



**36<sup>th</sup>**

**ANNUAL REPORT**

**2009-2010**

## **BOARD OF DIRECTORS**

Mr. O. Swaminatha Reddy  
Chairman

Mr. Mahendra Agarwal

Mr. R.S. Agarwala

Mr. S.M. Jalan

Dr. D.R. Agarwal

Mr. V.T. Pawar

## **MANAGER**

Mr. Ramesh Sivaraman

## **COMPANY SECRETARY**

Mr. R.K. Modi

## **REGISTERED OFFICE**

1-7-293, M.G. Road,  
Secunderabad - 500 003

## **AUDITORS**

M/s. Deloitte Haskins & Sells  
Chartered Accountants

## **REGISTRAR & TRANSFER AGENTS**

M/s Karvy Computer Share Pvt. Ltd.  
Plot No. 17-24,  
Vittalrao Nagar, Madhapur,  
Hyderabad - 500 081.  
E-mail : mohsin@karvy.com  
Tel : 040 - 23420815 - 28

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## Notice to Shareholders

Notice is hereby given that the 36th Annual General Meeting of the Members of the Company will be held on Wednesday, the 4th August, 2010 at 10:30 A.M. at Hotel Nakshatra, 126, Jade Arcade, Paradise Circle, M.G. Road, Secunderabad - 500 003 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at March, 31st 2010, the Profit & Loss Account for the year ended on that date and the reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. R.S Agarwala, who retires by rotation as per Article 141 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. S M Jalan, who retires by rotation as per Article 141 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Deloitte Haskins & Sells, Chartered Accountants, Hyderabad, the retiring auditors expressed their unwillingness to continue as auditors of the company. A notice has been received from a shareholder in terms of section 225 of the Companies Act, 1956 proposing M/s S.B. Billimoria & Company, Chartered Accountants, Hyderabad as auditors for the current year.

This may be deemed as a special notice under Section 190 of the Companies Act, 1956.

**By Order of the Board  
for TCI FINANCE LIMITED**

R K Modi  
**Company Secretary**

Secunderabad, May 5, 2010

### **NOTES:**

1. (a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. A proxy need not be a member.  
(b) Proxy Form is enclosed which should be deposited at the registered office of the Company duly signed not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books will remain closed from 02.08.2010 to 04.08.2010 (both days inclusive).
3. Pursuant to the provision of Section 205A of the Companies Act, 1956 Unpaid or Unclaimed dividend for the financial year ended 31st March 1998, has been transferred to The Investor Education and Protection Fund of the Central Government. The Company has not declared any dividend after the financial year ended 31st March 1998.
4. The members are requested to intimate any change in their address immediately. They are also requested to bring their copy of Annual Report while coming to the meeting.
5. Members who hold shares in Dematerialised form are requested to bring their client Id and DP Id No. for easy identification of attendance at the meeting.
6. The shares of the Company are at present listed on the following Stock Exchanges viz., The Bombay Stock Exchange Limited, and National Stock Exchanges of India Limited The listing fee for the year 2010-2011 has been paid to BSE and NSE.
7. The shares of the Company have been dematerialised with effect from 06.09.2000 (ISIN NO.INE911B01018).
8. Appointment /Reappointment of Directors.

At the ensuing Annual General Meeting, Mr. R S Agarwala and Mr. S M Jalan, Directors of the Company, who retire by rotation and being eligible, offer themselves for re-appointment. The information or details to be provided under Corporate Governance Code for the aforesaid directors are as under:

#### **Mr. R S Agarwala :**

Mr. R S Agarwala is a Fellow Member of the Institute of Chartered Accountants of India. Presently, he is also the Director of Vikash Finco Pvt. Ltd.

#### **Mr. S M Jalan :**

Mr. S M Jalan is the Managing Director of TCI Hi-Ways Pvt. Ltd and also Director of Mukesh Textile Mills Ltd, Mega Freight Movers Ltd, Kausar India Ltd, and Indian Warehousing Industries Ltd. He has nearly 45 years of experience in the transport industry.

**By Order of the Board  
for TCI FINANCE LIMITED**

R K Modi  
**Company Secretary**

Secunderabad, May 5, 2010

## DIRECTORS' REPORT

The Directors are presenting herewith the 36th Annual Report and the Audited Statement of Accounts for the year ended 31st March 2010.

### FINANCIAL RESULTS:

(Rs.in Lakhs)

	As on 31 <sup>st</sup> March 2010	As on 31 <sup>st</sup> March 2009
Income	926.55	691.50
Profit/(loss) before Interest, Depreciation & Taxation	841.57	612.32
Financial Charges	815.72	547.68
Depreciation	11.62	41.61
Profit before tax	14.23	23.03
<b>Provision for tax:</b>		
Current Tax	1.60	-
Deferred Tax	2.40	(8.69)
Fringe Benefit Tax	-	0.31
Income Tax relating to previous years	46.22	(4.56)
Profit/(Loss) after tax	(35.99)	35.98
Balance brought forward from previous year	696.55	668.17
Transferred to Reserve Fund	-	7.60
Balance Carried forward	660.55	696.55

### DIVIDEND

Directors do not recommend payment of dividend for the financial year ended 31st March 2010.

### REVIEW OF OPERATION

During the year, your Company achieved a turnover of Rs.926.55 Lakhs as against Rs.691.50 Lakhs in the previous year. The profit before tax is Rs.14.23 Lakhs as against Rs.23.03 Lakhs in the previous year.

The turnover of the Subsidiary Company M/s. ITAG Business Solutions Ltd was Rs. 402.97 Lakhs as against Rs. 22.91 Lakhs in the previous year. Profit before tax stood at Rs.14.01 Lakhs as against loss of Rs.46.73 Lakhs in the previous year. During the year, your Company introduced a consulting and manpower outsourcing division with the business of engaging trained contractual personnel to Gati Limited and its subsidiary companies for non-core activities on contractual basis.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Mr. R S Agarwala and Mr. S M Jalan, directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

### INVESTMENT

Your Company has made a total investment of Rs.10.80 Crores as on date in M/s. Amritjal Ventures Private Limited which is engaged in generating power and investing in power generating companies.

## **FIXED DEPOSITS**

The Company has not accepted any deposit during the year.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 your Directors' confirm the following:

- that in the preparation of the Annual Accounts for the year ended March 31, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the directors have selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for that period.
- that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- that the directors have prepared the annual accounts on a 'going concern' basis.

