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7th
Annual
Report
1997-98

INDOCOUNT FINANCE LIMITED



Board of Directors	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 705, Pragati Tower,
26, Rajendra Place,
New Delhi - 110 008.

CONTENTS	Page No.
Notice	1
Directors' Report	3
Auditors' Report	5
Balance Sheet	8
Profit & Loss Account	9
Schedules	10
Notes to the Accounts and Significant Accounting Policies	17
Subsidiary Company (Indocount Securities Limited)	23

NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the shareholders of INDOCOUNT FINANCE LIMITED will be held on Tuesday, the 29th day of September, 1998 at 12.30 P.M. at 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, 1998, 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 Anil Kumar Jain, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Parmod Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution :

"RESOLVED THAT M/s. Anil Rai Associates, Chartered Accountants, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a remuneration to be decided by the Board of Directors plus out of pocket expenses incurred in the performance of their duties."

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sub-clause 2-A of Section 149 or any applicable provisions of the Companies Act, 1956 consent of Company be and is hereby accorded to the commencement of all or any of the business by the Company as specified in Sub-Clause 19 of Clause III(C) of the Memorandum of Association of the Company as other objects, namely :

To carry on business of processors, combers, spinners, weavers, knitters, manufacturers, dyers, bleachers, finishers, laminators, balers and pressers of any fibrous or textile material whether an agricultural or animal or natural products or its bye-products or chemical or synthetic fibre and more specially jute hemp, silk, cotton, wool, mesta, nylon, terene, terylene, staple fibre or such other synthetic fibre and to manufacture and produce from such raw material or textile material and to carry on the business of buyers, sellers and dealers of all such raw or processed or semi-processed material and to transact all manufacturing, cutting and preparing, process and mercantile business that may be beneficial to the said business."

By Order of the Board
For **INDOCOUNT FINANCE LIMITED**

Place : Mumbai
Dated : 26th June, 1998

ANIL KAUSHAL
Company Secretary

NOTES :

1. The Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of 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 FROM SHOULD BE DEPOSITED AT THE CORPORATE OFFICE OF THE COMPANY 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 16.09.1998 to 29.09.1998 (both days inclusive).
4. Members are requested to :
 - (i) intimate, change, if any, in their Registered Addresses on or before 30.09.1998.
 - (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 1994-95 will be transferred with Central Government in November 1998. Members may write for issue of duplicate Dividend Warrant by 31st October, 1998 in case they have not received the same.**
 - (v) Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
 - (vi) 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 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

Presently, the Company is carrying on the business of the Leasing & Hire Purchase and Merchant Banking activities. Due to competition and poor market for these segments it has become necessary, to diversify into new line of business to export related manufacturing activities including textile products. It has been planned to diversify in the textile business. The above line of business is not covered by the Main Objects of the Company. However, the same is covered by Clause 19 of Other Objects of the Memorandum of Association of Company.

Since as per the provisions of Section 149(2A) of the Companies Act, 1956, the Company cannot undertake any activity as specified in Other Objects of Memorandum of Association, unless approved by the shareholders as Special Resolution.

Approval of the shareholders is sought to enable the Directors at such time or times as they may consider appropriate and in the interest of the Company, to undertake any of the business specified in the Clause 19 of the Other Objects of the Memorandum of Association of the Company.

Your Directors recommend the resolution for your approval. None of the Directors is interested in the above resolution.

By Order of the Board
For **INDOCOUNT FINANCE LIMITED**

Place : Mumbai
Dated : 26th June, 1998

ANIL KAUSHAL
Company Secretary

DIRECTORS' REPORT

Your Directors present their SEVENTH ANNUAL REPORT, alongwith the Audited Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS

The Financial Results for the year ended on 31st March, 1998 are as under :

	1997-98 (Rs. in lacs)	1996-97 (Rs. in lacs)
Total Income	153.54	149.11
Gross Profit Before Depreciation	38.03	29.75
Less : Depreciation	70.83	59.13
Profit/(Loss) Before Tax	(32.80)	(29.38)
Less : Provision for Taxation	9.00	0.37
Net Profit/(Net Loss) After Tax	(41.80)	(29.75)
Add : Profit brought forward from Previous Year	85.99	115.74
Balance carried to Balance Sheet	44.19	85.99

PERFORMANCE REVIEW

The business of Non Banking Finance Companies continued to be sluggish for the year under review with limited lending opportunities, more so due to the restrictions placed by RBI. The Leasing & Hire Purchase business was also hit due to recession in the automobile industry. Added to this, the capital market conditions also remained depressed. Consequently, the operations of the company remained stagnant.

