

# **ANNUAL REPORT 2010-2011**



**INTEGRATED FINANCE COMPANY LIMITED**

# **INTEGRATED FINANCE COMPANY LIMITED**

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## **Directors**

D.G. Nayar

P.B. Appiah

## **Managing Director**

George Kuruvilla

## **Auditors**

M/s. Brahmayya & Co.

Chartered Accountants.

## **Regd. & Admn. Office**

R-10, Prem Nagar Colony, South Boag Road,

T. Nagar, Chennai – 600 017.

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## NOTICE

NOTICE is hereby given that the Twenty- Eighth Annual General Meeting of the Company will be held on (Thursday the 29<sup>th</sup> December 2011 at 11.00 AM) at Mohanambal Kalyana Mandapam, No. 3, Rangabhashyam Street, Chennai-600015 (Near West Saidapet Bus Terminus) to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2011 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. D. G. Nayar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint auditors of the company and fix their remuneration and in this regard to consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. Brahmayya & Co, Chartered Accountants being and are hereby appointed as the Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors of the Company."

### NOTE :

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself. A proxy need not be a member of the company. Proxies, in order to be valid, must be lodged at the registered office of the company not later than 48 hours before the commencement of the meeting.
2. The Share Transfer Register and the Register of Members of the Company shall remain closed from (22<sup>nd</sup> December 2011 to 29<sup>th</sup> December 2011) (both days inclusive).
3. Members are requested to notify immediately any change of address quoting their folio numbers.
4. Members desirous of obtaining any information on the annual accounts of the Company to be explained at the meeting are requested to write to the company at an early date to facilitate compilation of information.
5. Individual shareholder can avail of the facility of nomination. The nominee shall be a person in whom all rights of transfer and amount payable in respect of the shares shall vest in the event of the death of the shareholder(s). A minor can be a nominee provided the name of the guardian is given in the nomination form. The facility of nomination is not available to non-individual shareholders such as Bodies Corporate, Kartas of Hindu Undivided families, Partnership firms, Societies trusts and holders of Power of Attorney. For further details please contact Company's Secretarial Department.

**Information about Directors seeking appointment/re-appointment in this AGM in respect of item No.2 above (in accordance with Clause 49 VI of the Listing Agreement)**

Name	Age	Qualification	Other Directorship	Other Committee Membership
Mr. D. G. Nayar	78 years	FCA	NIL	NIL

Place: Chennai

Date : 01.10.2011

By Order of the Board  
GEORGE KURUVILLA  
Managing Director

## DIRECTORS' REPORT

To the Members,

Your directors are pleased to present the Twenty-eighth Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March 2011.

(Rs. in lakhs)

### 1. FINANCIAL RESULTS:

	For the year ended 31.03.2011	For the year ended 31.03.2010
Gross Profit/Loss before Interest, Depreciation and Tax	<b>(813.59)</b>	(215.16)
Interest	<b>269.46</b>	855.84
Profit /Loss before depreciation & Tax	<b>(1083.05)</b>	(1071.00)
Depreciation	<b>6.95</b>	7.89
Prior year adjustment	<b>4.19</b>	(0.33)
Profit before tax	<b>349.93</b>	(1079.22)
Provision for tax (FBT)	-	-
Profit/Loss after tax	<b>349.93</b>	(1079.22)
Amount brought forward from the previous year	<b>(26442.34)</b>	(25363.13)
Balance carried to Balance sheet	<b>(26092.40)</b>	(26442.34)

### 2. DIVIDEND

The Board of Directors has not recommended any dividend on Equity shares for this year.

### 3. MANAGEMENT DISCUSSIONS AND ANALYSIS:

Management Discussion and Analysis of financial condition and results of operations of the Company for the year under review as required under Clause 49 of the Listing Agreement with the Stock Exchanges is given under.

All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, market, position, expenditures and financial results, are forward looking statements. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. Important factors that could influence the company's operations that include the recovery of all overdue, policies of regulatory authorities, changes in government regulation and other matters. The Financial Statements have been prepared in compliance with the requirements of the Companies Act, 1956. The management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgements used therein.

#### **Performance of the Company:**

Your Company has changed its business lines and worked out new organisation plans. Regarding the restructuring programme of the Company, the Division Bench of the Madras High Court on 30.04.2008 has allowed the appeals filed by RBI and others against the order of the Single Judge of Madras High Court favouring restructuring under Petition No. 160/2005. However, the Company has filed a Special leave petition in the Supreme Court, New Delhi on 09.05.2008 and the same was admitted and ordered notices to the RBI and others.

As already reported, your Company is negotiating with the Consortium of Banks. Many banks have shown keen interest for the OTS settlement of our Company and we are awaiting clearance of the restructuring package.

#### **4. SUBSIDIARY COMPANIES:**

In terms of the amendment made by the SEBI in their notifications SEBI/CFD/LA/2/2007/2614 DT 26.04.2007, the reports of the Board of Directors and Auditors, balance sheet and profit and loss account of the following subsidiaries have not been attached to the balance sheet of the Company. The Company believes that the consolidated annual accounts which form part of the Annual Report present a full and fair picture of the state of affairs. The company will make available the audited annual accounts and related details upon request by any member of the Company. These documents will also be available for inspection during the business hours at the registered office of the Company. The financial data of the subsidiaries have been furnished in the consolidated balance sheet forming part of the Annual Report.

##### **a) INDUSTRIAL VENTURE CAPITAL LIMITED (IVCL)**

The Company has reported a loss of Rs. 1255922/- after depreciation for the year. There were no fresh investments by the Company during the year. The Company is negotiating with the Companies in which investments were made for dis-investing its holdings. The Company continued to enjoy registration status with the Securities and Exchange Board of India (SEBI). The Company's entire earnings are exempt from Income tax as per the amended provisions of the Income Tax Act, 1961.

##### **b) INTEGRATED STOCK BROKING SERVICES PVT LTD (ISBS)**

The performance of the Company has declined during the year due to turmoil in the global market. The Company hopes that the market will improve at the earliest.

The total revenue earned during the year was Rs. 4883490/- while the net loss before depreciation stands at Rs. 799179/-. The Depository division reached its maximum possible limit as per the SEBI norms, necessitating an additional investment in its capital by IFCL in March 2005. Application has been made for the enhancement of limit and is shortly expected. The primary market division which aims at providing all financial services under one roof also registered a loss due to turmoil in the global market.

#### **FUTURE PROSPECTS**

The Company has made arrangements to extend broking operations to more towns in Tamil Nadu, Andhra Pradesh and Karnataka with the hope of improvement in the present market conditions. On the basis of the progress in the trading of securities, the company is at the threshold of a turning point in business volumes and profit.

#### **5. DEPOSITS/BONDS:**

The Company has discontinued acceptance of fresh deposits including renewals with effect from 7<sup>th</sup> December 2003. The interest rates offered by the Company on deposits and bonds are far above the current rates. This has resulted in higher cost of funds and has affected the liability of your company. To overcome with this situation, your Company has filed an application for restructuring under Section 391 of the Companies Act, 1956.

The Single Judge of the Hon'ble High Court, Madras has pronounced its order on 19.08.2006 to convert all deposits and bonds into 6% convertible debentures with a conversion into equity shares within 12 months from the date of issue. However, the Division Bench of the Madras High Court on 30.04.2008 has set aside the order of the Single Bench of Madras High Court and allowed the appeals filed by RBI and others. The Company has filed a Special leave Petition in the Supreme Court, New Delhi on 09.05.2008 against the order of the Division Bench of the Madras High Court and the same has been admitted and ordered notices to RBI and others.

#### **6. PRUDENTIAL NORMS FOR NBFC's:**

The Capital to Risk Assets Ratio of your company stood at a negative as against the minimum of 12%. This trend will not be continued as the Company has filed an appeal in the Supreme Court, New Delhi against the order of the Division Bench of the Madras High Court setting aside the order of the Single Bench of Madras High Court. The Company is confident of winning the appeal in the Supreme Court which would result in the addition of Rs. 150 crores (apprx.) to net worth.

#### **7. CORPORATE GOVERNANCE:**

The Company has complied with the statutory provisions of Corporate Governance as prescribed under the Listing Agreement of the Stock Exchanges with which the Company's shares have been listed. A separate Report on Corporate Governance is enclosed as part of this Annual Report. A certificate as to compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

#### **8. DIRECTORS:**

Mr. D. G. Nayar retires by rotation and being eligible offers himself for re-appointment.

#### **9. INFORMATION AS PER SECTION 217(1) (E) OF THE COMPANIES ACT, 1956:**

The Company has no activity relating to conservation of energy or technology absorption.

#### **10. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Foreign Exchange Earnings: Rs. NIL (Previous year Rs. NIL)

Foreign Exchange Outgo: Rs. NIL (Previous year Rs. NIL)

#### **11. PARTICULARS OF EMPLOYEES**

There are no employees drawing salary in excess of the monetary ceiling prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 during the financial year 2010-11

#### **12. AUDITORS':**

M/s. Brahmayya & Co., Chartered Accountants, Chennai retire at the ensuing Annual general Meeting and being eligible offers themselves for re-appointment.

### 13. DIRECTORS RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956:

The Directors, to best of their knowledge and belief, confirm that:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure.
2. that the selected accounting policies were applied consistently and the directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31<sup>st</sup> March 2011 and of the Profit of the company for the year ended on that date.
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. that the annual accounts have been prepared on a going concern basis.

### 14. ACKNOWLEDGEMENTS:

The Board of Directors place on records its appreciation for the assistance and co-operation received from the Financial Institutes, Banks, Government Authorities, Vendors, members, bondholders and depositors during the year under review. The Board also places on record its gratitude to the employees at all levels for their commitment and dedicated efforts.

Place: Chennai  
Date : 01.10.2011

By Order of the Board  
GEORGE KURUVILLA  
Managing Director

## REPORT ON CORPORATE GOVERNANCE

### COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES

In terms of Clause 49 of the Listing Agreement of the Stock Exchanges, the Compliance Report on Corporate Governance (in the prescribed format), along with the Certificate from the Statutory Auditors (Annexure) is given as under.

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

The Company's philosophy on Corporate Governance envisages the attainment of transparency and accountability in all its operations and in all its interactions with its stakeholders, including shareholders, employees, lenders and the Government. The Company is committed to achieve and maintain the highest standards of Corporate Governance. The Company believes that all its operations and actions must serve the underlying goal of achieving overall shareholders value over a sustained period of time. The Company will continue to seek enhancement to shareholders value within the frame of business ethics, regulatory compliances and contributions to the society. This philosophy has been further strengthened with the implementation of the requirements stipulated in Clause 49 of the Listing Agreement

#### A. BOARD COMPOSITION:

##### 1. Size of the Board and Independent Directors:

The Board has currently three Members comprising of the Managing Director and two Non-executive Directors. The present Board has two independent directors, one Executive director.

##### Details of the Directors.

- Mr. D.G. Nayar**, 78 years, is a Fellow Chartered Accountant. He has vast experience in the field of accounts and Finance. He is the Chairman of the Audit Committee and Shareholders/Investor's Grievances Committee of the Company.
- Mr. George Kuruvilla**, 60 years, is a Fellow Chartered Accountant. He is the Managing Director of the Company since its inception. He is also a Director in Atlas Securities (Coimbatore) Private Limited.
- Mr. P.B. Appiah**, 49 years, is a reputed Advocate. He is also a Director in MAC Charles (India) Limited.

Composition and category of directors as of March 31, 2011 is as follows:

Category	No. of Directors	%
Executive Directors	1	33
Non - Executive Directors	2	67

During the period ended 31.3.2011, 5 Board Meetings were held on the following dates.

Sl. No.	Date of Meeting
1.	02.06.2010
2.	12.08.2010
3.	30.09.2010
4.	24.12.2010
5.	12.03.2011

Attendance of each of the directors at the Board Meetings and the last AGM is as follows:

Sl. No.	Name of Director	Category	Membership in other Boards	Committee other than IFCL	Board meetings		Attendance in the last AGM on 30.09.2010
					Held Nos.	Attended Nos.	
1.	Mr. D. G. Nayar	NED/ID	-	-	5	5	Yes
2.	Mr. George Kuruvilla	ED	1	-	5	5	Yes
3.	Mr. P. B. Appiah	NED/ID	1	-	5	5	Yes

• ED - Executive Director; NED - Non- Executive Director; ID - Independent Director

##### 2. Board Committee:

Currently, the Board has Three Committees - the Audit Committee, the Investor Relations Committee and Remuneration Committee.

##### a. Audit Committee:

As per the requirement of Part II of clause 49 of the Listing Agreement, the Company has formed an Audit Committee. Mr. D. G. Nayar was appointed as Chairman of the Audit Committee.

Composition of the Committee and the details of Meetings and attendance of members thereof during the year is as follows:

Director	Held	Attended
Mr. D. G. Nayar-Chairman	4	4
Mr. George Kuruvilla- Member	4	4
Mr. P. B. Appiah-Member	4	4

• Brief Description of terms of reference:

- i) The Committee reviews the quarterly, half-yearly and annual financial statements before they are submitted to the Board.
- ii) Overseeing the financial reporting process and disclosure of its financial information to ensure that the statement is correct, sufficient and credible.
- iii) Recommending the appointment of external auditor, fixation of audit fee and also approval for payment for any other services is also reviewed by this committee.
- iv) Approval of payment to the Statutory Auditors for any other services rendered by them.
- v) Reviewing the internal control systems and internal audit functions, reports and compliances thereof.
- vi) The Audit remarks/qualifications dealt in the Auditor's Report have been considered by the Audit Committee and the Board of Directors and proper explanations have been given in the Director's Report which forms part of this Report.
- vii) Discussion with the Internal Auditors regarding any significant findings and follow up thereon.
- viii) Discussion with the Statutory Auditors before the audit commences, about the nature and scope of the audit as well as post-audit discussion to ascertain any concern.
- ix) To look into reasons for substantial defaults, if any, in the payments to the depositors, debenture holders, shareholders (in case of non-payment of dividend declared) and creditors.

#### b. Remuneration Committee:

• Composition and Meetings of the Committee:

The Composition of the committee and the attendance of each member at these meetings are given below.

Director	Held on 24.12.2010	Attended
Mr. D. G. Nayar-Chairman	1	1
Mr. George Kuruvilla- Member	1	1
Mr. P. B. Appiah-Member	1	1

• Remuneration Policy :

- i) **For Managing Director/ Wholetime Director:** The remuneration consists of salary, perquisites, retirement benefits and commission, within the limits specified under Schedule XIII of the Companies Act, 1956. No sitting fees is payable.
- ii) **For Non-Executive Directors:** Sitting fee of Rs. 1000/- to each Director per meeting of the Board is paid to Non-Executive Directors, apart from reimbursement of actual travel and out of pocket expenses incurred by them for attending the meetings. No other remuneration/fee is paid to the Non-Executive Directors. The details of the sitting fees paid to the Non-Executive Directors for the year 2010-11 are given below:

Name	Amount
Mr. D.G. Nayar	Rs. 5000/-
Mr. P.B. Appiah	Rs. 5000/-

#### c. Share Transfer and Investor Grievances Committee:

It is a Sub - Committee of the Board of Directors of the Company with Mr. D. G. Nayar being the Chairman of the Committee and Mr. P. B. Appiah and Mr. George Kuruvilla being the Members of the Committee. Mr. George Kuruvilla, Managing Director is also the Compliance Officer.

• Brief Description of terms of reference:

The terms of reference of this Committee compasses the formulation of shareholders/investor's servicing policies, looking into investors' complaints viz., transfer of shares, non receipt of balance sheet, etc., and deciding on any other matter as may be required in connection with the share holders / investors servicing and redress their grievances.

The Board has delegated the power of share transfer to the Registrar and Share Transfer agents, who process the transfers. The committee also looks after the performance of the Registrar and Transfer Agents of the Company.

Requests for dematerialization of shares are generally confirmed on a fortnightly basis.

• Number of Shareholders complaints received, number not solved to the satisfaction of the Share holder and number of pending transfers:

1. Details of Complaints received and attended for the year 2010-2011

Nature	Number	
	Received	Attended
Transfer of Shares	55	55
Dematerialisation / Rematerialisation	265	265
Split / consolidation	3	3
Depreciation	1	1
Others	21	21
Total	345	345

- (2) Representatives of your company are continuously in touch with Cameo Corporate Services Limited, Share Transfer Agents of the Company and review periodically the outstanding complaints.

#### B. GENERAL MEETINGS:

Location and time for the last three Annual Greeting Meetings

Year	Date	Time	Venue
2007-08	02.09.2008	09.30 a.m.	Mohanambal Kalyana Mandapam, No. 3, Rangabhashyam Street, Chennai-600015 (Near West Saidapet Bus Terminus)
2008-09	30.09.2009	11.00 a.m.	Mohanambal Kalyana Mandapam, No. 3, Rangabhashyam Street, Chennai-600015 (Near West Saidapet Bus Terminus)
2009-10	30.09.2010	11.00 a.m.	Mohanambal Kalyana Mandapam, No. 3, Rangabhashyam Street, Chennai-600015 (Near West Saidapet Bus Terminus)

### C. POSTAL BALLOT:

None of the subjects placed before the shareholders in the last annual general meeting required approval by a postal ballot.

### D. DISCLOSURE:

Disclosures on materially significant Related Party Transactions that may have potential conflict with the interest of the company at large.

- (1) During the year, the Company has not entered into any transaction of material nature with directors, their relatives or management which was in conflict with the interest of the Company.
- (2) The transaction with the promoters, its associate companies etc., of routine nature have been reported elsewhere in the annual report as per Accounting Standard 18 (AS18) Issued by the institute of Chartered Accountants of India.

The Company has complied with the requirements of the Listing Agreement with the Stock Exchanges as well as regulations and guidelines. No penalties or strictures have been imposed on the company by the Stock Exchanges or SEBI or any other Statutory Authority, on any matter related to the capital markets, during the last three years.

**Whistle Blower Policy:** The Company has evolved a Whistle Blower Policy to provide appropriate avenues to the employees to bring to the attention of the Management any issue which is perceived to be in violation or in conflict with the fundamental business principles as enunciated in the Code of Business Principles of the Company. The employees are encouraged to raise their concerns/ complaints by way of written communications to the Company. The Management and Senior Directors are obligated to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practice.

**Stock option to Non- Executive Directors:** No stock options were granted to Executive/Non-Executive Directors of the Company.

**Code of Conduct:** The Board has laid a Code of Conduct for all the Directors and Senior Management Staff of the Company as per Clause 49 (I) (D)(ii) of the Listing Agreement. All the Directors and members of senior management have affirmed their compliance with the code of conduct.

**Accounting Standard:** the Company does not have any proposal to change the present Accounting Standard.

**Pecuniary relationships or transactions of Non-Executive Directors:** No such transaction is in existence in this company.

**Shares or convertible debentures held by Non-Executive Directors:** No shares or debentures are held by Non-Executive directors.

**Pledging of shares by Promoters:** No such transaction is in existence.

### E. MEANS OF COMMUNICATION:

The un-audited Financial Results on a quarterly basis subject to limited review by the Auditors of the company are taken on record by the Board of Directors at its meeting within one month of the close of every quarterly / half year respectively and the same are finished to all the Stock Exchanges where the Company's shares are liable. Results of this company were published in the newspapers viz. Trinity Mirror and the Tamil Version of the financial results in a Tamil daily viz., Makkal Kural.

### F. SHAREHOLDER INFORMATION:

#### General Share holder information:

1. AGM (Date and Venue) : (Thursday, 29<sup>th</sup> December 2011, at 11.00 a.m.) at Mohanambal Kalyana Mandapam, No. 3, Rangabhashyam Street, Chennai-600015 (Near West Saidapet Bus Terminus)
2. Date of Book Closure : (22<sup>nd</sup> December 2011 to 29<sup>th</sup> December 2011) (both days inclusive)
3. Financial Calendar : Financial Reporting for 2010-2011  
First Quarter June 30<sup>th</sup>, 2010, on or before July 2010  
Second Quarter September 30<sup>th</sup> 2010, on or before October 31, 2010  
Third Quarter December 31<sup>st</sup>, 2010, on or before January 31, 2011  
Fourth Quarter March 31<sup>st</sup> 2011, on or before April 30, 2011  
AGM for year ending 31<sup>st</sup> March 2011, (30<sup>th</sup> September 2010)
4. Registrar and Transfer Agents : M/s. Cameo Corporate Services Ltd.  
Subramanian Building, No.1, Club House Road, Chennai - 600 002. Tel: 28480390 Fax: 28480129
5. Listing of Company's Shares : i) The Stock Exchange, Mumbai (BSE) (Scrip Code: 511031;  
Demat ISIN number for equity shares- INE787E01016)  
ii) The Madras Stock Exchange Limited (MSE)

**Share Price Data:** There has been no trading in the Madras Stock Exchange. Share price data and performance in comparison to Broad based BSE Sensex:

Month	Share Price	
	High Rs. p	Low Rs. p
April 2010	4.65	3.4
May 2010	5.00	3.85
June 2010	4.67	3.8
July 2010	4.33	3.22
August 2010	4.45	3.36
September 2010	4.45	3.51
October 2010	4.00	3.40
November 2010	4.07	3.15
December 2010	3.97	3.00
January 2011	3.54	2.12
February 2011	3.6	1.90
March 2011	-	-

The **shareholding pattern of the Company** as on 31.03.2011 is as follows:

Category	No. of Holders	No. of Equity Shares	% to Equity shares
Resident	23581	9326120	70.372
NRI	393	247374	1.867
Body Corporate	165	3677044	27.746
Bank	3	2050	0.015
Total	24142	13252588	100

**Distribution of shareholding pattern** as on 31.03.2011 is as follows:

Category	No. of cases	% of cases	Total shares	Amount	% Amount
1 - 500	21604	89.49	3086653	30866530	23.29
501 - 1000	1606	6.65	1234457	12344570	9.31
1001 - 2000	515	2.13	789180	7891800	5.91
2001 - 3000	139	0.58	351902	3519020	2.66
3001 - 4000	65	0.27	230446	2304460	.74
4001 - 5000	69	0.29	329133	3291330	2.48
5001 - 10000	66	0.27	485678	4856780	3.66
10001 and above	78	0.32	6751139	67511390	50.94
TOTAL	24142	100	13252588	132525880	100

**Dematerialisation of shares:**

Category	No. of Holders	Total Position	% of Position
Physical	18524	4179462	31.54
NSDL	4354	6827893	51.52
CDSL	1264	2245233	16.94
TOTAL	24142	13252588	100

6. Address to the Correspondence Regd. Office : **Secretarial Department**  
**Integrated Finance Company Limited**  
R-10, Prem Nagar Colony, South Boag Road, T. Nagar, Chennai- 600017

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

To, The Members of Integrated Finance Company Limited

We have examined the compliance of conditions of Corporate Governance of Integrated Finance Company Limited for the year ended 31st March 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

- The Company has published its quarterly and Half-yearly financial results although delayed.
- The Company does not have a website for the financial statements, code of conduct and other analysis to be posted.
- The Company has no company secretary, chief financial officer and compliance officer.
- The Company has not submitted its quarterly Report on Corporate Governance with in the stipulated time.
- The Company has not submitted its quarterly Secretarial Audit Report and Share Holding Pattern Report within the stipulated time.
- The report on Corporate Governance does not include information relating to management discussions and analysis and Risk assessment and Minimization procedures.
- There are no minutes available for Investor Grievance Committee being held.

