

14th Annual Report



INDO ASIAN FINANCE LTD



INDO ASIAN FINANCE LTD

BOARD OF DIRECTORS

PADAM J CHALLANI

Chairman

M. PRAKASHCHAND JAIN, M.M.S.

Managing Director

R.J. ANANDMUL

R.J. JAYANTILAL

M. KISHANCHAND

BANKERS

Canara Bank

Indian Overseas Bank

Punjab National Bank

Punjab & Sind Bank

Indian Bank

Allahabad Bank

United Bank of India

Bank of Baroda

UCO Bank

AUDITORS

VISWA BALA ASSOCIATES

Chartered Accountants

No.21, Vepery High Road

Chennai - 600 003.

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 Fourteenth Annual General Meeting of the members of INDO ASIAN FINANCE LIMITED will be held on Monday, the 27th September, 2004 at Sri Rajasthan Jain Samaj, Jain Bhavan, 66, Thiyagaraya Road, T. Nagar, Chennai - 600 017 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2004 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 dividend for the year ended 31st March, 2004.
3. To appoint a Director in place of Shri M. Prakashchand Jain who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri R.J. Anandmul, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration to be decided by the Board of Directors.

SPECIAL BUSINESS

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

'RESOLVED THAT the in terms of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the Board of Directors authorising them to borrow money, from time to time, at its discretion, either from the Company's bankers or any other bank or financial institution or any other lending institution or person, on such terms and conditions as may be considered suitable by the Board of Directors up to a limit not exceeding in the aggregate Rs.5000 lacs notwithstanding that the money to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.'

Registered Office

No.15, New Giri Road
T. Nagar, Chennai - 600 017
31st May, 2004

By Order of the Board
For **INDO ASIAN FINANCE LTD**

PADAM J CHALLANI
Chairman



INDO ASIAN FINANCE LTD

NOTES

1. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business under item No.6 and the relevant details in respect of Item Nos.3 and 4 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 Registered 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 13th September, 2004 to 27th September, 2004 (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 M. Prakashchand Jain and Shri R.J. Anandmul, 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 and functional expertise of the Directors proposed for appointment / reappointment are furnished below along with details of companies in which they are Directors and the Committees of which they are members.

Shri M.Prakashchand Jain is aged 46 years. He is in the hire purchase business for the last 25 years. He is a Master in Management Studies from BITS, Pilani. He is also a Director in Saravana Insulators Limited.

Shri R.J. Anandmul, aged 51 years, is a graduate from University of Madras. He possesses hands-on experience of more than 30 years in hire purchase and leasing finance and possesses a thorough knowledge about the transportation sector. He is at present a Director in Challani Estates Ltd.



INDO ASIAN FINANCE LTD

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.6

SPECIAL BUSINESS (ORDINARY RESOLUTION)

The existing approval of the members under Section 293 (1) (d) of the Companies Act, 1956 to the Board of Directors to raise resources is up to Rs.2500 lacs given at the Annual General Meeting held on 24th August, 1998. The growing business volume calls for raising of additional resources which requires approval of the members. Hence this resolution.

The Directors recommend the resolution to be adopted as an Ordinary Resolution by the shareholders.

None of the Directors is interested or concerned in the resolution.

Registered Office
No.15, New Gira Road
T. Nagar, Chennai - 600 017
31st May, 2004

By Order of the Board
For **INDO ASIAN FINANCE LTD**

PADAM J CHALLANI
Chairman

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INDO ASIAN FINANCE LTD

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fourteenth Annual Report of your Company along with the audited Statement of Accounts for the financial year ended March 31, 2004. The report also includes the Management Discussion and Analysis Report in accordance with the guidelines on corporate governance.

The highlights of the financial results for the year 2003-2004 are as below:

	For the year ended 31.03.2004 (Rs.in lacs)	31.03.2003 (Rs. in lacs)
Income from operations	550.79	524.54
Other income	14.22	5.76
Total expenditure	438.84	361.88
Gross profit	126.17	168.42
Depreciation and LER	9.82	34.29
Other non-cash expenses	2.61	10.37
Profit before tax	113.74	123.76
Provision for taxation:		
Current tax	27.76	27.85
Deferred tax	(16.67)	(13.58)
Profit after tax	102.65	109.49
Add: Surplus brought forward	0.16	1.44
Surplus available	102.81	110.93
Appropriations:		
- Transfer to General Reserve	0.00	35.00
- Transfer to Special Reserve	62.00	25.00
- Dividend	30.00	45.00
- Tax on distributed profits	3.84	5.77
Balance carried to Balance Sheet	6.97	0.16

PERFORMANCE

During the year, the income of the Company had gone up to Rs.565.01 lacs as compared to Rs.530.30 lacs achieved in the last year. However, profit after tax had declined to Rs.102.81 lacs due to higher administrative expenses.

During the year, the margin on lending has come down further and the Company's effort to maximise the recovery had led to offering of discounts for pre-mature closure of accounts. The combined effect of these factors have resulted in lower profit after tax. Gross stock on hire had come down to Rs.2435.44 lacs during the year as compared to Rs.2515.22 lacs in the last year.



INDO ASIAN FINANCE LTD

DIVIDEND

Your Directors recommend a dividend payment of 10% (Re.1.00 per equity share of Rs.10) for the year ended 31.03.2004 subject to the approval of the shareholders in the ensuing Annual General Meeting, whose names appear in the register of members as on 13th September, 2004.

RESOURCES

1. Deposits

The public deposits, as on 31.03.2004 were Rs.305.02 lacs as against Rs.330.44 lacs as on 31.03.2003. There was no matured deposit remaining unclaimed as on 31st March, 2004. There is no deposit that was claimed and remained unpaid by the Company after the date of maturity of such deposit.

