

13th Annual Report



INDO ASIAN FINANCE LTD



INDO ASIAN FINANCE LTD

BOARD OF DIRECTORS

Prof. A.V.K. IYENGAR
M.Sc., A.M.I.I.E., F.I.M.A.

P.B. RAMANUJAM, M.A., B.L.

R.J. JAYANTILAL

M. KISHANCHAND

R.J. ANANDMUL

M. PRAKASHCHAND JAIN, M.M.S.
Joint Managing Director

PADAM J CHALLANI
Managing Director

BANKERS

Canara Bank

Indian Overseas Bank

Punjab National Bank

Punjab & Sind Bank

Indian Bank

Allahabad Bank

AUDITORS

VISWA BALA ASSOCIATES
Chartered Accountants
Chennai - 600 028.

REGISTERED OFFICE

No.15, New Giri Road
T.Nagar, Chennai - 600 017
Tel.: 2823 0002 / Fax: 2824 0459

REGISTRAR & SHARE TRANSFER AGENTS

M/s. Cameo Corporate Services Limited
'Subramanian Building'
No.1, Club House Road
Chennai - 600 002
Tel.: 2846 0390 / Fax: 2846 0129



INDO ASIAN FINANCE LTD

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Thirteenth Annual General Meeting of the members of INDO ASIAN FINANCE LIMITED will be held on Saturday, the 9th August, 2003 at Sri Rajasthan Jain Samaj, Jain Bhavan, 66, Thiagaraya Road, T. Nagar, Chennai - 600 017 at 10.30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as on 31st March, 2003 and the Profit and Loss account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare the dividend for the year ended 31st March, 2003.
3. To appoint a Director in the place of Shri R.J. Jayanthilal who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Shri M. Kishanchand who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in the place of Shri Padam J Challani who retires by rotation, and being eligible, offers himself for reappointment.
6. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting on a remuneration to be decided by the Board of Directors.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution:

"RESOLVED pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, that approval of the Company be and is hereby accorded to the appointment of Shri Padam J Challani as Chairman of the Company for a period of five years from 1st August, 2003 to 31st July, 2008 upon the terms and conditions contained in the draft Agreement submitted to this Meeting and initialed by the Chairman for identification, to be entered into between the Company of the one part and Shri Padam J Challani of the other part, which Agreement is hereby specifically approved with liberty to the Board of Directors to alter, vary and modify the said terms of appointment and remuneration as may be agreed between the Board of Directors and Shri Padam J Challani."

8. To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution:

"RESOLVED pursuant to the provisions of Sections 198, 269, 309, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, that approval of the Company be and is hereby accorded to the appointment of Shri M. Prakashchand Jain as Managing Director of the Company for a period of five years from 1st August, 2003 to 31st July, 2008 upon the terms and conditions contained in the draft Agreement submitted to this Meeting and initialed by the Chairman for identification, to be entered into between the Company



INDO ASIAN FINANCE LTD

of the one part and Shri M. Prakashchand Jain of the other part, which Agreement is hereby specifically approved with liberty to the Board of Directors to alter, vary and modify the said terms of appointment and remuneration as may be agreed between the Board of Directors and Shri M. Prakashchand Jain."

Registered Office

No.15, New Girl Road
T.Nagar, Chennai - 600 017
31st May, 2003

By Order of the Board
For INDO ASIAN FINANCE LTD

PADAM J CHALLANI
Managing Director

NOTES

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item Nos.6 & 7 and the relevant details in respect of 3 to 5 above, pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges are annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. Members desirous of getting any information in respect of the Accounts of the Company are requested to send their queries in writing to the Company at the Registered Office so as to reach at least 7 days before the date of the Meeting so that the required information can be made available at the Meeting.
4. The instrument appointing a proxy should be deposited at the Corporate Office of the Company not less than 48 hours before the Meeting.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 1st August, 2003 to 9th August, 2003 (both days inclusive).
6. Members holding shares in electronic form may please note that as per the regulations of National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL), the Company is obliged to print the bank details on the dividend warrants as furnished by these Depositories to the Company and the Company cannot entertain any request for deletion / change of bank details already printed on dividend warrants as per information received from the concerned depositories. In this regard, Members should contact their Depository Participant (DP) and furnish particulars of any changes desired by them.
7. In terms of SEBI Circular dated 27th December, 2002, M/s.Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai - 600 002, have been appointed Registrar and Share Transfer Agents for both physical and demat shares. The shareholders are requested to send all correspondences to the address of the Registrar.
8. At this Annual General Meeting Shri Padam J Challani, Shri R.J. Jayanthilal, Shri M. Kishanchand retire by rotation and being eligible, offer themselves for reappointment.

