

16th 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

MAHENDAR A CHALLANI
Executive Director

R. KRISHNAN

N. SUBRAMANIAN

V. POOVAZHAGAN

CHIEF EXECUTIVE

S.B. CHANDRASEKKAR

BANKERS

Canara Bank
Punjab National Bank
Indian Overseas Bank
UCO Bank
Bank of Baroda
United Bank of India
Indian Bank
Punjab & Sind Bank
Allahabad Bank

AUDITORS

A. KRISHNAMOORTHY & CO.
Chartered Accountants
Chennai - 600 017.

REGISTERED OFFICE

No.15, New Gird Road
T. Nagar, Chennai - 600 017
Tel.: 2834 2111 / Fax: 2834 1280

**REGISTRAR &
SHARE TRANSFER AGENT**

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



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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of INDO ASIAN FINANCE LIMITED will be held on Monday, the 25th September, 2006 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, 2006 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, 2006.
3. To appoint a Director in place of Shri R J Anandmul, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Mahendar A Challani, who retires by rotation, and being eligible, offers himself for reappointment.
5. To reappoint the auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS

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

"RESOLVED THAT Shri R Krishnan who was appointed as additional director of the company pursuant to Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, subject to retirement by rotation"

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

"RESOLVED THAT Shri N Subramanian who was appointed as additional director of the company pursuant to Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, subject to retirement by rotation"

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

"RESOLVED THAT Shri V. Poovazhagan who was appointed as additional director of the company pursuant to Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, subject to retirement by rotation"



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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, as amended or re enacted from time to time ('the Act') and such other approvals as may be necessary, consent of the members be and is hereby accorded to the appointment of Mr R J Jayantilal as Whole time Director and payment of remuneration of Rs. 15000/- (Rupees fifteen thousand only) to him for a period of five years from 01.06.2006 to 31.05.2011"

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

"RESOLVED THAT the consent of the Company be and is hereby accorded under the Provisions of Section 293 (1) (d) of the Companies Act, 1956, to the Board of Directors of the Company to borrow from time to time such sum or sums of money as they may deem necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose; Provided that the total amount up to which monies may be borrowed by the Board of Directors and which shall remain outstanding at any given point of time shall not exceed the sum of Rs. 100 crores (Rupees One Hundred Crores)."

Registered Office

No.15, New Giri Road
T. Nagar, Chennai - 600 017
28th June, 2006

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

PADAM J CHALLANI
Chairman

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 8 and the relevant details in respect of 3, 4, 9 and 10 above, pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges is 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 18th September 2006 to 25th September 2006 (both days inclusive).



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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 M/s. R J Anandmul and Mahendar A Challani retire by rotation and being eligible offer themselves for reappointment.
9. A notice has been received from a member signifying his intention to propose the candidatures of Mr R Krishnan, Mr N Subramanian and Mr V Poovazhagan for appointment as Directors at the ensuing Annual General Meeting.

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 annexed.

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

ORDINARY RESOLUTION

ITEM NO.6

At the meeting of the Board of Directors held on 29th March, 2006, your Directors appointed Mr R Krishnan as an Additional Director to hold office with effect from 29th March, 2006 and pursuant to Article 11 of the Articles of Association of the company and in terms of Section 260 of the Companies Act, 1956 he holds office of Additional Director up to the date of the ensuing Annual General Meeting of the company. The company has received a notice in writing with the requisite deposit from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr R Krishnan for appointment as Director of the company.

Mr R Krishnan is a post graduate in Economic with 35 years experience in banking and retired as General Manager of Indian Overseas Bank.

The Directors commend the resolution for acceptance by the members

None of the directors is in any way concerned or interested in the resolution.

ITEM NO.7

At the meeting of the Board of Directors held on 29th March, 2006, your Directors appointed Mr N Subramanian as an Additional Director to hold office with effect from 29th March, 2006 and pursuant to Article 11 of the Articles of Association of the company and in terms of Section 260 of the Companies Act, 1956 he holds office of Additional Director up to the date of the ensuing Annual General Meeting of the company. The company has received a notice in writing with the requisite deposit from a member under Section 257 of the Companies Act, 1956 signifying



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his intention to propose Mr N Subramanian for appointment as Director of the company.