Your Company has been following the prudential norms for income recognition and asset classification as per RBI guidelines.

Your Company continues to enjoy BBB+ rating for its fixed deposit programme from CARE.

2. Bank finance

During the year, United Bank of India had sanctioned cash credit limit of Rs.200 lacs. After 1st April, 2004, UCO Bank and Bank of Baroda have also sanctioned Rs.200 lacs each to the Company, making the total sanctioned limit Rs.1715 lacs. Your Directors are continuing their efforts to source more funds from the banking system.

BOARD OF DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri R.J. Anandmul, Director and Shri M. Prakash Chand Jain, Managing Director, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Shri P.B. Ramanujam and Prof. A.V.K. Iyengar, who have been Directors with effect from 13.11.1992 and 25.12.1992 respectively, resigned from the Board during August 2003 due to personal reasons. The Board places on record its appreciation for the contributions made by them.

CONSERVATION OF ENERGY

Since the Company is a Non Banking Finance Company, Section 217(1)(e) of the Companies Act, 1956 relating to conservation of energy is not applicable. Similarly, the Company does not have any foreign exchange earnings or outgo.

PARTICULARS OF EMPLOYEES

Information required as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is not applicable as the Company does not have any employee drawing remuneration above the limit prescribed.



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AUDITORS

The existing Statutory Auditors, M/s. Viswabala Associates, Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed by your Company along with proper explanations relating to material departures, if any.
- That 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 at the end of the financial year and of the profit of the Company for that period.
- That 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 safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the annual accounts on a going-concern basis.

CORPORATE GOVERNANCE

For the year 2003 – 04, the compliance report is provided in the Corporate Governance section in this report. The Auditors' certificate on compliance with the mandatory requirements of corporate governance is annexed.

ACKNOWLEDGEMENTS

The Directors wish to thank the Company's esteemed customers, bankers, shareholders, investors and employees for their continued support and co-operation.

For and on behalf of the Board

Chennai
31st May, 2004

PADAM J CHALLANI
Chairman



INDO ASIAN FINANCE LTD

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED MARCH 31, 2004

1. Company's Philosophy on Code of Corporate Governance

Your Company has always kept the objectives of good corporate governance and its commitment towards its investors above anything else. The Company has been valuing the principles of transparency, fair dealings and customers' satisfaction as the path to growth and with this aim in view, it has been conducting the business smoothly despite the troubled phase the NBFCs are currently undergoing.

2. Board of Directors

The Board of Directors of the Company consists of Executive and Non-executive Directors.

Sl. No.	Name(s) of Directors	Designation	Category	No. of Directorships held in other Indian Companies	No. of Board Committee Memberships held in other Companies
1.	Padam J Challani	Chairman	Promoter Executive	Two	None
2.	M. Prakashchand Jain	Managing Director	Promoter Executive	Two	None
3.	R.J. Anandmul	Director	Non Executive	Two	None
4.	R.J. Jayanthilal	Director	Non Executive	One	None
5.	M. Kishanchand	Director	Non Executive	—	None
6.	P.B. Ramanujam	Director	Non Executive	—	None
7.	Prof. A.V.K. Iyengar	Director	Non Executive	—	None

Attendance Record of the Directors

Six Board Meeting were held during the year from April 01, 2003 to March 31, 2004. The dates on which the meetings were held are as follows:

Dates of Board Meetings and attendance of the Directors:

31st May 2003, 31st July 2003, 9th August 2003, 31st October 2003, 4th December, 2003
30th January 2004

Name of Directors	No. of Board Meetings		Last AGM Attendance
	Held	Attended	
Padam J Challani	6	6	Yes
M. Prakashchand Jain	6	6	Yes
R.J. Anandmul	6	4	Yes
R.J. Jayanthilal	6	4	Yes
M. Kishanchand	6	3	Yes
Prof. A.V.K. Iyengar*	6	1	No
P.B. Ramanujam *	6	1	No

* Resigned from the Board – Prof. A.V.K. Iyengar with effect from 09/08/2003, P.B. Ramanujam with effect from 09/08/2003



INDO ASIAN FINANCE LTD

3. Audit Committee

The Company constituted an Audit Committee consisting of Non-Executive Directors.

Terms of reference of the Audit Committee include a review of:

- financial statements before submission to the Board
- draft financial statements and Auditors' Report, before submission to the Board
- accounting policies and practices
- the internal control systems and internal audit reports
- appointment of Auditors and fixing their fees
- risk management policies and practices
- compliance with stock exchanges and legal requirements
- related party transactions
- compliance of RBI guidelines on NBFCs.

Four meetings were held during the year from April 01, 2003 to March 31, 2004. The said meetings were held on the following dates:

Dates of Audit Committee Meetings: 31st May 2003, 31st July 2003, 31st October 2003, 30th January 2004.

The constitution of the Committee and the attendance of each member of the Committee as on March 31, 2004 are given below:

Name	Category	No. of Meetings	
		Held	Attended
M. Prakashchand Jain	Chairman	4	4
M. Kishanchand	Member	4	4
R. Jayanthilal	Member	4	4
N. Balasubramanian	Invitee - Statutory Auditor	4	4
P. Uttam Challani	Invitee - Internal Auditor	4	4

4. Remuneration Committee

The terms of reference mandated by your Board which are in line with the statutory and regulatory requirements are:

The Remuneration Committee determines and recommends to the Board of Directors remuneration payable to the Executive Directors. The Board of Directors approves the remuneration to the Executive Directors on the basis of their performance as well as the Company's performance, subject to consents as may be required.

The Remuneration Committee consists of the following Directors:

Name	Status	No. of Meetings Attended
M. Kishanchand	Member	1
R. Jayanthilal	Member	1