



Dhandapani Finance Limited

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30th SEPTEMBER 2008

	SCH NO	Rs. In Lakhs	
		30.09.2008	31.03.2007
1. INCOME		(18 Months)	
a. Income from Financing Operations	12	5511.88	3463.14
b. Other income	13	1995.68	115.77
		<u>7507.56</u>	<u>3578.91</u>
A			
2. EXPENDITURE			
a. Finance Charges	14	4046.38	1656.13
b. Employee Cost	15	850.56	267.14
c. Administrative & Other expenses	16	919.44	360.52
d. Provisions and write off	17	1325.53	915.64
e. Provisions for contingencies on slump sale		1310.00	0.00
		<u>8451.91</u>	<u>3199.43</u>
B			
Profit before Depreciation & Tax & Prior period items	A - B	(944.35)	379.48
Add: Prior Period Income		0.00	239.15
Less : Prior Period Expenses		0.00	(2267.20)
Depreciation		(213.96)	(87.93)
Impairment loss		(287.78)	(930.00)
Profit before Tax		(1446.09)	(2666.50)
Less: Provision for taxation			
Current Tax		(134.60)	0.00
Fringe Benefit Tax		(16.00)	(17.13)
Add: Deferred Tax		98.63	(0.42)
Net Profit		(1498.06)	(2684.05)
Profit available for appropriations		(1498.06)	(2684.05)
ADD Brought forward from previous year		(2657.12)	26.93
		(4155.18)	(2657.12)
3. APPROPRIATION			
Dividend (Including Dividend Tax)		0.00	0.00
Transfer to Statutory Reserve		0.00	0.00
Transfer to General Reserve		0.00	0.00
Surplus balance carried to Balance Sheet		0.00	0.00
		<u>(4155.18)</u>	<u>(2657.12)</u>

Weighted average number of equity shares of Rs. 10/- each outstanding during the year

Nos. 5954320

Basic earning per share (Not Annualised)

Rs. (25.16)

Schedule Nos. 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

R Ravichandran
Managing Director

P R KRISHNAMURTHY

Place: Chennai
Date : 24.11.2008

R Nagarajan
Director



Dhandapani Finance Limited

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30th SEPTEMBER 2008**

	Rs. In Lakhs	
	30.09.2008 (18 Months)	31.03.2007
SCHEDULE 12 INCOME FROM FINANCING OPERATION		
1. Finance charges	5511.77	3460.62
2. Income from Bills Purchased	0.11	2.52
	<u>5511.88</u>	<u>3463.14</u>
SCHEDULE 13 OTHER INCOME		
1. Interest receipts	149.29	116.82
2. Profit / (Loss) on sale of assets/ investments	1846.39	(1.05)
	<u>1995.68</u>	<u>115.77</u>
SCHEDULE 14 INTEREST /FINANCE CHARGES		
1. On Deposits	0.00	0.36
2. On Working Capital Facility	2729.59	1279.40
3. On Other Credit Facility	1303.86	363.30
4. On Inter Corporate Deposits	12.93	13.07
	<u>4046.38</u>	<u>1656.13</u>
SCHEDULE 15 EMPLOYEE COST		
1. Salaries, allowances and Bonus	656.11	172.88
2. Staff Welfare expenses	143.44	72.74
3. Company's contribution to P F	51.01	21.52
	<u>850.56</u>	<u>267.14</u>
SCHEDULE 16 ADMINISTRATION AND OTHER EXPENSES		
1. Rent	49.77	18.01
2. Rate and Taxes	26.56	30.95
3. Electricity Charges	27.71	11.14
4. Insurance	7.71	2.19
5. Telephone Charges	65.64	37.05
6. Business Promotion Expenses	1.31	7.29
7. Advertisement	1.94	1.41
8. Loss on sale of Assets	4.56	0.83
9. Remuneration to Auditor	8.43	8.17
10. Professional Charges	180.00	0.00
11. Other Expenses	545.81	243.48
	<u>919.44</u>	<u>360.52</u>
SCHEDULE 17 BAD DEBTS WRITE OFFS		
Loss on sale of reposed asset	409.41	385.36
Bad Debts / loss on Securitisation	434.52	387.32
Provision for NPA	481.60	142.96
	<u>1325.53</u>	<u>915.64</u>

Schedule – 18:

A 1.0 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, the difference between the book value of the assets assigned and the sale consideration is amortised over the tenure of the assigned receivables.
- c. Additional Finance Charges is accounted on accrual basis
- 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 leased Assets:

The cost of Leased Assets is amortized fully during the Primary lease period as per Accounting Standard – 19 issued by the Institute of Chartered Accountants of India

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.

1.6 Foreign Currency transactions:

Foreign currency loans are stated at contracted rates as per the Forward Exchange Contracts.

