

**16th
ANNUAL REPORT
2006 - 2007**

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**I NDOCOUNT
F I N A N C E
L I M I T E D**

INDOCOUNT FINANCE LIMITED



Board of Directors	Shri ANIL KUMAR JAIN Shri SUNIL JAIN Shri G.P. AGRAWAL Shri SUSHIL KUMAR AGARWAL Shri PRADEEP K. SHAH	Chairman Director Director Director Director
Auditors	M/s. AVK & 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	

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NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Shareholders of INDOCOUNT FINANCE LIMITED will be held on Friday, the 28th September, 2007 at 3.30 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, 2007, the Profit & 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 Mr. Sunil Jain, who retires by rotation, and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Pradeep K. Shah, who retires by rotation and being eligible, offers himself for reappointment.
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 AVK & 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 on a remuneration to be decided by the Board of Directors plus out of pocket expenses incurred in the performance of their duties."

By Order of the Board
For INDOCOUNT FINANCE LIMITED

Place : Mumbai
Date : 30th July, 2007

ANIL KUMAR JAIN
CHAIRMAN



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 REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Register of Members and the Share Transfer Books of the Company will remain closed from 21-09-2007 to 28-09-2007 (both days inclusive).
3. 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.
 - v) Members/proxies should bring the attendance slip duly filled for attending the meeting.
 - v) Members are requested to send their queries, if any, at least 14 days in advance of the meeting addressed to Indocount Finance Limited at 705, Pragati Tower, 26, Rajendra Place, New Delhi – 110008 so that information can be made available at the meeting.
 - vi) Trading in Equity Shares of the Company are in compulsorily de-mat w.e.f. 26.03.2001.

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

Place : Mumbai
Date : 30th July, 2007

ANIL KUMAR JAIN
CHAIRMAN



ADDITIONAL INFORMATION

As required in terms of Para VI (A) of Clause 49 of the Listing Agreement

Brief Profile of Mr. Sunil Jain, who retires by rotation and, is eligible for re-appointment :

Mr. Sunil Jain an industrialist of repute, is Commerce Graduate, having experience of more than 27 years in general business administration and has been on the Board of the Company since 16-10-1995.

Outside Directorship :

Chairman cum Managing Director in I.C. Textiles Ltd.

Committee Membership/Chairmanship :

I.C. Textiles Ltd. — Chairman in Share Transfer & Allotment Committee

I.C. Textiles Ltd.— Member in Audit Committee

Brief Profile of Mr. Pradeep K. Shah, who retires by rotation and, is eligible for re-appointment :

Mr. Pradeep K. Shah is B. Com., PGDBM and has a rich experience over 37 years in the area of General Insurance.

Outside Directorship :

No directorship in any other companies.

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

Place : Mumbai
Date : 30th July, 2007

ANIL KUMAR JAIN
CHAIRMAN



DIRECTORS' REPORT

Your Directors present their 16th ANNUAL REPORT, alongwith the Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS :

The Financial Results for the year ended on 31st March, 2007 are as under :

	2006-2007 (Rs. in Lacs)	2005-2006 (Rs. in Lacs)
Total Income	28.00	30.59
Gross Profit / (Loss) Before Depreciation	(4.30)	7.94
Less : Depreciation	1.35	1.46
Profit / (Loss) Before Tax	(5.65)	6.48
Less : Provision for Taxation	0.48	0.80
Net Profit / Net (Loss) After Tax	(6.13)	5.68
Less : Transfer to Special Reserve	—	1.14
Add : Profit brought forward from Previous Year	51.19	46.65
Balance carried to Balance Sheet	45.06	51.19

OPERATIONS :

During the current year Company had suffered Net Loss of Rs. 6.13 lacs against the Net Profit of Rs.5.68 lacs earned by it in the previous year. Company is exploring the possibilities for suitable diversification.

DIVIDEND :

Due to inadequate profit the Board of Directors do not recommend any dividend for the year.

DEPOSITS :

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

DIRECTORS :

In accordance with the provisions of Companies Act, 1956, Mr. Sunil Jain and Mr. Pradeep K. Shah, 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 AVK & 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 Companies Act, 1956.

AUDITORS' REPORT :

The Observations of the Auditors as referred in their report are suitably explained in the Notes to Accounts and therefore do not call for any further comments.

**PERSONNEL :**

Particulars of employees in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, are not given, as none of the employees qualify for such disclosure.

