



## **DFL Infrastructure Finance Limited**

<b>BOARD OF DIRECTORS</b>	Mr R NAGARAJAN Mr G S GUSAIN Mr S BALACHANDER	Non Executive Chairman Nominee Director Managing Director
<b>COMPANY SECRETARY</b>	Mr K JANAKIRAMAN	
<b>STATUTORY AUDITORS</b>	M/s. P B Vijayaraghavan & Co., Chartered Accountants, Chennai	
<b>BANKERS</b>	Punjab National Bank, Bank of India, The Catholic Syrian Bank Ltd., State Bank of Hyderabad, The Dhanalaxmi Bank Ltd., The Federal Bank Ltd., Canara Bank, Indian Overseas Bank, ING Vysya Bank Ltd., State Bank of Travancore, UCO Bank, Yes Bank Ltd.	
<b>SUBSIDIARIES</b>	M/s. DFL Holdings & Securities Limited M/s. Smartinvest Agency.com Private Limited	
<b>BRANCHES</b>	Tamil Nadu, Andhra Pradesh, Karnataka	
<b>REGISTERED OFFICE</b>	No 14, Ramakrishna Street, T Nagar, Chennai 600 017 Phone: 2814 1778, 2814 2663, 2814 2706 Fax: 2814 1612. Email : dhanfin@dhandapanifinance.com	
<b>LISTING</b>	BOMBAY STOCK EXCHANGE LTD.	
<b>REGISTRAR AND TRANSFER AGENTS</b>	M/s. Cameo Corporate Services Ltd, No.1, Club House Road, Chennai – 600 002 Phone: 044-28460390	

## NOTICE TO THE SHAREHOLDERS

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Notice is hereby given that the Twenty Fifth Annual General meeting of the Company will be held on Thursday the 20th September, 2012, at 9.00 A M at Balamandir German Hall, (Unit of Balamandir Kamaraj Trust) No. 17, Prakasam Street, T Nagar, Chennai 600 017 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2012 and the Profit & Loss Account for the financial year ended on that date together with the report of the Board of Directors and Auditors of the Company.
2. To appoint a Director in the place of Mr. R Nagarajan who retires by rotation and being eligible offers himself for reappointment.
3. To appoint the statutory auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of next annual general meeting and fix their remuneration.

### SPECIAL BUSINESS

4. To consider thought fit, to pass with or without modification(s), the following resolution as an Special Resolution.

**“RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, and 310 read with Schedule XIII and Notification No **G S R 534(E)** dated **14.07.2011** issued by Ministry of Corporate Affairs, New Delhi and other applicable provisions, if any, of the Companies Act 1956, (including any statutory modification(s) or re-enactment) thereof” the shareholders of the company be and is hereby accorded their approval for increase in remuneration not exceeding **Rs. 5,00,000/-** per month to **Mr. S. Balachander**, Managing Director of the Company for a period of **3 years** with effect from **01.04.2012**.

**“RESOLVED FURTHER THAT** the Board of Directors of the company be and is hereby authorized to alter, vary and modify the said terms including salary, allowances and perquisites in such manner as may be agreed to between the Board and **Mr. S.Balachander** within and in accordance with and subject to the limits prescribed in Schedule XIII to the said Act, and if necessary, as may be stipulated by the Central Government , agreed to accordingly between the Board of Directors of the company and **Mr. S.Balachander.**”

**“RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year, **Mr. S.Balachander**, shall be paid the same remuneration as stated herein above, as minimum remuneration but subject to the upper limit, if any, prescribed under Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force), as may be applicable from time to time.”

**“RESOLVED FURTHER THAT any** one Director of the Company be and is hereby authorized to file necessary forms/returns with ROC and do all other acts/things in connection therewith to give effect to the above resolution.”

for and on behalf of the Board

Place: Chennai  
Date : August 07, 2012

**S BALACHANDER**  
*Managing Director*

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE VALID MUST BE DULY STAMPED, EXECUTED AND RECEIVED AT THE REGISTERED / CORPORATE OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Please bring the admission slip duly filled in and handover at the entrance of the meeting hall.
3. The register of members and share transfer books of the Company will remain closed from 17.09.2012 to 20.09.2012 (both days inclusive), as per the requirements of the listing agreements.
4. Members are requested to immediately notify any change of address:
  - i. To the Depository Participants (DPs) in respect of their electronic share accounts.
  - ii. To the Corporate Office at No: 14, Ramakrishna Street, T Nagar, Chennai – 600 017 in respect of their physical share folios.
5. In case the mailing address mentioned on this Annual Report is without the pin code, members are requested to kindly inform their pin code immediately.
6. Pursuant to the provisions of section 205A of the Companies Act, 1956, as amended from time to time, dividends for the financial year ended 31st March, 2004 and thereafter which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed their dividend warrants, so far for the financial year ended 31st March 2004 or any subsequent financial years are requested to make their claims to the share department of the Company. It may also be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund, as above, no claims shall lie in respect of such amounts.
7. The Company has a designated E-mail ID for Investor Grievance. All the shareholders are requested to mail their Grievance to [investorcell@dhandapanifinance.com](mailto:investorcell@dhandapanifinance.com)
8. Members are requested to quote their folio numbers, DPID No. and client ID in all their correspondence.
9. Members are requested to bring their copies of the Annual report for the meeting.
10. As per the provisions of the amended Companies Act, 1956, facility for making nomination is now available to individuals holding shares in the Company. The nomination form 2B prescribed by the Government can be obtained from the Company.
11. As required under the Listing Agreement, the particulars of directors who are proposed to be appointed / re-appointed are given in the Report on Corporate Governance.
12. Shareholders are requested to see **Annexure I** as attached hereto in order make awareness about the **GREEN INITIATIVE IN CORPORATE GOVERNANCE - Electronic Mode of service of documents introduced** by The Ministry of Corporate Affairs (MCA) by issuing circulars no. 17/2011/95/2011 CL.V dated 21.04.2011 and 29.04.2011

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

**Item No. 4**

The Board of Directors of the Company at its meeting held on **26.05.2012**, approved the increase in remuneration not exceeding **Rs. 5,00,000/-** per month payable to **Mr S. Balachander** as Managing Director of the Company for a period of **3 years** with effect from **01.04.2012** by considering his knowledge, experience and contribution rendered by him to the growth and interest of the company and subject to the approval of the shareholders of the company pursuant to the provisions of 198, 269, 309, and 310 read with Schedule XIII and Notification No **G S R 534(E)** dated **14.07.2011** issued by Ministry of Corporate Affairs, New Delhi and other applicable provisions, if any, of the Companies Act 1956, (including any statutory modification(s) or re-enactment) thereof” as the case may be.

This may also be treated as an abstract of the terms of the contract and memorandum of interest in relation to the increase in remuneration not exceeding **Rs. 5,00,000/-** per month payable to **Mr S. Balachander** as Managing Director of the Company for a period of **3 years** with effect from **01.04.2012** pursuant to Section **302** of the Companies Act, 1956.

As per the Notification No **G S R 534(E)** dated **14.07.2011** issued by Ministry of Corporate Affairs, New Delhi the following conditions has satisfied for this subject matters

1. **Mr S. Balachander** Managing Director of the Company is not having any interest in the capital of the company or its holding company, directly or indirectly or through any other statutory structures and not having any direct or indirect interest or related to the directors or promoters of the company or its holding company at any time during last two years before or on the date of appointment.
2. **Mr S. Balachander** Managing Director of the Company is a Management Graduate and with expert and specialized knowledge in the field of his profession.

None of the Directors of the Company are interested or concerned in any of the above resolutions except himself, being Managing Director of the Company.

Your Directors recommend the special resolution for the approval of the members

for and on behalf of the Board

Place: Chennai  
Date : August 07, 2012

**S BALACHANDER**  
*Managing Director*

## ANNEXURE I

### **Green initiative in Corporate Governance – Electronic Mode of service of documents**

The Ministry of Corporate Affairs (MCA) has taken a Green Initiative in Corporate Governance by issuing circulars no. 17/2011/95/2011 CL.V dated 21.04.2011 and 29.04.2011, permitting companies to service documents to their shareholders through an electronic mode.

To support this sustainability initiative of MCA, we propose to send future communication, including Notice of Annual General Meeting and Annual Report of the Company for the year 2012-13 onwards, in electronic mode to your e-mail address available in the Register of Members of the Company.

This initiative by the government will not only go a long way in conservation of the environment but also enable you to receive notices/documents, etc. promptly and without loss in postal transit. In order for you to receive notices/documents of the Company on email you would be required to register your email with the Company and/or update your email with your depository participant with NSDL / CDSL. As and when there are changes in your email address, you are requested to keep your Depository Participant (DP) informed of the same.

We request your support in this endeavour. To receive the e-version of the Annual Report for the year ended 31.03.2013, you are requested register your mail ID with the concerned as soon as you receive Annual Report in physical form. Besides ensuring that your mailbox has adequate free capacities to receive approximately 5 MB of communication

However, in case you do desire to receive the Annual Report in physical form from 2013 onwards, you are requested to inform us by sending an email to [dhanfin@dhandapanifinance.com](mailto:dhanfin@dhandapanifinance.com) and indicating your decision. A copy will be sent to you free of cost.

Please note that the Annual Report will also be available on the Company's website [www.dflfinance.com](http://www.dflfinance.com) for viewing/downloading. Physical copies of the Annual Report will also be available at our Registered Office in Chennai for inspection during office hours.

We look forward to your whole-hearted response for the success of this green initiative.

Assuring you of our best services at all times,

Thanking you,

**S BALACHANDER**

*Managing Director*

## DIRECTORS' REPORT



Your Directors present their Twenty Fifth Annual Report together with the Audited accounts for the financial year ended March 31, 2012.

### 1. FINANCIAL RESULTS

(Rs. In Lakhs)

PARTICULARS	For the Financial year ended 31.03.2012	For the 18 Months period ended 31.03.2011
GROSS INCOME	308.42	1931.69
PROFIT/(LOSS) BEFORE INTEREST & DEPRECIATION	(1454.29)	(1621.76)
LESS: INTEREST	634.25	2011.94
PROFIT/(LOSS) BEFORE DEPRECIATION	(2088.54)	(3633.71)
LESS: EXCEPTIONAL ITEMS	(44.74)	–
ADD: EXTRA - ORDINARY ITEMS	–	1589.24
LESS: DEPRECIATION	(62.99)	(98.31)
PROFIT / (LOSS) BEFORE TAX	(2196.27)	(2142.78)
PROVISION FOR TAXATION (including FBT / Deferred tax)	–	–
PROFIT / (LOSS) AFTER TAX	(2196.27)	(2142.79)
ADD: BALANCE FROM LAST YEAR	(13159.05)	(11016.26)
PROFIT / (LOSS) AVAILABLE FOR APPROPRIATION	(15355.32)	(13159.05)
PROPOSED DIVIDEND (Including Dividend Tax)	–	–
TRANSFER TO STATUTORY RESERVE	–	–
TRANSFER TO GENERAL RESERVE	–	–
BALANCE CARRIED FORWARD	(15355.32)	(13159.05)

### 2. DIVIDEND

In view of the in paucity of profits, the Board is not recommending any dividend on the Equity Shares of the Company during the period under review.

The Preference Shares issued to the Banks in terms of the CDR Approval carry a Cumulative Dividend of 9%. However due to paucity of Profits this has not been disbursed. An amount of Rs. 222.49 Lakhs being the amount of Dividend accumulated is shown under Contingent Liability.

### 3. OPERATIONS

During the financial year ended 31st March, 2012, the company was able to disburse only Rs. 209.50 Lakhs as against a disbursement of Rs. 231.00 Lakhs during the previous period.

Your Company has been focusing on Collections during the year under Review. In spite of the absence of any fresh Funds infused the Company was able to meet all the statutory obligations because of a strong collection mechanism.

#### 4. RESOURCES

##### DEPOSITS

As on the date of this report, there is no deposit from public lying with the company.

#### 5. PROMOTERS

The Company has been informed by M/s. Auctus Holdings Private Limited (Auctus) that they have signed a Share Purchase Agreement with D B Zwirn Mauritius (who hold 51% of the paid up Equity share capital) to acquire their entire shareholding. Auctus has also made a public announcement of the same and has filed a draft of the open offer document through SPA Merchant Bankers Limited with SEBI

#### 6. OPTIONALLY CONVERTIBLE CUMULATIVE REDEEMABLE PREFERENCE SHARES

During the Year under Review, the Company had allotted 3,85,02,384 Optionally Convertible Cumulative Redeemable Preference Shares aggregating to Rs. 38,50,23,840/- with a Coupon Rate of 9% to the Consortium Banks as per the terms of the CDR Approval. As per the Re-worked CDR package these Preference Shares are Redeemable in four equal yearly installments commencing from the year 2014-15.

#### 7. PRUDENTIAL NORMS

Reserve Bank of India has prescribed prudential norms for registered Non Banking Financial Companies on various parameters and your Company is in Category “A”.

#### 8. ASSET LIABILITY MANAGEMENT COMMITTEE

Your company has an Asset Liability Management Committee, which continuously monitors the Asset Liability matching. The committee meets at regular intervals.

#### 9. EXPLANATIONS TO THE REMARKS IN AUDITORS’ REPORT AS PROVISIONS OF SECTION 217(3) OF THE ACT

The Board of Directors have examined the Audit Report and in response to the remarks made Auditor, the responses are given below:

Reference to the Auditors Report	Head of Account	Reference to notes below
3(a)	Negative net worth	Refer Note 1
3(b)	Reappointment and increase in remuneration of the former Managing Director	Refer Note 2
3(c)	Redeemable Preference Shares	Refer Note 3
5(f)	Balance Confirmation	Refer Note 4
5(g)	Dividend for Optionally Convertible Cumulative Redeemable Preference Shares	Refer Note 5

Notes:

1. Consequent to the write offs due to impairment of assets during the years 2007 – 2011, the Net Owned Funds have fallen below the limits prescribed by Reserve Bank of India. However, consequent to the implementation of the CDR scheme and the infusion of Promoter's contribution the Net Worth is showing improvement. The Directors are confident that the Reserve Bank of India guidelines on minimum Net Owned Funds will be achieved in the coming years.
2. The Company is taking steps to recover the amount due from the erstwhile Managing Director Mr. R Ravichandran.
3. The Company has entered into an Preference Shareholder's Amendment Agreement with Asia Pragati Capfin Pvt. Ltd. (Preference Share Holder) on 27th March 2012 for redemption of preference shares of face value of Rs.10 at a price of Rs. 8.54 per share. The gain on redemption amounting to Rs.325 lakhs has not been accounted for during the year under review and the same shall be accounted at the time of redemption during the years 2017, 2018 & 2019. (Refer Note No.2 of Note 19)
4. Company sends periodical Balance confirmation letters to Debtors and Creditors. The balances are reconciled as and when these confirmations are received.
5. The Company has made an allotment of 9% Optionally Convertible Cumulative Preference Shares to various banks during the year in accordance with Corporate Debt Restructuring package. The Company has not provided for preference dividend of Rs.222.49 lakhs during the year due to inadequacy of profits. To that extent, losses and liabilities are understated. This amount is disclosed as contingent liability.

## **10. CORPORATE GOVERNANCE**

Your Company is complying with the Code of Corporate Governance introduced by SEBI. A detailed report on Corporate Governance together with a certificate from the Statutory Auditors in compliance of Clause 49 of the Listing Agreement is attached which forms part of the Directors' Report.

## **11. MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussions and Analysis report highlighting the operations of the company is attached and forms part of the Directors' Report.

## **12. OTHER DISCLOSURES**

### **a. SUBSIDIARIES**

The Annual Accounts for the financial year ended March 31, 2012 of the Subsidiary Companies DFL Holdings and Securities Ltd and Smartinvest Agency.Com Private Limited are annexed to your Company's Annual Report.

### **b. CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated financial statement for the financial year ended March 31, 2012 prepared in accordance with Accounting Standards 21 on Consolidated Financial Statements-issued by the Institute of Chartered Accountants of India, is also provided in this Annual Report in accordance with Clause 32 of the Listing Agreement.



### 13. DIRECTORS:

#### Change in Directorship during the period:

S.No.	Particulars	Compliance
1	Mr. Jaideep Krishna, Director of the Company has resigned on 23rd September, 2011.	The Board accepted his resignation in the board Meeting dated 23rd September, 2011
2	Mr. B Prakash was appointed as additional director with effect from 23.09.2011	Approvals of the Board of Directors obtained vide the meeting dated 23.09.2011 subject to approval of Shareholders.
3	Mr. B Prakash was appointed as Whole time director of the Company	Approvals of the Board of Directors obtained vide the meeting dated 23.09.2011 subject to approval of Shareholders.
4	Mr. B Prakash, Director of the Company has resigned on 18th July, 2012.	The Board accepted his resignation vide Circular Resolution dated 18th July, 2012
5	Mr. S Mahadevan, Director of the Company has resigned on 18th July, 2012.	The Board accepted his resignation vide Circular Resolution dated 18th July, 2012
6	Mr. T R Suresh, Director of the Company has resigned on 18th July, 2012.	The Board accepted his resignation vide Circular Resolution dated 18th July, 2012

Your Directors thank Mr. Jaideep Krishna, Mr. B. Prakash, Mr. S Mahadevan and Mr. T R Suresh for their valuable support during their tenure as Directors of your company.

#### Retirement by Rotation

Mr. R Nagarajan, director liable to retire by rotation, being eligible has offers himself for reappointment.

#### Disqualification of Directors:

None of the Directors is disqualified to hold directorships under the provisions of Section 274(1) (g) of the Companies Act, 1956.

### 14. CHANGE IN THE NAME OF THE COMPANY

Your Company has obtained the approval from Ministry of Corporate Affairs (Registrar of Companies, Tamil Nadu), Reserve Bank of India and the Shareholders for Change in the name of the Company from Dhandapani Finance Limited to **DFL Infrastructure Finance Limited** with effect from 20th July, 2011. The fresh certificate of Registration of Incorporation has been received by the Company.

### 15. DIRECTORS' RESPONSIBILITY STATEMENT

#### Your Directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed;

2. That they have selected such accounting policies and applied them consistently and made judgments 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 period and of the loss of the Company for the financial year ended March 31, 2012.
3. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. That they have prepared the annual accounts on a going-concern basis.

## **16. AUDITORS**

M/s P. B. Vijayaraghavan & Co, Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. A certificate under Section 224(1B) of the Companies Act, 1956 has been received from M/s P. B. Vijayaraghavan & Co. M/s. Suresh and Balaji, the Auditors, have expressed their inability to continue and hence are not offering themselves for reappointment.

## **17. STATUTORY STATEMENT**

- A. Statement pursuant to Sec.212 (3) of the Companies Act, 1956 in respect of Subsidiary Companies is annexed.
- B. The equity shares of your Company are listed at the Bombay stock Exchange.
- C. The Company has paid the Listing fees to Bombay stock Exchange for the year 2012 – 13.
- D. Information under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975 is given hereunder:

In terms of the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the name and other particulars of employees are required to be set in the Director's report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the annual report excluding the said information is being sent to all the shareholders.

Members who are interested in obtaining such particulars may write to the company's registered office.

## **18. INFORMATION AS PER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956**

The Company is a Non Banking Finance Company and has no activity relating to Conservation of Energy or technology absorption.

The Company does not have any Foreign Exchange earnings or outgo.

## **19. ACKNOWLEDGEMENTS**

Your Directors thank the Consortium of Company's Bankers for their valuable and timely support. Your Directors also thank the CDR Cell for their efforts in reviving the Company. Your Directors also thank the customers and share-holders for their understanding and patience. Your Directors sincerely appreciate the wholehearted effort and co-operation rendered by the staff and employees at all levels.

for and on behalf of the Board

Place: Chennai  
Date : August 07, 2012

**R. NAGARAJAN**  
*Chairman*

### **Industry structure and development:**

#### **Business scenario:**

The Company is engaged in the Non-Banking Financial services Business (NBFC).

During the year your Company went through the process of restructuring its Debt Portfolio under the CDR mechanism. During the financial year ended 31st March, 2012, due to the paucity of funds the company was able to disburse only Rs. 209.50 Lakhs as against a disbursement of Rs. 231.00 Lakhs during the previous period. Your Company has been focusing on Collections during the year. In spite of the absence of any fresh Funds infusion the Company was able to meet all its statutory obligations because of the strong Collection mechanism.

In view of the aforesaid your Company missed out on another eventful year.

#### **Economy overview:**

The NBFCs sector is undergoing a significant transformation at present and has come to be recognised as an important element of the financial system. The recent issue in financial sector have highlighted the necessity, importance and significant role, the NBFCs play in development of nation's infrastructure.

In the financial system of India, importance of NBFCs has been much discussed. RBI has been setting right its regulatory and supervising policies from time to time to keep pace with the changes in the environment. NBFCs have been actively fuelling the growth of the economy – especially the infrastructure part of the economy and have been supplementing the Banking system effectively and thus enhancing competition and diversification in the financial sector

The NBFCs have attracted substantial investments during the recent years both from the retail and from the wholesale side. The growth also has been significant during this year. The NBFCs have been catalysts in accelerating the growth in the semi urban and rural areas. The projections made by RBI and other Financial forecasts gives substantial growth opportunities for the industry in the coming years.

#### **Opportunities and threats:**

The NBFC industry holds good potential and the Government of India's increased focus towards Financial Inclusion has created various opportunities for existing NBFCs to leverage on their established customer base in rural areas. The recent steps by the Government of India to create Infrastructure for NBFC and to provide banking license for NBFCs is a positive signal. These above opportunities have made the Industry highly competitive with the emergence of new category of systematically important NBFCs, along with existing local and Multinational players leading to tough competition within the industry.

#### **Review of Operations:**

During the financial year ended 31st March, 2012, due to the paucity of funds the company was able to disburse only Rs. 209.50 Lakhs as against a disbursement of Rs. 231.00 Lakhs during the previous period.

Your Company has been focusing on Collections during the year under Review. In spite of the absence of any fresh Funds, the Company was able to meet all the statutory obligations because of the Strong Collection mechanism.

#### **Outlook 2012-13**

Your Company has overcome most of the adverse happenings which held back the progress of your company in past four years. With the fresh funds infusion expected in the current year by the Promoters and the Banks, your Company is poised to shift to the growth path in the coming years.

**Risk & concerns:**

As an NBFC, your Company is subjected to both external risk and internal risk. External risk due to interest rate fluctuation, slowdown in economic growth rate, political instability, market volatility, decline in foreign exchange reserves, etc. Internal risk is associated with your Company's business which includes deployment of funds in specific projects, diversification into other business operations, retention of talented personnel, managing effective growth rate, volatility in interest rate, NPAs in portfolio, changes in compliance norms and regulations, contingent liabilities and other legal proceedings. Your Company recognizes the importance of risk management and has invested in people, process and technologies to effectively mitigate the above risks.

**Exceptional Matter:****1. Corporate Debt Restructuring (C D R):**

The Company had approached the Corporate Debt Restructuring Cell in July 2010 for restructuring of the Debts of the company. The Company's request was considered in the CDR Empowered Group and the CDR Package was approved in September 2010.

