



BOARD OF DIRECTORS

DIRECTORS

DANIEL BERNARD ZWIRN
CHRISTOPHER TUNG SUAN
JAIDEEP KRISHNA
R NAGARAJAN
H KARTHIK SESHADRI
RAJEN PADUKONE

ALTERNATE DIRECTOR

ANAND DESAI
(Alternate Director to Mr. CHRISTOPHER TUNG SUAN)

MANAGING DIRECTOR

T N SOUNDARARAJAN

CHIEF EXECUTIVE OFFICER

R RAVICHANDRAN

COMPANY SECRETARY

S NAGALAKSHMI

STATUTORY AUDITORS

M/s. P B Vijayaraghavan & Co., Chartered Accountants.

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 & Pondichery

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 First Annual General meeting of the Company will be held on Friday, 28th September 2007 at Rani Seethai Hall, 603, Anna Salai, Chennai – 600 006 at 2.00 pm. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2007 and the Profit & Loss Account made upto that date along with the report of the Director's and Auditors' thereon.
2. To appoint a Director in the place of Shri. R Nagarajan who retires by rotation and being eligible offers himself for reappointment.
3. To appoint statutory auditors to hold office 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 a Special Resolution.
 - a. **RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 1956, Mr. H Karthik Seshadri, who was appointed as Additional Director be and is hereby appointed as Director of the Company liable to retire by rotation.
 - b. **RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 1956, Mr. Rajen Padukone who was appointed as Additional Director be and is hereby appointed as Director of the Company liable to retire by rotation.
 - c. **RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 1956, Mr. Daniel Bernard Zwirn who was appointed as Additional Director be and is hereby appointed as Director of the Company liable to retire by rotation.
 - d. **RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 1956, Mr. Christopher Tung Suan, who was appointed as Additional Director be and is hereby appointed as Director of the Company liable to retire by rotation.
 - e. **RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 1956, Mr. Jaideep Krishna, who was appointed as Additional Director be and is hereby appointed as Director of the Company liable to retire 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 in modification of the resolution passed at the Extra Ordinary General Meeting held on 12th January 2007, the consent of the company be and is hereby accorded in terms of Section 293(1)(d) and other applicable provisions of the Companies Act, if any, to the Board of Directors of the Company for borrowing from time to time, subject to any restrictions imposed by the terms of Agreement entered into or maybe entered into from time to time for grant of loans to the Company, any sum or sums of monies which together with the monies already borrowed by the Company (apart



from temporary loans obtained or to be obtained from the company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the company and its free reserves, i.e., to say reserves not set apart for any specific purposes provided that the total amount so borrowed by the Board shall not at any time exceed the limit of Rs.700 crores (Rupees Seven hundred crores only).

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

RESOLVED THAT pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956 and other applicable provisions, the company be and hereby accord its consent to the Board of Directors to mortgage and / or to charge create on such movable or immovable properties as collateral security for securing any credit facilities to the consortium of bankers by creating charge by way of deposit of title deeds to and in favour of consortium on the immovable properties of the Company, in the normal course of business.

RESOLVED FURTHER THAT the mortgage / charge created and / or all agreements / documents executed / to be executed and all acts done in terms of the above resolution by and with the authority of the board are hereby confirmed.

By Order of the Board

Place: New Delhi
Date : 26.06.2007

S NAGALAKSHMI
Company Secretary

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 23.09.2007 to 28.09.2007 (both day 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 Registered 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.
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6. Pursuant to the applicable provisions of the Companies Act, 1956, as amended, dividends for the financial year ended 31st March, 2001 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 2000 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's Registered Office was situated at No. 141, Linghi Chetty Street, Chennai – 600 001. However the Company functions from the Corporate Office at No. 14, Ramakrishna Street, T. Nagar, Chennai – 600 017. To facilitate administrative convenience the Company changed its Registered Office from No. 141, Linghi Chetty Street, Chennai – 600 001 to its Corporate Office No. 14, Ramakrishna Street, T. Nagar, Chennai – 600 017. All the shareholders are requested to address their correspondence to the new address, henceforth.
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 re-appointed are given in the Report on Corporate Governance.

By Order of the Board

Place: New Delhi
Date : 26.06.2007

S NAGALAKSHMI
Company Secretary

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

SPECIAL BUSINESS:

Item No. 4

- a. **Mr. H Karthik Seshadri** was appointed as an Additional director with effect from 18.10.2006. He holds office only upto the date of the forthcoming Annual General meeting. 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. H Karthik Seshadri is deemed to be interested in the resolution.

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



- b. **Mr. Rajen Padukone** was appointed as an Additional Director of the company with effect from 12th January 2007. He holds office only upto the date of the forthcoming Annual General meeting. 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. Rajen Padukone is deemed to be interested in the resolution.

- c, d & e The company has been acquired by D B Z Mauritius (DBZM) by virtue of share purchase agreement dated 04.05.2006 and the subsequent open offer made to the shareholders of the Company. Accordingly, D B Z M shall have their representative directors on Board of the Company. On line with this, Messrs. Daniel Bernard Zwirn, Christopher Tung Suan and Jaideep Krishna have been nominated by DBZM as Directors on Board of DFL. They have been appointed as Additional directors with effect from 20.12.2006 and hold office only till the conclusion of the forthcoming annual general meeting. The Board proposes to appoint them as directors liable to retire by rotation. The board recommends the resolution for your approval.

Memorandum of Interest:

Messrs. Daniel Bernard Zwirn, Christopher Tung Suan and Jaideep Krishna are deemed to be interested in this resolution, in their respective capacities.

Item No. 5:

At the Extra Ordinary General meeting held on 12th January 2007, the Board of Directors were authorized under section 293(1)(d) of the Companies Act, 1956 to borrow upto a limit of Rs.400 crores apart from the temporary loans obtained from bankers in the ordinary course of business.

In view of the steady growth in the business and a huge business potential envisaged in future, the demand of the funds of the company will also substantially increase. Therefore, it is considered prudent to increase the borrowing limit to Rs.700 crores apart from the temporary loans obtained from the company's bankers in the ordinary course of business. Accordingly, the ordinary resolution set out in the notice is submitted to the meeting. The Board of directors of your company recommend the resolution for approval.

Memorandum of Interest:

None of the directors are in any way interested in this resolution.

Item No.6:

The Company is required to borrow from banks to mobilize funds to meet the growing business requirements. In this process, the necessary collateral security is to be provided to the lenders in consideration of the financial assistance sanctioned to the company. Accordingly, it is required to create mortgage / charge on the immovable properties of the Company to avail such financial assistance, which is in the normal course of business.

The Board of directors of your company recommend the resolution for approval.

Memorandum of Interest:

None of the directors are in any way interested in this resolution.

Place : New Delhi

Date : 26.06.2007

By Order of the Board

S NAGALAKSHMI

Company Secretary



Introduction:

Dhandapani Finance Limited (DFL) is 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 22% to 24%. The Company operates through a network of 44 branches located in semi urban and rural markets of Tamilnadu, Andhra Pradesh, Karnataka and Maharashtra. The company's key 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. The company has built a position of distinct advantage over other NBFC's in this segment by virtue of having been present for more than two decades.

Business Outlook:

The new management team which has been formed subsequent to the acquisition by DBZM intends to take advantage of the competitive edge built over a period of time by increasing the penetration levels with the main objective of maximizing the value for all stakeholders concerned. The company's business outlook for the next years two years would be primarily driven by the underlying principles:

- To continue with the existing product range with a higher level of focus on growth of used commercial vehicle segments and to evaluate the possibility of introducing small ticket personal loans business in financial year 2008-09.
- To benchmark net interest margins at 10% in case of secured asset backed lending lines.
- Increase penetration in the existing markets by adopting a hub and spoke model which will increase the company's footprints to 80 locations by end of financial year 2008-09.
- To peg the business growth in every branch directly to the collection efficiency and portfolio quality.

Industry Developments:

The company's concentration would be mainly on used commercial vehicles business. The used CV market in India estimates around 200 Billion INR. Out of which 60% of the market is serviced by un-organised players. Taking advantage of the ratio, the Company has equipped itself for huge expansion in high yielding used segments viz., Commercial Vehicles, Construction Equipments, Tractors and Cars. The company is also cautiously focusing on 3 wheeler market where the returns are high.

The traditional business segment of most NBFCs constitutes retail financing of vehicles such as cars, commercial vehicles, tractors, utility vehicles, two wheelers and financing of consumer durables. In recent times, NBFCs have also begun to focus on financing capital market segments such as loans against shares to the promoter segment and initial public offerings. NBFCs which are in to retail financing have a strong sense of customer relationships, offer a very customized service and an effective reach in the market place.

However the entry of the private banks has impacted the business of the NBFCs, who were hitherto ruling the market along with the foreign banks in auto loans and CV finance. The NBFCs with their relatively higher cost of funds found it difficult to compete with the private sector banks who priced their products aggressively (especially in the car and the CV finance markets) This forced the NBFCs to shrink their business in the new vehicle segment.



As a result of this change in market dynamics, most of the NBFC's have ventured into the following high yielding lending segments aggressively:

- Used Commercial Vehicles
- Loans against Gold
- Loans against Property
- Small Ticket personal loans

Automobile companies in India are having a very good run in terms of growth rate over the past five years. This has resulted in a strong build up of organized used vehicle market. The Used Car Market has shown a steep growth and most financiers are looking at the industry that appears promising. With the used car prices spiraling downwards many people who would earlier have not considered the expense of owning and maintaining a car are now seriously considering buying one. Today the price gap between a top end two wheeler and second hand car like Maruti 800 has narrowed down and many two wheeler buyers are now aspiring to own a car. The scenario is same in used commercial vehicle market which is pegged on a size of INR 200 billion in a year. Unlike the used car finance market, used commercial vehicle financing market is still dominated by financiers in the unorganized segment. It is estimated that 60% of the used CV financing market is controlled by small financiers who are not registered with any regulators. This offers a very good opportunity for NBFC's and banks to exploit the segment where gross yields in excess of 23% can be maintained.

The entry of banks has also altered the retail financing dynamics and the market has become fiercely competitive. In view of the various constraints, NBFCs are forced to expand into rural/semi-urban markets very aggressively. This portends to a strong long-term growth potential, as India plays catch up with other economies in Asia. However, in the near-term, there may be a slowdown given the abnormally high growth rates in the last three years. Given the competition from banks, factors like giving prompt customized services, entering into franchise or tie up arrangements with manufacturers and dealers, set up large network, etc would be critical for survival. Hence, only those entities which possess these distinct advantages will enjoy competitive positions in asset financing.

Treasury Operations:

DFL has so far relied heavily on traditional forms of bank financing, i.e., working capital limits under a consortium of banks. The interest rates have been rising over the past couple of years and the company is taking steps to achieve an optimal level of cost of funds by tying up with term loan financing institutions, raising of debentures, etc.

Risk and Asset Management:

The Business Model of DFL is "Collection Driven" to its entirety. The Company believes in its strength and ability to collect. The company has evolved a concept of splitting its manpower for business and collections separately thereby creating vertical functions for concentrated monitoring and control over delinquencies. This is being geared up for supporting the proposed growth in volumes in coming years.

On the Credit front the company during the year has taken steps to evolve a high level credit monitoring and appraisal system for controlling asset quality and maintain overall profitability. The risk management function mainly focuses on identification of probable risk and evolve a strategy to mitigate the same. The Company has recently formulated a Credit Appraisal mechanism wherein all the proposals shall be strictly



screened through centralized credit system at HO before being forwarded for disbursement. Based on growth in volumes, the Company shall have dedicated credit officer at each location for approval of loans. Likewise a collection management system has also been put in place to watch over daily collection and maintain delinquency to its least.

Internal control systems:

In order to induce better compliance and implementation of enunciated policies, procedures and internal advices issued by the management from time to time, the company has an inhouse internal audit team. The reports of the inhouse internal audit team is monitored and controlled by the Audit committee. The reports are being evaluated by the members of the audit committee and taken on record by the Board.

Though the inhouse internal audit mechanism is working well, the company intends to outsource this operation to a reputed audit firm with the main objective of maintaining its independency and also with a view of reducing cost.

Human Resources:

The Company has created a favorable work environment that encourages innovation combined with hardwork and loyalty. The company has a strong and dedicated manpower at strategic levels. Steps have been taken to attract and retain right talent and high caliber employees at all levels. During the year, the company strengthened its human resources by inducting staff at senior management level drawn from reputed NBFC's and private sector banks. The company has also evolved a performance based incentive scheme to boost productivity at all levels. The Company is also in the process of providing training to employees in related areas of function to develop and enhance the competency of the individuals.

IT and Infrastructure:

Technology is the key in any retail finance business and sensing the acute need to cope-up with the industry standards and competitors in the industry, the Company is in the process of strengthening by contracting with Nucleus Software Exports Limited for installation of its proprietary core lending solution called "Finnone". It is to be noted that this software is being used by many of the leading NBFC's and leading private sector banks in the country. The company is also initiating on upgrading the branches in a phased manner with all the requisite infrastructure facilities and also network connectivity with HO. This would not only accelerate the credit and disbursement process but also improve customer service.

The company is also initiating upgradation of office infrastructure in a phased manner with minimum required standards that will seek to provide a reasonable ambience, connectivity with HO and the computer hardware and software. The company is also undertaking a major renovation exercise in its head office building situated in Chennai. The company believes that the investment in technology and infrastructure would pay back in the form of improved turnaround time for credit approval, disbursement, customer service and employee satisfaction.

Subsidiaries / consolidated results:

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

REPORT ON CORPORATE GOVERNANCE



COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Dhandapani Finance Limited (DFL) is committed to highest standards of corporate governance, financial discipline, transparency and complete trust. The basic philosophy of Corporate Governance in Dhandapani is to achieve business excellence to create and enhance the value for its stakeholders. Since the company is in service industry, the corporate governance concept is a continuous journey seeking to achieve the desired organizational goals and also to be customer centric. The company aims to achieve highest standards of accountability, responsibility, integrity and achieve good governance in line with local and global standards. The following is the report on the practices of the company on major aspects of corporate governance.

ACQUISITION OF THE COMPANY BY D B ZWIRN MAURITIUS (DBZM):

Pursuant to the provisions of SEBI (Substantial Acquisition of Shares and Take Over) Regulations, 1997, the share purchase agreement dated 04.05.2006 and the subsequent open offer made to the shareholders of the company, D B Zwirn Mauritius acquired 51% stake in the Company, thereby assuming the controlling interest in the Company. D B Zwirn Mauritius is a company incorporated under the laws of Mauritius having office at the Mauritius. DBZM is a subsidiary of D B Zwirn Special Opportunities Fund, L.P, a US based Investment Fund. DBZM is mainly engaged in the business of investing in emerging markets including investments in India. DBZM identified Dhandapani and decided to make investment in order to participate in the promising financial services sector in India. By virtue of this acquisition, DBZM proposes to assist the affairs of DFL by assisting DFL in growing business and infuse additional capital as may be considered desirable to further the prospects of DFL, subject to the approval of Shareholders including D B Zwirn Mauritius. DFL is expected to continue its present business of retail asset backed finance, leasing, bill discounting and other financial services.

