16th ANNUAL REPORT 2006 - 2007

I NDOCOUNT FINANCE LIMITED

INDOCOUNT FINANCE LIMITED



Chairman **Board of Directors** Shri ANIL KUMAR JAIN Shri SUNIL JAIN Director Shri G.P. AGRAWAL Director Shri SUSHIL KUMAR AGARWAL Director Shri PRADEEP K. SHAH Director **Auditors** M/s. AVK & ASSOCIATES, Chartered Accountants KARNATAKA BANK LIMITED **Bankers Registered Office** D-1, MIDC Industrial Area, Gokul Shirgaon, Kolhapur - 416 234 Maharashtra **Head Office** 301, "ARCADIA" Nariman Point, Mumbai - 400 021 Maharashtra **Corporate Office** 705, Pragati Tower, 26, Rajendra Place, New Delhi - 110 008

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NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Shareholders of INDOCOUNT FINANCE LIMITED will be held on Friday, the 28th September, 2007 at 3.30 P.M. at Hotel Shalini Palace, Rankala, Kolhapur – 416 010, Maharashtra to transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007, the Profit & Loss Account for the year ended on that date and the Reports of Directors' and Auditors' thereon.
- 2. To appoint a Director in place of Mr. Sunil Jain, who retires by rotation, and being eligible, offers himself for reappointment.
- 3. To appoint a Director in place of Mr. Pradeep K. Shah, who retires by rotation and being eligible, offers himself for reappointment.
- 4. To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary Resolution:

"RESOLVED THAT M/s AVK & Associates, Chartered Accountants, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting on a remuneration to be decided by the Board of Directors plus out of pocket expenses incurred in the performance of their duties."

By Order of the Board For INDOCOUNT FINANCE LIMITED

Place: Mumbai

Date : 30th July, 2007

ANIL KUMAR JAIN

CHAIRMAN



NOTES

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2. Register of Members and the Share Transfer Books of the Company will remain closed from 21-09-2007 to 28-09-2007 (both days inclusive).
- 3. Members are requested to :
 - i) Intimate change, if any, in their registered addresses.
 - ii) Quote ledger folio, in their correspondence.
 - iii) Intimate about consolidation of folios if shareholdings are under multiple folios.
 - v) Members/proxies should bring the attendance slip duly filled for attending the meeting.
 - v) Members are requested to send their queries, if any, at least 14 days in advance of the meeting addressed to Indocount Finance Limited at 705, Pragati Tower, 26, Rajendra Place, New Delhi 110008 so that information can be made available at the meeting.
 - vi) Trading in Equity Shares of the Company are in compulsorily de-mat w.e.f. 26.03.2001.

By Order of the Board For INDOCOUNT FINANCE LIMITED

Place: Mumbai

Date : 30th July, 2007

ANIL KUMAR JAIN

CHAIRMAN



ADDITIONAL INFORMATION

As required in terms of Para VI (A) of Clause 49 of the Listing Agreement

Brief Profile of Mr. Sunil Jain, who retires by rotation and, is eligible for re-appointment:

Mr. Sunil Jain an industrialist of repute, is Commerce Graduate, having experience of more than 27 years in general business administration and has been on the Board of the Company since 16-10-1995.

Outside Directorship:

Chairman cum Managing Director in I.C. Textiles Ltd.

Committee Membership/Chairmanship:

I.C. Textiles Ltd. — Chairman in Share Transfer & Allotment Committee

I.C. Textiles Ltd.— Member in Audit Committee

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

Mr. Pradeep K. Shah is B. Com., PGDBM and has a rich experience over 37 years in the area of General Insurance.

Outside Directorship:

No directorship in any other companies.

By Order of the Board For INDOCOUNT FINANCE LIMITED

Place: Mumbai

Date : 30th July, 2007

ANIL KUMAR JAIN

CHAIRMAN



DIRECTORS' REPORT

Your Directors present their 16th ANNUAL REPORT, alongwith the Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS:

The Financial Results for the year ended on 31st March, 2007 are as under:

	2006-2007 (Rs. in Lacs)	2005-2006 (Rs. in Lacs)
Total Income	28.00	30.59
Gross Profit / (Loss) Before Depreciation Less: Depreciation	(4.30) 1.35	7.94 1.46
Profit / (Loss) Before Tax Less: Provision for Taxation	(5.65) 0.48	6.48 0.80
Net Profit / Net (Loss) After Tax Less: Transfer to Special Reserve Add: Profit brought forward from Previous Year	(6.13) — 51.19	5.68 1.14 46.65
Balance carried to Balance Sheet	45.06	51.19

OPERATIONS:

During the current year Company had suffered Net Loss of Rs. 6.13 lacs against the Net Profit of Rs.5.68 lacs earnd by it in the previous year. Company is exploring the possibilities for suitable diversification.

DIVIDEND:

Due to inadequate profit the Board of Directors do not recommend any dividend for the year.

DEPOSITS:

The Company has not accepted any fixed deposits from the Public.

DIRECTORS:

In accordance with the provisions of Companies Act, 1956, Mr. Sunil Jain and Mr. Pradeep K. Shah, Directors of the Company, retire by rotation at this Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS:

The Auditors, M/s AVK & Associates, Chartered Accountants, retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment. They have furnished a certificate to the effect under Section 224(1-B) of Companies Act, 1956.

AUDITORS' REPORT:

The Observations of the Auditors as referred in their report are suitably explained in the Notes to Accounts and therefore do not call for any further comments.



PERSONNEL:

Particulars of employees in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended, are not given, as none of the employees qualify for such disclosure.

DISCLOSURE:

Being a Non-Banking Financial Company, inclusion of particulars with respect to conservation of energy and technology absorption as required under Companies (Disclosure of Particulars in the Report of Directors) Rules, 1998 is not required.

CORPORATE GOVERNANCE:

The corporate governance report together with a certificate from the Company's auditors confirming compliance of quidelines is made part of this Report as per Clause 49 of the Listing Agreement entered into with the Stock Exchange.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm:

- a) that in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures:
- b) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended on 31st March, 2007 and of the Loss of the Company for that year;
- c) that the Directors had taken proper and sufficient care for maintenance of adequate accounting records for the year ended 31st March, 2007 in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for prevention and detection of fraud and other irregularities;
- d) that the Directors had prepared the Annual Accounts ended on 31st March, 2007 on a "going concern" basis.

