



Dhandapani Finance Limited

BOARD OF DIRECTORS	R NAGARAJAN	Non Executive Independent Chairman
	S NARAYANAN	Independent Director
	S.SHRAVAN	Independent Director
	R RAVICHANDRAN	Managing Director
COMPANY SECRETARY	S K RENGARAJAN	
STATUTORY AUDITORS	M/s. P B Vijayaraghavan & Co., Chartered Accountants. Chennai	
AUDIT COMMITTEE	R NAGARAJAN	Independent Director – Chairman
	S NARYANAN	Independent Director – Member
	S.SHRAVAN	Independent Director – Member
BANKERS	State Bank of India, Bank of India, The Catholic Syrian Bank Ltd., State Bank of Hyderabad, The Dhanalakshmi Bank Ltd., The Federal Bank Ltd., Bank of Baroda, Canara Bank, Indian Overseas Bank, ING Vysya Bank Ltd., State Bank of Travancore, Punjab National Bank, UCO Bank, The HSBC Ltd, Yes Bank Ltd.	
FINANCIAL INSTITUTIONS	Tamilnadu Industrial Investment Corporation Limited	
SUBSIDIARIES	M/s. Dhandapani Holdings & Securities Limited M/s. Smartinvest Agency.com Private Limited	
BRANCHES	Tamil Nadu, Andhra Pradesh, Maharashtra, Karnataka, Madhya Pradesh & Kerala	
REGISTERED OFFICE	No 14, Ramakrishna Street, T Nagar, Chennai 600 017 Phone: 2814 1778, 2814 2663, 2814 2706 Fax: 2814 1612. Email : dhanfin@dhandapanifinance.com	

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Twenty-third Annual General Meeting of the Company will be held on Monday, the 29th day of March 2010, at 9.00 am at Rani Seethai Hall, I Floor, No.603, Anna Salai, Chennai – 600 006 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 30th September 2009, and the Profit & Loss Account for the Financial Year ended 30th September 2009 along with the report of the Directors' and Auditors' thereon.
2. To appoint a Director in the place of Mr. R Nagarajan who retires by rotation and being eligible offers himself for reappointment.
3. To appoint the statutory auditors to hold office from the conclusion of this annual general meeting till the conclusion of next annual general meeting and fix their remuneration.

SPECIAL BUSINESS

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

“**RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 1956, Mr. S Narayanan, who was appointed as Additional Director be and is hereby appointed as Director of the Company whose office shall be subject to retirement by rotation.”
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“**RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 1956, Mr. S Shravan, who was appointed as Additional Director be and is hereby appointed as Director of the Company whose office shall be subject to retirement by rotation.”
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution.

“**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 & 316 read with Schedule XIII of the Companies Act, 1956, and in continuation of the resolutions passed by the Board of Directors of the company on 12th October 2007 and confirmed by the share holders at their meeting dated 23rd December 2008 and subject to such other approvals, if any, as may be required, the consent of the company is hereby accorded for the payment of remuneration of Rs.4,87,499/- (Rupees Four Lakhs Eighty Seven Thousand Four Hundred and Ninety Nine Only) per month to Mr. R Ravichandran, Managing Director of the company with effect from 1st November 2008, on the terms and conditions mentioned herein below and as approved by the Central Government vide its letter dated 17th August 2009, with liberty to the Board of Directors to increase, reduce, alter or vary the terms of remuneration and perquisites including monetary value thereof, at any time(s) and from time to time and in such manner as the Board of Directors may deem fit, so as not to exceed the remuneration limits as specified in Schedule XIII of the Act or any amendments thereto.

a. Terms of Remuneration:

Particulars	Amount (Rs.)
Salary	200000 per month
Perquisites:	
Housing	60000 per month
Other Allowances / Reimbursements	174333 per month
Medical	150000 per annum
Leave Travel Allowance	200000 per annum
Provident Fund	288000 per annum
Gratuity	In accordance with Payment of Gratuity Act

- b. Subject to the superintendence, control and directions of the Board, the Managing Director shall perform such duties and functions as would be commensurate with his position as Managing Director of the Company and as may be delegated to him by the Board from time to time.
- c. The Managing Director shall not be paid any sitting fees for attending the meetings of the Board or Committees thereof.
- d. Subject to provisions of the Companies Act, 1956, the Managing Director shall not while he continues to hold office of the Managing Director be subject to retirement by rotation but he shall ipso facto immediately cease to be Managing Director if he ceases to hold office of Director for any cause.
- e. In the event of loss or inadequacy of profits in any financial year during the currency of his tenure as Managing Director, the payment of salary, perquisites and other allowances shall be restricted to remuneration as per Schedule XIII to the Companies Act, 1956 as minimum remuneration.

For the purpose of computation of minimum remuneration, the following shall not be included:

- a) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961
- b) Gratuity at the rate not exceeding half a months salary for each completed year of service, and
- c) Encashment of leave at the end of the tenure.

“RESOLVED FURTHER that all the terms of appointment shall remain same as per the resolution of the board of directors passed on 12th October 2007 and as approved by the shareholders at their meeting held on 23rd December 2008.”

for and on behalf of the Board

Place: Chennai
Date : 26.02.2010

R RAVICHANDRAN
Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE VALID MUST BE DULY STAMPED, EXECUTED AND RECEIVED AT THE REGISTERED/CORPORATE OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Please bring the admission slip duly filled in and handover at the entrance of the meeting hall.
3. The register of members and share transfer books of the Company will remain closed from 26th March 2010 to 29th March 2010 (both days inclusive), as per the requirements of the listing agreements.
4. Members are requested to immediately notify any change of address:
 - i. To the Depository Participants (DPs) in respect of their electronic share accounts.
 - ii. To the Corporate Office at No:14, Ramakrishna Street, T Nagar, Chennai – 600 017 in respect of their physical share folios.
5. In case the mailing address mentioned on this Annual Report is without the pin code, members are requested to kindly inform their pin code immediately.
6. Pursuant to the provisions of section 205A of the Companies Act, 1956, as amended, dividends for the financial year ended 31st March, 2003 and thereafter which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Members who have not encashed their dividend warrants, so far for the financial year ended 31st March 2004 or any subsequent financial years are requested to make their claims to the share department of the Company. It may also be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund, as above, no claims shall lie in respect of such amounts.
7. The Company shifted its Registered Office from New No 291(Old No 141) Linghi Chetty Street, Chennai 600 001 to No. 14, Ramakrishna Street, T Nagar, Chennai 600 017. All the Shareholders are requested to address their correspondence to the new address, in future.
8. The Company has a designated E-mail ID for Investor Grievance. All the shareholders are requested to mail their Grievance to investorcell@dhandapanifinance.com
9. Members are requested to quote their folio numbers in all their correspondence.
10. Members are requested to bring their copies of the Annual report for the meeting.
11. As per the provisions of the amended Companies Act, 1956, facility for making nomination is now available to individuals holding shares in the Company. The nomination form 2B prescribed by the Government can be obtained from the Company.
12. As required under the Listing Agreement, the particulars of directors who are proposed to be appointed / re-appointed are given in the Report on Corporate Governance.

Place: Chennai
Date : 26.02.2010

for and on behalf of the Board
R RAVICHANDRAN
Managing Director

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

SPECIAL BUSINESS:

Item No.4

Mr. S Narayanan was appointed as an Additional Director with effect from 05.08.2009. He holds office only upto the date of the forthcoming Annual General meeting. In terms of section 257 of the Companies Act, 1956 the Company has received a notice in writing from a member signifying his intention to propose Mr. S Narayanan as a candidate for the office of Director. The Board proposes to appoint him as a director liable to retire by rotation, as per the relevant provisions of the Companies Act, 1956. The Board recommends the resolution for your approval.

Memorandum of Interest:

None of the Directors except Mr. S Narayanan is deemed to be interested in the resolution.

Item No.5

Mr. S Shravan was appointed as an Additional Director with effect from 29.01.2010. He holds office only upto the date of the forthcoming Annual General meeting. In terms of section 257 of the Companies Act, 1956 the Company has received a notice in writing from a member signifying his intention to propose Mr. S Shravan as a candidate for the office of Director. The Board proposes to appoint him as a director liable to retire by rotation, as per the relevant provisions of the Companies Act, 1956. The Board recommends the resolution for your approval.

Memorandum of Interest:

None of the Directors except Mr. S Shravan is deemed to be interested in the resolution.

Item No.6

Payment of remuneration to Managing Director

The shareholders may be aware that recently the management of the company has undergone a change. As a result, a new set of management has taken over the company and Mr. R Ravichandran has been appointed as the Managing Director to oversee the day-to-day administration of the Company.

The Board of Directors, subject to the approval of members, had earlier recommended appointment of Mr. R Ravichandran as the Managing Director of the Company, as per the terms of remuneration in accordance to the provisions of Section 198, 269, 309 read with Schedule XIII of the Companies Act, 1956.

Mr. R Ravichandran, a Cost Accountant with over 19 years of experience in NBFC Industry, has held senior positions in his previous assignments. His last assignment was with Cholamandalam DBS Finance Ltd for over 6 years and prior to that in Esanda Finance (Subsidiary of Grindlays Bank) for a period of 8 years. He has rich experience in asset backed lending business across various geographies of India. He had been appointed as Chief Executive officer of the Company with effect from 17th January 2007, on contractual terms.

His terms of remuneration were also approved by the Remuneration committee, in accordance with the provisions of Schedule XIII of the Companies Act, 1956. The Central Government vide their letter dated 17th August 2009 has approved the payment of remuneration to Mr. R Ravichandran subject to the approval of the same by the shareholders with effect from 1st November 2008 until the ensuing Annual General Meeting. The Board of Directors of your company recommends the resolution for your approval.

Mr. R Ravichandran will be deemed to be interested in the resolution. None of the other directors is interested in the resolution.

This may also be treated as an abstract of the Memorandum of Interest of the Managing Director pursuant to Section 302 of the Companies Act, 1956.

The terms and conditions of the Appointment and remuneration payable to him are in accordance with the provisions of Schedule XIII of the Companies Act, 1956 and are as follows:-

- (i) Mr. R Ravichandran to hold office and act as Managing Director of the company with effect from 12th October 2007 for a period of 3 years.
- (ii) Mr. R Ravichandran comply with all the directions and regulations which may from time to time be given or made by the Board and to use his utmost endeavors to promote the interest of the Company.

Explanatory statements as per Sch.XIII to the Companies Act, 1956

Sl.No.	Particulars	
1.	Nature of industry	Non-Banking Finance Company (NBFC)
2.	Date or expected date of commencement of commercial production	Already commenced the Business
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	NA
4.	Financial performance based on given indicators	For the year ended 30th September 2009 the Company had a turn over of Rs.29.25 crores
5.	Export performance and net foreign exchange collaborations, if any	NA
6.	Foreign investment or collaborators if any	51% held by D B Zwirn Mauritius

II. Information about the appointee:

Sl.No.	Particulars	
1.	Background details	Having more than 19 years experience in NBFCs
2.	Past remuneration	Rs.22,00,000 per annum.
3.	Recognition or awards	NIL
4.	Job profile and his suitability as Managing Director-	Having the required qualification and experience in the relevant field.
5.	Remuneration proposed	Rs.4,87,499/- p.m
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration is in line with the existing pay structure of other comparable NBFCs.
7.	Pecuniary relationship with the managerial personal, if any	He is not related to other Directors.

III. Other information:

Sl.No.	Particulars	
1.	Reasons of loss or inadequate profits	Difficulty in raising resources for the growth of business.
2.	Steps taken during the year for improvement.	The Company diversified its resource base by entering into bilateral assignment of receivables facilities.

IV. Disclosures

The remuneration package has been provided in detail in the notes on accounts.

for and on behalf of the Board

Place: Chennai
Date : 26.02.2010

R RAVICHANDRAN
Managing Director

DIRECTORS' REPORT



Your Directors present the Twenty Third Annual Report together with the Audited accounts for the year ended September 30, 2009.

1. FINANCIAL RESULTS

(Rs. In Lakhs)

PARTICULARS	For the year ended 30.09.2009	For the 18 Months ended 30.09.2008
GROSS INCOME	3075.17	7507.56
PROFIT/(LOSS) BEFORE INTEREST & DEPRECIATION	1293.99	3102.03
LESS: INTEREST	2551.47	4046.38
PROFIT/(LOSS) BEFORE DEPRECIATION	(1257.48)	(944.35)
ADD: EXCEPTIONAL ITEMS	(5534.42)	Nil
LESS: DEPRECIATION / IMPAIRMENT LOSS	(66.35)	(501.74)
PROFIT / (LOSS) BEFORE TAX	(6858.25)	(1446.09)
PROVISION FOR TAXATION (including FBT / Deferred tax)	2.78	51.97
PROFIT / (LOSS) AFTER TAX	(6861.03)	(1498.06)
ADD: BALANCE FROM LAST YEAR	(4155.23)	(2657.12)
PROFIT /(LOSS) AVAILABLE FOR APPROPRIATION	(11016.26)	(4155.23)
PROPOSED DIVIDEND (Including Dividend Tax)	Nil	Nil
TRANSFER TO STATUTORY RESERVE	Nil	Nil
TRANSFER TO GENERAL RESERVE	Nil	Nil
BALANCE CARRIED FORWARD	(11016.26)	(4155.23)

2. DIVIDEND

In view of the losses posted by your company, the Board decided not to recommend any dividend during the year under review.

3. OPERATIONS

During the year ended September 30, 2009, the company has disbursed an amount of Rs. 56.43 Crores (Rs. 27.02 Crores as direct business and Rs. 29.41 Crores under arrangement with FICCL) as against a disbursement of Rs. 179.39 Crores during the 18 months ended 30th September 2008. The severe liquidity crunch and fall in general market conditions have affected new loan disbursements for the year under review. Period from October to December 2008 being worst effected and almost all of the NBFCs stopped new loan disbursements. DFL continued its focus on recoveries from customers which is the company's strong point and recoveries have been satisfactory during the year under review.

4. SLUMP SALE REVERSAL

As detailed in the previous annual report, DFL initiated business transfer to Zwirn Pragati Capfin Private Limited (“ZP”) by way of a slump sale on a going concern basis. With the approval of the share holders of DFL and the Board of Directors, on 30th September, 2008, your Company entered into a Business Transfer Agreement (“BTA”) with ZP. The BTA provided for the transfer of business, including all assets and liabilities but excluding tax liabilities, on a slump sale basis. The transfer was to be effective on 31st October 2008 (this deadline was extended later), subject to the achievement of all conditions precedent, including obtaining the approval of all lenders.

However during the quarter ended 30.06.2009, ZP terminated the BTA citing that the conditions precedent in the agreement had not been met by DFL. The board of DFL met on the 3rd of July, 2009, and deliberated the matter and accepted the termination notice from ZP and also decided to reverse all slump sale entries which were passed as of 30th September 2008.

The impact of slump sale was given in the Company’s books of accounts for the year ended 30th September 2008. However, due to non-fulfilment of the conditions precedent, the Business Transfer Agreement was terminated and necessary effect has been given for the reversal of slump sale entries as on 01st October 2008.

5. RESOURCES

DEPOSITS

The Company has ceased taking deposits from 31.03.2005. In terms of the letter dated 28.12.2007 communicated by RBI, in response to the Company’s application for conversion into Non deposit accepting company, all the outstanding deposits as on 07.03.2008 were transferred to an Escrow Account.

As on 30.09.2009, unclaimed deposits totaling to Rs. 1.54 Lakhs including interest, which matured for payment, were awaiting instructions for repayment. The Company sends periodical reminders to deposit holders before transferring the same to Investor Education and Protection Fund as per the provisions of Section 205C of the Companies Act, 1956.

6. PRUDENTIAL NORMS

Reserve Bank of India has prescribed prudential norms for registered Non Banking Financial Companies on various parameters. Your Company is in Category A indicating prompt and regular filing of returns.

7. ASSET LIABILITY MANAGEMENT COMMITTEE

The company has an efficient Asset Liability Management Committee, which continuously monitors the Asset Liability mismatch. The committee met at regular intervals.

8. PROSPECTS

The Indian economy managed to grow at a rate of 6.70% in the year ending March 2009 after growing at an average rate of around 9 percent or more in three fiscal years to March 2008. This was on account of a global economic downturn and a contraction in domestic demand. But future looks bright with expectations of Indian economy growing at more than 8% in the coming years.

The first quarter of the year, Oct-Dec’08, was the worst effected period with almost all the NBFCs putting a hold on their fresh new loan disbursements due to severe liquidity crunch. Situation improved later, though the negative growth over previous year continued till June 2009. One of the major indicators considered as

a bench mark for analyzing the growth pattern in Indian economy, sales of new commercial vehicles, has shown promise with growth in sales, over previous year, from July 2009. From November 2009 onwards the sale of commercial vehicles are registering an impressive growth of more than 100% over previous year.

Several factors, such as increased movement of freight at the leading ports, pick-up in project investments, increased hiring, and encouraging data from a number of key manufacturing segments could be an indicator that the downtrend has bottomed out and that our economy is regaining its lost vigour. It is reported that auto, cement, steel and capital goods sectors have started performing strongly which indicates a possible strong turnaround in the economy. Though the slowdown in the economy has led to lower freight movement, which in turn brought down the sales of new commercial vehicles as they are mainly used for long haulage of manufactured goods, the demand for used vehicles was not impacted much as these vehicles are used in shorter routes for carrying essential commodities. The funding requirements of the used commercial vehicles segment are estimated to be about Rs. 650 bn. The aspirations would continue to grow and so would the demand for used trucks.

9. EXPLANATIONS TO THE REMARKS IN AUDITORS' REPORT:

In response to the remarks made by the Statutory Auditor, the Board wishes to explain as follows.

Reference to the Auditors Report	Head of Account	Reference to notes below
3 (a)	Company Secretary	Refer note 1
3 (b)	Negative net worth	Refer note 2
3 (c)	Going concern	Refer note 3
5 (f)	Managing Director's remuneration	Refer note 4
5 (g)	Balance confirmation	Refer note 5
5 (h)	Provision for outstanding in secured advances extended to Dhandapani Properties (P) Ltd	Refer note 6

Notes

1. Since the management was occupied with the task of completing slump sale process which envisaged transfer of all manpower, assets and liabilities of the company in favour of Zwin Pragati Finance Private Limited (ZP), the recruitment process of company secretary could not be taken up earlier. However this task was taken up post slump sale reversal and company secretary came on board in September 2009.
2. As a result of the extensive clean up of legacy issues initiated in March 2007, which continued until the year under review, company's net owned funds have fallen below the limit prescribed by RBI. Coupled with this, promoters of the company, DBZM were unable to infuse any further capital in to the company.

Board of DFL had taken note of the situation and decided to approach lenders of the company with a request to allow for a deep restructuring of its debts through Corporate Debt Restructure (CDR) mechanism. Process for admission of company's proposal in to CDR mechanism is progressing smoothly with requisite majority of the lenders giving their consent.

As a result of implementation of CDR package which envisages conversion of part of the debt to equity, net worth of the company will turn positive and this will also enable the company to restart its direct line of business actively.

