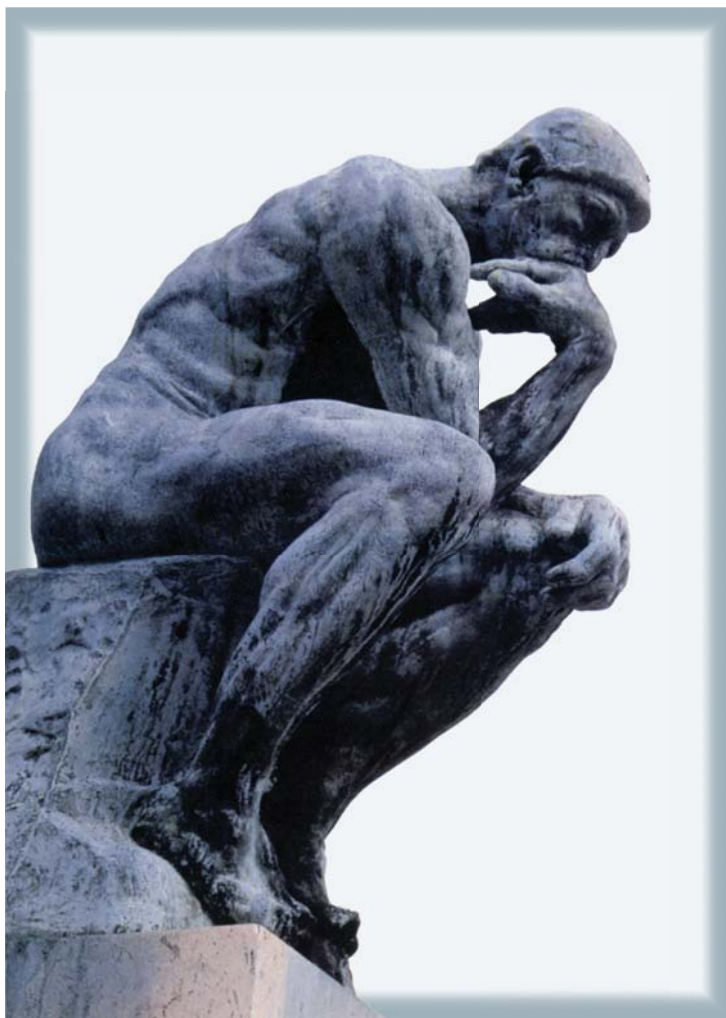


39th

ANNUAL
REPORT



FIRST LEASING COMPANY OF INDIA LIMITED

RELIABILITY
FOCUS
QUICK RESPONSE
and
PERSONALISED
SERVICE
for over
39 YEARS



FIRST LEASING

COMPANY OF INDIA LIMITED

39th ANNUAL REPORT 2012 - 2013

BOARD OF DIRECTORS

Dr. A.C. MUTHIAH (CHAIRMAN)

Mr. FAROUK IRANI (MANAGING DIRECTOR)

Mr. V. SELVARAJ

Mr. N. RAMAKRISHNAN

COMPANY SECRETARY

Ms. SHEETAL R.

REGISTERED OFFICE

749, Anna Salai
Chennai 600 002

Website : www.firstleasingindia.com

e-mail : firstleasing@firstleasingindia.com

**STATUTORY AUDITORS
& TAX AUDITORS**

M/s. SARATHY & BALU
Chartered Accountants
No. 6 (Old No. 27)
XI Avenue, Ashok Nagar,
Chennai - 600 083

INTERNAL AUDITOR

M/s. M.K. DANDEKER & CO.,
Chartered Accountants
2nd Floor, 138, Angappa Naicken Street
Chennai - 600 001



FIRST LEASING COMPANY OF INDIA LIMITED

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

NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY NINTH 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 WEDNESDAY THE 18TH SEPTEMBER 2013 AT 3.00 P.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

- To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March 2013 and Balance Sheet as at that date and Cash flow statement for the year ended 31st March 2013 and report of directors and auditors thereon.
- To declare a Dividend.
- To appoint a Director in the place of Mr. V Selvaraj, who retires by rotation and being eligible offers himself for re-appointment.
- To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS:

ORDINARY RESOLUTION:

- To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to sub-section (1)(d) of Section 293 and other applicable provisions of the Companies Act, 1956 and in supersession of the ordinary resolution passed at the Annual General Meeting of the Company held on 29th September 2008, consent of the Company be and is hereby accorded and the Board of Directors be and are hereby authorised to borrow money(s) from Banks / Financial Institutions / Corporates / any other lending institutions etc., from time to time for the purpose of the business of the Company which together with money(s) already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceeding the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total money(s) so borrowed shall at no point of time exceed Rs. 3,000 Crores.

- To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to sub-section (1)(a) of Section 293 and other applicable provisions of the Companies Act, 1956 and in supersession of the ordinary resolution passed at the Annual General Meeting of the company held on 29th September 2008, consent of the Company be and is hereby accorded and the Board of Directors be and are hereby authorised to lease, mortgage, create charge or otherwise dispose off from time to time, the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole, of any such undertakings, as the case may be, to or in favour of the Banks / Financial Institutions / Corporates and any other lending institutions etc., including Trustees of the Debentures against the moneys borrowed in whatsoever form for an aggregate nominal value not exceeding Rs. 3,000 crores.

SPECIAL RESOLUTION:

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

"RESOLVED THAT pursuant to the provisions of sections 269 read with Schedule XIII, 198, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 and subject to other statutory approvals, if any, required and as recommended by the Remuneration Committee, Mr. Farouk Irani be and is hereby re-appointed as Managing Director of the Company for a further period of five years with effect from 18th June 2013 on the terms and conditions as detailed below".

For the just and proper discharge of his duties, obligations and responsibilities, as Managing Director, Mr. Farouk Irani shall be paid remuneration and perquisites as detailed below subject to deduction of Income Tax at the applicable rates in force from time to time with effect from 18th June 2013 for a further period of five years.

I. REMUNERATION:

- A basic Salary of Rs. 8,06,500/- per month, with annual increments to be fixed by the Board of Directors based on the performance.
- A Commission not exceeding 2% p.a. of the Net Profits of the Company as computed under Section 349 of the Companies Act, 1956.

II. PERQUISITES:

- Suitable Company maintained free furnished accommodation.
- Medical expenses for himself and/or any member of his family, subject to one month's basic salary in a year or three month's basic salary in a block of three years.
- Leave travel expenses for himself and his family in connection with his proceeding on leave to any place in India or abroad, subject to one month's basic salary in a year or three month's basic salary in a block of three years.
- The Company shall take out a personal accident insurance policy in the name of Mr. Farouk Irani, premium not exceeding Rs.1,00,000/- per annum.

- Club expenses (including the amount of annual or periodical fee or entrance fee or admission fee) incurred for business purposes, subject to a maximum of two clubs.
- Encashment of earned leave of one month per year at the end of the tenure.
- Contribution by the Company towards Provident Fund and Superannuation Fund at the applicable rates in force as per Company rules.
- Gratuity of one-half month's salary payable for each completed year of service at the end of his tenure as per Company rules.
- Motor car(s) with driver for business purposes with running and maintenance expenses.
- Reimbursement of expenses incurred for travel, attendance on conferences, seminars or study tours, both in India or abroad, in connection with the business of the Company.
- Credit card expenses (including the amount of annual or periodical fee) incurred for business purposes of the Company.
- Telephone & Mobile phone expenses including payment for local calls and long distance calls incurred for business purposes of the Company.

Contractual Agreement on Notification requirements

Mr. Farouk Irani is unilaterally and contractually entitled to give a 30 day notice and exercise his right to resign from the company.

Mr. Farouk Irani is not eligible for Sitting Fees for attending the Board/Committee Meetings.

"RESOLVED FURTHER THAT subject to the recommendation of the Remuneration Committee, the Board of Directors of the Company be and are hereby authorised to make such other alteration or change in the terms and conditions of appointment and remuneration of the Managing Director at their own discretion from time to time so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 (including any statutory modification, re-enactment thereof for the time being in force) or any amendments made thereto".

"RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any of the financial years during the tenure of Mr. Farouk Irani as Managing Director of the Company, he shall be entitled to receive and be paid the substantive remuneration and perquisites mentioned above excluding commission, as minimum remuneration, subject to the limits specified under Schedule XIII of the Companies Act, 1956, as may be amended from time to time".

By Order of the Board

Place : Chennai
Date : 14th August 2013

SHEETAL R
Company Secretary

NOTES :

- 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.
- 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 600002. Members whose shareholdings are in demat form are requested to send the intimation to their respective Depository Participant (DP).
- Dividend if 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 18th September 2013.
- 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 2006 and / or any subsequent years are requested to make their claim to the Company.
- It is also noted that once the unclaimed dividend is transferred to the Central Government as above, no claim shall lie against the said Fund or the Company in respect thereof.
- The Register of Members and Share Transfer books of the Company will remain closed from 11th September 2013 to 18th September 2013 (both days inclusive) for the purpose of payment of Dividend.
- The members are requested to opt for National Electronic Clearing Service (NECS) facility for receiving dividend amount directly to their bank account. Wherever NECS facility is not available, the members are requested to provide latest bank account details for credit of dividend amount to their bank account so as to avoid fraudulent / loss in postal transit of dividend warrants. To facilitate this process, shareholders holding shares in electronic mode may provide the details to their depository participant and members holding shares in physical mode may provide bank details to the Company or Registrar and Share Transfer Agents.
- Members who desire availing nomination are requested to contact the Registrar and Share Transfer Agents in respect of shares held in physical form and the respective Depository Participant in respect of shares held in dematerialized form.

NOTICE (Contd.)

- 9) In terms of the "Green Initiative" in Corporate Governance of the Ministry of Corporate Affairs communicated vide its circulars No. 17/2011 dated 21st April 2011 and 18/2011 dated 29th April 2011, the Notice of the meeting, Annual Reports etc. required to be furnished by the Company to the members can be sent in electronic mode. To facilitate this process, we request the shareholders to participate in the Green Initiative by registering the e-mail address with the Company.

- 10) Mr. V Selvaraj, who retires by rotation at the ensuing Annual General Meeting does not hold any equity shares in the share capital of the Company.

By Order of the Board

Place : Chennai
Date : 14th August 2013

SHEETAL R
Company Secretary

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

ITEM NO. 5

At the Annual General Meeting of the Company held on 29th September 2008 a resolution was passed under Section 293(1)(d) of the Companies Act, 1956, enabling the Company to borrow money(s) upto a maximum limit of Rs. 2,000 Crores. Such borrowing limits of the company is being increased to Rs. 3,000 Crores in order to enable the company to meet its business proposals in the coming years. As the Company anticipates a considerable growth in the Financial Sector Market, the need for funds for deployment at the appropriate time would be essential.

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

None of the Directors is deemed to be interested in the said resolution.

ITEM NO. 6

At the Annual General Meeting of the Company held on 29th September 2008 a resolution was passed under Section 293(1)(a) of the Companies Act, 1956, enabling the Company to mortgage and create charge on its undertakings upto a maximum limit of Rs. 2,000 crores. Such limits is being increased to Rs. 3,000 crores in order to enable the Company to raise secured funds from the market in the coming years. As the Company anticipates a considerable growth in the Financial Sector Market the need for providing security and raise funds for the deployment at the appropriate time would be essential.