ACKNOWLEDGEMENTS:

Your Directors place on record their appreciation of the support made by the employees at all levels, Bankers, Shareholders and Customers of the Company.

For and on behalf of the Board of Directors

Place: Mumbai

Date: 30th July, 2007

ANIL KUMAR JAIN **CHAIRMAN**



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY AND BUSINESS OUTLOOK

Non Banking Finance Companies play major role in financing, inspite of presence of large number of Foreign as well as Nationalized Banks in this field, the role of NBFCs is unchallengeable. Their role as effective financial intermediaries has been well recognized as they have inherent ability to take inherent decisions, flexible structure assume greater risks, apply innovative marketing strategies and customize their products and services according to the needs of the clients.

Due to strong economy of the country and boom in the Auto sector Finance & Leasing Industry is going through a phase of growth. The economic indicators for the future are also strong. Your Company hope to explore the opportunities thrown up by the economy.

RISKS & CONCERNS

Risk is synonym with NBFCs which is inherent part of their business. Your Company is also subjected to various types of such risks. Your Company has identified these risks and guarded itself by adopting a range of strategies and measures to reduce the impact of such risks.

Credit risks considered to be major risk being faced by NBFCs. Your Company has evolved various policies and systems for credit risk to closely monitor the same. Your Company is having appropriate pre disbursal and post disbursement monitoring and regular follow up of the collection process. A low level of NPA proportion in the assets of your Company reflects its sound risk management policies. Your Company also follow provisioning norms of RBI.

OPPORTUNITIES AND THREATS

Business Opportunities for finance companies are enormous as the new areas and segments are being explored due to increased competition and tight regulatory conditions being faced by them. There is a large scope of small size NBFCs like ours, for certain segment of customers, which remain unserved by Banks and large size NBFCs.

The major threat being faced by NBFCs are from aggressive marketing of Banks and low rates of financing being offered by them.

INTERNAL CONTROL AND THEIR ADEQUACY

Foundation of your Company's control mechanism vests in Management Information Systems (MIS). Your Company has devised effective systems so that assets and business of the Company are safeguarded. The effective internal control systems are developed to ensure that records of the Company can be relied upon to draw financial statements and conclusion based on these statements. The internal control is regularly reviewed and augmented by the Audit Committee. The management feels that the systems of internal controls are adequate considering the size of operations of the Company.

HUMAN RESOURCES

Operating in the service industry, your Company's performance is heavily dependent on the knowledge and expertise of its personnel. Employees are most valued asset of your Company. Your Company has a strong and dedicated team of professionals who cater to the functional



diversities of the Company and always extend a willing hand to the other employees in case any guidance is required. The attitude of the Company is to work for the continuous improvement of the talent of each employee that in turn leads to the growth of an organisation's performance.

CAUTIONERY STATEMENT

Statement in this Management Discussion describing the Company's objectives, estimates, expectations may constitute "Forward Looking Statement" within the meaning of applicable laws. Actual results might differ materially from those either expressed or implied. Important factors that could make a difference to the Company's operations include demand and supply conditions, cyclical demand, changes in Government regulations, tax regimes, economic development within India.



CORPORATE GOVERNANCE REPORT

1. Company's Philosophy

The Management of the Company recognizes the importance of Corporate Governance for better transparency as well protection of Shareholders' interest.

2. Board of Directors

The Board of Directors of the Company comprises of all Non-Executive Directors headed by Non-Executive Chairman. The present strength of the Board is 5 (Five) and out of which 3 (Three) are Independent Directors. The Independent Directors do not have any material pecuniary relationship or transactions with the Company, promoters, management which may affect their judgements in any manner. The Board meets at least once in a quarter to consider amongst other matters, the quarterly unaudited financial results of the Company.

Sr.	Name Category No.of Directorship in		No. of Membe Board / Co		
			other Public Ltd. Companies	Chairmanship	Membership
1.	Mr. Anil Kumar Jain	Non-Executive Chairman	3	1	` 1
2.	Mr. Sunit Jain	Non-Executive Director	1	1	1
3.	Mr. G.P. Agrawal	Non-Executive Director, Independent	4	1	3
4.	Mr. Sushil Kumar Agarwal	Non-Executive Director, Independent	1	1	
5.	Mr. Pradeep K. Shah	Non-Executive Director, Independent			_

During the year under review, 4 Board Meetings were held on 11th May, 2006, 31st July, 2006, 30th November, 2006 and 31st January, 2007. The last Annual General Meeting for the Financial year ending 31st March, 2006 was held on 30th September, 2006.



The attendance of the individual director in the aforesaid meetings was as follows:

Name of the Director & Category		Meeting Dates & Attendance				
		11.05.2006	31.07.2006	31.11.2006	31.01.2007	
Mr. Anil Kumar Jain	Chairman	•	•	~	*	
Mr. Sunit Jain	Director	х	х	. х	х	
Mr. G. P. Agrawal	Director	х	х	х	x	
Mr. Sushil Kumar Agarwal	Director	-	~	>	~	
Mr. Pradeep K. Shah	Director		,	-		

3. Re-appointment of Directors

Mr. Sunil Jain an industrialist of repute, is Commerce Graduate, having experience of more than 27 years in general business administration and has been on the Board of the Company since 16-10-1995 and Mr. Pradeep K. Shah is B. Com., PGDBM, and has rich experience of over 37 years in the area of General Insurance. Both Mr. Sunil Jain and Mr. Pradeep K. Shah will hold office until conclusion of the ensuing annual general meeting, subject however, being eligible for re-appointment.

4. Remuneration of Directors

Name	Category	Commission (Rs.)	Sitting Fees (Rs.)
Mr. Anil Kumar Jain	Director	· —	1000
Mr. Sunil Jain	Director	_	. —
Mr. G.P. Agrawal	Director		_
Mr. Sushil Kumar Agarwal	Director	<u> </u>	1000
Mr. Pradeep K. Shah	Director	_ [1000

5. Audit Committee

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

- a) To review the overall financial reporting process and disclosure of financial information.
- b) To review the annual accounting/financial statements, policies and practice.
- c) To appraise the adequacy of proper internal control and internal audit systems.
- d) To review the Company's financials and risk management policies.
- e) To recommend the appointment and removal of external Auditors and fixation of audit fees.
- f) To approve payment to Statutory Auditors for any other services rendered by them.



g) To review with the management, the quarterly financial statements before submission to the Board of Directors.