3. As explained earlier the company is in the process of going through a debt restructuring process and simultaneously efforts are being made to bring in a new investor.

DFL's board believes that the business model followed by the company has inherent strengths and company will be able to come back to normal status post the CDR process and infusion of capital by new investor. Surviving through the past 3 years under difficult situations is a testimony of the strength of the business model followed by company.

Post CDR process, company shall have healthy cash flows due to the expected reliefs derived from CDR process and infusion of capital will allow the company to leverage and raise borrowings to restart the direct line of business actively.

4. Company received approval of the Central Government vide their letter dated 17th August 2009. This is being put up for approval in the forth coming AGM to be held on 29th March 2010.
5. Company is in the process of obtaining balance confirmation from the parties and is hopeful of completing the exercise within the next 60 days.
6. The company is actively pursuing the matter with the concerned party and is hopeful a resolution in the current financial year, i.e., 2010-11.

10. CORPORATE GOVERNANCE

Your Company is complying with the Code of Corporate Governance introduced by SEBI. A detailed report on Corporate Governance together with a certificate from the Statutory Auditors in compliance of Clause 49 of the Listing Agreement is attached which forms part of the Directors' Report.

Management Discussion and Analysis

Management Discussion and Analysis report highlighting the performance of the company is attached forming part of the Directors' Report.

11. OTHER DISCLOSURES

a. SUBSIDIARIES

The Annual Accounts for the Financial Year ended March 31, 2009 of the Subsidiary Companies Dhandapani Holdings & Securities Ltd and Smartinvest Agency.Com Private Limited are annexed to your Company's Annual Report.

b. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statement for the period ended September 30, 2009 prepared in accordance with Accounting Standards AS 21 on Consolidated Financial Statements-issued by the Institute of Chartered Accountants of India, is also provided in this Annual Report in accordance with Clause 32 of the Listing Agreement.

12. DIRECTORS

Mr. S Narayanan and Mr. S Shravan were appointed as additional directors. As per provisions of the Section 260 of the Companies Act, 1956, the directors hold office only up to the forthcoming Annual General Meeting. Resolutions seeking approval of Members for the appointment of Mr. S Narayanan and Mr. S Shravan as directors of the Company have been incorporated in the Notice of the ensuing Annual General meeting.

Mr. R Nagarajan, director liable to retire by rotation, being eligible has offered himself for reappointment.

Mr. David Chul Kwon Lee, R Vasudevan, Jaideep Krishna, Mr. Shing Yan Chan who were directors of the Company, have resigned on different dates during the year under scrutiny. Mr. David Lawrence Cutler and Mr. Tony Chung Ho-Chang, who were appointed as the additional directors of the company on May 15, 2009 and June 26, 2009 have resigned with effect from December 16, 2009.

None of the Directors is disqualified to hold directorships under the provisions of Section 274(1) (g) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with the provisions of Section 217 (2AA) of the Companies Act 1956, your Directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the period and of the loss of the Company for the year ended 30th September 2009.
3. That they 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; and
4. That they have prepared the annual accounts on a going-concern basis.

13. AUDITORS

M/s P. B. Vijayaraghavan & Co, Chartered Accountants, Chennai, Statutory Auditors of the Company retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

A certificate under Section 224(1B) of the Companies Act, 1956 has been received from them.

14. STATUTORY STATEMENT

- A. Statement pursuant to Sec.212 (3) of the Companies Act, 1956 in respect of Subsidiary Companies is annexed.
- B. The equity shares of your Company are listed at the Bombay stock Exchange.
- C. The Company has paid the Listing fees to Bombay Stock Exchange for the years 2007-08, 2008-09 & 2009-10.
- D. Information under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975 is given hereunder:

In term of the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the name and other particulars of employees are required to be set in the Directors' report. However, as per the provisions of Section 219(1)(b)(iv) of the Act, the annual report excluding the said information is being sent to all the shareholders.

Members who are interested in obtaining such particulars may write to the company's registered office.

15. INFORMATION AS PER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956

- The Company is a Non Banking Finance Company and has no activity relating to Conservation of Energy or technology absorption.
- The Company does not have any Foreign Exchange earnings and Outgo.

16. ACKNOWLEDGEMENTS

Your Directors thank the Company's Bankers and the Financial Institutions for their valuable and timely support.

Your Directors also thank the customers, vehicle manufacturers, dealers and share-holders for their support Your Directors sincerely appreciate the wholehearted effort and co-operation rendered by the employees at all levels.

Place: Chennai
Date: 26.02.2010

for & On behalf of the Board
R. NAGARAJAN
Chairman

Introduction:

Dhandapani Finance Limited (DFL) has been primarily engaged in the business of financing of tractors, construction equipments, commercial vehicles and other passenger carrying multi-utility vehicles and cars etc. The Company's main focus has been to finance used assets in the above segments at gross yields in the range of 24% to 26%. The Company operates through a network of 48 branches mainly located in semi urban and rural markets of Tamil Nadu, Andhra Pradesh, Karnataka and Maharashtra. The company's main business philosophy lies in its ability to effectively lend and collect from chosen customer segments in semi-urban and rural markets for a variety of their asset financing needs.

Significant developments during the period under review:**Provision on Impairment of Assets:**

In July 2009 the Board of Directors of DFL advised the executive management to resume the process of verification of books of accounts which was initiated in 2007 with main focus on the areas of assets and liabilities. The management of DFL appointed M/S Sundar & Co internal auditors of DFL to undertake this exercise on a comprehensive basis.

The scope of the review was to check the books of accounts starting with the balance sheet for the year ended 31st March 2007. The firm conducted a scrutiny of the debtors' ledger and customer loan balances in terms of principal outstanding. Their workings were based on the opening balances as of 1st April 2007 carried from the audited balance sheet for the year ended 31st March 2007, which had been prepared by the erstwhile promoters and adopted by the board, subject to ongoing review.

As per the final report from M/S Sundar & Co, they observed that for a quantum of Rs 5300 Lakhs they were not able to verify with the underlying value of securities / loan accounts and in their opinion the realisability of this could be doubtful and this could be on account of impairment / deterioration in the underlying value of assets. The report submitted by the internal audit firm was placed before the Board of Directors of DFL in the meeting held on 30th October 2009 for deliberation and necessary action.

The Board of Directors DFL reviewed the report and deliberated the same and concurred with the recommendations made. The Board after extensive discussions and deliberations in this matter, decided that the recommendations of the report to make provisions to the extent of Rs.5300 Lakhs subject to completion of statutory audit for reduction in sundry debtors and loan assets as of 30th September 2009, are prudent under the circumstances and in the best interests of the company and its stakeholders.

CDR Process:

As a result of the extensive clean-up of legacy issues initiated in March 2007, which continued until this year, the Company has not been able to grow the business optimally and has been suffering losses since. Furthermore, the existing promoters of the company D B Zwirn Mauritius expressed their inability owing to internal constraints to infuse any capital into the Company. This had put the Company in a critical situation and it was unsustainable for the Company to service its debts in the current form. The Board considered and discussed the situation in-depth and decided to approach the lenders for a deep restructuring of debts through the Corporate Debt Restructuring mechanism ("CDR").

Accordingly M/s. Varrenyam Consultants have been appointed by the Company as advisors for this purpose. Your Company has also engaged in formal discussions with its lenders seeking long term/deep restructuring based on the Company's current scenario and revised business plans which will protect the long term interests of the company.

The CDR process for the Company is progressing satisfactorily with the required majority of lenders (holding 20 percent of the total exposure) referring the Company's application to the CDR Forum. The Company is confident that the admission of its application by the CDR forum will be completed before 31st March 2010.

Slump sale reversal:

As detailed in the previous annual report, DFL initiated slump sale of business to Zwirn Pragati Capfin Private Limited (ZP) on a going concern basis. Subsequently with the approval of the share holders of DFL and the Board of Directors, on 30th September, 2008, company entered into a Business Transfer Agreement (BTA) with ZP for the sale of business, including all assets and liabilities, excluding tax liabilities on slump sale basis, keeping the agreement date as effective date and 31st October 2008 as the closing date, which was extended later, for completing all legal formalities, including getting approval from the lenders.

However during the quarter ended 30.06.2009, Zwirn Pragati Capfin Private Limited, terminated the Business Transfer Agreement (BTA) citing that the conditions precedent in the agreement had not been met by DFL. The board of DFL met on the 3rd of July, 2009, and deliberated the matter and came to the conclusion of accepting the termination notice from ZP and also decided to reverse all slump sale entries which were passed as of 30th September 2008.

State Bank of India (SBI), leader of the consortium of Banks, as part of the slump sale, had transferred the credit limits from DFL to ZP on 20th March 2009. Post the slump sale reversal, ZP and DFL have approached SBI to transfer the credit limits back in favour of DFL. The transfer of credit limit in favour of DFL is yet to be completed by SBI and this issue is currently under tripartite discussions among SBI, DFL and ZP.

Additional line of credit from Fullerton:

As you are aware your Company had availed credit facilities from Fullerton India Credit Company Limited (FICCL) starting in September 2007. Since then this relationship has proved very productive for both the parties. Continuing the strong relations with FICCL, your Company was able to secure an additional line of credit (structured under an agency arrangement) of Rs. 250 Crores in June 2009. By 30th September 2009, your Company had utilized Rs. 28 Crores from this limit.

The net interest spread received under this arrangement is currently helping the Company keep the branches active and ensure that recovery of dues from customers/market is not affected and thereby acting as a lifeline.

Future Outlook

Once the CDR process is completed, your Company is confident that it can attract potential strategic and financial investors to bring in the required capital to grow the business. Our confidence to succeed stems from the fact that our business model is still robust with an established line of activity and high returns. Your Company also has a strong technology platform for managing the business and manpower with expertise in the *used asset* business. Your Company has the distinct advantage over other NBFCs in its core segments of *semi-urban* and *rural* markets by virtue of having been active in these markets for more than two decades. Your Company has 48 branches with a focus mainly on the Southern states of Andhra Pradesh, Tamil Nadu, Karnataka and Maharashtra, in proximity to its target segments.

Subsidiaries / consolidated results

The financials of the subsidiaries and the consolidated financials of the company as a whole forms part of this annual report.

CORPORATE GOVERNANCE REPORT

The Board of Directors of the Company lays great emphasis on the broad principles of Corporate Governance. Given below is the report on Corporate Governance.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Transparency and accountability leading to management reliability are the touchstone of the Corporate Governance at your Company. The ultimate objective of the Corporate Governance at your Company is to enhance shareholders' value in the long term. However, the Corporate Governance at your Company recognizes all shareholders and decision-making process reflects this concern.

Dhandapani Finance Limited (DFL) believes in the principles of Corporate Governance and is committed to conduct its business in a manner, which will ensure long-term growth thereby maximizing value of its shareholders, customers, employees and society at large. Company's policies are in line with Corporate Governance guidelines prescribed under the Listing Agreement with the Stock Exchange and the Company ensures that various disclosures requirement are complied with for effective Corporate Governance.

The Company recognizes that good Corporate Governance is essential to build and retain the confidence of its shareholders. To this end, the Company's philosophy on Corporate Governance is to endeavor to ensure:

1. That system procedure which monitors compliance with laws, rules and regulations are in place in each area of its business.
2. That relevant information regarding the Company and its operations is disclosed, disseminated and easily available to its shareholders and
3. That the Board of Directors is kept fully informed of all material developments in the Company, the risks in its business and its operations and the rationale for management's decisions and recommendations so that the Board of Directors can effectively discharge its responsibilities to our shareholders.

CORPORATE CODE OF CONDUCT

The activities and conduct of the company and its employees are governed by the Code of Conduct of the Group. The major salutary principles prescribed by the Code of Conduct are:

- (a) Conduct of business in consonance with national interest
- (b) Fair and accurate presentation of financial statement
- (c) Practicing politically non-alignment
- (d) Maintaining quality of product and services
- (e) Being a good corporate citizen
- (f) Ethical conduct
- (g) Commitment to enhancement of shareholder value and statutory compliance

BOARD OF DIRECTORS

The Company has adopted the corporate governance principles to ensure that the Board functions with utmost transparency, independence and enable the stakeholders to take informed decisions. To this effect, steps have been taken to ensure that the Board consists of distinguished members with expertise in various fields. The board at Dhandapani is fully aware of its responsibilities to the company, to the stakeholders and to the regulatory authorities and is working towards achieving utmost transparency.

The management strives to achieve the desired goals of good governance. The Company has appropriate personnel in place to handle risk management, credit approval process and collections / sales management. The company is committed to ethical values and desires lawful business to be conducted by those at helm of the affairs. In connection with this, the company has formulated a code of conduct applicable to Board and Senior management. The company also adopted strict insider trading code for preventing insider trading within the company.

Composition of Board

The board has been constituted in such a way to have appropriate mix of the directors with expertise in banking, law, finance, education, etc. The company has three independent directors to comply with the provisions of the listing agreements. The directors are elected based on their qualification and expertise based on the company's needs. The Board of Directors consists of Four members as on the date of the Board Meeting approving this report, the details of which are given below:

Director	Position	Designation	Directorships in other Indian Companies #	Membership in other Board Committees of Indian Companies
R Nagarajan	Independent	Chairman	3	3
S Narayanan	Independent	Director	–	–
S Shravan	Independent	Director	–	–
R Ravichandran	Executive	Managing Director	–	–

excludes private limited companies and membership in board and other committees of Dhandapani Finance Limited. None of the directors are related to each other.

BOARD MEETINGS

The Board of directors meets at regular intervals and the dates for Board meetings are fixed well in advance. The Board is briefed on key parameters and activities of the business by way of briefings, business plan documents and presentations on need basis. The Board of the Company met on the following dates for the financial year ended 30th September 2009.

24.11.2008, 29.01.2009, 17.04.2009, 29.04.2009, 17.06.2009, 03.07.2009 and 30.07.2009

Mr. R Nagarajan and Mr. R Ravichandran were present during the last Annual General Meeting of the Company held on December 23, 2008.

Details of Directors seeking appointment / re-appointment at the Annual General Meeting:

Name	R Nagarajan	S Narayanan	S Shravan
Age	71	61	35
Date of Appointment	07.06.2001	05.08.2009	29.01.2010
Qualification	B.Com. (Hons.), CAIIB	B.A.	MBA
Areas of Expertise	Banking	Banking	Marketing
Number of other Indian companies holding directorship	3	–	–
Number of membership in other committees	3	–	–
Number of shares held in the company	Nil	Nil	Nil

excludes private limited companies and membership in board and other committees of Dhandapani Finance Limited.

AUDIT COMMITTEE

The primary role of the Audit Committee includes overseeing the financial reporting process and disclosure of financial information, reviewing financial statements before submission to the Board, reviewing adequacy of internal control systems and reviewing findings of internal investigations. The committee holds discussions with Statutory Auditors and internal auditors.

The composition of the committee includes Mr. R Nagarajan, Chairman, Mr. S Narayanan, Member and Mr. S Shravan, Member. The Audit Committee of the Company met on 24.11.2008, 29.01.2009, 29.04.2009 and 30.07.2009 during the year. Requisite quorum was present in all the audit committee meetings.

SHARE TRANSFER AND INVESTOR RELATIONS COMMITTEE

The Composition of the Committee includes Mr. R Nagarajan, Non-Executive Chairman and Mr. R Ravichandran, Managing Director.

The Share Transfer & Investor Relations Committee approves and monitors transfers, transmission, splits and consolidation of shares of the Company, reviews redressal of complaints from shareholders relating to transfer of shares, non-receipt of dividends and other grievances. During the year the committee met 13 times.

- All shares have been transferred within one month from the date of the receipt so long as the documents are clear in all respects.
- Total numbers of share transferred in physical form during the year 2008 – 09 were for 2,221 shares numbering to 136 share transfers.

- Total numbers of share transmission effected during the year 2008 – 09 in physical form were for 2,950 shares numbering to 6 share transmissions.
- Total numbers of Remat during the year 2008-09 were for 40 shares numbering to 4 remats.
- There are no transfers pending with the Company as on 30th September 2009.

Details of complaints for the year 2008-09 :

Nature of complaint	Number of complaints	Complaints redressed
Non receipt of dividend	10	10
Non receipt of shares lodged for transfer	3	3
Total	13	13

Mr. S.K. Rengarajan, Company Secretary is the Compliance Officer of the Company.

REMUNERATION OF DIRECTORS

The remuneration package of Managing Director has been calculated in accordance with the requirements of Schedule XIII of the Companies Act, 1956 and the Non-executive Directors have been remunerated by way of sitting fees. The reconstituted remuneration committee consists of Mr. R Nagarajan, Mr. S Narayanan and Mr. S Shravan. For the financial year 2008 – 09 the committee met 1 time.

The remuneration of the Managing Director comprises of salary, allowances and perquisites.

The non-executive directors are being remunerated by way of sitting fees. The details of remuneration paid to the Managing Director are disclosed in the Notes on Accounts.

Remuneration paid during the year 2008-09

Rupees in Lakhs

Name of the Director	Salary	Allowances / PF	Sitting fees	Total
Mr. R Nagarajan	-	-	1.63	1.63
Mr. David Chul Kwon Lee +	-	-	-	-
Mr. R Vasudevan &	-	-	0.98	0.98
Mr. Jaideep Krishna *	-	-	-	-
Mr. Shing Yan Chan @	-	-	-	-
Mr. David Lawrence Cutler %	-	-	-	-
Mr. Tony Chung HO-Chang \$	-	-	-	-
Mr. Tseng Hung Yan ^				
(Alternate director to Shing Yan Chan)	-	-	-	-
Mr. N Balasubramanian <	-	-	-	-
Mr. S Narayanan #	-	-	-	-
Mr. R Ravichandran	23.75	33.62	-	57.37

- + Resigned on 16th December 2009
 & Appointed on 18th August 2008 and Resigned on 05th August 2009
 * Resigned with effect from 15th May 2009
 @ Resigned with effect from 26th June 2009
 % Appointment with effect from 15th May 2009 and Resigned on 16th December 2009
 \$ Appointment with effect from 26th June 2009 and Resigned on 16th December 2009
 ^ Resigned with effect from 26th June 2009
 ◇ Resigned with effect from 18th October 2008
 # Appointment with effect from 05th August 2009

ATTENDANCE AT THE MEETINGS

Name of Director	Board Meeting	Audit Committee	Share transfer/ Inv. relations comm.	Remu- neration Committee	Attendance at the last AGM
Mr. R Nagarajan	7	4	13	1	Yes
Mr. David Chul Kwon Lee	-	-	-	-	-
Mr. R Vasudevan &	7	4	-	1	-
Mr. Jaideep Krishna *	-	-	-	-	-
Mr. Shing Yan Chan @	-	-	-	-	-
Mr. David Lawrence Cutler %	-	-	-	-	-
Mr. Tony Chung HO-Chang \$	-	-	-	-	-
Mr. Tseng Hung Yan ^ (Alternate director to Shing Yan Chan)	-	-	-	-	-
Mr. N Balasubramanian ◇	-	-	-	-	-
Mr. S Narayanan #	-	-	-	-	-
Mr. R Ravichandran	7	-	13	1	Yes

- & Appointed on 18th August 2008 and Resigned on 05th August 2009
 * Resigned with effect from 15th May 2009
 @ Resigned with effect from 26th June 2009
 % Appointment with effect from 15th May 2009
 \$ Appointment with effect from 26th June 2009
 ^ Resigned with effect from 26th June 2009
 ◇ Resigned with effect from 18th October 2009
 # Appointment with effect from 05th August 2009

GENERAL BODY MEETINGS

Time and location of last three Annual General Meetings

Year	Date	Time	Location
2006	06.07.2006	10.00 am	Rani Seethai Hall, I Floor, No 603, Anna Salai, Chennai 600 006
2007	28.09.2007	02.00 pm	Rani Seethai Hall, I Floor, No 603, Anna Salai, Chennai 600 006
2008	23.12.2008	10.00 am	Rani Seethai Hall, I Floor, No 603, Anna Salai, Chennai 600 006

No special resolutions were passed at the Annual General Meetings held in 2006 and 2007. The Company had passed one special resolution in 2008 approving the revision in remuneration payable to the Managing Director.