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, 1998 is not required.

CORPORATE GOVERNANCE :

The corporate governance report together with a certificate from the Company's auditors confirming compliance of guidelines is made part of this Report as per Clause 49 of the Listing Agreement entered into with the Stock Exchange.

DIRECTORS' RESPONSIBILITY STATEMENT :

Your Directors confirm :

- a) that in preparation of the annual accounts, the applicable accounting standards have been followed along with 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, 2007 and of the Loss 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, 2007 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 ended on 31st March, 2007 on a "going concern" 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 : Mumbai
Date : 30th July, 2007

ANIL KUMAR JAIN
CHAIRMAN



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY AND BUSINESS OUTLOOK

Non Banking Finance Companies play major role in financing, inspite of presence of large number of Foreign as well as Nationalized Banks in this field, the role of NBFCs is unchallengeable. Their role as effective financial intermediaries has been well recognized as they have inherent ability to take inherent decisions, flexible structure assume greater risks, apply innovative marketing strategies and customize their products and services according to the needs of the clients.

Due to strong economy of the country and boom in the Auto sector Finance & Leasing Industry is going through a phase of growth. The economic indicators for the future are also strong. Your Company hope to explore the opportunities thrown up by the economy.

RISKS & CONCERNS

Risk is synonym with NBFCs which is inherent part of their business. Your Company is also subjected to various types of such risks. Your Company has identified these risks and guarded itself by adopting a range of strategies and measures to reduce the impact of such risks.

Credit risks considered to be major risk being faced by NBFCs. Your Company has evolved various policies and systems for credit risk to closely monitor the same. Your Company is having appropriate pre disbursal and post disbursement monitoring and regular follow up of the collection process. A low level of NPA proportion in the assets of your Company reflects its sound risk management policies. Your Company also follow provisioning norms of RBI.

OPPORTUNITIES AND THREATS

Business Opportunities for finance companies are enormous as the new areas and segments *are being explored due to increased competition and tight regulatory conditions being faced* by them. There is a large scope of small size NBFCs like ours, for certain segment of customers, which remain unserved by Banks and large size NBFCs.

The major threat being faced by NBFCs are from aggressive marketing of Banks and low rates of financing being offered by them.

INTERNAL CONTROL AND THEIR ADEQUACY

Foundation of your Company's control mechanism vests in Management Information Systems (MIS). Your Company has devised effective systems so that assets and business of the Company are safeguarded. The effective internal control systems are developed to ensure that records of the Company can be relied upon to draw financial statements and conclusion based on these statements. The internal control is regularly reviewed and augmented by the Audit Committee. The management feels that the systems of internal controls are adequate considering the size of operations of the Company.

HUMAN RESOURCES

Operating in the service industry, your Company's performance is heavily dependent on the knowledge and expertise of its personnel. Employees are most valued asset of your Company. 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. The attitude of the Company is to work for the continuous improvement of the talent of each employee that in turn leads to the growth of an organisation's performance.

CAUTIONERY STATEMENT

Statement in this Management Discussion describing the Company's objectives, estimates, expectations may constitute "Forward Looking Statement" within the meaning of applicable laws. Actual results might differ materially from those either expressed or implied. Important factors that could make a difference to the Company's operations include demand and supply conditions, cyclical demand, changes in Government regulations, tax regimes, economic development within India.





CORPORATE GOVERNANCE REPORT

1. Company's Philosophy

The Management of the Company recognizes the importance of Corporate Governance for better transparency as well 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 5 (Five) and out of which 3 (Three) 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 Public Ltd. Companies	No. of Membership in other Board / Committees	
				Chairmanship	Membership
1.	Mr. Anil Kumar Jain	Non-Executive Chairman	3	1	1
2.	Mr. Sunil Jain	Non-Executive Director	1	1	1
3.	Mr. G.P. Agrawal	Non-Executive Director, Independent	4	1	3
4.	Mr. Sushil Kumar Agarwal	Non-Executive Director, Independent	—	1	—
5.	Mr. Pradeep K. Shah	Non-Executive Director, Independent	—	—	—

During the year under review, 4 Board Meetings were held on 11th May, 2006, 31st July, 2006, 30th November, 2006 and 31st January, 2007. The last Annual General Meeting for the Financial year ending 31st March, 2006 was held on 30th September, 2006.