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

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

During the Financial year 2006-2007, the Audit Committee meetings were held 4 times i.e. on 11th May, 2006, 31st July, 2006, 30th November, 2006 and 31st January, 2007 and gap between the two meetings was not more than 4 months.

All the Audit Committee meetings were attended by all the members.

Chairman of the audit committee was present at the Annual General Meeting of the Company to answer the shareholders queries.

6. Share Transfer and Share Holders' Grievances Committee

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

During the year under review 21 Share transfer and share holders/Investor grievance committee meetings were held. Gap between two meetings was more than statutory period of 14 days in the absence of transactions and same were being conducted on as and when required basis.

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

a) Share Transfer:

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

b) Shareholders/Investors Complaints:

- i) Non receipt of shares after transfer/transmission.
- ii) Non receipt of Annual Report.
- iii) Other matters including change of address etc..

The minutes of the committee are placed in the subsequent Board Meeting held after the committee meeting. The Compliance Officer of the Company attends every meeting and closely supervises the shareholders grievances and coordinates with the regulatory Authorities and other agencies.

7. Disclosure

Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the company at large.

There is no material transaction with any related party which may have potential conflict with the interests of the Company at large. However, the Company has annexed to the



accounts, a list of related parties as per the Accounting Standard 18 and the transactions entered into with them.

Details of non-compliance by the company, penalties strictures imposed on the company by stock exchange(s) or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

Neither any non-compliance with any of the legal provisions of law has been made by the Company nor has any penalty, stricture been imposed by the stock exchange(s) or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

8. Remuneration Committee

The Board has not constituted any Remuneration Committee.

9. Compliance

The Company has complied with the requirement of Stock Exchanges, SEBI and other Statutory authorities during the preceding financial year on all matters related to Capital Market and no penalty/strictures, have been imposed on the Company.

10. Means of Communication

Quarterly Results are faxed / couriered to the Stock Exchanges immediately after the Board Meeting as required under the Listing Agreement. Quarterly Results are also published in English & Marathi Newspapers.

The Annual Report is posted to every Shareholder of the Company.

Management discussion & analysis report forms part of this Annual Report.

General Shareholder's Information

Annual General Meeting :

Day & Date : Friday, 28th September, 2007

Time : 3.30 p.m.

Venue : Hotel Shalini Palace, Rankala, Kolhapur-416 010

Financial Year : 31st March, 2007

Book Closure Dates : 21st September, 2007 to 28th September, 2007

(Both days inclusive)



Date, Time & Venue of the Last Three AGMs:

Financial Year Ended	Date	Time	Venue	if any Special Resolution Passed	Dividend Payment Details
31.03.2006	30.09.2006	11.30 a.m.	Hotel Shalini Palace, Kolhapur	No	N.A.
31.03.2005	21.09.2005	2.00 p.m.	Hotel Shalini Palace, Kolhapur	Yes	N.A.
31.03.2004	28.09.2004	2.00 p.m.	Hotel Shalini Palace, Kolhapur	No	N.A.

A Special Resolution regarding delisting of Securities from Delhi Stock Exchange was passed at the Annual General Meeting held on 21.09.2005 but no item was considered for adoption by postal ballots in the preceding three Annual General Meetings of the Company.

Listing on Stock Exchange

The Stock Exchange, Mumbai Phiroze Jejeebhoy Towers Dalal Street, Mumbai-400 001 Stock Code: 500206

Depositories

The National Securities Depository Ltd., 4th floor, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Central Depositories Services (India) Ltd. Phiroze Jejeebhoy Towers 28th floor, Dalal Street Mumbai – 400 023

Registrars and Share Transfer Agents and Address for Correspondence

Intime Spectrum Registry Ltd.,

A-40, 2nd Floor, Near Batra Banquet Hall,

Naraina Industrial Area, Phase-II,

New Delhi - 110 028

Tel.: 011-41410592 to 594

Fax: 011-41410591



Stock price data for the period from 1st April, 2006 to 31st March, 2007 at Bombay Stock Exchange:

Month	High (Rs.)	Low (Rs.)	Volume
April 2006	2.35	1.78	14716
May 2006	2.34	1.90	14500
June 2006	1.92	1.41	11701
July 2006	1.80	1.02	9650
August 2006	1.70	0.96	21015
September 2006	2.00	1.12	27005
October 2006	2.97	1.57	30715
November 2006	3.94	2.17	33088
December 2006	3.25	2.09	7163
January 2007	3.04	1.92	5979
February 2007	3.80	2.76	14755
March 2007	4.14	3.80	2719

Distribution of Shareholding as on 31st March, 2007:

No. of Equity Shares	No. of Share holders	% of Share holders	No. of Shares held	% of Share holding
1-250	8416	82.90	1065714	23.32
251-500	1302	12.82	497137	10.88
501-1000	288	2.84	238767	5.23
1001-2000	89	0.88	130897	2.86
2001-3000	18	0.18	45766	1.00
3001-4000	10	0.10	35489	0.78
4001-5000	5	0.05	24145	0.53
5001-10000	4	0.04	26626	0.58
Above 10000	19	0.19	2505459	54.82
	10151	100.00	4570000	100.00

Shareholding pattern as on 31st March, 2007:

Category	No. of Equity Shares held	% of Shareholding
Promoters & Associates	24,46,499	53.534
Financial Institutions/Banks/Insurance Companies including Central/ State Government Institutions	100	0.002
Mutual Funds and UTI		_
Fils		_
NRIs	2,156	0.047
Domestic Corporate Bodies	85,659	1.874
Indian Public	20,35,586	44.543
Total	45,70,000	100.000

Dematerialisation of Shares and Liquidity

As per directive of SEBI the Equity Shares of the Company are compulsorily traded in dematerialized form with effect from 26.03.2001. The ISIN No. allotted for the shares of company is INE 680B01019. Requests for dematerialisation of shares are processed and confirmed within 15-20 days of receipt from NSDL and CDSL.