Postal Ballot

The company has passed one resolution under Section 293(1)(a) of the Companies Act, 1956 authorising the board of directors to transfer, sell and / or dispose off the business of the Company, including all its assets, non tax liabilities, brand and goodwill, and transfer its branch network, leases and personnel, by way of slump sale of its business. The process of postal ballot was conducted by Mr. S Sundararajan, Practising Company Secretary.

Details of voting pattern:

Number of valid Postal Ballot Forms received	237
Votes in favour of the Resolution	33,55,336 Shares (56.35% of the total paid up Capital)
Votes against the Resolution	5,500 Shares (0.09% of the total paid up Capital)
Number of invalid Postal Ballot Forms received	20

Compliance report:

The Board reviews periodically all the compliance requirements and provide necessary directions.

Code of Conduct

The Board has laid down a code of conduct for the board and senior management of the company and is prominently displayed on the website. Annual declaration is obtained from every person covered by the code of conduct. A declaration to this effect signed by the Managing Director is attached to this report.

DISCLOSURES

- i. There are no materially significant transactions with related parties, subsidiaries, promoters, directors or the management and their relatives conflicting with the Company's interests.
- ii. There were no instances of non-compliance by the Company on any matter related to Capital markets during the last three years.
- iii. The Whistle Blower policy being a non mandatory requirement, the Company has not evolved any policy for the same. However, as a matter of internal check, the Company's inhouse Internal Audit department is powered to bring to the notice of the management, by way of internal reporting of any occasion of unethical activities, which will be seriously discussed and deliberated upon in the Audit committee meetings.
- iv. The company has complied with all the mandatory requirements of the Clause 49 and has obtained a certificate from the statutory auditors of the company which forms part of this annual report. The extent of compliance of non mandatory requirements is specified later in this report.

MEANS OF COMMUNICATION

Quarterly and Annual Results were published in accordance with the Stock Exchange Listing Agreement in "Trinity Mirror" (English) and "Makkal Kural" (Tamil).

The results were also displayed on the Company's website @ www.dflfinance.com

GENERAL SHAREHOLDER INFORMATION

Annual General meeting

Date	Time	Venue
29.03.2010	9.00 am	Rani Seethai Hall I Floor, No 603, Anna Salai, Chennai 600 006

Financial Calendar

Financial year – 1st October to 30th September

Board Meeting for consideration of accounts	26.02.2010
Annual General Meeting	29.03.2010
Posting of Annual Report along with notice of AGM	03.03.2010
Book Closure dates	26.03.2010 to 29.03.2010 (both days inclusive)
Last date for receipt of proxy forms	26.03.2010
Unaudited results for the quarter ended 31st December 2009	January 30, 2010
Unaudited results for the quarter ending 31st March 2010	End of April 2010
Unaudited results for the quarter ending 30th June 2010	End of July 2010

Dividend: In view of the losses posted by the Company, the Board does not recommend any dividend for the financial year 2008 – 2009.

Listing on Stock Exchanges:

The Company's shares are presently listed on the Bombay Stock exchange.

BSE Stock Code	ISIN No:
511393	INE 071C01019

The Company has paid the listing fees for the financial year 2009-10 to the Bombay Stock Exchange Limited.

Stock Market data – High and Low quotations of Equity Shares for 2008 – 09 are:

Month	BSE	
	HIGH	LOW
Oct 2008	20.30	11.00
Nov 2008	11.55	7.67
Dec 2008	11.05	8.00
Jan 2009	10.50	8.22
Feb 2009	9.00	7.68
Mar 2009	10.46	7.00
Apr 2009	13.01	9.84
May 2009	13.65	8.40
Jun 2009	14.33	8.60
Jul 2009	9.85	7.71
Aug 2009	13.30	7.85
Sep 2009	12.95	9.60

SHARE TRANSFER SYSTEM

Share transfers were processed and share certificates despatched within 30 days from the date of lodgment in accordance with the Stock Exchange listing agreement. The Company's shares are being compulsorily traded in dematerialised form. Requests for dematerialization of shares are completed within the prescribed time limit.

REGISTRAR AND TRANSFER AGENTS

M/s. Cameo Corporate Services Ltd, have been appointed as the registrars and share transfer agents of the Company for both physical and electronic segment and have attended to the share transfer formalities regularly. The Registrar and Share transfer agent can be contacted by the investors at the following address:

M/s. Cameo Corporate Services Ltd, Subramanian Building, No.1, Club House Road, Chennai – 600 002	Phone No: 044 28460390 Fax: 044 28460129 Email: investor@cameoindia.com Contact persons: Ms. K. Sreepriya
--	--

Nomination facility:

The nomination form 2B is available to all those shareholders desiring to make a nomination. The shareholders holding shares in demat form are requested to forward their nomination instructions to the respective depository participants. Nomination is only optional and can be cancelled or varied at any point of time.

Payment of Unclaimed / Unpaid Dividend:

The Company has remitted all the unclaimed /unpaid dividends upto the Financial year 2001 - 2002 to the Investor Education & Production Fund (IEPF). The dividends lying unclaimed / unpaid in the account after the prescribed period of seven years are transferred to the IEPF regularly. The Company also sends reminders to the shareholders before such transfers.

The due date for transfer of the unclaimed dividend for various years are given below:

Sl No	Year	Date of Declaration	Date before which the Shareholders should lodge their claim	Due date of transfer to IPF	Unclaimed dividend Amount in Rs.
1	2002 - 2003 Dividend	24.07.2003	23.07.2010	23.08.2010	573607.00
2	2003 - 2004 Dividend	29.07.2004	28.07.2011	28.08.2011	454250.00
3	2004 - 2005 Dividend	28.07.2005	27.07.2012	27.08.2012	626815.00
4	2005 - 2006 Dividend	06.07.2006	05.07.2013	05.08.2013	518063.00

Statement showing Shareholding Pattern						
Name of the Company		Dhandapani Finance Ltd.				
Scrip Code : 511393		As on 30.09.2009				
Category Code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of Shares in de materialised form	Total Shareholding as a percentage of total number of Share	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group					
(1)	Indian					
(a)	Individuals / Hindu Undivided Family	0	0	0	0.0000	0.0000
(b)	Central Govt. / State Govt.(s)	0	0	0	0.0000	0.0000
(c)	Bodies Corporate	2	274200	0	4.6051	4.6051
(d)	Financial Institutions / Banks	0	0	0	0.0000	0.0000
(e)	Any other (Specify)	0	0	0	0.0000	0.0000
	Sub-Total (A) (1)	2	274200	0	4.6051	4.6051
(2)	Foreign					
(a)	Individuals (Non-Resident Individuals / Foreign)	0	0	0	0.0000	0.0000
(b)	Bodies Corporate	1	3036703	3036703	51.0000	51.0000
(c)	Institutions	0	0	0	0.0000	0.0000
(d)	Any other (Specify)	0	0	0	0.0000	0.0000
	Sub-Total	1	3036703	3036703	51.0000	51.0000
	Total Shareholding of Promoter and Promoter Group A=(A)(1) + (A)(2)	3	3310903	3036703	55.6051	55.6051
(B)	Public Shareholding					
(1)	Institutions					
(a)	Mutual Funds / UTI	1	1600	0	0.0269	0.0269
(b)	Financial Institutions / Banks	1	200	0	0.0034	0.0034
(c)	Central Govt. (s) / State Govt. (s)	0	0	0	0.0000	0.0000
(d)	Venture Capital Funds	0	0	0	0.0000	0.0000
(e)	Insurance Companies	0	0	0	0.0000	0.0000
(f)	Foreign Institutional Investors	0	0	0	0.0000	0.0000
(g)	Foreign Venture Capital Investors	0	0	0	0.0000	0.0000
	Sub-Total (B) (1)	2	1800	0	0.0302	0.0302

Category Code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of Shares in de materialised form	Total Shareholding as a percentage of total number of Share	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(2)	Non-Institutions					
(a)	Bodies Corporate	87	597935	569484	10.0420	10.0420
(b)	Individuals					
	i. Individual shareholders holding nominal share capital upto Rs.1 Lakhs	7061	1841556	916646	30.9281	30.9281
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 Lakhs	7	168423	168423	2.8286	2.8286
(c)	Any other (specify)					
	Clearing Member	5	1271	1271	0.0213	0.0213
	NRI	14	2952	2952	0.0496	0.0496
	Hindu Undivided family	56	29480	29480	0.4951	0.4951
	Sub-Total (B) (2)	7230	2641617	1688257	44.3647	44.3647
	Total Public Shareholding (B) = (B) (1) + (B) (2)	7232	2643417	1688257	44.3949	44.3949
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0
	Grand Total (A) + (B) + (C)	7235	5954320	4724960	100.0000	100.0000

DISTRIBUTION OF SHARE HOLDING AS ON 30.09.2009

Shares of nominal value of Rs.10/- each	Share holders		Share Amount	
	Shares	Number	In Rupees	% to Total Amount
(1)	(2)	(3)	(4)	(5)
1 - 500	6613	91.4029	10857620	18.2349
501 - 1000	389	5.3766	3323060	5.5809
1001 - 2000	141	1.9489	2182960	3.6662
2001 - 3000	42	0.5805	1068590	1.7947
3001 - 4000	11	0.1520	378480	0.6356
4001 - 5000	8	0.1106	383480	0.6440
5001 - 10000	17	0.2350	1226430	2.0597
10001 & ABOVE	14	0.1935	40122580	67.3840
Total	7235	100.0000	59543200	100.0000

Online Information:

The Company has been regularly filing the financial results, shareholding patterns and other results in EDIFAR of SEBI website. Shareholders can view the documents at the above website.

Investor grievance redressal division:

Further to the BSE circular on the exclusive designation of an email ID for investor grievance redressal to be displayed on the website of the company, the investors are requested to register their complaints in the email ID: investorcell@dhandapanifinance.com.

DEMATERIALISATION / REMATERIALISATION

As on 30th September 2009, 47,24,960 shares of the Company held by the share-owners are held in dematerialized form, aggregating to 79.35% of the Equity share capital of the Company.

Address for correspondence and any assistance / clarification:

Dhandapani Finance Limited
 No:14, Ramakrishna Street
 T Nagar
 Chennai – 600 017.
 Ph.Nos. 28141778/1304

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

The Company has fulfilled the following non-mandatory requirements.

Remuneration Committee

The compliance requirements with respect to Remuneration Committee have been mentioned earlier in this report.

Shareholders Rights

As the Company's financial results are published in an English newspaper and in a Tamil newspaper widely circulated in Chennai, the same are not sent to the shareholders of the company individually. The Company's quarterly / half yearly / annual audited results are also posted on the Company's website and also onto the SEBI's website under EDIFAR.

Audit Qualifications

The response by the Board to the remarks made by the Statutory Auditor in the Auditors' Report is given in the Directors' Report.

Training of Board Members

The necessary training will be provided to the Board members as and when required.

Mechanism for evaluating Non-Executive Board Members

The Mechanism of performance evaluation of Non-executive directors by peer group of directors is under process. This would help the company to determine any modifications in their terms of Appointment.

Whistle Blower Policy

The Company's stand on the whistle Blower policy has been mentioned under DISCLOSURE clause of this report.



ANNUAL DECLARATION OF CODE OF CONDUCT BY MANAGING DIRECTOR

This is to confirm that the Board has laid down a Code of Conduct for all the board members and senior management of the company. The Code of Conduct has also been posted on the website of the Company. It is further confirmed that all directors and senior management of the company have affirmed compliance with the Code of Conduct of the company for the year ended 30th September 2009 as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

Place: Chennai
Date : 26.02.2010

for Dhandapani Finance Limited
R RAVICHANDRAN
Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To the members of Dhandapani Finance Ltd

We have examined the compliance of conditions of Corporate Governance of Dhandapani Finance Ltd for the year ended 30th September 2009, 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 the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We state that no investor grievance(s) are pending exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

Place: Chennai
Date : 26.02.2010

for and on behalf of
P B VIJAYARAGHAVAN & CO.,
Chartered Accountants
P R KRISHNAMURTHY
Partner
Membership Number: 12622

**AUDITORS' REPORT TO THE MEMBERS OF
DHANDAPANI FINANCE LIMITED, CHENNAI**



1. We have audited the attached Balance Sheet of *M/s. Dhandapani Finance Limited* as on September 30, 2009 and the related Profit And Loss Account and Cash Flow Statement for the year ended on that date annexed thereto which we have signed under reference to this report. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. **Attention of the shareholders is invited to the following:**
 - a. *The services of the whole time Secretary of the Company were available only from the last month of the year under audit – September 2009.*
 - b. *The Company's net owned funds have fallen below Rs. 25 lakhs, the limit prescribed by Reserve Bank of India under section 45 – IA of the Reserve Bank of India Act, 1934. This could attract penal provisions under section 45 - MC of the Act.*
 - c. *As the slump sale agreement entered into by the company during the year ended 30/09/2008 with Zwirn Pragati Capfin Pvt. Ltd., could not be proceeded with due to non-fulfilment of certain conditions precedent to the transfer, the assets and liabilities, which were transferred earlier, were brought back in the books of the Company. During the year under review, the net worth of the company has become negative and we are unable to comment on the going concern of the Company(Refer Note No. 2)*
4. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to in paragraph 4 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, the company has maintained proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The balance Sheet and Profit and Loss Account dealt with by this are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and loss Account dealt with by this report complies with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 except as mentioned in paragraph 5.

- e. We have received written representation from the directors as on September 30, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on September 30, 2009 from being appointed as a director in terms of clause (g) of Sub-section (I) of section 274 of the Act.
- f. The managerial remuneration paid by the Company to the Managing Director during the year is in excess of the limits prescribed by Schedule XIII of the Companies Act 1956 by Rs. 48.38 lakhs for which the approval of the central government has been obtained, which is subject to special resolution at the general meeting(Refer Note No. 4.1 (a))*
- g. The debit balances under receivables and debtors' accounts and the credit balances are as per books of accounts subject to confirmation from the parties and provision if any is not ascertainable at this stage.*
- h. Secured advances include Rs. 720.02 lakhs due from Dhandapani Properties (P) Ltd. outstanding for more than one year. No provision has been made in the Profit & Loss account as the impact of the same is unascertainable in view of the documents available and ongoing steps taken by the Company(Refer Note No.3.6)*

Subject to the matters specified in the paragraphs f to h above, the net effect of which has resulted in higher losses of Rs. 48.38 lakhs, in our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon given in the prescribed manner, the information required by the Act, give a true and fair view in conformity with the accounting principles generally accepted in India;

- i) In the case of the Balance Sheet, of the state of affairs of the Company as at September 30,2009;
- ii) In the case of Profit and Loss Account, of the **loss** for the year ended on that date;
- iii) In the case of Cash Flow Statements, the cash flow for the year ended on that date.

Place: Chennai
Date : 26.02.2010

For **P B VIJAYARAGHAVAN & CO.,**
Chartered Accountants
P R KRISHNAMURTHY
Partner
Membership Number: 12622

ANNEXURE TO THE AUDITORS' REPORT



(Referred to in paragraph 4 of our report of even date to the members of M/s. Dhandapani Finance Ltd.)

- (i) (a) The company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
- (b) As per the information and explanation given to us by the management fixed assets according to the practice of the company are physically verified by the management at reasonable intervals, which, in our opinion, is reasonable, looking at the size of the company and nature of the business. No material discrepancies were noticed on such verification.
- (c) The Company has not disposed of a substantial part of fixed assets.
- (ii) As the Company is a Non Banking Finance Company, the provisions of sub clause (ii) a, b and c of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (iii) (a) According to the information and explanations given to us the company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act.
- (b) The rate of interest and other terms and conditions of the loan are prima facie, not prejudicial to the interest of the company.
- (c) The above loans do not have any stipulation for payment of any principal and interest and hence no amount of outstanding as at 30th September 2009 is considered as overdue.
- (d) As the company has not granted any loan, the provisions contained in clause (iii) (d) are not applicable.
- (e) According to the information and explanations given to us the company has taken unsecured loans from group companies, covered in the register maintained under Section 301 of the Companies Act, 1956. The year-end balance of loans taken from such parties was Rs 102.28 lakhs
- (f) The rate of interest and other terms and conditions of loans taken by the company, secured or unsecured, are prima facie not prejudicial to the interest of the company
- (g) The payment of the principal amount and interest are also regular.
- (iv) In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for purchase of fixed assets and sale of goods and services during the course of our audit; we have not observed any continuing failure to correct major weakness in such internal control system.
- (v) (a) The contracts and arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) During the year Company has not accepted any deposits from the public. However, in the case of deposits accepted by the Company from the public in the earlier years, in our opinion and according to the information and explanations given to us, the directives issued by Reserve Bank of India and the provisions of sections 58A and of the Companies Act and the rules framed there under, wherever applicable to the Company have been complied with.

- (vii) In our opinion, the company's present internal audit system is commensurate with its size and nature of its business. The scope and coverage needs to be enlarged.
- (viii) The Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Act.
- (ix) (a) The company has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities in India.
- (b) According to the information and explanations given to us and records of the Company examined by us the particulars of dues of Sales Tax, Income Tax, Wealth Tax, and Excise Duty, which have not been deposited on account of any dispute are as follows

<i>Asst. year</i>	<i>Tax Due Amount of Rs. in lakhs</i>	<i>Classification of Dispute</i>	<i>Remarks</i>
Interest Tax Act 1995-96 to 1999-2000	16.37	Tax and Interest	Appeal before CIT(A)
Service Tax 2001-02 to 2005-06	8.90	Tax	Madras High court has decided the case against assessee. Appeal has been filed before the Supreme Court.
Income Tax Assessment Year 1998-99	14.54	Interest	Chief Commissioner of Income Tax
Assessment Year 2001-02	196.90	Interest	Chief Commissioner of Income Tax
Assessment Year 2005-06	3.79	Interest	Chief Commissioner of Income Tax

- (x) The accumulated losses of the company at the end of the financial year are not less than fifty percent of its networth. The company has incurred cash losses in the financial year and in the immediately preceding financial year also.
- (xi) According to the records produced, the company has not defaulted in repayment of dues to any financial institution or bank during the year.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) The provisions of any special statute applicable to chit fund / Nidhi / mutual benefit fund / societies are not applicable to the Company.
- (xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) As per the information and explanations given to us the company has not given any guarantees for loans taken by others.
- (xvi) On the basis of review of utilization of funds on an overall basis, in our opinion, the term loans taken by company were applied for the purposes for which the loans were obtained.
- (xvii) On the basis of review of utilization of funds on an overall basis in our opinion, the funds raised on short-term basis have not been used for long-term investment or vice versa during the year.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- (xix) The company has issued no Debentures.
- (xx) The company has not raised any money by public issues during the year.
- (xxi) During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the company nor have we been informed by the management of any such instance being noticed or reported during the year.