## **AUDITORS:**

Deloitte Haskins & Sells, Chartered Accountants, Hyderabad, have expressed their unwillingness to continue as auditors for the year 2010-2011. The Board of Directors recommended that M/s S.B. Billimoria & Company, Chartered Accountants, Hyderabad be appointed as auditors for the Financial Year 2010-2011, subject to the approval of the shareholders in the forthcoming Annual General Meeting of the company.

## **ENERGY, TECHNOLOGY & FOREIGN EXCHANGE:**

The Company has no activities relating to Conservation of Energy or Technology Absorption.

## **PERSONNEL**

The particulars of employees required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 are not furnished as there is no employee in receipt of remuneration more than the prescribed limit.

## **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance is given in Annexure I.

## **ACKNOWLEDGEMENT:**

Your Directors would like to place on record their grateful appreciation for the wholehearted and sincere co-operation your Company has received from the customers, Banks, Government Authorities, shareholders and Financial Institutions. Your Directors also wish to place on record their deep sense of appreciation for the devoted service of the management team, employees and associates of the Company.

**By Order of the Board  
TCI FINANCE LIMITED**

O. Swaminatha Reddy  
**Chairman**

Secunderabad, May 5, 2010

## ANNEXURE - I REPORT ON CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the Report on the matters mentioned in the said Clause and the practices followed by the Company.

### 1. Company's Philosophy

Your Company's philosophy is to enhance customers' satisfaction and shareholders value by practicing the principles of good corporate governance.

### 2. Board of Directors

The Board of Directors comprises of 6 directors.

#### Composition and category of Directors:

<i>Name of the Director</i>	<i>Category</i>	<i>Designation</i>
Mr.O.Swaminatha Reddy	Independent Director	Chairman
Mr.Mahendra Agarwal	Promoter and Non-Executive Director	Director
Mr.R.S.Agarwala	Independent Director	Director
Dr.D.R.Agarwal	Independent Director	Director
Mr.S.M.Jalan	Independent Director	Director
Mr. V T Pawar	Independent Director	Director

**Attendance during the financial year 2009-10 of each Director at the Board Meetings, last Annual General Meeting and Number of other Directorships and Chairmanship/Membership of Committee of each Director in various companies:**

<i>Name of the Director</i>	<i>Attendance Particulars</i>		<i>* No. of other directorships and committee membership/chairmanship</i>			
	Board Meetings	Last AGM	Board Chairmanship	Other Directorship	Committee Membership	Committee Chairmanship
Mr.O. Swaminatha Reddy	5	Yes	3	5	-	5
Mr. Mahendra Agarwal	5	Yes	-	6	-	--
Mr. R.S.Agarwala	4	Yes	-	-	--	--
Mr. V.T.Pawar	5	Yes	-	1	--	--
Mr. S.M.Jalan	4	Yes	-	4	--	--
Dr. D.R.Agarwal	4	Yes	-	1	--	--

\* excluding Private Limited Companies and Companies registered under Section 25 of the Companies Act, 1956.

#### Number of Board Meetings held and the dates on which held

During the financial year 2009-10, the Board of Directors met five times, on the following dates: 12th May 2009, 29th July 2009, 13th October 2009, 21st October 2009 and 12th January 2010. The maximum time gap between the meetings was not more than four calendar months.

### 3. Audit Committee

The Board of Directors has constituted Audit Committee to assist the Board in discharging their responsibilities effectively. The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act 1956. The Committee consists of all independent directors.

## **Composition and other details**

The Audit Committee of the Company has been constituted with three independent directors viz.,

- Mr. R.S. Agarwala, Chairman
- Mr. V.T.Pawar - Member
- Mr. S.M. Jalan - Member

## **Terms of Reference**

The terms of reference to the Audit Committee are quite comprehensive to cover all the requirements of SEBI and the Companies Act and in particular: -

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - b) Changes, if any, in accounting policies and practices and reasons for the same.
  - c) Major Accounting entries involving estimates based on the exercise of judgment by management
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with listing and other legal requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee shall mandatory review the following information:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee) submitted to the management.
- Management letter / letters of internal control weaknesses issued by the statutory auditors;
- Internal audit reports relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the Chief internal auditors shall be subject to review by the Audit Committee.

#### Meetings and attendance during the year

During the financial year 2009-10, the Audit Committee met four times on the following dates: 12th May 2009, 28th July 2009, 21st October 2009 and 12th January 2010. Mr. R S Agarwala is the Chairman of the Audit Committee and Mr.V T Pawar and Mr.S M Jalan are the Members of the Audit Committee. During the year all the members were present in the meeting.

#### 4. Remuneration Committee

The Company has constituted Remuneration Committee. The following are the members of the Remuneration Committee.

Mr.R.S.Agarwala	- Chairman
Mr.Mahendra Agarwal	- Member
Mr.V.T.Pawar	- Member

#### Terms of Reference and Remuneration policy

The Board has constituted remuneration committee which devises the policy for benefits of Executive Directors/Managers.

#### Details of Remuneration paid to the Directors for the financial year ended 31<sup>st</sup> March 2010:

<i>Name of the Director</i>	<i>Remuneration (Rs.)</i>	<i>Sitting Fee (Rs.)</i>	<i>Total (Rs.)</i>
Mr.O.Swaminatha Reddy	----	10,000/-	10,000/-
Mr.R.S.Agarawala	----	16,000/-	16,000/-
Mr.V.T.Pawar	----	18,000/-	18,000/-
Mr.S.M.Jalan	----	16,000/-	16,000/-
Dr. D R Agarwal	----	8,000/-	8,000/-
<b>Total :</b>	<b>---</b>	<b>68,000/-</b>	<b>68,000/-</b>

#### 5. Shareholders' / Investors' Grievance Committee

The Board has constituted a Shareholders'/ Investors' Grievance Committee as a measure of good corporate governance and is focusing on strengthening the relation with the stakeholders.

#### Constitution and Composition

The committee was constituted comprising of the following directors as members viz.,

- Mr. V.T. Pawar, Chairman
- Mr. S.M. Jalan, Member

#### Compliance Officer

Name and designation of the Compliance Officer : Mr.Rajesh Kumar Modi, Company Secretary & Compliance Officer.

#### Details of complaints for the year 2009-10

<i>S.No.</i>	<i>Nature of Complaint</i>	<i>Received</i>	<i>Disposed</i>	<i>Pending</i>
1	Non-Receipt of dividend warrants	1	1	0
2	Non-Receipt of Share Certificates sent for transfer	6	6	0
3	Non-Receipt of Share Certificates	2	2	0
	<b>Total</b>	<b>9</b>	<b>9</b>	<b>0</b>

As on 31st March 2010, no request for dematerialization was pending.



