

18th

Annual Report

 2008-2009

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INDOCOUNT FINANCE LIMITED

Board of Directors	Shri ANIL KUMAR JAIN	Chairman
	Shri G. P. AGRAWAL	Director
	Shri SUSHIL KUMAR AGARWAL	Director
	Shri PRADEEP K. SHAH	Director

Company Secretary Shri RAMAN RUSTAGI(Left w.e.f. 30.05.2009)

Auditors M/S AVK & ASSOCIATES, Chartered Accountants

Bankers KARNATAKA BANK LIMITED

Registered Office Village Alte,
Taluka : Hatkanangale,
Dist. Kolhapur-416 109
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 18th Annual General Meeting of the shareholders of INDOCOUNT FINANCE LIMITED will be held on Tuesday, the 29th September, 2009 at 11.00 A.M. at Registered Office of the Company i.e. at Village Alte, Taluka Hatkanangale, Dist Kolhapur - 416 109, Maharashtra to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009, the Profit and Loss Account for the year ended on that date and the Reports of Directors and Auditor's thereon.
2. To appoint a Director in place of Mr. Sushil Kumar Agarwal, 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 appoint auditors and fix their remuneration.

By Order of the Board
For INDOCOUNT FINANCE LIMITED

ANIL KUMAR JAIN
CHAIRMAN

Place: Mumbai
Date : 31-07-2009

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 22.09.2009 to 29.09.2009 (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.
 - iv) 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 - 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 w.e.f. 26.03.2001.

ADDITIONAL INFORMATION**Brief Profile of Mr. Shushil Kumar Agarwal, who retires by rotation, and is eligible for re-appointment :**

Mr. Shushil Kumar Agarwal is a chartered Accountant by profession and has a rich experience of over 39 years in the area of auditing, taxation etc.

Outside Directorship :

No directorship in any other companies.

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

Mr. Pradeep K Shah is B.Com., PGDMB and has a rich experience of over 39 years in the area of General Insurance.

Outside Directorship :

No directorship in any other Company.

By Order of the Board
For INDOCOUNT FINANCE LIMITED

ANIL KUMAR JAIN
CHAIRMAN

Place: Mumbai
Date : 31-07-2009

DIRECTORS' REPORT

Your Directors present their 18TH ANNUAL REPORT, along with the Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS :

The Financial Results for the year ended on 31st March, 2009 are as under:

Particulars	2008-2009 (Rs. In lacs)	2007-2008 (Rs. In lacs)
Total Income	34.61	46.60
Gross Profit/(Loss) Before Depreciation	11.19	8.36
Less : Depreciation	0.67	0.90
Profit/(Loss) Before Tax	10.52	7.46
Less: Provision for taxation	2.05	2.77
Net Profit /Net(Loss) After Tax	8.47	4.69
Less : Transfer to special reserve	1.69	0.93
Add : Profit brought forward from Previous year	48.82	45.06
Balance carried to Balance Sheet	55.60	48.82

OPERATIONS:

The Company has earned a net profit of Rs 8.47 lacs during the year under review against the Net profit of Rs. 4.69 lacs in the Previous Year. Company is looking for an opportunity to make a 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. Sushil Kumar Agarwal and Mr Pradeep K Shah, Directors of the Company, retires by rotation at this Annual General Meeting and being eligible, offers 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 the Companies Act, 1956.

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(s).

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, 2009 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, 2009 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 31st March, 2009 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.

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

ANIL KUMAR JAIN
CHAIRMAN

Place: Mumbai
Date : 31-07-2009

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY AND BUSINESS OUTLOOK

The growth in the Indian economy together with the growth in the capital markets will have better future for your company. 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 established.

Due to growing economy of the country there is scope for NBFCs. 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. 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 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 the Company

HUMAN RESOURCES

Operating in the service industry, your Company's performance is heavily dependent on the knowledge and expertise of its personnel. The Company is having dedicated team of persons.

