



INDO ASIAN FINANCE LTD

INDO ASIAN FINANCE LTD



BOARD OF DIRECTORS

PADAM J CHALLANI
Chairman
M. PRAKASHCHAND JAIN, M.M.S.
Managing Director
R.J. ANANDMUL
R.J. JAYANTILAL
M. KISHANCHAND
MAHENDAR A CHALLANI
Executive Director
R. KRISHNAN
N. SUBRAMANIAN
V. POOVAZHAGAN

CHIEF EXECUTIVE

S.B. CHANDRASEKKAR

BANKERS

Canara Bank
Punjab National Bank
Indian Overseas Bank
UCO Bank
Bank of Baroda
United Bank of India
Indian Bank
Punjab & Sind Bank
Allahabad Bank

AUDITORS

A. KRISHNAMOORTHY & CO.
Chartered Accountants
Chennai - 600 017.

REGISTERED OFFICE

No.15, New Giri Road
T. Nagar, Chennai - 600 017
Tel.: 2834 2111 / Fax: 2834 1280

REGISTRAR & SHARE TRANSFER AGENT

M/s. Cameo Corporate Services Limited
'Subramanian Building'
No.1, Club House Road, Chennai - 600 002
Tel.: 2846 0390 / Fax: 2846 0129



INDO ASIAN FINANCE LTD

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of INDO ASIAN FINANCE LIMITED will be held on Monday, the 25th September, 2006 at Sri Rajasthan Jain Samaj, Jain Bhavan, 66, Thiyagaraya Road, T.Nagar, Chennai 600 017 at 10.00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31st March, 2006 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2006.
3. To appoint a Director in place of Shri R J Anandmul, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Mahendar A Challani, who retires by rotation, and being eligible, offers himself for reappointment.
5. To reappoint the auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution:

“RESOLVED THAT Shri R Krishnan who was appointed as additional director of the company pursuant to Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, subject to retirement by rotation”

7. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution:

“RESOLVED THAT Shri N Subramanian who was appointed as additional director of the company pursuant to Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, subject to retirement by rotation”

8. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution:

“RESOLVED THAT Shri V. Poovazhagan who was appointed as additional director of the company pursuant to Section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and in respect of whom the company has received a notice under Section 257 of the Companies Act, 1956 in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, subject to retirement by rotation”



9. To consider and if thought fit, to pass with or without modification the following resolution as an ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, as amended or re enacted from time to time ('the Act') and such other approvals as may be necessary, consent of the members be and is hereby accorded to the appointment of Mr R J Jayantilal as Whole time Director and payment of remuneration of Rs. 15000/- (Rupees fifteen thousand only) to him for a period of five years from 01.06.2006 to 31.05.2011"

10. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the consent of the Company be and is hereby accorded under the Provisions of Section 293 (1) (d) of the Companies Act, 1956, to the Board of Directors of the Company to borrow from time to time such sum or sums of money as they may deem necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose; Provided that the total amount up to which monies may be borrowed by the Board of Directors and which shall remain outstanding at any given point of time shall not exceed the sum of Rs. 100 crores (Rupees One Hundred Crores)."

Registered Office

No.15, New Giri Road
T. Nagar, Chennai - 600 017
28th June, 2006

By Order of the Board
For **INDO ASIAN FINANCE LTD**

PADAM J CHALLANI
Chairman

NOTES

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item Nos.6, 7 and 8 and the relevant details in respect of 3, 4, 9 and 10 above, pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto.
2. **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 such a proxy need not be a member of the Company.**
3. Members desirous of getting any information in respect of the Accounts of the Company are requested to send their queries in writing to the Company at the Registered Office so as to reach at least 7 days before the date of the Meeting so that the required information can be made available at the Meeting.
4. The instrument appointing a proxy should be deposited at the Corporate Office of the Company not less than 48 hours before the Meeting.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 18th September 2006 to 25th September 2006 (both days inclusive).



6. Members holding shares in electronic form may please note that as per the regulations of National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd (CDSL), the company is obliged to print the bank details on the dividend warrants as furnished by these Depositories to the Company and the Company cannot entertain any request for deletion / change of bank details already printed on dividend warrants as per information received from the concerned depositories. In this regard, Members should contact their Depository Participant (DP) and furnish particulars of any changes desired by them.
7. In terms of SEBI Circular dated 27th December 2002, M/s. Cameo Corporate Services Limited, 'Subramanian Building', No.1, Club House Road, Chennai 600 002, have been appointed Registrar and Share Transfer Agents for both physical and demat shares. The shareholders are requested to send all correspondences to the address of the Registrar.
8. At this Annual General Meeting M/s. R J Anandmul and Mahendar A Challani retire by rotation and being eligible offer themselves for reappointment.
9. A notice has been received from a member signifying his intention to propose the candidatures of Mr R Krishnan, Mr N Subramanian and Mr V Poovazhagan for appointment as Directors at the ensuing Annual General Meeting.

As per Clause 49 of the Listing Agreement with the Stock Exchanges a brief background, functional expertise of the Directors proposed for appointment / reappointment are annexed.

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

ORDINARY RESOLUTION

ITEM NO.6

At the meeting of the Board of Directors held on 29th March, 2006, your Directors appointed Mr R Krishnan as an Additional Director to hold office with effect from 29th March, 2006 and pursuant to Article 11 of the Articles of Association of the company and in terms of Section 260 of the Companies Act, 1956 he holds office of Additional Director up to the date of the ensuing Annual General Meeting of the company. The company has received a notice in writing with the requisite deposit from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr R Krishnan for appointment as Director of the company.

Mr R Krishnan is a post graduate in Economic with 35 years experience in banking and retired as General Manager of Indian Overseas Bank.

The Directors commend the resolution for acceptance by the members

None of the directors is in any way concerned or interested in the resolution.

ITEM NO.7

At the meeting of the Board of Directors held on 29th March, 2006, your Directors appointed Mr N Subramanian as an Additional Director to hold office with effect from 29th March, 2006 and pursuant to Article 11 of the Articles of Association of the company and in terms of Section 260 of the Companies Act, 1956 he holds office of Additional Director up to the date of the ensuing Annual General Meeting of the company. The company has received a notice in writing with the requisite deposit from a member under Section 257 of the Companies Act, 1956 signifying



his intention to propose Mr N Subramanian for appointment as Director of the company.

Mr N Subramanian is a practicing Chartered Accountant with 40 years experience in Accounts, Finance and Management

The Directors commend the resolution for acceptance by the members

None of the directors is in any way concerned or interested in the resolution.

ITEM NO.8

At the meeting of the Board of Directors held on 29th March, 2006, your Directors appointed Mr V Poovazhagan as an Additional Director to hold office with effect from 29th March, 2006 and pursuant to Article 11 of the Articles of Association of the company and in terms of Section 260 of the Companies Act, 1956 he holds office of Additional Director up to the date of the ensuing Annual General Meeting of the company. The company has received a notice in writing with the requisite deposit from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr V Poovazhagan for appointment as Director of the company.

Mr V Poovazhagan is an Advocate with 10 years bar experience in Corporate Laws.

The Directors commend the resolution for acceptance by the members

None of the directors is in any way concerned or interested in the resolution.

ITEM NO.9

Shri R J Jayantilal was appointed as Whole time Director of the company on 28th June, 2006 at the meeting of the Board of Directors held on that date. On the basis of Remuneration Committee recommendation, his remuneration was fixed at Rs.15000 per month from 1st June, 2006. As per the requirements of Section 198, 269, 309, 310 and 311 read with Schedule XIII of the Companies Act, 1956, the appointment and the remuneration payable to him has to be approved by the shareholders in the general meeting by passing a resolution.

Hence the resolution at item no.9 is placed before you for your approval as an ordinary resolution.

M/s Padam J Challani, R J Anandmul and Mahendar A Challani, directors of the company are concerned or interested in the resolution.