Place: Chennai
Date : 26.02.2010

For **P B VIJAYARAGHAVAN & CO.,**
Chartered Accountants
P R KRISHNAMURTHY
Partner
Membership Number: 12622

BALANCE SHEET AS ON 30th SEPTEMBER 2009



I	SOURCE OF FUNDS	SCH NO	(Rs. in Lakhs)	
			30.09.2009	30.09.2008
	1. Shareholders Funds			
	a) Capital	1	2821.43	2821.43
	b) Reserves & Surplus	2	<u>5000.29</u>	<u>5005.29</u>
			7821.72	7826.72
	2. Deferred Tax Liability		—	—
	3. Loan Funds			
	a) Secured Loans	3	15513.21	—
	b) Unsecured Loans	4	<u>686.12</u>	<u>1.82</u>
			<u>16199.33</u>	<u>1.82</u>
	TOTAL		<u>24021.05</u>	<u>7828.54</u>
II	APPLICATION OF FUNDS			
	1. Fixed Assets	5		
	a. Gross Block		2060.64	—
	b. Less Impairment of Assets		—	—
	c. Less Depreciation		<u>217.01</u>	—
	Net Block		1843.63	—
	2. Investments	6	30.93	—
	3. Deferred Tax Asset	7	—	—
	4. Current Assets			
	Loans & Advances			
	a) Current Assets	8	16397.26	4137.91
	b) Loans & Advances	9	<u>2305.46</u>	<u>882.87</u>
	(A)		<u>18702.72</u>	<u>5020.78</u>
	Less: Current Liabilities & Provisions			
	a) Current Liabilities	10	1739.95	37.47
	b) Provisions	11	<u>5832.54</u>	<u>1310.00</u>
	(B)		<u>7572.49</u>	<u>1347.47</u>
	Net Current Assets (A-B)		11130.22	3673.31
	5. Miscellaneous Expenditure		—	—
	6. P&L Account		11016.26	4155.23
	TOTAL		<u>24021.05</u>	<u>7828.54</u>

Schedules 1-11 and Notes to Accounts form part of this Balance Sheet

SUBJECT TO OUR REPORT OF EVEN DATE
for P.B. VIJAYARAGHAVAN & CO.
Chartered Accountants

P.R. KRISHNAMURTHY
Partner
Membership No. 12622

S.K. RENGARAJAN
Company Secretary

R. RAVICHANDRAN
Managing Director

R. NAGARAJAN
Director

Place : Chennai
Date : 26.02.2010

**PROFIT & LOSS ACCOUNT FOR THE
PERIOD ENDED 30th SEPTEMBER 2009**



		(Rs. in Lakhs)	
1. INCOME	SCH NO	30.09.2009	30.09.2008 (18 months)
a. Income from financing operations	12	2925.05	5511.88
b. Other income	13	150.12	1995.68
A		<u>3075.17</u>	<u>7507.56</u>
2. EXPENDITURE			
a. Finance charges	14	2551.47	4046.38
b. Employee cost	15	526.30	850.56
c. Administrative & Other expenses	16	434.70	919.44
d. Provisions and write off	17	820.18	1325.53
e. Provisions for contingencies on slump sale		-	1310.00
B		<u>4332.64</u>	<u>8451.91</u>
Profit before Depreciation, Tax, Prior Period & Exceptional items A – B		(1257.48)	(944.35)
Add: Prior period income		-	-
Less: Prior period expenses		-	-
Depreciation		(66.35)	(213.96)
Impairment loss		-	(287.78)
Exceptional items		(5534.42)	-
Profit before tax		(6858.25)	(1446.09)
Less: Provision for Taxation			
Current Tax		-	(134.60)
Fringe Benefit tax		(2.78)	(16.00)
Deferred tax Asset		-	98.63
Net Profit		<u>(6861.03)</u>	<u>(1498.06)</u>
Profit available for appropriations		<u>(6861.03)</u>	<u>(1498.06)</u>
ADD Brought forward from previous year		<u>(4155.23)</u>	<u>(2657.17)</u>
		<u>(11016.26)</u>	<u>(4155.23)</u>
3. APPROPRIATION			
Dividend (inclgd Dividend Tax)		-	-
Transfer to Statutory Reserve		-	-
Transfer to General Reserve		-	-
Surplus balance carried to Balance sheet		-	-
		<u>(11016.26)</u>	<u>(4155.23)</u>

Weighted average number of equity shares of Rs.10/- each
outstanding during the year Nos 5954320
Basic earning per share Rs. (115.23)

Schedules 12-17 and Notes to Accounts form part of this Profit and Loss Account.

SUBJECT TO OUR REPORT OF EVEN DATE

for P.B. VIJAYARAGHAVAN & CO.

Chartered Accountants
P.R. KRISHNAMURTHY
Partner

Membership No. 12622

S.K. RENGARAJAN
Company Secretary

R. RAVICHANDRAN
Managing Director
R. NAGARAJAN
Director

Place : Chennai
Date : 26.02.2010

**SCHEDULES FORMING PART OF THE
BALANCE SHEET AS AT 30th SEPTEMBER 2009**



		(Rs. in Lakhs)																														
		30.09.2009	30.09.2008																													
SCHEDULE 1 SHARE CAPITAL																																
AUTHORISED																																
(2,50,00,000 Equity shares of Rs 10/- each and		2500.00	2500.00																													
(2,50,00,000 Preference shares of Rs 10/- each)		2500.00	2500.00																													
		5000.00	5000.00																													
ISSUED																																
(61,22,625 Equity shares of Rs 10/- each)		612.26	612.26																													
(2,22,60,000 Preference shares of Rs 10/- each)		2226.00	2226.00																													
SUBSCRIBED AND PAIDUP																																
(59,54,320 Equity shares of Rs.10/- each)		595.43	595.43																													
Out of the above the shares held by D.B.Zwirn Mauritius is																																
3036703 shares of Rs.10/- each																																
(2,22,60,000 Redeemable Preference Shares of Rs.10/- each) (See Note No. 3.1)		2226.00	2226.00																													
Fully held by Zwirn Pragati Capfin Pvt. Ltd.																																
		2821.43	2821.43																													
SCHEDULE 2 RESERVES & SURPLUS																																
	<table border="1"> <thead> <tr> <th>General Reserve</th> <th>Security Premium</th> <th>Statutory Reserve</th> <th>Capital Reserve</th> <th>Revaluation Reserve</th> </tr> </thead> <tbody> <tr> <td>Opening balance</td> <td>3889.00</td> <td>142.29</td> <td>961.97</td> <td>12.03</td> <td>–</td> </tr> <tr> <td>Additions:</td> <td>(1336.90)</td> <td>–</td> <td>–</td> <td>–</td> <td>1336.90</td> </tr> <tr> <td>Deletions:</td> <td>26.47</td> <td>–</td> <td>–</td> <td>–</td> <td>(31.48)</td> </tr> <tr> <td></td> <td>2578.57</td> <td>142.29</td> <td>961.97</td> <td>12.03</td> <td>1305.42</td> </tr> </tbody> </table>	General Reserve	Security Premium	Statutory Reserve	Capital Reserve	Revaluation Reserve	Opening balance	3889.00	142.29	961.97	12.03	–	Additions:	(1336.90)	–	–	–	1336.90	Deletions:	26.47	–	–	–	(31.48)		2578.57	142.29	961.97	12.03	1305.42		
General Reserve	Security Premium	Statutory Reserve	Capital Reserve	Revaluation Reserve																												
Opening balance	3889.00	142.29	961.97	12.03	–																											
Additions:	(1336.90)	–	–	–	1336.90																											
Deletions:	26.47	–	–	–	(31.48)																											
	2578.57	142.29	961.97	12.03	1305.42																											
		5000.29	5005.29																													
		5000.29	5005.29																													
SCHEDULE 3 SECURED LOANS																																
From Banks secured by Assets under Hypothecation / Hire Purchase Assets and Specific Fixed Assets of the Company																																
		14530.65	–																													
From Banks and others secured by way of charge on Assets under Hypothecation / Hire Purchase Assets																																
		982.56	–																													
		15513.21	–																													
SCHEDULE 4 UNSECURED LOANS																																
Loans from Directors / Group Companies																																
		103.82	1.82																													
From Banks / Others																																
		582.29	–																													
TOTAL		686.12	1.82																													

SCHEDULE 5 – FIXED ASSETS

Rs. in Lakhs

PARTICULARS	RATE	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
		As on 01.10.08	Addns	Delns	As on 30.09.09	As on 01.10.08	Addns	With- drawn	As on 30.09.09	As on 30.09.09	As on 30.09.08
Land	0%	1653.00	–	73.00	1580.00	–	–	–	–	1580.00	–
Building	5%	81.75	7.60	–	89.35	32.24	2.67	–	34.91	54.44	–
Typewriters	14%	1.07	–	–	1.07	0.93	0.02	–	0.95	0.12	–
Name Board	18%	0.29	–	–	0.29	0.24	0.01	–	0.25	0.04	–
Elec. Fittgs.	14%	13.49	3.50	–	16.99	9.97	3.99	–	13.96	3.03	–
Neon Sign	14%	0.18	–	–	0.18	0.18	–	–	0.18	–	–
Vehicles	26%	22.75	20.84	–	43.59	13.31	4.19	–	17.50	26.09	–
Computers	40%	72.32	3.68	0.80	75.20	35.83	14.93	0.57	50.20	25.01	–
Airconditioners	14%	12.48	–	–	12.48	1.82	1.48	–	3.30	9.18	–
Office Eqmt	14%	15.19	0.71	–	15.90	3.32	1.72	–	5.04	10.86	–
Fax & Xerox	14%	0.43	–	–	0.43	0.15	0.04	–	0.19	0.24	–
Frankg Mach.	14%	0.30	–	–	0.30	0.26	0.01	–	0.26	0.04	–
Furniture	18%	77.13	6.60	–	83.73	27.05	9.06	–	36.11	47.61	–
Intangible Assets	20%	141.14	–	–	141.14	25.94	28.23	–	54.17	86.97	–
Total		2091.52	42.92	73.80	2060.64	151.24	66.34	0.57	217.01	1843.63	–
Previous Year		3768.86	285.85	4054.71	–	1590.78	214.00	1804.78	–	–	–

**SCHEDULES FORMING PART OF THE
BALANCE SHEET AS AT 30th SEPTEMBER 2009**



		(Rs. in Lakhs)	
		30.09.2009	30.09.2008
SCHEDULE 6 INVESTMENTS			
A) Quoted - Non Trade			
Government Loans / Stocks		–	–
B) UNQUOTED			
In Shares Fully paid unquoted			
299300 equity shares of Rs.10/- each in Dhandapani Holdings and Securities Ltd		29.93	–
9999 Equity shares of Rs.10/- each in Dhandapani Business Services Ltd.,		1.00	–
		<u>30.93</u>	<u>–</u>
SCHEDULE 7 DEFERRED TAX ASSETS			
Opening Balance		–	98.63
Add during the year		–	–
Less: Transfer to P & L during the year		–	98.63
		<u>–</u>	<u>–</u>
SCHEDULE 8 CURRENT ASSETS			
A. Stock on Hire/Hypothecation including hire charges under Sundry debtors			
1. Assets on Hire/hypothecations (Agreement value less Instalments Received) Net off UMFC and write offs Includes Sundry debtors secured considered good		14220.78	
2. Repossessed Assets		<u>226.37</u>	14447.15
3. Other Receivables		37.22	–
4. Amount Receivable from ZP		–	4110.00
B. Trade Bills Purchased			
C. Cash & Bank Balances with Scheduled Banks			
In Current account		696.52	9.69
On Deposit account – Under lien		1040.78	
– Free of lien		<u>15.84</u>	18.22
Cash on hand		159.75	–
		<u>16397.26</u>	<u>4137.91</u>

**SCHEDULES FORMING PART OF THE
BALANCE SHEET AS AT 30th SEPTEMBER 2009**



	(Rs. in Lakhs)	
	30.09.2009	30.09.2008
SCHEDULE 9 LOANS AND ADVANCES		
Unsecured Considered good		
1. Advances recoverable in cash or kind unsecured considered good	459.34	–
2. Secured Advances	720.02	–
3. Advance payment of Tax (net of Provisions)	1004.45	837.87
4. Income accrued but not due on investments	–	–
others	61.90	–
5. Deposits	10.62	–
6. Other advances	49.13	45.00
	2305.46	882.87
SCHEDULE 10 CURRENT LIABILITIES		
Sundry Creditors		
a. for expenses	532.83	11.38
b. Insurance and security deposit	18.76	–
Interest suspense	267.24	–
AFC suspense	899.35	–
Dividend payable	21.78	26.09
	1739.95	37.47
SCHEDULE 11 PROVISIONS		
1. For Non performing asset	702.00	–
2. For contingencies on slump sale	–	1310.00
3. For investment	1.00	–
4. For impairment on loan assets / debtors (Exceptional items)	5129.54	–
	5832.54	1310.00
SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30th SEPTEMBER 2009		
	30.09.2009	30.09.2008 (18 months)
SCHEDULE 12 INCOME FROM FINANCING OPERATIONS		
1. Finance charges	2925.05	5511.77
2. Income from Bills purchased	–	0.11
	2925.05	5511.88
SCHEDULE 13 OTHER INCOME		
1. Interest receipts	150.12	149.29
2. Profit / (Loss) on sale of assets/investments	–	1846.39
	150.12	1995.68

**SCHEDULES FORMING PART OF THE PROFIT & LOSS
ACCOUNT FOR THE PERIOD ENDED 30th SEPT. 2009**



	(Rs. in Lakhs)	
	30.09.2009	30.09.2008 (18 months)
SCHEDULE 14 INTEREST / FINANCE CHARGES		
1. On Deposits	–	–
2. On Working Capital Facility	2314.86	2729.59
3. On Other Credit Facility	231.59	1303.86
4. On Inter Corporate Deposits	5.02	12.93
	2551.47	4046.38
SCHEDULE 15 EMPLOYEE COST		
1. Salaries, allowances and Bonus	411.84	656.11
2. Staff Welfare expenses	80.49	143.43
3. Company's contribution to PF	33.97	51.01
	526.30	850.56
SCHEDULE 16 ADMINISTRATION AND OTHER EXPENSES		
1. Rent	38.10	49.77
2. Rates and Taxes	9.52	26.56
3. Electricity charges	13.11	27.71
4. Insurance	12.21	7.71
5. Telephone charges	31.24	65.64
6. Business Promotion expenses	1.43	1.31
7. Advertisement	7.73	1.94
8. Loss on sale of assets	0.09	4.56
9. Remuneration to Auditor	11.00	8.43
10. Professional charges	98.39	180.00
10. Other expenses	211.88	545.81
	434.70	919.44
SCHEDULE 17 PROVISIONS AND WRITE OFF		
Loss on sale of repossessed asset	741.75	409.41
Bad Debts / Loss on securitisation	–	434.52
Provision for non performing Assets	77.43	481.61
Provision for investment	1.00	–
	820.18	1325.53

**NOTES FORMING PART OF ACCOUNTS FOR
THE PERIOD ENDED 30th SEPTEMBER 2009**



Schedule – 18:

A. Significant Accounting Policies

The Company follows the directions prescribed by the Reserve Bank of India for Non-Banking Financial Companies with respect to income recognition, Asset classification, Provisioning norms and the applicable Accounting Standards issued by The Institute of Chartered Accountants of India.

1.1 Income Recognition: The Company's policy on income recognition is enumerated below:

- a. Income from Hire purchase and hypothecation loan transactions is accounted on the basis of Internal Rate of Return method.
- b. In respect of receivables assigned bilaterally with Banks / Financial Institutions, being the difference between the book value of the assets assigned and the sale consideration is booked as income in the year of contract, whereas in the previous year the same was amortized over the tenor of the assignment of receivable.
- c. Additional Finance Charges is accounted on accrual basis @18% pa whereas the contractual rate is 36%.
- d. Collection charges are accounted on cash basis
- e. Due date Missing charges are accounted on accrual basis

1.2 Repossessed Assets: Repossessed assets are valued at lower of the settlement value or realizable market value and 40% provision is uniformly made on the repossessed stock value

1.3 Fixed Assets: Fixed assets are stated at historical cost less accumulated depreciation.

1.4 Depreciation:

On Own assets (Tangible): Depreciation on assets for own use is provided on Written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs.5, 000/- or less acquired during the year are fully depreciated.

On Own assets (Intangible): Intangible assets comprising of Computer Software are depreciated on a straight-line basis over a period of five years.

1.5 Investments:

Long term Investments are carried at cost

Unquoted Equity shares are valued at cost.

B. Notes on accounts

2. EXCEPTIONAL ITEM

SLUMP SALE – EFFECT OF REVERSAL

During the FY 2007-08 the company sold its NBFC activities by way of slump sale on a going concern basis to Zwrin Pragati Capfin P Ltd, an NBFC for a lumpsum consideration of Rs.4110 lacs. Subsequently ZP made a downward revision of consideration to Rs.2800 lakhs by way of due diligence agreement. A provision for Rs.1310 lakhs towards reduction in consideration was made with approval of shareholders and a profit of Rs.404.88 was recognised.

The Slump sale could not be proceeded with, as certain conditions precedent to the transfer could not be fulfilled by DFL. Consequently the effect of slump sale recognized during the FY 2007-08 were reversed and the assets and liabilities were brought back to original state.

PROVISION FOR IMPAIRMENT

The Company undertook a review of the receivables during the year and based on the review a sum of Rs.5129.54 lakhs being outstanding debtor balances are considered to be doubtful of realization. Hence a provision towards doubtful debts has been made in the books of accounts.

C. Balance Sheet:

3.1 Deposit account

The total deposit with bank as on 30.09.2009 includes Rs. 14.30 Lakhs towards deposits maintained for unclaimed dividend. As on 30.09.2009, there are no amounts outstanding to be transferred to Investor Protection Fund.

3.2 Deferred Tax Assets / liability Rs. in Lakhs

Particulars	30.09.2009	31.03.2008
Opening Balance	NIL	(98.63)
Less Reversal of Deferred tax asset	–	98.63
Add: Liability on account of depreciation	–	–
Total	NIL	NIL

Deferred tax asset arising on account of carry forward loss and provisions has not been recognized in the books of accounts on a conservative basis.

3.3 Valuation of Investments

Provision of Rs.1 lakh has been made in the Profit & Loss a/c in respect of the investment in shares of Dhandapani Business Services Limited, as there is a permanent diminution in the value of the shares.