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 Shareholder's 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 4 (Four) 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 audited/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
1.	Mr. Anil Kumar Jain	Non-Executive Chairman	3	1 Chairmanship 2 Membership
2.	Mr. G.P. Agrawal	Non Executive Director, Independent	4	3 Membership
3.	Mr. Sushil Kumar Agarwal	Non-Executive Director, Independent	NIL	1 Chairmanship
4.	Mr. Pradeep K. Shah	Non- Executive Director, Independent	NIL	1 Membership

During the year under review, 6 Board Meeting were held on 30th May 2008, 30th June 2008, 31st July 2008, 31st October 2008, 25th November 2008 and 29th January 2009. The gap between the two meetings was not more than 4 months. The last Annual General Meeting was held on 27th September, 2008.

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

Name of Director	Category	Meeting Date & Attendance					
		30.05.08	30.06.08	30.07.08	30.10.08	25.11.08	29.01.09
Mr. Anil Kumar Jain	Chairman	-/	-/	-/	-/	-/	-/
Mr. G.P. Agrawal	Director	x	x	x	x	x	x
Mr. Sushil Kumar Agarwal	Director	-/	-/	-/	-/	-/	-/
Mr. Pradeep K. Shah	Director	-/	-/	-/	-/	-/	-/

3. Re-appointment of Directors

Mr. Sushil Kumar Agarwal is a Chartered Accountant by profession, having a rich experience of over 39 years in the areas of auditing, taxation etc. and has been on the Board since 26.12.2005.

Mr. Pradeep K Shah is B.Com., PGDMB and has a rich experience of over 39 years in the area of General Insurance. He has been on the Board since 26.12.2005.

Both Mr. Sushil Kumar Agarwal and Mr. Pradeep K Shah will hold office until conclusion of the ensuing annual general meeting, subject however, being eligible for re-appointment.

4. Remuneration of Directors

Name	Category	Sitting Fees (Rs.)
Mr. Anil Kumar Jain	Director	3000
Mr. G.P. Agrawal	Director	—
Mr. Sushil Kumar Agarwal	Director	3000
Mr. Pradeep K. Shah	Director	3000

5. Audit Committee

The Audit Committee was formed in accordance with the requirements of clause 49 of the Listing Agreement. The broad terms of reference of the Audit Committee are :

- To review the overall financial reporting process and disclosure of financial information.
- To review the annual accounting/financial statements, policies and practice.
- To appraise the adequacy of proper internal control and internal audit systems.
- To review the Company's financials and risk management policies.
- To recommend the appointment and removal of external Auditors and fixation of audit fees.
- To approve payment to Statutory Auditor for any other services rendered by them.
- To review with the management, the quarterly financial statements before submission to the Board of Directors.

The Audit Committee comprises of three Non Executive independent Directors, Mr. Sushil Kumar Agarwal, Mr. Pradeep K. Shah and Mr. G. P. Agrawal

The quorum for the Audit Committee meeting is 1/3 of the total strength or 2 whichever is higher. The terms of reference of the Audit Committee are in line with Stock Exchange Listing Agreement and provisions of Section 292 A of the Companies Act, 1956.

During the Financial year 2008-2009, no Audit Committee meeting was held.

6. Share Transfer and Share Holders' Grievance Committee

At present the Share Transfer and Share Holders/Investor grievances committee comprises of Mr. Anil Kumar Jain, Mr. G. P. Agrawal and Mr. Pradeep K. Shah. The Chairman is elected amongst members of the Committee. Quorum of the Committee Meeting is two Directors.

During the year under review 10 Share transfer and share holders/Investor grievance committee meetings were held. Gap between two meetings are more than statutory period of 14 days in the absence of transactions and same are being conducted on as and when required basis.

The various issues addressed in connection with Shareholders and Investor services & grievance are

a) Share transfer:

- Approve and effect transfer and transmission of shares.
- Issue of new Share Certificates in lieu of lost share/mutilated share certificates.
- Consolidation of folios/transposition of names.

b) Shareholders/ Investors complaints :

- Non receipt of shares after transfer / transmission
- Non receipt of Annual Report