



FIRST LEASING

COMPANY OF INDIA LIMITED

36TH ANNUAL REPORT 2009 - 2010

BOARD OF DIRECTORS

Dr. A.C. MUTHIAH (CHAIRMAN)

Mr. FAROUK IRANI (MANAGING DIRECTOR)

MAHARAJ JAI SINGH

Mr. A. SATISH KUMAR

COMPANY SECRETARY

Mr. N. KUMAR

**STATUTORY AUDITORS
& TAX AUDITORS**

SARATHY & BALU

Chartered Accountants

1st Floor, No. 6 (Old No. 27)

XI Avenue, Ashok Nagar,

Chennai - 600 083

INTERNAL AUDITOR

M.K. DANDEKER & CO.,

Chartered Accountants

2nd Floor, 138, Angappa Naicken Street

Chennai - 600 001

REGISTERED OFFICE

749, Anna Salai

Chennai 600002

Website : www.firstleasingindia.com

e-mail : firstleasing@firstleasingindia.com



FIRST LEASING COMPANY OF INDIA LIMITED

Regd. Office : 749, Anna Salai, Chennai - 600 002.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY SIXTH ANNUAL GENERAL MEETING OF FIRST LEASING COMPANY OF INDIA LIMITED WILL BE HELD AT SATHGURU GNANANANDHA HALL, (NARADA GANA SABHA) NEW NO. 314 (OLD NO. 254) T T K ROAD, ALWARPET, CHENNAI 600018 ON THURSDAY THE 23rd SEPTEMBER 2010 AT 3.00 P.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March 2010 and Balance Sheet as at that date and Cash flow statement for the year ended 31st March 2010 and report of directors and auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in the place of Dr. A C Muthiah, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

5. 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 257 of the Companies Act, 1956, Mr. A. Satish Kumar be and is hereby appointed as Director of the Company who shall be liable to retire by rotation".

By Order of the Board

Place : Chennai

N KUMAR

Date : 29th July 2010

Company Secretary

NOTES :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND SUCH PROXY NEED NOT BE A MEMBER. THE PROXY FORM SHOULD BE LODGED WITH THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR THE COMMENCEMENT OF THE MEETING.
- 2) Members are requested to notify immediately any change in their address to the Company or to its Registrars and Share Transfer Agents, M/s. Cameo Corporate Services Limited, Subramanian Buildings, 1, Club House Road, Chennai 600 002. Members whose shareholdings are in demat form are

requested to send the intimation to their respective Depository Participant (DP).

- 3) Dividend as approved in the meeting will be paid to the shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of shares held in electronic form and as members in the Register of Members as on 23rd September 2010.
- 4) Pursuant to Section 205A(5) of the Companies Act, 1956, the amount of dividend which remains unclaimed for a period of seven years shall be transferred by the Company to the Investor Education and Protection Fund. Shareholders who have not encashed the dividend warrants for the year ended 31st March 2003 and / or any subsequent years are requested to make their claim to the Company.
- 5) The Register of Members and Share Transfer books of the Company will remain closed from 16th September 2010 to 23rd September 2010 (both days inclusive) for the purpose of payment of Dividend.
- 6) The Company has been providing ECS facility to all shareholders, holding shares in electronic and physical forms. The Reserve Bank of India (RBI) has introduced a new electronic fund transfer platform called the National Electronic Clearing Service (NECS) for disbursement of Dividend. NECS operates on the new and unique bank account number allotted by banks post implementation of the Core Banking Solutions (CBS). Pursuant to implementation of CBS, your bank account number may have undergone a change, which is required to be communicated by you to your Depository Participant (in case of shareholders holding shares in dematerialised form) or to the Company's Share Transfer Agent (in case of shareholders holding shares in physical form) to effect the dividend payment through NECS mode. The Company will effect dividend payment, if declared, by issue of Dividend Warrants to those shareholders who do not furnish the above information.
- 7) Dr. A C Muthiah, who retires by rotation at the ensuing Annual General Meeting holds 1,64,223 equity shares of Rs. 10/- each in the capital of the Company.

By Order of the Board

Place: Chennai

N KUMAR

Date : 29th July 2010

Company Secretary

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

Item No. 5.

The Board of Directors at their meeting held on 26th October 2009 appointed Mr. A. Satish Kumar as Additional Director of the company. In terms of the provisions of section 260 of the Companies Act, 1956, Mr. A Satish Kumar shall hold the office up to the date of this Annual General Meeting.

In accordance with the provisions of section 257 of the Companies Act, 1956, the Company received a notice in writing from a member proposing the candidature of Mr. A Satish Kumar for the office of the Director together with deposit of Rs. 500/- in cash.

Brief resume of the Director, nature of his expertise in specific functional areas and names of the Companies in which he

holds chairmanship / Directorship / Membership of the Board / Committees are provided in the Report on Corporate Governance forming part of the Annual Report.

Approval of the shareholders is sought for passing the resolution set out under the item 5 of the Notice.

Your Directors recommend the resolution for adoption. None of the Directors except Mr. A Satish Kumar is deemed to be interested in this resolution.

By Order of the Board

Place: Chennai

N KUMAR

Date : 29th July 2010

Company Secretary

REPORT OF THE DIRECTORS

A REVIEW OF THE COMPANY'S PERFORMANCE OVER FISCAL 2010

First Leasing achieved a pretax profit of Rs.52.79 crores for fiscal 2010 to overtake pretax profit of Rs.51.28 crores last fiscal. What is more significant is that First Leasing increased its networth by over Rs.30 crores to provide adequate creditor cushion to its bankers and financial institutions.

The foregoing represents a robust performance considering that the globalised financial world was traumatized by an almost unparalleled financial crisis, leading to a fall in demand especially exports. The fall in demand led to a dramatic cancellation of capital expenditures and consequently a fall in demand for loans/leasing etc., which impacted around seven months of the fiscal period under consideration. Resultantly, Management was compelled to throw away their earlier business plans and re-strategise urgently to maintain profits.

First Leasing as is apparent from the Profit & Loss numbers, focused on its Treasury operations to generate cost savings to compensate for the absence of capex funding opportunities and after strenuous efforts reduced its interest paid expense from Rs.103.79 crores to Rs.93.36 crores a reduction of Rs.10.43 crores. Let's keep in mind that this significant reduction in interest paid was achieved despite the fact that with the growth of business we accomplished, our interest bill understandably would in the normal course have to increase since borrowings expanded from Rs.965.80 crores to Rs.1055.42 crores an increase of Rs.89.62 crores. So self evidently the real interest reduction First Leasing achieved exceeded Rs.10.43 crores.

First Leasing's conservative approach to business growth and rigorous credit evaluation enables it to continue its exemplary performance of "nil" Non Performing Assets.

Given the foregoing strategic remedial actions that were successfully implemented to counter the financial crisis, First Leasing for the 35th year was able to continue its unbroken record of paying a cash dividend of 18% which on a tax adjusted basis amounts to a return of 23.98%

	(Rs. In Lacs) 2010	(Rs. In Lacs) 2009
APPROPRIATIONS		
Profit for the year	3,487.05	3,354.91
Surplus brought forward from previous year	6,146.32	4,217.40
Statutory Reserve	(699.00)	(671.00)
Income Tax of earlier years	(2.49)	(23.42)
Total	8,931.88	6,877.89
From which the following appropriations are made :-		
General Reserve	262.00	251.62
Dividend	410.23	410.23
Corporate Tax on dividend	69.72	69.72
Surplus in Profit and Loss Account	8,189.93	6,146.32
Total	8,931.88	6,877.89

REGULATION OF NBFCs:

The Company has complied with applicable regulations as per Reserve Bank of India Directions to NBFCs. Capital Adequacy Ratio stood at 16.75% (16.45%) as at 31st March 2010 as against the minimum requirement of 12% stipulated by RBI. Net Non Performing Assets as at 31st March 2010 stood at 0.04% (NIL %).

DIVIDEND:

The Board of Directors have recommended a Dividend of Rs.1.80 per share of Rs.10 each on the Equity Shares (18%) free of tax for the year ended 31st March 2010.

PUBLIC DEPOSITS:

The Company held, as on 31st March 2010, 968 matured deposits aggregating Rs. 397.10 Lacs. Subsequent movements in these deposits are as follows:

Particulars	(Rs. In lacs)	
	No. of Accounts	Amount
Deposits repaid to date	96	23.62
Deposits renewed	166	48.24

We are yet to receive disposition instructions on the residual Rs. 325.24 Lacs. Steps are continuously being taken to arrange for repayment/renewal of these deposits.

DIRECTORATE:

Dr. A C Muthiah, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-election.

Mr. A. Satish Kumar was appointed as Additional Director with effect from 26th October 2009. He holds his office upto the date of ensuing Annual General Meeting. In accordance with the provisions of section 257 of the Companies Act, 1956, the Company received a notice in writing from a member proposing his appointment as Director of the Company together with requisite deposit. The resolution seeking the approval of the members for the appointment of Mr. A. Satish Kumar as Director of the Company has been incorporated in the notice of the ensuing Annual General Meeting.

Mr. Viswanath Tumu and Mr. Babu K Verghese resigned from the Directorship of the Company with effect from 15th October 2009 and 18th November 2009 respectively. The Board wishes to place on record its appreciation of the valuable services and guidance rendered by Mr. Viswanath Tumu and Mr. Babu K Verghese during their association with the Company.

MANAGING DIRECTOR'S COMMISSION:

The Board noted that the Managing Director of the Company expressed his intention to take a significantly reduced commission of Rs.16,19,741/- for the year ended 31st March 2010 which is equivalent to a normal bonus given to a staff member of the Company instead of his eligible Commission of Rs. 1,51,23,746/- (i.e) 2% on the net profits computed under section 349 / 199 of the Companies Act,1956, in view of the unprecedented crisis prevailing in the financial industry.

AUDITORS:

The Statutory Auditors M/s. Sarathy & Balu, Chartered Accountants, Chennai (FRN- 03621S), retire at the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors recommend their re-appointment to hold the office as statutory auditors till the conclusion of the next Annual General Meeting. The Auditors have confirmed that the re-appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

The firm has successfully undergone the Peer Review Process by Peer Review Board (PRB) of the Institute of Chartered Accountants of India, New Delhi. The firm holds a valid certificate issued by the Peer Review Board of the said Institute.

CORPORATE GOVERNANCE:

A report on Corporate Governance forms part of this report and a certificate from the Auditors of your Company regarding



REPORT OF THE DIRECTORS (Contd.)

compliance of conditions of the Corporate Governance is attached to this report. A Management Discussion and Analysis Report also forms part of this report.

RATING:

CREDIT RATING AWARDED BY CARE:

- PR1 (+) (Highest Safety) for Commercial Papers
- PR1 (+) (Highest Safety) for Short Term Debentures
- Care "AA" (High Safety) for Long Term Debentures
- Care AA+(FD) for Fixed Deposits
- Care "AA" for Long Term Bank facilities

INFORMATION AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988:

During the year under review, there is no information required to be stated relating to Energy Conservation and Technology absorption.

Foreign currency expenditure amounting to Rs. 31,440.96 Lacs was incurred during the year under review. The Company does not have any Foreign Exchange earnings.

PARTICULARS AS PER THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975:

Particulars of Employees in terms of requirement under Section 217(2A) of the Companies Act, 1956 are set out in the Annexure forming part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the section 217(2AA) of the Companies Act, 1956 the Board of Directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
3. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT:

The Directors wish to thank the Bankers, Financial Institutions, Customers and Employees for their assistance and support extended to the Company during the year under review.

For and on behalf of the Board

Place : Chennai
Date : 29th July 2010

A C MUTHIAH
Chairman

ANNEXURE TO DIRECTORS' REPORT

Statement of particulars of employees pursuant to the Provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975

Name	Age	Qualifications / No. of years of Experience	Date of Employment	Designation and Nature of Duties	Remuneration Received (Rs. In Lacs)	Last employment held
Mr. Farouk M. Irani	69	<p>Mr. Irani was a Senior Officer of First National City Bank in 1973 when he left the Bank after ten years. Mr. Irani studied leasing in Hong Kong and Singapore and spent a further six months developing the leasing concept for acceptability to Indian Companies.</p> <p>Mr. Irani introduced Corporate Leasing to India in 1973 when he got First Leasing Company of India Limited operational. Over the last 36 years. Mr. Irani functioned as the Company's CEO / President / Managing Director and grew First Leasing Company of India Limited from a fledgling startup Company to one of India's Premier Leasing operations.</p> <p>Mr. Irani authored a widely acclaimed book entitled, "Inside Leasing" and has been honoured by being invited to address the World Leasing Convention on six separate occasions at Washington, Sydney, San Francisco, Istanbul, Dublin, Hong Kong and Asian Leasing and Finance Association in Taipei and Taiwan. Mr. Irani was invited by the World Bank to address a Seminar on Rejuvenation of the Leasing Industries in Indonesia.</p> <p>Mr. Irani is the Chairman of the Association of Leasing & Financial Services Companies and has shouldered this responsibility for the last Seventeen years.</p>	September 10, 1973	Managing Director - Entrusted with substantial powers of management including Managerial functions and all functions relating to its day to day affairs.	Rs. 90.48	Senior Officer - First National City Bank

Note : 1. Remuneration includes Salary, Commission, Medical Expenses, Leave Travel Allowance, Motor Car Expenses and contribution to Provident Fund.
2. The nature of the employment of Managing Director is contractual.
3. Mr. Farouk Irani is not related to any Directors of the Company.