3.4 Current Assets

During the year the company has assigned a part of its receivable of loan assets portfolio on bilateral basis. The details are as follows:

	Rs. in Lakhs	
	During 2008-2009	As at 30.09.2009
Total No of loan Contracts Assigned	508 (Nos)	2994 (Nos)
Total book value of loan assets Assigned	1652.88	4407.60
Total Value of loan assets assigned inclusive of UMFC	2132.49	5676.60
Cash Collateral Given	213.25	766.35

The cash collateral provided of Rs.766.35 Lakhs is shown under cash and bank balance under lien.

3.5 The Company's proposal to restructure its debts has been referred to CDR forum on 10th February 2010 by lenders having the requisite percentage of exposure.

3.6 Secured Advances

Secured Advances include an amount of Rs. 720.02 lakhs due from Dhandapani Properties (P) Ltd. Steps are being taken by the management to recover the same. Hence it is not considered a doubtful debt and no provision has been made in the Profit & Loss account in respect of the same.

3.7 Secured Loans include an amount of Rs. 2050.60 lakhs which is subject to confirmation from State Bank of India.

4. Profit and Loss Account:

4.1 (a) Remuneration to Managing Director

Particulars	Rs. In Lakhs	
	30.09.2009	30.09.2008 (18 months)
Salary	23.75	22.19
House Rent allowance	7.06	5.56
Company's Contribution to PF	2.85	2.42
Others	23.71	25.46
Total	57.37	55.63

Managerial remuneration is in excess of the limits prescribed under Schedule XIII and section 263 of the Companies Act, 1956. Central Government approval has been received vide their letter dated 17th August 2009, which is subject to approval of members, by Special Resolution.

b) **Determination** of net profits in accordance with Sec 349 of the Companies Act, 1956 for remuneration payable to Directors

	Rs. In Lakhs
Loss before tax as per Profit & Loss Account	(6858.25)
Add: Directors remuneration charged in the accounts	57.37
Net Profit	<u>(6800.88)</u>

4.2 Earnings per share

	Rs. In Lakhs
Profit after tax	(6861.03)
Weighted average number of equity shares	5954320
Earnings after tax (Basic) Rs.	(115.23)
Face value per share	10.00

4.3 Contingent Liability:

Disputed Income tax demand of Rs.496.4 lakhs together with interest pending in appeal/representation before various income tax authorities for the Assessment years 1997-98 to 2007-08

An amount of Rs. 1135.32 lakhs being corporate guarantee has been given to M/s. Fullerton India Credit Company Ltd for Assignment of Receivables.

4.4 The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard 17.

4.5 Previous year's figures have been regrouped / reclassified to conform to current period's classification wherever necessary.

4.6 Related parties Disclosures:

- Subsidiaries: Dhandapani Holdings & Securities Limited, Smart Invest Agency.Com Private Limited.
- Group Company of D B Zwirn Mauritius – D B Zwirn Mauritius Trading No.2 Ltd. – Zwirn Pragati Capfin Private Limited
- Key Management Personnel: R. Ravichandran, Managing Director, Prakash Rayen, B Prakash and V S Murthy

(Rs. in Lakhs)

Nature of Transaction	Subsidiaries	Key Management Personnel	D B Zwirn Mauritius / Group Cos	Total
Interest Paid on deposits	5.02	–	–	5.02
Deposits – Balance at the end of the year	102.28 Cr	–	–	102.28 Cr
Redemption of 10% Redeemable optionally convertible preference shares	–	–	2226.00	2226.00
Remuneration to Key Management Personnel	48.21	57.37	–	105.58

SUBJECT TO OUR REPORT OF EVEN DATE
for P.B. VIJAYARAGHAVAN & CO.
Chartered Accountants

P.R. KRISHNAMURTHY
Partner
Membership No. 12622

S.K. RENGARAJAN
Company Secretary

R. RAVICHANDRAN
Managing Director

R. NAGARAJAN
Director

Place : Chennai
Date : 26.02.2010

Particulars	Principal	Interest accrued but not due	(Rs.in Lakhs)	
			Amount outstanding	Amount overdue
(4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities				
(i) Lease Assets including lease rentals under sundry debtors :				
(a) Financial lease	—	—	—	—
(b) Operating lease	—	—	—	—
(ii) Stock on hire including hire charges under sundry debtors:				
(a) Assets on hire	14220.78	—	14220.78	—
(b) Repossessed Assets	226.37	—	226.37	—
(iii) Hypothecation loans counting towards EL/HP activities				
(a) Loans where assets have been repossessed	—	—	—	—
(b) Loans other than (a) above	—	—	—	—
(5) Break-up of investments:				
Current Investments				
1. Quoted				
(i) Shares: (a) Equity	—	—	—	—
(b) Preference	—	—	—	—
(ii) Debentures and bonds	—	—	—	—
(iii) Units of mutual funds	—	—	—	—
(iv) Govt.Securities	—	—	—	—
(v) Others (please specify)	—	—	—	—
2. Unquoted				
(i) Shares: (a) Equity	30.93	—	30.93	—
(b) Preference	—	—	—	—
(ii) Debentures and bonds	—	—	—	—
(iii) Units of mutual funds	—	—	—	—
(iv) Govt.Securities	—	—	—	—
(v) Others (please specify)	—	—	—	—
LONG TERM INVESTMENTS				
1. Quoted				
(i) Shares: (a) Equity	—	—	—	—
(b) Preference	—	—	—	—
(ii) Debentures and bonds	—	—	—	—
(iii) Units of mutual funds	—	—	—	—
(iv) Govt.Securities	—	—	—	—
(v) Others (please specify)	—	—	—	—

Particulars	Principal	Interest accrued but not due	(Rs.in Lakhs)	
			Amount outstanding	Amount overdue
2. Unquoted				
(i) Shares: (a) Equity	—	—	—	—
(b) Preference	—	—	—	—
(ii) Debentures and bonds	—	—	—	—
(iii) Units of mutual funds	—	—	—	—
(iv) Govt.Securities	—	—	—	—
(v) Others (please specify)	—	—	—	—
Total	—	—	—	—
Less:Provision for Diminution for long term investments	—	—	—	—
Total	—	—	—	—
(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances:				
Category	Secured	Unsecured	Total	
(i) Related parties				
(a) Subsidiaries	—	—	—	—
(b) Companies in the same group	—	—	—	—
(c) Other related parties	—	—	—	—
(ii) Other than related parties	—	—	—	—
Total	—	—	—	—
(7) Investor groupwise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):				
Category	Market value/Break up value or fair value of NAV	Book value (Net of Provisions)		
(i) Related parties				
(a) Subsidiaries pending	—	—	—	—
(b) Companies in the same group	29.93	—	—	—
(c) Other related parties	—	—	—	—
(ii) Other than related parties	1.00	—	—	—
Total	30.93	—	—	—
(8) Other information				
(i) Gross Non Performing Assets				
(a) Related Parties	—	—	—	—
(b) Other than related parties	1708.51	—	—	—
(ii) Net Non Performing Assets				
(a) Related Parties	—	—	—	—
(b) Other than related parties	1006.51	—	—	—
(iii) Assets acquired in satisfaction of debt	170.74	—	—	—

**CASH FLOW STATEMENT FOR
THE PERIOD ENDED 30th SEPTEMBER 2009**



	(Rupees in Lakhs)	
	30.09.2009	30.09.2008 (18 months)
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE INTEREST, TAX AND EXCEPTIONAL ITEMS	1227.64	2604.52
Adjustments for :		
Depreciation	66.35	501.75
Provision for NPA	77.43	481.61
Provision for investment	1.00	-
Provision for contingencies on slump sale	-	1310.00
Profit on slump sale of Business	-	(1849.48)
Finance charges	(2551.47)	(4046.38)
Loss on sale of Assets	0.09	3.42
	(2406.60)	(3599.09)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(1178.96)	(994.57)
Adjustments for :		
Trade and other receivables	(1459.81)	203.14
Increase in Stock on Hire	(9170.57)	16598.21
Increase in Trade bills Purchased	(685.43)	0.84
Trade Payables	540.21	(148.46)
	(10775.60)	16653.73
CASH GENERATED FROM OPERATIONS	(11954.55)	15659.16
Direct Taxes Paid	(2.78)	(70.64)
Cash Flow before Exceptional Items	(11957.34)	15588.52
Exceptional Items	(404.88)	-
Net Cash Flow from Operating Activities	(12362.22)	15588.52
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1983.06)	(285.85)
Sale of Fixed Assets	67.99	3151.61
Redemption of SLR Investments	-	34.34
Sale of Investments in Subsidiaries	(30.93)	30.93
NET CASH FROM INVESTING ACTIVITIES	(1946.00)	2931.03

	(Rupees in Lakhs)	
	30.09.2009	30.09.2008 (18 months)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	–	–
Proceeds from Term Borrowings	982.56	(11684.58)
Proceeds from bank Borrowings	14530.65	(8344.94)
Proceeds from Unsecured Borrowings	582.29	–
Proceeds from Directors	102.00	–
Proceeds from Deposits	–	(104.51)
Dividend paid	(4.31)	(3.17)
NET CASH FROM IN FINANCING ACTIVITIES	16193.20	(20137.21)
D. Net Increase / (Decrease) in Cash & Cash Equivalents	1884.98	(1617.66)
E. Opening Cash & Cash Equivalents	27.91	1645.57
F. Closing Cash & Cash Equivalents	1912.89	27.91

SUBJECT TO OUR REPORT OF EVEN DATE
for P.B. VIJAYARAGHAVAN & CO.
Chartered Accountants

P.R. KRISHNAMURTHY
Partner
Membership No. 12622

S.K. RENGARAJAN
Company Secretary

R. RAVICHANDRAN
Managing Director

R. NAGARAJAN
Director

Place : Chennai
Date : 26.02.2010

AUDITORS' CERTIFICATE

We have examined the above Cash Flow Statement for the period ended 30th September 2009. The statement has been prepared in accordance with the requirements of Clause 32 of the listing agreement with the Bombay Stock Exchange and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the Company covered by our report to the Members of the Company.

For **P B VIJAYARAGHAVAN & CO.,**
Chartered Accountants
P R KRISHNAMURTHY
Partner
Membership Number: 12622

Place: Chennai
Date : 26.02.2010

**INFORMATION AS REQUIRED UNDER PART IV OF
SCHEDULE VI OF THE COMPANIES ACT, 1956**



Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

1 3 6 2 6 State Code 1 8

Balance Sheet Date 3 0 0 9 0 9
Date Month Year

**II. Capital Raised during the year
(Amount in Lakhs)**

Public Issue
N I L

Rights Issue
N I L

Bonus Issue
N I L

Private Placement
N I L

III. Position of Mobilisation and deployment of Funds (Amount in Lakhs)

Total Liabilities

2 4 0 2 1 . 0 5

Total Assets

2 4 0 2 1 . 0 5

Source of Funds

Paid-up Capital

2 8 2 1 . 4 3

Reserves & Surplus

5 0 0 0 . 2 9

Secured Loans

1 5 5 1 3 . 2 1

Unsecured Loans

6 8 6 . 1 2

Deferred Tax

N I L

Application of Funds

Net Fixed Assets

1 8 4 3 . 6 3

Investments

3 0 . 9 3

Net Current Assets

1 1 1 3 0 . 2 2

Misc. Expenditure

N I L

Accumulated Losses

1 1 0 1 6 . 2 6

IV. Performance of the Company

Turnover

2 9 2 5 . 0 5

Total Expenditure

4 3 3 2 . 6 4

Profit/(loss) before tax

(6 8 5 8 . 2 5)

Profit /(loss) after Tax

(6 8 6 1 . 0 3)

Earning per Share Rs.

(1 1 5 . 2 3)

Dividend Rate %

N I L

V. Generic Names of Three Principal Products / Services of the Company

Item Code No. (ITC Code) N A

Service

H I R E P U R C H A S E L E A S I N G
B I L L S D I S C O U N T I N G

SUBJECT TO OUR REPORT OF EVEN DATE
for P.B. VIJAYARAGHAVAN & CO.

Chartered Accountants
P.R. KRISHNAMURTHY
Partner
Membership No. 12622

S.K. RENGARAJAN
Company Secretary

R. RAVICHANDRAN
Managing Director
R. NAGARAJAN
Director

Place : Chennai
Date : 26.02.2010

**STATEMENT PURSUANT OF SECTION 212 (3)
OF THE COMPANIES ACT, 1956**



S.No.	Name of the Subsidiary Company	M/s. Dhandapani Holdings & Securities Ltd.	Smart Invest Agency.com (P) Ltd
1	Financial year of the Subsidiary Company	31.03.2009	31.03.2009
2	Holding Company's Interest in the Company	2,99,300 shares of Rs.10/- each (99.77%)	10,000 shares of Rs.10/- each (96.86%)
3	Net aggregate amount of the profits not dealt with in the Holding Company Accounts a. For the subsidiary's financial year on 31.03.09. b. For the previous financial year of the subsidiary company.	Rs.3.27 Lakhs Rs.87.25 Lakhs	(Rs.0.01 Lakhs) Rs.1.08 Lakhs
4	Net aggregate amount of the profit of the subsidiary dealt with in the Holding Company's Accounts a. For the subsidiary's financial year on 31.03.09. b. For the previous year of the subsidiary company	Nil Nil	Nil Nil

SUBJECT TO OUR REPORT OF EVEN DATE
for P.B. VIJAYARAGHAVAN & CO.
Chartered Accountants

P.R. KRISHNAMURTHY
Partner
Membership No. 12622

Place : Chennai
Date : 26.02.2010

S.K. RENGARAJAN
Company Secretary

R. RAVICHANDRAN
Managing Director

R. NAGARAJAN
Director

BOARD OF DIRECTORS

V S MURTHY
B PRAKASH
J PRAKASH RAYEN

REGISTERED OFFICE

: New No. 291 (Old No. 141), Linghi Chetty Street,
Chennai - 600 001

CORPORATE OFFICE

: 14, Ramakrishna Street, T. Nagar, Chennai – 600 017.

AUDITORS

: M/s. V. Krishnan & Associates, Chartered Accountants

BANKERS

: The South Indian Bank Limited
T. Nagar, Chennai – 600 017.

DIRECTORS' REPORT



Holdings and Securities Ltd.

Your Directors have pleasure in presenting the **FIFTEENTH ANNUAL REPORT** together with the audited accounts for the year ended 31st March 2009.

FINANCIAL RESULTS

Rs. in Lakhs

Particulars	2008-09	2007-08
Gross Income	5.47	19.24
Profit before Depreciation & tax	4.96	18.35
Less: Depreciation	–	0.89
Profit before Tax	4.96	17.46
Provision for Taxation	1.68	1.57
Profit after Tax	3.27	15.89
Add: Balance from Last Year	103.15	87.26
Profit available for appropriation	106.42	103.15
Balance carried forward	106.42	103.15

BUSINESS

Your Company's main source of income was from marketing of home loan products, non-life insurance and Western union money transfer.

DIVIDEND

Your Director do not recommended any dividend for the year 2008-09, in order to conserve the resources.

PROSPECTS

Your Company has taken steps to tap the market potential to increase the fee based income from insurance and home loan products and is confident of posting better results in the ensuing years.

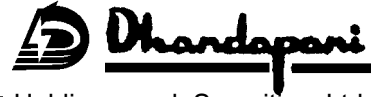
DIRECTORS

Mr. B Prakash retires by rotation and, being eligible, offers himself for reappointment. None of the other directors are concerned or interested in this appointment. Your Directors recommend the re-appointment of Mr. B Prakash as the Director considering his expertise in the field of financial industry.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with the provisions of Section 217 (2AA) of the Companies Act 1956, your Directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed;



Holdings and Securities Ltd.

2. That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the period and of the loss of the Company for the year ended 30th September 2009.
3. That they 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; and
4. That they have prepared the annual accounts on a going-concern basis.

INFORMATION UNDER SEC. 217(1)(e) OF THE COMPANIES ACT, 1956

There is no activity relating to conservation of energy or technology absorption. The company has no foreign exchange earnings or outgo.

PARTICULARS OF EMPLOYEES UNDER SEC. 217(2A) OF THE COMPANIES ACT, 1956

None of the employees of the company is in receipt of remuneration in excess of limits prescribed under section 217 (2A) of the Companies Act, 1956.

SECRETARIAL COMPLIANCE CERTIFICATE

In terms of Section 383(A) (1) of the Companies Amendment Act, 2000, the secretarial compliance certificate for the year ended 31st March 2009 has been obtained and the same is annexed.

AUDITORS

M/s. V Krishnan & Associates, Chartered Accountants, Chennai the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. A certificate under Sec. 224(1B) of the Companies Act, 1956 has been obtained from them.

ACKNOWLEDGEMENT

Your directors wish to thank the company's bankers for their valuable support. Your Directors also wish to place on record the appreciation of the good work done by the employees of the company.

for & on behalf of the Board

Place: Chennai
Date : 30.06.2009

V S MURTHY
Director

COMPLIANCE CERTIFICATE



To

The Members

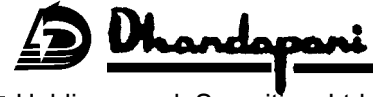
M/s. DHANDAPANI HOLDINGS & SECURITIES LIMITED

Chennai

I have examined the registers, records, books and papers of M/s. Dhandapani Holdings & Securities Limited as required to be maintained under the Companies Act, 1956 and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009, for issue of Certificate in terms of the provisions of Section 383A(1) of the Companies Act, 1956. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the Forms and Returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a Public Limited Company, the provisions of Section 3(1) (iii) are not applicable.
4. The Board of Directors duly met 6 times on 30.06.2008, 30.07.2008, 30.10.2008, 24.11.2008, 29.01.2009 and 21.03.2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. There were no circular resolutions passed during the year under review.
5. The Company was not required to close the Register of Members and / or Debenture holders during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2008 was held on 30.09.2008 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. The company did not hold any Extra Ordinary General Meeting during the Financial Year.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. There were no instances falling within the purview of Section 314 of the Act, the company has not obtained any approvals from the Board of Directors, members and previous approval of the Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.

13. The Company
 - (i) did not have any transfer/transmission during the year and there was no allotment of securities during the year.
 - (ii) was not required to deposit any amount of dividend in a separate bank account as no dividend was declared during the financial year.
 - (iii) was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
 - (iv) was not required to transfer any amount in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - (v) has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and there were no appointment of Directors, Additional Directors, Alternate Directors and Directors to fill the casual vacancies during the year under review.
15. The Company has not appointed any Managing Director/ Whole-time Director/Manager during the financial year.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has not issued any shares/debentures/other securities during the financial year.
20. The company has not bought back shares during the financial year.
21. The company has not redeemed any preference shares/debentures during the year.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act.
23. The company has not invited/accepted any deposits including any unsecured loans falling under the purview of Section 58A of the Act during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The Company, during the year, has not given loans and investments or guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and hence has not made any entries in the register kept for the purpose.



Holdings and Securities Ltd.

26. The company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
30. The company has not altered its articles of association during the year.
31. No prosecution was initiated against or show cause notices received by the company for alleged offences under the Act and also no fines and penalties or any other punishment have been imposed on the company during the financial year under the Act.
32. The company has not received any security from its employees during the year under scrutiny.
33. The company is not covered by the provisions of Provident Fund during the financial year.

