



TRANSWARRANTY FINANCE LIMITED

FINANCIAL ENGINEERS



18th Annual Report 2011-12

Board of Directors



Mr. Suresh Talwar
Chairman

Mr. Suresh Talwar, is a distinguished and reputed Solicitor & Advocate. He is a Senior Partner of Talwar Thakore and Associates, one of the leading firms of Solicitors in India. He is the legal counsel to

many companies and banks. He is on the board of several leading companies such as Merck, Sandvik Asea, Esab India, Johnson & Johnson, Uhde India, Blue Star, Larson & Toubro Ltd. etc.



Mr. Kumar Nair
Managing Director

Mr. Kumar Nair, is a qualified F.C.A. and OPM (HBS). He has over two decades of experience in Financial Services, Capital Market and Investment Banking. Prior to this he was a key member of the core senior

management team at Kotak Mahindra Finance Limited.



Mr. Raghu Palat
Director

Mr. Raghu Palat is an eminent Banker, Professional Trainer, Investment Advisor and Author. He is a qualified F.C.A. from England and Wales. He was holding senior management positions with the American

Express Bank and Bank International Indonesia. He has authored several books in finance and investments. He is the faculty at Bankers Training College and I.C.F.A.I.



Mr. Pravin Khatau
Director

Mr. Pravin Khatau, was a Senior Director in Goldman Sachs & Co., and Barings in London. He has done his Master in Business Administration from Wharton. Presently he is a private investor through his

company LRM Holdings, Monaco.



Mr. K. Jay Chandran
Whole-time Director

Mr. K. Jay Chandran, is an MBA (XLRI). He is a principal consultant with Frost & Sullivan, Singapore, a reputed international firm of Management, Business & Technology Consultants.



Mr. K.K. Dastur
Director

Mr. K.K. Dastur, is a qualified A.C.A. He has had vast experience in Finance and Commercial matters as Executive Director of Godrej Industries Ltd. till 2002 and thereafter he continues to be on the Board.

CORPORATE INFORMATION

Board of Directors

Mr. Suresh N. Talwar	<i>Chairman</i>
Mr. Kumar Nair	<i>Managing Director</i>
Mr. Raghu R. Palat	
Mr. K. K. Dastur	
Mr. Pravin Khatau	
Mr. K. Jay Chandran	<i>Whole-time Director</i>

Company Secretary

Mr. Sreedhar H.

Auditors

Rahul Gautam Divan & Associates
Chartered Accountants
C/o. Midsnell, 134, Mittal Tower C,
Nariman Point, Mumbai 400 021.

Solicitors & Advocates

Talwar Thakore & Associates
Kalpataru Heritage,
127, M. G. Road, Fort, Mumbai 400 001

Bankers

ICICI Bank Limited
The Catholic Syrian Bank Limited
The Federal Bank Limited
HDFC Bank Limited
Axis Bank Limited

Registered and Corporate Office

403, Regent Chambers,
Nariman Point,
Mumbai – 400021.
Tel. No. : 91-022-66306090, 40010900
Fax No. : 91-022-66306655
Website : www.transwarranty.com
e-mail id : mail@transwarranty.com

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound,
L B S Marg, Bhandup (West),
Mumbai – 400 078.
Tel. No. 91-022-25963838
Fax No. 91-022-25946969
e-mail : isrl@intimespectrum.com

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NOTICE

NOTICE is hereby given that the 18th Annual General Meeting of Transwarranty Finance Limited will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai-400 001 on Wednesday, the 12th September, 2012 at 10.30 a.m. to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 and Profit and Loss Account for the year ended as on that date and the report of Directors and Auditors thereon.
2. To declare dividend on equity shares for the year ended 31st March 2012.
3. To appoint a Director in place of Mr. Raghu R. Palat who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s. Rahul Gautam Divan & Associates, Chartered Accountants, as auditors of the Company and to fix their remuneration.

Special Business:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT, pursuant to the provisions of Sec. 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactments thereof and subject to the approval of the members and of Central Government, if necessary, Mr. K. Jay Chandran be and is hereby appointed as Whole-time Director of the Company on the terms and conditions including those relating to remuneration as set out in the Explanatory Statement annexed to this Notice.”

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT, pursuant to Section 309 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other statutory approvals as may be required, and subject to the approval of the share holders at the general meeting, approval be and is hereby accorded to the payment of commission to the Directors of the Company (excluding the Managing Director and Whole-time Directors), not exceeding in the aggregate one per cent per annum of the net profits of the Company, which shall be calculated in accordance with the

provisions of Sections 198, 349 and 350 of the Companies Act 1956, such payment to be in such amounts, or proportions and in such manner, as may be decided by the Board of Directors, based on the attendance, participation and the contribution of the concerned Directors or on the basis of such other criteria as may be laid down by the Board of Directors from time to time, and that such commission shall be paid by the Company to such Directors for a period of five years commencing from the period ending 31st March, 2012 to 31st March, 2017.”

7. To consider and if thought fit to pass with or without modification(s) the following resolution as a Special Resolution:

“RESOLVED THAT, pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) the provisions of the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999 (“the Guidelines”) (including any statutory amendments, modification or re-enactment of the Act or the Guidelines for the time being in force) and the Company’s Memorandum and Articles of Association and further subject to such approvals, permissions, sanctions and of the Regulatory Authorities as may be required and subject to such conditions and modifications as may be prescribed or imposed by the Regulatory Authorities while granting such approvals, permissions and sanctions, approval and consent of the shareholders of the Company be and is hereby accorded to amend the **TRANSWARRANTY EMPLOYEES STOCK OPTION PLAN 2008**, {“ESOP 2008”} (hereinafter referred to as “ESOP 2008”) to modify the total aggregate Stock Options granted to 30,00,000 from the earlier approved limit of 10,00,000 as per the terms and conditions as set out in the explanatory statement annexed to this notice of meeting and be treated as these modifications of the scheme as an addendum to the earlier resolutions passed at the general meetings held on 4th April 2008 and read together for the purpose of compliance with sufficient disclosures under the SEBI (Employee Stock Option Scheme) Guidelines, 1999.

RESOLVED FURTHER THAT the Board of Directors/ Committee of Directors is authorized to issue employee stock options to employees of the Company / subsidiaries as per the new modified Employee Stock Option Scheme and Employee Stock Option (ESOP) Guidelines.

RESOLVED FURTHER THAT in ‘TRANSWARRANTY EMPLOYEES STOCK OPTION PLAN 2008, {“ESOP 2008”} 10,00,000 (One Hundred thousand) shares wherever appearing be deleted and replaced by 30,00,000 (Three Hundred Thousand) shares of the Company.

RESOLVED FURTHER THAT the Board of Directors/ Committee of Directors is hereby authorized to do all things necessary and to take such action as may be appropriate or expedient to amend or redefine from time to time the existing Employee Stock Option Plan (ESOP) approved earlier by the shareholders, so as to conform to the ESOP Guidelines including any amendments thereof and take such other steps as may be necessary to ensure that such ESOP scheme remain effective and in accordance with such ESOP Guidelines."

8. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution

"RESOLVED THAT, pursuant to the provisions of Section 81(1A) and all other applicable provisions, of the Companies Act, 1956, the provisions contained in the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("**the Guidelines**") (including any statutory amendment, modification or re-enactment to the Act or the Guidelines for the time being in force) and the Memorandum and Articles of Association of the Company and further subject to such approvals, permissions, sanctions and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, approval and consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including Remuneration Committee of the Board) to extend the benefits of aforesaid modification in "**TRANSWARRANTY EMPLOYEES' STOCK OPTION PLAN, 2008**" {"**ESOP 2008**"} proposed in the earlier resolution and as detailed in the explanatory statement to this Notice, and offer, issue and allot stock options under the said Plan at any time to or for the benefit of employees/directors of the subsidiaries (present and future) and/or to such other persons at such price, in such manner and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other applicable provisions of any law as may be prevailing at that time.

RESOLVED FURTHER THAT, for the purpose of giving effect to any creation, offer, issue allotment or listing of Securities, the Board of Directors and / or Remuneration Committee be/and is hereby authorised on behalf of the Company to evolve, decide upon and bring into effect the Plan and make any modification, changes variations alternations or revisions in the said Plan from time to time or to suspend, withdraw or review the Plan from the time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for

such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regards without requiring the Board / Committee to secure any future consent or approval of the members of the Company."

9. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution

"RESOLVED THAT, subject to the consent of the members and pursuant to the provisions of Sections 77, 79A, 81, and other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as the "Act") read with the Memorandum of Association and Articles of Association of the Company, Listing Agreement entered into with the stock exchanges where the company's shares are listed and in accordance with the provisions contained in Clause 6.3(b) and other applicable provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines ("**ESOP Guidelines**"), and subject to other applicable laws, if any, and regulations, guidelines, approvals, consents, permissions, sanctions and the like, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee constituted or to be constituted by the Board including the Remuneration Committee), the Board in its sole discretion, be and is hereby authorized to grant options pursuant to the **TRANSWARRANTY EMPLOYEES STOCK OPTION PLAN 2008** {"**ESOP 2008**"} (hereinafter referred to as 'Plan'), which could give rise upto **10,00,000 (TEN LAKH Only)** equity shares comprising 4.09% of the fully diluted equity share capital of the Company to **Mr. Rajeev Deoras, Chief Executive Officer** (Corporate Finance & Lending) of the Company, during the period of one year beginning from the date of passing of this resolution, which is exceeding 1% of the issued capital of the Company, at such price and in such manner, during such period in one or more tranches and on such terms and conditions as may be contained in the 'Plan' and otherwise decided, resolved from time to time by the Board or Remuneration Committee in accordance with the ESOP Guidelines or other provisions of the law as may be prevailing at the relevant time.

"RESOLVED FURTHER THAT the Board or the Remuneration Committee be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects."

10. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution



“RESOLVED THAT subject to the consent of the members and pursuant to the provisions of Sections 77, 79A, 81, and other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as the “Act”) read with the Memorandum of Association and Articles of Association of the Company, Listing Agreement entered into with the stock exchanges where the company’s shares are listed and in accordance with the provisions contained in Clause 6.3(b) and other applicable provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines (“ESOP Guidelines”), and subject to other applicable laws, if any, and regulations, guidelines, approvals, consents, permissions, sanctions and the like, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee constituted or to be constituted by the Board including the Remuneration Committee), the Board in its sole discretion, be and is hereby authorized to grant options pursuant to the **TRANSWARRANTY EMPLOYEES STOCK OPTION PLAN 2008 (“ESOP 2008”)** (hereinafter referred to as ‘Plan’), which could give rise upto **5,00,000 (FIVE LAKH Only)** equity shares comprising 2.04% of the fully diluted equity share capital of the Company to **Mr. Mayank Shah, Chief Executive Officer** of Vertex Securities Ltd, a subsidiary of the Company, during the period of one year beginning from the date of passing of this resolution, which is exceeding 1% of the issued capital of the Company, at such price and in such manner, during such period in one or more tranches and on such terms and conditions as may be contained in the ‘Plan’ and otherwise decided, resolved from time to time by the Board or Remuneration Committee in accordance with the ESOP Guidelines or other provisions of the law as may be prevailing at the relevant time.

RESOLVED FURTHER THAT the Board or the Remuneration Committee be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects.”

11. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution.

“RESOLVED THAT subject to the consent of the members and pursuant to the provisions of Sections 77, 79A, 81, and other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as the “Act”) read with the Memorandum of Association and Articles of Association of the Company, Listing Agreement entered into with the stock exchanges where the company’s shares are listed and in accordance with the provisions contained in Clause 6.3(b) and other applicable provisions

of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines (“ESOP Guidelines”), and subject to other applicable laws, if any, and regulations, guidelines, approvals, consents, permissions, sanctions and the like, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any committee constituted or to be constituted by the Board including the Remuneration Committee), the Board in its sole discretion, be and is hereby authorized to grant options pursuant to the **TRANSWARRANTY EMPLOYEES STOCK OPTION PLAN 2008 (“ESOP 2008”)** (hereinafter referred to as ‘Plan’), which could give rise upto **3,00,000 (THREE LAKH Only)** equity shares comprising 1.23% of the fully diluted equity share capital of the Company to **Mr. Naresh Jain, Executive Director** of the Company (not on the Board), during the period of one year beginning from the date of passing of this resolution, which is exceeding 1% of the issued capital of the Company, at such price and in such manner, during such period in one or more tranches and on such terms and conditions as may be contained in the ‘Plan’ and otherwise decided, resolved from time to time by the Board or Remuneration Committee in accordance with the ESOP Guidelines or other provisions of the law as may be prevailing at the relevant time.

“RESOLVED FURTHER THAT the Board or the Remuneration Committee be and is hereby authorized to do and perform all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, desirable or appropriate to give effect to this resolution in all respects.

12. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution

“RESOLVED THAT, in partial modification of the special resolution passed at the Extra Ordinary General Meeting of the Company on 4th April, 2008 (“said resolution”) and pursuant to section 81(1A) of the Companies Act, 1956 and Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and any other applicable regulatory requirement, approval of the company be and is hereby accorded for extending the exercise period of options granted under the **TRANSWARRANTY EMPLOYEES STOCK OPTION PLAN 2008 (“ESOP 2008”)** constituted pursuant to the said resolution from the earlier approved **5 years to 10 years.**

RESOLVED FURTHER THAT, the amendment to clause 3.12 of the ESOP 2008, for extending the exercise period from 5 (Five) years to 10 (ten) years (with such exceptions as may be considered necessary or appropriate by the board or any committee) be and is hereby approved.

RESOLVED FURTHER THAT in Clause 3.12 the Exercise Period of **5 years** be deleted and be replaced by **10 years**.

RESOLVED FURTHER THAT, Board of Directors and/ or Remuneration Committee thereof, be and is hereby authorized to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, necessary or desirable for the purpose of giving effect to this resolution with power to settle any issues, questions, difficulties or doubts that may arise in this regard."

13. To consider and if thought fit to pass with or without modification/s the following resolution as a special resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions, of the Companies Act, 1956, the provisions contained in the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 ("**the Guidelines**") (including any statutory amendment, modification or re-enactment to the Act or the Guidelines for the time being in force) and the Memorandum and Articles of Association of the

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND VOTE ON A POLL ONLY AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Instruments appointing the proxy must be lodged at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting. Proxy Form is enclosed.
3. Members /proxies should bring duly filled attendance slips sent herewith to attend the meeting.
4. Members who are holding shares in dematerialized form are requested to bring details of their Depository Account Number for identification.
5. The Register of Members and Share Transfer Registers will remain closed from 6th September, 2012 to 12th September, 2012 (both days inclusive).
6. Members requiring information on audited accounts at the meeting are requested to send their queries in writing so as to reach the Registered Office of the Company at least 10 days before the meeting.
7. Members holding shares in physical form are requested to notify change in address, if any, to Registrars and Transfer Agents,. Link Intime India Pvt. Ltd, C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai – 400 078. Members holding shares in electronic form may intimate the changes, if any, to their respective Depository Participants (DPs).
8. Members may note that the Company has to transfer the dividends which remains unclaimed over a period of 7 years to the Government U/S. 205 (a) and 205 (c) of the Companies Act, 1956. The details of dividend paid by the Company and respective due dates of transfer to the said Fund which remains unclaimed are as under:

Company and subject to such approvals, permissions, sanctions and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, approval and consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including Remuneration Committee of the Board) to re-price 5,96,500 equity of shares of Rs.10 each at Rs.10 per share, granted by the Remuneration Committee on 25th May, 2011 at a price of Rs.16.45 per share under the **TRANSWARRANTY EMPLOYEES STOCK OPTION PLAN 2008 {"ESOP 2008"}** as detailed in the explanatory statement to this Notice."

By Order of the Board
For **Transwarranty Finance Limited**

Regd. Office:
403, Regent Chambers
Nariman Point, Mumbai 400 021
Date: 20.07.2012

Sreedhar H
Company Secretary

Date of Declaration of Dividend	Dividend for the year	Amount unclaimed ₹	Due date for transfer
01-08-2007	2006 - 07	42,709.00	01-08-2014
07-08-2008	2007 - 08	53,370.00	07-08-2015
05-08-2009	2008 - 09	22,385.10	05-08-2016

9. Members are requested to address all correspondence, including dividend matters to the Registrars and Transfer Agents of the Company at the address given in Sr. No.7 above.

Additional information pursuant to Clause 49 of the Listing Agreement with regard to Directors seeking appointment/reappointment at the 18th Annual General Meeting.

Mr. Raghu R. Palat was appointed as a Director of the Company on 27/12/1997 and retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. The information/details pertaining to Mr. Raghu R. Palat in terms of clause 49 of the Listing Agreement with the Stock Exchanges are furnished hereunder:

Mr. Raghu R. Palat retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment. Mr. Raghu R. Palat is FCA from Institute of Chartered Accountants from England and Wales and ACA from Institute of Chartered Accountants of India. He was an eminent Banker. He worked with American Express for about 15 years in Senior Management capacity and with Bank International Indonesia for about 3 years as its Chief Executive Officer and Head of India operations.

Mr. Raghu R. Palat holds 9,000 equity shares in the Company.

By Order of the Board
For **Transwarranty Finance Limited**
Sreedhar H
Company Secretary



Explanatory Statement pursuant to Sec. 173(2) of the Companies Act, 1956 read with Listing Agreement annexed hereunto.

Item No. 5

Mr. K. Jay Chandran was appointed as Director of the Company on 21st March 1995. Mr. K. Jay Chandran is an MBA. The Board of Directors appointed Mr. K. Jay Chandran as Whole-time Director on the following terms. Mr. K. Jay Chandran will be based in Singapore.

Terms of appointment:

Period: For a period of 3 (three) years with effect from 20th July, 2012.

Terms of remuneration:

- i. **Basic salary range:** Rs. 2,00,000/- to 3,00,000/- p.m. with increment as may be decided by the Remuneration and Compensation Committee/Board of Directors from time to time.
- ii. **House Rent allowance:** equivalent to 50% of basic salary.
- iii. **Medical Reimbursement:** expenses for self and family upto Rs. 1250/- p.m.
- iv. **Hospitalisation expenses:** as per Company's rule,
- v. **Leave travel Allowance:** For self and family in accordance with company's rule.
- vi. **Leave:** As per rules of the Company.
- vii. **Telephone:** Telephone facility as per the rules of the Company. Cost of personal long distance call will be borne by the Whole-time Director.
- viii. **Retirement benefits:** Company's contribution to Provident Fund and Gratuity as per Company's Rule.
- viii. **Encashment of leave:** at the end of the tenure.
- ix. **Car:** Company's car with driver for office use.

Note: The total remuneration including all perquisites shall not exceed Rs.5,00,000/- per month.

Minimum Remuneration:

If in any financial year, the Company has no profit or its profits are inadequate as computed under Section 349 of the Companies Act, 1956, the Company shall pay salary, HRA and perquisites as specified above as minimum remuneration.

The Whole-time Director is not entitled for sitting fees for attending the meeting of the Board of Directors or any Committee thereof.

Mr. K. Jay Chandran holds 22,717 equity shares in the Company.

No Director other than Mr. K. Jay Chandran and Mr. Kumar Nair, who is brother of Mr. K. Jay Chandran is, in any way, concerned or interested in this resolution.

This may also be treated as memorandum issued pursuant to Sec. 302 of the Companies Act, 1956.

The Board of Directors recommends the Resolution for the approval of the members.

Item No. 6

According to the provisions of Section 309(4) of the Companies Act, 1956, ("Act") and Article 184 of the Articles of Association of the Company a Director who is neither in whole-time employment of the Company nor a Managing Director may be paid remuneration by way of commission if the shareholders of the Company pass a Special Resolution authorizing such payment provided that the remuneration paid to all such directors together shall not exceed 1% of net profits of the Company.

The Non-Executive Directors of the Company have significantly contributed to Company's progress during the last many years. It is, therefore, proposed to pay remuneration by way of commission to the Non-Executive Directors of the Company subject to the approval of the shareholders in the General Meeting and such other statutory and government approvals as may be required, if any. The amount of commission proposed to be paid to the Non-Executive Directors shall not exceed 1% of the net profits of the Company which shall be computed as per the provisions of Section 198, 349 and 350 of the Act.

The resolution at Item No. 6 of the Notice seeks approval of the members for authorizing the Board of Directors of the Company to decide the quantum and the manner of remuneration to the Non-executive directors of the Company for a period of five years commencing from the period ending 31st March, 2012 to 31st March, 2016.

Mr. Suresh Talwar, Mr. Raghu Palat, Mr. Pravin Khatau and Mr. K. K. Dastur all non-executive Directors are concerned or interested in the resolution under Item No. 6 of the Notice.

Item No. 7 & 8

The Company appreciates the critical role of human resources in the organizational growth. It strongly feels that the value created by its people should be shared with them. In order to attract and retain qualified, talented and competent personnel, the Company has instituted an "EMPLOYEES' STOCK OPTION PLAN, 2008" {"ESOP 2008"} (hereinafter called "the Scheme") in accordance with the Securities and Exchange Board of India (Employee Stock Option and Employees Stock Purchase

Scheme) Guidelines, 1999 (including any modifications, therein from time to time) (hereinafter known as "Guidelines") and reserved an appropriate number of shares there under to allot equity shares against the stock options / shares to be granted to the employees of the Company and its Subsidiaries. To promote the culture of employee ownership in the Company, approval of the members is being sought for modification of the employee stock option scheme in order to allot stock options to the employees of the Company and employees of its subsidiary companies.