REPORT OF THE DIRECTORS (Contd.)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS :

First Leasing was incorporated 36 years back as the First Leasing Company in India. Today, Leasing is an essential part of the financial systems and provides an important source of funds for every sector of the Indian Economy, right from Consumer Finance related transactions to equipment for the Pharmaceutical, Automobile, Softwares and Telecommunication Industries etc. Leasing is used as an additional source of capital for financing the capital assets of industries which enables them to reduce the earlier dependence on working capital resources.

Leasing provided a route for accessing finance to business which promotes domestic production, economic growth and job creation. An effective Leasing industries improves the prospects for investment in many sectors particularly in capital intensive industries.

Globalization of the Indian economy brought several Non-Banking Financial Companies into the market resulting in more intensive competition. The Reserve Bank of India has taken several steps including reducing risks weightage and provisioning norms for Loans given to Non-Banking Financial Companies so as to help them survive in the current liquidity crises. First Leasing with its 36 years of successful experience respond to these market development by adopting safe credit policies and procedures and prudent asset and liability management instead of attempting to force growth.

OPPORTUNITIES & THREATS :

The Leasing Industry holds immense potential. The growing Indian Economy will continue to provide several growth opportunities for the financial services industries in India. A positive development in the industry adding to the conviction that the Leasing Industry has good future prospects is that Indian Industry is shedding its conservative attitude of preference for asset ownership and increasingly moving towards leased equipment.

First Leasing Company of India Limited with its 36 years of Track records has been able to run its business operations in a profitable manner and generate adequate funds to meet its financial obligations to banks and other credit grantors.

The Non-Banking financial Companies continue to face competition from the local and multinational players in the market. The Leasing Industry grew despite several constraints. These problems relate to the inadequacy of funding , insufficient tax benefits, multiplicity of taxes and the absence of specific legislation governing lease transactions. The matching of the lease duration with the assets intended life are the most important criteria to minimise the lease risk. The indiscriminate entry of new companies into the industry evidenced a need for regulating the functioning of the Industry and the Reserve Bank of India imposed certain restrictions.

Large professionally managed independent leasing companies with good brand image are alone expected to succeed and grow. Mushroom leasing companies lacking in professional expertise were forced to exit.

SEGMENT WISE PERFORMANCE :

The Company is engaged in financial activities viz. providing lease assistance, Hire Purchase Financing and Loans. The Company is also engaged in Wind Power Generation. However, the requirement to furnish segment wise performance will not be applicable.

THE FUTURE

Fortunately capex growth is re-establishing itself even as Asia promises to be the future growth leader as opposed to the Western World.

The auto industry has revived and is on a fast growth track. Leading upmarket automotive manufacturers such as Porsche and BMW have commenced operations in India as there is a pent up demand from the Indian middle class which is rapidly getting converted to "consumerism" as standards of living and salary levels grow!

The telecom sector continues on its rapid expansion track, as does the demand for hotels, with the upcoming Commonwealth games. A great deal of attention is showered on funding the Infrastructure and bank lending rates are softened to about 6% for infrastructure centric non banks.

The demand for IT equipment is perennial as government places huge orders for computers to encourage Computer literacy in state run schools all over the country. The foregoing represents hopeful opportunities to expand our business.

RISKS AND CONCERNS:

The Company through its risk management system has clearly identified the external and internal risk affecting its business operations. External risk may arise because of the fluctuation in the interest rate in the financial market, frequent change in government policies especially in tax matters, and periodically from economic downturns which affects the cash flow capacity of customers to remit Rentals etc.,

EXTERNAL RISK IS ADDRESSED AS FOLLOWS

- An Effective Credit appraisal system
- A carefully defined credit policy that focuses on the most credit worthy prospects
- Flexible structuring to meet customer needs
- Sovereign risk/Central Government related transactions
- Continuing and close communication with legal counsel

Internal risk is monitored by adopting effective internal control systems and procedures.

The Company has put in place a Risk Management Committee as per the Guidelines on Corporate Governance issued by the Reserve Bank of India to monitor Risk Management Systems so as to ensure that the risk parameters are within the defined limits.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Internal Audit Systems and the procedures have been repeatedly fine tuned and improved upon over the last two decades in step with business changes. The Internal controls and audit systems are being reviewed periodically by the Management and Audit Committee and steps are taken as part of continuous improvement.

FINANCIAL PERFORMANCE

- The Company's Total income has decreased from Rs. 191.02 Crores to Rs. 190.82 Crores representing a decrease of 0.10% over the preceding year.
- Interest Expense reduced substantially by Rs. 10.43 Crores inspite of increase in borrowings by Rs. 89.62 Crores.
- The operating expenses have increased from Rs. 15.94 Crores to Rs. 19.81 Crores.
- First Leasing's Cash Profit rose to Rs. 77.65 Crores an increase of Rs. 6.36 Crores over the preceding year.
- The Company's Net profit was subjected to two tax bites (i.e.) current Tax of Rs. 9.20 Crores and Deferred Tax of Rs. 8.73 Crores inspite of which the Company registered a Net Profit of Rs. 34.87 Crores.

HUMAN RESOURCES

The Company is managed by a professional team under the guidance of the Managing Director. Frequent meetings are arranged to upgrade the knowledge of the employees and to strengthen their managerial capabilities.

There are no material financial and commercial transactions in which the management have personal interest that may represent a potential conflict of interest.



REPORT ON CORPORATE GOVERNANCE

Your company is furnishing the report on Corporate Governance for Ninth Financial year in succession. The Board of Directors are happy to state that your Company has been conforming with all applicable mandatory requirements stipulated in the listing agreement from time to time.

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

First Leasing's philosophy on code of Corporate Governance is to:-

- Ensure benefits to all stakeholders and creation of shareholders wealth.
- Maintain transparency with professionalism.
- Comply with all statutory regulations.
- Maintain steady growth.
- Ensure responsibility and accountability.
- Maintain a sound system of management control.

The Company believes that by adhering to its philosophy it can attain higher growth in business and optimize profitability.

1. BOARD OF DIRECTORS :

a) Composition & Category

The Board at present comprises of four Directors. All the Directors excepting the Managing Director are Non Executive Directors. The Chairman is a Non Executive Director and one-half of the Board comprises of Independent Directors which is as per the requirement of Listing Agreement.

b) Attendance of each director at the Board Meetings and the last Annual General Meeting :

Name of the Director	Position	No. of Board Meetings attended (out of 7 held)	Attendance at last Annual General Meeting	Category
Dr. A.C. Muthiah	Chairman	6	Present	Non-Executive
Mr. Farouk Irani	Managing Director	7	Present	Executive
Maharaj Jai Singh	Director	4	Present	Independent
Mr. A. Satish Kumar*	Director	3	-	Independent
Mr. Viswanath Tumu**	Director	4	Present	Independent
Mr. Babu K Verghese***	Director	5	Present	Independent

* Mr. A Satish Kumar was appointed as Additional Director of the Company with effect from 26th October 2009.

** Mr. Viswanath Tumu resigned on 15th October 2009

*** Mr. Babu K Verghese resigned on 18th November 2009

c) Number of other Boards/Committees where the Director is a member or Chairperson / Vice Chairperson :

Name of the Director	No. of Directorships			No. of Chairmanship/ Membership held in Committees of Companies*	
	Chairman	Vice Chairman	Director	Chairman	Member
Dr. A.C. Muthiah	5	1	-	-	-
Mr. Farouk Irani	-	-	1	-	2
Maharaj Jai Singh	-	-	3	2	1
Mr. A. Satish Kumar	-	-	5	-	2
Mr. Viswanath Tumu	-	-	1	-	2
Mr. Babu K Verghese	-	-	2	1	2

* Excluding Private Limited Companies and section 25 Companies.

d) Number of Board Meetings held with dates :

The number of Board meetings held during the year from 1st April 2009 to 31st March 2010 is 7. The dates of meeting are given below:

1.	6 th May 2009	5.	26 th October 2009 (at 2.30 p.m.)
2.	22 nd June 2009	6.	26 th October 2009 (at 4.00 p.m.)
3.	29 th July 2009	7.	25 th January 2010
4.	24 th September 2009		

The time gap between any two meetings did not exceed four months.

The compliance report in respect of laws applicable to the Company has been periodically reviewed by the Board of Directors of the Company.

e) Code of Conduct

The Company has framed and adopted the Code of Business Conduct and Ethics for Directors and Senior Management which has been approved by the Board of Directors at its meeting held on 29th December 2005. This Code is applicable to the Directors and Senior Management personnel of the Company. The Code has also been posted on the Web Site of the Company.

2. DISCLOSURES REGARDING APPOINTMENT AND RE-APPOINTMENT OF DIRECTORS :

A) APPOINTMENT :

At the ensuing Annual General Meeting, Mr. A. Satish Kumar is proposed to be appointed as Director of the Company. Brief particulars of the director are as under:

Mr. A. Satish Kumar is a Post Graduate in Business Administration from The Indian Institute of Management, Ahmedabad. He is an alumni of The Columbia University through their Senior Executive program.

Mr. A. Satish Kumar had been the Managing Director and CEO of Henkel India Ltd. a subsidiary of the German Consumer Goods major, Henkel AG & Co., KGA from 1993 till March 2009. Prior to that he had served the M/s. Southern Petrochemical Industries Corporation Limited (SPIC) and other Companies promoted by SPIC in various capacities for over 10 years.

His accomplishments have been the startup business for Henkel in India beginning with the implementation of their production facilities, developing a national sales and distribution network. Henkel India has received a number of awards in the last 4 years including "Most Admired Company" by marketing journal A&M, Indra Award for marketing excellence, FMCG award for Prit Bar in debutant category, FICCI and Green Tech award for Environment Excellence, Product of the year award for Prit and Bref, etc. He was awarded with the Indira Super Achiever Award for the year 2004 and Bhartiya Shiromani Puraskar Award for the year 2005.

He is in the management committee of number of bodies like Southern India Chamber of Commerce. He is the past President of Madras Management Association (MMA) and Indo - German Chamber of Commerce.

He is in the Advisory Boards of School of Management in SRM University, Rajagiri School of Management and Advisory Board of the Chennai Business School. He is a Mentor to a number of Entrepreneurs and Students. He is in the Governing Council of IIMPACT, a non profit organization supporting quality primary education to illiterate Girl Children.

Names of Companies in which Mr. A Satish Kumar holds Directorship :-

- First Leasing Company of India Limited
- Henkel Marketing India Ltd
- Royal Soft Services Ltd
- Henkel India Ltd
- Amurtanjan Healthcare Ltd

Mr. A Satish Kumar is a member of Audit Committee in First Leasing Company of India Limited.

REPORT ON CORPORATE GOVERNANCE (Contd.)

SHAREHOLDING :

Mr. A Satish Kumar does not hold any equity shares in the capital of the Company.

B) RE-APPOINTMENT:

At the ensuing Annual General Meeting, Dr. A C Muthiah, Director retiring by rotation is proposed to be re-appointed. Brief particulars of the director are as under:

Dr. A. C.Muthiah is the Chairman of the Company. Dr. A. C.Muthiah did his Bachelor of Engineering from the University of Madras and Advanced Management Course at the University of Detroit.

Dr.A.C.Muthiah is associated with several organizations both in India and abroad in various leadership capacities. He was the President of the Federation of Indian Chambers of Commerce and Industry. He is a former President of the Board of Control for Cricket in India (BCCI) and a former member of Executive Board of the International Cricket Council (ICC).

He is the Chairman of the Governing Council of Indian Institute of Management Kozhikode and also the Chairman of the Governing Council of Sri Venkateswara College of Engineering, Sriperumpudur.