ITEM NO. 10

The existing approval of the members under Section 293(1) (d) of the Companies Act, 1956 to the Board of Directors to raise resources is up to Rs. 50 Crores given at the Annual General Meeting held on 27th September 2004. The growing business volume calls for raising of additional resources which requires approval of the members. Hence this resolution.

The Directors recommend the resolution to be adopted as an Ordinary Resolution by the shareholders.

None of the Directors is interested or concerned in the resolution.

Registered Office

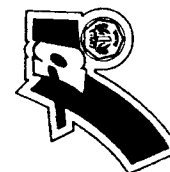
No.15, New Gira Road
T. Nagar, Chennai - 600 017
28th June, 2006

By Order of the Board
For **INDO ASIAN FINANCE LTD**

PADAM J CHALLANI
Chairman

Information on Directors retiring by rotation and are seeking re-appointment at this Annual General Meeting

Name	R.J. Anandmul	Mahendar A Challani	R. Krishnan	N. Subramanian	V. Poovazhagan
Date of Birth & Age	10/09/1953 53 years	18/04/1978 28 years	02/09/1945 61 years	28/03/1941 65 years	05/12/1973 33 years
Appointed on	15.06.1997	01.08.2005	29.03.2006	29.03.2006	29.03.2006
Qualification	Graduate	B.Com., M.B.A.	Post Graduate in Economics	B.Com., ACA	B.L.
Expertise	Mr.R.J.Anandmul is a graduate comes from a family of financiers who are in the field of Hire Purchase and Leasing for the past 35 years. He is possessing a practical experience of more than 35 years in the field of Hire Purchase and Leasing.	Mr. Mahendar A Challani has 8 years experience in financing of Trucks and Cars and Hire Purchase and Leasing, automobiles and real estates.	Mr. R.Krishnan is a retired General Manager of Indian Overseas Bank and has 35 yrs experience in banking.	Mr. N.Subramanian is a practicing Chartered Accountant with over 40 yrs of professional experience in the field of Finance & Management	Mr. V. Poovazhagan is an advocate specialized in corporate laws with 10 yrs of post qualification experience.
Directorships held in other Public Companies	Challani Estates Ltd.	Challani Estates Ltd.	—	—	—
Memberships/ Chairmanships of Committees across Public Companies	—	—	Audit Committee of Indo Asian Finance Ltd	Audit Committee Remuneration Committee of Indo Asian Finance Ltd	Investors Grievance Committee of Indo Asian Finance Ltd





DIRECTORS' REPORT

Your Directors are pleased to present the Sixteenth Annual Report of your Company along with the audited financial statements for the year ended March 31, 2006.

The highlights of the financial results for the year 2005–2006 are as below:

	For the year ended	
	31.03.2006 (Rs.in lacs)	31.03.2005 (Rs. in lacs)
Income from operations	593.45	570.38
Other income	10.76	18.15
Total expenditure	462.18	460.46
Gross profit	142.05	128.07
Depreciation	9.28	12.08
Other non-cash expenses	11.09	5.31
Profit before tax	121.66	110.68
Provision for taxation:		
Current tax	22.69	30.08
Deferred tax	—	(10.49)
Fringe Benefit Tax	3.60	—
Profit after tax	95.37	91.10
Add: Surplus brought forward	4.15	6.97
Surplus available	99.52	98.07
Appropriations:		
- Transfer to General Reserve	40.00	40.00
- Transfer to Special Reserve	20.00	20.00
- Dividend	30.00	30.00
- Tax on distributed profits	4.21	3.92
Balance carried to Balance Sheet	5.32	4.15

BUSINESS AND FUTURE PROSPECTS

During the year the income of the company had increased to Rs.604.21 lacs as compared to Rs.588.53 lacs achieved in the last year, registering an increase of 2.66%. Profit after tax had increased to Rs.95.38 lacs.

Net stock on hire had gone up to Rs.2544.34 lacs as at 31st March, 2006 as compared to Rs.2192.25 lacs as at 31st March, 2005.

It is expected that the continued buoyancy in the economy and the thrust being given by the Central and State Governments in infrastructure creation and maintenance will continue over a long period and it is hoped that this would give considerable impetus in demand for the



vehicles, which in turn would push up the requirement of finance. Therefore, the performance of your company is expected to be better in the coming years.

DIVIDEND

Your directors recommend a dividend payment of 10%(Re.1.00 per equity share of Rs.10) for the year ended 31st March, 2006 subject to the approval of the shareholders in the ensuing Annual General Meeting.

FINANCE

Your company continues to enjoy BBB+ rating from CARE for fixed deposits. The total amount of fixed deposits with the company as on 31st March, 2006 was Rs.211.42 lacs. There were 40 unclaimed deposits with an outstanding of Rs 20.29 lacs. Depositors were informed regarding the maturity of deposits and subsequent reminders were also sent. On follow up all the 40 deposits have been either renewed or paid off.

The company has been consistently making efforts to reduce the cost of funds to augment profitability.

DISBURSEMENTS

During the year, the company had made disbursements to the tune of Rs.2724.43 lacs under hypothecation/loan.

DIRECTORS

M/s R J Anandmul and Mahendar A Challani retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

M/s R Krishnan, N Subramanian and V Poovazhagan were appointed as Additional Directors of the company at the meeting of the Board of Directors held on 29th March, 2006. The company has received a notice in writing, with requisite deposits from a member signifying his intention to propose M/s R Krishnan, N Subramanian and V Poovazhagan for the office of directors. Resolutions have been proposed in the enclosed notice of the 16th Annual General Meeting for appointment of M/s.R Krishnan, N Subramanian and V Poovzahagan as Directors liable to retirement by rotation. The Board recommends the appointments in the interests of the company.

STATUTORY STATEMENTS

The statement of information on technology absorption pursuant to Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable to the activities of the company.

During the year the company's foreign exchange outgo and foreign exchange earning were nil.

Particulars of employees in terms of requirement of the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees)Rules, 1975 are not enclosed as there are no employees who have been paid salary in excess of prescribed limits

Information pursuant to Department of Company Affairs Notification dated May 15, 1995, relating to the Balance Sheet Abstract and Company's General Business Profile is given in the Annual Report for information of the shareholders.



AUDITORS

M/s A Krishnamurthy & Co, Chartered Accountants, Statutory Auditors of the company retire at the ensuing annual general meeting and are eligible for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm:

- a) that the applicable accounting standards have been followed along with proper explanation wherever required in the preparation of annual accounts
- b) that the company has adopted prudent accounting policies
- c) that proper care has been taken for maintenance of accounting records in accordance with the provisions of the act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities and
- d) that the annual accounts of the company have been prepared on a going concern basis

CORPORATE GOVERNANCE

A separate section on Corporate Governance forming part of the Directors report and the certificates from the company's auditors confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the listing agreement with the Stock Exchanges is included in the Annual Report

ACKNOWLEDGEMENTS

The Directors wish to place on record their sincere appreciation of the assistance and support extended by customers, Government agencies, banks and others associated with the activities of the company.

For and on behalf of the Board

Chennai
28th June, 2006

PADAM J CHALLANI
Chairman

CORPORATE GOVERNANCE REPORT



1. Statement of Company's Philosophy on Corporate Governance

The Company believes in setting the highest standards in ethical corporate governance practices. The Company has assigned the highest importance to the elements of good corporate governance like transparency, accountability and responsibility in every sphere of management practice be it customers, shareholders, bankers, regulators or staff members. With emphasis on transparency and accountability the company has developed a system that allow sufficient freedom to the board and the management to take decisions towards the growth of the company while remaining within the framework of effective accountability.

2. Board of Directors

The Board of Directors of the Company consists of Executive and Non-executive Directors.