Subject to the above, in our opinion and to the best of our information and according to the explanation given to us and the representation made by the Directors and the Management, we certify that the company has materially complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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 BRAHMAYYA & Co.  
Chartered Accountants  
(Firm Regn. No.000511S)  
N. SRI KRISHNA  
Partner  
Membership No.26575

Place : Chennai  
Date : 01.10.2011

**Certification by Chief Executive Officer**

I, George Kuruvilla, Managing Director of Integrated Finance Company Limited., to the best of my knowledge and belief hereby certify that :

- I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge and belief.
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- There are, to the best of my knowledge and belief, no transaction entered into by the company during the year which is fraudulent, illegal or in violation of the Company's code of conduct..
- I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps we have taken or propose to take or rectify these deficiencies.
- I further certify that:
  - There have been no significant changes in internal control over financial reporting during the year.
  - There have been no significant changes in accounting policies during the year.
  - There have been no instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

Place : Chennai  
Date : 01.10.2011

For Integrated Finance Company Limited  
GEORGE KURUVILLA  
Managing Director



## DECLARATION

As stipulated under the provisions of sub-clause 1(D) (ii) of Clause 40 of the Listing Agreement with the Stock Exchanges, all the Directors and the designated personnel in the Senior Management of the Company has affirmed compliance with the code for the financial year ended 31st March 2011.

Place : Chennai  
Date : 01.10.2011

For Integrated Finance Company Limited  
GEORGE KURUVILLA  
Managing Director

### AUDITOR'S REPORT TO THE MEMBERS OF THE INTEGRATED FINANCE COMPANY LIMITED, CHENNAI

We have audited the attached Balance Sheet of M/s. Integrated Finance Company limited, as at 31<sup>st</sup> March 2011 and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books
- (iii) The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account
- (iv) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (v) In our opinion, the Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, except as for non accrual of interest on fixed deposits and non-convertible bonds after 19<sup>th</sup> May 2005.
- (vi) **a) The net worth of the company is completely eroded and restrictions are placed by RBI on accepting further deposits which seriously hampers the ability of the company to carry on its designated business activities as NBFC. In the meanwhile the Company has filed a restructuring proposal for meeting the liability towards deposits and Bonds under section 391 of the Companies Act 1956 on 21.06.2005 which was approved by the Hon'ble High Court, Madras on 19.08.2006 vide order of Single Judge Bench, which on an appeal the division bench of Madras High Court decided the proposal for restructuring against the company, in respect of which the company appealed to supreme court through a Special Leave Petition (SLP) and the same has been admitted by the Honorable Supreme Court pending the outcome of the same (despite huge accumulated losses incurred by the company) the financial statements have been prepared as that on a going concern basis. In the event, the out come of the on going proceedings are going to be against the company the same will impair the very going concern assumption of the company, and would place serious limitations on the company's eventual ability to meet its obligation to secured / unsecured lenders/depositors. In view of the above we are unable to express our view whether the company is a going concern or not.**
  - b) **1) Interest to banks has been provided at the contracted rates on the sanctioned limits, which is different from the actual out standings to the respective banks. The claims of the banks towards all penal levies and other claims have not been provided amount not quantified.**
  - 2) The Company has not provided interest on fixed deposits and non-convertible secured bonds after 19<sup>th</sup> May 2005 (effective date under scheme U/s 391 of Companies Act 1956) for the year amounting to Rs. 373.61 Lakhs cumulative Rs.4917.73 lakhs, consequently the loss for the year is understated by Rs.373.61 Lakhs and hence the carried forward profit and loss account is also understated byRs.4917.73 lakhs.**
  - 3) During the year, the government of Puducherry had acquired the property of company under compulsory acquisition of land for a compensation of Rs.2.18 Crores, for which the company had filed the writ petition before the High Court of Madras seeking the quashing of the acquisition. Pending the outcome the Company had not taken cognizance of the transaction in the books of accounts, and consequently in the financial statements also. Had the company accounted for the transaction, profit for the year could be higher by Rs.1.96 Crores and the Profit and Loss account debit balance would be lower by the same amount.**
  - 4) The company seized to be a deposit accepting NBFC and further also discontinued its primary objective as NBFC (other than collecting dues from its debtors or payment of dues to lenders/depositors) many of the provisions pertaining to NBFC have not been compliedwith in relation to filing of periodical returns and other compliances required under the RBI Act, consequently having regard to our audit qualification mentioned above, our report cannot be taken as any assurance for future performance of the company in meeting any of its obligation towards secured / unsecured lenders or depositors.**
  - 5) As referred to in 14(a), an amount of Rs.67.50 Lakhs being the balance in the current account of a bank has been adjusted by the bank as a preference dividend due by the company (notwithstanding that no dividend is declared by the company), which we are not able to express an opinion on recoverability of said amount from the bank.**
- (vii) **Subject to above and based on the matters mentioned Note No. 10 (D) regarding the security for secured loans**, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and having specific regard to VI (a) and VI (b)(g) above, on the ability of the company to be treated as going concern, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
  - b) in the case of the 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.

For BRAHMAYYA & Co.  
Chartered Accountants  
(Firm Regn. No.0005111S)

N. SRI KRISHNA  
Partner  
Membership No.26575

Place : Chennai  
Date : 01.10.2011

## ANNEXURE REFERRED IN OUR REPORT OF EVEN DATE

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. **Fixed Assets including the assets under lease, have not been physically verified by the management during the year. The Company has a programme of verification for the fixed Assets other than the assets under lease which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets, however the Company has not verified the fixed assets as per the said programme. The Company does not have any programme of verification in respect of assets on lease.** During the year, there was no substantial disposal of fixed assets affecting the status of the company as a going concern.
- In our opinion and according to the information and explanations given to us, the Company has neither granted nor taken any loans secured or unsecured to / from companies, firms and other parties entered in the Register maintained under Section 301 of the Companies Act, 1956 during the year.
- In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weakness has been noticed in the internal controls.
- Based on the audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that the transactions that need to be entered into the Register maintained under Section 301 have been so entered.
- In our opinion and according to the information and explanations given to us, the company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed there under with regard to deposits accepted from the public, **except that the Company has not submitted the required returns/statements to Reserve Bank of India with in the stipulated time. The Reserve Bank of India passed an order, prohibiting the company from accepting any deposits from public from 18<sup>th</sup> January 2005. The Company has filed a restructuring proposal for meeting the liability towards deposits under section 391 of the Companies Act 1956 on 21.06.2005 which was approved by the Hon'ble High Court, Madras on 19.08.2006 vide order of Single Judge Bench, which on an appeal the division bench of Madras High Court decided the proposal for restructuring against the company, in respect of which the company appealed to supreme court through a Special Leave Petition (SLP) and the same has been admitted by the Hon'ble Supreme Court , pending the outcome of the same the interest amounting to Rs. 422.61 lakhs on deposits has not been provided after 19.05.2005.**
- Company does not have an internal audit adequate and commensurate to the size and nature of the business of Company.**
- According to the records of the Company, the Company is in general irregular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess. There are no undisputed amounts payable in respect of statutory dues which are outstanding as at 31<sup>st</sup> March, 2011 for a period of more than six months from the date they become payable. **The company has not deposited the amounts stipulated under Section 205 C (2) to the credit of "Investor Education and Protection Fund" amounting to Rs.13.90 Lakhs.**
- Based on our audit procedures and on the information and explanations given by the Management, there are no dues outstanding in respect of excise duty, customs duty, wealth tax, service tax and cess on account of any dispute. Disputed income tax and sales tax which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Name of the statute	Assessment year	Tax Amount	Amount deposited	Forum where dispute is pending with
		(In lakhs)		
1. Income Tax Act, 1961	1997-1998	39.37	39.37	The High Court of Judicature at Madras
	1999-2000	182.35	0	The High Court of Judicature at Madras
	2000-2001	664.64	40.82	The High Court of Judicature at Madras
	2001-2002	250.31	0	The High Court of Judicature at Madras
	2002-2003	227.37	7.40	The High Court of Judicature at Madras
	2003-2004	133.03	0	The High Court of Judicature at Madras
	2004-2005	411.97	0	The Income tax Appellate Tribunal
	2005-2006	319.26	0	The Income tax Appellate Tribunal
2. Tamilnadu General Sales Tax Act, 1959	1992-1993	1.23	0.20	The Appellate Assistant Commissioner (CT) III Chennai
	1995-1996	4.38	0	The Sale Tax Appellate Tribunal, Chennai
	1996-1997	11.88	0	The Appellate Assistant Commissioner (CT) III Chennai
	2004-2005	1.30	1.30	The Appellate Assistant Commissioner (CT) III Chennai
3. Kerala General Sales Tax Act, 1963	1993-1994	5.02	0	The Sale Tax Appellate Tribunal, Additional Bench, Ernakulam
	1994-1995	0.80	0	The Sale Tax Appellate Tribunal, Additional Bench, Ernakulam
	1995-1996	15.26	5.09	The Sale Tax Appellate Tribunal, Additional Bench, Ernakulam
4. Bombay Sales Tax Act, 1959	1992-1993	8.97	3.11	Remanded back to Assistant commissioner Mumbai
5. Delhi Sales Tax Act, 1975	1989-1990	1.50	0.15	Deputy commissioner of sales tax, Appeal -1, New Delhi

- The Company's accumulated losses at the end of financial year are more than its net worth. The company has incurred cash losses during the financial year as well as incurred cash loss during the immediately preceding previous year.**
- The company has defaulted in payment of interest and installments to banks towards working capital borrowings of Rs.10816 Lakhs. The Company has filed a restructuring proposal for meeting the liability towards Bonds under section 391 of the Companies Act 1956 on 21.06.2005 which was approved by the Hon'ble High Court, Madras on 19.08.2006 vide order of Single Judge Bench, which on an appeal the division bench of Madras High Court decided the proposal for restructuring against the company, in respect of which the company appealed to supreme court through a Special Leave Petition (SLP) and the same has been admitted by the Hon'ble Supreme Court , pending the outcome of the same the interest amounting to Rs. 4495.12 lakhs on bond has not been provided after 19.05.2005, the company has not repaid the matured bonds on due dates, amounting to Rs.7027.74 Lakhs .**
- According to information and explanations given to us and records of the company examined by us the Company has granted loans and advances on the basis of security by way of pledge of shares. The company has since obtained adequate documents, such as the valid transferred deeds in respect of such shares taken as security.

12. The Company has given guarantee for loans taken by the associate company from banks, the terms and conditions of which are prima facie not prejudicial to the interest of the company. The company also given the guarantee to loans taken by others, the terms and conditions of which are not prejudicial to the interest of the company.
13. According to information and explanations given to us and records of the company examined by us the company has not availed any term loan during the year.
14. According to the cash flow statement and other records examined by us and the information and explanations given to us on an overall basis, funds raised on short term basis, prima facie, have not been used during the year for long term investment and vice versa.
15. According to information and explanations given to us and records of the company examined by us, securities have been created in respect of bonds issued, except for certain modification of charges in respect "Bond A".
16. Based upon the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.
17. The provisions of Clauses of Paragraph 4 of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 listed below are not applicable to the Company for the year:
  - a) Clause (ii) regarding Physical verification and maintenance proper records, of inventory;
  - b) Clause (viii) regarding maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956;
  - c) Clause (xiii) regarding special statute applicable to Chit Funds and Nidhis/Mutual Benefit Fund and Societies;
  - d) Clause (xiv) regarding dealing or trading in shares, securities etc.;
  - e) Clause (xviii) regarding preferential allotment of shares to specified parties and;
  - f) Clause (xx) regarding money raised by public issue and its end use

For BRAHMAYYA & Co.  
Chartered Accountants  
(Firm Regn. No.000511S)  
N. SRI KRISHNA  
Partner  
Membership No.26575

Place : Chennai  
Date : 01.10.2011

## Balance Sheet as at 31st March, 2011

	Schedule No.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
<b>I SOURCES OF FUNDS</b>			
<b>(1) SHAREHOLDERS FUNDS</b>			
(a) Share capital	1	182,525,880	182,525,880
(b) Reserves and Surplus	2	155,608,210	156,397,230
<b>(2) LOAN FUNDS</b>			
(a) Secured loans	3	2,127,000,683	2,150,297,730
(b) Unsecured loans	4	263,728,555	265,200,244
		<b>2,728,863,329</b>	2,754,421,085
<b>II APPLICATION OF FUNDS</b>			
<b>(1) FIXED ASSETS</b>			
(a) Gross block	5	369,413,996	369,382,046
(b) Less :Depreciation		(320,563,967)	(319,080,299)
(c) Less :Lease Adjustment Account		(14,087,336)	(14,087,336)
(d) Net block		<b>34,762,693</b>	36,214,411
<b>(2) INVESTMENT</b>			
	6	165,491,572	165,566,572
<b>(3) CURRENT ASSETS, LOANS AND ADVANCES</b>			
(a) Stock on Hire,Bills, Lease and other receivables	7	1,855,713,167	1,872,243,498
(b) Cash and bank balances	8	44,359,721	36,346,488
(c) Other Current Assets	9	5,489,453	3,510,090
(d) Loans and advances	10	100,877,489	101,199,517
<b>Less:</b>		<b>2,006,439,831</b>	2,013,299,593
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
(a) Current liabilities	11	171,016,274	172,430,366
(b) Provisions	12	1,882,920,851	1,899,329,454
		<b>2,053,937,125</b>	2,071,759,820
Net Current Asset		<b>(47,497,294)</b>	(58,460,228)
<b>(4) Debit balance in Profit and Loss Account</b>			
		<b>2,609,240,204</b>	
<b>Less: Balance in General reserve as per contra</b>		<b>33,133,846</b>	2,611,100,329
		<b>2,576,106,358</b>	2,754,421,085
Significant accounting policies and notes to accounts	18		

Refer Notes forming part of the Abridged Accounts

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

for BRAHMAYYA & CO.,  
Chartered Accountants  
(Firm Regn. No.000511S)

N. SRI KRISHNA  
Partner  
Membership No.26575

P.B. APPIAH  
Director

GEORGE KURUVILLA  
Managing Director

Place : Chennai  
Date : 01.10.2011

## Profit and Loss Account for the year ending 31st March, 2011

Income	Schedule No.	2011 Rs.	2010 Rs.
Operations	13	19,356,437	7,296,772
Other Income	14	11,395,820	7,588,943
		<u>30,752,257</u>	<u>14,885,715</u>
Expenditure			
Interest (Net)	15	26,945,953	85,584,030
Establishment Charges	16	2,667,050	2,667,604
Administration And Other Expenses	17	11,969,721	33,734,340
		<u>41,582,724</u>	<u>121,985,973</u>
Loss Before Depreciation and Income tax		(10,830,467)	(107,100,259)
Depreciation	5	1,483,668	
Less: Revaluation		<u>789,020</u>	
		694,648	788,504
Loss After Depreciation		(11,525,115)	(107,888,763)
Add : Wavier of Principal Loan Amount on onetime settlement with banks		46,100,000	-
Prior Year Adjustments		419,086	(33,303)
Profit before Tax		34,993,971	(107,922,066)
Less: Provision for tax		-	-
Provision for Fringe Benefit Tax		-	-
Profi / Loss For The Year		34,993,971	(107,922,066)
Add : Balance Brought Forward From Previous Year		(2,644,234,175)	(2,536,312,109)
Less:			
To Balance Carried To Balance Sheet		<u>(2,609,240,204)</u>	<u>(2,644,234,175)</u>
Appropriations			
Statutory Reserve Fund		-	-
To Balance Carried To Balance Sheet		<u>(2,609,240,204)</u>	<u>(2,644,234,175)</u>
		<u>(2,609,240,204)</u>	<u>(2,644,234,175)</u>
Earning per Equity Share :			
Number of shares(Face Value Rs.10/- per Share)		13,252,588	13,252,588
Basic and diluted earning per Share		2.64	(8.14)

Significant accounting policies and notes to accounts

The Schedules referred to above, Notes thereon form an integral part of these financial statements.

This is the Profit and Loss Account referred to in our report of even date.

Refer Notes forming part of the Abridged Accounts

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

for BRAHMAYYA & CO.,  
Chartered Accountants  
(Firm Regn. No.000511S)

N. SRI KRISHNA  
Partner  
Membership No.26575

Place : Chennai  
Date : 01.10.2011

P.B. APPIAH  
Director

GEORGE KURUVILLA  
Managing Director

## Schedules to the Balance Sheet

	As at 2011 Rs.	As at 2010 Rs.
<b>1 Share Capital</b>		
AUTHORISED :		
3,50,00,000 Equity shares of Rs10/- each	<b>350,000,000</b>	350,000,000
2,00,00,000 Preference shares of Rs10/-each	<b>200,000,000</b>	200,000,000
	<b>550,000,000</b>	550,000,000
<b>Issued subscribed and fully paid up :</b>		
1,32,52,588 Equity shares of Rs.10/- each	<b>132,525,880</b>	132,525,880
50,00,000 13.5% Cumulative Redeemable Preference Shares of Rs. 10/- each. (Due for Redemption on 27th December,2003) (Accumulated dividend on Preference Shares to Rs.742 lakhs not accounted)	<b>50,000,000</b>	50,000,000
	<b>182,525,880</b>	182,525,880
<b>2. Reserve and Surplus</b>		
Share Premium as per Last balance sheet	<b>90,020,390</b>	90,020,390
Capital Reserve as per Last balance sheet	<b>23,370</b>	23,370
Capital Reserve - One time Settlement	<b>29,200,000</b>	29,200,000
Statutory Reserve *		
Per Last Balance Sheet	<b>13,702,500</b>	13,702,500
Add:Tranfer from Profit and Loss Account B192	-	-
	<b>13,702,500</b>	13,702,500
Capital Redemption Reserve as per Last balance sheet	<b>6,172,000</b>	6,172,000
General Reserve		
Per Last Balance Sheet	<b>33,133,846</b>	33,133,846
Less : Debit balance in Profit and Loss account as per Contra	<b>(33,133,846)</b>	(33,133,846)
	-	-
Investments Allowance reserve	<b>554,825</b>	554,825
Per Last Balance Sheet		
Investments Allowance reserves Utilised		
Per Last Balance Sheet	<b>428,294</b>	428,294
Revaluation reserve for buildings		
Per Last Balance Sheet	<b>16,295,851</b>	17,084,871
Less : Transferred to Depreciation	<b>(789,020)</b>	(789,020)
	<b>15,506,831</b>	16,295,851
	<b>155,608,210</b>	156,397,230
* Created in accordance with the requirements of Section 45 I- C of RBI Act 1934		
<b>3 Secured Loans</b>		
From Banks		
Term Loan (Working Capital Demand Loan)	<b>36,096,815</b>	36,096,815
Cash credit and Working capital demand Loan	<b>1,045,511,276</b>	1,069,978,322
Privately placed Non-convertible Bonds		
Bonds A to F		
- Matured	<b>702,773,512</b>	552,810,415
- Not Matured	<b>155,247,834</b>	305,210,931
Discount Bonds - Discount accrued	<b>170,549,293</b>	170,549,293
From companies	<b>16,821,954</b>	15,651,954
	<b>2,127,000,683</b>	2,150,297,730
<b>4 Unsecured Loans</b>		
Fixed Deposits		
- Matured	<b>258,233,828</b>	260,124,053
- Not Matured	-	-
Intercorporate Borrowing	<b>5,494,727</b>	5,076,191
	<b>263,728,555</b>	265,200,244

## 5 FIXED ASSETS

Asset	Gross Block				Depreciation				Net Block		
	As at March 2010 Rs	Additions Rs	Deletions/ Adjustment Rs	As at 31st March 2011 Rs	As at 31st March 2010 Rs	For the year Rs	Deletions Adjustments Rs	As at March 2011 Rs	Lease Adjustment Rs	As at 31st March 2011 Rs	As at March 2010 Rs
<b>Leased Assets</b>											
Plant and machinery	271,628,825	-	-	271,628,825	258,482,214	-	-	258,482,214	13,146,587	24	24
Computers and accessories	12,968,187	-	-	12,968,187	12,452,747	-	-	12,452,747	515,427	13	13
Office equipment	2,185,183	-	-	2,185,183	2,178,181	-	-	2,178,181	6,998	4	4
Furniture and fittings	4,233,820	-	-	4,233,820	3,970,821	-	-	3,970,821	262,998	2	2
Vehicles	3,489,493	-	-	3,489,493	3,334,165	-	-	3,334,165	155,326	2	2
<b>Total</b>	<b>294,505,508</b>	<b>-</b>	<b>-</b>	<b>294,505,508</b>	<b>280,418,128</b>	<b>-</b>	<b>-</b>	<b>280,418,128</b>	<b>14,087,336</b>	<b>44</b>	<b>44</b>
<b>Other Assets</b>											
Freehold land	4,067,133	-	-	4,067,133	-	-	-	-	-	4,067,133	4,067,133
Buildings	40,141,613	-	-	40,141,613	10,541,958	793,976	-	11,335,934	-	28,805,679	29,599,655
Plant and machinery	2,051,116	-	-	2,051,116	1,550,576	78,536	-	1,629,112	-	422,004	500,540
Computers and accessories	14,862,071	31,950	-	14,894,021	14,807,253	29,905	-	14,837,158	-	56,863	54,818
Electrical Fittings	829,389	-	-	829,389	722,721	11,813	-	734,534	-	94,855	106,668
Office equipment	3,125,336	-	-	3,125,336	2,687,314	48,377	-	2,735,691	-	389,645	438,022
Furniture and fittings	5,148,346	-	-	5,148,346	4,462,829	240,822	-	4,703,651	-	444,695	685,517
Vehicles	4,651,534	-	-	4,651,534	3,889,520	280,239	-	4,169,759	-	481,775	762,014
<b>Total</b>	<b>74,876,538</b>	<b>31,950</b>	<b>-</b>	<b>74,908,488</b>	<b>38,662,171</b>	<b>1,483,668</b>	<b>-</b>	<b>40,145,839</b>	<b>-</b>	<b>34,762,649</b>	<b>36,214,367</b>
<b>Grand total</b>	<b>369,382,046</b>	<b>31,950</b>	<b>-</b>	<b>369,413,996</b>	<b>319,080,299</b>	<b>1,483,668</b>	<b>-</b>	<b>320,563,967</b>	<b>14,087,336</b>	<b>34,762,693</b>	<b>36,214,411</b>
<b>Previous Year</b>	<b>369,382,046</b>	<b>-</b>	<b>-</b>	<b>369,382,046</b>	<b>317,502,775</b>	<b>1,577,524</b>	<b>-</b>	<b>319,080,299</b>	<b>14,087,336</b>	<b>36,214,411</b>	<b>37,791,935</b>

	As at 2011 Rs.	As at 2010 Rs.
<b>6 Investments:</b>		
Investments in Government or trust Securities	67,238,050	67,313,050
Investments in shares	98,253,522	98,253,522
	<u>165,491,572</u>	<u>165,566,572</u>
Unquoted Investments	153,049,150	153,124,150
Quoted Investments	12,442,422	12,442,422
Market Value of quoted investments	7,252,164	6,652,440
<b>7 Stock on Hire,Bills, Lease and other receivables</b>		
Stock on hire under Hire Purchase and other receivables	1,597,866,625	1,614,396,956
Lease and other receivables	248,113,346	248,113,346
Bills Purchased	9,733,196	9,733,196
	<u>1,855,713,167</u>	<u>1,872,243,498</u>
<b>8 Cash and Bank Balances:</b>		
Cash and Cheques in Hand	10,000	10,184
Stamps and Stamp paper on hand	63	63
With Scheduled Banks:		
In Current Accounts*	34,070,825	28,764,757
In Fixed deposits @	10,278,833	7,571,484
	<u>44,359,721</u>	<u>36,346,488</u>
	9,245	9,245
* Includes Unclaimed dividend accounts		
@ Includes Deposits held as SLR towards fixed deposits accepted by Company (Vide RBI Regulations made)		
<b>9 Other Current assets:</b>		
Income Receivable	2,282,393	2,582,894
Deposits	3,207,060	927,196
	<u>5,489,453</u>	<u>3,510,090</u>
<b>10 Loans and Advances :</b>		
(Unsecured unless otherwise stated and Considered Good)		
Secured Loan	5,724,292	5,724,292
Un Secured Loan	2,579,078	2,579,078
Advance recoverable in cash or in kind or value to be received	28,882,236	29,841,057
Advance for purchase of assets	29,981,764	29,981,764
Advance Income/Interest tax and tax deducted at source	33,710,119	33,073,325
	<u>100,877,489</u>	<u>101,199,517</u>
<b>11 Current liabilities:</b>		
Sundry Creditors:		
For Expenses	16,969,553	18,453,994
For others	65,263,134	64,978,697
Unclaimed preference shares	1,374,000	1,374,000
Interest accrued but not due	86,086,639	86,300,726
Liability towards Investor Education and Protection fund under Section 205C of the Companies Act,1956*		
Unpaid Dividend	10,640	10,640
Unpaid deposits	656,023	656,023
Interest accrued on deposits and debentures	656,286	656,286
	<u>171,016,274</u>	<u>172,430,366</u>
* Amount due for remittance to Investor Education and Protection fund	1,322,949	1,322,949
<b>12 Provisions:</b>		
Provision for Income tax		
Provision for Interest tax	1,754,278	1,754,278
Provision for fringe benefit tax	-	86,115
Provision for Non performing Assets		
Investments	13,907,390	13,682,077
Hire purchase and lease	1,794,902,037	1,811,432,368
Advances	72,357,145	72,374,616
	<u>1,882,920,851</u>	<u>1,899,329,454</u>



