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LIBORD FINANCE LIMITED

3rd
ANNUAL REPORT
1996-97

*3rd Annual Report***BOARD OF DIRECTORS:**

Dr. R.N. Singh Chairman
 Mr. Lalit Kumar Dangi Vice Chairman
 Mr. V. H. Pandya
 Mr. Y.K. Bhusan
 Mrs. Vandana Dangi Executive Director

AUDITORS :

S.C. Kachhara & Co.
 Chartered Accountants
R.P. Baradiya & Co.
 Chartered Accountants

BANKERS :

The Karur Vysya Bank Ltd.
 Bank of Madura Ltd.
 Bank of Baroda
 Bank of India
 The Bank of Rajasthan Ltd.
 City Union Bank Ltd.
 Union Bank of India

REGISTERED OFFICE :

104, M.K. Bhawan,
 300, Shahid Bhagat Singh Road,
 Fort, Mumbai - 400 001.
 Tel. : 2659880/2658110
 Fax : 2679125.

REGISTRARS & SHARE TRANSFER AGENTS :

Investor Services of India Ltd.
 Teritex Business Service Centre,
 Saki Vihar Road,
 Chandivali, Andheri (East),
 Mumbai - 400 072.
 Tel. : 8503539/8504462
 8501338/8506407
 Fax : 8509201

CORPORATE OFFICE :

4th Floor, Podar Chambers,
 S.A. Brelvi Road,
 Fort, Mumbai - 400 001.
 Tel. : 2625904/2664018
 2623107/2658108
 Fax : 2662520.

BRANCH OFFICES :**CHENNAI**

5th Floor, Prince Centre,
 709/710, Mount Road,
 Chennai 600 006.
 Tel. : 8525233/8553964
 Fax : 8526297

SURAT

4047, Jash Textile Market,
 4th Floor, Ring Road,
 Surat - 395 002.
 Tel. : 652050

CONTENTS**Page No.**

Notice	1
Directors' Report	2
Auditors' Report	3
Balance Sheet	4
Profit & Loss Account	5
Schedules	6-11
Cash Flow Statement	12
Subsidiary Company	13

Note : Shareholders are requested to bring their copy of the Annual Report alongwith them at the Annual General Meeting.

NOTICE

Notice is hereby given that the 3rd Annual General Meeting of the Members of Libord Finance Limited will be held on **Monday, the 29th September, 1997 at 2.30 P.M. at Babasaheb Dahanukar Sabhagriha, C/o Maharashtra Chamber of Commerce & Industry, Oricon House, 6th Floor, 12, K. Dubhash Marg (Rampart Row), Fort, Mumbai-400 001** to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet of the Company as at 31st March, 1997 and the Audited Profit and Loss Account for the year ended on that date together with the Directors' Report and the Auditors' Report thereon.
2. To appoint a director in place of Mr. Y.K. Bhushan who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a director in place of Mr. Lalit Kumar Dangi who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint the Auditors and fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modifications, the following as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 387, and other applicable provisions of the Companies Act, 1956, Mr. T. Anil Kumar be and is hereby appointed as Manager of the Company for a period of THREE years from 20th November, 1996 to 19th November, 1999.

FURTHER RESOLVED THAT Mr. T. Anil Kumar be paid the following remuneration, benefits and amenities from 20th November, 1996 to 19th November, 1999;

Salary in the scale of	Rs. 8,000-500-9,000 p.m.
House Rent Allowance	Rs. 3,500 p.m.
Conveyance Allowance	Rs. 4,500 p.m.

RESOLVED FURTHER the Vice Chairman be and is hereby authorised to alter, increase, expand, enhance, enlarge or widen the scope of the remuneration and perquisites, including the monetary value thereof, to the extent prescribed under Schedule XIII of the Companies Act, 1956 and any future amendments thereto, or reenactment thereof, may permit."

6. To consider and, if thought fit, to pass with or without modifications, the following as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 370 of the Companies Act, 1956, consent of shareholders be and is hereby given to the Board of Directors of the Company, to make any loans to body corporate whether or not under the same management as that of the Company on such terms and conditions as the Board may think fit and give any guarantee or provide any security, in connection with loans made by any other person to or to any other person by any body Corporate upto a limit of Rs.1,75,00,000 (Rupees One hundred and seventy five lacs only) outstanding at any time provided that such making of loans or giving of guarantee or providing of security is in the opinion of the Board made only for furthering the business interest of the Company."

BY ORDER OF THE BOARD

Mumbai,
26th June, 1997.

(Lalit Kumar Dangi)
Vice Chairman

Registered office : Libord Finance Limited
104, M.K. Bhawan, 300, Shahid Bhagat Singh Road,
Fort, Mumbai-400 001.

