

# TRANSWARRANTY FINANCE LIMITED

TFL\SEC\2014-2015

1, September 2014

The Manager,  
Corporate Relations Dept.,  
Bombay Stock Exchange Ltd.,  
P.J. Towers,  
Dalal Street, Fort  
Mumbai - 400 001

Company Scrip No. : 532812

Dear Sir,

Pursuant to Clause 31 of the Listing Agreement with Stock Exchange, we enclosed herewith Annual Report 2013-14. Given below is the information as per Form A of the said clause:

1. Name of the company	Transwarranty Finance Limited
2. Annual financial statements for the year Ended	31st March 2014
3. Type of Audit observation	Un-qualified
4. Frequency of observation:	N.A
5. To be signed by-	Company Secretary

Kindly take the same on record.

Thanking you

Yours faithfully,  
For Transwarranty Finance Limited



Company Secretary



Encl. as above



**TRANSWARRANTY FINANCE LIMITED**

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**FINANCIAL ENGINEERS**

**20<sup>th</sup> Annual Report 2013-14**

# 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. R.L. Shenoy**  
*Director*

**Mr. R.L. Shenoy**, B.COM, LL.M, ACA, ACS, ACMA, Diploma from Indian Institute of Bankers (C.A.I.B). He is associated with companies like Tata Electric Company Limited, Garware Wall Ropes Limited, Colgate Palmolive India Limited and Central Bank of India.

## CORPORATE INFORMATION

### Board of Directors

Mr. Suresh N. Talwar	<i>Chairman</i>
Mr. Kumar Nair	<i>Managing Director</i>
Mr. Raghu R. Palat	
Mr. R. L. Shenoy	
Mr. Pravin Khatau	
Mr. K. Jay Chandran	<i>Non Executive 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

CIN: L65920MH1994PLC080220  
403, Regent Chambers,  
Nariman Point, Mumbai – 400021.  
Tel. No. : 91-022-66306090, 40010900  
Fax No. : 91-022-66306655  
Website : [www.transwarranty.com](http://www.transwarranty.com)  
e-mail id : [mail@transwarranty.com](mailto: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](mailto:isrl@intimespectrum.com)

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## NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of Transwarranty Finance Limited will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 3rd floor, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001, on 19th September, 2014 at 11.30 a.m. to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2014 and Profit & Loss Account for the year ended as on that date and the report of Directors and Auditors thereon.
2. To appoint Director in place of Mr. K. Jayachandran (DIN 00508434) who retires by rotation and being eligible offers himself for reappointment.
3. Consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** M/s. Rahul Gautam Divan & Associates, Chartered Accountants (firm Registration No. 120294W be and is hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company.”

### Special Business:

4. To appoint Mr. Raghu R Palat (DIN 00311994) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Mr. Raghu R Palat (DIN 00311994) a non-executive Director of the Company, who meets the criteria for independence as provided in Section 149 (6) of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director of the Company to hold office for a period of 5 (five) years, not liable to retire by rotation.”

5. To appoint Mr. Pravin Khatau (DIN 02425468) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Mr. Pravin Khatau (DIN 02425468) a non-executive Director of the Company, who meets the criteria for independence as provided in Section 149 (6) of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director of the Company to hold office for a period of 5 (five) years, not liable to retire by rotation.”

6. To appoint Mr. Ranjal Laxmana Shenoy (DIN00074761) as an Independent Director and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Mr. Ranjal Laxmana Shenoy (DIN00074761) a non-executive Director of the Company, who meets the criteria for independence as provided in Section 149 (6) of the Act and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director of the Company, to hold office for a period of 5 (five) years, not liable to retire by rotation.”

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

**“RESOLVED THAT** as recommended by Nomination and Remuneration Committee and pursuant to provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications or re-enactment thereof for the time being in force, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including Schedule V to the said Act, consent and approval of the Company be and is hereby accorded to the re-appointment of and the remuneration being paid or provided to Mr. Kumar Nair (DIN 00320541) as Managing Director of the Company for a period of three (3) years with effect from 1st September, 2014 on the following terms:”

### Terms of Remuneration:

1. **Basic Salary: Remuneration not exceeding ₹ 42 Lakhs p.a. including perquisites as may be determined by the**

**Board of Directors or Nomination and Remuneration Committee.**

**2. Perquisites:**

i. **Provident Fund, Superannuation, Gratuity, Leave Travel Concession reimbursements of Medical Expenses, Gas, Electricity, Water, Company's Car with Driver - As per rules of the Company.**

ii. **Allowances Performance Bonus and Reimbursements subject to overall remuneration not exceeding ₹ 42 Lakhs p.a.**

iii. (a) **Children's education allowance:** In case of children studying in or outside India, an allowance limited to a maximum of ₹ 12,000 per month per child or actual expenses incurred, whichever is less. Such allowance is admissible up to a maximum of two children.

(b) **Holiday passage for children studying outside India or family staying abroad:**

Return holiday passage once in a year by economy class or once in two years by first class to children and to the members of the family from the place of their study or stay abroad to India if they are not residing in India, with the managerial person.

(c) **Leave travel concession:** Return passage for self and family in accordance with the rules specified by the company where it is proposed that the leave be spent in home country instead of anywhere in India.

3. The following perquisites will not be included in the computation of the ceiling of perquisites:

(i) Contribution to the Provident Fund, Superannuation Fund or annuity fund in accordance with the rules of the Company and to the extent these either singly or put together are not taxable under the Income-tax Act, 1961.

(ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

(iii) Encashment of leave at the end of tenure.

(iv) **Children's education allowance; Holiday passage for children studying outside India or family staying abroad; Leave travel concession.**

**"RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year of the Company during the term of Mr. Kumar Nair (DIN 00320541) office as Managing Director the remuneration set out above be paid or granted to Mr. Kumar nair (DIN 00320541) as Minimum remuneration provided that the total remuneration by way of salary and other allowances shall not exceed the ceiling provided in the said Schedule

V to the said Act or such other amount as may be provided in the said Schedule V as may be amended from time to time or any equivalent statutory re-enactments thereof."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things as in its absolute discretion, it may consider necessary or desirable in order to give effect to this resolution."

8. To consider and, if thought fit, to pass, the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Foreign Exchange Management Act, 1999 (FEMA) and the Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 contained in RBI Notification No. FEMA 20/2000-RB dated 3rd May 2000, F E M (Transfer or Issue of Security by a Person Resident outside India) (Amendment) Regulations, 2001 contained in Notification No. FEMA. 45 /2001-RB dated September 20, 2001 and FEM (Transfer or Issue of Security by a Person Resident outside India) (Second Amendment) Regulations, 2003 contained in Notification No. FEMA. 94 /2003-RB dated 18th June 2003 and subject to the relevant laws, rules and regulations applicable from time to time and subject to such consents, sanctions and permissions as may be required, consent of the members be and is hereby accorded for acquiring and holding Equity Shares of the Company, by Foreign Institutional Investors (FIIs), upto an aggregate limit of 100% of the paid up Equity Share Capital of the Company. Provided, however, that the equity shareholding of a single FII or a sub-account of an FII in the Company shall not at any time exceed 10 percent of the paid up Equity Share Capital of the Company."

**"RESOLVED FURTHER THAT** pursuant to the provisions of FEM (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 contained in RBI Notification No. FEMA 20/2000-RB dated 3rd May 2000 and subject to the relevant laws, rules and regulations as applicable from time to time and subject to such consents, sanctions and permissions as may be required, consent of the members be and is hereby accorded for raising the ceiling on the aggregate value of shares of the Company that can be purchased by all NRIs put together to 24% of the paid up share capital of the Company."

**"RESOLVED FURTHER THAT** such increased limits of the holdings of FIIs/sub accounts of FIIs and NRIs be subject to such conditions as may be





imposed by Reserve Bank of India or any other Statutory Authority whose permission or sanction may be required under any Law.”

By order of the Board

Place : Mumbai  
Date : 30.07.2014

*Company Secretary*

**Regd. Office:**

403, Regent Chambers  
Nariman Point, Mumbai 400 021

**NOTES:**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto

2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies etc., must be supported by an appropriate resolution / authority, as applicable.

3. The Register of Members and Share Transfer Books of the Company will remain closed from **10th September, 2014 to 19th September, 2014** (both days inclusive).

Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by notifying the company at [companysecretary@transwarranty.com](mailto:companysecretary@transwarranty.com). Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.

4. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the AGM.

5. Pursuant to Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on 9th September, 2014 i.e. the date prior to the commencement of book closure date are entitled to vote on the Resolutions set forth in this Notice. The e-voting period will commence at 9.30 am 11th September, 2014 and will end at 5.30 pm on 12th September, 2014. The Company has appointed Mr. M.P Sharma, Practicing Company Secretary to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

6. The Scrutinizer shall, within a period of not exceeding three (3) working days from the conclusion of the e-voting period, unlock the votes in the presence of at least two witnesses, not in the employment of the company and make a Scrutinizers Report of the votes cast in favour or against, if any, and submit forthwith to the Chairman of the company.

7. In the event of a poll, please note that the members who have exercised their right to vote by electronic means or through ballot form as above shall not be eligible to vote by way of poll at the meeting. The poll process shall be conducted and scrutinized and report thereon will be prepared in accordance with the provisions of Section 109 of the Companies Act, 2013 read with the relevant Rules. In such an event, votes cast under the poll, taken together with the votes cast through e-voting and using ballot form shall be counted for the purpose of passing resolution.

8. Subject to the receipt of sufficient votes, the resolution shall be deemed to be passed at the 20th Annual General Meeting of the company scheduled to be held on Friday 19th September, 2014. At the said Annual General Meeting the Chairman shall declare the results of e-voting. The results declared along with the Scrutinizers Report shall be placed on the Company's website and on the website of Link Intime India Pvt. Ltd., within two days of the passing of the resolutions at the 20th Annual General

Meeting of the company and shall also be communicated to the Stock Exchange/s.

9. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

#### PROCEDURE FOR E-VOTING:

The instructions for members for voting electronically are as under:-

In case of members receiving e-mail:

- (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li> <li>• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li> </ul>

DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
	<ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter <b>the number of shares held by you as on the cut off date in the Dividend Bank details field.</b></li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.





- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

#### In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on 9.30 am 11th September, 2014 and ends on 5.30 pm on 12th September, 2014. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) Members holding shares either in Demat or physical mode who are in receipt of Notice of Annual General Meeting in physical form may cast their vote using the Ballot Form. Please refer instructions below for more details.
- (D) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

#### MEMBERS WHO WISH TO VOTE USING BALLOT FORM:

In terms of Clause 35B of the Listing Agreement members may fill in the Ballot Form and submit the same in a sealed envelope to the Scrutinizer, Mr. M.P. Sharma, Neha Appartment, Ground

floor, opp. Badwaik Hospital, LBS Road, Bhandup (W), Mumbai - 400 078 so as to reach by 5.30 p.m. of 12 September, 2014. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.

**In the event member casts his votes through both the processes i.e. E-voting and Physical Ballot Form, the votes in the electronic system would be considered and the physical ballot form would be ignored.**

6. Members may please note that pursuant to the provisions of Section 205(A) (5) of the Companies Act, 1956, unclaimed dividend for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956, as and when the same falls due for such transfer. Members who have not encashed their dividend warrants for the Financial Year 2006-07 are requested to write to the Company Secretary or Company's Registrars and Share Transfer Agents.

The details of dividend paid by the Company and respective due dates of transfer to the said Fund which remain unclaimed are as under:

Date of Declaration	Dividend for the year	Amount unclaimed ₹	Due date for transfer
01-08-2007	2006 - 07	42,709/-	01-08-2014
07-08-2008	2007 - 08	51,830/-	07-08-2015
05-08-2009	2008 - 09	23,128/-	05-08-2016
12-09-2012	2011 - 12	27,839/-	12-09-2019

#### Transferring the Unclaimed Dividend

All Unclaimed Dividend remaining unpaid/unclaimed for the financial year ended 31st March, 2007, dividend for which was declared at the Annual General Meeting of the members held on 1st August, 2007, will be transferred by August, 2014, to the IEPF.

7. Members are requested to address all correspondences, including dividend matters to the Registrars and Transfer Agents of the Company.
8. The Company has designated an exclusive email Id viz., [companysecretary@transwarranty.com](mailto:companysecretary@transwarranty.com) to enable the investors to post their grievances and monitor its redressal.

#### Explanatory Statement pursuant to Sec. 102 (1) of the Companies Act, 2013.

##### Item Nos. 4 to 6

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of

Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company.

Mr. Raghu R Palat (DIN 00311994), Mr. Pravin Khatau (DIN 02425468) and Mr. Ranjal Laxmana Shenoy (DIN00074761), are proposed to be appointed as Independent Directors on the Board of the Company for a term of five years, commencing from the date of the Annual General Meeting 19th September, 2014. A brief profile of proposed Independent Directors, including nature of their expertise, is as given below.

None of the above directors are disqualified from being appointed as Directors in terms Section 164 of the Act and have given their consent to act as Directors of the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are concerned or interested, financially or otherwise, in these Resolutions. The Board recommends the Ordinary Resolutions as set out at item no. 4 to 6 for approval of the Members.

Brief resume of Mr. Raghu R Palat (DIN 00311994), Mr. Pravin Khatau (DIN 02425468) and Mr. Ranjal Laxmana Shenoy (DIN00074761).

**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 Indonesia for about 3 years as Chief Executive Officer and Head of India operations.

**Mr. Pravin Khatau** is an MBA and has worked in a senior capacity at Goldman Sachs & Co and Barings in London. He has experience in Finance, Marketing and Administration.

**Mr. Ranjal Laxmana Shenoy** is B. Com., LL.M., A. C. A. A.C.S. Diploma from Indian Institute of Bankers (C.A.IIB). He is Gold Medalist in Law and placed in the merit list both in Inter and Final examinations conducted by the Institute of Chartered Accountants of India (ICAI). He has worked with Merck Limited (formerly known as E. Merck (India) Limited) – in 1980 as a Company Secretary (served as Executive Director (Finance) since 1988) and retired in September 2012. The areas of responsibilities included: Legal and Secretarial Matters; Finance; Accounts and Auditing; Taxation; Corporate Restructuring; Distribution and, for a brief period, Marketing and Production.

Prior experience includes Tata Electric Company Limited, Garware Wall Ropes Limited, Colgate Palmolive India Limited and Central Bank of India.

#### Item 7:

Members at the Annual General Meeting held on 5th August, 2009 approved the appointment of Mr. Kumar Nair (DIN

00320541), as Managing Director of the Company for a period of five years pursuant to Section 198,269,309,310 read with Schedule XIII Section II (A) of the Companies Act, 1956, with effect from 30th August, 2009 in the basic pay scale of ₹ 65,000/- to ₹ 4,00,000/- per month with other perquisites. Considering the time devoted and the efforts put in by the Managing Director in the improvement of the business of the Company, and compared to the remuneration paid by other companies in the similar nature of business, the remuneration paid by the Company to the Managing Director was comparatively less. In view of this the monthly remuneration of Managing Director was revised from ₹ 1,50,000/- to ₹ 3,00,000/- with effect from 1st April, 2011 with an increment as may be approved by the Board of Directors. All other terms and conditions of appointment remained unchanged. This was approved by the Members at the Annual General Meeting held on 16 September 2011.

The Board has approved terms of his appointment and Remuneration as per the recommendation of the Nomination and Remuneration Committee subject to further approval by the members of the Company.

The Board commends the Special resolution under item 7 for your approval.

A statement containing information required to be provided to the shareholders as per the provision of Schedule V in respect of appointment of Mr. Kumar Nair (DIN 00320541) is given below:

#### I General Information:

**Nature of Industry:** 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 has three major business operations in advisory services consisting of Trade Finance, Corporate Finance and Investment Banking.

**Date or expected date of commencement of commercial production:** Not applicable as the company is existing Company.

**In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:** Not applicable.

#### Financial performance based on given indicators:

₹ in lacs

Particulars	FY 2013-14	FY 2012-13	FY 2011-12
Total Income	894.47	1,431.35	2,325.92
Total Expenditure (incl. Finance Cost, Depreciation and Tax)	871.76	1,540.40	1,653.43
Profit / (Loss) After Tax	22.71	(109.05)	672.49
Earning Per Share	0.09	(0.45)	2.88

**Foreign investments or collaborations, if any:** No Foreign investments or collaborations

**II. Information about the appointee:**

1. Background details: Kumar Nair (DIN 00320541) is an A.C.A. and OPM (Harvard Business School) with over 25 years of experience in Financial Services, Capital Market and Investment Banking. He has been a Promoter Director of the Company since inception and prior to starting TFL, he was a key member of the core senior management team, in Kotak Mahindra Finance Ltd.
2. Past remuneration: Remuneration drawn by Kumar Nair (DIN 00320541) in his capacity as Managing Director during the last three years are as follows:

₹ in Lacs

Particulars	FY 2013-14	FY 2012-13	FY 2011-12
Salary drawn by Managing Director	23.85	36.02	36.02

3. Recognition or awards: Not applicable
4. Job profile and his suitability: Kumar Nair (DIN 00320541) is responsible for the overall functions of the Company. His qualification, outstanding experience and general management skills are most suitable for the responsibilities shouldered by him
5. Remuneration Proposed: **Basic Salary: Remuneration not exceeding ₹ 42 Lakhs p.a. including perquisites as may be determined by the Board of Directors or Nomination and Remuneration Committee or such authority as may be delegated by the Board of directors from time to time.**
6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: The Remuneration offered to Kumar Nair (DIN 00320541) is at par with the industry norms considering the industry, size of the company, profile of the position and person
7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel: Kumar Nair (DIN 00320541) is Promoter Director of the Company holding 12708694 Equity Shares in the Company which is 51.96% of the total Subscribed Capital of the Company.

**III Other Information:**

1. Reasons of loss or inadequate profits: The Company has three major business operations in advisory services consisting of Trade Finance, Corporate Finance and Investment Banking. Corporate Finance, which largely caters to Micro, Small & Medium Enterprises (MSME) segment, remained subdued. Investment Banking continues to have robust deal flow. However, due to unforeseen circumstances, the company could not close deals in the pipeline. The lending business, which is

providing loans to the economically challenged sections of the society against security of gold jewellery, is losing its shine due to falling gold price due to various government measures to discourage import of Gold and stringent directives by RBI to banks and NBFC for taking exposures to gold lending business.