Offices of the Company:

The Company has offices at the following places:

Registered Office:

D-1, MIDC Industrial Area, Gokul Shirgaon, Kolhapur–416 234 Maharashtra

Head Office:

301, 'ARCADIA' Nariman Point Mumbai-400 021 Maharashtra

Delhi Office:

705, Pragati Tower 26, Rajendra Place New Delhi-110 008

Communication Address:

Mr. S. D. Maheshwari Manager & Compliance Officer 705, Pragati Tower 26, Rajendra Place New Delhi-110 008



AUDITORS' CERTIFICATE

CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Shareholders of INDOCOUNT FINANCE LIMITED

We have examined the compliance of conditions of corporate governance by Indocount Finance Limited, for the year ended on 31st March, 2007, as stipulated in Clause 49 of the listing agreement(s) of the said company with stock exchange(s) in India.

The compliance conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company 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 explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement.

We state that no investor grievance is pending for a period of exceeding one month against the company as per the records maintained by the shareholders/investors grievance committee.

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

For AVK & ASSOCIATES
Chartered Accountants

KAMAL GARG

Partner

FCA - 091238

Place : Mumbai

Dated: 25th June, 2007



AUDITORS' REPORT

To the Members, Indocount Finance Limited,

We have audited the attached Balance Sheet of INDOCOUNT FINANCE LIMITED as at March 31, 2007, the Profit & Loss Account and the Cash Flow Statment for the year ended on that date, both of which we have signed under reference to this report. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These 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 amount and disclosure in the financial statements. An audit also includes assessing the accounting principles 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.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in the said order.

Further to our comments in annexure referred to in paragraph 1 above:

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of the said books.
- iii) The Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of account.
- iv) In our opinion the Profit & Loss Account and Balance Sheet comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
- v) In our opinion, and based on information and explanations given to us none of the directors are disqualified as on 31st March, 2007 from being appointed as director in terms of Clause(g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon in Schedule 13, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - a) In the case of Balance Sheet, of the State of affairs of the Company as at 31st March, 2007.
 - b) In the case of Profit & Loss Account, of the profit of the Company for the year ended on that date.
 - In the case of Cash Flow Statement of cash flows for the year ended on that date.

For AVK & ASSOCIATES
Chartered Accountants

KAMAL GARG

Partner

FCA - 091238

Place : Mumbai

Dated: 25th June, 2007



ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007

- (i) a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) As explained to us, all the fixed assets have been physically verified by the management according to a regular program, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- (ii) There is no inventory except the stocks under finance agreement, therefore the Clause No. (ii)(a),(b) and (c) of the order are not applicable to the company.
- (iii) a) The following are the particulars of the loans secured and unsecured taken from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act. 1956:

S. No.	Name of Party	Relationship with Company	Amount (Rs. in lacs.)	Year end Balance (Rs. in lacs.)
1.	Rini Investment & Finance Pvt. Ltd.	Entities in which Key Management Personnel are interested.	1.00	0.76

b) The following are the particulars of loans granted by the company to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956:

S. No.	Name of Party	Relationship with Company	Amount (Rs. in lacs.)	Year end Balance (Rs. in lacs.)
1.	Indocount Securities Ltd.	Entities in which Key Management Personnel are interested	0.25	0.25

- c) In our opinion, rate of interest and other terms and conditions on which loans have been granted to companies, firms or other parties listed in the register maintained under Section 301 are not prima facie, prejudicial to the interest of the company.
- d) Parties to whom loans have been granted have repaid the principal amount as per stipulation.
- (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 with regard to purchase of fixed assets. During the course of our audit, no major weakness has been noticed in the internal controls.

- (v) a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in 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, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information given to us, the company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Companies Act. 1956 and the Companies (Acceptance of Deposit) Rules. 1975.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) The provisions of Section 209(1)(d) of the Companies Act, 1956 regarding maintenance of cost records are not applicable to the company.
- (ix) (a) According to the records of the company, the company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax and other statutory dues applicable to it.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, were outstanding as at 31.03.2007 for a period of more than six months from the date they became payable.
- (x) The company does not have accumulated losses at the end of the financial year, the company has incurred cash losses during the current financial year, however in the immediately preceding financial year the company had not incurred cash losses.
- (xi) Based on our examination of documents and records maintained by the company, the company has not defaulted in payment of dues to Bank.
- (xii) Based on our examination of documents and records maintained by the company, we are of the opinion that since the company has not granted any loan or advance on the basis of security by way of pledge of shares, debentures and other securities, it is not required to maintain records in respect thereof.
- (xiii) In our opinion, the company is neither a chit fund nor nidhi / mutual benefit fund / society and hence clause 4 (xiii) of the Order is not applicable to the company.
- (xiv) Based on our examination of records we are of the opinion that the company has maintained proper records of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other securities have been held by the company in it's own name.
- (xv) Based on our examination of the records, we are of the opinion that the company has not given guarantee for loans taken by others from banks or financial institutions.



- (xvi) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investments. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xvii) During the year 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.
- (xviii) During the year the company had not issued any debentures
- (xix) During the year no money was raised by public issue.

Place : Mumbai

Dated: 25th June, 2007

According to the information and explanations given to us, we report that no fraud on (xx) or by the company has been noticed or reported during the course of our audit.

> For AVK & ASSOCIATES Chartered Accountants

> > KAMAL GARG

Partner

FCA - 091238

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BALANCE SHEET as at 31st March, 2007

		Schedules	3	As at 31.03.2007 (Rs.)		As at 31.03.2006 (Rs.)
so	URCES OF FUNDS					
1.	Shareholders' Funds					
	a) Share Capital	1	45,700,000		45,700,000	
	b) Reserves & Surplus	2	10,733,400	56,433,400	11,346,402	57,046,402
2.	Loan Funds					
	a) Unsecured Loans		76,122	76,122	_	_
				56,509,522		57,046,402
ΑP	PLICATION OF FUNDS					
1.	Fixed Assets	3				
	a) Gross Block		1,984,901		2,315,771	
	b) Less: Depreciation	- '	1,282,102		1,343,552	
	c) Net Block			702,799		972,219
2.	Investments	4		30,899,156		38,175,809
3.	Current Assets, Loans & Adva	nces				
	a) Current Assets	5	6,912,370		10,682,767	
	b) Loans and Advances	6	18,623,476		9,986,173	
			25,535,846		20,668,940	
4.	Less : Current Liabilities and P	rovisions				
	a) Current Liabilities & Provisio	ns 7	628,279		2,770,566	
			628,279		2,770,566	
	Net Current Assets			24,907,567		17,898,374
				56,509,522	•	57,046,402

NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES 13

The Schedules referred to above, form an integral part of the Balance Sheet

In terms of our report of even date annexed For AVK & ASSOCIATES

Chartered Accountants

Place : Mumbai Dated : 25th June, 2007 KAMAL GARG Partner FCA — 091238 SUSHIL KUMAR AGARWAL ANIL KUMAR JAIN

Directors



PROFIT & LOSS ACCOUNT

for the Year Ended 31st March, 2007

	Schedules	Year Ended 31.03.2007 (Rs.)	Year Ended 31.03.2006 (Rs.)
INCOME		(*****)	((10.)
Finance Charges	8	2,286,681	2,430,067
Other Income	9	513,544	775,043
Profit on Sale of Investments			116,968
•		2,800,225	3,322,078
EXPENDITURE			•
Administration Expenses	10	1,674,967	1,611,901
Personnel Expenses	11	875,283	880,891
Interest & Financial Charges	12	16,925	35,538
Loss on Sale of Investments		663,094	140 170
Depreciation		135,244	146,170
		3,365,513	2,674,500
PROFIT/(LOSS) BEFORE TAX		(565,288)	647,578
Less: Provision for Income Tax		,	
 Previous Year 		1,150	
Current Tax		21,500	56,635
 Fringe Benefit Tax 		25,064	22,530
PROFIT/(LOSS) AFTER TAX		(613,002)	568,413
Less: Amount Transferred to Spe	ecial Reserve	· -	113,683
Balance Brought Forward		5,119,319	4,664,589
Balance Carried to Balance She	eet	4,506,317	5,119,319
Earning per Share - Basic & Dilut	ed	- 0.13	0.12
NOTES TO THE ACCOUNTS AN	n ·		

NOTES TO THE ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES 13

The Schedules referred to above, form an integral part of the Profit & Loss Account

In terms of our report of even date annexed For AVK & ASSOCIATES

Chartered Accountants

Place : Mumbai Dated: 25th June, 2007 KAMAL GARG

Partner

SUSHIL KUMAR AGARWAL ANIL KUMAR JAIN

Directors

FCA — 091238



CASH FLOW STATEMENT

for the Year Ended 31st March, 2007

			Year Ended 31.03.2007 (Rs.)		Year Ended 31 03.2006 (Rs.)
A.	CASH FLOW FROM OPERATING ACTIVITIES Net Profit / (Loss) before tax & extra-ordinary ite		(565,288)		647.578
	Adjustments for :	:1115	(303,288)		047,576
	Depreciation	135,244		146.170	
	Loss on Sale of Assets	51,753		13,719	
	Interest Paid	3,132	190,129	8,835	168,724
	Operating Profit before working capital chan Adjustments for :	ges	(375,159)		•816,302
	Trade & other Receivables	844,033		(1,273,401)	
	Inventories	4,879,444		7,582,176	
	Trade Payables	(2,107,152)		(243,818)	·
	Loans & Advances	(11,604,244)	(7 987,919)	(239,239)	5,825,718
	Cash generated from Operations		(8,363,078)		6,642,020
	Interest paid	3,132		8,835	
	Direct Taxes paid	(2,884,092)	(2,880,960)	122,642	131,477
	Net Cash from Operating Activities		(5,482,118)	_	6.510,543
В.	CASH FLOW FROM INVESTING ACTIVITIES:				
	Purchase of Fixed Assets	(13,328)		(52,786)	
	Sale of Fixed Assets	95,751		16,300	
	Purchase /(Sale) of Investments	7,276,653	7,359.076	(5,931,477)	(5,967,963)
	Net Cash used in Investing Activities		7,359.076		(5,967,963)
C.	CASH FLOW FROM FINANCING ACTIVITIES:				
	Proceeds from long term borrowings		76,122		(70.565)
	Net Cash used in Financing Activities	•	76,122		(70,565)
	Net increase in Cash and Cash Equivalents		1,953,080		472,015
	Cash and Equivalents as at 01.04.2006 (Opening	g Balance)	1,588,591		1,116,576
	Cash and Equivalents as at 31 03.2007 (Closing	Balance)	3,541,671		1.588,591

In terms of our report of even date annexed For AVK & ASSOCIATES

Chartered Accountants

Place : Mumbai Dated : 25th June, 2007 KAMAL GARG Partner FCA — 091238 SUSHIL KUMAR AGARWAL ANIL KUMAR JAIN

Directors



SCHEDULES

1.	SHARE CA	PITAL	. •	As at 31.03.2007 (Rs.)		As at 31.03.2006 (Rs.)
	10,000,000	(Previous Year 10,000,000) Equity Shares of Rs. 10/- each		100,000,000		100,000,000
	Issued, Sub 4,570,000	(Previous Year 4,570,000) Equity Shares of Rs 10/- each fully paid up		45,700,000 45,700,000		45,700,000 45,700,000
2.	a) Generalb) Share Vc) Profit &d) Special Opening Add: T	& SURPLUS Reserve Varrant Option Premium Loss Account Reserve Fund Balance ransferred from rofit & Loss Account	1,598,083	1,249,000 3,380,000 4,506,317 1,598,083 10,733,400	1,484,400 113,683	1,249,000 3,380,000 5,119,319 1,598,083 11,346,402