As per Clause 49 of the Listing Agreement with the Stock Exchanges a brief background, functional expertise of the Directors proposed for appointment / reappointment are



INDO ASIAN FINANCE LTD

furnished below along with details of companies in which they are Directors and the Committees of which they are members.

Shri M. Kishanchand aged 37 years. He is in the hire purchase business for the last 17 years.

Shri Padam J Challani aged 47 years, is a graduate from University of Madras. He possesses hands on experience of more than 27 years in hire purchase and leasing finance and possesses a thorough knowledge about the transportation sector. He is at present a Director in SMK Finance Ltd, Challani Estates Ltd and Managing Director in Indo Asian Finance Ltd.

Shri R.J. Jayanthilal aged 42 years, is a graduate from Annamalai University. He possesses practical experience in the hire purchase business for the last 17 years. He is a Director in Challani Estates Ltd and Indo Asian Finance Ltd.

EXPLANATORY STATEMENT

PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

ITEM NO.7

At the Board Meeting held on 31st May, 2003, your Directors appointed Shri Padam J Challani present Managing Director as Chairman of your Company.

Shri Padam J Challani is a graduate from University of Madras. He promoted the Company and at present he is the Managing Director. Members may recollect that at the 8th Annual General Meeting of the Company held on 24th August, 1998, Shri Padam J Challani was appointed as the Managing Director of the Company pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions of the Companies Act 1956 for a period of 5 years from 1st August, 1998. The terms and conditions of Shri Padam J Challani's appointment as Chairman are placed before this Meeting for your approval, i.e.,

1. Period of Agreement: For a period of 5 years from 1st August 2003.
2. Remuneration:
 - a. Salary: In the scale of Rs.75,000/- to Rs.1,25,000/- per month, as may be decided by the Board of Directors. The annual increment will be effective 1st April each year and will be decided by the Board on merit, taking into account the Company's performance.
 Shri Padam J Challani's current salary is fixed at Rs.75,000/- p.m.
 - b. Perquisites & Allowances:
 - i. In addition to the salary payable, Shri Padam J Challani shall also be entitled to perquisites and allowances like rent free accommodation (furnished or otherwise) or house rent allowance in lieu thereof; car with chauffeur for official and private use, house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, telephone bills reimbursement; club fees and leave travel concession for himself and his family; medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as



INDO ASIAN FINANCE LTD

may be agreed to by the Board of Directors and such perquisites and allowances will be subject to a maximum of 125% of his annual salary.

- ii. For the purpose of calculating the above ceiling, perquisites shall be valued as per the Income Tax Rules, wherever applicable; in the absence of any such rules, perquisites shall be evaluated at actual cost to the Company.
- c. Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Shri Padam J Challani, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above.
- d. The terms and conditions of the said appointment and / or agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to Shri Padam J Challani.

As required under Section 269 read with Schedule XIII to the Companies Act, 1956, Shri Padam J Challani's appointment and remuneration as Chairman for a period of 5 years from 1st August, 2003 to 31st July, 2008 is being placed before the Members for approval.

The details of Shri Padam J Challani's remuneration mentioned above may be treated as an Abstract and Memorandum under Section 302 of the Companies Act, 1956 to the Members.

Other than Shri Padam J Challani, Shri R.J. Anandmul & Shri.R.J. Jayanthilal are concerned and/or interested in this resolution as they happen to be related to him. Your Directors recommend the resolution for acceptance by the Members.

ITEM NO.8

At the Board Meeting held on 31st May, 2003, your Directors appointed Shri M. Prakashchand Jain, present Joint Managing Director, as Managing Director of your Company.