2. Steps taken or proposed to be taken for improvement: During the year, Transwarranty has undertaken various measures for achieving the aspirations and goals of the organization. These are long term measures. These measures are ticking in the DNA of Transwarranty culture and these aspirations and goals as set up, will be definitely achieved.
3. Expected increase in productivity and profits in measurable terms: The Company will be committed to its vision of achieving the following:
  - Investment from a reputed fund / strategic institution
  - Set up and manage International & domestic funds for wealth management
  - Build a high quality loan portfolio in select niche segments
  - Technology driven strategy for IT enabled value added services
  - Strong international operations with offices in Singapore, London, Dubai, Hong Kong and New York
  - Top 10 place in the league table in every business
  - Think money, think Transwarranty
  - Be a socially relevant company
  - Performance oriented culture with ethics and values
  - Add and create value for clients, investors, lenders, employees and society at large

Kumar Nair (DIN 00320541) is deemed to be concerned or interested in the resolution. Mr. K. Jay Chandran (DIN00508434) being a relative of Mr. Kumar Nair may be regarded as concerned or interested in the resolution. None of the other Directors or Key Managerial Personnel of the Company and their relatives, are concerned or interested, financially or otherwise, in these Resolutions. The Board recommends the Ordinary Resolutions as set out at item no. 7 for approval of the Members.

**Item 8:**

As per the existing regulations (Notification No. FEMA 20/2000-RB dated 3rd May 2000 and Notification No. FEMA. 45 /2001-RB dated September 20, 2001), FIIs and their sub accounts taken

together cannot acquire more than 24% of the paid-up capital of an Indian Company and the said limits can be raised above the 24% ceiling up-to the sectoral cap / statutory ceiling , as applicable, by passing a resolution by the Board of Directors followed by passing of a special resolution to that effect by its General Body. With a view to improve the free float available for FIIs, the Board of Directors of the Company at their meeting held on 30th July, 2014 approved the proposal to increase the FIIs limit in the Capital of the Company from 24% to 100%.

Similarly, in case of NRIs, the aggregate paid-up value of shares of any company purchased by all NRIs put together should

not exceed 10% of the paid-up capital of the company. The aggregate ceiling of 10 per cent can be raised to 24 per cent by passing a special resolution to that effect by the General Body of the company. Hence the Resolution.

Your Directors recommend the resolution for approval of the members.

None of the Directors or Key Managerial Personnel of the Company and their relatives, are concerned or interested, financially or otherwise, in these Resolutions. The Board recommends the Special Resolutions as set out at item no. 8 for approval of the Members.

**Additional information pursuant to clause 49 of the listing agreement with regard to directors seeking appointment / re-appointment at the 19th Annual General Meeting;**

<b>Name of Director</b>	Mr. Raghu Palat (DIN 00311994)	Mr. Pravin Khatau (DIN 02425468)	Mr. Ranjal Laxmana Shenoy (DIN 00074761)	Mr. K Jayachandran (DIN00508434 )
<b>Qualification</b>	FCA from Institute of Chartered Accountants – England and Wales and ACA from Institute of Chartered Accountants of India	MBA	B.Com., L. L.M., A.C.A, A.C.S; C A I I B.	Post Graduate Honours Diploma in Systems Management.
<b>Experience</b>	Finance, Banking and Administration	Finance, Marketing and Administration	Legal, Finance, Taxation, Marketing and Administration	He has about 8 years experience in the field of Information & Technology and about 12 years experience in the field of manufacturing and International Commodities trading.
<b>No. of shares held</b>	9000 Equity Shares	2500 Equity Shares	NIL	22,717 Equity Shares

By order of the Board

Place : Mumbai  
Date : 30.07.2014

*Company Secretary*

**Regd. Office:**

403, Regent Chambers  
Nariman Point, Mumbai 400 021



**DIRECTORS' REPORT**

To  
The Members,

Your Directors have pleasure in presenting the 20th Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2014.

(₹ in lacs)

Financial Results	2013-14	2012-13
Total Income	894.47	1431.55
<b>Interest and finance charges</b>	<b>37.38</b>	57.96
Depreciation	12.81	15.68
Provision for taxation	1.02	-
Deferred tax	(1.09)	(1.84)
Profit / (Loss) after tax	22.71	(89.54)
Excess/short provision for Income Tax :	-	19.50
Net Profit / (Loss) for the year	22.71	(109.05)
Profit / (Loss) available for appropriation	22.71	(109.05)

During the financial year under report the total revenue of the Company was ₹ 894.47 lakhs as against ₹ 1431.55 lakhs in the previous year. After meeting various expenses such as finance cost, employees benefit expenses, providing for depreciation etc the net profit was ₹ 22.71 lakhs as against net loss of ₹ 109.05 in the previous year.

**Dividend:**

In order to consolidate the financial position of the Company, Directors have not recommended dividend for the financial year 2013-14.

**Future Outlook:**

In spite of well diversified business model, the Company could not achieve the target during the financial year 2013-14. Directors are optimistic of achieving the set goal during the current financial year.

**Employees' Stock Option Plan 2008 (ESOP):**

Particulars	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Options outstanding at the beginning of the year	7,65,769	8,52,237	4,82,266	4,86,766	6,84,000	10,00,000
Options granted during the year	Nil-	Nil	5,96,500	Nil	92,500	6,84,000
Options vested during the year	Nil	1,04,607	50,446	Nil	22,666	Nil
Options forfeited during the year	Nil	66,375	2,13,750	4,500	2,57,000	Nil
Options lapsed/surrendered during the year	Nil	18,218	14,654	Nil	32,734	Nil
Options outstanding at the end of the year	5,20,319	7,65,769	8,50,362	4,82,266	4,86,766	6,84,000

Had fair value method been used, the compensation cost would have been higher by ₹ 8.05 lakhs (previous year. ₹ 11.85 lakhs). Profit after tax would have been lower by ₹ 8.05 lakhs (Previous year loss after tax would have been higher by ₹ 11.85 lakhs) and EPS both basic and diluted would have been ₹ 0.06 per share (previous year ₹ (0.49) 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 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. National Securities Depository Ltd., (NSDL) (for depository services)
5. SEBI registration as a Merchant Banker.
6. 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 ₹ 632.50 lakhs as against ₹ 1177.38 lakhs in the previous year. The net loss after tax was ₹ 152.92 lakhs as against net loss of ₹ 163.25 lakhs in the previous year.

#### **Auditors' Report:**

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

#### **Auditors:**

**Messrs Rahul Gautam Divan & Associates** retire as Auditors of the Company at the conclusion of the forthcoming Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the auditors for the financial year 2013-14, if appointed. The Board and Audit Committee of the Company has recommended the re-appointment of Messrs. Rahul Gautam Divan & Associates, Chartered Accountants, as statutory auditor of the Company to hold office as such until the conclusion of the next Annual General Meeting.

#### **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.

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. K. Jay Chandran, (DIN00508434) Promoter Director retires by rotation and being eligible, offer for re-appointment.

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company.

Mr. Raghu R Palat (DIN 00311994), Mr. Pravin Khatau (DIN 02425468) and Mr. Ranjal Laxmana Shenoy (DIN00074761), are proposed to be appointed as Independent Directors on the Board of the Company for a term of five years, commencing from the date of the Annual General Meeting 19th September,

2014. A brief profile of proposed Independent Directors, including nature of their expertise, is as given as part of Notice convening the Annual General Meeting.

Resolution for re-appointment of Mr Kumar Nair (DIN 00320541) as Managing Director is also placed for the consideration of the Members.

#### **Directors' Responsibility statement:**

##### **Your Directors hereby confirm:-**

- a) That in the preparation of the Annual Accounts for the year ended 31st March, 2014, applicable Accounting Standards have been followed along with proper explanation relating to material departures, wherever necessary.
- b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for the year ended 31st March, 2014.
- c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) That the Directors have prepared the annual accounts on an ongoing concern basis.

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

There are no employees drawing a monthly or yearly remuneration in excess of the limits specified in Section 217(2A) of the Companies Act, 1956

#### **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 : ₹ 129.70 lakhs

Outgo : ₹ 4.02 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

Date : 30/07/ 2014

Place : Mumbai

**Suresh N Talwar**

*Chairman*

**Registered Office:**

403, Regent Chambers,  
Nariman Point, Mumbai 400 021

## CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR ENDED MARCH 31, 2014

(as requires under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

### Mandatory Requirements:

#### 1. Corporate Governance :

Corporate governance refers to a set of laws, regulations and good practices that enable an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders. The Company believes that sound Corporate Governance is critical for enhancing and retaining investor trust and the Company always seeks to ensure that its performance goals are met with integrity. The Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate governance viz., integrity, equity, transparency, fairness, disclosure, accountability and commitment to values.

#### Company's Philosophy on Code of Corporate Governance:

Transparency, fairness, disclosure and accountability are central to the working of the Company and it's 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.

#### 2. Code of Conduct:

The Company has well defined policy framework which lays down procedures to be adhered to by all Board Members and Senior Management for ethical professional conduct. The Code outlines fundamental ethical considerations as well as specified considerations that need to be maintained for professional conduct. Senior Management includes personnel of the core management team excluding Board of Directors but including all functional heads. The Code of Conduct is also posted on the website of the company [www.transwarranty.com](http://www.transwarranty.com).

#### 3. Board of Directors:

##### (i) Composition and size of the Board

The Company's policy is to have an appropriate mix of Executive & Non-Executive Directors. The size and composition of the Board, conforms to the requirements of Corporate Governance Report under Clause 49 of 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.

##### (ii) Meeting of the Board :

During the financial year 2013-14, the Board met 5 times on 20th May 2013, 31st July, 2013, 1st November 2013, 14<sup>th</sup> January, 2014 and 10 February, 2014 respectively.

The Company Secretary prepares the agenda and the explanatory notes, in consultation with the Chairman & Managing Director and circulates the same in advance to the Directors. Every Director is free to suggest inclusion of items on the agenda. The Board meets at least once every quarter inter alia to review the quarterly results. Additional Meetings are held as and when necessary. The Minutes of the proceedings of the Meetings of the Board of Directors are noted and the draft minutes are circulated amongst the Members of the Board for their perusal. Comments, if any, received from the Directors are also incorporated in the minutes, in consultation with the Chairman & Managing Director. The minutes are approved by the Members of the Board within the stipulated period.

The necessary disclosure regarding Directorship and Committee positions have been made by the Directors who are on the Board of the Company as on March 31, 2014 this is as per Clause 49 of the Listing Agreement. 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	Director Identification No.	Category	No. of Board meetings attended	Last AGM attendance	No of Directorships	Chairmanship/ membership of Board Committees*
Mr. Suresh N Talwar	00001456	Chairman –Non-Executive Director -Alternate Director to Mr. Pravin Khatau	5	Yes	44	4/5**
Mr. Kumar Nair	00320541	Managing Director Promoter Director	5	Yes	7	0/1
Mr. Raghu R. Palat	00311994	Director- Independent	4	Yes	3	Nil
Mr. Pravin Khatau	02425468	Director - Independent	Nil	No	Nil	Nil
Mr. K. Jay Chandran	00508434	Promoter Director	Nil	No	Nil	Nil
Mr. R. L. Shenoy	00074761	Director- Independent	5	No	Nil	Nil

\* Includes only Audit & Shareholder's Grievance Committee

\*\* Includes 1 company where he is an Alternate Director

#### (iii) Information to the Board:

- The Board of Directors has complete access to the information within the Company, which inter alia includes :-
- Annual revenue budgets and capital expenditure plans;
- Quarterly results and results of operations of Independent Company and business segments;
- Financing plans of the Company;
- Minutes of meeting of Board of Directors, Audit Committee, Remuneration and compensation Committee and Shareholders' / Investors' Grievance Committee;
- Compliance or Non-compliance of any regulatory, statutory nature or listing requirements and investor service such as non- payment of dividend, delay in share transfer, etc., if any.

#### 4. Appointment/Reappointment of Directors:

Mr. K. Jay Chandran, (DIN00508434) Promoter Director retires by rotation and being eligible, offer for re-appointment.

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company.

Mr. Raghu R Palat (DIN 00311994), Mr. Pravin Khatau (DIN 02425468) and Mr. Ranjal Laxmana Shenoy (DIN00074761), are proposed to be appointed as Independent Directors on the Board of the Company for a term of five years, commencing from the date of the Annual General Meeting 19<sup>th</sup> September, 2014. A brief profile of proposed Independent Directors, including nature of their expertise, is as given as part of Notice convening the Annual General Meeting.

Resolution for re-appointment of Mr. Kumar Nair (DIN 00320541) as Managing Director is also placed for the consideration of the Members.

#### 5. Board Committee

The Board constitutes the following Committees of Directors:

- Audit Committee
- Shareholders' Grievance Committee
- Remuneration / Compensation Committee

The Board is responsible for constituting, assigning and co-opting the members of the Committees.

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

The Audit Committee comprises 3 members out of which 2 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. Kumar Nair and Mr. R. L. Shenoy are all Chartered Accountants.

**(ii) Attendance at the Audit Committee Meeting:**

During the financial year 2013-14, the Committee met 4 times on 20th May, 2013, 31st July, 2013, 1st November, 2013 and 10th February, 2014 respectively and the gap between any 2 meetings was lesser than 4 months. The attendance of Members at the Meetings was as follows:

Name	Designation	Category	Attendance out of 4 meetings held
Mr. Raghu R. Palat	Chairman	Independent	3
Mr.R.L. Shenoy	Member	Independent	4
Mr. Kumar Nair	Member	Executive	4

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

**(iii) Power of Audit Committee:**

- (a) To investigate any activity within the 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

**(iv) 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.
- (e) Reviewing, with the management, the quarterly financial statement before submission to the Board for approval.
- (f) Reviewing, with the management the performance of Statutory and Internal Auditors, adequacy of internal control systems.
- (g) 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.
- (h) Discussion with Internal Auditors any significant findings and follow up there on.



- (i) 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.
- (j) 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.
- (k) 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.
- (l) To review the functioning of Whistle Blower Mechanism, in case, if the same exists.
- (m) Carrying out any other function as is mentioned in the terms of reference of Audit Committee.

**(b) Shareholders' Grievance Committee:**

**(i) Terms of reference:**

The Terms of reference to the Shareholders' Grievance Committee focuses on shareholders' grievances and strengthening of investors' relations, specifically looking into redressal of grievances pertaining to

- 1) Redressal of Shareholders / Investors' complaints
- 2) Allotment, transfer and transmission of shares
- 3) Non-receipt of Financial statement
- 4) Non-receipt of dividend
- 5) Matters relating to demat / remat
- 6) Other related issues

**(ii) Meeting :**

No meeting was held during the financial year 2013-14.

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

Name	Designation	Category
Mr. Raghu R. Palat	Chairman	Independent
Mr. R. L. Shenoy	Member	Independent
Mr. Kumar Nair	Member	Executive

Company Secretary has been designated as Compliance Officer. The investors may register their complaints at the email-id: [companysecretary@transwarranty.com](mailto:companysecretary@transwarranty.com)

**(iii) Number of Complaints:**

During the year, the Company / its Registrar's received the following complaints from SEBI / Stock Exchanges and queries from shareholders, which were resolved within the time frames laid down by SEBI.

Particulars	Opening Balance	Received	Resolved	Pending
Complaints:				
SEBI/Stock Exchange	Nil	0	0	0
Shareholders Queries				
Dividend	Nil	0	0	0

**(c) Remuneration / Compensation Committee:**

**(i) Composition**

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. R. L. Shenoy – Member

**(ii) Meetings**

No meeting was held during the financial year 2013-14

Directors	Salary (including Performance Incentive, if any and other allowance) (₹)	Perquisites (₹)	Contri- bution to P. F. super- annuation and Gratuity (₹)	Sitting Fees (₹)	Com-mission (₹)	Total (₹)
Mr. Kumar Nair	22,55,408		1,29,600	–	–	23,85,008
Mr. Suresh N Talwar	–	–	–	1,00,000	–	80,000
Mr. Raghu R. Palat	–	–	–	1,40,000	–	1,40,000
Mr. Pravin Khatau	–	–	–	–	–	–
Mr. Jay Chandran	–	–	–	–	–	–
Mr. R. L. Shenoy	–	–	–	1,80,000	–	1,80,000

Details of remuneration paid to the Directors.

**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
2010-11	Friday, 16 <sup>th</sup> 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
2011-12	Wednesday, 12 <sup>th</sup> September, 2012 At 11.00 a.m.	M. C. Ghia Hall, Kala Ghoda, Fort, Mumbai - 400 001	<p>Pursuant to Sec.198, 269&amp; 309 read with Schedule XIII of the Companies Act, 1956 appointment, Mr. K. Jay Chandran as Whole-time Director of the Company.</p> <p>Pursuant to Sec.309 of the Companies Act, 1956, payment of commission to Director not exceeding in the aggregate 1% 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, 2016.</p> <p>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 <b>TRANSWARRANTY EMPLOYEES STOCK OPTION PLAN 2008 {"ESOP 2008"}</b> constituted pursuant to the said resolution from the earlier approved <b>5 years to 10 years.</b></p>
2012-13	Wednesday 25 <sup>th</sup> September, 11.00 a.m.	M. C. Ghia Hall, Kala Ghoda, Fort, Mumbai - 400 001	Nil



**Postal Ballot:**

For the financial year ended 31<sup>st</sup> March, 2014, No Resolutions were passed by the Company's Shareholders through Postal Ballot.

No special resolution is proposed to be conducted through postal ballot as on date.

**7. Disclosures:**

- 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.
- Transactions with related parties are disclosed in Note No. 31 in the notes to the accounts in the Annual Report as required by Accounting Standards under AS 18 issued by Institute of Chartered Accountants of India.
- 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.
- 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.
- 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, 2013.
- 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.
- Risk assessment and minimization procedures are periodically reviewed by the Audit Committee and the Board of Directors of the Company.
- 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.
- 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.