Approval of the shareholders is sought for passing the resolution set out under the item 6 of the Notice.

None of the Directors is deemed to be interested in the said resolution.

ITEM NO. 7

Mr. Farouk Irani was re-appointed as Managing Director vide a resolution passed at the Annual General Meeting held on 29th September 2008 to hold the office upto 17th June 2013. Considering his expertise in the area of Financial Sector and the past performance in discharging his duties as Managing Director that paved way for a substantial growth of the Company in an immense tough competitive market, the Board of Directors at their meeting held on 27th May 2013, subject to the approval of the shareholders by Special Resolution, unanimously appointed Mr. Farouk Irani as the Managing Director of the Company for a further period of five years with effect from 18th June 2013. The remuneration proposed in this resolution is as recommended by the Remuneration Committee.

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 resolutions set out under the item 7 of the Notice.

None of the Directors except Mr. Farouk Irani is deemed to be interested in the said resolution.

The resolution may be treated as an abstract of the terms and conditions of the employment of Mr. Farouk Irani, pursuant to section 302 of the Companies Act, 1956.

By Order of the Board

Place : Chennai
Date : 14th August 2013

SHEETAL R
Company Secretary

REPORT OF THE DIRECTORS

A REVIEW OF THE COMPANY'S PERFORMANCE OVER FISCAL 2013:

We are presently positioned in an economy that is annually compelled to revise its GDP growth rates from 9% to 8% and then to 5.6% from 6% with a present low forecast at 5%. If any company that works within these confines gets overtaken by a marketing obsession to climb great heights in asset growth it may at best be described as suicidal.

First Leasing despite the odds grew "Total Revenues" to Rs.245 Crores up from Rs.213 Crores recording a growth of 15% with PBT rising from Rs.48.84 Crores to Rs.51.17 Crores.

The one expense account we were able to compress was our tax bill which fell from Rs.17.23 Crores to Rs.16.45 Crores as we exhausted almost every other Expense-reduction possibility. First Leasing controlled what was controllable through exemplary credit management and for yet another year achieved the extraordinary feat of holding its net NPAs at zero. The company also successfully closed its first large Real Estate related lease for land and factory buildings.

Shareholders are understandably concerned that over the years whilst First Leasing enhanced its Net Worth to a level of Rs.363.94 Crores the company restrained but did not abstain from dividend payment despite the consideration that the Company over its present operating life paid dividends of Rs.118.16 Crores which is the equivalent of returning Shareholder Capital "Five times over". Also its imperative for First Leasing to build its "Retained Earnings" to balance debt funds committed by our bankers, which also explains why we remarkably increased the Company's Capital Adequacy to an "All time High" of 27.32% against Reserve Bank's present requirement of 15%, and also successfully completing a subordinated debt issue for Rs.178 Crores enhancing our Tier II Capital.

APPROPRIATIONS

	2013 (Rs. in Lacs)	2012 (Rs. in Lacs)
Profit for the year	3,472.91	3,161.83
Surplus brought forward from previous year	14,613.00	12,798.95
Statutory Reserve	(695.00)	(633.00)
Total	17,390.91	15,327.78
From which the following appropriations are made :-		
General Reserve	261.00	238.00
Dividend	410.23	410.23
Corporate Tax on dividend	69.72	66.55
Surplus in Profit and Loss Account	16,649.96	14,613.00
Total	17,390.91	15,327.78

REGULATION OF NBFCs:

The Company has complied with applicable regulations as per Reserve Bank of India Directions to NBFCs. Capital Adequacy Ratio stood at 27.32% (19.24%) as at 31st March 2013 which is much higher than the statutory minimum requirement of 15% stipulated by RBI. Net Non Performing Assets as at 31st March 2013 stood at 0.00% (0.12%).

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 2013.



REPORT OF THE DIRECTORS (Contd.)

PUBLIC DEPOSITS:

During the year entire deposits were repaid to its Deposit holders and as such the amount due to Public towards Public Deposit is Nil. Deposit / Interest which remained unclaimed to the extent of Rs.50.02 lacs has been transferred to a separate ESCROW Account for meeting future claims as per RBI's direction.

DIRECTORATE:

Mr. V Selvaraj, Director of the Company, retires by rotation at this Annual General Meeting and being eligible offer himself for re-election.

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.16,12,433/- for the year ended 31st March 2013 which is equivalent to a normal bonus given to a staff member of the Company instead of his eligible Commission of Rs. 1,00,65,569/- (i.e.) 2% on the net profits computed under section 349/199 of the Companies Act, 1956 in view of adverse economic conditions 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.

COST AUDIT:

The Board of Directors of the Company have approved the appointment of Mr. S.Sundar of M/s. S.Sundar & Associates, Cost Accountant in practice as Cost Auditor to conduct the Audit of the Cost records of the Company in respect of its Wind Mill Operations for the period from 1st April 2013 to 31st March 2014.

CORPORATE GOVERNANCE:

A report on Corporate Governance forms part of this report and a certificate from the Auditors of your Company regarding compliance of conditions of the Corporate Governance is attached to this report. A Management Discussion and Analysis Report also forms part of this report.

UNCLAIMED SHARE CERTIFICATES:

In term of clause 5A II of the Listing Agreement, the Company has sent three reminders to the shareholders whose share certificates, remains unclaimed with the Company. The Company has transferred the shares comprised in the share certificates into one folio in the name of Unclaimed Suspense Account (Demat Account). The Company opened Unclaimed Suspense Account on 4th January 2013. The details of outstanding shares in First Leasing Company of India Limited Unclaimed Shares Suspense Account is as follows:

Particulars	Aggregate Number of shareholders	Outstanding shares lying in First Leasing Company of India Limited Unclaimed Shares Suspense Account
Opening Balance as on 4 th January 2013*	50	1,660
Shareholders approached for transfer / delivery during 2012-13 and Shares transferred / delivered during 2012-13	Nil	Nil
Balance as on 31 st March 2013	50	1,660

*Account opening date.

RATING:

CREDIT RATING AWARDED BY CARE AND BRICKWORK:

- "CARE A1+" (A ONE PLUS) for Commercial Papers
- "CARE AA" (DOUBLE A) for Non-Convertible Debentures
- "CARE AA-" (DOUBLE A Minus) for Subordinated Debt
- "CARE AA" (DOUBLE A) for Long Term Bank facilities
- "BWR AA" (BWR DOUBLE A) for Non-Convertible Debentures
- "BWR AA" (BWR DOUBLE A) for Subordinated Debt

PROVISION ON STANDARD ASSETS:

As per Reserve Bank of India Directive, the Company has provided 0.25% on Standard Assets aggregating Rs. 36.65 Lacs (previous year Rs. 42.44 Lacs) in the accounts for the year ended 31st March 2013.

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. 2,160.76 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 confirms:

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.

CORPORATE SOCIAL RESPONSIBILITY

Your Company in association with NGO's and Charitable Trusts is involved for the last 15 years in various community focused activities for improving the health and hygienic level of the community.

Your Company is also contributing to the development of education and sports facilities through various sponsorship programme in association with Charitable Trusts.

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 : 14th August 2013

A C MUTHIAH
Chairman

REPORT OF THE DIRECTORS (Contd.)

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	72	<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 39 years Mr. Irani is functioning 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 organisations.</p> <p>Mr. Irani authored a widely acclaimed book titled, "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 the 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 Company and has shouldered this responsibility for the last Twenty 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. 108.34	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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS:

Your Company incorporated 39 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 allows entrepreneurs to upgrade assets more frequently ensuring they have the latest equipments without having to make further capital outlays. Leasing offers the flexibility of repayment period being matched to the useful life of the assets. Leasing provided a route for accessing finance to business which promotes domestic production, economic growth and job creation.

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.

Non-Banking Financial Companies play an important role in the financial sectors due to better consumer service, continuous reduction of non performing assets (NPA) and with their focused operations relating to their products and customers.

First Leasing with its 39 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.

There has been huge demand for Lease financing in respect of consumer goods and infrastructure sectors as compared to other markets. Leasing may be a useful source of financing, since access to capital markets or bank loans is difficult for small and medium size companies with unproven track records.



REPORT OF THE DIRECTORS (Contd.)

First Leasing Company of India Limited with its 39 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.

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. Frequent changes in law affect leasing operations substantially.

Interest rate volatility affects operating costs, expenses and profitability of the Leasing Industry. The indiscriminate entry of new companies into the industry evidenced a need for regulation and the Reserve Bank of India imposed certain restrictions. To grow the Leasing Industry, it is necessary for the Government to initiate tax incentives.

Large professionally managed independent leasing companies demonstrated an ability to succeed and grow. The leasing market has not developed commensurately with the growth of leasing companies. This has led to competition and as a result several leasing companies, lacking in profession expertise, were forced to exit.

SEGMENTWISE 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:

Capital expenditure opportunities for the Leasing Industry appeared to hold promise when on 7th July 2013 the government moved to open certain important sectors such as defense, power and telecommunications to foreign investment, but at the same time with memories fresh of headline making disputes involving household names such as Ikea, Walmart and Berkshire Hathaway the Capex probabilities got largely neutralized.

With elections in the visible horizon and troubling uncertainty as to who will govern India, large investors are appalled by the uncertainties.

The focus on hunting down every drop of liquidity to prevent speculation and retain value of the rupee has not helped. While this measure unquestionably evaporated the residual liquidity in the economy, it also regrettably constrained business growth and expansion.

Growth opportunities are legion, infrastructure, real estate, the retail business has attracted the largest names on the globe Walmart, Ikea, Berkshire Hathaway as also those corporations that deliver "Energy both renewable and otherwise", steel, coal, furniture retailing etc., despite which leading Indian investors look to investment outside India that could result in an investment straight jacket that insults the country's potential and growth opportunities for our industry.

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 Company has put in place adequate internal controlling system commensurate with the size of the company and nature of its business. The Internal Control Systems and the procedures have been repeatedly fine tuned and improved upon in line with business changes. The Company has also established Standard Operating Procedures for all its functional areas. 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 increased from Rs. 213.35 Crores to Rs. 244.73 Crores representing an increase of 14.70% over the preceding year.
- Interest Expenses increased by Rs. 28.90 Crores due to increase in borrowings.
- First Leasing's Cash Profits before tax increased from Rs. 50.86 Crores to Rs. 51.94 Crores over the preceding year.
- The Company registered net profit of Rs. 34.73 Crores as against Rs. 31.62 Crores over the preceding year.

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 Twelfth 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. Since the Chairman is a Non-Executive Director, 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 DURING THE YEAR AND THE LAST ANNUAL GENERAL MEETING:

Name of the Director	Position	No. of Board Meetings Attended (out of 5 held)	Attendance at Last Annual General Meeting	Category
Dr. A C Muthiah	Chairman	5	Present	Non-Executive-Promoter
Mr. Farouk Irani	Managing Director	5	Present	Executive-Promoter
Mr. V Selvaraj	Director	4	Present	Independent and non-Executive
Mr. N Ramakrishnan	Director	4	Present	Independent and non-Executive
Mr. A Satish Kumar®	Director	-	-	Independent and non-Executive
Mr. M B Sridharan**	Director	-	-	Independent and non-Executive

@ Resigned on 8th August 2012.