Mr N Subramanian is a practicing Chartered Accountant with 40 years experience in Accounts, Finance and Management

The Directors commend the resolution for acceptance by the members

None of the directors is in any way concerned or interested in the resolution.

ITEM NO.8

At the meeting of the Board of Directors held on 29th March, 2006, your Directors appointed Mr V Poovazhagan as an Additional Director to hold office with effect from 29th March, 2006 and pursuant to Article 11 of the Articles of Association of the company and in terms of Section 260 of the Companies Act, 1956 he holds office of Additional Director up to the date of the ensuing Annual General Meeting of the company. The company has received a notice in writing with the requisite deposit from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr V Poovazhagan for appointment as Director of the company.

Mr V Poovazhagan is an Advocate with 10 years bar experience in Corporate Laws.

The Directors commend the resolution for acceptance by the members

None of the directors is in any way concerned or interested in the resolution.

ITEM NO.9

Shri R J Jayantilal was appointed as Whole time Director of the company on 28th June, 2006 at the meeting of the Board of Directors held on that date. On the basis of Remuneration Committee recommendation, his remuneration was fixed at Rs.15000 per month from 1st June, 2006. As per the requirements of Section 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956, the appointment and the remuneration payable to him has to be approved by the shareholders in the general meeting by passing a resolution.

Hence the resolution at item no.9 is placed before you for your approval as an ordinary resolution.

M/s Padam J Challani, R J Anandmul and Mahendar A Challani, directors of the company are concerned or interested in the resolution.

ITEM NO. 10

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. 50 Crores given at the Annual General Meeting held on 27th September 2004. 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.

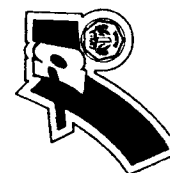
Registered Office

No.15, New Gili Road
T. Nagar, Chennai - 600 017
28th June, 2006

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

PADAM J CHALLANI
Chairman

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Information on Directors retiring by rotation and are seeking re-appointment at this Annual General Meeting

Name	R.J. Anandmul	Mahendar A Challani	R. Krishnan	N. Subramanian	V. Poovazhagan
Date of Birth & Age	10/09/1953 53 years	18/04/1978 28 years	02/09/1945 61 years	28/03/1941 65 years	05/12/1973 33 years
Appointed on	15.06.1997	01.08.2005	29.03.2006	29.03.2006	29.03.2006
Qualification	Graduate	B.Com., M.B.A.	Post Graduate in Economics	B.Com., ACA	B.L.
Expertise	Mr.R.J.Anandmul is a graduate comes from a family of financiers who are in the field of Hire Purchase and Leasing for the past 35 years. He is possessing a practical experience of more than 35 years in the field of Hire Purchase and Leasing.	Mr. Mahendar A Challani has 8 years experience in financing of Trucks and Cars and Hire Purchase and Leasing, automobiles and real estates.	Mr. R.Krishnan is a retired General Manager of Indian Overseas Bank and has 35 yrs experience in banking.	Mr. N.Subramanian is a practicing Chartered Accountant with over 40 yrs of professional experience in the field of Finance & Management	Mr. V. Poovazhagan is an advocate specialized in corporate laws with 10 yrs of post qualification experience.
Directorships held in other Public Companies	Challani Estates Ltd.	Challani Estates Ltd.	—	—	—
Memberships/ Chairmanships of Committees across Public Companies	—	—	Audit Committee of Indo Asian Finance Ltd	Audit Committee Remuneration Committee of Indo Asian Finance Ltd	Investors Grievance Committee of Indo Asian Finance Ltd



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DIRECTORS' REPORT

Your Directors are pleased to present the Sixteenth Annual Report of your Company along with the audited financial statements for the year ended March 31, 2006.