**8. Means of Communication:**

Sl. No	Particulars		1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter
1	English Newspapers in which quarterly results were published / to be published	Business Standard (Mumbai edition)	1 <sup>st</sup> August 2013	2nd Nov. 2013	11 <sup>th</sup> Feb. 2014	27 <sup>th</sup> May, 2014
2	Vernacular Newspapers in which quarterly results were published / to be published	Apla Mahanagar	1 <sup>st</sup> August 2013	2nd Nov. 2013	11 <sup>th</sup> Feb. 2014	27 <sup>th</sup> May, 2014
3	Website Address of the Company on which financial results are posted	www.transwarranty.com				
4	Name of the Stock Exchange(s) on which financial results are posted	Website Address				
	BSE Limited (BSE)	www.bseindia.com	31st July 2013	1 <sup>st</sup> Nov. 2013	10 <sup>th</sup> Feb. 2014	26 <sup>th</sup> May, 2014
	National Stock Exchange of India Limited (NSE)	www.nseindia.com	31st July 2013	1 <sup>st</sup> Nov. 2013	10 <sup>th</sup> Feb. 2014	26 <sup>th</sup> May, 2014

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](http://www.transwarranty.com).

#### 9. General Shareholders Information:

Sl. No.	Particulars	Details		
1	Annual General Meeting	19 <sup>th</sup> September, 2014 11.30 a.m M C Ghia Hall, Bhogilal Hargovindas Building, 3 <sup>rd</sup> Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001		
2	<b>Financial Calendar (Tentative)</b>			
	Financial reporting for the quarter ending June 30, 2014	last week of July, 2014		
	Financial reporting for the quarter ending Sept.30, 2014	last week of October, 2014		
	Financial reporting for the quarter ending Dec. 31, 2014	last week of January, 2014		
	Financial reporting for the quarter ending March 31, 2014	last week of May 2014		
	Annual General Meeting for the year ended March 31, 2014	August-September, 2014		
3	Date of Book Closure	10 <sup>th</sup> September, 2014 to 19 <sup>th</sup> September, 2014 (both days inclusive)		
4	Listing on Stock Exchanges	Name & Address of Stock Exchange Ltd	Stock Code	Demat ISIN for NSDL & CDSL
		Bombay Stock Exchange Ltd (BSE)	<b>532812</b>	INE 804H01012
		National Stock Exchange of India Ltd (NSE)	<b>TFL</b>	INE 804H01012
6	Payment of Annual Listing fees	Listing fees for the financial year 2013-2014 has been paid to both the Stock Exchanges BSE & NSE		
7	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	<a href="mailto:sarita.mote@linkintime.co.in">sarita.mote@linkintime.co.in</a>		
8	Custodial Fees to Depositories	The Company has paid custodial fees for the year 2013-14 to NSDL and CDSL.		
9	Address for correspondence	Transwarranty Finance Limited, (CIN:L6592MH1994PC080220) 403, Regent Chambers, Nariman Point, Mumbai - 400 021. Phone : 022 – 6630 6090/91		
10	Investor Grievances For any assistance	The Company has designated an exclusive e-mail id viz. <a href="mailto:companysecretary@transwarranty.com">companysecretary@transwarranty.com</a> to enable investors to register their complaints, if any. The Company strives to reply to the complaints within a period of 3 working days.		



Sl. No.	Particulars	Details
		Regarding dematerialization of shares, share transfers, transmissions, change of address, non receipt of dividend or annual report or any other query relating to shares be addressed to <b>Link Intime India Private Limited (Formerly Intime Spectrum Registry Limited), C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078.</b> Phone: 022 25963838, Fax: 022 25946969 (Email : <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> )
11	Functional website of the Company as per Clause 54 of the Listing Agreement	Pursuant to the requirement of Clause 54 of the Listing Agreement, the Company maintains a functional website of the Company and website address of the Company is <a href="http://www.transwarranty.com">www.transwarranty.com</a> . Website of the Company provides the basic information about the Company e.g. details of its business, financial information, shareholding pattern etc. and the Company is regularly updating the Information provided on its website.

#### 10. 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.

Physical shares received for dematerialization are processed and completed within a period of 21 days from the date of receipt.

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

#### 11. Stock performance vs BSE Sensex and NSE

##### Market Price Data during the year ended 31.03.2014

Month	BSE	
	High	Low
13-Apr	8.46	5.85
13-May	7.35	6.3
13-Jun	6.3	4.24
13-Jul	5.25	4.44
13-Aug	4.59	3.9
13-Sep	5.09	3.92
13-Oct	7	4.75
13-Nov	8.89	7.35
13-Dec	8.87	5.68
14-Jan	7.15	5.76
14-Feb	6.47	4.07
14-Mar	4.75	3.81

NSE		
Date	High Price	Low Price
14-Mar-14	5.25	4.9
13-Mar-14	5.15	5.15
11-Mar-14	5.4	5.35
5-Mar-14	5.4	5.4
26-Feb-14	5.65	5.65
24-Feb-14	5.9	5.9
21-Feb-14	5.7	5.7
13-Feb-14	6	6
10-Feb-14	6.5	6
7-Feb-14	6.3	6.3
4-Feb-14	6	6
31-Jan-14	6	6
23-Jan-14	5.75	5.75
22-Jan-14	5.75	5.75
20-Jan-14	5.75	5.75
17-Jan-14	5.5	5.5
16-Jan-14	5.25	5.25
15-Jan-14	5	5
14-Jan-14	4.8	4.8
5-Apr-13	7.75	7.75
3-Apr-13	7.8	7.75
2-Apr-13	6.5	6

#### Distribution of Shareholding as on 31-03-2014:

No. of equity shares held	No. of share holders	% of share holder	Total no. of shares held	% of shares held
1 - 500	4261	82.05	741276	3.03
501 - 1000	471	9.06	378779	1.54
1001 - 2000	206	3.96	312088	1.27
2001 - 3000	84	1.61	216621	0.88
3001 - 4000	42	0.80	147347	0.60
4001 - 5000	27	0.51	123754	0.50
5001 - 10000	45	0.86	325455	1.33
10001 and above	57	1.09	22215248	90.82
<b>Total</b>	<b>5193</b>	<b>100.00</b>	<b>24460568</b>	<b>100.00</b>

**12. Corporate Benefits to Shareholders****(i) Dividend History**

Financial Year	Dividend	Dividend (₹ per Share)
2006-07	10.00%	1.00/-
2007-08	10.00%	1.00/-
2008-09	3.00%	0.30/-
2009-10	Nil	Nil
2010-11	Nil	Nil
2011-12	5.00%	0.50/-

**(ii) Transfer of unclaimed Dividend in to the Investors Education and Protection Fund**

As provided in Section 205C(2) of the Companies Act, 1956, dividend amount which was due and payable and remained unclaimed and unpaid for a period of seven years has to be transferred to **Investor Education & Protection Fund (IEPF)** established by the Central Government .

The dividend for the following years remaining unclaimed for seven years will be transferred by the Company to IEPF according to the schedule given below. Shareholders who have not so far encashed their dividend warrant (s) or have not received the same are requested to seek issue of duplicate warrant (s) by writing to Link Intime India Private Limited (Formerly Intime Spectrum Registry Limited) confirming non – encashment / non - receipt of dividend warrant (s).

Financial Year	Date of Declaration	Amount unclaimed	Due for Transfer to IEPF
2006-2007	01/08/2007	42,709.00	August 2014
2007-08	07/08/2008	51,830.00	August 2015
2008-09	05/08/2009	23,128.20	August 2016
2011-12	12/09/2012	27,839.00	September 2019

**Dematerialization of shares :**

The Company's Shares are required to be compulsorily traded in the Stock Exchanges in dematerialized form. The Company had sent letters to shareholders holding shares in physical form emphasizing the benefits of dematerialization and 99.56% of the shares have been dematerialized so far.

The number of shares held in dematerialized and physical mode is as under :

	No. of shares	% of total capital
Held in dematerialized form in NSDL	20724640	84.86
Held in dematerialized form in CDSL	3629245	14.70
Physical	106683	0.44
<b>Total</b>	<b>24460568</b>	<b>100.00</b>

**Reconciliation of Share Capital Audit (earlier known as Secretarial Audit) :**

A qualified practicing Company Secretary has carried out Secretarial Audit every quarter to reconcile the total admitted capital with National Securities Depositories Limited (NSDL) and Central Depositories Services (India) Limited (CDSL) and the total issued and listed capital. The Audit confirms that total issued / paid up capital is in agreement with the aggregate total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

**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. R. L. Shenoy are independent Directors on the Board of the Company. 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.

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## 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, 2014.

Place : Mumbai  
Date : 30.07.2014

**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 31<sup>st</sup> March, 2014 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 : 30.07.2014

**Kumar Nair**  
*Chief Executive Officer (CEO)*

**Ramachandran U.**  
*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 2014 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/-  
**RAHUL DIVAN**  
*Partner*

Place : Mumbai  
Date : 30.07.2014

Membership Number: 100733

## MANAGEMENT DISCUSSION AND ANALYSIS

### Background:

Transwarranty Finance Limited is a Non Deposit Accepting Non Banking Finance Company (“NBFC”), holding a Certificate of Registration from the Reserve Bank of India (“RBI”) engaged in a wide spectrum of financial services, both advisory and fund based lending.

The Company is headquartered in Mumbai and through its subsidiary has a significant presence in southern India.

### Industry And Economic Scenario:

2013-14 continued to be a challenging environment for India on account of subdued domestic growth, high inflation and uncertainty. Domestic GDP showed marginal improvement from 4.5% to 4.7% but this was mainly on account of increased agricultural growth from 1.4% to 4.2%. Industrial and service sector growth was poor as was both consumption and investment demand. The Indian rupee weakened to its lowest level. In the last quarter of the financial year, there were signs of a revival and this afforded some stability. Inflation pressures subsided due to a reduction in food price inflation and the government reduced the fiscal deficit from 4.9% in the last fiscal year to 4.6% in this fiscal year. Current account deficit fell to 1.9% of GDP from 4.8%. This was significantly accounted for by the trade deficit falling by 6.7%. The anticipation of a favorable general election result further fuelled the economy as it was widely believed that there would be change, reforms and favorable policies. The downside risk of an unfavorable monsoon however should not be discounted.

India is in transition and if it desires to regain its position as a leading emerging market investment destination, clarity and consistency of policy action is paramount. There has been some euphoria following the election. In anticipation of good governance, growth, stability and economic progress the equity markets have created an all time high and currency markets are buoyant. However, investors, both local and foreign, are waiting for marked signs of stability, good governance and policy action before committing long term capital to the country. Monsoons will clearly be a variable in FY 2014-15, given the various predictions of a below par monsoon. Lastly, on the fiscal deficit, targets have been met, but many constituents continue to question the quality and means of this achievement. The RBI and the Government have taken notable steps in FY 2013-14 to address the economic headwinds. The Government formed the Project Management Group to facilitate large projects, undertook actions on power tariffs, gas price and continued diesel price increases. The RBI initiated efforts at recognizing and cleaning up Non-Performing Assets (“NPA”). On the policy front, it introduced a shift in focus to Consumer Price Inflation (CPI) from Wholesale Price Inflation (WPI), and a move towards inflation targeting. If implemented correctly and in a time bound manner, these collectively have the ability to create a meaningful impact on the economy. The Government’s first

GDP estimate for FY 2013-14 estimates growth at 4.9%, largely in line with market expectations. The Interim budget which was the last budget of the UPA-II Government and the first Budget by the NDA Government was “not” biased towards populist measures but focused on growth measures, like reduction in excise duties on capital and consumer goods and maintaining the fiscal deficit target within limits. The key to a higher growth would be reviving investments (initially by revival of stalled projects), especially in the private sector and higher domestic savings, especially financial savings, by containing inflation and positive real return. Debt in the private sector has risen despite India’s total debt (private and public) remaining at approximately 139% of GDP, in line with the last 10 years’ average. Rising private-sector debt coupled with repayments to the tune of approximately US\$20 bn annually make the economy vulnerable to international capital flows. Though the real economy is largely domestic oriented, given its dependence on capital flows, India is open to exchange volatility and its related pitfalls.

On the global front, the Federal Reserve reduced its monthly asset purchases with the last reduction for FY 2013-14 being made in February 2014. The monthly purchases are down to US\$ 65bn (US\$ 35 bn Treasury + US\$ 30 bn Mortgage Backed Securities). Global observers expect the tapering to continue in the coming months, leading to a complete wind down by end of Q2 2014-15.

The year ahead will be challenging on the interest rate and credit quality front, however, since India has voted a stable Government, we could see an improvement in asset quality and return growth.

### Review of Operations of the Company:

The Company along with its subsidiary company achieved consolidated revenue of ₹ 1477.97 lakhs compared to ₹ 2490.98 lakhs in the previous year.

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, was majorly effected by the economic scenario and government policies and did business transactions of only ₹ 4,250 crores (previous year ₹ 7841.78 crores) and Income of ₹ 354.42 lakhs ( Previous year 430.69 lakhs) for the year.

Corporate Finance, which largely caters to Micro, Small & Medium Enterprises (MSME) segment, had a slow growth and generated Income of ₹ 13.75 lakhs (Previous year ₹ 6.75 lakhs).

Investment Banking continues to have robust deal flow. This year there were seen positive movements and did a business transaction worth of ₹ 210 crores and a total income of ₹ 78.52 lakhs (Previous year ₹ 537.97 lakhs)



The lending business, which is providing loans to the economically challenged sections of the society against security of gold jewelry, is losing its shine due to falling gold price due to various government measures to discourage import of Gold and stringent directives by RBI to banks and NBFC for taking exposures to gold lending business. The company has eventually decided to lower its exposure to gold lending business.

**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. NSDL (for depository services)
- e. SEBI registration as a Merchant Banker.
- f. 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, 2014 Vertex Securities Limited earned consolidated revenue of ₹ 583.50 Lacs as compared to ₹ 1,088.56 Lacs in the previous year. The consolidated operations have recorded a net loss of ₹ 152.92 Lacs as compared to a net loss of ₹ 163.25 Lacs in the previous year.

**Vertex Commodities And Finpro Pvt Ltd:**

During the year ended 31st March, 2014 the subsidiary company Vertex Commodities And Finpro Private Limited had total revenue of ₹ 1,33,89,365 and loss of ₹ 53,86,350 as against ₹ 4,09,01,969 and loss of 1,38,959 Lacs respectively in the previous year.

**Business Outlook:**

Transwarranty Finance Limited, 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 Finance Limited 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.

During the year, Transwarranty has undertaken various measures for achieving the aspirations and goals of the organization. These are long term measures and its effect will be seen in the next few years. The Company will be committed to its vision of achieving the following:

- Investment from a reputed fund / strategic institution
- Set up and manage International & domestic funds for wealth management
- Build a high quality loan portfolio in select niche segments
- Technology driven strategy for IT enabled value added services
- Strong international operations with offices in Singapore, London, Dubai, Hong Kong and New York
- Top 10 place in the league table in every business
- Think money, think Transwarranty
- Be a socially relevant company
- Performance oriented culture with ethics and values
- Add and create value for clients, investors, lenders, employees and society at large

**Risk Management**

Risk Management is an integral part of the Company's business strategy. The Company is exposed to specific risks that are particular to its business including interest rate volatility, economic cycle, market risk and credit risk. The management

continuously assesses the risk and monitors the business and risk management policies to minimize the risk.

#### **Internal Control Systems And Their Adequacy**

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures. Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board which also reviews the adequacy and effectiveness of the internal controls in the Company.

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

#### **Human Resource Development**

The Company believes that the human resources are vital in giving the company a competitive edge in the current business environment. The Company's philosophy is to provide congenial work environment performance oriented work culture, knowledge acquisition/ dissemination, creativity and responsibility. As in the past the Company has enjoyed cordial relations with the employees at all levels.

#### **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.



## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF  
TRANSWARRANTY FINANCE LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of Transwarranty Finance Limited ("the Company") which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Non Banking Financial Companies Auditors (Reserve Bank ) Directions, 1998 we further state that:
  - a. The Company, incorporated prior to 9 January 1997 has applied for registration as provided in Section 56 IA of the Reserve Bank of India Act, 1934 (2 of 1934) and the Company has been granted certificate of registration dated 6 August, 1998 from the Reserve Bank as a NBFC;
  - b. The Board of Directors of the Company has passed a resolution for non acceptance of any public deposits;
  - c. The company has not accepted any public deposits during the year under reference; and
  - d. The company has complied with prudential norms relating to the income recognition, accounting standards, asset classification and provision of bad and doubtful debts as applicable to it.
2. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government



of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

3. As required by section 227(3) of the Act, we report that:
- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. 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;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
  - e. on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **RAHUL GAUTAM DIVAN & ASSOCIATES**  
Chartered Accountants  
(Firm's Registration Number: 120294W)

**RAHUL DIVAN**

Place : Mumbai  
Date : 26 May 2014

*Partner*  
Membership Number: 100733

## ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Annexure referred to in paragraph 2 under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date)

- 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 unsecured loans and deposits to companies covered under section 301 of the Companies Act, 1956 during the year. The maximum amount during the year was Rs. 200,860,718 and the year end balance of the loans granted is Rs. 50,389,265 .
- (b) In our opinion the rate of interest and other terms and conditions of said unsecured loans were not, prima facie, prejudicial to the interest of the Company. *However no interest was received on the said unsecured loans during the year.*
- (c) As informed to us, the Company was regular in receiving the principal amount as per the terms and conditions of the agreement.
- (d) As informed to us, there is no overdue amount of loans granted by the Company.





- e) The Company has taken unsecured loan from companies covered under section 301 of the Companies Act, 1956. The year end balance of the loans taken is Rs. 1,490,246.
- f) In our opinion the rate of interest and other terms and conditions of said unsecured loans were not, prima facie, prejudicial to the interest of the Company.
- g) As informed to us, the Company was regular in paying the principal amount as per the terms and conditions of the agreement.
- (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 2014 outstanding for a period of more than six months from the date they become payable.  
(b) According to the information and explanation given to us and the records of the Company examined by us, there are no disputed amounts of taxes which have not been deposited with the authorities as at 31 March 2014.
- (x) *According to the records of the Company, 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. However, 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 statute 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. 70,600,000 which are shown as a contingent liability.
- (xvi) In our opinion, the term loans 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 2014, 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 2014. Accordingly, paragraph 4(xix) of the Order is not applicable.
- (xx) During the year ended 31 March 2014, 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 2014.