The shareholders have approved **"EMPLOYEES' STOCK OPTION PLAN, 2008"** {"ESOP 2008"} at the Extra Ordinary General Meeting of the Company on 4th April, 2008. As per the approved Scheme, the grant price was taken as Rs. 20/- per Option and subsequently at the Annual General Meeting held on 5th August, 2009 the option was re-priced at Rs. 10/-. The Company now proposes to increase the ESOP 2008 pool from the earlier limit of 10,00,000 Options to 30,00,000 with the consent of the shareholders.

As the **'Plan'** will entail further shares to be offered to Senior Executives of the Company/subsidiaries, which is other than to existing Members of the Company, consent of the Members will be required by way of passing a special resolution pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Act, and as per the requirement of Clause 6 of the ESOP Guidelines.

As the employee stock option scheme provide for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the shareholders is being sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Act and as per clause 6 of the SEBI Guidelines. The terms and conditions of the Options may be customized for individual employees within the above framework.

The Board accordingly commends the resolution for the approval of the members as a Special Resolution as set out in item nos. 7&8 of the Notice.

None of the Directors of the Company (except the Promoters who are excluded) and the Directors of its subsidiaries are in any way, concerned or interested in the resolution, except to the extent of their shareholding in the Company and/or the securities that may be offered to them under the scheme.

Item No. 9 to 11

The approval of the shareholders is being sought for granting stock options to the following Senior Executives of the Company/subsidiaries over and above 1% of the issued capital of the Company, as per the details given hereunder at such price and in such manner, during such period in one or more

tranches and on such terms and conditions as may be contained in the Scheme titled **"TRANSWARRANTY EMPLOYEES' STOCK OPTION PLAN, 2008"** {"ESOP 2008"} as approved by the Company in its Extra Ordinary General Meeting on 4th April, 2008 and otherwise decided, resolved from time to time by the Board in accordance with the ESOP Guidelines or other provisions of the law as may be prevailing at the relevant time;

	Name of Executive	Designation	No. of shares
1.	Mr. Rajeev Deoras	CEO (Corporate Finance and Lending)	10,00,000
2.	Mr. Mayank Shah	CEO-Vertex Securities Ltd.	5,00,000
3.	Mr. Naresh Jain	Executive Director (not on Board)	3,00,000

The 'Plan' seeks to reward and compensate to Senior Executives of the Company/subsidiaries, for taking over the management of the Company and contributing to its continued growth and further profitability, by granting Options which, on exercise, will entitle him to be allotted Equity Shares of the Company.

Clause 6.3(b) of the ESOP Guidelines requires the approval of the shareholders by way of separate resolution for grant of options to identified employees, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant of option.

Therefore, approval of shareholders by way of separate resolution is being sought for grant of more than 1% of the outstanding issued capital in any year.

Your Directors recommend the resolutions as set out in Item Nos. 9 to 11 for the approval of the members as Special Resolution.

None of the Directors of the Company is interested or concerned in the resolutions.

Item No. 12

At the Extra Ordinary General Meeting of the Company held on 4th April, 2008, the members had passed a special resolution approving the introduction and implementation of **TRANSWARRANTY EMPLOYEES STOCK OPTION PLAN 2008** {"ESOP 2008"}. Pursuant to the said resolution, the **ESOP 2008** was constituted and stock options were granted to employees commencing from April 2008. The maximum period for exercise of stock options provided at that time was 5 years from the date of vesting.

Employees stock options are powerful tools which help foster employee motivation. Keeping in mind the spirit of the scheme and the interest of the employees and the current capital market downtrend, it is proposed that the period of **5 (Five)** years be extended to **10 (ten)** years.

Your Directors recommend the resolutions as set out in Item Nos. 12 for the approval of the members as a Special Resolution.



None of the Directors of the Company (except the Promoters who are excluded) and the Directors of its subsidiaries are in any way, concerned or interested in the resolution, except to the extent of their shareholding in the Company.

Item No. 13

The Company evolved the Employee Stock Option Plan 2008 ("ESOP 2008") to reward the employees for their performance as well as to motivate them to contribute to the growth and profitability of the Company. This scheme has the objective to attract and reward talent for superior performance in the organization. The stock options would enable employees of the Company to share the value they would create and contribute to the Company in the years to come.

The Remuneration Committee at the meeting held on 25th May, 2011 had granted 5,96,500 shares at a price of Rs.16.45 per share being the highest price, one day prior to the date of grant i.e., 24th May, 2011. Subsequently, the stock market is on a downward trend. The present market price of the share is ruling below the face value of Rs.10. Hence the scheme has become unattractive to the employees. The Remuneration Committee in its meeting held on 20th July 2012, therefore, proposed to re-price the above said shares at the face value of Rs.10 per share. The closing price of the shares of the company in BSE on 19th July 2012 was Rs.8.36 per share. The Company is yet to vest these options to the employees.

Under Regulation 7.5 of SEBI ESOP guidelines 2003, a Company may re-price the options, which are not exercised (whether or not they have been vested), if the ESOPs were rendered unattractive due to fall in the price of the shares in the market, provided that, the Company ensures that such re-pricing shall not be detrimental to the interest of employees and approval of the shareholders in general meeting has been obtained for such re-pricing.

In compliance with the said guidelines, the following information is provided additionally:

1. The Company has not varied the terms of the ESOP 2008 in any manner which may be detrimental to the interest of the employees.
2. The Company shall by special resolution in a general meeting vary the terms of ESOP offered pursuant to an earlier resolution of a general body but not yet exercised by the employee provided such variation is not prejudicial to the interest of the option holder.
3. The Company shall comply with Clause 6.3 if applicable to such variation of terms as they do to the original grant of option.
4. Detailed disclosure:
 - i) Variation – Re-pricing of the option to a price of Rs. 10/- per share.
 - ii) Rationale - Price was rendered unattractive due to fall in the price of the shares in the market.
 - iii) All the employees who have been granted Stock Options are beneficiaries of such variations and are available on the records of the Company.

Pursuant to the amendment to the ESOP Guidelines, 2003 and all other applicable provisions consent of the members is being sought to re-pricing of the options.

None of the Directors of the Company (except the Promoters who are excluded) and the Directors of its subsidiaries are in any way, concerned or interested in the resolution, except to the extent of their shareholding in the Company and/or the securities that may be offered to them under the Plan.

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 18th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2012.

(₹ in lacs)

Financial Results	2011-12	2010-11
Total Income	2325.92	838.07
Profit before interest, depreciation and tax	881.78	100.03
Less : Interest and Finance Charges	97.33	40.39
Profit before Tax & Depreciation	784.45	59.64
Less : Depreciation	15.66	10.58
Add : Profit on sale of fixed assets	–	0.20
Profit before tax	768.79	49.26
Less : Provision for tax:		
Current Tax	96.00	1.29
Deferred Tax Liability/(Assets)	0.36	1.32
Profit after Tax	672.43	46.65
Add / Less Excess/(short) provision for Income Tax	0.07	(5.26)
Net profit for the year	672.50	41.39
Balance brought forward from amalgamated companies	–	(40.59)
Profit available for appropriation	672.50	0.80
Appropriation		
Reserves u/s 45 1C of RBI Act	134.50	9.33
Proposed Dividend	122.30	–
Corporate Dividend Tax	19.84	–
Profit/(Loss) carried to Balance Sheet	395.86	(8.54)

Employees' Stock Option Plan 2008 (ESOP):

Particulars	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Options outstanding at the beginning of the year	4,82,266	6,88,366	6,65,000	10,00,000
Options granted during the year	5,96,500	Nil	92,500	6,84,000
Options vested during the year	50,446	Nil	22,666	Nil
Options exercised during the year	Nil	21,015	Nil	Nil
Options forfeited during the year	1,31,875	2,06,100	55,400	Nil
Options lapsed/surrendered during the year	94,654	Nil	13,734	19,000
Options outstanding at the end of the year	8,52,237	4,82,266	6,88,366	6,65,000
Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during the year	Nil	Nil	Nil	Nil
Identified employees who were granted options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	Nil	Nil	Nil	Nil

Performance of the Company during the year under review was as under:

During the year under report, the total revenue of the Company was ₹ 2,325.92 lakhs as against ₹ 838.07 lakhs in the previous year. The profit after tax was ₹ 672.43 lakhs as against profit of ₹ 46.65 lakhs in the previous year. Income from operations during the financial year was as under:

(₹ in lakhs)

	31.03.2012	31.3.2011
Trade Finance	413.46	413.57
Corporate Finance	147.98	121.57
Investment Banking	537.93	147.02
Interest on Loans	133.00	7.73
Other Income	520.55	148.24
Sale of shares held in stock in Trade	572.99	–

Dividend:

Your Directors have recommended dividend of 50 paise (5%) on equity share of ₹ 10/- each for the year ended 31st March, 2012. This will absorb ₹ 142.14 lakhs inclusive of dividend tax.

Future Outlook:

The Company has a well-diversified business model. During the year under review, the interest earned on loans has increased from ₹ 7.73 lakhs in the previous year to ₹ 131.70 lakhs. The Company has already opened 10 branches in Kerala to provide loans and is planning to open some more branches during the current financial year.



Had fair value method been used the compensation cost would have been higher by ₹ 13.19 lakhs (previous year. ₹ 7.46 lakhs). Profit after tax would have been lower by ₹ 13.19 lakhs (Previous year ₹ 7.46 lakhs) and EPS both basic and diluted would have been ₹ 2.82 per share (previous year ₹ 0.20 per share.)

Subsidiary Companies:

Vertex Securities Limited (VSL) and Vertex Commodities And Finpro Private Limited (VCFPL) are the subsidiaries of the Company engaged in the following businesses: -

1. Stock broking with around 200 offices, focusing business mainly on southern and western India. The company caters to retail, HNI and institutional clients.
2. Currency derivatives segment.
3. Commodity broking through Vertex Commodities And Finpro Pvt. Ltd (VCFPL) and services retail, HNI and corporate clients.
4. Merchant banking.

Vertex Securities Limited (VSL) is a member of: -

1. National Stock Exchange of India Limited, (NSE)
2. Bombay Stock Exchange Limited, (BSE)
3. Cochin Stock Exchange Limited, (CSE)
4. OTC Exchange of India, (OTCEI)
5. National Securities Depository Ltd., (NSDL) (for depository services)
6. SEBI registration as a Merchant Banker.
7. MCX Stock Exchange Limited. (MCX Sx)

Vertex Commodities And Finpro Private Limited (VCFPL) member of following commodity exchanges: -

1. Multi Commodity Exchange of India (MCX)
2. National Commodity and Derivative Exchange (NCDEX)
3. National Multi Commodity Exchange (NMCE)
4. National Spot Exchange of India Limited (NSEIL)

During the year under report, the consolidated revenue of these two subsidiaries was ₹ 1,111.84 lakhs as against ₹ 1,084.43 lakhs in the previous year. The net loss after tax was ₹ 168.04 lakhs as against net loss of ₹ 76.80 lakhs in the previous year.

During the financial year 2012-13 the Company proposes to open few more branches and consolidate the business in Southern and Western Markets.

Auditors' Report:

The Auditors report to the shareholders does not contain any qualification.

Consolidated Financial Statement:

Directors have pleasure in presenting the consolidated financial statements of Holding Company and subsidiaries duly audited

by statutory auditors pursuant to Clause 32 read with Clause 41 of the Listing Agreement with the Stock Exchanges and prepared in accordance with Accounting Standard 21 of Institute of Chartered Accountants of India.

In terms of circular No.5/12/2007-CL-III (General Circular No.2/2011) dated 8th February, 2011 from Ministry of Corporate Affairs, the Board of Directors of the Company by resolution dated 18th May, 2012 has decided not to attach the balance sheet of the Subsidiary Companies.

The annual accounts of the Subsidiary Companies and the related detailed information shall be available to the shareholders of Holding and Subsidiary Companies seeking any information at any time. The annual accounts of the Subsidiary Companies are available for inspection by any shareholder at the Registered Office of the Holding Company and of the Subsidiary Companies concerned.

Directors:

Mr. Raghu R. Palat retires by rotation and being eligible, offers himself for re-appointment. Pursuant to Clause 49(g)(i) of the Listing Agreement with the Stock Exchanges, brief resume of Mr. Raghu R. Palat has been provided in the Notice convening the Annual General Meeting.

Directors' Responsibility statement:

As required under Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that:

- (a) In the preparation of the Annual Accounts for the year 2011-12, the applicable Accounting Standards have been followed and there are no material departures;
- (b) The accounting policies selected and applied are consistent and the judgment and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year;
- (c) Proper and sufficient care has been taken 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;
- (d) The annual accounts have been prepared on a going concern basis.

Particulars of employees' U/S 217 (2A) of the Companies Act, 1956:

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, is available at the registered office of the Company. However, as per the provisions of Section 219(1)(b) (iv) of the said Act, the Report and Accounts are being sent to all the shareholders of the Company and others entitled thereto excluding the aforesaid information. Any shareholder interested in obtaining a copy of this statement may write to the Company

Secretary / Compliance Officer at the Registered Office of the Company.

Corporate Governance Report:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Report on Corporate Governance with Auditors Certificate on Compliance with the conditions of Corporate Governance and a Management Discussion & Analysis Report has been attached and form part of the Annual Report.

Annexure to Directors' Report showing particulars with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo:

Because of the nature of activities being carried on by the Company, the particulars prescribed under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, relating to conservation of energy, technology absorption are not applicable to the Company.

Foreign Exchange earnings and outgo during the year:

Earnings	: ₹ 25.70 lakhs
Outgo	: ₹ 9.89 lakhs

The Company has not carried out any specific research and development activities. The information relating to Technology Absorption, Adaptation and Innovation is not applicable because of the nature of the business of the Company.

Appreciation:

Directors wish to place on record their appreciation for the support and co-operation received from the Regulatory Authorities, customers, banks and active dedication of the employees which enabled the management to contribute to the growth of the Company.

For and on behalf of the Board of Directors

Suresh N Talwar
Chairman

Place : Mumbai
Date : 20/07/2012

Registered Office:

403, Regent Chambers,
Nariman Point,
Mumbai 400 021



CORPORATE GOVERNANCE REPORT 2011-12

Mandatory Requirements

1. Company's Philosophy on Code of Corporate Governance:

Transparency, fairness, disclosure and accountability are central to the working of the Company and its Board of Directors. The Company has always been guided by conviction of adhering to transparency, accountability and integrity. The Company believes and acknowledges individual and collective responsibilities to manage the business activities with integrity.

The Company lays great emphasis on regulatory compliances and strives to ensure that high standard of professionalism and ethical conducts are maintained throughout the organization. The Board undertakes its fiduciary responsibilities to all its stakeholders by ensuring transparency, fair-play and independence in its decision making.

Code of Conduct:

The Board has laid down a code of conduct for all the Board Members and Senior Management of the Company. Senior Management includes personnel of the core management team excluding Board of Directors but including all functional heads.

2. Board of Directors:

Composition and size of the Board

The size and composition of the Board, conforms to the requirements of Corporate Governance Report under the Listing Agreement with the Stock Exchanges.

The present strength of the Board of Directors is six members including one Alternate Director with rich professional experience in various fields. The Managing Director and Whole-time Director are the Executive Directors and the other three are Non-Executive Directors. More than half of the Board consists of Independent Directors.

3. Board Meetings:

During the financial year 2011-12, the Board met 6 times on 25th April 2011, 25th May, 2011, 28th July, 2011, 16th September, 2011, 13th October, 2011, and 19th January, 2012 respectively. The gap between any two meetings was less than 4 months.

As per Clause 49 of the Listing Agreement none of the Directors on the Board of the Company is a member in more than 10 or Chairman of more than 5 specified committees of the Board across all the companies in which he is a Director.

The composition of Board of Directors, attendance at the Board Meetings during the financial year and attendance at the last Annual General Meeting and number of outside Directorships, Chairman/Membership of Committees held by them are as under:

Name of Director	Category	No. of Board meetings attended	Last AGM attendance	No. of Directorships	Directorships membership of Board Committees *
Mr. Suresh N Talwar	Chairman – Non-Executive Director – Alternate Director to Mr. Pravin Khatau	6	Yes	44	4/5**
Mr. Kumar Nair	Managing Director - Executive	6	Yes	7	0/1
Mr. Raghu R. Palat	Director - Independent	6	Yes	4	Nil
Mr. Pravin Khatau	Director - Independent	1	Yes	1	Nil
Mr. K. K. Dastur	Director - Independent	6	Yes	6	3/1
Mr. K. Jay Chandran	Whole-time Director - Executive	Nil	No	Nil	Nil

* Includes only Audit & Shareholder's Grievance Committee

** Includes 1 company where he is an Alternate Director

4. Appointment/Reappointment of Directors:

Mr. Raghu R. Palat retires by rotation at the ensuing Annual General Meeting and is eligible for reappointment. Mr. Raghu R. Palat is FCA from Institute of Chartered Accountants from England and Wales and ACA from Institute of Chartered Accountants of India. He is an eminent Banker. He worked with American Express for about 15 years in Senior Management capacity and with Bank International Indonesia for about 3 years as its Chief Executive Officer and Head of India operations.

Mr. Raghu R. Palat holds 9,000 equity shares in the Company.

5. Board Committee

The Board had constituted the following Committees of Directors:

- (a) Audit Committee
- (b) Shareholders' Grievance Committee
- (c) Remuneration / Compensation Committee

(a) Audit Committee:**(i) Composition**

The Audit Committee comprises 4 members out of which 3 are Independent Directors. Mr. Raghu R. Palat is the Chairman of Audit Committee. All the members of the Committee are financially literate. Mr. Raghu R. Palat, Mr. K. K. Dastur and Mr. Kumar Nair are Chartered Accountants and Mr. Pravin Khatau is MBA.

During the financial year 2011-12, the Committee met 4 times on 25th May, 2011, 28th July, 2011, 13th October, 2011 and 19th January, 2012 respectively and the gap between any 2 meetings was less than 4 months.

The Board has designated Company Secretary to act as Secretary of the Audit Committee.

Attendance at the Audit Committee Meeting:

Name	Designation	Category	Attendance out of 4 meetings held
Mr. Raghu R. Palat	Chairman	Independent	4
Mr. K. K. Dastur	Member	Independent	4
Mr. Pravin Khatau	Member	Independent	NIL
Mr. Kumar Nair	Member	Executive	4

(ii) Power of Audit Committee:

The Audit Committee has the following powers:

- (a) To investigate any activity within its terms of reference
- (b) To seek information from any employee.
- (c) To obtain outside legal or other professional advice.
- (d) To secure attendance of outsiders with relevant expertise, if considered necessary.

(iii) Role of Audit Committee:

- (a) Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (b) Recommending the Board, the appointment, re-appointment and if required replacement or removal of Statutory Auditors and fixation of Audit fees.
- (c) Approval of payment to Statutory Auditors for any other services rendered by Statutory Auditors.
- (d) Reviewing with management the annual financial statements before submission to the Board for approval, with particular reference to :
 - Matters required being included in Directors' Responsibility statement to be included in the Board's Report in terms of Clause 2(AA) of section 217 of the Companies Act, 1956.
 - Changes if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.



- Significant adjustments made in the financial statement arising out of audit findings.
 - Compliance with Listing Agreement and other legal requirements relating to financial statements.
 - Disclosures of related party transactions.
 - Qualifications in draft Audit Report.
- (iv) Reviewing, with the management, the quarterly financial statement before submission to the Board for approval.
- (v) Reviewing, with the management the performance of Statutory and Internal Auditors, adequacy of internal control systems.
- (vi) Reviewing, the adequacy of Internal audit function, if any, including the structure of the internal audit department, staffing and the seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit.
- (vii) Discussion with Internal Auditors any significant findings and follow up there on.
- (viii) Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of a material nature and reporting the matter to the Board.
- (ix) Discussion with the Statutory Auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (x) To look into the reasons for the substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- (xi) To review the functioning of Whistle Blower Mechanism, in case, if the same is existing.
- (xii) Carrying out any other function as is mentioned in the terms of reference of Audit Committee.

(b) Shareholders' Grievance Committee:

During the financial year the Committee met 4 times on 25th May, 2011, 28th July, 2011, 13th October, 2011 and 19th January, 2012 respectively. The Shareholders' Grievance Committee focuses on shareholders' grievances and strengthening of investors' relations, specifically looking into redressal of grievances pertaining to

- 1) transfer and transmission of shares
- 2) non-receipt of balance sheet
- 3) non-receipt of declared dividend
- 4) matters relating to demat / remat
- 5) other related issues

The committee comprises of and the meetings held during the year are as under:-

Name	Designation	Category	Attendance out of 4 meetings held
Mr. Raghu R. Palat	Chairman	Independent	4
Mr. Pravin Khatau	Member	Independent	Nil
Mr. K. K. Dastur	Member	Independent	4
Mr. Kumar Nair	Member	Executive	4

- (i) Company Secretary has been designated as Compliance Officer. The investors may register their complaints at the email-id : companysecretary@transwarranty.com; shridhar@transwarranty.com
- (ii) During the year the Company received NIL complaints from the shareholders, Stock Exchanges and SEBI.