** Resigned on 14th August 2012.

c) NUMBER OF 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	2	-	-	-	-
Mr. Farouk Irani	-	-	1	-	2
Mr. V Selvaraj	-	-	5	2	-
Mr. N Ramakrishnan	-	-	3	1	3

*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 2012 to 31st March 2013 is five. The dates of meeting are given below:

- 1) 28th May 2012
- 2) 14th August 2012 (at 3.00 p.m)
- 3) 14th August 2012 (at 4.15 p.m)
- 4) 5th November 2012
- 5) 1st February 2013

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 Website of the Company.

2. DISCLOSURES REGARDING RE-APPOINTMENT OF DIRECTORS:

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

Mr. Selvaraj holds a Post Graduate Degree - Master of Arts in Economics, from Loyola College where he studied for 6 years (i.e.) from 1955 to 1961.

He joined the Indian Administrative Service and was posted to serve in Tamil Nadu in 1964.

He served the Government of India in various capacities such as :

Director of Industries and Commerce, Chairman of the Madras Port Trust for a period of 6 years and was responsible for the construction of the First System-based Container Terminal in India and was the earliest to introduce the concept of Container Freight Stations and Inland Container Depots. The new container terminal was declared open by Shrimathi Indira Gandhi, the then Prime Minister of India, during this period.

Secretary to Government, Industries Department: In his capacity as Industries Secretary, he contributed immensely to the Industrial Development of Tamil Nadu, was responsible for the setting up of Madras Export Processing Zone and was in committees and decision taking bodies with Government of India in Trade and Commerce.

Director in the Board of Madras Refineries for more than 10 years. Secretary to Government of Tamil Nadu, Housing and Urban Development in which capacity he was the Chief of the Negotiating Team with the World Bank and successfully



REPORT ON CORPORATE GOVERNANCE (Contd.)

negotiated for a large scale funding for Tamil Nadu Urban Infrastructure.

After retiring from the I.A.S., he is serving in a number of corporate Groups as Advisor and as a Director in their Boards and his corporate consultancy experience of more than 20 years covers a vast area ranging from Shipping, Industrial Development, Formation of Joint Ventures, Hospital Administration, Power Generation, Information Technology and Education.

NAMES OF COMPANIES IN WHICH MR. V SELVARAJ HOLDS DIRECTORSHIP:

- First Leasing Company of India Limited
- National Trust Housing Finance Limited
- Cherrytech Intelisolve Limited
- Radaan Media Works India Ltd
- Natronix Semiconductor Technology Limited

MR. V SELVARAJ IS A MEMBER OF AUDIT COMMITTEE IN THE FOLLOWING COMPANIES -

- First Leasing Company of India Limited

SHAREHOLDING:

Mr. V Selvaraj does not hold any shares in First Leasing Company of India Limited.

B) At the ensuing Annual General Meeting Mr. Farouk Irani is proposed to be re-appointed as Managing Director of the Company for the period of five years with effect from 18th June 2013. Brief particulars of the director are as under.

Mr. Farouk Irani introduced Corporate Leasing to India during September 1973, when he pioneered First Leasing Company of India Limited. Mr. Farouk Irani worked towards ensuring the interest of the Leasing Industries by being instrumental in incorporating the Association of Leasing and Financial Services Companies. He is the Chairman of the Association of Leasing and Financial Services Company and has shouldered these responsibilities for the last twenty years.

Over the last thirty nine years Mr. Farouk Irani has been functioning as the Company's CEO / President / Managing Director and groomed the First Leasing Company of India Limited from a fledgling start up Company to one of India's Premier Leasing organisations.

Mr. Farouk Irani authored a widely acclaimed book titled, "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 and Hong Kong, Taipei, Taiwan. Mr. Irani was invited by the World Bank to address a Seminar on Rejuvenation of the Leasing Industry in Indonesia.

NAMES OF COMPANIES IN WHICH Mr. FAROUK IRANI HOLDS DIRECTORSHIP :

- First Leasing Company of India Limited
- Association of Leasing and Financial Services Company

NAMES OF COMPANIES IN WHICH Mr. FAROUK IRANI HOLDS MEMBERSHIP IN AUDIT COMMITTEE:-

Mr. Farouk Irani is the member of Audit Committee in First Leasing Company of India Limited.

SHAREHOLDING:

Mr. Farouk Irani holds 79,591 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:

During the year Audit Committee comprised of the following members viz.:

1. Mr. V Selvaraj
2. Mr. Farouk Irani
3. Mr. N Ramakrishnan
4. Mr. A Satish Kumar *
5. Mr. M B Sridharan **

* Ceased to be the Director with effect from 8th August 2012

** Ceased to be the Director with effect from 14th August 2012

Except Mr. Farouk Irani, the other two are non-executive and independent Directors. Mr. V Selvaraj was the Chairman of the Audit Committee during the year under review.

c) MEETINGS AND ATTENDANCE DURING THE YEAR AND DATES:

No. of Audit Committee meetings held during the year 01 st April 2012 to 31 st March 2013	Dates of the meetings
4	8 th May 2012 14 th August 2012 5 th November 2012 1 st February 2013

The attendance of each member of the Committee is given below:-

Name of the Director	No. of Audit Committee Meetings attended
Mr. V Selvaraj	3
Mr. Farouk Irani	4
Mr. N Ramakrishnan	3

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 regarding Internal Control Systems etc.

4. REMUNERATION TO DIRECTORS:

No remuneration is paid to Non Executive Directors. However a sitting fee of Rs. 10,000/- is paid to all Directors except Managing Director for each meeting of the board and such payment is in accordance with provisions of the Companies Act, 1956. However no sitting fee is paid to the Non-Executive Directors for attending other Committee Meetings.

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 are as follows:

Particulars	Amount (Rs. in Lacs.)
Salary	80.62
Commission	16.12
Contribution to Provident Fund & others	9.67
Value of Perquisites	1.93
Total	108.34

The nature of the employment of Managing Director is contractual. The terms 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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Name of the Director	Sitting Fees (in Rs.)
Dr. A C Muthiah	50,000
Mr. V Selvaraj	40,000
Mr. N Ramakrishnan	40,000

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

Name of the Director	No. of Shares	% of paid up capital
Dr. A C Muthiah	1,64,223	0.72
Mr. V Selvaraj	NIL	NIL
Mr. N Ramakrishnan	NIL	NIL

5. SHAREHOLDERS / INVESTORS GRIEVANCES COMMITTEE:

COMPOSITION, NAMES OF THE MEMBERS AND CHAIRPERSON:

The Committee consisted of the following Directors viz.

1. Mr. V Selvaraj
2. Mr. Farouk Irani
3. Mr. N Ramakrishnan
4. Mr. A Satish Kumar*
5. Mr. M B Sridharan**

* Ceased to be the Director with effect from 8th August 2012

** Ceased to be the Director with effect from 14th August 2012

- Mr. V Selvaraj Non-Executive Director was the Chairman of the Committee during the year under review.
- Ms. Sheetal R, Company Secretary, is the Compliance Officer.
- The Committee held four meetings during the year.
- Number of shareholders' complaints received from 1st April 2012 to 31st March 2013 - 10.
- Number of Complaints resolved to the satisfaction of shareholders - 10.
- Number of Complaints unresolved - Nil
- No Complaint 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. Details of share transfers are placed before the Share Transfer Committee periodically.

REGISTRARS & TRANSFER AGENTS

M/s. Cameo Corporate Services Limited, Subramanian Buildings, No.1 Club House Road, Chennai 600002 are the Registrars and Transfer agents of the Company w.e.f 1st April 2003. The Company has renewed their appointment for a further period of two years from 31st March 2013 to 30th March 2015.

6. GENERAL BODY MEETINGS:

Location and time where last three Annual General Meetings held:

Date of AGM	Time	Location
26 th September 2012	3.00 p.m.	Sathguru Gnananandha Hall, New No. 314 (Old No. 254), T.T.K. Road Alwarpet, Chennai - 600 018
23 rd September 2011	3.00 p.m.	Sathguru Gnananandha Hall, New No. 314 (Old No. 254), T.T.K. Road Alwarpet, Chennai - 600 018
23 rd September 2010	3.00 p.m.	Sathguru Gnananandha Hall, New No. 314 (Old No. 254), T.T.K. Road Alwarpet, Chennai - 600 018

The Chairman of the Audit Committee was present at all the above Annual General Meetings.

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

AGM held on 26 th September 2012	No Special resolution was passed
AGM held on 23 rd September 2011	No Special resolution was passed
AGM held on 23 rd September 2010	No Special resolution was passed

B) DETAILS OF SPECIAL RESOLUTION PASSED THROUGH POSTAL BALLOT

During the year ended 31st March 2012 and also during the year ended 31st March 2013, there was no resolution 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 2012-2013 are disclosed in the Notes on Accounts forming part of the Annual Report. Hence, no separate disclosure is made here.

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 2013.

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 once on 8th May 2012.

The Committee at present comprises of following Directors as members:

1. Mr. V Selvaraj
2. Mr. N Ramakrishnan
3. Mr. A Satish Kumar *
4. Mr. M B Sridharan **

* Ceased to be the Director with effect from 8th August 2012

** Ceased to be the Director with effect from 14th August 2012



REPORT ON CORPORATE GOVERNANCE (Contd.)

Mr. V Selvaraj was the Chairman of the Remuneration Committee during the period under review.

WHISTLE BLOWER POLICY:

The Company at present does not have a specific and a formal 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. A MANAGEMENT DISCUSSION AND ANALYSIS REPORT FORMS PART OF THE REPORT OF DIRECTORS.