For **RAHUL GAUTAM DIVAN & ASSOCIATES**

*Chartered Accountants*

(Firm's Registration Number: 120294W)

**RAHUL DIVAN**

*Partner*

Membership Number: 100733

Place : Mumbai

Date : 26 May 2014

**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2014**

Particulars	Note No.	As at 31 <sup>st</sup> March, 2014		As at 31 <sup>st</sup> March, 2013	
		₹	₹	₹	₹
<b>I EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders Funds</b>					
(a) Share Capital	2	244,605,680		244,605,680	
(b) Reserves and Surplus	3	<u>324,011,603</u>		<u>321,740,709</u>	
			<b>568,617,283</b>		<b>566,346,389</b>
<b>(2) Non - Current Liabilities</b>					
(a) Long Term Borrowings	4	20,819,210		22,440,976	
(b) Other Long Term Liabilities	5	<u>1,312,879</u>		<u>1,315,888</u>	
			<b>22,132,089</b>		<b>23,756,864</b>
<b>(3) Current Liabilities</b>					
(a) Short Term Borrowings	6	10,805,041		17,121,111	
(b) Other Current Liabilities	7	8,135,794		9,387,546	
(c) Short Term Provisions	8	<u>1,371,948</u>	<b>20,312,783</b>	<u>1,323,637</u>	<b>27,832,294</b>
<b>Total Equity And Liabilities</b>			<b><u>611,062,155</u></b>		<b><u>617,935,547</u></b>
<b>II ASSETS</b>					
<b>(1) Non Current Assets</b>					
(a) Fixed Assets					
(i) Tangible Assets	9	2,601,627		4,393,237	
(ii) Intangible Assets	10	1,264,697		963,580	
(b) Non Current Investments	11	284,509,147		141,408,485	
(c) Deferred Tax Assets (Net)	12	423,472		314,675	
(d) Long Term Loans and Advances	13	282,775,239		346,823,617	
(e) Other Non Current Assets	14	<u>-</u>	<b>571,574,182</b>	<u>23,490</u>	<b>493,927,084</b>
<b>(2) Current Assets</b>					
(a) Trade Receivables	15	4,274,875		4,873,753	
(b) Cash and Cash Equivalents	16	4,520,023		6,362,191	
(c) Short Term Loans and Advances	17	25,783,689		97,855,352	
(d) Other Current Assets	18	<u>4,909,386</u>	<b>39,487,973</b>	<u>14,917,167</u>	<b>124,008,463</b>
<b>Total Assets</b>			<b><u>611,062,155</u></b>		<b><u>617,935,547</u></b>

The Note No.1 to 32 are integral part of these Financial Statements

As per our attached report of even date

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

**Rahul Divan**  
Partner

Mumbai  
May 26, 2014

For and on behalf of Board of Directors

**Suresh N. Talwar**  
Chairman

**R. L. Shenoy**  
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 31<sup>ST</sup> MARCH, 2014

Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2014 (₹)	For the year ended 31 <sup>st</sup> March, 2013 (₹)
<b>REVENUE</b>			
Revenue From Operations	19	86,291,525	129,442,876
Other Income	20	3,155,270	13,691,676
<b>Total Revenue</b>		<b>89,446,795</b>	<b>143,134,552</b>
<b>EXPENSES</b>			
Purchase of Shares Stock in Trade	21	49,534,375	70,762,217
Employee Benefits Expense	22	19,163,251	41,759,791
Finance Costs	23	3,738,100	5,796,210
Depreciation and Amortisation Expense	9 & 10	1,281,313	1,568,277
Other Expenses	24	13,011,164	31,964,477
<b>Total Expenses</b>		<b>86,728,203</b>	<b>151,850,972</b>
<b>Profit / (Loss) Before Exceptional and Extra ordinary items and Tax</b>		<b>2,718,592</b>	<b>(8,716,420)</b>
Exceptional Items			
Profit / (Loss) on Sale of Fixed Assets		(454,495)	(423,047)
<b>Profit / (Loss) Before Extra ordinary items and Tax</b>		<b>2,264,097</b>	<b>(9,139,467)</b>
Extraordinary Items		-	-
<b>Profit / (Loss) Before Tax</b>		<b>2,264,097</b>	<b>(9,139,467)</b>
<b>Tax Expense</b>			
Current Tax - Minimum Alternate Tax		102,000	-
Short / (Excess) Provision for Tax in Prior Years (Net)		-	1,950,049
Deferred Tax		(108,797)	(184,078)
<b>Profit / (Loss) After Tax from Continuing Operations</b>		<b>2,270,894</b>	<b>(10,905,438)</b>
<b>Profit / (Loss) from Discontinuing Operations</b>		-	-
Tax Expense of Discontinuing Operations		-	-
<b>Profit / (Loss) from Discontinuing Operations After Tax</b>		-	-
<b>Profit / (Loss) For the Year</b>		<b>2,270,894</b>	<b>(10,905,438)</b>
Basic Earning Per Share of ₹ 10/- each ( In Rupees)	26	0.09	(0.45)
Diluted Earning Per Share of ₹ 10/- each ( In Rupees)	26	0.09	(0.45)
The Note No.1 to 32 are integral part of these Financial Statements			

As per our attached report of even date

For **Rahul Gautam Divan & Associates**  
Chartered Accountants**Rahul Divan**  
PartnerMumbai  
May 26, 2014

For and on behalf of Board of Directors

**Suresh N. Talwar**  
Chairman**R. L. Shenoy**  
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 31<sup>ST</sup> MARCH, 2014**

Particulars	2013-14 Amount (₹ )	2012-13 Amount (₹ )
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary items	2,264,097	(9,139,467)
<b>Add: Non Operating Expenses/ Non Cash Expenses</b>		
Depreciation & Amortisation	1,281,313	1,568,277
Loss on Sale of Fixed Assets	454,495	423,047
Interest Paid	3,738,100	5,796,210
Bad debts Written off	128,036	113,795
Short / (Excess) Provision For Tax in Prior Years	-	(1,950,049)
	<u>5,601,944</u>	<u>5,951,280</u>
<b>Less : Interest / Dividend/ Other Non Operating Income Adjustments</b>		
Interest Received	493,433	12,121,751
Dividend Received	29,449	39,350
Profit on sales of shares	159,580	1,439,381
Provision For Quoted Investments Written Back	136,862	59,151
	<u>819,324</u>	<u>13,659,632</u>
<b>Operating Profit before Working Capital Changes</b>	<u>7,046,717</u>	<u>(16,847,819)</u>
<b>Adjusted for:</b>		
(Increase)/Decrease in Trade Receivables & Other Assets	494,332	11,841,936
(Increase)/Decrease in Loans & Advances	3,606,286	4,163,869
Increase /(Decrease) in Current Liabilities	(1,289,043)	(4,565,469)
Increase /(Decrease) in Non-Current Liabilities	(3,009)	169,402
Increase /(Decrease) in Provisions	185,173	(372,855)
<b>Cash Generated from Operation</b>	<u>10,040,456</u>	<u>(5,610,935)</u>
Income Tax Refund / (Paid)	7,686,608	(1,123,601)
<b>Net Cash From Operating Activities</b>	<u><u>17,727,064</u></u>	<u><u>(6,734,536)</u></u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

Particulars	2013-14 Amount (₹ )	2012-13 Amount (₹ )
<b>CASH FLOW FROM INVESTING ACTIVITY</b>		
Purchase of Fixed Assets	(658,638)	(3,342,642)
Proceed on sale of Fixed Assets	413,324	1,540,479
(Purchase)/ Sale of Investments (Net)	1,529,919	1,773,928
Inter Corporate Deposits received / (Given)	(11,646,507)	(29,184,707)
Micro Finance Gold Loan (Given) / Received Back	1,908,435	74,809,257
Interest Received	493,433	12,121,751
Dividend Received	29,449	39,350
<b>Net Cash used in Investing Activities</b>	<b>(7,930,585)</b>	<b>57,757,417</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/ (Decrease) in Secured Loans	609,210	(36,624,913)
Increase/ (Decrease) in Unsecured Loans	(8,509,754)	5,279,149
Interest Paid	(3,738,100)	(5,796,210)
Dividend Paid ( including tax thereon)	-	(14,214,342)
<b>Net Cash from / (used in) Financing Activities</b>	<b>(11,638,645)</b>	<b>(51,356,316)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalent</b>	<b>(1,842,166)</b>	<b>(333,441)</b>
<b>Opening Balance of Cash and Cash Equivalent</b>	<b>6,362,189</b>	<b>6,695,631</b>
<b>Closing Balance of Cash and Cash Equivalent</b>	<b>4,520,023</b>	<b>6,362,189</b>

As per our attached report of even date

For **Rahul Gautam Divan & Associates**  
*Chartered Accountants***Rahul Divan**  
*Partner*Mumbai  
May 26, 2014

For and on behalf of Board of Directors

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



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014. (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 Statement of Profit and Loss 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 Regional Provident Fund Commissioner and the charges all such amounts to the Statement of Profit and Loss on an accrual basis.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014. (ALL AMOUNTS ARE MENTIONED IN RUPEES)

### (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 Statement of Profit and Loss. 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 Statement of Profit and Loss.

### (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 THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014.  
(ALL AMOUNTS ARE MENTIONED IN RUPEES)**

Particulars	As at 31 <sup>st</sup> March, 2014 ( ₹ )	As at 31 <sup>st</sup> March, 2013 ( ₹ )
<b>2. SHARE CAPITAL</b>		
<b>Authorised</b>		
31,000,000 Equity Shares of ₹ 10/- each	310,000,000	310,000,000
	<u>310,000,000</u>	<u>310,000,000</u>
<b>Issued, Subscribed and Fully Paid Up</b>		
24,460,568 Equity Shares of ₹ 10/- each fully paid up	244,605,680	244,605,680
<b>Total</b>	<u>244,605,680</u>	<u>244,605,680</u>

**Note:-**

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

Particulars	2013-14		2012-13	
	No of Shares	( ₹ )	No of Shares	( ₹ )
<b>EQUITY SHARES</b>				
<b>A) Fully Paid Up Shares</b>				
No of shares outstanding at the beginning of the year	24,460,568	244,605,680	24,460,568	244,605,680
Add / (Less) : Issued / (Buy back) during the Year	—	—	—	—
No of shares outstanding at the end of the year	<u>24,460,568</u>	<u>244,605,680</u>	<u>24,460,568</u>	<u>244,605,680</u>

**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 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	2013-14		2012-13	
	No of Shares	%	No of Shares	%
<b>EQUITY SHARES</b>				
<b>a) Fully Paid Up Shares</b>				
1) Kumar Nair	12,708,694	51.96	12,708,694	51.96
2) TFL-TCCPL and TFCPL Merger Trust	5,225,000	21.36	5,225,000	21.36

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014. (ALL AMOUNTS ARE MENTIONED IN RUPEES)

- 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
<b>EQUITY SHARES</b>		
<b>A) Fully Paid Up Shares</b>		
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

Particulars	As at 31 <sup>st</sup> March, 2014 Nos.	As at 31 <sup>st</sup> March, 2013 Nos.
Options outstanding at the beginning of the year	765,769	852,237
Prior Period Adjustments	–	(1,875)
Options granted during the year	–	–
Options vested during the year	–	104,607
Options exercised during the year	–	Nil
Options forfeited during the year	–	66,375
Options lapsed /surrendered during the year	245,450	18,218
<b>Options outstanding at the end of the year</b>	<b>520,319</b>	<b>765,769</b>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014. (ALL AMOUNTS ARE MENTIONED IN RUPEES)

- i) Had fair value method been used, the compensation cost would have been higher by ₹ 8.05 Lakhs (Previous Year ₹ 11.85 Lakhs) Profit after tax would have been lower by ₹ 8.05 Lakhs (Previous year Loss after tax would have been higher by ₹ 11.85 Lakhs) and EPS both basic and diluted - would have been ₹ 0.06 Per share (Previous Year ₹ (0.49) Per share)

Particulars	As at 1 <sup>st</sup> April, 2013 (₹)	Additions/ Created During the Year	Deductions During the Year	As at 31 <sup>st</sup> March, 2014 (₹)
<b>3. RESERVES AND SURPLUS</b>				
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	31,277,515	454,179	–	31,731,694
- General Reserve	10,410,757	–	–	10,410,757
d) Surplus as per Statement of Profit & Loss (Note - 1)	33,868,047	1,816,715	–	35,684,762
	<u>321,740,709</u>	<u>2,270,894</u>	<u>–</u>	<u>324,011,603</u>

Particulars	As at 1 <sup>st</sup> April, 2012 (₹)	Additions/ Created During the Year	Deductions During the Year	As at 31 <sup>st</sup> March, 2013 (₹)
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	31,277,515	–	–	31,277,515
- General Reserve	10,410,757	–	–	10,410,757
d) Surplus as per Statement of Profit & Loss (Note-1)	44,773,485	(10,905,438)	–	33,868,047
	<u>332,646,147</u>	<u>(10,905,438)</u>	<u>–</u>	<u>321,740,709</u>

	2014	2013
<b>Notes:-</b>		
1) Profit / (Loss) for the year		(10,905,438)
Less:-		
Transfer to Reserve U/S 45 IC of RBI Act	<u>454,179</u>	<u>–</u>
	<u>454,179</u>	<u>–</u>
	<u>1,816,715</u>	<u>(10,905,438)</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014.  
(ALL AMOUNTS ARE MENTIONED IN RUPEES)**

Particulars	As at 31 <sup>st</sup> March, 2014 (₹)	As at 31 <sup>st</sup> March, 2013 (₹)
<b>NON- CURRENT LIABILITIES</b>		
<b>4. LONG TERM BORROWINGS</b>		
<b>I. Secured Loans</b>		
Overdraft Account- ICICI Bank Ltd (Secured against hypothecation of Office Premises owned by Transwarranty Pvt. Ltd and personal Guarantee given by the Managing Director)	4,231,826	5,478,094
Car Loan Account - HDFC Bank (Secured against hypothecation of Motor Car)	1,087,384	1,462,883
<b>Total (A)</b>	<u>5,319,210</u>	<u>6,940,976</u>
<b>II. Unsecured Loans</b>		
From Others ,		
Inter Corporate Deposits	15,500,000	15,500,000
<b>Total (B)</b>	<u>15,500,000</u>	<u>15,500,000</u>
<b>Total (A) + (B)</b>	<u>20,819,210</u>	<u>22,440,976</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 17 %.p.a.
- Vehicle loan from HDFC Bank was sanctioned on 17.09.2012 for a period of 5 years. Current EMI per month is ₹ 42,620/-.

Particulars	As at 31 <sup>st</sup> March, 2014 (₹)	As at 31 <sup>st</sup> March, 2013 (₹)
<b>5. OTHER LONG TERM LIABILITIES</b>		
a) Trade Payables		
Gold Loan	1,312,879	1,315,888
	<u>1,312,879</u>	<u>1,315,888</u>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014.  
(ALL AMOUNTS ARE MENTIONED IN RUPEES)**

Particulars	As at 31 <sup>st</sup> March, 2014 (₹)	As at 31 <sup>st</sup> March, 2013 (₹)
<b>CURRENT LIABILITIES</b>		
<b>6. SHORT TERM BORROWINGS</b>		
<b>A) Secured Loans</b>		
<b>1) Loans Repayable on Demand</b>		
a) From Banks		
Catholic Syrian Bank - Gold Loan Over Draft Account (Secured against Gold Loan Receivables and personal guarantee given by the Managing Director)	4,894,795	2,701,111
<b>Note:-</b>		
1) 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.		
Overdraft Account - ICICI Bank (Secured against hypothecation of Office Premises owned by Transwarranty Pvt. Ltd. and personal guarantee given by the Managing Director)	1,420,000	1,420,000
<b>Total - (A)</b>	<u>6,314,795</u>	<u>4,121,111</u>
<b>B) Unsecured Loans</b>		
1) From Others		
Inter Corporate Deposits	4,490,246	13,000,000
<b>Total - (B)</b>	<u>4,490,246</u>	<u>13,000,000</u>
<b>Total - (A) + (B)</b>	<u><u>10,805,041</u></u>	<u><u>17,121,111</u></u>
<b>7. OTHER CURRENT LIABILITIES</b>		
Book Overdraft	857,761	523,048
Current Maturities of Long Term Debt	375,498	338,206
Interest Accrued & Due on borrowings	3,085,010	3,085,010
Unpaid Dividends	147,647	149,642
Other Payables (Creditors for Expenses)	3,669,878	5,291,639
	<u>8,135,794</u>	<u>9,387,546</u>
<b>8. SHORT - TERM PROVISIONS</b>		
<b>a) Provision for Employees</b>		
Provision for Gratuity	714,452	332,668
Provision for Leave Encashment	498,124	694,735
<b>b) Others</b>		
Provision for Diminution in value of Quoted Investments	159,372	296,234
	<u>1,371,948</u>	<u>1,323,637</u>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014.  
(ALL AMOUNTS ARE MENTIONED IN RUPEES)**

Sr. No.	Description	GROSS BLOCK/ COST/BOOK VALUE				DEPRECIATION /AMORTISATION				NET BLOCK	
		Total As at 1-Apr-13 (₹)	Additions/ Adjustments during the year (₹)	Deductions/ Adjustments during the year (₹)	Total As at 31-Mar-14 (₹)	Total As at 1-Apr-13 (₹)	Provided during the year (₹)	Deductions/ Adjustments during the year (₹)	Total As at 31-Mar-14 (₹)	As at 31-Mar-14 (₹)	As at 31-Mar-13 (₹)
1	Furniture	1,415,287	-	680,911	734,376	672,910	61,539	210,635	523,814	210,562	742,377
2	Computers	1,127,521	-	198,630	928,891	812,434	123,662	181,495	754,601	174,290	315,087
3	Office Equipments	947,125	-	327,907	619,218	362,108	48,806	42,747	368,167	251,051	585,017
4	Vehicles	4,439,511	-	567,371	3,872,140	1,688,752	689,785	472,121	1,906,416	1,965,724	2,750,759
	<b>Total</b>	<b>7,929,444</b>	<b>-</b>	<b>1,774,819</b>	<b>6,154,625</b>	<b>3,536,203</b>	<b>923,792</b>	<b>906,998</b>	<b>3,552,998</b>	<b>2,601,627</b>	<b>4,393,240</b>
	<b>Previous Year</b>	<b>9,129,048</b>	<b>3,287,642</b>	<b>4,487,247</b>	<b>7,929,443</b>	<b>4,861,380</b>	<b>1,198,546</b>	<b>2,523,721</b>	<b>3,536,206</b>	<b>4,393,240</b>	