Among the many awards that Dr. A.C.Muthiah counts dear to him are the Honorary Doctorates that Anna University, Chennai and Alagappa University, Karaikudi conferred on him, the Knighthood of Belgium and the "Sat Seva Ratna" title bestowed on him by the Shankaracharya of Kanchi. Dr.A.C.Muthiah is the Honorary Consul of Belgium for Southern India.

NAMES OF COMPANIES IN WHICH DR. A C MUTHIAH HOLDS DIRECTORSHIP :-

- Southern Petrochemical Industries Corporation Limited
- Tuticorin Alkali Chemicals & Fertilisers Limited
- Henkel India Limited
- Tamilnadu Petroproducts Limited
- SPEL Semi Conductor Limited
- First Leasing Company of India Limited

SHAREHOLDING:

Dr. A C Muthiah holds 1,64,223 equity shares of Rs. 10/- each in the capital of the Company.

3. AUDIT COMMITTEE :

a) BRIEF DESCRIPTION OF TERMS OF REFERENCE :

The terms of reference of the Audit Committee are in accordance with those specified in Clause 49 of the Listing Agreement as amended from time to time and also conform to the requirements of Section 292A of the Companies Act, 1956.

b) COMPOSITION, NAMES OF MEMBERS AND CHAIRPERSON :

Audit Committee comprises of three members viz. :

1. Maharaj Jai Singh
2. Mr. Farouk Irani
3. Mr. A Satish Kumar

Except Mr. Farouk Irani, the other two are non-executive and independent directors. Maharaj Jai Singh is the Chairman of the Audit Committee.

c) Meetings and attendance during the year and dates :

No. of Audit Committee meetings held during the year 01 st April 2009 to 31 st March 2010	Dates of the meetings
5	6 th May 2009 22 nd June 2009 29 th July 2009 26 th October 2009 and 25 th January 2010

The attendance of each member of the committee is given below :

Name of the Director	No. of Audit Committee Meetings attended
Mr. Farouk Irani	5
Maharaj Jai Singh	3
Mr. A. Satish Kumar*	2
Mr. Viswanath Tumu**	3
Mr. Babu K Verghese***	3

* Appointed with effect from 26th October 2009

** Since resigned on 15th October 2009

*** Since resigned on 18th November 2009

The Internal Auditors and Statutory Auditors attend the Audit Committee Meetings of the Company. The responsibility of the Audit Committee includes review of quarterly and Annual Financial Results and interaction with Statutory and Internal Auditors and heads of Finance function regarding Internal Control Systems etc.

4. REMUNERATION TO DIRECTORS :

No remuneration is paid to Non Executive Directors. However Sitting Fees of Rs. 10,000/- is being paid to such Directors for attending the Board Meetings and such payment is in accordance with provisions of the Companies Act, 1956. However no sitting fee is being paid to the Non Executive Directors for attending any other Committee Meeting.

None of the Directors has been given any Stock option during the year under review. No Sitting fee is paid to Managing Director.

Details of remuneration paid to Mr. Farouk Irani, Managing Director is as follows:

Particulars	Amount (Rs.in Lacs.)
Salary	53.99
Commission	16.20
Contribution to Provident Fund & Others	6.48
Value of Perquisites	13.81
Total	90.48

The nature of the employment of Managing Director is contractual. The terms of the contract do not contain any provision for payment of severance fees other than normal entitlements.

Sitting Fees paid to Non-Executive Directors are as detailed below.

Name of the Director	Sitting Fees (In Rs.)
Dr. A.C. Muthiah	60,000
Maharaj Jai Singh	40,000
Mr. A Satish Kumar	30,000
Mr. Viswanath Tumu	40,000
Mr. Babu K Verghese	50,000

The details of equity shares held by Non Executive Directors are as follows:

S. No.	Name of the Director	No. of Shares	% of paid-up capital
1	Dr. A C Muthiah	1,64,223	0.72
2	Maharaj Jai Singh	3,844	0.02
3.	Mr. A Satish Kumar	NIL	NIL
4.	Mr. Viswanath Tumu	NIL	NIL
5.	Mr. Babu K Verghese	NIL	NIL



REPORT ON CORPORATE GOVERNANCE (Contd.)

5. SHAREHOLDERS / INVESTORS GRIEVANCES COMMITTEE : COMPOSITION, NAMES OF THE MEMBERS AND CHAIRPERSON :

The Committee consists of the following Directors viz.

1. Maharaj Jai Singh
 2. Mr. Farouk Irani
 3. Mr. A Satish Kumar
- Maharaj Jai Singh, Non-Executive Director is the Chairman of the Committee.
 - Mr. N Kumar, Company Secretary, is the Compliance Officer.
 - The Committee held four meetings during the year.
 - Number of shareholders' complaints received from 1st April 2009 to 31st March 2010 - 53.
 - Number of Complaints resolved to the satisfaction of shareholders - 53.
 - Number of Complaints un resolved - Nil.
 - No Complaints pending for a period exceeding one month.

SHARE TRANSFER COMMITTEE :

The power to approve the transfers, transmissions etc. in respect of shares in physical form is entrusted by the Board of Directors to Share Transfer Committee of the Company. Share Transfer Committee considers all the requests for transfer, transmission, consolidation, split, issue of duplicate certificates once in a fortnight and after the Committee gives its approval in the meeting, physical share certificates are dispatched by Registered Post.

However, the shares in Electronic form are being transferred through the respective Depository Participants of the seller / buyer through the share registry maintained by the Company's Registrars and Share Transfer Agents.

REGISTRARS & TRANSFER AGENTS:

M/s. Cameo Corporate Services Limited, Subramanian Buildings, No.1 Club House Road, Chennai - 600 002 are the Registrars and Transfer Agents of the Company w.e.f 1st April 2003. The Company has renewed the appointment for a further period of two years from 31st March 2009 to 30th March 2011 with M/s. Cameo Corporate Services Limited.

6. GENERAL BODY MEETINGS :

Location and time where last three Annual General Meetings held:

Date of AGM	Time	Location
24 th September 2009	3.00 p.m.	Sathguru Gnananandha Hall, New No. 314 (Old No. 254), T.T.K. Road Alwarpet, Chennai - 600018
29 th September 2008	3.00 p.m.	Sathguru Gnananandha Hall, New No. 314 (Old No. 254), T.T.K. Road Alwarpet, Chennai - 600018
24 th September 2007	3.00 p.m.	Sathguru Gnananandha Hall, New No. 314 (Old No. 254), T.T.K. Road Alwarpet, Chennai - 600018

The Chairman of the Audit Committee was present at all the above Annual General Meetings except at the Annual General Meeting held on 29th September 2008.

A) DETAILS OF SPECIAL RESOLUTIONS PASSED IN LAST THREE ANNUAL GENERAL MEETINGS :

AGM held on 24 th September 2007	Special resolutions were passed A) For Alteration of Capital Clause in the Articles of Association of the Company for increase of Authorised Share Capital from Rs. 48.50 Crores to Rs. 52.50 Crores under the provisions of section 31 of the Companies Act, 1956. B) For issue of 25,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each aggregating Rs. 25.00 Crores on a Private Placement basis under the provisions of section 81 (1A) of the Companies Act, 1956.
AGM held on 29 th September 2008	No Special resolution was passed
AGM held on 24 th September 2009	No Special resolution was passed

B) DETAILS OF SPECIAL RESOLUTION PASSED THROUGH POSTAL BALLOT :

During the year ended 31st March 2009, no resolution was passed by the members of the Company through Postal Ballot. At the ensuing Annual General Meeting also, no resolution is proposed to be passed by Postal Ballot.

7. DISCLOSURES :

During the year there were no materially significant related party transactions with the promoters, directors or the management or relatives which have potential conflict with the interests of the Company at large. The details of transactions with the related parties for the year 2009-2010 are disclosed in the Notes on Accounts forming part of the Annual Report.

There are no instances of non-compliance by the Company and no penalties or strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets during the last three years.

The Company has complied with all the requirements of the listing agreement with the Stock Exchanges as well as regulations and guidelines of SEBI from time to time.

The Company has no Subsidiary as on 31st March 2010.

8. ACCOUNTING STANDARDS :

The Company has complied with all applicable Accounting Standards in the preparation of Financial Statements.

9. CEO / CFO CERTIFICATION :

As required by Clause 49 (V) of the Listing Agreement, the Managing Director and the Chief Financial Officer of the Company have given necessary certificate to the Board.

10. NON-MANDATORY REQUIREMENTS :

REMUNERATION COMMITTEE :

A Remuneration Committee has been in place to recommend to the Board the remuneration package payable for the Managing Director of the Company. The Remuneration Committee met twice on 22nd June 2009 and 26th October 2009.

The Committee at present comprises of the following Directors as members:

1. Maharaj Jai Singh
2. Mr. A. Satish Kumar

Maharaj Jai Singh is the Chairman of the Remuneration Committee.

REPORT ON CORPORATE GOVERNANCE (Contd.)

WHISTLE BLOWER POLICY :

The Company at present does not have a Whistle Blower Policy. However, all the employees of the Company have free access to meet senior level Management personnel and report on any points of concern.

The Company is in the process of evaluating ways and means for implementation of the other non mandatory requirements as per Annexure I D of the Clause 49 of the Listing Agreement over a period of time.

11. MEANS OF COMMUNICATION :

The half-yearly, quarterly & Annual financial results of the Company are published in newspapers both in English and in Regional language. The results in English version are published in "Financial Express" and the results in Tamil version are published in "Makkal Kural".

The results are also displayed in the Company's website viz., www.firstleasingindia.com

No presentation has been made to Analysts / Institutional Investors.

12. MANAGEMENT DISCUSSION AND ANALYSIS REPORT FORMS PART OF THE REPORT OF DIRECTORS.

13. GENERAL SHAREHOLDER INFORMATION :

a) AGM – Day & Date	Thursday, 23 rd September 2010
Time and Venue	3.00 p.m. at Sathguru Gnananandha Hall New No.314 (Old No.254), T.T.K. Road, Alwarpet, Chennai-600018.

b) FINANCIAL CALENDAR - FOR THE YEAR 2010 - 2011 :

First Quarter results will be published	On or before 14 th August 2010
Second Quarter results will be published	On or before 14 th November 2010
Third Quarter results will be published	On or before 14 th February 2011
Results for the year ending 31 st March 2011 will be published	On or before 30 th May 2011

c) **Dates of Book Closure :** From 16th September 2010 to 23rd September 2010 (both days inclusive)

d) **Date of Posting of Annual Report and Date of payment of Dividend** Between 25th August 2010 and 29th August 2010.
On or before 22nd October 2010

e) THE EQUITY SHARES OF THE COMPANY ARE LISTED IN THE FOLLOWING STOCK EXCHANGES

Name of Stock Exchange	Stock Code	Date of Payment of Listing Fees 2009-2010
Madras Stock Exchange Ltd.	FLS (Physical Form) INE 492B01019 (D-mat)	27 th April 2009
Bombay Stock Exchange Ltd.	500145	27 th April 2009
National Stock Exchange of India Ltd.	FIRSTLEASE	27 th April 2009