3. FIXED ASSETS

		GROSS	BLOCK		1	DEPRECIATION		NET BLOCK		
	Cost as at 1.4.2006	Addi- tions	Sale/ Adjust- ments	Total as at 31.3.2007	As at 1.4.2006	For the year	Adjust- ments	Total as at 31.3,2007	As at 31.3.2007	As at 31.3.2006
	(Rs.) (Rs.) (Rs.) (Rs.)			(Rs.)	(Rs.) (Rs.) (Rs.) (Rs.)			(Rs.)	(Rs.)	
Furniture &							•			
Fixtures	501,288	_	85,942	415,346	326,722	25,876	59,319	293 ,279	122,067	174,566
Vehicles	751,277	-	45,286	705,991	507,689	43,021	4,302	546,408	159,583	243,588
Office,										
Equipments	1,063,206	13,328	212,970	863,564	509,141	66,347	133,073	442,415	421,149	554,065
TOTAL	2,315,771	13,328	344,198	1,984,901	1,343,552	135,244	196,694	1,282,102	702,799	972,219
Previous Year	2.364,979	52,786	101,994	2,315,771	1,269,357	146,170	71,975	1,343,552	972,219	



			forming part of the Balance Shee			As at 31.03.2007		As at 31.03.2006
			Face	Value	Quantity	Value	Quantity	Value
				(Rs.)	(Nos.)	(Rs.)	(Nos.)	(Rs.)
4.	IN	VES1	MENTS	(,	(,	(*****)	(,	(,
			TERM					
	Α.		OTED :					
	Α.		- · ·					
		A)	Equity Shares	40		450 770		
			ACC Limited Akruti Nirman Limited	10 10	200 45	156,770	· -	_
			Almondz Capital & Management Services Li		10	21,450 380	_	
			Broadcast Initiatives Limited	10	298	33,376	_	
			Cipla Limited	10	200	49,761	_	_
			Evinix Accessories Limited	10	1,056	107,360		_
			Firstsource Solution Limited	10	272	21,080	_	_
			Grasim Industries Limited	10	17	32,224	_	
			Haryana Capfin Limited*	10	570		_	_
			HDFC Bank Limited	10	500	378,443		_
			Hindustan Zinc Limited ICICI Bank Limited	10 10	360 200	292,875 121,042		_
			Indian Bank Limited	10	742	63,070	_	
			Indocount Industries Limited	10	220,405	3,979,358	220,405	3,979,358
			Infosys Technologies Limited	1	145	267,330		-
			Jindal Drilling Limited	10	500	315,222	2,000	630,443
			Jindal Steel & Power Limited	10	100	176,039	975	257,031
			JSW Steel Limited	10	1,300	398,801	_	
			Larson and Toubro Limited	10	300	396,477		
			Maharashtra Seamless Limited	10	12,600	3,625,863	5,000	3,041,721
			Maruti Udyog Limited Oriental Trimex Limited	10 10	200 1,000	160,200 44,000		
			Parsavnath Developers Limited	10	1,000	35,872	_	_
			Power Finance Limited	10	408	40,120	_	_
			Pranavaditya Spinning Mills Limited	10	2,000	6,391		_
			Ranbaxy Laboratories Limited	10	200	90,459		
			Reliance Industries Limited	10	110	149,549		_
			Sobha Developers Limited	10	10	7,000	-	
			Sona Koyo Steering Systems Limited		1,000	45,764	_	_
			Suzion Energy Limited Tata Consultancy Services Limited	10 2	100 110	102,546 95,664		_
			UTI Bank Limited	10	500	166,390	_	
			Wipro Limited	10	200	129,390		
			Yes Bank Limited	10	500	46,812	_	_
						11,557,078		7,908,553
		B)	Units of Mutual Funds			11,557,076		7,906,555
		D)	Bank of Baroda Mutual Fund					2,600,000
			HDFC Mutual Fund			1,035,976		9,361,154
			HDFC Mutual Fund					9,361,134
						1,035,976		11,961,154
			TOTAL 'A'			12,593,054		19,869,707
			* Issued on demerger Aggregate Market Value of Quoted Inv	estme	nts Rs . 15,9	22,984 (Previo	us Year Rs.	. 21,907,018)



Schedules forming part of the Balance Sheet

4.	INV	/EST	MENTS (Continued)					
			·			As a	•	As at
			Face V	مباه	Occaptit	31.03.200	="	31.03.2006
				Rs.)	Quantit (Nos.			Value (Rs.)
	В.	UN	QUOTED	,	(1100)	., (, (1100.)	(1.5.)
		A)	Equity Shares					
			Indocount Securities Limited	10	427,00	0 4,270,000	427,000	4,270,000
			Hindustan Breweries & Bottling Ltd.	10	25,00	0 251,250		251,250
			Shiva Services Limited	10	10,00	0 100,000	10,000	100,000
						4,621,250	5	4,621,250
		B)	Preference Shares			· · · · · · · · · · · · · · · · · · ·	-	
			Aegis Finstate Pvt. Ltd.		477,00			4,770,000
			Disney Promoters & Finance Pvt. L		462,00	• • •		4,620,000
			Uniworth Finance & Securities Pvt.	Lta.	452,00			4,520,000
						13,910,000	-	13,910,000
			TOTAL 'B'			18,531,250	•	18,531,250
			TOTAL 'A+B'			31,124,304		38,400,957
			Provision for diminution in Value o	finve	estments	225,148		225,148
			•	•		30,899,156		38,175,809
						As at 31.03.2007 (Rs.)		As at 31.03.2006 (Rs.)
5.	CU	RRE	NT ASSETS					
			nder Finance Agreements			1,097,593		5,977,037
			eposit with Banks Interest Accrued & Due)			2,923,345		1,021,996
	Cas	h/C	cheques in Hand with Banks			87,393		98,796
	_	In C	Current Accounts Debtors			530,933		467,799
			d, Considered good)					
		Mor	e than Six Months		60,148		2,427,856	
	_	Oth	ers	1,1	38,975		789,524	
					99,123		3,217,380	
	Les	s : F	Provision for Sub-Standard Debtors		26,017	2,273,106	100,241	3,117,139
					٠ ـــ	6,912,370		10,682,767