Sl. No.	Name(s) of Directors	Designation	Category	No. of Directorships held in Other Indian Companies	No. of Board/ Committee Memberships held in Other Companies
1.	Padam J Challani	Chairman	Promoter, Executive	Six	None
2.	M. Prakashchand Jain	Managing Director	Promoter, Executive	—	None
3.	R.J. Anandmul	Director	Non Executive	One	None
4.	R.J. Jayanthilal	Director	Executive	Two	None
5.	M. Kishanchand	Director	Non Executive	—	None
6.	Mahendar A Challani	Executive Director	Executive	One	None
7.	R. Krishnan	Director	Non-Executive Independent	—	None
8.	N. Subramanian	Director	Non-Executive Independent	—	None
9.	V. Poovazhagan	Director	Non-Executive Independent	One	None

The Non executive directors have no material pecuniary relationship or transaction vis a vis the company in their personal capacity during the year. Sitting fees are paid to Directors for attending meetings of the Board.

Tenure

As per the statute, two third of the directors should be retiring directors. One third of the directors are required to retire every year and if eligible, these directors qualify for re appointment.



Responsibilities

The board represents the interest of the company's shareholders, in optimizing the value by providing the management with guidance and strategic direction on the shareholders' behalf. The Board has a formal schedule of matters reserved for its consideration and decision, which includes reviewing corporate performance, ensuring adequate availability of resources, regulatory compliance, safeguarding interest of shareholders and reporting to shareholders.

Role of independent directors

The independent directors play an important role in deliberations at the board meetings and bring to the company their wide experience in the fields of finance, accountancy, law and public policy. The Audit Committee consists of largely independent directors.

Board Meetings

The meetings of the board of directors are held at the registered office of the company. The Board meets at least once a quarter to review the quarterly performance and the financial results.

The Company Secretary in consultation with the Chairman prepares the 'agenda for the meetings. The board members have access to all information of the company and are free to recommend inclusion of any matter in the agenda for discussion.

During the year, the board met 8 times. The meetings were held on 04.04.2005, 25.06.2005, 30.07.2005, 19.09.2005, 27.10.2005, 31.01.2006, 10.03.2006 and 29.03.2006. The attendance of each director at the board meetings and at the last annual general meeting is as under:

Name of Directors	No. of Board Meetings		Last AGM Attendance
	Held	Attended	
Padam J Challani	8	8	Yes
M. Prakashchand Jain	8	8	Yes
R.J. Anandmul	8	8	Yes
R.J. Jayanthilal	8	8	Yes
M. Kishanchand	8	8	Yes
Mahendar A Challani	8	5	Yes
R. Krishnan	—	—	—
N. Subramanian	—	—	—
V. Poovazhagan	—	—	—

3. Board Committee

The board is assisted by various committees – Audit Committee, Compensation Committee, Shareholders / Investors' Grievance Committee – all chaired by an independent director.

Audit Committee

The Audit Committee is constituted in accordance with the provisions of Clause 49 II of the listing agreement and Section 293A of the Companies Act, 1956. The revised Audit Committee



comprises Mr R Krishnan(Chairman), Mr N Subramanian, Mr M Prakashchand Jain and Mr Padam J Challani. The Audit committee is chaired by an independent director. All the members of the committee are financially literate and have accounting and financial management expertise. The committee is constituted in accordance with the provisions of the listing agreement and the Companies Act, 1956. The terms of reference of the Audit Committee are in compliance with its requirements of the revised clause 49 of the listing agreement and include approving and implementing the audit procedures and techniques, reviewing the financial reporting systems, internal control systems and control procedures and ensuring compliance of the regulatory guidelines. Meetings of the Audit Committee are scheduled well in advance. The committee met four times during the year under review. The Committee reviewed the quarterly financial statements before submission to the Board for approval.

The details of attendance at the Audit Committee meetings are as under:

Directors	No of meetings attended
R. Krishanan	New
N. Subramanian	New
M. Prakashchand Jain	2
Padam J Challani	2

The Committee reviews the reports of the internal auditors and statutory auditors along with the comments and action taken reports of the management. The committee also invites senior executives as it considers appropriate to be present at the meetings of the committee.

Compensation Committee

The Compensation Committee comprises Mr N Subramanian(Chairman), Mr Padam J Challani and Mr R J Jayantilal. The committee considers and approves salaries and other terms of the compensation package for the executive directors.

The details of attendance of the Compensation Committee meetings are as under:

Directors	No. of meetings attended
N. Subramanian	New
Padam J Challani	1
R.J. Jayantilal	1

Shareholders'/Investors' Grievance Committee

The shareholders'/Investors' Grievance Committee comprises Mr Padam J Challani, Mr S B Chandrasekhar and Mr V Poovazhagan. The committee looks into redressal of shareholders and investor complaints. The committee met one time during the year.

The details of attendance at the committee meetings are as under:

Directors	No. of meetings attended
Padam J Challani	1
V. Poovazhagan	1
S.B. Chandrasekhar	1

During the year the company has not received any complaints from the shareholders.



4. Remuneration to Directors

Details of remuneration paid to Directors are given below:

Sl.No.	Name of Director	Salary & Allowances (Rs.)	Perquisites (Rs.)
1.	Padam J Challani	6,00,000	86,400
2.	M. Prakashchand Jain	3,00,000	56,400
3.	R.J. Anandmul	18,600	22,000
4.	Mahendar A Challani	1,20,000	15,200

5. Details of Annual/Extra ordinary General Meeting

Particulars about the last three Annual General Meetings/Extra ordinary General Meetings of the company are:

S.No.	AGM/EGM	Date	Venue	Time
1.	15 th AGM in respect of the year 2004-2005	19 th September, 2005	Sri Rajasthan Jain Samaj, Chennai 17	10.00 A.M.
2.	14 th AGM in respect of the year 2003-2004	27 th September, 2004	Sri Rajasthan Jain Samaj, Chennai 17	10.00 A.M.
3.	13 th AGM in respect of the year 2002-2003	9 th August, 2003	Sri Rajasthan Jain Samaj, Chennai 17	10.30 A.M.

6. Disclosures

- No transaction of material nature has been entered into by the Company with related parties, i.e., Directors or management, their subsidiaries or relatives conflicting with the Company's interest.
- There were no instances of non-compliance by the Company on any matter related to capital markets during the last three years. Further, there have been no penalties, strictures imposed by SEBI/ Stock Exchange or any other statutory authorities against the Company.

7. Means of Communication

Your Company's quarterly results are normally published in Trinity Mirror and Makkal Kural.

8. General Shareholders' Information

S.No.	Salient Items of Interest	Particulars
i.	AGM date, time and venue	25 th September, 2006, 10.00 A.M. at Sri Rajasthan Jain Samaj, Chennai - 600 017
ii.	Financial calendar	April 2005 to March 2006
iii.	Date of book closure	18 th September, 2006 to 25 th September, 2006

INDO ASIAN FINANCE LTD



- iv. Listing on Stock Exchanges
- Bombay Stock Exchange Limited, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001, India
Tel: 91-22-2272 1234 / Fax: 91-22-2272 1914
- The Madras Stock Exchange Limited
No.11, Second Line Beach,
Chennai - 600 001, India
Tel: 91-44-2522 4392 / Fax:91-44-2524 4897
- v. Stock Code 530747
- vi. Registrar & Share Transfer Agent
- M/s. Cameo Corporate Services Limited
'Subramanian Building',
No.1, Club House Road, Chennai - 600 002
Tel: 91-44-2846 0390 / Fax: 91-44- 2846 0129
- vii. Dematerialisation of shares and liquidity
- Share lodged in physical form with the Company/its Registrar & Share Transfer Agent are processed and returned, duly transferred, within 30 days normally except in cases where litigation is involved.
- In case of shares held in demat form, the transfer takes place instantaneously between the transferor, transferee and the Depository Participant through electronic debit/credit of the accounts involved.
- viii. Address for correspondence No.15, New Giri Road, T. Nagar, Chennai - 600 017