(c) Remuneration / Compensation Committee:

The Board has constituted a Remuneration/Compensation Committee comprising the following directors:

1. Mr. Raghu R. Palat – Chairman
2. Mr. Kumar Nair – Member
3. Mr. K. K. Dastur – Member
4. Mr. Pravin khatau – Member

During the year one meeting was held on 25th May, 2011. Directors present at the meeting were

1. Mr. Raghu R Palat – Chairman
2. Mr. K.K. Dastur – Member
3. Mr. Kumar Nair – Member

Details of remuneration paid to the Directors

Directors	Salary (including Performance Incentive, if any and other allowance) (₹)	Perquisites (₹)	Contribution to P. F. super-annuation and Gratuity (₹)	Sitting Fees (₹)	Total (₹)
Mr. Kumar Nair	32,05,008	2,67,775	1,29,600	–	36,02,383
Mr. Suresh N Talwar	–	–	–	1,20,000	1,20,000
Mr. Raghu R. Palat	–	–	–	2,10,000	2,10,000
Mr. Pravin Khatau	–	–	–	20,000	20,000
Mr. K. K. Dastur	–	–	–	2,10,000	2,10,000
Mr. Jay Chandran	–	–	–	NIL	NIL

6. General Body Meetings:

Venue and Time of Annual General Meetings during the last three years

Financial Year	Day, Date & Time	Venue	Special Resolution passed
2008-09	Wednesday, 5th August, 2009 at 11.00 a. m.	M. C. Ghia Hall, Kala Ghoda, Fort, Mumbai – 400 001	Yes, Re-pricing of Employees Stock Option Scheme.
2009-10	Thursday, 16th September, 2010 at 11.00 a. m.	M. C. Ghia Hall, Kala Ghoda, Fort, Mumbai – 400 001	Yes, approval of the Trust Deed, namely, TFL-TCCPL and TFCPL Merger Scheme Trust
2010-11	Friday, 16th September, 2011 at 11.00 a. m.	M. C. Ghia Hall, Kala Ghoda, Fort, Mumbai - 400 001	Yes, Revision in the remuneration of Managing Director

7. Postal Ballot :

Whether any special resolution was passed through postal ballot		No. of persons exercised votes	No. of votes polled	No. of Votes in favour	No. of Votes against	No. of Votes invalid	% of Votes in favour	% of Votes against
Yes - on 12/09/2011	(i) Resolution under Section 372A.	141	1,46,13,703	1,46,09,920	3,212	571	99.97	0.03
	(ii) Resolution under Section 81 (1A).	141	1,46,13,703	1,46,10,947	1,051	1,705	99.98	0.01
	(iii) Resolution under Section 81(1A)	141	1,46,13,703	1,46,10,508	1,262	1,933	99.98	0.01

8. Disclosures:

- i There were no transactions of material nature with its Promoters, Directors or the Management, their subsidiaries or relatives during the period that may have potential conflict with the interest of the company at large.



- ii Transactions with related parties are disclosed in Note No.30 to the accounts in the Annual Report as required by Accounting Standards under AS 18 issued by Institute of Chartered Accountants of India.
- iii There were no non-compliances by the Company during the year. No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any other Statutory Authorities on any matters related to the capital markets, during the previous three financial years.
- iv The Board has adopted a Code of Conduct including Business Ethics Policy for its Directors and Senior Management. This is available on the Company's web-site.
- v The Managing Director has submitted before the Board a declaration of compliance with the Code of Conduct by the Directors during the financial year ended March 31, 2012.
- vi The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India and in the preparation of the financial statement; the Company has not adopted a treatment different from that prescribed by any Accounting Standard.
- vii Risk assessment and minimization procedures are periodically reviewed by the Audit Committee and the Board of Directors of the Company.
- viii The Chief Executive Officer and the Chief Financial Officer have certified to the Board of Directors as per the format prescribed in compliance Clause 49(V) of the Listing Agreement with the Stock Exchanges. This has been reviewed by the Audit Committee and taken on record by the Board of Directors of the Company.
- xi The Company has complied with all mandatory requirements under Clause 49 of the Listing Agreement with the Stock Exchanges. The adoption of non-mandatory requirements has been dealt with in this Report.

9. Means of Communication:

Un-audited financial results are published in leading English/Vernacular newspapers. The half yearly report is not sent separately to the Shareholders. Annual Reports are sent to the shareholders at their registered address with the Company and also put up on Company's web site www.transwarranty.com.

10. General Shareholders Information:

Annual General Meeting

Date	:	12/09/2012
Time	:	10 .30 a.m
Venue	:	M C Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001

Financial Calendar (Tentative)

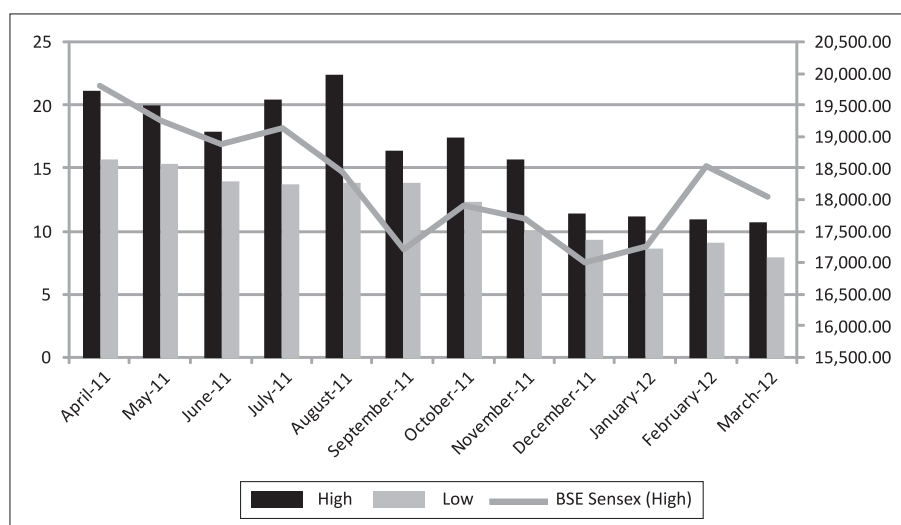
Financial reporting for the quarter ending June 30, 2012	:	last week of July, 2012
Financial reporting for the quarter ending Sept. 30, 2012	:	last week of October, 2012
Financial reporting for the quarter ending Dec. 31, 2012	:	last week of January, 2013
Financial reporting for the quarter ending March 31, 2013	:	Last week of May 2013
Annual General Meeting for the year ended March 31, 2013	:	August-September, 2013
Date of Book Closure	:	6th September, 2012 to 12th September, 2012 (both days inclusive)
Listing on Stock Exchanges	:	Bombay Stock Exchange Ltd (BSE) National Stock Exchange of India Ltd (NSE)
Stock Code	:	Bombay Stock Exchange Ltd, - 532812 National Stock Exchange of India Ltd -'TFL'
Payment of Annual Listing fees	:	Listing fees for the financial year 2012-2013 has been paid to both the Stock Exchanges BSE & NSE
Demat ISIN for NSDL & CDSL	:	INE 804H01012

10. Stock performance vs BSE Sensex and NSE

Market Price Data during the year ended 31.03.2012

BSE

Month	High	Low	BSE Sensex (High)
Apr-2011	21.15	15.70	19,811.14
May-2011	20.00	15.40	19,253.87
June-2011	17.95	14.00	18,873.39
July-2011	20.50	13.80	19,131.70
Aug-2011	22.50	13.90	18,440.07
Sept-2011	16.48	13.90	17,211.80
Oct-2011	17.50	12.41	17,908.13
Nov-2011	15.70	10.05	17,702.26
Dec-2011	11.50	9.36	17,003.71
Jan-2012	11.24	8.67	17,258.97
Feb-2012	10.98	9.16	18,523.78
Mar-2012	10.80	8.02	18,040.69



NSE

Month	High	Low
April-2011	20.90	15.55
May-2011	19.25	15.00
June-2011	17.75	13.35
July-2011	20.20	14.20
August-2011	22.35	14.00
September-2011	17.00	13.10
October-2011	17.20	13.15
November-2011	15.50	10.30
December-2011	12.00	9.15
January-2012	11.00	8.55
February-2012	11.15	8.90
March-2012	11.00	8.05



Registrars & Transfer Agents : Link Intime India Pvt. Ltd,
C-13, Pannalal Silk Mills Compound,
L B S Marg, Bhandup (West),
Mumbai – 400 078

Contact person : Ms. Sarita Mote

Contact No. : 25963838. Extn. 2297 Fax. : 25956969

email : sarita.mote@linkintime.co.in

Share Transfer System:

- Securities lodged for transfer at the Registrar's Office are normally processed within 15 days from the date of lodgment, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the depositories within 15 days. Company Secretary is empowered to approve transfer of shares and other investor related matters. Grievances received from investors and other miscellaneous correspondence on change of address, mandates, etc are processed by the Registrars within 30 days.
- Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Company Secretary-in-Practice for timely dematerialization of the shares of the Company and for conducting a Secretarial Audit on a quarterly basis for reconciliation of the Share Capital of the Company.

Distribution of Shareholding as on 31-03-2012

No. of equity shares held	No. of share holders	% of share holder	Total no. of shares held	% of shares held
1 - 500	4561	82.31	7,97,435	3.27
501 - 1000	521	9.40	4,17,813	1.71
1001 - 2000	208	3.76	3,20,881	1.31
2001 - 3000	86	1.55	2,19,291	0.89
3001 - 4000	38	0.69	1,32,716	0.54
4001 - 5000	26	0.47	1,20,384	0.49
5001 - 10000	46	0.83	3,25,049	1.33
10001 and above	55	0.99	2,21,26,999	90.46
Total	5541	100	2,44,60,568	100

Shareholding Pattern as on 31-03-2012

Sl. No.	Category	No. of Shares	% of Holding
1	Promoters & Persons Acting in Concert	1,31,12,977	53.60
2	Mutual funds / UTI / Banks / FIs	–	–
3	Private Corporate Bodies	18,23,920	7.45
4	NRI's / OCBs	13,64,354	5.58
5	Indian Public	81,59,317	33.37
6	Foreign Institutional Investors	–	–
	Grand Total	2,44,60,568	100

Dematerialization of shares : 99.52% of the shares have been dematerialized so far.

Outstanding GDRs/ADRs/Warrants or any convertible / instruments, conversion data and likely impact on equity : N.A.

Plant location : N.A.

Address for correspondence : Transwarranty Finance Limited,
403, Regent Chambers, Nariman Point, Mumbai 400 021.
Phone : 022 – 6630 6090/91

Contact person : Mr..Shridhar Hirimbi, Company Secretary
E-mail : shridhar@transwarranty.com; companysecretary@transwarranty.com

Members holding shares in Demat mode should address all their correspondence to their respective Depository Participant.

Non-mandatory requirements:

- 1. Chairman of the Board** – No separate office is maintained for the Non-Executive Chairman.
Mr. Suresh N. Talwar, Mr. Raghu R. Palat and Mr. K. K. Dastur are independent Directors on the Board of the Company. No specific period has been specified for these Directors. All of them have requisite qualification and experience and in the opinion of the Company this would enable them to contribute effectively to the Company in their capacity as Independent Directors.
- 2. Shareholder Right** – The Company has not sent half yearly financial performance including summary of the significant events to each household of the shareholders, since the results were published in 2 news papers, one in Vernacular and one in English newspaper.
- 3. Audit Qualifications** – During the year under review, there was no audit qualification in the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.
- 4. Training of Board Members** – The Board consists of eminent, qualified and well experienced Directors in various fields. Therefore, the training of Board members is not required.

DECLARATION

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Board Members and Senior Management personnel of the Company have affirmed compliance with the Code of Conduct and Ethics during the financial year ended March 31, 2012.

Place : Mumbai
Date : 18 May, 2012

Kumar Nair
Managing Director



CEO / CFO CERTIFICATION

We hereby certify to the Board that:

- a) We have reviewed the financial statements and the cash flow statements for the year ended 31st March, 2012 and to the best of our knowledge and belief.
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
 - (ii) These statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.
- c) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that, we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any of which we are aware and the steps we have taken or propose to take steps to rectify these deficiencies.
- d) We further certify that:
 - i) There have been no significant changes in internal control during the year;
 - ii) There have been no significant changes in accounting policies during the year,
 - iii) To the best of our knowledge, there have been no instances of fraud, involving management or an employee having a significant role in the Company's internal control systems.

For Transwarranty Finance Limited

For Transwarranty Finance Limited

Place : Mumbai
Date : 18 May, 2012

Kumar Nair
Chief Executive Officer (CEO)

U. Ramachandran
Chief Finance Officer (CFO)

AUDITORS' CERTIFICATE

TO THE MEMBERS OF
TRANSWARRANTY FINANCE LIMITED

We have reviewed the relevant records of Transwarranty Finance Limited for the year ended 31 March 2012 relating to compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our review 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 according to the information and explanations given to us, we have to state that, to the best of our knowledge, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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

For and on behalf of

Rahul Gautam Divan & Associates

Chartered Accountants
(ICAI Reg. No. 120294W)

Sd/-

Gautam Divan

Partner

Membership No: 006457

Place : Mumbai
Date : 20 July, 2012



MANAGEMENT DISCUSSION AND ANALYSIS

The Company is a Reserve Bank of India (RBI) registered Non-Banking Finance Company (NBFC) engaged in a wide spectrum of financial services, both advisory and fund based lending.

The Company along with its subsidiary company achieved consolidated revenue of Rs.3437.76 lakhs compared to Rs.1922.50 lakhs in the previous year an increase of 78.8%.

The Company has three major business operations in advisory services consisting of Trade Finance, Corporate Finance and Investment Banking.

Trade finance, which caters to the working capital needs of companies, had an excellent year with business transactions of Rs. 5643.24 crores (Previous year Rs.8509.73 crores) and Income of Rs. 413.46 lakhs (Previous year Rs.413.57 lakhs) for the year, which showed a decline.

Corporate Finance, which largely caters to Micro, Small & Medium Enterprises (MSME) segment, generated Income of Rs. 147.98 lakhs (Previous year Rs.121.51 lakhs), recording growth of 21.8% over previous year.

Investment Banking continues to have robust deal flow. Income from Investment banking was Rs. 537.93 lakhs (Previous Year Rs.147.02 lakhs) recording an overall growth of 265% over previous year.

The lending business, which is providing loans to the economically challenged sections of the society against security of gold jewelry, is evolving into a very large and successful business. This business, which promotes financial inclusion, is completely aligned with our vision of being a socially relevant company having performance oriented culture with ethics and values

During the year, the total Income from operations was Rs. 2325.92 lakhs (Previous Year Rs.838.06 lakhs) recording a growth of 177.5%. Earnings before interest, depreciation, taxes and amortization (EBITDA) was Rs. 881.78 lakhs as against Rs. 100.03 lakhs in the previous year. The net profit after tax (PAT) was Rs. 672.42 lakhs as against Rs. 46.65 lakhs in the previous year.

Subsidiaries:

Vertex Securities Limited

Vertex Securities Ltd (Vertex) is engaged in the following businesses:

1. Vertex and its subsidiary Company are engaged in the business of broking with close to 200 offices pan India with strong footprint in southern and western India. The business caters to retail, HNI and institutional clients.

The Company provides brokerage services in Equity, Equity derivatives, Commodity futures and Currency derivatives.

The Company also has third-party financial products distribution of Mutual Funds and IPO's. The Company is also a Depository for Equity segment

2. Commodity broking service is provided through its subsidiary company, Vertex Commodities And Finpro Pvt Ltd (VCFPL).
3. The Company is also a Merchant Bank.

Vertex has membership of:

- a. National Stock Exchange of India Ltd(NSE)
- b. Bombay Stock Exchange Ltd(BSE)
- c. Cochin Stock Exchange Ltd(CSE)
- d. OTC Exchange of India (OTCEI)
- e. NSDL (for depository services)
- f. SEBI registration as a Merchant Banker.
- g. MCX Stock Exchange Ltd. (MCX-SX)

VCFPL has membership of following commodity exchanges:

- a. Multi Commodity Exchange of India (MCX)
- b. National Commodity and Derivative Exchange (NCDEX)
- c. National Multi Commodity Exchange (NMCE)
- d. National Spot Exchange of India Ltd. (NSEIL)

VERTEX SECURITIES LIMITED

During the year ended 31st March, 2012 Vertex earned consolidated revenue of Rs. 1111.84 lakhs as against Rs.1084.43 lakhs in the previous year. Revenue from equity broking was Rs.578.99 lakhs compared to Rs.684.06 lakhs in the previous year. And revenue from merchant banking business was Rs. 16.67 lakhs compared to Rs.16.06 lakhs in the previous year. The operations have recorded a net loss of Rs. 168.04 lakhs as against net loss of Rs.76.80 lakhs in the previous year.

VERTEX COMMODITIES AND FINPRO PVT LTD

During the year ended 31st March, 2012 the commodity broking subsidiary company earned total revenue of Rs. 361.22 lakhs as against Rs.237.03 lakhs in the previous year. The operations have recorded net Loss after tax of Rs. 71.08 lakhs as against net loss of Rs.51.13 lakhs.

Economic Outlook:

The Global scenario:

Reforms since 1991 have created strong linkages and integration of Indian economy with global economy. Hence, uncertainties and weak global economy during the last fiscal have had major impact on the emerging market economies; India being

no exception. The International Monetary Fund's recent World Economic Outlook predicts 3.5% growth in world GDP for 2012 and 4.5% for 2013. The high crude and commodity prices, Greece sovereign debt crisis and sovereign risk concerns over the other countries in the euro-zone have further impacted other economies. Six of the 17 countries in the euro zone are in recession. Moody's has a negative outlook on Germany.

U.S. economic growth slowed in the second quarter to 1.5 percent as consumers spent at their slowest pace in a year. The U.S. economy is slowing down again, as second quarter data confirmed. The big emerging markets aren't doing much better. China's second quarter came in below estimates, at just 7.6 percent. And Brazil is struggling to post quarterly growth of half a percent. It will be lucky to grow 2 percent this year, less than the U.S.

The Indian scenario:

The Indian economy grew by 6.9% in 2011-12 as compared to growth over 8% in the preceding year. Inflation was a major concern throughout the year and it remained very high. The monetary policy of Reserve Bank of India remained tight to control the inflation, which impacted the growth. This coupled with the subdued FDI inflow, indecisiveness of the government on several key policies and downgrade by the rating agencies, have had major impact on the economy.

Indian economy is expected to grow in the range of 6 to 7% in 2012-13 led by services, industry and agriculture in that order. This, if achieved would be a significant achievement considering the gloomy global economic outlook.

Prognosis

So why is slower growth outlook in India causing so much concern all around? India with all its problems of poor infrastructure, governance issues, poverty, illiteracy, infanticide, opacity in dealings does not present a great picture for international investors and businessmen, who have many other countries to choose from without any of these hassles. However, the reforms agenda unleashed by successive governments in the nineties provided a glimmer of hope to Indians, who rallied around this newfound idea of a successful and prosperous India. The manufacturing sector got its acts together and sectors like automobile evolved into global centers of excellence. IT and ITES gave wings to the dreams of young Indians with disposal income and opportunity to experience life of global citizens. This provided turbo charge to the consumer industry, realty sector etc meeting the long pending needs of deprived Indians. There was this period when being Indian was fashionable.

Now suddenly the dream has vanished. Which India is real - the invincible India that we witnessed for a brief period or back to doldrums India? Isn't the truth somewhere in between? In reality, did India too not get carried away by the global liquidity tsunami unleashed by the unprecedented leverage in financial markets till 2008? Similarly when most of the world is crawling with insignificant or no growth, India with a respectable 6% GDP growth rate is looking and feeling defeated.

Maybe it is a blessing in disguise that the current situation would deflate the asset price bubble, which was building in India thanks to excessive liquidity. Most of the countries today that we read about, which are on the verge of bankruptcy, are victims of irrational buildup of asset price bubbles and financial profligacy. India, which is highly vulnerable to oil price and currency fluctuation, is yet to reach the resilience acquired by some of the stronger emerging economies like China. Is it not a silver lining that India escaped unscathed, even if the critics were to condemn this as a result of inaction.

India's GDP ranks 26th. China is the only large economy with a higher rank. Rest of the BRICS economies are trailing behind. Even China has begun to slow down and the debate is on, whether it would be hard or slow landing.

In terms of GDP ranking based on purchasing power parity, India ranks 4th behind European Union, USA and China, which is a phenomenal achievement for India, which used to be impoverished for most part of its post independent history.

So it is not such a bleak scenario, as is made out to be.

However, if India do not treat this as a wakeup call and get its house in order, it would be bypassed completely, as we all are living in a dynamic and fast evolving world. Countries like China, which had similar beginnings have made giant strides and is gearing up to wear the mantle of a super power. This requires vision, desire, mindset, resolve, commitment, excellence, etc, which India is yet to demonstrate to the world. Unless, India announce and demonstrate to the world that India have what it takes to be world leaders and claim their rightful place amongst the new world order, India will have no one to blame, but themselves for missing out on the opportunity of a century.