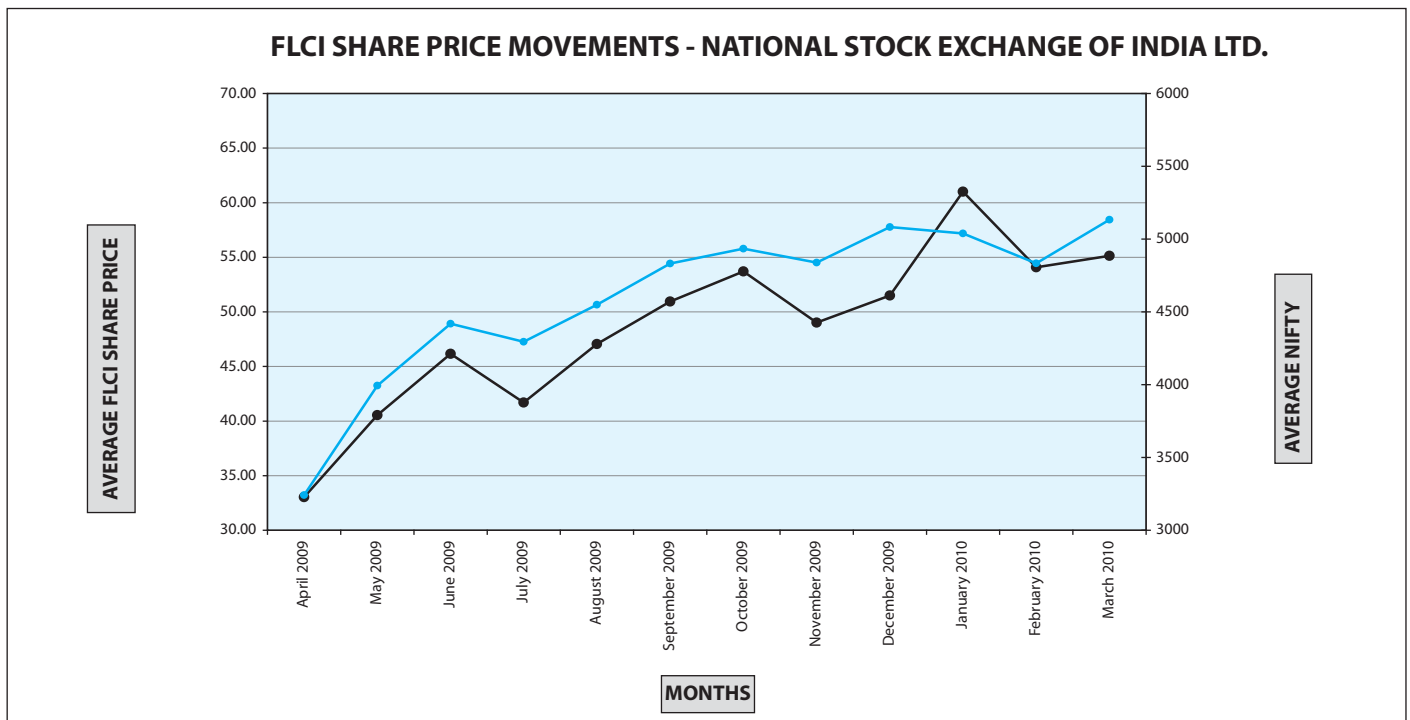
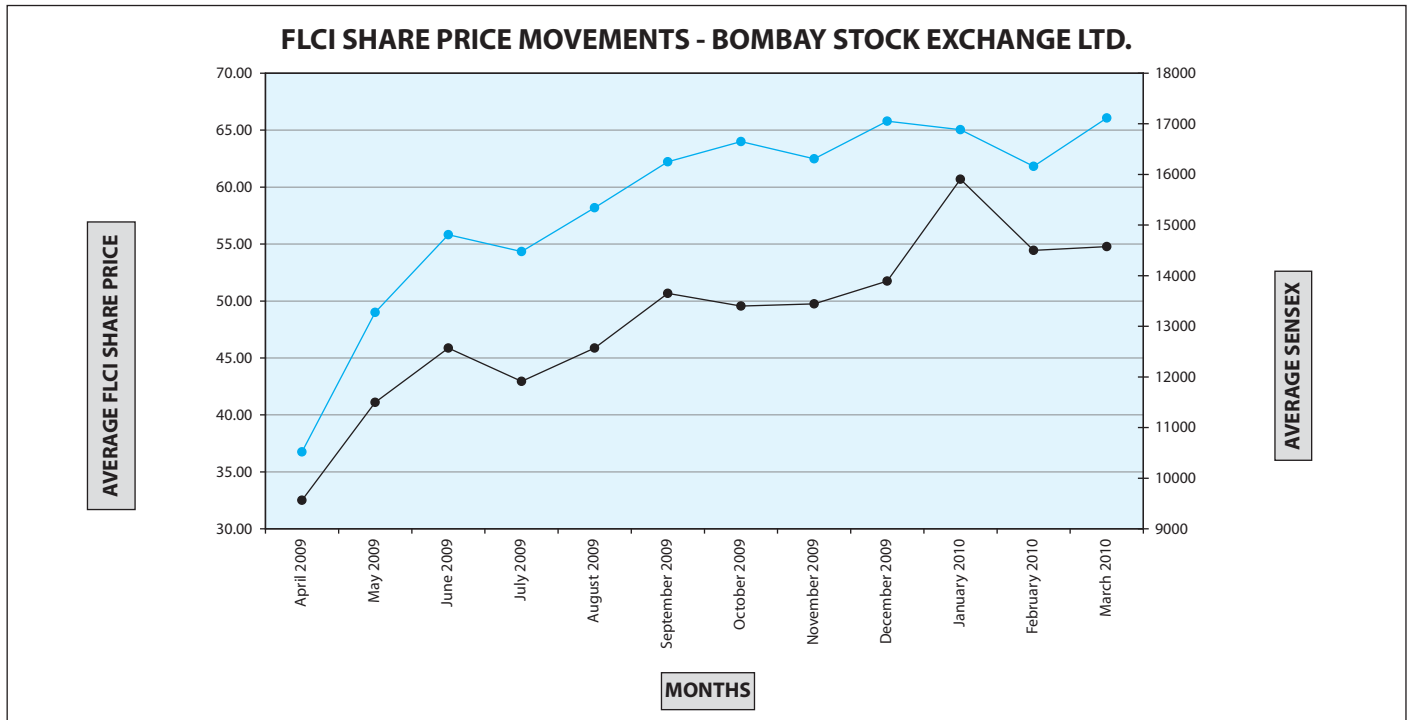
f) Market Price Data :

STOCK MARKET DATA FOR THE PERIOD FROM 1 st APRIL 2009 TO 31 st MARCH 2010												
BOMBAY STOCK EXCHANGE LTD							NATIONAL STOCK EXCHANGE OF INDIA LTD					
MONTH	SHARE PRICE			SENSEX			SHARE PRICE			NIFTY		
	HIGH (Rs.)	LOW (Rs.)	SHARE PRICE AVERAGE	HIGH	LOW	INDEX AVERAGE	HIGH (Rs.)	LOW (Rs.)	SHARE PRICE AVERAGE	HIGH	LOW	NIFTY AVERAGE
April 2009	36.00	29.00	32.50	11,492.10	9,546.29	10,519.20	36.85	29.20	33.03	3,517.25	2,965.70	3,241.48
May 2009	49.00	33.20	41.10	14,930.54	11,621.30	13,275.92	48.00	33.10	40.55	4,509.40	3,478.70	3,994.05
June 2009	51.75	40.00	45.88	15,600.30	14,016.95	14,808.63	51.90	40.40	46.15	4,693.20	4,143.25	4,418.23
July 2009	46.90	39.00	42.95	15,732.81	13,219.99	14,476.40	44.90	38.50	41.70	4,669.75	3,918.75	4,294.25
August 2009	49.95	41.80	45.88	16,002.46	14,684.45	15,343.46	54.00	40.10	47.05	4,743.75	4,353.45	4,548.60
September 2009	56.25	45.10	50.68	17,142.52	15,356.72	16,249.62	56.30	45.60	50.95	5,087.60	4,576.60	4,832.10
October 2009	54.00	45.10	49.55	17,493.17	15,805.20	16,649.19	61.40	46.00	53.70	5,181.95	4,687.50	4,934.73
November 2009	54.00	45.50	49.75	17,290.48	15,330.56	16,310.52	53.55	44.50	49.03	5,138.00	4,538.50	4,838.25
December 2009	56.00	47.50	51.75	17,530.94	16,577.78	17,054.36	55.95	47.05	51.50	5,221.85	4,943.95	5,082.90
January 2010	69.90	51.50	60.70	17,790.33	15,982.08	16,886.21	69.95	52.05	61.00	5,310.85	4,766.00	5,038.43
February 2010	58.85	50.05	54.45	16,669.25	15,651.99	16,160.62	58.75	49.40	54.08	4,992.00	4,675.40	4,833.70
March 2010	58.00	51.55	54.78	17,793.01	16,438.45	17,115.73	58.95	51.30	55.13	5,329.55	4,935.35	5,132.45



REPORT ON CORPORATE GOVERNANCE (Contd.)

FLCI SHARE PRICE MOVEMENTS



— Share Price Average — Index Average

REPORT ON CORPORATE GOVERNANCE (Contd.)

h) DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2010 :

Shareholding of Nominal value of Rs.	Equity Shareholders		Equity shares	
	Number	% to Total	(In Rs.)	% to Total
(1)	(2)	(3)	(4)	(5)
10 - 5,000	22,222	89.26	2,99,09,420	13.12
5,001 - 10,000	1416	5.69	1,11,46,330	4.89
10,001 - 20,000	631	2.53	94,65,530	4.15
20,001 - 30,000	216	0.87	55,11,890	2.42
30,001 - 40,000	91	0.37	32,45,410	1.42
40,001 - 50,000	81	0.33	37,98,150	1.67
50,001 - 1,00,000	111	0.45	79,90,310	3.51
1,00,001 and above	127	0.50	15,68,39,020	68.82
Total	24,895	100.00	22,79,06,060	100.00

i) PLANT LOCATION :

WIND POWER PROJECTS AT :

Rajasthan		Maharashtra		Gujarat	
Village	Soda & Mada	Village	Ghatnandre	Village	Suthri
Tehsil	Fatehgarh	Tehsil	Kovthe Mahankal	Tehsil	Abdasa
District	Jaisalmer	District	Sangli	District	Kutch
State	Rajasthan	State	Maharashtra	State	Gujarat

j) DEMATERIALIZATION OF SHARES & LIQUIDITY :

As on 31st March 2010, 1,69,00,105 equity shares being 74.16% of total equity shares issued have been dematerialized. Shares of the Company are actively traded in National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd. and hence have good liquidity.

Address for correspondence :

Company	Registrars & Transfer Agents
First Leasing Company of India Limited Secretarial Department 749, Anna Salai, Chennai 600 002 E-mail address: share@flcindia.com For redressal of Investor Complaints : investors@flcindia.com	Cameo Corporate Services Ltd. "Subramanian Building" No.1, Club House Road, Chennai - 600 002 E-mail address: cameo@cameoindia.com

There are no outstanding GDRs / ADRs / Warrants or any convertible instruments issued by the Company.



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of First Leasing Company of India Limited

We have examined the compliance of conditions of Corporate Governance by First Leasing Company of India Limited for the year ended 31st March 2010, 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 Company's management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We state that no investor grievance is pending for a period exceeding one month against the Company, as per the records maintained by the Company which were presented to the Shareholders / Investors Grievance Committee.

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

For Sarathy & Balu
Chartered Accountants
FRN-03621S

CA. V. BALASUBRAMANYAN
Partner
Membership No: 18444

Place : Chennai
Date : 29th July 2010

DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

To

The Shareholders of First Leasing Company of India Limited

Pursuant to clause 49(1) (D) (ii) of the Corporate Governance Report, I hereby declare that all the Board members and the Senior Management Personnel have affirmed the compliance with the Code of Conduct for the year ended 31st March 2010.

Place : Chennai
Date : 4th May 2010

FAROUK IRANI
Managing Director

REPORT OF THE AUDITORS

To the Members of First Leasing Company of India Ltd.

1. We have audited the attached Balance Sheet of **First Leasing Company of India Limited**, ('the Company') as at 31st March 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government, in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent they are applicable to the Company.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law, have been kept by the Company so far as appears from our examination of those books;
 - iii) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act.
 - v) On the basis of written representations received from the Directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - vi) The question of provision / payment of cess under section 441 A of the Companies Act 1956, does not arise as the said section is yet to be notified;
 - vii) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon attached thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - b) in the case of the Profit and Loss Account, of the Profit, of the Company, for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows of the Company, for the year ended on that date.