Sc	hedules forming part of the Balance Sheet	•			
			As at		As at
			31.03.2007		31.03.2006
_	LOANS AND ADVANCES		(Rs.)		(Rs.)
6.	LOANS AND ADVANCES				
	Loans - Unsecured	15,192,371	45 400 447	3,829,442	0.700.540
	Less: Provision for Sub-Standard Loans	59,924		59,924	3,769,518
	Advances (Advances recoverable in cash or in kind or for value to	o be received)	4,387		3,449
	Loans / Advances to Staff	·	251,673		11,296
	Advance Tax / Tax Deducted at Source		664,104		3.631.045
	Security Deposits		2,570,865		2,570,865
	•		18,623,476		9,986,173
			,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
7.	CURRENT LIABILITIES AND PROVISIONS				
	Sundry Creditors / Expenses Payable		484,162		1,361,735
	Unmatured Finance Charges		89,782		755,890
	Directors' Remuneration Payable		_		16,330
	Advance Received		29,394		572,763
	Statutory Liabilities		3,441		7,213
	Provision for Income Tax		21,500		56,635
	•		628,279		2,770,566
Sc	hedules forming part of Profit & Loss Acco	Dumt			-
3 C,	neudies forming part of Front & Loss Acce	Jun	Year Ended		Year Ended
			31.03.2007		31.03.2006
			(Rs.)		(Rs.)
8.	FINANCE CHARGES		(*****)		(,,_,,
	Interest & Finance Charges		2,286,681		2,430,067
	(Tax Deducted at Source Rs. 317,361)				
			2,286,681		2,430,067
9.	OTHER INCOME				
٥.	Dividend		127,130		318,201
	Miscellaneous Income		20,833		132,062
	Bad Debts Recovered	365,581		272,500	
	Less : Bad Debts Written off	_	365,581	8,958	263,542
	Excess Provision for NPA Reversed				61,238
			513,544		775,043



Sc	hedules forming part of the Profit & Loss	Account			
			Year Ended		Year Ended
			31.03.2007		31.03.2006
			(Rs.)		(Rs.)
10.	ADMINISTRATION EXPENSES				
	Rent		298,792		270,300
	Advertisement & Publicity		34,468		59,396
	Audit Fee		28,090		28,060
	Rebates & Discounts Allowed		104,812		115,556
	Legal & Professional Charges		418,574		376,528
	Communication Expenses Insurance Expenses		176,033		194,424
	Travelling & Conveyance		13,290 61,304		21,761 80,593
	Printing & Stationery Expenses		109,156		110,571ء
	Share Transfer Expenses		34,216		36,770
	Repairs & Maintenance		04,210		30,770
	Vehicles	93,801		69,875	
	Others	76,864	170,665	92,287	162,162
	Loss on Sale / Write off of Assets		51,753		13,719
	Rates & Taxes		35,590		20,900
	Miscellaneous Expenses		112,448		121,161
	Provision for NPA	•	25,776		
			1,674,967		1,611,901
					1,011,301
11.	PERSONNEL EXPENSES				
	Salary, Bonus & Allowance		831,742		779,065
	Directors' Remuneration		-		16,330
	Employers' Contribution to PF & ESI		24,492		45,732
	Staff Welfare Expenses		19,049		39,764
		.	875,283		880,891
12.	INTEREST & FINANCIAL CHARGES				
	Interest				
	Bank		3,132		8,835
	Intercorporate Loans		1,122		6,484
	Bank Charges		12,671		20,219
		•	16,925	•	35,538
		•		-	



13. NOTES TO ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

System of Accounting:

- a) The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis except accounting for income from non-performing assets as defined in the guidelines of the Reserve Bank of India on prudential norms for income recognition of Non Banking Financial Companies, penal interest on delayed payments on lease & finance installments and dividend which have been accounted for on cash basis.
- b) The Company follows the prudential norms for Asset Classification, Income Recognition, Provisioning for bad and doubtful debts as prescribed by the Reserve Bank of India for Non-Banking Finance Companies.

(i) Fixed Assets:

Fixed Assets are stated at cost of acquisition, less accumulated depreciation.

(ii) Depreciation:

Depreciation is provided on straight line method in accordance with the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

(iii) Investments:

Long term Investments are valued at cost and any diminution in value wherever considered permanent by the management are provided for. Unquoted Equity Shares are valued at cost or break-up value whichever is lower. Unquoted Preference Shares are valued at cost or face value whichever is lower.

(iv) Inventories:

Stock under finance agreements is valued at full agreement value less amounts received / receivable upto the close of the financial year.

(v) Revenue Recognition:

- a) Finance charges are accounted for over the finance period on the basis of sum of digit method. They are recognised as income on due basis as per the terms of agreement.
- b) Income from leased assets is accounted for on accrual basis, by applying the interest rate implicit in the lease to the net investment in the lease during the period, as recommended by the Institute of Chartered Accountants of India in the Guidance note on Accounting for Leases.
- c) Documentation charges are treated as income on the execution of the related agreements.

(vi) Miscellaneous Expenditure:

Preliminary Expenses are amortized in equal installments over a period of ten years. In respect of additions during the year, amortization is done on a prorata basis commencing from the date on which the expenses are incurred.



(vii) Retirement Benefits:

Company's contribution to Provident Fund, Gratuity and Leave encashment are charged to Profit & Loss Account on accrual basis.

(viii) Taxation:

Provision for the tax for the year comprises current income tax determined to be payable in respect of taxable income and deferred tax being the tax effect of timing differences representing the difference between taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent period(s).

(ix) Contingent Liabilities:

Unprovided contingent liabilities are disclosed in the accounts by way of notes giving nature and quantum of such liabilities.

II. NOTES ON ACCOUNTS

MC	/IE3	ON ACCOUNTS		
			As at 31.03.2007 (Rs.)	As at 31.03.2006 (Rs.)
1.	Co	ntingent Liabilities not provided for in respect of:		
	i.	Claims against the company not acknowledged as debts	2,300,000	2,300,000
2.	ma iss	rning per share computed in accordance with the ndatory requirements of Accounting Standard 20 used by the Institute of Chartered Accountants of ia is as under:		
	a)	Net Profit / Loss after tax available for equity shareholders	(613,002)	568,413
	b)	Weighted average number of Equity Shares of Rs. 10/- each outstanding during the year	4,570,000	4,570,000
	c)	Basic / Diluted Earning per Share Rs. (a ÷ b)	- (0.13)	0.12

3. In the opinion of the management, the Current Assets, Loans and Advances are approximately of the value stated, if realized, in the ordinary course of business.