Shri M. Prakashchand Jain is holding a Master's degree in Management Science from BITS Pilani and at present he is the Joint Managing Director of your Company. Members may recollect that at the 9th Annual General Meeting of the Company held on 30th June, 1999, Shri M. Prakashchand Jain was appointed as the Joint Managing Director of the Company pursuant to the provisions of Sections 269, 309, 198 and other applicable provisions of the Companies Act, 1956 for a period of 5 years from 30th January, 1999. The terms and conditions of Shri M. Prakashchand Jain's appointment as Managing Director are placed before this Meeting for your approval, i.e.,

1. Period of Agreement: For a period of 5 years from 1st August, 2003.
2. Remuneration:
 - a. Salary: In the scale of Rs.75,000/- to Rs.1,25,000/- per month, as may be decided by the Board of Directors. The annual increment will be effective 1st April each year and will be decided by the Board on merit taking into account the Company's performance.

Shri M. Prakashchand Jain's current salary is fixed at Rs.75,000/- p.m.



INDO ASIAN FINANCE LTD

b. Perquisites & Allowances:

- i. In addition to the salary payable, Shri M. Prakashchand Jain shall also be entitled to perquisites and allowances like rent free accommodation (furnished or otherwise) or house rent allowance in lieu thereof; car with chauffeur for official and private use, house maintenance allowance, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, furnishings and repairs, medical reimbursement, telephone bills reimbursement; club fees and leave travel concession for himself and his family; medical insurance and such other perquisites and allowances in accordance with the rules of the Company or as may be agreed to by the Board of Directors and such perquisites and allowances will be subject to a maximum of 125% of his annual salary.
- ii. For the purpose of calculating the above ceiling, perquisites shall be valued as per the Income Tax Rules, wherever applicable; in the absence of any such rules, perquisites shall be evaluated at actual cost to the Company.
- c. Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Shri M. Prakashchand Jain, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified above.
- d. The terms and conditions of the said appointment and / or agreement may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to Shri M. Prakashchand Jain.

As required under Section 269 read with Schedule XIII to the Companies Act, 1956, Shri M. Prakashchand Jain's appointment and remuneration as Managing Director for a period of 5 years from 1st August, 2003 to 31st July, 2008 is being placed before the Members for approval.

The details of Shri M. Prakashchand Jain's remuneration mentioned above may be treated as an Abstract and Memorandum under Section 302 of the Companies Act, 1956 to the Members.

Other than Shri M. Prakashchand Jain, Shri M. Kishanchand is concerned and / or interested in this resolution as he happens to be related to him. Your Directors recommend the resolution for acceptance by the Members.

Registered Office
No.15, New Girl Road
T.Nagar, Chennai - 600 017
31st May, 2003

By Order of the Board
For INDO ASIAN FINANCE LTD

PADAM J CHALLANI
Managing Director



INDO ANIAN FINANCE LTD

DIRECTORS' REPORT

Your Directors have great pleasure in presenting the Thirteenth Annual Report along with Audited Accounts for the year ended 31st March 2003.

FINANCIAL RESULTS

	For the year ended 31.03.2003 (Rs. in Lakhs)	31.03.2002 (Rs. in Lakhs)
Profit before depreciation/L.E.R.	162.17	176.33
Previous year balance	1.44	0.62
	<u>163.61</u>	<u>176.95</u>
Less: Depreciation / L.E.R.	34.28	75.75
Profit before Tax	129.32	101.20
Less: Provision for Taxation	25.80	22.24
Provision for Tax (Deferred)	(13.58)	(10.54)
Provision for Investment	—	3.75
Provision for Non-Performing Asset	6.18	3.31
	<u>110.93</u>	<u>82.44</u>
APPROPRIATION		
Transfer to Special Reserve	25.00	—
Transfer to General Reserve	35.00	51.00
Proposed Dividend	45.00	30.00
Provision for Dividend Tax	5.77	—
Balance carried to Balance Sheet	0.16	1.44
	<u>110.93</u>	<u>82.44</u>

DIVIDEND

Yours Directors are pleased to recommend a dividend of 15% (Rs.1.50 per equity share of Rs.10 each) on the paid up equity capital of the Company, for the year-ended 31/03/2003 as against the dividend of 10% declared and paid in the last year.