Further to the above agreement, the Board of the company has been reconstituted on 20.12.2006 to include nominees from DBZM, on Board of the Company.

BOARD OF DIRECTORS

The Company has adopted the corporate governance principles to ensure that the Board functions with utmost transparency, is independent 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 and to the stakeholders, to the regulatory authorities and is working towards achieving utmost transparency.

Pursuant to the acquisition, the new management strives to achieve the desired goals of good governance. The Company has an appropriate personnel in place to handle risk management, credit approval process, 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 seven members and the constitution of Board of Directors is given below:

Director	Position	Designation	Directorships in other Indian Companies #	Membership in other Board Committees of Indian Companies
R Nagarajan	Independent	Chairman	3	3
H Karthik Seshadri	Independent	Director	2	2
Daniel Bernard Zwirn	Non-Executive	Director	–	–
Christopher Tung Suan	Non-Executive	Director	–	–
Jaideep Krishna	Non-Executive	Director	–	–
Rajen Padukone	Independent	Director	–	–
T N Soundararajan	Executive	Managing Director	4	3

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

APPOINTMENT OF ALTERNATE DIRECTOR

Mr. Anand Desai has been appointed as Alternate Director to Christopher Tung Suan on 26th June 2007.

NON-EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES

The disclosure with respect to compensation to non-executive directors are disclosed in the clause pertaining to remuneration to directors elsewhere in this report.

BOARD MEETINGS

The Board of directors meet 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 during the last financial year.

11.05.2006, 27.07.2006, 31.10.2006, 20.12.2006, 12.01.2007, 27.01.2007 and 12.02.2007.

The Company placed before the Board the annual operating plans, budgets, performance of various branches and other information including those specified under Annexure I of the Listing Agreement, from time to time.

CHANGES IN THE BOARD CONSTITUTION:

Subsequent to the acquisition of 51% stake by DBZM, the Board was reconstituted at the board meeting held on 20.12.2006. Accordingly, the nominee directors of DBZM, have been included into the Board, as additional directors.



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

Name	R Nagarajan*	Karthik Seshadri@	Daniel Bernard Zwirn@	Christopher Tung Suan@	Jaideep Krishna@	Rajen Padukone@
Age	69	34	36	41	46	40
Date of Appointment	07.06.2001	18.10.2006	20.12.2006	20.12.2006	20.12.2006	12.01.2007
Qualification	B.Com (Hons), CAIIB	B A, LLB (Hons)	M B A	M B A	M B A	M A M M S
Areas of Expertise	Banking	Advocate	Finance	Finance	Inv. Management	Banking
Number of other Indian companies holding directorship	3	2	–	–	–	–
Name of membership in other committees	3	2	–	–	–	–
Number of shares held in the company	Nil	Nil	Nil	Nil	Nil	Nil

* Re-appointment

@ Regularisation of Appointment

COMMITTEES OF THE BOARD:

The committees of the board were reconstituted in line with the shareholder's agreement. At present, the Board has constituted Audit Committee, Finance Committee, Share transfer and investor relations committee. Each committee has its own terms of reference. The minutes of all the board committees will be circulated to the board for its information.

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 Committee was reconstituted on 20.12.2006. The composition of the committee includes Mr R Nagarajan, Mr H Karthik Seshadri, Mr. Rajen Padukone and Mr. Jaideep Krishna. The Audit Committee of the Company met on 11.05.2006, 27.07.2006, 31.10.2006 and 27.01.2007 during the year.

SHARE TRANSFER AND INVESTOR RELATIONS COMMITTEE

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. The Committee also reviews the compliances with various statutory and regulatory requirements. During 2006-07, the committee met 23 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 number of share transferred during the year 2006-07 were for 3,51,997 shares numbering to 1003 share transfers.



- Total number of share transmission during the year 2006-07 were for 10,451 shares totalling to 24 share transmissions.
- Total number of Remat during the year 2006-07 were for 6 shares.
- As on 31st March, 2007 there are Nil Equity shares pending for transfer

The Composition of the Committee includes Mr. R Nagarajan, Mr. H. Karthik Seshadri, Mr. T N Soundararajan and Mr. Jaideep Krishna. The Committee meets once a fortnight.

FINANCE COMMITTEE:

The committee reviews the business proposals of the company, credit and investment policies, borrowings within the limits of the powers of the Board, authorization for purchase and sale of property, reviewing the risk management policies of the company. The reconstituted committee includes Mr. R Nagarajan, Mr H Karthik Seshadri, Mr. Jaideep Krishna and Mr. TN Soundararajan.

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. Hence there is no requirement to the constitution of the remuneration committee. Accordingly, the Company has not constituted any remuneration committee.

The remuneration of the Managing Director comprises of salary, allowances and perquisites. The remuneration is within the limits prescribed under Schedule XIII to the Companies Act, 1956.

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

As on 31.03.2007, there were no outstanding deposits placed by the directors, since all the deposits have been preclosed during the year. However, the interest on deposits paid for part of the year till preclosure amounts to Rs.1.33 Lakhs.

Remuneration paid during the year 2006-07

Rs in Lakhs

Name of the Director	Salary	Allowances / PF	Sitting fees	Total
Mr. T N Desikan**	–	–	0.11	0.11
Mr. T N Kishore**	–	–	0.05	0.05
Mr C S Pani*	–	–	0.02	0.02
Mr R Nagarajan	–	–	0.14	0.14
Mr. H Karthik Seshadri #	–	–	0.08	0.08
Mr. Siddharth Bhargava &	–	–	0.04	0.04
Mr. Jaideep Krishna @	–	–	0.03	0.03
Mr. T N Soundararajan	8.35	3.85	–	12.20

* Retired by rotation at the Annual General meeting held on 6th July 2006.

** Resigned with effect from December 2006

Appointed with effect from October 2006

@ Appointed with effect from December 2006

& Appointed on December 2006 and resigned on May 2007.

Mr. T N Soundararajan was appointed as Managing Director on contractual terms for a period of -five years with effect from 24.07.2003. His terms expires on 24.07.2008. However, at the Board Meeting held on 26.06.2007, Mr. T N Soundararajan tendered his resignation from the Board, owing to personal and health



reasons; however, his resignation was not accepted by the Board and decided to reserve its rights to examine options on the continued tenure of Mr. T N Soundararajan.

Director's Attendance for the Board and committee meetings:

Name of Director	Board Meeting	Audit Committee	Finance Committee	Share transfer/ Inv relations comm.	Attendance at the last AGM
T N Desikan **	4	2	8	17	Yes
T N Kishore **	4	–	8	17	Yes
C S Pani *	1	1	–	–	–
R Nagarajan	7	3	6	6	Yes
T N Soundararajan	7	3	14	23	Yes
H Karthik Seshadri #	4	2	2	4	–
Daniel Bernard Zwirn @	–	–	–	–	–
Christopher Suan @	–	–	–	–	–
Jaideep Krishna @	2	–	–	–	–
Siddharth Bhargava &	2	1	–	–	–
Rajen Padukone \$	–	–	–	–	–

Note: Leave of Absence was granted to Directors based on their request obtained at the respective meetings.

* Retired by rotation at the Annual General meeting held on 6th July 2006.

** Resigned with effect from December 2006

Appointed with effect from October 2006

@ Appointed with effect from December 2006

& Appointment on December 2006 and resigned on May 2007.

\$ Appointed with effect from January 2007

GENERAL BODY MEETINGS

Time and location of last three Annual General Meetings

Year	Date	Time	Location
2004	29.07.2004	10.00 am	Rani Seethai Hall
2005	28.07.2005	10.00 am	Rani Seethai Hall
2006	06.07.2006	10.00 am	Rani Seethai Hall

No Special Resolution was put through Postal Ballot last year.

COMPLIANCE REPORT:

The Board reviews periodically all the compliance requirements and provide necessary directions, as and when required.

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.



CEO/CFO CERTIFICATION :

CEO / CFO's certificate pursuant to Clause 49 of the listing agreement forms part of this Annual report.

DISCLOSURES

- i. Transactions with related parties are disclosed in the Notes on Accounts. Subject to this, 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, except for a communication from SEBI regarding non-submission of returns under Regulation 8 of SEBI (SAST) Regulations, 1997 on 16.11.2004. The Company has submitted the documentary evidence with respect to above and has replied to SEBI on 13.12.2004.
- 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.dhandapanifinance.com

GENERAL SHAREHOLDER INFORMATION

Annual General meeting

Date	Time	Venue
28.09.2007	02.00 p.m.	Rani Seethai Hall

Financial Calendar

Financial year – 1st April to 31st March

Board Meeting for consideration of accounts	26.06.2007
Annual General Meeting	28.09.2007
Posting of Annual Report along with notice of AGM	29.08.2007
Book Closure dates	23.09.2007 to 28.09.2007 (Both day inclusive)
Last date for receipt of proxy forms	26.09.2007 (before 4 pm)
Unaudited results for the quarter ending 30th June 2007	25.07.2007
Unaudited results for the quarter/half year ending 30th September 2007	End October 2007
Unaudited results for the quarter ending 31st December 2007	End January, 2008



Dividend:

In view of the losses posted by the Company, the Board decided not to declare any dividend for the current financial year 2006-2007.

Listing on Stock Exchanges:

The Company's shares are presently listed on the Mumbai stock exchange.

BSE Stock Code

511393

ISIN No:

ISINE 071C01019

The Company has paid the listing fees for the financial year 2007-08 to the Mumbai stock exchange.

Stock Market data – High and Low quotations of Equity Shares for 2006-07 are:

Month	BSE	
	HIGH	LOW
Apr 2006	49.90	33.20
May 2006	66.75	39.60
Jun 2006	57.90	47.25
Jul 2006	55.00	48.05
Aug 2006	58.00	50.95
Sep 2006	53.75	43.05
Oct 2006	54.00	43.05
Nov 206	54.00	45.00
Dec 2006	80.00	47.00
Jan 2007	86.00	56.00
Feb 2007	109.45	65.45
Mar 2007	69.20	50.20

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. The share transfer and investor relations committee meets once in a fortnight.

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: cameo@md3.vsnl.net.in
Contact persons:
Mr. R. D. Ramaswamy, General Manager



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 year 1999-2000 to the central government account. The dividends lying unclaimed / unpaid in the account after the prescribed period of seven years is transferred to the Investor Education and Production Fund regularly. The Company also sends reminders to the shareholders before such transfers.

SHAREHOLDING PATTERN AS ON 31.03.2007

Statement showing Shareholding Pattern						
Name of the Company		Dhandapani Finance Ltd.				
Scrip Code : 511393		Quarter ended : 31.03.2007				
Category Code	Category of Shareholder	Number of Shareholder	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					
(a)	Individuals / Hindu Undivided Family	0	0	0	0.0000	0.0000
(b)	Central Government / State Governments(s)	0	0	0	0.0000	0.0000
(c)	Bodies Corporate	0	0	0	0.0000	0.0000
(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)	0	0	0	0.0000	0.0000
(2)	Foreign					
(a)	Individuals (Non-Resident Individuals / Foreign)	0	0	0	0.0000	0.0000
(b)	Bodies Corporate	1	3036703	2834406	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	2834406	51.0000	51.0000



Category Code	Category of Shareholder	Number of Shareholder	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)
	Total Shareholding of Promoter and Promoter Group A=(A)(1) + (A)(2)	1	3036703	2834406	51.0000	51.0000
(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 Government / State Government(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
(2)	Non-Institutions					
(a)	Bodies Corporate	90	835741	487491	14.0359	14.0359
(b)	Individuals					
	i. Individual shareholders holding nominal share capital upto Rs.1 Lakhs	7081	1797759	728839	30.1925	30.1925
	ii. Individual shareholders holding nominal share capital in excess of Rs.1 Lakhs	8	231668	231668	3.8908	3.8908
(c)	Any other (specify) Clearing Member	4	2433	2433	0.0409	0.0409
	NRI	13	48216	48216	0.8098	0.8098
	Sub-Total (B) (2)	7196	2915817	1498647	48.9698	48.9698
	Total Public Shareholding (B) = (B) (1) + (B) (2)	7198	2917617	1498647	49.0000	49.0000
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0
	Grand Total (A) + (B) + (C)	7199	5954320	4333053	100.0000	100.0000



DISTRIBUTION OF SHARE HOLDING AS ON 31.03.2007

Shares of nominal value of Rs.10/- each	Share holders		Share Amount		
	Shares	Number	% to Total Nos.	In Rupees	% to Total Amount
(1)	(2)	(3)	(4)	(5)	
1 - 100	3770	52.3684	319720	5.3696	
101 - 500	2842	39.4777	799150	13.4214	
501 - 1000	389	5.4035	329644	5.5362	
1001 - 2000	121	1.6808	190939	3.2067	
2001 - 3000	32	0.4445	82371	1.3834	
3001 - 4000	7	0.0972	25250	0.4241	
4001 - 5000	8	0.1111	37854	0.6357	
5001 - 10000	17	0.2362	126820	2.1298	
10001 & ABOVE	13	0.1806	4042572	67.8931	
Total	7199	100.0000	5954320	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, the Company has designated an e-mail ID for the same and has displayed on the website of the company. Accordingly, the investors are requested to register their complaints in the email ID: investorcell@dhandapanifinance.com.

ISSUE OF 10% REDEEMABLE OPTIONALLY CONVERTIBLE PREFERENCE SHARES TO D B ZWIRN MAURITIUS TRADING NO.2 LTD:

The Company, at the Extra Ordinary General Meeting held in January 2007, issued 10% Redeemable Optionally convertible preference shares to D B Zwirn Mauritius Trading No.2 Ltd to the extent of Rs.22.26 crores, after obtaining necessary regulatory approvals. The redemption option shall be exercised within a period of 18 months, after which the shares shall be compulsorily converted into equity shares.

DEMATERIALISATION / REMATERIALISATION

As on 31st March, 2007, 43,33,053 shares of the Company held by the share-owners are held in dematerialized form, aggregating to 72.77% of the Equity share capital of the Company. The Company has received remat requests for 6 shares.



Details of complaints regarding shares for the year 2006-07:

Nature of complaint	Number of complaints	Complaints redressed
Non receipt of dividend	195	195
Non receipt of shares lodged for transfer	Nil	Nil
Total	195	195

For any Shareholders assistance, the Company Secretary can be contacted at

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

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

The Company has fulfilled the following non-mandatory requirements:

Remuneration Committee

The compliance requirements with respect of Remuneration Committee has 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 to 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 Auditor's Report are 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 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 31st March, 2007 as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

Place: New Delhi
Date : 26.06.2007

T N SOUNDARARAJAN
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 31st March 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges(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.