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 and such proxy need not be a member of the Company.
- 2) Instruments of proxies in order to be effective must be deposited with the Company at its Registered Office not less than 48 hours before the commencement of the meeting.
- 3) The register of members of the Company and the share transfer books will remain closed from 16th September, 1997 to 29th September, 1997 (both days inclusive) in terms of the provisions of Section 154 of the Companies Act, 1956.
- 4) Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 in respect of items 5 and 6 set out above is annexed hereto.
- 5) Members are requested to kindly communicate immediately any change in their address mentioning PIN CODE to the Company's Share Transfer Agents viz. Investor Services of India Limited, Teritex Business Service Centre, Saki Vihar Road, Chandivali, Andheri (East), Mumbai-400 072.

ANNEXURE TO THE NOTICE

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

Item No.6

Mr. T. Anil Kumar was appointed as a Manager under Section 2(24) of the Companies Act, 1956 by the shareholders in the 2nd Annual General Meeting held on 28th September, 1996 for a period of one year upto 19th November, 1996. The Board of Directors had extended his appointment for a further period of three years upto 19th November, 1999. The resolution is placed for seeking the approval of shareholders for his extension for further period of three years.

The Board considers that it would be in the interest of the Company to continue the appointment of Mr. T. Anil Kumar as Manager for further period of three years and therefore commends the resolution for his appointment.

None of the Directors are concerned or interested in the said resolution.

Item No.7

The Company might from time to time require to make any loans and give guarantees and/or provide security in connection with any loans taken or to give any guarantees to other Companies (whether in the same management or not) or persons or bodies corporate.

In view of the increasing activities of the Company it is considered desirable to fix the limit of Rs.175.00 lacs in terms of Section 370 of the Companies Act, 1956 authorising the Board of Directors of the Company, to make any loans and to give any guarantees or provide any security, in connection with loans made by any other person or any body corporate.

None of the Directors are concerned or interested in the said resolution.

3rd Annual Report

DIRECTORS' REPORT

To the Members,
Libord Finance Limited,

Your Directors have pleasure in presenting the 3rd Annual Report along with Audited Accounts of the Company for the year ended 31st March, 1997.

FINANCIAL PERFORMANCE

	1996-97 (Rs. in Lacs)	1995-96
Gross Income	82.54	211.34
Gross (Loss)/Profit before depreciation and tax	(55.85)	70.96
Depreciation/Lease Equalisation	22.74	37.00
Provision for Taxation	3.00	11.70
(Loss)/Profit after taxation (PAT)	(81.59)	22.26
Proposed Dividend for previous year written back	40.00	—
Provision for taxation of earlier year written back	4.04	—
Balance brought forward from previous year	40.16	57.90
Profit available for Appropriations	2.61	80.16
Appropriations:		
Proposed Dividend	—	40.00
Transfer to General Reserve	—	—
Surplus carried to balance sheet	2.61	40.16

REVIEW OF OPERATIONS**Merchant Banking**

During the year, your Company has been able to handle some good issues and has also handled proposals of takeover and other related merchant banking activities. The income from the merchant banking activities was Rs. 15.24 lacs.

Asset Based Financing

Your Company could not take up any activity in the leasing and hire purchase activity due to the depressed market conditions.

Money Market Operations

Your Company was able to earn an income of Rs. 53.61 lacs from the Money Market Operations, notwithstanding the depressed market conditions.

Corporate Advisory

Your Company has identified Corporate Advisory business in areas like capital structuring, preparation of feasibility studies and consultancy to corporate clients and has entered in an aggressive manner.

Forex business

Your company has accomplished better business in the forex division. The income earned on account of Forex business is Rs. 40.99 lacs. The Forex operations are being done from Mumbai and we look forward to open other centers in the near future.

Portfolio Management

The Company has been registered with SEBI as Portfolio Manager and different schemes were made for NRIs and high net worth individuals. We look forward for a better times for being aggressive in this sector.

Investment Banking

The Loss on Investment Banking of Rs. 61.56 lacs was on account of the sale of investments held by the Company.

FUTURE OUTLOOK

The economy still continues to be under great pressure which has not been very good for the financial services sector. However your Company has been patiently waiting for the primary and secondary market to pick up and would continue to keep pace with the growing market.

ACTUALS VS PROJECTIONS

As required under Clause 43 of the Listing Agreement the comparison of Projections as given in the Prospectus dated 31st August, 1994 as against

actual performance of the Company is given below:

	For 1996-97 Projections	Performance
Total Income (Rs. in lacs)	1,276.15	82.54
Profit/Loss after Tax (Rs. in lacs)	425.62	(81.60)
Dividend (%age)	20%	—
Earning per share (in Rs.)	5.32	—

Reasons for variation :

- The Company could not earn in investment banking because of sluggish stock market.
- The leasing and hire purchase activities could not be geared up because of non availability of Bank finance.
- Merchant Banking could not give the desired result because of less number of issues coming to the market.
- Consultancy income was also not generated because not many projects were coming for implementation.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company has no activities relating to conservation of energy or technology absorption. There were no earnings or outgo in foreign exchange.

FIXED DEPOSITS

Your Company had accepted Fixed Deposits during the year and the total deposits with the company as on 31st March, 1997 was Rs. 30.88 lacs. There were no unclaimed deposits outstanding at the end of the year.

SUBSIDIARY COMPANY

The Company's wholly owned subsidiary, Libord Investments Limited commenced its operations at the Pune Stock Exchange during the year.