## 6. General Body Meetings

Location and time for the Annual General Body Meetings held in the last three Financial Years:

<i>Year</i>	<i>Date</i>	<i>AGM/EGM</i>	<i>Venue</i>	<i>Time</i>
2006-07	July 28, 2007	AGM	Hotel Nakshatra, 126, Jade Arcade, Paradise Circle, M G Road, Secunderabad - 500 003	10.30 A.M
2007-08	September 18, 2008	AGM	Hotel Nakshatra, 126, Jade Arcade, Paradise Circle, M G Road, Secunderabad - 500 003	10.30 A.M
2008-09	July 29, 2009	AGM	Hotel Nakshatra, 126, Jade Arcade, Paradise Circle, M G Road, Secunderabad - 500 003	10.30 A.M

### Details of Postal Ballot

No Postal ballots were used / invited for voting at these meetings.

#### 7.1 Disclosures on materially significant related party transactions, i.e., transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potentially conflict with the interest of the Company at large.

None.

#### 7.2 Details of non-compliance by the Company, penalties, strictures imposed on the company by the Stock Exchanges or SEBI, or any statutory authority, on any matter related to capital markets, during the last three years.

None

### 8. Means of Communication

Half Yearly reports to each household of Shareholders : No

#### Quarterly results:

The quarterly and half yearly un-audited and annual audited results were published in National newspaper in english i.e., Financial Express and as well as in regional language newspaper circulating in Andhra Pradesh i.e., Andhra Prabha (Telugu).

**Displaying on Website** : No

**News releases and presentation to Institutional Investors** : No

#### Management Discussion and Analysis:

Management Discussion and Analysis forms part of the Annual Report.

### 9. General Information for Shareholders

#### 9.1 Annual General Meeting

**Date, Time and Venue** : Wednesday, the 4th August, 2010 at 10:30 A.M.  
Hotel Nakshatra, 126, Jade Arcade,  
Paradise Circle, M.G. Road,  
Secunderabad - 500 003

#### 9.2 Financial Calendar for 2010- 2011 (Tentative)

Annual General Meeting : August 2010  
Results for the quarter ended June 30th 2010 : First week of August, 2010  
Results for the quarter ended September 30th 2010 : First week of November, 2010  
Results for the quarter ended December 31st 2010 : First week of February, 2011

**9.3 Book Closure date** : 02.08.2010 to 04.08.2010 (both days inclusive)

**9.4 Dividend Payment date** : Not Applicable

## 9.5 Listing on stock exchanges

- (1) The Bombay Stock Exchange Limited (BSE)
- (2) National Stock Exchange of India Limited (NSE)

The listing fee for the year 2010-2011 has been paid to BSE and NSE.

## 9.6 Stock Code:

- (a) Trading Script code Bombay Stock Exchange : 501242  
Trading Script ID Bombay Stock Exchange : TCIFIN
- (b) Demat ISIN Numbers in NSDL & CDSL for Equity Shares : INE 911B01018

## 9.7 Monthly high and low stock quotations at BSE & NSE:

(Amount in Rs.)

Months	BSE		NSE	
	High	Low	High	Low
April 2009	15.33	12.18	15.15	12.35
May 2009	17.40	12.10	16.40	12.25
June 2009	18.95	13.75	18.35	13.85
July 2009	16.00	13.00	16.50	12.60
August 2009	16.95	14.50	17.60	15.00
September 2009	17.95	15.05	17.70	15.10
October 2009	18.10	15.30	17.75	15.15
November 2009	19.50	14.50	19.00	14.10
December 2009	30.15	16.20	30.50	16.70
January 2010	26.60	21.70	27.45	21.35
February 2010	29.65	21.25	30.40	21.80
March 2010	28.90	23.75	29.45	23.55

## 9.8 Share price performance in comparison to broad based indices - BSE Sensex

PARTICULARS	TCI FINANCE SHARE PRICE V/S BSE	
	Share Price(Rs.)	BSE Sensex
As on 1st April 2009	13.39	9,901.99
As on 31st March 2010	24.20	17,527.77
% Change	80.73	77.01

## 9.9 Registrar and Transfer Agents

(Share Transfers and Communication regarding share certificates, dividends and change of address)

: Karvy Computershare Limited  
( Unit : TCI Finance Ltd)  
Plot No.17-24  
Vittal Rao Nagar, Madhapur  
Hyderabad – 500 081.

## 9.10 Share transfer system:

The Company has a Registrar and Share Transfer Agent. All Share Transfers, if documents were found in order, are registered and returned in the normal course within a period of two weeks from the date of receipt of the documents. Request for dematerialization of shares are processed and confirmation given to the respective depositories i.e National Securities Depositories Limited (NSDL) and Central Depositories Services (India) Limited (CDSL) within fifteen days.

**9.11 Distribution of Shareholding as on 31<sup>st</sup> March 2010:**

<b>No. of shares</b>	<b>No. of shareholders</b>	<b>% of shareholders</b>	<b>Nos. of Shares</b>	<b>% of Total Shares</b>
Upto - 5000	4,560	81.11	957,083	7.43
5001- 10000	566	10.07	490,739	3.81
10001- 20000	256	4.55	416,433	3.24
20001- 30000	54	0.96	142,609	1.11
30001-40000	39	0.69	139,957	1.09
40001-50000	46	0.82	217,924	1.69
50001-100000	50	0.89	375,060	2.91
100001 - Above	51	0.91	10,132,688	78.72
<b>TOTAL</b>	<b>5,622</b>	<b>100.00</b>	<b>12,872,493</b>	<b>100.00</b>

**Categories of shareholders as on 31<sup>st</sup> March 2010 :**

<b>Category</b>	<b>No. of shares held</b>	<b>% Shareholding</b>
Promoter and Promoter Group	7460,007	57.95
Non-Resident Indians	45,672	0.35
Bodies Corporate	1,172,106	9.11
Resident Individuals	4,184,272	32.51
Clearing Members	10,436	0.08
<b>TOTAL</b>	<b>12,872,493</b>	<b>100.00</b>

**9.12 Dematerialization of shares :**

Over 87.93% of the total shares have been dematerialized up to 31<sup>st</sup> March, 2010. Trading in Equity Shares of the Company is permitted only in dematerialized form w.e.f. 28<sup>th</sup> August, 2000 as per notification issued by the Securities and Exchange Board of India (SEBI).