B. Notes on accounts

2. Slump sale of business

During the year the Company has sold its current NBFC activities, including all its assets, investment, all liabilities excluding tax liabilities, brand and goodwill, and transferred its branch network including leased premises by way of slump sale on a going concern basis, as defined in the Income Tax Act, 1961, to Zwirn Pragati Capfin Private Limited (ZP), a non banking financial company for a lump sum consideration of Rs. 4110 lakhs vide agreement dt. 30.09.2008. Subsequently, Zwirn Pragati Capfin Private Limited has asked for a downward revision in the consideration to Rs. 2800 lakhs, based on due diligence as per agreement. Hence the company has made

a provision of Rs. 1310 Lakhs towards possible reduction pending approval by the share holders.

3 Balance Sheet:

3.1 Issue of Redeemable Preference Shares:

During the year, the Company has issued 2,22,60,000 Redeemable preference shares of face value Rs. 10 each, as approved at the Extra ordinary General meeting of the company dated 21st June 2008 to ZP, which is included in the schedule of preference share capital..

3.2 Redemption of 10% Redeemable Optionally Convertible Preference Shares:

During the year the Company has Redeemed 10% Optionally Convertible preference shares amounting to Rs. 2,226 Lakhs held by D. B. Zwirn Mauritius Trading No. 2 Limited and the same is approved by the board of directors of the Company at the Board Meeting held on May 26, 2008.

3.3 Fixed Assets – Impairment

During the year the company has written off Rs. 287.89 lakhs as impairment in the value of fixed assets including leased assets

3.4 Deposit account

The total deposit with bank as on 30.09.2008 includes Rs. 16.40 Lakhs towards deposits maintained for unclaimed dividend. As on 30.09.2008, there are no amounts outstanding to be transferred to Investor Protection Fund.

3.5 Deferred Tax Assets / liability Rs. in Lakhs

	30.09.2008	31.03.2007
Opening Balance on account of depreciation	(98.63)	(98.21)
Less Reversal of Deferred tax liability on account of depreciation	98.63	
Add: Liability on account of depreciation Deferred tax asset on account of		(0.42)
Total	NIL	(98.63)

Since the assets for which deferred tax liability was created has been transferred, deferred tax liability created in earlier years is written back.

4. Profit and Loss Account:

4.1 (a) Remuneration to Managing Director

Rs. In Lakhs

	30.09.2008 (18 months)	31.03.2007
Salary	22.19	8.35
House Rent allowance	5.56	2.85
Company's Contribution to PF	2.42	1.00
Others	25.46	-
Total	55.63	12.20

The Managing director's remuneration is approved by the share holders in the Extra Ordinary General Meeting held on 15th November 2007 by way of a special business.

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	(1446.09)
Add: Directors remuneration charged in the accounts	55.63
Net Profit	<u>(1390.46)</u>

4.2 Earnings per share**Rs. In Lakhs**

Profit after tax	(1498.06)
Weighted Average number of equity shares	59,54,320
Earnings per share (Basic)	(25.16)
Face value per share	10.00

4.3 Contingent Liability:

Rs.451.6 lakhs representing Income tax together with interest, which is in dispute and pending in appeal with various income tax authorities for the Assessment years 1997-98 to 2005-06

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 The company has extended its financial year by 6 months after obtaining prior permission from RBI and ROC. Accordingly, the current accounting period's figures are for 18 months ending 30th Sep 2008 and hence are not comparable with previous year's figures.

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

4.7 Related parties Disclosures:

a. Subsidiaries: Dhandapani Holdings & Securities Limited, Smart Invest Agency.Com Private Limited.

b. Companies with majority voting power assuming controlling interest:: D B Zwirn Mauritius (the acquirer)

c. Group Company of D B Zwirn Mauritius – D B Zwirn Mauritius Trading No.2 Ltd. – Zwirn Pragati Capfin Private Limited

d. Key Management Personnel: Mr.T.N.Soundararajan, Managing Director(till 28.09.2007) Mr.R.Ravichandran, Managing Director(From 12.10.2007)

(Rs. in Lakhs)

Nature of Transaction	Subsidiaries	Key Management Personnel	D B Zwirn Mauritius / Group Cos	Total
Interest Paid on deposits	7.56			7.56
Deposits – Balance at the end of the year	99.86 Cr			99.86 Cr
Subscription of Redeemable preference shares			2226.00	2226.00
Redemption of 10% Redeemable optionally convertible preference shares			2226.00	2226.00
Remuneration to Key Management Personnel		74.70		74.70

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

R. RAVICHANDRAN
Managing Director

P.R. KRISHNAMURTHY
Partner

Place : Chennai
Date : 24.11.2008

R. NAGARAJAN
Director