However, due to certain critical Conditions as laid down in the CDR Package, it could not be completed in time, the full implementation of the CDR was not possible. Subsequently, the Company had applied for a "Re-work" of the package which was approved by the CDR EG during March 2012. The salient features of the "Re-work" package are:

- i. The cut-off date is 30th September 2011.
- ii. Holding –on-operations is to be allowed to the Company till implementation of the CDR rework package which includes, non- recovery of installments falling due, non levy of penal charges for delays / irregularities and refund any such charges already charged and funding of interest on all term loans and working capital fund based limits for a period of 18 months from cut-off date.
- iii. Fresh Working Capital facility to the tune of Rs. 13.24 crores to be sanctioned by the Banks for the financial year 2012 -13.
- iv. Promoters to contribute Rs. 10.00 crores during the Financial year 2012-13 and further sum of Rs. 8.04 crores subsequent two years.
- v. The company has charged interest for the year in accordance with CDR scheme. The reconciliation with the banks in respect of interest are in progress.

**2. Preference Shares:**

- i. 22,260,000 Preference Shares aggregating to Rs.222,600,000 issued to M/s. Zwirn Pragati Capfin Pvt Ltd., (now known as Asia Pragati Capfin Private Limited) should have been redeemed on 31st December 2009 at par value. However due to the critical financial position of the company, these preference shares have not been redeemed. The Company and the Preference shareholders have agreed on the due date to amend the terms of the Preference shares as follows :
  - a) Period of redemption of the Preference Shares extended as below:
    - a. 1/3 by 31st March 2017

- b. 1/3 by 31st March 2018
  - c. 1/3 by 31st March 2019
- b) These Preference Shares at par value of Rs. 10/- each will be redeemed at a price of Rs. 8.54 per share.
- c) These Redeemable Preference Shares will carry a coupon rate of 4% (Cumulative).
- ii. During the Year under Review, the Company had allotted 3,85,02,384 Optionally Convertible Cumulative Redeemable Preference Shares aggregating to Rs. 38,50,23,840/- with a Coupon Rate of 9% to the Consortium Banks as per the terms of the CDR Approval. As per the Reworked CDR package these Preference Shares are Redeemable in four equal yearly installments commencing from the year 2014-15

## **REPORT ON CORPORATE GOVERNANCE**

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### **CORPORATE GOVERNANCE REPORT**

The Board of Directors of the Company lays great emphasis on the broad principles of Corporate Governance. Given below is the report on Corporate Governance.

#### **1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

Transparency and accountability leading to management reliability are the touchstone of the Corporate Governance at your Company. The ultimate objective of the Corporate Governance at your Company is to enhance shareholders' value in the long term. However, the Corporate Governance at your Company recognizes all shareholders and decision-making process reflects this concern.

DFL Infrastructure Finance Limited (DFL) believes in the principles of Corporate Governance and is committed to conduct its business in a manner, which will ensure long-term growth thereby maximizing value of its shareholders, customers, employees and society at large. Company's policies are in line with Corporate Governance guidelines prescribed under the Listing Agreements with the Stock Exchange and the Company ensures that various disclosures requirement are complied with for effective Corporate Governance.

The Company recognizes that good Corporate Governance is essential to build and retain the confidence of its shareholders. To this end, the Company's philosophy on Corporate Governance is to endeavor to ensure:

1. That system procedure which monitors compliance with laws, rules and regulations are in place in each area of its business.
2. That relevant information regarding the Company and its operations is disclosed, disseminated and easily available to its shareholders and
3. That the Board of Directors is kept fully informed of all material developments in the Company, the risks in its business and its operations and the rationale for management's decisions and recommendations so that the Board of Directors can effectively discharge its responsibilities to our shareholders.

#### **CORPORATE CODE OF CONDUCT**

The activities and conduct of the company and its employees are governed by the Code of Conduct of the Group. The major salutary principles prescribed by the Code of Conduct are:

- (a) Conduct of business in consonance with national interest
- (b) Fair and accurate presentation of financial statement
- (c) Practicing politically non-alignment
- (d) Maintaining quality of product and services
- (e) Being a good corporate citizen
- (f) Ethical conduct
- (g) Commitment to enhancement of shareholder value and statutory compliance

#### **BOARD OF DIRECTORS**

The Company has adopted the corporate governance principles to ensure that the Board functions with utmost transparency, independence and enable the stakeholders to take informed decisions. To this effect, steps have been taken to ensure that the Board consists of distinguished members with expertise in various

fields. The board at DFL Infrastructure Finance Limited is fully aware of its responsibilities to the company, to the stakeholders and to the regulatory authorities and is working towards achieving utmost transparency.

The management strives to achieve the desired goals of good governance. The Company has appropriate personnel in place to handle risk management, credit approval process and collections / sales management. The company is committed to ethical values and desires lawful business to be conducted by those at helm of the affairs. In connection with this, the company has formulated a code of conduct applicable to Board and Senior management. The company also adopted strict insider trading code for preventing insider trading within the company.

### Composition of Board

The board has been constituted in such a way to have appropriate mix of the directors with expertise in banking, law, finance, education, etc. The company has two independent directors including one nominee director to comply with the provisions of the listing agreements. The directors are elected based on their qualification and expertise based on the company's needs. The Board of Directors consists of three members as on the date of the Board Meeting approving this report, the details of which are given below:

S.No	Name of Director	Category of director	Designation	Date of appointment	Shareholding in company	
					No. of shares	%
1	R Nagarajan	Non Executive	Chairman	07.06.2001	Nil	NA
2	G S Gusain	Non Executive	Nominee Director	08.04.2011	Nil	NA
3	S Balachander	Executive	Managing Director	14.02.2011	Nil	NA

### BOARD MEETINGS

The Board of directors meet at regular intervals and the dates for Board meetings are fixed well in advance. The Board is briefed on key parameters and activities of the business by way of briefings, business plan documents and presentations on need basis. The Board of the Company met on the following dates during the financial year ended 31st March, 2012.

08.04.2011, 28.05.2011, 28.06.2011, 10.08.2011, 23.09.2011, 14.11.2011 & 09.02.2012

The Company placed before the Board the annual operating plans, budgets, performance of various branches and other information including those specified under Annexure I of the Listing Agreement, from time to time.

S. No	Name of the Director	No of Meetings		Attendance at AGM held on 28.06.2011	Number of directorships in other public companies and Committee memberships / Chairmanships (only audit and shareholders / investors grievance committees considered)		
		Held	Attend		Directorships	Committee memberships	Committee Chairmanships
1	Mr. R Nagarajan	7	6	Absent	3	–	1
2	Mr. Jaideep Krishna	2	2	Attended	–	–	–
3	Mr. S Mahadevan	7	6	Attended	–	–	–
4	Mr. G S Gusain	7	7	Attended			
5	Mr. T R Suresh	6	5	Attended	–	–	–
6	Mr. B Prakash	2	2	N.A.	–	–	–
7	Mr. S Balachander	7	7	Attended	–	–	–

The company circulates the Agenda papers for Board Meetings in advance before the Meeting. The directors actively participate in the discussions at the Board Meetings. There were two circular resolutions of the Board passed during the year under report. The company has granted leave of absence to directors from attending Board Meetings after due requisition from them.

#### Details of Directors seeking appointment / re-appointment at the Annual General meeting:

<b>Name</b>	<b>R Nagarajan</b>
Age	74
Date of Appointment	07.06.2001
Qualification	B.Com (Hons.), CAIIB
Areas of Expertise	Banking / Finance
Number of other Indian companies holding directorship	3
Number of membership in other committees	3
Number of shares held in the company	Nil

#### AUDIT COMMITTEE

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensuring accurate, timely and proper disclosure and transparency, integrity and quality of financial reporting. The Audit Committee adheres to the Listing Agreement in terms of quorum for its meetings, functioning, role and powers as also those set out in the Companies Act, 1956. The functions of the committee include:

- Overseeing the company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible



- Recommendation of appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services
- Review of quarterly / annual financial statements before submission to the Board
- Review of adequacy of internal control systems
- Review of adequacy of internal audit function, including the reporting structure, coverage and frequency of internal audit
- Review of the company's financial and risk management policies

The company has a qualified and independent Audit Committee, consisting of Independent Non-Executive Directors. All the members including the Chairman have adequate financial and accounting knowledge

The present composition of the committee includes Mr. R Nagarajan, Chairman, Mr. G S Gusain and Mr. S. Balachander, Members of the Audit Committee of the Company met on 28.05.2011, 10.08.2011, 14.11.2011 and 09.02.2012 during the period. Requisite quorum was present in all the audit committee meetings.

S No	Director	No of Meetings held	No of Meetings attended
1	R Nagarajan	4	4
2	G S Gusain	–	–
3	S Mahadevan*	4	4
4	T R Suresh*	2	2
5	S. Balachander	–	–

#### SHARE TRANSFER AND INVESTOR RELATIONS COMMITTEE

The Composition of the Committee includes Mr. R Nagarajan, Non-Executive Chairman, Mr. G S Gusain and Mr. S Balachander.

S No	Director	No of Meetings held	No of Meetings attended
1	R Nagarajan	12	12
2	G S Gusain	–	–
3	S Balachander	6	6
4	S Mahadevan*	6	6
5	B Prakash*	6	6

The Share transfer & Investor Relations Committee approves and monitors transfers, transmission, splits and consolidation of shares of the Company, reviews Redressal of complaints from shareholders relating to transfer of shares, non-receipt of dividends and other grievances. The Committee also reviews the compliances with various statutory and regulatory requirements. During the period, committee met 12 times.

- All shares have been transferred within one month from the date of the receipt so long as the documents are clear in all respects.

\*Resigned w.e.f. 18.07.2012

- Total numbers of share transferred in physical form for the financial year ended 31st March, 2012 were 2,473 shares numbering to 41 share transfers.
- Total numbers of share transmission effected for the financial year ended 31st March, 2012 in physical form were 500 shares numbering to 2 share transmissions.
- Total numbers of Remat for the financial year ended 31st March, 2012 were 4 shares numbering to 4 remats.
- There are no transfers pending with the Company as on 31st March, 2012.

Details of complaints regarding shares for the year:

Nature of complaint	Number of complaints	Complaints redressed
Non receipt of dividend	3	3
Non receipt of shares lodged for transfer	–	–
Total	3	3

Mr. K Janakiraman, Company Secretary is the Compliance Officer of the Company.

#### Remuneration Committee:

The current composition of the committee includes Mr. R Nagarajan, Chairman, Mr. G S Gusain and S Balachander. Members of the Remuneration Committee of the Company met on 23.09.2011 and 13.01.2012 during the financial year ended 31st March, 2012. Requisite quorum was present in all the committee meetings.

S No	Director	No of Meetings held	No of Meetings attended
1	R Nagarajan	2	2
2	G S Gusain	1	1
3	S Balachander	1	1
4	B Prakash*	1	1
5	T R Suresh*	2	2

#### REMUNERATION OF DIRECTORS

The remuneration package of Managing Director and Wholetime Director has been calculated in accordance with the requirements of Schedule XIII of the Companies Act, 1956 and the Non-executive Directors have been remunerated by way of sitting fees. The reconstituted remuneration committee consists of Mr. R Nagarajan, Mr. G S Gusain and Mr. S. Balachander.

The remuneration of the Managing Director and Wholetime Director comprises of salary, allowances and perquisites.

The non-executive directors are being remunerated by way of sitting fees. The details of remuneration paid to the Managing Director are disclosed in the Notes on Accounts.

\*Resigned w.e.f. 18.07.2012

**Remuneration paid for the financial year ended 31st March, 2012**
**Rs. in Lakhs**

Name of the Director	Date of Appointment	Date of cessation	Salary	Allowances / PF	Sitting fees	Total
Mr. R Nagarajan	7.6.2001	NA	–	–	1.39	1.39
Mr. Jaideep Krishna	20.05.2010	23.09.2011	–	–	0.23	0.23
Mr. S Mahadevan	24.02.2011	18.07.2012	–	–	0.69	0.69
Mr. G S Gusain	08.04.2011	NA	–	–	0.63	0.63
Mr. T R Suresh	28.05.2011	18.07.2012	–	–	0.50	0.50
Mr. B Prakash	23.09.2011	18.07.2012	11.48	0.60	–	12.08
Mr. S Balachander	14.02.2011	NA	24.00	–	–	24.00

**GENERAL BODY MEETINGS**

Time and location of last three Annual General Meetings

Year	AGM/ EGM	Location	Date	Time	Special Resolution Passed
2008	AGM	Rani Seethai Hall, I Floor, No 603, Anna Salai, Chennai 600 006	23.12.2008	10.00 am	Payment of remuneration to Managing Director
2010	AGM	Rani Seethai Hall, I Floor, No 603, Anna Salai, Chennai 600 006	29.03.2010	09.00 am	Payment of remuneration to Managing Director
2011	AGM	Balamandir German Hall, (Unit of Balamandir Kamaraj Trust) No. 17, Prakasam Street, T Nagar, Chennai 600 017	28.06.2011	10.30 am	Nil

The resolutions were passed on show of hands with requisite majority

**Extra-ordinary General Meetings (EGM)**

During the year, no extra-ordinary general meetings were held.

**Postal Ballot**

During the year, the following resolutions were passed through postal ballot

1. Increase in the Authorised Share Capital of the Company
2. Alteration of the Articles of Association of the Company

3. Issue of Optionally Convertible Cumulative Redeemable Preference Shares:
4. Appointment of Whole-time Director and to fix Remuneration thereof:

**Compliance report:**

The Board reviews periodically of all the compliance requirements and provide necessary directions.

**Code of Conduct**

The Board has laid down a code of conduct for the board and senior management of the company and is prominently displayed on the website. Annual declaration is obtained from every person covered by the code of conduct. A declaration to this effect signed by the Managing Director is attached to this report.

**CEO/CFO certification:**

CEO / CFO's certificate pursuant to Clause 49 of the listing agreement forms part of this Annual report.

**DISCLOSURES**

- i. There are no materially significant transactions with related parties, subsidiaries, promoters, directors or the management and their relatives conflicting with the Company's interests.
- ii. There were no instances of non-compliance by the Company on any matter related to Capital markets during the last three years.
- iii. The Whistle Blower policy being a non mandatory requirement, the Company has not evolved any policy for the same. However, as a matter of internal check, the Company's in house Internal Audit department is powered to bring to the notice of the management, by way of internal reporting of any occasion of unethical activities, which will be seriously discussed and deliberated upon in the Audit committee meetings.
- iv. The company has complied with all the mandatory requirements of the Clause 49 and has obtained a certificate from the statutory auditors of the company which forms part of this annual report. The extent of compliance of non mandatory requirements is specified later in this report.

**MEANS OF COMMUNICATION**

Quarterly and Annual Results were published in accordance with the Stock Exchange Listing Agreement in "Trinity Mirror" (English) and "Makkal Kural" (Tamil).

The results were also displayed on the Company's website @ [www.dflfinance.com](http://www.dflfinance.com)

**GENERAL SHAREHOLDER INFORMATION**

**Annual General meeting**

Date	Time	Venue
20.09.2012	9.00 am	Balamandir German Hall, (Unit of Balamandir Kamaraj Trust) 17, Prakasam Street, T. Nagar, Chennai – 600 017

## Financial Calendar

Financial year – 1st April, 2012 to 31st March, 2013

Board Meeting for consideration of accounts	26.05.2012
Annual General Meeting	20.09.2012
Posting of Annual Report along with notice of AGM	25.08.2012
Book Closure dates	17.09.2012 to 20.09.2012 (both days inclusive)
Last date for receipt of proxy forms	18.09.2012
Unaudited results for the quarter ending 30th Jun, 2012	07.08.2012
Unaudited results for the quarter ending 30th Sep, 2012	Before 15th Nov, 2012
Unaudited results for the quarter ending 31st Dec, 2012	Before 15th Feb, 2013

### Dividend:

In view of the losses posted by the Company, the Board does not recommend any dividend for equity shares for the financial year ended March 31, 2012. However, the Preference Shares issued to the Banks in terms of the CDR Approval carry a Cumulative Dividend of 9%. An amount of Rs. 222.49 Lakhs has accrued on this account. However due to paucity of Profits this has not been provided in the accounts.

### Listing on Stock Exchanges:

The Company's shares are presently listed on the Bombay Stock Exchange.

<b>BSE Stock Code</b>	<b>ISIN No:</b>
511393	ISINE 071C01019

The Company has paid the listing fees for the financial year 2012 – 13 to the Bombay Stock exchange.

**Stock Market data – High and Low quotations of Equity Shares for the financial year ended March 31, 2012 are:**

Month	BSE	
	HIGH	LOW
Apr 2011	8.79	7.30
May 2011	8.79	7.61
Jun 2011	8.62	7.14
Jul 2011	8.28	7.05
Aug 2011	8.99	6.85
Sep 2011	8.40	7.21
Oct 2011	8.71	7.80
Nov 2011	8.20	6.96
Dec 2011	7.30	6.27
Jan 2012	5.76	4.88
Feb 2012	6.53	5.40
Mar 2012	8.67	5.52

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**SHARE TRANSFER SYSTEM**

Share transfers were processed and share certificates despatched within 30 days from the date of lodgment in accordance with the Stock Exchange listing agreement. The Company's shares are being compulsorily traded in dematerialised form. Requests for dematerialization of shares are completed within the prescribed time limit.

**REGISTRAR AND TRANSFER AGENTS**

M/s. Cameo Corporate Services Ltd, have been appointed as the registrars and share transfer agents of the Company for both physical and electronic segment and have attended to the share transfer formalities regularly. The Registrar and Share transfer agent can be contacted by the investors at the following address:

M/s. Cameo Corporate Services Ltd, Subramanian Building, No.1, Club House Road, Chennai – 600 002	Phone No: 044 28460390 Fax: 044 28460129 Email: <a href="mailto:investor@cameoindia.com">investor@cameoindia.com</a> Contact person: <b>Ms. K. Sreepriya</b>
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**Nomination facility:**

The nomination form 2B is available to all those shareholders desiring to make a nomination. The shareholders holding shares in demat form are requested to forward their nomination instructions to the respective depository participants. Nomination is only optional and can be cancelled or varied at any point of time.

**Payment of Unclaimed / Unpaid Dividend:**

The Company has remitted all the unclaimed /unpaid dividends upto the financial year 2003 – 04 to the central government account. The dividends lying unclaimed / unpaid in the account after the prescribed period of seven years are transferred to the IEPF regularly. The Company also sends reminders to the shareholders before such transfers.

**The due dates for transfer of the unclaimed dividend for various years are given below:**

Sl No	Year	Date of Declaration	Date before which the Shareholders should lodge their claim	Due date of transfer to IEPF	Unclaimed dividend Amount in Rs.
1	2004 - 2005 Dividend	28.07.2005	27.07.2012	26.08.2012	705508.75
2	2005 - 2006 Dividend	06.07.2006	05.07.2013	04.08.2013	512589.75

Statement showing Shareholding Pattern									
Name of the Company		DFL Infrastructure Finance Ltd.							
Scrip Code : 511393		As on 31.03.2012							
Category Code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of Shares in de-materialised form	Total Shareholding as a percentage of total number of Share		Shares pledged or otherwise encumbered		
					As a percentage of (A+B)	As a percentage of (A+B+C)	No. of Shares	As a percentage	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX=VIII / IV)	
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>								
<b>(1)</b>	<b>Indian</b>								
(a)	Individuals / Hindu Undivided Family	0	0	0	0.0000	0.0000	0	0.0000	
(b)	Central Govt. / State Govt.(s)	0	0	0	0.0000	0.0000	0	0.0000	
(c)	Bodies Corporate	2	274200	0	4.6051	4.6051	0	0.0000	
(d)	Financial Institutions / Banks	0	0	0	0.0000	0.0000	0	0.0000	
(e)	Any other (Specify)	0	0	0	0.0000	0.0000	0	0.0000	
	<b>Sub-Total (A) (1)</b>	<b>2</b>	<b>274200</b>	<b>0</b>	<b>4.6051</b>	<b>4.6051</b>	<b>0</b>	<b>0.0000</b>	
<b>(2)</b>	<b>Foreign</b>								
(a)	Individuals (Non-Resident Individuals / Foreign)	0	0	0	0.0000	0.0000	0	0.0000	
(b)	Bodies Corporate	1	3036703	3036703	51.0000	51.0000	0	0.0000	
(c)	Institutions	0	0	0	0.0000	0.0000	0	0.0000	
(d)	Any other ( Specify)	0	0	0	0.0000	0.0000	0	0.0000	
	<b>Sub-Total</b>	<b>1</b>	<b>3036703</b>	<b>3036703</b>	<b>51.0000</b>	<b>51.0000</b>	<b>0</b>	<b>0.0000</b>	
	<b>Total Shareholding of Promoter and Promoter Group A=(A)(1) + (A)(2)</b>	<b>3</b>	<b>3310903</b>	<b>3036703</b>	<b>55.6051</b>	<b>55.6051</b>	<b>0</b>	<b>0.0000</b>	
<b>(B)</b>	<b>Public Shareholding</b>								
<b>(1)</b>	<b>Institutions</b>								
(a)	Mutual Funds / UTI	1	1600	0	0.0269	0.0269	0	0.0000	
(b)	Financial Institutions / Banks	1	200	0	0.0034	0.0034	0	0.0000	
(c)	Central Govt. (s) / State Govt. (s)	0	0	0	0.0000	0.0000	0	0.0000	

Category Code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of Shares in de-materialised form	Total Shareholding as a percentage of total number of Share		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	No. of Shares	As a percentage (IX=VIII / IV)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX=VIII / IV)
(d)	Venture Capital Funds	0	0	0	0.0000	0.0000	0	0.0000
(e)	Insurance Companies	0	0	0	0.0000	0.0000	0	0.0000
(f)	Foreign Institutional Investors	0	0	0	0.0000	0.0000	0	0.0000
(g)	Foreign Venture Capital Investors	0	0	0	0.0000	0.0000	0	0.0000
	<b>Sub-Total (B) (1)</b>	<b>2</b>	<b>1800</b>	<b>0</b>	<b>0.0302</b>	<b>0.0302</b>	<b>0</b>	<b>0.0000</b>
(2)	<b>Non-Institutions</b>							
(a)	Bodies Corporate	73	582998	554548	9.7912	9.7912	0	0.0000
(b)	Individuals	7030	1854895	971659	31.1521	31.1521	0	0.0000
	i. Individual shareholders holding nominal share capital upto Rs.1 Lakhs							
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 Lakhs	8	168567	168567	2.8310	2.8310	0	0.0000
(c)	Any other (specify)	1	1	1	0.0000	0.0000	0	0.0000
	Clearing Member							
	NRI	17	5453	5453	0.0916	0.0916	0	0.0000
	Hindu Undivided Family	70	29703	29702	0.4988	0.4988	0	0.0000
	<b>Sub-Total (B) (2)</b>	<b>7199</b>	<b>2641617</b>	<b>1729930</b>	<b>44.3647</b>	<b>44.3647</b>	<b>0</b>	<b>0.0000</b>
	<b>Total Public Shareholding (B) = (B) (1) + (B) (2)</b>	<b>7201</b>	<b>2643417</b>	<b>1729930</b>	<b>44.3949</b>	<b>44.3949</b>	<b>0</b>	<b>0.0000</b>
	<b>Total (A) + (B)</b>	<b>7232</b>	<b>5954320</b>	<b>4755339</b>	<b>100.0000</b>	<b>100.0000</b>	<b>0</b>	<b>0.0000</b>
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0	0	0.0000
	<b>Grand Total (A) + (B) + (C)</b>	<b>7203</b>	<b>5954320</b>	<b>5040833</b>	<b>100.0000</b>	<b>100.0000</b>	<b>0</b>	<b>0.0000</b>



**DISTRIBUTION OF SHARE HOLDING AS ON 31.03.2012**

Shares of nominal value of Rs.10/- each	Share holders		Share Amount		
	Shares	Number	% to Total Nos.	In Rupees	% to Total Amount
	(1)	(2)	(3)	(4)	(5)
1 - 500	6563	91.1148	10412400	17.4871	
501 - 1000	398	5.5254	3407050	5.7219	
1001 - 2000	146	2.0269	2265240	3.8043	
2001 - 3000	40	0.5553	1021690	1.7158	
3001 - 4000	14	0.1943	479650	0.8055	
4001 - 5000	8	0.1110	386160	0.6485	
5001 - 10000	22	0.3054	1637870	2.7507	
10001 & Above	12	0.1665	39933140	67.0658	
<b>Total</b>	<b>7203</b>	<b>100.0000</b>	<b>59543200</b>	<b>100.0000</b>	

**Online Information:**

The Company has been regularly filing the financial results, shareholding patterns and other results.