**Schedules to the Profit and Loss Account for the year ended 31st March 2011**

	Year ended 2011 Rs.	Year ended 2010 Rs.
<b>13 Income for Financing Operations</b>		
Finance charges earned	-	95,427
Finance charges - UTI	<b>2,826,106</b>	4,258,843
Excess NPA Provision - HP, Lease & Others	<b>16,530,331</b>	2,942,502
	<b><u>19,356,437</u></b>	<u>7,296,772</u>
<b>14 Other Income</b>		
Interest (GOL )	<b>7,304,682</b>	5,127,146
Dividend	<b>215,050</b>	114,417
Profit on sale of assets	-	-
Profit on sale of investment	<b>85,000</b>	-
Miscellaneous Income	<b>3,791,088</b>	2,347,380
	<b><u>11,395,820</u></b>	<u>7,588,943</u>
<b>15 Interest</b>		
Fixed Loans	<b>69,559</b>	18,224
Others	<b>78,261,037</b>	85,565,806
Less: (Interest Waiver - State Bank of Hyderabad pertaining to earlier years consequent to OTS)	<b>(51,384,643)</b>	-
	<b><u>26,945,953</u></b>	<u>85,584,030</u>
<b>16 Establishment Charges</b>		
Salaries and Allowances	<b>2,039,744</b>	2,257,478
Company's contribution to Provident Fund and Super annuation and other funds	<b>285,561</b>	245,546
Staff Welfare	<b>280,100</b>	351,390
Gratuity	<b>61,645</b>	(186,811)
	<b><u>2,667,050</u></b>	<u>2,667,604</u>
<b>17 Administration and other expenditure</b>		
Rent	<b>344,620</b>	561,425
Rates and Taxes	<b>30,141</b>	50,660
Insurance	<b>9,506</b>	18,953
Postage, Telephone and Telex	<b>445,326</b>	419,567
Printing and Stationery	<b>157,127</b>	171,907
Electricity Charges	<b>69,451</b>	112,669
Travel and Conveyance	<b>482,402</b>	265,111
Repairs and Maintenance		
Building	<b>275,891</b>	174,551
Plant and Machinery	<b>5,150</b>	21,362
Vehicles	<b>124,320</b>	93,758
Others	-	665
Directors sitting fees	<b>10,000</b>	9,000
Advertisements	<b>43,790</b>	9,900
Audit Fees		
Statutory Audit	-	100,000
Tax Audit and Certification	<b>213,525</b>	93,025
Legal Charges	<b>7,011,828</b>	1,539,569
Brokerage	-	18,000
Other Expenditure	<b>2,538,802</b>	2,007,065
Loss on sale of Investments	-	50,000
Bad debts/loans written off	-	64,750,314
Less :Provision made	-	(64,750,314)
Rebate on Hire Purchase	-	1,677,062
Provision for Non performing Assets	<b>207,842</b>	26,340,091
	<b><u>11,969,721</u></b>	<u>33,734,340</u>

## 18. NOTES TO THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

### I. SIGNIFICANT ACCOUNTING POLICIES:

1. Financial Statements are prepared under the historical cost convention, in accordance with Accounting Standards applicable in India, issued by The Institute of Chartered Accountants of India (ICAI) and Directions prescribed by the Reserve Bank of India for Non-Banking Financial Companies.
2. **Valuation of Fixed Assets:**  
Fixed assets are carried at cost or revalued value less accumulated depreciation. Assets on lease are further stated net of balance in the Lease Terminal Adjustment Account.
3. **Valuation of Investments:**  
Long-term investments are stated at cost and provision for decline in value, other than temporary, has been considered wherever necessary.
4. **Valuation of Stock on Hire:**  
Stock on Hire stated at aggregate of:
  - a. Agreement value less amount received
  - b. Cost of re-acquiring the securitised contracts
  - c. Cost of acquiring the receivables
  - d. The additional finance charges accrued less amount received and
  - e. The other charges recoverable from the hirer.
5. **Income recognition:**
  - a. Income in respect of Hire purchase and Lease:
    - i. Finance Charges in respect of Hire Purchase is accounted in proportion to outstanding installments bearing to the sum of total installments, which is similar to the apportionment based on implicit rate.
    - ii. Lease income is accounted as per the terms of the lease agreements.
    - iii. Additional Finance Charges are recognised on receipt basis or at the time of new facilities granted or on securitisation.
    - iv. Other charges i.e., cheque dishonored charges, insurance are recognized on accrual basis.
  - b. Incomes from Services are recognized on accrual basis.
6. **Depreciation/Amortisation:**
  - a. Own Asset: Depreciation is provided on "Straight line" basis at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs.5,000/- or less have been fully depreciated.
  - b. Leased Assets: Cost less the residual value is depreciated over the lease period on "Straight line" basis. As recommended in the Guidance Note on Accounting for leases (Revised) issued by ICAI lease equalisation account, which represents the excess of annual lease charges over statutory depreciation is deducted from lease income.
7. **Retirement Benefits:**  
Contribution to Provident fund is made monthly at predetermined rate to the provident fund authorities for eligible persons and accounted on accrual basis. In respect of the Gratuity, contribution is made to Life Insurance Corporation of India (LIC) through an independent trust. Contribution is charged to profit and loss account as they become due. Premium is paid on the basis of actuarial valuation made by LIC. In respect of the superannuation, contribution at predetermined rate is made to LIC; contribution is charged to profit and loss account as they become due.
8. **Taxes on Income:**  
Tax is determined in accordance with the tax laws applicable for the year.

### II. BALANCE SHEET:

#### 9. Preference Share Capital:

Particulars of privately placed redeemable Cumulative Non-Convertible Preference Shares

Number of Preference shares	Face Value Rs.	Balance as on		Terms of Redemption (Redeemable at par in)
		31.03.2011 Rs.	31.03.2010 Rs.	
50,00,000	10	5,00,00,000	5,00,00,000	December 2003

The period of redemption of cumulative redeemable preference shares issued by the Company, which was originally, due for redemption on 27.12.2000 was extended with the consent of preference shareholder in terms of Section 106 of the Companies Act, 1956. As per revised terms the shares are redeemable after 36 months from the date they become originally due for redemption i.e. on 27.12.2003.

#### 10. Secured Loans:

- (A) Bonds: Secured by the hypothecation of Fixed Assets, Loans and Advances, unquoted investments, lease receivables and Stock on Hire other than charged/hypothecated to secured lenders and income receivables by the Company for the business contracts for UTI Bank both present and future as may be notified from time to time.
- (B) **From Banks:**  
Secured by hypothecation of vehicles and machinery covered by Hire Purchase/Lease Agreement by a deed of hypothecation in favour of a consortium of banks ranking pari-passu inter se.
- (C) **From Companies:**  
The other secured loans are secured by immovable properties of the Company at Mumbai and Kozhicode and receivables from specific party.
- (D) In regard to the security offered to the secured lenders in the form of charge on various receivables, inspite of the difficulties faced by the management in the recovery of the receivables, the management is confident of eventually recovering these dues and hence in the opinion of the management there is no potential sacrifice on adequacy of security at present. Hence taking into consideration of the management the secured lenders are considered as adequately secured.
- (E) **Particulars of Privately placed secured Redeemable Non-Convertible Bonds**

Number of Preference shares	Face Value Rs.	Issue Value Rs.	Balance as on		Terms of Redemption (Redeemable at par in)
			31.03.2011 Rs.	31.03.2010 Rs.	
<b>Series 'A' Bond</b>					
905	1000	1000	9,05,000	9,05,000	October 2005
1,385	1000	497	6,88,345	6,88,345	October 2005
20,196	1000	1000	2,01,96,000	2,01,96,000	December 2005
64,614	1000	497	3,21,13,158	3,21,13,158	December 2005
13,614	1000	1000	1,36,14,000	1,36,14,000	December 2005
26,304	1000	497	1,30,73,088	1,30,73,088	December 2005
24,396	1000	1000	2,43,96,000	2,43,96,000	February 2006
1,04,290	1000	497	5,18,32,130	5,18,32,130	February 2006
<b>Total</b>			<b>15,68,17,721</b>	<b>15,68,17,721</b>	

Number of Preference shares	Face Value Rs.	Issue Value Rs.	Balance as on		Terms of Redemption (Redeemable at par in)
			31.03.2011 Rs.	31.03.2010 Rs.	
<b>Series 'B' Bond</b>					
3,594	1000	1000	35,94,000	35,94,000	May 2008
31,359	1000	399	1,25,12,241	1,25,12,241	May 2008
14,925	1000	1000	1,49,25,000	1,49,25,000	June 2008
80,030	1000	399	3,19,31,970	3,19,31,970	June 2008
4,075	1000	1000	40,75,000	40,75,000	August 2008
18,202	1000	399	72,62,598	72,62,598	August 2008
<b>Total</b>			<b>7,43,00,809</b>	<b>7,43,00,809</b>	
<b>Series 'C' Bond</b>					
2188	1000	1000	21,88,000	21,88,000	December 2007
7276	1000	593	43,14,668	43,14,668	December 2007
1384	1000	1000	13,84,000	13,84,000	January 2008
3869	1000	593	22,94,317	22,94,317	January 2008
1321	1000	1000	13,21,000	13,21,000	February 2008
4281	1000	593	25,38,633	25,38,633	February 2008
640	1000	1000	6,40,000	6,40,000	March 2008
2190	1000	593	12,98,670	12,98,670	March 2008
180	1000	1000	1,80,000	1,80,000	April 2008
831	1000	593	4,92,783	4,92,783	April 2008
1128	1000	1000	11,28,000	11,28,000	May 2008
3058	1000	593	18,13,394	18,13,394	May 2008
1359	1000	1000	13,59,000	13,59,000	July 2008
3861	1000	593	22,89,573	22,89,573	July 2008
<b>Total</b>			<b>2,32,42,038</b>	<b>2,32,42,038</b>	
<b>Series 'D' Bond</b>					
10,161	1000	1000	1,01,61,000	1,01,61,100	December 2009
47,433	1000	452	2,14,39,716	2,14,39,716	December 2009
15,108	1000	1000	1,51,08,000	1,51,08,000	January 2010
38,736	1000	452	1,75,08,672	1,75,08,672	January 2010
8,806	1000	1000	88,06,000	88,06,000	February 2010
29,759	1000	452	1,34,51,068	1,34,51,068	February 2010
5,472	1000	1000	54,72,000	54,72,000	March 2010
16,698	1000	452	75,47,496	75,47,496	March 2010
5,360	1000	1000	53,60,000	53,60,000	April 2010
12,586	1000	452	56,88,872	56,88,872	April 2010
10,559	1000	1000	1,05,59,000	1,05,59,000	May 2010
22,261	1000	452	1,00,61,972	1,00,61,972	May 2010
10,273	1000	1000	1,02,73,000	1,02,73,000	July 2010
30,042	1000	452	1,35,78,984	1,35,78,984	July 2010
<b>Total</b>			<b>15,50,15,780</b>	<b>15,50,15,780</b>	
<b>Series 'E' Bond</b>					
929	1000	1000	9,29,000	9,29,000	July 2010
2,564	1000	481	12,33,284	12,33,284	July 2010
8,852	1000	1000	88,52,000	88,52,000	August 2010
17,348	1000	481	83,44,388	83,44,388	August 2010
6,987	1000	1000	69,87,000	69,87,000	September 2010
19,617	1000	481	94,35,777	94,35,777	September 2010
13,101	1000	1000	1,31,01,000	1,31,01,000	November 2010
36,565	1000	481	1,75,87,765	1,75,87,765	November 2010
1,680	1000	1000	16,80,000	16,80,000	December 2010
5,535	1000	481	26,62,335	26,62,335	December 2010
1,719	1000	1000	17,19,000	17,19,000	January 2011
3,828	1000	481	18,41,268	18,41,268	January 2011
4,084	1000	1000	40,84,000	40,84,000	February 2011
9,586	1000	481	46,10,866	46,10,866	February 2011
4,379	1000	1000	43,79,000	43,79,000	March 2011
4,162	1000	481	20,01,922	20,01,922	March 2011
3,367	1000	1000	33,67,000	33,67,000	April 2011
10473	1000	481	50,37,513	50,37,513	April 2011
3934	1000	1000	39,34,000	39,34,000	May 2011
7727	1000	481	37,16,687	37,16,687	May 2011
7000	1000	1000	70,00,000	70,00,000	June 2011
12,556	1000	481	60,39,436	60,39,436	June 2011
6,434	1000	1000	64,34,000	64,34,000	July 2011
13,501	1000	481	64,93,981	64,93,981	July 2011
5,084	1000	1000	50,84,000	50,84,000	August 2011
17,013	1000	481	81,83,253	81,83,253	August 2011
8,361	1000	1000	83,61,000	83,61,000	September 2011
13,601	1000	481	65,42,081	65,42,081	September 2011
7,922	1000	1000	79,22,000	79,22,000	October 2011
29,272	1000	481	1,40,79,832	1,40,79,832	October 2011
5,285	1000	1000	52,85,000	52,85,000	November 2011
18,065	1000	481	86,89,265	86,89,265	November 2011

Number of Preference shares	Face Value Rs.	Issue Value Rs.	Balance as on		Terms of Redemption (Redeemable at par in)
			31.03.2011 Rs.	31.03.2010 Rs.	
4,326	1000	1000	43,26,000	43,26,000	January 2012
17,342	1000	1000	83,41,502	83,41,502	January 2012
2,215	1000	1000	22,15,000	22,15,000	January 2012
5,042	1000	481	24,25,202	24,25,202	January 2012
6,640	1000	1000	66,40,000	66,40,000	March 2012
16,404	1000	481	78,90,324	78,90,324	March 2012
7,207	1000	1000	72,07,000	72,07,000	May 2012
13,173	1000	481	63,36,213	63,36,213	May 2012
1,800	1000	1000	18,00,000	18,00,000	June 2012
3,945	1000	481	18,97,545	18,97,545	June 2012
<b>Total</b>			<b>24,46,96,439</b>	<b>24,46,96,439</b>	

<b>Series 'F' Bond</b>					
401	1000	922	3,69,722	3,69,722	December 2004
1,416	1000	842	11,92,272	11,92,272	December 2005
429	1000	1000	4,29,000	4,29,000	December 2006
1,761	1000	762	13,41,882	13,41,882	December 2008
460	1000	1000	4,60,000	4,60,000	December 2008
3,115	1000	607	18,90,805	18,90,805	December 2008
245	1000	922	2,25,890	2,25,890	January 2005
220	1000	1000	2,20,000	2,20,000	January 2006
930	1000	842	7,83,060	7,83,060	January 2006
530	1000	1000	5,30,000	5,30,000	January 2007
1,744	1000	762	13,28,928	13,28,928	January 2007
359	1000	695	2,49,505	2,49,505	January 2008
1,300	1000	1000	13,00,000	13,00,000	January 2009
4,907	1000	607	29,78,549	29,78,549	January 2009
50	1000	1000	50,000	50,000	February 2005
1,384	1000	922	12,76,048	12,76,048	February 2005
222	1000	1000	2,22,000	2,22,000	February 2006
1,186	1000	842	9,98,612	9,98,612	February 2006
1,713	1000	1000	17,13,000	17,13,000	February 2007
1,967	1000	762	14,98,854	14,98,854	February 2007
1,599	1000	1000	15,99,000	15,99,000	February 2009
6,382	1000	607	38,73,874	38,73,874	February 2009
50	1000	1000	50,000	50,000	March 2005
2,957	1000	922	27,26,354	27,26,354	March 2005
555	1000	842	4,67,310	4,67,310	March 2006
840	1000	1000	8,40,000	8,40,000	March 2007
2,106	1000	762	16,04,772	16,04,772	March 2007
1,007	1000	1000	10,07,000	10,07,000	March 2009
5,867	1000	607	35,61,269	35,61,269	March 2009
135	1000	1000	1,35,000	1,35,000	April 2005
1,750	1000	922	16,13,500	16,13,500	April 2005
57	1000	1000	57,000	57,000	April 2006
1,084	1000	842	9,12,728	9,12,728	April 2006
754	1000	1000	7,54,000	7,54,000	April 2007
2,154	1000	762	16,41,348	16,41,348	April 2007
790	1000	1000	7,90,000	7,90,000	April 2009
5,197	1000	607	31,54,579	31,54,579	April 2009
357	1000	1000	3,57,000	3,57,000	May 2005
2,748	1000	922	25,33,656	25,33,656	May 2006
30	1000	1000	30,000	30,000	May 2006
1,029	1000	842	8,66,418	8,66,418	May 2006
622	1000	1000	6,22,000	6,22,000	May 2007
2,222	1000	762	16,93,164	16,93,164	May 2007
2,026	1000	1000	20,26,000	20,26,000	May 2009
4,807	1000	607	29,17,849	29,17,849	May 2009
356	1000	1000	3,56,000	3,56,000	June 2005
4,838	1000	922	44,60,636	44,60,636	June 2005
75	1000	1000	75,000	75,000	June 2006
1,410	1000	842	11,87,220	11,87,220	June 2006
2,161	1000	1000	21,61,000	21,61,000	June 2007
3,426	1000	762	26,10,612	26,10,612	June 2007
1,750	1000	1000	17,50,000	17,50,000	June 2009
4,837	1000	607	29,36,059	29,36,059	June 2009
480	1000	1000	4,80,000	4,80,000	July 2005
4,266	1000	922	39,33,252	39,33,252	July 2005
163	1000	1000	1,63,000	1,63,000	July 2006
957	1000	842	8,05,794	8,05,794	July 2006
2,248	1000	1000	22,48,000	22,48,000	July 2007
4,692	1000	762	35,75,304	35,75,304	July 2007

Number of Preference shares	Face Value Rs.	Issue Value Rs.	Balance as on		Terms of Redemption (Redeemable at par in)
			31.03.2011 Rs.	31.03.2010 Rs.	
2,777	1000	1000	27,77,000	27,77,000	July 2009
8,221	1000	607	49,90,147	49,90,147	July 2009
1,495	1000	1000	14,95,000	14,95,000	August 2005
3,384	1000	922	31,20,048	31,20,048	August 2005
542	1000	1000	5,42,000	5,42,000	August 2006
4,339	1000	842	36,53,438	36,53,438	August 2006
2,984	1000	1000	29,84,000	29,84,000	August 2007
3,958	1000	762	30,15,996	30,15,996	August 2007
2,566	1000	1000	25,66,000	25,66,000	August 2009
6,266	1000	607	38,03,462	38,03,462	August 2009
165	1000	1000	1,65,000	1,65,000	September 2005
783	1000	922	7,21,926	7,21,926	September 2005
20	1000	1000	20,000	20,000	September 2006
470	1000	842	3,95,740	3,95,740	September 2006
1,591	1000	1000	15,91,000	15,91,000	September 2007
5,438	1000	762	41,43,756	41,43,756	September 2007
100	1000	695	69,500	69,500	September 2008
1,519	1000	1000	15,19,000	15,19,000	September 2009
6,318	1000	607	38,35,026	38,35,026	September 2009
1,749	1000	1000	17,49,000	17,49,000	October 2007
8,149	1000	762	62,09,538	62,09,538	October 2007
2,123	1000	1000	21,23,000	21,23,000	October 2009
8,355	1000	607	50,71,485	50,71,485	October 2009
1,779	1000	1000	17,79,000	17,79,000	November 2007
9,414	1000	762	71,73,468	71,73,468	November 2007
288	1000	695	2,00,160	2,00,160	November 2008
761	1000	1000	7,61,000	7,61,000	November 2009
8,276	1000	607	50,23,532	50,23,532	November 2009
300	1000	1000	3,00,000	3,00,000	January 2006
2,240	1000	922	20,65,280	20,65,280	January 2006
300	1000	1000	3,00,000	3,00,000	January 2007
547	1000	842	4,60,574	4,60,574	January 2007
1,540	1000	1000	15,40,000	15,40,000	January 2008
5,023	1000	762	38,27,526	38,27,526	January 2008
264	1000	1000	2,64,000	2,64,000	January 2010
3,543	1000	607	21,50,601	21,50,601	January 2010
200	1000	1000	2,00,000	2,00,000	January 2006
423	1000	922	3,90,006	3,90,006	January 2006
55	1000	1000	55,000	55,000	January 2007
60	1000	842	50,520	50,520	January 2007
365	1000	1000	3,65,000	3,65,000	January 2008
958	1000	762	7,29,996	7,29,996	January 2008
405	1000	1000	4,05,000	4,05,000	January 2010
863	1000	607	5,23,841	5,23,841	January 2010
4,471	1000	1000	44,71,000	44,71,000	March 2006
2,206	1000	922	20,33,932	20,33,932	March 2006
250	1000	1000	2,50,000	2,50,000	March 2007
1,647	1000	842	13,86,774	13,86,774	March 2007
1,206	1000	1000	12,06,000	12,06,000	March 2008
3,623	1000	762	27,60,726	27,60,726	March 2008
1,445	1000	1000	14,45,000	14,45,000	March 2010
3,424	1000	607	20,78,368	20,78,368	March 2010
348	1000	1000	3,48,000	3,48,000	May 2006
120	1000	1000	1,20,000	1,20,000	May 2007
2,546	1000	1000	25,46,000	25,46,000	May 2008
643	1000	1000	6,43,000	6,43,000	May 2010
3,465	1000	922	31,94,730	31,94,730	May 2006
1,038	1000	842	8,73,996	8,73,996	May 2007
4,652	1000	762	35,44,824	35,44,824	May 2008
144	1000	695	1,00,080	1,00,080	May 2009
3,466	1000	607	21,03,862	21,03,862	May 2010
2,981	1000	922	27,48,482	27,48,482	June 2006
383	1000	842	3,22,486	3,22,486	June 2007
1,613	1000	762	12,29,106	12,29,106	June 2008
2,886	1000	607	17,51,802	17,51,802	June 2010
816	1000	1000	8,16,000	8,16,000	June 2006
160	1000	1000	1,60,000	1,60,000	June 2007
561	1000	1000	5,61,000	5,61,000	June 2008
494	1000	1000	4,94,000	4,94,000	June 2010
<b>Total</b>			<b>20,39,48,559</b>	<b>20,39,48,559</b>	
<b>Grand Total</b>			<b>85,80,21,346</b>	<b>85,80,21,346</b>	

### 11. Current Assets:

As required under the Accounting Standard (AS 19) the details of total hire

Purchase receivable as on 31.03.2011 is given hereunder:

(Rs. in lakhs)				
		31.3.2011	31.03.2010	
Gross Investment (excluding repossessed stock)		15974.17	16139.47	
Less: Unearned Finance income		0.00	0.00	
Net Investment		15974.17	16139.47	
Maturity pattern of the Gross receivables				
		Gross		Net
	31.3.2011	31.3.2010	31.3.2011	31.3.2010
Less than 1 year	0.00	0.00	0.00	0.00
Later than 1 year & not later than 5 years	0.00	0.00	0.00	0.00
Later than 5 years	15974.17	16139.47	15974.17	16139.47
Accumulated provision for un-collectible finance income			-	-
Un-guaranteed residual value			Nil	Nil

12. Stock on hire includes a sum of Rs.229.31 lakhs towards balance in Hire Purchase contracts /accounts in respect of which assets has been repossessed and sold.

