

**12th
ANNUAL REPORT
2002 - 2003**

Report  junction.com



**INDOCOUNT
FINANCE
LIMITED**

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
	Shri K. MURALIDHARAN	Director
	Shri R.S.R. MURTHY	Director

Manager Finance & Company Secretary Shri ANIL KAUSHAL

Auditors M/s. ANIL RAI ASSOCIATES, Chartered Accountants

Bankers KARNATAKA BANK LIMITED

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

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

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

CONTENTS	Page No.
Notice	2
Directors' Report	4
Auditors' Report	15
Balance Sheet	18
Profit & Loss Account	19
Cash Flow Statement	20
Schedules	21
Notes to Accounts and Significant Accounting Policies	27



NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of the Shareholders of INDOCOUNT FINANCE LIMITED will be held on Tuesday, the 30th day of September, 2003 at 12:00 Noon 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, 2003, 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 K. Muralidharan who retires by rotation and being eligible, offers himself for re-appointment.
3. 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 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

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

"RESOLVED THAT Mr. R.S.R. Murthy, who was appointed as an Additional Director of the Company on 27.06.2003 as per Article 80 of the Articles of Association of the Company, holds office upto the date of this Annual General Meeting as provided in Section 260 of the Companies Act, 1956, being eligible, offers himself for re-appointment liable to retire by rotation.

By Order of the Board
For INDOCOUNT FINANCE LIMITED

Place : New Delhi
Dated : 27th June, 2003

ANIL KAUSHAL
Manager (F) & Co. Secretary

**NOTES :**

1. 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 NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. 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.
3. Register of Members and the Share Transfer Books of the Company will remain closed from 16.09.2003 to 30.09.2003 (both days inclusive)
4. Members are requested to :
 - i) Intimate change, if any, in their registered addresses.
 - ii) Quote ledger folio, in their correspondence.
 - iii) Intimate about consolidation of folios if shareholdings are under multiple folios.
 - iv) Members / proxies should bring the attendance slip duly filled for attending the meeting.
 - v) 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.
 - vi) Trading in Equity Shares of the Company are in compulsorily De-mat form w.e.f. 26.03.2001.

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

ITEM No. 5

Mr. R.S.R. Murthy was appointed as an Additional Director pursuant to Article 80 of the Articles of Association of the Company with effect from 27.06.2003.

As per Section 260 of the Companies Act, 1956 Additional Director shall hold office as Director of the Company only upto the conclusion of this Annual General Meeting.

Mr. R.S.R. Murthy is a Chartered Accountant and is having over 22 years of working experience in finance and related areas. He was appointed as Additional Director of the Company on 27.06.2003 holds office till the date of Annual General Meeting. Company proposes to appoint him as director, liable to retire by rotation in the 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 Mr. R.S.R. Murthy, as Director subject to retirement by rotation.

Your Directors recommend the resolution for your approval.

None of the Directors except Mr. R.S.R. Murthy is interested in the above resolution.

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

Place : New Delhi
Dated : 27th June, 2003

ANIL KAUSHAL
Manager (F) & Co. Secretary



DIRECTORS' REPORT

Your Directors present their 12th ANNUAL REPORT alongwith the Audited Accounts for the year ended 31st March, 2003.

FINANCIAL RESULTS

The Financial Results for the year ended on 31st March, 2003 are as under :

	2002-2003 (Rs. in lacs)	2001-2002 (Rs. in lacs)
Total Income	68.40	93.26
Gross Profit Before Depreciation	22.69	38.44
Less : Depreciation	5.27	5.96
Profit Before Tax	17.42	32.48
Less : Provision for Taxation	6.96	11.59
Net Profit After Tax	10.46	20.89
Less : Transferred to Special Reserve	2.10	4.18
Add : Balance brought forward from Previous Year	49.36	32.65
Balance carried to Balance Sheet	57.73	49.36

PERFORMANCE REVIEW

The Company is concentrating only on financing of vehicles and inspite of highly competitive market and low margins is still able to earn reasonable profits. Diversification as planned by the Company in other areas viz manufacturing or mini-hydro electric project could not take place during the year. Company is hopeful to diversify in some project in the near future.