13. GENERAL SHAREHOLDER INFORMATION:

a) 39 th AGM is scheduled to be held on	Wednesday, 18 th September 2013 3.00 p.m. at Sathguru Gnananandha Hall 254, T.T.K Road, Alwarpet, Chennai-600 018.
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b) FINANCIAL CALENDAR - FOR THE YEAR 2013 - 2014

First Quarter results will be published	On or before 14 th August 2013
Second Quarter results will be published	On or before 14 th November 2013
Third Quarter results will be published	On or before 14 th February 2014
Results for the year ending 31 st March 2014 will be published	On or before 30 th May 2014

c) Dates of Book Closure :	From 11 th September 2013 to 18 th September 2013 (both days inclusive)
d) Date of Posting of Annual Report	Between 15 th August 2013 and 24 th August 2013.
Date of payment of Dividend	On or before 17 th October 2013

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

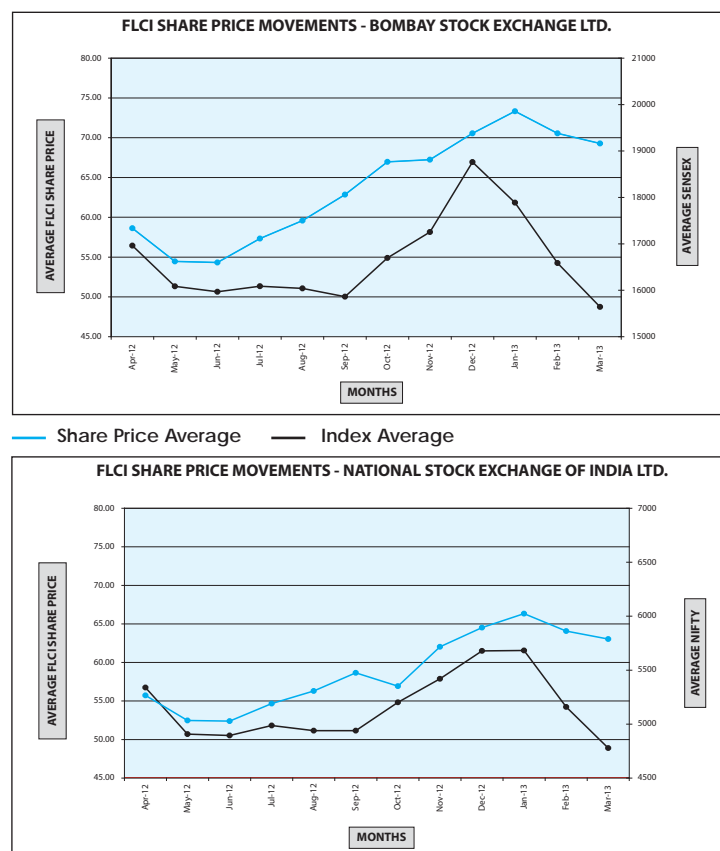
Name of Stock Exchange	Stock Code	Date of Payment of Listing Fees 2012-2013
Madras Stock Exchange Ltd.	FLS (Physical Form) INE 492B01019 (D-mat)	24 th April 2012
Bombay Stock Exchange Ltd.	500145	24 th April 2012
National Stock Exchange of India Ltd.	FIRSTLEASE	24 th April 2012

f) MARKET PRICE DATA:

STOCK MARKET DATA FOR THE PERIOD FROM 01.04 2012 TO 31.03.2013												
Month	BOMBAY STOCK EXCHANGE LTD.						NATIONAL STOCK EXCHANGE OF INDIA LTD.					
	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-12	61.05	51.85	56.45	17,664.10	17,010.16	17,337.13	61.90	51.60	56.75	5,378.75	5,154.30	5,266.53
May-12	54.00	48.65	51.33	17,432.33	15,809.71	16,621.02	53.90	47.50	50.70	5,279.60	4,788.95	5,034.28
June-12	53.30	48.00	50.65	17,448.48	15,748.98	16,598.73	53.00	48.05	50.53	5,286.25	4,770.35	5,028.30
July-12	56.70	46.00	51.35	17,631.19	16,598.48	17,114.84	59.00	44.65	51.83	5,348.55	5,032.40	5,190.48
August-12	56.00	46.15	51.08	17,972.54	17,026.97	17,499.76	56.00	46.30	51.15	5,448.60	5,164.65	5,306.63
September-12	51.85	48.20	50.03	18,869.94	17,250.80	18,060.37	53.95	48.35	51.15	5,735.15	5,215.70	5,475.43
October-12	59.90	49.90	54.90	19,137.29	18,393.42	18,765.36	59.95	49.70	54.83	5,815.35	4,888.20	5,351.78
November-12	63.30	53.00	58.15	19,372.70	18,255.69	18,814.20	63.35	52.40	57.88	5,885.25	5,548.35	5,716.80
December-12	76.80	57.10	66.95	19,612.18	19,149.03	19,380.61	66.00	57.00	61.50	5,965.15	5,823.15	5,894.15
January-13	68.65	55.05	61.85	20,203.66	19,508.93	19,856.30	68.40	54.70	61.55	6,111.80	5,935.20	6,023.50
February-13	58.50	50.00	54.25	19,966.69	18,793.97	19,380.33	58.45	50.00	54.23	6,052.95	5,671.90	5,862.43
March-13	52.00	45.50	48.75	19,754.66	18,568.43	19,161.55	52.50	45.30	48.90	5,971.20	5,604.85	5,788.03

REPORT ON CORPORATE GOVERNANCE (Contd.)

g) FLCI SHARE PRICE MOVEMENTS



h) DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH 2013:

No. of Shares held	No. of Shareholders	No. of Shares	% Shareholding
1 - 5,000	21,413	27,16,812	11.92
5,001 - 10,000	1,265	9,95,618	4.37
10,001 - 20,000	558	8,40,354	3.69
20,001 - 30,000	185	4,73,642	2.08
30,001 - 40,000	78	2,77,894	1.22
40,001 - 50,000	84	3,93,591	1.73
50,001 - 1,00,000	101	7,53,419	3.31
1,00,001 - and Above	118	1,63,39,276	71.68
Total	23,802	2,27,90,606	100.00

i) SHAREHOLDING PATTERN AS ON 31st MARCH 2013:

Particulars	No. of Shares	% on Equity Capital
Promoters	58,64,879	25.73
Foreign Institutional Investors and Non-Resident Indians	11,55,155	5.07
Banks, Financial Institutions and Mutual Funds	2,570	0.01
Private Corporate Bodies	72,85,235	31.97
Public	84,82,767	37.22
Total	2,27,90,606	100.00



REPORT ON CORPORATE GOVERNANCE (Contd.)

j) PLANT LOCATION : WIND POWER PROJECTS AT:

Gujarat	
Village	Suthri
Tehsil	Abdasa
District	Kutch
State	Gujarat

Wind Mill at Ghatnandre Village, Sangli district, Maharashtra was sold during the year under review.

k) DEMATERIALIZATION OF SHARES & LIQUIDITY:

As on 31st March 2013, 2,10,06,657 equity shares being 92.17% 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 Agent
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 Buildings" 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 2013, 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. N.R. SRIDHARAN
Partner
M.No: 15527

Place : Chennai
Date : 14th August 2013

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 2013.

Place : Ooty
Date : 27th May 2013

FAROUK IRANI
Managing Director

INDEPENDENT AUDITORS REPORT**To the Members of First Leasing Company of India Ltd.****Report on the Financial Statements**

We have audited the accompanying financial statements of **First Leasing Company of India Limited** ("the Company"), which comprises the Balance Sheet as at 31st March 2013, and the Statement of Profit and Loss and Cash Flow Statement and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements to give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

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

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

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

Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2013;

- b) in the case of the Statement of Profit and Loss Account, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For SARATHY & BALU
Chartered Accountants
FRN - 036215

CA. N. R. SRIDHARAN
Partner
M.No. 015527

Place : Ooty
Date : 27th May 2013



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 not taken any loan, secured or unsecured, from any Director or their relative, listed in the register maintained under section 301 of the Act.
- (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) During the year the Company accepted deposits from public. However the company returned all the deposits. As a result, at end of the year, there are no outstanding deposits. During the period when the Company held 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 and also Cost Audit, 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, Employees State Insurance Act, 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 Central Excise Act is 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. 1,744.36 Lakhs against which the appeals are pending. (Before AACs and Commissioners - Rs. 1,371.79 Lakhs; Tribunals - Rs. 287.06 Lakhs; Revisional Board - Rs. 20.79 Lakhs and High Courts - Rs. 64.72 Lakhs).
- 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. 1,063.80 Lakhs, in respect of which appeals are pending before the Hon'ble High Court of Madras (Rs. 662.40 Lakhs), Income tax Appellate Tribunal (Rs. 348.66 Lakhs) and before the Chief Commissioner of Income Tax, Chennai (Rs. 23.36 Lakhs) and before the Assessing Officer (Rs. 29.38 Lakhs).
- (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 (Auditors 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 funds raised on short-term basis have not 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. However there are no outstanding on the reporting date.
- (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 - 036215

CA. N. R. SRIDHARAN
Partner
M.No. 015527

Place : Ooty
Date : 27th May 2013

FIRST LEASING COMPANY OF INDIA LIMITED

39 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
2011	23,335.21	7,075.09	10,547.57	1,57,815.92	28,437.00	20.00	134.77
2012	21,335.05	3,161.83	5,085.80	1,76,957.40	31,122.05	18.00	146.55
2013	24,473.12	3,472.91	5,194.37	1,90,550.16	34,115.01	18.00 β	159.69

* 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.

β 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 2013

				(Rs. in Lacs)
	Note No.		As at 31 st March 2013	As at 31 st March 2012
I. EQUITY AND LIABILITIES				
1. Shareholders' Funds				
(a) Share Capital	3	2,279.06	2,279.06	
(b) Reserves & Surplus	4	34,115.01	31,122.05	
			36,394.07	33,401.11
2. Share application money pending allotment			-	-
3. Non current liabilities				
(a) Long term borrowings	5	18,058.32	3,205.92	
(b) Deferred tax liabilities (Net)		11,441.08	11,044.85	
(c) Long term provisions	6	491.53	455.45	
			29,990.93	14,706.22
4. Current liabilities				
(a) Short term borrowings	7	1,21,845.75	1,15,964.47	
(b) Trade payables		-	-	
(c) Other current liabilities	8	1,542.62	12,258.81	
(d) Short term provisions	8	776.79	626.79	
			1,24,165.16	1,28,850.07
Total			1,90,550.16	1,76,957.40
II. ASSETS				
1. Non current assets				
(a) Fixed Assets	9			
(i) Tangible Assets		430.58	1,676.65	
(ii) Intangible Assets		3.38	5.64	
(iii) Capital Work in Progress		-	441.68	
			433.96	2,123.97
(b) Non current Investments	10	596.16	351.38	
(c) Deferred tax assets (net)		-	-	
(d) Long term loans and advances	11	6,651.46	8,059.41	
(e) Receivables under Lease & Hire Rentals	12	1,08,829.20	99,814.54	
			1,16,076.82	1,08,225.33
2. Current Assets				
(a) Current Investments	13	-	569.25	
(b) Trade receivables	13	1,990.12	1,161.29	
(c) Cash and cash equivalents	13	2,331.78	742.67	
(d) Receivables under Lease & Hire Rentals	12	67,649.51	61,189.96	
(e) Short term loans and advances	11	2,062.96	2,918.32	
(f) Other current assets	13	5.01	26.61	
			74,039.38	66,608.10
Total			1,90,550.16	1,76,957.40
SIGNIFICANT ACCOUNTING POLICIES	2			

The accompanying Notes form an integral part of the Balance Sheet

For and on behalf of the Board

L. SIVARAMAKRISHNAN
Chief Financial Officer

SHEETAL R.
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. N. R. SRIDHARAN
Partner
M.No. 015527

Place : Ooty
Date : 27th May 2013

FIRST LEASING COMPANY OF INDIA LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2013

(Rupees in Lacs)