Place: Chennai
Date: 30.06.2009

S SUNDARARAJAN
Company Secretary
C. P. No. : 19

ANNEXURE A

1. Register of Members under Section 150 of the Act.
2. Minutes of Board Meetings.
3. Register of Directors under Section 303 of the Act.
4. Register of Directors' shareholdings under Section 307 of the Act.
5. Register of Contracts under Section 301 of the Act.
6. Register of Directors' Attendance under Regulation 71 of Table "A" of Schedule I of the Act.
7. Register of Shareholders' Attendance.
8. Register of Transfers.

ANNEXURE – B

Returns / Forms / Documents filed with Registrar of Companies, Regional Director, Central Govt. or other authorities during the financial year ended on 31st March 2009.

I - REGISTRAR OF COMPANIES

Sl. No.	Form No.	Relevant Section	Description of the Document	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing, whether requisite additional fee paid Yes/No
1	Form 23	372A	Inter-corporate loans	16.10.2008	No	Yes
2	Form 32	303(2)	Appointment of Director	30.10.2008	No	Yes
3	Form 66 for CCOM	383A	Secretarial Compliance Certificate for the year 2007-2008	04.11.2008	No	Yes
4	23AC & 23ACA for Sch-VI	220	Balance Sheet as on 31.03.2008 and the Profit and Loss Account for the year ended as on that date. (AGM held on 30.09.2008)	03.02.2009	No	Yes
5	Form 20B for Sch-V	159	Annual Return as on AGM held on 30.09.2008	11.03.2009	No	Yes

II - REGIONAL DIRECTOR : NIL

III - CENTRAL GOVERNMENT AND OTHER AUTHORITIES : NIL

Place: Chennai
Date : 30.06.2009

S SUNDARARAJAN
(Certificate of Practice No.19)

**AUDITORS' REPORT TO THE MEMBERS OF
DHANDAPANI HOLDINGS AND SECURITIES LTD.**



Holdings and Securities Ltd.

1. We have audited the attached Balance Sheet of M/s. Dhandapani Holdings and Securities Ltd, as at March 31, 2009 and also the profit and loss account for the year ended on that date annexed thereto which we have signed under reference to this report. 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the 'Act) and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
 - c. The Balance Sheet and Profit and Loss Account dealt with by this are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet and the Profit and loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.
 - e. On the basis of written representation received from the directors as on March 31, 2009, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of Sub-section (I) of section 274 of the Act.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date;

For V KRISHNAN & ASSOCIATES
Chartered Accountants
V KRISHNAN
Partner
Membership No.:19899

Place: Chennai
Date: 30.06.2009

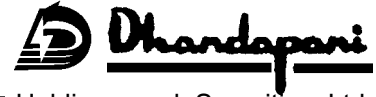
ANNEXURE TO THE AUDITORS' REPORT



Holdings and Securities Ltd.

(Referred to in paragraph 3 of our report of even date to the Members of M/s. Dhandapani Holdings and Securities Limited)

1. (a) The company has no fixed assets, as the Board of Directors have decided to write off all the assets as they have become obsolete.
(b) Physically verification of fixed assets not applicable.
2. As the Company is engaged in Financial Services, the provisions of sub clause (ii) a, b and c of the Companies (Auditors' Report) are not applicable.
3. (a) The Company has granted loans to its Holding Company 'Dhandapani Finance Limited', the party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is Rs. 92,13,700/-.
(b) The rate of interest and other terms and conditions of the loan are, prima facie not prejudicial to the interest of the company.
4. In our opinion, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for purchase of inventories and fixed assets and for the sale of goods.
5. (a) In our opinion, the transactions that need to be entered in the register maintained under Section 301 of the Companies Act have been so entered.
(b) In our opinion, the aforesaid transactions have been made at prices which are reasonable having regard to the prevailing market prices.
6. The Company has not accepted any Deposits from Public.
7. The Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Act.
8. The provisions of Provident Fund, Employee's State Insurance, Customs Duty, Excise Duty, Cess are not applicable to the Company.
9. According to the information and explanation given to us and records of the Company examined by us the Company has been regular in paying of Income Tax and Wealth Tax.
10. The company has no accumulated loss at the end of the financial year.
11. According to the records produced, the company has not defaulted in repayment of its dues to any financial institution, bank during the year.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ Nidhi / Mutual Fund / Societies are not applicable to the Company.
14. In our opinion, the Company is a Stock Broker and regular in filing returns with the concerned authorities.



Holdings and Securities Ltd.

15. The company has not given any guarantees for loans taken by others.
16. On the basis of review of utilization of funds on an overall basis, in our opinion, the term loans taken by Company were applied for the purpose for which the loans were obtained.
17. On the basis of review of utilization of funds on an overall basis, in our opinion, the funds raised on short-term basis have not been used for long-term investment or vice-versa during the year.
18. The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Act.
19. The Company has issued no Debenture.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the company nor have we been informed by the management of any such instance being noticed or reported during the year.

For V KRISHNAN & ASSOCIATES
Chartered Accountants

V KRISHNAN
Partner
Membership No.:19899

Place: Chennai
Date: 30.06.2009

BALANCE SHEET AS ON 31st MARCH 2009



Holdings and Securities Ltd.

	Sch. No.	Rs.	31.03.2009 Rs.	31.03.2008 Rs.
I. SOURCES OF FUNDS				
1. Shareholders' Funds:	1			
a) Capital			3000000	3000000
b) Reserves & Surplus	2		10780170	10452983
2. Deferred Tax Credit			-	-
3. Secured Loans:			-	-
4. Unsecured Loans:			-	-
Total			13780170	13452983
II. APPLICATION OF FUNDS				
1. Fixed Assets:	3			
Gross Block		-		935157
Less: Depreciation		-		935157
Net Block			-	-
2. Investments	4		3823364	3823363
3. Current Assets, Loans and Advances				
Current Assets	5	1429487		841842
Loans and Advances	6	9722602		9813700
A		11152089		10655542
Less: Current Liabilities & Provisions				
Current Liabilities	7	1195283		1025921
B		1195283		1025921
Net Current Assets	A-B		9956806	9629620
Total			13780170	13452983

Schedule Nos. 1-7 and Notes to Account form part of this Balance Sheet

SUBJECT TO OUR REPORT OF EVEN DATE

for V. KRISHNAN & ASSOCIATES

Chartered Accountants

V. KRISHNAN

Partner

V.S. MURTHY
B. PRAKASH
J. PRAKASH RAYEN
Directors

Place : Chennai

Date : 30.06.2009

**PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31st MARCH 2009**



Holdings and Securities Ltd.

	Sch. No.	31.03.2009 Rs.	31.03.2008 Rs.
1. INCOME			
Income from Operations	8	547121	1924078
Total	A	<u>547121</u>	<u>1924078</u>
2. EXPENDITURE			
1. Finance Charges	9	1787	1382
2. Administrative & Other Expenses	10	49816	87452
Total	B	<u>51603</u>	<u>88834</u>
Profit/(Loss) Before Depreciation and Tax A - B		495518	1835244
Less : Depreciation		—	88824
Profit (Loss) Before Tax		495518	1746420
Less: Provision for Taxation			
Current Tax	168331		
Less: Deferred Tax	<u>—</u>	168331	157067
		327186	1589353
Less: Preliminary Expenses Written Off		—	—
Profit After Tax		327186	1589353
Add: Brought forward from Previous year		10315084	8725731
		10642270	10315084
3. APPROPRIATION			
Surplus Balance Carried to Balance Sheet		10642270	10315084
		10642270	10315084

Schedule Nos. 8–10 and Notes to Account form part of this Profit and Loss Account

SUBJECT TO OUR REPORT OF EVEN DATE

for V. KRISHNAN & ASSOCIATES

Chartered Accountants

V. KRISHNAN

Partner

Place : Chennai

Date : 30.06.2009

V.S. MURTHY
B. PRAKASH
J. PRAKASH RAYEN
Directors

**SCHEDULES FORMING PART OF THE
BALANCE SHEET AS AT 31st MARCH 2009**



Holdings and Securities Ltd.

		Rs. 31.03.2009	Rs. 31.03.2008
SCHEDULE -1 SHARE CAPITAL			
Authorised Capital			
500000 Equity shares of Rs.10/- each		5000000	5000000
Issued, Subscribed & Paid-up		<u> </u>	<u> </u>
300000 Equity shares of Rs.10/- each		3000000	3000000
SCHEDULE - 2 RESERVES AND SURPLUS			
General Reserve			
Opening Balance	137900		
Add : Transfer from P & L A/c	<u> </u>		
Closing Balance		137900	137900
Surplus Balance in Profit & Loss A/c		10642270	10315083
		<u>10780170</u>	<u>10452983</u>
SCHEDULE - 4 INVESTMENTS			
Name of the Scrip	No. of Shares		
Dhandapani Finance Ltd	274200	3563300	3563300
K. Dhandapani & Co. Limited	13400	160064	160064
		<u>3723364</u>	<u>3723364</u>
UNQUOTED SHARES			
Smart Invest Agency.com Pvt Ltd	10000	100000	100000
GRAND TOTAL		<u>3823364</u>	<u>3823364</u>

**SCHEDULES FORMING PART OF THE
BALANCE SHEET AS AT 31st MARCH 2009**



Holdings and Securities Ltd.

	Rs. 31.03.2009	Rs. 31.03.2008
SCHEDULE - 5 CURRENT ASSETS		
Cash and Bank Balances		
In Current Account	60045	60968
In Deposit Account	101120	100000
Interest Accrued but not due	987003	450259
Tax Deducted at source	281319	230615
	<u>1429487</u>	<u>841842</u>
SCHEDULE - 6 LOANS AND ADVANCES		
Coimbatore Stock Exchange	600000	600000
ICD - DFL	8967182	9213700
Advance tax	155420	-
	<u>9722602</u>	<u>9813700</u>
SCHEDULE -7 CURRENT LIABILITIES		
Sundry Creditors	1001	1001
Provision for Taxation	1183252	1014920
For Audit Fee	11030	10000
	<u>1195283</u>	<u>1025921</u>
SCHEDULES FORMING PART OF THE P&L A/C FOR THE YEAR ENDED 31ST MARCH 2009		
SCHEDULE - 8 INCOME FROM OPERATIONS		
Service Charges - Others	201	2182
Dividend Income	280	44450
Finance Charges - Others	546639	615898
Profit on sale of Shares	-	1261548
	<u>547121</u>	<u>1924078</u>
SCHEDULE - 9 FINANCE CHARGES		
Bank Charges	1787	1382
	<u>1787</u>	<u>1382</u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS
ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009**



Holdings and Securities Ltd.

	Rs. 31.03.2009	Rs. 31.03.2008
SCHEDULE - 10 ADMINISTRATIVE AND OTHER EXPENSES		
Service Charges	–	2298
Telephone Charges	–	30000
Service Tax Paid	–	8006
Consultancy Charges	22500	–
Auditors' Remuneration	11030	25281
Rates & Taxes	15000	20213
Travelling Expenses	1286	–
Repairs & Maintenance	–	1654
	49816	87452

NOTES FORMING PART OF ACCOUNTS

A) Accounting Policies

1. Income Recognition:

- a. Service Charges are accounted on accrual basis.
- b. Dividend Incomes are accounted on receipt basis.
- c. Finance Charges receipts are accounted on accrual basis.

2. Depreciation & Fixed Assets:

There is no Fixed Assets.

3. Investments:

Investments are carried at cost.

B) Notes on Accounts:

1. Contingent Liabilities not provided for: Nil
2. Previous year's figures have been regrouped / reclassified to confirm to current year classification whenever necessary.

SUBJECT TO OUR REPORT OF EVEN DATE

for V. KRISHNAN & ASSOCIATES

Chartered Accountants

V. KRISHNAN

Partner

Place : Chennai

Date : 30.06.2009

V.S. MURTHY
B. PRAKASH
J. PRAKASH RAYEN
Directors

INFORMATION AS REQUIRED UNDER PART IV OF
SCHEDULE VI OF THE COMPANIES ACT, 1956



Holdings and Securities Ltd.

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

2 8 7 0 3

State Code 1 8

Balance Sheet Date

3 1 0 3

0 9

Date

Month

Year

II. Capital Raised during the year

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

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

Total Liabilities

1 3 7 8 0

Total Assets

1 3 7 8 0

Source of Funds

Paid-up Capital

3 0 0 0

Reserves & Surplus

1 0 7 8 0

Secured Loans

N I L

Unsecured Loans

N I L

Application of Funds

Net Fixed Assets

N I L

Investments

3 8 2 3

Net Current Assets

9 9 5 7

Misc. Expenditure

N I L

Accumulated Losses

N I L

IV. Performance of the Company

Turnover

5 4 7

Total Expenditure

5 1

Profit before tax

4 9 6

Profit after Tax

3 2 7

Earning per Share Rs.

1 . 0 9

Dividend Rate %

N I L

V. Generic Names of Three Principal Products / Services of the Company

Item Code No. (ITC Code) N A

Service

S E R V I C E A G E N C Y B U S I N E S S

SUBJECT TO OUR REPORT OF EVEN DATE

for V. KRISHNAN & ASSOCIATES

Chartered Accountants

V. KRISHNAN

Partner

V.S. MURTHY

B. PRAKASH

J. PRAKASH RAYEN

Directors

Place : Chennai

Date : 30.06.2009

BOARD OF DIRECTORSV S MURTHY
B PRAKASH**REGISTERED OFFICE**

: 14, Ramakrishna Street, T. Nagar, Chennai – 600 017.

AUDITORS

: M/s. V. Krishnan & Associates, Chartered Accountants

BANKERS: STATE BANK OF HYDERABAD
T. Nagar, Chennai – 600 017.

Your Directors have pleasure in presenting the **EIGHTH ANNUAL REPORT** together with the audited accounts for the year ended 31st March 2009.

FINANCIAL RESULTS

The accompanying Profit and Loss Account shows a loss after tax of Rs.765/-.

BUSINESS

The Company would pursue its objectives in investment broking, Insurance Agency and allied areas to concentrate on fee-based activities.

DIVIDEND

Your Directors do not propose dividend for the year 2008-2009 in view of the losses incurred.

PROSPECTS

Your Directors are confident of increased turnover during the current year with the increase in Fee based activities.

DIRECTORS

Mr. V S Murthy and Mr. B Prakash retire by rotation and, being eligible, offer themselves for reappointment. Members are requested to re-appoint the retiring Directors

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance with the provisions of Section 217 (2AA) of the Companies Act 1956, your Directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. That they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the period and of the loss of the Company for the year ended 30th September 2009.
3. That they 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; and
4. That they have prepared the annual accounts on a going-concern basis.

INFORMATION UNDER SEC. 217(1)(e) OF THE COMPANIES ACT, 1956

There is no activity relating to conservation of energy or technology absorption. The company has no foreign exchange earnings or outgo.

PARTICULARS OF EMPLOYEES UNDER SEC. 217(2A) OF THE COMPANIES ACT, 1956

There are no employees drawing the remuneration as stipulated under Sec. 217 (2A) of the Companies Act, 1956.

AUDITORS

M/s. V Krishnan & Associates, Chartered Accountants, Chennai the Statutory Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. A certificate under Sec. 224(1B) of the Companies Act, 1956 has been obtained from them.

ACKNOWLEDGEMENT

Your directors wish to thank the company's bankers for their valuable support.

for & on behalf of the Board

Place: Chennai
Date: 30.06.2009

B PRAKASH
Director

V S MURTHY
Director

**AUDITOR'S REPORT TO THE MEMBERS OF
SMARTINVEST AGENCY.COM PRIVATE LIMITED**

Smartinvest

AGENCY.COM PRIVATE LIMITED

We have audited the attached Balance Sheet of M/s. Smartinvest Agency.Com Private Limited, as at March 31, 2009 and also the profit and loss account for the year ended on that date annexed thereto which we have signed under reference to this report. 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.

1. 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 misstatements. 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.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the 'Act) and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books;
 - c. The Balance Sheet and Profit and Loss Account dealt with by this are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet and the Profit and loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.
 - e. On the basis of written representation received from the directors as on March 31, 2009, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of Sub-section (1) of section 274 of the Act.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2009;
 - ii) in the case of the Profit and Loss Account, of the loss for the year ended on that date;

For V KRISHNAN & ASSOCIATES
Chartered Accountants
V KRISHNAN
Partner
Membership No.:19899

Place: Chennai
Date: 30.06.2009

ANNEXURE TO AUDITOR'S REPORT

Smartinvest

AGENCY.COM PRIVATE LIMITED

(Referred to in paragraph 2 of our report of even date to the Members of M/s. Smartinvest Agency.Com Private Limited)

1. (a) The company has no fixed assets.
(b) Physically verification, disposal of fixed assets not applicable.
2. As the Company is engaged in Insurance and other Financial Services, the provisions of sub clause (ii) a, b and c of the Companies (Auditors' Report) are not applicable.
3. (a) The Company has granted loans to its Holding Company 'Dhandapani Finance Limited', the party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year is Rs. 2,02,471/-.
(b) The rate of interest and other terms and conditions of the loan are, prima facie not prejudicial to the interest of the company.
4. In our opinion, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business for purchase of inventories and fixed assets and for the sale of goods.
5. (a) In our opinion, the transactions that need to be entered in the register maintained under Section 301 of the Companies Act have been so entered.
(b) In our opinion, the aforesaid transactions have been made at prices which are reasonable having regard to the prevailing market prices.
6. The Company has not accepted any Deposits from Public.
7. The Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Act.
8. The provisions of Provident Fund, Employee's State Insurance, Customs Duty, Excise Duty, Cess are not applicable to the Company.
9. According to the information and explanation given to us and records of the Company examined by us the Company has been regular in paying of Income Tax and Wealth Tax.
10. The company has no accumulated loss at the end of the financial year.
11. According to the records produced, the company has not defaulted in repayment of its dues to any financial institution, bank during the year.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ Nidhi / Mutual Fund / Societies are not applicable to the Company.
14. In our opinion, the Company is not a Stock Broker or a dealer in shares, securities, debentures and other investments.

15. The company has not given any guarantees for loans taken by others.
16. On the basis of review of utilization of funds on an overall basis, in our opinion, the term loans taken by Company were applied for the purpose for which the loans were obtained.
17. On the basis of review of utilization of funds on an overall basis, in our opinion, the funds raised on short-term basis have not been used for long-term investment or vice-versa during the year.
18. The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under Section 301 of the Act.
19. The Company has issued no Debenture.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of fraud on or by the company nor have we been informed by the management of any such instance being noticed or reported during the year.