DIVIDEND

In order to augment its Funds requirement, your Directors do not recommend any dividend for the year.

DEPOSITS

The Company has not accepted any fixed deposits from the Public.

DIRECTORS

In terms of the provisions of the Companies Act, 1956 read with the Articles of Association, Mr. S. R. Bansal and Mr. K. Muralidharan, Directors of the Company, retire by rotation at this Annual General Meeting and being eligible, for re-appointment. Mr. K. Muralidharan offers himself for re-appointment however Mr. S.R. Bansal does not wish to be re-appointed.

During the year Mr. R. S. R. Murthy was appointed as Additional Director of the Company holds office till the date of the Annual General Meeting, is being appointed as Director of the Company, liable to retire by rotation.



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

The Observations of the Auditors are explained wherever necessary in the notes to accounts.

CORPORATE GOVERNANCE

The Corporate Governance Report together with a certificate from the Company's Auditors Confirming compliance of guidelines are made part of this report as per Clause-49 of the Listing Agreement entered into with the Stock Exchanges.

PERSONNEL

Provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable as none of the employee was in receipt of remuneration of Rs. 2,00,000/- per month or Rs. 24,00,000/- per annum or more.

DISCLOSURE

Being a Non-Banking Finance 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, 1998 is not required.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm :

- a) that in preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures.
- b) that the Directors had 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 ended on 31st March, 2003 and of the profit of the Company for that year.
- c) that the Directors had taken proper and sufficient care for maintenance of adequate accounting records for the year ended 31st March, 2003 in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for prevention and detection of fraud and other irregularities.
- d) that the Directors had prepared the Annual Accounts on an on going basis.

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 : New Delhi
Dated : 27th June, 2003

G.P. AGRAWAL
Director



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY AND BUSINESS OUTLOOK

The activities of Non Banking Finance Companies in India have undergone qualitative changes over the years. They have become prominent in a wide range of activities like hire-purchase finance, equipment lease finance, loans, investments etc. By now their role, as effective financial intermediaries has been well recognised as they have inherent ability to take quicker decisions, assume greater risks, employ innovative marketing strategies and customerise their products and services according to the needs of the clients. While these features, as compared to the banks, have contributed to the proliferation of NBFCs, their flexible structure allow them to unbundle services provided by banks and market the components on a competitive basis. In order to have a healthy financial sector in a country like ours, there has to be a sustainable marriage between the primary lending institutions (Banks and FIs) and the intermediaries so that both of them stick to their core competencies and not to compete with each other unnecessarily.

The financial and leasing industry will go through a phase of expansion due to strong demand from the economy. The economic indicators are strong. Your Company hopes to explore the opportunities thrown up by the economy.

RISKS & CONCERNS

Risk is an inherent part of your Company's business, being in the financial services sector. While the Company is exposed to various types of risks, the most important of them are credit risks, market risks and operational risks. Your Company has strengthened itself by a clear understanding of various risks and to deploy appropriate system and tool to monitor such risks and effectively mitigate them in line with the business objectives.

In the Financial sector, credit risks are considered to be major risk which constitutes around 75 per cent of the total business risks. For credit risk, distinct policies and processes have been followed by your Company. Your Company is having appropriate credit approval processes, post disbursement monitoring and collection processes. A low level of NPA proportion in the assets of your Company reflects its sound risk management policies. Your Company also follows provisioning norms of RBI.

OPPORTUNITIES AND THREATS

There are tremendous business opportunities for Finance Companies, at the same time the industry needs to find out ways to adopt and evolve in the new market amidst regulatory conditions while facing ever increasing competition. The NBFCs with high credibility, efficiency and customer oriented services will dominate the sector in future.

The importance of NBFCs in catering to the unorganised sector and to small borrowers at the local level in response to local requirements is well recognised.

INTERNAL CONTROL AND THEIR ADEQUACY

Your Company has sufficient internal control system to ensure proper authorisation and accounting of transactions as also safeguarding and protecting company's assets against loss. The internal control systems are developed to ensure that records of the Company can be relied upon to draw financial statements and conclusions based on these statements. The internal control is regularly reviewed and augmented by the Audit Committee. The management feels that the system of internal controls are adequate considering the size of operations of your Company.