4. In compliance of the Accounting Standard 22 issued by the Institute of Chartered Accountants of India, the company has not made provision for Deferred Tax Asset, the composition of which is given here below:

	As at 0	1.04.2006	For the Year		As at 31.03.2007	
	Deferred Tax Asset (Rs.)	Deferred Tax Liability (Rs.)	Deferred Tax Asset (Rs.)	Deferred Tax Liability (Rs.)	Deferred Tax Asset (Rs.)	Deferred Tax Liability (Rs.)
i) Depreciation	_	21,375	1,709	(21,375)	1,709	· –
ii) Provision for diminution in the value of Investments	82,387	_	(6.602)	_	75,785	_
iii) Provision for NPA	35,727	_	26,861	_	62,588	_
TOTAL	118,114	21,375	21,968	(21,375)	140,082	_

5. Related Party Disclosure

List of parties with whom transactions have taken place during the year:

- 1) Associates
 - a) Indo Count Industries Limited

2) Entities in which Key Management Personnel are interested

- a) Rini Investment & Finance Private Limited
- b) Indocount Securities Limited

3) Key Management Personnel

- a) Shri Anil Kumar Jain
- b) Shri L. T. Wagh
- c) Shri G. P. Agrawal
- d) Shri K. Muralidharan
- e) Shri Sushil Kumar Agarwal
- f) Shri Pradeep K. Shah

4) Relatives

- a) Smt. Rattan Mala Jain
- b) Anil Kumar Jain HUF



5) Transactions during the year with related parties

	Asso-	Entities	Key	Relatives	Year	Year
	ciates		Mgt.		Ended	Ended
			Personnel		31.03.07	31.03.06
	(1)	(2)	(3)	(4)	(Rs.)	(Rs.)
Unsecured Loans						
i) Opening Balance		_		_	_	
ii) Received During the Year		100,000			100,000	_
iii) Returned during the year	_	25,000	_	_	25,000	
iv) Balance as on 31.03.2007	_	75,000	_		75,000	_
Loans & Advacnes						
i) Opening Balance	_			_	_	987,094
ii) Given During the Year	_	25,000	· —	_	25,000	1,413,213
iii) Returned during the Year	_	_		_	_	2,400,307
iv) Balance as on 31.03.2007	_	25,000		_	25.000	· _
Expenditure						
i) Rent	6,000	· —	_	99,000	105,000	105,000
ii) Commission	_	_				16,330
iii) Retainership Fee	_	_		72,000	72,000	72,000
iv) Director Sitting Fee	-		3,000		3,000	4,000
v) Interest Paid		1,122			1,122	6,484
Income						
i) Interset Received		1,880			1,880	47,241

		Year Ended	Year Ended
		31.03.2007	31.03.2006
		(Rs.)	(Rs.)
6.	Calculation of Commission payable to a Director:		
	Profit as per Profit & Loss Account	(613,002)	647,578
	Add : Loss on Sale of Assets	51,753	13,719
	Add: Loss on Sale of Investments	663,094	
	Less : Profit on Sale of Investments	_	116,968
		(101,845)	544,329
	Commission @ 3%		16,330
	Commission paid		16,330

- 7. Debit / Credit balances of parties are subject to confirmations.
- 8. Paise have been rounded off to the nearest rupee.
- Previous year's figures have been regrouped and/or rearranged wherever considered necessary.
- 10. Additional information pursuant to the Provisions of Paragraphs 3, 4C & 4D of Part II of Schedule VI of the Companies Act, 1956 :



I.	Registration Details				
	State Code	1 1	Registration No.	8053	
	Balance Sheet Date	31 03 2007 Date Month Year			
H.	Capital Raised during the year (Amount in Rs. Thousands)				
		Public Issue		Rights Issu	
	•	Bonus Issue		Private Placemer	
III .	Position of Mobilis	ation and Deployment o	f Funds (Amount in	Rs. Thousands)	
	Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands) Total Liabilities Total Asse				
		[] [5] 6[5] 1[0]	•	5 6 5 1	
	Sources of Funds				
		Paid-up Capital		Reserves & Surplu	
		Secured Loans		Unsecured Loar	
	Application of Funds				
		Net Fixed Assets		Investmen	
		1 7 0 3 No. 1 0 1 1 1 7 1 0 3	A 4:	[] [3]0[8]9]	
		Net Current Assets	Mi	scellaneous Expenditur	
		24908			
		Accumulated Losses			
•••	D		n_		
IV.	Performance of the	Company (Amount in Turnover	Hs. Inousands)	Total Expenditu	
		12800		10tai Experiolidi	
	P	rofit / Loss Before Tax	4	- Profit / Loss After Ta	
	ं प्रा	1 1 1 5 6 5	r.		
		ing per Share in Rs.	_	Dividend Rate 9	
		(-) (0, 1, 1, 3)			
٧.	Generic Names of	Three Principal Service	s of Company		
	Item Code No.	N/A			
	Service Description	LEASING & F	INANCING		
	Item Code No.	N/A			
	Service Description	INVESTMENT			
n te	erms of our report of ev	ven date annexed			
	For AVK	& ASSOCIATES			
	Chart	ered Accountants	911	SHIL KUMAR AGARWA	
•	: ¡Mumbai	KAMAL GARG		ANIL KUMAR JAI	
ď.	: ;25th June, 2007	Partner	•	Directo	

FCA - 091238

INDOCOUNT FINANCE LIMITED

Regd. Office: D-1, MIDC Industrial Area, Gokul Shirgaon, Kolhapur - 416 234, Maharashtra Corporate Office: 705, Pragati Tower, 26, Rajendra Place, New Dethi - 110 008

l/We				
of				
in the district of				
being a member/members of the above-na	med Company, hereby appoint	Mr./Miss/Mrs.		
of	in the district of			
or failing him/her				
of in the district of				
as my/our proxy to vote for me/us on my/our behalf to be held on Friday, the 28th September, 2007 a				
Signed this	day of	2007		
No. of Shares held	Ref.No./L.F.No			
Signature (s)				
Address :		Affix		
7.00.000		Re. 1/-		
		Revenue		
		Stamp		
Note: The Proxy must be deposited at the Regi Area, Gokul Shirgaon, Kolhapur - 416 2 time for holding the meeting.		ours before the		
I hereby record my presence at the 16th Ann 28th September, 2007 at 3.30 p.m. at Hotel Si				
Name of the Shareholder(in block letters)				
Reference Folio				
	Signature of the Sha	reholder/Proxy		
Note: 1. Please complete this attendance slip the meeting.	and hand it over at the entrance o	f the venue of		

2. Please bring your copy of Balance Sheet at the time of Annual General Meeting.

BOOK-POST

If undelivered please return to:

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FINANCE
LIMITED

INDOCOUNT FINANCE LIMITED

705, Pragati Tower, 26, Rajendra Place, New Delhi - 110 008