For SARATHY & BALU
Chartered Accountants
FRN - 03621S

CA. V. BALASUBRAMANYAN
Partner
M.No. 18444

Place : Chennai
Date : 4th May 2010



Annexure to the Auditors' Report

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets other than assets on lease have been physically verified by the management at reasonable intervals during the year. We have been informed that no material discrepancy was noticed on such physical verification.
- (c) During the year, the Company has not disposed off substantial part of fixed assets, which would affect its status as going concern.
- (ii) The Company does not have any inventory, except the stock on hire, the legal ownership of which is to be transferred to the hirers on receipt of the last instalment from them. The above said stocks on hire have been physically verified by the management during the year. In our opinion, the frequency of verification of the same is reasonable.
- (iii) (a) As the Company has not granted any loan, secured or unsecured to companies, firms or other parties listed in the registers maintained under section 301 of the Act, the question of reporting on rate of interest, other terms and conditions, regularity in repayment of the principal, interest and details of overdue amounts of loans granted does not arise.
- (b) The Company has taken secured loans, by way of Debentures from a Director and his relative listed in the register maintained under section 301 of the Act, aggregating to Rs. 118.00 Lacs. The Company has also taken Deposit of Rs. 91.00 Lacs from a Director. In our opinion the rate of interest and other terms and conditions of the above loan are not prima-facie prejudicial to the interest of the Company.
- (iv) In our opinion and according to 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 goods and services. In our opinion, there is no continuing failure to correct major weaknesses in the internal control system.
- (v) According to the information and explanations given to us, we are of the opinion that there are no contracts or arrangements, the particulars of which need to be entered in the register maintained under section 301 of the Act. .
- (vi) The Company has accepted deposits from public. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A, 58AA or any other relevant provisions of the Act and the directions issued by the Reserve Bank of India.
- (vii) In our opinion, the company has an internal audit system, managed by a firm of Chartered Accountants appointed by the Management, which is commensurate with its size and nature of business.
- (viii) The Central Government has prescribed maintenance of Cost records under Section 209 (1) (d) of the Act, in respect of business relating to Electricity generated from wind power by the Company. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima-facie, the prescribed accounts and records have been generally made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) According to the records of the company and information and explanations given to us, the Company has been regular in depositing with appropriate authorities undisputed Statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Cess and other Statutory dues wherever applicable. We are informed that the provisions of Employees State Insurance Act and Central Excise Act are not applicable to the Company.
- (b) According to the records of the Company and information and explanations given to us, there is disputed Sales Tax demand from different States for a sum aggregating to Rs. 888.77 Lacs against which the appeals are pending. (Before AACs and Commissioners - Rs. 270.13 Lacs: Tribunals - Rs. 194.29 Lacs: Revisional Board - Rs. 20.79 Lacs: High Courts - Rs. 110.12 Lacs and the Supreme Court - Rs. 293.44 Lacs).
- According to the records of the Company and information and explanations given to us, there are disputed Income Tax demands for a sum of Rs.3,467.77 lacs, which have not been deposited, against which the appeals are pending before High Court of Madras and stay were granted.
- According to the records of the Company and information and explanations given to us, there is disputed Fringe Benefit Tax for a sum of Rs. 22.58 Lacs, which has not been deposited, against which a writ petition is pending before High Court of Madras and a stay has been granted.
- (x) The Company does not have any accumulated losses, as at the end of the year. The company has not incurred cash losses during the financial year covered by our audit and 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 financial institutions, banks or debenture holders.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provisions of Clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (xiv) In our opinion and according to the information and explanations given to us, the Company does not deal / trade in shares, securities, debentures and other investments.
- (xv) According to the information given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, We report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to information and explanation given to us and the records examined by us, securities / Charges have been created in respect of the debentures issued, except for debentures aggregating to Rs.10,500 lacs.
- (xx) During the period covered by our audit the company had not raised any money by public issue.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year under report.

For SARATHY & BALU
Chartered Accountants
FRN - 03621S

CA. V. BALASUBRAMANYAN

Partner

M.No. 18444

Place : Chennai
Date : 4th May, 2010

35 YEARS TRACK RECORD

(Rs. in Lacs)

Year	Gross Revenue	Net Profit	Cash Profit	Total Asset Footings	Reserves and Surplus	Dividends (%)	Intrinsic value of each share (Rs.)
1974	8.46	2.35	4.23	64.05	2.35	-	10.94
1975	19.84	6.77	10.30	89.21	4.26	18	11.70
1976	27.11	8.90	14.20	119.10	8.68	18	13.47
1977	36.03	9.37	18.67	164.17	13.49	18	15.40
1978	47.69	16.48	28.01	181.44	24.26	18	17.25
1979	62.72	22.58	40.34	238.18	35.25	19	18.83
1980	95.34	37.43	68.47	305.66	63.64	19	22.70
1981	133.34	48.04	89.78	464.51	101.70	20	30.34
1982	202.76	71.46	130.54	745.91	161.44	20	40.95
1983	279.82	90.04	163.77	1,102.50	211.44	20	31.78 *
1984	388.42	114.67	234.34	1,797.22	298.40	21	33.47
1985	597.02	139.31	324.06	2,587.71	396.58	21	40.64
1986	920.08	238.01	503.99	4,874.99	732.29	30	29.19 §
1987	1,352.19	238.24	690.18	6,128.16	822.41	25 •	31.63
1988	1,800.50	301.10 ★	1,020.93	7,860.94	848.90	26 @	23.47
1989	2,573.36	353.83	1,449.51	11,040.92	929.85	26	24.76
1990	3,301.57	457.98	1,908.01	13,189.72	903.19	28	26.47
1991	3,698.47	501.77	2,005.35	15,122.71	1,165.13	28	27.56
1992	4,564.10	610.68	2,168.29	20,334.49	1,646.26	30	27.94
1993	5,783.61	763.24	2,799.53	24,734.50	1,964.87	32	33.49
1994	7,617.85	1,028.18	3,951.75	30,988.14	2,462.82	35	39.07
1995	9,826.94	1,398.84	5,094.17	33,728.78	3,407.33	35	33.53
1996	11,207.61	1,400.40	5,963.36	34,996.35	5,045.14	32	34.63 **
1997	11,772.85	1,404.38	6,378.77	39,431.43	5,250.96	32	33.80 ***
1998	12,989.57	1,475.34	6,951.65	45,957.63	6,148.64	25	37.75
1999	14,131.12	1,858.37 &	7,675.64	53,816.62	7,419.72	25	44.26 ****
2000	15,590.27	1,656.90	7,592.79	64,655.82	8,493.50	25	50.10
2002*	18,923.86	1,787.90	7,842.68	71,013.55	9,716.65	26.67	55.86
2003	13,618.01	1,910.95	5,462.44	54,636.94	11,174.70	20	62.73
2004	11,848.97	2,157.50	4,843.12	61,780.66	13,028.91	20	67.16
2005	10,952.46	2,410.26	4,112.29	72,562.92	14,863.60	22.50	75.22
2006	11,649.72	2,710.84	4,338.55	79,982.44	16,989.73	22.50	84.55
2007	13,041.59	2,536.06	5,378.69	91,651.12	13,526.31	22.50	69.35
2008	15,868.27	3,095.80	6,726.97	1,08,913.94	16,025.83	22.50	80.32
2009	19,101.66	3,354.91	7,128.73	1,26,192.26	18,877.37	18.00	92.83
2010	19,082.12	3,487.05	7,765.37	1,39,030.77	21,881.98	18.00 [§]	106.01

* After a Bonus Issue of 1 : 3 and a Public Issue of 5,47,464 Equity Shares.
 § After a Rights Issue of 24,80,699 Equity Shares.
 • Dividend of 30% in 1986 was in lieu of a Bonus Issue and represented a one time payment. Accordingly, dividend of 25% in 1987 represented a natural progression over the dividend declared in earlier years.
 ★ Includes write back of Investment Allowance Reserves (utilised) plus Development Rebate.
 @ On an enhanced capital issue of Rs. 6.29 crores versus Rs. 3.79 crores for the previous year.

** After conversion of warrant and CCP of 60,00,000 Equity Shares.
 *** After rights issue and private placement of 64,27,598 Equity Shares.
 § As recommended by the Board of Directors.
 **** After private placement of 20,00,000 Equity Shares.
 & Including an Extra-Ordinary income of Rs. 3.5 crores in respect of disinvestment of shareholding in FIAM Ltd.
 * For a period of sixteen months (from 01.12.2000 to 31.03.2002)



BALANCE SHEET AS AT 31ST MARCH 2010

(Rs. in Lacs)

	Schedule		As at 31 st March 2010		As at 31 st March 2009
SOURCES OF FUNDS :					
Share holders' Funds :					
(a) Share Capital	A	2,279.06		2,279.06	
(b) Reserves and Surplus	B	21,881.98	24,161.04	18,877.37	21,156.43
Loan Funds :					
(a) Secured Loans	C	81,182.73		79,205.00	
(b) Unsecured Loans	D	24,359.08	1,05,541.81	17,375.66	96,580.66
Deferred Tax Liability			9,327.92		8,455.17
Total			1,39,030.77		1,26,192.26
APPLICATION OF FUNDS :					
Fixed Assets					
(a) Gross Block	E	18,961.05		19,995.96	
(b) Less : Depreciation		16,410.19		14,922.76	
(c) Net Block			2,550.86		5,073.20
Investments	F		941.83		941.83
Current Assets, Loans and Advances					
(a) Interest accrued	G	97.14		402.99	
(b) Stock on Hire		1,09,420.66		95,497.95	
(c) Net Lease Investment		19,152.80		16,787.44	
(d) Sundry Debtors		1,616.49		2,573.72	
(e) Cash and Bank Balances		1,212.00		2,857.34	
(f) Other Current Assets		1,025.90		559.98	
(g) Loans and Advances		9,793.35		8,927.95	
		1,42,318.34		1,27,607.37	
Less : Current Liabilities and Provisions	H	6,780.26		7,430.14	
Net Current Assets			1,35,538.08		1,20,177.23
Total			1,39,030.77		1,26,192.26
NOTES ON ACCOUNTS	M				

Notes in Schedule M are an integral part of this Balance Sheet and should be read in conjunction therewith.

For and on behalf of the Board

L. SIVARAMAKRISHNAN
Chief Financial Officer

N.KUMAR
Company Secretary

FAROUK IRANI
Managing Director

A. C. MUTHIAH
Chairman

This is the Balance Sheet referred to in our Report of even date

For SARATHY & BALU
Chartered Accountants
FRN . 03621S

CA. V. BALASUBRAMANYAN
Partner
M.No. 18444

Place : Chennai
Date : 4th May 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

(Rs. in Lacs)

	Schedule	March 2010	March 2009
Income from Finance Operations	I	18,381.45	18,369.03
Income from Windmill Operations		390.89	436.26
Other Income	J	309.78	296.37
		19,082.12	19,101.66
Operating Expenses	K	1,980.69	1,594.10
Interest	L	9,336.06	10,378.83
Total		11,316.75	11,972.93
Profit before Depreciation		7,765.37	7,128.73
Less: Depreciation (vide Note No. 1(c))		2,485.57	2,000.12
Profit after Depreciation		5,279.80	5,128.61
Less: Provision for Taxation			
- Current Tax		920.00	580.08
- Deferred Tax		872.75	1,193.62
Profit for the year		3,487.05	3,354.91
Less: Transfer to Statutory Reserve		699.00	671.00
		2,788.05	2,683.91
Less: Income Tax of Earlier Years		2.49	23.42
		2,785.56	2,660.49
Add: Surplus brought forward from previous year		6,146.32	4,217.40
Profit available for appropriation		8,931.88	6,877.89
APPROPRIATIONS			
Transfer to :			
General Reserve		262.00	251.62
Proposed Dividend :			
On Equity shares @ Rs. 1.80 per Share of Rs. 10/- each		410.23	410.23
Add : Dividend Distribution Tax		69.72	69.72
		479.95	479.95
Surplus in Profit and Loss Account		8,189.93	6,146.32
Total		8,931.88	6,877.89
Number of Equity Shares		2,27,90,606	2,27,90,606
Basic and Diluted Earnings per share of Rs.10/- each		15.30	14.72

Notes in Schedule M are an integral part of this Profit & Loss Account and should be read in conjunction therewith.

For and on behalf of the Board

L. SIVARAMAKRISHNAN
Chief Financial Officer

N.KUMAR
Company Secretary

FAROUK IRANI
Managing Director

A. C. MUTHIAH
Chairman

This is the Profit & Loss Account referred to in our Report of even date

For SARATHY & BALU
Chartered Accountants
FRN . 03621S

CA. V. BALASUBRAMANYAN
Partner
M.No. 18444

Place : Chennai
Date : 4th May 2010



SCHEDULES

SCHEDULE A

SHARE CAPITAL

AUTHORISED

2,75,00,000 (2,75,00,000) Equity Shares of Rs.10/- each
25,00,000 (25,00,000) Preference shares of Rs.100/- each

Total

ISSUED, SUBSCRIBED AND PAID-UP:

2,27,90,606 (2,27,90,606) Equity Shares* of Rs.10/- each

Total

*(includes

- (1) 96,643 Equity shares allotted as fully paid to debenture holders of First Series who exercised their option for conversion.
- (2) 25,00,000 Equity Shares of Rs. 10/- each allotted as fully paid to Debenture holders of Fourth Series, as part of terms of issue.
- (3) 20,64,000 Equity Shares of Rs. 10/- each allotted as fully paid to Debenture holders of Eighth Series as part of terms of issue.
- (4) 10,00,000 Equity Shares allotted as fully paid to the Shareholders of 10% Cumulative Convertible Preference Shares on conversion of their shares into Equity Shares and
- (5) 1,74,202 Equity Shares allotted as fully paid-up by way of Bonus Shares by Capitalisation of General Reserve).