We are extremely optimistic about India and the capacity of Indians to be world class given the right opportunity and environment. We are committed to building a world class financial services group and our vision for 2012-15 is stated below:

Business outlook:

TRANSWARRANTY, an RBI registered NBFC is the flagship company of the Transwarranty Group, which is active in a wide gamut of Financial Services like Corporate Finance, Project Finance, Real Estate & Infrastructure Finance, Trade Finance, Gold Loans, Margin Finance, Stock / Commodities / Currencies / Interest Rates / Other Derivatives Broking, Inter-Bank Forex Broking, Merchant Banking, Investment Banking etc. Excellent domain expertise combined with a strong client and institutional relationship network nurtured over 20 years has ensured that all the Companies in the group are well poised to unlock value for its shareholders in the fast evolving financial landscape in India.

TRANSWARRANTY conducts all regulated capital market businesses through its subsidiary company, Vertex Securities Limited (listed on BSE), which in turn has a subsidiary



company, Vertex Finpro And Commodities Pvt Ltd for the commodities broking business.

Transwarranty Finance Limited, being an independent, professionally managed NBFC, is hopeful of securing the license to commence commercial banking when Reserve Bank of India (RBI) issues fresh licenses after satisfying all the requirements prescribed by RBI including Net worth criteria.

Vision 2012-15

1. Investment from a reputed fund / strategic institution
2. Set up and manage International & domestic funds for wealth management
3. Obtain commercial banking license
4. Network of 350 branches by FY 2015 and 1,000 branches by 2018
5. Build a high quality loan portfolio in select niche segments
6. Technology driven strategy for IT enabled value added services
7. Strong international operations with offices in Singapore, London, Dubai, Hong Kong and New York
8. Top 10 place in the league table in every business
9. "Think money, think Transwarranty"
10. Be a socially relevant company
11. Performance oriented culture with ethics and values
12. Add and create value for clients, investors, lenders, employees and society at large

Internal control systems and their adequacy

The CEO/CFO certification provided in the report discusses the adequacy of our internal control systems and procedures.

Corporate Social Responsibility

As part of Corporate Social Responsibility initiative, employees visited Navjeevan Center, Murbad, an organization engaged in rehabilitating children of women working in the red-light areas of Mumbai. There are 180 children and 20 guardians who are resident at the center.

Employees spent a day, cooked food for all the inmates and had community lunch. Used desk-tops, stationary such as note books, text books etc was sponsored by the Company.

Human Resource Development

The most important asset of the company is its Human Resources. The Company provides, ambitious professionals a platform to achieve their dreams of creating and building institutions and simultaneously create wealth for themselves. There has been significant addition to the talent pool of the company. The Company has a progressive and HR culture including attractive ESOP scheme for sharing of wealth with employees.

Cautionary statements

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectation may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

AUDITORS' REPORT

TO THE MEMBERS OF
TRANSWARRANTY FINANCE LIMITED

1. We have audited the attached Balance Sheet of Transwarranty Finance Limited as on 31 March 2012, the Statement of Profit and Loss and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these 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. As required by the Companies (Auditors Report) Order, 2003, as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:
 - i) 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;
 - ii) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable;
 - v) On the basis of representations received from the directors as on 31 March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;
 - b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
Rahul Gautam Divan & Associates
Chartered Accountants
(ICAI Reg. No. 120294W)

Sd/-
Gautam Divan
Partner

Membership No: 006457

Place : Mumbai
Date : 18 May, 2012

**ANNEXURE TO AUDITOR'S REPORT**

(Annexure referred to in paragraph 3 of the Auditors' Report of even date to the Members of Transwarranty Finance Limited on the accounts for the year ended 31 March 2012)

- i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management at the end of the year and, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- ii) The company had no inventory during the year. Since the company has no inventory, clauses 4 (ii) (a), (b) & (c) of the Order are not applicable.
- iii) a) The company has granted interest-free unsecured loans and deposits to subsidiary companies and others covered under Section 301 of the Companies Act, 1956 during the year. The maximum balance during the year was Rs. 120.06 million and the year end balance of the loans granted is Rs. 101.88 million.
- (b) In our opinion the rate of interest and other terms and conditions of said interest- free unsecured loans were not, prima facie, prejudicial to the interest of the company.
- (c) The company was regular in receiving the principal amount as per the terms and conditions of the agreement.
- d) There is no overdue amount of loans granted by the company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and sale of services. During the course of our audit, no major weakness has been noticed in the internal control systems in these areas.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us the company has not accepted deposits from the public.
- (vii) In our opinion and according to the information and explanation given to us, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The maintenance of cost records have not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 for the year under report.
- (ix) (a) According to the records of the Company and information and explanations given to us, the Company has been regularly depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employee State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs Duty Excise Duty, Cess and any other statutory dues applicable to it. There are no undisputed statutory dues as referred to above as at 31 March 2012 outstanding for a period of more than six months from the date they become payable
- (b) According to the records of the Company and information and explanations given to us, the disputed amounts of taxes have not been deposited with the authorities as at 31 March 2012 as per details given below:

Nature of Statue	Nature of dues	Amount (₹ million)	Period to which amount relates	Forum where the dispute is pending
The Income tax Act, 1961	Tax Demand	4.59	A.Y. 2008-09 and A.Y 2009-10	First appellate authority (Income Tax)

- (x) In our opinion the company has no accumulated losses at the end of the financial year. The company has not incurred a cash loss during the financial year. No cash loss was incurred in the immediately preceding financial year.

- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.
- (xii) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that since the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, it is not required to maintain records in respect thereof.
- (xiii) The Company is not a chit fund/nidhi/mutual benefit fund/society to which the provisions of special statue relating to chit fund are applicable. Accordingly paragraph 4(xiii) of the Order is not applicable.
- (xiv) In respect of shares, securities etc. held as investments by the company, proper records have been maintained of the transactions and contracts and timely entries have been made by the company therein and the said investments have been held by the company in its own name.
- (xv) In our opinion and according to the information and explanations given to us, the terms and conditions on which the company had given guarantees for loans taken by its subsidiary company and others from banks were not prejudicial to the interest of the company. The outstanding guarantees at the end of the year were Rs. 140 million which are shown as an contingent liabilities.
- (xvi) In our opinion, the term loans, if any, have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and an overall examination of the Balance Sheet and Cash Flows of the company as at 31 March 2012, we report that funds raised on short term basis have not been used for long term investment.
- (xviii) During the year, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4(xviii) of the Order is not applicable.
- (xix) The Company has not issued any debentures during the year ended 31 March 2012. Accordingly, paragraph 4(xix) of the Order is not applicable.
- (xx) During the year ended 31 March 2012, the Company has not raised money by way of public issue. Accordingly, paragraph 4(xx) of the Order is not applicable.
- (xxi) Based on the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended 31 March 2012.

For and on behalf of

Rahul Gautam Divan & Associates

Chartered Accountants
(ICAI Reg. No. 120294W)

Sd/-

Gautam Divan

Partner

Membership No: 006457

Place : Mumbai

Date : 18 May, 2012

**BALANCE SHEET AS AT 31ST MARCH, 2012**

Particulars	Note No.	As at 31 March, 2012		As at 31 March, 2011	
		₹	₹	₹	₹
I EQUITY AND LIABILITIES					
(1) Shareholders Funds					
(a) Share Capital	2	244,605,680		215,996,630	
(b) Reserves and Surplus	3	332,646,146		279,611,075	
			577,251,826		495,607,705
(2) Non - Current Liabilities					
(a) Long Term Borrowings	4	26,520,311		26,827,284	
(b) Other Long Term Liabilities	5	1,146,486		57,040	
(c) Long Term Provisions	6	29,906,512		29,475,263	
			57,573,309		56,359,587
(4) Current Liabilities					
(a) Short Term Borrowings	7	9,160,000		13,000,495	
(b) Trade Payables	8	2,921,211		256,124	
(c) Other Current Liabilities	9	46,259,345		9,757,400	
(d) Short Term Provisions	10	25,208,585	83,549,141	1,206,842	24,220,861
Total Equity and Liabilities			718,374,276		576,188,153
II ASSETS					
(1) Non Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	11	4,267,667		3,721,452	
(ii) Intangible Assets	12	1,278,311		784,200	
(b) Non Current Investments	13 A	141,121,969		146,154,244	
(c) Deferred Tax Assets (Net)	14	130,597		166,994	
(d) Long Term Loans and Advances	15	333,891,517		343,245,856	
(e) Other Non Current Assets	16	30,575	480,720,636	3,326,446	497,399,192
(2) Current Assets					
(a) Current Investments	13 B	561,911		–	
(b) Trade Receivables	17	16,822,398		14,709,600	
(c) Cash and Cash Equivalents	18	6,695,633		5,028,620	
(d) Short Term Loans and Advances	19	202,444,880		57,222,346	
(e) Other Current Assets	20	11,128,818		1,828,395	
			237,653,640		78,788,961
Total Assets			718,374,276		576,188,153

The Note No.1 to 33 are integral part of these Financial Statements

As per our attached report of even date

For **Rahul Gautam Divan & Associates**

Chartered Accountants

Gautam Divan

Partner

Mumbai

May 18, 2012

For and on behalf of Board of Directors

Suresh N. Talwar

Chairman

K. K. Dastur

Director

Kumar Nair

Managing Director

U. Ramachandran

Chief Financial Officer

Raghu R. Palat

Director

Sridhar H.

Company Secretary

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

Particulars	Note No.	For the Year ended 31 March 2012 ₹	For the Year ended 31 March 2011 ₹
REVENUE			
Revenue From Operations	21	180,537,825	68,988,845
Other Income	22	52,054,616	14,817,780
Total Revenue		232,592,441	83,806,625
EXPENSES			
Purchase of Stock in Trade	23	57,413,242	–
Employee Benefits Expense	24	38,716,353	30,446,347
Finance Costs	25	9,733,016	4,038,570
Depreciation and Amortisation Expense		1,566,478	1,058,259
Other Expenses	26	48,285,120	43,358,146
Total Expenses		155,714,209	78,901,322
Profit Before Exceptional and Extra ordinary items and Tax		76,878,232	4,905,303
Exceptional Items			
Profit on Sale of Fixed Assets		–	20,727
Profit Before Extra ordinary items and Tax		76,878,232	4,926,030
Extraordinary Items		–	–
Profit Before Tax		76,878,232	4,926,030
Tax Expense			
Current Tax		9,600,000	129,000
Deferred Tax		36,397	132,226
Profit / (Loss) After Tax		67,241,835	4,664,804
Prior Period Items - Short Tax Provision Written off/ (Written back)		(7,578)	526,038
Profit / (Loss) for the year from Continuing Operations		67,249,413	4,138,766
Profit / (Loss) from Discontinuing Operations		–	–
Tax Expense of Discontinuing Operations		–	–
Profit / (Loss) from Discontinuing Operations After Tax		–	–
Profit For the Year		67,249,413	4,138,766
Basic Earning Per Share of ₹ 10/- each (In Rupees)	28	2.88	0.24
Diluted Earning Per Share of ₹ 10/- each (In Rupees)	28	2.88	0.24
The Note No.1 to 33 are integral part of these Financial Statements			

As per our attached report of even date

For **Rahul Gautam Divan & Associates**
Chartered Accountants**Gautam Divan**
PartnerMumbai
May 18, 2012

For and on behalf of Board of Directors

Suresh N. Talwar
Chairman**K. K. Dastur**
Director**Kumar Nair**
Managing Director**U. Ramachandran**
Chief Financial Officer**Raghu R. Palat**
Director**Sridhar H.**
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012**

Particulars	2011-12 Amount (₹)	2010-11 Amount (₹)
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary items	76,878,232	4,926,031
Add: Non Operating Expenses/ Non Cash Expenses		
Depreciation & Amortisation	1,566,478	1,058,259
Provision for diminution in value of quoted investments (net)	215,698	(13,834)
Loss on Sale of Fixed Assets	–	–
Interest Paid	9,733,016	4,038,570
Amalgamation Adjustments	–	70,804,982
Capital Reserve on Amalgamation	–	37,893,245
Deferred Revenue Expenditure Written off	402,338	–
Preliminary Expenses Written off	127,558	–
Bad debts Written off	6,415,864	5,587,754
	<u>18,460,952</u>	<u>119,368,976</u>
Less : Interest / Dividend/ Other Non Operating Income Adjustments		
Interest Received	3,430,711	3,116,101
Dividend Received	57,079	15,702
Profit on sales of shares	48,561,725	11,027,143
Prior period items	–	655,038
Profit on Sale of Fixed Assets	–	20,727
Sale of MCX Membership	–	645,000
	<u>52,049,514</u>	<u>15,479,710</u>
Operating Profit before Working Capital Changes	<u>43,289,670</u>	<u>108,815,297</u>
Adjusted for:		
(Increase)/Decrease in Sundry Debtors	(5,762,688)	(8,031,150)
(Increase)/Decrease in Loans & Advances	(6,707,493)	(45,160,390)
Increase /(Decrease) in Current Liabilities	3,557,014	1,646,175
Increase /(Decrease) in Non-Current Liabilities	1,089,446	–
Increase /(Decrease) in Provisions	618,650	10,057
Cash Generated from Operation	<u>36,084,599</u>	<u>57,279,989</u>
Income Tax Paid	(11,136,831)	(6,937,822)
Net Cash From Operating Activities	<u>24,947,768</u>	<u>50,342,167</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012 (Contd.)

Particulars	2011-12 Amount (₹)	2010-11 Amount (₹)
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of Fixed Assets	(2,608,304)	(1,570,370)
Proceed on sale of Fixed Assets	1,500	263,431
(Purchase)/ Sale of Investments (Net)	52,816,390	20,988,651
Inter Corporate Deposits received / (Given)	(50,893,469)	(115,042,214)
Micro Finance Gold Loan given	(76,423,245)	(4,063,926)
Interest Received	3,430,711	3,116,101
Dividend Received	57,079	15,702
Sale of MCX Membership	–	645,000
Net Cash used in Investing Activities	(73,619,339)	(95,647,625)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Share Capital	28,609,050	210,150
Increase/ (Decrease) in Secured Loans	853,026	7,244,016
Increase/ (Decrease) in Unsecured Loans	30,609,524	29,980,760
Interest Paid	(9,733,016)	(4,038,570)
Net Cash from / (used in) Financing Activities	50,338,583	33,396,356
Net Increase / (Decrease) in Cash & Cash Equivalent	1,667,013	(11,909,102)
Opening Balance of Cash and Cash Equivalent	5,028,620	16,937,720
Closing Balance of Cash and Cash Equivalent	6,695,633	5,028,620

As per our attached report of even date

For **Rahul Gautam Divan & Associates**
Chartered Accountants

Gautam Divan
Partner

Mumbai
May 18, 2012

For and on behalf of Board of Directors

Suresh N. Talwar
Chairman

K. K. Dastur
Director

Kumar Nair
Managing Director

U. Ramachandran
Chief Financial Officer

Raghu R. Palat
Director

Sridhar H.
Company Secretary



NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012. (ALL AMOUNTS ARE MENTIONED IN RUPEES)

1. SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Preparation of Financial Statements

The Financial Statements are prepared and presented under the historical cost convention, on an accrual basis of accounting in accordance with the accounting principles generally accepted in India and comply with Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and relevant provisions of Companies Act, 1956 to the extent applicable.

(B) Fixed Assets

- (i) All the fixed assets have been stated at cost less depreciation. Cost includes cost of purchase and other costs attributable to bringing the assets to working condition for intended use.
- (ii) Fixed assets are adequately depreciated on written down value basis in accordance with the provisions of Section 205(2)(a) and at the rates specified in Schedule XIV to the Companies Act, 1956

(C) Current Assets

- (i) Current Assets, Loans and Advances are approximately of the value stated, if realized in the ordinary course of business.
- (ii) Debit and Credit balances are subject to confirmation of parties.

(D) Leases

Disclosures as required by Accounting Standard 19, "Leases" issued by the Institute of Chartered Accountants of India, are given below :

- (i) The company has taken various offices and a godown premises under leave and license agreements. These are generally not non- Cancelable and range between 11 months and 3 years and are renewable by mutual consent on mutually agreeable terms.
- (ii) Lease payments are recognized in the Profit and Loss Account under 'Rent'.

(E) Revenue Recognition

- (i) The company's income from operations is accounted for on accrual basis.
- (ii) Service Income is recognized as per the term of the contract/ agreements entered into with the customer when the related services are performed.
- (iii) Dividend income is recognized when the right to receive the dividend is established.
- (iv) Interest income is recognized on the time proportion basis.
- (v) Profit or loss arising on account of sale of trade investments in forward contract in respect of firm commitment were booked as income or expenditure as on the date of such contract entered.

(F) Retirement Benefits

- (i) Gratuity is accounted for on accrual basis by way of contribution to Group Gratuity Scheme of Life Insurance Corporation of India.
- (ii) The company contributes the employers share of the Provident Fund and the Employees Pension Scheme with the

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012. (ALL AMOUNTS ARE MENTIONED IN RUPEES)

Regional Provident Fund Commissioner and the charges all such amounts to the Profit and Loss Account on an accrual basis.

(G) Taxation

- (i) Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income tax Act, 1961.
- (ii) The deferred tax charge or credit reflects the tax effect of timing differences between the book and the tax profits accounted for using the tax rates and laws that have been substantially enacted as on the Balance Sheet date.
- (iii) Deferred Tax Assets arising from timing differences are recognized to the extent there is virtual certainty that these would be realized in future.

(H) Investments

- (i) Long term investments are valued at cost.
- (ii) Short Term Investments are valued at cost or fair value whichever is lower determined on an individual investment basis.
- (iii) Trade investments are valued at cost or fair value whichever is lower determined on an individual investment basis.

(I) Earning per Share

Basic and diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year, by the weighted average number of equity shares outstanding during the year.

(J) Foreign Currency Transactions

Transaction in foreign currencies pertaining to revenue accounts are accounted at approximate exchange rate prevalent on the transaction date. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment / realization in Profit & Loss Account. The amount outstanding at the year end are translated at exchange rate prevailing at year end and the profits / loss so determined are recognized in the Profit & Loss Account.

(K) Provisions

A provision is recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made. Provision is not discounted to its present value and is determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the best current estimate.

(L) Impairment of Assets

The carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss will be recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life. Previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

(M) Employee Stock Option

Measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share based Payments, issued by The Institute of Chartered Accountants of India. Compensation expenses is amortised over the vesting period of the option on a straight line basis. The Company measures compensation cost relating to employee stock options using the intrinsic value method.



NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012. (ALL AMOUNTS ARE MENTIONED IN RUPEES)

Particulars	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
2. SHARE CAPITAL		
Authorised		
31,000,000 Equity Shares of ₹ 10/- each	<u>310,000,000</u>	<u>310,000,000</u>
	<u>310,000,000</u>	<u>310,000,000</u>
Issued, Subscribed and Fully Paid Up		
24,460,568 Equity Shares of ₹ 10/- each fully paid up (P.Y. 20,646,028 Equity Shares of ₹ 10/- each fully paid)	<u>244,605,680</u>	<u>206,460,280</u>
Total - (A)	<u>244,605,680</u>	<u>206,460,280</u>
Issued, Subscribed and Not Fully Paid Up		
(P.Y. 3,814,540 Equity Shares of ₹ 10/- each ₹ 2.50 partly paid up)	-	9,536,350
Total - (B)	-	<u>9,536,350</u>
Total - (A) + (B)	<u>244,605,680</u>	<u>215,996,630</u>

Note: 1) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

Particulars	2011-12		2010-11	
	No of Shares	(₹)	No of Shares	(₹)
EQUITY SHARES				
A) Fully Paid Up Shares				
No of shares outstanding at the beginning of the year	<u>20,646,028</u>	<u>206,460,280</u>	14,000,000	140,000,000
Add: Number of Shares allotted to the shareholders of Transwarranty Credit Care Pvt. Ltd.	-	-	3,506,667	35,066,670
Add: Number of Shares allotted to the shareholders of Transwarranty Forex & Commodities Pvt. Ltd	-	-	3,118,346	31,183,460
Add: Number of Shares allotted for Employees Stock Option Scheme	-	-	21,015	210,150
Add: Partly paid up shares converted to Fully paid up.	<u>3,814,540</u>	<u>38,145,400</u>		
No of shares outstanding at the end of the year	<u>24,460,568</u>	<u>244,605,680</u>	<u>20,646,028</u>	<u>206,460,280</u>
B) Partly Paid Up Shares				
No of shares outstanding at the beginning of the year	3,814,540	9,536,350	-	-
Add: Number of Shares allotted to the shareholders of Transwarranty Credit Care Pvt. Ltd.	-	-	3,486,333	8,715,833
Add: Number of Shares allotted to the shareholders of Transwarranty Forex & Commodities Pvt. Ltd	-	-	328,207	820,517
Less: Shares Converted to Fully Paid Up	<u>3,814,540</u>	<u>9,536,350</u>		
No of shares outstanding at the end of the year	<u>-</u>	<u>-</u>	<u>3,814,540</u>	<u>9,536,350</u>

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012. (ALL AMOUNTS ARE MENTIONED IN RUPEES)

2) Terms and rights attached to Equity Share

The company has only one class of Equity share having a Par Value of ₹ 10/- each. Each holder of equity share is entitled for one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval by the share holders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3) Details of Share holders holding more than 5% shares in the company.

