

17th Annual Report



INDO ASIAN FINANCE LTD



BOARD OF DIRECTORS

PADAM J CHALLANI

Chairman

M.PRAKASH CHAND JAIN, M.M.S.

Managing Director

R.J.ANANDMUL

R.J.JAYANTILAL

M.KISHANCHAND

MAHENDAR A CHALLANI

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
Lord Krishna Bank Ltd.
Oriental Bank of Commerce
State Bank of India

AUDITORS

A.KRISHNAMOORTHY & Co.
Chartered Accountants
T. Nagar, Chennai -600 017.
Ph: 24347260 / 24340074

REGISTERED OFFICE

NO.15 New Giri Road,
T.Nagar, Chennai-600 017.
Tel: 28342111/Fax:28341280

**REGISTER &
SHARE TRANSFER AGENT**

M/S. Cameo Corporate Services Limited
"Subramanian Building"
No.1 Club House Road,
Chennai-600 002.
Tel: 28460390/ Fax: 28460129



NOTICE TO THE SHARE HOLDERS

Notice is hereby given that the Seventeenth Annual General Meeting of the members of Indo Asian Finance Limited will be held on Monday, the 24th September, 2007 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, 2007 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, 2007.
3. To appoint a Director in place of Mr Padam J Challani, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr Prakashchand Jain, who retires by rotation, and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Mr R J Jayantilal, who retires by rotation, and being eligible, offers himself for reappointment.
6. 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.

Registered Office
No. 15, New Giri Road
T, Nagar, Chennai 600017.
27th June, 2007

By order of the Board of Directors
For INDO ASIAN FINANCE LTD.

Padam J Challani
Chairman

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself / herself and that such proxy need not be a member of the company. Proxies, in order to be effective must be received by the company, not less than 48 hours before the commencement of the meeting.
2. The relevant details in respect of items 3,4 and 5 of the Notice pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges is annexed herewith.
3. All documents referred to in Notice are open for inspection at the Registered Office of the company during office hours on all working days except holidays, between 10.00 a.m. and 5.00 p.m up to the date of Annual General Meeting.



4. 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.
5. The instrument appointing a proxy should be deposited at the Registered Office of the company not less than 48 hours before the Meeting.
6. The Register of Members and the Share Transfer Books of the company will remain closed from 17th September, 2007 to 24th September, 2007 (both days inclusive).
7. Dividend, if approved, will be paid to those members whose names appear in the Register of Members as on 24th September, 2007.
8. Members holding shares in electronic form may please note that as per the regulations of National Securities Depository Limited (NSDL) and Central Depository Services Limited (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 the 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.
9. 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.
10. At this Annual General Meeting M/s. Padam J Challani, M Prakashchand Jain and R J Jayantilal retire by rotation and being eligible offer themselves for reappointment.

Registered Office
No. 15, New Giri Road
T, Nagar, Chennai 600017.
27th June, 2007

By order of the Board of Directors
For INDO ASIAN FINANCE LTD.

Padam J Challani
Chairman



Information on Directors seeking re-appointment at this Annual General Meeting

NAME	Padam J Challani	R.J. Jayantilal	Prakash Chand Jain
Date of Birth &	10.01.1955	14.11.1961	03.11.1955
Age	52 Years	45 Years	51 Years
Appointed on	17.04.1990	18.10.1990	13.11.1992
Qualification	B.Sc.	M.A	Management Graduate from BITS.
Expertise	Mr. Padam J Challani is a graduate and comes from a family of financiers who are in the field of Hire Purchase and Leasing for the past 40 years. He is possessing practical Experience of more that 30 years in the field of Hire Purchase and Leasing.	Mr. R.J.Jayantilal is a buisenessman connected with Real Estate Development and jewellery. He is also possessing practical experience in financing of Trucks and Cars and Hire Purchase and Leasing. He has more than 20 years of experience in his field of activity.	Mr. Prakash Chand Jain comes from a family of financiers and he has 28 years of experience in Hire purchase, loan and real estate fields.
Directorships held In other Public Companies	Saravana Gobal Energy Limited Saravana FoundationLlimited Saravana Developers Llimited	Saravana Foundations Limited Challani Estates Limited Saravana Developers Llimited	
Memberships/ Chairmanships of Committees across Public Companies	Audit Committee	Audit Committee Remuneration Committee, Investors' Grievances Committee of Indo Asian Finance Limited	Audit Committee



DIRECTORS' REPORT

Your Directors are pleased to present the Seventeenth Annual Report of your company along with the audited financial statements for the year ended 31st March, 2007.

The highlights of the financial results for the year 2006-2007 are as below:

	For the years ended	
	31.03.2007	31.03.2006
	(Rs.in lacs)	(Rs. in lacs)
Income from operations	729.04	593.45
Other income	28.61	10.76
Total expenditure	569.58	462.18
Gross Profit	188.06	142.05
Depreciation	9.73	9.28
Other non cash expenses	20.25	11.09
Profit before tax	158.09	121.66
Provision for taxation :		
Current tax	33.21	22.69
Fringe Benefit tax	4.52	3.60
Profit after tax	120.35	95.37
Add : Surplus brought forward	5.32	4.15
Surplus available	125.67	99.52

Appropriations :

-Transfer to General Reserve	50.00	40.00
-Transfer to Special Reserve	25.00	20.00
-Dividend	30.00	30.00
-Tax on distributed profits	4.21	4.21
Balance carried to Balance Sheet	16.47	5.32

BUSINESS AND FUTURE PROSPECTS

During the year, the income of the company had gone up to Rs.757.65 lacs as compared to Rs.604.21 lacs achieved in the last year, registering an increase of 25.40%. Profit after tax had increased to Rs.120.35 lacs.