13. Since the number of employees in roll of the company is less than 50, the disclosure as required by Accounting standard (AS 15) not disclosed.

14. (a) Cash and bank balance includes Rs.67.50 lakhs being balance in a current account with a Scheduled Bank intended for meeting commitments towards preference dividend as and when declared. The said bank has adjusted the same towards the Bank's Funds and Investments Branch at Chennai. The company has taken up the matter with the Bank, pending the outcome of the same is continued to be shown under cash and bank balances. However this has no impact on the operating results of the Company.

(b) The company has reconciled only the operative accounts. Inoperative accounts have not been reconciled in the absence of confirmation or statements from banks.

(c) The majority of the banks have filed suits during earlier years before the DRT against the company for recovery of the dues to the banks.

(d) The Company has made a no lien deposit of Rs.52 lakhs during earlier years with State Bank of Travancore for proposed one time settlement with the consortium of Banks. Consequent to the decision made by the consortium of banks that the bank would settle the dues independent of the consortium, the no lien deposit has become repayable to the Company. However, one of the banks approached DRT and obtained stay against the release of the deposit which is being contested by the Company. The above deposit has been adjusted against the dues to the State Bank of Travancore in the books of the Company.

(e) The Company has been negotiating with various Banks for OTS and in this direction the company reached OTS with M/s. State Bank of Hyderabad, for a sum of Rs.35 lakhs as against the limit sanctioned by them amounting to Rs.461 lakhs. (Loan outstanding Rs.522.34 Lakhs). The Company has adjusted the difference between outstanding balance in its books and limit sanctioned against the interest expenditure of the current year and the limit sanctioned to the credit of Profit and Loss Account.

15. Under Loans and Advances, advances recoverable in cash or in kind includes:

a. Rs.8.55 Lakhs towards Sales Tax Deposit under protest/ recoverable.

b. Consequent to the filing of Block assessment return, the related lease contracts have been transferred from leased assets to loans and advances and classified as block adjustment account amounting to Rs.1.72 Lakhs.

### 16. Deferred Taxation:

In view of past losses and difference in income recognition under sum of digits and equated installments method the company is required to create a deferred tax asset. However in view of various pending proceedings under the Income Tax Act, which is having a bearing on the ultimate amount to be allowed to be carried forward to subsequent years, no deferred tax asset has been created.

### 17. Current Liabilities:

a. Sundry Creditors for expenses includes Rs.6.74 Lakhs due to Managing Director (Previous year Rs. 6.93 Lakhs).

b. Sundry Creditors for other finance includes Rs.511.29 Lakhs received as deposits under Hire Purchase and Lease contracts (previous year Rs. 511.42 Lakhs).

## III. PROFIT & LOSS ACCOUNT

### 18. a. Managing Director's Remuneration:

(Rs. in lakhs)		
	31.3.2011	31.03.2010
Salary	7.09	7.09
Commission	-	-
Contribution to Provident Fund & Superannuation Scheme	1.91	1.91
Other Perquisites	-	-
TOTAL	9.00	9.00

b. Due to inadequate of profits no commission is payable to Managing Director for the year.

### 19. Earnings per Share:

(Rs. in lakhs)		
Particulars	31.3.2011	31.03.2010
Profit after tax	349.94	(1079.22)
Less: Cumulative Preference share dividend for the year	0.00	0.00
Profit available for equity shareholders	349.94	(1079.22)
Total number of shares	1,32,52,588	1,32,52,588
Basic and Diluted * earning per Share	Rs.2.64	Rs.(8.14)

\*On 30.04.2008, the Division Bench of the High Court, Madras has set aside the order of the Single Bench of the Madras High Court. However, the Company has filed a Special Leave Petition in the Supreme Court, New Delhi and the same was admitted. Depending on the final outcome of the above proceedings, the amount disclosed under number of shares, may undergo change.

## IV. GENERAL

20. The Company entered into an arrangement with a Bank to market various financial products including sourcing of hire purchase loans. The arrangement is akin to that of a principal and Agent. The arrangements and further agreements entered between parties envisages that upon happening of certain events, the Company has to repossess the underlying assets, dispose the same, and credit the proceeds towards repayment of amount advanced by bank. In the event of there being any deficit in loan repayment, after sale of the assets, the same shall be made good by the Company. The amount so involved under such an obligation being contingent in nature, is not quantifiable at this point of time. The overall value of contracts covered under this arrangement is Rs.130.99 Lakhs.

However, the Company entered into a Memorandum of understanding with the said bank consequent to which such obligation does not arise on the contracts entered into after the said Memorandum of Understanding dated 6th November 2002. Further, the company made claims towards the

entitlement of fees for services aggregating to 263.23 lakhs which is yet to be acknowledged by the bank. Also the banks has raised certain counter claims on the company, as the counter claims are at the very early stage, no provision is made in the accounts for such claims.

21. Hire Purchase/Lease contracts entered include contracts with existing hirer/ lessees the proceeds of which have been adjusted against the arrears/ outstanding arrears/outstanding of the respective hirers/lessees under the existing H.P/Lease contracts.
22. The levy of Service Tax on Hire Purchase and Leasing transactions introduced with effect from 16-07-2001 has been challenged by Trade Associations. The court has dismissed the appeal filed by the association. The company has not provided for Service Tax payable if any to the authorities for the orders pending.

**23. Contingent Liability:**

- a. Interest tax:  
The Company has gone on appeal for the assessment year 1992-93 to 2000-01 in respect of disputed demand of interest tax of Rs.85.18 lakhs on account of certain disallowances and the demand arising out of the disallowances were adjusted/paid against the refund due amounting to Rs.84.98 lakhs. The quantum of liability, if any, is ascertainable only on completion of these appeals/assessments. Hence no provision has been made for the balance demand in the books of accounts.
- b. Income Tax
- i. Disputed Income tax demands totaling to Rs.7.21 lakhs (previous year Rs. 7.21 lakhs) for which the Income-tax department has gone on appeal.
- ii. The Company has gone on appeal for the assessments 1991-92 to 2008-09 in respect of disputed demand of Rs.2307.56 Lakhs (previous year Rs.1936.99 Lakhs) against which an amount of Rs.166.86 Lakhs paid/adjusted in subsequent years. (Previous year Rs. 166.86 Lakhs). Depending upon the outcome of these appeals, a demand for income tax may be made on the Company for subsequent years also as the matter under dispute are recurring. The exact quantum of liability if any, is ascertainable only on completion of these appeals/ assessments. Hence, no provision has been made for the potential liability if any, in the books of accounts. However, the income-tax department attached the current account maintained in banks towards recovery of their dues and adjusted.
- c. Sales tax:  
The Company has gone on appeal against a total demand of Sales Tax for Rs. 50.33 Lakhs (previous year Rs.50.33 Lakhs) from the Commercial Tax Authorities in the States of Tamilnadu, Kerala, Maharashtra and New Delhi against which the Company has deposited a sum of Rs.9.85 Lakhs (Previous year Rs.9.85 Lakhs) and Bank Guarantee and Corporate Bond are furnished for Rs.12.85 Lakhs (Previous year Rs.12.85 Lakhs) and for the balance amount, stay has been granted. No provision has been made in the books of accounts.
- d. Guarantee given on behalf of other companies Rs.330 Lakhs (previous year Rs.330 Lakhs)
- e. Claims against the Company not acknowledged as debts Rs.10.97 Lakhs (previous year Rs.10.97 Lakhs)
24. Arrears of Cumulative Redeemable Preference Shares Dividend up to 31st March 2011 amount to Rs.742 Lakhs (Previous year Rs.675 Lakhs).
25. Segment Reporting: The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard AS 17 - 'Segment Reporting'.

**26. Investments:**

Long term at Cost

**I. In Government / Trust Securities**

Non-Trade, Unquoted

	Particulars	Face Value	31.3.2011 Rs.	31.03.2010 Rs.
I	GOVERNMENT OF INDIA - BONDS			
a)	2010 SERIES Govt. of India Stock - 11.30 % (50,000 Bonds @ Rs.98.30 each)	50,00,000	-	49,15,000
b)	2011 SERIES Govt. of India Stock - 9.39 % (1,00,000 Bonds @ Rs.106.75 each)	1,00,00,000	1,06,75,000	1,06,75,000
c)	2013 SERIES Govt. of India Bonds - 7.27% (1,00,000 Bonds @ Rs.101.80 each)	1,00,00,000	1,01,80,000	1,01,80,000
d)	2014 SERIES 7.37% GOI BONDS - (100000 Bonds @ Rs.102.53 each)	1,00,00,000	1,02,53,000	1,02,53,000
e)	2015 SERIES 7.38% GOI BONDS - (50000 Bonds @ Rs.95.60 each)	50,00,000	47,80,000	47,80,000
f)	2017 SERIES 7.46% GOI BONDS - (20000 Bonds @ Rs.100.60 each)	20,00,000	20,12,000	20,12,000
g)	2017 SERIES 7.46% GOI BONDS - (200000 Bonds @ Rs.97.18 each) 7.49% GOI BONDS - (50000 Bonds @ Rs.96.80 each)	2,00,00,000 50,00,000	1,94,36,000 48,40,000	1,94,36,000 -
h)	2021 SERIES 7.94% GOI BONDS - (50000 Bonds @ Rs.101.00 each)	50,00,000	50,50,000	50,50,000
II	6 Year National Savings Certificate		5,000	5,000
III	Indira Vikas Patra		2,000	2,000
IV	Post Office Time Deposit		5,050	5,050
	Total	6,70,00,000	6,72,38,050	6,73,13,050

**II. Investments in Equity Shares:**

Non-Trade, Unquoted

**In Subsidiary Companies: In Fully Paid Equity shares of Rs.10/- each**

	Particulars	No. of Shares Nos.	31.3.2011 Rs.	31.03.2010 Rs.
1	Industrial Venture Capital Ltd.	19,88,100	1,78,80,930	1,78,80,930
2	Integrated Stock Broking Services Private Ltd.	59,71,980	5,97,19,800	5,97,19,800
	Total		7,76,00,730	7,76,00,730

**In Other Companies: In Fully Paid Equity shares of 10/- each**

	Particulars	No. of Shares Nos.	31.3.2011 Rs.	31.03.2010 Rs.
1	Operating Lease and Hire Purchase Company limited	3,15,780	52,10,370	52,10,370
2	A C E Garment Exports Ltd.	3,00,000	30,00,000	30,00,000
	Total		82,10,370	82,10,370



## 2. Quoted

In Companies other than Subsidiary Companies: In Fully Paid Equity shares of 10/- each (unless otherwise stated)

	Particulars	No. of Shares Nos.	31.3.2011 Rs.	31.03.2010 Rs.
1	E L Forge Limited	22,135	8,70,001	8,70,001
2	M.R.F. Ltd.	103	2,96,429	2,96,429
3	Micam Leather Export Limited	7,800	37,050	37,050
4	Tebma Shipyards Limited	533	360	360
5	Vippy Industries Limited	30,400	42,560	42,560
6	Hindustan Ferro & Industries Limited	39,500	51,350	51,350
7	Rane (Holdings) Limited	1,800	1,36,191	1,36,191
8	Rane (Madras) Limited	3,800	1,99,500	1,99,500
9	Ross Murarka Finance Limited	50	88	88
10	Techtran Polylenses Limited	589	2,268	2,263
11	Pentamedia Graphics Ltd	15,600	1,03,74,000	1,03,74,000
12	Standard Medicals & Pharmaceuticals Limited	50	90	90
13	Gemini Communications Ltd (Equity shares @ Rs.5 each)	200	11,768	11,768
14	Whirlpool (Kelvinator) India Limited	25	768	768
15	TCFC Finance Limited	1	-	-
16	State Bank of Travancore Equity shares @ Rs.10 each)	7000	4,20,000	4,20,000
	<b>Total</b>		<b>1,24,42,423</b>	<b>1,24,42,423</b>
	<b>Total-Investments in Equity Shares</b>		<b>9,82,53,523</b>	<b>9,82,53,523</b>

## 27. Related Parties Disclosures:

### A. Related Parties:

Subsidiaries	1. Integrated Stock Broking Services Pvt. Ltd 2. Industrial Venture Capital Ltd
Associates	1. Operating Lease & Hire Purchase Company Limited.
Key Management Personnel	1. George Kuruvilla

### B. The transactions with related parties:

(Rs. in lakhs)

Particulars	Schedules	Associates	Key Management Personnel	Total
Income				
- Current year	-	-	-	-
- Previous year	-	-	-	-
Interest				
- Current year	-	-	-	-
- Previous year	-	-	-	-
Dividend				
- Current year	-	-	-	-
- Previous year	-	-	-	-
Expenses				
- Current year	-	-	-	-
- Previous year	-	-	-	-
Remuneration				
- Current year	-	-	9.00	9.00
- Previous year	-	-	9.00	9.00
Assets				
Investment in equity shares				
- Current year	-	-	-	-
- Previous year	-	-	-	-
Inter Corporate Deposit at end of the year				
- Current year	-	-	-	-
- Previous year	-	-	-	-
Advance revocable at the end of the year				
- Current year	-	-	-	-
- Previous year	7.72	-	-	7.72
Amounts payable				
- Current year	17.49	24.36	6.75	48.60
- Previous year	13.51	25.25	6.93	45.69

## 28. Disclosure pursuant to Reserve Bank of India Notification DNBS.167/CGM (OPA) - 2004 dated March 31, 2004.

(Rs. in lakhs)

Particulars	Amount Outstanding	Amount Overdue
<b>Liabilities sides:</b>		
(1) Loans and advances availed by the NBFCs inclusive of Interest accrued thereon but not paid		
A Debentures: Secured	10,373.59	*
Unsecured other than falling within the meaning of public deposits)		
B Term Loans/Cash Credit Accounts	10816.08	
C Inter-corporate loans and borrowing	223.17	124.96
D Public Deposits	3386.65	*
E Other Loans (specify nature)		
(2) Break-up of (1)(d) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
A In the form of unsecured debentures		
B In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		
C Other public deposits	3386.65	*

\*On 30.04.2008, the Division Bench of the High Court, Madras has set aside the order of the Single Bench of the Madras High Court. However, the Company has filed a Special Leave Petition in the Supreme Court, New Delhi and the same was admitted. Depending on the final outcome the above proceedings, the amount disclosed under overdue, may undergo change.



(Rs. in lakhs)

Particulars		Amount Outstanding
<b>Assets sides:</b>		
<b>(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):</b>		
A Secured		NIL
B Unsecured		45.26
<b>(4) Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities</b>		
(i) Leased assets including lease rentals under sundry debtors:		
A Financial Lease		2481.13
B Operating lease		
(ii) Stock on hire including hire charges under sundry debtors :		
A Assets on hire		15978.67
B Repossessed Assets		4.50
(iii) Hypothecation loans counting towards EL/HP activities		
A Loans where assets have been repossessed		
B Loans other than (a) above		
<b>(5) Break-up of Investments</b>		
1. Current Investments		
2 Long Term investments:		
1. Quoted:		
(i) Shares: (a) Equity		124.42
(ii) Others (please specify)		
2. Unquoted:		
(i) Shares: (a) Equity		858.12
(ii) Debentures and Bonds		
(iii) Government Securities		672.38
(iv) Others (please specify)		
<b>TOTAL</b>		<b>1654.92</b>

**(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:**

Category	Amount net of provisions		
	Secured	Unsecured	Total
1 Related Parties			
A Subsidiaries	-	-	-
B Companies in the same group	-	-	-
C Other related parties	-	-	-
2 Other than related parties	-	45.26	45.26
<b>Total</b>	<b>-</b>	<b>45.26</b>	<b>45.26</b>

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

(Rs. In lakhs)

Category	Market Value Breakup or fair value or NAV	Book Value (Net of Provisions)
1 Related Parties		
A Subsidiaries	535.60	776.00
B Companies in the same group		
C Other related parties	NIL	52.10
2 Other than related parties	744.78	687.61
Total	1280.38	1515.71

**(8) Other Information**

(Rs. In lakhs)

Particulars	Amount
<b>1 Gross Non-Performing Assets</b>	
A Related parties	
B Other than related parties	20327.68
<b>2 Net Non-Performing Assets</b>	
A Related parties	
B Other than related parties	72.52
<b>3 Assets acquired in satisfaction of debt</b>	

**29. Disclosure pursuant to Clauses 32 and 41 of the Listing Agreement**

(Rs. in lakhs)

Loans and Advance	Amount Outstanding as at 31.03.2011	Amount Maximum outstanding during the year
(A) To Subsidiaries		
- Integrated Stock Broking Services Pvt Ltd	-	-
- Industrial Venture Capital Limited	-	-
(B) To Associates		
- Operating Lease and Hire Purchase Company Ltd	-	-
(C) To Firms/Companies in which Directors are interested (other than (A) and (B) above)	-	-
(D) - Where there is		
1. No repayment schedule	-	-
2. Repayment beyond seven years (representing housing loans to staff)	-	-
3. Interest below the rate as specified in Sec.372A of the Companies Act (representing housing loans to staff)	-	-
4. Investments by the loanee in the shares of parent company and subsidiary company	-	-

**30. Information as required under part IV of Schedule VI of the Companies Act, 1956**

**BALANCE SHEET ABSTRACT  
AND COMPANY'S GENERAL BUSINESS PROFILE**

**REGISTRATION DETAILS:**

Registration No	10275
State Code	18
Balance Sheet Date	31.03.2011

**CAPITAL RAISED DURING THE YEAR**

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

**POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS:**

**(Amount in Rs. Thousands)**

Total Liabilities	2728863
Total Assets	2728863

**SOURCE OF FUNDS**

Paid up Capital	182526
Reserves and Surplus	155608
Secured Loans	2127001
Unsecured Loans	263729

**APPLICATION OF FUNDS**

Net Fixed Assets	34763
Investments	165492
Net Current Assets	(47497)
Misc. Expenditure	NIL
Accumulated Losses	2576106

**PERFORMANCE OF THE COMPANY FOR THE YEAR ENDED 31.03.2011**

**(Amount in Rs.Thousands)**

Turnover	30752
Total Expenditure	41583
(+/-) Profit/(Loss) Before Tax	34994
(+/-) Profit/(Loss) After Tax	34994
Earning Per Share in Rupees	2.64
Dividend Rate %	NIL

**GENERIC NAMES OF THREE PRINCIPAL PRODUCT/SERVICES OF COMPANY**

Item Code No. (ITC Code)	Product/Service Description
Product/Service Description	Hire Purchase
	Leasing

**31.** The Company is in the process of ascertaining the vendor/supplier who fall under the purview of "The Micro, Small and Medium Enterprise Development Act, 2006" and on completion of this process, will take necessary steps to comply with the said Act.

**32.** Previous year figures have been regrouped wherever necessary.

As per our report of even date

for BRAHMAYYA & CO.,  
Chartered Accountants  
(Firm Regn. No.000511S)

N. SRI KRISHNA  
Partner  
Membership No.26575

P.B. APPIAH  
Director

GEORGE KURUVILLA  
Managing Director

Place : Chennai  
Date : 01.10.2011

**INTEGRATED FINANCE COMPANY LIMITED**

Cash flow statement for the year ended 31.03.2011

Particulars	Year ended <b>31.03.2011</b> Rs.	Year ended 31.03.2010 Rs.
<b>(A) Cash flows from operating activities</b>		
Profit before extraordinary items and tax	<b>(11,525,115)</b>	(107,888,763)
<b>ADD :</b> Depreciation	<b>694,648</b>	788,504
Bad debts written off	-	-
Loss On Sale Of Investments	-	50,000
Interest expenditure	<b>26,945,953</b>	85,584,030
Provision Against Non performing assets	<b>207,842</b>	26,340,091
<b>Less:</b> Profit On Sale Of Assets	-	-
Excess Provision Against Non performing assets revised	<b>16,530,331</b>	2,942,502
Interest income	<b>7,304,682</b>	5,127,146
Profit on sale of Investments	<b>85,000</b>	-
Dividend income	<b>215,050</b>	114,417
<b>Operating profit before working capital changes</b>	<b>(7,811,734)</b>	(3,310,202)
(INC)/DEC In Net Stock On Hire	<b>16,530,331</b>	3,130,842
(INC)/DEC In Lease Receivables	-	(126,531)
(INC)/DEC In Loans and ICDS	-	10,000
(INC)/DEC In other Loans and advances	<b>(1,321,043)</b>	3,985,544
(INC)/DEC In Bills Purchased	-	-
INC/(DEC) In Current Liabilities	<b>(1,200,004)</b>	14,009,284
Cash generated from operation	<b>6,197,550</b>	1,679,308
Prior Year Adjustments	<b>419,086</b>	(33,303)
Fringe Benefit Tax Paid	<b>(86,115)</b>	-
Interest paid	<b>(438,551)</b>	(587,065)
Income Tax Paid(net)	<b>(636,794)</b>	(1,241,171)
<b>Net cash flows from operating activities</b>	<b>5,455,176</b>	(182,231)
<b>(B) Cash flow from investing activities</b>		
(Inc)/Dec In Bank Deposits	<b>(2,707,349)</b>	-
Sale Of Fixed Assets	-	-
Sale Of Investments	<b>5,000,000</b>	5,000,000
Purchase Of Fixed Assets	<b>(31,950)</b>	-
Purchase Of Investments	<b>(4,840,000)</b>	(10,180,000)
Dividend Received	<b>215,050</b>	114,417
Interest Received	<b>7,605,182</b>	5,288,014
<b>Net cash flow from investing activities</b>	<b>5,240,933</b>	222,431
<b>(C) Cash flow from financing activities</b>		
Repayment of preference capital	<b>(3,500,000)</b>	-
Repayment of Cash credit (net)	<b>(1,890,225)</b>	(3,376,206)
Repayment of fixed deposits	<b>(5,390,225)</b>	(3,376,206)
<b>Net cash flow from financing activities</b>	<b>(5,390,225)</b>	(3,376,206)
<b>Net (Decrease) / Increase in cash and cash equivalents</b>	<b>5,305,884</b>	(3,336,006)
<b>Cash and cash equivalents at the beginning of the year</b>	<b>28,775,004</b>	32,111,010
<b>Cash and cash equivalents at the end of the year</b>	<b>34,080,888</b>	28,775,004

This is the Cash flow statement referred to in our report of even date.

for BRAHMAYYA & CO.,  
Chartered Accountants  
(Firm Regn. No.000511S)

N. SRI KRISHNA  
Partner  
Membership No.26575

P.B. APPIAH  
Director

GEORGE KURUVILLA  
Managing Director

Place : Chennai  
Date : 01.10.2011

**STATEMENT IN PURSUANCE OF SECTION 212(1)(E) OF THE COMPANIES ACT, 1956**

1. Name of the Holding Company	INTEGRATED FINANCE COMPANY LIMITED	INTEGRATED FINANCE COMPANY LIMITED
2. Name of the Subsidiary Company	INDUSTRIAL VENTURE CAPITAL LIMITED	INTEGRATED STOCK BROKING SERVICES PRIVATE LIMITED
3. Financial year of the subsidiary Ended on	31.03.2011	31.03.2011
4. Holding Company's interest in the subsidiary	19,88,100 Equity Share of Rs.10/- each (61.40% as on 31.03.2011)	59,71,980 Equity Shares of Rs.10/- each (99.99% as on 31.03.2011)
5. Net aggregated amount of the Profits of the subsidiary not dealt within the holding Company's accounts		
(a) For the financial year of the Subsidiary Company	(Rs.12,55,922/-)	(Rs.9,61,523/-)
(b) For the previous financial Year of the subsidiary Company	(Rs.14,91,146/-)	(Rs.7,68,897/-)
6. Net aggregated amount of the Profits of the subsidiary dealt within the holding Company's accounts		
(a) For the financial year of the Subsidiary company	Nil	Nil
(b) For the previous financial Year of the subsidiary company	Nil	Nil

Place : Chennai  
Date : 01.10.2011

P.B. APPIAH  
Director

GEORGE KURUVILLA  
Managing Director

# INDUSTRIAL VENTURE CAPITAL LIMITED

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Twenty Fifth Annual Report and Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2011 (Rs. in lakhs)

1. <b>Financial Results:</b>	<b>2011</b>	2010
Income from Operations	<b>10.00</b>	0.02
Profit / (Loss) after depreciation	<b>(12.56)</b>	(14.91)
Profit / (Loss) for the year	<b>(12.56)</b>	(14.91)
Amount brought forward from the previous year	<b>(138.35)</b>	(123.44)
Profit available for appropriation	<b>-</b>	-
Surplus/(Deficit) in Profit and Loss account	<b>(150.91)</b>	(138.35)

### 2. **Operations:**

No fresh investments were committed during the year. The Company is taking all steps to disinvest holdings already made in Venture Capital undertakings. Your Company continued to enjoy registration status with the Securities and Exchange Board of India (SEBI). The Company's entire earnings are exempt from Income tax as per the amended provisions of Income tax Act 1961.

