			-		26,239
Add: (loss) brought forward from previous years	2		(311,052)		(252,101)
Balance of (Loss) transferred to Balance Sheet			(2,956,569)		(2,704,468)
			(3,267,620)		(2,956,569)
As per the report of even date attached For P.S.N.RAVI SHANKER & ASSOCIATES CHARTERED ACCOUNTANTS		For and on behalf of board of directors of NEEDS FINVEST LIMITED			
Sd/- (P.RAVI SHANKER) PARTNER		Sd/- (K.VARALAKSHMI) MANAGING DIRECTOR			
Place : Hyderabad Date : 01-09-2006		Sd/- (K.SATYANARAYANA) WHOLE TIME DIRECTOR			
		Sd/- (G.RAMAMURTHI) DIRECTOR			

<b>NEEDS FINVEST LIMITED</b>		
<b>SCHEDULES FORMING PART OF BALANCE SHEET</b>		
Particulars	As on 31.03.2006	As on 31.03.2005
<b>Schedule - A : SHARE CAPITAL</b>		
<u>Authorised Capital</u> 10,00,000 Equity shares of Rs.10/- each	10,000,000	10,000,000
<u>Issued, Subscribed and paid-up capital</u> 6,08,300 Equity shares of Rs.10/- each fully paid up	6,083,000	6,083,000
<b>Schedule - B : RESERVES &amp; SURPLUS</b>		
a) General Reserve	408,000	408,000
b) Reserve Fund	111,500	111,500
	519,500	519,500
<b>Schedule - C: SECURED LOANS:</b>		
Bid amounts received from: Konapala Chits private Limited (Guaranteed by personal sureties of Directors and others)	1,158,450	426,010
	1,158,450	426,010
As per the report of even date attached For P.S.N.RAVI SHANKER & ASSOCIATES CHARTERED ACCOUNTANTS	For and on behalf of board of directors of NEEDS FINVEST LIMITED	
Sd/- (P.RAVI SHANKER) PARTNER	Sd/- (K.VARALAKSHMI) MANAGING DIRECTOR	
	Sd/- (K.SATYANARAYANA) WHOLE TIME DIRECTOR	
Place : Hyderabad Date : 01-09-2006	Sd/- (G.RAMAMURTHI) DIRECTOR	

**NEEDS FINVEST LIMITED**  
**SCHEDULES FORMING PART OF BALANCE SHEET**

Particulars	As on 31.03.2006	As on 31.03.2005
<b>Schedule - E : CURRENT ASSETS, LOANS AND ADVANCES</b>		
a) Loan debtors E(a)	4,959,549	4,882,899
b) Cash in hand	47,672	53,771
c) Balance with scheduled banks in current accounts	46,343	337,637
d) <u>Subscription to Chits:</u>		
Konapala Chits private Limited	1,350,157	605,189
e) TDS effected by Others	38,775	-
f) TDS receivable	7,575	-
g) Income Tax Refund	-	34,238
h) Intercompany Deposit a/c	215,000	-
i) Interest receivable on ICD	5,004	-
	<b>6,670,075</b>	<b>5,913,733</b>

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

Particulars	31.03.2006			31.03.2005		
	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	-	-	-	-	-	-
- Considered Doubtful	-	350,283	350,283	-	350,283	350,283
	-	350,283	350,283	-	350,283	350,283
Loans - Unsecured						
- considered good	1,625,671	1,186,160	2,811,831	2,558,974	589,105	3,148,079
- Considered Doubtful	-	1,797,435	1,797,435	-	1,384,537	1,384,537
	1,625,671	2,983,595	4,609,266	2,558,974	1,973,642	4,532,616
<b>Total</b>	<b>1,625,671</b>	<b>3,333,878</b>	<b>4,959,549</b>	<b>2,558,974</b>	<b>2,323,925</b>	<b>4,882,899</b>