Equity Shares

Name of the Person/Firm/ Company	2011-12		2010-11	
	No of Shares	%	No of Shares	%
EQUITY SHARES				
a) Fully Paid Up Shares				
1) Kumar Nair	12,708,694	51.96	8,883,645	43.03
2) TFL-TCCPL and TFCPL Merger Trust	5,225,000	21.36	5,225,000	25.31
b) Partly Paid Up Shares				
1) Kumar Nair	-	-	3,814,540	18.47

4) Aggregate Number of Shares allotted as fully paid up without payment being received in cash during a period of 5 years preceding the date at which the balance sheet is prepared.

	No of Shares	Class of Shares
EQUITY SHARES		
A) Fully Paid Up Shares		
i) Shares issued to the shareholders of Transwarranty Credit Care Pvt. Ltd as per the scheme of amalgamation in F.Y. 2010-11.	6,993,000	Equity Shares
ii) Shares issued to the shareholders of Transwarranty Forex & Commodities Pvt. Ltd. as per the scheme of amalgamation in F.Y. 2010-11	3,446,553	Equity Shares

As per records of the company, including its register of share holders/ members and other declarations received from the shareholders regarding beneficial interest, the above represents both legal and beneficial ownership of shares.

5) Employees Stock Option Scheme

- The Transwarranty Finance Limited (TFL) Employee Stock Option Scheme has been approved by the Board of Directors of the company on 10th March, 2008.
- The vesting period is over five years from the date of grant, commencing after one year from the date of grant.
- Exercise Period would commence one year from date of grant and will expire on completion of five years from the date of vesting.
- The options will be settled in equity shares of the company.
- The company used the intrinsic value method to account for ESOPs.
- The exercise price has been determined to be ₹ 10/-
- Consequently, no compensation cost has been recognized by the company in accordance with the "Guidance Note on Accounting for Employee Share-Based payments" issued by the Institute of Chartered Accountants of India".
- Details of movement of Options



NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012. (ALL AMOUNTS ARE MENTIONED IN RUPEES)

Particulars	As at 31st March, 2012 Nos.	As at 31st March, 2011 Nos.
Options outstanding at the beginning of the year	482,266	688,366
Options granted during the year	596,500	Nil
Options vested during the year	50,446	Nil
Options exercised during the year	Nil	21,015
Options forfeited during the year	131,875	206,100
Options lapsed /surrendered during the year	94,654	Nil
Options outstanding at the end of the year	<u>852,237</u>	<u>482,266</u>

- i) Had fair value method been used, the compensation cost would have been higher by ₹ 13.19 Lakhs (Previous Year ₹ 7.46 Lakhs) Profit after tax would have been lower by ₹ 13.19 Lakhs (Previous year ₹ 7.46 Lakhs) and EPS - both basic and diluted - would have been ₹ 2.82 Per share (Previous Year ₹ (0.20)Per share)

Particulars	As at 1st April, 2011 (₹)	Additions/ Created during the Year	Deductions during the Year	As at 31st March, 2012 (₹)
3. RESERVES AND SURPLUS				
a) Capital Reserve	37,893,245	-	-	37,893,245
b) Securities Premium Reserve	208,291,145	-	-	208,291,145
c) Other Reserves				
- Reserve U/S 45IC of RBI Act	17,827,632	13,449,883	-	31,277,515
- General Reserve	10,410,757	-	-	10,410,757
d) Surplus as per Statement of Profit & Loss (Note-1)	5,188,296	39,585,189	-	44,773,485
	<u>279,611,075</u>	<u>53,035,071</u>	-	<u>332,646,146</u>

Particulars	As at 1st April, 2010 (₹)	Additions/ Created during the Year	Deductions during the Year	As at 31st March, 2011 (₹)
a) Capital Reserve	-	37,893,245	-	37,893,245
b) Securities Premium Reserve	208,291,145	-	-	208,291,145
c) Other Reserves				
- Reserve U/S 45IC of RBI Act	16,894,671	932,961	-	17,827,632
- General Reserve	10,389,028	21,729	-	10,410,757
d) Surplus as per Statement of Profit & Loss (Note-1)	6,042,001	(853,705)	-	5,188,296
	<u>241,616,845</u>	<u>37,994,230</u>	-	<u>279,611,075</u>

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012. (ALL AMOUNTS ARE MENTIONED IN RUPEES)

	2012	2011
Notes:		
1) Profit for the year	67,249,413	4,138,766
Less: Dividend on Equity Shares	12,230,284	
Tax on Distributed Profits on Equity Shares	1,984,058	
Transfer to Reserve U/S 45 IC of RBI Act	13,449,883	932,961
Transfer to General Reserve		
Balance brought forward from Amalgamated Companies	—	4,059,510
	<u>27,664,224</u>	<u>4,992,471</u>
	<u>39,585,189</u>	<u>(853,705)</u>

Particulars	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
NON-CURRENT LIABILITIES		
4. LONG TERM BORROWINGS		
I. Secured Loans		
A. Loan From Banks		
Overdraft Account (Gold Loan) -The Catholic Syrian Bank Limited (CSB) (Secured against Gold Loan Receivables and Guarantee given by the Managing Director)	3,600,888	3,600,888
Overdraft Account - ICICI Bank Ltd (Secured against hypothecation of Office Premises owned by Transwarranty Pvt. Ltd. and Guarantee given by the Managing Director)	6,842,447	6,571,766
Car Loan Account (Secured against hypothecation of Motor Car)	576,975	1,117,392
B. Loan From Others		
Car Loan Account (Secured against hypothecation of Motor Car)	—	37,238
Total (A)	<u>11,020,311</u>	<u>11,327,284</u>

Note:-

Terms of Repayment

- Overdraft Facility from ICICI Bank :- The loan was sanctioned on 19th August, 2006. The bank may at its sole discretion on expiry of 12 months, renew the facility for an additional 12 months on each renewal, such that original term and subsequent renewal terms does not exceed 10 years. The bank on each renewal would reduce the Overdraft limit by ₹ 14.20 Lakhs. Type of Interest is Floating Rate of Interest presently at 15.75%.p.a.
- Overdraft from CSB is Working Capital Facility for Gold Loan against the securities not older than six months and personal guarantee of the Managing Director. Tenure of the loan is for 12 months and repayable on demand. Limit shall be renewed before the expiry of the sanctioned period of one year. Current Interest rate is 15.50% p.a.
- Vehicle loan from Federal Bank was sanctioned on 12.02.2009 for a period of 5 years. Current EMI per month is ₹ 57,213/-.

**NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012. (ALL AMOUNTS ARE MENTIONED IN RUPEES)**

Particulars	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
II. Unsecured Loans		
From Others, Inter Corporate Deposits	15,500,000	15,500,000
Total (B)	<u>15,500,000</u>	<u>15,500,000</u>
Total (A) + (B)	<u>26,520,311</u>	<u>26,827,284</u>
5. OTHER LONG TERM LIABILITIES		
a) Trade Payables		
Gold Loan	1,146,486	57,040
	<u>1,146,486</u>	<u>57,040</u>
6. LONG TERM PROVISIONS		
Employee Gratuity	302,249	-
Provision For Taxation	29,604,263	29,475,263
	<u>29,906,512</u>	<u>29,475,263</u>
CURRENT LIABILITIES		
7. SHORT TERM BORROWINGS		
A) Secured Loans		
1) From Others (Secured against Pledge of shares)	1,160,000	-
Total (A)	1,160,000	-
B) Unsecured Loans		
1) From Bank		
Book Overdraft	-	495
2) From Others		
Inter Corporate Deposits	8,000,000	13,000,000
Total - (B)	<u>8,000,000</u>	<u>13,000,495</u>
Total - (A) + (B)	<u>9,160,000</u>	<u>13,000,495</u>
8. TRADE PAYABLES		
a) Amount Due to Micro, Small & Medium Enterprises	-	-
b) Other Creditors		
Due to Related Parties	586,080	256,124
Trade Creditors	2,335,131	-
	<u>2,921,211</u>	<u>256,124</u>

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012. (ALL AMOUNTS ARE MENTIONED IN RUPEES)

Particulars	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
9. OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debt	36,084,399	2,083,027
Interest Accrued & Due on borrowings	3,089,406	1,480,760
Unpaid Dividends	122,081	98,610
Other Payables (Creditors for Expenses)	6,963,459	6,095,003
	<u>46,259,345</u>	<u>9,757,400</u>
10. SHORT - TERM PROVISIONS		
a) Provision for Employees		
Provision for Gratuity	549,993	801,474
Provision for Leave Encashment	488,865	136,681
b) Others		
Provision for Diminution in value of Quoted Investments	355,385	139,687
Provision For Taxation	9,600,000	129,000
Dividend on Equity Shares	12,230,284	-
Dividend Distribution Tax	1,984,058	-
	<u>25,208,585</u>	<u>1,206,842</u>



NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012. (ALL AMOUNTS ARE MENTIONED IN RUPEES)

11. FIXED ASSETS -TANGIBLE

Sr. No.	Description	GROSS BLOCK / COST / BOOK VALUE						DEPRECIATION /AMORTISATION					NET BLOCK	
		Total As at 1 April, 2011 (₹)	Additions on Amalgamation (₹)	Additions/ Adjustments during the year (₹)	Deductions/ Adjustments during the year (₹)	Impairment/ (Reversal) during the year (₹)	Total As at 31 March, 2012 (₹)	Total As at 1 April, 2011 (₹)	Additions on Amalgamation (₹)	Provided during the year (₹)	Deductions/ Adjustments during the year (₹)	Total As at 31 March, 2012 (₹)	As at 31 March, 2012 (₹)	As at 31 March, 2011 (₹)
1.	Furniture	1,422,119	-	845,332	-	-	2,267,451	393,632	-	245,346	-	638,978	1,628,473	1,028,487
2.	Computers	789,451	-	625,430	-	-	1,414,881	456,610	-	270,727	-	727,337	687,544	332,841
3.	Office Equipments	551,157	-	185,143	18,750	-	717,551	267,199	-	54,598	17,250	304,548	413,003	283,958
4.	Vehicles	4,729,165	-	-	-	-	4,729,165	2,652,999	-	537,519	-	3,190,518	1,538,647	2,076,166
	Total	7,491,892	-	1,655,905	18,750	-	9,129,047	3,770,440	-	1,108,190	17,250	4,861,380	4,267,667	3,721,452
	Previous Year	7,174,655	45,000	1,149,662	877,425	-	7,491,892	3,408,797	35,222	961,140	634,719	3,770,440	3,721,452	

12. FIXED ASSETS - INTANGIBLE

Sr. No.	Description	GROSS BLOCK / COST / BOOK VALUE						DEPRECIATION /AMORTISATION					NET BLOCK	
		Total As at 1 April, 2011 (₹)	Additions on Amalgamation (₹)	Additions/ Adjustments during the year (₹)	Deductions/ Adjustments during the year (₹)	Impairment/ (Reversal) during the year (₹)	Total As at 31 March, 2012 (₹)	Total As at 1 April, 2011 (₹)	Additions on Amalgamation (₹)	Provided during the year (₹)	Deductions/ Adjustments during the year (₹)	Total As at 31 March, 2012 (₹)	As at 31 March, 2012 (₹)	As at 31 March, 2011 (₹)
1.	Goodwill	400,000	-	-	-	-	400,000	-	-	-	-	-	400,000	400,000
2.	Computer Software	1,752,388	-	952,399	-	-	2,704,787	1,368,188	-	458,288	-	1,826,476	878,311	384,200
	Total	2,152,388	-	952,399	-	-	3,104,787	1,368,188	-	458,288	-	1,826,476	1,278,311	784,200
	Previous Year	1,294,240	437,440	420,708	-	-	2,152,388	1,237,670	33,398	97,120	-	1,368,188	784,200	-

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012. (ALL AMOUNTS ARE MENTIONED IN RUPEES)

Particulars	Face Value ₹	31.03.2012		31.03.2011	
		Quantity (Nos)	Value ₹	Quantity (Nos)	Value ₹
13A NON-CURRENT INVESTMENTS (AT COST)					
a) Investments in Equity Instruments					
i) In Subsidiary Companies					
a) Quoted					
Vertex Securities Limited (Market Value ₹ 187,006,266/-)	2 (P.Y. ₹ 10)	24,318,110	106,984,994	3,536,698	96,902,298
b) Un Quoted	–	–	–	–	–
ii) Others					
a) Quoted					
South Indian Bank (Right Share) (Market Value ₹ 25/-)	10	1	40	1	40
NEPC India Ltd. (Market Value ₹ 6,020/-)	10	2,000	85,156	2,000	85,156
Rama Newsprints (Market Value ₹ 9,738/-)	10	1,250	86,838	1,250	86,838
Anil Products Ltd (Market Value ₹ 2,789,933/-)	10	11,252	225,040	15,002	300,040
Biocon	10	100	52,326	100	52,326
Biocon-Bonus Shares (Market Value ₹ 47,610/-)	10	100		100	
b) Unquoted					
Catholic Syrian Bank Ltd.	10	500	16,000	500	16,000
b) Investments in Preference Shares					
<u>In Subsidiary Companies (Un Quoted)</u>					
15% Non Cumulative Redeemable Preference Shares of Vertex Securities Limited	100	6,863	1,372,600	6,863	1,372,600
0.50% Fully Convertible Preference Shares of ₹ 10/- each fully paid up of Vertex Securities Limited (During the year 1,503,997 shares converted to Equity Shares)	10	3,228,003	32,280,030	4,732,000	47,320,000
c) Investments in Government or trust securities					
National Savings Certificate VIII issue	5,000	1	5,000	1	5,000
UTI Master Share (Market Value ₹ 30,740/-)	–	1,000	13,945	1,000	13,945
Total			141,121,969		146,154,244

- 1) Aggregate amount of Quoted investments is ₹ 107,448,340/- (P.Y. ₹ 97,440,644/-) and market value is ₹ 189,859,591/- (P.Y. ₹ 615,540,979/-)
- 2) Aggregate amount of Un Quoted investments is ₹ 33,673,630/- (P.Y. ₹ 48,713,600/-)

**NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012. (ALL AMOUNTS ARE MENTIONED IN RUPEES)****13B CURRENT INVESTMENTS**

Particulars	Face Value ₹	31.03.2012		31.03.2011	
		Quantity (Nos)	Value ₹	Quantity (Nos)	Value ₹
(a) Investments in Equity Instruments (at cost)					
Jenburkt Pharmaceuticals Ltd. (Market Value ₹ 24,028/-)	10	350	33,438	–	–
Intellvisions Software Ltd. (Market Value ₹ 338,750/-)	10	25,000	528,473	–	–
Total			561,911		–

(a) Aggregate amount of quoted investments is ₹ 561,911/- (P.Y. ₹ Nil/-) and market value ₹ 362,778/- (P.Y. ₹ Nil).

(b) Aggregate provision made for diminution in value of investments is ₹ 355,385/- (P.Y. ₹ 139,687/-).

Particulars	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
NON CURRENT ASSETS		
14. DEFERRED TAX ASSET		
Deferred Tax Assets on Depreciation	130,597	166,994
Deferred Tax Assets	–	–
Deferred Tax Asset	130,597	166,994
15. LONG TERM LOANS AND ADVANCES		
A) Unsecured, Considered Good		
a) Capital Advances	43,300,000	43,300,000
b) Security Deposits	52,663,720	52,256,974
c) Loans and Advances to Related Parties		
Inter Corporate Deposits to Subsidiary	101,872,961	111,520,778
d) Other Loans and Advances		
Inter Corporate Deposits	57,576,891	57,576,891
TFL-TCCPL and TFCPL Merger Scheme Trust	78,375,000	78,375,000
Preference Share Dividend Receivable	102,945	216,213
	333,891,517	343,245,856
16. OTHER NON CURRENT ASSETS		
i) Long term Trade Receivables	6,411,270	8,958,685
Less:- Bad Debts Written Off	6,380,695	6,162,135
	30,575	2,796,550
ii) Others		
Miscellaneous Expenses :-		
a) Preliminary Expenses	–	127,558
b) Deferred Revenue Expenditure	–	402,338
	30,575	3,326,446

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012. (ALL AMOUNTS ARE MENTIONED IN RUPEES)

Particulars	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
CURRENT ASSETS		
17. TRADE RECEIVABLES		
Unsecured, Considered Good		
Debts outstanding for a period exceeding six months	10,040,565	3,724,021
Other Debts	7,312,271	10,985,579
	<u>17,352,836</u>	<u>14,709,600</u>
Less:- Bad Debts Written Off	530,438	-
	<u>16,822,398</u>	<u>14,709,600</u>
18. CASH AND CASH EQUIVALENTS		
a) Balance with Banks		
In Current Account	3,467,175	3,061,442
In Dividend Account	122,081	98,610
In Deposit Accounts :-		
Less than 12 months Maturity	124,473	114,873
More than 12 Months Maturity	1,409,079	1,323,625
b) Cash on Hand	1,572,825	430,070
	<u>6,695,633</u>	<u>5,028,620</u>
19. SHORT TERM LOANS AND ADVANCES		
A) Secured, Considered Good		
a) Others		
Gold Loans	77,563,056	8,761,647
Advance for Fixed Assets	227,213	-
Loan Against Shares	967,654	-
B) Unsecured, Considered Good		
a) Loans and advances to Related Parties	5,139,996	711,251
b) Others		
Inter Corporate Deposits	58,862,700	-
Loans and advances to Employees	917,083	26,490
Deposits	27,362	59,427
Advance Payment of Income Tax (Including TDS)	58,219,149	47,074,740
Other Short Term Advances	520,667	588,791
	<u>202,444,880</u>	<u>57,222,346</u>
20. OTHER CURRENT ASSETS		
Interest Accrued on ICD's	3,506,981	1,828,395
Interest Accrued on Gold Loan , etc.	7,621,837	-
	<u>11,128,818</u>	<u>1,828,395</u>

**NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012. (ALL AMOUNTS ARE MENTIONED IN RUPEES)**

Particulars	For the year Ended 31st March, 2012 (₹)	For the year Ended 31st March, 2011 (₹)
21. REVENUE FROM OPERATIONS		
a) Sale of Products		
Sale of Shares held in Stock-in-Trade	57,299,106	–
b) Interest		
Interest on Gold Loan	13,169,792	773,168
Interest on Loan Against Shares	131,480	–
c) Other Financial Services		
Trade Finance	41,346,350	41,357,371
Corporate Finance	14,798,097	12,150,692
Investment Banking	53,793,000	14,701,739
Forex Broking Brokerage	–	5,875
	<u>180,537,825</u>	<u>68,988,845</u>
22. OTHER INCOME		
a) Dividend Income	57,079	15,702
b) Net gain/loss on sale of Investments	48,561,725	11,027,143
c) Other Non Operating Income		
– Interest Income	3,430,711	3,116,101
– Sale of MCX Membership	–	645,000
– Miscellaneous Income	5,101	–
– Provision For Quoted Investments Written Back	–	13,834
	<u>52,054,616</u>	<u>14,817,780</u>

Particulars	For the year Ended on 31st March, 2012 (₹)	For the year Ended on 31st March, 2011 (₹)
23. RAW MATERIAL AND WORK-IN-PROGRESS		
Purchase of Shares held in Stock-in-Trade	57,413,242	–
	<u>57,413,242</u>	<u>–</u>
24. EMPLOYEE BENEFITS EXPENSES		
a) Salaries, Wages, Bonus, Gratuity & Allowances	37,472,809	29,520,679
b) Contribution to Provident	1,059,860	745,194
c) Staff Welfare Expenses	183,684	180,474
	<u>38,716,353</u>	<u>30,446,347</u>

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012. (ALL AMOUNTS ARE MENTIONED IN RUPEES)

Particulars	For the year Ended on 31st March, 2012 (₹)	For the year Ended on 31st March, 2011 (₹)
25. FINANCE COST		
a) Interest Expense		
On Term Loans	247,009	309,213
On Overdrafts & Other Borrowings	5,650,737	711,332
b) Other Borrowing Costs		
Interest on ICD	3,467,135	2,502,410
Financial and Bank Charges	368,135	515,615
	9,733,016	4,038,570
26. OTHER EXPENSES		
Rent	4,880,983	6,154,644
Rates & Taxes	218,306	992,978
Insurance	303,495	71,631
Advertisement, Publicity & Sales Promotion	1,765,266	1,618,879
Travelling & Other Incidental Expenses	1,866,146	1,731,113
Office Maintenance	3,086,360	4,005,990
Vehicle Running & Maintenance	447,596	348,174
Printing & Stationery	565,392	721,201
Communication Expenses	635,635	630,891
Electricity	698,286	573,079
Donation	754,100	176,000
Auditor's Remuneration		
– As Auditors	100,000	72,000
– For Tax Audit	25,000	20,000
– For Certification / Limited Review	62,500	51,000
– Out of Pocket Expenses	5,967	–
Legal, Professional & Consultancy Charges	17,420,304	13,709,018
Directors Sitting Fees	560,000	528,000
Directors Commission	378,000	–
Other Operational Expenses	7,145,166	6,233,314
Loss on Commodity Trading (Net)	42,727	–
Loss on Futures & Options (Net)	162,434	–
Bad Debts written off	6,415,864	5,587,754
Provision for Quoted Investment Written Back (Net)	215,698	–
Deferred Revenue Expenses Written off	402,338	100,588
Preliminary Expenses Written off	127,558	31,892
	48,285,120	43,358,146
Note:-		
1) EARNING / EXPENDITURE IN FOREIGN CURRENCY		
Earnings in Foreign Exchange as fees for Professional Services rendered	2,569,574	2,100,000
Expenditure incurred in Foreign Currency	989,131	1,170,000



NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012. (ALL AMOUNTS ARE MENTIONED IN RUPEES)

Particulars	For the year Ended on 31st March, 2012 (₹)	For the year Ended on 31st March, 2011 (₹)
27. CONTINGENT LIABILITIES		
1) Guarantees issued by the company on behalf of its associates for acquiring office premises	67,500,000	68,799,162
2) Counter Guarantees given to bankers on behalf of subsidiary companies for Exchange Margin Requirements	60,000,000	125,000,000
3) Guarantees issued by the company on behalf of its Subsidiary Company for Inter Corporate Deposits taken.	12,500,000	10,000,000
4) Claims against the company not acknowledged as debt		
a) Tax Demand in respect of which company's Appeal is pending before the first appellate authority (Income Tax) for the Assessment Year 2008-09.	1,164,113	1,164,113
b) Tax Demand in respect of which company's Appeal is pending before the first appellate authority (Income Tax) for the Assessment Year 2009-10.	3,429,838	–
	144,593,951	204,963,275
28. EARNINGS PER SHARE		
I. Net Profit as per Statement of Profit and Loss available for Equity Share Holders	67,249,413	4,138,766
II. Weighted Average number of equity shares for Earnings per share computation		
A) For Basic Earnings per share of ₹ 10/- each (No's)	23,381,866	17,166,526
B) For Diluted Earnings per share of ₹ 10/- each (No's)		
No of Shares for Basic EPS as per II A (No's)	23,381,866	17,166,526
Add:- Weighted Average outstanding for convertible preference shares	–	–
No of shares for Diluted Earnings per Share of ₹ 10/- Each	23,381,866	17,166,526
III. Earnings Per Share (Face Value of ₹ 10/- each)		
Basic (₹)	2.88	0.24
Diluted (₹)	2.88	0.24

29. Disclosure as required under Accounting Standard 15 on employee benefits for gratuity and leave encashment is as under

Particulars	Gratuity		Leave Encashment (Unfunded)	
	2011-12	2010-11	2011-12	2010-11
Change in the benefit Obligations:				
Present value of obligations as on 01. 04. 2011	2,041,271	1,266,480	136,681	–
Current Service Cost	256,654	311,965	902,134	3,690
Past Service Cost	–	319,379	–	1,034,723
Interest Cost	163,302	101,318	423	96,017
Actuarial (Gain)/Loss on obligation	(276,932)	42,129	–	(897,972)
Benefits Paid	–	–	(262,792)	(99,777)
Present value of obligations as on 31.03.2012	2,184,295	2,041,271	776,446	136,681

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012. (ALL AMOUNTS ARE MENTIONED IN RUPEES)

Particulars	Gratuity		Leave Encashment (Unfunded)	
	2011-12	2010-11	2011-12	2010-11
Change in Plan Assets:				
Fair Value of Plan Assets as on 01.04.2011	1,848,258	1,179,797	262,792	–
Adjustment to the opening balance	88,293	–	–	–
Expected Return on Plan Assets	176,924	121,122	–	–
Employer's Contributions	549,993	668,461	262,792	99,777
Benefits Paid	–	–	(262,792)	(99,777)
Actuarial Gain/(Loss) on Plan Assets	(176,924)	(121,122)	–	–
Fair Value of plan assets as on 31.03.2012	2,486,544	1,848,258	–	–
Net (Asset) Liability (i) - (ii) :	(302,249)	193,013	776,446	136,681
Net Cost for the year ended 31.03.2012				
Current Service Cost	256,654	311,965	902,134	1,034,723
Past Service Cost	–	319,379	–	–
Interest Cost	163,302	101,318	423	3,690
Expected Return on plan Assets	(176,924)	(121,122)	–	–
Actuarial (Gain)/ Loss recognised during the year	(100,008)	163,251	–	(897,972)
Adjustment (Gain) to opening value of planned assets	–	–	–	–
Net Cost	143,024	774,791	902,557	140,441
Amount recognised in the Balance sheet (Asset) / Liability	302,249	193,013	488,865	136,681
Amount recognised in the Statement of Profit and Loss (Gain)/Loss	143,024	774,791	614,976	140,441
Principal actuarial Assumptions:-				
Discount rate	8.00%	8.00%	8.00%	8.00%
Expected Return on plan assets	8.00%	8.00%	–	–
Salary Escalation Rate	4.00%	4.00%	4.00%	10.00%
Attrition Rate	45.75%	46.00%	45.75%	46.00%
Demographic Assumptions:				
Retirement age	60 Year			
Mortality rate	8%			

30. RELATED PARTY DISCLOSURES

As per Accounting Standard (AS-18) on Related Party Disclosures issued by the Institute of Chartered Accountants of India, the disclosure of transactions with the related party as defined in the Accounting Standard are given below:-

(I) List of Related parties

- | | | |
|-------------------------------|---|---|
| (a) Subsidiary of the company | : | Vertex Securities Limited
Vertex Commodities and Finpro (P) Ltd. |
| (b) Associated Company | : | Transwarranty Advisors Private Limited
Transwarranty Private Limited |
| (c) Key Management Personnel | : | Mr. Kumar Nair (Managing Director) |

**NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012. (ALL AMOUNTS ARE MENTIONED IN RUPEES)****(II) Summary of Transactions****(₹ in million)** (Previous Years Figures are in brackets)

Particulars	Subsidiary Company	Associated Company	Key Management Personnel
Salary and other Allowances to Key Management Personnel	Nil	Nil	3.60 (1.80)
Inter Corporate Deposits Paid	44.82 (40.51)	3.39 (20.90)	Nil
Inter Corporate Deposits Received	57.06 (26.95)	0.80 (8.77)	Nil
Share Trading Account Debits	86.11	Nil	Nil
Share Trading Account Credits	81.41	Nil	Nil
Commodity Trading Account Debits	0.22	Nil	Nil
Commodity Trading Account Credits	0.47	Nil	Nil
Current Account Debits	0.59	Nil	Nil
Current Account Credits	0.85	0.08	Nil
Rent Paid	Nil	4.54 (6.00)	Nil
Balance As on 31-03-2012			
Vertex Securities Limited - ICD A/C	163.95 Dr		
Transwarranty Advisors Pvt. Ltd.- ICD A/C	38.84 Dr		
Transwarranty Private Limited- ICD A/C	46.64 Dr		
Transwarranty Advisors Pvt Ltd Current A/C	0.34 Cr		
Transwarranty Private Limited Current A/C	0.42 Cr		

31. The company is primarily engaged in a single segment viz. Financial Services and related activities , therefore the separate disclosures required under Accounting Standard (AS-17) on Segment Reporting issued by ICAI are not applicable.
32. (a) Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business.
(b) Debit and Credit balances are subject to confirmation of parties.
33. Previous Year figures are regrouped or rearranged wherever necessary to correspond with the current year figures

As per our attached report of even date

For **Rahul Gautam Divan & Associates**
*Chartered Accountants***Gautam Divan**
*Partner*Mumbai
May 18, 2012

For and on behalf of Board of Directors

Suresh N. Talwar
*Chairman***K. K. Dastur**
*Director***Kumar Nair**
*Managing Director***U. Ramachandran**
*Chief Financial Officer***Raghu R. Palat**
*Director***Sridhar H.**
Company Secretary

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To
THE MEMBERS OF
TRANSWARRANTY FINANCE LIMITED

1. We have audited the attached Consolidated Balance Sheet of Transwarranty Finance Limited and its subsidiaries as on 31st March, 2012, and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated 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. We report that the consolidated financial statements have been prepared by the management of Transwarranty Finance Limited in accordance with the requirements of Accounting Standard (AS) 21- Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and the audited financial statements of its subsidiaries included in the consolidated financial statements.
4. *As stated in Notes on Accounts No.36 sundry debtors in the subsidiary companies under the head current assets includes old outstanding dues. The sundry debtors of subsidiary companies outstanding for more than six months amounts to ₹ 26.22 million. Further out of the total sundry debtors of subsidiary companies, for a sum of ₹ 16.45 million, the subsidiary companies have initiated legal and recovery actions, the proceedings of which are in different stages.*
In view of the above, the quantum of realisability of old outstanding sundry debtors/ legally initiated debts is not ascertainable at this stage.
5. *Subject to our comments in paragraph 4 above, we report that, on the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual financial statements of the Company and its subsidiaries, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.*
 - a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31st March, 2012
 - b. in the case of the Consolidated Statement of Profit & Loss Account, of the consolidated results of operations for the year ended on that date; and
 - c. in the case of the Consolidated Cash Flow Statement, of the consolidated results of operations for the year ended on that date.

For and on behalf of
Rahul Gautam Divan & Associates
Chartered Accountants
(ICAI Reg. No: 120294W)

Place : Mumbai
Date : 18 May 2012

Gautam Divan
Partner
Membership No: 006457



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	As At 31 March 2012		As At 31 March 2011	
		₹	₹	₹	₹
I EQUITY AND LIABILITIES					
(1) Shareholders Funds					
(a) Share Capital	2	244,605,680		215,996,630	
(b) Reserves and Surplus	3	323,365,788		271,443,648	
			567,971,468		487,440,278
(2) Minority Interest	4		68,634,734		84,245,475
(3) Non - Current Liabilities					
(a) Long Term Borrowings	5	38,698,782		38,284,326	
(b) Deferred Tax Liabilities (Net)	6	-		640,181	
(c) Other Long Term Liabilities	7	4,261,330		1,654,445	
(d) Long Term Provisions	8	29,906,512		29,475,263	
			72,866,624		70,054,215
(4) Current Liabilities					
(a) Short Term Borrowings	9	27,794,893		18,000,495	
(b) Trade Payables	10	211,424,505		295,905,075	
(c) Other Current Liabilities	11	57,896,913		50,117,251	
(d) Short Term Provisions	12	26,504,258		2,673,123	
			323,620,569		366,695,944
Total Equity And Liabilities			1,033,093,395		1,008,435,913
II ASSETS					
(1) Non Current Assets					
(a) Fixed Assets					
(i) Tangible Assets	13	26,287,377		26,885,952	
(ii) Intangible Assets	14	8,962,141		9,806,757	
(b) Goodwill on Consolidation		44,657,610		51,310,750	
(c) Non Current Investments	15 A	20,492,046		20,567,045	
(d) Deferred Tax Assets (Net)	16	3,024,864		-	
(e) Long Term Loans and Advances	17	317,496,172		314,612,693	
(f) Other Non Current Assets	18	30,575		3,326,446	
			420,950,785		426,509,643
(2) Current Assets					
(a) Current Investments	15 B	561,911		-	
(b) Trade Receivables	19	158,725,336		191,220,862	
(c) Cash and Cash Equivalents	20	80,727,897		127,551,607	
(d) Short Term Loans and Advances	21	360,998,648		261,325,406	
(e) Other Current Assets	22	11,128,818		1,828,395	
			612,142,610		581,926,270
Total Assets			1,033,093,395		1,008,435,913
The Note No.1 to 39 are integral part of these Financial Statements					

As per our attached report of even date

For **Rahul Gautam Divan & Associates**
Chartered Accountants**Gautam Divan**
PartnerMumbai
May 18, 2012

For and on behalf of Board of Directors

Suresh N. Talwar
Chairman**K. K. Dastur**
Director**Kumar Nair**
Managing Director**U. Ramachandran**
Chief Financial Officer**Raghu R. Palat**
Director**Sridhar H.**
Company Secretary

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

Particulars	Note No.	For the Year ended 31 March 2012 ₹	For the Year ended 31 March 2011 ₹
REVENUE			
Revenue From Operations	23	272,908,560	162,428,977
Other Income	24	70,867,423	29,821,066
TOTAL REVENUE		343,775,983	192,250,044
EXPENSES			
Purchase of Stock in Trade	25	57,413,242	–
Employee Benefits Expense	26	88,965,747	69,137,431
Finance Costs	27	17,590,696	8,500,647
Depreciation and Amortisation Expense	13 & 14	6,754,963	6,424,443
Other Expenses	28	116,259,386	112,710,637
TOTAL EXPENSES		286,984,034	196,773,159
Profit Before Exceptional and Extra ordinary items and Tax		56,791,949	(4,523,115)
Exceptional Items:-			
Profit on Sale of Fixed Assets		–	20,727
Loss on Sale of Fixed Assets		419,081	359,610
Profit Before Extra ordinary items and Tax		56,372,868	(4,861,998)
Extraordinary Items		–	–
Profit Before Tax		56,372,868	(4,861,998)
Tax Expense			
Current Tax		9,600,000	129,000
Deferred Tax		(3,665,047)	(1,975,499)
Profit / (Loss) After Tax		50,437,915	(3,015,499)
Prior Period Items- Short Tax Provision Written off / (Written back)		(7,578)	526,038
Profit / (Loss) for the year from Continuing Operations		50,445,493	(3,541,537)
Profit / (Loss) from Discontinuing Operations		–	–
Tax Expense of Discontinuing Operations		–	–
Profit / (Loss) from Discontinuing Operations After Tax		–	–
Profit For the Year		50,445,493	(3,541,537)
Basic Earning Per Share of ₹ 10/- each (In Rupees)	30	2.16	(0.18)
Diluted Earning Per Share of ₹ 10/- each (In Rupees)	30	2.16	(0.18)
The Note No.1 to 39 are integral part of these Financial Statements			

As per our attached report of even date

For **Rahul Gautam Divan & Associates**
Chartered Accountants

Gautam Divan
Partner

Mumbai
May 18, 2012

For and on behalf of Board of Directors

Suresh N. Talwar
Chairman

K. K. Dastur
Director

Kumar Nair
Managing Director

U. Ramachandran
Chief Financial Officer

Raghu R. Palat
Director

Sridhar H.
Company Secretary

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

Particulars	2011-12 (₹)	2010-11 (₹)
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary items	56,372,868	(4,862,000)
Add: Non Operating Expenses/ Non Cash Expenses		
Depreciation & Amortisation	6,754,963	6,424,444
Provision for diminution in value of quoted investments	215,698	(13,834)
Loss on Sale of Fixed Assets (Net)	419,081	338,883
Interest Paid	17,590,696	8,500,646
Preliminary Expenses / Deferred Revenue Expenses Written off	529,896	132,480
Adjustment on Sale of investments and Amalgamation	–	(13,831)
Bad Debts Written Off	6,415,864	5,755,279
	31,926,198	21,124,067
Less : Interest / Dividend/ Other Non Operating Income Adjustments		
Interest Received	(11,990,137)	(7,752,001)
Dividend Received	(57,079)	(15,702)
Profit on share trading	(48,561,725)	(11,027,143)
Sale of MCX Membership	–	(645,000)
Prior Period Items	–	(655,038)
	(60,608,941)	(20,094,885)
Operating Profit before Working Capital Changes	27,690,125	(3,832,818)
Adjusted for:		
(Increase)/Decrease in Sundry Debtors	28,845,637	(131,411,388)
(Increase)/Decrease in Loans & Advances	55,759,308	(43,391,760)
Increase /(Decrease) in Current Liabilities	(112,303,816)	247,595,497
Increase /(Decrease) in Non-Current Liabilities	2,606,885	–
Increase /(Decrease) in Provisions	448,042	(397,909)
(Increase) /Decrease in Inventories	–	84,827
Cash Generated from Operation	3,046,181	68,646,449
Income Tax Paid	(11,718,241)	(6,720,772)
Net Cash From Operating Activities	(8,672,060)	61,925,677

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	2011-12 (₹)	2010-11 (₹)
CASH FLOW FROM INVESTING ACTIVITY		
Purchase of Fixed Assets	(5,925,214)	(6,698,283)
Sale of Fixed Assets	194,362	310,980
Sale of Investments (Net)	52,816,391	21,040,977
Inter Corporate Deposits received / (Given)	(79,467,387)	(50,243,370)
Gold Loan Given	(76,423,245)	(4,063,926)
Interest Received	11,990,137	7,752,001
Dividend Received	57,079	15,702
Sale of MCX Membership	-	645,000
Premium on Acquisition	-	(2,400)
Net Cash used in Investing Activities	(96,757,878)	(31,243,318)
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares	28,609,050	210,150
Share Application Money - ESOP Allotment	1,776,113	-
Share Application Money Received	-	17,480,272
Increase/ (Decrease) in Secured Loans	6,734,266	(1,164,507)
Increase/ (Decrease) in Unsecured Loans	39,077,494	16,240,580
Dividend Paid (including tax thereon)	-	(227,276)
Interest Paid	(17,590,696)	(8,500,646)
Net Cash from / (used in) Financing Activities	58,606,227	24,038,573
Net Increase / (Decrease) in Cash & Cash Equivalent	(46,823,708)	54,720,932
Opening Balance of Cash and Cash Equivalent	127,551,605	72,830,673
Closing Balance of Cash and Cash Equivalent	80,727,897	127,551,605

As per our attached report of even date

For **Rahul Gautam Divan & Associates**
Chartered Accountants

Gautam Divan
Partner

Mumbai
May 18, 2012

For and on behalf of Board of Directors

Suresh N. Talwar
Chairman

K. K. Dastur
Director

Kumar Nair
Managing Director

U. Ramachandran
Chief Financial Officer

Raghu R. Palat
Director

Sridhar H.
Company Secretary



NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

SIGNIFICANT ACCOUNTING POLICIES

1) Investments other than in Subsidiaries have been accounted as per Accounting Standard-13- "Accounting for Investments".

2) Other Significant Accounting Policies

Other Significant accounting policies are set out under " Significant Accounting Policies" as given in the standalone financial statements of the parent company, except in the subsidiary companies M/s. Vertex Securities Limited and M/s. Vertex Commodities & Finpro Private Limited where Fixed Assets are depreciated on Straight Line Method (SLM) at the rates specified in Schedule XIV of the Companies Act, 1956.

Particulars	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
2. SHARE CAPITAL		
Authorised		
31,000,000 Equity Shares of ₹ 10/- each	310,000,000	310,000,000
	310,000,000	310,000,000
Issued, Subscribed and Fully Paid Up		
24,460,568 Equity Shares of ₹ 10/- each fully paid up (P.Y. 20,646,028 Equity Shares of ₹ 10/- each fully paid)	244,605,680	206,460,280
Total - (A)	244,605,680	206,460,280
Issued, Subscribed and Not Fully Paid Up		
Nil (P.Y. 3,814,540 Equity Shares of ₹ 10/- each ₹ 2.50 partly paid up)	-	9,536,350
Total - (B)	-	9,536,350
Total - (A) + (B)	244,605,680	215,996,630

Note:

1) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

Particulars	2011-12		2010-11	
	No of Shares	(₹)	No of Shares	(₹)
EQUITY SHARES				
A) Fully Paid Up Shares				
No of shares outstanding at the beginning of the year	20,646,028	206,460,280	14,000,000	140,000,000
Add:- Number of Shares allotted to the shareholders of Transwarranty Credit Care Pvt. Ltd.	-	-	3,506,667	35,066,670
Add:- Number of Shares allotted to the shareholders of Transwarranty Forex & Commodities Pvt. Ltd	-	-	3,118,346	31,183,460
Add:- Number of Shares allotted for Employees Stock Option Scheme	-	-	21,015	210,150
Add:- Partly paid up shares converted to Fully paid up.	3,814,540	38,145,400	-	-
No of shares outstanding at the end of the year	24,460,568	244,605,680	20,646,028	206,460,280

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

Particulars	2011-12		2010-11	
	No of Shares	(₹)	No of Shares	(₹)
B) Partly Paid Up Shares				
No of shares outstanding at the beginning of the year	3,814,540	9,536,350	–	–
Add:- Number of Shares allotted to the shareholders of Transwarranty Credit Care Pvt. Ltd.	–	–	3,486,333	8,715,833
Add:- Number of Shares allotted to the shareholders of Transwarranty Forex & Commodities Pvt. Ltd	–	–	328,207	820,517
Less:- Shares Converted to Fully Paid Up	3,814,540	9,536,350	–	–
No of shares outstanding at the end of the year	–	–	3,814,540	9,536,350

2) Terms and rights attached to Equity Share

The company has only one class of Equity share having a Par Value of ₹ 10/- each. Each holder of equity share is entitled for one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval by the share holders in the ensuring Annual General Meeting.

In the event of liquidation of the company, the holder of equity share will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

3) Details of Share Holders holding more than 5% shares in the company

Name of the Person/Firm/ Company	2011-12		2010-11	
	No of Shares	%	No of Shares	%
EQUITY SHARES				
a) Fully Paid Up Shares				
1) Kumar Nair	12,708,694	51.96	8,883,645	43.03
2) TFL-TCCPL and TFCPL Merger Trust	5,225,000	21.36	5,225,000	25.31
b) Partly Paid Up Shares				
1) Kumar Nair	–	–	3,814,540	18.47

4) Aggregate number and class of shares allotted as fully paid up without payment being received in cash.