### 3. **Dividend:**

Due to inadequate distributable profits, your Directors do not recommend any dividend for the year.

### 4. **Fixed Deposit:**

The Company has not accepted Fixed Deposits from the Public.

### 5. **Auditors:**

M/s. C.B. Joseph & Co. Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The declaration u/s.224 (1b) of the Companies Act, 1956 has been received from them.

### 6. **Information relating to Conservation of Energy, Technology absorption and Foreign Exchange Inflow and Outflow:**

The nature of activity of the Company does not entail conservation of Energy or technology absorption. There has been no inflow and outflow of foreign currency during the year.

### 7. **Personnel:**

Particulars of Employees in terms of requirements of Section 217 2 (AA) of the Companies Act, 1956 are not given as there are no employees drawing salary in excess of the limits prescribed by the relevant rules.

### 8. **Director's responsibility Statement Pursuant to Section 217 2(AA) of the Companies:**

Your Directors confirm that:

- 1) In the preparation of the accounts for the period ended 31<sup>st</sup> March 2011 the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- 2) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end and of the financial year and of the Profit or Loss of the Company for the year under review.
- 3) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4) that the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2011 on a "going concern" basis.

### 9. **Auditors' Report:**

The Directors offer the following explanations to the observations in Auditors' Report

Point (vi) (1) The Company has filed cases for recovery of loans given to the promoters of the Company venture capital undertaking and is confident of recovering the dues.

Point (vi) (2) The Company's loss is primarily due to legal expenses for recovery of dues from the promoters' of the Companies. The Company is confident of recovery of dues.

Point (vi) (3) The fixed asset at Semmancherry has been registered in the name of the Company. However, there is a dispute on the title to the property which was challenged by the Company in the Court of law and we are confident of winning the same.

#### **CARO Report -**

Point (vii) Steps are being taken to institute an internal audit system.

### 10. **Acknowledgements:**

Your Directors appreciated the assistance and co-operation extended by the Bankers, Financial Institutions and the services rendered by the Employees.

Place : Chennai  
Date : 20.08.2011

For and on behalf of the Board  
GEORGE KURUVILLA  
Director

### **AUDITORS REPORT TO THE MEMBERS OF M/s. INDUSTRIAL VENTURE CAPITAL LIMITED, CHENNAI - 600 017**

1. We have audited the attached Balance Sheet of M/s Industrial Venture Capital Limited as at 31st March 2011, and the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require to plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order 2003 issued by the Central Government in terms of Sub section (4A) of Section 227 of the Companies Act 1956, we enclose in the annexure a statement on the matter specified in paragraph 4 and 5 of the said order .
4. Further to our comments in the Annexure referred to above, we report that
  1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of audit;
  2. In our opinion, the company as required by law has kept proper books of accounts so far as it appears from our examination of the books;
  3. The Balance Sheet, Profit & Loss Account dealt with by this report are in agreement with the books of accounts;
  4. In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this report comply with the Accounting Standards referred to in Subsection (3C) of section 211 of the Companies Act 1956;

## INDUSTRIAL VENTURE CAPITAL LIMITED

5. On the basis of written representations received from the directors as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act 1956
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon, give the information required by the Companies Act 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India subject to
  - 1) In our opinion no provision has been made on advances due from venture capital assisted units, which are disputed and under litigation
  - 2) The accounts have been prepared on a going concern basis, notwithstanding the company having during the current year incurred a loss of Rs. 12,55,922/- and the debit balance in the P&L Account at the year end aggregating Rs 1,50,91,014/- and uncertainty regarding realisation of investments made in Venture capital units, non redemption of Cumulative convertible preference shares amounting to Rs 2,75,00,000, as the Directors are reasonably certain to recover the dues and realise the investments.
  - 3) Fixed Assets includes land at semmanchery, of which ownership is under dispute and the case pending in court of law In our opinion and to the best of our information and according to the explanation given to us, the said accounts read with notes thereon
    - a) In case of Balance Sheet of the state of affairs of the company as at 31st March 2011
    - b) In the case of Profit & Loss Account, of the loss for the year ended on that date

For C. B. Joseph & Co  
Chartered Accountants  
Firm Regn. No. 001382S  
Malcolm Joseph  
M. No 202680

Place : Chennai  
Date : 20.08.2011

### STATEMENT ON THE COMPANIES (AUDITORS REPORT) ORDER 2003, REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- I (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed asset.  
(b) All assets have not been physically verified by the management during the year but there is a regular program of verification which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification  
(c) The company has not disposed off any fixed assets during the year
- II The company has no inventory to be physically verified during the year by the management.
- III The company has neither granted nor taken any loan from companies firms or other parties in the register maintained under section 301 of the Act during the year.
- IV In our opinion and according to the information and explanations given to us there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of fixed assets. During the course of our audit we have not observed any continuing failure to correct major weakness in internal controls.
- V According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act 1956 have been so entered
- VI In our opinion and according to the information and explanations given to us, the company has not taken deposits from public and hence Sections 58A and 58AA of the Companies Act 1956 are not applicable.
- VII In our opinion the company has no internal audit system commensurate with the Size and nature of its business.
- VIII The Central Government has not ordered maintenance of cost records U\§ 209(1)(d) of the Companies Act 1956
- IX (a) The company is regular in depositing with appropriate authorities undisputed statutory dues  
(b) According to the information and explanations given to us , there are no dues of sales tax , income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.
- X In our opinion the accumulated losses of the company are not more than fifty percent of its net worth. The company has incurred cash losses during the financial year covered by our audit and the immediately preceding financial year
- XI In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- XII We are of the opinion that the company has maintained adequate records where the company has granted loans and advances on the basis of security by way of pledge of shares and debentures and other securities.
- XIII In our opinion 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 to the company.
- XIV In our opinion the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the Companies (Auditors Report ) Order 2003 are not applicable to the company.
- XV In our opinion the term loans has been applied for the purpose for which they were raised.
- XVI According to the information and explanations given to us and on overall examination of Balance Sheet of the Company , we report that no funds raised on short term basis have been used for long term investment.
- XVII According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions
- XVIII According to the information and explanations given to us the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act .
- XIX According to the information and explanations given to us , during the period covered by our audit report the company has not issued any debentures
- XX The company has not made any public issue during the year
- XXI According to the information and explanations given to us no fraud on or by the company has been noticed or reported during the course of our audit

For C. B. Joseph & Co  
Chartered Accountants  
Firm Regn. No. 001382S  
Malcolm Joseph  
M. No 202680

Place : Chennai  
Date : 20.08.2011

**INDUSTRIAL VENTURE CAPITAL LIMITED**
**Balance Sheet as at 31.03.2011**

	Schedule No.	As at 31st March 2011 Rs.	As at 31st March 2010 Rs.
<b>I Sources of Funds:</b>			
<b>(1) Shareholder's Funds</b>			
(a) Capital	I	69,881,070	69,881,070
(b) Reserves and Surplus	II	105,000	105,000
<b>(2) Loan Funds</b>			
(a) Unsecured Loans	III	0	816,362
<b>TOTAL:</b>		<b>69,986,070</b>	<b>70,802,432</b>
<b>II Application of Funds:</b>			
<b>(1) Fixed Assets</b>			
(a) Gross Block	VII	1,282,305	1,269,702
(b) Less Depreciation		(10,667)	(4,597)
(c) Net Block		1,271,638	1,265,105
<b>(2) Investments</b>			
	IV	12,708,401	18,508,401
<b>(3) Current assets, loans and advances:</b>			
	V		
(a) Sundry debtors		1,095,882	1,095,882
(b) Cash and bank balances		4,827,564	2,812,060
(c) Other current assets		26,688,520	26,648,520
(d) Loans and advances		13,282,643	12,884,451
		45,894,608	43,440,913
<b>Less: Current Liabilities and Provisions</b>			
	VI		
(a) Liabilities		4,953,113	6,220,602
(b) Provisions		26,478	26,478
<b>Net Current Assets</b>		<b>40,915,018</b>	<b>37,193,834</b>
(b) Profit and Loss A/c		(15,091,014)	(13,835,092)
<b>TOTAL:</b>		<b>69,986,070</b>	<b>70,802,432</b>

Vide our report of even date  
For C.B. Joseph & Co.  
Chartered Accountants  
Malcolm Joseph  
Membership No.: 202680

Place : Chennai  
Date : 20.08.2011

George Kuruvilla  
Director

R. Nandakumar  
Director

**Profit and Loss A/c for the year ended 31.03.2011**

Particulars	Schedule No.	Year ended 31st March 2011 Rs.	Year ended 31st March 2010 Rs.
<b>Income</b>			
Other Income		1,000,000	0
Miscellaneous Income		0	1,908
		<b>1,000,000</b>	<b>1,908</b>
<b>Expenditure</b>			
Establishment Charges	VIII	74,650	148,298
Administration and other expenses	IX	2,170,605	1,340,159
		<b>2,245,255</b>	<b>1,488,457</b>
Profit before tax and depreciation		(1,245,255)	(1,486,549)
Depreciation		10,667	4,597
Profit after depreciation		(1,255,922)	(1,491,146)
Loss for the year		(1,255,922)	(1,491,146)
Balance loss brought forward			
		<b>(13,835,092)</b>	<b>(12,343,946)</b>
Balance carried over to Balance Sheet		<b>(15,091,014)</b>	<b>(13,835,092)</b>

Vide our report of even date  
For C.B. Joseph & Co.  
Chartered Accountants  
Malcolm Joseph  
Membership No.: 202680

Place : Chennai  
Date : 20.08.2011

George Kuruvilla  
Director

R. Nandakumar  
Director

## Schedules to the Balance Sheet

## INDUSTRIAL VENTURE CAPITAL LIMITED

	As at <b>31.03.2011</b> Rs.	As at 31.03.2010 Rs.
<b>I Share Capital</b>		
<b>Authorized Capital</b>		
100 - 12% Redeemable preference shares of Rs. 100/- each	<b>10,000</b>	10,000
70,00,000 - 12% Participatory Preference Shares of Rs. 10/- each	<b>70,000,000</b>	70,000,000
30,00,000 - 15% Cumulative Convertible Preference Shares of Rs. 10/- each	<b>30,000,000</b>	30,000,000
1,49,99,000 - Equity shares of Rs. 10/- each	<b>149,990,000</b>	149,990,000
	<b><u>250,000,000</u></b>	<u>250,000,000</u>
<b>Issued, Subscribed And Paid Up Capital</b>		
10,00,000 - 12% Participatory Preference Shares of Rs. 10/- each fully paid up	<b>10,000,000</b>	10,000,000
27,50,000 - 15% Cumulative Convertible Preference Shares of Rs. 10/- each fully paid up	<b>27,500,000</b>	27,500,000
30,38,100 - Equity shares of Rs. 10/- each fully paid up	<b>30,381,000</b>	30,381,000
2,00,007 - Equity shares of Rs. 10/- each allotted as bonus shares	<b>2,000,070</b>	2,000,070
	<b><u>69,881,070</u></b>	<u>69,881,070</u>
<b>II Reserves And Surplus</b>		
General Reserve	<b>100,000</b>	100,000
Capital Redemption Reserve	<b>5,000</b>	5,000
	<b><u>105,000</u></b>	<u>105,000</u>
<b>III Unsecured Loans</b>		
Loan from director	<b>0</b>	14,283
Integrated Finance Company	<b>(398,192)</b>	772,379
Niche Risk Advisory Services	<b>0</b>	29,700
	<b><u>(398,192)</u></b>	<u>816,362</u>
<b>IV Investments</b>		
A) 4,46,400 Equity shares of Rs. 10 each in <b>Premier Housing &amp; Industries Ltd.</b> Fully paid (Rs.18 premium)	<b>12,499,200</b>	12,499,200
B) 60,000 Equity shares of Rs. 10 each in <b>Operating Lease &amp; Hire Purchase Co. Ltd.</b> Fully paid	<b>600,000</b>	600,000
C) 6,02,000 Equity shares of Rs. 10 each in <b>Muthu Murugan Mills Ltd.</b> Fully paid	<b>6,020,000</b>	6,020,000
D) 50,000 Equity shares of Rs.10 each in <b>M.M. Research Co. Pvt. Ltd.</b> Fully paid	<b>500,000</b>	500,000
E) 5,80,000 Equity shares of Rs. 10 each in <b>Quadra Press Ltd.</b> Fully paid	<b>0</b>	5,800,000
F) 4,28,900 Equity shares of Rs. 10 each in <b>Archana Spinners Pvt. Ltd.</b> Fully paid	<b>4,200,000</b>	4,200,000
G) 93,000 Equity shares of Rs. 10 each in <b>Kelbro Floatech Ltd.</b> Fully paid	<b>930,000</b>	930,000
H) 4,28,900 Equity shares of Rs. 10 each in <b>Neptune Inflatables Ltd.</b> Fully paid (Rs. 7 Premium)	<b>7,291,300</b>	7,291,300
	<b><u>32,040,500</u></b>	<u>37,840,500</u>
Less: Diminution in Value of Investments	<b><u>(19,344,099)</u></b>	<u>(19,344,099)</u>
	<b>12,696,401</b>	18,496,401
Add : Sundry Deposits		
a) Fixed Deposit with SBT - Kerala (Sales Tax)	<b>10,000</b>	10,000
b) Fixed Deposit with SBI - Tamil Nadu (Sales Tax)	<b>2,000</b>	2,000
	<b>12,708,401</b>	18,508,401
<b>V Current Assets, Loans and Advances</b>		
A) Sundry Debtors	<b>1,095,882</b>	1,095,882
More than six months		
i) Unsecured - Considered good	<b>10,95,882.00</b>	
ii) Unsecured - Considered bad	<b>15,59,830.00</b>	
	<b>26,55,712.00</b>	
iii) Less: Provision for bad debts	<b><u>(15,59,830.00)</u></b>	
B) Cash Balance		
i) Cash at Scheduled Bank	<b>4,827,564</b>	2,812,060
ii) Net cash balance	<b>4,827,564</b>	2,812,060
C) Other current assets		
i) Outstanding lease rental - Kerala	<b>215</b>	215
ii) Inter Corporate Deposit	<b>26,370,592</b>	26,370,592
iii) Interest receivable	<b>1,868</b>	1,868
iv) Tax deducted at source	<b>257,845</b>	257,845
v) Advance	<b>40,000</b>	0
vi) Telephone deposit	<b>18,000</b>	18,000
vii) Net current assets	<b><u>26,688,520</u></b>	<u>26,648,520</u>
E) Loans and Advances	<b><u>13,282,643</u></b>	<u>12,884,451</u>
<b>VI Current Liabilities and Provisions</b>		
<b>A) Current Liabilities</b>		
i) Sundry creditors		95,825
a) Creditors Unpaid Salaries	<b>9,825</b>	
b) Board meeting expenses payable	<b>3,750</b>	
c) Board sitting fees payable	<b>4,000</b>	
d) Board Travelling Expenses Payable	<b>6,770</b>	
e) PL Finance	<b>5,000</b>	
f) PF Contribution payable	<b>110</b>	
	<b><u>29,455</u></b>	



## INDUSTRIAL VENTURE CAPITAL LIMITED

### B) Outstanding Liabilities

a) Audit fees Payable	<b>6,618</b>	0
b) Rent	<b>0</b>	858,000
c) Telephone Expenses	<b>0</b>	45,000
d) Electricity Charges	<b>0</b>	129,000
e) Outstanding Liabilities	<b>5,733</b>	0
f) Professional Charges	<b>11,030</b>	0
g) Local conveyance	<b>0</b>	192,500
ii) Income Reversal Provision	<b>4,900,277</b>	4,900,277
iii) Net current liabilities	<b>4,923,658</b>	6,220,602

### C) Provisions

i) Provision for taxation	<b>26,478</b>	26,478
ii) Net provisions	<b>26,478</b>	26,478

## VII Fixed Assets

Particulars	Gross Block				Depreciation			Net Block	
	Cost as on 01.04.2010	Additions	Deletions	Cost as on 31.03.2011	As on 01.04.2010	For the Year	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
Computer	1	17,200	0	17,201	45,599	2,393	47,992	14,808	1
Electrical Installation	6,878	0	0	6,878	15,960	1,376	17,336	5,502	6,878
Furniture & Fixtures	1	0	0	1	4,477	0	4,477	1	1
Land	1,223,731	0	0	1,223,731	0	0	0	1,223,731	1,223,731
Office equipment	34,494	0	0	34,494	83,930	6,899	90,829	27,595	34,494
<b>TOTAL</b>	<b>1,265,105</b>	<b>17,200</b>		<b>1,282,305</b>	<b>149,966</b>	<b>10,667</b>	<b>160,633</b>	<b>1,271,638</b>	<b>1,265,105</b>

## Schedules to Profit and Loss Account

	<b>Year ended 31.03.2011 Rs.</b>	Year ended 31.03.2010 Rs.
<b>VIII Establishment Charges</b>		
Salary and allowances	<b>74650.00</b>	125,950
Leave Travel Allowance	<b>0</b>	14,267
Gratuity	<b>0</b>	3,865
Staff Welfare	<b>0</b>	4,216
	<b>74650.00</b>	148,298

## IX Administrative and other expenses

Advertisement Expenses	<b>0</b>	3,470
Administrative charges - P.F.	<b>0</b>	1,320
Audit Expenses	<b>420</b>	0
Audit fee	<b>6,618</b>	6,618
Bank charges	<b>765</b>	675
Board meeting expenses	<b>1,200</b>	1,000
Board sitting fees	<b>1,500</b>	1,250
Boarding and Lodging expenses	<b>100,000</b>	4,224
Electricity charges	<b>11,532</b>	130,692
Filing fees, rates and taxes	<b>1,454</b>	11,240
Other General Expenses	<b>0</b>	14,062
Outstation Transport Expenses	<b>65,837</b>	0
Legal Expenses and fees	<b>1,225,710</b>	200
Local conveyance	<b>223,006</b>	0
Miscellaneous Expenses	<b>121,500</b>	0
Penal Charges	<b>0</b>	4,642
Petrol Expenses	<b>1,500</b>	18,510
PF Contribution	<b>0</b>	8,844
Telephone Expenses	<b>20,400</b>	47,750
Postage & Courier	<b>115,432</b>	130
Printing and stationary	<b>105,533</b>	2,273
Professional Charges	<b>128,143</b>	6,014
Rent	<b>36,000</b>	858,000
Repairs & Maintenance	<b>4,055</b>	0
Traveling and conveyance	<b>0</b>	219,245
	<b>2,170,605</b>	1,340,159

Notes to the balance sheet and profit and loss account for the year ended 31st March 2011

1. Accounting Policies:

a) Income Recognition:

Interest on Inter Corporate Deposits is recognized as revenue on the receipt basis as a prudent measure.

b) Fixed Assets and depreciation:

Fixed assets are carried at cost less accumulated depreciation. Depreciation is calculated from the month of purchase on Straight Line Method as rates specified as per Schedule XIV of the Companies Act and amendments thereof.

c) Valuation of investments:

Considered as long term and valued at cost. Accounting Standard 13 relating to valuation of shares is not applicable as the company is a Venture Capital Company.

2. Foreign exchange earnings and expenditure on Directors Travel:

	2010-2011	2009-2010
	Rs.	Rs.
Foreign Exchange Earnings	Nil	Nil
Expenditure on directors travel	Nil	Nil

3. Contingent Liabilities:

a) Due to inadequate profits, the company has not provided for preference dividend payable to 15% Cumulative Convertible Preference Shareholders for the following years amounting to

Year	Rs.
1995-96	3,220,890.00
1996-97	4,125,000.00
1997-98	4,125,000.00
1998-99	4,125,000.00
1999-00	4,125,000.00
2000-01	4,125,000.00
2001-02	4,125,000.00
2002-03	915,411.00
(Upto 20.06.02 being the date of redemption)	
TOTAL	28,886,301.00

b) The Company has not redeemed the Cumulative Convertible Preference shares amounting to Rs. 2,75,00,000/-, which was due for redemption on 20.06.2002 due to inadequate profits and reserves and the inability to mobilize fresh capital funds.

c) The Company has redeemed the equity shares in Quadra Press Ltd of Rs.58,00,000 and in the process earned a Profit on sale of the shares of Rs.10,00,000.

4. Claims against the company, not acknowledged as debt:

	2010-2011	2009-2010
	Rs.	Rs.
Claims against the company, not acknowledged as debt	Nil	Nil

5. Directors Remuneration:

	2010-2011	2009-2010
	Rs.	Rs.
Director's remuneration	0.00	1,25,950.00

6. Cash flow statement as required by Accounting Standard 3 has been enclosed in the Annexure below.

7. Provision for leave pay and gratuity has been made as per actuarial variation as required by AS 15 of the ICAI.

8. Provisions relating to AS 17 (Segment Reporting) are not applicable as the earnings of the Company are from investments by way of deposit or shares.

9. EPS as per AS 20 has not been worked out in view of arrears of preference dividend of Rs. 2,88,86,301/-

10. Other additional information pertaining to paragraph 4c of part II of Schedule-I is not applicable.

11. Figures of the previous year have been regrouped wherever necessary.

Vide our report of even date

For C.B. Joseph & Co.

Chartered Accountants

Malcolm Joseph

Membership No.: 202680

Place : Chennai

Date : 20.08.2011

George Kuruvilla  
Director

R. Nandakumar  
Director

# INDUSTRIAL VENTURE CAPITAL LIMITED

## Balance Sheet Abstract And Company's General Business Profile

### Registration Details:

Registration No.	13325
State Code	18
Balance Sheet Date	31.03.2011

### Capital raised during the year:

	<b>(Amounts in thousands)</b>
Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

### Position of Mobilisation and Deployments of funds

	<b>(Amounts in thousands)</b>
Total Liabilities	69986
Total Assets	69986

### Source of funds

Paid up Capital	69881
Reserves and Surplus	105
Secured Loans	Nil
Unsecured Loans	Nil

### Application of funds

Net Fixed Assets	1272
Investments	12708
Net Current Assets	40915
Miscellaneous Expenses	Nil
Accumulated Losses	15091

### Performance of the Company

	<b>(Amount in Rs. Thousands)</b>
Turnover	1000
Total expenditure	2245
Profit/ (loss) before tax	(1245)
Profit (loss) after tax	(1256)
Earning per Share in Rs	Nil
Dividend rate	Nil

Generic names of three Principal products / Services of Company (As per Monetary terms) - Investments

Vide our report of even date

For C.B. Joseph & Co.