Market Price Data

Month	Bombay Stock Exchange Limited, Mumbai	
	High (Rs.)	Low (Rs.)
April 2005	13.95	11.00
May 2005	16.90	11.00
June 2005	24.55	11.25
July 2005	21.40	15.05
August 2005	22.00	15.10
September 2005	23.15	16.10
October 2005	20.10	12.10
November 2005	20.65	13.15
December 2005	17.70	12.80
January 2006	17.50	13.21
February 2006	18.95	13.08
March 2006	18.90	12.35

INDO ASIAN FINANCE LTD



Distribution of Shareholding as on March 31, 2006

Range of Shares	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholding
Upto 5000	1056	97.44	553302	18.45
5001 - 10000	7	0.64	61200	2.04
10001 - 20000	—	—	—	—
20001 - 30000	—	—	—	—
30001 - 40000	5	0.46	187200	6.24
40001 - 50000	2	0.18	92700	3.09
50001 - 100000	2	0.18	115600	3.85
100000 and above	12	1.10	1989998	66.33
Total	1084	100.00	3000000	100.00

Categories of Shareholding as on March 31, 2006

Category	No. of Shares Held	% of Shareholding
Promoters	574598	19.15
Financial Institutions	—	—
Individuals	2336738	77.90
Bodies Corporate	88664	2.95
Non-Resident Indians	—	—
Total	3000000	100.00

CEO/CFO Certification

CEO'S Certification

In accordance with the requirements of Clause 49 of the Listing Agreements, Mr Padam J Challani, Chairman and Mr M Prakashchand Jain, Managing Director of the company have certified to the Board that to the best of their knowledge and belief, the financial statements and cash flow statements present a true and fair view of the Company's affairs.

Going concern

The directors are satisfied that the company has adequate resources to continue its business for the foreseeable future and consequently consider it appropriate to adopt the going concern basis in preparing the financial statements.

For and on behalf of the Board

Chennai
28th June, 2006

PADAM J CHALLANI
Chairman

INDO ASIAN FINANCE LTD



Auditors' Certificate on Compliance of Conditions of Corporate Governance

To
The Members,

M/s. Indo Asian Finance Ltd

We have examined the compliance of conditions of corporate governance by M/s. Indo Asian Finance Ltd., for the year ended 31st March 2006 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of corporate Governance is the responsibility of the Management. Our examination has been limited to procedures and implementations thereof adopted by the Company for ensuring compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We State that no investor grievances were pending for a period exceeding one month against the Company as per the records maintained by the Shareholder's / Investor's Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Chennai
28th June, 2006

For **A. KRISHNAMOORTHY & CO**
Chartered Accountants
A. KRISHNAMOORTHY
Membership No. 27190, Proprietor



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Overview

With the Indian economy growing at the average annual growth rate of 8 per cent over the past three years, the demand for automobiles has gone up and consequently the demand for finance too. This is expected to be sustained for another five years, in view of continued thrust of the successive governments in infrastructure development.

Interest rates have started moving upward which is evident from the hike in reverse repo rate effected thrice in the last fiscal by the Reserve Bank of India. This will increase the cost of borrowing with consequential effect on the lending rate.

Market scenario

The non banking finance companies, including banks which extend retail credits continued to witness robust growth in view of increasing demand for vehicles following spurt in construction activity, road development and other infrastructure developments. The envisaged road expansion and promotion of special economic zones by various companies are expected to push up the demand for vehicles on a continual basis in the next five years. This will have direct impact on the demand for finance for purchase of vehicles. This will help the company's to grow in a steady manner in the next five years.

Human resources

The enthusiasm of staff members continued to be high in sustaining growth of disbursements and in maintaining healthy recoveries. With the high level of commitment and loyalty by staff members, the company is confident to face the challenges of the market forces with success.

Risk Management

The company manages various risks associated with the financing business, which include credit risk, liquidity risk and interest rate risk. The company manages credit risk through internal credit norms and effective recovery mechanism. Liquidity risk and interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of maturity profile.

Disbursements

The company had disbursed Rs. 2724.43 lacs during the year as against Rs.2620.23 lacs in the previous year, registering a growth of 3.98%.

Recoveries and provisions

As per the prudential norms of Reserve Bank of India, the company classified the accounts and provided for the same during the year. The company continues to maintain its recovery percentage over 90 percent and it is to the credit of the company that it has not written off any debt as bad during its 16 years of existence so far.

Internal control systems and their adequacy

The internal audit function is looked after by an independent firm which conducts reviews and evaluation and presents its reports to the Audit committee and the management at regular intervals.



The internal auditors observations on internal control system are considered by the Audit Committee and appropriate actions are taken wherever deemed necessary.

Financial performance

Key elements of the profit and loss account for the year ended March 31, 2006 are:

- Profit before tax grew by 9.94% and profit after tax by 4.70%.
- Current year income tax provision amounted to Rs.22.69 lacs as compared to Rs.30.08 lacs in the previous year.
- Ratio of net margin to average assets declined to 3.45% in the current year as compared to 3.77% in the last year.
- Ratio of financial expenses to average assets declined to 10.09% in the current year as compared to 10.44% in the last year.
- Earning per share increased from Rs. 3.04 in the last year to Rs. 3.18 in the current year.
- Ratio of non interest expenses declined by 11.75% in the current year as compared to last year.

Opportunities and threats

The growing economy and continued focus on infrastructure creation by the governments will push the demand for automobiles and consequently the demand for finance for purchase of automobiles. This will present excellent opportunities to the company to penetrate the still un tapped market.

However, continued thrust on retail finance by the established players with low cost of funds would offer severe competition and the company is confident of over coming the competition and survive.



AUDITORS' REPORT

To the Shareholders of M/s. INDO ASIAN FINANCE LIMITED

1. We have audited the attached Balance Sheet of Indo Asian Finance Limited as at 31st March, 2006 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (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;
 - (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 such books;
 - (c) the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) on the basis of the written representations received from the Directors as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2006 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956. As regards Government Nominee Directors, they are exempted from the provisions of Section 274(1)(g) in view of general circular issued by the Department of Company affairs.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006;



- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Chennai
28th June, 2006

For **A. KRISHNAMOORTHY & CO**
Chartered Accountants
A. KRISHNAMOORTHY
Membership No. 27190, Proprietor

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

- (i) In respect of its Fixed Assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As explained to us, the fixed assets have been physically verified by the management during the year in phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.
 - (c) In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposals during the year.
- (ii) In respect of its Inventories:

As the Company is a Non-Banking Finance Company, the provisions regarding inventories are not applicable.
- (iii) In respect of unsecured loans granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act:
 - a) The Company has granted loans to parties aggregating to Rs.95.10 lacs.
 - b) In our opinion, and according to the information and explanation given to us the rate of interest and other terms and conditions are not prima facie prejudicial to the interest of the Company. There is no overdue amount in respect of loans taken by the Company.
 - c) In respect of loans given by the Company, these are repayable on demand and therefore, the question of overdue amounts does not arise.
- (iv) 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 of finance activities and fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.



- (v) In respect of transactions covered under Section 301 of the Companies Act, 1956:
- a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, there are no transactions in pursuance of contract or arrangements entered in the register maintained under Section 301 of the Companies Act, aggregating during the year to Rs.5 lacs (Rupees five lacs only) or more in respect of any party.
- (vi) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Non-Banking Financial Companies regulations issued by RBI and the rules framed thereunder with regard to the deposits accepted from the public.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) According to the information given to us the Central Government has not prescribed the maintenance of cost records under Clause (d) of Sub-section (1) of Section 209 of the Companies Act, 1956 in respect of services carried out by the Company.
- (ix) In respect of statutory dues:
- a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investors' Education & Protection Fund, Employees' State Insurance, cess and other statutory dues have been generally regularly deposited with the appropriate authorities. And there are no undisputed amount towards the above statutory dues are payable and outstanding for a period of more than 6 months from the date of becoming payable.
 - b) The disputed statutory dues aggregating to Rs.31.06 lacs in respect of Income Tax for assessment year 2003-04 and in respect of interest tax aggregating to Rs.7.40 lacs for assessment years from 1992-93 to 1994-95 have not been deposited on account of the matter being pending before Income Tax Appellate Tribunal. The following are the disputes that are pending before various forum.
- | Assessment Year | Demand | Forum in which pending |
|-----------------------------|-------------|-------------------------|
| A.Y. 2003-04 - Income Tax | 31.06 lakhs | CIT (A) - III - Chennai |
| A.Y. 1994-95 - Interest Tax | 4.58 lakhs | ITAT - Chennai |
| A.Y. 1993-94 - Interest Tax | 1.67 lakhs | ITAT - Chennai |
| A.Y. 1992-93 - Interest Tax | 1.15 lakhs | ITAT - Chennai |
- c) As a stay has been obtained before the Madras High Court, by a Trade Association of which the Company is a member on the levy of Service Tax on Hire Purchase transactions, the Company is not remitting Service Tax on the aforesaid transactions pending disposal of the writ petition.
- x) To the best of our knowledge and according to the information and explanation given to us, there are no expenses of personal nature charged to the revenue account.