(Rs. in Lacs)

	2010		2009
	2,750.00		2,750.00
	2,500.00		2,500.00
Total	5,250.00		5,250.00
	2,279.06		2,279.06
Total	2,279.06		2,279.06

SCHEDULE B

RESERVES AND SURPLUS

CAPITAL REDEMPTION RESERVE (As per last Balance Sheet)

SECURITIES PREMIUM (As per last Balance Sheet)

DEBENTURE REDEMPTION RESERVE (As per last Balance sheet)

STATUTORY RESERVE (As per last Balance Sheet)

Add : Transfer from Profit and Loss account

GENERAL RESERVE (As per last Balance Sheet)

Add: Transfer from Profit and Loss account

CONTINGENCY RESERVE (As per last Balance Sheet)

PROFIT & LOSS A/C

Surplus in Profit and Loss Account

Total

	2010		2009
	300.00		300.00
	2,777.79		2,777.79
	281.40		281.40
	5,275.95	4,604.95	
	699.00	671.00	5,275.95
	3,895.91	3,644.29	
	262.00	251.62	3,895.91
	200.00		200.00
	8,189.93		6,146.32
Total	21,881.98		18,877.37

SCHEDULE C

SECURED LOANS

DEBENTURES* - (vide note No. 3)

(Secured by charge on specified fixed assets and hire rentals receivables)

*Includes Rs. 118 Lacs (Rs 363 Lacs) issued to Director / Relatives

OTHER LOANS

From Banks

(Secured by hypothecation of Plant and Machinery, other assets, Book debts and Assignment of hire rentals and Company's Fixed Deposits with Banks)

From Financial Institutions

(Term Loans secured by hypothecation of Equipment hired out and assignment of rentals thereof)

Total

	1,618.00		10,776.14
	76,605.74	63,690.55	
	2,958.99	79,564.73	68,428.86
Total	81,182.73	4,738.31	79,205.00

SCHEDULE D

UNSECURED LOANS

Fixed Deposits

(Includes Rs.91.00 Lac (Rs.1.00 Lac) due to a Director)

Debentures - Unsecured (Vide Note No. 3)

LOANS AND ADVANCES

(a) From Banks / Institutions*

(b) Short Term Deposits from Companies*

* Due within one year from the Balance Sheet date.

Total

	5,664.08		4,045.31
	10,500.00		-
	6,100.00		13,032.35
	2,095.00		298.00
Total	24,359.08		17,375.66



SCHEDULES (Contd.)

SCHEDULE E

SCHEDULE OF FIXED ASSETS

(Rs. in Lacs)

Description of Assets	Gross Block				DEPRECIATION			Net Block		
	As on 01.04.2009	Additions	Deletions	As on 31.03.2010	Dep as on 01.04.2009	Additions	Deletions	As on 31.03.2010	WDV as on 31.03.2010	WDV as on 31.03.2009
OWNED ASSETS:										
Free hold:										
Land*#	380.23	0	0	380.23	0	-		0.00	380.23	380.23
Building	7.66	0	0	7.66	1.88	0.29	0	2.17	5.49	5.78
Factory/Building	1,044.14	0	0	1,044.14	177.75	86.64	0	264.39	779.75	866.39
Plant and Machinery	25.00	0	0	25.00	21.89	0.43	0	22.32	2.68	3.11
Wind Mill	2,590.00	0	0	2,590.00	1,103.09	206.83	0	1,309.92	1,280.08	1,486.91
Air-conditioners	8.02	3.80	1.42	10.40	4.25	0.80	1.24	3.81	6.59	3.77
Office Equipments	170.09	6.16	4.52	171.73	147.20	9.91	4.48	152.63	19.10	22.89
Furniture and Fittings	133.22	1.05	14.70	119.57	107.00	4.40	12.45	98.95	20.62	26.22
Automobiles	117.72	26.47	58.30	85.89	70.02	10.48	41.79	38.71	47.18	47.70
Lease Hold:										
Land**	32.00	0.00	0	32.00	18.50	4.36	0.00	22.86	9.14	13.50
Sub Total	4,508.08	37.48	78.94	4,466.62	1,651.58	324.14	99.96	1,915.76	2,550.86	2,856.50
ASSETS GIVEN ON LEASE:										
Plant and Machinery	15,463.52	0.00	969.09	14,494.43	13,246.82	2,161.43	913.82	14,494.43	0.00	2,216.70
Sub Total	15,463.52	0.00	969.09	14,494.43	13,246.82	2,161.43	913.82	14,494.43	0.00	2,216.70
Grand Total	19,971.60	37.48	1,048.03	18,961.05	14,898.40	2,485.57	973.78	16,410.19	2,550.86	5,073.20
Previous Year	20,001.91	95.65	101.60	19,995.96	13,016.53	2,000.12	93.89	14,922.76	5,073.20	6,985.38

* Includes cost of 517.08 Sq.Ft. of Undivided Share of Land in proportionate to 1822 Sq.Ft. of an apartment.

Includes assets acquired in satisfaction of debt for which possession is yet to be taken.

** Amortisation based on Lease period Considered.



SCHEDULES (Contd.)

SCHEDULE F

(Rs. in Lacs)

INVESTMENTS – (LONG TERM-NON TRADE)

A. UNQUOTED

a) In Bodies Corporate

In Equity Shares of Rs.10/- each fully paid*

(i) Credit Analysis and Research Limited

(ii) Catholic Syrian Bank Ltd

In Equity Shares of Rs.10/- each partly paid**

Catholic Syrian Bank Ltd

b) Others

7.46% of Government of India Bonds - 2017 Series

6.05% of Government of India Bonds - 2019 Series

6.01% of Government of India Bonds - 2028 Series

7.40% of Government of India Bonds - 2012 Series

6.25% of Government of India Bonds - 2018 Series

Total

* Includes 45,000 Nos of Fully paid up Shares received during the year as Bonus.

** Rs. 3.80 Lacs payable as and when calls are made.

SCHEDULE G

CURRENT ASSETS, LOANS AND ADVANCES (Note 4)

(A) CURRENT ASSETS

Interest Accrued

Stock on Hire under Hire Purchase agreements

(At agreement values less amounts received - Net of Unmatured Finance Charges)

Net Lease Investment

SUNDRY DEBTORS (Note 5)

UNSECURED - CONSIDERED GOOD

Debts outstanding for a period exceeding 6 months

Other Debts

CASH AND BANK BALANCES

Cash in hand

BANK BALANCES WITH SCHEDULED BANKS

Current Accounts *

Deposit Accounts **

OTHER CURRENT ASSETS

Advanced to Suppliers (pending receipt of Invoices)

Total C/O.

Nos.	2010	Nos.	2009
2,95,000	25.00	2,50,000	25.00
100	0.14	100	0.14
4,000	1.00	4000	1.00
1	58.78	1	58.78
1	106.24	1	106.24
1	103.23	1	103.23
1	569.25	1	569.25
1	78.19	1	78.19
	941.83		941.83
	97.14		402.99
	1,09,420.66		95,497.95
	19,152.80		16,787.44
751.85		1,326.02	
864.64	1,616.49	1,247.70	2,573.72
5.45		5.64	
354.69		1,966.34	
851.86	1,212.00	885.36	2,857.34
	1,025.90		559.98
	1,32,524.99		1,18,679.42

SCHEDULES (Contd.)

	(Rs. in Lacs)	
Total B/F.	2010	2009
B) LOANS AND ADVANCES	1,32,524.99	1,18,679.42
(i) Loans - (Secured Considered good)		
Loans including loan on deposit	2,877.83	2,205.93
(ii) Advances		
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED UNSECURED-CONSIDERED GOOD		
Advance & Other payment of Income Tax	2,740.39	1,869.96
Other Advances	4,100.04	4,789.10
Other Deposits	75.09	62.96
Total	9,793.35	8,927.95
	1,42,318.34	1,27,607.37
* Includes Balances in Unclaimed Dividend Account Rs. 53.52 Lacs (Rs. 53.72 Lacs)		
** Includes Rs. 70.57 Lacs (Rs. 115.55 Lacs) held towards Bank Guarantees		
SCHEDULE H		
CURRENT LIABILITIES AND PROVISIONS		
(A) CURRENT LIABILITIES		
Sundry Creditors (Note 6)	2,804.92	2,994.44
Interest accrued but not due on loans	357.93	1,120.04
Unclaimed Deposits*	396.86	352.21
Unclaimed Dividends*	53.52	53.72
Unclaimed Interest on Deposits*	19.58	20.96
* These figures do not include any amounts, due & outstanding, to be credited to Investor Education and Protection Fund.		
(B) PROVISIONS		
Provision for Non-Performing Assets	633.66	1,294.98
Provision for Taxation	2,033.84	1,113.84
Proposed Dividend including Tax on Dividend	479.95	479.95
Total	3,147.45	2,888.77
	6,780.26	7,430.14
SCHEDULE I		
INCOME FROM FINANCE OPERATIONS		
Lease Rentals	7,505.61	7,908.27
(Tax Deducted at Source Rs. 440.23 Lacs (Rs.416.02 Lacs))		
Finance Charges-HP	10,186.65	8,984.46
Interest on Loan	593.86	751.68
(Tax Deducted at Source Rs. 49.94 Lacs (Rs.100.74Lacs))		
Recovery - Written off Accounts	27.47	674.27
Others	67.86	50.35
Total	18,381.45	18,369.03
SCHEDULE J		
OTHER INCOME		
Dividends Received	10.00	8.75
Interest (Gross)	145.36	121.57
(Tax deducted at source Rs. 9.62 Lacs (Rs. 35.17 Lacs))		
Profit on Sale of assets	1.72	0.31
Rent received (Tax deducted at source Rs. 20.05 Lacs (Rs.40.65 Lacs))	149.13	160.39
Miscellaneous	3.57	5.35
Total	309.78	296.37



SCHEDULES (Contd.)

(Rs. in Lacs)

SCHEDULE K

OPERATING EXPENSES

Employee Cost *			
Salary	155.89		228.22
Contribution to Provident Fund & Gratuity Fund	14.41		10.85
Staff Welfare Expenses	35.15		28.47
		205.45	267.54
Electricity Charges		7.50	8.90
Rent		43.67	41.10
Rates and Taxes		6.01	8.15
Insurance		7.80	9.08
Printing and Stationery		7.92	8.19
Bank Charges		281.60	329.57
Repairs and Office Maintenance		41.87	32.96
Travelling and Conveyance		38.46	33.91
Postage, Telegrams and Telephones		36.58	48.43
Directors' Sitting Fees		2.20	2.10
Service Charges		256.70	278.16
Brokerage on Deposits		19.32	11.67
Audit Fees			
For Audit, including quarterly reviews	11.77		9.63
For Taxation to Tax Auditors	2.00		2.00
For Certification of Statements and others	2.01		2.05
Reimbursement of Expenses	1.17	16.95	14.64
Donations		20.53	30.55
Legal and Consultancy Fees		97.02	76.20
Loss on Sale of Assets		29.69	1.96
Foreign Exchange Rate Difference		481.51	128.12
Miscellaneous Expenses		118.83	112.80
Bad Debts Written Off	922.41		953.77
Less: Provision for Non-Performing Assets Reversed	661.33	261.08	150.07
Total		1,980.69	1,594.10

* Includes Rs. 90.48 Lacs (Rs. 182.18 Lacs) paid to Managing Director.

SCHEDULE L

INTEREST

SECURED LOANS

On Debentures *	1,503.63		2,526.11
On Institutional Term Loans	493.02		301.27
On Bank Loans	5,241.20		5,959.64
		7,237.85	8,787.02

UNSECURED LOANS

On Fixed Deposits **	460.00		431.92
On Others	1,638.21		1,159.89
		2,098.21	1,591.81
Total		9,336.06	10,378.83

* Includes Rs. 34.40 Lacs (Rs.26.42 Lacs) paid to Directors

** Includes Rs. 3.15 Lacs (Rs.0.09 Lacs) paid to a Director

SCHEDULES (Contd.)

SCHEDULE M**NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 2010****1) SIGNIFICANT ACCOUNTING POLICIES :****(a) ACCOUNTING CONVENTION:**

The financial statements are prepared under historical cost convention and in accordance with the generally accepted accounting principles in India.

The Company follows prudential norms for income recognition and provisioning for non-performing assets as prescribed by Reserve Bank of India for Non-Banking Financial Companies from time to time.

(b) REVENUE RECOGNITION:

(i) Income from Hire Purchase transactions is accounted, based on the Internal Rate of Return.

(ii) Lease income is recognised in respect of lease agreements entered into before 1st April 2001, as per the terms of agreement entered into with the Lessees from time to time, which is recognised on accrual basis. In respect of lease agreements entered into on or after 1st April 2001, income is recognised on the basis of constant periodic return accruing, as required by the Accounting Standard AS-19.

(iii) Interest income on loans is recognised on accrual basis, as stipulated in the contract.