BUSINESS & FUTURE PROSPECTS

Stock on hire as on 31st March, 2003 was Rs.2036.65 lacs as against Rs.1678.05 lacs.

Company's income from Finance charges has increased to Rs.486.49 lacs as against Rs.400.93 lacs in the last year. The income from lease business has come down to Rs.15.99 lacs as against Rs.75.91 lacs in the last year, as there has not been any fresh lease transactions during the year under review.

The anticipated acceleration in the country's economy has not come through and the depression has continued in the year under review also. However, the automobile manufacturing companies have shown better results indicating that the economy is on the pick up. With several concessions that are being introduced by the Government, it is expected the economy should pick up in the current year. More over, the development of infrastructure facilities like transport and communication is also expected to result in the improvement of



INDO ASIAN FINANCE LTD

the trade activities. The Government attempt to rationalize its taxation policies should also act as an inducement to the development of the economy. As far as the Non-Banking Financial Companies are concerned, the Regulatory Authorities continue to introduce several new measures with a view to regulate the functioning and control of NBFCs. Your directors hope that in the current year, efforts of the Government should start yielding results and your company would be focussing its attention to further increase the turnover and profitability, by developing and introducing new products.

RESOURCES

1. Deposits

The public deposits, as on 31/03/2003 was Rs.295.48 lacs against Rs.284.49 lacs as on 31/03/2002.

The deposits matured but unclaimed as at the end of the year amounted to Rs.132608/- Periodic reminders are sent to the depositors for repayment /renewal of deposits. There is no deposit that was claimed and remained unpaid by the company after the date of maturity of such deposit.

Your Directors also wish to inform you that your company has been following prudential norms for income recognition and asset classification as per RBI guidelines.

Your Company's "BBB+" rating for its deposit programmes was reaffirmed by CARE.

2. Bank / Institutional Finance

During the year Canara Bank and Indian Overseas Bank increased their credit facilities by Rs.1 crore each and Punjab National Bank has increased their credit facilities by Rs.1.50 crores. Your directors are continuing their efforts to secure more funds from various banks and it is expected that the efforts should bring positive response in the current year.

BOARD OF DIRECTORS

M/s. Padam J Challani, R.J. Jayanthilal & M. Kishanchand retire by rotation at ensuing Annual General Meeting and being eligible offer themselves for reappointment.

PARTICULARS OF EMPLOYEES

Particulars of employees in terms of requirement under Section 217(2A) of the Companies Act, 1956 is not enclosed, as there are no employees who have been paid salary in excess of prescribed limits.

COMPANIES (DISCLOSURE OF PARTICULARS IN REPORT OF BOARD OF DIRECTORS) RULES, 1988

Statement of information as per Section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy or technology absorption, etc. is not applicable to the activities of the Company. The Company does not have any foreign exchange earnings or outgo.

AUDITORS

M/s. Viswabala Associates, Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting and are eligible for re-appointment.



INDO ASIAN FINANCE LTD

DIRECTORS' RESPONSIBILITY STATEMENT

- A. In the preparation of the annual accounts for the year ended March 31, 2003 the applicable accounting standards have been followed by the company.
- B. The Directors have 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 at March 31, 2003 and of the profit of the company for the year ended that date.
- C. The Directors have 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.
- D. The accounts of the company have been prepared on a going concern basis.

CORPORATE GOVERNANCE

The Corporate Governance regulations as per the Listing Agreement have been complied with within the financial year 2002-2003. The report of your Directors on the practices of Corporate Governance is given as a separate section entitled "Corporate Governance", which forms part of this report. A certificate from the Auditors of the Company regarding compliance with the Code of Corporate Governance is annexed.

ACKNOWLEDGEMENT

Your Directors wish to place on record their deep appreciation for the whole-hearted and sincere co-operation your company has received from all its bankers. Your Directors also wish to extend their sincere thanks to all the customers, depositors and shareholders for their continued support. Your directors also wish to place on record their appreciation for the unstinted co-operation and support extended by all the employees in achieving the performance of your company.

For and on behalf of the Board

Chennai
31st May, 2003

PADAM J CHALLANI
Managing Director