Chartered Accountants

Malcolm Joseph

Membership No.: 202680

Place : Chennai

Date : 24.08.2011

George Kuruvilla

Director

R. Nandakumar

Director

## Cash Flow Statement

	Year ended <b>31.03.2011</b>	Year ended 31.03.2010
	Rs.	Rs.
<b>(A) Cash flows from operating activities</b>		
Loss before extraordinary items and tax	(1,255,922)	
Add: Depreciation	<u>10,667</u>	
Less: Other Income		
Operating loss before adjusting working capital	<b>1,000,000.00</b>	
less: changes decrease in current liabilities	<b>(2,245,255)</b>	
	<b>1,201,119</b>	
Net cash flow from operating activities	<u><b>(3,446,374)</b></u>	<u>403,746</u>
<b>(B) Cash Flow from INVESTING ACTIVITIES</b>		
Interest received	<b>0</b>	
Net cash flow from investing activities	<u><b>0</b></u>	<u>0</u>
<b>(C) Cash Flow from FINANCING ACTIVITIES</b>		
Repay of Loan	<b>0</b>	
Net cash flow from financing activities	<u><b>0</b></u>	<u>3,200,000</u>
Net Increase/(Decrease) in cash/cash equivalents	<b>3,446,374</b>	2,796,254
Cash and cash equivalents at the beginning of the year	<u><b>2,812,060</b></u>	<u>15,806</u>
Cash and cash equivalents at the end of the year	<u><b>6,258,434</b></u>	<u>2,812,060</u>

This is the cash flow statement referred to in our report of even date

For C.B. Joseph & Co.

Chartered Accountants

Malcolm Joseph

Membership No.: 202680

Place : Chennai

Date : 20.08.2011

George Kuruvilla

Director

R. Nandakumar

Director

# INTEGRATED STOCK BROCKING SERVICES PRIVATE LIMITED

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fourteenth Annual Report, Audited Balance Sheet and Profit and Loss Account of the company for the year ended 31st March 2011.

(Rs. in lakhs)

### 1. Financial Results and Operations:

	<b>For the year ended 31.03.2011</b>	Rot the year ended 31.03.2010
Gross Profit / (Loss)	<b>(7.99)</b>	(6.54)
Depreciation	<b>1.62</b>	1.15
Profit/(Loss) after Tax	<b>(9.62)</b>	(7.69)
Prior Year adjustment 0	<b>0</b>	
Loss brought forward from previous year	<b>(398.01)</b>	(390.32)
Loss Carried forward	<b>(407.62)</b>	(398.01)

### 2. Performance:

The business in all the branches improved considerably during the year due to Global recovery. Despite the constraints and the difficulties phasing the capital market endured during the year, your company has managed to restrict the cash loss to Rs.7.99 lakhs during the year due to reduction in operating cost by consistent efforts. The total revenue earned during the year was Rs. 48.83 lakhs compared to Rs. 63.10 lakhs for the previous year. The primary market division registered a profit of Rs.0.38 lakhs. During this year, the company has further strengthened the risk management and ensured that the daily trade obligations are fully met. The Company is making continuous efforts for recovering the dues from the clients.

### 3. Industrial Scenario:

The economy has stagnated due to Global trends aftermath reactions of sub-prime crises and unprecedented increase in crude oil price in global market which has resulted in high level of inflation. The GDP was 8% in 2010-11 compared to 7.8% during the previous year, 2009-10. The GDP Growth is estimated to 8 - 7% (2011-12). There was a decline in capital market performance during the year 2010-2011. The Stock Exchange indices, BSE 'Sensex' and 'NSE Nifty' stood at 19443 and 5799 respectively as on 31.03.2011.

Our long term view on Indian stock market is positive. The current weakness can be seen as an opportunity to increase the exposure to equity market. The rise in inflation is due to global commodity prices. We expect inflation to remain around 8 - 7 % by the end of March 2012. Markets are likely to get some fresh cues from local and global aspects. So, we come to a conclusion that Indian Equity is in a consolidation phase and waiting for a fresh reforms to trigger in. For value investor this is a great opportunity.

### 4. Future Prospects:

In addition to stopping operations in non-performing branches in Kerala, your Company has decided to close the loss making branches during the previous year. The company's plans for expansion of business in the State of Tamil Nadu is presently put on hold as the required funding from the holding Company for capital expenditure is delayed due to pending court case pertaining to their restructuring.

### 5. Dividend:

Your Directors do not recommend any dividend for the year.

### 6. Fixed Deposits:

The Company has not accepted fixed deposits from the public.

### 7. Auditors:

M/s. Brahmaya & Co., Chartered accountants, Chennai retire at the Fifteenth Annual General Meeting and are eligible for reappointment.

### 8. Directors:

Mr. S.R. Veeraraghavan, Mr. N. Muralidharan, Mr.A.Gowrinathan and Mr. M. Amjad Siddique(additional director) were the Directors as on 31.03.2011.

### 9. Information relating to Conservation of Energy, Technology Absorption and Foreign Exchange Inflow and Outflow:

The nature of the Company's activities does not entail conservation of energy or technology absorption. There has been no inflow or outflow of foreign exchange.

### 10. Personnel:

Particulars of Employees in terms of requirements of section 217 (2A) of the Companies Act, 1956 are not given, as there are no employees drawing salary in excess of the limits prescribed by the relevant rules.

### 11. Director's responsibility Statement pursuant to section 217(2AA) of the Companies Act:

Your Directors confirm that:

- 1) In the preparation of the accounts for the period ended 31st March 2011, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- 2) That the Directors have selected such accounting policies, applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of Company at the end and of the Financial year and of the profit of the Company for the year under review.
- 3) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4) That the Directors have prepared the accounts for the financial year ended 31st March 2011 on a "going concern" basis.

### 12. Acknowledgement:

Your Directors appreciate the assistance and cooperation extended by the Bankers, Clients and the services rendered by the employees.

Place : Chennai  
Date : 28.07.2011

For and on behalf of the Board  
N. MURALIDHARAN  
Director

## INTEGRATED STOCK BROCKING SERVICES PRIVATE LIMITED

### Auditor's Report to the Members of Integrated Stock Broking Services Private Limited

1. We have audited the attached balance sheet of Integrated Stock Broking Services Private Limited, as at 31st March 2011, and also the Profit and Loss account and the cash flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
  - (iv) In our opinion, the balance sheet and profit and loss account and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
  - (v) On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**(vi) No provision is made for receivables of Rs.22,50,810/- from its Depository Participant clients (without any holdings in their Depository accounts) which in our view is doubtful of recovery.**

  - (vii) Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2011;
    - (b) in the case of the profit and loss account, of the loss for the period ended on that date; and
    - (c) in the case of cash flow statement of the cash flows for the period ended on that date;

For BRAHMAYYA & CO.,  
Chartered Accountants  
( Firm Regn No:000511S)  
N SRIKRISHNA  
Partner  
Membership No 26575

Place : Chennai  
Date : 28.07.2011

### Annexure to the Auditors' Report referred to in paragraph 3 of our report of even date

1. The provisions of Clauses of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 listed below are not applicable to the Company for the year:
  - a. Clause (vi) regarding acceptance of deposits;
  - b. Clause (viii) regarding maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956;
  - c. Clause (xi) regarding defaults in repayment of dues to financial institutions, bank and debenture-holders;
  - d. Clause (xii) regarding loans granted against pledge of shares and securities etc.;
  - e. Clause (xiii) regarding special statute applicable to Chit Funds and Nidhis/Mutual Benefit Fund and Societies;
  - f. Clause (xvii) regarding funds raised by term loans and their end use;
  - g. Clause (xviii) regarding preferential allotment of shares to specified parties;
  - h. Clause (xix) regarding creation of securities in respect of debentures; and
  - i. Clause (xx) regarding money raised by public issue and its end use
2. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. **The management during the year has not physically verified the fixed assets.** During the year, there was no substantial disposal of fixed assets affecting the status of the company as a going concern.
3. The Company does not have any inventory other than stock of shares. The Company has verified the stock of shares.
4. In our opinion and according to the information and explanations given to us, the Company has neither granted nor taken any loans secured or unsecured to / from companies, firms and other parties entered in the Register maintained under Section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and sale of services. During our audit, no major weakness has been noticed in the internal controls, except to the point as mentioned in the Clause 8 below.
6. Based on the audit procedures applied by us and according to the information and explanations provided by the Management, we are of the opinion that the transactions that need to be entered into the Register maintained under Section 301 have been so entered.
7. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the Registers maintained under Section 301 and exceeding the value of Rs.5, 00,000/- in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
8. **In our opinion the Company has no internal audit system, commensurate to the size and nature of the business of Company.**
9.
  - a) Generally the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, investor education and protection fund, income tax, sales tax, wealth tax, service tax, excise duty and customs duty during the year.
  - b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, service tax and excise duty which are outstanding as at 31st March, 2011 for a period of more than six months from the date they become payable **except default in payment of service tax amounting Rs.10.89 Lakhs with respect to current year.**
10. According to the records of the company and the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty, cess which have not been deposited on account of any dispute.
11. The accumulated losses at the end of the financial year of Rs.407.62 Lakhs are more than fifty per cent of its net worth of 597.20 Lakhs and the Company has incurred cash loss during the current year.
12. Based on our examination of records and information and explanations given to us, the company has not dealt / traded in shares, securities, debentures and other investments during the year. However, in course of business, company is obligated to under take the transaction of purchase and sale of shares. As informed and explained to us proper records have been maintained of the transactions and contracts relating to such transactions and timely entries have been made therein. The company in its own name has held the shares, securities, debentures and other investments except for securities mentioned in Note No.6.
13. The Company has not given any guarantee for loans taken by others from bank or financial institutions.
14. No funds raised on short-term basis have been used for long-term investment.
15. Based upon the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For BRAHMAYYA & CO.,  
Chartered Accountants  
(Firm Regn No:000511S)  
N SRIKRISHNA  
Partner  
Membership No 26575

Place : Chennai  
Date : 28.07.2011

**INTEGRATED STOCK BROCKING SERVICES PRIVATE LIMITED**  
**Balance Sheet as at 31.03.2011**

	Schedule No.	As at 31st March 2011 Rs.	As at 31st March 2010 Rs.
<b>I. Sources of Funds:</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	<u>59,720,000</u>	59,720,000
TOTAL		<u>59,720,000</u>	<u>59,720,000</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>(1) Fixed Assets :</b>			
(a) Gross Block		<b>9,849,316</b>	9,710,435
(b) Less: Depreciation		<b>9,301,239</b>	9,138,895
(c) Net Block	2	<u>548,077</u>	571,540
<b>(2) Investments</b>			
	3	-	-
<b>(3) Current Assets and Loans and Advances:</b>			
(a) Inventories	4	<b>55,426</b>	55,426
(b) Sundry debtors	5	<b>6,329,819</b>	5,623,681
(c) Cash and bank Balances	6	<b>378,504</b>	2,284,043
(d) Other Current Assets	7	<b>16,771,067</b>	16,744,514
(e) Loans and Advances	8	<b>2,675,503</b>	2,642,061
	A	<u>26,210,319</u>	<u>27,349,726</u>
<b>Less: Current liabilities and Provisions:</b>			
(a) Liabilities	9	<b>7,276,402</b>	7,415,186
(b) Provisions	10	<b>524,027</b>	586,591
	B	<u>7,800,430</u>	<u>8,001,777</u>
	A-B	<u>18,409,889</u>	<u>19,347,949</u>
<b>(4) Net Current Assets</b>			
<b>Profit and Loss account</b>		<b>40,762,034</b>	39,800,511
<b>TOTAL</b>		<u>59,720,000</u>	<u>59,720,000</u>

As per our report attached  
For BRAHMAYYA & CO.,  
Chartered Accountants  
(Firm Regn No:000511S)  
N SRIKRISHNA  
Partner  
Membership No 26575  
Place : Chennai  
Date : 28.07.2011

M.Amjad Siddique  
Director

N.Muralidharan  
Director

**Profit and Loss A/c for the year ended 31.03.2011**

	Schedule No.	Year ended 31st March 2011 Rs.	Year ended 31st March 2010 Rs.
<b>Income from operations:</b>			
Brokerage and Commission		<b>3,589,548</b>	5,205,873
Depository Fees		<b>1,186,149</b>	1,068,994
Interest Received		<b>12,394</b>	19,940
Profit on sale of stock	11	-	-
Miscellaneous Income	12	<b>95,399</b>	14,978
	A	<u>4,883,490</u>	<u>6,309,785</u>
Trading Loss / Profit		-	-
Establishment charges	13	<b>2,338,255</b>	2,391,445
Operating, Administrative & other expenses	14	<b>3,344,415</b>	4,572,612
	B	<u>5,682,669</u>	<u>6,964,057</u>
Profit / Loss before Depreciation and Tax	A-B	<b>(799,179)</b>	(654,272)
Depreciation		<b>162,344</b>	114,625
Profit / Loss after Depreciation		<b>(961,523)</b>	(768,897)
Provision for Tax (Previous year)		-	-
Provision for Fringe Benefit Tax		-	-
Profit/Loss for the year		<b>(961,523)</b>	(768,897)
Balance of Loss brought forward		<b>(39,800,511)</b>	(39,031,614)
Balance carried to Balance Sheet		<u>(40,762,034)</u>	<u>(39,800,511)</u>

As per our report attached  
For BRAHMAYYA & CO.,  
Chartered Accountants  
(Firm Regn No:000511S)  
N SRIKRISHNA  
Partner  
Membership No 26575  
Place : Chennai  
Date : 28.07.2011

M.Amjad Siddique  
Director

N.Muralidharan  
Director

**INTEGRATED STOCK BROCKING SERVICES PRIVATE LIMITED**  
**Balance Sheet as at 31.03.2011**

	<b>As at 31.03.2011</b>		<b>As at 31.03.2010</b>							
	<b>Rs.</b>		<b>Rs.</b>							
<b>1. Share Capital Authorised</b>										
60,00,000 Equity Shares of Rs. 10 each	<b>60,000,000</b>		60,000,000							
<b>Issued, Subscribed and Fully paid up</b>										
5972000 Equity Shares of Rs 10/- each (Previous year 5972000 Equity shares of Rs 10/- each)	<b>59,720,000</b>		59,720,000							
<b>2. Schedules of Fixed Assets</b>										
	<b>Gross Block</b>									
	<b>Depreciation</b>									
	<b>Net Block</b>									
Description	As on 1.04.2010	Additions	Deletions	As on 31.03.2011	As on 1.04.2010	during the year	Deletions	As on 31.03.2011	As on 31.03.2011	As on 31.03.2010
1. Computer	8,042,941	138,880	-	8,181,821.00	7,972,547	79,930	-	8,052,477	129,344	70,394
2. Furniture	648,195	-	-	648,195.00	567,054	35,787	-	602,841	45,354	81,141
3. Vehicles	23,317	-	-	23,317.00	23,313	0	-	23,313	4	4
4. Electrical Fittings	112,008	-	-	112,008.00	62,111	5,046	-	67,157	44,851	49,897
5. Office Equipments	883,974	-	-	883,974.00	513,869	41,580	-	555,449	328,525	370,105
<b>TOTAL</b>	<b>9,710,435</b>	<b>138,880</b>	<b>0</b>	<b>9,849,315.00</b>	<b>9,138,894</b>	<b>162,344</b>	<b>0</b>	<b>9,301,237.61</b>	<b>548,077.39</b>	<b>571,541</b>
<b>3. Investments - Long Term, Trade Unquoted</b>										
a) Atlas Securities Coimbatore (Private) Limited 72,000 Equity Shares @ Rs.10/- each										
b) Equity Market Project India Limited 5,000 Equity shares @ Rs.10 each										
<b>4 Inventories</b>										
Stock of Shares (valued at lower of cost and market value)								<b>55,426</b>		55,426
								<b>55,426</b>		55,426
<b>5 Sundry Debtors - Unsecured and Net amounts due from Clients and Brokers</b>										
- Less than six months										
- More than six months										
								<b>1,967,305</b>		
								<b>4,362,514</b>		5,623,681
								<b>6,329,819</b>		5,623,681
<b>6 Cash and Bank balances</b>										
Cash and cheques on hand								<b>122,696</b>		135,868
Demand Draft on hand								-		-
Balances with Scheduled Banks in Current Accounts								<b>50,160</b>		1,954,466
in Fixed deposit accounts								<b>205,649</b>		193,709
								<b>378,504</b>		2,284,043
<b>7 Other Current Assets</b>										
Deposits								<b>16,732,726</b>		16,732,726
Income receivable								<b>38,342</b>		11,789
								<b>16,771,067</b>		16,744,515
<b>8 Loans and Advances (Unsecured, considered good)</b>										
Advances recoverable in cash or kind for value to be received								<b>708,602</b>		737,586
Advance Payment of Income-tax and Tax Deducted at Source								<b>615,755</b>		505,263
Due from Integrated Finance Company Limited								<b>1,351,146</b>		1,399,212
								<b>2,675,503</b>		2,642,061
<b>9 Current Liabilities - Sundry Creditors</b>										
(a) For Clients								<b>3,579,925</b>		4,814,846
(b) For Expenses								<b>3,696,477</b>		2,600,340
Due to Integrated Finance Company Limited								-		-
								<b>7,276,402</b>		7,415,186
<b>10 Provisions</b>										
for Gratuity								<b>366,244</b>		428,808
for Leave encashment								<b>56,000</b>		56,000
for Fringe Benefit Tax								<b>101,783</b>		101,783
								<b>524,027</b>		586,591
<b>11 Profit/Loss on Sale of Stock:</b>										
Closing Stock of Shares								<b>55,426</b>		55,426
Less: Purchases during the year								-		-
Add: sales of shares								-		-
Less: Opening Stock of Shares								<b>55,426</b>		55,426
Profit on Sale of Stock								-		-
<b>12 Miscellaneous Income</b>										
Registration Service Charges								<b>14400</b>		5602
Others								<b>80999</b>		9376
								<b>95,399</b>		14,978
<b>13 Establishment charges</b>										
Salaries, Allowances and Bonus								<b>2,033,616</b>		2,129,171
Contribution to Provident fund and other funds								<b>218,867</b>		214,023
Gratuity								-		(39,192)
Staff Welfare								<b>85,772</b>		87,444
								<b>2,338,255</b>		2,391,445
<b>14 Operating, Administrative and other Expenses</b>										
Rent								<b>394,524</b>		336,966
Rates and Taxes								<b>49,066</b>		262,959
Insurance								<b>26,964</b>		72,560
Electricity								<b>136,224</b>		133,229
Sub-brokerage paid by Primary Division								<b>143,528</b>		469,216
SEBI, NSDL and Stock Exchange Fees								<b>788,122</b>		436,593
Postage, Telephone & Telex, Courier								<b>738,505</b>		580,883
Printing & Stationery								<b>204,676</b>		171,931
Travelling & Conveyance								<b>83,392</b>		84,359
Repair & Maintenance								<b>279,775</b>		380,781
Business Promotion & Branch opening exps								<b>6,000</b>		28,356
Audit Fees - Statutory Audit								<b>275,311</b>		101,492
Loss on Sale of Asset								-		56,500
Loss on sale of investments								-		1,160,000
Legal and Professional Fees								<b>58,120</b>		149,057
Interest, finance and bank charges -other than fixed loans								<b>55,152</b>		23,769
Service tax								-		-
Software Expenses								-		18,604
Miscellaneous expenses								<b>105,056</b>		105,357
								<b>3,344,415</b>		4,572,612



# INTEGRATED STOCK BROCKING SERVICES PRIVATE LIMITED

Notes forming part of the Account for the year ended 31st March 2011

## I Accounting Policies:

### a) Income Recognition:

Brokerage on Stock broking activity, Depository Participant activity and interest on Fixed Deposits are accounted on accrual basis.

### (b) Depreciation Policy:

Depreciation on assets is provided on Straight Line Method at rates prescribed in schedule XIV to Companies Act, 1956. Assets costing Rs.5, 000/- or less acquired during the period have been written off.

### (c) Valuation of Fixed Assets:

Fixed Assets are carried at cost less accumulated depreciation.

### (d) Valuation of Closing Stock of Shares:

Closing Stock of Shares are valued at lower of cost or market value .Cost is ascertained on First in first out method.

### (e) Retirement Benefits:

- a) Liability on account of Gratuity to employees has been provided for on the basis of Actuarial valuation.
- b) Contribution to Provident fund is made monthly at predetermined rate, to the Provident fund authorities for eligible persons and is accounted on accrual basis.
- c) Provision for leave encashment is made as per the company's scheme on the basis of Actuarial valuation.
- (f) According to Sec 383(A) of the Companies Act 1956, the company does not have a Company Secretary though the paid up capital is above Rupees two crores. However, the management is taking all reasonable steps to appoint a Company Secretary.
- (g) As per amended Companies Act, 2000 since the Company is a Subsidiary Company of Integrated Finance Company Limited, it becomes a Public Company as per Sec 3(1) (iv) of the Act.

## II. General

1. The Debtors of the company include receivables of Rs 34,21,947 from its D.P customers spread over large number (small values), out of which Rs 22,50,810 from clients without holdings in the Depository account. Currently there is no process of confirmation or there is no process to validate the outstanding due from such customers. However, the company has initiated steps to bring in a process wherein all the receivables will be addressed in a phased manner and those eventually realizable would be ascertained upon completion of such process. Till such time the management is of the opinion that the receivables are receivable at the values stated in the financial statements. Hence no provision is considered necessary in the current financial year.
2. During the year, the company has not provided for Bonus, Leave encashment for employees.
3. The company's bank accounts have not been reconciled.
4. Contracts for purchases and sale of shares in respect of which the company is liable as Principal/Agent as on 31st March 2011:- Purchases - Rs.7.15Lakhs & Sales - Rs.4.93 Lakhs.
5. **Managerial Remuneration: The amount paid to the directors for the year is mentioned below:**

Particulars	S.R.Veeraraghavan		N.Muralidharan		Mr. Gowrinathan	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Basic Salary	-	-	-	-	-	-
Allowances	-	-	-	-	-	-
Other fund	-	-	-	-	-	-
Gratuity	-	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-	-

### 6. Details of closing stock of shares as on 31st March 2011 - Equity shares of face value Rs.10 each fully paid up: -

SL No	Particulars	2010-11		2009-10	
		No. of Shares	Value (Rs)	No. of Shares	Value (Rs)
1.	Larsen & Tourbo Ltd [face value Rs 2 each] (10 Nos. received as Bonus share)	20	905	20	905
2.	Ultratech Cement Ltd	4	904	4	904
3.	MRF Ltd	50	39,767	50	39,767
4.	Sundaram Brake Linings Ltd	360	5,400	360	5,400
5.	Tata Investment Corporation Ltd	-	-	-	-
6.	ICICI Bank Ltd * #	50	6,080	50	6,080
7.	Reliance Industries Ltd * #	9	1,980	9	1,980
8.	Prism Cement Ltd *	100	390	100	390
9.	Vasta Corporation Ltd *	500	0	500	-
10.	Shaan Interwell(India) Ltd	400	0	400	-
	<b>Total</b>		<b>55,426</b>		<b>55,426</b>

# The Company is holding shares of merged entity without obtaining the new share certificate, however the holdings have been converted into new shares.

\* These shares are not held in the name of the Company and yet to be transferred to its name.

7. The company is in the process of ascertaining the details of Vendor/Supplier who fall under the purview of "The Micro, Small and Medium Enterprises Development Act 2006" and on completion of this process, will take necessary steps to comply with the said Act.
8. Previous year figures have been regrouped wherever necessary.