Net stock on hire had gone up to Rs.2640.62 lacs as at 31st March, 2007 as compared to Rs.2544.34 lacs as at 31st March, 2006..

During the year the company had entered into a franchisee arrangement with Shriram Transport Finance Company Limited on 50:50 risk and reward sharing basis. The association with Shriram proved to be good for the company.



Indian economy is on ever increasing growth path. GDP growth of 8-9 %, increasing foreign exchange reserves, record FDI inflow and surge in exports reiterate the growth story.

It is expected that the growth momentum would continue in the current year also. The thrust being given by the Central and State Governments in infrastructure creation and maintenance will also continue to have positive effects on the transport sector over a long period , which in turn would increase the requirement of finance. Therefore, the fortune of your company is expected to further improve 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, 2007 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, 2007 was Rs.225.02 lacs. There were 71 unclaimed deposits with an outstanding of Rs 17.71 lacs. Depositors were informed regarding the maturity of deposits and subsequent reminders were also sent. On follow up, four deposits for Rs.1.02 lacs had been renewed so far and reminders had been sent to the remaining depositors for renewal/payment.

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

DISBURSEMENTS

During the year the company had made total disbursements of Rs.87 crores (in our book Rs.22 crores and for Shriram Rs.65 crores).

DIRECTORS

M/s Padam J Challani, Prakashchand Jain and R J Jayantilal retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

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 was Rs.1,26,930 and foreign exchange earning was 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
27th June 2007

Padam J Challani
Chairman



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 consist of Executive and Non-executive Directors.

S. NO	Name 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	Nine	None
2.	M.Prakash chand Jain	Managing Director	Promoter Executive Non Executive	–	None
3.	Anandmul R.J	Director	Non Executive	One	None
4.	R.J. Jayantilal	Director	Executive	Three	None
5.	M.Kishanchand	Director	Non Executive	–	None
6	Mahendar A Challani	Director	Non 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	Three	None



The Non executive directors have no material pecuniary relationship of transaction vis a vis the company in their personal capacity during the year. Sitting fees are paid to Directors for attending meeting 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 5 times. The meetings were held on 28.06.2006, 31.07.2006, 25.09.2006, 31.10.2006 and 29.01.2006. 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		LastAGMAttendance
	Held	Attended	
Padam J Challani	5	4	Yes
M.Prakash chand Jain	5	4	Yes
R.J.Anandmul	5	1	Yes
R.J. Jayantilal	5	4	Yes
M.Kishanchand	5	1	-
Mahendar A Challani	5	2	Yes
R Krishnan	5	5	Yes
N Subramanian	5	5	Yes
V.Poovazhagan	5	5	Yes



1. Board Committee

The board is assisted by various committees- Audit Committee, Compensation Committee, shareholders/ Investor's 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 293 A of the Companies Act, 1956. The revised Audit Committee comprises Mr.R.Krishnan (Chairman), N.,Subramanian, Mr.M.Prakash Chand 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, financial and 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 implanting the audit procedures and techniques, reviewing the financial reporting systems, internal control systems and control procedures and ensuring compliance of the regulatory guidelines, Meeting 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. Krishnan	4
N.Subramanian	4
M.Prakash Chand Jain	3
Padam J Challani	3

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 of the executive directors.

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

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



Shareholders/ Investors' Grivevance Committee

The shareholders'/ Investors' Grievance Committee comprises Mr.Padam J Challani, Mr. S.B.Chandrasekkar 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.Chandrasekkar	1

During the year 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.	Sitting Fees
1	Padam J Challani	6,00,000	86,400	-
2	M.Prakashchand jain	3,00,000	56,400	-
3	R.J.Jayantilal	1,35,000	-	-
4	Mahendar A Challani	45,000	-	-
5	N Subramanian	-	-	12,500
6	R Krishnan	-	-	12,500
7	V Poovazhagan	-	-	12,500

5.Details of Annual/Extra ordinary General Meeting

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

S.No	AGM/EGM	Date	Venue	Time
1.	16 th AGM in respect of the year 2005-2006	25 th September, 2006	SriRajasthan, Jain Samaj, Chennai-17.	10.00 A.M.
2.	15 th AGM in respect of the year 2004-2005	19 th September, 2005	SriRajasthan, Jain Samaj, Chennai-17.	10.00 A.M.
3.	14 th AGM in respect of the year 2003-2004	27 th September, 2004	SriRajasthan, Jain Samaj, Chennai-17.	10.00 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	24 th September 2007, 10.00A.M at Sri Rajasthan Jain Samaj, Chennai-17.
ii.	Financial calendar	April 2006 to March 2007
iii.	Date of book closure	17 th September 2007 to 24 th September 2007.
iv.	Lisiting on Stock Exchanges	Bombay Stock Exchange Limited, Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001, India Tel: 91-22-2272 12 34/ 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.	Register & Share Transfer Agent	M/s.Cameo Corporate Services Limited "Subramanian Building" No.1,Club House Road, Chennai- 600 002. Tel: 91 - 44 - 28460390 Fax:91 - 44 - 28460129



Vii. Dematerialisation of shares
And liquidity

Shares 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 Girdi Road, T.Nagar,
Chennai 600 017.

