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# 6TH ANNUAL REPORT 1996-97

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**INDOCOUNT FINANCE LIMITED**



<b>Board of Directors</b>	Shri ANIL KUMAR JAIN	Chairman
	Shri PARMOD JAIN	Director
	Shri SUNIL JAIN	Director
	Shri O.P. SHROFF	Director
	Shri G. P. AGRAWAL	Director
	Shri S. R. BANSAL	Director

**Company Secretary** Shri ANIL KAUSHAL

**Auditors** M/s. ANIL RAI ASSOCIATES

**Bankers** KARNATAKA BANK LTD.

**Registered Office** D-1, MIDC Industrial Area,  
Gokul Shirgaon,  
Kolhapur - 416 234  
Maharashtra.

**Head Office** 301, "ARCADIA"  
Nariman Point,  
Mumbai - 400 021.

**Corporate Office** 701, 705, Pragati Tower,  
26, Rajendra Place,  
New Delhi - 110 008.

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## NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the Shareholders of INDOCOUNT FINANCE LIMITED will be held on Monday, the 29th September, 1997 at 12.30 P.M. at Club House, Hotel Shalini Palace, Rankala, Kolhapur - 416 010 Maharashtra to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1997, the Profit and Loss Account for the year ended on that date and the Reports of Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Sunil Jain, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri O.P. Shroff, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

### 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 Shri S.R. Bansal, who was appointed as director of the Company on 20th October, 1994 in causal vacancy, as per Article 86 of the Articles of Association of the Company and holds office upto the date of this Annual General Meeting as provided in Section 262 of the Companies Act, 1956, being eligible, offers himself for re-appointment and in respect of whom the company has received a notice in writing from a member of the Company as per Section 257 of the Companies Act, 1956, proposing his candidature for the post of director be and is hereby appointed as a Director, of the Company subject to retire by rotation"

By Order of the Board  
For INDOCOUNT FINANCE LIMITED

Place : Mumbai  
Dated : 25th June, 1997

**ANIL KAUSHAL**  
Company Secretary

**NOTES :**

1. The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of the Special Business under Item No. 5 is annexed herewith.
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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD BE DEPOSITED AT THE CORPORATE OFFICE OF THE COMPANY AT NEW DELHI NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. Register of Members and the Share Transfer Books of the Company will remain closed from 16.09.1997 to 29.09.1997 (both days inclusive).
4. Members are requested to :
  - (i) intimate change, if any, in their Registered Addresses on or before 30.09.1997.
  - (ii) quote Ledger Folio No. in all their correspondence.
  - (iii) intimate about consolidation of folios if shareholdings are under multiple folios.
  - (iv) Unpaid Dividend for the year 1993-94 will be transferred with Central Government on 3rd November 1997. Members may write for issue of duplicate Dividend Warrant before that date, in case they have not received the same.
5. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
6. Members are requested to send their queries, if any, atleast 14 days in advance of the meeting addressed to The Company Secretary, INDOCOUNT FINANCE LIMITED at 701, 705, Pragati Tower, 26, Rajendra Place, NEW DELHI- 110 008 so that information can be made available at the meeting.

**EXPLANATORY STATEMENT**

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

**ITEM NO. 5**

Shri S.R. Bansal was appointed as Director in casual vacancy arising due to resignation of Shri Anil Kumar Mittal pursuant to Article 86 of Articles of Association of the Company with effect from 20th October 1994.

As per Section 262 of the Companies Act, 1956 Director so appointed shall hold the office as Director of the Company only upto the date upto which the director in whose place he was appointed as director would have held office if it had not been vacated. Mr. S.R. Bansal holds office till the conclusion of this Annual General Meeting as the term of Mr. Anil Kumar Mittal, in whose place he was appointed as Director expires on the conclusion of this Annual General Meeting.

Notice in writing from a Member of the Company has since been received, as required under Section 257 of the Companies Act, 1956 proposing the appointment of Shri S.R. Bansal, as Director subject to retirement by rotation. Your directors recommend the resolution for your approval.

None of the Directors, except Shri S.R. Bansal, is interested in the above resolution.

By Order of the Board  
For INDOCOUNT FINANCE LIMITED

Place : Mumbai  
Dated : 25th June, 1997

**ANIL KAUSHAL**  
Company Secretary

**DIRECTORS' REPORT**

Your Directors present their SIXTH ANNUAL REPORT, alongwith the Audited Accounts for the year ended 31st March, 1997.