For and on behalf of
P B VIJAYARAGHAVAN & CO.
Chartered Accountants
P B SANTHANAKRISHNAN
Partner
Membership No. 20309

Place: New Delhi
Date : 26.06.2007



CERIFICATE BY CEO / CFO

I, T.N. Soundararajan, Managing Director of Dhandapani Finance Limited, to the Best of my knowledge and belief, certify that:

1. I have reviewed the Balance Sheet and Profit and Loss Account and all its Schedules and Notes of Accounts, as well as the Cash Flow Statement, in respect of the year 2006-07
2. These Statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading.
3. These Statements together present true and fair view of the Company and are in compliance with the existing Accounting Standards and / or applicable laws / regulations.
4. It is my responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have also disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls for financial reporting, if any, and what the company has done or propose to do to rectify these:
5. As there were no instances of fraud, that involves management or employees having a significant role in the Company's internal control systems for financial reporting, no disclosure were required to be made.
6. We have indicated to the Auditors, the Audit Committee and in the notes of accounts, whether or not there were significant changes in internal control for financial reporting and / or of accounting policies during the year.

Place: New Delhi
Date : 26.06.2007

T N SOUNDARARAJAN
Managing Director

Note: The Company does not have a separate CFO. Mr. T.N. Soundararajan, Managing Director is a Chartered Accountant and also oversees the finance function. Hence the above certificate may also be construed as Certificate from CFO. He has been authorised by the Board to furnish the aforesaid Certificate in the capacity of MD & CFO.

DIRECTORS' REPORT



Your Directors take pleasure in presenting the Twenty First Annual Report together with the Audited accounts for the year ended 31st March 2007.

FINANCIAL PERFORMANCE:

During the year under review, your directors critically examined certain accounting treatments to ascertain if it is in line with the accepted accounting standards and with that of the industry. On an analysis, your Board decided to adopt a very conservative approach in preparing the estimates, assumptions in drawing up the financial statements. As a consequence, your company took a policy decision to push through the effort on collection to achieve maximum collection percentage.

OPEN OFFER UNDER SEBI TAKEOVER REGULATIONS:

In May 2006, the company entered into a Share Purchase agreement with D B Zwirn Mauritius (DBZM). DBZM is an alternate investment fund incorporated under the laws of Mauritius. After obtaining necessary regulatory approvals, DBZM made an open offer to the public shareholders of the company. DBZM acquired 51% stake by virtue of the aforesaid share purchase agreement and through the open offer, thereby assuming controlling interest in the company.

FINANCIAL RESULTS

The summarized financial results are given below:

PARTICULARS	2006-2007	2005-2006
GROSS INCOME	3578.91	2887.97
PROFIT/(LOSS) BEFORE INTEREST & DEPRECIATION	2035.60	2372.07
LESS: INTEREST	1656.13	1464.39
PROFIT/(LOSS) BEFORE DEPRECIATION	379.47	907.68
ADD: PRIOR PERIOD ITEMS (Netted off)	(2028.05)	—
LESS: DEPRECIATION / IMPAIRMENT LOSS	1017.90	92.79
PROFIT / (LOSS) BEFORE TAX	(2666.48)	814.89
PROVISION FOR TAXATION (including FBT / Deferred tax)	17.53	298.16
PROFIT / (LOSS) AFTER TAX	(2684.01)	516.73
ADD: BALANCE FROM LAST YEAR	26.93	19.34
PROFIT /(LOSS) AVAILABLE FOR APPROPRIATION	(2657.08)	536.07
PROPOSED DIVIDEND (Including Dividend Tax)	Nil	135.79
TRANSFER TO STATUTORY RESERVE	Nil	103.35
TRANSFER TO GENERAL RESERVE	Nil	270.00
BALANCE CARRIED FORWARD	(2657.08)	26.93



DIVIDEND

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

OPERATIONS

During the year ended March 31, 2007 the company recorded 14% growth in disbursements and achieved a volume of Rs.16026 Lakhs compared to the previous year's volume of Rs.14060 Lakhs.

This growth in disbursement can be mainly attributed to improved productivity of field staff. Also 32% of the volume in 2006-07 is achieved in the last quarter i.e., Jan-Mar'07 indicating the way forward. Your company is currently financing Tractors, Used Construction Equipment, Used Car and MUV other than Used Commercial Vehicles.

INCREASE IN THE AUTHORISED SHARE CAPITAL

The company at the Extra ordinary General Meeting held on 12th January 2007 increased the Authorised Share capital from Rs.14 crores to Rs.35 crores.

ISSUE OF 10% REDEEMABLE OPTIONALLY CONVERTIBLE PREFERENCE SHARES ON PREFERENTIAL ALLOTMENT BASIS

The company, at the Extra Ordinary General Meeting held on 12th January 2007, issued 10% redeemable optionally convertible preference shares to the extent of Rs. 2226 Lakhs to D B Zwirn Mauritius Trading No.2 Ltd, after obtaining necessary regulatory approvals. These ROCPS are convertible into equity shares within a period of 18 months, as per SEBI guidelines and thereafter becomes convertible mandatorily.

DEPOSITS

Your Company took a policy decision to repay all the deposits in the year 2004-05 and accordingly all the public deposits outstanding as 31.03.2005 have been repaid except exempt deposits from directors. Your Company has not accepted / renewed any public deposits since then. Your company also took steps to repay all deposits outstanding to promoters / directors in May 2006. Hence, as on 31.03.2007, there were no outstanding deposits due to the public / directors of the company.

As on 31.03.2007, unclaimed / unpaid deposits totaling to Rs. 3.32 Lakhs which matured for payment, were awaiting instructions for renewal or repayment. Steps have been taken by the Company to obtain depositors' instructions to ensure renewal/repayment of these deposits. These deposits would be transferred to Investor Education & Protection Fund after the expiry of the prescribed period of seven years, as per the provisions of Section 205C of the Companies Act, 1956.

The company had written to RBI for conversion into Non Deposit taking company and also for obtaining reclassification into Asset Finance Company, and is awaiting instructions from RBI.



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. Your Company enjoys a capital adequacy ratio of 20.87% as on 31.03.07 as against the minimum ratio of 12% prescribed by RBI.

ALM COMMITTEE

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

PROSPECTS

The Indian economy continues to grow at an enormous pace and recorded a compounding annual growth rate (CAGR) of 8.60% between 2002-03 and 2006-07. There is enough evidence to suggest that the growth is much more broad-based, and has strong positive implications for the rural markets where your company has good presence.

The growth is also visible in the Tractor market. During the year under review the tractor industry grew by 21.20%. As funding on Tractors is one of the main product lines of your company, the growth in tractor sales has helped in increasing our business and continues to give opportunity to penetrate deeper in this segment.

Your company also has a strong presence in the used asset finance segment which offers high yield. Used construction equipment business, estimated at Rs. 10,00,000 Lakhs annually, is another product line of your company which is witnessing growth because of the government's decision to spend heavily on infrastructure. Majority of this segment is currently serviced by unorganized sector.

During 2007-08, your company plans to consolidate its position in the current product lines and also to specifically focus on growing Used Commercial Vehicles business which is estimated at 20,00,000 Lakhs annually. Around 60% of this market is serviced by unorganized sector and thus gives your company very good opportunity to grow volumes in this segment.

The company aims at achieving net interest margins in excess of 10% and to grow in asset size to the extent of 1,00,000 Lakhs by 2009-10.

Business in the above product lines is generated mainly in Semi-Urban and Rural markets where your company has strong presence.

Due to the strain on margins, other NBFCs and Banks are eyeing this segment aggressively and their entry will intensify competition. But your company has the ability to sustain competition and grow profitably.

EXPLANATIONS TO THE REMARKS IN AUDITORS' REPORT:

Your Company has decided to adopt a conservative approach on certain accounting aspects. As a result, the company reported losses for March 2007. The statutory Auditor has made certain remarks in his Auditors report on the changes in the Accounting policies adopted by the Company and on certain transactions which had an impact on the financial results of the company. 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	Nature of change in the accounting policy adopted for the year 2006-07	Accounting policy adopted in earlier years	Rs in Lakhs
3 (f)	Additional Finance Charges (AFC)	Accounted on accrual basis (Refer Note 1 below)	Accounted on receipt basis	237.16
3 (g)	Income on account of securitization / assignment of receivables.	Income booked upfront (Refer Note 2 below)	Income amortised over tenor of the receivable securitized / assigned.	324.13
3 (h)	Collection charges	Accounted on receipt basis (Refer Note 3 below)	Accounted on accrual basis	2278.58
3 (i)	Impairment of Assets	Refer Note 4 below	—	930.00
3(j)	Write off on account of credit sale of Hire Purchase Receivables.	Refer Note 5 below	—	387.00
(i)(a)to the Annexure to the Auditors report	Updation of records with full particulars of Fixed Assets in respect of certain assets.	Refer Note 6 below	—	—

Notes:

1. On analyzing the past trend of AFC collections, it has been considered prudent to adopt a conservative approach and account it on accrual basis on a reduction of 50% of the actual contracted rates and accounted under **“Prior Period Income”**.
2. Income on securitization / amortization is the difference between the book value of assets securitized / assigned and the sale consideration and has been accounted under **“Gain on Securitisation”**, in respect of assets securitised before February 7, 2006.
3. Collection charges towards the expenses incurred on all live contracts were being recognized as revenue on accrual basis as is prevalent in the industry. These charges are meant to cover the cost of traveling, etc towards collection of dues from customers. DFL has recognized revenue on a monthly basis and is recoverable only at the time of maturity / termination of the contract. This policy has been reviewed and revised based on the certainty of realization and past record of collection. Consequently, an amount to the extent of Rs. 2278.58 Lakhs was reversed and charged to the revenue under **“Prior Period Expenses”**.
4. The company has concluded lease transactions during 2001 and the outstanding WDV were treated as hire purchase recoverable after reschedule. Since the assets have no realisable value, it has been charged off to revenue to the extent of Rs.930 lakhs during 31st March 2007 and is shown under the head **“Impairment of Assets”**



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5. The company has to receive money from the customers to the extent of Rs.1787 Lakhs. The Company has been approaching these customers for expediting the recovery process and also negotiations are on for reschedulement. They are all covered by prime assets which have assured realizable value. Considering the above facts and the underlying security involved in the aforesaid loans, the erstwhile promoters of the company evinced interest and purchased the above loan accounts. Accordingly, the total receivables to the extent of Rs.1787 Lakhs have been securitized with them to a value of Rs.1400 Lakhs. The balance of Rs.387 Lakhs has been charged off to revenue under the head **“Bad Debts written off”**.
 6. The company has maintained full particulars with respect to Vehicles. With respect to certain other assets as per the details given in the fixed assets schedule the company has since updated the required details as per the requirement.

CHANGE IN REGISTERED OFFICE

The Company's Registered Office was situated at No. 141, Linghi Chetty Street, Chennai – 600 001. However the Company has been functioning from its Corporate Office at No. 14, Ramakrishna Street, T. Nagar, Chennai – 600 017. All important communications/documents were being addressed to the first mentioned address, because of which there is a delay in communication. To facilitate administrative convenience the Company changed its Registered Office from No. 141, Linghi Chetty Street, Chennai – 600 001 to its Corporate Office No. 14, Ramakrishna Street, T. Nagar, Chennai – 600 017.

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 are attached which forms part of the Director's Report.

MANAGEMENT DISCUSSION AND ANALYSIS

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

OTHER DISCLOSURES

A. Subsidiaries

The Annual Accounts of the Subsidiaries Companies M/s. Dhandapani Holdings & Securities Ltd and M/s. Smartinvest Agency.Com P Ltd are annexed to your Company's Annual Report.

B. Consolidated Financial Statements

A Consolidated financial statement for the year ended 31st March, 2007 prepared in accordance with AS21-Accounting Standards 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.

DIRECTORS

Consequent to DBZM acquiring 51% stake in the company and pursuant to the share purchase agreement, the Board and its various committees were reconstituted on December 2006. Mr. T N Desikan and Mr. T N Kishore stepped down from the Board with effect December 2006. The Board places its appreciation for



their contribution and those valuable suggestions rendered by them during their tenure. Mr. R Nagarajan retire by rotation and being eligible offers himself for reappointment.

Mr. Daniel Bernard Zwirn, Mr. Christopher Tung Suan, Mr. Jaideep Krishna have been appointed as Additional directors on December 2006 and hold office till the ensuing Annual General meeting. Their appointment as Directors is required to be regularized in the ensuing Annual General Meeting.

Necessary resolutions are being submitted for your approval.

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

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies Act, 1956, your directors to the best of their knowledge and belief confirm that:

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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Loss of the Company for the year ended 31st March 2007;
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.

AUDITORS

M/s. P B Vijayaraghavan & Co., Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The company has received a letter from them, to the effect that their appointment, if made, would be within the prescribed limits under section 224(IB) of the Companies Act, 1956 and they are not disqualified for such appointment within the meaning of section 226 of the Companies Act, 1956.

STATUTORY STATEMENT

- A. Statement pursuant to Sec.212(3) of the Companies Act, 1956 in respect of Subsidiary Companies are annexed.
- B. Your Company is listed at present in the Mumbai Stock Exchange.
- C. The Company has paid the Listing fees to Mumbai Stock Exchange for the year 2007-08.
- 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 Director's 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.

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.

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.

for & On behalf of the Board

Place : New Delhi

Date : 26.06.2007

R. NAGARAJAN
Director

T.N. SOUNDARARJAN
Managing Director

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



We have audited the attached Balance Sheet of *M/s. Dhandapani Finance Ltd* as on March 31, 2007 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.

