



INDO ASIAN FINANCE LIMITED

2009-10

20th Annual Report



INDO ASIAN FINANCE LIMITED

2009-10

Board of Directors	PADAM J CHALLANI Chairman M.PRAKASHCHAND JAIN,M.M.S Managing Director J.J.RISHUB N.SUBRAMANIAN
Bankers	ALLAHABAD BANK BANK OF BARODA CANARA BANK INDIAN BANK INDIAN OVERSEAS BANK ORIENTAL BANK OF COMMERCE PUNJAB NATIONAL BANK PUNJAB & SIND BANK STATE BANK OF INDIA UCO BANK UNITED BANK OF INDIA
Auditors	A.KRISHNAMOORTHY & CO. Chartered Accountants, 43,Ramaswamy St.,T.Nagar,Chennai-600 017 Phone: 91-44-24347260, Fax:91-44-24340074
Internal Auditors	PRAKASH KOCHAR & CO Chartered Accountants, 47,Gangadeswarar Koil St,Puraswakkam,Chennai-600 084 Phone: 91-44-25323666/67/68 Fax:91-44-43560078
Registered Office	NO.15,New Giri Road, T.Nagar,Chennai-600 017. Phone: 91-44-28342111 Fax:91-44-28341280 E-Mail: investors@indoasianfinance.com <u>Website: www.indoasianfinance.com</u>
Shares listed With:	Bombay Stock Exchange Limited,Mumbai Madras Stock Exchange Ltd,Chennai
Common Share Registry	Cameo Corporate Services Limited, Subramanian Buildings, No.1, Club House Road, Chennai 600 002, Phone No.91-44-28460390-94, Fax No.91-44-28460129, <u>email : investor@cameoindia.com</u>



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NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the **Twentieth** Annual General Meeting of the Members of **Indo Asian Finance Limited** will be held on Wednesday the 29th September, 2010 at 10.30 a.m at the registered office of the Company, No.15, New Gird Road, T.Nagar, Chennai-600017 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2010; the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares for the year ended 31st March, 2010
3. To appoint a Director in place of Mr.N.Subramanian, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint Statutory Auditors and fix their remuneration. M/s.A.Krishnamoorthy & Co., Chartered Accountants, the retiring Auditors of the Company are eligible for reappointment and offer themselves for reappointment.

SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr.Padam J Challani who was appointed by the Board of Directors as an Additional Director of the Company with effect from 29th January,2010 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the company has received a notice in writing from a member under section 257 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company."

**By Order of the Board
For Indo Asian Finance Limited**

**Padam J Challani
Chairman**

July 30, 2010

Registered Office
No.15, New Gird Road,
T.Nagar, Chennai-600017

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. PROXY TO BE VALID MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. PROXY FORM AND ATTENDANCE SLIP ARE ANNEXED HEREWITH.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the special business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, the 13th September, 2010 to Wednesday the 29th September, 2010 (both days inclusive) for the purpose of dividend entitlement which will be paid after approval of the shareholders in the ensuing Twentieth Annual General Meeting.
4. The dividend on shares as recommended by the Board of Directors, if declared at the meeting, will be payable to those members whose name appear on the register of members of the Company as on the book closure dates.
5. Members are hereby requested to send all correspondence concerning transfers, transmissions, subdivision, consolidation of shares or any other share related matters and/or change in address to the Company's Registrar and Share Transfer Agent.
6. Members desiring to have any clarification on account are requested to write to the Company at an early date so as to enable the Company keep the information ready.
7. Members/ proxies should bring the attendance slip duly filled in for attending the meeting and corporate members are requested to send a duly certified copy of the Board resolution/ Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
8. Members desirous of making a nomination in respect of their shareholding in the Company, as permitted under section 109A of the Companies Act, 1956, are requested to write to the Company's Registrar for the prescribed form. Nomination form may be downloaded from Company's Website www.indoasianfinance.com
9. Annual Report is available at the website of the Company at www.indoasianfinance.com
10. Members who have not yet encashed their dividend warrants for previous years are advised to forward such warrants to the company for revalidation. Pursuant to the provision of section 205A of the Companies Act, 1956, dividend, which remains unclaimed for a period of seven years, will be transferred to the Investor Education and Protection Fund of the Central Government.
11. Members who are holding shares more than one folio under physical form may approach the Company's Share Transfer Agents for consolidation with respective details.