Market Price Data

Month	Bombay Stock Exchange High (Rs.)	Limited, Mumbai Low (Rs.)
April 2006	19.20	14.20
May 2006	22.75	13.45
June 2006	18.25	12.55
July 2006	18.00	14.10
August 2006	20.13	12.20
September 2006	24.15	13.90
October 2006	21.50	12.90
November 2006	19.00	14.50
December 2006	18.50	13.55
January 2007	18.50	14.05
February 2007	31.15	16.20
March 2007	22.60	17.20

Distribution of Shareholding as on March 31, 2007

Range of shares	No of Share holders	% of Share holders	No. Of Shares held	% of Share holding
Up to 5000	1093	97.50	548302	18.28
5001-10000	7	0.62	61200	2.04
10001-20000	-	-	-	-
20001-30000	-	-	-	-
30001-40000	5	0.45	187200	6.24
40001-50000	2	0.18	92700	3.09
50001-100000	2	0.18	115600	3.85
100000 and above	12	1.07	1994998	66.50
Total	1121	100.00	3000000	100.00



Categories of Shareholding as on March 31,2007

Category	No of Share Held	% of Share holding
Promoters	554398	18.48
Financial Institution	-	-
Individuals	2340758	78.03
Bodies Corporate	104844	3.49
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 behalf of the Board

Chennai
27th June,2007

PADAM J CHALLANI
Chairman



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 2007 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 of 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
27th June 2007

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



MANAGEMENT DISCUSSION AND ANALYSIS REPORT.

The strengthening of economic activity in the recent years has been supported by a persistent increase in the domestic investment rate from 22.9% of GDP in 2001-2002 to 33.8% in 2005-2006 with more efficient use of capital. Domestic saving rate improved from 23.5% to 32.4% of GDP during the same period. The services sector continues to be the driver of growth with a share of around 60% in the overall GDP and contributing almost three fourth to overall growth. The manufacturing sector has shown good growth supported by domestic as well as export demand. As per the advance estimates released by Central Statistical Organization, real GDP growth for 2006-2007 is expected to grow by 9.2 percent.

Indian exports grew by 23.51 percent in 2006-2007 as against 23.15 percent in the previous year. Imports in 2006-2007 were 29.22 percent higher than its value in 2005-2006.

Foreign exchange reserves continued to grow, reaching a record level of USD 199.18 billion by March 31, 2007.

Monetary developments

During the year, the financial sector witnessed tight liquidity conditions with Reserve Bank of India increasing the CRR to 6.50 percent and repo rate to 7.50 percent. This has fuelled hike in the rate of interest to the company currently being charged by the banks.

Despite liquidity pressure and tight conditions, the company continued to grow and had made disbursements of Rs.2200 lacs in the book, in addition to disbursement of Rs 6500 lacs for Shriram with whom the company had entered into a franchisee arrangement.

Since the company main focus all along has been in the used vehicles segment, the company did not have any problem in sourcing quality credit proposals. This will continue to help the company in the coming years with banks started reducing their exposure to retail lending.

Internal control systems

The company has an internal audit system which is responsible for independently evaluating the adequacy of all internal controls and ensuring the operational people adhere to the internal processes and procedures as well as to legal requirements.

Risk Management

The company is exposed to various types of risks, the most important among them are credit risk, liquidity risk, price risk and operational risk. The company has been ensuring developing and maintaining a healthy portfolio within its risk appetite. Monitoring and management of risks remain a key focus area for the company. This has helped the company to ensure hundred percent recovery of its principal in all cases so far, though compromises had been made on interest portion.



Social initiative

The company as a part of its social initiative provides scholarship to poor children to pursue their education.

Human resources

The company continues its philosophy of people retention is the sign of development and growth. With this philosophy the company has been able to retain its existing people and attract new talents to support its growth process.

Mission

Maintain high standards of asset quality through selective credit dispensation.

Increase our market share to a significant level, keeping in mind the quality of assets.

Increasing the value of stake holders money

Financial Analysis :

Key parameters of financial performances in 2006-2007 are summarized below:

- Profit before tax grew by 29.94% and profit after tax by 26.19%
- Current year income tax provision amounted to Rs.37.73 lacs as compared to Rs.26.28 lacs in the previous year.
- Ratio of net margin to average assets increased to 3.85% in the current year as compared to 3.50% in the previous year.
- Ratio of financial expenses to average assets increased to 10.27% in the current year as compared to 10.24% in the last year.
- Earnings per share increased from Rs.3.18 in the previous year to 4.01 in the current year.
- Ratio of non interest expenses increased by 1.20% in the current year as compared to last year.

Opportunities and threats

With tight liquidity conditions prevailing the financial system, the banks have slowed down their retail lending, especially in the automobile sector, to a large extent. This will push up demand for credit from the non banking finance companies engaged in automobile financing. The company is hopeful of gaining substantial advantage with increased profitability.

The tight liquidity will also pose a threat of increasing cost of borrowing and less off take. However, since the company's focus is only on used vehicles segment, it does not foresee any difficulties.