(iv) The Company follows prudential norms for income recognition and provisioning for non-performing assets, valuation of investments as prescribed by Reserve Bank of India for Non-Banking Finance Companies from time to time and accordingly the income from Non Performing Assets are recognised on cash basis.

(v) Dividend income is accounted when the right to receive the income is established.

(vi) Income from electricity generated by Wind Mills and Rental Income from immovable properties are recognised on accrual basis.

(c) (i) FIXED ASSETS:

Fixed assets are carried at historical cost net of value added taxes wherever applicable and accumulated depreciation. Cost includes purchase price and attributable cost of bringing the asset to its working condition for the intended purpose. Assets which are of no utility value are eliminated from the books of account on disposal or when discarded.

(ii) DEPRECIATION:**(a) Assets-Leased**

Assets in respect of Lease transactions entered prior to 1st April 2001 are fully depreciated over the primary lease period by a method under which the interest rate implicit in the lease is calculated and applied on the outstanding investment on lease to calculate the finance earnings for the period and the difference between the lease rentals and finance earnings is charged as depreciation. The depreciation charged under this method is adequate to cover the requirement of statutory depreciation under Section 205(2)(b) of the Companies Act, 1956.

Assets in respect of which Lease agreements were entered on or after 1st April 2001, are treated in the manner prescribed under the Accounting Standard AS-19.

(b) Assets-Own

Depreciation on owned assets have been provided on the written down value method, at the rates prescribed under Schedule XIV to the Companies Act, 1956. Assets costing Rs. 5,000/- or less, have been fully depreciated in the year of Purchase.

(d) INVESTMENTS:

Investments which are long term in nature are stated at cost, with provision where necessary for diminution, in the value of investments. On the disposal of specified investment, the difference between the carrying amount and the net sale proceeds is charged / credited to the Profit and Loss account.

(e) STOCK ON HIRE:

Stock on Hire under Hire Purchase Agreements are stated at Agreement Values less amounts received and net of unmatured finance charges.

(f) NET INVESTMENT IN LEASE :

The assets under Leases are shown as receivables at values equal to net investment in such Leases.

(g) RETIREMENT BENEFITS:

The Employers contribution towards P.F. accounts of the Employees are made as per the Fund rules through an independent Trust. The leave accrued has to be encashed within the calendar year and hence there is no accrued leave to be provided for, except in the case of the Managing Director who is entitled to encash the accrued leave only at the end of the tenure.

The Company contributes to a Gratuity Fund, which has taken a group policy with Life Insurance Corporation of India (the LIC) for future payments of gratuity as determined on actuarial basis, using the 'Projected Unit Credit Method', by the LIC. The Premium thereon has been determined to cover the liability under the scheme in respect of the employees of the company, as at the end of their anticipated future service with the Company.



SCHEDULES (Contd.)

SCHEDULE M

NOTES ON THE ACCOUNTS (CONTD.)

Gratuity (Defined Benefit Plan with LIC)

(Rs. in Lacs)

	31.03.2010	31.03.2009
1. Change in present value of obligation		
Present value of obligation as at beginning of the year	31.74	29.05
Interest cost	2.54	2.32
Current Service Cost	0.66	0.69
Benefits Paid	(1.11)	0.00
Actuarial loss on obligation	(0.31)	(0.32)
Present value of obligation as at end of the year	33.52	31.74
2. Change in the fair value of the Plan Assets		
Fair value of plan assets at beginning of the year	32.28	29.57
Expected return on plan assets	2.92	2.71
Contributions	1.00	0.00
Benefits Paid	(1.11)	0.00
Actuarial gain / (loss) on plan assets	0.00	0.00
	35.09	32.28
3. Actual return on Plan Assets		
Expected return on plan assets	2.92	2.71
Actuarial gain / (loss) on plan assets	0	0
Return on Plan Assets	2.92	2.71
4. Amount recognised in the Balance Sheet		
Liability at the end of the year	33.52	31.74
Fair value of Plan Assets at the end of the year	(35.09)	(32.28)
(Asset) / Liability recognised in the Balance Sheet	(1.57)	(0.54)
5. Actuarial gain/loss recognised		
Actuarial loss on obligation	(0.31)	(0.32)
Actuarial gain / (loss) on plan assets	0	0
Actuarial Gain Recognised in the year	(0.31)	(0.32)
6. (Income) / Expenses recognised in the Profit & Loss Account		
Current Service Cost	0.66	0.69
Interest cost	2.54	2.32
Expected return on plan assets	(2.92)	(2.71)
Actuarial Gain Recognised in the year	(0.31)	(0.32)
Expenses to be recognised in the Profit & Loss Account	(0.03)	(0.02)
7. Reconciliation of the liability recognised in the Balance Sheet		
Opening net asset	(0.54)	0.52
Contribution	1.00	0.00
Expenses	(0.03)	(0.02)
Closing Net (Asset)/Liability	(0.49)	(0.54)
8. Principal Assumptions		
Discount rate	8%	8%
Salary Escalation	4.50%	4.50%
Attrition rate	1-3%	1-3%
Expected return on Plan Assets	8%	8%

(h) FOREIGN CURRENCY TRANSACTIONS:

Foreign currency transactions are recorded at the rate of exchange prevailing on the date / at the forward contract rate on the date of the transaction. Liabilities which are payable in foreign currencies are translated at exchange rates prevailing on the date of the Balance Sheet and the loss or gain arising on such transactions is recorded in the Profit and Loss Account. In the case of forward contracts, the exchange difference, arising between the rate on the transaction date and the forward contract rate is recognised over the period of the contract. The Company has not used the forward contracts for speculation or trading purposes.

2) ACCOUNTING STANDARDS:

(a) AS-17 - Segment Reporting:

The Company is primarily engaged in Hire Purchase/Lease Finance. There is no reportable segment other than primary segment, in terms of the above accounting standard.

SCHEDULES (Contd.)

(b) AS-18 - Related Party Disclosures:

- (i) List of Related party where control exists:
Key Management Personnel: Mr. Farouk Irani – Managing Director
- (ii) Related Party Transactions
Remuneration - Rs. 90.48 Lacs (Rs. 182.18 Lacs)

(c) AS-19 - Leases:

- (1) Leases:
- (i) Aggregate of Minimum lease payments - Rs. 24,855.26 Lacs (Rs. 21,856.76 Lacs)
- (ii) Net carrying amount - Rs. 19,152.80 Lacs (Rs. 16,787.44 Lacs)
- (iii) Maturity pattern of Gross / Net receivable:

Particulars	Gross (Rs. in Lacs)	Net (Rs. in Lacs)
Not later than 1 year	7,764.26 (9,404.19)	5,782.96 (7,222.87)
Later than 1 year and not later than 5 years	15,443.57 (12,131.93)	12,309.49 (9,317.92)
Later than 5 years	1,647.43 (320.64)	1,619.65 (246.65)

- (iv) Unearned Finance income - Rs. 5,702.46 Lacs (Rs. 5,069.32 Lacs)
- (v) All initial direct costs are recognised as expenses in the Profit and Loss account at the inception of the lease.
- (vi) Accumulated provision for uncollectible minimum lease payments receivable - Rs. 45.80 Lacs (Rs. 36.84 Lacs).

(2) Stock on Hire:

- (i) Aggregate of Minimum Hire Rentals - Rs 1,20,041.75 Lacs (Rs. 1,05,535.74 Lacs)
- (ii) Net carrying amount - Rs. 1,09,420.66 Lacs (Rs. 95,497.95 Lacs)
- (iii) Maturity pattern of Gross / Net receivable:

Particulars	Gross (Rs. in Lacs)	Net (Rs. in Lacs)
Not later than 1 year	49,187.20 (36,381.35)	43,315.97 (32,954.12)
Later than 1 year & Not later than 5 years	70,854.55 (69,154.39)	66,104.69 (62,543.83)
Later than 5 years	Nil	Nil

- (iv) Unearned Finance income - Rs. 10,621.09 Lacs (Rs. 10,037.79 Lacs)
- (v) Accumulated provision for uncollectible hire payments receivable is Rs. 193.20 Lacs (Rs. 405.58 Lacs)

(d) AS-20 - Earnings per share:

Particulars	As at 31.03.2010	As at 31.03.2009
Net Profit attributable to Equity Shareholders	Rs 3,487.05 (Lacs)	Rs 3,354.91 (Lacs)
Number of equity shares	2,27,90,606	2,27,90,606
Earnings in rupees per share of Rs.10/- each	15.30	14.72

(e) AS-22 - Accounting for Taxes on Income:

Rs. 872.75 Lacs (Rs. 1,193.62 Lacs) is recognised towards the current year provision, arising out of timing differences, as per the Accounting Standard - 22.

Deferred Tax:

The major components of deferred tax assets and liabilities arising on account of timing differences are:

Component	Liability (Rs.in Lacs)	Asset (Rs. in Lacs)
Depreciation	1,039.47 (1,260.50)	Nil (Nil)
Income Recognition	903.64 (871.61)	1,070.36 (938.49)
Total	1,943.11 (2,132.11)	1,070.36 (938.49)
Net Deferred Tax Liability	872.75 (1,193.62)	

(f) AS-28 - Impairment of Assets

Assets have been reviewed at balance sheet date for impairment, as per the above Accounting Standard.

(g) AS-29 - CONTINGENT LIABILITIES & ASSETS:

S. No.	Particulars	2010 (Rs. in Lacs)	2009 (Rs.in Lacs)
(i)	Estimated amount of contracts remaining to be executed on Capital Account/Lease & H.P. Disbursement not provided for	12.92	41.74



SCHEDULES (Contd.)

- (ii) The liability towards uncalled amounts on shares issued by Catholic Syrian Bank in respect of 4,000 Equity Shares is Rs. 3.80 Lacs.
- (iii) Claims against the Company not acknowledged as debts:
Tax Demands against the Company not acknowledged as Debts:
- (a) Income Tax demand of Rs. 3,467.77 Lacs (Rs. 1,662.86 Lacs) against the Company in respect of which appeals have been preferred and are pending with Appellate Authorities. However the Company has paid under protest Rs. 789.92 Lacs (Rs. 686.09 Lacs) and balance demand has been stayed by the Appellate Authorities. Based on expert legal opinion, the Company is of the view that it has fair chances of success in the appeal and entitled for refund of the amount paid.
- (b) Interest Tax demand of Rs. 48.93 Lacs (Rs. 48.93 Lacs) has been contested in appeal proceedings. The Company has paid Rs. 39.13 Lacs (Rs. 39.13 Lacs). The Company is of the view that it has a fair chance of success in the appeal and hence no provision has been made for the balance amount of Rs. 9.80 Lacs in the books of account.
- (c) Liability towards Fringe Benefit Tax of Rs. 22.58 Lacs (Rs. 22.58 Lacs) has not been provided for in the accounts as the Company has challenged the validity of such a levy before the Hon'ble High Court of Madras and stay has been granted. There is no liability to be provided in this regard with effect from 1st April 2009 in view of the repeal of the levy.
- (d) Sales Tax demands of various states aggregating to Rs.888.77 Lacs (Rs. 793.85 Lacs) have been contested before different Appellate Authorities including the Hon'ble Supreme Court. These demands have been stayed by respective Appellate Authorities. The company is confident of successful outcome in the appeals and in the event of any liability arising the same would devolve upon the ultimate hirers / lessees and hence no provision has been made in the books of account. The Company has furnished Bank Guarantees amounting to Rs. 46.15 Lacs (Rs. 97.69 Lacs) and its own guarantee of Rs. 344.98 Lacs (Rs. 293.44 Lacs)

3) LOAN FUNDS

(a) DEBENTURES :

The following is the list of Privately placed debentures outstanding, along with the due dates of redemption and other particulars:

Secured Debenture Outstanding as on 31st March 2010

Series	Face Value (Rs. in Lacs)	No of Debentures	Total Value (Rs. in Lacs)	Date of Redemption
227	10.00	3	30.00	17-May-10
228	1.00	43	43.00	20-May-10
233	10.00	1	10.00	16-June-10
235	10.00	1	10.00	24-June-10
237	1.00	25	25.00	9-July-10
254	10.00	150	1,500.00	10-Oct-11
Secured Debentures as at 31st March 2010			1,618.00	

Un-Secured Debenture Outstanding as at 31st March 2010

Series	Face Value (Rs. in Lacs)	No of Debentures	Total Value (Rs. in Lacs)	Date of Redemption
262	10.00	250	2,500.00	25-June-10
263	100.00	25	2,500.00	22-June-10
264	100.00	10	1,000.00	13-Sep-10
265	100.00	15	1,500.00	23-June-10
266	100.00	30	3,000.00	30-Apr-10
Un-Secured Debentures as at 31 st March 2010			10,500.00	
Total Debentures as at 31st March 2010			12,118.00	

SCHEDULES (Contd.)