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 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, 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.
 - e. We have received written representation from the directors as on March 31, 2007, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of clause (g) of Sub-section (I) of section 274 of the Act.
 - f. *As stated in Note No. 5.0 under the head Prior Period Items – consequent to change in Accounting Policy, additional finance charges are being accounted on accrual basis as against the cash basis adapted in the earlier years resulting in additional income of Rs.237.16 lakhs and consequently decrease in loss to the extent of the same amount.*
 - g. *As stated in Note No. 4.1 consequent to change in Accounting Policy, gain on securitisation is being reckoned as income on the transaction date for transactions with retrospective effect resulting in an additional income of Rs.324.13 lakhs and consequently losses have decreased by the same amount.*



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- h. Collection charges were being accounted on the accrual basis until the Financial Year 2005-06. However the Company from the current year has changed the Accounting Policy for Accounting Collection charges on receipt basis as referred to in Note No. 4.2. This has resulted in reduction of hire income by Rs.2278.58 lakhs and consequent increase in loss by the same amount.*
- i. Attention is invited to Note No. 2.6 during the year the Company has written off Rs.9.30 crores as impairment in the value of leased assets.*
- j. Attention is invited to Note No. 4.3 – the Company during the year has written off Rs.387.32 lakhs arising out of credit sale of Rs.1787.32 lakhs of hire purchase receivables due from 108 parties as per books and the amount of Rs.1400 lakhs receivable on such sale is shown as advance under current assets for which adequate security in the form of immovable property valued Rs.1400 lakhs has been take.*

Subject to the matters specified in the paragraphs f to h above, the net effect of which has resulted in increase in loss by Rs.1717.29 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 give in the prescribed manner the information required by the Act, gives 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, 2007;*
- 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, of the cash flows for the year ended on that date.*

Place: New Delhi
Date : 26.06.2007

For and on behalf of
P B VIJAYARAGHAVAN & CO.
Chartered Accountants
P B SANTHANAKRISHNAN
Partner
Membership No. 20309

ANNEXURE TO THE AUDITORS' REPORT



(Referred to in paragraph 2 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. *However the same has to be updated in respect of certain assets.*
- (b) As per the information and explanation given to us, by the management, the 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 the nature of the business. No material discrepancies were noticed on such verification.
- (c) No substantial part of fixed assets of the company has been disposed of during the year except the land at Sular of about 20 acres which was sold for Rs. 28.60 lakhs.
- (ii) As the Company is a finance Company, the provisions of sub clause (ii) a, b and c of the Companies (Auditors' Report) Order, 2003 are not applicable.
- (iii) (a) According to the information and explanations given to us the company has granted unsecured loans to group companies, covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.539.88 lakhs and the year-end balance of loans granted to such parties was Rs.200 lakhs.
- (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 31st March 2007 is considered as overdue.
- (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) 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 maximum amount involved during the year was Rs.103.97 lakhs and the year-end balance of loans taken from such parties was Rs.103.02 lakhs.
- (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) There is no stipulation for payment of any principal and interest.
- (vi) The company has accepted deposits from public and 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 Section 58A and of the Companies Act and the rules framed thereunder, 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.
- (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 awarded stay
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) In our opinion, the accumulated loss of the company at the end of the financial year is less than 50% of its networth. The company has incurred cash losses during the financial year under audit but has not incurred any cash loss in the immediately preceding financial year.
- (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.



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- (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 during the year to parties and companies covered in the register maintained under Section 301 of the companies 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 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.
- (xxii) In our opinion Clauses (ii), (vii) to the companies (Auditors Report) Order or not applicable to the Company.

Place: New Delhi
Date : 26.06.2007

For and on behalf of
P B VIJAYARAGHAVAN & CO.
Chartered Accountants
P B SANTHANAKRISHNAN
Partner
Membership No. 20309

BALANCE SHEET AS ON 31st MARCH 2007



LIABILITIES		SCH NO	(Rs. in Lakhs)	
I SOURCE OF FUNDS			31.03.2007	31.03.2006
1. Shareholders Funds				
a) Capital	1	2821.43	595.43	
b) Reserves & Surplus	2	<u>2348.18</u>	<u>3695.33</u>	
			5169.61	4290.76
2. Deferred Tax Credit	3		98.63	98.21
3. Loan Funds				
a) Secured Loans	4	20029.52	14467.41	
b) Unsecured Loans	5	<u>106.34</u>	<u>2574.97</u>	
			20135.86	17042.38
TOTAL			25404.10	21431.35
ASSETS				
II APPLICATION OF FUNDS				
1. Fixed Assets	6			
a. Gross Block		4698.86	2304.77	
b. Less Impairment of Assets		930.00	-	
b. Less Depreciation		<u>1590.78</u>	<u>1511.38</u>	
Net Block			2178.08	793.39
2. Investments	7		69.51	98.64
3. Current Assets				
Loans & Advances				
a) Current Assets	8	20531.94	18894.72	
b) Loans & Advances	9	<u>2972.65</u>	<u>3564.35</u>	
(A)		23504.59	22459.07	
Less: Current Liabilities & Provisions				
a) Current Liabilities	10	205.12	1728.92	
b) Provisions	11	<u>142.96</u>	<u>190.83</u>	
(B)		348.08	1919.75	
Net Current Assets (A-B)			23156.51	20539.32
4. Miscellaneous expenditure to the extent not written off			-	-
TOTAL			25404.10	21431.35

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

T.N. SOUNDARARAJAN
Managing Director

DANIEL BERNARD ZWIRN
CHRISTOPHER TUNG SUAN
JAIDEEP KRISHNA
R. NAGARAJAN
H KARTHIK SESHADRI
RAJEN PADUKONE
Directors

P.B. SANTHANAKRISHNAN
Partner

S. NAGALAKSHMI
Company Secretary

Place : New Delhi
Date : 26.06.2007

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007



		(Rs. in Lakhs)	
1. INCOME	SCH NO	31.03.2007	31.03.2006
a. Income from financing operations	12	3463.14	2811.23
b. Other income	13	<u>115.77</u>	<u>76.75</u>
A		<u>3578.91</u>	<u>2887.98</u>
2. EXPENDITURE			
a. Finance charges	14	1656.13	1464.39
b. Establishment charges	15	266.20	169.57
c. Administrative & Other expenses	16	361.46	286.22
d. Provisions for Non performing Assets		142.96	60.12
e. Bad debts written off	17	<u>772.68</u>	<u>–</u>
B		<u>3199.43</u>	<u>1980.30</u>
Profit before Depreciation, Tax & Prior period items		379.48	907.68
Add: Prior period income (See Note No. 5.0)		239.15	–
Less: Prior period expenses (See Note No. 4.2)		(2267.20)	–
Depreciation		(87.93)	(92.79)
Impairment loss		(930.00)	–
Profit before Tax		(2666.50)	814.89
Less: Provision for Taxation			
Current Tax		0.00	(309.69)
Fringe Benefit tax		(17.13)	(1.30)
Deferred tax Asset		<u>(0.42)</u>	<u>12.83</u>
Net Profit		<u>(2684.05)</u>	<u>516.73</u>
Profit available for appropriations		(2684.05)	516.73
ADD Brought forward from previous year		26.93	19.34
		(2657.12)	536.07
3. APPROPRIATION			
Dividend (inclgd Dividend Tax)		–	135.79
Transfer to Statutory Reserve		–	103.35
Transfer to General Reserve		–	270.00
Surplus balance carried to Balance sheet		–	26.93
		(2657.12)	536.07
Weighted average number of equity shares of Rs.10/- each outstanding during the year	Nos	5954320	
Basic and diluted earning per share	Rs.	(45.08)	
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. <i>Chartered Accountants</i>	T.N. SOUNDARARAJAN <i>Managing Director</i>	DANIEL BERNARD ZWIRN CHRISTOPHER TUNG SUAN JAIDEEP KRISHNA R. NAGARAJAN H KARTHIK SESHADRI RAJEN PADUKONE <i>Directors</i>	
P.B. SANTHANAKRISHNAN <i>Partner</i>	S. NAGALAKSHMI <i>Company Secretary</i>		
Place : New Delhi Date : 26.06.2007			

**SCHEDULES FORMING PART OF
THE BALANCE SHEET AS AT 31st MARCH 2007**



		(Rs. in Lakhs)						
		31.03.2007	31.03.2006					
SCHEDULE 1 SHARE CAPITAL								
AUTHORISED								
(1,00,00,000 Equity shares of Rs 10/- each and		1000.00	700.00					
(2,50,00,000 Preference shares of Rs 10/- each)		2500.00	700.00					
		3500.00	1400.00					
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	-					
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.Zwirin Mauritius is								
3036703 shares of Rs.10/- each								
(2,22,60,000 Redeemable Optionally Convertible Preference Shares of Rs.10/- each)		2226.00	-					
Fully held by D.B.Zwirin Mauritius Trading No. 2 Ltd., convertible into								
Equity Shares at the end of 18 months @ Rs.58/- per share								
		2821.43	595.43					
SCHEDULE 2 RESERVES & SURPLUS								
	General Reserve	Security Premium	Statutory Reserve	Capital Reserve	Revaluation Reserve	P&L Account		
Opening balance	2552.10	142.29	961.97	12.03	0.00	26.92		
Additions:								
Revaluation Reserve	0.00	0.00	0.00	0.00	1336.90	(2684.03)		
	2552.10	142.29	961.97	12.03	1336.90	(2657.11)	2348.18	3695.33
							2348.18	3695.33
SCHEDULE 3 DEFERRED TAX CREDITS								
Opening Balance					98.21		98.21	111.05
Add: During the Year					0.42		0.42	0.14
					98.63		98.63	111.19
Less: Transfer to P& L During the Year					-		-	12.98
Closing Balance					98.63		98.63	98.21
SCHEDULE 4 SECURED LOANS								
From Banks secured by Hypothecation of stock on Hire Purchase and Leased Assets					8344.94		8344.94	11512.58
From Financial Institutions secured by Hypothecation of stock on Hire Purchase and Leased Assets					11684.58		11684.58	2954.83
					20029.52		20029.52	14467.41
SCHEDULE 5 UNSECURED LOANS								
Loans from Directors / Group of Companies					106.34		106.34	116.19
From Banks/others					-		-	2458.78
TOTAL					106.34		106.34	2574.97

SCHEDULE 6 – FIXED ASSETS

Rs. in Lakhs

PARTICULARS	RATE	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
		As on 01.04.06	Addns	Delns/ Adj.	As on 31.03.07	As on 01.04.06	Addns	With- drawn	As on 31.03.07	As on 31.03.07	As on 31.03.06
Land	–	229.85	1448.15	25.00	1653.00	–	–	–	–	1653.00	229.85
Building	5%	76.63	–	–	76.63	26.00	2.53	–	28.53	48.10	50.63
Typewriters	13.91%	1.07	–	–	1.07	0.87	0.03	–	0.90	0.17	0.20
Name Board	18.10%	1.47	0.07	–	1.54	1.24	0.04	–	1.28	0.26	0.23
Elec. Fittgs.	13.91%	22.34	0.06	–	22.40	11.97	1.50	–	13.47	8.93	10.37
Neon Sign	13.91%	2.41	–	–	2.41	1.59	0.11	–	1.70	0.71	0.82
Vehicles	25.89%	118.51	8.55	12.97	114.09	61.92	12.57	8.53	65.96	48.13	56.59
Computers	40%	110.07	38.07	–	148.14	90.44	8.31	–	98.75	49.39	19.63
Airconditioners	13.91%	14.89	0.94	–	15.83	11.16	0.52	–	11.68	4.15	3.73
Office Eqmt	13.91%	13.28	2.12	–	15.40	8.26	0.86	–	9.12	6.28	5.02
Fax & Xerox	13.91%	2.30	0.08	–	2.38	1.36	0.15	–	1.51	0.87	0.94
Frankg Mach.	13.91%	0.30	–	–	0.30	0.24	0.01	–	0.25	0.05	0.06
Furniture	18.10%	31.62	2.64	–	34.26	22.55	2.73	–	25.28	8.98	9.07
Leased Asset	–	1680.03	930.00	930.00	1680.03	1273.78	58.34	–	1332.12	347.91	406.26
Intangible Asset	33.33%	–	1.38	–	1.38	–	0.23	–	0.23	1.15	–
Total		2304.77	2432.06	967.97	3768.86	1511.38	87.93	8.53	1590.78	2178.08	793.40
Previous Year		2195.60	135.60	26.40	2304.80	1428.00	92.80	9.40	1511.40	793.40	767.70



**SCHEDULES FORMING PART OF
THE BALANCE SHEET AS AT 31st MARCH 2007**



(Rs. in Lakhs)
31.03.2007 31.03.2006

SCHEDULE 7 INVESTMENTS AT COST

Long Term

A) Quoted -Non Trade	Face Value	COST Value (Rs. in Lakhs)	Market Value		
(1) Govt Loans/Stocks					
2012 7.8% Tamilnadu loans	10.00	10.68	10.32		
2012 6.8% Tamilnadu loans	5.00	5.15	5.14		
2012 7.80% Tamilnadu Loans	3.50	3.82	3.61		
2012 6.85% GOI Stock	3.00	3.13	2.86		
2013 6.35% Tamilnadu loans	14.50	14.76	13.93		
2013 6.35% Karnataka loans	1.00	1.04	0.95		
	37.00	38.58	36.81	38.58	67.71
 B) UNQUOTED					
In Shares Fully paid unquoted					
299300 equity shares of Rs.10/- each					
in Dhandapani Holdings and Securities Ltd					
				29.93	29.93
 9999 Equity shares of Rs.10/- each in					
Dhandapani Business Services Ltd.,					
				1.00	1.00
				69.51	98.64

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 goods	18682.85	16173.01
	Less than Six months	485.80	
	Exceeding Six months	591.53	
2.	Repossessed Assets	202.68	58.19
		18885.53	
B.	Trade Bills Purchased		3.76
		0.84	

**SCHEDULES FORMING PART OF
THE BALANCE SHEET AS AT 31st MARCH 2007**



		(Rs. in Lakhs)	
		31.03.2007	31.03.2006
C.	Cash & Bank Balances with Scheduled banks		
	Current account	158.23	12.03
	Deposit account with Schedule banks		
	1343.01		
	with others	5.42	
	Cash on hand	1348.43	2444.11
		138.91	203.62
		<u>20531.94</u>	<u>18894.72</u>
SCHEDULE 9 LOANS AND ADVANCES			
Unsecured Considered good			
1.	Advances recovered in cash or kind unsecured considered good		
	– Less than six months	222.68	2236.06
	exceeding six months	–	–
2.	Secured Advances	1600.00	570.83
3.	Advance payment of Tax (net of Provisions)	901.84	441.69
4.	Income accrued but not due on investments	17.70	8.42
	others	191.34	275.76
5.	Deposits	9.67	9.39
6.	Other advances	29.42	22.20
		<u>2972.65</u>	<u>3564.35</u>
SCHEDULE 10 CURRENT LIABILITIES			
Sundry Creditors			
a.	for expenses	135.83	72.55
b.	Insurance and security deposit	39.23	520.80
c.	Instalment in advance (See note 2.8)	–	688.63
d.	Dealer Credits	–	–
	Income accrued but not due on securitisation	–	402.54
	Interest accrued but not due on deposits	0.80	17.36
	Dividend payable	29.26	27.04
		<u>205.12</u>	<u>1728.92</u>
SCHEDULE 11 PROVISIONS			
1.	Proposed Dividend	–	135.79
2.	For Non performing asset	142.96	55.04
		<u>142.96</u>	<u>190.83</u>
SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007			
SCHEDULE 12 INCOME FROM FINANCING OPERATIONS			
1.	Finance charges	2554.30	2626.43
2.	Income from Bills purchased	2.52	0.22
4.	Gain on securitisation (See Note 4.1)	906.32	184.58
		<u>3463.14</u>	<u>2811.23</u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH 2007**



	(Rs. in Lakhs)	
	31.03.2007	31.03.2006
SCHEDULE 13 OTHER INCOME		
1. Interest receipts	116.82	74.07
2. Profit / (Loss) on sale of assets/investments	(1.05)	2.68
	115.77	76.75
SCHEDULE 14 INTEREST / FINANCE CHARGES		
1. On Deposits	0.36	19.28
2. On Bank Finance	1279.41	1236.43
3. On Financial Institution	363.30	187.71
4. On Inter Corporate Deposits	13.10	20.97
5. Brokerage	(0.04)	-
	1656.13	1464.39
SCHEDULE 15 ESTABLISHMENT CHARGES		
1. Salaries, allowances and Bonus	172.88	112.90
2. Staff Welfare expenses	71.80	40.42
3. Company's contribution to PF	21.52	16.25
	266.20	169.57
SCHEDULE 16 ADMINISTRATION AND OTHER EXPENSES		
1. Rent	18.01	15.38
2. Rates and Taxes	30.95	17.47
3. Electricity charges	11.14	9.63
4. Insurance	2.19	2.08
5. Telephone charges	37.05	34.47
6. Business Promotion expenses	7.29	10.85
7. Advertisement	1.41	0.76
8. Loss on sale of assets	0.83	1.61
9. Remuneration to Auditor		
Statutory Audit Fees	3.00	1.05
Tax Audit Fees	1.00	0.25
Taxation Matters / Representations etc.	3.00	0.50
Certification	0.60	0.10
Out of Pocket expenses	0.20	-
Service Tax	0.37	0.10
10. Other expenses	244.42	191.97
	361.46	286.22
SCHEDULE 17 BAD DEBTS WRITTEN OFF		
Loss on sale of repossessed asset	385.36	-
Bad Debts	387.32	-
Total	772.68	-

NOTES FORMING PART OF ACCOUNTS



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. Income arising on account of securitization / assignment of receivables, being the difference between the book value of the assets securitized / 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 securitisation/assignment of receivable.
- c. Additional Finance Charges is accounted on accrual basis based on certainty and reduction of 50% of the contractual rates whereas the same was accounted on receipt basis in the earlier years.
- d. Collection charges were being accounted on accrual basis until the Financial Year 2005-06. However during the current year the company has changed the accounting policy in respect of accounting for collection charges in order to account for the same on receipt basis as referred to in Note No. 4.2.