**Investor grievance redressal division:**

Further to the BSE circular on the exclusive designation of an email ID for investor grievance redressal has to be displayed on the website of the company. Accordingly, the investors are requested to register their complaints in the email ID: [investorcell@dhandapanifinance.com](mailto:investorcell@dhandapanifinance.com).

**DEMATERIALISATION / REMATERIALISATION**

As on 31st March, 2012, 50,40,833 shares of the Company held by the shareholders are held in dematerialized form, aggregating to 84.66% of the Equity share capital of the Company.

Address for correspondence and any assistance / clarification:

DFL Infrastructure Finance Limited  
No: 14, Ramakrishna Street  
T Nagar, Chennai – 600 017  
Phone Nos. 28141778 / 1304

**COMPLIANCE WITH NON-MANDATORY REQUIREMENTS**

The Company has fulfilled the following non-mandatory requirements.

**Remuneration Committee**

The compliance requirements with respect to Remuneration Committee have been mentioned earlier in this report.

**Shareholders Rights**

As the Company's financial results are published in an English newspaper and in a Tamil newspaper, the same are not sent to the shareholders of the company individually. The Company's quarterly / half yearly / annual audited results are also posted on the Company's website.

**Shareholders holding more than 1% as at 31.03.2012 of the equity share capital**

Sl No	Name of the Shareholder	No of Shares	% of Shareholding
1	VARADARAJAN T N	65800	1.1051
2	K DHANDAPANI AND CO LTD	490001	8.2293
3.	DFL HOLDINGS & SECURITIES LTD.	274200	4.6051
4.	DB ZWIRN MAURITIUS	3036703	51.0000

**Audit Qualifications**

The response by the Board to the remarks made by the Statutory Auditor in the Auditors' Report is given in the Directors' Report.

**Training of Board Members**

The necessary training is being provided to the Board members as and when required.

**Mechanism for evaluating Non-Executive Board Members**

The Mechanism of performance evaluation of Non-executive directors by peer group of directors is under process. This would help the company to determine any modifications in their terms of Appointment.

**Whistle Blower Policy**

The Company's stand on the whistle Blower policy has been mentioned under DISCLOSURE clause of this report.

**Subsidiary companies**

The company does not have a material non-listed Indian subsidiary whose turnover or net worth (i.e. paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth of the listed holding company and its subsidiaries in the immediately preceding accounting year.

The financial statements of the subsidiary companies are placed before and reviewed by the Audit Committee.

Copies of the minutes of the Board meetings of the subsidiary companies are tabled at the Board Meetings of the company.

**ANNUAL DECLARATION OF CODE OF CONDUCT BY MANAGING DIRECTOR**

This is to confirm that the Board has laid down a Code of Conduct for all the board members and senior management of the company. The Code of Conduct has also been posted on the website of the Company. It is further confirmed that all directors and senior management of the company have affirmed compliance with the Code of Conduct of the company for the financial year ended 31st March 2012 as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

Place: Chennai  
Date : August 07, 2012

**S BALACHANDER**  
*Managing Director*

## **CERTIFICATE ON CORPORATE GOVERNANCE**

To the members of DFL Infrastructure Finance Ltd

We have examined the compliance of conditions of Corporate Governance of DFL Infrastructure Finance Ltd for the financial year ended 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges(s).

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance(s) are pending 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 **P.B. VIJAYARAGHAVAN & CO**  
Chartered Accountants  
Firm Regn No. 004721S

**P R KRISHNAMURTHY**  
Partner  
Membership No 12622

Date : 26.05.2012  
Place : Chennai

For **SURESH AND BALAJI**  
Chartered Accountants  
Firm Regn No. 004998S

**K.R. SRIPRIYA**  
Partner  
Membership No 206404

1. We have audited the attached Balance Sheet of *M/s. DFL Infrastructure Finance Limited* as on March 31, 2012 and the related Profit And Loss Account and Cash Flow Statement for the period ended on that date annexed thereto which we have signed under reference to this report. 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 the 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 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.
3. **Attention of the shareholders is invited to the following:**
  - a. *The Company's net owned funds is below Rs. 25 lakhs, the limit prescribed by Reserve Bank of India under section 45 – IA of the Reserve Bank of India Act, 1934. This could attract penal provisions under section 45 - MC of the Act.*
  - b. *The shareholders have not approved the re-appointment and increase in remuneration of the erstwhile Managing Director. The amount is shown as recoverable from erstwhile Managing Director. We are unable to express an opinion on the recoverability of the amount. (Refer Note No.8 of Schedule 19)*
  - c. *The Company has entered into an amendment agreement with Asia Pragati Capfin Pvt. Ltd. (Preference Share Holder) on 27th March 2012 for redemption of preference shares of Rs.10 @ Rs. 8.54 per share. The gain on redemption amounting to Rs.325 lakhs has not been accounted for as the same is being accounted at the time of redemption during the years 2017, 2018 & 2019. (Refer Note No.2 of Schedule 19)*
4. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to in paragraph 4 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, the Company has maintained proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The balance Sheet and Profit and Loss Account dealt with by this are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Profit and loss Account dealt with by this report complies with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 except as mentioned in paragraph 5.

- e. On the basis of written representation received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of Sub-section (I) of section 274 of the Act.
- f. *The debit balances under receivables and debtors' accounts and the credit balances are as per books of accounts subject to confirmation from the parties.*
- g. *The Company has made an allotment of 9% Optionally Convertible Cumulative Preference Shares to various banks during the year in accordance with Corporate Debt Restructuring package. The Company has not provided for preference dividend of Rs.222.49 lakhs during the year due to inadequacy of profits. To that extent, losses and liabilities are understated.*

Subject to the matters specified in the paragraphs 5(f) & 5(g) above, in our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon given in the prescribed manner, the information required by the Act, 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 March 31,2012;
- ii) In the case of Profit and Loss Account, of the **loss** for the year ended on that date;
- iii) In the case of Cash Flow Statements, the cash flow for the year ended on that date.

For **P B VIJAYARAGHAVAN & CO.,**  
Chartered Accountants  
Firm Regn. No. 004721S

For **SURESH AND BALAJI**  
Chartered Accountants  
Firm Regn. No.004998S

Place : Chennai  
Date : 26.05.2012

**P R KRISHNAMURTHY**  
Partner  
M. No: 12622

**K R SRIPRIYA**  
Partner  
M. No: 206404

## ANNEXURE TO THE AUDITORS' REPORT

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### ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATED

- 1) In respect of fixed assets:
  - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As per the information and explanation given to us, all the fixed assets have been physically verified by the management at regular intervals, which in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. No material discrepancies were noticed on such verification.
  - c) The Company has not disposed off substantial part of fixed assets during the year.
- 2) **As the Company is a Non Banking Finance Company, the provisions of sub clause (ii) a, b and c of the Companies (Auditor's Report) Order, 2003 are not applicable.**
- 3) **In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:**
  - a) According to the information and explanations given to us, the Company has taken unsecured loans from group companies, covered in the register maintained under Section 301 of the Companies Act, 1956. The year-end balance of loans taken from such parties was Rs.98.14 lakhs.
  - b) The Company is not providing any interest on the loans taken from group companies. As per terms of arrangement, the interest is payable on maturity along with Principal.  
  
All other terms and conditions prima-facie are not prejudicial to the interest of the Company.
  - c) As the loans taken from the group companies are repayable on demand along with the interest, the question of overdue as on the Balance Sheet Date, does not arise.
  - d) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the companies Act, 1956.
- 4) 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 nature of its business for purchase of fixed assets and sale of goods and services. During the course of audit, no major weakness has been noticed in the internal control.
- 5) In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956.
  - a) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements, if any, that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
  - b) In our opinion and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained u/s 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.

- 6) During the year Company has not accepted any deposits from the public. However, in the case of deposits accepted by the Company from the public in the earlier years, in our opinion and according to the information and explanations given to us, the directives issued by Reserve Bank of India and the provisions of sections 58A and of the Companies Act and the rules framed there under, wherever applicable to the Company have been complied with.
- 7) In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
- 8) The Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Act.
- 9) In respect of statutory dues:
- a) According to the information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities in India.
- b) According to the information and explanations given to us and records of the Company examined by us the particulars of dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax and Excise Duty which have not been deposited on account of any dispute are as follows:

<i>Asst. year</i>	<i>Tax Due Amount of Rs. in Lacs</i>	<i>Classification of Dispute</i>	<i>Remarks</i>
Interest Tax Act 1995-96 to 1999-2000	16.37	Tax and Interest	Appeal before CIT (A)
Income Tax Assessment Year 1998-99	14.54	Interest	Chief Commissioner of Income Tax
Assessment Year 2001-02	196.90	Interest	Chief Commissioner of Income Tax
Assessment Year 2005-06	3.79	Interest	Chief Commissioner of Income Tax

- 10) The accumulated losses of the Company at the end of the financial year are not less than fifty percent of its net worth. The Company has incurred cash losses in the financial year and in the immediately preceding financial year also.
- 11) According to the records produced, the Company has not defaulted in repayment of dues to any financial institution or bank during the year.
- 12) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- 13) The provisions of any special statute applicable to chit fund / Nidhi / mutual benefit fund / societies are not applicable to the Company
- 14) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- 15) As per the information and explanations given to us the Company has not given any guarantees for loans taken by others.
- 16) On the basis of review of utilization of funds on an overall basis, in our opinion, the term loans taken by Company were applied for the purposes for which the loans were obtained.
- 17) On the basis of review of utilization of funds on an overall basis in our opinion, the funds raised on short-term basis have not been used for long-term investment or vice versa during the year.
- 18) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- 19) The Company has not issued Debentures.
- 20) The Company has not raised any money by public issues during the year.
- 21) During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the Company nor have we been informed by the management of any such instance being noticed or reported during the year.

For **P B VIJAYARAGHAVAN & CO.,**  
Chartered Accountants  
Firm Regn. No. 004721S

For **SURESH AND BALAJI**  
Chartered Accountants  
Firm Regn. No.004998S

Place : Chennai  
Date : 26.05.2012

**P R KRISHNAMURTHY**  
Partner  
M. No: 12622

**K R SRIPRIYA**  
Partner  
M. No: 206404



# BALANCE SHEET AS ON 31st MARCH 2012



(Rs. in Lakhs)

Particulars	Refer Note No.	As at 31.03.2012	As at 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
Share Capital	1	6,671.67	2,821.43
Reserves and surplus	2	(10,355.03)	(8,158.76)
		<b>(3,683.36)</b>	<b>(5,337.33)</b>
<b>2 Non-current liabilities</b>			
Long-term borrowings	3	3,193.42	640.35
Long-term provisions	4	7,062.92	5,676.57
		<b>10,256.34</b>	<b>6,316.92</b>
<b>3 Current liabilities</b>			
Short-term borrowings	3	7,198.42	13,111.56
Other current liabilities	5	186.16	902.99
Short-term provisions	4	2.90	1.97
		<b>7,387.48</b>	<b>14,016.52</b>
<b>TOTAL</b>		<b>13,960.46</b>	<b>14,996.11</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
Fixed assets			
(i) Tangible assets	6	1,725.57	1,699.08
(ii) Intangible assets	6	16.40	44.63
Non-current investments	7	29.93	30.93
Receivables under financing activity	8	311.20	420.71
Long-term loans and advances	9	3,066.76	3,386.56
		<b>5,149.86</b>	<b>5,581.91</b>
<b>2 Current assets</b>			
Current investments			
Receivables under financing activity	8	8,029.30	7,993.52
Cash and cash equivalents	11	488.28	676.96
Short-term loans and advances	9	11.52	88.26
Other current assets	10	281.50	655.46
		<b>8,810.60</b>	<b>9,414.20</b>
<b>TOTAL</b>		<b>13,960.46</b>	<b>14,996.11</b>

See accompanying note forming part of the financial statements

In terms of our report attached  
for P.B. VIJAYARAGHAVAN & CO  
Chartered Accountants  
Firm Regn No. 004721S

For SURESH AND BALAJI  
Chartered Accountants  
Firm Regn No. 004998S

S.BALACHANDER  
Managing Director

P R KRISHNAMURTHY  
Partner  
Membership No 12622

K.R. SRIPRIYA  
Partner  
Membership No 206404

R. NAGARAJAN  
Chairman

K. JANAKIRAMAN  
Company Secretary

Date : 26.05.2012  
Place : Chennai

**PROFIT AND LOSS STATEMENT FOR THE  
YEAR ENDED 31ST MARCH, 2012**



(Rs. in Lakhs)

Particulars	Refer Note No.	As at 31.03.2012	As at 31.03.2011 (18 Months)
<b>1 Income:</b>			
Revenue from operations	12	293.65	1,624.79
Other income	13	14.77	306.90
<b>Total Revenue</b>		<b>308.42</b>	<b>1,931.69</b>
<b>2 Expenses:</b>			
Finance costs	14	634.25	2,011.94
Employee benefits expense	15	297.40	435.16
Depreciation and amortization expense		62.99	98.31
Other operating Expenses	16	469.82	633.96
Provision, Loan losses and other charges	17	995.49	2,484.34
<b>Total expenses</b>		<b>2,459.95</b>	<b>5,663.71</b>
<b>Loss before extraordinary items and tax</b>		<b>(2,151.53)</b>	<b>(3,732.02)</b>
Extraordinary Items	18	(44.74)	1,589.24
<b>Loss before tax</b>		<b>(2,196.27)</b>	<b>(2,142.78)</b>
Tax expense:		–	–
<b>Loss for the period carried over to Balance Sheet</b>		<b>(2,196.27)</b>	<b>(2,142.78)</b>
Basic Earnings per equity share:		<b>(36.89)</b>	<b>(35.99)</b>

See accompanying note forming part of the financial statements

In terms of our report attached  
for P.B. VIJAYARAGHAVAN & CO  
Chartered Accountants  
Firm Regn No. 004721S

For SURESH AND BALAJI  
Chartered Accountants  
Firm Regn No. 004998S

S.BALACHANDER  
Managing Director

P R KRISHNAMURTHY  
Partner  
Membership No 12622

K.R. SRIPRIYA  
Partner  
Membership No 206404

R. NAGARAJAN  
Chairman

K. JANAKIRAMAN  
Company Secretary

Date : 26.05.2012  
Place : Chennai

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**



(Rs. in Lakhs)

Note : 1 - SHARE CAPITAL	As at 31.03.2012	As at 31.03.2011		
<b>AUTHORISED</b>				
<b>Equity Shares :</b> 2,50,00,000 (2011 - 2,50,00,000) Equity Shares of Rs 10 each	2,500.00	2,500.00		
<b>Preference Shares :</b> 7,50,00,000 (2011- 2,50,00,000) Preference shares of Rs 10 each	7,500.00	2,500.00		
	<b>10,000.00</b>	<b>5,000.00</b>		
<b>ISSUED</b>				
<b>Equity Shares :</b> 61,22,625 (2011 - 61,22,625) Equity Shares of Rs 10 each	612.26	612.26		
<b>Preference Shares :</b> 2,22,60,000 (2011 - 2,22,60,000) 4% Cumulative Redeemable Preference shares of Rs 10 each	2,226.00	2,226.00		
3,85,02,384 (2011 - NIL) 9% Cumulative Redeemable Preference Shares of Rs 10 each	3,850.24	-		
<b>Subscribed &amp; Paid up</b>				
<b>Equity Shares :</b> 59,54,320 (2011 - 59,54,320) Equity Shares of Rs 10 each	595.43	595.43		
<b>Preference Shares :</b> 2,22,60,000 (2011 - 2,22,60,000) Cumulative Redeemable Preference shares @ 4% (from 1st April, 2012)	2,226.00	2,226.00		
3,85,02,384 (2011 - NIL) 9% Cumulative Redeemable Preference Shares of Rs 10 each	3,850.24	-		
	<b>6,671.67</b>	<b>2,821.43</b>		
<b>Details of shareholding more than 5% shares in the company</b>				
<b>EQUITY</b>				
Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class
D.B. Zwirn Mauritius	30,36,703	51.00	30,36,703	51.00
K Dhandapani & Co	490,001	8.23	490,001	8.23
<b>4% CUMULATIVE REDEEMABLE PREFERENCE SHARES</b>				
Asia Pragati Capfin Private Limited	2,22,60,000	100.00	2,22,60,000	100.00

**NOTES FORMING PART OF THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**



Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class
<b>9% CUMULATIVE REDEEMABLE PREFERENCE SHARES</b>				
ING Vysya Bank	2,646,123	6.87	-	-
YES Bank	4,645,229	12.06	-	-
Bank of India	4,941,049	12.83	-	-
Federal Bank	4,190,915	10.88	-	-
Canara Bank	4,222,059	10.97	-	-
State Bank of Travancore	3,167,706	8.23	-	-
Punjab National Bank	2,942,026	7.64	-	-
UCO Bank	3,174,352	8.24	-	-
Indian Overseas Bank	2,590,199	6.73	-	-
The Dhanalaxmi Bank Limited	1,669,603	4.34	-	-
State Bank of Hyderabad	1,501,323	3.90	-	-
The Catholic Syrian Bank Limited	2,811,800	7.30	-	-
	<b>38,502,384</b>	<b>100.00</b>	-	-

**Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956  
(Following disclosure should be made for each class of Shares)**

Particulars	Rs in Lakhs					
	Equity Shares		4% Preference Shares		9% Preference Shares	
	Number	Value	Number	Value	Number	Value
Shares outstanding at the beginning of the year	5954320	595.43	22260000	2,226.00	-	-
Shares Issued during the year	-	-	-	-	38,502,384	3,850.24
Shares bought back during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	5954320	595.43	22260000	2,226.00	38,502,384	3,850.24

**NOTES FORMING PART OF THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**



Disclosure pursuant to Note no. 6(A)(i) of Part I of Schedule VI to the Companies Act, 1956  
(Following disclosure should be made for each class of Shares)

Particulars	Year (Aggregate No. of Shares)					
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
<b>Equity Shares :</b>						
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-	-
Shares bought back	-	-	-	-	-	-
<b>Preference Shares 4% :</b>						
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-	-
Shares bought back	-	-	-	-	-	-
<b>Preference Shares 9% :</b>						
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-	38,502,384
Fully paid up by way of bonus shares	-	-	-	-	-	-
Shares bought back	-	-	-	-	-	-

(Rs in Lakhs)

Note : 2 - RESERVES & SURPLUS							As at 31.03.2012	As at 31.03.2011
Particulars	Capital Reserve	Revaluation Reserve	General Reserve	Statutory Reserve	Security Premium	P & L Account		
Opening Balance	12.03	1,305.42	2,578.57	961.97	142.29	(13,159.05)	(8,158.76)	
Additions	-	-	-	-	-	(2,196.27)	(2,196.27)	
Deletions	-	-	-	-	-	-		
<b>Closing Balance</b>	<b>12.03</b>	<b>1,305.42</b>	<b>2,578.57</b>	<b>961.97</b>	<b>142.29</b>	<b>(15,355.32)</b>	(10,355.03)	
Previous Year	12.03	1,305.42	2,578.57	961.97	142.29	(13,159.05)	<b>(10,355.03)</b>	<b>(8,158.76)</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**



**Note : 3 - BORROWINGS**

	(Rs in Lakhs)			
	Long Term		Short Term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>LONG TERM</b>				
Working Capital Term Loan From Banks	1485.11	–	165.00	–
Cash Credit from Banks	–	–	5724.86	9907.07
Funded Interest Term Loan I & II	1210.17	541.01	–	–
Term Loan From Bank	–	–	13.35	334.83
Working Capital Demand Loan From Banks	–	–	979.30	2420.24
Term Loan From Financial Institutions	–	–	254.70	254.70
Loans & Advances from Related Parties	498.14	99.34	–	–
Loans & Advances from Others	–	–	61.21	194.72
	<b>3,193.42</b>	<b>640.35</b>	<b>7,198.42</b>	<b>13,111.56</b>
Out of the above				
Secured borrowings	2,695.28	541.01	7,137.21	12,916.84
Unsecured borrowings	498.14	99.34	61.21	194.72
	<b>3,193.42</b>	<b>640.35</b>	<b>7,198.42</b>	<b>13,111.56</b>

Note :

The Working Capital Term Loan of Rs 1651.00 lacs shall be repaid in 72 ballooning monthly instalments commencing from 01.04.2012 and ending on 31.03.2018 with ballooning rate of interest as under

Particulars / Financial Year	Working Capital Term Loan					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
% age Repayment	10%	20%	25%	20%	15%	10%
Repayment of Amount (in lacs)	165.00	330.00	413.00	330.00	248.00	165.00
Applicable Rate of interest	10%	12%	14%	15%	16%	16.50%

Funded interest term loan and term loan from financial institution shall be repayable in 60 equal instalments commencing from 01.04.2013 and term loan in 01.04.2012.

Rupees in Lakhs

Particulars / Financial Year	Funded Interest Term Loan I & II					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Funded Interest Term Loan I	–	188.00	188.00	188.00	188.00	0.10
Funded Interest Term Loan II	–	221.00	221.00	221.00	221.00	
TIIC	–	51.00	51.00	51.00	51.00	
Term Loan	13.35	–	–	–	–	165.00

Loans from related parties will be settled on demand

Unsecured loan of Rs. 61.21 Lakhs is in default for a period of 2 years

Residual Working Capital shall carry interest rate @ 10% pa upto 30.9.2011 and thereafter @ 10.75% pa.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**



All term loans from banks and financial institutions are secured by first pari-pasu charge on fixed assets and second pari-pasu charge on current assets of the Company.

All working capital borrowings are secured by first pari-pasu charge on current assets and second pari-pasu charge on fixed assets.

Working Capital Term Loan and funded interest term loan are secured by first pari-pasu charge on current and fixed assets of the company.

The following collateral security shall be available to the banks to secure their Working Capital Term Loan by way of first pari-pasu charge and to secure other debts by way of second pari-pasu charge.