	Note No.	Year ended 31 st March 2013	Year ended 31 st March 2012
INCOME			
(i) Revenue from Operations	14	23,246.11	20,823.07
(ii) Income from Wind Mill Operation		219.95	178.77
(iii) Other Income	15	1,007.06	333.21
Total Revenue		24,473.12	21,335.05
EXPENSES			
(i) Employee benefit expenses	16	424.27	331.79
(ii) Finance costs	17	17,874.74	14,985.30
(iii) Depreciation and Amortisation expense	9	76.64	201.23
(iv) Other Expenses	18	979.74	932.16
Total		19,355.39	16,450.48
Profit Before Exceptional and Extraordinary items and Tax		5,117.73	4,884.57
Exceptional items		-	-
Profit Before Extraordinary items and Tax		5,117.73	4,884.57
Extraordinary items		-	-
Prior Period Adjustments		-	-
Profit before Taxes		5,117.73	4,884.57
Less : Tax expense:			
(i) Current tax		1,226.00	940.00
(ii) Deferred tax		396.23	604.96
(iii) Income tax of Earlier years		22.59	177.78
		1,644.82	1,722.74
Profit for the year		3,472.91	3,161.83
Earnings per Equity Share			
– Basic		15.24	13.87
– Diluted		15.24	13.87
SIGNIFICANT ACCOUNTING POLICIES	2		

The accompanying Notes form an integral part of the Statement of Profit & Loss

For and on behalf of the Board

L. SIVARAMAKRISHNAN
Chief Financial Officer

SHEETAL R.
Company Secretary

FAROUK IRANI
Managing Director

A. C. MUTHIAH
Chairman

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

For SARATHY & BALU
Chartered Accountants
FRN -03621S

Place : Ooty
Date : 27th May 2013

CA. N. R. SRIDHARAN
Partner
M.No. 015527



NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

NOTE NO.1 : CORPORATE INFORMATION

First Leasing Company of India Limited (FLCI) is a Public Company incorporated in India, in the year 1973, under the Companies Act, 1956 and having its Shares listed in Madras, Mumbai and National Stock Exchanges. FLCI is classified with effect from 14th March 2013 as Non-Deposit taking Asset Financing Company. FLCI is primarily engaged in the business of Leasing / Hire Purchase and also granting loans to Corporate and other entities. It also earns income from the activity of Electricity generation from Wind Energy.

NOTE NO.2 : BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The Company maintains its books of account and prepares the Financial Statements on accrual basis following the historical cost convention in accordance with generally accepted accounting principles ("GAAP") and in compliance with provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standard) Rules, 2006 prescribed by the Central Government to the extent applicable to this Company.

The Company follows Capital adequacy norms besides prudential norms for income recognition and provisioning for Non-Performing and Standard Assets as prescribed by Reserve Bank of India for Non-Banking Financial Companies from time to time.

SIGNIFICANT ACCOUNTING POLICIES

a. REVENUE RECOGNITION:

- (i) Income from Hire Purchase transactions is accounted, based on the Internal Rate of Return.
- (ii) In respect of lease transactions, income is recognised on the basis of constant periodic return accruing, on the net investment in lease, 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, as prescribed by Reserve Bank of India for Non-Banking Financial Companies from time to time and accordingly the income from Non Performing Assets are recognized as and when received.
- (v) Dividend income is accounted when the right to receive the income is established.

b. FIXED ASSETS:

Fixed assets are carried at historical cost with accumulated depreciation stated separately. Cost includes purchase price and attributable cost of bringing the asset to its working condition for the intended purpose. Assets are eliminated from the books of account either when of no utility value and discarded or on its disposals.

c. DEPRECIATION & AMORTISATION:

Depreciation on all tangible assets has 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.

The cost incurred on Lease hold assets are amortised over the lease period.

Intangible assets are depreciated at 40% on the Written down value method.

Depreciation on additions is calculated on pro-rata for the number of days for which the respective asset is put into use during the year.

d. INVESTMENTS:

Both Current and Non Current investments are stated at cost, with provision wherever necessary for diminution, if permanent, in the value of investments. On the disposal of any specified investment, the difference between the carrying amount and the net sale proceeds is charged / credited to the Profit and Loss statement. This is also in tune with the directions of Reserve Bank of India for Non Banking Financial Companies.

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. 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 Statement of Profit and Loss. 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.

h. EMPLOYEE BENEFITS:

The Employer's contribution towards Provident Fund is paid to the Organisation (EPFO) in accordance with the provisions of Employees' Provident Funds & Miscellaneous Provisions Act, 1952 and the Schemes framed thereunder. 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 for future payments of gratuity as determined on actuarial basis, using the 'Projected Unit Credit Method', subject to ceiling prescribed under the Income tax Act, 1961. 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. Difference, if any, is provided for in the books.

i. TAXES ON INCOME:

Current Tax:

Current Tax on income for the current financial period is determined on the basis and at the rates prevailing for the assessment year 2013 - 2014 as per the provisions of the Income Tax Act, 1961.

Deferred tax:

Both deferred tax liability and asset are recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. In the case of deferred tax asset, the same will be recognized and carried forward to the extent that there is a reasonable certainty that there is sufficient future taxable income available against which such deferred tax assets can be realised.

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2013 (Contd.)

Income tax of earlier years:

Any liability arising on account of retrospective amendments to the statute is recognised as current year tax expense.

j. PROVISIONS AND CONTINGENT LIABILITIES:

a) The Provisions for expenditure and other obligations are made based on best estimate and provided for.

- b) Provision on Non Performing Assets and on Standard Assets are made as per the Directions of Reserve Bank of India for Non Banking Financial Companies (NBFC) issued from time to time.
- c) No provision is made for Contingent Liabilities but the same are disclosed.
- d) Provisions and Contingent Liabilities are reviewed at each Balance Sheet date.

NOTE NO.3 : SHARE CAPITAL

(Rs. in Lacs)

Particulars	As at 31.03.2013		As at 31.03.2012	
SHARE CAPITAL				
AUTHORISED				
2,75,00,000 (2,75,00,000) Equity Shares of Rs.10/- each		2,750.00		2,750.00
25,00,000 (25,00,000) Preference Shares of Rs.100/- each		2,500.00		2,500.00
Total		5,250.00		5,250.00
ISSUED, SUBSCRIBED & FULLY PAID UP:				
2,27,90,606 (2,27,90,606) Equity shares of Rs.10/- each		2,279.06		2,279.06
Total		2,279.06		2,279.06

a. Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31.03.2013		As at 31.03.2012	
	No of Shares	(Rs in Lacs)	No of Shares	(Rs in Lacs)
Equity Shares:				
At the beginning of the period	2,27,90,606	2,279.06	2,27,90,606	2,279.06
Outstanding at the end of the period	2,27,90,606	2,279.06	2,27,90,606	2,279.06

b. Terms / Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2013, a dividend of Rs. 1.80 per Share, is recommended by Board of Directors. (Previous year - Rs. 1.80 per Share)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after payment of preferential amounts. The distribution will be in proportion to the number of equity shares held by the Shareholders.

Particulars	As at 31.03.2013		As at 31.03.2012	
	No of Shares	(Rs in Lacs)	No of Shares	(Rs in Lacs)
c. Shares held by Holding / Ultimate holding company and/or their Subsidiaries / Associates:				
The Company is not a subsidiary Company to any Company nor does it have any ultimate holding Company. There are no subsidiaries or associate to any such holding company. Hence the particulars / information in this regard is	Nil	Nil	Nil	Nil

Particulars	As at 31.03.2013		As at 31.03.2012	
	No of Shares	%	No of Shares	%
d. Details of Shareholders holding more than 5% shares in the company:				
Equity Shares of Rs.10/- each fully paid up				
Sicagen India Ltd	21,53,649	9.45%	21,53,649	9.45%
South India House Estates and Properties Limited	21,02,625	9.23%	21,02,625	9.23%
e. Shares reserved for issue under options:	NIL		NIL	
f. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:	NIL		NIL	
g. Securities convertible into equity / preference shares issued along with the earliest date of conversion:	NIL		NIL	
h. Calls unpaid:	NIL		NIL	
i. Forfeited Shares:	NIL		NIL	



NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2013 (Contd.)

NOTE NO 4. - RESERVES & SURPLUS

Particulars	As at 31.03.2013		As at 31.03.2012	
CAPITAL REDEMPTION RESERVE (As per last Balance Sheet)		300.00		300.00
SECURITIES PREMIUM ACCOUNT (As per last Balance Sheet)		2,777.79		2,777.79
STATUTORY RESERVE As per last Balance sheet	8,022.95		7,389.95	
Add: Transfer from Profit and Loss Account	695.00		633.00	
GENERAL RESERVE As per last Balance sheet	5,208.31	8,717.95	4,970.31	8,022.95
Add: Transfer from Contingency Reserve Account	200.00			
Add: Transfer from Profit and Loss Account	5,408.31			
	261.00		238.00	5,208.31
CONTINGENCY RESERVE As per last Balance Sheet	200.00	5,669.31		200.00
Less: Amount Transferred to General Reserve Account	200.00	-		
PROFIT & LOSS A/c. As per last Balance Sheet	14,613.00		12,798.95	
Add: Profit for the year transferred from Profit & Loss A/c.	3,472.91		3,161.83	
	18,085.91		15,960.78	
Less: Transfer to Statutory Reserve pursuant to Sec. 45 IC of the Reserve Bank of India Act, 1934	695.00		633.00	
	17,390.91		15,327.78	
Less: Transfer to General Reserve pursuant to Companies (Transfer of Profits to Reserve) Rules, 1975	261.00		238.00	
	17,129.91		15,089.78	
Less: Dividend Proposed on Equity Shares @ Rs. 1.80 (Rs.1.80) per Share of Rs. 10/- each	410.23		410.23	
Add: Dividend Distribution Tax	69.72		66.55	
Surplus	479.95	16,649.96	476.78	14,613.00
Total		34,115.01		31,122.05

(Rs in Lacs)

NOTE NO 5 : LONG TERM BORROWINGS

Particulars	Non Current Maturities		Current Maturities	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
a) Bonds / Debentures				
- Debentures @	3,000.00	-	-	-
- Subordinated Debt @@	14,722.00	-	-	-
Total	17,722.00	-	-	-
b) Term loans (Secured)				
- From Banks	-	-	-	-
- From Other parties	336.32	476.08	139.76	181.76
Total	336.32	476.08	139.76	181.76
c) Deposits				
- From Public	-	2,215.64	-	2,440.49
- From Shareholders	-	1.15	-	0.30
- Inter - Corporates	-	-	-	8,000.00
Total	-	2,216.79	-	10,440.79
d) Loans and advances from related parties (Unsecured)	-	-	-	-
e) Other loans and advances (specify nature)				
- From Banks & Financial Institutions	-	513.05	-	-
	-	513.05	-	-
Total	18,058.32	3,205.92	139.76	10,622.55
The Above amount includes :-				
a) Secured Borrowings	3,336.32	989.13	139.76	181.76
b) Unsecured Borrowings	14,722.00	2,216.79	-	10,440.79
Net Amount	18,058.32	3,205.92	139.76	10,622.55

@ Debentures are secured on immovable property and assets leased and trade receivables.