1.2 Repossessed Assets:

15% provision is uniformly made on the repossessed stock value at the end of the year.

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 three years

1.5 Investments:

Long term Investments are carried at cost. No provision has been considered for decline in market value since they are temporary in nature.

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.



1.7 Retirement Benefits:

The Company's liability towards gratuity is accounted on actuarial basis and the payment is made over to an approved fund maintained by LIC.

B. Notes on accounts

2. Balance Sheet:

2.1 Share capital:

At the extra ordinary general meeting held on 12.01.2007, the Authorised Share capital of the company has been enhanced as under:

Type of shares	Enhanced to	Rs. in Lakhs
Equity shares	1,00,00,000 Equity shares of Rs.10/- each	1000
Preference shares	2,50,00,000 Preference shares of Rs.10/- each	2500

2.2 Acquisition of the Company by D B Zwirn Mauritius

By virtue of the share purchase agreement dated 04.05.2006 and the subsequent open offer made to the shareholders pursuant to the SEBI (Substantial Acquisition of shares and Take Over) Regulations, 1997, D B Zwirn Mauritius acquired 51% stake in the company, constituting to 3,036,703 equity shares at Rs.1761.28 Lakhs and holds controlling interest in the company.

2.3 Issue of 10% Redeemable Optionally Convertible preference shares:

The Company issued 2,22,60,000 10% Redeemable Optionally convertible preference shares as approved at the Extra ordinary General meeting of the company dated 12th January 2007 to M/s D B Zwirn Mauritius Trading No.2 Ltd, a fund managed by D B Zwirn & Co. LP, which is included in the schedule of preference share capital. As per the SEBI (DIP) Guidelines, D B Zwirn Mauritius Trading No.2 Ltd has the option to convert the same into equity at the conversion rate of Rs.58/- per share within a period of 18 months. After the expiry of 18 months, the shares would get automatically converted into equity shares.

2.4 Revaluation Reserve:

During the year, the Company revalued the core fixed assets of the company to reflect the Fair market value based on valuation by approved valuer.

Particulars of property	Rs. in Lakhs		
	Book Value of the property	Revalued Amount	Increase
Office building at No.14, Ramakrishna Street, T Nagar, Chennai	79.58	870.00	790.42
Madurai – Tenkasi Road - Tirunelveli	85.00	600.00	515.00
Karur – Trichy Main road – Dindigul	41.52	73.00	31.48
Total	206.10	1543.00	1336.90



Accordingly, revaluation reserve has been created to the extent of Rs. 1336.90 Lakhs and accounted in accordance with AS10 Accounting for Fixed assets issued by ICAI

2.5 Secured Loans:

- a) Working Capital Credit facilities comprising of Cash Credit and Working Capital Demand Loans are secured by hypothecation of assets covered by hire purchase and hypothecation and lease agreements, ranking paripassu excluding assets, which are specifically charged to others.
- b) Term Loans from Financial Institutions are secured by hypothecation of specific Hire purchase, hypothecation and Leased Assets.

2.6 Fixed Assets- Impairment

During the year the company has written off Rs. 930 Lakhs as impairment in the value of leased Assets and non-charging of depreciation on the said leased assets in the earlier years

2.7 Investments

The fall in market value of Investment is not considered as the same is only temporary in nature. The above investments are held only for SLR purposes and would be held by the company till maturity.

2.8 Stock on Hire:

Rs. in Lakhs		
Instalment received in advance	655.85	During the Year reclassified as assignment of receivables and netted off against Stock on Hire (which was hitherto, shown under instalment received in advance under current liabilities)

2.9 Current Assets

The company has securitised as part of its Vehicle portfolio and has followed the Guidance Note on Accounting for securitisation issued by ICAI. The details are as follows

	Rs. Lakhs
	Till 2006-07
Total No loan asset securitised	27
Total book value of loan asset securitised	3804.14
Asset Derecogniaed	4710.46
Bank Deposit given as collateral	1326.53

The collateral provided in the form of deposits of Rs.1326.53 Lakhs is shown under cash and bank balance with scheduled bank

2.10 Repossessed Assets which hitherto are valued at lower of the settlement value or realizable market value are now stated in the books after making 15% provision uniformly on the repossessed stock value at the end of the year. This change in accounting policy resulted in a provision of Rs.30.48 Lakhs during the current year.

3.0 Deposit account

The total deposit with bank as on 31.03.2007 includes Rs. 21.40 Lakhs towards deposits maintained for unclaimed dividend.



3.1 As on 31.03.2007, there are no amounts outstanding to be transferred to Investor Protection Fund.

3.2 Deferred Tax Liability	Rs. in Lakhs	
	31.03.2007	31.03.2006
Deferred tax liability on account Of Depreciation	98.63	98.21
Less Deferred tax asset On Account of ROC filing fees For increase in share capital	2.83	Nil
Total	95.80	98.21

Profit and Loss Account:

4.1 Gain on securitisation:

During the year, the company has recognized gain of Rs. 324.13 Lakhs in respect of Assets securitised before February 7, 2006 and taken to revenue based on change in the relevant accounting policy. (ref significant accounting policy No. 1.1)

4.2 Adjustment for prior period item:

The collection charges towards the expenses incurred on all live contracts were being recognized as revenue on accrual basis as is quite prevalent in the industry. These charges are meant to cover the cost of traveling, etc towards collections of dues from the customers. Revenue is recognized on a monthly basis and is recoverable only at the time of maturity / termination of the contract. The policy has been reviewed and revised based on certainty of realization and past record of collection. A decision has been taken to recognize income on a conservative basis and to recognize income on cash basis. Consequently, the quantum of collection charges that has been debited to revenue under 'Prior period expenses' is Rs. 2278.58 Lakhs.

4.3 Loss on securitization:

The Company has securitized receivables worth Rs.1787 Lakhs for a value of Rs.1400 Lakhs to Dhandapani Properties (P) Ltd and incurred a loss of Rs.387 Lakhs and the same has been charged off to revenue.

4.4 Foreign currency transactions:

Premia on Forward Exchange contracts is recognised as an expense over the tenure of the contract. Interest accrued on the foreign currency loans have been provided at the forward exchange contract rate. The finance charges include Rs. 2.71 Lakhs on account of forward contract premium to cover exchange fluctuations.

4.5 (a) Remuneration to Managing Director

	Rs. in Lakhs	
	31.03.2007	31.03.2006
Salary	8.35	3.60
House Rent allowance	2.85	0.60
Company's Contribution to PF	1.00	0.43
Total	12.20	4.63



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

	Rs. in Lakhs
Profit / (Loss) before tax as per Profit & Loss Account	(2666.50)
Add: Directors remuneration charged in the accounts	<u>12.20</u>
Net Profit	<u>(2654.30)</u>

5.0 Prior Period Income:

Additional Finance Charges calculated on live contracts with retrospective effect from the date of contract till 31.03.2007 has been quantified at Rs.237.16 Lakhs and reckoned as revenue as prior period income at the rate of 18% based on past realization and debited to Stock on Hire.

5.1 The levy of service tax on hire purchase and leasing transaction introduced with effect from 16.07.2001 has been challenged by Trade Associations before the Madras High court and stay has been obtained. Pending disposal of writ petitions, the company has not remitted service tax of Rs.8.96 Lakhs collected from the customers

5.2 Earnings per share

Profit after tax	Rs. (2684.05) Lakhs
Weighted Average number of equity shares	59,54,320 Shares
Earnings per share Basic and diluted	Rs. (45.08)
Face value per share	Rs. 10.00

5.3 Contingent Liability:

Rs. 424.89 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.

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

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

5.6 Related parties Disclosures:

Consequent to the acquisition of the company by D B Zwirn Mauritius, the related party disclosure has been made taking into consideration the two scenarios, viz., Pre-acquisition and Post-acquisition. Since the transfer of shares to the acquirer took place as on December 2006, the said period has been taken as the cut off date:

I. Related party disclosure – Pre acquisition upto December 2006:

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



- b. Associates: K Dhandapani & Co. Limited, Dhandapani Exports Limited, Dhandapani Business Services Limited, Dhandapani Properties (P) Ltd.
- c. Key Management Personnel: Mr. T N Soundararajan, Managing Director
- d. Relatives of Key Management Personnel: Mr T N Desikan, Mr. T N Kishore.

II. Related party disclosure – Post acquisition after December 2006:

- a. Companies with majority voting power assuming controlling interest:: D B Zwirn Mauritius (the acquirer)
- b. Group company of D B Zwirn Mauritius – D B Zwirn Mauritius Trading N0.2 Ltd.
- c. Key Management Personnel: Mr. T N Soundararajan, Managing Director
Mr. R Ravichandran, Chief Executive Officer

Rs. in Lakhs

Nature of Transactions	Subsidiaries	Associates	Key Management Personnel	Relatives of Key Management Personnel	D B Zwirn Mauritius/ Group Cos	Total
Interest paid on deposits	6.26	2.47	–	1.33	–	10.16
Deposits-Balance at the end of the year	44.24 Cr.	141.22 Dr.	–	–	–	96.98 Dr.
Interest received On deposits	–	64.50	–	–	–	64.50
Remuneration to Key Management Personnels	–	–	27.96	–	–	27.80
Rent Paid	–	0.60	–	–	–	0.60
Subscription of 10% redeemable optionally convertible preference shares	–	–	–	–	2226.00	2226.00
Stamp charges	–	–	–	–	0.30	0.30

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

P.B. SANTHANAKRISHNAN
Partner

Place : New Delhi
Date : 26.06.2007

T.N. SOUNDARARAJAN
Managing Director

S. NAGALAKSHMI
Company Secretary

DANIEL BERNARD ZWIRN
CHRISTOPHER TUNG SUAN
JAIDEEP KRISHNA
R. NAGARAJAN
H KARTHIK SESHADRI
RAJEN PADUKONE
Directors



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	347.91		347.91	
(b) Operating lease				-
(ii) Stock on hire including hire charges under sundry debtors:				
(a) Assets on hire	18682.85		18682.85	
(b) Repossessed Assets	202.68		202.68	
(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				-
(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	38.58		38.58	
(v) Others (please specify)				-



Particulars	Principal	Interest accrued but not due	(Rs.in Lakhs)	
			Amount outstanding	Amount overdue
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)			–	
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		–	30.93	
(b) Companies in the same group		–	–	
(c) Other related parties		–	–	
(ii) Other than related parties pending		–	–	
Total		–	30.93	
(8) Other information				
(i) Gross Non Performing Assets				
(a) Related Parties			Nil	
(b) Other than related parties			395.36	
(ii) Net Non Performing Assets				
(a) Related Parties			Nil	
(b) Other than related parties			252.40	
(iii) Assets acquired in satisfaction of debt			110.00	

**CASH FLOW STATEMENT FOR
THE YEAR ENDED 31st MARCH 2007**



	(Rupees in Lakhs)	
	31.03.2007	31.03.2006
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE INTEREST, TAX AND EXTRAORDINARY ITEMS	1254.95	2279.28
Adjustments for :		
Depreciation	1017.93	92.79
Amortisation of Misc.Exp	-	-
Bad Debts Written Off	142.96	60.12
Provision for interest tax	-	-
Prior Period Adjustment	-	-
Finance Charges	(1656.13)	(1464.43)
Profit on Sale of Assets	-	(2.68)
Loss on sale of Assets	1.88	1.75
	(493.36)	(1312.45)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	761.59	966.83
Adjustments for :		
Trade and other receivables	67.64	113.81
Increase in Stock on Hire	(1527.16)	(837.29)
Increase in Trade bills Purchased	2.92	0.09
Trade Payables	(1526.03)	(279.50)
	(2982.62)	(1002.89)
CASH GENERATED FROM OPERATIONS	(2221.03)	(36.06)
Direct Taxes Paid	(477.70)	(509.88)
Cash Flow before Extraordinary Items	(2698.73)	(545.94)
Extraordinary Items .Issue expenses	(3368.03)	-
Net Cash Flow from Operating Activities	(6066.75)	(545.94)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(165.14)	(135.60)
Sale of Fixed Assets	3.71	7.19
Purchase of Investments		
Purchase of Investments in subsidiary		
Redemption of SLR Investments	28.08	37.63
NET CASH FROM INVESTING ACTIVITIES	(133.35)	(90.78)



	(Rupees in Lakhs)	
	31.03.2007	31.03.2006
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	2226.00	–
Proceeds from Term Borrowings	8729.75	1773.36
Proceeds from bank Borrowings	(3167.64)	(564.93)
Proceeds from Deposits	(2468.63)	497.90
Dividend paid	(133.57)	(138.11)
NET CASH FROM IN FINANCING ACTIVITIES	5185.91	1568.22
D. Net Increase / (Decrease) in Cash & Cash Equivalents	(1014.19)	931.50
E. Opening Cash & Cash Equivalents	2659.76	1723.73
F. Closing Cash & Cash Equivalents	1645.57	2655.23

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

T.N. SOUNDARARAJAN
Managing Director

DANIEL BERNARD ZWIRN
CHRISTOPHER TUNG SUAN
JAIDEEP KRISHNA
R. NAGARAJAN
H KARTHIK SESHADRI
RAJEN PADUKONE
Directors

P.B. SANTHANAKRISHNAN
Partner

S. NAGALAKSHMI
Company Secretary

Place : New Delhi
Date : 26.06.2007

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement for the year ended 31st March 2007. 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.