**10. FIXED ASSETS - INTANGIBLE**

Sr. No.	Description	GROSS BLOCK/ COST/BOOK VALUE				DEPRECIATION /AMORTISATION				NET BLOCK	
		Total As at 1-Apr-13 (₹)	Additions/ Adjustments during the year (₹)	Deductions/ Adjustments during the year (₹)	Total As at 31-Mar-14 (₹)	Total As at 1-Apr-13 (₹)	Provided during the year (₹)	Deductions/ Adjustments during the year (₹)	Total As at 31-Mar-14 (₹)	As at 31-Mar-14 (₹)	As at 31-Mar-13 (₹)
1	Goodwill	400,000	-	-	400,000	-	-	-	-	400,000	400,000
2	Computer Software	2,759,787	658,638	-	3,418,425	2,196,207	357,521	-	2,553,728	864,697	563,580
	<b>Total</b>	<b>3,159,787</b>	<b>658,638</b>	<b>-</b>	<b>3,818,425</b>	<b>2,196,207</b>	<b>357,521</b>	<b>-</b>	<b>2,553,728</b>	<b>1,264,697</b>	<b>963,580</b>
	<b>Previous Year</b>	<b>3,104,787</b>	<b>55,000</b>	<b>-</b>	<b>3,159,787</b>	<b>1,826,476</b>	<b>369,731</b>	<b>-</b>	<b>2,196,207</b>	<b>963,580</b>	



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014.  
(ALL AMOUNTS ARE MENTIONED IN RUPEES)**

Particulars	Face Value (₹)	31.03.2014		31.03.2013	
		Quantity (Nos)	Value (₹)	Quantity (Nos)	Value (₹)
<b>11. NON-CURRENT INVESTMENTS (AT COST)</b>					
<b>a) Investments in Equity Instruments</b>					
<b>i) In Subsidiary Companies</b>					
<b>a) Quoted</b>					
Vertex Securities Limited (Market Value ₹ 37,449,889/-)	2	24,318,110	106,984,994	24,318,110	106,984,994
<b>ii) Others</b>					
<b>a) Quoted</b>					
South Indian Bank (Right Shares) (Market Value ₹ 223/- )	1	10	40	1	40
NEPC India Ltd. (Market Value ₹ 5,640/- )	10	2,000	85,156	2,000	85,156
Rama Newsprints (Market Value ₹ 8,500/- )	10	1,250	86,838	1,250	86,838
Anil Limited (Market Value ₹ 593,792/- )	10	4,639	92,780	4,639	92,780
Biocon	10	100	52,326	100	52,326
Biocon-Bonus Shares (Market Value ₹ 84,810/- )	10	100	-	100	-
Jenburkt Pharmaceuticals Ltd. (Market Value ₹ 31,920/- )	10	350	33,438	350	33,438
Intellvisions Software Ltd.	-	-	-	16,954	370,338
<b>b) Unquoted</b>					
Catholic Syrian Bank Ltd.	10	700	31,000	700	31,000
<b>b) Investments in Preference Shares</b>					
<b>a) In Subsidiary Companies (Un Quoted)</b>					
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	10	3,128,003	31,280,030	3,228,003	32,280,030
<b>b) Others (Un Quoted)</b>					
8% Non Cumulative Redeemable Preference Shares of Transwarranty Advisors Pvt. Ltd	100	837,340	83,734,000	-	-
8% Non Cumulative Redeemable Preference Shares of Transwarranty Pvt. Ltd	100	607,370	60,737,000	-	-
<b>c) Investments in Government or Trust Securities</b>					
National Savings Certificate VIII issue	5,000	1	5,000	1	5,000
UTI Master Share	-	1,000	13,945	1,000	13,945
<b>Total</b>			<b>284,509,147</b>		<b>141,408,486</b>

- 1) Aggregate amount of Quoted investments is ₹ 107,335,572/- (P.Y. ₹ 107,448,340/-) and market value is ₹ 32,627,575/- (P.Y. ₹ 69,629,905/-)
- 2) Aggregate amount of Un Quoted investments is ₹ 177,098,575/- (P.Y. 33,688,630/-)
- 3) Aggregate provision made for diminution in value of investments is ₹ 159,372/- (P.Y. ₹ 296,234/-)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014.  
(ALL AMOUNTS ARE MENTIONED IN RUPEES)**

Particulars	As at 31 <sup>st</sup> March, 2014 (₹)	As at 31 <sup>st</sup> March, 2013 (₹)
<b>NON CURRENT ASSETS</b>		
<b>12. DEFERRED TAX ASSET</b>		
Deferred Tax Assets on Depreciation	423,472	314,675
Deferred Tax Asset	<u>423,472</u>	<u>314,675</u>
<b>13. LONG TERM LOANS AND ADVANCES</b>		
<b>A) Unsecured, Considered Good</b>		
a) Capital Advances	43,300,000	43,300,000
b) Security Deposits	262,729	52,206,229
c) Loans and Advances to Related Parties		
Inter Corporate Deposits to Subsidiary	50,388,865	37,927,082
Inter Corporate Deposits to Associates	400	83,417,061
d) Other Loans and Advances		
Inter Corporate Deposits	112,957,800	54,107,800
TFL-TCCPL and TFCPL Merger Scheme Trust	75,762,500	75,762,500
Preference Share Dividend Receivable	102,945	102,945
	<u>282,775,239</u>	<u>346,823,617</u>
<b>14. OTHER NON CURRENT ASSETS</b>		
i) Long term Trade Receivables	-	137,285
Less:- Bad Debts Written Off	-	113,795
	<u>-</u>	<u>23,490</u>
<b>CURRENT ASSETS</b>		
<b>15. TRADE RECEIVABLES</b>		
<b>Unsecured, Considered Good</b>		
Debts outstanding for a period exceeding six months	695,528	248,958
Other Debts	3,579,347	4,624,795
	<u>4,274,875</u>	<u>4,873,753</u>
	4,274,875	4,873,753
Less:- Bad Debts Written Off	-	-
	<u>4,274,875</u>	<u>4,873,753</u>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014.  
(ALL AMOUNTS ARE MENTIONED IN RUPEES)**

Particulars	As at 31 <sup>st</sup> March, 2014 (₹)	As at 31 <sup>st</sup> March, 2013 (₹)
<b>16. CASH AND CASH EQUIVALENTS</b>		
a) Balance with Banks		
In Current Account	2,647,091	1,612,477
In Dividend Account	143,511	145,506
In Deposit Accounts :-		
Less than 12 months Maturity	-	134,852
More than 12 months Maturity	1,625,653	1,500,250
b) Cash on Hand	103,768	2,969,106
	<u>4,520,023</u>	<u>6,362,191</u>
<b>17. SHORT TERM LOANS AND ADVANCES</b>		
<b>A) Secured, Considered Good</b>		
a) Others		
Gold Loans	7,064,796	9,133,066
Advance for Fixed Assets	-	910,638
Loan Against Property	81,837	88,396
<b>B) Unsecured, Considered Good</b>		
a) Loans and advances to Related Parties	2,728,961	4,881,705
b) Others		
Inter Corporate Deposits	3,027,701	61,877,700
Loans and advances to Employees	47,000	-
Deposits	27,362	27,362
Advance Payment of Income Tax (Including TDS, Net of Provisions) {Provision For Tax ₹ 9,853,300/- (P.Y. ₹ 9,751,300/-) }	12,349,878	20,138,487
Other Short Term Advances	456,154	797,998
	<u>25,783,689</u>	<u>97,855,352</u>
<b>18. OTHER CURRENT ASSETS</b>		
Interest Accrued on ICD's	3,506,981	13,674,597
Interest Accrued on Gold Loan , etc.	1,402,405	1,242,570
	<u>4,909,386</u>	<u>14,917,167</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014.  
(ALL AMOUNTS ARE MENTIONED IN RUPEES)**

Particulars	For the Year Ended 31 <sup>st</sup> March, 2014 (₹)	For the Year Ended 31 <sup>st</sup> March, 2013 (₹)
<b>19. REVENUE FROM OPERATIONS</b>		
a) Sale of Products		
Sale of Shares held in Stock -in -Trade	49,523,279	70,576,188
b) Interest		
Interest on Gold Loan	1,318,377	12,624,985
Interest on Property Loan	7,511	3,159
Interest on Loan Against Shares	-	151,851
c) Other Financial Services		
Trade Finance	26,215,683	43,068,886
Corporate Finance	1,375,000	675,000
Investment Banking	7,851,675	2,342,808
	<u>86,291,525</u>	<u>129,442,876</u>
<b>20. OTHER INCOME</b>		
a) Dividend Income	29,449	39,350
b) Net gain on Sale of Investments	159,580	1,458,855
c) Bad Debts Written Off Recovered	1,300,000	
d) Other Non Operating Income		
- Interest Income	493,433	12,102,277
- Miscellaneous Income	23,671	32,043
- Provision For Quoted Investments Written Back	136,862	59,151
- Interest on Income Tax Refund	1,012,275	-
	<u>3,155,270</u>	<u>13,691,676</u>
<b>21. RAW MATERIAL AND WORK-IN-PROGRESS</b>		
Purchase of Shares held in Stock-in-Trade	49,534,375	70,762,217
	<u>49,534,375</u>	<u>70,762,217</u>
<b>22. EMPLOYEE BENEFITS EXPENSES</b>		
a) Salaries, Wages, Bonus, Gratuity & Allowances	18,314,333	40,170,783
b) Contribution to Provident Fund	655,640	1,413,331
c) Staff Welfare Expenses	193,278	175,677
	<u>19,163,251</u>	<u>41,759,791</u>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014.  
(ALL AMOUNTS ARE MENTIONED IN RUPEES)**

Particulars	For the Year Ended 31 <sup>st</sup> March, 2014 (₹)	For the Year Ended 31 <sup>st</sup> March, 2013 (₹)
<b>23. FINANCE COST</b>		
a) Interest Expense		
On Term Loans	173,234	209,176
On Overdrafts & Other Borrowings	1,372,964	4,005,374
b) Other Borrowing Costs		
Interest on ICD	1,896,820	1,080,630
Financial and Bank Charges	295,083	501,031
	<u>3,738,100</u>	<u>5,796,210</u>
<b>24. OTHER EXPENSES</b>		
Rent	234,816	7,726,923
Rates & Taxes	266,164	327,376
Insurance	66,532	35,149
Advertisement, Publicity & Sales Promotion	406,991	1,278,853
Travelling & Other Incidental Expenses	1,351,609	3,246,049
Office Maintenance	1,796,214	2,860,273
Vehicle Running & Maintenance	148,563	153,466
Printing & Stationery	158,660	440,728
Communication Expenses	489,483	753,818
Electricity	449,930	848,991
Donation	-	531,844
Auditor's Remuneration		
- As Statutory Auditors	125,000	125,000
- For Tax Audit	25,000	25,000
- For Certification / Limited Review	44,000	78,000
- Internal Audit Fees	48,000	134,000
- Out of Pocket Expenses	2,404	31,448
Legal, Professional & Consultancy Charges	2,027,730	2,559,034
Directors Sitting Fees	420,000	536,000
Other Operational Expenses	3,841,201	2,302,155
Loss on Futures & Options (Net)	149,657	60,619
Loss on Sale of Gold	831,174	7,795,956
Bad Debts written off	128,036	113,795
	<u>13,011,164</u>	<u>31,964,477</u>
<b>Note:-</b>		
<b>1) EARNING / EXPENDITURE IN FOREIGN CURRENCY</b>		
Earnings in Foreign Exchange as fees for Professional Services rendered	12,970,183	7,180,889
Expenditure incurred in Foreign Currency	401,832	1,433,280



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014.  
(ALL AMOUNTS ARE MENTIONED IN RUPEES)**

Particulars	For the Year Ended 31 <sup>st</sup> March, 2014 (₹)	For the Year Ended 31 <sup>st</sup> March, 2013 (₹)
<b>25. CONTINGENT LIABILITIES</b>		
1) Guarantees issued by the company on behalf of its associates for acquiring office premises	40,600,000	67,500,000
2) Counter Guarantees issued by Transwarranty Finance Limited to bankers on behalf of its subsidiary company Vertex Securities Limited for Exchange Margin requirements	30,000,000	17,000,000
	<u>70,600,000</u>	<u>84,500,000</u>
<b>26. EARNINGS PER SHARE</b>		
I. Net Profit as per Statement of Profit and Loss available for Equity Share Holders	2,270,894	(10,905,438)
II. Weighted Average number of equity shares for Earnings per share computation		
A) For Basic Earnings per share of ₹ 10/- each (No's)	24,460,568	24,460,568
B) For Diluted Earnings per share of ₹ 10/- each (No's)	24,460,568	24,460,568
III. Earnings Per Share ( Face Value of ₹ 10/- each)		
Basic ( ₹ )	0.09	(0.45)
Diluted ( ₹ )	0.09	(0.45)

**27. DISCLOSURE AS REQUIRED UNDER ACCOUNTS STANDARD 15 ON EMPLOYEE BENEFITS FOR GRATUITY AND LEAVE ENCASHMENT IS AS UNDER**

Particulars	Gratuity		Leave Encashment (Unfunded)	
	2013-14	2012-13	2013-14	2012-13
<b>Change in the benefit Obligations:</b>				
Present value of obligations as on 01. 04. 2013	2,023,477	2,184,295	694,735	488,865
Current Service Cost	199,673	202,085	640,861	749,010
Past Service Cost	-	-	-	-
Interest Cost	154,028	147,584	30,863	20,699
Actuarial (Gain)/Loss on obligation	28,083	168,492	(173,600)	(103,595)
Benefits Paid	(196,265)	(678,979)	(617,907)	(460,244)
<b>Present value of obligations as on 31.03.2014</b>	<u>2,208,996</u>	<u>2,023,477</u>	<u>574,952</u>	<u>694,735</u>
<b>Change in Plan Assets:</b>				
Fair Value of Plan Assets as on 01.04.2013	2,047,276	2,486,544	-	-
Adjustment to the opening balance	-	(418,343)	-	-
Expected Return on Plan Assets	155,931	159,462	-	-
Employer's Contributions	-	529,134	617,907	460,244
Benefits Paid	(196,265)	(678,979)	(617,907)	(460,244)
Actuarial Gain/(Loss) on Plan Assets	(155,931)	(30,542)	-	-
<b>Fair Value of plan assets as on 31.03.2014</b>	<u>1,851,011</u>	<u>2,047,276</u>	<u>-</u>	<u>-</u>
<b>Net (Asset) / Liability (i) - (ii) :</b>	<u>357,985</u>	<u>(23,799)</u>	<u>574,952</u>	<u>694,735</u>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014.  
(ALL AMOUNTS ARE MENTIONED IN RUPEES)**

Particulars	Gratuity		Leave Encashment (Unfunded)	
	2013-14	2012-13	2013-14	2012-13
<b>Net Cost for the year ended 31.03.2014</b>				
Current Service Cost	199,673	202,085	640,861	749,010
Past Service Cost	–	–	–	–
Interest Cost	154,028	147,584	30,863	20,699
Expected Return on plan Assets	(155,931)	(159,462)	–	–
Actuarial (Gain) / Loss recognised during the year	184,014	199,034	(173,600)	(103,595)
Adjustment (Gain) to opening value of planned assets	–	–	–	–
<b>Net Cost</b>	<b>381,784</b>	<b>389,241</b>	<b>498,124</b>	<b>666,114</b>
Amount recognised in the Balance sheet (Asset) / Liability	357,985	23,799	574,952	694,735
Amount recognised in the Statement of Profit and Loss (Gain)/Loss	381,784	389,241	498,124	666,114
<b>Principal actuarial Assumptions:-</b>				
Discount rate	8.00%	8.00%	8.00%	8.00%
Expected Return on plan assets	8.00%	8.00%	–	–
Salary Escalation Rate	5.00%	4.00%	5.00%	4.00%
Attrition Rate	15 to 42%	15 to 42%	15 to 42%	15 to 42%
<b>Demographic Assumptions:</b>				
Retirement age				60 Year
Mortality rate				8%

**28. 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 (VSL)<br>Vertex Commodities and Finpro (P) Ltd. (VCFPL)   |
| (b) Associated Company        | : | Transwarranty Advisors Private Limited (TAPL) ( Until 16/12/2013)<br>Transwarranty Private Limited (TPL) (Until 16/12/2013) |
| (c) Key Management Personnel  | : | Mr. Kumar Nair (Managing Director)  |

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014.  
(ALL AMOUNTS ARE MENTIONED IN RUPEES)**

**Details of Related Party Transactions**

Name of the Company/ Transactions	2014 (₹ In Millions)	2013 (₹ In Millions)
<b>1) Inter Corporate Deposits Given - Associated Companies</b>		
TAPL	0.08	–
TPL	3.70	6.22
<b>2) Inter Corporate Deposits Received Back - Associated Companies</b>		
TAPL	0.37	0.48
TPL	–	7.80
<b>3) Inter Corporate Deposits Given - Subsidiary Companies</b>		
VSL	31.09	41.49
<b>4) Inter Corporate Deposits Received Back - Subsidiary Companies</b>		
VSL	18.63	19.96
<b>5) Share Trading Debit - Subsidiary Companies</b>		
VSL	8.12	33.87
<b>6) Share Trading Credit - Subsidiary Companies</b>		
VSL	9.86	34.15
<b>7) Current Account Debit - Associated Companies</b>		
TAPL	0.13	0.35
<b>8) Current Account Credit - Associated Companies</b>		
TAPL	–	0.03
<b>9) Current Account Debit - Subsidiary Companies</b>		
VSL	0.02	0.44
<b>10) Current Account Credit - Subsidiary Companies</b>		
VSL	0.44	0.41
<b>11) Rent Paid - Associated Company</b>		
TAPL	–	7.20
<b>12) Interest Received on ICD- Associated Companies</b>		
TAPL	–	3.87
TPL	–	4.56
<b>13) Interest Received on ICD- Subsidiary Companies</b>		
VSL	–	2.86
<b>14) Interest Paid on ICD- Subsidiary Companies</b>		
VSL	–	0.03
<b>15) Brokerage Paid on Share Trading- Subsidiary Companies</b>		
VSL	–	0.22
<b>Balance as on 16-12-2013</b>		
Intercompany Deposit Debit - Associate Company		
TAPL	38.07	38.36
TPL	48.75	45.06



