

| | | | | |
|-----|----|---|-----|----|
| MD | ✓ | | BKC | ✓ |
| CS | NA | | DPY | NA |
| RO | ✓ | | DIV | NA |
| TRA | ✓ | ✓ | AC | ✓ |
| AGM | ✓ | ✓ | SHI | ✓ |
| YE | ✓ | ✓ | | |



LIBORD FINANCE LIMITED

4th
ANNUAL REPORT
1997-98

4th Annual Report

BOARD OF DIRECTORS:

Dr. R.N. Singh *Chairman*
 Mr. Lalit Kumar Dangl *Vice Chairman*
 Mr. V. H. Pandya
 Mr. Y.K. Bhusan
 Mr. H.G. Nanavaty
 Mrs. Vandana Dangl

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.

REGISTERED OFFICE :

104, M.K. Bhawan,
 300, Shahid Bhagat Singh Road,
 Fort, Mumbai - 400 001.
 Tel. : 2659880/2658110
 Fax : 2700843

REGISTRARS & SHARE TRANSFER AGENTS :

System Support Services,
 209, Shivai Industrial Estate,
 89, Andheri Kurla Road,
 Sakinaka, Andheri (East),
 Mumbai - 400 072.
 Tel.: 850 3940/ 850 1622
 850 0835.
 Fax: 8501438

CORPORATE OFFICE :

11, Great Western Building,
 130, Shahid Bhagat Singh Road,
 Fort, Mumbai - 400 023.
 Tel. : 2044851/2044866
 Fax : 2662520.

BRANCH OFFICES :**CHENNAI**

5th Floor, Prince Centre,
 709/710, Mount Road,
 Chennai 600 006.

SURAT

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

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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 4th Annual General Meeting of the Members of **Libord Finance Limited** will be held on **Saturday the 26th September, 1998 at 2.30 p.m.** at **Kasliwal Board Room, C/o Maharashtra Chamber of Commerce & Industry, Oricon House, 6th Floor, 12, K. Dubash 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, 1998 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 Dr. R.N. Singh who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a director in place of Mr. V.H. Pandya 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 Mr. H.G. Nanavaty be and is hereby appointed as Director of the Company."

BY ORDER OF THE BOARD

Mumbai,
Dated: 24th June, 1998.

(LALIT KUMAR DANGI)
Vice Chairman

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

NOTE :

- 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, 1998 to 26th September, 1998** (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 item 5 set out above is annexed hereto.
- 5) Members may note that the Company's Share Transfer work is now being handled by System Support services. You are requested to kindly communicate immediately any change in your address mentioning PIN CODE to the Company's Share Transfer Agents viz. **System Support Services, 209, Shivai Industrial Estate, 89, Andheri Kurla Road, Sakinaka, Andheri(East), Mumbai-400 072.**

ANNEXURE TO THE NOTICE

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

Item No. 5

Mr. H.G. Nanavaty was appointed as an Additional Director with effect from 29th September, 1997 and pursuant to Section 260 of the Companies Act, 1956, he holds office upto this Annual General Meeting. A notice along with a deposit of Rs. 500/= in terms of Section 257 of the Companies Act, 1956 has been received from a shareholder proposing Mr. H.G. Nanavaty for the office of Director of the Company.

Mr. Nanavaty served State Bank of India and retired as Dy. General Manager SBI Capital Markets. He has vast experience in the areas of Banking and Capital Markets.

The Board considers that it would be in the interest of the Company to appoint Mr. H.G. Nanavaty and therefore commends the resolution for his appointment.

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

4th Annual Report

DIRECTORS' REPORT

To the Members,

Libord Finance Limited

Your Directors have pleasure in presenting the 4th Annual Report along with Audited Accounts of the Company for the year ended 31st March, 1998.