Auditor's 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, 2007 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 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



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
- (i) in the case of the Balance Sheet of the state of affairs of the company as at 31st March 2007;
 - (ii) in the case of Profit and Loss Account of the profit for the year ended on that date, and
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

for A Krishnamoorthy & Co.
Chartered Accountants
A Krishnamoorthy
Proprietor

Place: Chennai
Date: 27th June, 2007

Annexure to the Auditor's Report

Re: Indo Asian Finance Limited
(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 clauses 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 u/s 301 of the Companies Act :-
 - a) The Company has granted loans to parties aggregating to Rs. 88.29 lakhs.
 - 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 over due 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 procedure 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 u/s 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 u/s 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 u/s 301 of the Companies Act, aggregating during the year to Rs. 5 lakhs (Rupees five lakhs 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 payable and outstanding for a period of more than 6 months from the date of becoming payable.
 - b) According the information and explanation given to us, following are the disputed statutory dues which have not been deposited on account of the matter being pending before various forum as stated below:



Assessment year	Demand raised Rs. in lacs	Forum in which pending
1996-97 Income tax	10.05	High Court of Madras
1997-98 Income tax	33.61	High Court of Madras
1998-99 Income tax	37.13	High Court of Madras
1999-00 Income tax	1.00	CIT(A)-III, Chennai
2003-04 Income tax	31.06	CIT(A)-XII, Chennai
1994-95 Interest tax	4.58	High Court of Madras
1993-94 Interest tax	1.67	High Court of Madras
1992-93 Interest tax	1.15	High Court of Madras

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 has neither 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 any 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) In our opinion and according to information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in The Register maintained under Section 301 of the Companies Act 1956, 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.

Place: Chennai
Date: 27th June, 2007

for A Krishnamoorthy & Co.
Chartered Accountants
A Krishnamoorthy
Proprietor



BALANCE SHEET AS AT 31st MARCH 2007

Value in Rupees

	Sch.		<u>As at 31.03.2007</u>	<u>As at 31.03.2006</u>
SOURCE OF FUNDS :				
Share Holders' Funds:				
Capital	1	30,000,000		30,000,000
Reserve & Surplus	2	<u>62,991,326</u>	92,991,326	54,376,761
Loan Funds:				
Secured Loan	3	252,625,482		227,794,865
Unsecured Loan	4	<u>47,713,991</u>	300,339,473	<u>25,152,165</u>
			<u>393,330,799</u>	<u>37,323,791</u>
APPLICATION OF FUNDS:				
Fixed Assets:				
Gross Block	5	58,702,386		38,508,911
Less: Depreciation		<u>5,004,372</u>		<u>4,394,576</u>
Net Book Value			53,698,014	34,114,335
Investments	6		4,335,473	4,511,733
Current Assets, Loans & Advances				
Current Assets	7	306,660,645		286,564,047
Loans & Advances	8	<u>36,064,967</u>		<u>17,357,633</u>
			<u>342,725,612</u>	<u>303,921,680</u>
Less: Current Liabilities & Provisions				
Current Liabilities	9	4,086,731		3,215,226
Provisions	10	<u>7,205,779</u>		<u>6,292,128</u>
		<u>11,292,510</u>		<u>9,507,354</u>
Net Current Assets			331,433,102	294,414,326
Deferred Tax Asset	11		3,864,210	3,864,210
Miscellaneous Expenses to the extent not written off			-	419,188
			<u>393,330,799</u>	<u>337,323,792</u>

Notes on Accounts 18

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

A.KRISHNAMOORHY
PROPRIETOR

PADAM J CHALLANI
Chairman

Chennai
Date : June 27, 2007

M.PRAKASHCHAND JAIN
Managing Director

INDO ASIAN FINANCE LIMITED



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007.

Value in Rupees

Particulars	SCH NO	YEAR ENDED 31.03.2007	YEAR ENDED 31.03.2006
INCOME			
Income from operations	12	72,675,378	59,043,449
Income from Investments	13	228,674	303,566
Miscellaneous Income	14	2,861,058	1,075,678
Total		<u>75,765,110</u>	<u>60,422,693</u>
EXPENDITURE			
Financial Expenses	15	32,146,305	27,888,878
Establishment Expenses	16	4,716,043	3,394,041
Administrative & Other Expenses	17	20,096,284	14,934,960
Total		<u>56,958,633</u>	<u>46,217,879</u>
GROSS PROFIT		<u>18,806,476</u>	<u>14,204,814</u>
Less:			
Provisions & write off	18	2,024,793	1,109,488
Depreciation	5	972,722	927,745
Taxation - Current		3,321,296	2,269,277
- Fringe Benefit Tax		452,350	359,995
- Deferred			
NET PROFIT		<u>12,035,315</u>	<u>9,538,309</u>
Add : Balance b/f from previous year		532,225	414,665
Amount available for Appropriations		<u>12,567,540</u>	<u>9,952,974</u>
Appropriations:			
General Reserve		5,000,000	4,000,000
Special Reserve		2,500,000	2,000,000
Proposed Dividend		3,000,000	3,000,000
Dividend Tax		420,750	420,750
Surplus - Balance carried to Balance Sheet		<u>1,646,790</u>	<u>532,225</u>
		<u>12,567,540</u>	<u>9,952,975</u>
Notes on Accounts	19		
Earnings per Equity Share			
Number of Shares (Face Value Rs. 10/- per share)		3,000,000	3,000,000
Basic & Diluted Earnings Per Share (in Rs.)		4.01	3.18