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014.  
(ALL AMOUNTS ARE MENTIONED IN RUPEES)**

Name of the Company/ Transactions	2014 (₹ In Millions)	2013 (₹ In Millions)
<b>Current Account Debit - Associate Company</b>		
TAPL	0.02	0.02
<b>Balance as on 31-03-2014</b>		
<b>Intercorporate Deposit Credit- Subsidiary Company</b>		
VSL	50.39	37.93
<b>Current Account Debit- Subsidiary Company</b>		
VSL	0.04	0.45
<b>Share Account Credit- Subsidiary Company</b>		
Vertex Securities Limited - Share Trading Account	2.69	4.43

- 29) 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.
- 30) Operating Leases: The Company has obtained office premises under operating lease. These leases are for a period ranging from 11 to 36 months and are renewable as may be mutually decided. These are generally cancellable lease. Lease payments recognised in the Statement of Profit and Loss as 'Rent' under Note No. 24 is ₹ 234,816/- (P.Y.7,726,923 /-). Future minimum lease rent payable are as follows:

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Not later than one year	184,500	203,100
Later than one year but not later than five year	183,086	240,000
Later than five year	-	-

- 31) (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.
- 32) 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

**Rahul Divan**  
Partner

Mumbai  
May 26, 2014

For and on behalf of Board of Directors

**Suresh N. Talwar**  
Chairman

**R. L. Shenoy**  
Director

**Kumar Nair**  
Managing Director

**U. Ramachandran**  
Chief Financial Officer

**Raghu R. Palat**  
Director

**Sridhar H.**  
Company Secretary

## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To The Board of Directors

### TRANSWARRANTY FINANCE LIMITED

We have audited the accompanying consolidated financial statements of Transwarranty Finance Limited ("the Company") and its subsidiaries, which comprise the Consolidated Balance Sheet as at 31 March 2014, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also

includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Qualified Opinion

- a) *Attention is invited to Note 36 forming part of the Financial Statements, regarding evaluation of long term investment by the management. We have relied upon the confirmation by the management in the absence of independent external evaluation.*
- b) *As stated in Notes 34 forming part of the Financial Statements, sundry debtors under the head current assets include old outstanding dues. The sundry debtors outstanding for more than six months amount to ₹ 28,247,755/-. Further out of the total sundry debtors, for a sum of ₹ 15,259,655/-, the Company has 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.*

### Opinion

We report that, on the basis of the information and explanations given to us, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, and on the consideration of the separate audit reports on individual financial statements of the Company and its subsidiary, we are of the opinion that the said the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- (ii) in the case of the Consolidated Statement of Profit and Loss Account, of the loss for the year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For RAHUL GAUTAM DIVAN & ASSOCIATES  
Chartered Accountants  
(Firm's Registration Number: 120294W)

RAHUL DIVAN

Place : Mumbai  
Date : 26 May 2014

Partner  
Membership Number: 100733

CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2014

Particulars	Note No.	As at 31 March 2014		As at 31 March 2013	
		₹	₹	₹	₹
<b>I. EQUITY AND LIABILITIES</b>					
<b>(1) Shareholders Funds</b>					
(a) Share Capital	2	244,605,680		244,605,680	
(b) Reserves and Surplus	3	309,678,799		315,291,647	
			554,284,479		559,897,327
<b>(2) Minority Interest</b>	4		54,803,776		61,212,026
<b>(3) Non-Current Liabilities</b>					
(a) Long Term Borrowings	5	32,669,715		30,448,219	
(b) Other Long Term Liabilities	6	7,035,703		5,158,670	
			39,705,418		35,606,889
<b>(4) Current Liabilities</b>					
(a) Short Term Borrowings	7	16,447,561		23,050,121	
(b) Trade Payables	8	65,137,827		74,519,247	
(c) Other Current Liabilities	9	16,200,116		25,717,038	
(d) Short Term Provisions	10	4,743,659	102,529,163	2,495,829	125,782,235
<b>Total Equity And Liabilities</b>			<b>751,322,836</b>		<b>782,498,477</b>
<b>II. ASSETS</b>					
<b>(1) Non Current Assets</b>					
(a) Fixed Assets					
(i) Tangible Assets	11	17,348,947		23,010,932	
(ii) Intangible Assets	12	6,021,151		7,122,673	
(b) Goodwill on Consolidation		56,584,196		56,391,266	
(c) Non Current Investments	13	290,877,224		20,778,561	
(d) Deferred Tax Assets (Net)	14	423,472		314,675	
(e) Long Term Loans and Advances	15	232,283,429		367,643,589	
(f) Other Non Current Assets	16	-	603,538,419	23,490	475,285,186
<b>(2) Current Assets</b>					
(a) Trade Receivables	17	44,821,253		43,240,732	
(b) Cash and Cash Equivalents	18	27,078,428		46,896,228	
(c) Short Term Loans and Advances	19	69,147,794		193,043,844	
(d) Other Current Assets	20	6,736,942	147,784,417	24,032,487	307,213,291
<b>Total Assets</b>			<b>751,322,836</b>		<b>782,498,477</b>

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

**Rahul Divan**  
Partner

Mumbai  
May 26, 2014

For and on behalf of Board of Directors

**Suresh N. Talwar**  
Chairman

**R. L. Shenoy**  
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 31<sup>ST</sup> MARCH, 2014

Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2014 (₹)	For the year ended 31 <sup>st</sup> March, 2013 (₹)
<b>REVENUE</b>			
Revenue From Operations	21	136,851,530	212,647,489
Other Income	22	10,945,790	36,451,307
<b>Total Revenue</b>		<u>147,797,320</u>	<u>249,098,796</u>
<b>EXPENSES</b>			
Purchase of Stock in Trade	23	49,534,375	70,762,217
Employee Benefits Expense	24	44,165,896	80,748,852
Finance Costs	25	5,174,374	8,826,425
Depreciation and Amortisation Expense	11 & 12	5,136,091	6,437,312
Other Expenses	26	57,580,023	103,484,246
<b>Total Expenses</b>		<u>161,590,759</u>	<u>270,259,052</u>
<b>Profit / (Loss) Before Exceptional and Extra ordinary items and Tax</b>		<u>(13,793,439)</u>	<u>(21,160,256)</u>
Exceptional Items:-			
Profit/ (Loss) on Sale of Fixed Assets		765,543	(1,452,385)
<b>Profit / (Loss) Before Extra ordinary items and Tax</b>		<u>(13,027,896)</u>	<u>(22,612,641)</u>
Extraordinary Items		-	-
<b>Profit / (Loss) Before Tax</b>		<u>(13,027,896)</u>	<u>(22,612,641)</u>
<b>Tax Expense</b>			
Current Tax - Minimum Alternate Tax		102,000	-
Short / (Excess) Provision for Tax in Prior Years (Net)		-	1,907,671
Deferred Tax		(108,797)	2,710,189
<b>Profit / (Loss) for the year from Continuing Operations</b>		<u>(13,021,099)</u>	<u>(27,230,501)</u>
<b>Profit / (Loss) from Discontinuing Operations</b>		-	-
Tax Expense of Discontinuing Operations		-	-
<b>Profit / (Loss) from Discontinuing Operations After Tax</b>		-	-
<b>Profit / (Loss) For the Year</b>		<u>(13,021,099)</u>	<u>(27,230,501)</u>
Basic Earning Per Share of ₹ 10/- each (In Rupees)	28	<u>(0.53)</u>	<u>(1.11)</u>
Diluted Earning Per Share of ₹ 10/- each ( In Rupees)	28	<u>(0.53)</u>	<u>(1.11)</u>
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

**Rahul Divan**  
Partner

Mumbai  
May 26, 2014

For and on behalf of Board of Directors

**Suresh N. Talwar**  
Chairman

**R. L. Shenoy**  
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 31<sup>ST</sup> MARCH, 2014**

Particulars	2013-14 (₹)	2012-13 (₹)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary items	(13,027,896)	(22,612,641)
<b>Add: Non Operating Expenses/ Non Cash Expenses</b>		
Depreciation & Amortisation	5,136,091	6,437,312
Loss on Sale of Fixed Assets (Net)	–	1,452,385
Interest Paid	5,174,374	8,826,425
Bad Debts Written Off	130,801	2,815,261
Short / (Excess) Provision For Tax in Prior Years	–	(1,907,671)
	<u>10,441,266</u>	<u>17,623,712</u>
<b>Less : Interest / Dividend/ Other Non Operating Income Adjustments</b>		
Interest Received	(2,079,391)	(21,045,797)
Profit on Sale of Fixed Assets (Net)	(765,543)	–
Dividend Received	(29,449)	(39,350)
Profit on share trading	(159,580)	(1,458,854)
Provision for diminution in value of quoted investments written back	(136,862)	(59,151)
	<u>(3,170,825)</u>	<u>(22,603,152)</u>
<b>Operating Profit before Working Capital Changes</b>	<u>(5,757,455)</u>	<u>(27,592,081)</u>
<b>Adjusted for:</b>		
(Increase)/Decrease in Trade Receivables & Other Assets	1,061,747	108,099,293
(Increase)/Decrease in Loans & Advances	9,195,539	(65,469,923)
Increase /(Decrease) in Current Liabilities	(18,948,416)	(133,696,688)
Increase /(Decrease) in Non-Current Liabilities	1,877,033	897,340
Increase /(Decrease) in Provisions	2,384,692	(393,391)
<b>Cash Generated from Operation</b>	<u>(10,186,860)</u>	<u>(118,155,450)</u>
Income Tax Paid/ (Refund)	7,893,906	(3,345,912)
<b>Net Cash From Operating Activities</b>	<u>(2,292,954)</u>	<u>(121,501,362)</u>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

Particulars	2013-14 (₹)	2012-13 (₹)
<b>CASH FLOW FROM INVESTING ACTIVITY</b>		
Purchase of Fixed Assets	(890,766)	(4,584,033)
Sale of Fixed Assets	3,283,724	1,810,250
Sale of Investments (Net)	1,529,919	1,773,926
Inter Corporate Deposits Received / (Given)	(10,571,508)	64,180,224
Gold Loan Received / (Given)	1,908,435	74,809,257
Interest Received	2,079,391	21,065,271
Dividend Received	29,449	39,350
<b>Net Cash used in Investing Activities</b>	<b>(2,631,356)</b>	<b>159,094,245</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/ (Decrease) in Secured Loans	(5,574,177)	(37,110,315)
Increase/ (Decrease) in Unsecured Loans	(4,144,939)	(11,273,470)
Dividend Paid ( including tax thereon)	-	(14,214,342)
Interest Paid	(5,174,374)	(8,826,425)
<b>Net Cash from / (used in) Financing Activities</b>	<b>(14,893,490)</b>	<b>(71,424,552)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalent</b>	<b>(19,817,800)</b>	<b>(33,831,669)</b>
<b>Opening Balance of Cash and Cash Equivalent</b>	<b>46,896,228</b>	<b>80,727,897</b>
<b>Closing Balance of Cash and Cash Equivalent</b>	<b>27,078,428</b>	<b>46,896,228</b>

As per our attached report of even date

For **Rahul Gautam Divan & Associates**  
*Chartered Accountants***Rahul Divan**  
*Partner*Mumbai  
May 26, 2014

For and on behalf of Board of Directors

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

#### B) 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 31 <sup>st</sup> March, 2014 (₹)	As at 31 <sup>st</sup> March, 2013 (₹)
<b>2. SHARE CAPITAL</b>		
<b>Authorised</b>		
31,000,000 Equity Shares of ₹ 10/- each	310,000,000	310,000,000
	<u>310,000,000</u>	<u>310,000,000</u>
<b>Issued, Subscribed and Fully Paid Up</b>		
24,460,568 Equity Shares of ₹ 10/- each fully paid up	244,605,680	244,605,680
<b>Total</b>	<u>244,605,680</u>	<u>244,605,680</u>

#### Note:-

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

Particulars	2013-14		2012-13	
	No of Shares	(₹)	No of Shares	(₹)
<b>EQUITY SHARES</b>				
<b>A) Fully Paid Up Shares</b>				
No of shares outstanding at the beginning of the year	24,460,568	244,605,680	24,460,568	244,605,680
Add / Less :- Issued / Buy back .	-	-	-	-
<b>No of shares outstanding at the end of the year</b>	<b>24,460,568</b>	<b>244,605,680</b>	24,460,568	244,605,680

### 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 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

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

#### Equity Shares

Name of the Person / Firm / Company	2013-14		2012-13	
	No of Shares	%	No of Shares	%
<b>EQUITY SHARES</b>				
<b>a) Fully Paid Up Shares</b>				
1) Kumar Nair	12,708,694	51.96	12,708,694	51.96
2) TFL-TCCPL and TFCPL Merger Trust	5,225,000	21.36	5,225,000	21.36

### 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
<b>EQUITY SHARES</b>		
<b>A) Fully Paid Up Shares</b>		
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.	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

#### A) Transwarranty Finance Limited

- The Transwarranty Finance Limited (TFL) Employee Stock Option Scheme has been approved by the Board Of Directors of the company on 10<sup>th</sup> 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".



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

### h) Details of movement of Options

Particulars	As at 31 <sup>st</sup> March, 2014 (₹)	As at 31 <sup>st</sup> March, 2013 (₹)
Options outstanding at the beginning of the year	765,769	852,237
Prior Period Adjustments	-	(1,875)
Options granted during the year	-	-
Options vested during the year	-	104,607
Options exercised during the year	-	Nil
Options forfeited during the year	245,450	66,375
Options lapsed /surrendered during the year	-	18,218
<b>Options outstanding at the end of the year</b>	<b>520,319</b>	<b>765,769</b>

- i) Had fair value method been used, the compensation cost would have been higher by ₹ 8.05 Lakhs (Previous Year ₹ 11.85 Lakhs) Profit after tax would have been lower by ₹ 8.05 Lakhs (Previous year Loss after tax would have been higher by ₹ 11.85 Lakhs) and EPS both basic and diluted - would have been ₹ 0.06 Per share (Previous Year ₹ (0.49) Per share).

### B) Vertex Securities Limited

- The "Vertex Employee Stock Option Plan 2010" has been approved by the Board Of Directors of the company on 10th March, 2008.
- The vesting year is over five years from the date of grant, commencing after one year from the date of grant.
- Exercise year 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 as follows:

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 Split)
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
Grant-VII	-	-	200,000	5.46
Grant-VIII	-	-	1,875,000	5.46

- 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

### h) Details of movement of Options

Particulars	As at 31 <sup>st</sup> March, 2014 (₹)	As at 31 <sup>st</sup> March, 2013 (₹)
Options outstanding at the beginning of the year split to face Value of ₹ 2/- share	2,537,002	2,680,315
Options granted during the year	–	2,075,000
Options vested during the year	–	248,627
Options exercised during the year	–	–
Options forfeited during the year	814,995	1,751,310
Options lapsed /surrendered during the year	–	467,003
<b>Options outstanding at the end of the year</b>	<b>1,722,007</b>	<b>2,537,002</b>

- i) Had fair value method been used, the compensation cost would have been higher by ₹ 14.55 Lakhs (Previous Year ₹ 21.44 Lakhs). Loss after tax would have been higher by ₹ 14.55 Lakhs (Previous year ₹ 21.44 Lakhs) and Basic EPS would have been ₹ (0.36) Per share (Previous Year ₹ (0.42) Per share) and Diluted EPS would have been ₹ (0.23) (Previous Year ₹ (0.25)).

Particulars	As at 1 <sup>st</sup> April, 2013 (₹)	Additions/ Created During the Year	Deductions During the Year	As at 31 <sup>st</sup> March, 2014 (₹)
<b>3. RESERVES AND SURPLUS</b>				
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	31,277,515	444,879	–	31,722,394
- General Reserve	10,410,757	–	–	10,410,757
d) Surplus as per Statement of Profit & Loss (Note - 1)	27,418,985	(6,057,727)	–	21,361,258
	<u>315,291,647</u>	<u>(5,612,848)</u>	–	<u>309,678,799</u>

Particulars	As at 1 <sup>st</sup> April, 2012 (₹)	Additions/ Created During the Year	Deductions During the Year	As at 31 <sup>st</sup> March, 2013 (₹)
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	31,277,515	–	–	31,277,515
- General Reserve	10,410,757	–	–	10,410,757
d) Surplus as per Statement of Profit & Loss (Note-1)	35,493,126	(8,074,141)	–	27,418,985
	<u>323,365,788</u>	<u>(8,074,141)</u>	–	<u>315,291,647</u>





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

### Notes:-

Particulars	2014	2013
1) Profit / (Loss) for the year	(13,021,099)	(27,230,501)
Less:-		
Transfer to Reserve U/S 45 IC of RBI Act	444,879	–
Share of Loss transferred to Minority Interest – VSL	(7,405,558)	(7,271,183)
Share of Loss transferred to Minority Interest – VCFPL	(2,693)	(69)
Consolidation adjustment due to change in shareholding – in Subsidiary	–	(11,885,108)
	<u>(6,963,372)</u>	<u>(19,156,360)</u>
	<u><u>(6,057,727)</u></u>	<u><u>(8,074,141)</u></u>

Particulars	As at 31 <sup>st</sup> March, 2014 (₹)	As at 31 <sup>st</sup> March, 2013 (₹)
<b>4. MINORITY INTEREST</b>		
Vertex Commodities & Finpro (P) Limited	12,470	15,162
Vertex Securities Limited	54,791,306	61,196,864
	<u>54,803,776</u>	<u>61,212,026</u>
<b>NON- CURRENT LIABILITIES</b>		
<b>5. LONG TERM BORROWINGS</b>		
<b>I. Secured Loans</b>		
<b>A. Loan From Banks</b>		
Overdraft Account - ICICI Bank Ltd (Secured against mortgage of Office Premises owned by Transwarranty Pvt. Ltd. and personal guarantee given by the Managing Director)	4,231,826	5,478,094
Car Loan Account - HDFC Bank (Secured against hypothecation of Motor Car - Skoda)	–	74,228
<b>NOTE:</b> 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 installments. The loan is against hypothecation of the Car Purchased.		
Car Loan Account- HDFC Bank (Secured against hypothecation of Motor Car )	1,087,384	1,462,883
<b>Total (A)</b>	<u>5,319,210</u>	<u>7,015,205</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 (ALL AMOUNTS MENTIONED ARE IN RUPEES)**

Particulars	As at 31 <sup>st</sup> March, 2014 (₹)	As at 31 <sup>st</sup> March, 2013 (₹)
<b>II. Unsecured Loans</b>		
Intercompany Loan Associate Companies	5,195,196	–
<b>From Others;</b>		
Inter Corporate Deposits	15,500,000	15,500,000
Security Deposit From Franchises	6,655,309	7,933,014
<b>Total (B)</b>	<u>27,350,505</u>	<u>23,433,014</u>
<b>Total (A) + (B)</b>	<u><u>32,669,715</u></u>	<u><u>30,448,219</u></u>

**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 17%.
- 2) 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 installments. The loan is against hypothecation of the Car Purchased.
- 3) Vehicle loan from HDFC Bank was sanctioned on 17.09.2012 for a period of 5 years. Current EMI per month is ₹ 42,620/-.