A Statement pursuant to Section 212 of the Companies Act, 1956, in respect of the subsidiaries of the company, is attached to the Accounts of the Company.

PERSONNEL

The performance that your Company achieved during the year under review has been due to the dedicated efforts put in by all the employees. Your Directors place on record their appreciation for the valuable contribution made by the staff members of the Company.

During the year under review, there was no employee drawing salary in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 and the rules prescribed thereunder.

DIRECTORS

During the year Mr. N. K. Bajna, Director resigned from the Board. Your Directors place on record their appreciation of the services rendered by him.

Mr. Y.K. Bhushan and Mr. Lalit Kumar Dangi retire by rotation at this Annual General Meeting and being eligible offer themselves for reappointment.

AUDITORS

M/s S.C. Kachhara and Co., & M/s R.P. Baradiya & Co., Chartered Accountants, Auditors of the Company, retire at the conclusion of this Annual General Meeting and being eligible, are recommended for reappointment.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the active support given by Banks, Merchant Bankers, Investors, Brokers, Employees and Customers for their continued support to the Company.

For and on behalf of the Board

Mumbai,
26th June, 1997

(Dr. R.N. Singh)
Chairman

AUDITORS' REPORT

To The Members,
Libord Finance Limited,

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

1. As required by the 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 (hereinafter referred to as "the Act"), and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we give in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph (1) above :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit:

For **S.C. Kachhara & Company**
 Chartered Accountants

(S.C. Kachhara)
 Proprietor

Mumbai, 26th June, 1997.

- (b) In our opinion proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books;
- (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and Notes on Accounts in Schedule 20 and elsewhere in the Accounts, give the information required by the Act, in the manner so required and give a true and fair view:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 1997 and
 - (ii) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date.

For **R.P. Baradiya & Company**
 Chartered Accountants

(R.P. Baradiya)
 Proprietor

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of our report of even date)

- 1) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The assets on Lease have been certified by the respective lessees as to their physical existence. The fixed assets other than the assets on lease have been physically verified by the management at reasonable intervals during the year. No discrepancies were noticed on such verification.
- 2) None of the fixed assets have been revalued during the year.
- 3) Physical verification has been conducted by the management at reasonable intervals in respect of stocks of shares, debentures, securities and currency notes.
- 4) The procedures followed by the management for physical verification of stocks are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- 5) No discrepancies have been noticed on physical verification of stocks as compared to book records.
- 6) On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.
- 7) The rate of interest and other terms and conditions of the unsecured loans taken by the Company from the Companies listed in the register maintained under Section 301, are prima-facie, not prejudicial to the interest of the Company. As explained by the management, there is no Company under the same management as defined under Section 370(1B) of the Act.
- 8) The rate of interest and other terms and conditions of the unsecured loans granted by the Company to the Companies listed in the register maintained under Section 301 of the Act, are prima-facie, not prejudicial to the interest of the Company. As explained by the management, there is no Company under the same management as defined under Section 370(1B) of the Act.
- 9) In respect of Loans, Advances in the nature of loans given to parties and interest free loan given to employees, the parties are generally repaying the principal amounts and interest thereon, wherever applicable, except in respect of a Trade Finance of Rs.13,95,000 as explained in

For **S.C. Kachhara & Company**
 Chartered Accountants

(S.C. Kachhara)
 Proprietor

Mumbai, 26th June, 1997.

- 10) Note 2 in Schedule '20' that a legal suit has been filed for recovery of the same and that the Company is hopeful of its recovery.
- 10) In our opinion and according to the information and explanations given to us, 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 and for the sale of shares, debentures, securities and currency notes.
- 11) The Company has, during the year not entered into any transactions of purchase and sale of shares, debentures, securities and services in pursuance of contracts or arrangements required to be entered in the register maintained under Section 301 of the Act and aggregating to Rs. 50,000 or more in respect of each party.
- 12) The Company has, in respect of fixed deposits accepted from the public, complied with the provisions of Section 58A of the Act and generally complied with the provisions of the Non-Banking Finance Companies (Reserve Bank) Directions, 1977, as amended.
- 13) The internal audit system is broadly commensurate with the size of the Company and the nature of its business.
- 14) As explained to us, the provisions of The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and Employees' State Insurance Act, 1948 are not applicable to the Company.
- 15) There were no undisputed amounts payable in respect of Income tax, Wealth tax and Sales tax which have remained outstanding as at 31st March, 1997 for a period of more than six months from the date they became payable.
- 16) No personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
- 17) The services rendered by the Company, as explained, do not require allocation of man hours. However, in respect of the same there exists a reasonable internal control system, commensurate with the size of the Company and the nature of its business.
- 18) The Company has kept proper records of its transactions in shares, securities, debentures and other investments and timely entries have been made therein. The shares, securities, debentures & other investments have been held by the Company in its own name except to the extent of the exemption granted under Section 49 of the Act.

For **R.P. Baradiya & Company**
 Chartered Accountants

(R.P. Baradiya)
 Proprietor