Situated at Plot No 37, Door No 17, Ramakrishna Street, T.Nagar, Chennai 600 017, comprised in T.S. No 106, T.Nagar Village, Mambalam - Guindy Taluk	Situated at Chokampatti Village, Kadayanallur, Tenkasi Tirunelveli District	No. 110, Bhanumuthy Ramakrishna Street, Saligramam Village, Saidapet Taluk Chengalpattu District
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**Note : 4 - PROVISIONS**

	(Rs in Lakhs)			
	Long Term		Short Term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Provision For Employee Benefits	-	-	-	-
Provident Fund	-	-	1.42	1.94
Employees State Insurance Corporation	-	-	0.39	0.03
Other Provisions	-	-	-	-
Standard Asset	-	-	1.09	-
Non Performing Asset	1,907.64	1,393.80	-	-
Taxation	1,508.66	1,490.24	-	-
Others	3,646.62	2,792.53	-	-
	<b>7,062.92</b>	<b>5,676.57</b>	<b>2.90</b>	<b>1.97</b>

**Note : 5 - OTHER CURRENT LIABILITIES**

	(Rs in Lakhs)	
	As at 31.03.2012	As at 31.03.2011
Unclaimed Dividend	12.18	16.48
FD / CD Matured and Unclaimed	0.10	1.54
TDS & ST Payable	5.82	8.90
Dues to Insurance Companies	6.52	6.52
Other Liabilities	161.54	869.55
	<b>186.16</b>	<b>902.99</b>

NOTES FORMING PART OF THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012



Rs. in Lakhs

Note : 6 - FIXED ASSETS

Fixed Assets	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK	
	As on 01.04.11	Addns	Delns As at 31.03.12	As on 01.04.11	Addns	With- drawn As at 31.03.12	As at 01.04.11	As at 31.03.12
<b>Tangible Assets</b>								
Land	1,580.00	-	-	1,580.00	-	-	1,580.00	1,580.00
Buildings	89.35	-	-	89.35	2.52	-	50.36	47.84
Furniture and Fixtures	79.36	0.08	0.63	78.81	5.89	0.40	32.37	26.34
Vehicles	32.06	46.17	10.10	68.13	11.40	4.25	5.78	34.71
Office equipment	17.15	0.75	0.13	17.77	1.49	0.05	9.96	9.15
Typewriters	1.07	-	1.07	-	0.09	1.07	0.09	-
Electrical Fittings	16.93	-	-	16.93	0.33	-	2.37	2.04
Neon Sign	0.18	-	0.18	-	0.00	0.18	0.00	-
Airconditioners	12.45	0.55	-	12.99	1.08	-	7.25	6.72
Fax & Xerox	0.43	-	-	0.43	0.03	-	0.19	0.17
Franking Machine	0.30	-	0.30	-	0.03	0.30	0.03	-
Name Board	0.20	-	0.20	-	-0.01	0.20	-0.01	0.00
Computers	76.21	19.85	-	96.06	11.92	-	10.68	18.61
<b>Total</b>	<b>1,905.68</b>	<b>67.40</b>	<b>12.61</b>	<b>1,960.48</b>	<b>34.76</b>	<b>6.45</b>	<b>1,699.08</b>	<b>1,725.57</b>
Previous Year	1,919.50	13.63	27.45	1,905.68	51.35	7.59	44.63	16.40
<b>Intangible Assets</b>								
Computer software	141.14	-	-	141.14	28.23	-	44.63	16.40
<b>Total</b>	<b>141.14</b>	<b>-</b>	<b>-</b>	<b>141.14</b>	<b>28.23</b>	<b>-</b>	<b>44.63</b>	<b>16.40</b>
Previous Year	141.14	-	-	141.14	42.34	-	44.63	16.40



**NOTES FORMING PART OF THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**



**Note : 7 - NON CURRENT INVESTMENTS**

	(Rs in Lakhs)	
	As at 31.03.2012	As at 31.03.2011
<b>UNQUOTED</b>		
In Shares Fully Paid Unquoted 2,99,300 Equity Shares of Rs. 10/- each in DFL Holdings and Securities Limited	29.93	29.93
9,999 Eq. Shares of Rs. 10/- each in Dhandapani Business Services Ltd	–	1.00
	<b>29.93</b>	<b>30.93</b>

**Note : 8 - RECEIVABLES UNDER FINANCING ACTIVITY**

	(Rs in Lakhs)			
	Non Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Secured Receivables	311.20	420.71	8,029.30	7,993.52
	<b>311.20</b>	<b>420.71</b>	<b>8,029.30</b>	<b>7,993.52</b>
<b>Secured Receivables include amounts outstanding more than six months</b>			<b>7,924.89</b>	<b>8,339.87</b>

**Note : 9 - LOANS & ADVANCES**

	(Rs in Lakhs)			
	Long Term		Short Term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>UNSECURED CONSIDERED GOOD</b>				
Prepaid Expenses	–	–	11.52	88.26
Advance Rent	18.36	30.69	–	–
Advance Tour	–	0.23	–	–
Staff Loan	10.57	17.22	–	–
Other Advances	464.44	759.20	–	–
Other Deposits	4.79	10.62	–	–
Advance Tax	2,568.60	2,568.60	–	–
<b>DOUBTFUL</b>				
Dhandapani Properties Pvt Ltd	720.02	720.02	–	–
<b>Less : Provision for Doubtful Loans &amp; Advances</b>	-720.02	-720.02	–	–
	<b>3,066.76</b>	<b>3,386.56</b>	<b>11.52</b>	<b>88.26</b>
<b>Note : 10 – OTHER ASSETS</b>				
Other Current Assets	–	–	6.50	283.25
Agency Contract	–	–	275.00	372.21
	–	–	<b>281.50</b>	<b>655.46</b>

**NOTES FORMING PART OF THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**



**Note : 11 - CASH & CASH EQUIVALENTS**

	(Rs in Lakhs)			
	Long Term		Short Term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>Cash and Cash equivalents</b>				
Cash on Hand	–	–	18.14	41.02
Balances with Banks	–	–	463.16	619.46
Earmarked balances with Banks	–	–	6.98	16.48
	–	–	<b>488.28</b>	<b>676.96</b>

**Disclosure pursuant to Note no. 6(T) of Part I of Schedule VI to the Companies Act, 1956**

Contingent liabilities and commitments (to the extent not provided for)	As at 31.03.2012	As at 31.03.2011
<b>(i) Commitments</b>		
(a) Other commitments (specify nature)	22,249,328	–
9% Cumulative Preference Shares Dividend	–	–
	<b>22,249,328</b>	<b>–</b>

Particulars	As at 31.03.2012	As at 31.03.2011
Dividends proposed to be distributed to equity shareholders	–	–
Dividends proposed to be distributed to preference shareholders	–	–
Arrears of fixed cumulative dividends on preference shares	22,249,328	–
	<b>22,249,328</b>	<b>–</b>

**NOTES FORMING PART OF THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**



Rs in Lakhs

	As at 31.03.2012	As at 31.03.2011 (18 Months)
<b>Note : 12 – REVENUE FROM OPERATIONS</b>		
Income from Financing activity	79.64	739.03
Other operating revenue	214.01	885.76
	<b>293.65</b>	<b>1624.79</b>
<b>Note : 13 – OTHER INCOME</b>		
Interest Income on bank deposits	11.05	25.11
Interest – Others & staff	0.45	81.77
Profit on sale of fixed assets	0.18	0.02
Sale of scrap	0.19	–
Miscellaneous Income	2.90	200.00
	<b>14.77</b>	<b>306.90</b>
<b>Note : 14 – FINANCE COSTS</b>		
<b>Interest Expenses</b>		
Bank Loans	595.13	1,845.05
Financial Institutions	34.36	72.45
Bank Charges	4.76	94.44
	<b>634.25</b>	<b>2,011.94</b>
<b>Note : 15 – EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Allowances & Bonus	278.24	361.17
Contributions to Provident Fund & Other Funds	14.52	32.74
Staff Welfare Expenses	4.64	41.25
	<b>297.40</b>	<b>435.16</b>
<b>Note : 16 – OTHER OPERATING EXPENSES</b>		
Rent	27.50	45.09
Electricity Charges	11.21	15.26
Rates & Taxes	1.40	8.38
Communication cost	31.88	40.45
Travelling & Conveyance	48.69	107.45
Advertisement Expenses	1.80	1.76
Insurance	13.51	23.98
Repairs & Maintenance	11.35	30.08
Printing & Stationery	5.40	7.50
Auditors Remuneration – Statutory	7.72	7.45
Auditors Remuneration – Others	9.73	6.18
Professional charges	184.18	251.55
Sitting Fees to Directors	3.44	6.36
Loss on sale of Fixed assets	3.94	7.73
Legal Expenses	3.50	2.97
Office Maintenance	50.19	23.30
Petrol Expenses	20.78	36.35
Filing Fees	25.06	–
Other Expenses	8.54	12.13
	<b>469.82</b>	<b>633.96</b>

**NOTES FORMING PART OF THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**



Disclosure pursuant to Note no. 5(i)(g) of Part II of Schedule VI to the Companies Act, 1956

Rs in Lakhs

Payments to the auditor as	As at 31.03.2012	As at 31.03.2011 (18 Months)
a. auditor	4.96	3.86
b. for taxation matters	2.76	1.93
c. for company law matters	–	–
d. for management services	–	–
e. for other services	–	1.65
f. for reimbursement of expenses	–	–
	<b>7.72</b>	<b>7.44</b>
<b>Note : 17 – PROVISION, LOAN LOSSES AND OTHER CHARGES</b>		
Shortfall Repossession	142.99	1,072.52
Loss on Closed Contracts	27.78	–
Provision for Standard Asset	1.09	–
Provision for Non Performing Assets	823.63	691.80
Provision for Impairment on Loan Assets / Debtors (Exceptional items)	–	720.02
	<b>995.49</b>	<b>2,484.34</b>
<b>Note : 18 – EXTRA ORDINARY ITEMS</b>		
Provision no longer required	232.73	–
CDR Expenses	(277.47)	–
Interest Reduction	–	1,589.24
	<b>(44.74)</b>	<b>1,589.24</b>

**Note – 19**

The current Period figures are for 12 months whereas the previous period figures are for 18 months.

The formats of presentation of the financial figures have been changed from the previous format to comply with provisions relating to Revised Schedule VI of Companies act 1956.

**A. Significant Accounting Policies**

The Company follows the directions prescribed by the Reserve Bank of India for Non-Banking Financial Companies with respect to Income Recognition, Asset Classification, Provisioning norms. The applicable Accounting Standards issued by The Institute of Chartered Accountants of India is followed in drafting the accounts of the company.

**1.1 Income Recognition:**

- a. Income from Hire purchase and hypothecation loan transactions is accounted on the basis of Internal Rate of Return method and followed on accrual basis. Income is not recognized on contracts in which the installments are due for more than 180 days.
- b. Additional Finance Charges (AFC) is accounted on accrual basis at 18% p.a. AFC is not recognized on contracts in which the installments are due for more than 180 days.
- c. Cheque Bouncing Charges is accounted at Rs. 500 per occurrence.
- d. Due date Missing charges are charged when instalments are not paid on the due dates at Rs. 500 and is accounted on accrual basis.

**1.2 Repossessed Assets:**

Repossessed assets are valued at the settlement value and a provision of 40 % is made uniformly on the settlement value.

**1.3 Fixed Assets:**

Fixed assets are stated at historical cost less accumulated depreciation.

**1.4 Depreciation:**

**On Own assets (Tangible):**

Depreciation on assets for own use is provided on Written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs.5,000/- or less acquired during the year are fully depreciated.

**On Own assets (Intangible):**

Intangible assets are depreciated on a straight-line basis over a period of five years.

**1.5 Investments:**

Investment in Subsidiary Company is shown at cost.

Company has invested an amount of Rs. 29.93 Lakhs in DFL Holdings and Securities Limited (Subsidiary Company). Due to slump in the market the subsidiary company has not entered into any income generating activity. However, the subsidiary company has invested Rs. 96.38 Lakhs in DFL Infrastructure Finance Limited as Unsecured Loan and also holds 274100 Equity shares in holding company which is valued at Rs. 23.71 Lakhs as per market price as on 30th March, 2012. The company also informed that the

subsidiary company is taking necessary steps to generate income on regular basis. In view of the above no provision is being made for depreciation in value of shares.

**B. Notes on accounts**

**1. Equity Capital**

D. B. Zwirn Mauritius, which hold as on the date of this report 30,36,703 equity shares has entered into a Share Purchase Agreement with M/s. Auctus Holdings Pvt Limited on 13th March 2012 to sell their entire holdings in the Company. As this action has triggered SEBI's (Substantial Acquisition Of Shares and Takeover) Regulations 2011, Auctus Holdings Private Limited has made an Public Announcement on 20th March, 2012 and has filed the Draft Offer Document with SEBI for the "Open Public Offer". Auctus Holdings Private Limited has also applied to Reserve Bank of India for approval of Change in the Promoters of the Company.

**2. Preference Shares:**

22,260,000 Preference Shares aggregating to Rs.222,600,000 issued to M/s. Zwirn Pragati Capfin Pvt Ltd., (now known as Asia Pragati Capfin Private Limited) should have been redeemed on 31st December 2009 at par value. However due to the financial position of the company, these preference shares have not been redeemed. The Company and the Preference shareholders have signed an MOU dated 27th March 2012 to amend the terms of the Preference shares as follows:

- i. Period of redemption of the Preference Shares extended as below:
  - a. 1/3 by 31st March 2017
  - b. 1/3 by 31st March 2018
  - c. 1/3 by 31st March 2019
- ii. These Preference Shares will be redeemed at a price of Rs. 8.54 per share and discount on redemption of preference shares will be accounted at the time of redemption.
- iii. The RPS will carry a cumulative dividend @ 4% with effect from 01st April, 2012.

**3. Optionally Convertible Cumulative Redeemable Preference Shares:**

During the Year under Review, the Company had allotted 3,85,02,384 Optionally Convertible Cumulative Redeemable Preference Shares aggregating to Rs. 38,50,23,840/- with a Coupon Rate of 9% to the Consortium Banks as per the terms of the CDR Approval. As per the Re-worked CDR package these Preference Shares are Redeemable in four equal yearly installments commencing from the year 2014-15.

**4. Corporate Debt Restructuring (C D R):**

The Company had approached the Corporate Debt Restructuring Cell in July 2010 for restructuring of the Debts of the company. The Company's request was considered in the CDR Empowered Group and the CDR Package was approved in September 2010.

However, due to certain critical Conditions as laid down in the CDR Package could not be completed in time, the full implementation of the CDR was not possible. Subsequently, the Company had applied for a "Re-work" of the package which was approved by the CDR EG during March 2012. The salient features of the "Re-work" package are:

- i. The cut-off date is 30th September 2011.

- ii. Holding –on-operations is to be allowed to the Company till implementation of the CDR rework package which includes, non- recovery of installments falling due, non levy of penal charges for delays / irregularities and refund any such charges already charged and funding of interest on all term loans and working capital fund based limits for a period of 18 months from cut-off date.
- iii. Fresh Working Capital facility to the tune of Rs. 13.24 crores to be sanctioned by the Banks for the financial year 2012-13.
- iv. Promoters to contribute Rs. 6.00 crores during the Financial year 2012-13 apart from Rs. 4.00 crores brought in during financial year 2011-12 and further sum of Rs. 8.04 crores in subsequent two years.
- v. The company has charged interest for the year in accordance with CDR scheme. The reconciliation with the banks in respect of interest are in progress.

**5. Secured Loans:**

- a. Secured Loans have been reclassified as:
  - (i) Cash Credit Loans of Rs. 6704.16 lacs
  - (ii) Working Capital Term Loan of Rs. 1650.11 lacs. Working Capital Term Loan is repayable in the subsequent six years commencing from the year 2012-13 and ending during the year 2017-18 and
  - (iii) Term Loan from Financial Institution of Rs. 254.70 Lakhs and Term Loan from Banks of Rs.13.35 Lakhs
- b. Funded Interest Term Loans:
  - i. Interest Funded upto 30th September 2011 ( First CDR Package) is shown under FITL I and the Interest Funded thereafter is shown under FITL II.
  - ii. The Funded Interest is repayable five years commencing from the year 2013-14.

**6. Un-Secured Loans:**

Unsecured Loan include Rs.400 lacs from Auctus Holdings Pvt Ltd, brought in as part of the Promoters Contribution as specified in the CDR Terms.

**7. Current Assets:**

- a. Stock on Hire / Hypothecation includes Hire Charges and Sundry Debtors valued at Agreement Value less Installments received and net off Un-matured Finance Charges and write offs. These are secured by the assets under the Agreements and considered good.
- b. Current Account Balance includes Rs.400 lacs from Auctus Holdings Pvt Limited towards Promoters Contribution kept in “No-lien” Account.

**8. Loans and Advances:**

An amount of Rs. 216.53 lacs was paid to Mr. R Ravichandran, erstwhile Managing Director towards Managerial Remuneration. However, this was not approved by the Shareholders in the Postal Ballet dated 18th December 2010. Subsequently, the Company had approached the Central Government for condonation which was not taken up pending Shareholders approval. Hence this amount was treated as Loan given to Mr. R Ravichandran and recoverable. The Company is taking steps for recovering this amount from Mr. R. Ravichandran.

**9. Deposit account**

The total deposit with bank as on 31.03.2012 includes Rs. 5.30 Lakhs towards deposits maintained for unclaimed dividend. As on 31.03.2012, there are no amounts outstanding to be transferred to Investor Protection Fund.

**10. Deferred Tax Assets / liability**

**Rs. in Lakhs**

<b>Particulars</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
Opening Balance	NIL	NIL
Less Reversal of Deferred tax asset	NIL	NIL
Add: Liability on account of depreciation	NIL	NIL
<b>Total</b>	<b>NIL</b>	<b>NIL</b>

Deferred tax asset arising on account of carry forward loss and provisions has not been recognized in the books of accounts on a conservative basis.

**11. Agreements:**

During the period under review, the Company has discontinued the arrangement with M/s Fullerton India Credit Company Limited which involved the collection of receivables on behalf of M/s. Fullerton India Credit Company Limited.

**12. Dividend On Preference Shares Issued to Banks:**

The Company has issued 3,85,02,384 Preference Shares to the Consortium Banks as per the CDR terms. The Preference Shares carry a cumulative Dividend of 9%. However, due to the absence of profits, the Company could not declare and pay this dividend for the financial year 2011-12. This dividend of Rs. 2,22,49,328 has not been Charged to P&L and not provided for. The Provision will be made in the subsequent years subject to the availability of Profits.

**13. (A) Remuneration to Managing Director**

**Rs. in Lakhs**

<b>Particulars</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
Salary & DA	9.53	1.20
House Rent allowance	4.77	0.60
Company's Contribution to PF	–	0.14
Others	9.70	1.21
<b>Total</b>	<b>24.00</b>	<b>3.15</b>

The remuneration of the Managing Director has been approved by the Board of Directors in their meeting held on 03rd March, 2011 and by the shareholders through the Postal Ballot where the results were pronounced on 20th May, 2011. The Wholetime Director was re-designated as Managing Director with effect from 23rd September, 2011.



**(B) Remuneration to Whole Time Director**

Rs. in Lakhs

	31.03.2012	31.03.2011
Salary & DA	4.98	Nil
House Rent allowance	2.69	Nil
Company's Contribution to PF	0.60	Nil
Others	3.81	Nil
<b>Total</b>	<b>12.08</b>	<b>Nil</b>

The remuneration of the whole time director has been approved by the Board of Directors in their meeting held on 23rd September, 2011 and subject to approval of the shareholders in the ensuing Annual General Meeting. The above remuneration was calculated from the date of appointment to 31st March, 2012.

**Determination of net profits in accordance with Sec 349 of the Companies Act, 1956 for remuneration payable to Directors**

Particulars	Rupees in Lakhs
Loss after tax as per Profit & Loss Account	(2196.27)
Add: Directors remuneration charged in the accounts	36.08
Net loss	(2160.19)

**14. Earnings per share**

Particulars	Rupees in Lakhs
Profit / (Loss) after tax	(2196.27)
Weighted average number of equity shares	5954320
Earnings after tax (Basic)	Rs. (36.89)
Face value per share	Rs. 10.00

**15.** Property of approximately 1 acre of Land at Whitefield, Bangalore, was offered as a security for an advance of Rs. 7,20,02,000 given to Dhandapani Properties Pvt Limited in the year 2007. This Loan was completely provided for during the year 2011 and charged off in the Profit & Loss Account. A suitable Note was also mentioned in that years Audited Accounts.

The Property under question – since it is an agricultural land was registered in an individual's name (agriculturalist) and power of attorney obtained in the erstwhile MD's name. However, Govt of Karnataka has rejected the contention of the buyer and attached the property in favour of the Government of Karnataka. The Company, through the buyer is making efforts to appeal and get the decision reversed. If the company is successful in the appeal, it will be reckoned as income in the year of occurrence.

As the advance was completely provided for and written off in the previous year itself and as stated above, no mention of the property is made in the books.

**NOTES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2012**



**16. Contingent Liability:**

Disputed Income Tax demand of Rs. 451.60 Lakhs together with interest pending in appeal/representation before various income tax authorities for the Assessment years 1997-98 to 2007-08.

**17.** The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard 17.

**18.** Previous year's figures have been regrouped / reclassified to conform to current period's classification wherever necessary.