Particulars	No of Shares	Class of Shares
EQUITY SHARES		
A) Fully Paid Up Shares		
i) Shares issued to the shareholders of Transwarranty Credit Care Pvt. Ltd as per the scheme of amalgamation in F.Y. 2010-11.	6,993,000	Equity Shares
ii) Shares issued to the shareholders of Transwarranty Forex & Commodities Pvt. Ltd. as per the scheme of amalgamation in F.Y. 2010-11	3,446,553	Equity Shares

As per records of the company, including its register of share holders/ members and other declarations received from the shareholders regarding beneficial interest, the above represents both legal and beneficial ownership of shares.



NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

5) Employees Stock Option Scheme

A) Transwarranty Finance Limited

- a) The Transwarranty Finance Limited (TFL) Employee Stock Option Scheme has been approved by the Board Of Directors of the company on 10th March, 2008.
- b) The vesting period is over five years from the date of grant, commencing after one year from the date of grant.
- c) Exercise Period would commence one year from date of grant and will expire on completion of five years from the date of vesting.
- d) The options will be settled in equity shares of the company.
- e) The company used the intrinsic value method to account for ESOPs.
- f) The exercise price has been determined to be ₹ 10/-
- g) Consequently, no compensation cost has been recognized by the company in accordance with the "Guidance Note on Accounting for Employee Share-Based payments" issued by the Institute of Chartered Accountants of India".
- h) Details of movement of Options

Particulars	As at 31st March, 2012 (Nos.)	As at 31st March, 2011 (Nos.)
Options outstanding at the beginning of the year	482,266	688,366
Options granted during the year	596,500	Nil
Options vested during the year	50,446	Nil
Options exercised during the year	Nil	21,015
Options forfeited during the year	131,875	206,100
Options lapsed /surrendered during the year	94,654	Nil
Options outstanding at the end of the year	<u>852,237</u>	<u>482,266</u>

- i) Had fair value method been used, the compensation cost would have been higher by ₹ 13.19 Lakhs (Previous Year ₹ 7.46 Lakhs) Profit after tax would have been lower by ₹ 13.19 Lakhs (Previous year ₹ 7.46 Lakhs) and EPS - both basic and diluted - would have been ₹ 2.84 Per share (Previous Year ₹ (0.20)Per share)

B) Vertex Securities Limited

- a) The " Vertex Employee Stock Option Plan 2010" has been approved by the Board Of Directors of the company on 10th March, 2008.
- b) The vesting period is over five years from the date of grant, commencing after one year from the date of grant.
- c) Exercise Period would commence one year from date of grant and will expire on completion of five years from the date of vesting.
- d) The options will be settled in equity shares of the company.
- e) The company used the intrinsic value method to account for ESOPs.
- f) The exercise price has been determined as follows

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

Grant	Options (Face Value of ₹ 10/- per share)	Price Per Option	Options (Split to Face value of ₹ 2/- per share)	Price Per Option After Share Splitting
Grant -I	462,500	69.00	2,312,500	13.80
Grant -II	50,000	145.50	250,000	29.10
Grant -III	17,500	145.50	87,500	29.10
Grant-IV	25,000	145.50	125,000	29.10
Grant-V	100,000	145.50	500,000	29.10
Grant-VI	–	–	1,013,750	29.10

- g) Consequently, no compensation cost has been recognized by the company in accordance with the "Guidance Note on Accounting for Employee Share-Based payments" issued by the Institute of Chartered Accountants of India".
- h) Details of movement of Options.

Particulars	As at 31st March, 2012 (Nos.)	As at 31st March, 2011 (Nos.)
Options outstanding at the beginning of the year (Face Value of ₹ 10/-)	623,500	Nil
Options outstanding at the beginning of the year split to face Value of ₹ 2/- share	3,117,500	Nil
Options granted during the year	1,013,750	655,000
Options vested during the year	131,565	Nil
Options exercised during the year	128,690	Nil
Options forfeited during the year	1,013,250	31,500
Options lapsed /surrendered during the year	437,685	Nil
Options outstanding at the end of the year	<u>2,680,315</u>	<u>623,500</u>

- i) Had fair value method been used, the compensation cost would have been higher by ₹ 75.77 Lakhs (Previous Year ₹ 89.37 Lakhs Loss after tax would have been higher by ₹ 75.77 Lakhs (Previous year ₹ 89.37 Lakhs) and Basic EPS would have been ₹ (0.43) Per share (Previous Year ₹ (1.92) Per share) and Diluted EPS would have been ₹ (0.25) (Previous Year ₹ (0.80)).

Particulars	As at 1st April, 2011 2011 (₹)	Additions/ Created During the Year	Deductions During the Year	As at 31st March, 2012 (₹)
3. RESERVES AND SURPLUS				
a) Capital Reserve	37,893,245	–	–	37,893,245
b) Securities Premium Reserve	208,291,145	–	–	208,291,145
c) Other Reserves				
– Reserve U/S 45 IC of RBI Act	17,827,632	13,449,883	–	31,277,515
– General Reserve	10,410,757	–	–	10,410,757
d) Surplus as per Statement of Profit & Loss (Note-1)	(2,979,131)	38,472,257	–	35,493,126
	<u>271,443,648</u>	<u>51,922,140</u>	–	<u>323,365,788</u>



NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

Particulars	As at 1st April, 2010 (₹)	Additions/ Created During the Year	Deductions During the Year	As at 31st March, 2011 (₹)
a) Capital Reserve	–	37,893,245	–	37,893,245
b) Securities Premium Reserve	208,291,145	–	–	208,291,145
c) Other Reserves				
- Reserve U/S 45IC of RBI Act	16,894,671	932,961	–	17,827,632
- General Reserve	10,389,028	21,729	–	10,410,757
d) Surplus as per Statement of Profit & Loss (Note-1)	(1,618,294)	(1,360,837)	–	(2,979,131)
	<u>233,956,550</u>	<u>37,487,098</u>	<u>–</u>	<u>271,443,648</u>

Notes:-

Particulars	2012	2011
1) Profit for the year	50,445,493	(3,541,537)
Less:- Dividend on Equity Shares	12,230,284	–
Tax on Distributed Profits on Equity Shares	1,984,058	–
Transfer to Reserve U/S 45 IC of RBI Act	13,449,883	932,960
Transfer to General Reserves	–	–
Share of Loss transferred to Minority Interest -VSL	(7,484,466)	(3,168,578)
Share of Loss transferred to Minority Interest -VCFPL	(39,096)	–
Consolidation adjustment due to change in shareholding-in Subsidiary	(8,167,427)	(3,600,784)
Balance brought forward from Amalgamated Companies	–	3,655,702
	<u>11,973,236</u>	<u>(2,180,700)</u>
	<u>38,472,257</u>	<u>(1,360,837)</u>

Particulars	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
4. MINORITY INTEREST		
Vertex Commodities & Finpro (P) Limited	166,686	205,782
Vertex Securities Limited	68,468,048	84,039,692
	<u>68,634,734</u>	<u>84,245,474</u>

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

Particulars	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
NON- CURRENT LIABILITIES		
5. LONG TERM BORROWINGS		
I. Secured Loans		
A. Loan From Banks		
Over Draft Account (Gold Loan) -Catholic Syrian Bank (CSB) (Secured against Gold Loan Receivables and Guarantee given by the Managing Director)	3,600,888	3,600,888
Overdraft Account- ICICI Bank Ltd (Secured against hypothecation of Office Premises owned by Transwarranty Pvt. Ltd. And Guarantee given by the Managing Director)	6,842,447	6,571,766
Car Loan Account (Secured against hypothecation of Motor Car)	930,723	1,724,793
B. Loan From Others		
Car Loan Account (Secured against hypothecation of Motor Car)	-	37,238
Total (A)	11,374,059	11,934,685
II. Unsecured Loans		
Loans and Advances from Related parties	322,743	-
From Others,		
Inter Corporate Deposits	18,491,671	18,491,672
Security Deposit From Franchises	8,510,309	7,857,969
Total (B)	27,324,723	26,349,641
Total (A) + (B)	38,698,782	38,284,326

Note:

Terms of Repayment

- 1) Overdraft Facility from ICICI Bank :- The loan was sanctioned on 19th August, 2006. The bank may at its sole discretion on expiry of 12 months, renew the facility for an additional 12 months on each renewal, such that original term and subsequent renewal terms does not exceed 10 years. The bank on each renewal would reduce the Overdraft limit by ₹ 14.20 Lakhs. Type of Interest is Floating Rate of Interest presently at 15.75 %.
- 2) Overdraft from CSB is the Working Capital Facility for Gold Loan against the securities not older than six months and personal guarantee of the Managing Director. Tenure of the loan is for 12 months and repayable on demand. Limit shall be renewed before the expiry of the sanctioned period of one year. Current Interest rate is 15.50% p.a.
- 3) Vehicle loan from Federal Bank is sanctioned on 12.02.2009 for a period of 5 years. Current EMI per month is ₹ 57,213/-.
- 4) The loan from HDFC was taken for purchase of Skoda Car, during the year 2010-11. The loan carried an interest rate @9.75% and is repayable in 60 installment. The loan is against hypothecation of the Car Purchased.

**NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012 (ALL AMOUNTS MENTIONED ARE IN RUPEES)**

Particulars	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
6. DEFERRED TAX		
1) The Deferred Tax Liability (Net) at the year end comprises of timing differences arising on account of :-		
Deferred Tax Liability:-		
Depreciation	-	3,641,924
Deferred tax Asset:-		
Unabsorbed Business loss	-	2,447,381
Other Provision allowable u/s 43B of the Income tax only on payment	-	554,362
Deferred Tax Liability (Net)	<u>-</u>	<u>640,181</u>
7. OTHER LONG TERM LIABILITIES		
a) Trade Payables		
Amount Payable to Clients & Exchanges	2,525,302	852,159
Gold Loan Creditors	1,146,486	57,040
b) Others		
Other Creditors	589,542	745,246
	<u>4,261,330</u>	<u>1,654,445</u>
8. LONG TERM PROVISIONS		
Employee Gratuity	302,249	-
Provision For Taxation	29,604,263	29,475,263
	<u>29,906,512</u>	<u>29,475,263</u>
CURRENT LIABILITIES		
9. SHORT TERM BORROWINGS		
A) Secured Loans		
1) Loan from Bank		
Overdraft Account - The Catholic Syrian Bank Ltd (Secured against Pledge / lien of Fixed Deposit of ₹ 6.29 Million)	4,134,893	-
Short Term Loan - The Catholic Syrian Bank Ltd (Secured against pledge / Lien of Fixed Deposit of ₹ 2.5 Million)	2,000,000	-
2) From Others		
Secured Against Pledge of Shares	1,160,000	-
Total - (A)	<u>7,294,893</u>	<u>-</u>

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

Particulars	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
B) Un Secured Loans		
1) From Bank		
Book Overdraft	–	495
2) From Others		
Inter Corporate Deposits	20,500,000	18,000,000
Total - (B)	<u>20,500,000</u>	<u>18,000,495</u>
Total - (A) + (B)	<u>27,794,893</u>	<u>18,000,495</u>
10. TRADE PAYABLES		
a) Amount Due to Micro, Small & Medium Enterprises	–	–
b) Other Creditors		
Due to Related Parties	586,080	256,124
Amount due to Clients and Exchanges	208,503,294	–
Trade Creditors	2,335,131	295,648,951
	<u>211,424,505</u>	<u>295,905,075</u>
11. OTHER CURRENT LIABILITIES		
a) Current Maturities of Long Term Debt	36,338,052	2,343,791
b) Interest Accrued & Due on borrowings	3,276,184	1,667,538
c) Unpaid Dividends	131,247	107,776
d) Other Payables		
Book Overdraft	1,380,389	26,648,178
Statutory Payables	2,159,295	1,231,844
Creditors for Expenses	14,611,746	18,118,124
	<u>57,896,913</u>	<u>50,117,251</u>
12. SHORT - TERM PROVISIONS		
a) Provision for Employees		
Provision for Gratuity	586,969	806,514
Provision for Leave Encashment	1,040,638	797,892
b) Others		
Provision for Diminution in value of Quoted Investments	355,385	139,687
Provision For Taxation	9,600,000	129,000
Provision For Preference Share Dividend	156,911	156,911
Provision Others	550,013	643,119
Dividend on Equity Shares	12,230,284	–
Dividend Distribution Tax	1,984,058	–
	<u>26,504,258</u>	<u>2,673,123</u>



NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

13. FIXED ASSETS - TANGIBLE

Sr. No.	Description	GROSS BLOCK / COST / BOOK VALUE				DEPRECIATION / AMORTISATION				NET BLOCK			
		Total As at 1 April, 2011 (₹)	Additions on Amalgamation during the year (₹)	Additions/ Adjustments during the year (₹)	Deductions/ Adjustments during the year (₹)	Impairment/ (Reversal) during the year (₹)	Total As at 31 March, 2012 (₹)	Total As at 1 April, 2011 (₹)	Provided during the year (₹)	Deductions/ Adjustments during the year (₹)	Total As at 31 March, 2012 (₹)	As at 31 March, 2012 (₹)	As at 31 March, 2011 (₹)
1	Building	661,170	-	-	-	-	661,170	122,062	10,777	-	132,839	528,331	539,108
2	Furniture & Fixture	12,444,383	-	2,052,264	380,264	-	14,116,383	5,676,895	800,323	144,143	6,333,075	7,783,308	6,767,488
3	Office Equipments	9,511,187	-	575,909	340,611	-	9,746,485	2,835,736	558,936	170,001	3,224,671	6,521,814	6,675,451
4	Vsat-(P)	4,182,323	-	-	-	-	4,182,323	937,310	198,660	-	1,135,970	3,046,353	3,245,013
5	Vehicles	7,789,377	-	4,915	421,130	-	7,373,162	3,818,572	818,003	321,130	4,315,445	3,057,717	3,970,805
6	Cycle	9,240	-	-	-	-	9,240	9,240	-	-	9,240	-	-
7	Computers	24,362,066	-	1,630,200	80,016	-	25,912,250	19,758,348	1,920,295	50,923	21,627,720	4,284,530	4,603,718
8	Air Conditioners	1,343,123	-	126,170	113,000	-	1,356,293	258,754	67,596	35,381	290,969	1,065,324	1,084,369
	Total	60,302,869	-	4,389,458	1,335,021	-	63,357,306	33,416,917	4,374,590	721,578	37,069,929	26,287,377	26,885,952
	Previous Year	57,502,199	45,000	4,582,054	1,826,385	-	60,302,868	30,389,833	4,168,381	1,176,518	33,416,917	26,885,952	-

14. FIXED ASSETS - INTANGIBLE

Sr. No.	Description	GROSS BLOCK / COST / BOOK VALUE				DEPRECIATION / AMORTISATION				NET BLOCK			
		Total As at 1 April, 2011 (₹)	Additions on Amalgamation during the year (₹)	Additions/ Adjustments during the year (₹)	Deductions/ Adjustments during the year (₹)	Impairment/ (Reversal) during the year (₹)	Total As at 31 March, 2012 (₹)	Total As at 1 April, 2011 (₹)	Provided during the year (₹)	Deductions/ Adjustments during the year (₹)	Total As at 31 March, 2012 (₹)	As at 31 March, 2012 (₹)	As at 31 March, 2011 (₹)
1	Goodwill	400,000	-	-	-	-	400,000	-	-	-	-	400,000	400,000
2	Computer Software	7,082,638	-	1,090,899	-	-	8,173,537	5,465,131	1,037,602	-	6,502,733	1,670,804	1,617,507
3	Lisence	11,175,501	-	444,857	-	-	11,620,358	4,530,646	1,132,670	-	5,663,316	5,957,042	6,644,855
4	Membership Rights	1,000,000	-	-	-	-	1,000,000	494,110	100,000	-	594,110	405,890	505,890
	Bombay Stock Exchange	100,000	-	-	-	-	100,000	64,877	10,000	-	74,877	25,123	35,123
	NMCE	251,000	-	-	-	-	251,000	175,700	25,100	-	200,800	50,200	75,300
	MCX	500,000	-	-	-	-	500,000	219,041	50,000	-	269,041	230,959	280,959
	NCDEX	250,000	-	-	-	-	250,000	2,877	25,000	-	27,877	222,123	247,123
	NSEL	20,759,139	-	1,535,756	-	-	22,294,895	10,952,382	2,380,372	-	13,332,754	8,962,141	9,806,757
	Total	18,205,470	437,440	2,116,228	-	-	20,759,139	8,662,920	2,256,064	-	10,952,582	9,806,757	-

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

Particulars	Face Value ₹	31.03.2012		31.03.2011	
		Quantity (Nos)	Value ₹	Quantity (Nos)	Value ₹
15(A) NON- CURRENT INVESTMENTS (AT COST)					
a) Investments in Equity Instruments					
i) Quoted Investments					
South Indian Bank (Right Share) (Market Value ₹ 25/-)	10	1	40	1	40
NEPC India Ltd. (Market Value ₹ 6,020/-)	10	2,000	85,156	2,000	85,156
Rama Newsprint Papers Ltd. (Market Value ₹ 9,738/-)	10	1,250	86,838	1,250	86,838
Anil Limited (Market Value ₹ 27,89,933/-)	10	11,252	225,040	15,002	300,040
Biocon	10	100	52,326	100	52,326
Biocon-Bonus Shares (Market Value ₹ 47,610/-)	10	100		100	
ii) Unquoted Investments					
Catholic Syrian Bank Ltd.	10	500	16,000	500	16,000
Cochin Stock Exchange	Nil	1	2,501,150	1	2,501,150
Cochin Stock Exchange-Right Shares	10	655	6,550	655	6,550
Navani Corp (India) Ltd	10	350000	17,500,000	350000	17,500,000
b) Investments in Government or trust securities					
National Savings Certificate VIII issue	5,000	1	5,000	1	5,000
UTI Master Share (Market Value ₹ 30,740/-)	-	1,000	13,945	1,000	13,945
Total			20,492,046		20,567,045

- 1) Aggregate amount of Quoted investments is ₹ 449,401/- (P.Y. ₹ 524,401/-) and market value is ₹ 2,853,326/- (P.Y. ₹ 3,338,555/-)
- 2) Aggregate amount of Unquoted investments is ₹ 20,042,645/- (P.Y. ₹ 20,042,645/-)

15(B) CURRENT INVESTMENTS

Particulars	Face Value ₹	31.03.2012		31.03.2011	
		Quantity (Nos)	Value ₹	Quantity (Nos)	Value ₹
(a) Investments in Equity Instruments					
Jenburkt Pharmaceuticals Ltd. (Market Value ₹ 24,028/-)	10	350	33,438	-	-
Intellvisions Software Ltd. (Market Value ₹ 3,38,750/-)	10	25,000	528,473	-	-
Total			561,911		-

- (a) Aggregate amount of quoted investments is ₹ 5,61,911/- (P.Y. ₹ Nil/-) and market value ₹ 3,62,778/- (P.Y. ₹ Nil)
- (b) Aggregate provision made for diminution in value of investments is ₹ 355,385/- (P.Y. ₹ 1,39,687/-)



NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

Particulars	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
NON CURRENT ASSETS		
16. DEFERRED TAX ASSETS		
1) The Deferred Tax Assets(Net) at the year end comprises of timing differences arising on account of :-		
Deferred Tax Asset:-		
Unabsorbed Business loss	5,938,651	-
Other Provision allowable u/s 43B of the income tax only on payment	404,512	-
Total (A)	<u>6,343,163</u>	<u>-</u>
Deferred Tax Liability:-	-	-
Depreciation	3,318,299	-
Total (B)	<u>3,318,299</u>	<u>-</u>
Deferred Tax Assets (Net)	Total (A) - (B)	
	<u>3,024,864</u>	<u>-</u>
17. LONG TERM LOANS AND ADVANCES		
A) Unsecured, Considered Good		
a) Capital Advances	43,300,000	43,300,000
b) Security Deposits	52,663,720	52,256,974
c) Loans and Advances to Related Parties		
Inter Corporate Deposits	85,477,616	82,887,615
d) Other Loans and Advances		
Inter Corporate Deposits to Others	57,576,891	57,576,891
TFL-TCCPL and TFCPL Merger Scheme Trust	78,375,000	78,375,000
Preference Share Dividend Receivable	102,945	216,213
	<u>317,496,172</u>	<u>314,612,693</u>
18. OTHER NON CURRENT ASSETS		
i) Long term Trade Receivables	5,787,526	8,958,685
Less:- Bad Debts Written Off	5,756,951	6,162,135
	<u>30,575</u>	<u>2,796,550</u>
ii) Others		
Miscellaneous Expenses :-		
a) Preliminary Expenses	-	127,558
b) Deferred Revenue Expenditure	-	402,338
	<u>30,575</u>	<u>3,326,446</u>