Unless the government takes steps to revive this industry, the performance may continue to be lacklustre. The Company therefore plans to diversify into export related manufacturing activities and is in the process of identifying products for venturing into, including textile products.

The proposal, if it materialises, will enable the company to activate its operations.

DIVIDEND

In the absence of profits, your Directors do not recommend any dividend.

DEPOSITS

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

DIRECTORS

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

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

Provisions of Section 217(2A) of the Companies Act, 1956, are not applicable as none of the employee was in receipt of remuneration of Rs. 25,000 per month or Rs. 3,00,000 per annum or more.

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, and Customers of the Company.

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 26th June, 1998

ANIL KUMAR JAIN
Chairman

**INDOCOUNT
FINANCE
LIMITED**

AUDITORS' REPORT

To the Members,

We have audited the attached Balance Sheet of INDOCOUNT FINANCE LIMITED as at March 31, 1998 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 read with the 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 the Balance Sheet, of the State of affairs of the Company as at 31st March, 1998.
 - 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 : 26th June, 1998

ANIL JAIN
Proprietor

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 1998

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 held during the year 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 stocks of shares and the book records.
 5. The company does not hold any stock of shares as at 31.03.1998.
 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, 1998 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 investment 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 : 26th June, 1998

ANIL JAIN
Proprietor

BALANCE SHEET

as at 31st March, 1998

	Schedules		As at 31.03.1998 (Rs.)	As at 31.03.1997 (Rs.)
SOURCES OF FUNDS				
1. Shareholders' Funds :				
a) Share Capital	1	45,700,000	30,000,000	
b) Reserves & Surplus	2	9,549,918	13,729,546	43,729,546
2. Loan Funds				
a) Secured Loans	3	5,814,690	17,600,153	
b) Unsecured Loans	4	2,370,469	8,185,159	23,139,297
		<u>63,435,077</u>	<u>5,539,144</u>	<u>66,868,843</u>
APPLICATION OF FUNDS				
1. Fixed Assets	5			
a) Gross Block		51,498,308	61,971,809	
b) Less : Depreciation		12,501,215	11,163,864	
c) Net Block		38,997,093	50,807,945	
d) Less : Lease Equalisation Adjustment		7,864,669	3,967,265	46,840,680
2. Investments	6	2,487,508		2,488,508
3. Current Assets, Loans & Advances				
a) Current Assets	7	21,046,028	24,774,848	
b) Loans and Advances	8	22,420,114	7,640,920	
		<u>43,466,142</u>	<u>32,415,768</u>	
Less : Current Liabilities and Provisions				
a) Current Liabilities	9	13,834,698	16,207,079	
b) Provisions	10	1,238,715	331,325	
		<u>15,073,413</u>	<u>16,538,404</u>	
Net Current Assets		28,392,729		15,877,364
4. Miscellaneous Expenditure	11	1,422,416		1,662,291
(To the extent not written off or adjusted)		<u>63,435,077</u>	<u>63,435,077</u>	<u>66,868,843</u>

**NOTES TO THE ACCOUNTS AND
SIGNIFICANT ACCOUNTING POLICIES 19**

The schedules referred to above, form an integral part of the Balance Sheet.

In terms of our report of even date annexed
For ANIL RAI ASSOCIATES
Chartered Accountants

Place : Mumbai
Dated : 26th June, 1998

ANIL JAIN
Proprietor

ANIL KAUSHAL
Company Secretary

ANIL KUMAR JAIN
G.P. AGRAWAL
Directors