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

A.KRISHNAMOORHY
PROPRIETOR

PADAM J CHALLANI
Chairman

Chennai
Date :June 27, 2007

M.PRAKASHCHAND JAIN
Managing Director



Schedules to Balance Sheet as at 31ST MARCH,2007 (Value in Rupees)

Sch. No	AS AT 31.3.2007	AS AT 31.03.2006
1	<u>SHARE CAPITAL</u>	
Authorised:		
37,50,000 Equity Shares of Rs. 10/- each	<u>37,500,000</u>	<u>37,500,000</u>
Issued, Subscribed & fully paid up:		
30,00,000 Equity shares of Rs. 10/- each	<u>30,000,000</u>	<u>30,000,000</u>
	<u>30,000,000</u>	<u>30,000,000</u>
2	<u>RESERVES & SURPLUS</u>	
General Reserve		
As per Last Balance Sheet	28,436,036	24,436,036
Add; Transfer from P&L a/c	5,000,000	4,000,000
Balance	A <u>33,436,036</u>	<u>28,436,036</u>
Capital Reserve as per Last Balance Sheet	P 72,000	72,000
Special Reserve		
As per Last Balance Sheet	17,100,000	15,100,000
Add: Transfer from P&L a/c	2,500,000	2,000,000
Balance	C <u>19,600,000</u>	<u>17,100,000</u>
Share Premium Account as per Last Balance Sheet	D 8,236,500	8,236,500
Surplus - Balance in Profit & Loss Account	E 1,646,790	532,225
A+B+C+D+E	<u>62,991,326</u>	<u>54,376,761</u>
3	<u>SECURED LOAN</u>	
Non - Convertible Debentures	69,200,000	53,850,000
(Secured against specified assets covered by hire-purchase / hypothecation / lease agreement)		
From Banks		
Secured against assets covered under Hire Purchase agreements and Equitable Mortgage over Land	181,097,992	173,210,159
Others	2,327,490	734,706
	<u>252,625,482</u>	<u>227,794,865</u>
4	<u>UNSECURED LOANS</u>	
Deposits from Public	22,502,340	21,142,165
Inter Corporate Deposits	24,651,651	3,450,000
From Directors	560,000	560,000
	<u>47,713,991</u>	<u>25,152,165</u>

Computation of Depreciation as per Companies Act for the period ended 31.3.2007

SCHEDULE 5. FIXED ASSETS

Name of the Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Cost As On 01.04.2006	Addition during the year	Deletion during the year	Cost as on 31.03.2007	Provided up to 31.03.2006	provided for the Year	Deletion during theYear	Provided upto 31.03.2007	W.D.V as on 31.03.2007	W.D.V as on 31.03.2006
Air Conditioner	1253500	0	0	1253500	355343	59541	0	414884	838616	898157
Aqua Guard	5290	0	0	5290	2521	251	0	2772	2518	2769
Auto	146000	0	0	146000	34826	13870	0	48696	97304	111174
Building	435000	0	0	435000	71508	7091	0	78599	356401	363492
Bus	700000	0	0	700000	158340	0	0	158340	541660	541660
Computer	1427587	71250	0	1498837	658370	238230	0	896600	602237	769217
Electrical installation	236464	0	0	236464	108040	11232	0	119272	117192	128424
EPABX system	194352	106321	0	300673	64449	11301	0	75750	224923	129904
Furniture	1039340	9200	0	1048540	687242	66275	0	753517	295023	352099
Godrej Safe	80716	0	0	80716	42751	5109	0	47860	32856	37965
Motor Car	4040741	2625670	897318	5769092	1917310	489920	362929	2044301	3724791	2123431
Motor Cycles	67702	118263	0	185965	12911	12567	0	25478	160487	54791
Plant & Machinery	876743	2050	0	878793	169293	41670	0	210963	667830	707450
Photocopier	281340	0	0	281340	85040	13364	0	98404	182936	196300
Typewriter	40154	0	0	40154	23349	1907	0	25256	14898	16805
Water Cooler	8300	0	0	8300	3285	394	0	3679	4621	5016
Land	27675683	18158040	0	45833723	0	0	0	0	45833723	27675683
Total	38508911	21090793	897318	58702386	4394578	972722	362929	5004372	53698015	34114337
Previous year	31690535	7056376	238000	38508911	3508698	927745	41867	4394576	34114335	28181837





Schedules to Balance Sheet as on 31st March, 2007

(Value in Rupees)

Sch. No	AS AT 31.03.2007	AS AT 31.03.2006
6 INVESTMENTS (At Cost)		
Government Bond	2,524,532	2,808,676
Deposits with Banks	1,437,610	1,393,062
Debentures	3,500	3,500
Shares	652,186	588,850
	4,617,828	4,794,088
Less: Provision (for dilution in value)	282,355	282,355
	4,335,473	4,511,733
Aggregate Market Value of Shares & Debentures of Indian Companies		
Quoted Investment (Cost Rs. 3,16,436 .00)	112,114	253,100
Unquoted Investments (Cost Rs. 3,35,750.00)		
Less: Provision (for dilution in value)	150,580	150,580
7 CURRENT ASSETS		
Stock -on -Hire	A 264,062,388	254,434,130
Sundry Debtors		
<u>Outstanding for more than 6 months:</u>		
Hire Debtors Secured & Considered good	6,277,390	6,411,939
Lease Debtors considered doubtful		46,100
<u>Outstanding for less than 6 months:</u>		
Hire Debtors Secured & Considered good	24,216,925	18,264,642
	30,494,315	24,722,681
Less: Provision for Bad & Doubtful Debts	3,083,095	1,954,230
	27,411,220	22,768,451
Less: H.P - NPA - Finance Charges	939,865	762,615
	26,471,35	22,005,836
Cash & Bank Balances		
With Scheduled Banks in		
Current Accounts	2,022,397	1,067,775
Unpaid Dividend Account	471,434	465,184
Deposit Account (Margin Money for Bank Guarantee)	46,060	
	2,539,890	
Cash on hand	13,587,012	8,591,122
	16,126,902	10,124,081
	A+B+C 306,660,645	286,564,047