## III. Information as required under Part III of Schedule VI to the Companies' Act, 1956

### BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

#### REGISTRATION DETAILS

<b>Registration No.</b>	27046/94
State Code	18
Balance Sheet date	31.3.2011

#### CAPITAL RAISED DURING THE YEAR

**(Amount in Thousands)**

Public Issue	Nil
Rights Issue	Nil
Bonus Issue	Nil

#### POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS

**(Amount in Thousands)**

Total Liabilities	59720
Total Assets	59720

#### SOURCES OF FUNDS

Paid-up Capital	59720
Share Application money	-
Reserves & Surplus	-
Secured Loans	-
Unsecured Loans	-



# INTEGRATED STOCK BROCKING SERVICES PRIVATE LIMITED

## APPLICATION OF FUNDS

Net Fixed Assets	548
Investments	
Net Current Assets	18409
Accumulated Losses	40762

## PERFORMANCE OF THE COMPANY

(Amount in thousands)

Turnover	4883
Total Expenditure	5682
Profit before Tax	(961)
Profit after Tax	(961)
Earning per Share in Rs	(0.16)
Previous year	(0.13)
Dividend Rate	

## GENERIC NAMES OF THREE PRINCIPAL PRODUCT/SERVICES OF COMPANY (AS PER MONETARY TERMS)

- Stock Broking
- Fixed Deposit Broking
- Depository Participant

As per our report attached  
For BRAHMAYYA & CO.,  
Chartered Accountants  
(Firm Regn No:000511S)  
N SRIKRISHNA  
Partner  
Membership No 26575

Place : Chennai  
Date : 28.07.2011

M.Amjad Siddique  
Director

N.Muralidharan  
Director

## CASH FLOW STATEMENT FOR THE 12 MONTHS PERIOD ENDED 31.03.2011

	For 12 Month period ended 31.03.2011 Rs.	For 12 Month period ended 31.03.2010 Rs.
<b>(A) Cash flows from operating activities</b>		
<b>Loss before tax</b>		
Adjustments for:		
Add: Depreciation	162,344	114,625
Loss on sale of assets/investments	-	1,216,500
Provision for Gratuity/ leave encashment	(62,564)	(95,192)
	<u>(861,743)</u>	<u>467,036</u>
Less: Profit on sale of assets	-	-
Interest/dividend	12,394	19,940
Profit on sale of Investments	-	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(874,137)</b>	<b>447,096</b>
Adjustments for:		
Trade and other receivables	(766,133)	(414,892)
Inventories	-	-
Trade and other payables	(138,784)	(522,012)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>(1,779,053)</b>	<b>(489,808)</b>
Direct taxes paid (Net)	-	(94,077)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>(A) (1,779,053)</b>	<b>(583,885)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(138,880)	(30,900)
Sale of assets	-	14,170
Purchase of Investments	-	-
Sale of Investments	-	280,000
Interest/dividends received	12,394	19,940
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(B) (126,486)</b>	<b>283,210</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of Share capital including share premium	-	-
Proceeds from long term borrowings	-	-
Repayment of long term borrowings	-	-
Proceeds/(Repayment) of short term borrowings (Net)	-	-
Interest and finance charges Paid	-	-
Dividends and Dividend tax paid	-	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(C) -</b>	<b>-</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B+C) (1,905,540)</b>	<b>(300,675)</b>
Cash and cash equivalents at the beginning of the year	2,284,043	2,584,718
Cash and cash equivalents at the end of the year	<u>378,504</u>	<u>2,284,043</u>
	<b>(1,905,539)</b>	<b>(300,675)</b>

Note: 1. Figures in brackets indicate cash outflow  
2. Figures have been regrouped wherever necessary.

As per our report attached  
For BRAHMAYYA & CO.,  
Chartered Accountants  
(Firm Regn No:000511S)  
N SRIKRISHNA  
Partner  
Membership No 26575

Place : Chennai  
Date : 28.07.2011

M.Amjad Siddique  
Director

N.Muralidharan  
Director

**Consolidated Balance Sheet as at 31st March, 2011**

	Schedule No.	2011 Rs.	2010 Rs.
<b>I SOURCES OF FUNDS</b>			
<b>(1) Shareholders funds</b>			
(a) Share capital	<b>1</b>	<b>182,525,880</b>	182,525,880
(b) Reserves and Surplus	<b>2</b>	<b>157,608,280</b>	158,397,300
<b>(2) MINORITY INTEREST</b>		<b>44,215,161</b>	44,699,985
<b>(3) LOAN FUNDS</b>			
(a) Secured loans	<b>3</b>	<b>2,127,000,683</b>	2,150,297,730
(b) Unsecured loans	<b>4</b>	<b>263,728,555</b>	265,244,227
		<b><u>2,775,078,560</u></b>	<u>2,801,165,122</u>
<b>II. APPLICATION OF FUNDS</b>			
<b>(1) FIXED ASSETS</b>	<b>5</b>		
(a) Gross block		<b>388,379,618</b>	388,191,588
(b) Less :Depreciation		<b>(337,709,875)</b>	(336,053,197)
(c) Less :Lease Adjustment Account		<b>(14,087,336)</b>	(14,087,336)
(d) Net block		<b><u>36,582,407</u></b>	<u>38,051,055</u>
<b>(2) INVESTMENT</b>	<b>6</b>	<b>114,489,426</b>	120,364,426
<b>(3) CURRENT ASSETS, LOANS AND ADVANCES</b>			
(a) Inventories	<b>7</b>	<b>55,426</b>	55,426
(b) Sundry debtors	<b>8</b>	<b>7,425,701</b>	6,719,563
(c) Stock on Hire,Bills, Lease and other receivables	<b>9</b>	<b>1,855,713,382</b>	1,871,565,118
(d) Cash and bank balances	<b>10</b>	<b>49,565,789</b>	41,442,591
(e) Other Current Assets	<b>11</b>	<b>22,280,389</b>	20,274,472
(f) Loans and advances	<b>12</b>	<b>142,164,925</b>	141,194,875
<b>Less:</b>		<b>2,077,205,612</b>	2,081,252,046
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
(a) Current liabilities	<b>13</b>	<b>176,494,122</b>	179,088,070
(b) Provisions	<b>14</b>	<b>1,937,929,615</b>	1,951,902,138
		<b><u>2,114,423,737</u></b>	<u>2,130,990,207</u>
Net Current Asset		<b>(37,218,125)</b>	(49,738,162)
<b>(4) Debit balance in Profit and Loss Account</b>	<b>2,695,348,191</b>		
<b>Less: Balance in General reserve as per contra</b>	<b><u>34,123,340</u></b>	<b>2,661,224,851</b>	2,692,487,802
		<b><u>2,775,078,560</u></b>	<u>2,801,165,122</u>
Significant accounting policies and notes to accounts	<b>20</b>		

The Schedules referred to above, Notes thereon form an integral part of these financial statements.

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

for BRAHMAYYA & CO.,  
Chartered Accountants  
(Firm Regn. No.000511S)

N. SRI KRISHNA  
Partner  
Membership No.26575

Place : Chennai  
Date : 01.10.2011

P.B. APPIAH  
Director

GEORGE KURUVILLA  
Managing Director

**Consolidated Profit and Loss Account for the year ended 31st March, 2011**

	<b>Schedule No.</b>	<b>2011 Rs.</b>	<b>2010 Rs.</b>
<b>Income</b>			
Operations	<b>15</b>	<b>24,132,134</b>	13,513,354
Other Income	<b>16</b>	<b>12,503,613</b>	7,732,020
		<b><u>36,635,747</u></b>	<u>21,245,373</u>
<b>Expenditure</b>			
Interest (Net)	<b>17</b>	<b>26,945,953</b>	85,584,030
Establishment Charges	<b>18</b>	<b>5,081,454</b>	5,217,511
Administration And Other Expenses	<b>19</b>	<b>17,405,239</b>	38,476,946
		<b><u>49,432,646</u></b>	<u>129,278,487</u>
(Loss) Before Depreciation and Income tax		<b>(12,796,899)</b>	(108,033,114)
Depreciation	<b>5</b>	<b>1,656,680</b>	
Less: Transfer from Revaluation Reserve		<b><u>(789,020)</u></b>	910,228
(Loss) After Depreciation		<b>(13,664,558)</b>	(108,943,342)
Prior Year Adjustments		<b>419,086</b>	(33,303)
Add : Wavier of Principal Loan amount on onetime settlement with banks		<b><u>46,100,000</u></b>	-
		<b>32,854,528</b>	(108,976,645)
Less: Provision For Income Tax (Earlier years)		-	-
Provision For Fringe Benefit tax		-	-
(Loss)For The Year		<b><u>32,854,528</u></b>	(108,976,645)
Add/Less: Share of Loss of Minority interest		<b>484,824</b>	576,594
Add: Share of (loss)/profit in associates		<b><u>(2,076,401)</u></b>	(1,651,574)
(Loss)/Profit For The Year		<b>31,262,951</b>	(110,051,625)
Add : Balance Brought Forward From			
Previous Year		<b><u>(2,726,611,142)</u></b>	(2,616,559,517)
To Balance Carried To Balance Sheet		<b><u>(2,695,348,191)</u></b>	(2,726,611,142)
Earning per Equity Share :			
Number of shares(Face Value Rs.10/- per Share)		<b>13,252,588</b>	13,252,588
Basic and diluted earning per Share		<b>2.36</b>	(8.30)

Significant accounting policies and notes to accounts **20**

The Schedules referred to above, Notes thereon form an integral part of these financial statements.

This is the Profit and Loss Account referred to in our report of even date.

for BRAHMAYYA & CO.,  
Chartered Accountants  
(Firm Regn. No.000511S)  
N. SRI KRISHNA  
Partner  
Membership No.26575  
Place : Chennai  
Date : 01.10.2011

P.B. APPIAH  
Director

GEORGE KURUVILLA  
Managing Director

## Schedules to the Consolidated Balance Sheet as at 31 March 2011

	As at <b>31.03.2011</b> Rs.	As at 31.03.2010 Rs.
<b>1 Share Capital</b>		
<b>Authorised :</b>		
3,50,00,000 Equity shares of Rs10/- each	<b>350,000,000</b>	350,000,000
2,00,00,000 Preference shares of Rs10/-each	<b>200,000,000</b>	200,000,000
	<b>550,000,000</b>	550,000,000
Issued subscribed and fully paid up :		
1,32,52,588 Equity shares of Rs.10/- each	<b>132,525,880</b>	132,525,880
50,00,000 13.5% Cumulative Redeemable Preference Shares of Rs. 10/- each. (Due for Redemption on 27th December,2003)	<b>50,000,000</b>	50,000,000
(Accumulated dividend on Preference Shares Rs.742 lakhs not accounted)	<b>182,525,880</b>	182,525,880
<b>2 Reserve and Surplus</b>		
Share Premium as per Last balance sheet	<b>90,020,390</b>	90,020,390
Capital Reserve as per Last balance sheet	<b>2,023,440</b>	2,023,440
Capital Reserve- One time settlement	<b>29,200,000</b>	29,200,000
Statutory Reserve *		
Per Last Balance Sheet	<b>13,702,500</b>	13,702,500
Add:Transfer from Profit and Loss Account	<b>-</b>	-
	<b>13,702,500</b>	13,702,500
Capital Redemption Reserve as per Last balance sheet	<b>6,172,000</b>	6,172,000
General Reserve		
Per Last Balance Sheet	<b>34,123,340</b>	34,123,340
Less : Shown as deduction from debit balance in profit and loss account as per contra	<b>(34,123,340)</b>	(34,123,340)
	<b>-</b>	-
Investments Allowance reserve	<b>554,825</b>	554,825
Per Last Balance Sheet		
Investments Allowance reserves Utilised		
Per Last Balance Sheet	<b>428,294</b>	428,294
Revaluation reserve for buildings		
Per Last Balance Sheet	<b>16,295,851</b>	17,084,871
Less : Transferred to Depreciation	<b>(789,020)</b>	(789,020)
	<b>15,506,831</b>	16,295,851
Reserves - Profit and Loss account	<b>157,608,280</b>	158,397,300
* Created in accordance with the requirements of Section 45 I- C of RBI Act 1934		
<b>3. Secured Loans</b>		
From Banks		
Term Loan	<b>36,096,815</b>	36,096,815
Cash credit and Working capital demand Loan	<b>1,045,511,276</b>	1,069,978,322
Privately placed Non-convertible Bonds		
Bonds A to F		
- Matured	<b>702,773,512</b>	552,810,415
- Unmatured	<b>155,247,834</b>	305,210,931
Discount Bonds - Discount accrued	<b>170,549,293</b>	170,549,293
From companies	<b>16,821,954</b>	15,651,954
	<b>2,127,000,683</b>	2,150,297,730
<b>4 . Unsecured Loans</b>		
Fixed Deposits		
- Matured	<b>258,233,828</b>	260,124,053
From companies	<b>5,494,727</b>	5,120,174
	<b>263,728,555</b>	265,244,227

## 5 FIXED ASSETS

Asset	Gross Block			Depreciation			Lease Adjustment		Net Block	
	As at March 2010 Rs	Additions Rs	Deletions/ Adjustment Rs	As at 31st March 2011 Rs	For the year Rs	Deletions Adjustments Rs	As at March 2011 Rs	Account 31 March 2011 Rs	As at 31st March 2011 Rs	As at March 2010 Rs
<b>Leased Assets</b>										
Plant and machinery	279,312,862	-	-	279,312,862	-	-	266,166,251	13,146,587	24	24
Computers and accessories	12,968,187	-	-	12,968,187	-	-	12,452,747	515,427	13	13
Office equipment	2,185,183	-	-	2,185,183	-	-	2,178,181	6,998	4	4
Furniture and fittings	4,233,820	-	-	4,233,820	-	-	3,970,821	262,998	2	2
Vehicles	3,489,493	-	-	3,489,493	-	-	3,334,165	155,326	2	2
<b>Total</b>	302,189,545	-	-	302,189,545	-	-	288,102,165	14,087,336	44	44
<b>Other Assets</b>										
Freehold land	5,290,864	-	-	5,290,864	-	-	-	-	5,290,864	5,290,864
Buildings	40,141,613	-	-	40,141,613	793,976	-	11,333,415	-	28,808,198	29,602,174
Plant and machinery	2,051,116	-	-	2,051,116	78,536	-	1,629,113	-	422,003	500,539
Computers and accessories	22,950,610	188,030	-	23,138,640	112,228	-	22,937,627	-	201,013	125,211
Electrical Fittings	964,237	-	-	964,237	18,235	-	821,544	-	142,693	160,928
Office equipment	4,127,734	-	-	4,127,734	96,856	-	3,386,503	-	741,231	838,087
Furniture and fittings	5,801,018	-	-	5,801,018	276,609	-	5,306,433	-	494,585	771,194
Vehicles	4,674,850	-	-	4,674,850	280,239	-	4,193,072	-	481,778	762,017
<b>Total</b>	86,002,042	188,030	-	86,190,072	1,656,679	-	49,607,707	-	36,582,365	38,051,014
<b>Grand total</b>	388,191,587	188,030	-	388,379,617	1,656,679	-	337,709,871	14,087,336	36,582,410	38,051,058
<b>Previous Year</b>	388,860,106	30,900	6,994,419	388,191,587	2,101,485	21,850	336,053,193	14,087,336	380,151,057	39,790,076

	As at <b>31.03.2011</b> Rs.	As at 31.03.2010 Rs.
<b>6 Investments</b>		
Investments in Government or trust Securities	<b>67,238,050</b>	67,313,050
Investments in shares	<b>47,251,376</b>	53,051,376
	<b>114,489,426</b>	120,364,426
Unquoted Investments	<b>102,047,004</b>	107,922,004
Quoted Investments	<b>12,442,422</b>	12,442,422
Market Value	<b>7,252,164</b>	6,652,440
<b>7 Inventory:</b>		
Stock in trade (Shares)	<b>55,426</b>	55,426
<b>8 Sundry Debtors:(Unsecured)</b>		
Considered good		
Debts outstanding for a period less than six month	<b>1,967,305</b>	1,261,167
Debts outstanding for a period more than six month Considered doubtful	<b>5,458,396</b>	5,458,396
Debts outstanding for a period more than six month	<b>1,559,830</b>	1,559,830
Less Provision for doubtful debts	<b>(1,559,830)</b>	(1,559,830)
	<b>7,425,701</b>	6,719,563
<b>9 Stock on Hire,Bills, Lease and other receivables</b>		
Stock on hire under Hire Purchase and other receivables	<b>1,597,866,625</b>	1,614,271,139
Lease and other receivables	<b>248,113,561</b>	247,560,783
Bills Purchased	<b>9,733,196</b>	9,733,196
	<b>1,855,713,382</b>	1,871,565,118
<b>10 Cash and Bank Balances:</b>		
Cash and Cheques in Hand	<b>132,696</b>	146,052
Stamps and Stamp paper on hand	<b>63</b>	63
With Scheduled Banks:		
In Current Accounts*	<b>38,948,548</b>	33,531,284
In Fixed deposits	<b>10,484,482</b>	7,765,193
	<b>49,565,789</b>	41,442,591
* Includes Unclaimed dividend accounts	<b>9,245</b>	9,245
<b>11 Other Current assets:</b>		
Income Receivable	<b>2,322,603</b>	2,596,550
Deposits	<b>19,957,785</b>	17,677,921
	<b>22,280,389</b>	20,274,472
<b>12 Loans and Advances :</b>		
(Unsecured unless otherwise stated and Considered Good)		
Secured Loan	<b>5,724,292</b>	5,724,292
Un Secured Loan	<b>28,949,670</b>	28,949,670
Advance recoverable in cash or in kind or value to be received	<b>42,925,481</b>	42,702,716
Advance for purchase of assets	<b>29,981,764</b>	29,981,764
Advance Income/Interest tax and tax deducted at source	<b>34,583,718</b>	33,836,433
	<b>142,164,925</b>	141,194,875
<b>13 Current liabilities:</b>		
Sundry Creditors:		
For Expenses	<b>17,101,690</b>	19,724,686
For others	<b>70,608,845</b>	70,365,709
Unclaimed preference shares	<b>1,374,000</b>	1,374,000
Interest accrued but not due	<b>86,086,639</b>	86,300,726
Liability towards Investor Education and Protection fund under Section 205C of the Companies Act,1956*		
Unpaid Dividend	<b>10,640</b>	10,640
Unpaid deposits	<b>656,023</b>	656,023
Unclaimed matured debentures	-	-
Unclaimed matured Bonds	-	-
Interest accrued on deposits and debentures	<b>656,286</b>	656,286
	<b>176,494,122</b>	179,088,070
* Amount due for remittance to Investor Education and Protection fund	<b>1,322,949</b>	1,322,949
<b>14 Provisions:</b>		
Provision for Income tax	<b>26,478</b>	26,478
Provision for Fringe Benefit Tax	<b>101,783</b>	187,898
Provision for Interest tax	<b>1,754,278</b>	1,754,278
Provision for Gratuity	<b>366,244</b>	428,808
Provision for Leave encashment	<b>56,000</b>	56,000
Other Provisions	<b>5,322,521</b>	4,900,277
Provision for Non performing Assets		
Investments	<b>33,251,489</b>	33,026,176
Investment in Associate	<b>29,791,639</b>	27,715,238
Hire purchase and lease	<b>1,794,902,037</b>	1,811,432,368
Advances	<b>72,357,145</b>	72,374,616
	<b>1,937,929,615</b>	1,951,902,138

**Schedules to the Consolidated Profit and Loss Account for the year ended 31 March 2011**

	Year ended <b>31.03.2011</b> Rs.	Year ended 31.03.2010 Rs.
<b>15 Income for Financing Operations</b>		
Finance charges earned	-	37,142
Finance Charges-UTI,Brokerage Commission and DP charges	<b>7,601,803</b>	10,533,710
Excess NPA provision of lease and hire purchase	<b>16,530,331</b>	2,942,502
	<b>24,132,134</b>	13,513,354
<b>16 Other Income</b>		
Interest	<b>7,317,075</b>	5,147,086
Dividend	<b>215,050</b>	114,417
Profit on sale of Investments	<b>85,000</b>	
Miscellaneous Income	<b>4,886,487</b>	2,422,551
Profit on sale of Investment in Associate	-	47,966
	<b>12,503,613</b>	7,732,020
<b>17 Interest</b>		
Fixed Loans	<b>69,559</b>	18,224
Others	<b>78,261,037</b>	85,565,806
Less: Interest Waiver – State Bank of Hyderabad	<b>(51,384,643)</b>	
	<b>26,945,953</b>	85,584,030
<b>18 Establishment Charges</b>		
Salaries and Allowances	<b>4,148,010</b>	4,512,599
Company's contribution to Provident Fund and Staff Welfare	<b>504,428</b>	469,734
Gratuity	<b>367,372</b>	457,317
	<b>61,645</b>	(222,138)
	<b>5,081,454</b>	5,217,511
<b>19 Administration and other expenditure</b>		
Rent	<b>697,144</b>	1,756,391
Rates and Taxes	<b>880,623</b>	761,452
Insurance	<b>36,470</b>	91,513
Postage, Telephone and Telex	<b>1,319,663</b>	1,050,604
Printing and Stationery	<b>361,804</b>	343,837
Electricity Charges	<b>217,207</b>	376,590
Travel and Conveyance	<b>954,636</b>	591,449
<b>Repairs and Maintenance</b>		
Building	<b>555,666</b>	555,331
Plant and Machinery	<b>5,150</b>	39,966
Vehicles	<b>124,320</b>	93,758
Others	-	665
Directors sitting fees	<b>11,500</b>	10,250
Advertisements	<b>43,790</b>	13,370
<b>Audit Fees</b>		
Statutory Audit	<b>100,000</b>	100,000
Tax audit		
Tax Audit and Certification	<b>395,454</b>	201,135
Legal Charges	<b>8,237,538</b>	1,544,411
Subscription	<b>5,000</b>	-
Brokerage	<b>143,528</b>	487,216
Other Expenditure	<b>3,107,905</b>	2,335,354
Loss on sale of Assets	-	56,500
Loss on sale of Investments	-	50,000
Bad debts/loans written off	-	64,750,314
Less :Provision made	-	(64,750,314)
Rebate on Hire Purchase	-	1,677,062
(Net of Additional Finance Charges)		
Provision for Non performing Assets	<b>207,842</b>	26,340,091
	<b>17,405,239</b>	38,476,946

**INTEGRATED FINANCE COMPANY LIMITED**  
**Consolidated Cash flow statement for the year ended 31.03.2011**

	<b>Year ended 31-03-2011 Rs.</b>	<b>Year ended 31-03-2010 Rs.</b>
<b>(A) Cash flows from operating activities</b>		
Profit before extraordinary items and tax	<b>(13,664,558)</b>	(108,943,342)
ADD :		
Depreciation	<b>867,660</b>	910,228
Loss On Sale Of Asset	-	56,500
Provision for Gratuity and Leave encashment	<b>(62,564)</b>	(95,192)
Loss On Sale Of Investments	-	50,000
Interest expenditure	<b>26,945,953</b>	85,584,030
Provision Against Non profoming assets	<b>207,842</b>	26,340,091
Less:		
Profit on sale of investment in Associate	<b>85,000</b>	47,966
Recovery of debts (fully provision made in earlier years)	<b>16,530,331</b>	2,942,502
Interest income	<b>7,317,075</b>	5,147,086
Dividend income	<b>215,050</b>	114,417
<b>Operating profit before working capital changes</b>	<b>(9,430,880)</b>	(4,349,656)
(INC)/DEC In Inventories	-	-
(INC)/DEC In Sundry Debtors	<b>(706,138)</b>	(165,239)
(INC)/DEC In Net Stock On Hire	<b>16,404,514</b>	3,256,659
(INC)/DEC In Lease Receivables	<b>(552,778)</b>	426,247
(INC)/DEC In Loans and ICDS	<b>0</b>	10,000
(INC)/DEC In other Loans and advances	<b>(222,765)</b>	6,931,469
(INC)/DEC In other Current Assets	<b>(2,279,864)</b>	224,511
(INC)/DEC In Bills Purchased	-	-
INC/(DEC) In Current Liabilities	<b>(2,379,860)</b>	(2,355,147)
Cash generated from operation	<b>832,230</b>	3,978,845
Prior Year Adjustments	<b>419,086</b>	(33,303)
Fringe benefit tax paid	<b>(86,115)</b>	7,149
Interest paid	<b>(438,551)</b>	(587,065)
Income tax Paid (net)	<b>(747,285)</b>	(1,335,248)
<b>Net cash flows from operating activities</b>	<b>(20,635)</b>	2,030,377
<b>(B) Cash flow from investing activities</b>		
(Inc)/Dec In Bank Deposits	<b>(2,719,289)</b>	(18,709)
Sale Of Fixed Assets	-	14,172
Sale Of Investments	<b>10,800,000</b>	5,280,000
Purchase Of Fixed Assets	<b>(188,030)</b>	(30,900)
Purchase Of Investments	<b>(4,840,000)</b>	(10,180,000)
Dividend Received	<b>215,050</b>	114,417
Interest Received	<b>7,591,022</b>	5,307,714
<b>Net cash flow from investing activities</b>	<b>10,858,753</b>	486,694
<b>(C) Cash flow from financing activities</b>		
Repayment of preference capital	-	-
Repayment of Cash credit (net)	<b>(3,500,000)</b>	-
Proceeds from fixed deposits	<b>(1,890,225)</b>	(3,376,206)
Proceeds from ICDS	<b>(43,984)</b>	-
<b>Net cash flow from financing activities</b>	<b>(5,434,209)</b>	(3,376,206)
Net (Decrease) / Increase in cash and cash equivalents	<b>5,403,909</b>	(859,134)
Cash and cash equivalents at the beginning of the year	<b>33,677,399</b>	34,536,534
Cash and cash equivalents at the end of the year	<b>39,081,308</b>	33,677,399
This is the Cash flow statement referred to in our report of even date.	<b>39,081,307</b>	33,677,399

for BRAHMAYYA & CO.,  
Chartered Accountants  
(Firm Regn. No.000511S)

N. SRI KRISHNA  
Partner  
Membership No.26575

Place : Chennai  
Date : 01.10.2011

P.B. APPIAH  
Director

GEORGE KURUVILLA  
Managing Director



**NOTES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST MARCH 2011**

**I. SIGNIFICANT ACCOUNTING POLICIES:**

**1. Financial Statements** are prepared under the historical cost convention, in accordance with Accounting Standards applicable in India, issued by the The Institute of Chartered Accountants of India (ICAI) and Directions prescribed by the Reserve Bank of India for Non-Banking Financial Companies.