@@ Unsecured Debentures issued by the company are in the nature of sub-ordinated debts (Rs.Nil).

a) Term Loans obtained from other parties (Financial Institutions) are secured by hypothecation of Equipments hired out and assignment of rentals thereof and repayable in 29 instalments.

b) There are no loans taken from related party during the current year (Rs. Nil).

c) The Company has not defaulted in repayment of any Loan or Deposit and interest thereon.

d) Deposits held during the year from Public/ Shareholders carried interest ranging between 8.00% and 9.96%. These deposits had maturity period of not less than 12 months and not more than 36 months.

e) During the year entire deposits were repaid and there are no outstanding of any Long term deposits repayable within one to two years (Rs. 2,440.79 lacs) or repayable after two years (Rs. 2,216.79 lacs) as on reporting date. Deposit/ Interest which remained unclaimed to the extent of Rs.50.02 lacs has been transferred to a separate ESCROW Account for meeting future claims as per RBI's directions.

f) Inter Corporate Deposits were Nil (Rs.8,000 lacs) accepted for short term period of not more than 180 days with interest rate ranging from 9.50% to 14.00%.

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2013 (Contd.)

NOTE NO.6 : LONG TERM PROVISIONS

Particulars	Long Term	
	As at 31.03.2013	As at 31.03.2012
a) Provision for Employee Benefit		
Provision for Employee Benefit Schemes	27.13	27.69
b) Other Provisions		
Provision on Standard Asset (made pursuant to NBFC Prudential Norms (Reserve Bank) Directions, 2007)	464.40	427.76
Total	491.53	455.45

NOTE NO.7 : SHORT TERM BORROWINGS

Loans Repayable to Banks		
- Secured	1,16,845.75	1,07,964.47
- Unsecured – Commercial Papers	5,000.00	8,000.00
Total	1,21,845.75	1,15,964.47

Short Term Borrowings from Banks are secured by the Assets leased and the Trade Receivables and falling due within 12 months of the Reporting Date.

NOTE NO.8 : OTHER CURRENT LIABILITIES

1 a) Current maturities of long term debt			
- Debentures	-	-	-
- Term Loan From Financial Institutions	139.76	181.76	-
- Deposits from Public	-	2,440.49	-
- Deposits from Shareholders	-	0.30	-
- Deposits from Related parties	-	-	-
- Deposits from Corporates	-	8,000.00	-
	139.76		10,622.55
b) Interest accrued but not due on borrowings	912.27		420.95
c) Income received in advance	21.40		29.39
d) Unclaimed Dividends*	58.72		57.51
e) Unclaimed Matured Deposits*	44.02		167.33
f) Unclaimed Interest*	6.00		15.79
g) Other payables			
Expenses payables	34.92	34.99	
Statutory liabilities	58.48	45.58	
	93.40		80.57
h) Trade Deposit received	267.05		864.72
Total	1,542.62		12,258.81
2. Short term provisions			
a) Provision for Income Tax	1,226.00	940.00	
Less: Advance Tax & Tax Deducted at Source	969.41	894.56	
	256.59		45.44
b) Others			
i) Provision for Non Performing Assets	18.00	104.57	
ii) Provision for Fringe Benefit Tax	22.25	-	
iii) Proposed Dividend including Tax on Dividend	479.95	476.78	
	520.20		581.35
Total	776.79		626.79

*These figures do not include any amounts due & outstanding to be credited to Investor Education and Protection Fund.



NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013 (Contd.)

NOTE NO.9 : FIXED ASSETS

(Rs. in Lacs)

Gross Block				DEPRECIATION & Amortisation				Net Block		
Description of Assets	As on 01.04.2012	Additions	Deletions	As on 31.03.2013	Dep as on 01.04.2012	Additions	Deletions	Dep as on 31.03.2013	WDV as on 31.03.2013	WDV as on 31.03.2012
TANGIBLE ASSETS:										
Land										
Free Hold*	313.10	-	300.01	13.09	-	-	-	-	13.09	313.10
Lease Hold**	12.00	-	-	12.00	7.29	1.50	-	8.79	3.21	4.71
Building	7.66	-	-	7.66	2.70	0.25	-	2.95	4.71	4.96
Factory Building	1,044.14	-	1,044.14	-	412.55	-	412.55	-	-	631.59
Plant & Machinery	0.04	-	-	0.04	0.04	-	-	0.04	-	-
Wind Mill	1,520.00	-	632.00	888.00	850.71	59.80	392.65	517.86	370.14	669.29
Air-conditioners	11.82	0.75	0.45	12.12	4.43	1.08	0.21	5.30	6.82	7.39
Office Equipments	55.89	1.00	1.81	55.08	48.07	3.27	1.48	49.86	5.22	7.82
Furniture & Fittings	23.85	-	-	23.85	17.14	1.21	-	18.35	5.50	6.71
Automobiles	68.60	7.60	28.13	48.07	37.52	7.27	18.61	26.18	21.89	31.08
Total	3,057.10	9.35	2,006.54	1,059.91	1,380.45	74.38	825.50	629.33	430.58	1,676.65
INTANGIBLE ASSETS:										
Computer Software	17.82	-	-	17.82	12.18	2.26	-	14.44	3.38	5.64
Total	17.82	-	-	17.82	12.18	2.26	-	14.44	3.38	5.64
Grand Total	3,074.92	9.35	2,006.54	1,077.73	1,392.63	76.64	825.50	643.77	433.96	1,682.29
Add: Capital Work in Progress								Total	-	441.68
Previous Year	3,714.30	11.58	650.96	3,074.92	1,580.96	201.23	389.56	1,392.63	1,682.29	2,133.34
									433.96	2,123.97

* Includes cost of 517.05 Sq.Ft. of Undivided Share of Land in proportionate to 1,822 Sq.Ft. plinth area of an apartment.

** Amortisation based on Lease period Considered

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2013 (Contd.)

NOTE NO.10 : NON CURRENT INVESTMENTS - NON TRADE

(Rs. in Lacs)

Particulars	As at 31.03.2013		As at 31.03.2012	
	Nos.		Nos.	
Other investments (At Cost)				
Investment in property	-	-	-	-
Investment in Equity instruments	4,100	4.94	4,100	4.94
Investment in preference shares	-	-	-	-
Investment in Government or trust securities	-	591.22	-	346.44
Investment in debentures or bonds	-	-	-	-
Investment in mutual funds	-	-	-	-
Investment in partnership firms	-	-	-	-
Other non-current investments	-	-	-	-
Total		596.16		351.38
DETAILS FOR NON CURRENT INVESTMENTS				
Particulars	As at 31.03.2013		As at 31.03.2012	
	Nos.		Nos.	
Unquoted Equity Shares in Body Corporate				
4,100 Equity Shares of Rs.10/- each fully paid up in Catholic Syrian Bank Ltd	4,100	4.94	4,100	4.94
Unquoted Investment in Government or trust securities				
7.46% of Government of India Bonds - 2017 Series	50,000	58.78	50,000	58.78
6.05% of Government of India Bonds - 2019 Series	1,00,000	106.24	1,00,000	106.24
6.01% of Government of India Bonds - 2028 Series	1,00,000	103.23	1,00,000	103.23
6.25% of Government of India Bonds - 2018 Series	75,000	78.19	75,000	78.19
7.38% of Government of India Bonds - 2015 Series	1,00,000	244.78	-	-
Total		591.22		346.44

- 1) None of the above investment is Trade Investment.
- 2) Company holds 1,77,250 Fully paid up Equity Shares of Rs. 10/- each, in MCC Finance Limited, the book value of which is Nil.

NOTE NO.11 : LOANS AND ADVANCES

(Rs. in Lacs)

Particulars	Non-Current (Long Term)		Current (Short Term)	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Capital advances				
Secured - Considered good	-	-	275.00	326.84
	-	-	275.00	326.84
Security Deposit				
Secured - Considered good	-	-	-	-
Unsecured - Considered good - Utility Deposits	113.45	68.57	-	-
Total	113.45	68.57	-	-
Loans and advances				
Loan Disbursed - Secured - Considered good	1,821.70	3,192.74	1,639.97	2,358.81
Loan Against Co. Dep. - Secured - Considered good	-	-	-	0.58
Loan Disbursed - Unsecured - Considered good	3,452.09	3,598.36	102.95	102.95
Staff Advance - Unsecured - Considered good	-	6.84	1.47	2.04
Doubtful	-	-	-	-
Total	5,273.79	6,797.94	1,744.39	2,464.38
Other Loans and Advances (unsecured - considered good)				
a) Prepaid Expenses	-	-	7.32	7.00
b) Income tax Refund of earlier year	-	-	-	-
c) Taxes paid under protest	1,139.09	921.94	-	-
d) Advance Interest	125.13	270.96	36.25	120.10
Total	1,264.22	1,192.90	43.57	127.10
Grand Total	6,651.46	8,059.41	2,062.96	2,918.32

No interest has been charged on advances wherever the transactions are in the nature of current account.



NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2013 (Contd.)

NOTE NO.12 : OTHER NON CURRENT ASSETS

(Rs. in Lacs)

Particulars	Non-Current (Long Term)		Current (Short Term)	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Receivables under Lease & Hire Rentals				
Secured - Considered good				
a) Hire Purchase (Net of UMFC)	96,898.98	87,374.03	61,936.89	54,780.65
b) Net Lease Investment	11,930.22	12,440.51	5,712.62	6,409.31
Unsecured - Considered good	-	-	-	-
Doubtful	-	-	-	-
Total	1,08,829.20	99,814.54	67,649.51	61,189.96

NOTE NO.13 : CURRENT ASSETS

Particulars	As at 31.03.2013		As at 31.03.2012	
Unquoted Investment in Government or trust securities			Nos.	
7.40% of Government of India Bonds - 2012 Series	-	-	5,00,000	569.25
Total		-		569.25

Particulars	Current (Short Term)		As at 31.03.2012	
	As at 31.03.2013		As at 31.03.2012	
TRADE RECEIVABLES				
Trade Receivables				
Unsecured - Considered good		1,972.12		843.00
Unsecured - Doubtful		18.00		318.29
Total		1,990.12		1,161.29
Break up of Trade Receivables				
Receivables outstanding for a period exceeding 6 months		644.16		293.85
Other Debts		1,327.96		549.15
Doubtful		18.00		318.29
Total		1,990.12		1,161.29

Doubtful assets have been fully provided for.

CASH AND CASH EQUIVALENTS

Particulars	As at 31.03.2013 (Rs. in Lacs)		As at 31.03.2012 (Rs. in Lacs)	
a) Balances with banks				
- Unclaimed Dividend Account		58.72		57.51
- Unclaimed matured deposits account		44.02		-
- Unclaimed Interest on Deposits		6.00		15.79
- on current account		2,116.79		6.36
		2,225.53		79.66
b) Other Bank balances				
- Fixed Deposits - Margin Money		95.81		87.20
- on term deposit including interest accrued thereon - more than 12 months maturity		5.91		567.82
		2,327.25		734.68
c) Cheques, drafts on hand		-		2.82
d) Cash on hand		4.53		5.17
e) Others		-		-
Total		2,331.78		742.67

OTHER CURRENT ASSETS

Particulars	Current (Short Term)		As at 31.03.2012	
	As at 31.03.2013		As at 31.03.2012	
Interest Receivable		5.01		26.61
Total		5.01		26.61

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2013 (Contd.)