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

Place : New Delhi
Date : 26.06.2007

P.B. SANTHANAKRISHNAN
Partner
Membership No. 2039

**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 1	0 3	0 7
	Date	Month	Year
II. Capital Raised during the year (Amount in Lakhs)	Public Issue		Rights Issue
	N I L		N I L
	Bonus Issue		Private Placement
	N I L		2 2 2 6
III. Position of Mobilisation and deployment of Funds (Amount in Lakhs)	Total Liabilities		Total Assets
	2 5 4 0 4 . 1 0		2 5 4 0 4 . 1 0
Source of Funds	Paid-up Capital		Reserves & Surplus
	2 8 2 1 . 4 3		2 3 4 8 . 1 8
	Secured Loans		Unsecured Loans
	2 0 0 2 9 . 5 2		1 0 6 . 3 4
	Deferred Tax		
	9 8 . 6 3		
Application of Funds	Net Fixed Assets		Investments
	2 1 7 8 . 0 8		6 9 . 5 1
	Net Current Assets		Misc. Expenditure
	2 3 1 5 6 . 5 1		N I L
	Accumulated Losses		
	N I L		
IV. Performance of the Company	Turnover		Total Expenditure
	3 4 6 3 . 1 4		3 1 9 9 . 4 3
	Profit/(loss) before tax (2 6 6 6 . 5 0)		Profit/(loss) after Tax (2 6 8 4 . 0 5)
	Earning per Share (4 5 . 0 8)		Dividend Rate %
			N I L
V. Generic Names of Three Principal Products / Services of the Company	Item Code No. (ITC Code) N A		
	H I R E P U R C H A S E L E A S I N G		
Service	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. <i>Chartered Accountants</i>	T.N. SOUNDARARAJAN <i>Managing Director</i>	DANIEL BERNARD ZWIRN CHRISTOPHER TUNG SUAN JAIDEEP KRISHNA R. NAGARAJAN H KARTHIK SESHADRI RAJEN PADUKONE <i>Directors</i>	
P.B. SANTHANAKRISHNAN <i>Partner</i>	S. NAGALAKSHMI <i>Company Secretary</i>		
Place : New Delhi Date : 26.06.2007			

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



1	Name of the Subsidiary Company	M/s. Dhandapani Holdings & Securities Ltd	Smart Invest Agency.com (P) Ltd
2	Financial year of the Subsidiary Company	31.03.2007	31.03.2007
3	Holding Company's Interest in the Company	2,99,300 shares of Rs.10/- each (99.77%)	10,000 shares of Rs.10/- each (99.67%)
4	Net aggregate amount of the profits not dealt with in the Holding Company Accounts a. For the subsidiary's financial year on 31.03.07. b. For the previous financial year of the subsidiary company.	 Rs.6.11Lakhs Not applicable	 Rs.0.23 Lakhs Not applicable
5	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 31.03.07. 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.B. SANTHANAKRISHNAN
Partner

Place : New Delhi
Date : 26.06.2007

T.N. SOUNDARARAJAN
Managing Director

S. NAGALAKSHMI
Company Secretary

DANIEL BERNARD ZWIRN
CHRISTOPHER TUNG SUAN
JAIDEEP KRISHNA
R. NAGARAJAN
H KARTHIK SESHADRI
RAJEN PADUKONE
Directors

BOARD OF DIRECTORS

T.N. DESIKAN – Chairman
T.N. KISHORE
T.N. KOTHANDAPANI
T.N. SRIDHARAN
T.N. SOUNDARARAJAN
KUMAR K. SWAMY

REGISTERED OFFICE

: 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 THIRTEENTH ANNUAL REPORT together with the audited accounts for the year ended 31st March 2007.

FINANCIAL RESULTS

Rs. in Lakhs

Particulars	2006-07	2005-06
Gross Income	12.39	20.83
Profit before Depreciation & tax	6.27	18.80
Less: Depreciation	0.16	0.20
Profit before Tax	6.11	18.60
Provision for Taxation	—	4.19
Profit After Tax	6.11	14.41
Add: Balance from last year	81.14	66.73
Profit available for appropriation	81.14	81.14
Balance carried forward	87.25	81.14

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 Directors do not recommend any dividend for the year 2006-07, in order to conserve the resources.

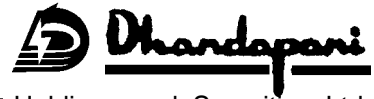
PROSPECTS

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

Sarvashree T N Kothandapani, T N Kishore and T N Sridharan retire at the conclusion of this meeting and being eligible offer themselves for re-appointment.

None of the Directors of the Company are disqualified to hold directorships under the provisions of the Companies Act, 1956.



Holdings and Securities Ltd.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that in the preparation of annual accounts for the year ended 31st March 2007,

1. The applicable accounting standards have been followed along with proper explanations relating to material departures, if any.
2. The accounting policies framed in accordance with the statutory guidelines were consistently applied.
3. Reasonable and prudent judgment and estimates were made as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the Profit of the company for the year ended 31st March 2007.
4. Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of law applicable to the company and for preventing and detecting fraud and other irregularities by evolving an internal audit system.
5. The accounts have been prepared 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.

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 2007 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(1)(B) 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.

Place : New Delhi
Date: 26.06.2007

For & on behalf of the Board
T.N. DESIKAN
Chairman

COMPLIANCE CERTIFICATE



To

The Members

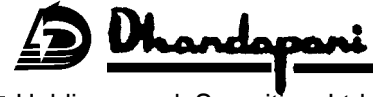
M/s. DHANDAPANI HOLDINGS AND SECURITIES LIMITED

Chennai.

I have examined the registers, records, books and papers of M/s. Dhandapani Holdings and 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, 2007, for issue of Certificate under proviso to 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) is not applicable.
4. The Board of Directors duly met on 11.05.2006, 27.07.2006, 31.10.2006, 21.07.2007 and 24.03.2007 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 Debentureholders during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2006 was held on 06.07.2006 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 dividend was paid to the shareholders within the prescribed time limit 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 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 sections 58A during the financial year.
24. The Company has not made any borrowings during the financial year.
25. The company 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 deposit from its employees during the year under scrutiny.
33. The company is not covered by the provisions of Provident Fund Act during the financial year.

Place: New Delhi
Date : 26.06.2007

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 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

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2007.

1. Balance Sheet filed under Section 220 for the year ended 31.03.2006.
2. Schedule V filed under Section 159 for AGM held on 06.07.2006

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



Holdings and Securities Ltd.

We have audited the attached Balance Sheet of M/s. Dhandapani Holdings and Securities Ltd as on March 31, 2007 and the related 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 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 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, 2007, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2007 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, 2007;
 - ii) in the case of Profit and Loss Account, of the **Profit** for the year ended on that date;

For **V. KRISHNAN & ASSOCIATES**

Chartered Accountants

(V. KRISHNAN)

Partner

Place: New Delhi

Date : 26.06.2007

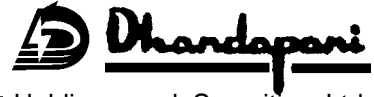
ANNEXURE TO AUDITORS' REPORT



Holdings and Securities Ltd.

(Referred to in paragraph 2 of our report of even date to the members of M/s. Dhandapani Holdings and Securities Ltd.)

- (i) (a) The company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us the 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 the nature of its business.
- (c) No substantial part of fixed assets of the company has been disposed of during the year.
- (ii) 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.
- (iii) The company has granted/taken loans, secured or unsecured, to/from companies, firms other parties covered in the register maintained under Section 301 of the Companies Act.
- (iv) 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.
- (v) (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.
- (vi) The Company has not accepted any deposits coming under the preview of Section 58A of the Companies Act, and the Rules framed thereunder.
- (vii) In our opinion, the company's present internal audit system is commensurate with its size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Act.
- (ix) (a) The provisions of Provident Fund, Employees' State Insurance, Customs Duty, Excise Duty, Cess are not applicable to the Company.
- (b) According to the information and explanations given to us and records of the Company examined by us the Company has been regular in paying of Income Tax and Wealth Tax.
- (x) The company did not have any accumulated losses at the end of the financial year, nor had it incurred any cash loss during the financial year or in the immediately preceding financial year.
- (xi) According to the records produced, the company has not defaulted in repayment of its 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.



Holdings and Securities Ltd.

- (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 a Stock Broker and regular in filing returns with the concerned authorities.
- (xv) 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 during the year to parties and companies covered in the register maintained under Section 301 of the companies 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 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

Place: New Delhi

Date : 26.06.2007

BALANCE SHEET AS ON 31st MARCH 2007



Holdings and Securities Ltd.

	Sch. No.	Rs.	31.03.2007 Rs.	Rs.	31.03.2006 Rs.
I. SOURCES OF FUNDS					
1. Shareholders' Funds:	1				
a) Capital			3000000		3000000
b) Reserves & Surplus	2		8863631		8252763
2. Deferred Tax			3310		3310
3. Secured Loans:			—		—
4. Unsecured Loans:			—		—
Total			11866941		11256073
II. APPLICATION OF FUNDS					
1. Fixed Assets:	3				
Gross Block		935157		935157	
Less: Depreciation		<u>846333</u>		<u>829768</u>	
Net Block			88824		105389
2. Investments	4		7335385		7335386
3. Current Assets, Loans and Advances					
Current Assets	5	452262		455635	
Loans and Advances	6	<u>4860000</u>		<u>4480693</u>	
A		5312262		4936328	
Less: Current Liabilities & Provisions					
Current Liabilities	7	<u>869531</u>		<u>1121030</u>	
B		869531		1121030	
Net Current Assets	A-B		4442731		3815298
Total			11866941		11256073

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

Place : New Delhi
Date : 26.06.2007

T.N. DESIKAN
T.N. KISHORE
T.N. KOTHANDAPANI
T.N. SRIDHARAN
T.N. SOUNDARARAJAN
KUMAR K. SWAMY
Directors

**PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31st MARCH 2007**



Holdings and Securities Ltd.

	Sch. No.	31.03.2007 Rs.	31.03.2006 Rs.
1. INCOME			
Income from Operations	8	1239069	2082751
Total	A	<u>1239069</u>	<u>2082751</u>
2. EXPENDITURE			
1. Finance Charges	9	7538	369
2. Administrative & Other Expenses	10	604098	202445
Total	B	<u>611636</u>	<u>202814</u>
Profit/(Loss) Before Depreciation and Tax A - B		627433	1879937
Less : Depreciation		16565	19815
Profit (Loss) Before Tax		610868	1860122
Less: Provision for Taxation			
Current Tax	–		420115
Less: Deferred Tax	–		<u>696</u>
		<u>–</u>	<u>419419</u>
		610868	1440703
Less: Preliminary Expenses Written Off		–	–
Profit After Tax		610868	1440703
Add: Brought forward from Previous year		8114863	6674160
		<u>8725731</u>	<u>8114863</u>
3. APPROPRIATION			
Surplus Balance Carried to Balance Sheet		8725731	8114863
		<u>8725731</u>	<u>8114863</u>

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 : New Delhi
Date : 26.06.2007

T.N. DESIKAN
T.N. KISHORE
T.N. KOTHANDAPANI
T.N. SRIDHARAN
T.N. SOUNDARARAJAN
KUMAR K. SWAMY
Directors

**SCHEDULES FORMING PART OF THE
BALANCE SHEET AS AT 31st MARCH 2007**



Holdings and Securities Ltd.

		Rs. 31.03.2007	Rs. 31.03.2006
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		<u>8725731</u>	<u>8114863</u>
		<u>8863631</u>	<u>8252763</u>
SCHEDULE -4 INVESTMENTS			
Name of the Scrip	No. of Shares		
Dhandapani Finance Ltd	274100	3563300	3563300
K. Dhandapani & Co. Limited	13400	160064	160064
Pal Puegeot Limited	300	2953	2953
Carborandum Universal	800	6640	6640
Syndicate Bank	1000	75030	75030
Yes Bank	1000	72050	72050
ITC Inds	6000	791127	791127
Ultra Tech Cement	500	229587	229587
ICICI Bank Ltd	2000	1064300	1064300
Ranbaxy Lab	1000	390835	390835
Bank of Baroda	1650	379500	379500
SBI Blue Chip Fund	50000	500000	500000
		<u>7235386</u>	<u>7235386</u>
Market Value as on 31.03.07 - Rs.188.86 Lakhs			
UNQUOTED SHARES			
Smart Invest Agency . Com Pvt Ltd	10000	100000	100000
GRAND TOTAL		<u>7335386</u>	<u>7335386</u>

SCHEDULE -3 FIXED ASSETS

(Figures in Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION BLOCK			NET BLOCK	
	Cost as on 01.04.2006	Additions 31.03.2007	Cost as on 31.03.2007	Upto 01.04.2006	For 2006-07	Upto 31.03.2007	As on 31.03.2007	As on 31.03.2006
Airconditioner	177149	0	177149	144811	4498	149309	27840	32338
Computers	192574	0	192574	191957	247	192204	370	617
Furnitures	397457	0	397457	355808	7538	363346	34111	41649
Electrical Fittings	88793	0	88793	72572	2256	74828	13965	16221
Telephones	74856	0	74856	61113	1912	63025	11831	13743
Name Board	4328	0	4328	3507	114	3621	707	821
Total	935157	0	935157	829768	16565	846333	88824	105389
Previous Year	935157	0	935157	809953	19815	829768	105389	125204

**SCHEDULES FORMING PART OF THE
BALANCE SHEET AS AT 31st MARCH 2007**


Dharmapani
Holdings and Securities Ltd.

**SCHEDULES FORMING PART OF THE
BALANCE SHEET AS AT 31st MARCH 2007**



Holdings and Securities Ltd.

	Rs. 31.03.2007	Rs. 31.03.2006
SCHEDULE -5 CURRENT ASSETS		
Bank A/c	221647	225496
Tax Deducted at source	230615	230139
Income / Intt Accrued	-	-
	<u>452262</u>	<u>455635</u>
SCHEDULE - 6 LOANS AND ADVANCES		
Deposits - Telephone	30000	35825
Coimbatore Stock Exchange	600000	1153798
Others	5000	36070
ICD - DFL	4225000	3255000
	<u>4860000</u>	<u>4480693</u>
SCHEDULE -7 CURRENT LIABILITIES		
Sundry Creditors	1641	1641
Provision for Taxation	854544	1106044
DFL - WU	-	-
For Expenses/Audit Fee	13346	13345
	<u>869531</u>	<u>1121030</u>
SCHEDULES FORMING PART OF THE P&L A/C FOR THE YEAR ENDED 31ST MARCH 2007		
SCHEDULE -8 INCOME FROM OPERATIONS		
Service Charges - Others	4588	50934
Dividend Income	633105	601650
Finance Charges - Others	597310	553248
Profit on sale of Shares	-	869287
General Insurance commission	-	416422
W U Comm	4066	7632
	<u>1239069</u>	<u>2082751</u>

**SCHEDULES FORMING PART OF THE PROFIT AND LOSS
ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007**



Holdings and Securities Ltd.