**Schedule F - CURRENT LIABILITIES & PROVISIONS:**

	As on 31.03.2006	As on 31.03.2005
<b>A) CURRENT LIABILITIES:</b>		
a) Discounting charges received in Advance	16,662	44,898
b) TDS payable	19,770	23,169
c) Audit Fee Payable	40,000	42,500
d) Directors Sitting Fee Payable	2,500	-
Total (A)	78,932	110,567
<b>B) PROVISIONS:</b>		
a) Provision for taxation for the year	-	-
b) Provision for FBT	1,900	-
c) Provision for non-performing assets as per RBI guidelines	1,728,804	1,443,717
d) Unrealised discounting charges as per RBI guidelines	418,914	416,114
Total (B)	2,149,618	1,859,831
Total (A) + (B)	2,228,551	1,970,399
<b>Schedule - G: MISCELLANEOUS EXPENDITURE:</b> (to the extent not written off or adjusted)		
Profit & Loss a/c-Debit Balance	3,267,620	2,956,569
Preliminary expenses	3,200	6,400
	3,270,820	2,962,969

As per the report of even date attached  
For P.S.N.RAVI SHANKER & ASSOCIATES  
CHARTERED ACCOUNTANTS

Sd/-  
(P.RAVI SHANKER)  
PARTNER

Place : Hyderabad  
Date : 01-09-2006

For and on behalf of board of directors of  
NEEDS FINVEST LIMITED

Sd/-  
(K.VARALAKSHMI)  
MANAGING DIRECTOR

Sd/-  
(K.SATYANARAYANA)  
WHOLE TIME DIRECTOR

Sd/-  
(G.RAMAMURTHI)  
DIRECTOR

**Schedule - D: FIXED ASSETS SCHEDULE**

Name of the Asset	(Amounts in Rupees)									
	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 01/04/2005	Deletions during the year 05-06	As on 3/31/06	Upto 3/31/05	For the year	Del. during the year 05-06	Upto 3/31/06	As on 3/31/06	As on 3/31/05	Rs.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Furniture & Fixtures	68,942	-	68,942	43,691	4,570	-	48,261	20,681	25,251	
Computer & other office equipment	174,938	-	174,938	128,395	18,617	-	147,012	27,926	46,543	
Car	265,625	265,625	-	215,211	5,471	220,682	-	-	50,414	
Total	509,505	265,625	243,880	387,297	28,659	220,682	195,274	48,606	122,208	

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

For and on behalf of board of directors of  
NEEDS FINVEST LIMITED

Sd/-  
(P.RAVI SHANKER)  
PARTNER

Sd/-  
(K.VARALAKSHMI)  
MANAGING DIRECTOR

Sd/-  
(K.SATYANARAYANA)  
WHOLE TIME DIRECTOR

Sd/-  
(G.RAMAMURTHI)  
DIRECTOR

Place : Hyderabad  
Date : 01-09-2006

**NEEDS FINVEST LIMITED**  
**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT**

Particulars	As on 31.03.2006	As on 31.03.2006	As on 31.03.2005	As on 31.03.2005
<b>Schedule - H: ADMINISTRATION COST</b>				
Rent, Rates & Taxes		35,353		41,386
Printing & Stationery		838		6,419
Office Maintenance & other general expenses		9,756		18,345
Postage, Telephones & Telegrams		13,014		20,454
Legal charges		10,539		21,185
Directors sitting fees		-		-
Petrol & Conveyance		13,405		29,888
Insurance		-		5,182
Car Maintenance		270		-
Repairs & Maintenance charges		600		2,641
Misc. expenses		342		1,162
Auditors remuneration:				
Statutory Audit fees	20,000		20,000	
Taxation matters	-		-	
Other services	650		-	
		20,650		20,000
		104,767		166,662
<b>Schedule - I: PERSONNEL COST</b>				
Salaries		132,000		147,000
Staff Welfare		15		2,696
		132,015		149,696
<b>Schedule - J: FINANCE COST</b>				
Bank Charges		959		1,067
Interest on ICD		-		731
Interest on FD		-		42,723
		959		44,521

As per the report of even date attached  
For P.S.N.RAVI SHANKER & ASSOCIATES  
CHARTERED ACCOUNTANTS