**9.13 Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity**

Not Applicable

**9.14 Plant Locations:** Not Applicable**9.15.1 Investors Correspondence**

Karvy Computershare Pvt Ltd.  
(Unit:TCI Finance Limited)  
Plot No 17-24, Vitthal Rao Nagar  
Madhapur, Hyderabad - 500 081  
E Mail ID : mohsin@karvy.com  
Tel: 040 - 23304703 / 23312454

**9.15.2 Any Query on Annual Report:**

Secretarial Department  
1-7-293, M.G.Road,  
Secunderabad - 500 003  
E-mail: tcif\_sbd@gati.com  
Tel Nos. 040 - 27844284 / 27843788

**By order of the Board  
TCI FINANCE LIMITED**

O. Swaminatha Reddy  
**Chairman**

Secunderabad, May 5, 2010

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**To the Members of**

**TCI FINANCE LIMITED**

1. We have examined the compliance of conditions of Corporate Governance by TCI Finance Limited, for the year ended on March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. 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 Clause 49 of the above mentioned Listing Agreement.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Deloitte Haskins & Sells**  
Chartered Accountants  
(Registration No.008072S)

Ganesh Balakrishnan  
Partner  
Membership No.201193

Secunderabad, May 5, 2010.

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### **DECLARATION**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for Board of Directors and Senior Management for the year ended March, 31, 2010.

**For TCI FINANCE LIMITED**

Ramesh Sivaraman  
**Manager - Chief Executive**

Secunderabad, May 5, 2010

# **MANAGEMENT DISCUSSION & ANALYSIS**

## **Business Environment**

The global financial turmoil, which affected the developed economies during 2008-09, has had its ripple effect on the Indian economy as well. Indian GDP growth slipped to 7% in the year 2009-10. The slow down of the economy has affected almost all the major sector of the Indian economy. The financial sector was also not stable.

## **Opportunities and Threats**

The financial sector is undergoing several changes. The line of distinction between types of entities i.e., Non Banking Financial Companies (NBFCs'), Financial Institutions, Banks, etc. is breaking down. The NBFC sector within the finance sector has consolidated significantly and only a few large players capable of operating in the new paradigm, where they compete with the MNCs' and private banks, have survived in the mainstream of the financial sector. Other small NBFCs' have moved to niche segments or markets. The induction of higher technology platform and more efficient business operating models of private banks, MNCs' and foreign banks is raising the levels of customer service and setting new benchmarks in levels of competition to acquire customers. This competition, coupled with the cost of customer acquisition makes it incumbent upon the players to manage the economics of their operations in a superior manner. The sector as a whole is continuously looking for better cost controls and new and more efficient processes, which reduce costs yet, enhance customer service.

## **Segment-wise or product-wise performance**

The Company is a Non Banking Finance Company (NBFC). It is engaged in the business of financing which is the only segment in the Company. Hence, the results for the year under review pertain to only financing activity.

## **Industry Outlook**

The Company continues to concentrate on recoveries of outstanding and repayments of its liabilities. The Company proposes to make investment in the field of Infrastructure, lands, Power Projects and other allied activities. M/s. ITAG Business Solutions Limited, a subsidiary of your company made profit of Rs.11.95 Lakhs during the year (previous year loss Rs.47.83 Lakhs). During the year, your Company introduced a consulting and manpower outsourcing division with the business of engaging trained contractual personnel to Gati Limited and its subsidiary companies for non-core activities on contractual basis.

## **Risks and concerns**

Your Company is exposed to specific risks that are particular to its business and environment within which it operates. These include credit risks, market risks and interest risks. We have established policies and procedures to control and manage these risks.

## **Internal Control Systems and their adequacy**

Your company has proper internal mechanism, which monitors the adequacy and effectiveness of the internal control. The Company has a well organised structure, authority level and internal policies and procedures for conducting business transaction. We have established policies and procedures to control and manage risks by the Internal Audit Department, which is reviewed by the Audit Committee.

## **Discussion on financial performance with respect to operational performance**

The Company's total earnings during the year were Rs.926.55 Lakhs and profit before tax of Rs.14.23 Lakhs.

## **Human Resource Development**

Company sees its relationship with its employees as critical to the future and its employee relations agenda focuses on ensuring that employees feel valued, on managing change constructively, and on creating an environment and culture within which every employee can maximize his contribution. The Company's approach and efforts are directed towards creating a congenial work atmosphere for individual growth, creativity and dedicated participation in all endeavors for the development of the organisation.

The employee relations have continued to be harmonious through out the year. The Company has 8 number of permanent employees as on 31-03-2010.

# AUDITORS' REPORT

## The Members of TCI Finance Limited

1. We have audited the attached Balance Sheet of TCI FINANCE LIMITED as at March 31, 2010 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Without qualifying our opinion we draw attention to Schedule I and Note 7(a) of Schedule Q to the financial statements.
5. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
  - 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 it appears from our examination of those books;
  - c. the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - e. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of the affairs of the Company as at March 31, 2010
    - ii) in the case of the Profit and Loss Account, of the Loss of the Company for the year ended on that date and
    - iii) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.
6. On the basis of written representations received from the Directors as on March 31, 2010 and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2010 from being appointed as directors in terms of Section 274(1)g) of the Companies Act, 1956.

**For Deloitte Haskins & Sells**  
**Chartered Accountants**  
(Registration No.008072S)

Ganesh Balakrishnan  
Partner  
Membership No.201193

Secunderabad, May 5, 2010

## **ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 3 of our report attached)

- (i) Having regard to the nature of the Company's business/activities/result, clauses 4 (ii), (viii), (xii), (xiii), (xv), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
  - (b) All the fixed assets were physically verified during the year by the management in accordance with a programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) According to the information and explanations given to us, the Company has neither taken nor granted secured or unsecured loans from / to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4 (iii) of the order is not applicable.
- iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such control system.
- v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements, the particulars of which need to be entered into the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clause 4(v) of the Order is not applicable.
- vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 58 A & 58 AA or any relevant provisions of the Companies Act, 1956.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- viii) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Income tax, Custom Duty, Excise Duty, Cess, and any other material statutory dues applicable to it were in arrears, as at March 31, 2010 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on March 31, 2010 on account of dispute are given below:

<b>Name of statute</b>	<b>Nature of the dues</b>	<b>Amount (Rs)</b>	<b>Period to which the amount relates</b>	<b>Forum where dispute is pending</b>
Karnataka Sales Tax	Tax/Penalty	63,661	1996-97	Joint Commissioner of Commercial taxes ( Appeals)