- xi) Being a finance company, the provisions of Section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act, 1985 are not applicable.
- xii) The Company neither has accumulated losses at the end of the year nor incurred cash losses during the current financial year as well as in the immediately preceding financial year.
- xiii) Based on our audit procedure and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.
- xiv) According to the information and explanations given to us, the Company has not given loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence, the question of maintenance of adequate records for this purpose does not arise.
- xv) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause (xiii) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xvi) The Company does not deal or trade in shares, securities, debentures and other investments.
- xvii) In our opinion and according to the information and explanations given to us, the Company has not guaranteed any loans taken by others from banks and financial institutions.
- xviii) In my opinion the term loans obtained by the Company are applied for the purpose for which it is obtained.
- xix) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment (fixed assets, etc.).
- xx) The Company has not made any preferential allotment during the year.
- xxi) According to the information and explanations given to us and the records examined by us, securities have been created in respect of the debentures issued.
- xxii) The Company has not raised any money by way of public issue during the year.
- xxiii) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

Chennai
28th June, 2006

For **A. KRISHNAMOORTHY & CO**
Chartered Accountants
A. KRISHNAMOORTHY
Membership No. 27190, Proprietor

INDO ASIAN FINANCE LTD



BALANCE SHEET AS AT 31st MARCH, 2006

	Schedule No.	As at 31.03.2006 (Rupees)	As at 31.03.2005 (Rupees)
I. SOURCE OF FUNDS			
1. Shareholders' Funds:			
Equity Share Capital	I	3,00,00,000	3,00,00,000
Reserves & Surplus	II	5,43,76,761	4,82,59,201
2. Loan Funds:			
Secured Loan	III	22,77,94,865	17,60,20,900
Unsecured Loan	IV	2,51,52,165	3,31,13,178
		<u>33,73,23,791</u>	<u>28,73,93,279</u>
II. APPLICATION OF FUNDS			
3. Fixed Assets	V		
a) Gross Block		3,85,08,911	3,17,01,235
b) Less: Depreciation		43,94,576	35,19,200
c) Net Book Value		<u>3,41,14,335</u>	<u>2,81,82,035</u>
4. Investments	VI	45,11,733	43,49,731
5. Current Assets, Loans & Advances			
Current Assets	VII	28,65,64,046	24,46,01,246
Loans & Advances	VIII	1,67,21,060	1,38,94,901
		<u>30,32,85,106</u>	<u>25,84,96,147</u>
Less: Current Liabilities & Provision			
a) Current Liabilities	IX	25,78,653	49,33,775
b) Provisions	X	62,91,128	34,03,446
		<u>88,70,781</u>	<u>83,37,221</u>
Net Current Assets		<u>29,44,14,325</u>	<u>25,01,58,926</u>
6. Deferred Tax Assets		38,64,210	38,64,210
7. Miscellaneous Expenses to the extent not written off	XI	4,19,188	8,38,376
		<u>33,73,23,791</u>	<u>28,73,93,278</u>
Notes on Accounts	XV		

As per our report of even date for **A. Krishnamoorthy & Co.**
Chartered Accountants

A. KRISHNAMOORTHY
Proprietor

Chennai
28th June, 2006

PADAM J CHALLANI
Chairman

M. PRAKASHCHAND JAIN
Managing Director

S.B. CHANDRASEKKAR
Company Secretary



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2006

	Schedule	Year ended 31.03.2006 (Rupees)	Year ended 31.03.2005 (Rupees)
I. INCOME	No.		
Income from Operations	XII	5,93,47,015	5,70,38,056
Other Income	XIII	10,75,678	18,14,969
	(A)	6,04,22,693	5,88,53,025
II. EXPENDITURE			
Financial Expenses		2,78,88,878	2,52,75,995
Establishment Expenses		33,94,041	36,91,349
Administrative & Other Expenses	XIV	1,49,34,959	1,70,78,657
Total	(B)	4,62,17,877	4,60,46,000
Gross Profit	(A)-(B)	1,42,04,815	1,28,07,025
Less: Provisions & write off		11,09,488	5,30,561
Depreciation		9,27,745	12,08,304
Taxation			
- Current		22,69,277	30,07,688
- Fringe Benefit Tax		3,59,995	—
- Deferred		—	(10,49,496)
Net Profit		95,38,310	91,09,969
Add: Balance b/f from previous year		4,14,665	6,96,759
Balance available for appropriations		99,52,975	98,06,728
Appropriations:			
General Reserve		40,00,000	40,00,000
Special Reserve		20,00,000	20,00,000
Proposed Dividend		30,00,000	30,00,000
Dividend Tax		4,20,750	3,92,063
Surplus - Balance c/o to Balance Sheet		5,32,225	4,14,665
		99,52,975	98,06,728
Earnings per Equity Share			
Number of Shares (Face Value Rs. 10/- per share)		30,00,000	30,00,000
Basic & Diluted Earnings per Share (in Rs.)		3.18	3.04

Notes on Accounts

XV

As per our report of even date
for **A. Krishnamoorthy & Co.**
Chartered Accountants

A. KRISHNAMOORTHY
Proprietor

Chennai
28th June, 2006

PADAM J CHALLANI
Chairman

M. PRAKASHCHAND JAIN
Managing Director

S.B. CHANDRASEKKAR
Company Secretary

INDO ASIAN FINANCE LTD



SCHEDULES TO BALANCE SHEET AS ON 31st MARCH, 2006

	As on 31.03.2006 (Rupees)	As on 31.03.2005 (Rupees)
I. SHARE CAPITAL		
Authorised:		
37,50,000 Equity Shares of Rs.10/- each	3,75,00,000	3,75,00,000
Issued, Subscribed & Paid up:		
30,00,000 Equity Shares of Rs.10/- each	3,00,00,000	3,00,00,000
	<u>3,00,00,000</u>	<u>3,00,00,000</u>
II. RESERVES & SURPLUS		
General Reserve		
Opening Balance	2,44,36,036	2,48,86,185
Less: Impairment of Assets	—	4,50,149
	<u>2,44,36,036</u>	<u>2,44,36,036</u>
Add: Transfer from P&L	40,00,000	—
	<u>2,84,36,036</u>	2,44,36,036
Capital Reserve	72,000	72,000
Special Reserve		
Opening Balance	1,51,00,000	1,31,00,000
Add: Transfer from P&L	20,00,000	20,00,000
	<u>1,71,00,000</u>	1,51,00,000
Share Premium Account	82,36,500	82,36,500
Profit & Loss Account	5,32,225	4,14,665
	<u>5,43,76,761</u>	<u>4,82,59,201</u>
III. SECURED LOANS		
Debentures (Secured against specified assets covered by hire purchase/ hypothecation/lease agreement)	5,38,50,000	5,48,00,000
Secured Loans from Banks (Secured against hire purchase agreement)	17,32,10,159	12,08,03,698
Other Secured Loans	7,34,706	4,17,202
	<u>22,77,94,865</u>	<u>17,60,20,900</u>
IV. UNSECURED LOAN		
Deposit from Public	2,11,42,165	2,45,03,178
Inter Corporate Deposits	34,50,000	75,50,000
Loan from Directors	5,60,000	10,60,000
	<u>2,51,52,165</u>	<u>3,31,13,178</u>