(Rs. in Lacs)

NOTE NO.14 : REVENUE FROM OPERATIONS

Particulars	Year ended 31 st March 2013	Year ended 31 st March 2012
- Hire Purchase Finance Charges	18,901.82	16,481.82
- Lease Rentals [TDS Rs. 223.12 Lakhs (Rs. 233.56 Lakhs)]	3,429.60	3,276.83
- Interest on Loans [TDS Rs. 42.52 Lakhs (Rs. 80.47 Lakhs)]	813.25	975.15
- Recovery from written off Accounts	85.59	0.17
- Others	15.85	89.10
Total	23,246.11	20,823.07

NOTE NO. 15 : OTHER INCOME

Particulars	Year ended 31 st March 2013	Year ended 31 st March 2012
a) Interest Income on		
- Bank Deposits [TDS Rs. 4.15 Lakhs (Rs. 5.49 Lakhs)]	54.10	56.95
- Long term investments	40.24	57.62
- Interest on others	0.51	3.47
	94.85	-
b) Dividend Income on		
- Long term investments	0.06	0.04
	0.06	0.04
c) Other Non-operating Income		
- Rental Income from Properties [TDS Rs.33.12 Lakhs (Rs. 21.80 Lakhs)]	277.95	197.60
- Profit on Sale of Asset	417.54	9.49
- Interest earned on Income Tax Refund	213.82	
- Miscellaneous Income	2.84	8.04
	912.15	215.13
Total	1,007.06	333.21

NOTE NO. 16 : EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended 31 st March 2013	Year ended 31 st March 2012
Salaries, wages & bonus*	323.21	233.07
Contribution to Provident and Gratuity Funds	33.00	49.57
Staff welfare expenses	68.06	49.15
Total	424.27	331.79

*Includes Rs. 108.34 Lacs (Rs. 104.59 Lakhs) paid to Managing Director.



NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2013 (Contd.)

NOTE NO. 17 : FINANCE COST

(Rs in Lacs)

Particulars	Year ended 31 st March 2013	Year ended 31 st March 2012
Interest expenses on		
Secured Borrowings		
a) Debentures*	105.78	171.39
b) Institutional Term Loans	22.42	72.04
c) Bank Loans	13,561.37	11,521.56
d) Bank Charges	467.66	422.34
e) Commission to Agents	439.20	-
f) Others	482.72	-
g) Foreign Exchange Rate Difference	55.61	16.90
	15,134.76	12,204.23
Unsecured Borrowings		
a) Public Deposits	110.28	545.02
b) Others	2,629.70	2,236.05
	2,739.98	2,781.07
Total	17,874.74	14,985.30

* Includes Nil (Rs.9.62 Lakhs) paid to a Director

NOTE NO.18: OTHER EXPENSES

Particulars	Year ended 31 st March 2013	Year ended 31 st March 2012
Electricity Charges	5.37	7.19
Rent	50.91	49.24
Rates and Taxes	6.36	120.38
Insurance	11.02	11.87
Printing and Stationery	6.92	8.71
Repairs and Office Maintenance	50.67	54.25
Travelling and Conveyance	52.05	46.17
Postage, Telegrams and Telephones	31.69	31.21
Directors' Sitting Fees	1.30	1.70
Service Charges	47.60	207.53
Brokerage on Deposits	-	11.22
Audit Fees		
For Audit	9.50	9.55
For Tax Audit & related tax matters	2.55	2.71
For Certification of Statements and others	2.12	5.97
For Quarterly reviews	7.13	6.38
Reimbursement of Expenses	1.75	1.65
	23.05	26.26
Donations	20.10	20.57
Legal and Consultancy Fees	38.84	78.94
Credit Rating Fees	58.95	48.05
Stamp Duty and Papers Charges	83.33	31.18
Loss on Sale of Assets	169.83	60.48
Loss on Sale of Investments	69.25	-
Miscellaneous Expenses	7.91	-
Provision on Standard Assets	36.65	42.44
Bad Debts Written Off	294.50	319.47
Less; Provision for Non-performing assets Reversed	(86.56)	(244.70)
	207.94	74.77
Total	979.74	932.16

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2013 (Contd.)

Disclosures pursuant to applicable Accounting Standards and the Schedule VI to the Companies Act, 1956.

I AS - 15 - Employee Benefits:

Gratuity (Defined benefit Plan with LIC)

(Rs. in Lacs)

1 Change in present value of obligation

Present value of obligation as at beginning of the year

Interest cost

Current Service Cost

Benefits Paid

Actuarial loss on obligation

Present value of obligation as at end of the year

2 Change in the fair value of the Plan Assets

Fair value of plan assets at beginning of the year

Expected return on plan assets

Contributions

Benefits Paid

Actuarial gain / (loss) on plan assets

Fair value of plan assets at end of the year

3 Actual return on Plan Assets:

Expected return on plan assets

Actuarial gain / (loss) on plan assets

Return on Plan Assets

4 Amount Recognised in the Balance Sheet

Liability at the end of the year

Fair value of Plan Assets at the end of the year

(Asset) / Liability recognised in the Balance Sheet

5 Actuarial Gain / Loss Recognised

Actuarial loss on obligation

Actuarial gain / (loss) on plan assets

Actuarial Gain Recognised in the year

6 (Income) / Expenses recognised in the Profit & Loss Account

Current Service Cost

Interest cost

Expected return on plan assets

Actuarial Gain Recognised in the year

Expenses to be recognised in the Profit & Loss

7 Reconciliation of the Liability recognised in the Balance Sheet

Opening net Asset

Contribution

Expenses

Closing Net (Asset) / Liability

8 Principal Assumptions

Discount Rate

Salary Escalation

Attrition rate

Expected return on Plan Assets

31.03.2013	31.03.2012
78.75	35.47
6.30	2.84
4.41	1.35
(19.87)	(2.75)
18.13	41.84
87.72	78.75
88.38	35.67
6.83	55.46
-	-
(19.87)	(2.75)
-	-
75.34	88.38
6.83	55.46
-	-
6.83	55.46
87.72	78.75
(75.34)	(88.38)
12.38	(9.63)
18.13	41.84
-	-
18.13	41.84
4.41	1.35
6.30	2.84
(6.83)	(55.46)
18.13	41.84
22.01	(9.43)
(11.29)	(1.86)
-	-
(22.01)	(9.43)
(33.30)	(11.29)
8%	8%
5.00%	5.00%
1-3%	1-3%
8%	8%

II 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.

III AS - 18 - RELATED PARTY DISCLOSURE:

(i) List of Related party where control exists:

Key Management Personnel: Mr. Farouk Irani - Managing Director

(ii) Related Party Transactions

Remuneration – Rs. 108.34 Lacs (Rs. 104.59 Lacs)

IV AS - 19 - LEASE / HIRE PURCHASE TRANSACTIONS:

(1) Leases

(i) Aggregate of Minimum lease payments - Rs. 21,607.19 Lacs (Rs. 23,096.87 Lacs)

(ii) Net carrying amount - Rs. 17,642.84 Lacs (Rs. 18,849.81 Lacs)

(iii) Maturity pattern of Gross / Net receivable:

Particulars	Gross (Rs. In Lacs)	Net (Rs. in Lacs)
Not later than 1 year	7,039.71 (8,450.45)	5,712.62 (6,409.31)
Later than 1 year and not later than 5 years	14,567.48 (14,646.42)	11,930.22 (12,440.50)
Later than 5 years	Nil (Nil)	Nil (Nil)



NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2013 (Contd.)

- (iv) Unearned Finance income – Rs. 3,964.35 Lacs (Rs. 4,247.06 Lacs)
- (v) All initial direct costs are recognised as expenses in the Profit and Loss statement at the inception of the lease.
- (vi) Accumulated provision for uncollectible minimum lease payments receivable Rs. 16.57 Lacs (Rs. 32.50 Lacs)

(2) Stock on Hire:

- (i) Aggregate of Minimum Hire Rentals – Rs. 1,80,600.96 Lacs (Rs. 1,64,924.59 Lacs)
- (ii) Net carrying amount – Rs. 1,58,835.87 Lacs (Rs. 1,42,154.68 Lacs)
- (iii) Maturity pattern of Gross / Net receivable

Particulars	Gross (Rs. In Lacs)	Net (Rs. in Lacs)
Not later than 1 year	73,850.88 (66,070.27)	61,936.89 (54,780.65)
Later than 1 year and not later than 5 years	1,06,750.08 (98,854.32)	96,898.98 (87,374.03)
Later than 5 years	Nil	Nil

(iv) Unearned Finance income – Rs. 21,765.09 Lacs (Rs. 22,769.91 Lacs)

(v) Accumulated provision for uncollectible hire payments receivable is Rs. 1.43 Lacs (Rs. 72.07 Lacs)

V AS - 20 - EARNINGS PER SHARE:

Particulars	As at 31.03.2013	As at 31.03.2012
Net Profit attributable to Equity Shareholders	Rs. 3,472.91 Lacs	Rs. 3,161.83 Lacs
Number of Shares	2,27,90,606	2,27,90,606
Earnings in rupees per Share of Rs. 10/- each	15.24	13.87

VI AS - 22 - ACCOUNTING FOR TAXES ON INCOME:

Deferred Tax:

Rs. 396.23 Lacs (Rs. 604.96 Lacs) is recognised towards the current year provision, arising out of timing differences, as per the Accounting Standard – 22.

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	1,228.61 (1,710.96)	Nil (Nil)
Loss on Sale of Assets	– (–)	55.10 (–)
Profit on Sale of Assets	135.47 (–)	– (–)
Income Recognition	0.00 (278.92)	912.75 (1,384.92)
Total	1,364.08 (1,989.88)	967.85 (1,384.92)
Net Deferred Tax Liability	396.23 (604.96)	

VII AS - 28 - IMPAIRMENT OF ASSETS:

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

VIII AS - 29 - CONTINGENT LIABILITIES & ASSETS

- (i) Pending contracts to be executed (Rs. in Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
Estimated amount of contracts remaining to be executed on Capital Account/Lease & H.P. Disbursements not provided for	108.28	821.28

- (ii) Claims against the Company not acknowledged as debts:

Tax Demands against the Company not acknowledged as Debts

(a) Disputed Income Tax demand of Rs. 1,977.53 Lacs (Rs. 1,841.29 Lacs) against the Company in respect of which appeals/waiver petitions have been preferred and are pending with Appropriate Authorities. However the Company has paid under protest Rs. 913.73 Lacs (Rs. 858.44 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) Sales Tax demands of various states aggregating to Rs. 1,744.36 Lacs (Rs. 1,644.72 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. 49.17 Lacs (Rs. 49.17 Lacs) and its own guarantee of Rs. 1,233.69 Lacs (Rs. 993.93 Lacs).

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31st MARCH 2013 (Contd.)

IX NON CURRENT LIABILITIES

Long term borrowings – Debentures

Series	Face Value Rs. in Lacs	No. of Debentures	Total Value Rs. in Lacs	Date of Redemption
282-A	10.00	50	500.00	5 th December 2015
282-B	10.00	200	2,000.00	5 th December 2015
282-C	10.00	50	500.00	5 th December 2015
Total			3,000.00	

Long Term borrowings include Loans availed from Financial Institutions which are due beyond 12 months from the reporting date.