- ix) The Company does not have accumulated losses as at end of the year. The Company has incurred cash losses during the financial year covered by our audit and did not have cash losses in the immediately preceding financial year.
- x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institution.
- xi) Based on our examination of the records and evaluations of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in shares securities, debentures and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.
- xii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained other than temporary deployment pending applicable.
- xiii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we report that funds raised on short term basis have not been used for long-term investment.
- xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

**For Deloitte Haskins & Sells**  
**Chartered Accountants**  
(Registration No.008072S)

Ganesh Balakrishnan  
Partner  
Membership No.201193

Secunderabad, May 5, 2010



**TCI FINANCE LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2010**

(Amt. in Rupees)

	Schedule	As at 31.03.2010	As at 31.03.2009
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS' FUNDS</b>			
Share Capital	A	141,963,050	141,963,050
Reserves & Surplus	B	121,682,376	125,282,049
		<b>263,645,426</b>	<b>267,245,099</b>
<b>LOAN FUNDS</b>			
Secured Loans	C	597,500,000	347,577,535
<b>TOTAL</b>		<b>861,145,426</b>	<b>614,822,634</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
	<b>D</b>		
Gross Block		68,969,446	79,904,360
Less: Depreciation		28,919,523	38,227,426
Less: Lease Adjustment		19,478,166	19,478,166
Net Block		<b>20,571,757</b>	<b>22,198,768</b>
<b>INVESTMENTS</b>			
	<b>E</b>	<b>240,191,530</b>	<b>258,340,946</b>
<b>DEFERRED TAX ASSET (NET)</b>			
	<b>F</b>	<b>765,409</b>	<b>1,005,820</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Sundry Debtors	G	1,035	313,459
Cash and Bank Balances	H	2,145,595	885,185
Loans and Advances	I	615,026,212	349,117,361
		<b>617,172,842</b>	<b>350,316,005</b>
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>			
Liabilities	J	4,797,238	4,338,230
Provisions	K	12,758,874	12,700,675
		<b>17,556,112</b>	<b>17,038,905</b>
<b>NET CURRENT ASSETS</b>			
		<b>599,616,730</b>	<b>333,277,100</b>
<b>TOTAL</b>		<b>861,145,426</b>	<b>614,822,634</b>
Accounting Policies	P		
Notes forming part of Accounts	Q		

Schedules referred to above and cash flow statement form an integral part of Balance Sheet.

In terms of our report attached

**For Deloitte Haskins and Sells**  
**Chartered Accountants**

**For and on Behalf of the Board**

Ganesh Balakrishnan  
Partner

R K Modi  
Company Secretary

O Swaminatha Reddy  
Chairman

V T Pawar  
Director

Secunderabad, May 5, 2010

Secunderabad, May 5, 2010

**TCI FINANCE LIMITED**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

(Amt. in Rupees)

	Schedule	For the Year Ended 31.03.2010	For the year Ended 31.03.2010
<b>INCOME</b>			
Hire Rentals		2,658,635	3,063,994
Debts Written off realised		1,123,477	1,747,593
Interest on Deposits, Loans & Advances (Tax Deducted Rs.69,258 Previous year Rs. 334,530 )		68,831,390	37,001,232
Profit on Sale of Investments		171,113	599,161
Profit on Sale of Motor Trucks		699,727	-
Dividends		395,039	10,767,991
Provision for non performing assets no longer required written back		-	609,337
Other Income (Tax Deducted Rs.1,072,608 (Previous year Rs.1,717,628))	L	18,776,000	15,360,974
		<b>92,655,381</b>	<b>69,150,282</b>
<b>EXPENDITURE</b>			
Personnel Expenses	M	5,397,044	4,631,383
Administrative Expenses	N	3,071,093	3,116,727
Financial Charges	O	81,572,916	54,768,312
Depreciation	D	1,162,138	4,161,107
Investments Written off		29,155	-
Diminution in Value of Investments		-	170,000
		<b>91,232,346</b>	<b>66,847,529</b>
Profit before Tax		1,423,035	2,302,753
Provision for Tax			
Current		160,000	-
Deferred		240,411	(869,589)
Fringe Benefit Tax		-	31,100
Income tax relating to earlier years		4,622,297	(456,393)
<b>Profit (Loss) after Tax</b>		<b>(3,599,673)</b>	<b>3,597,635</b>
Balance Brought Forward From Previous Year		69,655,278	66,817,643
Transferred to Reserve Fund		-	760,000
<b>Balance Carried to Balance Sheet</b>		<b>66,055,605</b>	<b>69,655,278</b>
Earning per Share (Basic/Diluted) (Refer note 6 of Schedule Q)		<b>(0.28)</b>	0.28
Accounting Policies	P		
Notes forming part of Accounts	Q		
Schedules referred to above and cash flow statement form an integral part of Balance Sheet.			

In terms of our report attached

**For Deloitte Haskins and Sells  
Chartered Accountants**

**For and on Behalf of the Board**

Ganesh Balakrishnan  
Partner

R K Modi  
Company Secretary

O Swaminatha Reddy  
Chairman

V T Pawar  
Director

Secunderabad, May 5, 2010

Secunderabad, May 5, 2010

**TCI FINANCE LTD.**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010**

(Amt. in Rupees)

	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
<b>A.CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and extra ordinary items	1,423,035	2,302,753
<b>Adjustments for:</b>		
Depreciation	1,162,138	4,161,107
Loss on sale of assets	-	518,443
Profit on sale of Motor Trucks	(699,727)	-
Profit on sale of Investments	(171,113)	(599,161)
Dividend	(395,039)	(10,767,991)
Investments Written off	29,155	-
Diminution in value of Investments	-	170,000
Operating profit before working capital changes	1,348,449	(4,214,849)
<b>Adjustments for:</b>		
Trade and other Receivables	503,573	(4,512,452)
Trade payables	357,207	(3,155,036)
Tax Paid	(4,622,297)	(1,512,531)
Cash used in operations	(2,413,068)	(13,394,868)
<b>Net Cash used in operating Activities</b>	<b>(2,413,068)</b>	<b>(13,394,868)</b>
<b>B.CASH FLOW FROM INVESTING ACTIVITIES</b>		
Sale of Fixed Assets	1,164,600	1,049,433
Purchase of Assets	-	(320,055)
Advance for Purchase of Land	-	(34,460,000)
Purchase of Investments	-	(1,006,219)
Sale of Investments	18,291,374	2,715,698
Loans given	(266,100,000)	(219,500,000)
Dividend received	395,039	10,767,991
<b>Net cash used in investing activities</b>	<b>(246,248,987)</b>	<b>(240,753,152)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term Borrowings	250,000,000	392,500,000
Repayment of long Term Borrowings	(77,535)	(139,031,514)
<b>Net cash from Financing Activities</b>	<b>249,922,465</b>	<b>253,468,486</b>
Net Increase in cash and equivalents	1,260,410	(679,534)
Cash and Cash equivalents at the beginning of the year	885,185	1,564,719
<b>Cash and Cash equivalents at the end of the year</b>	<b>2,145,595</b>	<b>885,185</b>
<b>Notes:</b> 1). The cash flow statement is prepared under "Indirect method" as set out in Accounting Standard - 3 on Cash Flow Statements notified in section 211 (3C) of the Companies Act, 1956. 2). Previous Year figures have been regrouped / reclassified / rearranged wherever necessary.		