**19. Related parties Disclosures:**

- a. Subsidiaries** : DFL Holdings and Securities Limited, Smart Invest Agency.Com Private Limited.
- b. Key Management Personnel** : S. Balachander, B. Prakash, P. Sudhakar and A Ramesh Kumar

(Rs. in Lakhs)

Nature of Transaction	Subsidiaries	Key Management Personnel	Total
Deposits – Balance at the end of the year	98.14	–	98.14
Remuneration to Key Management Personnel	11.44	46.74	58.18
Loans and advances to:			
1. S Balachander @ 3%	–	6.51	6.51
2. P Sudhakar @ 2%	4.06	–	4.06

See accompanying note forming part of the financial statements

In terms of our report attached  
for P.B. VIJAYARAGHAVAN & CO  
Chartered Accountants  
Firm Regn No. 004721S

For SURESH AND BALAJI  
Chartered Accountants  
Firm Regn No. 004998S

S.BALACHANDER  
Managing Director

P R KRISHNAMURTHY  
Partner  
Membership No 12622

K.R. SRIPRIYA  
Partner  
Membership No 206404

R. NAGARAJAN  
Chairman

K. JANAKIRAMAN  
Company Secretary

Date : 26.05.2012  
Place : Chennai

**Schedule to the Balance Sheet for the year ended 31st March 2012 (As required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998)**

Particulars	Principal	Interest accrued but not due	(Rs.in Lakhs)	
			Amount outstanding	Amount overdue
<b>Liabilities side:</b>				
(1) Loans and advances availed by the NBFCs inclusive of Interest accrued thereon but not paid:	-	-	-	-
(a) Debentures : Secured	-	-	-	-
: Unsecured	-	-	-	-
(Other than falling with in the meaning of public deposits*)				
(b) Deferred Credits *	-	-	-	-
(c) Term loans	268.05	-	268.05	-
(d) Inter-corporate loans and borrowing	559.35	-	559.35	-
(e) Commercial Paper	-	-	-	-
(f) Public Deposits **	0.10	-	0.10	-
(g) Cash Credit & Working Capital Demand Loan	8354.26	1210.17	9564.43	-
(h) Hire Purchase Loan	-	-	-	-
Total	9181.76	1210.17	10391.93	-
(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 ie. debentures where there is a shortfall in the value of security.				
(c) other public deposits	0.10	-	0.10	-

Particulars	(Rs.in Lakhs)			
	Principal	Interest accrued but not due	Amount outstanding	Amount overdue
<b>Assets side:</b>				
(3) Break-up of Loans and Advances including bills receivables (Other than those included in (4) below):				
(a) Secured	-	-	-	-
(b) Unsecured	-	-	-	-

Particulars	Principal	Interest accrued but not due	(Rs.in Lakhs)	Amount overdue
			Amount outstanding	
(4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities				
(i) Lease Assets including lease rentals under sundry debtors :				
(a) Financial lease	—	—	—	—
(b) Operating lease	—	—	—	—
(ii) Stock on hire including hire charges under sundry debtors:				
(a) Assets on hire	8001.87	—	8001.87	—
(b) Repossessed Assets	338.63	—	338.63	—
(iii) Hypothecation loans counting towards EL/HP activities				
(a) Loans where assets have been repossessed	—	—	—	—
(b) Loans other than (a) above	—	—	—	—
(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) Govt.Securities	—	—	—	—
(v) Others (please specify)	—	—	—	—
2. Unquoted				
(i) Shares: (a) Equity	29.93	—	29.93	—
(b) Preference	—	—	—	—
(ii) Debentures and bonds	—	—	—	—
(iii) Units of mutual funds	—	—	—	—
(iv) Govt.Securities	—	—	—	—
(v) Others (please specify)	—	—	—	—
<b>LONG TERM INVESTMENTS</b>				
1. Quoted				
(i) Shares: (a) Equity	—	—	—	—
(b) Preference	—	—	—	—
(ii) Debentures and bonds	—	—	—	—
(iii) Units of mutual funds	—	—	—	—
(iv) Govt.Securities	—	—	—	—
(v) Others (please specify)	—	—	—	—

Particulars	Principal	Interest accrued but not due	(Rs.in Lakhs)	
			Amount outstanding	Amount overdue
2. Unquoted				
(i) Shares: (a) Equity	–	–	–	–
(b) Preference	–	–	–	–
(ii) Debentures and bonds				
(iii) Units of mutual funds	–	–	–	–
(iv) Govt.Securities	–	–	–	–
(v) Others (please specify)	–	–	–	–
Total	–	–	–	–
Less: Provision for Diminution for long term investments	–	–	–	–
Total	–	–	–	–
(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:				
Category	Secured	Unsecured	Total	
(i) Related parties				
(a) Subsidiaries	–	–	–	–
(b) Companies in the same group	–	–	–	–
(c) Other related parties	–	–	–	–
(ii) Other than related parties	–	–	–	–
Total	–	–	–	–
(7) Investor groupwise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):				
Category	Market value/Break up value or fair value of NAV	Book value (Net of Provisions)		
(i) Related parties				
(a) Subsidiaries pending	–	–	–	–
(b) Companies in the same group	29.93	–	–	–
(c) Other related parties	–	–	–	–
(ii) Other than related parties	–	–	–	–
Total	29.93	–	–	–
(8) Other information				
(i) Gross Non Performing Assets				
(a) Related Parties	–	–	–	–
(b) Other than related parties	1908.73	–	–	–
(ii) Net Non Performing Assets				
(a) Related Parties	–	–	–	–
(b) Other than related parties	1908.73	–	–	–
(iii) Assets acquired in satisfaction of debt	338.63	–	–	–

**CASH FLOW STATEMENT FOR  
THE PERIOD ENDED 31st MARCH 2012**



	(Rupees in Lakhs)	
	31.03.2012	31.03.2011 (18 months)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE INTEREST, TAX AND EXCEPTIONAL ITEMS	(2196.29)	(2142.78)
Adjustments for :		
Depreciation	62.99	98.31
Provision for NPA	824.72	1411.82
Finance Charges	629.49	2011.94
Loss on sale of Assets	3.76	7.71
	1520.96	3529.78
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	(675.33)	1387.00
Adjustments for :		
Trade and other receivables	73.73	6032.92
Other working capital changes	1047.99	(211.62)
Decrease in Provisions	330.83	(5889.59)
Other Current Liabilities	(716.83)	320.03
	735.72	251.74
<b>CASH GENERATED FROM OPERATIONS</b>	60.39	1638.74
Direct Taxes Paid	-	-
Cash Flow before Extraordinary Items	60.39	1638.74
Extraordinary Items	(44.74)	1589.24
<b>Net Cash Flow from Operating Activities</b>	<b>15.65</b>	<b>3227.98</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Purchase) / Sale of Fixed Assets	(65.01)	(6.10)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(65.01)</b>	<b>(6.10)</b>

**CASH FLOW STATEMENT FOR  
THE PERIOD ENDED 31st MARCH 2012**



	(Rupees in Lakhs)	
	31.03.2012	31.03.2011 (18 months)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings of Banks and Financial Institutions	224.88	(2065.82)
Proceeds from Unsecured Borrowings	(133.51)	(387.57)
Proceeds from Directors / Group Companies	398.80	(2.94)
Finance Charges	(629.49)	(2011.94)
<b>NET CASH FROM IN FINANCING ACTIVITIES</b>	(139.32)	(4468.27)
<b>D. Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	(188.68)	(1246.39)
<b>E. Opening Cash &amp; Cash Equivalents</b>	676.96	1923.35
<b>F. Closing Cash &amp; Cash Equivalents</b>	488.28	676.96

In terms of our report attached  
for P.B. VIJAYARAGHAVAN & CO  
Chartered Accountants  
Firm Regn No. 004721S

For SURESH AND BALAJI  
Chartered Accountants  
Firm Regn No. 004998S

S.BALACHANDER  
Managing Director

P R KRISHNAMURTHY  
Partner  
Membership No 12622

K.R. SRIPRIYA  
Partner  
Membership No 206404

R. NAGARAJAN  
Chairman

K. JANAKIRAMAN  
Company Secretary

Date : 26.05.2012  
Place : Chennai

**AUDITORS' CERTIFICATE**

We have examined the above Cash Flow Statement for the period ended 31st March 2012. The statement has been prepared in accordance with the requirements of Clause 32 of the listing agreement with the Bombay Stock Exchange and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the Company covered by our report to the Members of the Company.

for P.B. VIJAYARAGHAVAN & CO  
Chartered Accountants  
Firm Regn No. 004721S

P R KRISHNAMURTHY  
Partner  
Membership No 12622

Date : 26.05.2012  
Place : Chennai

For SURESH AND BALAJI  
Chartered Accountants  
Firm Regn No. 004998S

K.R. SRIPRIYA  
Partner  
Membership No 206404

**INFORMATION AS REQUIRED UNDER PART IV OF  
SCHEDULE VI OF THE COMPANIES ACT, 1956**



**Balance Sheet Abstract and Company's General Business Profile**

**I. Registration Details**    1 3 6 2 6    State Code    1 8    **CIN : L65921TN1986PLC013626**

Balance Sheet Date    3 1    0 3    1 2  
Date    Month    Year

**II. Capital Raised during the year**    Public Issue    Rights Issue  
(Amount in Lakhs)    N I L    N I L  
Bonus Issue    Private Placement  
N I L    3 8 5 0 . 2 4

**III. Position of Mobilisation and deployment of Funds** (Amount in Lakhs)  
Total Liabilities    Total Assets  
1 3 9 6 0 . 4 6    1 3 9 6 0 . 4 6

**Source of Funds**  
Paid-up Capital    Reserves & Surplus  
6 6 7 1 . 6 7    - 1 0 3 5 5 . 0 3  
Secured Loans    Unsecured Loans  
9 8 3 2 . 4 9    5 5 9 . 3 5

**Application of Funds**  
Deferred Tax    Investments  
N I L    2 9 . 9 3  
Net Fixed Assets    Misc. Expenditure  
1 7 4 1 . 9 7    N I L  
Net Current Assets  
1 4 2 3 . 1 2  
Accumulated Losses  
1 5 3 5 5 . 3 2

**IV. Performance of the Company**  
**Turnover**    2 9 3 . 6 5    **Total Expenditure**    2 4 5 9 . 9 5  
**Profit/(loss) before tax**    ( 2 1 9 6 . 2 7 )    **Profit /(loss) after Tax**    ( 2 1 9 6 . 2 7 )  
**Earning per Share Rs.**    ( 3 6 . 8 9 )    **Dividend Rate %**    N I L

**V. Generic Names of Three Principal Products / Services of the Company**

**Item Code No. (ITC Code)**    N A

**Service**    H I R E    P U R C H A S E    L E A S I N G  
B I L L S    D I S C O U N T I N G

See accompanying note forming part of the financial statements

In terms of our report attached  
for P.B. VIJAYARAGHAVAN & CO  
Chartered Accountants  
Firm Regn No. 004721S

For SURESH AND BALAJI  
Chartered Accountants  
Firm Regn No. 004998S

S.BALACHANDER  
Managing Director

P R KRISHNAMURTHY  
Partner  
Membership No 12622

K.R. SRIPRIYA  
Partner  
Membership No 206404

R. NAGARAJAN  
Chairman

K. JANAKIRAMAN  
Company Secretary

Date : 26.05.2012  
Place : Chennai



**STATEMENT PURSUANT OF SECTION 212 (3)  
OF THE COMPANIES ACT, 1956**



S.No.	Name of the Subsidiary Company	M/s. DFL Holdings & Securities Ltd.	Smart Invest Agency.com (P) Ltd
1	Financial year of the Subsidiary Company	31.03.2012	31.03.2012
2	Holding Company's Interest in the Company	2,99,300 shares of Rs.10/- each (99.77%)	10,000 shares of Rs.10/- each (96.86%)
3	Net aggregate amount of the profit of the subsidiary dealt with in the Holding Company's Accounts a. For the subsidiary's financial year on 31.03.12. b. For the previous year of the subsidiary company	Nil Nil	Nil Nil
4	Net aggregate amount of the profits not dealt with in the Holding Company Accounts a. For the subsidiary's financial year on 31.03.12. b. For the previous financial year of the subsidiary company.	(Rs.0.07 Lakhs) Rs.95.04 Lakhs	(Rs.0.09 Lakhs) Rs.0.94 Lakhs
5	(a) Changes in Shareholding	Nil	Nil
	(b) Material changes between the end of the financial year of the subsidiary and that of Holding Company (i) Fixed assets (ii) Investments (iii) Moneys lent by subsidiary (iv) Moneys borrowed by Subsidiary for any purpose other than that of meeting current liabilities	Nil Nil Nil Nil	Nil Nil Nil Nil

See accompanying note forming part of the financial statements

In terms of our report attached  
for P.B. VIJAYARAGHAVAN & CO  
Chartered Accountants  
Firm Regn No. 004721S

For SURESH AND BALAJI  
Chartered Accountants  
Firm Regn No. 004998S

S.BALACHANDER  
Managing Director

P R KRISHNAMURTHY  
Partner  
Membership No 12622

K.R. SRIPRIYA  
Partner  
Membership No 206404

R. NAGARAJAN  
Chairman

K. JANAKIRAMAN  
Company Secretary

Date : 26.05.2012  
Place : Chennai

**BOARD OF DIRECTORS**

B PRAKASH  
P SUDHAKAR  
A RAMESH KUMAR

**REGISTERED OFFICE &  
CORPORATE OFFICE**

: 14, Ramakrishna Street, T. Nagar  
Chennai - 600 017

**AUDITORS**

: M/s. V. Krishnan & Associates, Chartered Accountants

**BANKERS**

: The South Indian Bank Limited  
T. Nagar, Chennai – 600 017.

## DIRECTORS' REPORT

DFL Holdings and Securities Ltd.

Your Directors have pleasure in presenting the **EIGHTEENTH ANNUAL REPORT** together with the audited accounts for the year ended 31st March 2012.

### FINANCIAL RESULTS

Rs. in Lakhs

Particulars	2011-12	2010-11
Gross Income	0.19	0.07
Profit before Depreciation & tax	(0.07)	(11.81)
Less: Depreciation	–	–
Profit before Tax	(0.07)	(11.81)
Provision for Taxation	–	–
Profit after Tax	(0.07)	(11.81)
Add: Balance from Last Year	(95.04)	106.86
Profit available for appropriation	(0.07)	(11.81)
Balance carried forward	(94.97)	95.04

### BUSINESS

Your Company's main source of income was from marketing of home loan products and non-life insurance.

### DIVIDEND

Your Directors do not propose dividend for the year 2011-2012 in view of the losses incurred.

### PROSPECTS

Your Company has taken steps to tap the market potential to increase the fee based income from insurance and home loan products and is confident of posting better results in the ensuing years.

### DIRECTORS

Mr. P. Sudhakar retires by rotation and, being eligible, offers himself for reappointment. None of the other directors are concerned or interested in this appointment. Your Directors recommend the re-appointment of Mr. P. Sudhakar as the Director considering his expertise in the field of financial industry. Mr. A. Ramesh Kumar has been appointed as Additional Director w.e.f. 30.04.2011 and Mr. V.S. Murthy resigned from the Directorship of the Company w.e.f. 30.04.2011.

### DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with the provisions of Section 217 (2AA) of the Companies Act 1956, your Directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. That they have selected such accounting policies and applied them consistently and made judgments 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 period and of the loss of the Company for the year ended 31st March 2012.

3. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. That they have prepared the annual accounts on a going-concern basis.

#### **INFORMATION UNDER SEC. 217(1)(e) OF THE COMPANIES ACT, 1956**

There is no activity relating to conservation of energy or technology absorption. The company has no foreign exchange earnings or outgo.

#### **PARTICULARS OF EMPLOYEES UNDER SEC. 217(2A) OF THE COMPANIES ACT, 1956**

None of the employees of the company is in receipt of remuneration in excess of limits prescribed under section 217 (2A) of the Companies Act, 1956.

#### **SECRETARIAL COMPLIANCE CERTIFICATE**

In terms of Section 383(A) (1) of the Companies Amendment Act, 2000, the secretarial compliance certificate for the year ended 31st March 2012 has been obtained and the same is annexed.

#### **AUDITORS**

M/s V Krishnan & Associates, Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting and have expressed their intention of not offering themselves for reappointment.

M/s. A K Rajagopalan & Co., the Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the company, from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors of the Company.

A certificate under Section 224(1B) of the Companies Act, 1956 has been received from M/s. A K Rajagopalan & Co.

#### **ACKNOWLEDGEMENT**

Your directors wish to thank the company's bankers for their valuable support. Your Directors also wish to place on record the appreciation of the good work done by the employees of the company.

for & on behalf of the Board

Place: Chennai  
Date : 26.05.2012

**B PRAKASH**  
Director

**COMPLIANCE CERTIFICATE**

DFL Holdings and Securities Ltd.

**Corporate Identification No : U65993TN1994PLC028703****Paid up Capital : Rs. 30,00,000/-**

FORM

[SEE RULE 3]

Compliance Certificate

**To**

The Members,

**DFL HOLDINGS AND SECURITIES LIMITED.**

Chennai

I have examined the registers, records, books and papers produced to me for my verification pertaining to the financial year **01.04.2011 to 31.03.2012 of DFL HOLDINGS AND SECURITIES LIMITED**, as required to be maintained under the Companies Act, 1956, and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended **31.03.2012**. In my opinion and to the best of my information and according to the examinations carried out by me of the documents produced to me and explanations furnished to me by the Company, its officers and agents, I, on strength and reliance of the documents produced and information provided to me, pertaining to the financial year **2011-2012**, certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities under the Act and the rules made thereunder.
3. The Company being public limited Company has the minimum prescribed paid-up capital.
4. The Board of Directors met 7(Seven) times on 30.04.2011,28.05.2011,10.08.2011, 23.09.2011, 13.10.2011, 14.11.2011 and 09.02.2012 in respect of which meetings notices were given and the proceedings were recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has not closed its Register of Members under Section 154 of the Act during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2011 was held on 28.06.2011, after giving notice to the members of the Company and the resolutions passed there at were recorded in Minutes Book maintained for the purpose.
7. One Extra-Ordinary General Meeting was held during the financial year on 10.11.2011 for Change of Name of the Company from DHANDAPANI HOLDINGS AND SECURITIES LTD to DFL HOLDINGS AND SECURITIES LIMITED after giving notice to the members of the company and the resolutions passed there at were recorded in the Minutes Book maintained for the purpose.
8. As per information provided to me it appears that, the Company has not advanced any loan to its directors and/or persons or firms or companies referred in the Section 295 of the Act during the financial year.
9. As per information provided to me, the Company represents that there was no transaction falling within the purview of Section 297 of the Act.

10. The company has made necessary entries in the register maintained under Section 301 of the Act.
11. As explained to me, it seems that there was no instances falling within purview of Section 314 of the Act, owing to which Company has not obtained any approvals from the Board of Directors, members and previous approval of the Central Government, as the case may be.
12. As per records shown to me, the Company has not issued any duplicate share certificates during the financial year.
13. As per documents produced to me, the Company:
  - (i) has delivered the share certificates as there was transfer of equity shares during the financial year.
  - (ii) has not deposited amount in a separate bank account as there was no dividend declared during the financial year.
  - (iii) has not posted dividend warrants to any member of the Company as there was no dividend declared during the financial year.
  - (iv) has not transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund as there was no such amount outstanding during the financial year under review
  - (v) has generally complied with the requirements of Section 217 except section 217(4) of the Act.
14. The Board of Directors of the Company was re - constituted by appointment of Mr. RAMESH KUMAR ARUMUGAM as Additional Director of the company w e f 30.04.2011. Mr. VAKKALANKA SATYANARAYANA MURTHY has resigned his directorship w e f 30.04.2011. Mr. SUDHAKAR PACHAIAPPAN and Mr. RAMESH KUMAR ARUMUGAM got regularized as Directors of the company on 28.06.2011 during the financial Year.
15. The Company has not appointed any Managing Director/ Whole-time Director/Manager during the financial year under scrutiny.
16. The Company has not appointed any sole-selling agents during the financial year under scrutiny.
17. As per information provided to me, observations made by me and the records produced to me, no approvals was taken by the Company from the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act as the Company represents that there no occasions have arisen during the financial year.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. As per records of the Company, the Company has not issued shares/ debentures/securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not made redemption of preference shares/debentures during the year as there was no redemption of preference shares/debenture issued
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. As per information provided to me, the Company has not accepted any deposit falling within the purview of Section 58A of the Companies Act 1956 during the financial year.

24. The Company has not made borrowings from its directors, its members, public, financial institutions, banks and others falling under Section 293(1) (d) of the Act during the financial year.
25. The company has not made loans and investments, or given guarantees or provided securities to other bodies corporate falling under section 372A of the Act during the financial year.
26. The Company has not altered the provisions of the memorandum of association of the company with respect to situation of the Company's registered office from one state to another during the financial year under scrutiny However the Registered office of the company has been shifted within the local limit w e f 13.10.2011.
27. The Company has not altered the provisions of the memorandum of association of the company with respect to the objects of the Company during the year under scrutiny.
28. The Company has altered the provisions of the memorandum of association of the company with respect to change of name of the Company from DHANDAPANI HOLDINGS AND SECURITIES LTD To DFL HOLDINGS AND SECURITIES LIMITED vide EGM dated 10.11.2011 during the year under scrutiny..
29. The company has not altered the provisions of the memorandum of association of the company with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its articles of association of the company during the financial year.
31. As per explanations given to me, there was no prosecution initiated against or show cause notices received by the Company and fines/penalties or any other punishment imposed on the Company during the financial year for offences under the act.
32. The Company has not received any security deposit from its employees during the financial year under scrutiny.
33. The Company has not constituted any Fund under section 418 of the Act.

Place : Trivandrum  
Date : 26.05.2012

G. GNANENDRA KUMAR, ACS  
Company Secretary  
M No. 25205  
C P No. 9059

**ANNEXURE A**  
**Registers as maintained by the Company**

SI. No.	Under Section	Name of the Register
1	150	Register of Members
2	193	Minutes of All meeting of Board of Directors
3	193(1)	Minutes of General Meeting
4	303	Register of Directors
5	307	Register of Directors' Share holding
6	301	Register of Contracts, Companies and firms in which the directors are interested
7	-	Share Transfer register
8	143	Register of Charges
9	372A	Register of loans and investments, or given guarantees or provided securities

**ANNEXURE B**  
**Returns/ Documents/ Forms as filed or Re submitted by the Company with the Registrar of Companies from 01.04.2011 to 31.03.2012**

SI. No.	Form No.	Under Section	Description	Document/filing Dates
1	20B	159	Annual Return as on date of AGM30.09.2010	20.04.2011
2	32	303	Appointment of <b>Mr. RAMESH KUMAR ARUMUGAM</b> as Additional Director of the Company w.e.f.30.04.2011 and Resignation of Mr. VAKKALANKASATYANARAYANA MURTHY from his directorship of the company w e f 30.04.2011.	30.05.2011
3	66	383A(1)	Compliance Certificate for the year ended 31.03.2010	04.08.2011
4	23AC/ ACA	220	Annual Report for financial year ended 31.03.2010	04.08.2011
5	32	303	Regularization of Mr. SUDHAKARPACHAIAPPAN and Mr. RAMESH KUMAR ARUMUGAM as Directors of the company w e f 28.06.2011	04.08.2011
6	66	383A(1)	Compliance Certificate for the year ended 31.03.2011	05.08.2011
7	23AC/ ACA	220	Annual Report for financial year ended 31.03.2011	24.08.2011
8	20B	159	Annual Return as on date of AGM 28.06.2011	26.08.2011
9	18	146	Shifting of Registered Office. of the Company from New No.291, Old No.141, Linghi Chetty St, Chennai-600 001 to No.14, Ramakrishna Street, T.Nagar, Chennai-600 017 w e f 13.10.2011	10.11.2011
10	23	21	Registration of resolution was passed vide EGM dated 10.11.2011 for Alteration of memorandum of association of the company for change of name of the company from DHANDAPANI HOLDINGS AND SECURITIES LTD to DFL HOLDINGS AND SECURITIES LIMITED	11.11.2011

Place : Trivandrum  
Date : 26.05.2012

G. GNANENDRA KUMAR, ACS  
Company Secretary  
M No. 25205  
C P No. 9059

**Note:**

Form 23B filed by Statutory Auditor of the company on 05.04.2011 for the period from 01.04.2010 to 31.03.2011  
Form 23B filed by Statutory Auditor of the company on 16.11.2011 for the period from 01.04.2011 to 31.03.2012.  
Forms and Returns as filed by the Company with Regional Director during the financial year ending on 31.03.2012 – Nil  
Forms and Returns as filed by the Company with Central Government or other authorities during the financial year ending on 31.03.2012 - Nil



**AUDITORS' REPORT TO THE MEMBERS OF  
DFL HOLDINGS AND SECURITIES LTD.**



DFL Holdings and Securities Ltd.

1. We have audited the attached Balance Sheet of M/s. DFL Holdings and Securities Ltd as on March 31, 2012 and also the profit and loss account for the year ended on that date annexed thereto which we have signed under reference to this report. 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 the 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures 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.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 2 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 and Profit and Loss Account dealt with by this are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet and the Profit and loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.
  - e. On the basis of written representation received from the directors as on March 31, 2012, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of Sub-section (I) of section 274 of the Act.
  - f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act, 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 March 31,2012;
    - ii) in the case of Profit and Loss Account, of the **Loss** for the year ended on that date;

For V KRISHNAN & ASSOCIATES  
Chartered Accountants  
Firm Regn. No. 1540S  
**V KRISHNAN**  
Partner  
Membership No.:19899

Place: Chennai  
Date: 26.05.2012

**ANNEXURE TO THE AUDITORS' REPORT**

DFL Holdings and Securities Ltd.