Place: Chennai
Date: 30.06.2009

For V KRISHNAN & ASSOCIATES
Chartered Accountants
V KRISHNAN
Partner
Membership No.:19899

BALANCE SHEET AS ON 31st MARCH 2009**Smartinvest**

AGENCY.COM PRIVATE LIMITED

	Sch. No.	Rs.	31.03.2009 Rs.	Rs.	31.03.2008 Rs.
I. SOURCES OF FUNDS					
1. Shareholders' Funds:					
a) Capital	1	103000		103000	
b) Reserve & Surplus	2	<u>112277</u>		<u>113822</u>	
			215277		216822
2. Secured Loans			—		—
3. Unsecured Loans			—		—
			<u>215277</u>		<u>216822</u>
II. APPLICATION OF FUNDS					
1. Fixed Assets			—		—
2. Investments			—		—
3. Current Assets, Loans and Advances					
Current Assets	3	<u>215923</u>		<u>216482</u>	
		215923		216482	
Less: Current Liabilities & Provisions	4	<u>2206</u>		<u>2000</u>	
			213717		214482
4. Miscellaneous Expenditure (to extent not written off)	5		1560		2340
			<u>215277</u>		<u>216822</u>

Schedule Nos. 1-5 and Notes to Account form part of this Balance Sheet

SUBJECT TO OUR REPORT OF EVEN DATE
for V. KRISHNAN & ASSOCIATES
Chartered Accountants

V. KRISHNAN
Partner

V.S. MURTHY
B. PRAKASH
Directors

Place : Chennai
Date : 30.06.2009

**PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31st MARCH 2009**

Smartinvest

AGENCY.COM PRIVATE LIMITED

	Sch. No.	31.03.2009 Rs.	31.03.2008 Rs.
I. INCOME			
Income from Operations		10788	16281
II. EXPENDITURE			
a. Finance Charges		–	–
b. Administrative & Other Expenses		9347	4600
c. Audit Fees		2206	1932
		11553	6532
Profit/(Loss) Before Depreciation and Tax		(765)	9749
Depreciation		–	–
Profit (Loss) Before Tax		(765)	9749
Less: Provision for Taxation		–	3300
		(765)	6449
Less: Preliminary Expenses Written Off		780	780
		(1545)	5669
Balance Transferred from Previous Year		113822	108153
Balance Transferred to Balance Sheet		112277	113822

SUBJECT TO OUR REPORT OF EVEN DATE
for V. KRISHNAN & ASSOCIATES
Chartered Accountants

V. KRISHNAN
Partner

V.S. MURTHY
B. PRAKASH
Directors

Place : Chennai
Date : 30.06.2009

**SCHEDULES FORMING PART OF THE
BALANCE SHEET AS ON 31st MARCH 2009**

Smartinvest

AGENCY.COM PRIVATE LIMITED

	31.03.2009	31.03.2008
	Rs.	Rs.
SCHEDULE - 1 SHARE CAPITAL		
Authorised Capital		
20000 Equity shares of Rs.10/- each	<u>200000</u>	<u>200000</u>
Issued, Subscribed & Paid-up		
10300 Equity shares of Rs.10/- each	<u>103000</u>	<u>103000</u>
SCHEDULE - 2 RESERVES AND SURPLUS		
Opening Balance	113822	108153
Add: Additions	(1545)	5669
Closing Balance	<u>112277</u>	<u>113822</u>
SCHEDULE - 3 CURRENT ASSETS		
Cash and Bank Balances	6076	6076
ICD - DFL	192938	197505
Advance Tax	15911	12901
Tax deducted at source	998	-
	<u>215923</u>	<u>216482</u>
SCHEDULE - 4 CURRENT LIABILITIES & PROVISIONS		
For Expenses	2206	2000
	<u>2206</u>	<u>2000</u>
SCHEDULE -5 MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF		
Preliminary Expenditure	2340	3120
Less: Written off in P&L A/c	780	780
	<u>1560</u>	<u>2340</u>

NOTES FORMING PART OF ACCOUNTS

A) Accounting Policies

1. Income Recognition:

Finance Charges Receipts are accounted on accrual basis.

B) Notes on Accounts:

- Contingent Liabilities not provided for: Nil
- Previous year's figures have been regrouped / reclassified to confirm to current year classification wherever necessary

INFORMATION AS REQUIRED UNDER PART IV OF
SCHEDULE VI OF THE COMPANIES ACT, 1956

Smartinvest

AGENCY.COM PRIVATE LIMITED

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

4 5 9 2 0

State Code 1 8

Balance Sheet Date

3 1 0 3

0 9

Date

Month

Year

II. Capital Raised during the year

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

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

Total Liabilities

2 1 5

Total Assets

2 1 5

Source of Funds

Paid-up Capital

1 0 3

Reserves & Surplus

1 1 2

Secured Loans

N I L

Unsecured Loans

N I L

Application of Funds

Net Fixed Assets

N I L

Investments

N I L

Net Current Assets

2 1 3

Misc. Expenditure

0 . 0 2

Accumulated Losses

N I L

IV. Performance of the Company

Turnover

1 1

Total Expenditure

1 2

Profit before tax

- 1

Profit after Tax

- 1

Earning per Share Rs.

- 0 . 0 7 5

Dividend Rate %

N I L

V. Generic Names of Three Principal Products / Services of the Company

Item Code No. (ITC Code) N A

Service

S E R V I C E A G E N C Y B U S I N E S S

SUBJECT TO OUR REPORT OF EVEN DATE

for V. KRISHNAN & ASSOCIATES

Chartered Accountants

V. KRISHNAN

Partner

V.S. MURTHY

B. PRAKASH

Directors

Place : Chennai

Date : 30.06.2009

AUDITORS REPORT TO THE MEMBERS OF DHANDAPANI FINANCE LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DHANDAPANI FINANCE LIMITED AND ITS SUBSIDIARIES

We have audited the attached Consolidated Balance Sheet of *M/s. Dhandapani Finance Limited* and its subsidiaries as at **30th September 2009**, the Consolidated Profit And Loss Account and the Consolidated Cash Flow Statement for the year ended on that date.

1. 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.
2. We did not audit the Financial Statements of the subsidiaries whose Financial Statements reflect total assets of Rs. 139.95 lakhs as at 31st March 2009 and total revenue of Rs. 5.58 lakhs for the year ended 31st March 2009. These Financial Statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it is related to the amounts included in respect of the subsidiaries, is based solely on the report of other auditors.
3. **Attention is invited to the following:**
 - a. *The services of the whole time Secretary of Dhandapani Finance Limited were available only from the last month of the year under review – September 2009*
 - b. *The net owned funds of Dhandapani Finance Limited have fallen below Rs. 25 lakhs, the limit prescribed by Reserve Bank of India under section 45 – IA of the Reserve Bank of India Act, 1934. This could attract penal provisions under section 45 - MC of the Act.*
 - c. *As the slump sale agreement entered into by Dhandapani Finance Limited during the year ended 30/09/2008 with Zwirn Pragati Capfin Pvt. Ltd., could not be proceeded with due to non-fulfilment of certain conditions precedent to the transfer, the assets and liabilities, which were transferred earlier, were brought back in the books of the Company. During the year under review the net worth of the company has become negative and we are unable to comment on the going concern of the Company(Refer Note No. 2)*
4. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21, on Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of Dhandapani Finance Limited and its subsidiaries included in the Consolidated Financial Statements.
 - a. *The managerial remuneration paid by Dhandapani Finance Limited to the Managing Director during the year is in excess of the limits prescribed by Schedule XIII of the Companies Act 1956 by Rs. 48.38 lakhs for which the approval of the central government has been obtained, which is subject to special resolution at the general meeting (Refer Note No. 4.1(a))*

- b. *The debit balances under receivables and debtors' accounts and the credit balances are as per books of accounts of Dhandapani Finance Limited subject to confirmation from the parties and provision if any is not ascertainable at this stage.*
- c. *Secured advances in Dhandapani Finance Limited include Rs. 720.02 lakhs due from Dhandapani Properties (P) Ltd. outstanding for more than one year. No provision has been made in the Profit & Loss account as the impact of the same is unascertainable in view of the documents available and ongoing steps taken by the Company(Refer Note No. 3.6)*

Subject to the matters specified in paragraph 4 (a to c) above the net effect of which has resulted in higher losses of Rs. 48.38 lakhs to the extent ascertained, and on the basis of the information and explanation given to us and on the consideration of separate audit reports on individual audited Financial Statements of Dhandapani Finance Limited and its subsidiaries, we are of the opinion that:

- i) The consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of the Company and its subsidiaries as at September 30, 2009;
- ii) The consolidated Profit and Loss Account gives a true and fair view of the consolidated loss of Dhandapani Finance Limited and its subsidiaries for the year ended on that date;
- iii) The consolidated Cash Flow Statements gives a true and fair view of the consolidated cash flow of Dhandapani Finance Limited and its Subsidiaries for the year ended on that date.

For **P B VIJAYARAGHAVAN & CO.,**
Chartered Accountants

P R KRISHNAMURTHY

Partner

Membership Number: 12622

Place: Chennai
Date : 26.02.2010

**CONSOLIDATED BALANCE SHEET
AS ON 30th SEPTEMBER 2009**



		SCH NO	(Rs.in Lakhs)	
I	SOURCE OF FUNDS		30.09.2009	30.09.2008
	1. Shareholders Funds			
	a) Capital	1	2794.02	2794.02
	b) Reserves & Surplus	2	<u>4993.55</u>	<u>4998.70</u>
			7787.57	7792.72
	2. Minority Interest		–	0.36
	3. Deferred Tax Liability		–	–
	4. Loan Funds			
	a) Secured Loans	3	15513.21	–
	b) Unsecured Loans	4	<u>584.65</u>	<u>1.82</u>
			16097.86	1.82
	TOTAL		<u>23885.43</u>	<u>7794.90</u>
II	APPLICATION OF FUNDS			
	1. Fixed Assets			
	a. Gross Block		2060.64	9.31
	b. Impairment of assets		–	–
	c. Less Depreciation		217.01	9.31
	Net Block	5	<u>1843.63</u>	–
	2. Investments	6	2.60	2.60
	3. Deferred Tax Assets	7	–	–
	4. Current Assets			
	Loans & Advances			
	a) Current Assets	8	16398.88	4139.58
	b) Loans & Advances	9	<u>2314.44</u>	<u>958.97</u>
	(A)		<u>18713.32</u>	<u>5098.55</u>
	Less: Current Liabilities & Provisions			
	a) Current Liabilities	10	1740.04	37.60
	b) Provisions	11	<u>5842.82</u>	<u>1320.14</u>
	(B)		<u>7582.86</u>	<u>1357.74</u>
	Net Current Assets (A-B)		11130.46	3740.81
	5. Miscellaneous Expenditure	12		
	(to the extent not written off or adjusted)		0.02	0.02
	6. P & L Account		<u>10908.73</u>	<u>4051.47</u>
	TOTAL		<u>23885.43</u>	<u>7794.90</u>

Schedules 1-12 and Notes to Accounts form part of this Balance Sheet

SUBJECT TO OUR REPORT OF EVEN DATE

for P.B. VIJAYARAGHAVAN & CO.

Chartered Accountants

P.R. KRISHNAMURTHY

Partner

Membership No. 12622

S.K. RENGARAJAN

Company Secretary

R. RAVICHANDRAN

Managing Director

R. NAGARAJAN

Director

Place : Chennai

Date : 26.02.2010

**CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE PERIOD ENDED 30th SEPTEMBER 2009**



		(Rs. in Lakhs)	
1. INCOME	SCH NO	30.09.2009	30.09.2008
a. Income from financing operations	13	2930.63	5524.97
b. Other income	14	<u>150.12</u>	<u>1995.68</u>
A		<u>3080.75</u>	<u>7520.65</u>
2. EXPENDITURE			
a. Finance charges	15	2551.48	4040.07
b. Employee Cost	16	526.30	850.56
c. Administrative & Other expenses	17	435.31	920.38
d. Provisions & Write off	18	820.18	1325.53
e. Provision for contingencies for slump sale		-	1310.00
B		<u>4333.28</u>	<u>8446.54</u>
Profit before Depreciation, Tax & Exceptional Items A-B		(1252.53)	(925.89)
Add: Prior period income		-	-
Less: Prior period expenses		-	-
Less: Exceptional items		(5534.42)	-
Depreciation		(66.35)	(214.85)
Impairment of Assets		-	(287.78)
Profit before Tax		(6853.30)	(1428.53)
Less: Provision for Taxation			
Current Tax		(1.68)	(136.24)
Fringe Benefit Tax		(2.78)	(16.00)
Add: Deferred Tax		-	98.66
Profit After Tax		(6857.84)	(1482.11)
ADD Brought forward from previous year		<u>(4050.89)</u>	<u>(2568.78)</u>
		<u>(10908.73)</u>	<u>(4050.89)</u>
3. APPROPRIATION			
Dividend (inclgd Dividend Tax)		-	-
Transfer to Statutory Reserve		-	-
Transfer to General Reserve		-	-
Surplus balance carried to Balance sheet		<u>(10908.73)</u>	<u>(4050.89)</u>
		<u>(10908.73)</u>	<u>(4050.89)</u>

Weighted average number of equity shares of Rs.10/- each

Outstanding during the year Nos 5680220

Basic and diluted earning per share Rs. (120.73)

Schedules 13-18 and Notes to Accounts form part of this Profit and Loss Account.

SUBJECT TO OUR REPORT OF EVEN DATE

for P.B. VIJAYARAGHAVAN & CO.

Chartered Accountants

P.R. KRISHNAMURTHY

Partner

Membership No. 12622

S.K. RENGARAJAN

Company Secretary

R. RAVICHANDRAN

Managing Director

R. NAGARAJAN

Director

Place : Chennai

Date : 26.02.2010

**SCHEDULES FORMING PART OF THE CONSOLIDATED
BALANCE SHEET AS AT 30th SEPTEMBER 2009**



		(Rs. in Lakhs)																															
		30.09.2009	30.09.2008																														
SCHEDULE 1 SHARE CAPITAL																																	
AUTHORISED																																	
(2,50,00,000 equity shares of Rs 10/- each and		2500.00	2500.00																														
(2,50,00,000 preference shares of Rs 10/- each)		<u>2500.00</u>	<u>2500.00</u>																														
ISSUED																																	
(61,22,625 equity shares of Rs 10/- each)		612.26	612.26																														
(2,22,60,000 preference shares of Rs.10/- each)		<u>2226.00</u>	<u>2226.00</u>																														
SUBSCRIBED AND PAIDUP																																	
(59,54,320 equity shares of Rs 10/- each)	595.43																																
Less shares held by DHSL	<u>27.41</u>	568.02	568.02																														
Out of the above The shares held by DB Zwirn Mauritius is 3036703 equity shares of Rs.10/- each																																	
(2,22,60,000 Redeemable Preference shares of Rs.10/ each)		2226.00	2226.00																														
Fully held by Zwirn Pragati Capfin Pvt. Ltd.		<u>2794.02</u>	<u>2794.02</u>																														
SCHEDULE 2 RESERVES & SURPLUS																																	
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">General Reserve</th> <th style="text-align: center;">Security Premium</th> <th style="text-align: center;">Statutory Reserve</th> <th style="text-align: center;">Capital Reserve</th> <th style="text-align: center;">Revaluation Reserve</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">Opening balance</td> <td style="text-align: right;">3871.99</td> <td style="text-align: right;">134.07</td> <td style="text-align: right;">961.97</td> <td style="text-align: right;">30.66</td> </tr> <tr> <td style="text-align: right;">Additions:</td> <td style="text-align: right;">(1336.90)</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">1336.90</td> </tr> <tr> <td style="text-align: right;">Deductions</td> <td style="text-align: right;">26.60</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">(31.48)</td> </tr> <tr> <td style="text-align: right;">(minority interest)</td> <td style="text-align: right;">(0.27)</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>2561.42</u></td> <td style="text-align: right;"><u>134.07</u></td> <td style="text-align: right;"><u>961.97</u></td> <td style="text-align: right;"><u>30.66</u></td> </tr> </tbody> </table>	General Reserve	Security Premium	Statutory Reserve	Capital Reserve	Revaluation Reserve	Opening balance	3871.99	134.07	961.97	30.66	Additions:	(1336.90)	-	-	1336.90	Deductions	26.60	-	-	(31.48)	(minority interest)	(0.27)	-	-	-		<u>2561.42</u>	<u>134.07</u>	<u>961.97</u>	<u>30.66</u>		
General Reserve	Security Premium	Statutory Reserve	Capital Reserve	Revaluation Reserve																													
Opening balance	3871.99	134.07	961.97	30.66																													
Additions:	(1336.90)	-	-	1336.90																													
Deductions	26.60	-	-	(31.48)																													
(minority interest)	(0.27)	-	-	-																													
	<u>2561.42</u>	<u>134.07</u>	<u>961.97</u>	<u>30.66</u>																													
		<u>4993.55</u>	<u>4998.70</u>																														
SCHEDULE 3 SECURED LOANS																																	
From Banks secured by Assets under Hypothecation/Hire Purchase Assets and specific Fixed Assets of the Company		14530.65	-																														
From Financial Institutions secured by way of charge on Assets under Hypothecation / Hire Purchase Asset		<u>982.56</u>	-																														
		<u>15513.21</u>	-																														
SCHEDULE 4 UNSECURED LOANS																																	
Loans from Directors and Relatives		2.35	1.82																														
From Banks and Corporates		<u>582.29</u>	-																														
		<u>584.65</u>	<u>1.82</u>																														

SCHEDULE 5 – FIXED ASSETS

Rs. in Lakhs

PARTICULARS	RATE	GROSS BLOCK				DEPRN./AMORTISATION BLOCK				NET BLOCK	
		As on 01.10.08	Addns	Delns	As on 30.09.09	As on 01.10.08	Addns	With- drawn	As on 30.09.09	As on 30.09.09	As on 30.09.08
Land	0%	1653.00	–	73.00	1580.00	–	–	–	–	1580.00	–
Building	5%	81.75	7.60	–	89.35	32.24	2.67	–	34.91	54.44	–
Typewriters	14%	1.07	–	–	1.07	0.93	0.02	–	0.95	0.12	–
Name Board	18%	0.29	–	–	0.29	0.24	0.01	–	0.25	0.04	–
Elec. Fittgs.	14%	13.49	3.50	–	16.99	9.97	3.99	–	13.96	3.03	–
Neon Sign	14%	0.18	–	–	0.18	0.18	–	–	0.18	–	–
Vehicles	26%	22.75	20.84	–	43.59	13.31	4.19	–	17.50	26.09	–
Computers	40%	72.32	3.68	0.80	75.20	35.83	14.93	0.57	50.20	25.01	–
Airconditioners	14%	12.48	–	–	12.48	1.82	1.48	–	3.30	9.18	–
Office Eqmt	14%	15.19	0.71	–	15.90	3.32	1.72	–	5.04	10.86	–
Fax & Xerox	14%	0.43	–	–	0.43	0.15	0.04	–	0.19	0.24	–
Frankg Mach.	14%	0.30	–	–	0.30	0.26	0.01	–	0.26	0.04	–
Furniture	18%	77.13	6.60	–	83.73	27.05	9.06	–	36.11	47.61	–
Intangible Assets	20%	141.14	–	–	141.14	25.94	28.23	–	54.17	86.97	–
Total		2091.52	42.92	73.80	2060.64	151.24	66.34	0.57	217.01	1843.63	–
Previous Year		3778.17	285.85	4054.71	9.31	1599.24	214.89	1804.82	9.31	–	–