INDO ASIAN FINANCE LTD



V. FIXED ASSETS

(Rupees)

Name of the Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost as on 31.3.2005	Addition during the year	Deletion during the year	Cost as on 31.3.2006	Provided upto 31.3.2005	Provided for the year	Deletions during the year	Provided upto 31.3.2006	W.D.V. as on 31.03.2006	W.D.V. as on 31.3.2005
Air Conditioner	12,24,000	29,500	—	12,53,500	2,96,236	59,107	—	3,55,343	8,98,157	9,27,764
Aqua Guard	5,290	—	—	5,290	2,270	251	—	2,521	2,769	3,020
Auto	1,46,000	—	—	1,46,000	20,956	13,870	—	34,826	1,11,174	1,25,044
Building	4,35,000	—	—	4,35,000	64,417	7,091	—	71,508	3,63,492	3,70,583
Bus	7,00,000	—	—	7,00,000	79,170	79,170	—	1,58,340	5,41,660	6,20,830
Computer	13,38,517	89,070	—	14,27,587	4,36,116	2,22,254	—	6,58,370	7,69,217	9,02,401
Electrical Installation	2,36,464	—	—	2,36,464	96,808	11,232	—	1,08,040	1,28,424	1,39,656
EPABX System	1,83,352	11,000	—	1,94,352	55,738	8,711	—	64,449	1,29,904	1,27,615
Furniture	10,39,340	—	—	10,39,340	6,21,452	65,790	—	6,87,242	3,52,099	4,17,889
Godrej Safe	80,716	—	—	80,716	37,642	5,109	—	42,751	37,965	43,074
Motor Car	42,78,741	—	2,38,000	40,40,741	15,59,015	4,00,162	41,867	19,17,310	21,23,431	27,19,726
Motor Cycles	43,879	23,823	—	67,702	8,730	4,181	—	12,911	54,791	35,149
Plant & Machinery	7,06,008	1,70,735	—	8,76,743	1,34,141	35,152	—	1,69,293	7,07,450	5,71,867
Photocopier	2,81,340	—	—	2,81,340	71,676	13,364	—	85,040	1,96,300	2,09,664
Typewriter	40,154	—	—	40,154	21,442	1,907	—	23,349	16,805	18,712
Water Cooler	8,300	—	—	8,300	2,891	394	—	3,285	5,016	5,410
Land	2,09,43,435	67,32,248	—	2,76,75,683	—	—	—	—	2,76,75,683	2,09,43,435
Total	3,16,90,535	70,56,376	2,38,000	3,85,08,911	35,08,698	9,27,745	41,867	43,94,576	3,41,14,335	2,81,81,837
Previous year	3,20,98,944	19,54,291	23,52,000	3,17,01,235	40,01,374	12,08,304	16,90,478	35,19,200	2,81,82,035	2,80,97,571

INDO ASIAN FINANCE LTD



	As on 31.03.2006 (Rupees)		As on 31.03.2005 (Rupees)	
VI. INVESTMENTS (At Cost)				
Government Bond	28,32,032		27,93,400	
Accrued Interest	23,356	28,08,676	1,12,489	29,05,889
Others		5,88,850		5,88,850
Deposit with Banks		13,93,062		13,28,932
Debentures		3,500		3,500
		47,94,088		48,27,171
Less: Provision on Investment (dilution in value)		2,82,355		4,77,440
		45,11,733		43,49,731
Aggregate value of:		Market Value		Cost Price
I. Quoted Investment Shares & Debentures of Indian Companies		1,02,520		2,53,100
II. Unquoted Investments Shares & Debentures of Indian Companies		—		—
		1,02,520		2,53,100
Less: Provision on Investment (dilution in value)		(1,50,580)		—
VII. CURRENT ASSETS				
Stock on Hire		25,44,34,130		21,92,24,973
Sundry Debtors - Debts outstanding for more than 6 months				
- Secured Considered Good Hire Debtors	64,11,939		51,33,067	
- Considered Doubtful Lease Debtors	46,100	64,58,039	72,900	52,05,967
Debts outstanding for less than 6 months				
- Secured Considered Good Hire Debtors		1,82,64,642		1,76,87,737
		2,47,22,681		2,28,93,704
Less: Provision for bad & doubtful debts (Hire Purchase)	19,54,230			13,19,947
Less: H.P. Debtors (NPA Finance charges Revised) (Hire)	7,62,615	27,16,845		—
		2,20,05,836		2,15,73,757
Cash & Bank Balance		1,01,24,081		38,02,517
		28,65,64,046		24,46,01,246

INDO ASIAN FINANCE LTD



	As on 31.03.2006 (Rupees)	As on 31.03.2005 (Rupees)
VIII. LOANS & ADVANCES		
Advance Payment of Taxes	35,51,723	4,66,747
Vehicle Booking	2,40,223	4,22,973
Advances & Deposits	1,29,29,114	1,30,05,181
	<u>1,67,21,060</u>	<u>1,38,94,901</u>
IX. CURRENT LIABILITIES		
Interest accrued but not due	18,22,422	24,72,762
Other Liabilities	7,35,973	23,47,861
Sundry Creditors for Expenses	20,258	1,13,152
	<u>25,78,653</u>	<u>49,33,775</u>
X. PROVISIONS		
Proposed Dividend	30,00,000	30,00,000
Provision for Dividend Tax	4,20,750	3,92,063
Provision for Tax	28,59,995	—
Provision for Gratuity	11,383	11,383
	<u>62,92,128</u>	<u>34,03,446</u>
XI. MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED		
Public Issue Expenses	4,19,188	8,38,376
	<u>4,19,188</u>	<u>8,38,376</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2006

	Year ended 31.03.2006 (Rupees)	Year ended 31.03.2005 (Rupees)
XII. INCOME FROM OPERATIONS		
Matured Hire Charges	4,82,04,118	4,49,97,979
Additional Hire Charges	95,65,245	91,51,210
Other Income	—	4,18,574
Service Charges Received	12,74,086	20,65,923
Income from Investments	3,03,566	4,04,370
	<u>5,93,47,015</u>	<u>5,70,38,056</u>

INDO ASIAN FINANCE LTD



	Year ended 31.03.2006 (Rupees)	Year ended 31.03.2005 (Rupees)
XIII. OTHER INCOME		
Dividend on Shares	2,110	11,400
Profit on Sale of Shares	—	2,19,258
Interest Account	10,73,568	15,84,311
	<u>10,75,678</u>	<u>18,14,969</u>
XIV. ADMINISTRATIVE & OTHER EXPENSES		
Bank Charges	11,25,957	5,19,208
Fees & Subscription	1,26,558	1,34,924
Rent & Taxes Paid	9,69,342	10,01,475
Audit Fee	29,200	27,033
Postage, Telegram & Telephones	6,72,673	9,44,978
Donation, Charity & Scholarship	3,71,999	6,05,432
Directors Remuneration & Sitting Fee	10,38,600	9,91,200
Travelling & Conveyance	13,38,406	16,94,785
General Expenses	43,36,135	59,25,251
Vehicle Expenses	12,79,373	10,13,492
Brokerage & Commission	15,06,779	12,73,389
Advertisement & Business Promotion	17,91,126	26,44,720
Pooja Expenses	8,073	8,802
Computer Maintenance	46,049	25,784
Printing & Stationery	2,94,690	2,65,684
Sales Tax Renewal Fees	—	2,500
	<u>1,49,34,959</u>	<u>1,70,78,657</u>