Long Term Borrowings - Unsecured Debenture in the nature of Subordinated Debt

Series	Face Value Rs. In Lacs	No. of Debentures	Total Value Rs. In Lacs	Allotment Date	Date of Redemption	Tenure	Rate of Interest
1	1	3,207	3,207.00	31 st May 2012	31 st August 2017	5 Years 3 Months	12.00%
2	1	500	500	29 th June 2012	29 th September 2017	5 Years 3 Months	12.00%
3	1	1,000	1,000.00	29 th June 2012	29 th September 2017	5 Years 3 Months	12.00%
4	1	145	145	29 th June 2012	29 th June 2019	7 Years	12.10%
5	1	1,834	1,834.00	17 th August 2012	17 th August 2019	7 Years	12.10%
6	1	1,516	1,516.00	17 th October 2012	17 th October 2019	7 Years	12.10%
7	1	20	20	31 st October 2012	31 st October 2019	7 Years	12.10%
8	10	170	1,700.00	31 st December 2012	31 st December 2022	10 Years	12.30%
9	10	200	2,000.00	30 th January 2013	30 th January 2020	7 Years	12.10%
10	10	30	300	28 th February 2013	28 th February 2020	7 Years	12.10%
11	10	100	1,000.00	28 th February 2013	28 th February 2023	10 Years	12.30%
12	10	150	1,500.00	22 nd March 2013	22 nd March 2020	7 Years	12.10%
Total			14,722.00				

X CURRENT LIABILITIES

a. Short Term Borrowings

Short Term Borrowings include loans, Commercial Papers and Cash Credit facilities availed from various Banks that are due and payable in the next 12 months from the reporting date.

The maximum amount outstanding towards borrowing under Commercial Paper at any point of time, during the year is Rs. 10,000 Lacs (Rs. 20,000 Lacs) and the outstanding as at 31st March 2013 is Rs. 5,000 Lacs (Rs. 8,000 Lacs)

b. Other Current Liabilities

There is no amount due and payable to Micro and Small Enterprises, in terms of sec.22 of the Micro, Small, Medium Enterprises Development Act, 2006. The information has been determined on the basis of the information available with the Company.

XI NON CURRENT ASSETS

a. Intangible Asset:

Computer Software is grouped under Intangible Asset and is being depreciated @40% under written down value method.

b. Long Term Loans & Advances:

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

XII CURRENT ASSETS

Confirmation of balances from parties listed under Trade Receivable, is being obtained.

XIII Value of Imports by Company during the year calculated on CIF basis

Particulars	31.03.2013 (Ind. Rs. In Lacs)	31.03.2012 (Ind. Rs. In Lacs)
Capital Goods - (Leased Assets)	503.67	1,057.09
XIV Expenditure in Foreign Currency during the year		
Expenditure in foreign currency on account of Travel Subscription to Books & Journals	0.14	14.45
Amount remitted in Foreign Currency towards Dividend payment	6.6	8.48
Other outflow in Foreign Currency towards loan repayment and Capital Goods purchase	1,650.35	–

XV General

Figures have been re-grouped, re-arranged and re-classified wherever necessary to confirm to the schedule VI Format under the Companies Act, 1956. The figures in brackets relate to the year ended 31st March 2012.



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

		2013		(Rs. in lacs) 2012
A. Cash Flow from Operating Activities				
Profit before Taxation as per Profit and Loss Account		5,117.73		4,884.57
Adjustments for:				
Depreciation	76.64		201.23	
Foreign Exchange Loss	55.61		16.90	
Interest Expenditure	17,819.13		14,968.40	
Bad Debts written off	294.50		319.47	
Loss on Sale of Assets	169.83		60.48	
Loss on Sale of Investments	69.25		-	
Provision for Standard Assets	36.65		42.44	
Provision for Non Performing Assets	(86.56)		(244.70)	
Dividend Income	(0.06)		(0.04)	
Interest Income	(94.85)		(118.04)	
Rent Received	(277.95)		(197.60)	
Interest Earned on Income Tax Refund	(213.82)		-	
Income Tax Provision for earlier years	-		(177.78)	
Profit on Sale of Investments	-		-	
Profit on Sale of Assets	(417.54)		(9.49)	
		<u>17,430.83</u>		<u>14,861.27</u>
Operating Profit before Working Capital Changes		22,548.56		19,745.84
Changes in Working Capital				
Net Stock on Hire	(16,681.19)		(19,009.66)	
Lease Investment Account	1,206.98		1,142.14	
Receivables	(828.83)		304.92	
Debts Written off	(294.50)		(319.47)	
Loans and Advances	2,090.47		577.54	
Other Advances and Deposits	121.01		1,383.59	
Current Liabilities	(10,988.70)		(2,320.63)	
		<u>(25,374.76)</u>		<u>(18,241.57)</u>
Cash generated from Operations		(2,826.20)		1,504.27
Decrease in Advance for assets purchase		51.84		207.84
Interest Paid		(17,337.61)		(15,133.33)
Income Tax Paid (Net)		(1,226.00)		(940.00)
Net Cash Flow from Operating Activities (A)		(21,337.97)		(14,361.22)
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets (Own)	(9.35)		(11.58)	
Capital Work in Progress	441.68		(114.30)	
Sale of Assets (Own)	1,428.76		210.42	
Sale/ (purchase) of Investments	255.22		-	
Bank Fixed Deposits	553.30		41.83	
Interest Received	116.44		154.13	
Rent Received	277.95		197.60	
Dividend Received	0.06		0.04	
Interest Earned on Income Tax Refund	213.82		-	
Net Cash Flow from Investing Activities (B)		3,277.88		478.14
C. Cash Flow from Financing Activities				
Dividends Paid (net of Unclaimed Dividends)	(475.56)		(529.64)	
Short Term Loan from Banks (net)	8,312.62		26,320.75	
Proceeds from Borrowings	14,582.23		(11,644.74)	
Repayments of Deposits	(2,216.79)		(1,392.61)	
Net Cash used in Financing Activities (C)		20,202.50		12,753.76
Net Increase (Decrease) in Cash and Cash Equivalents		2,142.41		(1,129.32)
Cash and Cash Equivalents at the beginning of the year		87.65		1,216.97
Cash and Cash Equivalents at the end of the year		2,230.06		87.65
Components of Cash and Cash Equivalent balances				
Cash and Cheques in Hand		4.53		7.99
Current Accounts with Banks#		2,225.53		79.66

Includes Unclaimed Dividend, Deposits, Interest etc. aggregating to Rs. 108.74 Lacs (73.30 Lacs) which are not available for Company's use.

For and on behalf of the Board

L. SIVARAMAKRISHNAN
Chief Financial Officer

SHEETAL R.
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 2013. 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 2013.

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. N. R. SRIDHARAN
Partner
M.No. 015527

Place : Ooty
Date : 27th May 2013

SCHEDULE TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH 2013

(As required in terms of Paragraph 13 of Non-Banking Financial (Non-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:				
Secured				
(a) Debentures	3,000.00	105.78	3,105.78	–
(b) Term Loans	476.08	-	476.08	–
(c) Working Capital Loan from Banks	1,16,845.75	1.58	1,16,847.33	–
Unsecured				
(a) Subordinated Debt in the nature of Debentures	14,722.00	804.91	15,526.91	–
(b) Inter-corporate loans and borrowing	–	–	–	–
(c) Commercial Paper	5,000.00	–	5,000.00	–
Total	1,40,043.83	912.27	1,40,956.10	–
ASSETS SIDE				
2) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):				
(a) Secured			3,461.67	
(b) Unsecured			3,555.04	
3) 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			19,907.96	
(b) Operating Lease			–	
(ii) Stock on hire including hire charges under sundry debtors:				
(a) Assets on hire			1,58,835.87	
(b) Repossessed Assets			–	
(iii) Other loans counting towards AFC activities				
(a) Loans where assets have been repossessed			–	
(b) Loans other than (a) above			–	
4) 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)			–	



SCHEDULE TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH 2013 (Contd.)

(Rs. in Lacs)				
PARTICULARS	PRINCIPAL	INTEREST ACCRUED BUT NOT DUE	AMOUNT OUTSTANDING	AMOUNT OVERDUE
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			4.94	
(b) Preference			-	
(ii) Debentures and Bonds			-	
(iii) Units of mutual funds			-	
(iv) Government Securities			591.22	
(v) Others (please specify)			-	
Total			596.16	
	Secured	Amount net of Provisions Unsecured	Total	
5) Borrower group-wise classification of assets, financed as in (2) and (3) above:				
Category				
1. Related Parties				
(a) Subsidiaries	-	-	-	
(b) Companies in the same group	-	-	-	
(c) Other related parties	-	-	-	
2. Other than related parties	1,82,187.50	3,555.04	1,85,742.54	
Total	1,82,187.50	3,555.04	1,85,742.54	
6) Investor groupwise 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		596.16		596.16
Total		596.16		596.16
7) Other information				
PARTICULARS				Amount
(i) Gross Non-Performing Assets				
(a) Related parties				-
(b) Other than related parties				18.00
(ii) Net Non-Performing Assets				
(a) Related parties				-
(b) Other than related parties				-
(iii) Assets acquired in satisfaction of debt				-

For and on behalf of the Board

L. SIVARAMAKRISHNAN
Chief Financial Officer

SHEETAL R.
Company Secretary

FAROUK IRANI
Managing Director

A. C. MUTHIAH
Chairman

For SARATHY & BALU
Chartered Accountants
FRN -03621S

CA. N.R. SRIDHARAN
Partner
M.No. 015527

Place : Ooty
Date : 27th May 2013



Dr A C Muthiah
CHAIRMAN



Mr Farouk Irani
MANAGING DIRECTOR



Mr V Selvaraj
DIRECTOR



Mr N Ramakrishnan
DIRECTOR



FIRST LEASING COMPANY OF INDIA LIMITED

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www.firstleasingindia.com · e-mail: firstleasing@firstleasingindia.com



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, Chennai-600002 for the year ended on 31st March 2013, as stipulated in Clause 49 of the Listing Agreement entered into by the company with 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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

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

Chennai
14th August 2013



For Sarathy & Balu
Chartered Accountants
FRN - 03621S

N. R. Sridharan

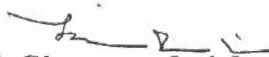
CA. N. R. SRIDHARAN
Partner
Mem. No.015527

For FIRST LEASING COMPANY OF INDIA LTD.,

Sheetal Laro
Company Secretary

FORM A

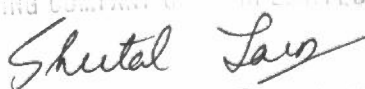
1	Name of the Company	First Leasing Company of India Limited
2	Annual financial statements for the year ended	31st March 2013
3	Type of Audit observation	Un-qualified
4	Frequency of observation	Not applicable


L Sivaramakrishnan
Chief Financial Officer


Farouk Irani
Chief Executive Officer

1 CERTIFIED TRUE COPY

for FIRST LEASING COMPANY OF INDIA LIMITED.


Company Secretary