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

Particulars	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
CURRENT ASSETS		
19. TRADE RECEIVABLES		
Un Secured considered Good		
Debts outstanding for a period exceeding six Months	36,256,201	31,311,503
Other Debts	<u>122,999,573</u>	<u>159,909,359</u>
	<u>159,255,774</u>	<u>191,220,862</u>
Less:- Bad Debts Written Off	530,438	-
Provision for Doubtful Debts	-	-
	<u>158,725,336</u>	<u>191,220,862</u>
20. CASH AND CASH EQUIVALENTS		
a) Balance with Banks		
In Current Account	22,554,579	54,594,000
In Dividend Account	122,081	98,610
In Deposit Accounts :-		
Less than 12 months Maturity	53,347,992	69,727,323
More than 12 Months Maturity	3,074,506	2,688,966
(Fixed Deposit of ₹ 8.79 Million (P.Y. ₹ 6.29 Million) pledged against Short Term Borrowings and Fixed Deposit of ₹ 38.25 Million (P.Y. ₹ 47.05 Million) are pledged against Bank Guarantees.)		
b) Cash on Hand	1,628,739	442,708
	<u>80,727,897</u>	<u>127,551,607</u>
21. SHORT TERM LOANS AND ADVANCES		
A) Secured Considered Good		
a) Others		
Gold Loans	77,563,056	8,761,647
Advance for Fixed Assets	227,213	-
Loan Against Shares	967,654	-
B) Unsecured , Considered Good		
a) Loans and advances to Related Parties	5,139,996	711,251
b) Others		
Inter Corporate Deposits	135,219,078	60,020,278
Loans and advances to Employees	917,083	26,490
Deposits	72,704,578	134,720,301
Advance Payment of Income Tax (Including TDS)	60,763,540	49,037,721
Other Short Term Advances	520,667	588,791
Advance Gratuity	552,164	346,201
Advance Service Tax	-	478,949
Advance Receivable	6,423,620	6,633,777
	<u>360,998,648</u>	<u>261,325,406</u>



NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

Particulars	As at 31st March, 2012 (₹)	As at 31st March, 2011 (₹)
22. OTHER CURRENT ASSETS		
Interest Accrued on ICD's	3,506,981	1,828,395
Interest Accrued on Gold Loan , etc.	7,621,837	–
	11,128,818	1,828,395
23. REVENUE FROM OPERATIONS		
a) Sale of Products		
Sale of Shares held in Stock-in-Trade	57,299,106	–
b) Interest		
Interest on Gold Loan	13,169,792	773,168
Interest on Loan Against Shares	131,480	–
c) Other Financial Services		
Trade Finance	41,346,350	41,357,371
Corporate Finance	14,798,097	12,150,692
Investment Banking	53,793,000	14,701,739
Forex Broking Brokerage	–	5,875
Brokerage Income	87,743,018	89,402,059
Merchant Banking Fees	1,667,316	1,606,397
Income From DP Operations	2,960,401	2,431,676
	272,908,560	162,428,977
24. OTHER INCOME		
a) Dividend Income	57,079	15,702
b) Net gain/loss on sale of Investments	48,561,725	11,027,143
c) Other Non Operating Income		
- Interest Income	11,990,137	7,752,001
- Sale of MCX Membership	–	645,000
- Miscellaneous Income	6,090,693	7,369,763
- Provision For Quoted Investments Written Back	–	13,834
- Vsat Recurring Charges Recovered	380,538	1,055,724
- Late Payment Charges	1,897,810	1,941,899
- Software & AMC Charges Recovered	1,889,441	–
	70,867,423	29,821,066

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

Particulars	For the year Ended on 31st March, 2012 (₹)	For the year Ended on 31st March, 2011 (₹)
25. PURCHASE OF STOCK IN TRADE		
Purchase of Shares held in Stock-in-Trade	57,413,242	–
	<u>57,413,242</u>	<u>–</u>
26. EMPLOYEE BENEFITS EXPENSES		
a) Salaries, Wages, Bonus, Gratuity & Allowances	84,506,000	65,508,059
b) Contribution to Provident	3,352,721	2,654,572
c) Staff Welfare Expenses	1,107,026	974,800
	<u>88,965,747</u>	<u>69,137,431</u>
27. FINANCE COST		
a) Interest Expense		
On Term Loans	2,687,755	309,213
On Overdrafts & Other Borrowings	5,664,334	711,332
b) Other Borrowing Costs		
Interest on ICD	6,470,331	5,900,173
Bank Charges	676,245	1,579,929
Bank Guarantee Expenses	2,092,031	–
	<u>17,590,696</u>	<u>8,500,647</u>
28. OTHER EXPENSES		
Rent	13,782,682	12,541,889
Rates & Taxes	311,353	2,116,442
Insurance	366,584	200,408
Advertisement, Publicity & Sales Promotion	2,385,777	2,623,605
Travelling & Other Incidental Expenses	3,577,007	4,138,442
Office Maintenance	9,628,397	7,808,953
Vehicle Running & Maintenance	561,697	453,158
Printing & Stationery	1,193,787	1,310,913
Communication Expenses	2,398,660	2,301,803
Electricity	3,395,746	3,045,657
Donation	754,100	186,000
Auditor's Remuneration		
- As Auditors	210,000	162,000
- For Tax Audit	55,000	20,000
- For Certification / Limited Review	110,800	44,500
- Out of Pocket Expenses	5,967	–

**NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012 (ALL AMOUNTS MENTIONED ARE IN RUPEES)**

Particulars	For the year Ended on 31st March, 2012 (₹)	For the year Ended on 31st March, 2011 (₹)
Legal, Professional & Consultancy Charges	19,532,526	15,501,665
Directors Sitting Fees	672,000	712,000
Directors Commission	378,000	–
Other Operational Expenses	49,572,684	53,630,093
Loss on Commodity Trading (Net)	42,727	–
Loss on Futures & Options (Net)	162,434	–
Bad Debts written off	6,415,864	5,755,279
Provision for Quoted Investment Written Back (Net)	215,698	25,350
Deferred Revenue Expenses Written off	402,338	100,588
Preliminary Expenses Written off	127,558	31,892
	116,259,386	112,710,637
Note:-		
EARNING / EXPENDITURE IN FOREIGN CURRENCY		
Earnings in Foreign Exchange as fees for Professional Services rendered	2,653,817	2,100,000
Expenditure incurred in Foreign Currency	989,131	1,170,000
29. CONTINGENT LIABILITIES		
1) Guarantees issued by the company on behalf of its associates for acquiring office premises	67,500,000	68,799,162
2) Counter Guarantees given to bankers on behalf of subsidiary companies for Exchange Margin Requirements	106,500,000	229,000,000
3) Guarantees issued by the company on behalf of its Subsidiary Company for Inter Corporate Deposits taken.	62,500,000	70,000,000
a) Tax Demand in respect of which company's Appeal is pending before the first appellate authority (Income Tax) for the Assessment Year 2008-09.	2,275,113	2,275,113
b) Tax Demand in respect of which company's Appeal is pending before the first appellate authority (Income Tax) for the Assessment Year 2009-10.	3,429,838	–
	242,204,951	370,074,275
30. EARNINGS PER SHARE		
I. Net Profit as per Statement of Profit and Loss available for Equity Share Holders	50,445,493	(3,015,499)
II. Weighted Average number of equity shares for Earnings per share computation		
A) For Basic Earnings per share of ₹ 10/- each (No's)	23,381,866	17,166,526
B) For Diluted Earnings per share of ₹ 10/- each (No's)		
No of Shares for Basic EPS as per II A (No's)	23,381,866	17,166,526
No of shares for Diluted Earnings per Share of ₹ 10/- Each	23,381,866	17,166,526
III. Earnings Per Share (Face Value of ₹ 10/- each)		
Basic (₹)	2.16	(0.18)
Diluted (₹)	2.16	(0.18)

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

31. DISCLOSURE AS REQUIRED UNDER ACCOUNTING STANDARD 15 ON EMPLOYEE BENEFITS FOR GRATUITY AND LEAVE ENCASHMENT IS AS UNDER

Particulars	Gratuity		Leave Encashment (Unfunded)	
	2011-12	2010-11	2011-12	2010-11
Change in the benefit Obligations:				
Present value of obligations as on 01. 04. 2011	3,603,531	2,372,188	797,892	636,039
Current Service Cost	603,790	680,086	1,365,892	494,916
Past Service Cost	–	319,379	–	1,034,723
Interest Cost	286,130	186,598	32,341	122,881
Actuarial (Gain)/Loss on obligation	(822,698)	124,688	(80,634)	(790,434)
Benefits Paid	(53,803)	(79,408)	(787,272)	(700,233)
Present value of obligations as on 31.03.2012	3,616,950	3,603,531	1,328,219	797,892
Change in Plan Assets:				
Fair Value of Plan Assets as on 01.04.2011	3,749,904	2,583,019	262,792	–
Adjustment to the opening balance	88,293	–	–	–
Expected Return on Plan Assets	350,151	263,033	–	–
Employer's Contributions	649,993	1,073,329	746,129	670,771
Benefits Paid	(53,803)	(57,736)	(787,272)	(670,771)
Actuarial Gain/(Loss) on Plan Assets	(350,151)	(111,741)	–	–
Fair Value of plan assets as on 31.03.2012	4,434,387	3,749,904	–	–
Net (Asset) Liability (i) - (ii) :	(817,437)	(146,373)	1,328,219	797,892
Net Cost for the year ended 31.03.2012				
Current Service Cost	603,790	680,086	1,365,892	1,525,949
Past Service Cost	–	319,379	–	–
Interest Cost	286,130	186,598	32,341	30,554
Expected Return on plan Assets	(350,151)	(263,033)	–	–
Actuarial (Gain)/ Loss recognised during the year	(472,547)	236,429	(80,634)	(790,434)
Adjustment (Gain) to opening value of planned assets	–	–	–	–
Net Cost	67,222	1,159,459	1,317,599	766,069
Amount recognised in the Balance sheet (Asset) / Liability	(212,939)	(146,373)	1,040,638	797,892
Amount recognised in the Statement of Profit and Loss Account(Gain)/Loss	67,222	1,159,459	1,030,018	766,069
Principal actuarial Assumptions:-				
Discount rate	8.00%	8.00%	8.00%	8.00%
Expected Return on plan assets	8.00%	8.50%	–	–
Salary Escalation Rate	4.00%	4.50%	4.00%	7.50%
Attrition Rate	45.75%	30.50%	45.75%	30.50%
Demographic Assumptions:				
Retirement age				60 Year
Mortality rate				8%



NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

32. RELATED PARTY DISCLOSURES

As per Accounting Standard (AS-18) on Related Party Disclosures issued by the Institute of Chartered Accountants of India, the disclosure of transactions with the related party as defined in the Accounting Standard are given below:-

(I) List of Related parties

- | | | |
|------------------------------|---|---|
| (a) Associated Company | : | Transwarranty Advisors Private Limited
Transwarranty Private Limited |
| (b) Key Management Personnel | : | Mr. Kumar Nair (Managing Director) |

(II) Summary of Transactions

(₹ in million)

Particulars	Associated Company	Key Management Personnel
Salary and other Allowances to Key Management Personnel	Nil	3.60
Inter Corporate Deposits Paid	20.86	Nil
Inter Corporate Deposits Received	1.93	Nil
Current Account Credits	0.08	Nil
Rent Paid	4.54	Nil
Balance As on 31-03-2012		
Transwarranty Advisors Pvt. Ltd.- ICD A/C	38.84 Dr	
Transwarranty Private Limited-ICD A/C	46.64 Dr	
Transwarranty Advisors Pvt Ltd Current A/C	0.34 Cr	
Transwarranty Private Limited Current A/C	0.42 Cr	

33. PRINCIPLES OF CONSOLIDATION:

- The consolidated financial statements relate to Transwarranty Finance Limited, the holding company and its majority owned subsidiaries. The consolidation of accounts of the Company with its subsidiaries has been prepared in accordance with Accounting Standard (AS) 21 'Consolidated Financial Statements'. The financial statements of the parent and its subsidiaries are combined on a line by line basis and intra group balances, intra group transactions and unrealised profits or losses are fully eliminated.
- In the consolidated financial statements, 'Goodwill' represents the excess of the cost to the Company of its investment in the subsidiaries and/or joint ventures over its share of equity, at the respective dates on which the investments are made. Alternatively, where the share of equity as on the date of investment is in excess of cost of investment, it is recognised as 'Capital Reserve' in the consolidated financial statements.
- Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the respective dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investment as stated above.
- Investments in Associates are dealt with in accordance with Accounting Standard (AS) 23 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India. As on the reporting date the company does not have any associate company.
- The financial statements of the subsidiaries used in the consolidation are drawn upto the same reporting date as of the Company i.e., for ended March 31, 2012.

34. INFORMATION ON SUBSIDIARIES :

The Subsidiary companies considered in the consolidated financial statement are :

Name of the Company	Country of Incorporation	Percentage of Holding This Year
Vertex Securities Limited (VSL)	India	55.46%
Vertex Commodities & Finpro Pvt. Ltd (Subsidiary of VSL)	India	99.45%

NOTES TO CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

35. (a) Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business.
(b) Debit and Credit balances are subject to confirmation of parties.
36. Sundry debtors of Vertex Securities Limited (Subsidiary) include old and outstanding debts amounting to ₹ 16,451,028 (P.Y. ₹ 19,427,697) in respect of which Company has initiated legal and other recovery actions, the proceedings of which are in different stages. No provision for doubtful debts is made in the accounts for the year since the management is of the opinion that these debts are good and recoverable.
37. Lien has been marked in favour of ICICI Bank Ltd in respect of Bank Deposits worth ₹ Nil (P.Y ₹ 3.80 Million) and in favour of HDFC Bank ₹ 28.25 million (P.Y. ₹ 38.25) and in favour of Axis bank ₹ 10 Million (P.Y. ₹ 5 Million) together with accumulated interest thereon, against bank guarantees issued by them on account of the Company.
38. The company is primarily engaged in a single segment viz. Financial Services and related activities, therefore the separate disclosures required under Accounting Standard (AS-17) on Segment Reporting issued by ICAI are not applicable.
39. Previous Year figures are regrouped or rearranged wherever necessary to correspond with the current year figures

As per our attached report of even date

For **Rahul Gautam Divan & Associates**
Chartered Accountants

Gautam Divan
Partner

Mumbai
May 18, 2012

For and on behalf of Board of Directors

Suresh N. Talwar
Chairman

K. K. Dastur
Director

Kumar Nair
Managing Director

U. Ramachandran
Chief Financial Officer

Raghu R. Palat
Director

Sridhar H.
Company Secretary



STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES FOR THE FINANCIAL YEAR 2011-12

S.No	Name of the subsidiary Company	Vertex Securities Limited	Vertex Commodities & Finpro Pvt. Ltd.
1	Financial Year of the subsidiary ended on	31-03-2012	31-03-2012
2	Date on which they become subsidiary	18-07-2008	18-07-2008
3	Holding Company's Interest		
	a) Number of Shares Fully paid	24,318,110	38,40,240
	b) % of Shares held by Transwarranty Finance Limited and its subsidiaries	55.46%	99.45%
4	Net aggregate Profit /(Loss) of the Subsidiary Companies so far as they concern members of Transwarranty Finance Ltd.		
	i) For the Financial Year of the subsidiary (₹ In Lakhs)		
	a) Dealt with in the accounts of the Holding Company	(53.77)	(70.69)
	b) Not Dealt with in the accounts of the Holding Company	(43.18)	(0.39)
	ii) for the previous Financial Years of the Subsidiary Company since it become the Holding Company's Subsidiary (₹ In lakhs)		
	a) Dealt with in the accounts of the Holding Company	(45.12)	(50.85)
	b) Not Dealt with in the accounts of the Holding Company	(31.40)	(0.28)

In accordance with the General Circular issued by The Ministry of Corporate Affairs, Government of India.

(₹ In Lakhs)

S.No	Name of the subsidiary Company	Vertex Securities Limited	Vertex Commodities & Finpro Pvt. Ltd.
A	Capital	1,502.83	386.15
B	Reserves & Surplus	129.90	(81.51)
C	Total Assets	2,800.31	1,855.05
D	Total Liabilities	2,800.31	1,855.05
E	Details of Investment (Except in case of investment in subsidiaries)	200.08	Nil
F	Turnover	872.60	361.22
G	Profit / (Loss) Before Taxation	(127.96)	(77.10)
H	Provision for taxation (Deferred Tax)	(31.00)	(6.02)
I	Profit / (Loss) after Taxation	(96.96)	(71.08)
J	Proposed Dividend	Nil	Nil

For and on behalf of Board of Directors

Suresh N. Talwar
Chairman

Kumar Nair
Managing Director

Raghu R. Palat
Director

K. K. Dastur
Director

U. Ramachandran
Chief Financial Officer

Sridhar H.
Company Secretary

Mumbai
May 18, 2012

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TRANSWARRANTY FINANCE LIMITED

Registered Office: 403, Regent Chambers,
Nariman Point, Mumbai – 400 021.

ATTENDANCE SLIP

Regd. Folio No./Client ID

I hereby record my presence at the 18th ANNUAL GENERAL MEETING of the Company at M C Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001, at 10.30 a.m., on 12th September, 2012.

Name of the Shareholder / Proxy / Authorised
Representative of Body Corporate
(in BLOCK letters)

Signature of the Shareholder / Proxy /
Authorised Representative of
Body Corporate

Note: Please fill in this attendance slip and hand it over at the ENTRANCE OF THE MEETING HALL.

PLEASE BRING YOUR COPY OF THE ANNUAL REPORT TO THE MEETING.



TRANSWARRANTY FINANCE LIMITED

Registered Office: 403, Regent Chambers,
Nariman Point, Mumbai – 400 021.

PROXY FORM

I/We _____ of _____
_____ being a member/members of the above-named Company hereby appoint
_____ of _____
_____ or failing him/her _____
of _____ as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at M C Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001, at 10.30 a.m. on 12th September, 2012 and at any adjournment thereof.

Signed this _____ day of _____ 2012

Affix
Re.1
Revenue
Stamp

Shareholder

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Transwarranty Finance Limited

Transwarranty Finance Limited (TFL) is a RBI registered full service Investment Bank providing a wide range of Financial Services to over 1000 large and mid cap companies and thousands of retail clients all over India since 1994.

Advisory Businesses:

Investment Banking

- Mergers and Acquisitions
- Venture Capital
- Private Equity
- International Capital Markets through FCCB / ADR / GDR / AIM listing
- Joint Ventures (Indian / International)
- Corporate Advisory Services
- Business Re-Structuring

Trade Finance

- LIC Bills Discounting
- Clean Bills Discounting
- Inter Corporate Deposits
- Unsecured Working Capital Loan
- Import and Export Finance (Supplier's / Buyer's Credit)

Corporate Finance

- Structured Finance
- Rupee / Foreign Currency Loans
- External Commercial Borrowing (ECB)
- Working Capital Facilities from Banks
- Acquisition Finance both in India and abroad
- Stressed Assets Finance
- Debt Re-structuring

Project Finance

- Financial Structuring
- Project Report and Financial Feasibility Study
- Raising Project Equity
- Raising Rupee and Foreign Currency Loans for Projects

Fund Based Businesses:

Gold Loans

- Retail loans against security of Gold

Secured Loans

- Secured Loans to Corporates and Individuals against security of listed shares, property etc.

Our Subsidiary Company

Vertex Securities Limited

Vertex Securities Limited is national level retail broking company with around 250 branch / franchise offices across India having membership in National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE), and depository services.

The Company is also a SEBI registered full service Merchant Banker and Institutional Broker.

- Retail Stock Broking
- Distribution of Mutual Funds, IPO and other financial products
- Retail Investment advisory services
- Depository Participant
- Institutional Broking
- Arbitrage
- AMFI Certified Corporate Agent

Merchant Banking

- Management of Initial Public Offers / Follow on Offers / Rights Issue
- Management of debt (Bond) issues for Companies / Institutions / Corporations / Government Undertakings / Any other entity eligible to make a bond issue
- Placement of Equity Shares with QIP / Private Equity Funds
- Placement of Preference Shares
- Corporate Restructuring
- Valuations of Companies / Enterprises / Shares
- Listing services on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE)
- Buy Back of Shares
- Take Over & Offer for Sale
- ESOPs
- Certifications

Vertex Commodities And Finpro Pvt. Ltd.

Vertex Commodities And Finpro Pvt. Ltd., a subsidiary of Vertex Securities Limited is also a national level retail broking company with around 250 branch / franchise offices across India having membership in the National Commodities & Derivatives Exchange (NCDEX), Multi Commodity Exchange (MCX), National Multi Commodity Exchange of India Limited (NMCE) and National SPOT Exchange of India Limited.

Membership and Licenses

- Reserve Bank of India (RBI) Registration for Financial Services
- Securities and Exchange Board of India (SEBI) Registration for Merchant Banking
- SEBI Registration for Securities Broking
- Foreign Exchange Dealers Association of India (FEDAI) accreditation for Inter-Bank Foreign Exchange Broking
- Association of Mutual Funds of India (AMFI) Registration for Mutual Funds Distribution
- Forward Market Commission (FMC) registration for Commodities Broking
- Member of the Association of Merchant Bankers of India (AMBI)
- Membership of the National Stock Exchange (NSE) for broking in both Equities and Derivatives Segments
- Membership of the Bombay Stock Exchange (BSE) for Broking in Equities Segment
- Membership of the Cochin Stock Exchange (CSE) for Broking in Equities Segment
- Membership of the Over The Counter Exchange of India (OTCEI) for Broking in Equities Segment
- Membership of the National Commodities & Derivatives Exchange (NCDEX)
- Membership in the Multi Commodity Exchange (MCX) (Commodity and Currency)
- Membership in the National Multi Commodity Exchange of India Limited (NMCE)
- Membership in National Securities Depository Limited (NSDL)
- Membership in National Spot Exchange Ltd. (NSEL)
- Membership in MCX Stock Exchange Ltd. (MCX-SX).

Registered Office Address:

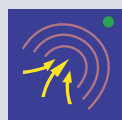
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