XV. NOTES ON ACCOUNTS

1. Significant Accounting Policies:

- a) **System of Accounting:** The financial statements are prepared under the historical cost convention, on accrual basis of accounting and complies with the mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India (ICAI).
- b) **Income Recognition:**
 - i) The Company has recognised income by following Internal Rate of Return method in respect of Hypothecation agreements and Hire-Purchase agreements.
 - ii) The Company has followed the prudential norms prescribed by the Reserve Bank of India in respect of income recognition, capital adequacy and provision for bad and doubtful debts.



c) **Expenditure:** Expenses are accounted on accrual basis except in the case of bonus to employees and contingent liabilities, which are accounted in the year of payment.

d) **Fixed Assets:**

Fixed assets are shown at cost less accumulated depreciation.

e) **Depreciation:**

Depreciation on assets held for own use is provided under Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

f) **Valuation of Investments:**

All investments are valued at cost and provision for diminution in value, other than temporary, are made wherever necessary.

g) **Contingent Liabilities:**

For the assessment years 2003-04 there is a disputed tax due of Rs.31.06 lacs towards Income Tax. The matter is currently pending with the Commissioner of Income Tax (Appeals).

h) **Taxes on Income:**

Provision for current tax is made after taking into consideration benefits admissible under provisions of Income Tax Act, 1961. Deferred Tax resulting from 'timing difference' between book profit and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. The Deferred Tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future.

2. Secured Loans:

i) Cash credit and term loan from banks are secured against hypothecation of specified assets covered by the hypothecation/hire purchase agreements and personal guarantees of wholetime Directors, apart from equitable mortgage by deposit of title deeds of immovable property situated at No.87, G.N. Chetty Road, T. Nagar, Chennai - 17, measuring 5,775 sq. ft. on pari-passu basis, in favour of Consortium of Banks.

ii) The Company has issued secured Redeemable Non Convertible Debentures redeemable at par at the end of one year, the details thereof are as under:

Amount (Rs. in lacs)	Rate of Interest	Security
538.5	12%	Hypothecation of specified assets covered by hire purchase/lease agreements

iii) Other secured loans are secured against the specific assets purchased under hire purchase scheme/securitisation.

3. The stock on hire represents net of unmatured instalments & other dues and advance hire charges.



The stock in trade represents the cost of repossessed assets.

4. Deposits with scheduled banks have been classified as non-trade investments as it forms part of Statutory Liquidity Ratio.
5. Interest includes Rs.0.67 lacs (previous year Rs.1.27 lacs) paid/credited to Directors on Directors' Loans.

	31.3.2006	31.3.2005
	Rs.	Rs.
6. Auditors' Remuneration		
For Statutory Audit	15,000	16,200
For Tax Audit	5,000	5,000
For Others	9,200	7,033
	29,200	27,033
7. Remuneration to Whole Time Directors (including Managing Director)		
Salary	10,38,600	9,91,200
Perquisites (valued as per I.T. rules)	1,80,000	1,52,400
	12,18,600	11,43,600

- i) Since no commission is paid/payable to any Director, the computation of net profit in accordance with Section 349 of the Companies Act, 1956 has not been made.
 - ii) Managerial remuneration has been made within the limits prescribed under Section 198 read with Schedule XIII of the Companies Act, 1956.
8. As identified by Management and relied upon by the Auditors, no dues are outstanding to Small Scale Industrial undertakings.
 9. The sundry debtors and creditors balances are subject to confirmation and reconciliation.
 10. Segmental Information: The Company is operating on one broad segment, namely hire purchase finance within the state of Tamilnadu and hence, no separate segmental results have been given.

11. Earnings per Share:

No. of Shares (face value Rs.10/-)	30,00,000
Profit after Tax (in Rs.)	95,38,310
Basic and Diluted EPS (in Rs.)	3.18

12. Related Party Transactions:

As per Accounting Standard 18, issued by The Institute of Chartered Accountant of India, the disclosures of transactions with the related parties as defined in the accounting standard are given as follows.

INDO ASIAN FINANCE LTD



List of Related Parties with whom transactions have taken place & relationship

Sl. No.	Name of the related party	Relationship
1.	Saravana Insulators Ltd.	Associate
2.	Saravana Foundation Ltd.	Associate
3.	Saravana Hi-tech Metal Industries	Associate

The nature and volume of transactions of the Company during the year with the related parties are as follows:

Particulars	Associates	Key Management Personnel	Relative of Key Management Personnel
Interest Payments		0.67	
Salary			3.30
Rent Payments			6.00
Rent Receipts	1.32		
Interest Receipts	8.10		
Advances Given	95.10		

13. The Board has decided to write off the amount outstanding in the public issue expenses account to the tune of Rs. 16,76,750/- in four equal instalments. Accordingly, an amount of Rs. 4,19,187/- have been written off in the current year and the balance Rs. 4,19,187 will be written off in the next year.
14. Previous year's figures are regrouped/reclassified/rearranged wherever necessary.

As per our report of even date
for **A. Krishnamoorthy & Co.**
Chartered Accountants

A. KRISHNAMOORTHY
Proprietor

Chennai
28th June, 2006

PADAM J CHALLANI
Chairman

M. PRAKASHCHAND JAIN
Managing Director

S.B. CHANDRASEKKAR
Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2006

31.03.2006
Amount in Rs.

A. CASH FLOW FROM OPERATING ACTIVITIES

Profit before Tax		95,38,310
Add:		
Provisions & write off	11,09,488	
Depreciation	9,27,745	
Taxation		
– Current	22,69,277	
– Fringe Benefit Tax	3,59,994	
– Deferred	—	
		46,66,505
		1,42,04,815
Less: Dividend Received	2,110	2,110
Operating Profit before Working Capital Changes		1,42,02,705
(Increase)/Decrease in Net Stock on Hire		(3,52,09,157)
(Increase)/Decrease in HP and Lease Debtors		(18,28,977)
(Increase)/Decrease in Loans and Advances		(28,26,159)
Increase/(Decrease) in Current Liabilities		(23,55,122)
Cash Generated from Operating Activities		(2,80,16,711)
Less: Taxes Paid		6,07,875
Net Cash Generated from Operating Activities (A)		(2,74,08,836)

B. CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets		(70,56,376)
Sale of Fixed Assets		2,38,000
Purchase of Investments		(21,56,287)
Sale of Investments		21,40,000
Purchase of Deposits		(2,50,000)
Dividend Received		2,110
Net Cash Generated from Investing Activities (B)		(70,82,553)

INDO ASIAN FINANCE LTD



CASH FLOW STATEMENT(Continued)

31.03.2006
Amount in Rs.

C. CASH FLOW FROM FINANCING ACTIVITIES

Increase/(Decrease) in Bank Borrowings	5,24,06,462
Increase/(Decrease) in Debentures	(9,50,000)
Increase/(Decrease) in Other Secured Loans	3,17,504
Increase/(Decrease) in Unsecured Loans	(79,61,013)
Dividend Paid	(30,00,000)
Net Cash Generated from Financing Activities (C)	4,08,12,953
Net Increase in Cash and Cash Equivalents (A+B+C)	63,21,564
Cash and Cash Equivalents at the beginning of the year	38,02,517
Cash and Cash Equivalents at the end of the year	1,01,24,081

For and on behalf of the Board

PADAM J CHALLANI
Chairman

Chennai
28th June, 2006

M. PRAKASHCHAND JAIN
Managing Director

S.B. CHANDRASEKKAR
Company Secretary

AUDITORS' STATEMENT

We have verified the Cash Flow Statement of Indo Asian Finance Ltd, derived from the Audited Annual Accounts for the year ended 31st March 2006 and found the same has been drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreement entered with stock exchanges.