**2. Valuation of Fixed Assets:**

Fixed assets are carried at cost or revalued value less accumulated depreciation. Assets on lease are further stated net of balance in the Lease Terminal Adjustment Account.

**3. Valuation of Investments:**

Investments in Venture Companies are stated at Cost.

Long-term investments are stated at cost and provision for decline in value, other than temporary, has been considered wherever necessary.

Stock in trade is stated at lower of Cost or Market value. Cost is ascertained on first in first out method.

**4. Valuation of Stock on Hire:**

Stock on hire is the aggregate of:

- a. Agreement value less amount received
- b. Cost of re-acquiring the securitised contracts
- c. Cost of acquiring the receivables
- d. The additional finance charges accrued less amount received and
- e. The other charges recoverable from the hirer.

**5. Income recognition:**

a. Income in respect of Hire purchase and Lease:

- i. Finance charges in respect of Hire purchase are accounted in proportion to outstanding installments bearing to the sum of total installments, which is similar to the apportionment based on implicit rate.
- ii. Lease income is accounted as per the terms of the lease agreements.
- iii. Additional Finance Charges are recognised on receipt basis or at the time of new facilities granted or on securitisation.
- iv. Other charges i.e., cheque dishonored charges, insurance are recognized on accrual basis.

b. Incomes from Services are recognized on accrual basis.

**6. Depreciation/Amortisation:**

a. Own Asset: Depreciation is provided on "Straight line" basis at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs.5,000/- or less have been fully depreciated.

b. Leased Assets: Cost less the residual value is depreciated over the lease period on "Straight line" basis. As recommended in the "Guidance Note on Accounting for Leases (Revised)" issued by ICAI Lease Equalisation account, which represents the excess of annual lease charges over statutory depreciation is deducted from lease income.

**7. Retirement Benefits:**

Contribution to Provident fund is made monthly at predetermined rate to the provident fund authorities for eligible persons and accounted on accrual basis.

In respect of the Gratuity, contribution is made to Life Insurance Corporation of India (LIC) through an independent trust. Contribution is charged to profit and loss account as they become due. Premium is paid on the basis of actuarial valuation made by LIC.

In respect of the superannuation, contribution at predetermined rate is made to LIC; contribution is charged to profit and loss account as they become due.

**8. Taxes on Income:**

Tax is determined in accordance with the tax laws applicable for the year.

**9. Basis of consolidation**

a) The consolidation financial statements include the Financial statements of Integrated Finance Company Limited and its Subsidiaries, namely Integrated Stock Broking Services Pvt. Ltd and Industrial Venture Capital Ltd.

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest
Integrated Stock Broking Services Pvt. Ltd	India	99.99%
Industrial Venture Capital Ltd	India	61.40%

b) The Company has the following investments in Associates for which the required treatment as per AS- 23 (Accounting for investments in Associates) has been given in the Consolidation Financial Statements.

Name of the Associate	Country of Incorporation	Proportion of Ownership Interest
Operating Lease and Hire Purchase Company Limited	India	36.69%

\$ Includes 6.49 % (Effective holding 2.51%) holding by Subsidiary (Industrial Venture Capital Ltd)

The Consolidated Financial statements have been prepared on the following basis:

The Financial Statement of Parent Company and its Subsidiary Companies have been consolidated on a line- by - line basis, by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transactions resulting in unrealised profits or losses.

The Consolidation Financial statements have been prepared by adopting Uniform Accounting Policies except the Finance Charges in respect of Hire Purchase is accounted in proportion to outstanding installments bearing to the sum of total installments in the Parent Company whereas the Associate Company finance charges are accounted under "Even Spread Method".

The Gross Stock on Hire as on 31st March 2011 is Rs.4.80 Lakhs (Previous Year Rs. 4.95 Lakhs) in Associate Company.

**II. BALANCE SHEET:**

**10. Minority Interest :**

The Subsidiary company has not redeemed Cumulative Preference Shares amounting to Rs.275 Lakhs which are due for redemption on 20th June 2002 due to inadequate profit and reserves and inability to mobilize fresh Capital funds. Arrears of dividend till the redemption date amounting to Rs.288.86 Lakhs.

**11. Deferred Taxation:**

In view of past losses and difference in income recognition under sum of digits and equated installments method the company is required to create a deferred tax asset. However in view of various pending proceedings under the Income Tax Act, which is having a bearing on the ultimate amount to be allowed to be carried forward to subsequent years, and in the absence of virtual certainty no deferred tax asset has been created.

## 12. Secured Loans:

In regard to the security offered to the secured lenders of the Parent Company in the form of charge on various receivables, inspite of the difficulties faced by the management in the recovery of the receivables, the management is confident of eventually recovering these dues and hence in the opinion of the management there is no potential sacrifice on adequacy of security at present. Hence taking into consideration of the management the secured lenders are considered as adequately secured.

13. Stock on hire includes a sum of Rs.229.30 Lakhs towards balance in Hire purchase contracts /accounts in respect of which assets has been repossessed and sold.
14. Since the number of employees in roll of the company is less than 50, the disclosure as required by Accounting Standard (AS 15) not disclosed.
15. a) Cash and bank balance includes Rs.67.50 Lakhs being balance in a current account with a Scheduled Bank intended for meeting commitments towards preference dividend as and when declared. The said bank has adjusted the same towards the Bank's Funds and Investments Branch at Chennai. The Company has taken up the matter with the Bank, pending the outcome of the same is continued to be shown under cash and bank balances. However this has no impact on the operating results of the Company.
- b) The company has reconciled only the operative accounts. Inoperative accounts have not been reconciled in the absence of confirmation or statements from banks.
- c) During the previous year, majority of the banks have filed a suit before DRT against the Company for recovery of dues to the banks.
- d) The Company has been negotiating with various Banks for OTS and in this direction the company reached OTS with M/s. State Bank of Hyderabad, for a sum of Rs.35 lakhs as against the limit sanctioned by them amounting to Rs.461 lakhs. (Loan outstanding Rs.522.34 Lakhs). The Company has adjusted the difference between outstanding balance in its books and limit sanctioned against the interest expenditure of the current year and the limit sanctioned to the credit of Profit and Loss Account.
- e) The Company has made a no lien deposit of Rs.52 lakhs with State Bank of Travancore as a down payment for proposed one time settlement with the consortium of Banks. Consequent to the decision made by the consortium of banks that the company would settle the dues independently with respective banks, hence, the no lien deposit has become repayable to the Company. However, one of the banks approached DRT and obtained stay against the release of the deposit which is being contested by the Company. The above deposit has been adjusted against the dues to the State Bank of Travancore in the books of the Company.

## III. PROFIT AND LOSS ACCOUNT:

### 16. Earnings Per Share:

	31.03.2011	Rs. Lakhs
Profit after tax	312.63	(1100.52)
Less: Cumulative Preference share dividend for the year	-	-
Profit available for equity shareholders	312.63	(1100.52)
Total number of shares	1,32,52,588	1,32,52,588
Basic and Diluted * earning per Share	Rs. 2.36	Rs. (8.30)

\* On 30.04.2008, the Division Bench of the High Court, Madras has set aside the order of the Single Bench of the Madras High Court. However, the Company has filed a Special Leave Petition in the Supreme Court, New Delhi and the same was admitted. Depending on the final outcome the above proceedings, the amount disclosed under Number of shares, may undergo change.

## IV. GENERAL

17. Hire Purchase/Lease contracts entered includes contracts with existing hirer/lessees the proceeds of which have been adjusted against the arrears/outstanding of the respective hirers/lessees under the existing H.P/Lease contracts.
18. The levy of Service Tax on Hire Purchase and Leasing transactions introduced with effect from 16-07-2001 has been challenged by Trade Associations. The court has dismissed the appeal filed by the association. The company has not provided for Service Tax payable if any to the authorities for the orders pending.
19. The Company entered into an arrangement with a Bank to market various financial products including sourcing of hire purchase loans. The arrangement is akin to that of a principal and Agent. The arrangements and further agreements entered between parties envisages that upon happening of certain events, the Company has to repossess the underlying assets, dispose the same, and credit the proceeds towards repayment of amount advanced by bank. In the event of there being any deficit in loan repayment, after sale of the assets, the same shall be made good by the Company. The amount so involved under such an obligation being contingent in nature, is not quantifiable at this point of time. The overall value of contracts covered under this arrangement is Rs.130.99 Lakhs.  
However, the Company entered into a Memorandum of understanding with the said bank consequent to which such obligation does not arise on the contracts entered into after the said Memorandum of Understanding dated 6th November 2002. Further, the company made claims towards the entitlement of fees for services aggregating to 263.23 lakhs which is yet to be acknowledged by the bank. Also the banks has raised certain counter claims on the company, as the counter claims are at the very early stage, no provision is made in the accounts for such claims.
20. The debtors of the Subsidiary Company "Integrated Stock Broking Services Private Limited" include receivables of Rs.34.21 lakhs from its D.P. customers spread over large numbers (small values), out of which Rs.22.51 lakhs form clients without holding in their Depository accounts. Currently there is no process of confirmation or there is no process to validate the outstanding due from such customers. However, the company has initiated steps to bring in a process wherein all the receivables will be addressed in a phased manner and those eventually realizable would be ascertained upon completion of such process.  
Till such time the management is of the opinion that the receivables are receivable at the values stated in the financial statement. Hence no provision is considered necessary in the current financial year.

## 21. Contingent Liability:

### a. Interest tax:

The Company has gone on appeal for the assessment year 1992-93 to 2000-01 in respect of disputed demand of interest tax of Rs.85.18 lakhs on account of certain disallowances and the demand arising out of the disallowances were adjusted/paid against the refund due amounting to Rs.84.98 lakhs. The quantum of liability, if any, is ascertainable only on completion of these appeals / assessments. Hence no provision has been made for the balance demand in the books of accounts.

### b. Income Tax:

- (i) Disputed Income tax demands totaling to Rs.7.21 lakhs (previous year Rs.7.21 lakhs for which the Income-tax department has gone on appeal.
- (ii) The Company has gone on appeal for the assessments 1991-92 to 2008-09 in respect of disputed demand of Rs.2307.56 lakhs (previous year Rs.1936.99 lakhs) for the year against which an amount of Rs.166.86 lakhs paid/adjusted in subsequent years. (Previous year Rs.166.86 lakhs). Depending upon the outcome of these appeals, a demand for income tax may be made on the Company for subsequent years also as the matter under dispute are recurring. The exact quantum of liability if any, is ascertainable only on completion of these appeals/assessments. Hence, no provision has been made for the potential liability if any, in the books of accounts. However the income tax department attached the current account maintained in Banks towards recovery of their dues and adjusted.

- c. Sales tax:  
The Company has gone on appeal against a total demand of Sales Tax for Rs.50.33 lakhs (previous year Rs.50.33 lakhs) from the Commercial Tax Authorities in the states of Tamilnadu, Kerala, Maharashtra and New Delhi against which the Company has deposited a sum of Rs.9.85 lakhs (Previous year Rs.9.85 lakhs) and Bank Guarantee and Corporate Bond are furnished for Rs.12.85 lakhs (Previous year Rs.12.85 lakhs) and for the balance amount, stay has been granted. No provision has been made in the books of accounts.
- d. Guarantee given on behalf of other companies Rs. 330 lakhs (previous year Rs.330 lakhs).
- e. Claims against the Company not acknowledged as debts Rs.10.97 lakhs (Previous year Rs.10.97 lakhs).  
In Respect of Associate Company Operating Lease and Hire Purchase Company limited.

**i) Income Tax**

- a. The Associate Company is in receipt of Block Assessment order for the period ended 8<sup>th</sup> October 1996 from department of Income tax quantifying a sum of Rs.75.49 lakhs as tax payable. The company disputed the same and an appeal is pending before the Appellate Tribunal. Pending the outcome of the appeal the company paid a sum of Rs. 75.49 lakhs under protest. Considering the issue involved and as advised by the legal experts, the management is of the opinion that there will not be any potential liability in this regard, though provision has been made in the books of accounts.
- b. The company has gone on appeal for the assessments 1998-99, 1999-00, 2001-2002, 2002-03, 2003-04 and 2004-05 in respect of disputed demand of Rs.210.45 lakhs against which an amount of Rs.4.75 Lakhs paid / adjusted. Depending upon the outcome of these appeals, a demand for income tax may be made on the Company for subsequent years also as the matter under dispute are recurring. The exact quantum of liability if any is ascertainable only on completion of these appeals / assessments. During the year, the company has received appeal orders for assessment years 1998-99, 1999-00, 2001-2002 and 2002-03 in its favour. Hence no provision has been made for the potential liability if any, in the books of accounts.

**ii) Sales tax:**

Amount receivable from Sales Tax department for the assessment year 1990-91, 1991-92 of Rs.1.32 lakhs for which the department gone for appeal.

22. Arrears of Cumulative Redeemable Preference Shares Dividend up to 31<sup>st</sup> March 2011 amounts to Rs 742 lakhs (Previous year Rs.675 lakhs).

**23. Related Parties Disclosures:**

a. Related Parties:

- Associates 1. Operating Lease & Hire Purchase Company Ltd  
Key Management Personnel 1. George Kuruvilla

b. The Transactions with related parties:

		Associates	Rs. In Lakhs Key Management Personnel	Total
Income	- Current year	-	-	-
	- Previous year	-	-	-
Interest	- Current year	-	-	-
	- Previous year	-	-	-
Dividend	- Current year	-	-	-
	- Previous year	-	-	-
Expenses	- Current year	-	-	-
	- Previous year	-	-	-
Remuneration	- Current year	-	9.00	9.00
	- Previous year	-	9.00	9.00
<b>Assets</b>				
Investment in Equity Shares	- Current year	-	-	-
	- Previous year	-	-	-
Inter Corporate Deposit at end of the year				
	- Current year	-	-	-
	- Previous year	-	-	-
Advance revocable at the end of the year				
	- Current year	-	-	-
	- Previous year	-	-	-
Amount payable at the end of the year				
	- Current year	24.36	6.75	31.11
	- Previous year	25.25	6.93	32.18

24. Segment Reporting: The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard AS 17 - 'Segment Reporting'.

25. Contracts for purchases of shares amounting to Rs.7.15 Lakhs and sale of shares amounting to Rs.4.93 Lakhs in respect of which the Subsidiary company is liable as principal/agent as at 31<sup>st</sup> March 2011.

**26. The Company is in the process of ascertaining the vendor/supplier who fall under the purview of "The Micro, Small and Medium Enterprise Development Act, 2006" and on completion of this process, will take necessary steps to comply with the said Act.**

27. Previous year figures have been regrouped wherever necessary.

for BRAHMAYYA & CO.,  
Chartered Accountants  
(Firm Regn. No.000511S)

N. SRI KRISHNA  
Partner  
Membership No.26575

Place : Chennai  
Date : 01.10.2011

P.B. APPIAH  
Director

GEORGE KURUVILLA  
Managing Director

## Auditor's Report to the Board of Directors of Integrated Finance Company Limited on the Consolidated Financial Statements

- 1) We have audited the attached Consolidated Balance Sheet of M/s. Integrated Finance Company limited, its Subsidiaries and Associate Companies as at 31st March 2011 and also the Consolidated Profit and Loss Account and the Consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of Integrated Finance Company Limited. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. **The financial statement of the Company's Subsidiary, whose financial statements reflect total assets of Rs.548.95 Lakhs as at 31st March, 2011 and total revenues of Rs. 10 Lakhs for the year then ended have been audited by other auditor, whose report have been furnished to us, we have relied upon the report for the purpose of the amounts included in respect of the subsidiary in the consolidated financial statement.**
4.
  - a. Investments in companies as investor / joint venture by the subsidiary company have been stated at "Cost" instead of "equity method" as per Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements, as per Accounting Standard - 27 (Financial Reporting of interest in Joint Ventures) and the impact not quantified.
  - b. Share of profits or losses not been adjusted towards the subsidiary company outstanding of cumulative preference dividends of Rs.288.86 Lakhs cumulative arrears of dividend.
  - c. *The net worth of the company is completely eroded and restrictions are placed by RBI on accepting further deposits which seriously hampers the ability of the company to carry on its designated business activities as NBFC. In the meanwhile the Company has filed a restructuring proposal for meeting the liability towards deposits and Bonds under section 391 of the Companies Act 1956 on 21.06.2005 which was approved by the Hon'ble High Court, Madras on 19.08.2006 vide order of Single Judge Bench, which on an appeal the division bench of Madras High Court decided the proposal for restructuring against the company, in respect of which the company appealed to supreme court through a Special Leave Petition (SLP) and the same has been admitted by the Hon'ble Supreme Court , pending the outcome of the same the financial statements have been prepared on a going concern basis. In the event, the outcome of the on going proceedings are going to be against the company the same will impair the going concern assumption of the company, and would place serious limitations on the company's eventual ability to meet its obligation to secured / unsecured lender/depositors. In view of the above we are unable to express our view whether the company is a going concern or not.*
  - d.
    - 1) Interest to banks has been provided at the contracted rates on the sanctioned limits, which is different from the actual out standings to the respective banks. The claims of the banks towards all penal levies and other claims have not been provided amount not quantified.
    - 2) The Company has not provided interest on fixed deposits and non-convertible secured bonds after 19th May 2005 (effective date under scheme U/s 391 of Companies Act 1956) for the year amounting to Rs. 373.61 lakhs cumulative Rs.4917.72 lakhs, consequently the loss for the year is understated by Rs.373.61 lakhs and hence the carried forward profit and loss account is also understated by Rs.4917.72 lakhs.
    - 3) During the year, the government of Puducherry had acquired the property of company under compulsory acquisition of land for a compensation of Rs.2.18 Crores, for which the company had filed the writ petition before the High Court of Madras seeking the quashing of the acquisition. Pending the outcome the Company had not taken cognizance of the transaction in the books of accounts, and consequently in the financial statements also. Had the company accounted for the transaction, profit for the year could be higher by Rs.1.96 Crores and the Profit and Loss account debit balance would be lower by the same amount.
    - 4) The company seized to be a deposit accepting NBFC and further also discontinued its primary objective as NBFC (other than collecting dues from its debtors or payment of dues to lenders/depositors) many of the provisions pertaining to NBFC have not been complied with in relation to filing of periodical returns and other compliances required under the RBI Act, consequently having regard to our audit qualification mentioned above, our report cannot be taken as any assurance for future performance of the company in meeting any of its obligation towards secured / unsecured lenders or depositors.
    - 5) As referred to in 14(a), an amount of Rs.67.50 Lakhs being the balance in the current account of a bank has been adjusted by the bank as a preference dividend due by the company (notwithstanding that no dividend is declared by the company), which we are not able to express an opinion on recoverability of said amount from the bank.
  - e. With regard to the Subsidiary Company "Integrated Stock Broking Services Private Limited", no provision is made for Rs.22,50,810 from clients without holdings in their Depository accounts as referred to in Note No. 20.
  - f. With regard to the Subsidiary Company "Industrial Venture Capital Limited", the other auditor is of the opinion that:
    - i. No provision has been made on advances due from Venture Capital assisted units, which are disputed and under litigation.
    - ii. The accounts have been prepared on a going concern basis, not withstanding the company having during the current year incurred a loss of Rs.12.55 lakhs and debit balance in profit and loss account at the yearend aggregating Rs.150.91 lakhs and uncertainty regarding realization of investments made in Venture capital units, non redemption of Cumulative convertible preference shares amounting to Rs.275 lakhs, as the Directors are confident of recovering the dues and realizing the investments.
    - iii. Fixed Assets includes land at semmavery, of which ownership is under dispute and the case pending in court of law.
5. Subject to our remarks in Para 4 above and based on the matters mentioned in Note No.12 regarding the security.
  - a) We report that the consolidated financial statements have been prepared, by the Company in accordance with the requirements of Accounting Standard - 21 'Consolidated Financial Statements' and Accounting Standard - 23'Accounting for Investments in Associates in Consolidated Financial Statements' issued by Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Integrated Finance Company limited, and its aforesaid subsidiaries and the audited/ unaudited financial statements of its associate companies, as mentioned above, included in the consolidated financial statement.
  - b) On the basis of the information and explanations given to us and the consideration of the separate audit reports on individual audited financial statements of Integrated Finance Company limited, its subsidiaries and joint venture we are of the opinion that in conformity with the accounting principles generally accepted in India.
    - i. The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Integrated Finance Company limited, its subsidiaries, and associate companies as at 31st March 2011 and
    - ii. The Consolidated Profit and Loss account gives a true and fair view of the consolidated results of operation of Integrated Finance Company limited, its subsidiaries, and associate companies as the year ended 31st March 2011 and
    - iii. The Consolidated cash flow statement gives a true and fair view of the consolidated cash flows of Integrated Finance Company limited, its subsidiaries, and associate companies for the year ended 31st March 2011.

For BRAHMAYYA & CO.,  
Chartered Accountants  
(Firm Regn. No.000511S)

[N. SRI KRISHNA]  
Partner  
M.No.26575

Place : Chennai  
Dated : 01.10.2011