	Rs. 31.03.2007	Rs. 31.03.2006
SCHEDULE - 9 FINANCE CHARGES		
Bank Charges	7538	369
	<u>7538</u>	<u>369</u>
SCHEDULE - 10 ADMINISTRATIVE AND OTHER EXPENSES		
Salary	-	88683
Service Charges	554203	5877
Service Tax Paid	-	16186
Printing and Stationery	-	201
Auditors' Remuneration	10000	15510
Telephone Charges	-	23916
Rates & Taxes	3000	4500
Ex-gratia (Bonus)	-	2500
SEBI Fees	-	5000
Travelling Exps	-	32912
ICICI Home Loan Exps	-	5160
Business Promotion Exps	-	2000
Bad Debts Written Off	31070	-
Repairs & Maintenance	5825	-
	<u>604098</u>	<u>202445</u>

NOTES FORMING PART OF ACCOUNTS

A) Accounting Policies:

1. **Income Recognition:**
 - a. Service Charges are accounted on accrual basis.
 - b. Dividend Income are accounted on receipt basis.
 - c. Finance Charges receipts are accounted on receipt basis.
2. **Depreciation :**
Depreciation on Own Assets:
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.
3. **Fixed Assets:**
Fixed assets are carried at historical cost less accumulated depreciation.
4. **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 wherever necessary.

**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 7

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 1 8 6 6

Total Assets

1 1 8 6 6

Source of Funds

Paid-up Capital

3 0 0 0

Reserves & Surplus

8 8 6 3

Secured Loans

N I L

Unsecured Loans

N I L

Application of Funds

Net Fixed Assets

8 8

Investments

7 3 3 5

Net Current Assets

4 4 4 3

Misc. Expenditure

N I L

Accumulated Losses

N I L

IV. Performance of the Company

Turnover

1 2 3 9

Total Expenditure

6 1 2

Profit before tax

6 1 0

Profit after Tax

6 1 0

Earning per Share Rs.

2 . 0 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

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

Place : New Delhi

Date : 26.06.2007

T.N. DESIKAN

T.N. KISHORE

T.N. KOTHANDAPANI

T.N. SRIDHARAN

T.N. SOUNDARARAJAN

KUMAR K. SWAMY

Directors

BOARD OF DIRECTORS

T.N. DESIKAN
T.N. SOUNDARARAJAN

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.

DIRECTORS' REPORT

Your Directors have great pleasure in presenting the Sixth Annual Report together with the audited accounts for the year ended 31st March 2007.

FINANCIAL RESULTS

The accompanying Profit and Loss Account shows a profit after tax of Rs. 0.23 Lakhs. The profit for the year is transferred to the Balance Sheet.

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 2006-2007 with a view to conserve resources.

PROSPECTS

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

DIRECTORS

As per the Articles the First Directors have been appointed for the lifetime and hence the question of reappointment does not arise. There are no other directors who are subject to re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that in the preparation of annual accounts for the year ended 31st March 2007.

1. The applicable accounting standards have been followed along with the proper explanations relating to material departures, if any.
2. The accounting policies framed in accordance with the statutory guidelines were consistently applied.
3. Reasonable and prudent judgment and estimates were made as to give a true and fair view of the state of affairs of the company as at the end of the financial year and of the Profit of the company for the year ended 31st March 2007.
4. Proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of law applicable to the company and for preventing and detecting fraud and other irregularities by evolving an internal audit system
5. The accounts have been prepared 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(1)(B) 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: New Delhi

Date : 26.06.2007

T N DESIKAN

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 on March 31, 2007 and the related 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 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 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, 2007, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2007 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, 2007;
 - ii) in the case of Profit and Loss Account, of the **Profit** for the year ended on that date;

For **V. KRISHNAN & ASSOCIATES**

Chartered Accountants

(V. KRISHNAN)

Partner

Place: New Delhi

Date : 26.06.2007

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)

- (i) (a) The company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us the 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 the nature of its business.
- (c) No substantial part of fixed assets of the company has been disposed of during the year.
- (ii) 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.
- (iii) The company has granted/taken loans, secured or unsecured, to/from companies, firms other parties covered in the register maintained under Section 301 of the Companies Act.
- (iv) 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.
- (v) (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.
- (vi) The Company has not accepted any deposits coming under the preview of Section 58A of the Companies Act, and the Rules framed thereunder.
- (vii) In our opinion, the company's present internal audit system is commensurate with its size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under Section 209 (1)(d) of the Act.
- (ix) (a) The provisions of Provident Fund, Employees' State Insurance, Customs Duty, Excise Duty, Cess are not applicable to the Company.
- (b) According to the information and explanations given to us and records of the Company examined by us the Company has been regular in paying of Income Tax and Wealth Tax.
- (x) The company did not have any accumulated losses at the end of the financial year, nor had it incurred any cash loss during the financial year or in the immediately preceding financial year.
- (xi) According to the records produced, the company has not defaulted in repayment of its 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) 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 during the year to parties and companies covered in the register maintained under Section 301 of the companies 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 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

Place: New Delhi
Date : 26.06.2007

BALANCE SHEET AS ON 31st MARCH 2007**Smartinvest**

AGENCY.COM PRIVATE LIMITED

	Sch. No.	Rs.	31.03.2007 Rs.	Rs.	31.03.2006 Rs.
I. SOURCES OF FUNDS					
1. Shareholders' Funds:					
a) Capital	1	103000		103000	
b) Reserve & Surplus	2	<u>108153</u>		<u>85564</u>	
			211153		188564
2. Secured Loans			—		—
3. Unsecured Loans			—		—
			<u>211153</u>		<u>188564</u>
Total			<u>211153</u>		<u>188564</u>
II. APPLICATION OF FUNDS					
1. Fixed Assets			—		—
2. Investments			—		—
3. Current Assets, Loans and Advances					
Current Assets	3	<u>212033</u>		<u>208451</u>	
		212033		208451	
Less: Current Liabilities & Provisions	4	<u>4000</u>		<u>23787</u>	
			208033		184664
4. Miscellaneous Expenditure	5		3120		3900
			<u>211153</u>		<u>188564</u>
Total			<u>211153</u>		<u>188564</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

Place : New Delhi
Date : 26.06.2007

T.N. DESIKAN

T.N. SOUNDARARAJAN

Directors

**PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31st MARCH 2007**

Smartinvest

AGENCY.COM PRIVATE LIMITED

	Sch. No.	31.03.2007 Rs.	31.03.2006 Rs.
I. INCOME			
Income from Operations		30879	29666
II. EXPENDITURE			
1. Finance Charges		5110	110
2. Administrative & Other Expenses		400	2400
3. Audit Fees		2000	-
		7510	2510
Profit/(Loss) Before Depreciation and Tax		23369	27156
Depreciation		-	-
Profit (Loss) Before Tax		23369	27156
Less: Provision for Taxation		-	9141
		23369	18015
Less: Preliminary Expenses Written Off		780	780
		22589	17235
Balance Transferred from Previous Year		85564	68329
Balance Transferred to Balance Sheet		108153	85564

Notes to Account form part of this Profit and Loss Account

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

T.N. DESIKAN

T.N. SOUNDARARAJAN

V. KRISHNAN
Partner

Directors

Place : New Delhi
Date : 26.06.2007

**SCHEDULES FORMING PART OF THE
BALANCE SHEET AS ON 31st MARCH 2007**

Smartinvest

AGENCY.COM PRIVATE LIMITED

	31.03.2007	31.03.2006
	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	85564	68329
Add: Additions	22589	17235
Closing Balance	<u>108153</u>	<u>85564</u>
SCHEDULE -3 CURRENT ASSETS		
Cash and Bank Balances	5634	10451
ICD - DFL	199000	198000
Advance Tax	7399	-
	<u>212033</u>	<u>208451</u>
SCHEDULE -4 CURRENT LIABILITIES & PROVISIONS		
For Expenses	4000	4000
For Tax	-	19787
	<u>4000</u>	<u>23787</u>
SCHEDULE -5 MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF		
Preliminary Expenditure	3900	4680
Less: Written off in P&L A/c	780	780
	<u>3120</u>	<u>3900</u>

NOTES FORMING PART OF ACCOUNTS

A) Accounting Policies:

- Income Recognition:
Finance Charges receipts are accounted on receipt 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 7

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 1

Total Assets

2 1 1

Source of Funds

Paid-up Capital

1 0 3

Reserves & Surplus

1 0 8

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 0 8

Misc. Expenditure

0 0 3

Accumulated Losses

N I L

IV. Performance of the Company

Turnover

3 0

Total Expenditure

8

Profit before tax

2 3

Profit after Tax

2 3

Earning per Share Rs.

2 . 1 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

T.N. DESIKAN

for V. KRISHNAN & ASSOCIATES

T.N. SOUNDARARAJAN

Chartered Accountants

V. KRISHNAN

Partner

Directors

Place : New Delhi

Date : 26.06.2007

AUDITORS' REPORT



AUDITOR'S 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 31st March 2007, the Consolidated Profit and Loss Account and 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.120.78 lakhs as at 31st March 2007 and total revenues of Rs.12.70 lakhs for the year ended 31st March 2007. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it related to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards 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 Ltd and its subsidiaries included in the consolidated financial statements.
 - a. *As stated in Note No 5.0 of Dhandapani Finance Limited, consequent to change in accounting policy, additional finance charges are being accounted on accrual basis as against the cash basis adopted in the earlier years resulting in additional income of Rs.237.16 lakhs and consequently increase in profit to the extent of the same amount.*
 - b. *As stated in Note No.4.1 of Dhandapani Finance Limited, consequent to change in accounting policy, gain on securitization is being reckoned as income on the transaction date for transactions with retrospective effect resulting in an additional income of Rs. 324.13 lakhs and consequently profits have increased by the same amount.*
 - c. *In the case of Dhandapani Finance Limited, Collection charges were being accounted on accrual basis until the Financial Year 2005-06. However during the current year the company has changed the accounting policy in respect accounting for collection charges in order to account for the same on the receipt basis as referred to in Note No.4.2.*
 - d. *Attention is invited to note No. 2.6 of Dhandapani Finance Limited, during the year the Dhandapani Finance Limited, has written off Rs. 9.30 Crores as impairment in the value of Leased Assets.*



-
- e. Attention is invited to Note No 4.3 of Dhandapani Finance Limited – the company during the year has written off Rs. 387.32 lakhs arising out of credit sale of Rs. 1787.32 lakhs of Hire Purchase receivables due from 108 parties as per books and the amount of Rs. 1400 lacs, receivable due from 108 parties as per books and the amount of Rs. 1400 lakhs, receivable on such sale is shown as advance under current assets for which adequate security in the form of immovable property valued Rs. 1400 lakhs has been taken.*

Subject to the matters specified in a to c above the net effect of which has resulted in increase in loss by Rs. 1717.29 lakhs, 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 March 31, 2007:
- ii) The consolidated Profit and Loss Account gives a true and fair view of the of 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:

Place: New Delhi
Date : 26.06.2007

For and on behalf of
P B VIJAYARAGHAVAN & CO.
Chartered Accountants
P B SANTHANAKRISHNAN
Partner
Membership No. 20309

CONSOLIDATED BALANCE SHEET AS ON 31st MARCH 2007



LIABILITIES		SCH NO	(Rs.in Lakhs)	
I	SOURCE OF FUNDS		31.03.2007	31.03.2006
	1. Shareholders Funds			
	a) Capital	1	2794.02	568.02
	b) Reserves & Surplus	2	<u>2429.45</u>	<u>3770.29</u>
			5223.47	4338.31
	2. Minority Interest		0.32	0.30
	3. Deferred Tax Credit		98.66	98.24
	4. Loan Funds			
	a) Secured Loans	3	20029.52	14467.41
	b) Unsecured Loans	4	<u>62.10</u>	<u>2540.44</u>
			<u>20091.62</u>	<u>17007.85</u>
	TOTAL		<u>25414.07</u>	<u>21444.70</u>
	ASSETS			
II	APPLICATION OF FUNDS			
	1. Fixed Assets			
	a. Gross Block		4708.21	2314.14
	b. Impairment of assets		930.00	
	c. Less Depreciation		<u>1599.24</u>	<u>1519.67</u>
	Net Block	5	2178.97	794.47
	2. Investments	6	76.30	105.43
	3. Current Assets			
	Loans & Advances			
	a) Current Assets	7	20534.19	18897.09
	b) Loans & Advances	8	<u>2972.82</u>	<u>3567.62</u>
	(A)		<u>23507.01</u>	<u>22464.71</u>
	Less: Current Liabilities & Provisions			
	a) Current Liabilities	9	205.29	1729.12
	b) Provisions	10	<u>142.96</u>	<u>190.83</u>
	(B)		<u>348.24</u>	<u>1919.95</u>
	Net Current Assets (A-B)		23158.77	20544.76
	4. Miscellaneous Expenditure (to the extent not written off or adjusted)		<u>0.03</u>	<u>0.04</u>
	TOTAL		<u>25414.07</u>	<u>21444.70</u>

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

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

T.N. SOUNDARARAJAN
Managing Director

DANIEL BERNARD ZWIRN
CHRISTOPHER TUNG SUAN
JAIDEEP KRISHNA
R. NAGARAJAN
H KARTHIK SESHADRI
RAJEN PADUKONE
Directors

P.B. SANTHANAKRISHNAN
Partner

S. NAGALAKSHMI
Company Secretary

Place : New Delhi
Date : 26.06.2007

**CONSOLIDATED PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH 2007**



		(Rs. in Lakhs)	
1. INCOME	SCH NO	31.03.2007	31.03.2006
a. Income from financing operations	12	3475.83	2832.36
b. Other income	13	115.77	76.75
A		<u>3591.61</u>	<u>2909.11</u>
2. EXPENDITURE			
a. Finance charges	14	1656.27	1464.39
b. Establishment charges	15	266.21	170.46
c. Administrative & Other expenses	16	367.22	287.38
d. Provisions & Write off		142.96	60.12
e. Bad debt Written off	17	772.99	-
f. Issue expenses written off		-	0.01
B		<u>3205.65</u>	<u>1982.36</u>
Profit before Depreciation & Tax A-B		385.96	926.75
Add: Prior period income		239.15	-
Less: Prior period expenses		(2267.20)	-
Depreciation		(88.09)	92.99
Impairment of Assets		(930.00)	-
Profit before Tax		(2660.18)	833.76
Less: Provision for Taxation			
Current Tax		-	(313.88)
Fringe Benefit Tax		(17.13)	-
Add: Deferred Tax		(0.42)	11.53
Profit After Tax		(2667.72)	531.41
ADD Brought forward from previous year		108.94	86.76
		<u>(2568.78)</u>	<u>618.17</u>
3. APPROPRIATION			
Dividend (inclgd Dividend Tax)		-	135.79
Transfer to Statutory Reserve		-	103.35
Transfer to General Reserve		-	270.00
Surplus balance carried to Balance sheet		(2568.78)	109.03
		<u>(2568.78)</u>	<u>618.17</u>
Weighted average number of equity shares of Rs.10/- each outstanding during the year	Nos	5680220	
Basic and diluted earning per share	Rs.	(46.97)	
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. <i>Chartered Accountants</i>	T.N. SOUNDARARAJAN <i>Managing Director</i>	DANIEL BERNARD ZWIRN CHRISTOPHER TUNG SUAN JAIDEEP KRISHNA R. NAGARAJAN H KARTHIK SESHADRI RAJEN PADUKONE <i>Directors</i>	
P.B. SANTHANAKRISHNAN <i>Partner</i>	S. NAGALAKSHMI <i>Company Secretary</i>		
Place : New Delhi Date : 26.06.2007			