In terms of our report attached

**For Deloitte Haskins and Sells  
Chartered Accountants**

Ganesh Balakrishnan  
Partner

Secunderabad, May 5, 2010

R K Modi  
Company Secretary

**For and on Behalf of the Board**

O Swaminatha Reddy  
Chairman

V T Pawar  
Director

Secunderabad, May 5, 2010

**SCHEDULES FORMING PART OF BALANCE SHEET**
*(Amt. in Rupees)*

	<b>As at 31st March 2010</b>	<b>As at 31st March 2009</b>
<b>SCHEDULE A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
20,000,000 Equity Shares of Rs.10/- each	<b>200,000,000</b>	200,000,000
	<b>200,000,000</b>	<b>200,000,000</b>
<b>ISSUED CAPITAL</b>		
16,000,000 Equity Shares of Rs.10/- each	<b>160,000,000</b>	160,000,000
	<b>160,000,000</b>	<b>160,000,000</b>
<b>SUBSCRIBED &amp; PAID UP CAPITAL</b>		
12,872,493 Equity shares of Rs 10/- each fully paid up (1,754,907 Equity shares of Rs.10/- each issued on Amalgamation without payment being received in cash)	<b>128,724,930</b>	128,724,930
Add: Forfeited Shares (Amount Originally paid up)	<b>13,238,120</b>	13,238,120
	<b>141,963,050</b>	<b>141,963,050</b>
<b>SCHEDULE B</b>		
<b>RESERVES &amp; SURPLUS</b>		
Securities Premium	<b>163,086</b>	163,086
General Reserve	<b>35,218,685</b>	35,218,685
Reserve Fund (As per Section 45 -IC of Reserve Bank of India Act,1934)		
At the Commencement of the year	<b>20,245,000</b>	19,485,000
Add: Transferred during the year	-	760,000
	<b>20,245,000</b>	<b>20,245,000</b>
Profit and loss account	<b>66,055,605</b>	69,655,278
	<b>121,682,376</b>	<b>125,282,049</b>
<b>SCHEDULE C</b>		
<b>SECURED LOANS</b>		
Term Loans		
Banks	-	77,535
(Secured by Hypothecation of Motor Trucks)		
Others	<b>597,500,000</b>	347,500,000
(Secured by Pledge of Investments and personal guarantee of a director) ( Repayable within One year Rs 472,500,000 Previous year Rs 77,535)		
	<b>597,500,000</b>	<b>347,577,535</b>

**SCHEDULES FORMING PART OF BALANCE SHEET  
SCHEDULE D FIXED ASSETS**

(Amt. in Rupees)

S. No.	PARTICULARS	GROSS BLOCK				DEPRECIATION				LEASE ADJUSTMENT			NET BLOCK	
		AS AT 01.04.2009	ADDITIONS	DELETIONS	AS AT 31.03.2010	AS ON 01.04.2009	FOR THE YEAR	ADJUSTMENT	UPTO 31.03.2010	AS ON 01.04.2009	ADJUSTMENT	UPTO 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009
<b>I</b>	<b>OWNED ASSETS</b>													
1	LAND-FREEHOLD	3,522,514	-	-	3,522,514	-	-	-	-	-	-	-	3,522,514	
2	BUILDINGS	4,040,826	-	-	4,040,826	649,127	65,866	-	714,993	-	-	-	3,325,833	3,391,699
3	FURNITURE & FIXTURES	1,100,000	-	-	1,100,000	667,110	69,630	-	736,740	-	-	-	363,260	432,890
4	PLANT & MACHINERY	6,802	-	-	6,802	2,516	1,102	-	3,618	-	-	-	3,184	4,286
5	MOTOR TRUCKS	24,699,558	-	10,934,914	13,764,644	22,999,374	1,025,540	10,470,041	13,554,873	-	-	-	209,771	1,700,184
	<b>TOTAL</b>	<b>33,369,700</b>	<b>-</b>	<b>10,934,914</b>	<b>22,434,786</b>	<b>24,318,127</b>	<b>1,162,138</b>	<b>10,470,041</b>	<b>15,010,224</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,424,562</b>	<b>9,051,573</b>
<b>II</b>	<b>LEASED ASSETS</b>													
1	PLANT & MACHINERY	40,318,442	-	-	40,318,442	11,005,989	-	-	11,005,989	18,248,160	-	18,248,160	11,064,293	11,064,293
2	MOTOR TRUCKS	506,218	-	-	506,218	288,439	-	-	288,439	217,779	-	217,779	-	-
3	COMPUTERS	5,710,000	-	-	5,710,000	2,614,871	-	-	2,614,871	1,012,227	-	1,012,227	2,082,902	2,082,902
	<b>TOTAL</b>	<b>46,534,660</b>	<b>-</b>	<b>-</b>	<b>46,534,660</b>	<b>13,909,299</b>	<b>-</b>	<b>-</b>	<b>13,909,299</b>	<b>19,478,166</b>	<b>-</b>	<b>19,478,166</b>	<b>13,147,195</b>	<b>13,147,195</b>
	<b>GRAND TOTAL</b>	<b>79,904,360</b>	<b>-</b>	<b>10,934,914</b>	<b>68,969,446</b>	<b>38,227,426</b>	<b>1,162,138</b>	<b>10,470,041</b>	<b>28,919,523</b>	<b>19,478,166</b>	<b>-</b>	<b>19,478,166</b>	<b>20,571,757</b>	<b>22,198,768</b>
	PREVIOUS YEAR	91,377,614	320,055	11,793,309	79,904,360	43,820,352	4,161,107	9,754,033	38,227,426	19,949,566	471,400	19,478,166	22,198,768	