Particulars	As at 31 <sup>st</sup> March, 2014 (₹)	As at 31 <sup>st</sup> March, 2013 (₹)
<b>6. OTHER LONG TERM LIABILITIES</b>		
a) Trade Payables		
Amount Payable to Clients	5,002,170	2,769,679
Gold Loan	1,312,879	1,315,888
b) Others		
Other Creditors	<u>720,654</u>	<u>1,073,103</u>
	<u><u>7,035,703</u></u>	<u><u>5,158,670</u></u>
<b>CURRENT LIABILITIES</b>		
<b>7. SHORT TERM BORROWINGS</b>		
<b>A) Secured Loans</b>		
1) <b>Loan from Bank</b>		
Overdraft Account - The Catholic Syrian Bank Ltd (Secured against Gold Loan Receivables and personal guarantee given by the Managing Director)	4,894,795	2,701,111



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 (ALL AMOUNTS MENTIONED ARE IN RUPEES)**

Particulars	As at 31 <sup>st</sup> March, 2014 (₹)	As at 31 <sup>st</sup> March, 2013 (₹)
<b>Note:-</b>		
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.		
Overdraft Account- Catholic Syrian Bank (Secured Against Pledge / Lien of Fixed Deposit ₹ Nil (P.Y ₹ 7,969,985/-) including interest)	–	5,929,010
ICICI Bank OD Account (Secured against hypothecation of Office Premises owned by Transwarranty Pvt. Ltd. and personal guarantee given by the Managing Director)	1,420,000	1,420,000
<b>Total - (A)</b>	<u>6,314,795</u>	<u>10,050,121</u>
<b>B) Unsecured Loans</b>		
1) From Others		
Inter Corporate Deposits	10,132,766	13,000,000
<b>Total - (B)</b>	<u>10,132,766</u>	<u>13,000,000</u>
<b>Total - (A) + (B)</b>	<u>16,447,561</u>	<u>23,050,121</u>
<b>8. TRADE PAYABLES</b>		
a) Amount Due to Micro , Small & Medium Enterprises	–	–
b) Other Creditors		
Amount due to Clients	65,137,827	74,519,247
	<u>65,137,827</u>	<u>74,519,247</u>
<b>9. OTHER CURRENT LIABILITIES</b>		
a) Current Maturities of Long Term Debt	474,871	617,727
b) Interest Accrued & Due on borrowings	3,085,010	3,085,010
c) Unpaid Dividends	156,713	158,808
d) Other Payables		
– Book Overdraft	2,393,031	6,412,629
– Statutory Payables (Net)	991,757	1,916,128
– Creditors for Expenses	9,098,734	13,526,736
	<u>16,200,116</u>	<u>25,717,038</u>
<b>10. SHORT - TERM PROVISIONS</b>		
a) <b>Provision for Employees</b>		
Provision for Gratuity	2,107,927	373,425
Provision for Leave Encashment	1,381,362	1,222,191
b) <b>Others</b>		
Provision for Diminution in value of Quoted Investments	159,372	296,234
Provision For Preference Share Dividend	53,966	53,966
Provision Others	1,041,032	550,013
	<u>4,743,659</u>	<u>2,495,829</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 (ALL AMOUNTS MENTIONED ARE IN RUPEES)**

**11. FIXED ASSETS -TANGIBLE**

Sr. No.	Description	GROSS BLOCK/ COST/BOOK VALUE			DEPRECIATION /AMORTISATION			NET BLOCK		
		Total as at 1-Apr-13 (₹)	Additions/ Adjustments during the Year (₹)	Deductions/ Adjustments during the Year (₹)	Total as at 1-Apr-13 (₹)	Provided during the year (₹)	Deductions/ Adjustments during the Year (₹)	Total as at 31-Mar-14 (₹)	As at 31-Mar-14 (₹)	As at 31-Mar-13 (₹)
1	Building	661,170	-	661,170	143,616	2,687	146,303	-	-	517,554
2	Furniture & Fixture	12,605,870	4,600	1,388,029	6,740,177	550,018	572,819	6,717,376	4,505,065	5,865,694
3	Office Equipments	15,228,559	1,800	1,520,223	5,353,584	679,476	556,418	5,476,642	8,233,494	9,874,971
4	Vehicles	7,092,748	-	567,371	3,071,593	938,459	472,121	3,537,931	2,987,446	4,021,155
5	Computers	24,798,920	-	3,238,456	22,067,361	979,565	3,109,404	19,937,522	1,622,942	2,731,558
	<b>Total</b>	60,387,266	6,400	7,375,249	37,376,331	3,150,205	4,857,065	35,669,471	17,348,947	23,010,932
	<b>Previous Year</b>	63,357,306	4,184,033	7,154,073	37,069,929	4,197,843	3,891,438	37,376,334	23,010,932	-

**12. FIXED ASSETS – INTANGIBLE**

Sr. No.	Description	GROSS BLOCK/ COST/BOOK VALUE			DEPRECIATION /AMORTISATION			NET BLOCK		
		Total as at 1-Apr-13 (₹)	Additions/ Adjustments during the Year (₹)	Deductions/ Adjustments during the Year (₹)	Total as at 1-Apr-13 (₹)	Provided during the year (₹)	Deductions/ Adjustments during the Year (₹)	Total as at 31-Mar-14 (₹)	As at 31-Mar-14 (₹)	As at 31-Mar-13 (₹)
1	Goodwill	400,000	-	-	-	-	-	-	400,000	400,000
2	Computer Software	8,573,537	683,638	-	7,370,739	596,099	-	7,966,838	1,290,337	1,202,798
3	License	11,620,358	200,728	-	6,824,679	1,179,687	-	8,004,366	3,816,720	4,795,679
4	Membership Rights	-	-	-	-	-	-	-	-	-
	Bombay Stock Exchange	1,000,000	-	-	694,110	100,000	-	794,110	205,890	305,890
	NMCE	100,000	-	-	84,877	10,000	-	94,877	5,123	15,123
	MCX	251,000	-	-	225,900	25,100	-	251,000	-	25,100
	NCDEX	500,000	-	-	319,041	50,000	-	369,041	130,959	180,959
	NSEL	250,000	-	-	52,877	25,000	-	77,877	172,123	197,123
	<b>Total</b>	22,694,895	884,366	-	15,572,223	1,985,886	-	17,558,109	6,021,151	7,122,673
	<b>Previous Year</b>	22,294,895	400,000	-	13,332,754	2,239,469	-	15,572,223	7,122,673	-



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 (ALL AMOUNTS MENTIONED ARE IN RUPEES)**

Particulars	Face Value (₹)	31.03.2014		31.03.2013	
		Quantity (Nos)	Value (₹)	Quantity (Nos)	Value (₹)
<b>13. NON- CURRENT INVESTMENTS (AT COST)</b>					
<b>a) Investments in Equity Instruments</b>					
<b>i) Quoted Investments</b>					
South Indian Bank (Right Share) (Market Value ₹ 223/-)	1	10	40	1	40
NEPC India Ltd. (Market Value ₹ 5,640/-)	10	2,000	85,156	2,000	85,156
Rama Newsprint Papers Ltd. (Market Value ₹ 8,500/-)	10	1,250	86,838	1,250	86,838
Anil Limited (Market Value ₹ 5,93,792/-)	10	4,639	92,780	4,639	92,780
Biocon	10	100	52,326	100	52,326
Biocon-Bonus Shares (Market Value ₹ 84,810/-)	10	100	–	100	–
Jenburkt Pharmaceuticals Ltd. (Market Value ₹ 31,920/-)	10	350	33,438	350	33,438
Intellvisions Software Ltd.	10	–	–	16954	370,338
<b>ii) Unquoted Investments</b>					
<b>1) Associate Companies</b>					
<b>a) Transwarranty Private Limited</b>					
1,459,380 (P.Y. Nil) 8% Non-Cumulative Redeemable Preference Shares	1,459,380	100	145,938,000	–	–
<b>b) Transwarranty Advisors Private Limited</b>					
1,245,310 (P.Y. Nil) 8% Non-Cumulative Redeemable Preference Shares	1,245,310	100	124,531,000	–	–
<b>2) Others</b>					
Catholic Syrian Bank Ltd.	10	700	31,000	700	31,000
Cochin Stock Exchange	10	905	2,507,700	905	2,507,700
Navani Corp (India) Ltd	10	350000	17,500,000	350000	17,500,000
<b>b) Investments in Government or trust securities</b>					
National Savings Certificate VIII issue	5,000	1	5,000	1	5,000
UTI Master Share	–	1,000	13,945	1,000	13,945
<b>Total</b>			<b>290,877,224</b>		<b>20,778,561</b>

1) Aggregate amount of Quoted investments is ₹ 364,524/- (P.Y. ₹ 734,861/-) and market value is ₹ 738,830/- (P.Y. ₹ 1,052,836/-)

2) Aggregate amount of Unquoted investments is ₹ 290,512,700/- (P.Y. ₹ 20,043,700/-)

3) Aggregate provision made for diminution in value of investments is ₹ 159,372/- (P.Y. ₹ 296,234/-)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 (ALL AMOUNTS MENTIONED ARE IN RUPEES)**

Particulars	As at 31 <sup>st</sup> March, 2014 (₹)	As at 31 <sup>st</sup> March, 2013 (₹)
<b>NON CURRENT ASSETS</b>		
<b>14. DEFERRED TAX ASSETS</b>		
1) The Deferred Tax Assets( Net) at the year end comprises of timing differences arising on account of :-		
Deferred Tax Asset:-		
Depreciation	423,472	314,675
	<u>423,472</u>	<u>314,675</u>
<b>15. LONG TERM LOANS AND ADVANCES</b>		
A) Unsecured, Considered Good		
a) Capital Advances	43,300,000	43,300,000
b) Security Deposits	262,729	52,206,229
c) Loans and Advances to Related Parties		
Inter Corporate Deposits - Associates	400	83,417,060
d) Other Loans and Advances		
Inter Corporate Deposits to Others	112,957,800	112,957,800
TFL-TCCPL and TFCPL Merger Scheme Trust	75,762,500	75,762,500
	<u>232,283,429</u>	<u>367,643,589</u>
<b>16. OTHER NON CURRENT ASSETS</b>		
i) Long term Trade Receivables	-	137,285
Less:- Bad Debts Written Off	-	113,795
	<u>-</u>	<u>23,490</u>
<b>CURRENT ASSETS</b>		
<b>17. TRADE RECEIVABLES</b>		
Un Secured considered Good		
Debts outstanding for a period exceeding six Months	28,247,755	26,596,136
Less:- Bad Debts Written off	-	2,700,785
<b>Total - (A)</b>	<u>28,247,755</u>	<u>23,895,351</u>
Other Debts	16,573,498	19,346,062
Less:- Bad Debts Written off	-	681
<b>Total - (B)</b>	<u>16,573,498</u>	<u>19,345,381</u>
<b>Total - (A) +(B)</b>	<u>44,821,253</u>	<u>43,240,732</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 (ALL AMOUNTS MENTIONED ARE IN RUPEES)**

Particulars	As at 31 <sup>st</sup> March, 2014 (₹)	As at 31 <sup>st</sup> March, 2013 (₹)
<b>18. CASH AND CASH EQUIVALENTS</b>		
a) Balance with Banks		
In Current Account	9,557,963	14,799,257
In Dividend Account	143,512	145,506
In Deposit Accounts :-		
Less than 12 months Maturity	15,600,302	27,008,256
More than 12 Months Maturity (Fixed Deposit of ₹ 14,400,000/- (P.Y. ₹ 13,500,000/-) pledged against Bank Guarantees and ₹ 1,000,000/- (P.Y. ₹ Nil) are pledged against Trading Guarantee for Exchange)	1,625,653	1,925,250
b) Cash on Hand	150,998	3,017,959
	<u>27,078,428</u>	<u>46,896,228</u>
<b>19. SHORT TERM LOANS AND ADVANCES</b>		
<b>A) Secured Considered Good</b>		
a) Others		
Gold Loans	7,064,796	9,133,066
Advance for Fixed Assets	-	658,638
Loan Against Property	81,837	88,396
<b>B) Unsecured, Considered Good</b>		
a) Loans and advances to Related Parties	-	15,000
b) Inter Corporate Deposits- Related Parties	977,542	84,620,378
c) Others		
Inter Corporate Deposits	3,027,701	3,012,700
Loans and advances to Employees	47,000	-
Deposits	35,617,719	63,460,825
Advance Payment of Income Tax (Including TDS, Net of Provision) {Provision For Tax ₹ 9,851,300/- ( P.Y. ₹ 9,751,300 /- ) }	16,909,283	24,905,189
Other Short Term Advances	456,154	1,049,998
Advance Gratuity	-	153,071
Advance Receivable	4,965,763	5,946,583
	<u>69,147,794</u>	<u>193,043,844</u>
<b>20. OTHER CURRENT ASSETS</b>		
Interest Accrued on ICD's	3,506,981	18,212,782
Interest Accrued on Fixed Deposits	1,827,556	4,577,135
Interest Accrued on Gold Loan , etc.	1,402,405	1,242,570
	<u>6,736,942</u>	<u>24,032,487</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 (ALL AMOUNTS MENTIONED ARE IN RUPEES)**

Particulars	For the year Ended on 31 <sup>st</sup> March, 2014 (₹)	For the year Ended on 31 <sup>st</sup> March, 2013 (₹)
<b>21. REVENUE FROM OPERATIONS</b>		
a) Sale of Products		
Sale of Shares held in Stock-in-Trade	49,523,279	70,576,188
b) Interest		
Interest on Gold Loan	1,318,377	12,624,985
Interest on Loan Against Shares	–	151,851
Interest on Property Loan	7,511	3,159
c) Other Financial Services		
Trade Finance	26,215,683	43,068,886
Corporate Finance	1,375,000	675,000
Investment Banking	7,851,675	2,342,808
Brokerage Income	47,662,507	78,140,641
Merchant Banking Fees	573,889	1,787,632
Income From DP Operations	2,323,609	3,276,339
	<u>136,851,530</u>	<u>212,647,489</u>
<b>22. OTHER INCOME</b>		
a) Dividend Income	29,449	39,350
b) Net gain on sale of Investments	159,580	1,458,854
c) Bad Debts Written Off Recovered	1,300,000	–
d) Other Non Operating Income		
– Interest Income	2,079,391	21,045,797
– Miscellaneous Income	3,840,507	9,193,671
– Provision For Quoted Investments Written Back	136,862	59,151
– Vsat Recurring Charges Recovered	148,600	385,446
– Late Payment Charges	929,252	2,147,822
– Software & AMC Charges Recovered	1,309,874	2,121,216
– Interest on Income Tax Refund	1,012,275	–
	<u>10,945,790</u>	<u>36,451,307</u>
<b>23. PURCHASE OF STOCK IN TRADE</b>		
Purchase of Shares held in Stock-in-Trade	49,534,375	70,762,217
	<u>49,534,375</u>	<u>70,762,217</u>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 (ALL AMOUNTS MENTIONED ARE IN RUPEES)**

Particulars	For the year Ended on 31 <sup>st</sup> March, 2014 (₹)	For the year Ended on 31 <sup>st</sup> March, 2013 (₹)
<b>24. EMPLOYEE BENEFITS EXPENSES</b>		
a) Salaries, Wages, Bonus, Gratuity & Allowances	39,431,375	75,692,408
b) Contribution to Provident	3,923,358	4,048,370
c) Staff Welfare Expenses	811,163	1,008,074
	<u>44,165,896</u>	<u>80,748,852</u>
<b>25. FINANCE COST</b>		
a) Interest Expense		
On Term Loans	173,234	209,176
On Overdrafts & Other Borrowings	1,372,964	4,005,374
b) Other Borrowing Costs		
Interest on ICD	2,695,722	2,505,212
Bank Charges	402,672	607,743
Bank Guarantee Expenses	529,782	1,498,920
	<u>5,174,374</u>	<u>8,826,425</u>
<b>26. OTHER EXPENSES</b>		
Rent	3,143,152	13,930,803
Rates & Taxes	891,090	383,775
Insurance	109,377	83,899
Advertisement, Publicity & Sales Promotion	1,035,963	1,912,173
Travelling & Other Incidental Expenses	2,173,548	4,595,899
Office Maintenance	6,689,183	9,192,146
Vehicle Running & Maintenance	220,714	217,363
Printing & Stationery	600,216	1,178,595
Communication Expenses	1,745,833	2,615,290
Electricity	2,215,415	3,508,641
Donation	-	531,844
Auditor's Remuneration		
- As Auditors	235,000	235,000
- For Tax Audit	55,000	55,000
- For Certification / Limited Review	87,100	134,000
- Internal Audit Fees	48,000	134,000
- Out of Pocket Expenses	2,404	31,448
Legal, Professional & Consultancy Charges	3,762,315	5,785,638
Directors Sitting Fees	526,668	628,000

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 (ALL AMOUNTS MENTIONED ARE IN RUPEES)**