**FINANCIAL RESULTS**

The Financial Results for the year ended on 31st March, 1997 are as under :

	1996-97 (Rs. in lacs)	1995-96 (Rs. in lacs)
Total Income	149.45	196.56
Gross Profit Before Depreciation	29.75	104.44
Less : Depreciation	59.13	36.41-
<b>Profit/(Loss) Before Tax</b>	<b>(29.38)</b>	68.03
Less : Provision for Taxation	0.37	2.99
<b>Net Profit/(Net Loss) After Tax</b>	<b>(29.75)</b>	65.04
Add : Profit brought forward from Previous Year	115.74	68.70
Balance available for Appropriation	85.99	133.74
<b>Appropriations</b>		
Proposed Dividend	—	18.00
Balance carried to Balance Sheet	85.99	115.74

**INDUSTRY SCENERIO AND PERFORMANCE REVIEW**

The year 1996-97 was another dismal year in general for the finance companies. The continued lack of confidence among the investors led to a sharp decline in the capital issues and consequently the merchant banking business. The secondary market also remained quite dull, making the investment and stock broking business difficult. The high cost of funds and strain on liquidity prevalent in the market further squeezed the lending opportunities. Added to this was the reluctance from the banking sector to increase their working capital exposure to the non-banking finance companies.

Measured against this backdrop, the Company did reasonably well to increase its hire purchase and leasing business by about 33% to Rs. 742.56 lacs over that of the previous year. However, the margins suffered severely.

The fall in the total income is attributed to the strict compliance of the prudential norms of Reserve Bank of India and creation of lease equalisation fund as per the accounting standards.

### **BUSINESS OUTLOOK**

The improved sentiments seen in the capital market and a generous credit policy of Reserve Bank of India are expected to give a boost to the business of financial companies. The Company has identified leasing and hire finance as its core business activity where the opportunities and returns are better and would be deeply concentrating in this area.

### **DIVIDEND**

Due to absence of profits, your Directors do not recommend any dividend.

### **DEPOSITS**

At the close of the year there was no deposit due for repayment except three unclaimed deposits amounting to Rs. 0.40 lacs for which no disposal instructions were received by the Company.

### **DIRECTORS**

Smt. Gayatri Devi Jain resigned from the Board of the Company with effect from 25th June, 1997. The Directors place on record their deep appreciation of the services rendered by Smt. Gayatri Devi Jain during her tenure as Director.

In terms of the provisions of the Companies Act, 1956 read with the Articles of Association, Shri Sunil Jain and Shri O.P. Shroff, Directors of the Company, retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-appointment.

Shri S.R. Bansal was appointed as Director on the Board of the Company in casual vacancy arisen due to resignation of Shri Anil Kumar Mittal with effect from 20th October, 1994 and he holds office till the conclusion of this Annual General Meeting. Notice has been received from a member proposing his name for appointment as a Director of the Company.

### **AUDITORS**

The Auditors, M/s. Anil Rai Associates, Chartered Accountants retire at the conclusion of this Annual General Meeting and being eligible offer themselves for re-appointment. They have furnished a certificate to the effect under Section 224 (1-B) of the Companies Act, 1956.

### **AUDITORS' REPORT**

Information and explanations on items contained in the Auditors' Report which may be considered to be "Reservations, Qualifications or Adverse Remarks" are dealt with in the Notes to the Accounts and are self explanatory.

### **PERSONNEL**

Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are given in Annexure "A".

**DISCLOSURE**

Being a Non-Banking Financial Company inclusion of particulars with respect to conservation of energy and technology absorption as required under Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 is not required.

**ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation of the support made by the employees at all levels, Bankers, Shareholders, Depositors and Customers of the company.

For and on behalf of the Board of Directors

Place : Mumbai  
Dated : 25th June, 1997

**Anil Kumar Jain**  
Chairman

**ANNEXURE - A**

Information as per Section 217(2A) of the Companies Act, 1956 read with (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 1997

Sr. Name No.	Age (Years)	Qualification	Designation	Remuneration (Rs.)	Experience (Years)	Date of Employment	Particulars of previous Employment
A. Employed throughout the year under review and in receipt of remuneration for the financial year in aggregate was not less than Rs. 3,00,000/- p.a.							
1. Mr. Ravi Kr. Sharma	44	M.Sc.	Vice-President (MBD)	3,46,375	20	01.06.1995	Asst. Vice-President PNB Capital Services Ltd.
B. Employed for a part of the year under review and in receipt of remuneration at the rate which in aggregate was not less than Rs. 25,000/- per month.							
2. Mr. Bimal Aggarwal	41	MBA from University of Texas at Dallas, U.S.A.	President	2,61,172	17	15.11.1996*	Chief Executive Onida Finance Ltd.