Chennai
28th June, 2006

for **A. KRISHNAMOORTHY & CO.**
Chartered Accountants
A. KRISHNAMOORTHY
Proprietor



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

1	8	-	1	9	0	6	0
---	---	---	---	---	---	---	---

 State Code

1	8
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	0	6
---	---	---	---

Date Month Year

II. Capital Raised during the year (Amounts in Thousands)

Public Issue	Rights Issue																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										
Bonus Issue	Private Placement																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>											<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>										

III. Position of Mobilisation and Deployment of Funds (Amount in Thousands)

Total Liabilities	Total Assets																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>3</td><td>3</td><td>7</td><td>3</td><td>2</td><td>4</td></tr></table>				3	3	7	3	2	4	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>3</td><td>3</td><td>7</td><td>3</td><td>2</td><td>4</td></tr></table>				3	3	7	3	2	4
			3	3	7	3	2	4											
			3	3	7	3	2	4											

Sources of Funds

Paid-up Capital	Reserves & Surplus																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>3</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>					3	0	0	0	0	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>5</td><td>4</td><td>3</td><td>7</td><td>7</td></tr></table>					5	4	3	7	7
				3	0	0	0	0											
				5	4	3	7	7											
Secured Loans	Unsecured Loans																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>2</td><td>2</td><td>7</td><td>7</td><td>9</td><td>4</td></tr></table>				2	2	7	7	9	4	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>2</td><td>5</td><td>1</td><td>5</td><td>2</td></tr></table>					2	5	1	5	2
			2	2	7	7	9	4											
				2	5	1	5	2											

Application of Funds

Net Fixed Assets	Investments																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>3</td><td>4</td><td>1</td><td>1</td><td>4</td></tr></table>					3	4	1	1	4	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>4</td><td>5</td><td>1</td><td>2</td></tr></table>						4	5	1	2
				3	4	1	1	4											
					4	5	1	2											
Net Current Assets	Misc. Expenditure																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>2</td><td>9</td><td>4</td><td>4</td><td>1</td><td>4</td></tr></table>				2	9	4	4	1	4	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>4</td><td>2</td><td>8</td><td>4</td></tr></table>						4	2	8	4
			2	9	4	4	1	4											
					4	2	8	4											
Accumulated Losses																			
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td></tr></table>																			

INDO ASIAN FINANCE LTD



IV. Performance of Company (Amount in Thousands)

Total Income							Total Expenditure								
				6	0	4					4	8	2	5	6
+	-	Profit/Loss Before Tax					+	-	Profit/Loss After Tax						
✓					1	2	✓						9	5	3
Earnings per Share in Rs.							Dividend Rate (%)								
					3	.							1	0	

V. Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Hire																			
Purchase	H	I	R	E	P	U	R	C	H	A	S	E							
Leasing	H	Y	P	O	T	H	E	C	A	T	I	O	N						

As per our report of even date
for **A. Krishnamoorthy & Co.**
Chartered Accountants

A. KRISHNAMOORTHY
Proprietor

Chennai
28th June, 2006

PADAM J CHALLANI
Chairman

M. PRAKASHCHAND JAIN
Managing Director

S.B. CHANDRASEKKAR
Company Secretary

INDO ASIAN FINANCE LTD



SCHEDULE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY

(as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1988)

	(Rs. in lacs)	
LIABILITIES SIDE	Amount outstanding	Amount overdue
(1) Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(a) Debentures: Secured	538.50	—
Unsecured (Application Money)	—	—
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	—	—
(c) Term Loans (Bank Credits & others)	1739.45	—
(d) Inter-corporate Loans and Borrowing	34.50	—
(e) Commercial Paper	—	—
(f) Public Deposits	229.65	—
(g) Other Loans (Directors)	5.60	—
(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured Debentures	—	—
(b) In the form of Partly Secured Debentures, i.e., debentures where there is a shortfall in the value of security	—	—
(c) Other Public Deposits	12.00	—
ASSETS SIDE		
		(Rs. in lacs)
		Amount outstanding
(3) Break-up of Loans and Advances including Bills Receivables (other than those included in (4) below):		
(a) Secured		—
(b) Unsecured		2.40
(4) Break-up of Leased Assets and Stock on Hire and Hypothecation Loans counting towards EL/HP activities		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease		—
(b) Operating lease		—
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	2538.13	
(b) Repossessed assets		6.21
(iii) Hypothecation loans counting towards EL/HP activities:		
(a) Loans where assets have been repossessed		—
(b) Loans other than above		—



(Rs. in lacs)
Amount outstanding

(5) Break-up of Investments:

Current Investments:

1. Quoted:		
(i) Shares: (a) Equity		—
(b) Preference		—
(ii) Debentures and Bonds		—
(iii) Units of Mutual Funds		—
(iv) Government Securities		—
(v) Others (please specify)		—
2. Unquoted:		
(i) Shares: (a) Equity		—
(b) Preference		—
(ii) Debentures and Bonds		—
(iii) Units of Mutual Funds		—
(iv) Government Securities		—
(v) Others (please specify)		—

Long Term Investments:

1. Quoted:		
(i) Shares: (a) Equity		1.03
(b) Preference		—
(ii) Debentures and Bonds		—
(iii) Units of Mutual Funds		—
(iv) Government Securities		—
(v) Others (please specify)		—
2. Unquoted:		
(i) Shares: (a) Equity		—
(b) Preference		—
(ii) Debentures and Bonds		0.04
(iii) Units of Mutual Funds		—
(iv) Government Securities		28.09
(v) Others – Bank Deposits		13.93
		<hr/>
		43.08
Less: Provision for Diminution for Long Term Investments		2.82
		<hr/>
Total		40.25

INDO ASIAN FINANCE LTD



(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:

Category	Amount of net provisions (Rs. in lacs)		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	—	—	—
(b) Companies in the Same Group	—	84.33	84.33
(c) Other Related Parties	—	10.78	10.78
2. Other than Related Parties	2791.57	2.40	2793.97
Total	2791.57	97.51	2889.07

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

Category	Market Value	Book Value
		(Net of Provisions)
1. Related Parties		
(a) Subsidiaries	—	—
(b) Companies in the Same Group	—	—
(c) Other Related Parties	—	—
2. Other than Related Parties	1.03	40.25
Total	1.03	40.25

(8) Other Information

(Rs. in lacs)

① Gross Non-Performing Assets	
(a) Related Parties	—
(b) Other than Related Parties	64.12
② Net Non-Performing Assets	
(a) Related Parties	—
(b) Other than Related Parties	44.58
③ Assets Acquired in Satisfaction of Debt	—

As per our report of even date
for **A. Krishnamoorthy & Co.**
Chartered Accountants

A. KRISHNAMOORTHY
Proprietor

Chennai
28th June, 2006

PADAM J CHALLANI
Chairman

M. PRAKASHCHAND JAIN
Managing Director

S.B. CHANDRASEKKAR
Company Secretary

INDO ASIAN FINANCE LTD

Regd. Office: New No.15, New Giri Road, T. Nagar, Chennai - 600 017.

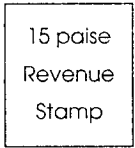
PROXY FORM

I/We of being a member(s) of INDO ASIAN FINANCE LTD., hereby appoint of or failing him/her of as my/our proxy to vote for me/us on my/our behalf, at the Sixteenth Annual General Meeting of the Company to be held on Monday, the 25th September, 2006 at 10.00 A.M. at Sri Rajasthan Jain Samaj, Jain Bhavan, 66, Thiyagaraya Road, T. Nagar, Chennai - 600 017, and at any adjournment thereof.

Signed this.....day of.....2006

Address:

Signature



Membership Folio No.

No. of Share(s) held

- Note: 1. The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting. 2. Proxy need not be a member.

INDO ASIAN FINANCE LTD

Regd. Office: New No.15, New Giri Road, T. Nagar, Chennai - 600 017.

ATTENDANCE SLIP

I hereby record my presence at the SIXTEENTH ANNUAL GENERAL MEETING of the Company being held on Monday, the 25th September, 2006 at 10.00 A.M. at Sri Rajasthan Jain Samaj, Jain Bhavan, 66, Thiyagaraya Road, T. Nagar, Chennai - 600 017.

Full Name of the member attending

Signature

Folio No.:

Note:

Members attending the meeting in person are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.