The highlights of the financial results for the year 2005-2006 are as below:

	For the year ended 31.03.2006 (Rs.in lacs)	31.03.2005 (Rs. in lacs)
Income from operations	593.45	570.38
Other income	10.76	18.15
Total expenditure	462.18	460.46
Gross profit	142.05	128.07
Depreciation	9.28	12.08
Other non-cash expenses	11.09	5.31
Profit before tax	121.66	110.68
Provision for taxation:		
Current tax	22.69	30.08
Deferred tax	—	(10.49)
Fringe Benefit Tax	3.60	—
Profit after tax	95.37	91.10
Add: Surplus brought forward	4.15	6.97
Surplus available	99.52	98.07
Appropriations:		
- Transfer to General Reserve	40.00	40.00
- Transfer to Special Reserve	20.00	20.00
- Dividend	30.00	30.00
- Tax on distributed profits	4.21	3.92
Balance carried to Balance Sheet	5.32	4.15

BUSINESS AND FUTURE PROSPECTS

During the year the income of the company had increased to Rs.604.21 lacs as compared to Rs.588.53 lacs achieved in the last year, registering an increase of 2.66%. Profit after tax had increased to Rs.95.38 lacs.

Net stock on hire had gone up to Rs.2544.34 lacs as at 31st March, 2006 as compared to Rs.2192.25 lacs as at 31st March, 2005.

It is expected that the continued buoyancy in the economy and the thrust being given by the Central and State Governments in infrastructure creation and maintenance will continue over a long period and it is hoped that this would give considerable impetus in demand for the



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vehicles, which in turn would push up the requirement of finance. Therefore, the performance of your company is expected to be better in the coming years.

DIVIDEND

Your directors recommend a dividend payment of 10%(Re.1.00 per equity share of Rs.10) for the year ended 31st March, 2006 subject to the approval of the shareholders in the ensuing Annual General Meeting.

FINANCE

Your company continues to enjoy BBB+ rating from CARE for fixed deposits. The total amount of fixed deposits with the company as on 31st March, 2006 was Rs.211.42 lacs. There were 40 unclaimed deposits with an outstanding of Rs 20.29 lacs. Depositors were informed regarding the maturity of deposits and subsequent reminders were also sent. On follow up all the 40 deposits have been either renewed or paid off.

The company has been consistently making efforts to reduce the cost of funds to augment profitability.

DISBURSEMENTS

During the year, the company had made disbursements to the tune of Rs.2724.43 lacs under hypothecation/loan.

DIRECTORS

M/s R J Anandmul and Mahendar A Challani retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

M/s R Krishnan, N Subramanian and V Poovazhagan were appointed as Additional Directors of the company at the meeting of the Board of Directors held on 29th March, 2006. The company has received a notice in writing, with requisite deposits from a member signifying his intention to propose M/s R Krishnan, N Subramanian and V Poovazhagan for the office of directors. Resolutions have been proposed in the enclosed notice of the 16th Annual General Meeting for appointment of M/s.R Krishnan, N Subramanian and V Poovzahagan as Directors liable to retirement by rotation. The Board recommends the appointments in the interests of the company.

STATUTORY STATEMENTS

The statement of information on technology absorption pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable to the activities of the company.

During the year the company's foreign exchange outgo and foreign exchange earning were nil.

Particulars of employees in terms of requirement of the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees)Rules, 1975 are not enclosed as there are no employees who have been paid salary in excess of prescribed limits

Information pursuant to Department of Company Affairs Notification dated May 15, 1995, relating to the Balance Sheet Abstract and Company's General Business Profile is given in the Annual Report for information of the shareholders.



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AUDITORS

M/s A Krishnamurthy & Co, Chartered Accountants, Statutory Auditors of the company retire at the ensuing annual general meeting and are eligible for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm:

- a) that the applicable accounting standards have been followed along with proper explanation wherever required in the preparation of annual accounts
- b) that the company has adopted prudent accounting policies
- c) that proper care has been taken for maintenance of accounting records in accordance with the provisions of the act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities and
- d) that the annual accounts of the company have been prepared on a going concern basis

CORPORATE GOVERNANCE

A separate section on Corporate Governance forming part of the Directors report and the certificates from the company's auditors confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the listing agreement with the Stock Exchanges is included in the Annual Report

ACKNOWLEDGEMENTS

The Directors wish to place on record their sincere appreciation of the assistance and support extended by customers, Government agencies, banks and others associated with the activities of the company.

For and on behalf of the Board

Chennai
28th June, 2006

PADAM J CHALLANI
Chairman

CORPORATE GOVERNANCE REPORT