**SCHEDULE E INVESTMENTS****LONG TERM INVESTMENTS ( AT COST)***(Amt. in Rupees)*

NO OF SHARES		FACE VALUE	NAME OF THE COMPANY	31st March 2010	31st March 2009
31.03.2009	31.03.2010				
<b>A EQUITY SHARES (QUOTED)</b>					
13,324,350	13,324,350	2	GATI LIMITED #	122,414,147	122,414,147
30,236	30,236	10	TCI INDUSTRIES LIMITED	2,128,390	2,128,390
600	600	10	BHIVANI VANASPATHI LIMITED *	6,000	6,000
2,500	2,500	10	ELECTO FLAME LIMITED *	35,000	35,000
62	62	10	GARWARE NYLON LIMITED *	1,043	1,043
200	200	10	INDO MAXWELL LIMITED *	2,000	2,000
8,400	8,400	10	KARNATAKA INVESTMENT & TRADERS LTD *	42,053	42,053
500	500	10	KEDIYA VANASPATHI LIMITED *	5,000	5,000
100	-	10	SANGHI POLYESTERS LIMITED	-	1,000
1,100	1,100	10	THE PIONEER LIMITED *	11,000	11,000
500	500	10	UNILITE INDUSTRIES LTD *	5,000	5,000
100	-	10	PATEL INTEGRATED LOGISTICS LTD	-	4,500
12,150	12,150	10	KARNATAKA BANK LTD	357,750	357,750
10,000	10,000	10	ATI LTD *	200,000	200,000
14,933	14,933	10	DHANLAXMI BANK LTD.	278,395	278,395
4,200	4,200	10	LLOYDS FINANCE LTD	2,310	2,310
1,300	1,300	10	ROADWAYS INDIA LTD *	16,668	16,668
1,729,440	-	1	BHORUKA STEEL AND SERVICES LTD	-	17,272,440
1,395	-	10	TRANSCORP INTERNATIONAL LTD *	-	23,715
1,000	1,000	2	DECCAN CHRONICLE HOLDINGS LTD	173,956	173,956
1,000	1,000	10	ELBEE SERVICES LTD *	5,780	5,780
4,000	4,000	2	NRB BEARINGS LTD	70,087	70,087
850	850	2	SATYAM COMPUTERS LTD	173,612	173,612
1,000	124	10	RELIANCE INDUSTRIES LTD @	168,087	169,142
1,450	1,450	2	UNITECH LTD	482,411	482,411
750	750	2	ALEMBIC CHEMICALS LIMITED	52,737	52,737
225	-	5	INFOYSYS TECHNOLOGIES LIMITED	-	455,618
200	200	10	RELIANCE COMMUNICATION LIMITED	103,496	103,496
100	-	1	TATA CONSULTANCY SERVICES LIMITED	-	113,689
200	200	10	ELECTROTHERM (I) LIMITED	111,273	111,273
100	-	10	IPCA LABORATORIES LIMITED	-	78,922
200	200	10	SURYACHAKRA POWER CORPORATION LIMITED	9,222	9,222
1,500	1,500	10	POWER GRID CORPORATION LIMITED	173,186	173,186
500	500	10	GATEWAY DISTRI PARKS LIMITED	79,722	79,722
150	150	10	TATA MOTORS LIMITED	116,713	116,713
500	1,000	2	GMR INFRASTRUCTURE LIMITED	88,455	88,455
24	24	10	RELIANCE POWER LIMITED	6,750	6,750

NO OF SHARES		FACE VALUE	NAME OF THE COMPANY	31st March 2010 Rupees	31st March 2009 Rupees
31.03.2009	31.03.2010				
1,000	-	10	GUJRAT STATE PETRO LTD	-	65,815
1,000	-	10	PRISM CEMENTS LTD	-	40,062
1,000	-	10	PTC INDIA LTD	-	89,600
				<b>127,320,243</b>	<b>145,466,659</b>
<b>B DEBENTURES ( PARTLY PAID UP)</b>					
10,900	<b>10,900</b>	10	PITTIE CEMENTS LIMITED *	<b>354,250</b>	354,250
				<b>354,250</b>	<b>354,250</b>
<b>C EQUITY SHARES (UNQUOTED)</b>					
1,000	<b>1,000</b>	100	GATI INTELLECT SYSTEMS LIMITED	<b>100,000</b>	100,000
9,500	<b>9,500</b>	10	GATI SHIPPING P LTD	<b>95,000</b>	95,000
27,451	<b>27,451</b>	10	TCI HI-WAYS PVT LTD	<b>274,510</b>	274,510
42,000	<b>42,000</b>	100	GIRI ROADLINES AND COMMERCIAL TRADING PVT LTD	<b>157,527</b>	157,527
10,814,100	<b>10,814,100</b>	10	AMRIT JAL VENTRUES PVT LTD	<b>108,000,000</b>	108,000,000
30,000	<b>30,000</b>	1	BANGALORE STOCK EXCHANGE LIMITED	<b>30,000</b>	30,000
5,000	<b>5,000</b>	10	ITAG INFRASTRUCTURE LIMITED	<b>50,000</b>	50,000
				<b>108,707,037</b>	<b>108,707,037</b>
<b>D SUBSIDIARY</b>					
88,000	<b>88,000</b>	10	ITAG BUSINESS SOLUTIONS LIMITED	<b>880,000</b>	880,000
				<b>880,000</b>	<b>880,000</b>
<b>E. PREFERENCE SHARES</b>					
350,000	<b>350,000</b>	10	CAPITAL FORTUNES LIMITED 8% NON CUMULATIVE 15 YEAR REDEEMABLE	<b>3,500,000</b>	3,500,000
				<b>3,500,000</b>	<b>3,500,000</b>
<b>F. GOVERNMENT SECURITIES</b>					
3	-	1000	NATIONAL SAVINGS CERTIFICATES	-	3,000
				-	3,000
			Less: DIMUNITION IN VALUE OF INVESTMENTS	570,000	570,000
				<b>240,191,530</b>	<b>258,340,946</b>
			<b>BOOK VALUE OF QUOTED INVESTMENTS</b>	<b>127,104,493</b>	<b>145,250,909</b>
			<b>MARKET VALUE OF QUOTED INVESTMENTS *</b>	<b>808,627,892</b>	<b>582,541,635</b>

\* Book value has been taken in the absence of Stock Exchange quotations.

# Secured for the Term Loans.

@ During the year 62 Equity shares of have been allotted upon conversion of 1000 equity shares of Reliance Petroleum limited. Additional 62 Bonus shares have been allotted during the year.