(b) Unsecured Loans:

- i. Commercial Papers:
The maximum amount outstanding at any point of time, during the year is Rs. 20,000 Lacs (Rs. 16,000 Lacs) and the outstanding as at 31st March 2010 is Rs. 5,000 Lacs (Rs. 13,000 Lacs)
- ii. Public Deposit:
As per the directions of the Reserve Bank of India, the Company has created a floating charge in favour of IDBI Trusteeship Services Ltd., the Trustee, on the Statutory Liquid Assets maintained by the Company.

4) CURRENT ASSETS :

In the opinion of the Board of Directors, all Current Assets, Loans and Advances will have value, on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the accounts.

5) SUNDRY DEBTORS :

Confirmation of balances from Sundry Debtors are being obtained.

6) SUNDRY CREDITORS INCLUDE :

- i. Amount due to Managing Director – Rs. 142.64 Lacs (Rs. 126.44 Lacs)
- ii. The Company has no outstanding dues to any Small Scale Industrial unit as defined in Industries (Development & Regulation) Act, 1951.
- iii. In terms of sec.22 of the Micro, Small Medium Enterprises Development Act, 2006, there are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding as at 31st March 2010. The information has been determined on the basis of the information available with the Company. Hence the question of furnishing additional information as per the said Act does not arise.
- iv. Confirmations of balances from Sundry Creditors are being obtained.

7) (a) MANAGING DIRECTOR'S REMUNERATION

Salary	
Commission	
Contribution to Provident Fund & others	
Perquisites	

Total

(b) Net Profit Computation u/s 349 /199 of the Companies Act, 1956

Managing Director's Commission	
Profit as per Profit and Loss Account	
Add: Managing Director's Remuneration	
Depreciation	
Sitting Fees to Directors	
Loss on sale of assets	

Total

Less: Depreciation u/s 350 of the Companies Act, 1956	
Profit on Sale of Assets	
Net Profit under Sec.349 /199 of the Companies Act, 1956	
Commission @ 2% of the above	

The total remuneration as stated in Note 7 (a) above is within the limits under the Companies Act, 1956.

	(Rs. in Lacs) 2010	(Rs. in Lacs) 2009
	53.99	44.99
	16.20	126.44
	6.48	5.40
	13.81	5.35
Total	90.48	182.18
	5,279.80	5,128.62
	90.48	182.18
	2,485.57	2,000.12
	2.20	2.10
	29.69	1.96
Total	7,887.74	7,314.98
	324.14	992.80
	1.72	0.31
	7,561.88	6,321.87
	151.24	126.44



SCHEDULES (Contd.)

8) Value of imports by Company during the year calculated on CIF basis:

	2010 (Ind. Rs. in Lacs)	2009 (Ind. Rs. in Lacs)
Capital Goods- (Leased Assets)	911.51	863.62
9) Expenditure in foreign currency during the year on account of travel, Subscription to Books & Journals	Rs. 11.58 Lacs	(Rs. 13.99 Lacs)
Amounts remitted during the year in foreign currency	Rs. 31,429.38 Lacs	(Rs. 8,587.06 Lacs)

10) The figures in the brackets relate to the year ended 31st March 2009 which have been re-classified wherever necessary to conform to classification for the current period.

Signatures to Schedules A to M

For and on behalf of the Board

L. SIVARAMAKRISHNAN
Chief Financial Officer

N. KUMAR
Company Secretary

FAROUK IRANI
Managing Director

A. C. MUTHIAH
Chairman

For SARATHY & BALU
Chartered Accountants
FRN. 03621S

Place : Chennai
Date : 4th May 2010

CA. V.BALASUBRAMANYAN
Partner
M. No. 18444

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

PART - IV

I. Registration Details

Registration No. of State Code

Balance Sheet Date
Date Month Year

II. Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="7"/>	Total Assets	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="7"/> <input type="text" value="7"/>
Sources of Funds			
Paid-Up Capital	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="6"/>	Reserves & Surplus	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="8"/>
Secured Loans	<input type="text" value="-"/> <input type="text" value="8"/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="3"/>	Unsecured Loans	<input type="text" value="-"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="8"/>
Deferred Tax Liability	<input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="2"/>		
Application of Funds			
Net Fixed Assets	<input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="6"/>	Investments	<input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="3"/>
Net Current Assets	<input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="8"/>	Misc. Expenditure	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
		Accumulated Losses	<input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

IV. Performances of the Company (Amount in Rs. Thousands)

Turnover and other income	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="2"/>	Total Expenditure	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="1"/> <input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="2"/>
Profit / Loss Before Tax +	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="0"/>	Profit / Loss After Tax +	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="3"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="5"/>
Earnings per share in Rs.	<input type="text" value="-"/> <input type="text" value="-"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="0"/>	Dividend rate %	<input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/>

V. Generic Names of Three Principal Products / Services of the Company (as per monetary terms)

Item Code No.	Product Description
(a) <input type="text" value="N"/> <input type="text" value="A"/>	<input type="text" value="L"/> <input type="text" value="E"/> <input type="text" value="A"/> <input type="text" value="S"/> <input type="text" value="E"/>
(b) <input type="text" value="N"/> <input type="text" value="A"/>	<input type="text" value="H"/> <input type="text" value="I"/> <input type="text" value="R"/> <input type="text" value="E"/> <input type="text" value="P"/> <input type="text" value="U"/> <input type="text" value="R"/> <input type="text" value="C"/> <input type="text" value="H"/> <input type="text" value="A"/> <input type="text" value="S"/> <input type="text" value="E"/>

For and on behalf of the Board

L. SIVARAMAKRISHNAN
Chief Financial Officer

N. KUMAR
Company Secretary

FAROUK IRANI
Managing Director

A. C. MUTHIAH
Chairman

For SARATHY & BALU
Chartered Accountants
FRN-036215

CA. V. BALASUBRAMANYAN
Partner
M. No. 18444

Place : Chennai
Date : 4th May 2010



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

(Rs. in Lacs)

	2010		2009
A) CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation as per Profit and Loss Account	5,279.80		5,128.61
Adjustments for:			
Depreciation	2,485.57	2,000.12	
Foreign Exchange Loss	481.51	128.12	
Interest Expenditure	9,336.06	10,378.83	
Bad Debts written off	922.41	953.77	
Loss on Sale of Assets	29.69	1.96	
Rent Received	(149.13)	(160.39)	
Provision for Non Performing Assets	(661.33)	(803.70)	
Dividend Income	(10.00)	(8.75)	
Interest Income	(145.36)	(121.57)	
Foreign Exchange Income	-	-	
Profit on Sale of Investments	-	-	
Profit on Sale of Assets	(1.72)	(0.31)	
	12,287.70		12,368.08
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	17,567.50		17,496.69
Changes in Working Capital			
Net Stock on Hire	(13,922.71)	(12,957.68)	
Lease Investment Account	(2,365.36)	(3,099.74)	
Receivables	957.23	(579.32)	
Debts Written off	(922.41)	(953.77)	
Loans and Advances	(671.90)	(1,204.48)	
Other Advances and Deposits	(193.50)	(2,048.94)	
Current Liabilities	775.13	2,523.51	
	(16,343.52)		(18,320.42)
Cash generated from Operations	1,223.98		(823.73)
Increase in Advance for assets purchase	(465.92)		(1.43)
Interest Paid	(10,099.55)		(10,892.45)
Income Tax Paid (Net)	(922.49)		(603.50)
	(10,263.98)		(12,321.11)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)			
B) CASH FLOW FROM INVESTING ACTIVITIES :			
Purchase of fixed assets (Own)	(37.48)	(95.65)	
Sale of Assets (Own and Lease)	46.29	6.05	
Sale / (purchase) of Investments	-	(1.14)	
Bank Fixed Deposits	33.50	(11.71)	
Interest Received	451.21	198.83	
Rent Received	149.13	160.39	
Dividend Received	10.00	8.75	
	652.65		265.52
NET CASH FLOW FROM INVESTING ACTIVITIES (B)			
C) CASH FLOW FROM FINANCING ACTIVITIES :			
Dividends Paid (Including Unclaimed Dividends)	(480.15)	(595.24)	
Short Term Loan from Banks (net)	12,433.68	27,993.28	
Proceeds from Borrowings	(5,572.81)	(13,758.93)	
Repayments of Borrowings	1,618.77	(1,129.32)	
	7,999.49		12,509.79
NET CASH USED IN FINANCING ACTIVITIES (C)			
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,611.84)		454.20
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,971.98		1,517.78
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	360.14		1,971.98
Components of cash and cash Equivalent balances			
Cash and Cheques in Hand	5.45		5.64
Current Accounts with Banks	354.69		1,966.34

For and on behalf of the Board

L. SIVARAMAKRISHNAN
Chief Financial Officer

N.KUMAR
Company Secretary

FAROUK IRANI
Managing Director

A. C. MUTHIAH
Chairman

AUDITORS CERTIFICATE

We have examined the attached Cash Flow Statement of First Leasing Company of India Limited for the year ended 31st March 2010. The Statement has been prepared by the company in accordance with the Accounting Standard (AS) 3 on Cash Flow Statement and in compliance with the requirements of listing agreements entered into with Stock Exchanges and is based on and derived from the audited accounts of the Company for the year ended 31st March 2010.

Previous year figures have been regrouped / reclassified wherever necessary to conform to classification of the current period.

For SARATHY & BALU
Chartered Accountants
FRN - 03621S

CA. V. BALASUBRAMANYAN
Partner
M. No. 18444

Place : Chennai
Date : 4th May 2010

SCHEDULE TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2010

(As required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(Rs. in lacs)

PARTICULARS	PRINCIPAL	INTEREST ACCRUED BUT NOT DUE	AMOUNT OUTSTANDING	AMOUNT OVERDUE
LIABILITIES SIDE				
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid :				
(a) Debentures : Secured	1,618.00	49.32	1,667.32	-
Unsecured (other than falling within the meaning of public deposits)	11,600.00	36.99	11,636.99	-
(b) Deferred Credits	-	-	-	-
(c) Term Loans	2,958.99	21.46	2,980.45	-
(d) Inter-corporate loans and borrowing	2,095.00	19.54	2,114.54	-
(e) Commercial Paper	5,000.00	-	5,000.00	-
(f) Public Deposits	5,664.08	230.62	5,894.70	-
(g) Other Loans - Working Capital Loan from Banks	76,605.74	-	76,605.74	-
Total	105,541.81	357.93	105,899.74	-
(2) Break-up of (1) (f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):				
(a) In the form of unsecured Debentures	-	-	-	-
(b) In the form of partly secured debentures i.e. Debentures where there is a shortfall in the value of security	-	-	-	-
(c) Other public deposits	5,664.08	230.62	5,894.70	-
Interest accrued but not paid - Nil				

PARTICULARS	AMOUNT OUTSTANDING
ASSETS SIDE	
(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	
(a) Secured	2,899.02
(b) Unsecured	3,855.61
(4) Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities	
(i) Lease assets including lease rentals under sundry debtors:	
(a) Financial Lease	21,795.19
(b) Operating Lease	-
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	1,09,420.66
(b) Repossessed Assets	-
(iii) Other loans counting towards AFC activities	
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-
(5) Break-up of Investments:	
Current Investments:	
1. Quoted :	
(i) Shares:	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
2. Unquoted:	
(i) Shares (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-



(Rs. in Lacs)

PARTICULARS	AMOUNT OUTSTANDING
Long Term Investments :	
1. Quoted :	
(i) Shares: (a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
2. Unquoted:	
(i) Shares (a) Equity	26.14
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	915.69
(v) Others (please specify)	-
Total	941.83

(6) **Borrower group-wise classification of assets, financed as in (3) and (4) above :**

Category	Amount net of Provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	1,33,652.77	3,684.06	1,37,336.83
Total	1,33,652.77	3,684.06	1,37,336.83

(7) **Investor group-wise classification of all investment (current and long term) in shares and securities (both quoted and unquoted) :**

Category	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	941.83	941.83
Total	941.83	941.83

(8) **Other information**

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	685.12
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	51.47
(iii) Assets acquired in satisfaction of debt	-

For and on behalf of the Board

L. SIVARAMAKRISHNAN
Chief Financial Officer

N. KUMAR
Company Secretary

FAROUK IRANI
Managing Director

A. C. MUTHIAH
Chairman

For SARATHY & BALU
Chartered Accountants
FRN-03621S

CA. V.BALASUBRAMANYAN
Partner
M. No. 18444

Place : Chennai
Date : 4th May 2010