Sd/-  
(P.RAVI SHANKER)  
PARTNER

Place : Hyderabad  
Date : 01-09-2006

For and on behalf of board of directors of  
NEEDS FINVEST LIMITED

Sd/-  
(K.VARALAKSHMI)  
MANAGING DIRECTOR

Sd/-  
(K.SATYANARAYANA)  
WHOLE TIME DIRECTOR

Sd/-  
(G.RAMAMURTHI)  
DIRECTOR

**NOTES ON ACCOUNTS FORMING PART OF THE BALANCE SHEET :**

**1. 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 and provisions have been made for all known liabilities. The provision for FBT 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
- b) Asset classification and
- c) Provisioning for Bad and Doubtful debts. However provision has not been made for the loan accounts closed after the balance sheet till the date of adoption of accounts.

**f) INCOME RECOGNITION :**

1. Interest income on loans & advances is recognized on the accrual basis. However Interest on Doubtful Assets (Long outstanding Bad debts) under 100% provision Category as per RBI prudential accounting norms has not been provided as the principal amounts have become doubtful of recovery.

2. Employee Retirement Benefits: The provisions of the Acts relating to the Employees retirement benefits are not applicable to the company.

**3. EXPENSES ACCOUNTING :**

Preliminary expenses are amortized over a period of 10 years.

4. **MANAGERIAL REMUNERATION :**

(Amount in Rupees)

Salary & other perquisites paid to		
Particulars	2005-06	2004-05
The Managing Director	1,80,000	1,80,000
The Whole time Director	-	45,000
Total:	1,80,000	2,25,000

5. Expenditure in foreign currency : NIL  
Earnings in foreign currency : NIL
6. Paise have been rounded off to the nearest rupee.
7. Confirmation Letters :  
The outstanding balances in the loan accounts are subject to confirmation from the respective parties.
8. The statement on significant accounting policies forms integral part of financial statement.
9. Previous year's figures have been regrouped and recast wherever necessary, to conform to current year's classification.
10. There are no dues to or from SSI units.
11. Contingent liabilities not provided for – NIL–
12. The other particulars of Schedule - VI are not applicable to the company.

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

Sd/-  
(P. RAVI SHANKER)  
Partner

Place : Hyderabad  
Date : 01.09.2006

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

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

Sd/-  
(K.SATYANARAYANA)  
Whole time Director

**NEES FINVEST LIMITED**  
Regd.Office : Flat No.12, 3<sup>rd</sup> Floor, Krishna Complex,  
D.No. 4-1-938, Tilak Road, Abids, Hyderabad.

**PROXY FORM**

I/We ..... of .....  
in the district of..... being a member/members of the above  
named company, hereby appoint as my proxy to vote for me/us on my/our behalf of the 9<sup>th</sup>  
Annual General Meeting of the Company to be held at Regd.Office : Flat No.12, 3<sup>rd</sup> Floor,  
Krishna Complex, D.No. 4-1-938, Tilak Road, Abids, Hyderabad. On Thursday the 29<sup>th</sup>  
September, 2006 at 11.00 a.m. and at any adjournment thereof.

Signed this ..... day of ....., 2006.

Ledger Folio No.                      No.of Shares

Signature:

Note: The proxy to be valid should be duly completed and deposited at the Registered Office of  
the Company not less than 48 hours before the time for holding the meeting. A proxy need not  
be a member.

**ATTENDANCE SLIP :**

I hereby record my presence at the Ninth Annual General Meeting of NEES FINVEST LIMITED.  
at Flat No.12, 3<sup>rd</sup> Floor, Krishna Complex, D.No. 4-1-938, Tilak Road, Abids, Hyderabad.

1. Full Name of the Member :  
(in Block Letters)
2. Full Name of the Proxy\* :
3. Ledger Folio Number :
4. Number of Shares Held :
5. Signature of the Member/Proxy  
attending :

\* To be used only if the member, Second named is not attending  
Please give full name of the first holder  
Mr/Mrs/Miss.....

Note : Members attending must fill in this attendance slip and hand it over at  
the entrance of the venue of the meeting.