**12. Information pursuant to clause 49 of the listing agreement in respect of proposed appointment/ re-appointment of directors**

01	Name	N.Subramanian
	Date of Birth & Age	28.03.1941, 69 years
	Nationality	Indian
	Date of Appointment on the Board	29.03.2006
	Qualifications	B.Com., F.C.A.,
	Expertise in functional area	A practicing Chartered Accountant with over 40 years of professional experience in the field of Finance & Management
	No of Shares held	300 (Three Hundred)
	List of Directorships held in other Companies	Nil
	Chairman/ Member of the Committees of the Board of other Companies in which he is Director as on 31.03.2010	NIL
02	Name	Padam J Challani
	Date of Birth & Age	10.01.1955, 55 Years
	Nationality	INDIAN
	Date of Appointment on the Board	17.04.1990 29.01.2010
	Qualifications	B.Sc.,
	Expertise in functional area	Founder promoter of our Company and has rich experience in the field of Hire Purchase and financial reengineering for more than three decades
	No of Shares held	1,10,100 (One Lakh Ten Thousand One Hundred)
	List of Directorships held in other Companies	M/S.SARAVANA GLOBAL ENERGY LIMITED M/S.SARAVANA FOUNDATIONS LIMITED
	Chairman/ Member of the Committees of the Board of other Companies in which he is Director as on 31.03.2010	NIL

(Excluding Private Limited Companies)

**Explanatory Statement**

Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 5:

The Board of Directors at their meeting held on 29th January 2010 had appointed Mr. Padam J Challani, as an Additional Director pursuant to the provisions of section 260 of the Companies Act, 1956, read with Articles of Association of the Company to hold office as such till the conclusion of the ensuing Annual General Meeting.

The Company has received a notice in writing along with a deposit of Rs.500/- from a member as required under section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Mr. Padam J Challani as a Director of the Company.

The Board of Directors recommend the resolution as set out in item No. 5 of the notice convening annual general meeting for approval of the shareholders

Except Mr. Padam J Challani, no other directors are in any way concerned or interested in the aforesaid resolution.

**By Order of the Board
For Indo Asian Finance Limited**

**Padam J Challani
Chairman**

July 30, 2010

Registered Office
No.15, New Gird Road,
T.Nagar, Chennai-600017

**INDO ASIAN FINANCE LIMITED****2009-10****DIRECTORS' REPORT****To The Members,**

Your Directors are pleased to present the Twentieth Annual Report of your company with the audited financial statements for the year ended 31st March, 2010

Financial Results:**(Rs. in Lakhs)**

	For the year ended	
	31.03.2010	31.03.2009
INCOME:		
Income from operations	990.10	1096.42
Other income	11.48	10.73
Total (A)	1001.58	1107.15
EXPENDITURE:		
Financial Expenses	464.48	494.58
Establishment expenses	66.22	78.83
Administrative & Other Expenses	300.71	364.20
Provisions & Write off	25.08	42.34
Depreciation	12.93	11.73
Total (B)	869.42	991.68
PROFIT BEFORE TAX	132.16	115.47
Less Taxation	44.92	30.39
PROFIT AFTER TAX	87.24	85.08
Surplus brought forward	16.26	62.00
Amount available for Appropriation	103.50	147.08
Appropriations		
- Dividend	27.00	15.00
- Dividend Tax	4.48	2.55
- Transfer to General Reserve	20.00	50.00
- Transfer to Special Reserve	20.00	30.00
- Surplus carried to balance sheet	32.02	49.53

BUSINESS AND FUTURE PROSPECTS

The Gross Income during the year was Rs.10.02 crores as against 11.07 crores in the previous year due to the Company's cautious and selective approach in financing. Profit after tax for the current year is Rs.87.24 lakh against Rs.85.08 lakh in the previous year up marginally by 2.54%. Net Stock on Hire grew marginally by Rs.2.22 Crores to 37.65 crores from 35.43 crores.

The franchisee arrangement with Shriram Transport Finance Company Limited on 50:50 risk and reward sharing basis is in force and entered its fifth year of operation.

The credit growth in the economy remained at relatively low level for most of the year. Going forward, the challenges of an increase in cost of funds as a result of possible policy measures of RBI to contain inflation are very high.

During the year, the company had made disbursements to the tune of Rs.2,747 lacs under hypothecation/loan.

**INCREASE OF AUTHORISED SHARE CAPITAL**

At the Extra-Ordinary general Meeting held on March 09, 2010 the authorized share capital of the Company have been enhanced from Rs.3,75,00,000/- to Rs. 15,51,00,000/-.

BONUS SHARES

Consequent to issue and allotment of 60,00,000 shares as Bonus Shares, by way of capitalization of Rs.6,00,00,000/-, out of Share Premium, General Reserves & accumulated profits, in proportion of two shares for every equity share held by the members, the Paid-up Share Capital of the Company has increased to Rs. Nine Crores

DIVIDEND

Your directors recommend a dividend of 3% (Re.0.30 per equity share of Rs.10), on the increased share capital consequent to Bonus Issue, for the year ended 31st March, 2010 subject to the approval of the shareholders in the ensuing Annual General Meeting. In view of business recession your Director thought it prudent to conserve the liquid resources for the best interest of the Shareholders. The dividend will absorb Rs.31.48 Lakhs including Dividend Distribution Tax of Rs.4.48 Lakhs.

INTERNAL CONTROLS AND THEIR ADEQUACY:

The internal control systems are commensurate to the size of the operation of the Company. Whenever it is required, the systems and procedures are upgraded to suit the changing business needs.