HUMAN RESOURCES

Employees are your Company's most valued resource. Operating in the service industry, your Company's performance is heavily dependent on the knowledge and expertise of its personnel. Your Company has a strong and dedicated team of professionals who cater to the functional diversities of the Company and always extend a willing hand to the other employees in case any guidance is required. It has always been the Company's endeavour to work on the contest of continuous improving the skillsets of each employee that in turn leads to the improvement in organisational performance.

CAUTIONERY STATEMENT

Statement in this Management Discussion describing the Company's objectives, estimates and expectations may constitute "Forward Looking Statement" within the meaning of applicable laws. Actual results might differ materially from those either expressed or implied.





CORPORATE GOVERNANCE REPORT

1. Company's Philosophy

The Management of the Company recognizes the importance of Corporate Governance for better transparency as well as protection of Shareholders' interest.

2. Board of Directors

The Board of Directors of the Company comprises of all Non-Executive Directors headed by Non-Executive Chairman. The present strength of the Board is 8 (Eight) and out of which 5 (Five) are independent Directors. The Independent Directors do not have any material pecuniary relationship or transactions with the Company, promoters, management which may affect their judgements in any manner. The Board meets at least once in a quarter to consider amongst other matters, the quarterly unaudited financial results of the Company.

Sr. No.	Name	Category	No. of Directorship in other Companies		No. of Membership in other Board Committees
			Public	Private	
1.	Mr. Anil Kumar Jain	Non-Executive Promoter	3	2	1
2.	Mr. Sunil Jain	Non-Executive Director	1	—	2
3.	Mr. G.P. Agrawal	Non-Executive Director	5	1	—
4.	Mr. Parmod Jain	Non-Executive Director, Independent	4	—	—
5.	Mr. K. Muralidharan	Non-Executive Director, Independent	—	3	—
6.	Mr. O.P. Shroff	Non-Executive Director, Independent	6	—	3
7.	Mr. S.R. Bansal	Non-Executive Director, Independent	2	2	2
8.	Mr. R.S.R. Murthy	Non-Executive Director, Independent	—	—	—

During the year under review, 5 Board Meetings were held on 28th June 2002, 30th July 2002, 30th October 2002, 28th January 2003 and 25th March, 2003. The last Annual General Meeting for the Financial year ending 31st March, 2002 was held on 25th September, 2002.



The attendance of the individual directors in the aforesaid meeting was as follows :

Name of Director & Category	Meeting Date & Attendance				
	28.06.02	30.07.02	30.10.02	28.01.03	25.03.03
Mr. Anil Kumar Jain Chairman	✓	✓	✓	✓	✓
Mr. Parmod Jain Director	x	x	✓	x	x
Mr. Sunil Jain Director	x	x	x	x	x
Mr. G.P. Agrawal Director	✓	✓	✓	✓	✓
Mr. K. Muralidharan Director	✓	✓	x	✓	✓
Mr. S.R. Bansal Director	x	x	x	x	x
Mr. O.P. Shroff Director	x	x	x	x	x

3. Re-appointment of Directors

Mr. K. Muralidharan is a fellow member of Institute of Company Secretaries of India and ex-banker. He possesses rich experience of financial market of about 25 years and has been on the Board of the Company since 14.09.2000. He is also on the Board of Skyrise Properties Pvt. Ltd., Commet Impex Pvt. Ltd. and Yartex Exports Pvt. Ltd.

Mr. R.S.R. Murthy is a Chartered Accountant and is having over 22 years of working experience in finance and related areas. He was appointed as Additional Director of the Company on 27.06.2003 holds office till the date of Annual General Meeting. Company proposes to appoint him as director, liable to retire by rotation in the Annual General Meeting. He does not have directorship in any other Company.

4. Remuneration of Directors

Name	Category	Commission	Sitting Fees
Mr. Anil Kumar Jain	Director	—	1250
Mr. G.P. Agrawal	Director	52,164	1250
Mr. K. Muralidharan	Director	—	1000
Mr. Parmod Jain	Director	—	250
Mr. S.R. Bansal	Director	—	Nil
Mr. O.P. Shroff	Director	—	Nil
Mr. Sunil Jain	Director	—	Nil