**(Referred to in paragraph 3 of our report of even date to the members of M/s. DFL Holdings and Securities Ltd.)**

1. (a) The company has no fixed assets as the Board of Directors have deducted to write off all the assets as they become obsolete.  
(b) Physically verification, disposal of fixed assets are not applicable.
2. As the Company is engaged in Insurance and other Financial Services, the provisions of sub clause (ii) a, b and c of the Companies (Auditors' Report) are not applicable.
3. (a) The Company has granted loans to its Holding Company "DFL Infrastructure Finance Limited", the party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is Rs. 96,38,105/-
4. In our opinion, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for purchase of inventories and fixed assets and for the sale of goods.
5. (a) In our opinion, the transactions that need to be entered in the register maintained under Section 301 of the Companies Act have been so entered.  
(b) In our opinion, the aforesaid transactions have been made at prices which are reasonable having regard to the prevailing market prices.
6. The Company has not accepted any deposits from public.
7. The Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Act.
8. The provisions of Provident Fund, Employees' State Insurance, Customs Duty, Excise Duty, Cess are not applicable to the Company.
9. According to the information and explanations given to us and records of the Company examined by us the Company has been regular in paying of Income Tax and Wealth Tax.
10. The company has no any accumulated losses at the end of the financial year.
11. According to the records produced, the company has not defaulted in repayment of its dues to any financial institution or bank during the year.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / Nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. The company has not given any guarantees for loans taken by others.
16. On the basis of review of utilization of funds on an overall basis, in our opinion, the term loans taken by company were applied for the purposes for which the loans were obtained. Confirmation of balance of Rs. 6,00,000/- on deposits with Coimbatore Stock Exchange has not been obtained.

17. On the basis of review of utilization of funds on an overall basis in our opinion, the funds raised on short-term basis have not been used for long-term investment or vice versa during the year.
18. The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the companies Act.
19. The company has issued no Debentures.
20. The company has not raised any money by public issues during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the company nor have we been informed by the management of any such instance being noticed or reported during the year.

Place: Chennai  
Date: 26.05.2012

For **V KRISHNAN & ASSOCIATES**  
Chartered Accountants  
Firm Regn. No. 1540S  
**V KRISHNAN**  
Partner  
Membership No.:19899

**BALANCE SHEET AS ON 31st MARCH, 2012**

DFL Holdings and Securities Ltd.

Amount in Rupees

Particulars	Refer Note No.	As at 31.03.2012	As at 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
Share Capital	1	3,000,000	3,000,000
Reserves and surplus	2	9,635,534	9,642,173
		<b>12,635,534</b>	<b>12,642,173</b>
<b>2 Non-current liabilities</b>			
Long-term borrowings		–	–
Deferred Tax Liabilities (Net)		–	–
Other Long Term Liabilities		–	–
Long-term provisions	3	1,117,394	1,202,693
		<b>1,117,394</b>	<b>1,202,693</b>
<b>3 Current liabilities</b>			
Short-term borrowings		–	–
Trade Payables		–	–
Other current liabilities	4	12,237	12,031
Short-term provisions		–	–
		<b>12,237</b>	<b>12,031</b>
<b>TOTAL</b>		<b>13,765,165</b>	<b>13,856,897</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets		–	–
(ii) Intangible assets		–	–
(iii) Capital work-in progress		–	–
(iv) Intangible assets under development		–	–
<b>(b) Non-current investments</b>	5	2,197,630	2,197,630
<b>(c) Deferred Tax assets (net)</b>		–	–
<b>(d) Long-term loans and advances</b>	6	9,638,105	9,748,564
<b>(e) Other non-current assets</b>	7	1,206,971	1,206,669
		<b>13,042,706</b>	<b>13,152,863</b>
<b>2 Current assets</b>			
<b>(a) Current investments</b>		–	–
<b>(b) Inventories</b>		–	–
<b>(c) Trade Receivables</b>		–	–
<b>(d) Cash and Cash equivalents</b>	8	722,459	704,034
<b>(e) Short-term loans and advances</b>		–	–
<b>(f) Other current assets</b>		–	–
		<b>722,459</b>	<b>704,034</b>
<b>TOTAL</b>		<b>13,765,165</b>	<b>13,856,897</b>

See accompanying note forming part of the financial statements

In terms of our report attached

for V. KRISHNAN &amp; ASSOCIATES

Chartered Accountants

Firm Regn No. 1540S

V. KRISHNAN

Partner

Membership No. 19899

Date : 26.05.2012

Place : Chennai

B. PRAKASH

P. SUDHAKAR

Directors

**PROFIT AND LOSS ACCOUNT FOR THE  
YEAR ENDED 31st MARCH, 2012**



DFL Holdings and Securities Ltd.

Amount in Rupees

Particulars	Refer Note No.	As at 31.03.2012	As at 31.03.2011
Revenue from operations		–	–
Other income	9	18,727	7,247
<b>Total Revenue</b>		<b>18,727</b>	<b>7,247</b>
<b>Expenses:</b>			
Finance costs	10	–	22
Other operating Expenses	11	25,366	1,188,699
<b>Total expenses</b>		<b>25,366</b>	<b>1,188,699</b>
<b>Loss before exceptional and extraordinary items and tax</b>		<b>(6,639)</b>	<b>(1,181,452)</b>
Exceptional Items		–	–
<b>Loss before extraordinary items and tax</b>		<b>(6,639)</b>	<b>(1,181,452)</b>
Extraordinary items		–	–
<b>Loss before tax</b>		<b>(6,639)</b>	<b>(1,181,452)</b>
Basic Earnings per equity share:		<b>(0.02)</b>	<b>(3.94)</b>

See accompanying note forming part of the financial statements  
In terms of our report attached  
for V. KRISHNAN & ASSOCIATES  
Chartered Accountants  
Firm Regn No. 1540S  
V. KRISHNAN  
Partner  
Membership No. 19899  
Date : 26.05.2012  
Place : Chennai

B. PRAKASH

P. SUDHAKAR  
*Directors*

NOTES FORMING PART OF THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012



DFL Holdings and Securities Ltd.

Amount in Rupees

Note : 1 - SHARE CAPITAL	As at 31.03.2012	As at 31.03.2011
<b>AUTHORISED</b> <b>Equity Shares :</b> 5,00,000 (2011 – 5,00,000) Equity Shares of Rs 10 each	5,00,000.00	5,00,000.00
	<b>5,00,000.00</b>	<b>5,00,000.00</b>
<b>ISSUED</b> <b>Equity Shares :</b> 3,00,000 (2011 – 3,00,000) Equity Shares of Rs 10 each	3,00,000.00	3,00,000.00
<b>Subscribed &amp; Paid up</b> <b>Equity Shares :</b> 3,00,000 (2011 – 3,00,000) Equity Shares of Rs 10 each	3,00,000.00	3,00,000.00
	<b>3,00,000.00</b>	<b>3,00,000.00</b>

Details of shareholding more than 5% shares in the company

**EQUITY**

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class
<b>DFL Infrastructure Finance Ltd</b>	<b>299300</b>	<b>99.77</b>	<b>299300</b>	<b>99.77</b>

Note : 2 - RESERVES & SURPLUS

Particulars	Capital Reserve	Revaluation Reserve	General Reserve	Statutory Reserve	Security Premium	P & L Account	Total	
Opening Balance	–	–	137,900	–	–	9,504,273	9,642,173	
Additions	–	–	–	–	–	(6,639)	(6,639)	
Deletions	–	–	–	–	–	–	–	
Closing Balance	–	–	137,900	–	–	9,497,634	9,635,534	9,635,534
Previous Year			<b>137,900</b>			<b>9,504,273</b>	<b>9,642,173</b>	

**NOTES FORMING PART OF THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**



DFL Holdings and Securities Ltd.

<b>Note : 3 - PROVISIONS</b>	<b>Amount in Rupees</b>			
	<b>Long Term</b>		<b>Short Term</b>	
	<b>31.03.2012</b>	<b>31.03.2011</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
Taxation	1,117,394	1,202,693	-	-
	<b>1,117,394</b>	<b>1,202,693</b>	-	-
<b>Note : 4 - OTHER CURRENT LIABILITIES</b>				
Audit Fees	-	-	11,236	11,030
Others	-	-	1,001	1,001
	-	-	<b>12,237</b>	<b>12,031</b>

<b>Note : 5 - INVESTMENTS</b>	<b>Amount in Rupees</b>	
	<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>
<b>QUOTED</b> DFL Infrastructure Finance Limited - 274,200 Equity shares	2,097,630	2,097,630
	2,097,630	2,097,630
<b>UNQUOTED</b> Smart Invest Agency Com Private Ltd	100,000	100,000
	100,000	100,000
	<b>2,197,630</b>	<b>2,197,630</b>

<b>Note : 6 - LOANS AND ADVANCES</b>	<b>Amount in Rupees</b>			
	<b>Long Term</b>		<b>Short Term</b>	
	<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>	<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>
Inter corporate deposit	9,638,105	9,748,564	-	-
	<b>9,638,105</b>	<b>9,748,564</b>	-	-
<b>Note : 7 - OTHER CURRENT ASSETS</b>				
Tax Deducted @ Source	281,319	281,319	-	-
Advance Tax	325,350	325,350	-	-
Coimbatore Stock Exchange	600,000	600,000	-	-
Interest accrued but not due	302	-	-	-
	<b>1,206,971</b>	<b>1,206,669</b>	-	-

**NOTES FORMING PART OF THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**



DFL Holdings and Securities Ltd.

<b>Note : 8 - CASH &amp; BANK BALANCES</b>	<b>Amount in Rupees</b>			
	<b>Long Term</b>		<b>Short Term</b>	
	<b>31.03.2012</b>	<b>31.03.2011</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
Cash and Cash equivalents	–	–	–	–
Cash on Hand	–	–	–	–
Balances with Banks in current account	–	–	54,815	596,145
Deposit with BOB	–	–	117,644	107,889
Fixed Deposit with SIB	–	–	550,000	–
	–	–	<b>722,459</b>	<b>704,034</b>

	<b>Amount in Rupees</b>	
	<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>
<b>Note : 9 – OTHER INCOME</b>		
Interest Income on bank deposits	10,057	7,033
Commission from money transfer	8,670	–
Dividend Income	–	214
	<b>18,727</b>	<b>7,247</b>
<b>Note : 10 FINANCE CHARGES</b>		
Bank Charges	–	22
	–	<b>22</b>
<b>Note : 11 - OTHER OPERATING EXPENSES</b>		
Professional charges	11,236	11,030
	14,130	12,319
Loss on value of shares	–	1,165,350
	<b>25,366</b>	<b>1,188,699</b>



**NOTES FORMING PART OF ACCOUNTS**

**A. Accounting Policies**

**1. Income Recognition:**

Interest is not charged on Loan given to DFL Infrastructure Finance Ltd., as the company is under revival. The Board decided to recognize on receipt basis.

**2. Depreciation & Fixed Assts**

There is no Fixed Assets

**B. Notes on Accounts:**

1. Contingency Liabilities not provided for : Nil
2. Previous year's figures have been regrouped / reclassified to confirm to current year classification whenever necessary

No interest on Inter Corporate Deposit of Rs.96.38 Lakhs has been considered as it has been mutually waived by mutual agreement.

See accompanying note forming part of the financial statements

In terms of our report attached

for V. KRISHNAN & ASSOCIATES

Chartered Accountants

Firm Regn No. 1540S

V. KRISHNAN

Partner

Membership No. 19899

B. PRAKASH

P. SUDHAKAR

*Directors*

Date : 26.05.2012

Place : Chennai

**INFORMATION AS REQUIRED UNDER PART IV OF  
SCHEDULE VI OF THE COMPANIES ACT, 1956**



DFL Holdings and Securities Ltd.

**Balance Sheet Abstract and Company's General Business Profile**

<b>I. Registration Details</b>	2 8 7 0 3	State Code	1 8
CIN:	U65993TN1994PLC028703		
Balance Sheet Date	3 1	0 3	1 2
	Date	Month	Year
<b>II. Capital Raised during the year</b>	Public Issue		Rights Issue
	N I L		N I L
	Bonus Issue		Private Placement
	N I L		N I L
<b>III. Position of Mobilisation and deployment of Funds (Amount in Thousands)</b>	Total Liabilities		
	1 3 7 6 5		
	Total Assets		
	1 3 7 6 5		
<b>Source of Funds</b>	Paid-up Capital		Reserves & Surplus
	3 0 0 0		9 6 3 5
	Secured Loans		Unsecured Loans
	N I L		N I L
<b>Application of Funds</b>	Net Fixed Assets		Investments
	N I L		2 1 9 8
	Net Current Assets		Misc. Expenditure
	7 1 0		N I L
	Accumulated Losses		
	N I L		
<b>IV. Performance of the Company</b>	Turnover		Total Expenditure
	1 8		2 5
	Profit before tax		Profit after Tax
	- 0 . 0 7		- 0 . 0 7
	Earning per Share Rs.		Dividend Rate %
	- 0 . 0 2		N I L
<b>V. Generic Names of Three Principal Products / Services of the Company</b>	Item Code No. (ITC Code) N A		
Service	S E R V I C E A G E N C Y B U S I N E S S		

See accompanying note forming part of the financial statements

In terms of our report attached

for V. KRISHNAN & ASSOCIATES

Chartered Accountants

Firm Regn No. 1540S

V. KRISHNAN

Partner

Membership No. 19899

B. PRAKASH

P. SUDHAKAR

Directors

Date : 26.05.2012

Place : Chennai

**BOARD OF DIRECTORS**

B PRAKASH  
P SUDHAKAR

**REGISTERED OFFICE**

: 14, Ramakrishna Street, T. Nagar, Chennai – 600 017.

**AUDITORS**

: M/s. V. Krishnan & Associates, Chartered Accountants

**BANKERS**

: STATE BANK OF HYDERABAD  
T. Nagar, Chennai – 600 017.

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Your Directors have pleasure in presenting the **ELEVENTH ANNUAL REPORT** together with the audited accounts for the year ended 31st March 2012.

**FINANCIAL RESULTS**

The accompanying Profit and Loss Account shows a loss after tax of Rs.8860/-.

**BUSINESS**

The Company would pursue its objectives in investment broking, Insurance Agency and allied areas to concentrate on fee-based activities.

**DIVIDEND**

Your Directors do not propose dividend for the year 2011-2012 in view of the losses incurred.

**PROSPECTS**

Your Directors are confident of increased turnover during the current year with the increase in Fee based activities.

**DIRECTORS**

Mr. P. Sudhakar retire by rotation and, being eligible, offer themselves for reappointment. Members are requested to re-appoint the retiring Director.

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**DIRECTORS' RESPONSIBILITY STATEMENT**

In compliance with the provisions of Section 217 (2AA) of the Companies Act 1956, your Directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. That they have selected such accounting policies and applied them consistently and made judgments 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 period and of the loss of the Company for the year ended 31st March 2012.
3. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
4. That they have prepared the annual accounts on a going-concern basis.

**INFORMATION UNDER SEC. 217(1)(e) OF THE COMPANIES ACT, 1956**

There is no activity relating to conservation of energy or technology absorption. The company has no foreign exchange earnings or outgo.

**PARTICULARS OF EMPLOYEES UNDER SEC. 217(2A) OF THE COMPANIES ACT, 1956**

There are no employees drawing the remuneration as stipulated under Sec. 217 (2A) of the Companies Act, 1956.

**AUDITORS**

M/s V Krishnan & Associates, Chartered Accountants, Statutory Auditors of the Company retire at the ensuing Annual General Meeting and have expressed their intention of not offering themselves for reappointment.

M/s. A K Rajagopalan & Co., the Chartered Accountants, be and are hereby appointed as the Statutory Auditors of the company, from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors of the Company.

A certificate under Section 224(1B) of the Companies Act, 1956 has been received from M/s. A K Rajagopalan & Co.

**ACKNOWLEDGEMENT**

Your directors wish to thank the company's bankers for their valuable support.

for & on behalf of the Board

Place: Chennai  
Date: 26.05.2012

**B PRAKASH**  
Director

**P SUDHAKAR**  
Director

**AUDITOR'S REPORT TO THE MEMBERS OF  
SMARTINVEST AGENCY.COM PRIVATE LIMITED**



SMARTINVEST AGENCY.COM PVT. LTD.

We have audited the attached Balance Sheet of M/s. Smartinvest Agency.com Private Limited as at March 31, 2012 and also the profit and loss account for the year ended on that date annexed thereto which we have signed under reference to this report. 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.

1. We conducted our audit in accordance with the 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures 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.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 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 and Profit and Loss Account dealt with by this are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet and the Profit and loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.
  - e. On the basis of written representation received from the directors as on March 31, 2012, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of Sub-section (I) of section 274 of the Act.
  - f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act, 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 March 31, 2012;
    - ii) in the case of Profit and Loss Account, of the **Loss** for the year ended on that date;

For V KRISHNAN & ASSOCIATES  
Chartered Accountants  
Firm Regn. No. 1540S  
**V KRISHNAN**  
Partner  
Membership No.:19899

Place: Chennai  
Date : 26.05.2012

**ANNEXURE TO AUDITOR'S REPORT**

**(Referred to in paragraph 2 of our report of even date to the members of M/s. Smartinvest Agency.com Private Limited)**

1. (a) The company has no fixed assets,  
(b) Physically verification, disposal of fixed assets are not applicable.
2. As the Company is engaged in Insurance and other Financial Services, the provisions of sub clause (ii) a, b and c of the Companies (Auditors' Report) are not applicable.
3. (a) The Company has granted loans to its Holding Company "DFL Infrastructure Finance Limited", the party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is Rs. 1,76,330/-
4. In our opinion, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for purchase of inventories and fixed assets and for the sale of goods.
5. (a) In our opinion, the transactions that need to be entered in the register maintained under Section 301 of the Companies Act have been so entered.  
(b) In our opinion, the aforesaid transactions have been made at prices which are reasonable having regard to the prevailing market prices.
6. The Company has not accepted any deposits from public.
7. The Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Act.
8. The provisions of Provident Fund, Employees' State Insurance, Customs Duty, Excise Duty, Cess are not applicable to the Company.
9. According to the information and explanations given to us and records of the Company examined by us the Company has been regular in paying of Income Tax and Wealth Tax.
10. The company has no any accumulated losses at the end of the financial year.
11. According to the records produced, the company has not defaulted in repayment of its dues to any financial institution or bank during the year.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / Nidhi / mutual benefit fund / societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. The company has not given any guarantees for loans taken by others.
16. On the basis of review of utilization of funds on an overall basis, in our opinion, the term loans taken by company were applied for the purposes for which the loans were obtained.
17. On the basis of review of utilization of funds on an overall basis in our opinion, the funds raised on short-term basis have not been used for long-term investment or vice versa during the year.

18. The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the companies Act.
19. The company has issued no Debentures.
20. The company has not raised any money by public issues during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the company nor have we been informed by the management of any such instance being noticed or reported during the year.

Place: Chennai  
Date : 26.05.2012

For V KRISHNAN & ASSOCIATES  
Chartered Accountants  
Firm Regn. No. 1540S  
**V KRISHNAN**  
Partner  
Membership No.:19899

# BALANCE SHEET AS ON 31st MARCH 2012



SMARTINVEST AGENCY.COM PVT. LTD.

Amount in Rupees

Particulars	Refer Note No.	As at 31.03.2012	As at 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
Share Capital	1	103,000	103,000
Reserves and surplus	2	93,937	102,797
		<b>196,937</b>	<b>205,797</b>
<b>2 Non-current liabilities</b>			
Long-term borrowings		–	–
Deferred Tax Liabilities (Net)		–	–
Other Long Term Liabilities		–	–
Long-term provisions		–	–
		–	–
<b>3 Current liabilities</b>			
Short-term borrowings		–	–
Trade Payables		–	–
Other current liabilities	3	2,247	2,206
Short-term provisions		–	–
		<b>2,247</b>	<b>2,206</b>
		<b>199,184</b>	<b>208,003</b>
<b>TOTAL</b>			
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets		–	–
(ii) Intangible assets		–	–
(iii) Capital work-in progress		–	–
(iv) Intangible assets under development		–	–
(b) Non-current investments		–	–
(c) Deferred Tax assets (net)		–	–
(d) Long-term loans and advances	4	176,330	185,149
(e) Other non-current assets	5	16,778	16,778
		<b>193,108</b>	<b>201,927</b>
<b>2 Current assets</b>			
(a) Current investments		–	–
(b) Inventories		–	–
(c) Trade Receivables		–	–
(d) Cash and Cash equivalents	6	6,076	6,076
(e) Short-term loans and advances		–	–
(f) Other current assets		–	–
		<b>6,076</b>	<b>6,076</b>
<b>TOTAL</b>		<b>199,184</b>	<b>208,003</b>

See accompanying note forming part of the financial statements  
 In terms of our report attached  
 for V. KRISHNAN & ASSOCIATES  
 Chartered Accountants  
 Firm Regn No. 1540S  
 V. KRISHNAN  
 Partner  
 Membership No. 19899  
 Date : 26.05.2012  
 Place : Chennai

B. PRAKASH

P. SUDHAKAR  
 Directors



**PROFIT AND LOSS ACCOUNT FOR THE  
YEAR ENDED 31st MARCH 2012**



SMARTINVEST AGENCY.COM PVT. LTD.

Amount in Rupees

Particulars	Refer Note No.	As at 31.03.2012	As at 31.03.2011
Revenue from operations		–	–
Other income		–	–
<b>Total Revenue</b>		–	–
<b>Expenses:</b>			
Finance costs		–	22
Other operating Expenses	7	8,860	8,217
<b>Total expenses</b>		<b>8,860</b>	<b>8,239</b>
<b>Loss before exceptional and extraordinary items and tax</b>		<b>(8,860)</b>	<b>(8,239)</b>
Exceptional Items		–	–
<b>Loss before extraordinary items and tax</b>		<b>(8,860)</b>	<b>(8,239)</b>
Extraordinary items		–	–
<b>Loss before tax</b>		<b>(8,860)</b>	<b>(8,239)</b>
Basic Earnings per equity share:		<b>(0.86)</b>	<b>(0.80)</b>

See accompanying note forming part of the financial statements  
In terms of our report attached  
for V. KRISHNAN & ASSOCIATES  
Chartered Accountants  
Firm Regn No. 1540S  
V. KRISHNAN  
Partner  
Membership No. 19899

B. PRAKASH

P. SUDHAKAR  
*Directors*

Date : 26.05.2012  
Place : Chennai

NOTES FORMING PART OF THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012



SMARTINVEST AGENCY.COM PVT. LTD.