FINANCIAL PERFORMANCE

| | (Rs. in lacs) | |
|--|---------------|---------|
| | 1997-98 | 1996-97 |
| Gross Income | 78.32 | 82.55 |
| Gross Profit/Loss before Depreciation and tax | -48.98 | -66.58 |
| Depreciation | 6.49 | 12.01 |
| Provision for Taxation | — | 3.00 |
| Profit/Loss after taxation (PAT) | -55.47 | -81.59 |
| Proposed Dividend for previous year written back. | — | 40.00 |
| Provision of taxation of earlier year written back | — | 4.04 |
| Balance brought forward from previous year | 2.61 | 40.16 |
| Profit available for Appropriations | -52.86 | 2.61 |
| Appropriations | | |
| Proposed Dividend | — | — |
| Transfer to General Reserve | — | — |
| Surplus carried to balance sheet | — | 2.61 |

REVIEW OF OPERATIONS

Merchant Banking

The market for public issues continues to be still very bad. The company was able to get the registration certificate renewed as a Category I Merchant Banker. To comply with the guidelines of SEBI and to segregate the Non-banking financial activities the Merchant Banking Licence is being transferred to Libord Securities Limited one of its group Companies which is a member of The Stock Exchange, Mumbai.

Non-banking Financial Companies

The Reserve Bank of India has issued a Certificate of Registration as required under Section 45-IA of the Reserve Bank of India Act, 1934.

Asset Based Financing

Your company could not take up any activity in the leasing and hire purchase activity as the market conditions still continue to be depressed.

Money Market Operations

The excess liquidity in the Banking System on the one hand & the poor performance of the Corporate Sector on the other have affected the money market operations adversely. However your Company has earned an income of Rs. 46.20 lacs from the Money Market Operations.

Forex Business

Your company has earned an income of Rs. 32.84 lacs from Money Changing activities. Apart from the operations being done from Mumbai another centre was opened at Udaipur.

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 markets to pick up and would continue to keep pace with the growing markets.

ACTUAL 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 1997-1998 Projections Performance

| | | |
|-------------------------------|----------|---------|
| Total Income(Rs.in lacs) | 1,822.63 | 78.31 |
| Profit after Tax(Rs. in lacs) | 552.34 | (55.47) |
| Dividend(%age) | 25% | — |
| Earning per share(in Rs.) | 6.95 | — |

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 came up 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

There were no Fixed Deposits outstanding with the company as on 31st March, 1998. There were also no unclaimed deposits outstanding at the end of the year.

SUBSIDIARY COMPANY

A Statement pursuant to Section 212 of the Companies Act, 1956, in respect of the subsidiary 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

Mrs. Vandana Dangi resigned as the Executive Director of the Company w.e.f. 24th June, 1998 while continuing to be an ordinary director.

Mr. H.G. Nanavaty was appointed as an Additional Director during the year. Notice from a shareholder under Section 257 of the Companies Act, 1956 has been received for his appointment as Director liable to retire by rotation.

Dr. R.N. Singh and Mr. V.H. Pandya 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.

The Notes on accounts referred to in the Auditors Report are self explanatory and therefore do not call for any further explanations.

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
24th June, 1998

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, 1998 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 (Auditor's 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 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, 24th June, 1998.

- (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 those 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, subject to Note No. 2 in Schedule '20' regarding overdue loans & advances having consequential impact on the loss for the year, the Reserves & Surplus and the Assets of the Company and read with Note No. 5 in Schedule '20' regarding fall in value of the investments and other notes appearing in the said Schedule 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, 1998 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 rates of interest and other terms and conditions of the unsecured loans taken/ granted by the Company from / to the Companies listed in the register maintained under Section 301 of the Act and from the Company under the same management as defined under Section 370(1B) of the Act are, prima facie, not prejudicial to the interest of the Company.
- 8) In respect of Loans and Advances in the nature of loans given to parties and interest free loans given to employees, the parties are repaying the principal amounts as stipulated and are also generally regular in payment of interest thereon, wherever applicable.
- 9) 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.
- 10) The Company has during the year not entered into any transaction 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.
- 11) The Company has in respect of fixed deposits accepted from the public generally complied with the provisions of Section 58A of the Act and the Non-Banking Finance Companies (Reserve Bank) Directions, 1977, as amended.
- 12) In our opinion, the internal audit system needs to be strengthened to make it commensurate with the size of the Company and the nature of its business.
- 13) 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.
- 14) There were no undisputed amounts payable in respect of Income tax, Wealth tax and Sales tax which have remained outstanding as at 31st March, 1998 for a period of more than six months from the date they became payable.
- 15) No personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
- 16) 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.
- 17) 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 **S.C. Kachhara & Company**
Chartered Accountants

(S.C. Kachhara)
Proprietor

Mumbai, 24th June, 1998.

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

(R.P. Baradiya)
Proprietor