**SCHEDULES FORMING PART OF THE CONSOLIDATED
BALANCE SHEET AS AT 31st MARCH 2007**



		(Rs. in Lakhs)						
		31.03.2007	31.03.2006					
SCHEDULE 1 SHARE CAPITAL								
AUTHORISED								
(1,00,00,000 equity shares of Rs 10/- each and		1000.00	700.00					
(2,50,00,000 preference shares of Rs 10/- each)		2500.00	700.00					
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	-					
SUBSCRIBED AND PAIDUP								
(59,54,320 equity shares of Rs 10/- each)	595.43							
Less shares held by DHSL	27.41	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 Optionally Convertible preference shares of Rs.10/ each)		2226.00	-					
Fully held by DB Zwirn Mauritius Trading No.2 Ltd. Convertible into equity shares at the end of 18 months @ Rs.58/- per share		2794.12	568.02					
SCHEDULE 2 RESERVES & SURPLUS								
	General Reserve	Security Premium	Statutory Reserve	Capital Reserve	Revaluation Reserve	P&L Account		
Opening balance	2544.19	134.07	961.98	21.31	0.00	108.52		
Additions:	0.00	0.00	0.00	9.35	1336.90	(2677.53)		
Deductions (minority interest)	9.13	0.00	0.00	0.00	0.00	0.22		
	2535.06	134.07	961.98	30.66	1336.90	(2569.23)	2429.45	3770.30
SCHEDULE 3 SECURED LOANS								
From Banks secured by Hypothecation of stock on Hire Purchase and Leased Assets and guaranteed by the Promoter Directors					8344.94		11512.58	
From Financial Institutions secured by Hypothecation of stock on Hire Purchase and Leased Assets and guaranteed by Chairman and Managing Director.					11684.58		2954.83	
					20029.52		14467.41	
SCHEDULE 4 UNSECURED LOANS								
Loans from Directors and Relatives					62.10		116.19	
From Banks and Corporates					-		2424.25	
TOTAL					62.10		2540.44	

SCHEDULE 6 – FIXED ASSETS

(Rs. in Lakhs)

PARTICULARS	RATE	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
		As on 01.04.06	Addns	Delns	As on 31.03.07	As on 01.04.06	Addns	With- drawn	As on 31.03.07	As on 31.03.07	As on 31.03.06
Land	–	229.85	1448.15	25.00	1653.00	–	–	–	–	1653.00	229.85
Building	5%	76.63	–	–	76.63	26.00	2.53	–	28.53	48.10	50.63
Typewriters	13.91%	1.07	–	–	1.07	0.84	0.03	–	0.90	0.17	0.20
Name Board	18.10%	1.51	0.07	–	1.58	1.27	0.05	–	1.32	0.26	0.24
Elec. Fittgs.	13.91%	23.23	0.06	–	23.29	12.70	1.52	–	14.22	9.07	10.53
Neon Sign	13.91%	2.41	–	–	2.41	1.59	0.11	–	1.70	0.71	0.82
Vehicles	25.89%	118.52	8.55	12.97	114.10	61.93	12.57	8.53	65.97	48.13	56.59
Computers	40%	111.99	38.07	–	150.06	92.36	8.31	–	100.67	49.39	19.63
A/C	13.91%	16.66	0.94	–	17.60	12.62	0.56	–	13.18	4.42	4.04
Office Eqmt	13.91%	14.03	2.11	–	16.14	8.88	0.88	–	9.76	6.38	5.15
Fax & Xerox	13.91%	2.21	0.09	–	2.30	1.21	0.15	–	1.36	0.94	1.00
Frankg Mach.	13.91%	0.30	–	–	0.30	0.24	0.01	–	0.25	0.05	0.06
Furniture	18.10%	35.60	2.64	–	38.24	26.10	2.80	–	28.90	9.34	9.50
Leased Asset	–	1680.03	930.00	930.00	1680.03	1273.78	58.35	–	1332.13	347.91	406.25
Intangible Assets	33.33%	–	1.38	–	1.38	–	0.23	–	0.23	1.15	–
Total		2314.13	2432.05	967.97	3778.21	1519.70	88.10	8.53	1599.24	2178.97	794.43
Previous Year		2204.96	135.62	26.44	2314.14	1436.08	92.95	9.36	1519.67	794.47	768.88



**SCHEDULES FORMING PART OF THE CONSOLIDATED
BALANCE SHEET AS AT 31st MARCH 2007**



(Rs. in Lakhs)
31.03.2007 31.03.2006

SCHEDULE 6 INVESTMENTS AT COST

Long Term

A) Quoted -Non Trade	Face Value	COST Value (Rs. In Millions)	Market Value		
(1) Govt Loans/Stocks					
2012 7.8% Tamilnadu loans	10.00	10.68	10.32		
2012 6.8% Tamilnadu loans	5.00	5.15	5.14		
2012 7.80% Tamilnadu Loans	3.50	3.82	3.61		
2012 6.85% GOI Stock	3.00	3.13	2.86		
2013 6.35% Tamilnadu loans	14.50	14.76	13.93		
2013 6.35% Karnataka loans	1.00	1.04	0.95		
	<u>37.00</u>	<u>38.58</u>	<u>36.81</u>	38.58	67.71

Name of the Scrip	No. of Shares		
K. Dhandapani & Co. Limited	13400	1.60	1.60
Carborandum Universal	800	0.07	0.07
Syndicate Bank	1000	0.75	0.75
Yes Bank	1000	0.72	0.72
ITC Inds	6000	7.91	7.91
Ultra Tech Cement	500	2.29	2.29
ICICI Bank Ltd	2000	10.64	10.64
Ranbaxy Lab	1000	3.91	3.91
Bank of Baroda	1650	3.79	3.80
SBI Blue Chip Fund	50000	5.00	5.00
Dhandapani Business Service Limited	10000	1.00	1.00
Palpugot Limited	300	0.04	0.03
		<u>76.30</u>	<u>105.43</u>

(Market Value Rs.188.86 Lakhs)

**SCHEDULES FORMING PART OF THE CONSOLIDATED
BALANCE SHEET AS AT 31st MARCH 2007**



	(Rs. in Lakhs)	
	31.03.2007	31.03.2006
SCHEDULE 7 CURRENT ASSETS		
A. Stock on Hire including hire charges under Sundry debtors		
1. Assets on Hire (Agreement value less Instalments Received) Net off UMFC	18682.85	16173.01
2. Repossessed Stock on Hire	202.68	58.19
B. Trade Bills Purchased	0.84	3.77
C. Cash & Bank Balances with Scheduled banks		
Current account	160.50	14.39
Deposit account	1348.43	2444.11
Cash on hand	138.91	203.62
	<u>20534.19</u>	<u>18897.09</u>
SCHEDULE 8 LOANS AND ADVANCES		
Unsecured Considered goods		
1. Advances for purchase (HP assets)	222.68	2806.89
Secured Loans	1600.00	-
2. Advance payment of Tax (net of Provisions)	895.66	432.71
3. Income accrued but not due on investments	17.70	8.42
Others	191.34	275.75
4. Deposits	10.02	9.76
5. Other advances	35.41	34.10
	<u>2972.82</u>	<u>3567.63</u>

**SCHEDULES FORMING PART OF THE CONSOLIDATED
BALANCE SHEET AS AT 31st MARCH 2007**



	(Rs. in Lakhs)	
	31.03.2007	31.03.2006
SCHEDULE 9 CURRENT LIABILITIES		
Sundry Creditors		
a. for expenses	136.00	72.62
b. Insurance and others	39.23	–
c. Instalment in advance	–	1209.56
Income accrued but not due on securitisation	–	402.54
Interest accrued but not due on deposits	0.80	17.36
Investor Education & Protection Fund – Dividend payable	29.26	27.04
	205.29	1729.11
SCHEDULE 10 PROVISIONS		
1. Proposed Dividend	–	135.79
2. Non Performing Asset	142.96	55.04
	142.96	190.83
SCHEDULE 11 MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)		
Miscellaneous expenses	0.03	0.04
	0.03	0.04
SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007		
SCHEDULE 12 INCOME FROM FINANCING OPERATIONS		
1. Finance charges earned	2554.30	2811.01
2. Income from Bills purchased	2.52	0.22
3. Service Charges - Others	0.04	0.50
4. Dividend Income	6.34	6.02
5. Finance Charges - Others	5.97	5.53
6. W U Comm	0.04	0.08
7. Income from other operations	0.31	0.31
8. Profit on Sale of Shares	–	8.69
9. Gain on securitisation	906.32	–
	3475.83	2832.36

**SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND
LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2007**



	(Rs. in Lakhs)	
	31.03.2007	31.03.2006
SCHEDULE 13 OTHER INCOME		
1. Interest receipts on Investments	116.82	74.07
2. Profit on sale of assets	(1.05)	2.68
	115.77	76.75
SCHEDULE 14 INTEREST ON LOANS / FINANCE CHARGES		
1. On Deposits	0.36	19.28
2. On Bank Limits	1279.54	1236.43
3. On Financial Institution	363.30	187.71
4. On Inter corporate deposits	13.11	20.97
5. Brokerage	(0.04)	-
	1656.27	1464.39
SCHEDULE 15 ESTABLISHMENT CHARGES		
1. Salaries, allowances and Bonus	172.88	113.79
2. Staff Welfare expenses	71.81	40.42
3. Company's contribution to PF	21.52	16.25
	266.21	170.46
SCHEDULE 16 ADMINISTRATION AND OTHER EXPENSES		
1. Rent	18.01	15.38
2. Rates and Taxes	30.95	17.51
3. Electricity charges	11.14	9.63
4. Insurance	2.19	2.08
5. Telephone charges	37.05	34.71
6. Deposit Mobilisation expenses	7.29	10.85
7. Advertisement	1.41	0.76
8. Loss on sale of assets	0.83	1.61
9. Remuneration to Auditors		
Statutory Audit Fees	3.00	1.05
Tax Audit Fees	1.00	0.25
Taxation Matters / Representations etc.	3.00	0.50
Certification	0.60	0.10
Out of Pocket expenses	0.20	-
Service Tax	0.37	0.10
10. Other expenses	250.08	192.70
	367.22	287.38

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31st MARCH 2007**



	(Rupees in Lakhs)	
	31.03.2007	31.03.2006
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE INTEREST, TAX AND EXTRAORDINARY ITEMS	1262.24	2286.84
Adjustments for :		
Depreciation	1018.09	92.99
Amortisation of Misc.Exp	-	0.01
Bad Debts Written Off	142.96	-
Provision for interest tax	-	-
Prior Period Adjustment	-	-
Finance Charges	(1656.27)	(1464.39)
	<u>(495.22)</u>	<u>(1371.39)</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	767.02	915.45
Adjustments for :		
Trade and other receivables	73.57	115.01
Increase in Stock on Hire	(1527.16)	(787.23)
Increase in Trade bills Purchased	2.93	0.08
Trade Payables	(1526.04)	(279.31)
	<u>(2976.71)</u>	<u>(951.45)</u>
CASH GENERATED FROM OPERATIONS	(2209.69)	(36.00)
Direct Taxes Paid	(462.53)	(513.69)
Cash Flow before Extraordinary Items	(2672.22)	(549.69)
Extraordinary Items Issue expenses	(3385.00)	-
Net Cash Flow from Operating Activities	(6057.22)	(549.69)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(165.15)	(135.60)
Sale of Fixed Assets	3.71	17.70
Purchase of Investments	(0.01)	(14.71)
Sale Investments	28.08	46.32
NET CASH FROM INVESTING ACTIVITIES	(133.36)	(84.28)



	(Rupees in Lakhs)	
	31.03.2007	31.03.2006
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital	2226.10	–
Proceeds from Term Borrowings	8729.75	1773.31
Proceeds from Bank Borrowings	(3167.64)	(564.90)
Proceeds from Deposits	(2478.34)	599.76
Dividend paid	(133.57)	(138.11)
NET CASH FROM IN FINANCING ACTIVITIES	5176.30	1571.10
D. Net Increase / (Decrease) in Cash & Cash Equivalents	(1014.28)	937.13
E. Opening Cash & Cash Equivalents	2662.12	1724.98
F. Closing Cash & Cash Equivalents	1647.84	2662.12
SUBJECT TO OUR REPORT OF EVEN DATE for P.B. VIJAYARAGHAVAN & CO. <i>Chartered Accountants</i>	T.N. SOUNDARARAJAN <i>Managing Director</i>	DANIEL BERNARD ZWIRN CHRISTOPHER TUNG SUAN JAIDEEP KRISHNA R. NAGARAJAN H KARTHIK SESHADRI RAJEN PADUKONE <i>Directors</i>
P.B. SANTHANAKRISHNAN <i>Partner</i>	S. NAGALAKSHMI <i>Company Secretary</i>	
Place : New Delhi Date : 26.06.2007		

AUDITOR'S CERTIFICATE

We have examined the above Cash Flow Statement for the year ended 31st March 2007. 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.

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

Place : New Delhi
Date : 26.06.2007

P.B. SANTHANAKRISHNAN
Partner
Membership No. 20309



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-FIRST ANNUAL GENERAL MEETING, held at Rani Seethai Hall, 603, Anna Salai, 1st Floor, Chennai – 600 006 on Friday the 28th September 2007 at 2.00 p.m. as a Shareholder / Proxy*

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

SIGNATURE OF THE SHAREHOLDER / PROXY



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-FIRST ANNUAL GENERAL MEETING of the Company to be held held at Rani Seethai Hall, 603, Anna Salai, 1st Floor, Chennai – 600 006 on Friday the 28th September 2007 at 2.00 p.m. and at any adjournment thereof.

Signed this..... Day of.....2007

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, Off. North Usman Road, T. Nagar, Chennai 600 017, not less than 48 hours before the time for holding the meeting.