\* Date of cessation of employment of Company.

For and on behalf of the Board of Directors

Place : Mumbai  
Dated : 25th June, 1997

**ANIL KUMAR JAIN**  
Chairman

**Notes :**

- Remuneration includes Salary, HRA, leave travel concession, medical assistance and other allowances.
- The condition of employment of above employees is non contractual.



## AUDITORS' REPORT

To the Members,  
Indocount Finance Limited,

We have audited the attached Balance Sheet of INDOCOUNT FINANCE LIMITED as at March 31, 1997 and the Profit & Loss Account for the year ended on that date annexed thereto and report that :

1. As required by Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in the said order.
2. Further to our comments in annexure referred to in paragraph 1 above :
  - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the said books.
  - iii) The Balance Sheet and the Profit & Loss Account dealt with in this report are in agreement with the books of account.
  - iv) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to Note No. 2 regarding accounting for leases, Note No. 3 regarding valuation of closing stock of shares and read with the other notes thereon in Schedule 19, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
    - a) In the case of Balance Sheet, of the State of affairs of the Company as at 31st March, 1997.
    - b) In the case of Profit & Loss Account, of the Loss of the Company for the year ended on that date.

For ANIL RAI ASSOCIATES  
Chartered Accountants

Place : Mumbai  
Dated : 25th June, 1997

ANIL JAIN  
Proprietor



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**ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 1997**

1. The company has maintained proper records to show full particulars including quantitative details and situation of the fixed assets. Leased assets of the company have been physically verified by the management in a phased manner. Other assets have been verified at the end of the year and no discrepancies between the book records and physical assets have reportedly been noticed by them.
  2. None of the fixed assets have been revalued during the year.
  3. The stock of shares has been physically verified by the management at reasonable intervals. The procedures followed by the management for physical verification of stock of shares is in our opinion, reasonable and adequate in relation to the size of the company and the nature of its business.
  4. No discrepancies were noticed on such verification between the physical stock of shares and the book records.
  5. As per the accounting policy adopted in the previous year, the company has valued its closing stock of shares 'at cost' as against 'lower of cost or net realisable value' as recommended by the Institute of Chartered Accountants of India in AS - 2 for valuation of Inventories. Consequently the valuation of Inventory is higher by Rs. 4,885,520.
  6. The company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
  7. The company has not granted any loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
  8. The parties to whom loans or advances in the nature of loans have been given by the company are repaying the principal amounts as stipulated and are also regular in the payment of interest, wherever applicable, excepting loans to two ex-employees against whom appropriate steps have been initiated for recovery.
  9. In our opinion and according to the information and explanations given to us, it appears that there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of plant and machinery, equipment and other assets.
  10. During the year, there were no purchases of goods and materials, and sale of goods, materials or services exceeding Rs. 50,000 from or to firms, companies, or other parties in pursuance of a contract entered into with them as maintained under Section 301 of the Companies Act, 1956.
  11. The company carries no stock of materials, stores and finished goods and hence there are no unserviceable or damaged goods.
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12. In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 with regard to the deposits accepted from the public.
13. There is no generation of scrap or by products from the company's activities.
14. In our opinion, the company has an internal audit system which is commensurate with the size and nature of its business.
15. The provisions of Section 209(1)(d) of the Companies Act, 1956 regarding maintenance of cost records are not applicable to the company.
16. The company is generally regular in depositing Provident Fund and Employees State Insurance Dues with the appropriate authorities.
17. As per information and explanations given to us there were no amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty as at 31st March, 1997 for a period of more than six months from the date they became payable.
18. In our opinion and to the best of our information, no personal expenses of employees or directors have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practice.
19. The company is not a sick industrial company within the meaning of Clause (o) of Sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
20. In our opinion, the company has kept proper records of the transactions and contracts for the dealing in shares and other investments. The shares and debentures held as investments are in the company's name.
21. The provisions of any special statute applicable to Chit Funds, Nidhi or Mutual Benefit Society are not applicable to the company.
22. In our opinion, adequate records and documents have been maintained in respect of secured loans and advances granted by the company on the basis of security obtained by way of pledge of shares, debentures and similar securities.

For **ANIL RAI ASSOCIATES**  
Chartered Accountants

Place : Mumbai  
Dated : 25th June, 1997

**ANIL JAIN**  
Proprietor