RESOURCE MOBILISATION**Deposit**

The Company has not accepted any fixed deposits during the year. The total deposits outstanding as on March 31, 2010 was Rs. 3,45,343 /- as compared to Rs.9,04,827/- as on March 31, 2009. There were unclaimed matured deposits of Rs. 30,573/- representing 2 depositors as at March 31, 2010 who have been informed about the maturity of deposits with a request to claim their deposits back.

Bank Finance

Your Company's bankers continue to extend their support, providing loans at competitive rates. The maximum amount outstanding at any time was Rs.28.70 Crores., and the amount outstanding at the end of the year was Rs.28.09 Crores. The working capital credit limits of your Company were renewed at Rs.28.70 Crores.

RISK MANAGEMENT

Over the years, your Company has achieved an appropriate balance between risk and returns by setting up an efficient risk mitigation system to meet various forms of financial and other risks. The primary risks that the company is exposed to are, credit risk, market risk and operational risk. Deriving from the long years of experience in retail auto financing, your Company's credit policy framework is designed to provide the right balance between business growth and portfolio quality. The Company's philosophy of not outsourcing the credit appraisal process has ensured that credit filters are uniformly applied by experienced and well-trained employees. The consistently low levels of delinquency and credit losses in the portfolio bear ample testimony to this.

During the year, your Company has constituted a Risk Management Committee, in accordance with the Guidelines on Corporate Governance issued by the Reserve Bank of India, to monitor the risk management framework on an ongoing basis with a view to ensuring that risk parameters are within defined limits.



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CREDIT RATING

Your company has been assigned BBB - rating by CARE for Bank facilities as well as Fixed Deposit programme. The total amount of public deposits with the company as on 31st March, 2010 was Rs.3.45 lacs. The company was holding Rs.9.14 lacs in deposit in Escrow account with AXIS Bank Ltd.as at 31.03.2010 for repayment of the Public Deposits on maturity.

DIRECTORS AND COMPANY SECRETARY

The Company is managed by Mr.Prakashchand Jain, Managing Director under strict supervision of the Board of Directors. In compliance with the provisions of the Companies Act, 1956 in accordance with the Articles of Association, Mr. N.Subramanian, retires at this Annual General Meeting and being eligible, offers himself for re-appointment.

Mr.Padam J Challani and Mr.J.J.Rishub were appointed as additional Director at the Board meeting held on January 29, 2010 and being additional Directors they hold office up to the date of ensuing Annual General Meeting. Your Company has received notice from a member pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr.Padam J Challani for the office of Director. The Board of Directors recommend the resolution as set out in item No. 5 of the notice convening annual general meeting for approval of the shareholders. Your Directors in the process of appointing few Non Independent Directors to strengthen the Corporate Governance Compliance. Mr.J.J.Rishub who was appointed as additional Director at the Board meeting held on January 29, 2010 and holds office up to the date of ensuing Annual General Meeting have intimated his unwillingness to continue as Director after Annual General Meeting.

During the year M/S. R.J.Anandmul, R.J. Jayantilal, M.Kishanchand and Mahendar A.Challani, Directors were resigned from the Board with effect from January 29, 2010. The Board expressed its appreciation of the contributions made by them for the development of the business.

Further to the resignation of the Company Secretary the post of Company Secretary has remained vacant and for which your Directors are taking every possible steps to appoint a full time Company Secretary as required under Section 383A of the Companies Act, 1956.

Brief resume of the Directors, seeking re-appointment including the re-appointments of Managing Director, nature of their expertise as stipulated under clause 49 of the listing agreement with the Stock Exchanges, is appended to the notice convening the Annual General Meeting.

Disclosures of Particulars of Constituting "Group" pursuant to Regulation 3(1)(e) of the SEBI(Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

Pursuant to information from the promoters, the name of the promoters and entities comprising group as defined under Monopolies and Restrictive Trade Practice (MRTP) Act, 1969, are as under for the purpose of the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997. (As at 31st March, 2010).

M/s. Aashish Chopra, Abishek Chopra, Aditya Chopra, Ajeeth P Challani, Amara Bai J. R.J.Anandmul, J.J.Aruna, J.Hemalatha, J.P.Swapana, Jawarilal Jain.R., Jawarilal Padam Chand Challani, A.Lalitha, Lalitha J.A, M.Prakashchand Jain, Mamtha A Muthaa, Manoharlal R.J, P.Kantha Chopra, P.Shobha, Rathanchand Jawarilal, J.J.Rishub, Sumthi A Challani, Sunitha Challani.

**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 was Rs.62,413/- and foreign exchange earning was **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.

AUDITORS

The retiring auditors, M/s A Krishnamoorthy & Co, Chartered Accountants have expressed willingness to continue in office, if appointed. They have furnished to the Company a certificate of their eligibility for appointment as auditors, pursuant to section 224 (1B) of the Companies Act, 1956.

The Audit committee and the Board of Directors recommend the re-appointment of M/s A Krishnamoorthy & Co, Chartered Accountant as Auditors for a further period of one year and to fix their remuneration.

The Auditors Report to the Members does not contain any qualification or adverse remarks.

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 directors have selected such accounting policies and applied them consistently and made judgments 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 the year;
- 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