Amount in Rupees

Note : 1 - SHARE CAPITAL	As at 31.03.2012	As at 31.03.2011
<b>AUTHORISED</b> <b>Equity Shares :</b> 20,000 (2011 - 20,000) Equity Shares of Rs 10 each	200,000.00	200,000.00
	<b>200,000.00</b>	<b>200,000.00</b>
<b>ISSUED</b> <b>Equity Shares :</b> 10,300 (2011 - 10,300) Equity Shares of Rs 10 each	103,000.00	103,000.00
<b>Subscribed &amp; Paid up</b> <b>Equity Shares :</b> 10,300 (2011 - 10,300) Equity Shares of Rs 10 each	103,000.00	103,000.00
	<b>103,000.00</b>	<b>103,000.00</b>

Details of shareholding more than 5% shares in the company

**EQUITY**

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class
<b>DFL Holdings &amp; Securities Ltd</b>	<b>10000</b>	<b>97.09</b>	<b>10000</b>	<b>97.09</b>

**Note : 2 - RESERVES & SURPLUS**

Particulars	Capital Reserve	Revaluation Reserve	General Reserve	Statutory Reserve	Security Premium	P & L Account	Total	
Opening Balance	-	-	111,794	-	-	(8,997)	102,797	
Additions	-	-	-	-	-	(8,860)	(8,860)	
Deletions	-	-	-	-	-	-	-	
Closing Balance	-	-	111,794	-	-	(17,857)	93,937	93,937
Previous Year			<b>111,794</b>			<b>(8,997)</b>	<b>102,797</b>	

NOTES FORMING PART OF THE FINANCIAL  
STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012



SMARTINVEST AGENCY.COM PVT. LTD.

<b>Note : 3 - OTHER CURRENT LIABILITIES</b>		<b>Amount in Rupees</b>			
	<b>Long Term</b>		<b>Short Term</b>		
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	
Audit Fees	–	–	2,247	2,206	
	–	–	<b>2,247</b>	<b>2,206</b>	
<b>Note : 4 - LOANS AND ADVANCES</b>					
Inter corporate deposit	176,330	185,149	–	–	
	176,330	185,149	–	–	

<b>Note : 5 - OTHER CURRENT ASSETS A3</b>		<b>Amount in Rupees</b>			
	<b>Non-Current</b>		<b>Current</b>		
	31.03.2012	31.03.2011	31.03.2012	31.03.2011	
Tax Deducted @ Source	998	998	–	–	
Advance Tax	15,780	15,780	–	–	
	16,778	16,778	–	–	

<b>Note : 6 - CASH &amp; BANK BALANCES</b>				
Balances with Banks in current account	–	–	6,076	6,076
	–	–	<b>6,076</b>	<b>6,076</b>

			<b>Amount in Rupees</b>	
			<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>
<b>Note : 7 - OTHER OPERATING EXPENSES</b>				
Auditors Remuneration			2,247	2,206
Professional charges			6,613	6,011
			<b>8,860</b>	<b>8,217</b>

**NOTES FORMING PART OF ACCOUNTS**

**A. Accounting Policies**

**1. Income Recognition:**

Interest is not charged on Loan given to DFL Infrastructure Finance Ltd., as the company is under revival, The Board decided to recognize on receipt basis.

**B. Notes on Accounts:**

1. Contingency Liabilities not provided for : Nil
2. Previous year's figures have been regrouped / reclassified to confirm to current year classification whenever necessary

No interest on Inter Corporate Deposit of Rs.1.76 Lakhs has been considered as it has been mutually waived by mutual agreement.

See accompanying note forming part of the financial statements

In terms of our report attached

for V. KRISHNAN & ASSOCIATES

Chartered Accountants

Firm Regn No. 1540S

V. KRISHNAN

Partner

Membership No. 19899

B. PRAKASH

P. SUDHAKAR

*Directors*

Date : 26.05.2012

Place : Chennai

**INFORMATION AS REQUIRED UNDER PART IV OF  
SCHEDULE VI OF THE COMPANIES ACT, 1956**



SMARTINVEST AGENCY.COM PVT. LTD.

**Balance Sheet Abstract and Company's General Business Profile**

**I. Registration Details**

CIN

4 5 9 2 0

State Code 1 8

U67120TN2000PTC045920

Balance Sheet Date

3 1 0 3

1 2

Date Month Year

**II. Capital Raised during the year**

Public Issue

N I L

Bonus Issue

N I L

Rights Issue

N I L

Private Placement

N I L

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

Total Liabilities

1 9 9

Total Assets

1 9 9

**Source of Funds**

Paid-up Capital

1 0 3

Reserves & Surplus

9 4

Secured Loans

N I L

Unsecured Loans

N I L

**Application of Funds**

Net Fixed Assets

N I L

Investments

N I L

Net Current Assets

4

Misc. Expenditure

N I L

Accumulated Losses

N I L

**IV. Performance of the Company**

Turnover

N I L

Total Expenditure

9

Profit before tax

- 9

Profit after Tax

- 9

Earning per Share Rs.

- 0 . 8 6

Dividend Rate %

N I L

**V. Generic Names of Three Principal Products / Services of the Company**

Item Code No. (ITC Code) N A

Service

S E R V I C E A G E N C Y B U S I N E S S

SUBJECT TO OUR REPORT OF EVEN DATE

for V. KRISHNAN & ASSOCIATES

Chartered Accountants

V. KRISHNAN

Partner

B. PRAKASH

P. SUDHAKAR

Directors

Place : Chennai

Date : 26.05.2012

## AUDITORS' REPORT

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### AUDITORS REPORT TO THE MEMBERS OF DFL INFRASTRUCTURE FINANCE LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DFL INFRASTRUCTURE FINANCE LIMITED AND ITS SUBSIDIARIES

We have audited the attached Consolidated Balance Sheet of *M/s. DFL Infrastructure Finance Limited* and its subsidiaries as at 31st March 2012, the Consolidated Profit And Loss Account and the Consolidated Cash Flow Statement for the year ended on that date.

1. We conducted our audit in accordance with the 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 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.
2. We did not audit the Financial Statements of the subsidiaries whose Financial Statements reflect total assets of Rs.139.64 lacs as at 31st March 2012 and total revenue of Rs. 0.19 Lakhs for the year ended 31st March 2012. These Financial Statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it is related to the amounts included in respect of the subsidiaries, is based solely on the report of other auditors.
3. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of accounting standard 21, on Consolidated Financial Statements, as referred to in Section 211(3C) of the Act and on the basis of separate audited financial statements of DFL Infrastructure Finance Limited and its subsidiaries included in the Consolidated Financial Statements.
4. **Attention of the shareholders is invited to the following:**
  - a. *The Company's net owned funds is below Rs. 25 lakhs, the limit prescribed by Reserve Bank of India under section 45 – IA of the Reserve Bank of India Act, 1934. This could attract penal provisions under section 45 - MC of the Act.*
  - b. *The shareholders have not approved the re-appointment and increase in remuneration of the erstwhile Managing Director. The amount is shown as recoverable from erstwhile Managing Director. We are unable to express an opinion on the recoverability of the amount. (Refer Note No.10-A of Part B of Schedule 18)*
  - c. *The Company has entered into an amendment agreement with Asia Pragati Capfin Pvt. Ltd. (Preference Share Holder) on 27th March 2012 for redemption of preference shares of Rs.10 @ Rs. 8.54 per share. The gain on redemption amounting to Rs.325 lakhs has not been accounted for as the same is being accounted at the time of redemption during the years 2017, 2018 & 2019. (Refer Note No.1 of Part B of Schedule 18)*

- d. *The debit balances under receivables and debtors' accounts and the credit balances are as per books of accounts subject to confirmation from the parties.*
- e. *The Company has made an allotment of 9% Optionally Convertible Cumulative Preference Shares to various banks during the year in accordance with Corporate Debt Restructuring package. The Company has not provided for preference dividend of Rs.222.49 lakhs during the year due to inadequacy of profits. To that extent, losses and liabilities are understated.*

*Subject to the matters specified in a to e above, and on the basis of the information and explanation given to us and on the consideration of separate audit reports on individual audited Financial Statements of DFL Infrastructure Finance Limited and its subsidiaries, we are of the opinion that:*

- i) The consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Company and its subsidiaries as at March 31,2012;
- ii) The consolidated Profit and Loss Account gives a true and fair view of the of consolidated loss of DFL Infrastructure Finance Limited and its subsidiaries for the year ended on that date;
- iii) The consolidated Cash Flow Statements gives a true and fair view of the consolidated cash flow of DFL Infrastructure Finance Limited and its Subsidiaries for the year ended on that date.

For **P B VIJAYARAGHAVAN & CO.,**  
Chartered Accountants  
Firm Regn. No. 004721S

For **SURESH AND BALAJI**  
Chartered Accountants  
Firm Regn. No.004998S

Place : Chennai  
Date : 26.05.2012

**P R KRISHNAMURTHY**  
Partner  
M. No: 12622

**K R SRIPRIYA**  
Partner  
M. No: 206404

**CONSOLIDATED BALANCE SHEET  
AS ON 31st MARCH 2012**



(Rs. in Lakhs)

Particulars	Refer Note No.	As at 31.03.2012	As at 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
Share Capital	1	6,644.26	2,794.02
Reserves and surplus	2	-10,251.57	-8,039.14
Minority Interest		0.37	-3.46
		<b>-3,606.94</b>	<b>-5,248.58</b>
<b>2 Non-current liabilities</b>			
Long-term borrowings	3	3,095.28	541.01
Long-term provisions	4	7,071.27	5,673.59
		<b>10,166.55</b>	<b>6,214.60</b>
<b>3 Current liabilities</b>			
Short-term borrowings	3	7,198.42	13,111.56
Other current liabilities	5	186.31	903.13
Short-term provisions	4	2.90	1.97
		<b>7,387.63</b>	<b>14,016.66</b>
<b>TOTAL</b>		<b>13,947.24</b>	<b>14,982.68</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
<b>1 Fixed assets</b>			
(i) Tangible assets	6	1,725.57	1,699.08
(ii) Intangible assets	6	16.40	44.63
Non-current investments	7	-	1.00
Receivables under financing activity	8	311.20	420.71
Long-term loans and advances	9	3,070.18	3,389.95
		<b>5,123.35</b>	<b>5,555.37</b>
<b>2 Current assets</b>			
Current investments			
Receivables under financing activity	8	8,029.30	7,993.52
Cash and cash equivalents	11	495.57	684.06
Short-term loans and advances	9	11.52	88.26
Other current assets	10	287.50	661.47
		<b>8,823.89</b>	<b>9,427.31</b>
<b>TOTAL</b>		<b>13,947.24</b>	<b>14,982.68</b>

See accompanying note forming part of the financial statements

In terms of our report attached  
for P.B. VIJAYARAGHAVAN & CO  
Chartered Accountants  
Firm Regn No. 004721S

For SURESH AND BALAJI  
Chartered Accountants  
Firm Regn No. 004998S

S.BALACHANDER  
Managing Director

P R KRISHNAMURTHY  
Partner  
Membership No 12622

K.R. SRIPRIYA  
Partner  
Membership No 206404

R. NAGARAJAN  
Chairman

K. JANAKIRAMAN  
Company Secretary

Date : 26.05.2012  
Place : Chennai



**CONSOLIDATED PROFIT & LOSS ACCOUNT  
FOR THE PERIOD ENDED 31st MARCH 2012**



(Rs. in Lakhs)

Particulars	Refer Note No.	As at 31.03.2012	As at 31.03.2011
<b>1 Income:</b>			
Revenue from operations	12	293.64	1,624.79
Other income	13	14.95	306.97
<b>Total Revenue</b>		<b>308.59</b>	<b>1,931.76</b>
<b>2 Expenses:</b>			
Finance costs	14	634.25	2,011.94
Employee benefits expense	15	297.40	435.16
Depreciation and amortization expense		62.99	98.31
Other operating Expenses	16	470.15	645.92
Provision, Loan losses and other charges	17	995.49	2,484.34
<b>Total expenses</b>		<b>2,460.28</b>	<b>5,675.67</b>
<b>Loss before extraordinary items and tax</b>		<b>(2,151.69)</b>	<b>(3,743.91)</b>
Extraordinary Items	18	(44.74)	1,589.24
<b>Loss before tax</b>		<b>(2,196.43)</b>	<b>(2,154.67)</b>
Tax expense:		-	-
<b>Loss for the period carried over to Balance Sheet</b>		<b>(2,196.43)</b>	<b>(2,154.67)</b>
Basic Earnings per equity share:		<b>(36.89)</b>	<b>(36.19)</b>

See accompanying note forming part of the financial statements

In terms of our report attached  
for P.B. VIJAYARAGHAVAN & CO  
Chartered Accountants  
Firm Regn No. 004721S

For SURESH AND BALAJI  
Chartered Accountants  
Firm Regn No. 004998S

S.BALACHANDER  
Managing Director

P R KRISHNAMURTHY  
Partner  
Membership No 12622

K.R. SRIPRIYA  
Partner  
Membership No 206404

R. NAGARAJAN  
Chairman

K. JANAKIRAMAN  
Company Secretary

Date : 26.05.2012  
Place : Chennai

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012



(Rs. in Lakhs)

Note : 1 - SHARE CAPITAL	As at 31.03.2012	As at 31.03.2011		
<b>AUTHORISED</b>				
<b>Equity Shares :</b> 2,50,00,000 (2011 - 2,50,00,000) Equity Shares of Rs 10 each	2,500.00	2,500.00		
<b>Preference Shares :</b> 7,50,00,000 (2011- 2,50,00,000) Preference shares of Rs 10 each	7,500.00	2,500.00		
	<b>10,000.00</b>	<b>5,000.00</b>		
<b>ISSUED</b>				
<b>Equity Shares :</b> 61,22,625 (2011 - 61,22,625) Equity Shares of Rs 10 each	612.26	612.26		
<b>Preference Shares :</b> 2,22,60,000 (2011 - 2,22,60,000) 4% Cumulative Redeemable Preference shares of Rs 10 each	2,226.00	2,226.00		
3,85,02,384 (2011 - NIL) 9% Cumulative Redeemable Preference Shares of Rs 10 each	3,850.24	-		
<b>Subscribed &amp; Paid up</b>				
<b>Equity Shares :</b> 59,54,320 (2011 - 59,54,320) Equity Shares of Rs 10 each	595.43	595.43		
Less : Shares held by DHSL	-27.41	-27.41		
	568.02	568.02		
<b>Preference Shares :</b> 2,22,60,000 (2011 - 2,22,60,000) Cumulative Redeemable Preference shares @ 4% (from 1st April, 2012)	2,226.00	2,226.00		
3,85,02,384 (2011 - NIL) 9% Cumulative Redeemable Preference Shares of Rs 10 each	3,850.24	-		
	<b>6,644.26</b>	<b>2,794.02</b>		
<b>Details of shareholding more than 5% shares in the company</b>				
<b>EQUITY</b>				
Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class
D.B. Zwirn Mauritius	30,36,703	51.00	30,36,703	51.00
K Dhandapani & Co	490,001	8.23	490,001	8.23
<b>4% CUMULATIVE REDEEMABLE PREFERENCE SHARES</b>				
Asia Pragati Capfin Private Limited	2,22,60,000	100.00	2,22,60,000	100.00

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012



Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class
<b>9% CUMULATIVE REDEEMABLE PREFERENCE SHARES</b>				
ING Vysya Bank	2,646,123	6.87	-	-
YES Bank	4,645,229	12.06	-	-
Bank of India	4,941,049	12.83	-	-
Federal Bank	4,190,915	10.88	-	-
Canara Bank	4,222,059	10.97	-	-
State Bank of Travancore	3,167,706	8.23	-	-
Punjab National Bank	2,942,026	7.64	-	-
UCO Bank	3,174,352	8.24	-	-
Indian Overseas Bank	2,590,199	6.73	-	-
The Dhanalaxmi Bank Limited	1,669,603	4.34	-	-
State Bank of Hyderabad	1,501,323	3.90	-	-
The Catholic Syrian Bank Limited	2,811,800	7.30	-	-
	<b>38,502,384</b>	<b>100.00</b>	-	-

Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956  
(Following disclosure should be made for each class of Shares)

Particulars	Rs in Lakhs					
	Equity Shares		4% Preference Shares		9% Preference Shares	
	Number	Value	Number	Value	Number	Value
Shares outstanding at the beginning of the year	5954320	595.43	22260000	2,226.00	-	-
Shares Issued during the year	-	-	-	-	38,502,384	3,850.24
Shares bought back during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	5954320	595.43	22260000	2,226.00	38,502,384	3,850.24

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012



Disclosure pursuant to Note no. 6(A)(i) of Part I of Schedule VI to the Companies Act, 1956  
(Following disclosure should be made for each class of Shares)

Particulars	Year (Aggregate No. of Shares)					
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
<b>Equity Shares :</b>						
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-	-
Shares bought back	-	-	-	-	-	-
<b>Preference Shares 4% :</b>						
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-	-	-
Shares bought back	-	-	-	-	-	-
<b>Preference Shares 9% :</b>						
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-	-	38,502,384
Fully paid up by way of bonus shares	-	-	-	-	-	-
Shares bought back	-	-	-	-	-	-

(Rs in Lakhs)

Note : 2 - RESERVES & SURPLUS							As at 31.03.2012	As at 31.03.2011
Particulars	Capital Reserve	Revaluation Reserve	General Reserve	Statutory Reserve	Security Premium	P & L Account		
Opening Balance	12.03	1,305.42	2,579.95	961.97	142.29	(13,056.80)	(8,055.14)	
Additions	-	-	-	-	-	(2,196.43)	(2,196.43)	
Deletions	-	-	-	-	-	-		
<b>Closing Balance</b>	<b>12.03</b>	<b>1,305.42</b>	<b>2,579.95</b>	<b>961.97</b>	<b>142.29</b>	<b>(15,253.23)</b>	<b>(10,251.57)</b>	<b>(8,039.14)</b>

**Note : 3 - BORROWINGS**

	(Rs in Lakhs)			
	Long Term		Short Term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>LONG TERM</b>				
Working Capital Term Loan From Banks	1485.11	–	165.00	–
Cash Credit from Banks	–	–	5724.86	9907.07
Funded Interest Term Loan I & II	1210.17	541.01	–	–
Term Loan From Bank	–	–	13.35	334.83
Working Capital Demand Loan From Banks	–	–	979.30	2420.24
Term Loan From Financial Institutions	–	–	254.70	254.70
Loans & Advances from Related Parties	400.00	–	–	–
Loans & Advances from Others	–	–	61.21	194.72
	<b>3,095.28</b>	<b>541.01</b>	<b>7,198.42</b>	<b>13,111.56</b>
Out of the above				
Secured borrowings	2,695.28	541.01	7,137.21	12,916.84
Unsecured borrowings	400.00	–	61.21	194.72
	<b>3,095.28</b>	<b>541.01</b>	<b>7,198.42</b>	<b>13,111.56</b>

Note :

The Working Capital Term Loan of Rs 1651.00 lacs shall be repaid in 72 ballooning monthly instalments commencing from 1 4 2012 and ending on 31.3.18 with ballooning rate of interest as under

Particulars / Financial Year	Working Capital Term Loan					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
% age Repayment	10%	20%	25%	20%	15%	10%
Repayment of Amount (in lacs)	165.00	330.00	413.00	330.00	248.00	165.00
Applicable Rate of interest	10%	12%	14%	15%	16%	16.50%

Funded interest term loan and term loan from financial institution shall be repayable in 60 equal instalments commencing from 01.04.2013 and term loan in 2012-13.

**Rupees in Lakhs**

Particulars / Financial Year	Funded Interest Term Loan I & II					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Funded Interest Term Loan I	–	188.00	188.00	188.00	188.00	0.10
Funded Interest Term Loan II	–	221.00	221.00	221.00	221.00	
THIC	–	51.00	51.00	51.00	51.00	
Term Loan	13.35	–	–	–	–	165.00

Loans from related parties will be settled on demand

Unsecured loan of Rs. 61.21 Lakhs is in default for a period of 2 years

Residual Working Capital shall carry interest rate @ 10% pa upto 30.9.2011 and thereafter @ 10.75% pa.

**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012**



All term loans from banks and financial institutions are secured by first pari-pasu charge on fixed assets and second pari-pasu charge on current assets of the Company.

All working capital borrowings are secured by first pari-pasu charge on current assets and second pari-pasu charge on fixed assets.

Working Capital Term Loan and funded interest term loan are secured by first pari-pasu charge on current and fixed assets of the company

The following collateral security shall be available to the banks to secure their Working Capital Term Loan by way of first pari-pasu charge and to secure other debts by way of second pari-pasu charge.