Schedules to Balance Sheet as on 31st March, 2007

(Value in Rupees)

Sch. No	AS AT 31.03.2007	AS AT 31.03.2006
8 LOANS & ADVANCES:		
Advance Income Tax (Net of Provision)	4,558,815	3,551,723
Tax Deducted at Source (Net of Provision)	555,270	537,635
Advance for Vehicle Booking	4,861,793	240,223
Advances & Deposits	6,206,668	13,028,052
Others	19,882,421	
	<u>36,064,967</u>	<u>17,357,633</u>
9 CURRENT LIABILITIES		
Interest accrued but not due	2,745,237	1,822,422
Sundry Creditors for Expenses	49,200	27,758
Unclaimed Dividend	292,067	289,137
Other Liabilities	1,000,227	1,075,909
	<u>4,086,731</u>	<u>3,215,226</u>
10 PROVISIONS:		
Proposed Dividend	3,000,000	3,000,000
Provision for Dividend Tax	420,750	420,750
Provision for Income Tax	3,773,646	2,859,995
Provision for Gratuity	11,383	11,383
	<u>7,205,779</u>	<u>6,292,128</u>
11 MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED		
Public Issue Expenses	-	419,188
	<u>-</u>	<u>419,188</u>

INDO ASIAN FINANCE LIMITED



SCHEDULES TO PROFIT & LOSS A/C

Value in Rupees

SCH NO	YEAR ENDED 31.3.2007	YEAR ENDED 31.03.2006
12	<u>INCOME FROM OPERATIONS</u>	
	Hire Purchase / Hypothecation Loans	57,769,363
	Service Charges Received	1,274,086
	<u>72,675,378</u>	<u>59,043,449</u>
13	<u>INCOME FROM INVESTMENTS</u>	
	Interest - On Government Bonds	197,719
	- On Fixed Deposits with Banks	105,847
	<u>228,674</u>	<u>303,566</u>
14	MISCELLANEOUS INCOME	
	Interest	1,073,568
	Others	2,110
	<u>2,861,058</u>	<u>1,075,678</u>
15	<u>FINANCIAL Expenses</u>	
	Interest- Bank	17,775,008
	Debent	6,941,511
	Fixed Deposit	1,367,507
	Cum Deposit	791,186
	Cash Certificate	267,316
	Directors Loan	67,200
	I.C.D.	679,150
	<u>32,146,305</u>	<u>27,888,878</u>
16	<u>ESTABLISHMENT EXPENSES</u>	
	Salaries & Allowances	2,365,280
	Incentives	210,249
	Ex-Gratia	127,208
	Company's Contribution to P.F	24,665
	Company's Contribution to E.S.I	18,429
	Staff Welfare	648,210
	<u>4,716,043</u>	<u>3,394,041</u>



SCHEDULES TO PROFIT & LOSS A/C

Value in Rupees

	<u>YEAR ENDED</u> <u>31.3.2007</u>	<u>YEAR ENDED</u> <u>31.03.2006</u>
17 ADMINISTRATIVE & OTHER EXPENSES		
Rent	1,030,250	877,107
Rates & Taxes	60,275	92,235
Insurance	55,618	134,205
Communication Expenses	876,448	672,673
Traveling & Conveyance	1,991,031	1,338,406
Printing & Stationery	277,543	294,690
Advertisement & Business Promotion	2,745,583	1,791,126
Vehicle Expenses	988,102	1,279,373
Electricity Expenses	288,386	210,706
Fees & Subscription	127,648	126,558
Bank Charges & Commission	1,311,242	1,125,957
Audit fee	29,200	29,200
Professional & Consultation Fees	1,340,091	488,179
Brokerage & Commission	1,212,843	1,506,779
Donation, Charity & Scholarship	1,082,576	371,999
Directors Remuneration & Sitting Fee	1,117,500	1,038,600
Discount Allowed	4,444,205	2,632,772
General Expenses	710,150	462,199
Office Maintenance	327,685	408,074
Pooja expenses	13,409	8,073
Computer Maintenance	66,500	46,049
	<u>20,096,284</u>	<u>14,934,960</u>
18 PROVISIONS & WRITE OFF		
Loss on sale of Fixed assets	253,390	46,133
Provision for Bad & Doubtful Debts	1,128,865	-
Provision for NPA	177,250	634,283
Own Assets written off	-	9,884
Lease Debtors written off	46,100	-
Misc Expenses Written off	419,188	419,188
	<u>2,024,793</u>	<u>1,109,488</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) **Contigent 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 whole time 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 5775 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 detail thereof as under:



Amount	Rate of Interest	Security
Rs.692.00 Lacs	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. Deposit 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. 0.67 Lacs) paid/credited to directors on Directors Loans.
6. Auditor's Remuneration
- | | 31.03.2007 | 31.03.2006 |
|---------------------|--------------|--------------|
| For Statutory Audit | 15000 | 15000 |
| For Tax Audit | 5000 | 5000 |
| For Others | 9200 | 9200 |
| | <u>29200</u> | <u>29200</u> |
7. Remuneration to Whole Time Directors (including Managing Director)
- | | 31.03.2007 | 31.03.2006 |
|--------------------------------------|----------------|----------------|
| Salary | 1080000 | 1038600 |
| Perquisites (Valued as per IT Rules) | 142800 | 180000 |
| | <u>1222800</u> | <u>1218600</u> |
- 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: 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/-) | | 3,000,000 |
| Profit after Tax (in Rs.) | | 12,035,315 |
| Basic and Diluted EPS (in Rs.) | Rs. | 4.01 |



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 below:

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

SNO.	Name of the related party	Relationship
1	Saravana Insulators Ltd	Associate
2	Saravana Foundation Ltd	Associate
3	Saravana Hi Tech Metal Inds	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
Salary	-	-	3.76
Rent Payments	-	-	6.00
Interest Receipts	26.54	-	-
Advances given	88.30	-	-

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 4 equal instalments. Accordingly an amount of Rs. 4,19,187/- being the last & final instalment have been written off in the current year..

14. Previous year figures are regrouped/reclassified/rearranged wherever necessary.

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

PADAM J CHALLANI
Chairman

A KRISHNAMOORTHY
Proprietor

M PRAKASH CHAND JAIN
Managing Director

Place: Chennai
Date: 27.06.2007



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2007

A. CASH FLOW FROM OPERATING ACTIVITIES

Profit before tax		12035315
Add:		
Provisions & write off	2024793	
Depreciation	972722	
Taxation		
- Current	3321296	
- Fringe Benefit Tax	452350	
- Dividend Tax	420750	
		7191911
		19227226
Less: Dividend received	2310	2310
Operating profit before Working Capital changes		19224916
(increase)/Decrease in net stock on hire		(9628258)
(increase)/Decrease in HP and Lease Debtors		(5771634)
(increase)/Decrease in loans and advances		(18707330)
increase/(Decrease) in Current Liabilities		871505
Cash Generated from Operating Activities		(14010801)
less : Taxes Paid		(4363917)
Net Cash Generated from Operating Activities (A)		(18374718)

B. CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets		(21090793)
Sale of Fixed Assets		897318
Purchase of Investments		(2086716)
Sale of Investments		2262976
Purchase of Deposits		0
Dividend Received		2310
Net Cash Generated from Investing Activities (B)		(20014905)

C. CASH FLOW FROM FINANCING ACTIVITIES

Increase/(Decrease) in Bank Borrowings		7887833
Increase/(Decrease) in Debentures		15350000
Increase/(Decrease) in Other secured loans		1592784
Increase/(Decrease) in Unsecured Loans		22561826
Dividend Paid		(3000000)
Net Cash Generated from Financing Activities (C)		44392443

INDO ASIAN FINANCE LIMITED



Net Increase in Cash and Cash Equivalents (A + B + C)	6002820
Cash and Cash Equivalents at the beginning of the year	10124081
Cash and Cash Equivalents at the end of the year	16126901

For and on behalf of the Board

PADAM J CHALLANI
Chairman

M PRAKASH CHAND JAIN
Managing Director

Place: Chennai
Date: 27.06.2007

AUDITOR'S STATEMENT

We have verified the Cash Flow Statement of Indo Asian Finance Limited derived from the Audited Annual Accounts for the year ended 31st March 2007 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.

for **A Krishnamoorthy & Co.**
Chartered Accountants

Place: Chennai
Date : 27.06.2007

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	7
---	---	---	---

Date Month Year

II. Capital Raised during the year (Amount in Rs.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 Rs.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>9</td><td>3</td><td>3</td><td>3</td><td>1</td></tr></table>				3	9	3	3	3	1	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>3</td><td>9</td><td>3</td><td>3</td><td>3</td><td>1</td></tr></table>				3	9	3	3	3	1
			3	9	3	3	3	1											
			3	9	3	3	3	1											

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>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>6</td><td>2</td><td>9</td><td>9</td><td>1</td></tr></table>				6	2	9	9	1	
			3	0	0	0	0											
			6	2	9	9	1											
Secured Loans	Unsecured Loans																	
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>2</td><td>5</td><td>2</td><td>6</td><td>2</td><td>5</td></tr></table>				2	5	2	6	2	5	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>7</td><td>7</td><td>1</td><td>4</td></tr></table>				4	7	7	1	4
			2	5	2	6	2	5										
			4	7	7	1	4											

Application of Funds

Net Fixed Assets	Investment																
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>5</td><td>3</td><td>6</td><td>9</td><td>8</td></tr></table>				5	3	6	9	8	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>3</td><td>3</td><td>5</td></tr></table>				4	3	3	5	
			5	3	6	9	8										
			4	3	3	5											
Net Current Assets	Misc. Expenditure / Deferred Tax Asset																
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>3</td><td>3</td><td>1</td><td>4</td><td>3</td><td>3</td></tr></table>				3	3	1	4	3	3	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>3</td><td>8</td><td>6</td><td>4</td></tr></table>				3	8	6	4
			3	3	1	4	3	3									
			3	8	6	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></tr></table>				-													
			-														