**SCHEDULES FORMING PART OF THE CONSOLIDATED
BALANCE SHEET AS AT 30th SEPTEMBER 2009**



	(Rs. in Lakhs)	
	30.09.2009	30.09.2008
SCHEDULE 6 INVESTMENTS AT COST		
Long Term		
A) Quoted -Non Trade		
Government Loan / Stocks	–	–
Name of the Scrip	No. of Shares	
Quoted		
K. Dhandapani & Co. Limited	13400	1.60
Unquoted		
Dhandapani Business Services Ltd.	10000	1.00
	<u>2.60</u>	<u>2.60</u>
SCHEDULE 7 DEFERRED TAX ASSETS		
Opening Balance	–	98.63
Add during the year	–	–
Less: Transfer to P & L during the year	–	98.63
	<u>–</u>	<u>–</u>
SCHEDULE 8 CURRENT ASSETS		
A. Stock on Hire including hire charges under Sundry debtors		
1. Assets on Hire (Agreement value less Instalments Received) Net off UMFC	14220.78	–
2. Repossessed Stock on Hire	226.37	–
3. Other Receivables	37.22	–
3. Amount receivable from ZP	–	4110.00
B. Trade Bills Purchased		
	–	–
C. Cash & Bank Balances with Scheduled banks		
Current account	697.13	11.36
Deposit account	1057.63	18.22
Cash on hand	159.75	–
	<u>16398.88</u>	<u>4139.58</u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED
BALANCE SHEET AS AT 30th SEPTEMBER 2009**



	(Rs. in Lakhs)	
	30.09.2009	30.09.2008
SCHEDULE 9 LOANS AND ADVANCES		
Unsecured Considered goods		
1. Advances recoverable in cash or kind unsecured considered good	459.34	–
2. Secured Advances	720.02	63.16
3. Advance payment of Tax (net of Provisions)	1007.44	840.31
4. Income accrued but not due on investments	–	–
Others	61.90	4.50
5. Deposits	16.62	6.00
6. Other advances	49.13	45.00
	<u>2314.44</u>	<u>958.97</u>
SCHEDULE 10 CURRENT LIABILITIES		
Sundry Creditors		
a. for expenses	532.98	11.51
b. Insurance and others	18.76	–
Interest suspense	267.24	–
AFC suspense	899.35	–
Dividend payable	21.73	26.09
	<u>1740.04</u>	<u>37.60</u>
SCHEDULE 11 PROVISIONS		
1. For non performing assets	702.00	–
2. For contingencies on slump sale	–	1310.00
3. For investment	1.00	–
4. For impairment on loan assets / debtors (Exceptional items)	5129.54	–
3. For Taxation	10.28	10.14
	<u>5842.82</u>	<u>1320.14</u>
SCHEDULE 12 MISCELLANEOUS EXPENDITURE		
Miscellaneous expenses (to the extent not written off or adjusted)	0.02	0.02
	<u>0.02</u>	<u>0.02</u>
SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30th SEPT. 2009		
SCHEDULE 13 INCOME FROM FINANCING OPERATIONS		
1. Finance charges earned	2925.05	5511.78
2. Income from Bills purchased	–	0.11
3. Service Charges - Others	–	0.02
4. Dividend Income	–	0.44
5. Finance Charges - Others	5.47	–
6. Income from other operations	0.11	–
7. Profit on Sale of Shares	–	12.62
	<u>2930.63</u>	<u>5524.97</u>

**SCHEDULES FORMING PART OF CONSOLIDATED PROFIT
AND LOSS ACCOUNT FOR THE PERIOD ENDED 30th SEPT. 2009**



	(Rs. in Lakhs)	
	30.09.2009	30.09.2008
SCHEDULE 14 OTHER INCOME		
1. Interest receipts on Investments	150.12	149.29
2. Profit on sale of assets	–	1846.39
	150.12	1995.68
SCHEDULE 15 INTEREST ON LOANS / FINANCE CHARGES		
1. On Deposits	–	–
2. On Bank Limits	2314.86	2729.59
3. On Financial Institution	231.61	1303.87
4. On Inter corporate deposits	5.02	6.61
5. Brokerage	–	–
	2551.48	4040.07
SCHEDULE 16 EMPLOYEE COST		
1. Salaries, allowances and Bonus	411.85	656.12
2. Staff Welfare expenses	80.49	143.43
3. Company's contribution to PF	33.97	51.01
	526.30	850.56
SCHEDULE 17 ADMINISTRATION AND OTHER EXPENSES		
1. Rent	38.10	49.77
2. Rates and Taxes	9.72	26.81
3. Electricity charges	13.11	27.71
4. Insurance	12.21	7.71
5. Telephone charges	31.24	65.94
6. Business Promotion expenses	1.43	1.31
7. Advertisement	7.73	1.94
8. Loss on sale of assets	0.09	4.56
9. Remuneration to Auditors	18.36	8.70
10. Professional charges	98.66	180.00
11. Other expenses	204.67	545.93
	435.31	920.38
SCHEDULE 18 PROVISIONS AND WRITE OFF		
1. Loss on sale of repossessed asset	741.75	409.41
2. Bad Debts / Loss on securitisation	–	434.52
3. Provision for non performing assets	77.43	481.61
4. Provision for investment	1.00	–
	820.18	1325.53

Schedule –19:

A. Significant Accounting Policies

The Company follows the directions prescribed by the Reserve Bank of India for Non-Banking Financial Companies with respect to income recognition, Asset classification, Provisioning norms and the applicable Accounting Standards issued by The Institute of Chartered Accountants of India.

1.1 Income Recognition: The Company's policy on income recognition is enumerated below:

- a. Income from Hire purchase and hypothecation loan transactions is accounted on the basis of Internal Rate of Return method.
- b. In respect of receivables assigned bilaterally with Banks / Financial Institutions, being the difference between the book value of the assets assigned and the sale consideration is booked as income in the year of contract, whereas in the previous year the same was amortized over the tenor of the assignment of receivable.
- c. Additional Finance Charges is accounted on accrual basis @18% pa whereas the contractual rate is 36%.
- d. Collection charges are accounted on cash basis
- e. Due date Missing charges are accounted on accrual basis
- f. Finance charges and service charges are accounted on accrual basis. Dividend Incomes are on receipt basis

1.2 Repossessed Assets: Repossessed assets are valued at lower of the settlement value or realizable market value and 40% provision is uniformly made on the repossessed stock value

1.3 Fixed Assets: Fixed assets are stated at historical cost less accumulated depreciation.

1.4 Depreciation:

On Own assets (Tangible): Depreciation on assets for own use is provided on Written down value method at the rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs.5, 000/- or less acquired during the year are fully depreciated.

On Own assets (Intangible): Intangible assets comprising of Computer Software are depreciated on a straight-line basis over a period of five years.

1.5 Investments:

Long term Investments are carried at cost

Unquoted Equity shares are valued at cost.

B. Notes to accounts

2. EXCEPTIONAL ITEM

SLUMP SALE – EFFECT OF REVERSAL

During the FY 2007-08 the company sold its NBFC activities by way of slump sale on a going concern basis to Zwrin Pragati Capfin P Ltd, an NBFC for a lumpsum consideration of Rs.4110 lacs. Subsequently ZP made a downward revision of consideration to Rs.2800 lakhs by way of due diligence agreement. A provision

for Rs.1310 lakhs towards reduction in consideration was made with approval of shareholders and a profit of Rs.404.88 was recognised.

The Slump sale could not be proceeded with, as certain conditions precedent to the transfer could not be fulfilled by DFL. Consequently the effect of slump sale recognized during the FY 2007-08 were reversed and the assets and liabilities were brought back to original state.

PROVISION FOR IMPAIRMENT

The Company undertook a review of the receivables during the year and based on the review a sum of Rs.5129.54 lakhs being outstanding debtor balances are considered to be doubtful of realization. Hence a provision towards doubtful debts has been made in the books of accounts.

C Balance Sheet:

3.1 Deposit account

The total deposit with bank as on 30.09.2009 includes Rs. 14.30 Lakhs towards deposits maintained for unclaimed dividend. As on 30.09.2009, there are no amounts outstanding to be transferred to Investor Protection Fund.

3.2 Deferred Tax Assets / liability Rs. in Lakhs

Particulars	30.09.2009	31.03.2008
Opening Balance	NIL	(98.63)
Less Reversal of Deferred tax asset	–	98.63
Add: Liability on account of depreciation	–	–
Total	NIL	NIL

Deferred tax asset arising on account of carry forward loss and provisions has not been recognized in the books of accounts on a conservative basis.

3.3 Valuation of Investments

Provision of Rs.1 lakh has been made in the Profit & Loss a/c in respect of the investment in shares of Dhandapani Business Services Limited, as there is a permanent diminution in the value of the shares.

3.4 Current Assets

During the year the company has assigned a part of its receivable of loan assets portfolio on bilateral basis. The details are as follows

	Rs. in Lakhs	
	During 2008-2009	As at 30.09.2009
Total No of loan Contracts Assigned	508 (Nos)	2994 (Nos)
Total book value of loan assets Assigned	1652.88	4407.60
Total Value of loan assets assigned inclusive of UMFC	2132.49	5676.60
Cash Collateral Given	213.25	766.35

The cash collateral provided of Rs.766.35 Lakhs is shown under cash and bank balance under lien.

3.5 The Company's proposal to restructure its debts has been referred to CDR forum on 10th February 2010 by lenders having the requisite percentage of exposure.

3.6 Secured Advances

Secured Advances include an amount of Rs. 720.02 lakhs due from Dhandapani Properties (P) Ltd. Steps are being taken by the management to recover the same. Hence it is not considered a doubtful debt and no provision has been made in the Profit & Loss account in respect of the same.

3.7 Secured Loans include an amount of Rs. 2050.60 lakhs which is subject to confirmation from State Bank of India.

4. Profit and Loss Account:

4.1 (a) Remuneration to Managing Director

	Rs. In Lakhs	
	30.09.2009	30.09.2008 (18 months)
Salary	23.75	22.19
House Rent allowance	7.06	5.56
Company's Contribution to PF	2.85	2.42
Others	23.71	25.46
Total	57.37	55.63

Managerial remuneration is in excess of the limits prescribed under Schedule XIII and section 263 of the Companies Act, 1956. Central Government approval has been received vide their letter dated 17th August 2009, which is subject to approval of members, by Special Resolution.

b) **Determination** of net profits in accordance with Sec 349 of the Companies Act, 1956 for remuneration payable to Directors

	Rs. In Lakhs
Loss before tax as per Profit & Loss Account	(6853.30)
Add: Directors remuneration charged in the accounts	57.37
Net Profit	(6795.93)
4.2 Earnings per share	Rs. In Lakhs
Profit after tax	(6857.84)
Weighted Average number of equity shares	56,80,220
Earnings per share (Basic) Rs.	(120.73)
Face value per share Rs.	10.00

4.3 Contingent Liability:

Disputed Income tax demand of Rs.496.4 lakhs together with interest pending in appeal/representation before various income tax authorities for the Assessment years 1997-98 to 2007-08

An amount of Rs. 1135.32 lakhs being corporate guarantee has been given to M/s. Fullerton India Credit Company Ltd for Assignment of Receivables.

4.4 The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard 17.

4.5 Previous year's figures have been regrouped / reclassified to conform to current period's classification wherever necessary.

4.6 Related parties Disclosures:

- Subsidiaries: Dhandapani Holdings & Securities Limited, Smart Invest Agency.Com Private Limited.
- Group Company of D B Zwirn Mauritius – D B Zwirn Mauritius Trading No.2 Ltd. – Zwirn Pragati Capfin Private Limited
- Key Management Personnel: R. Ravichandran, Managing Director, Prakash Rayen, B Prakash and V S Murthy

(Rs. in Lakhs)

Nature of Transaction	Subsidiaries	Key Management Personnel	D B Zwirn Mauritius / Group Cos	Total
Interest Paid on deposits	5.02	–	–	5.02
Deposits – Balance at the end of the year	102.28 Cr	–	–	102.28 Cr
Redemption of 10% Redeemable optionally convertible preference shares	–	–	2226.00	2226.00
Remuneration to Key Management Personnel	48.21	57.37	–	105.58

SUBJECT TO OUR REPORT OF EVEN DATE
for P.B. VIJAYARAGHAVAN & CO.
Chartered Accountants

P.R. KRISHNAMURTHY
Partner
Membership No. 12622

S.K. RENGARAJAN
Company Secretary

R. RAVICHANDRAN
Managing Director

R. NAGARAJAN
Director

Place : Chennai
Date : 26.02.2010

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30th SEPTEMBER 2009**



	(Rupees in Lakhs)	
	30.09.2009	30.09.2008 (18 months)
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE INTEREST, TAX AND EXCEPTIONAL ITEMS	1232.61	2628.39
Adjustments for :		
Depreciation	66.35	502.63
Provision for NPA	77.43	481.61
Provision for investment	1.00	–
Provision for contingencies on slump sale	–	1310.00
Profit on slump sale of business	–	(1849.48)
Loss on sale of assets	0.09	3.42
Finance Charges	(2551.48)	(4040.07)
	(2406.61)	(3604.50)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(1174.01)	(976.11)
Adjustments for :		
Trade and other receivables	(1463.17)	198.97
Increase in Stock on Hire	(9170.57)	16535.05
Increase in Trade bills Purchased	(685.43)	0.84
Trade Payables	540.22	(148.52)
	(10778.95)	16586.34
CASH GENERATED FROM OPERATIONS	(11952.96)	15610.23
Direct Taxes Paid	(4.37)	(83.35)
Cash Flow before Exceptional Items	(11957.33)	15526.87
Exceptional Items	(404.88)	–
Net Cash Flow from Operating Activities	(12362.21)	15526.87
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1983.06)	(285.85)
Sale of Fixed Assets	67.99	3151.61
Purchase of Investments	(30.93)	–
Redemption of SLR Investments	–	34.34
Sale of Investments	–	47.73
NET CASH FROM INVESTING ACTIVITIES	(1946.00)	2947.84

	(Rupees in Lakhs)	
	30.09.2009	30.09.2008 (18 months)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	–	–
Proceeds from Directors	102.00	–
Proceeds from Term Borrowings	982.56	(11684.58)
Proceeds from Bank Borrowings	14530.65	(8344.94)
Proceeds from Unsecured Borrowings	582.29	(60.28)
Dividend paid	(4.36)	(3.17)
NET CASH FROM IN FINANCING ACTIVITIES	16193.14	(20092.97)
D. Net Increase / (Decrease) in Cash & Cash Equivalents	1884.93	(1618.26)
E. Opening Cash & Cash Equivalents	29.58	1647.84
F. Closing Cash & Cash Equivalents	1914.51	29.58

SUBJECT TO OUR REPORT OF EVEN DATE
for P.B. VIJAYARAGHAVAN & CO.
Chartered Accountants

P.R. KRISHNAMURTHY
Partner
Membership No. 12622

S.K. RENGARAJAN
Company Secretary

R. RAVICHANDRAN
Managing Director

R. NAGARAJAN
Director

Place : Chennai
Date : 26.02.2010

AUDITORS' CERTIFICATE

We have examined the above Cash Flow Statement for the period ended 30th September 2009. The statement has been prepared in accordance with the requirements of Clause 32 of the listing agreement with the Mumbai Stock Exchange and is based on and in with agreement with the corresponding Profit and Loss account and Balance Sheet of the Company covered by our report to the Members of the Company.

For **P B VIJAYARAGHAVAN & CO.,**
Chartered Accountants

P R KRISHNAMURTHY
Partner
Membership Number: 12622

Place: Chennai
Date : 26.02.2010



Dhandapani Finance Ltd.

Regd. Office : 14, Ramakrishna Street, T. Nagar, Chennai 600 017

ATTENDANCE SLIP

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT ENTRANCE OF THE MEETING HALL. ONLY MEMBERS OR THEIR PROXIES ARE ENTITLED TO BE PRESENT AT THE MEETING.

FOLIO NO:

I hereby record my presence at the TWENTY-THIRD ANNUAL GENERAL MEETING, held at Rani Seethai Hall, 603, Anna Salai, 1st Floor, Chennai – 600 006 on Monday the 29th March 2010 at 9.00 a.m. as a Shareholder / Proxy*

NAME OF PROXY IN BLOCK LETTERS
*Strike whichever is not applicable

SIGNATURE OF THE SHAREHOLDER / PROXY



Dhandapani Finance Ltd.

Regd. Office : 14, Ramakrishna Street, T. Nagar, Chennai 600 017

PROXY

Folio No:

I / We.....of..... in the district of being a Member(s) of DHANDAPANI FINANCE LIMITED here by appoint.....of in the district ofor failing him.....of.....in the district of.....as my / our proxy to vote for me / us on my / our behalf, at the TWENTY-THIRD ANNUAL GENERAL MEETING of the Company to be held held at Rani Seethai Hall, 603, Anna Salai, 1st Floor, Chennai – 600 006 on Monday the 29th March 2010 at 9.00 a.m. and at any adjournment thereof.

Signed this..... Day of.....2010

Signature.....

Rs.1.00
Revenue
Stamp

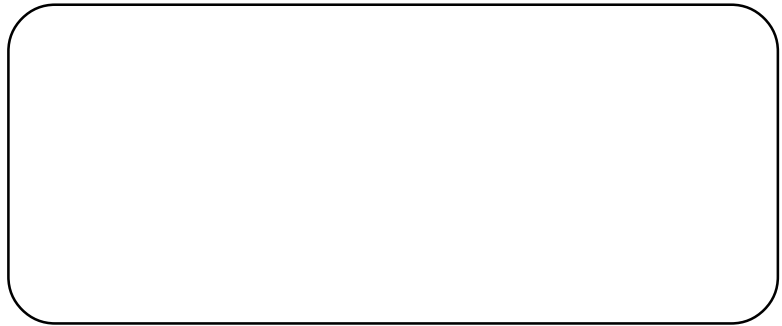
- Note : 1. In the case of a corporation this Proxy shall be either given under the Common seal or signed on its behalf by an attorney or officer of the Corporation.
- 2. Proxies to be valid must be deposited at the Regd. Office of the Company at 14, Ramakrishna Street, T. Nagar, Chennai 600 017, not less than 48 hours before the time for holding the meeting.

CONTENTS

NOTICE TO SHARE HOLDERS	2
DIRECTORS' REPORT	8
MANAGEMENT DISCUSSION AND ANALYSIS REPORT	14
REPORT ON CORPORATE GOVERNANCE	16
AUDITORS' REPORT	30
BALANCE SHEET	35
PROFIT AND LOSS ACCOUNT	36
SCHEDULES & NOTES FORMING PART OF ACCOUNTS	37
CASH FLOW STATEMENT	49
SUBSIDIARIES	
DHANDAPANI HOLDINGS & SECURITIES LIMITED	53
SMARTINVEST AGENCY.COM PRIVATE LIMITED	69
CONSOLIDATED ACCOUNTS	80

BOOK POST

To



If undelivered, Please return to:

dfi *finance*

Dhandapani Finance Ltd.
No. 14, Ramakrishna Street,
Off : North Usman Road,
T. Nagar, Chennai – 600 017.