Situated at Plot No 37, Door No 17, Ramakrishna Street, T.Nagar, Chennai 600 017, comprised in T.S. No 106, T.Nagar Village, Mambalam - Guindy Taluk	Situated at Chokampatti Village, Kadayanallur, Tenkasi Tirunelveli District	No. 110, Bhanumuthy Ramakrishna Street, Saligramam Village, Saidapet Taluk Chengalpattu District
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**Note : 4 - PROVISIONS**

	(Rs in Lakhs)			
	Long Term		Short Term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Provision For Employee Benefits	-	-	-	-
Provident Fund	-	-	1.42	1.94
Employees State Insurance Corporation	-	-	0.39	0.03
Other Provisions	-	-	-	-
Standard Asset	-	-	1.09	-
Non Performing Asset	1,907.64	1,393.80	-	-
Taxation	1,517.01	1,487.86	-	-
Others	3,646.62	2,791.93	-	-
	<b>7,071.27</b>	<b>5,673.59</b>	<b>2.90</b>	<b>1.97</b>

**Note : 5 - OTHER CURRENT LIABILITIES**

	(Rs in Lakhs)	
	As at 31.03.2012	As at 31.03.2011
Unclaimed Dividend	12.18	16.48
FD / CD Matured and Unclaimed	0.10	1.54
TDS & ST Payable	5.82	8.90
Dues to Insurance Companies	6.52	6.52
Other Liabilities	161.69	869.69
	<b>186.31</b>	<b>903.13</b>

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012



Fixed Assets	Rs. in Lakhs									
	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK			
	As on 01.04.11	Addns	Delns 31.03.12	As on 01.04.11	Addns	With-drawn	As at 31.03.12	As at 01.04.11	As at 31.03.12	
<b>Tangible Assets</b>										
Land	1,580.00	-	-	-	-	-	-	1,580.00	1,580.00	1,580.00
Buildings	89.35	-	-	38.99	2.52	-	41.50	50.36	47.84	47.84
Furniture and Fixtures	79.36	0.08	0.63	46.98	5.89	0.40	52.47	32.37	26.34	26.34
Vehicles	32.06	46.17	10.10	26.28	11.40	4.25	33.42	5.78	34.71	34.71
Office equipment	17.15	0.75	0.13	7.19	1.49	0.05	8.62	9.96	9.15	9.15
Typewriters	1.07	-	1.07	0.97	0.09	1.07	-	0.09	-	-
Electrical Fittings	16.93	-	-	14.57	0.33	-	14.90	2.37	2.04	2.04
Neon Sign	0.18	-	0.18	0.18	-	0.18	-	-	-	-
Airconditioners	12.45	0.55	-	5.20	1.08	-	6.28	7.25	6.72	6.72
Fax & Xerox	0.43	-	-	0.24	0.03	-	0.27	0.19	0.17	0.17
Franking Machine	0.30	-	0.30	0.27	0.03	0.30	-	0.03	-	-
Name Board	0.20	-	0.20	0.21	-0.01	0.20	-	-0.01	-	-
Computers	76.21	19.85	-	65.53	11.92	-	77.45	10.68	18.61	18.61
<b>Total</b>	<b>1,905.68</b>	<b>67.40</b>	<b>12.61</b>	<b>206.60</b>	<b>34.76</b>	<b>6.45</b>	<b>234.91</b>	<b>1,699.08</b>	<b>1,725.57</b>	
Previous Year	1,919.50	13.63	27.45	162.84	51.35	7.59	206.60			
<b>Intangible Assets</b>										
Computer software	141.14	-	-	96.51	28.23	-	124.74	44.63	16.40	16.40
Total	141.14	-	-	96.51	28.23	-	124.74	44.63	16.40	16.40
Previous Year	141.14	-	-	54.17	42.34	-	96.51			

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012



Note : 7 - NON CURRENT INVESTMENTS

	(Rs in Lakhs)	
	As at 31.03.2012	As at 31.03.2011
<b>UNQUOTED</b>		
In Shares Fully Paid Unquoted 2,99,300 Equity Shares of Rs. 10/- each in DFL Holdings and Securities Limited	-	-
9,999 Eq. Shares of Rs. 10/- each in Dhandapani Business Services Ltd	-	1.00
	-	<b>1.00</b>

Note : 8 - RECEIVABLES UNDER FINANCING ACTIVITY

	(Rs in Lakhs)			
	Non Current		Current	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
Secured Receivables	311.20	420.71	8,029.30	7,993.52
	<b>311.20</b>	<b>420.71</b>	<b>8,029.30</b>	<b>7,993.52</b>
<b>Secured Receivables include amounts outstanding more than six months</b>			<b>7,924.89</b>	<b>8,339.87</b>

Note : 9 - LOANS & ADVANCES

	(Rs in Lakhs)			
	Long Term		Short Term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>UNSECURED CONSIDERED GOOD</b>				
Prepaid Expenses	-	-	11.52	88.26
Advance Rent	18.36	30.68	-	-
Advance Tour	-	0.22	-	-
Staff Loan	10.57	17.22	-	-
Other Advances	464.44	759.20	-	-
Other Deposits	4.79	10.61	-	-
Advance Tax	2,572.02	2,572.02	-	-
<b>DOUBTFUL</b>				
Dhandapani Properties Pvt Ltd	720.02	720.02	-	-
<b>Less : Provision for Doubtful Loans &amp; Advances</b>	-720.02	-720.02	-	-
	<b>3,070.18</b>	<b>3,389.95</b>	<b>11.52</b>	<b>88.26</b>
<b>Note : 10 – OTHER ASSETS</b>				
Other Current Assets	-	-	12.50	289.26
Agency Contract	-	-	275.00	372.21
	-	-	<b>287.50</b>	<b>661.47</b>



Note : 11 - CASH & CASH EQUIVALENTS

	(Rs in Lakhs)			
	Long Term		Short Term	
	As at 31.03.2012	As at 31.03.2011	As at 31.03.2012	As at 31.03.2011
<b>Cash and Cash equivalents</b>				
Cash on Hand	–	–	18.14	41.02
Balances with Banks	–	–	470.45	626.56
Earmarked balances with Banks	–	–	6.98	16.48
	–	–	<b>495.57</b>	<b>684.06</b>

Disclosure pursuant to Note no. 6(T) of Part I of Schedule VI to the Companies Act, 1956

Contingent liabilities and commitments (to the extent not provided for)	As at 31.03.2012	As at 31.03.2011
(i) <b>Commitments</b>		
(a) Other commitments (specify nature)	22,249,328	–
9% Cumulative Preference Shares Dividend	–	–
	<b>22,249,328</b>	–

Particulars	As at 31.03.2012	As at 31.03.2011
Dividends proposed to be distributed to equity shareholders	–	–
Dividends proposed to be distributed to preference shareholders	–	–
Arrears of fixed cumulative dividends on preference shares	22,249,328	–
	<b>22,249,328</b>	–

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012



Rs in Lakhs

	As at 31.03.2012	As at 31.03.2011 (18 Months)
<b>Note : 12 – REVENUE FROM OPERATIONS</b>		
Income from Financing activity	79.63	739.03
Other operating revenue	214.01	885.76
	<b>293.64</b>	<b>1624.79</b>
<b>Note : 13 – OTHER INCOME</b>		
Interest Income on bank deposits	11.15	25.18
Interest – Others & staff	0.45	81.77
Profit on sale of fixed assets	0.18	0.02
Sale of scrap	0.18	–
Miscellaneous Income	2.99	200.00
	<b>14.95</b>	<b>306.97</b>
<b>Note : 14 – FINANCE COSTS</b>		
<b>Interest Expenses</b>		
Bank Loans	595.13	1,845.05
Financial Institutions	34.36	72.45
Bank Charges	4.76	94.44
	<b>634.25</b>	<b>2,011.94</b>
<b>Note : 15 – EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Allowances & Bonus	278.24	361.17
Contributions to Provident Fund & Other Funds	14.52	32.74
Staff Welfare Expenses	4.64	41.25
	<b>297.40</b>	<b>435.16</b>
<b>Note : 16 – OTHER OPERATING EXPENSES</b>		
Rent	27.50	45.09
Electricity Charges	11.21	15.26
Rates & Taxes	1.40	8.38
Communication cost	31.88	40.45
Travelling & Conveyance	48.69	107.45
Advertisement Expenses	1.80	1.76
Insurance	13.51	23.98
Repairs & Maintenance	11.35	30.08
Printing & Stationery	5.40	7.50
Auditors Remuneration - Statutory	7.85	7.58
Auditors Remuneration - Others	9.73	6.18
Professional charges	184.38	251.73
Sitting Fees to Directors	3.44	6.36
Loss on sale of Fixed assets	3.94	7.73
Loss on value of shares	–	11.65
Legal Expenses	3.50	2.97
Office Maintenance	50.19	23.30
Petrol Expenses	20.78	36.35
Filing Fees	25.06	–
Other Expenses	8.54	12.13
	<b>470.15</b>	<b>645.92</b>

Disclosure pursuant to Note no. 5(i)(g) of Part II of Schedule VI to the Companies Act, 1956

Payments to the auditor as	Rs in Lakhs	
	As at 31.03.2012	As at 31.03.2011 (18 Months)
a. auditor	5.09	4.00
b. for taxation matters	2.76	1.93
c. for company law matters	–	–
d. for management services	–	–
e. for other services	–	1.65
f. for reimbursement of expenses	–	–
	<b>7.85</b>	<b>7.58</b>
<b>Note : 17 – PROVISION, LOAN LOSSES AND OTHER CHARGES</b>		
Shortfall Repossession	142.99	1,072.52
Loss on Closed Contracts	27.78	–
Provision for Standard Asset	1.09	–
Provision for Non Performing Assets	823.63	691.80
Provision for Impairment on Loan Assets / Debtors (Exceptional items)	–	720.02
	<b>995.49</b>	<b>2,484.34</b>
<b>Note : 18 – EXTRA ORDINARY ITEMS</b>		
Provision no longer required	232.73	–
CDR Expenses	(277.47)	–
Interest Reduction	–	1,589.24
	<b>(44.74)</b>	<b>1,589.24</b>

## Schedule – 19

The current Period figures are for 12 months whereas the previous period figures are for 18 months.

The formats of presentation of the financial figures have been changed from the previous format to comply with provisions relating to Revised Schedule VI of Companies act 1956.

### A. Significant Accounting Policies

The Company follows the directions prescribed by the Reserve Bank of India for Non-Banking Financial Companies with respect to Income Recognition, Asset Classification, Provisioning norms. The applicable Accounting Standards issued by The Institute of Chartered Accountants of India is followed in drafting the accounts of the company.

#### 1.1 Income Recognition:

- a. Income from Hire purchase and hypothecation loan transactions is accounted on the basis of Internal Rate of Return method and followed on accrual basis. Income is not recognized on contracts in which the installments are due for more than 180 days.
- b. Additional Finance Charges (AFC) is accounted on accrual basis at 18% p.a. AFC is not recognized on contracts in which the installments are due for more than 180 days.
- c. Cheque Bouncing Charges is accounted at Rs. 500 per occurrence.
- d. Due date Missing charges are charged when instalments are not paid on the due dates at Rs. 500 and is accounted on accrual basis.
- e. Finance charges and service charges are accounted on accrual basis. Dividend incomes are on receipt basis.

#### 1.2 Repossessed Assets:

Repossessed assets are valued at the settlement value and a provision of 40 % is made uniformly on the settlement value.

#### 1.3 Fixed Assets:

Fixed assets are stated at historical cost less accumulated depreciation.

#### 1.4 Depreciation:

##### On Own assets (Tangible):

Depreciation on assets for own use is provided on Written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs.5, 000/- or less acquired during the year are fully depreciated.

##### On Own assets (Intangible):

Intangible assets are depreciated on a straight-line basis over a period of five years.

#### 1.5 Investments:

Investment in Subsidiary Company is shown at cost.

Company has invested an amount of Rs. 29.93 Lakhs in DFL Holdings and Securities Limited (Subsidiary Company). Due to slump in the market the subsidiary company has not entered in to any income generating activity. However, the subsidiary company has invested Rs. 96.38 Lakhs in DFL Infrastructure Finance Limited as Unsecured Loan and also holds 274100 Equity shares in holding company which is valued at Rs. 23.71 Lakhs as per market price as on 30th March, 2012. The company also informed that the

subsidiary company is taking necessary steps to generate income on regular basis. In view of the above no provision is being made for depreciation in value of shares.

## **B. Notes on accounts**

### **1. Equity Capital**

D. B. Zwirn Mauritius, which hold as on the date of this report 30,36,703 equity shares has entered into a Share Purchase Agreement with M/s. Auctus Holdings Pvt Limited on 13th March 2012 to sell their entire holdings in the Company. As this action has triggered SEBI's (Substantial Acquisition Of Shares and Takeover) Regulations 2011, Auctus Holdings Private Limited has made an Public Announcement on 20th March, 2012 and has filed the Draft Offer Document with SEBI for the "Open Public Offer". Auctus Holdings Private Limited has also applied to Reserve Bank of India for approval of Change in the Promoters of the Company.

### **2. Preference Shares:**

22,260,000 Preference Shares aggregating to Rs.222,600,000 issued to M/s. Zwirn Pragati Capfin Pvt Ltd., (now known as Asia Pragati Capfin Private Limited) should have been redeemed on 31st December 2009 at par value. However due to the financial position of the company, these preference shares have not been redeemed. The Company and the Preference shareholders have signed an MOU dated 27th March 2012 to amend the terms of the Preference shares as follows:

- i. Period of redemption of the Preference Shares extended as below:
  - a. 1/3 by 31st March 2017
  - b. 1/3 by 31st March 2018
  - c. 1/3 by 31st March 2019
- ii. These Preference Shares will be redeemed at a price of Rs. 8.54 per share and discount on redemption of preference shares will be accounted at the time of redemption.
- iii. The RPS will carry a cumulative dividend @ 4% with effect from 01st April, 2012.

### **3. Optionally Convertible Cumulative Redeemable Preference Shares:**

During the Year under Review, the Company had allotted 3,85,02,384 Optionally Convertible Cumulative Redeemable Preference Shares aggregating to Rs. 38,50,23,840/- with a Coupon Rate of 9% to the Consortium Banks as per the terms of the CDR Approval. As per the Re-worked CDR package these Preference Shares are Redeemable in four equal yearly installments commencing from the year 2014-15.

### **4. Corporate Debt Restructuring (C D R):**

The Company had approached the Corporate Debt Restructuring Cell in July 2010 for restructuring of the Debts of the company. The Company's request was considered in the CDR Empowered Group and the CDR Package was approved in September 2010.

However, due to certain critical Conditions as laid down in the CDR Package could not be completed in time, the full implementation of the CDR was not possible. Subsequently, the Company had applied for a "Re-work" of the package which was approved by the CDR EG during March 2012. The salient features of the "Re-work" package are:

- i. The cut-off date is 30th September 2011.

- ii. Holding-on-operations is to be allowed to the Company till implementation of the CDR rework package which includes, non- recovery of installments falling due, non levy of penal charges for delays / irregularities and refund any such charges already charged and funding of interest on all term loans and working capital fund based limits for a period of 18 months from cut-off date.
- iii. Fresh Working Capital facility to the tune of Rs. 13.24 crores to be sanctioned by the Banks for the financial year 2012-13.
- iv. Promoters to contribute Rs. 6.00 crores during the Financial year 2012-13 apart from Rs. 4.00 crores brought in during financial year 2011-12 and further sum of Rs. 8.04 crores in subsequent two years.
- v. The company has charged interest for the year in accordance with CDR scheme. The reconciliation with the banks in respect of interest are in progress.

**5. Secured Loans:**

- a. Secured Loans have been reclassified as:
  - (i) Cash Credit Loans of Rs. 6704.16 lacs
  - (ii) Working Capital Term Loan of Rs. 1650.11 lacs. Working Capital Term Loan is repayable in the subsequent six years commencing from the year 2012-13 and ending during the year 2017-18 and
  - (iii) Term Loan from Financial Institution of Rs. 254.70 Lakhs and Term Loan from Banks of Rs.13.35 Lakhs
- b. Funded Interest Term Loans:
  - i. Interest Funded upto 30th September 2011 (First CDR Package) is shown under FITL I and the Interest Funded thereafter is shown under FITL II.
  - ii. The Funded Interest is repayable five years commencing from the year 2013-14.

**6. Un-Secured Loans:**

Unsecured Loan include Rs.400 lacs from Auctus Holdings Pvt Ltd, brought in as part of the Promoters Contribution as specified in the CDR Terms.

**7. Current Assets:**

- a. Stock on Hire / Hypothecation includes Hire Charges and Sundry Debtors valued at Agreement Value less Installments received and net off Un-matured Finance Charges and write offs. These are secured by the assets under the Agreements and considered good.
- b. Current Account Balance includes Rs.400 lacs from Auctus Holdings Pvt Limited towards Promoters Contribution kept in "No-lien" Account.

**8. Loans and Advances:**

An amount of Rs. 216.53 lacs was paid to Mr. R Ravichandran, erstwhile Managing Director towards Managerial Remuneration. However, this was not approved by the Shareholders in the Postal Ballet dated 18th December 2010. Subsequently, the Company had approached the Central Government for condonation which was not taken up pending Shareholders approval. Hence this amount was treated as Loan given to Mr. R Ravichandran and recoverable. The Company is taking steps for recovering this amount from Mr. R. Ravichandran.

## 9. Deposit account

The total deposit with bank as on 31.03.2012 includes Rs. 5.30 Lakhs towards deposits maintained for unclaimed dividend. As on 31.03.2012, there are no amounts outstanding to be transferred to Investor Protection Fund.

## 10. Deferred Tax Assets / liability

Rs. in Lakhs

Particulars	31.03.2012	31.03.2011
Opening Balance	NIL	NIL
Less Reversal of Deferred tax asset	NIL	NIL
Add: Liability on account of depreciation	NIL	NIL
<b>Total</b>	<b>NIL</b>	<b>NIL</b>

Deferred tax asset arising on account of carry forward loss and provisions has not been recognized in the books of accounts on a conservative basis.

## 11. Agreements:

During the period under review, the Company has discontinued the arrangement with M/s Fullerton India Credit Company Limited which involved the collection of receivables on behalf of M/s. Fullerton India Credit Company Limited.

## 12. Dividend On Preference Shares Issued to Banks:

The Company has issued 3,85,02,384 Preference Shares to the Consortium Banks as per the CDR terms. The Preference Shares carry a cumulative Dividend of 9%. However, due to the absence of profits, the Company could not declare and pay this dividend for the financial year 2011-12. This dividend of Rs. 2,22,49,328 has not been Charged to P&L and not provided for. The Provision will be made in the subsequent years subject to the availability of Profits.

## 13. (A) Remuneration to Managing Director

Rs. in Lakhs

Particulars	31.03.2012	31.03.2011
Salary & DA	9.53	1.20
House Rent allowance	4.77	0.60
Company's Contribution to PF	-	0.14
Others	9.70	1.21
<b>Total</b>	<b>24.00</b>	<b>3.15</b>

The remuneration of the Managing Director has been approved by the Board of Directors in their meeting held on 03rd March, 2011 and by the shareholders through the Postal Ballot where the results were pronounced on 20th May, 2011. The Wholetime Director was re-designated as Managing Director with effect from 23rd September, 2011.

**(B) Remuneration to Whole Time Director**

	Rs. in Lakhs	
	31.03.2012	31.03.2011
<b>Salary &amp; DA</b>	<b>4.98</b>	<b>Nil</b>
<b>House Rent allowance</b>	<b>2.69</b>	<b>Nil</b>
<b>Company's Contribution to PF</b>	<b>0.60</b>	<b>Nil</b>
<b>Others</b>	<b>3.81</b>	<b>Nil</b>
<b>Total</b>	<b>12.08</b>	<b>Nil</b>

The remuneration of the whole time director has been approved by the Board of Directors in their meeting held on 23rd September, 2011 and subject to approval of the shareholders in the ensuing Annual General Meeting. The above remuneration was calculated from the date of appointment to 31st March, 2012.

**Determination of net profits in accordance with Sec 349 of the Companies Act, 1956 for remuneration payable to Directors**

Particulars	Rupees in Lakhs
Loss after tax as per Profit & Loss Account	(2196.27)
Add: Directors remuneration charged in the accounts	36.08
Net loss	(2160.19)

**14. Earnings per share**

Particulars	Rupees in Lakhs
Profit / (Loss) after tax	(2196.27)
Weighted average number of equity shares	5954320
Earnings after tax (Basic)	Rs. (36.89)
Face value per share	Rs. 10.00

**15.** Property of approximately 1 acre of Land at Whitefield, Bangalore, was offered as a security for an advance of Rs. 7,20,02,000 given to Dhandapani Properties Pvt Limited in the year 2007. This Loan was completely provided for during the year 2011 and charged off in the Profit & Loss Account. A suitable Note was also mentioned in that years Audited Accounts.

The Property under question – since it is an agricultural land was registered in an individual's name (agriculturalist) and power of attorney obtained in the erstwhile MD's name. However, Govt of Karnataka has rejected the contention of the buyer and attached the property in favour of the Government of Karnataka. The Company, through the buyer is making efforts to appeal and get the decision reversed. If the company is successful in the appeal, it will be reckoned as income in the year of occurrence.

As the advance was completely provided for and written off in the previous year itself and as stated above, no mention of the property is made in the books.



**16. Contingent Liability:**

Disputed Income Tax demand of Rs. 451.60 Lakhs together with interest pending in appeal/representation before various income tax authorities for the Assessment years 1997-98 to 2007-08.

**17.** The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard 17.

**18.** Previous year's figures have been regrouped / reclassified to conform to current period's classification wherever necessary.

**19. Related parties Disclosures:**

- a. Subsidiaries** : DFL Holdings and Securities Limited, Smart Invest Agency.Com Private Limited.
- b. Key Management Personnel** : S. Balachander, B. Prakash, P. Sudhakar and A Ramesh Kumar

(Rs. in Lakhs)

Nature of Transaction	Subsidiaries	Key Management Personnel	Total
Deposits – Balance at the end of the year	98.14	–	98.14
Remuneration to Key Management Personnel	11.44	46.74	58.18
Loans and advances to:			
1. S Balachander @ 3%	–	6.51	6.51
2. P Sudhakar @ 2%	4.06	–	4.06

See accompanying note forming part of the financial statements

In terms of our report attached  
for P.B. VIJAYARAGHAVAN & CO  
Chartered Accountants  
Firm Regn No. 004721S

For SURESH AND BALAJI  
Chartered Accountants  
Firm Regn No. 004998S

S.BALACHANDER  
Managing Director

P R KRISHNAMURTHY  
Partner  
Membership No 12622

K.R. SRIPRIYA  
Partner  
Membership No 206404

R. NAGARAJAN  
Chairman

K. JANAKIRAMAN  
Company Secretary

Date : 26.05.2012  
Place : Chennai

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31ST MARCH 2012**



	(Rupees in Lakhs)	
	31.03.2012	31.03.2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT BEFORE INTEREST, TAX AND EXTRAORDINARY ITEMS</b>	<b>(2,196.41)</b>	<b>(2,154.68)</b>
Adjustments for :		
Depreciation	62.99	98.31
Provision for NPA	824.72	1,411.82
Finance Charges	629.49	2,011.94
Loss on sale of Assets	3.76	7.71
	1,520.96	3,529.78
 <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	 <b>(675.45)</b>	 <b>1,375.10</b>
Adjustments for :		
Trade and other receivables/ Stock on Hire	73.73	6,032.92
Other working capital changes	1,049.16	(211.30)
Decrease in provisions	329.98	(5,889.59)
Other Current Liabilities	(716.83)	320.03
	736.04	252.06
 <b>CASH GENERATED FROM OPERATIONS</b>	 <b>60.59</b>	 <b>1,627.16</b>
Direct Taxes Paid	-	-
 <b>Cash Flow before Extraordinary Items</b>	 <b>60.59</b>	 <b>1,627.16</b>
Extraordinary Items	(44.74)	1,589.24
<b>Net Cash Flow from Operating Activities</b>	<b>15.85</b>	<b>3,216.40</b>
 <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
(Purchase)/Sale of Fixed Assets	(65.01)	(6.10)
Sale of Investments	-	11.65
 <b>NET CASH FROM INVESTING ACTIVITIES</b>	 <b>(65.01)</b>	 <b>5.55</b>

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31ST MARCH 2012**



(Rupees in Lakhs)  
31.03.2012                      31.03.2011

**C. CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from Borrowings of Banks & Financial Institutions	224.87	(2,065.82)
Proceeds from Unsecured Borrowings	(133.51)	(387.57)
Proceeds from Directors/Group Companies	398.80	(2.94)
Finance Charges	(629.49)	(2,011.94)

**NET CASH FROM IN FINANCING ACTIVITIES** **(139.33)**                      **(4,468.27)**

**D. Net Increase / (Decrease) in Cash & Cash equivalents** **(188.49)**                      **(1,246.32)**

E. Opening Cash & Cash Equivalents 684.06                      1,930.38

F. Closing Cash & Cash Equivalents 495.57                      684.06

In terms of our report attached  
for P.B. VIJAYARAGHAVAN & CO  
Chartered Accountants  
Firm Regn No. 004721S

For SURESH AND BALAJI  
Chartered Accountants  
Firm Regn No. 004998S

S.BALACHANDER  
Managing Director

P R KRISHNAMURTHY  
Partner  
Membership No 12622

K.R. SRIPRIYA  
Partner  
Membership No 206404

R. NAGARAJAN  
Chairman

K. JANAKIRAMAN  
Company Secretary

Date : 26.05.2012  
Place : Chennai

**AUDITORS' CERTIFICATE**

We have examined the above Cash Flow Statement for the period ended 31st March 2012. The statement has been prepared in accordance with the requirements of Clause 32 of the listing agreement with the Bombay Stock Exchange and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the Company covered by our report to the Members of the Company.

for P.B. VIJAYARAGHAVAN & CO  
Chartered Accountants  
Firm Regn No. 004721S

P R KRISHNAMURTHY  
Partner  
Membership No 12622

Date : 26.05.2012  
Place : Chennai

For SURESH AND BALAJI  
Chartered Accountants  
Firm Regn No. 004998S

K.R. SRIPRIYA  
Partner  
Membership No 206404

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