Particulars	For the year Ended on 31 <sup>st</sup> March, 2014 (₹)	For the year Ended on 31 <sup>st</sup> March, 2013 (₹)
<b>26. OTHER EXPENSES (Contd.)</b>		
Other Operational Expenses	32,927,413	47,658,902
Loss on Futures & Options (Net)	149,657	60,619
Loss on Sale of Gold	831,174	7,795,956
Bad Debts written off	130,801	2,815,261
	<u>57,580,023</u>	<u>103,484,246</u>
<b>Note:-</b>		
<b>EARNING / EXPENDITURE IN FOREIGN CURRENCY</b>		
Earnings in Foreign Exchange as fees for Professional Services rendered	12,970,183	7,180,889
Expenditure incurred in Foreign Currency	401,832	1,433,280
<b>27. CONTINGENT LIABILITIES</b>		
1) Guarantees issued by the company on behalf of its associates for acquiring office premises	40,600,000	67,500,000
2) Counter Guarantees issued by Transwarranty Finance Limited to bankers on behalf of its subsidiary company Vertex Securities Limited for Exchange Margin requirements	30,000,000	27,000,000
3) Guarantees issued by Vertex Securities Limited on behalf of its Subsidiary Company Vertex Commodities & Finpro Pvt. Ltd. for Exchange Margin requirements	30,000,000	10,000,000
a. Tax demand in respect of which:-	-	1,111,000
- Company's Appeal is pending before the first appellate Authority (Income Tax) for the Assessment Year 2007-08		
- Service Tax orders for FY 2006-07 to 2009-10	622,000	622,000
	<u>101,222,000</u>	<u>106,233,000</u>
<b>28. EARNINGS PER SHARE</b>		
I. Net Profit as per Statement of Profit and Loss available for Equity Share Holders	(13,021,099)	(27,230,501)
II. Weighted Average number of equity shares for Earnings per share computation		
A) For Basic Earnings per share of ₹ 10/- each (No's)	24,460,568	24,460,568
B) For Diluted Earnings per share of ₹ 10/- each (No's)	24,460,568	24,460,568
III. Earnings Per Share (Face Value of ₹ 10/- each)		
Basic (₹)	(0.53)	(1.11)
Diluted (₹)	(0.53)	(1.11)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

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

Particulars	Gratuity		Leave Encashment (Unfunded)	
	2013-14	2012-13	2013-14	2012-13
<b>Change in the benefit Obligations:</b>				
Present value of obligations as on 01. 04. 2013	3,679,310	3,616,950	1,222,191	1,040,638
Current Service Cost	887,746	578,745	1,250,453	1,189,573
Past Service Cost	-	-	-	-
Interest Cost	274,689	247,221	57,878	41,930
Actuarial (Gain)/Loss on obligation	1,112,824	289,760	(74,889)	(16,944)
Benefits Paid	(491,428)	(1,053,366)	(997,443)	(1,033,006)
<b>Present value of obligations as on 31.03.2014</b>	<b>5,463,141</b>	<b>3,679,310</b>	<b>1,458,190</b>	<b>1,222,191</b>
<b>Change in Plan Assets:</b>				
Fair Value of Plan Assets as on 01.04.2013	3,815,423	4,434,387	-	-
Adjustment to the opening balance	(112,314)	(418,343)	-	-
Expected Return on Plan Assets	314,174	318,769	-	-
Employer's Contributions	500,000	547,995	986,898	1,033,006
Benefits Paid	(491,428)	(1,053,366)	(986,898)	(1,033,006)
Actuarial Gain/(Loss) on Plan Assets	(314,174)	(14,019)	-	-
<b>Fair Value of plan assets as on 31.03.2014</b>	<b>3,711,681</b>	<b>3,815,423</b>	<b>-</b>	<b>-</b>
<b>Net (Asset) Liability (i) - (ii) :</b>	<b>1,751,460</b>	<b>(136,113)</b>	<b>1,458,190</b>	<b>1,222,191</b>
<b>Net Cost for the year ended 31.03.2014</b>				
Current Service Cost	887,746	578,745	1,250,453	1,189,573
Past Service Cost	-	-	-	-
Interest Cost	274,689	247,221	57,878	41,930
Expected Return on plan Assets	(314,174)	(318,769)	-	-
Actuarial (Gain)/ Loss recognised during the year	1,426,998	303,779	(74,889)	(16,944)
Adjustment (Gain) to opening value of planned assets	-	-	-	-
<b>Net Cost</b>	<b>2,275,259</b>	<b>810,976</b>	<b>1,233,442</b>	<b>1,214,559</b>
Amount recognised in the Balance sheet (Asset) / Liability	1,751,460	(88,515)	1,458,190	1,222,191
Amount recognised in the Statement of Profit and Loss (Gain)/Loss	2,275,259	810,976	1,233,442	1,214,559
<b>Principal actuarial Assumptions:-</b>				
Discount rate	8.00%	8.00%	8.00%	8.00%
Expected Return on plan assets	8.00%	8.00%	-	-
Salary Escalation Rate	7.50%	4.00%	5.00%	4.00%
Attrition Rate	15 to 42%	15 to 42%	15 to 42%	15 to 42%
<b>Demographic Assumptions:</b>				
Retirement age				60 Year
Mortality rate				8%

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

### 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) Associated Company : Transwarranty Advisors Private Limited (TAPL) (Until 16/12/2013)  
Transwarranty Private Limited (TPL) (Until 16/12/2013)
- (b) Key Management Personnel : Mr. Kumar Nair (Managing Director)

#### Details of Related Party Transactions

Name of the Company/ Transactions	2014 (₹ In Millions)	2013 (₹ In Millions)
<b>1) Inter Corporate Deposits Given - Associated Companies</b>		
TAPL	5.05	22.09
TPL	11.73	19.27
<b>2) Inter Corporate Deposits Received Back - Associated Companies</b>		
TAPL	3.01	0.90
TPL	–	14.38
<b>3) Current Account Debit - Associated Companies</b>		
TAPL	0.13	0.67
<b>4) Current Account Credit - Associated Companies</b>		
TAPL	–	0.03
<b>5) Rent Paid - Associated Company</b>		
TAPL	–	7.20
<b>6) Interest Received on ICD- Associated Companies</b>		
TAPL	–	5.02
TPL	–	11.46
<b>Balance As on 16-12-2013 (In the Books of Transwarranty Finance Limited)</b>		
<b>Intercompany Deposit Debit- Associate Company</b>		
TAPL	38.07	38.36
TPL	48.75	45.06
<b>Current Account Debit - Associate Company</b>		
TAPL	0.02	0.02
<b>Balance As on 16-12-2013 (In the Books of Vertex Securities Limited)</b>		
<b>Intercompany Deposit Debit- Associate Company</b>		
TAPL	17.04	12.07
TPL	47.94	42.56
<b>Balance As on 16-12-2013 (In the Books of Vertex Commodities &amp; Finpro Pvt. Ltd.)</b>		
<b>Intercompany Deposit Debit- Associate Company</b>		
TPL	30.00	30.00
<b>Balance As on 31-03-2014 (In the Books of Vertex Securities Limited)</b>		
<b>Trading Account Credit - Key Management Person</b>		
Kumar Nair	–	0.04



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

### 31. 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, 2014 .

### 32. Information on subsidiaries :

The Subsidiary companies considered in the consolidated financial statement are :

Name of the Company	Country of Incorporation	Percentage of Holding at 3/31/2014
Vertex Securities Limited (VSL)	India	50.95%
Vertex Commodities & Finpro Pvt. Ltd (Subsidiary of VSL)	India	99.95%

- Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business.
  - Debit and Credit balances are subject to confirmation of parties.
- Sundry debtors include old outstanding debts amounting to ₹ 15,259,655/- (₹ 16,476,641) in respect of which Company has initiated legal and other recovery actions, the proceedings of which are in different stages of progress. No provision for doubtful debts has been made in the accounts during the year since the management is confident that the debts are good and recoverable.
  - Lien has been marked in favour of Axis bank in respect of Bank Deposits worth ₹ 14,400,000/- (P.Y ₹ 13,500,000/-) together with accumulated interest thereon, against bank guarantees issued by them on account of the Company. Lien has been marked in favour of BSE against trading guarantee in respect of Bank Deposit worth ₹ 1,000,000 /- (P.Y. ₹ Nil) together with accumulated interest thereon.
  - The management has evaluated the long term investments and confirms that there exist no circumstances which warrant provision on account of permanent diminution in the value of investments.
  - Operating Leases: The Company has obtained office premises under operating lease. These leases are for a period ranging from 11 to 60 months and are renewable as may be mutually decided. These are generally cancellable lease. Lease payments

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 (ALL AMOUNTS MENTIONED ARE IN RUPEES)

recognised in the Statement of Profit and Loss as 'Rent' under Note No. 26 is ₹ 3,143,152 (P.Y. 13,930,803/-). Future minimum lease rent payable are as follows:

Particulars	As at 31 <sup>st</sup> March, 2014	As at 31 <sup>st</sup> March, 2013
Not later than one year	1,632,237	1,425,214
Later than one year but not later than five year	1,263,928	1,030,094
Later than five year	–	–

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*

**Rahul Divan**  
*Partner*

Mumbai  
May 26, 2014

For and on behalf of Board of Directors

**Suresh N. Talwar**  
*Chairman*

**R. L. Shenoy**  
*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 2013-14

Sr. No	Name of the subsidiary Company	Vertex Securities Limited	Vertex Commodities & Finpro Pvt. Ltd.
1	Financial Year of the subsidiary ended on	31/3/2014	31/3/2014
2	Date on which they become subsidiary	18/7/2008	18/7/2008
3	Holding Company's Interest		
a)	Number of Shares Fully paid	24,318,110	38,59,493
b)	% of Shares held by Transwarranty Finance Limited and its subsidiaries	55.46%	99.95%
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	(78.86)	(53.83)
b)	Not Dealt with in the accounts of the Holding Company	(74.06)	(0.03)
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	(89.15)	(1.38)
b)	Not Dealt with in the accounts of the Holding Company	(72.71)	(0.01)

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

(₹ In Lakhs)

Sr. No	Name of the subsidiary Company	Vertex Securities Limited	Vertex Commodities & Finpro Pvt. Ltd.
A	Capital	1,502.83	586.15
B	Reserves & Surplus	(131.02)	(136.77)
C	Total Assets	2,735.69	615.61
D	Total Liabilities	2,735.69	615.61
E	Details of Investment (Except in case of investment in subsidiaries)	1,133.06	327.00
F	Turnover	498.61	133.89
G	Profit / (Loss) Before Taxation	(99.06)	(53.86)
H	Provision for Taxation (Deferred Tax)	-	-
I	Profit / (Loss) after Taxation	(99.06)	(53.86)
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

Mumbai  
May 26, 2014

**R. L. Shenoy**  
Director

**U. Ramachandran**  
Chief Financial Officer

**Sridhar H.**  
Company Secretary







Form No. MGT-11

# PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]



## TRANSWARRANTY FINANCE LIMITED

CIN: L65920MH1994PLC080220

**Registered Office:**

403, Regent Chambers, Nariman Point, Mumbai - 400 021

Tel.: +9140010900 Fax.: +91-022-66306655

Website: [www.transwarranty.com](http://www.transwarranty.com)

Email: [companysecretary@transwarranty.com](mailto:companysecretary@transwarranty.com)

Name of the member(s): .....
Registered address: .....
E-mail Id: .....
Folio No / Client Id: ..... DP ID: .....

I/We, being the member (s) of ..... shares of the above named Company, hereby appoint

1. Name: .....

Address: .....

E-mail Id: ..... Signature: ....., or failing him
2. Name: .....

Address: .....

E-mail Id: ..... Signature: ....., or failing him
3. Name: .....

Address: .....

E-mail Id: ..... Signature: .....



as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 20th Annual General Meeting of the Company, to be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 3rd floor, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001, on 19<sup>th</sup> September, 2014 at 11.30 a.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

RslnNo	Ordinary Business	Optional	
		*For	*Against
1.	Adoption of financial statement for the year ended March 31, 2014		
2.	Appoint Director in place of Director who retires by rotation		
3.	Appointment of M/s. Rahul Gautam & Associates., Chartered Accountants as Auditors and fixation of remuneration thereof		
	<b>Special Business</b>		
4.	Appointment of Mr. Raghu Palat as an Independent Director of the Company for a term of upto five years		
5.	Appointment of Mr. Pravin Khatau as an Independent Director of the Company for a term of upto five years		
6.	Appointment of Mr. Ranjal Laxmana Shenoy as an Independent Director of the Company for a term of upto five years		
7.	Reappointment of Mr. Kumar Nair as Managing Director		
8.	Increase investment limits of FII and NRI in the Company		

Signed this ..... day of ..... 2014.

.....  
Signature of shareholder

.....  
Signature of Proxy holder(s)

Affix  
Revenue  
Stamp of  
₹ 1/-

**Note:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
  2. A person can act as proxy on behalf of Members upto and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.
- \* It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.



## TRANSWARRANTY FINANCE LIMITED

CIN: L65920MH1994PLC080220

### Registered Office:

403, Regent Chambers, Nariman Point, Mumbai - 400 021

Tel.: +9140010900 Fax.: +91-022-66306655 • Website: [www.transwarranty.com](http://www.transwarranty.com)

Email.: [company\\_secretary@transwarranty.com](mailto:company_secretary@transwarranty.com)

## ATTENDANCE SLIP

Regd. Folio No./Client ID.....

I hereby record my presence at the **20<sup>TH</sup> ANNUAL GENERAL MEETING** of the Company at M C Ghia Hall, Bhogilal Hargovindas Building, 3<sup>rd</sup> Floor, 18/20, Kaikhushru Dubash Marg, Mumbai - 400 001, at 11.30 a.m. on Friday, 19<sup>th</sup> September, 2014.

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

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

### Notes:

- (1) Members/Proxyholders are requested to produce the attendance slip duly signed for admission to the Meeting hall.
- (2) Members are requested to bring their copy of Annual Report for reference at the Meeting.





# Transwarranty Finance Limited

CIN: L65920MH1994PLC080220

*Registered Office:*

403, Regent Chambers, Nariman Point, Mumbai - 400 021

Tel.: +9140010900 • Fax.: +91(22)2421 4507 • Website: [www.transwarranty.com](http://www.transwarranty.com)

Email.: [companysecretary@transwarranty.com](mailto:companysecretary@transwarranty.com)

## BALLOT FORM (In lieu of E-voting)

Registered Folio No. / DP ID No. / Client ID No. : IN300931

Name & Address : .....

Name(s) of the Joint Member(s), if any : .....

No. of Shares held : .....

I/We hereby exercise my/our vote in respect of the Resolution(s) to be passed for the business stated in the Notice of 20th Annual General Meeting of the Company dated 19<sup>th</sup> September 2014, by conveying my/our assent or dissent to the said Resolution(s) by placing the tick() mark at the appropriate box below:-

RslnNo	Ordinary Business	Optional	
		*For	*Against
1.	Adoption of financial statement for the year ended March 31, 2014		
2.	Appoint Director in place of Director who retires by rotation		
3.	Appointment of M/s. Rahul Gautam & Associates., Chartered Accountants as Auditors and fixation of remuneration thereof		
	<b>Special Business</b>		
4.	Appointment of Mr. Raghu Palat as an Independent Director of the Company for a term of upto five years		
5.	Appointment of Mr. Pravin Khatau as an Independent Director of the Company for a term of upto five years		
6.	Appointment of Mr. Ranjala Laxmana Shenoy as an Independent Director of the Company for a term of upto five years		
7.	Reappointment of Mr. Kumar Nair as Managing Director		
8.	Increase investment limits of FII and NRI in the Company		

Place : .....

Date : .....

Signature of Shareholder

**NOTE:** Kindly read the instructions printed overleaf before filling the form. Valid Ballot Forms received by the Scrutinizer by **5.30 p.m. on 12 September 2014** shall only be considered.

## INSTRUCTIONS

1. Members may fill up the Ballot Form printed overleaf and submit the same in a sealed envelope to the Scrutinizer, Mr. M.P. Sharma, Neha Appartment, Ground floor, opp. Badwaik Hospital, LBS Road, Bhandup (W), Mumbai- 400 078 so as to reach by 5.30 p.m. of 12 September, 2014. **Ballot Form received thereafter will strictly be treated as if not received.**
2. The Company will not be responsible if the envelope containing the Ballot Form is lost in transit.
3. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decision of the Scrutinizer on the validity of the forms will be final.
4. In the event member casts his votes through both the processes i.e., E-voting and Physical Ballot Form, the votes in the electronic system would be considered and the Ballot Form would be ignored.
5. The right of voting by Ballot Form shall not be exercised by a proxy.
6. To avoid fraudulent transactions, the identity/signature of the members holding shares in electronic/demat form is verified with the specimen signatures furnished by NSDL/CDSL and that of members holding shares in physical form is verified as per the records of the share transfer agent of the Company i.e.,Link Intime Pvt. Ltd. Members are requested to keep the same updated.
7. There will be only one Ballot Form for every Folio / DP ID Client ID irrespective of the number of joint members.
8. In case of joint holders, the Ballot Form should be signed by the first named shareholder and in his / her absence by the next named shareholders. Ballot form signed by a joint holder shall be treated valid if signed as per records available with the Company and the Company shall not entertain any objection on such Ballot Form signed by other joint holders.
9. Where the Ballot Form has been signed by an authorized representative of the body corporate/Trust/Society etc., a certified copy of the relevant authorization / Board Resolution to vote should accompany the Ballot Form.
10. Instructions for e-voting procedure are available in the Notice of annual general meeting and are also placed on the website of the Company.

## **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**

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

### **Fund Based Businesses:**

#### **Gold Loans**

- Retail loans against security of Gold

#### **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

#### **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 200 branch / franchise offices across India having membership in National Stock Exchange of India Limited (NSE), Bombay Stock Exchange Limited (BSE), and depository services (NSDL).

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

- 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 200 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
- Member of the Association of Merchant Bankers of India (AMBI)
- Membership of the National Stock Exchange (NSE) for broking in Equities, Derivatives Segments and Currency 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 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).

### Registered Office Address:

CIN: L65920MH1994PLC080220

403, Regent Chambers, Nariman Point, Mumbai - 400 021.

Tel. : 022-6630 6090 / 4001 0900

Fax : 022-6630 6655

Website : [www.transwarranty.com](http://www.transwarranty.com) / [www.vertexbroking.com](http://www.vertexbroking.com)

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**TRANSWARRANTY FINANCE LIMITED**  
FINANCIAL ENGINEERS