

## **N.B.I. INDUSTRIAL FINANCE CO. LTD.**

### **Schedule – 13**

#### **NOTES ON ACCOUNTS AND ACCOUNTING POLICIES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011**

##### **A. SIGNIFICANT ACCOUNTING POLICIES :**

###### **1. METHOD OF ACCOUNTING :**

These Accounts have been prepared on historical cost convention and Income & Expenditure have been booked on accrual basis except Income from Interest, Lease Rent, Hire Rent, Hire Purchase Charges and Dividend which have been accounted for on the basis of directions laid down by R.B.I. vide their letter Reference No. DFC (COC) No.2355/174/94-95 dated 19<sup>th</sup> June, 1995. On the basis of this letter, Interest Hire Purchase Charges and Lease Rent on non-performing assets is accounted for on receipt basis except interest provided on Secured Loans.

###### **2. FIXED ASSETS :**

The Gross Block of Fixed Assets is shown at Cost.

###### **3. DEPRECIATION :**

Depreciation is provided on the written down value basis at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.

###### **4. INVESTMENTS :**

Purchase and Sale of Investments are accounted for as and when deliveries are effected. Current Investments are carried in the financial statement determined by category of Investments. Long term Investments are stated at cost. No provision for diminution in the market value of long term investments is made as the same is not considered of permanent nature.

###### **5. PENAL INTEREST :**

Penal Interest for belated payments made by Hire Purchase and Lease Parties are accounted for as and when recovered.

###### **6. TAXATION :**

a) Provision for current taxation is made in accordance with the income tax laws prevailing for the relevant assessment years.

b) Deferred tax for timing differences between tax profits and book Profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized to the extent there is reasonable certainty that these assets can be realised in future.

###### **7. GRATUITY :**

Gratuity is accounted for on accrual basis.

###### **8. LEAVE ENCASHMENT :**

Leave Encashment is accounted for on accrual basis.

## NOTES ON ACCOUNTS

1. The Company has not paid any amount during the year out of General Reserve to the Shareholders who had opted to withdraw under the Scheme of Capital Reduction approved by the High Court. General Reserve will be further reduced by Rs.1,38,928/- as and when payments are claimed.
2. There are no separate reportable segments as per Accounting Standard 17.
3. Particulars required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions 2007 issued by Reserve Bank of India are appended to the Balance Sheet as Schedule 15.
4. Contingent Liability not provided for :  
  
Uncalled liability on Partly Paid up Shares =Rs. 1012500/- (Previous Year Rs. Nil)
5. Staff cost appearing in the Profit & Loss Account are net of service charges received from other.
6. **Earnings Per Shares (EPS)**

	<u>2010-2011</u>	<u>2009-2010</u>
i) Profit after Tax as per Profit & Loss Account ( Rs.)	14117264/-	9307391/-
ii) No of Equity Shares (Face Value of Rs. 10/- each)	1228403	1228403
Basic and Diluted EPS (in Rupees) ((i) / (ii))	11.49	7.58
7. Figures of the previous year have been recast and regrouped wherever necessary.
8. Figures have been rounded off to the nearest rupee.