IV. Performance of Company (Amount in Rs.Thousands)

Turnover						Total Expenditure					
				7	5					5	9
				7	6					9	5
				5						6	
+ - Profit/Loss Before Tax						+ - Profit/Loss After Tax					
<input checked="" type="checkbox"/>	<input type="checkbox"/>				1	<input type="checkbox"/>	<input type="checkbox"/>			1	2
				5	8					0	3
				0	9					6	
Earning Per Share in Rs.						Dividend Rate %					
				4						1	0
				0	1						

(Please tick Appropriate box + for Profit, - for Loss)

Vide our report of even date
 For **AKRISHNAMOORTHY & Co.**
 Chartered Accountants

PADAM J CHALLANI
 Chairman

(AKRISHNAMOORTHY)
 Proprietor

M.PRAKASHCHAND JAIN
 Managing Director

Chennai
 Date : 27.06.2007



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 Lakhs)

Particulars	As on 31.03.2007	
<u>Liabilities side:</u>		
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
(a) Debentures : Secured	692.00	0.00
: Unsecured (Application Money) (other than falling within the meaning of public deposits)	0.00	0.00
(b) Deferred Credits	0.00	0.00
(c) Term Loans(Bank credits & others)	1834.25	0.00
(d) Inter-corporate loans and borrowing	246.52	0.00
(e) Commercial Paper	0.00	0.00
(f) Public Deposits	252.47	0.00
(g) Other Loans (Directors)	5.60	0.00
(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	4.00	0.00
<u>Assets side:</u>		
(3) Break-up of Loans and Advances including bills Receivables [other than those included in (4) below]:	Amount outstanding	
(a) Secured		
(b) Unsecured		48.62
(4) Break up of Leased Assets and Stock on hire and hypothication loans counting towards EL/HP activities		
(l) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease		0.00
(b) Operating lease		0.00



(ii) Stock on hire including hire charges under

Sundry debtors:	
(a) Assets on Hire	2634.41
(b) Repossessed Assets	6.21

(iii) Hypothication loans counting towards EL/HP activities

(a) Loans where assets have been repossessed	0.00
(b) Loans other than above	0.00

(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	1.12
	(b) Preference	-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others (Bank Deposits)		-



2. Unquoted :

(i) Shares:	(a) Equity	5.40
	(b) Preference	0.00
(ii) Debentures and Bonds		0.03
(iii) Units of mutual funds		0.00
(iv) Government Securities		25.25
(v) Others - Bank Deposits		14.38
		46.18
Less: Provision for Diminution for long term investments		2.82
Total		43.36

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

Category	Amount of net provisions		
	Secured	Unsecured	Total
1.Related Parties			
(a) Subsidiaries	0.00	0.00	0.00
(b) Companies in the same group	88.30	0.00	88.30
(c) Other related parties	0.00	0.00	0.00
2.Other than related parties	2857.26	48.62	2905.58
Total	2945.56	48.62	2994.18

(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	0.00	0.00
(b) Companies in the same group	0.00	0.00
(c) Other related parties	0.00	0.00
2.Other than related parties	1.12	43.36
Total	1.12	43.36



(8) **Other Information**

(I)	Gross Non-Performing Assets	
	(a) Related Parties	0.00
	(b) Other than related parties	62.77
(ii)	Net Non-Performing Assets	
	(a) Related Parties	0.00
	(b) Other than related parties	31.94
(iii)	Assets acquired in satisfaction of debt	0.00

As per our report of even date.

for A.KRISHNAMOORTHY&CO
Chartered Accountants

PADAM J CHALLANI
CHAIRMAN

(A.KRISHNAMOORHY)
Partner

M. PRAKASHCHAND JAIN
Managing Director

Chennai
Date : 27.06.2007

INDO ASIAN FINANCE LIMITED

Regd. Office: 15 NEW GIRI ROAD, T NAGAR, CHENNAI 600 017

FORM OF PROXY

I/We Of in the district of being member(s) of the above named company, hereby appoint Mr/Ms of in the district of or failing him/her Mr/Ms of in the district of as my/our proxy to attend and vote on a poll for me/us and on my/our behalf at the Annual General Meeting, to be held on Monday, the 24th September, 2007 at 10.00 A. M. at Sri Rajasthan Jain Samaj, Jain Bhavan, 66 Thiyagaraya Road, T. Nagar, Chennai 600 017 and any adjournment thereof.

Signed this day of 2007.

Regd. Folio No. :

No. of shares held

Member's/Proxy's signature

(To be signed at the time of handing over this slip)

The Companies Act, 1956 lays down that an instrument appointing proxy shall be deposited at the Registered office of the company not less than 48 hours before the time of holding the meeting.

INDO ASIAN FINANCE LIMITED

Regd. Office: 15 NEW GIRI ROAD, T NAGAR, CHENNAI 600 017

ATTENDANCE SLIP

I hereby record my presence at the Annual General Meeting of the company on Monday, the 24th September, 2007 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 (in block letters.....)

Full name of the first joint holder
(to be filled in if first named joint holder does not attend the meeting)

Name of the proxy.....
(To be filled if the proxy form has been duly deposited with the company).

Regd. folio no. _____

No of shares held _____

Member's/Proxy's signature

(to be signed at the time of handing over this slip)