**SCHEDULES FORMING PART OF BALANCE SHEET**
*(Amt. in Rupees)*

	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE F</b>		
<b>DEFERRED TAX ASSET/(LIABILITY) (NET)</b>		
As per Last Balance sheet	1,005,820	136,231
(Add)/Less: Adjusted during the year (Refer Note 4, Schedule Q)	(240,411)	869,589
	<b>765,409</b>	<b>1,005,820</b>
<b>SCHEDULE G</b>		
<b>SUNDRY DEBTORS</b>		
Outstanding for more than six months	441,566	441,566
Others	1,035	313,459
<b>Total</b>	<b>442,601</b>	<b>755,025</b>
Less: Provision for non performing assets	441,566	441,566
	<b>1,035</b>	<b>313,459</b>
<b>Unsecured</b>		
Considered Good	1,035	313,459
Considered doubtful	441,566	441,566
	<b>442,601</b>	<b>755,025</b>
<b>SCHEDULE H</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash on Hand	1,829	5,576
Cheques on Hand	1,447,401	-
<b>With Scheduled Banks</b>		
Current Accounts	637,616	820,860
Fixed Deposits	58,749	58,749
	<b>2,145,595</b>	<b>885,185</b>
<b>SCHEDULE I</b>		
<b>LOANS &amp; ADVANCES</b>		
<b>Unsecured - Considered Good</b>		
Interest accrued on deposits and loans	9,025,654	6,656,465
Other receivables	-	293,202
Loans	510,000,000	243,900,000
Advance to Subsidiary	16,420,000	13,620,000
Advances recoverable in cash or in kind or for value to be received	76,436,107	82,490,495
Deposits	60,340	60,340
Advance Tax (Net of Provision Rs 990,873 Previous Year Rs 4,231,911)	3,084,111	2,096,859
	<b>615,026,212</b>	<b>349,117,361</b>
<b>SCHEDULE J</b>		
<b>LIABILITIES</b>		
Sundry Creditors		
Due to other than Micro and small enterprises	213,464	313,629
Security Deposits	1,970,049	3,066,849
Other Liabilities	1,041,808	957,752
Interest accrued but not due on loans	1,571,917	-
	<b>4,797,238</b>	<b>4,338,230</b>
<b>SCHEDULE K</b>		
<b>PROVISIONS</b>		
Non performing assets	12,531,537	12,531,537
Compensated Absences	227,337	166,041
Taxation	-	3,097
	<b>12,758,874</b>	<b>12,700,675</b>



**SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT**
*(Amt. in Rupees)*

	For the year Ended 31.03.2010	For the year Ended 31.03.2009
<b>SCHEDULE L</b>		
<b>OTHER INCOME</b>		
Rental Income	8,760,000	7,460,000
Consultancy Fees	5,816,000	-
Others	4,200,000	7,900,974
	<b>18,776,000</b>	<b>15,360,974</b>
<b>SCHEDULE M</b>		
<b>PERSONNEL EXPENSES</b>		
Salaries, Allowances & Bonus	4,923,483	4,139,230
Contribution to Provident Fund	203,629	181,287
Contribution to Superannuation Fund	73,200	66,000
Gratuity and Compensated Absences	95,050	155,404
Staff Welfare Expenses	101,682	89,462
	<b>5,397,044</b>	<b>4,631,383</b>
<b>SCHEDULE N</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Travelling Expenses	158,544	180,671
Conveyance	159,147	150,016
Office Maintenance	65,616	61,850
Telephone Expenses	30,613	65,840
Printing & Stationery	127,950	97,738
Postage	43,214	49,099
Insurance	-	70,645
Rates & Taxes	545,727	272,727
Legal & Professional Expenses	1,169,476	967,920
Listing Fees	85,979	80,210
Miscellaneous Expenses	390,712	304,235
Directors Fees	68,000	64,000
Loss on Sale of Assets	-	518,443
Remuneration to Auditors:		
Audit Fees	100,000	100,000
Other Services	105,000	109,500
Service Tax	21,115	23,833
<b>Total</b>	<b>3,071,093</b>	<b>3,116,727</b>
<b>SCHEDULE O</b>		
<b>Financial Charges</b>		
Interest		
Term Loans	81,572,916	54,768,312
	<b>81,572,916</b>	<b>54,768,312</b>

## **SCHEDULE - P ACCOUNTING POLICIES**

### **1. BASIS OF ACCOUNTING**

The Financial Statements are prepared under historical cost convention on the basis of going concern and as per Accounting Standards notified under Section 211(3C) of the Companies Act, 1956. The Company follows the Accrual System of Accounting and Prudential Norms prescribed by Reserve Bank of India consistently from year to year.

### **2. USE OF ESTIMATES:**

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

### **3. REVENUE RECOGNITION:**

#### **3.1 LEASE INCOME:**

- (i) The income from lease transactions is recognized on accrual basis after netting off the lease equalization charges as recommended by the Institute of Chartered Accountants of India in its guidance note "Accounting for Leases".
- (ii) The Lease Equalization charges (debit or credit as the case may be in any particular year) represent the difference between the Depreciation as per Schedule XIV and that which is chargeable so as to write off the asset over the primary lease period.

#### **3.2 OTHER INCOMES:**

Interest income is recognised on accrual basis except in case of non-performing assets. Overdue interest is recognised as income on realisation.

Dividend income is accounted on an accrual basis when the Company's right to receive the dividend is established.

Income from Services is recognised on accrual basis.

### **4. INVESTMENTS:**

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

### **5. RESERVE BANK OF INDIA PRUDENTIAL NORMS:**

The company follows the guidelines issued by the Reserve Bank of India, in respect of income recognition, asset classification and valuation of investments.

### **6. FIXED ASSETS:**

Assets are stated at cost less depreciation after adjustment of the Lease Terminal Adjustment Account.

### **7. DEPRECIATION:**

Depreciation is provided on Straight line method at rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on addition/deductions is calculated prorata from/to the date of addition/deduction.

### **8. EMPLOYEE BENEFITS:**

- (i) Provident fund is a defined contribution plan and the contributions as required by the statute to Government Provident Fund are charged to profit and loss account when due.
- (ii) Gratuity liability is defined benefit obligation and is wholly funded. The Company accounts for liability for future gratuity benefits based on actuarial valuation.
- (iii) Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

(iv) The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employee is recognized during the period when the employee renders the service.

**9. PROVISION, CONTINGENT LIABILITIES & CONTINGENT ASSETS :**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

**10. TAXATION :**

Provision for tax is made for both current and deferred taxes. Provision for current income tax is made on the current tax rates based on the working results of the year. The company provides for deferred tax based on the tax effect of timing differences resulting from the recognition of items in the accounts and in estimating its current tax provision. The effect on deferred taxes of a change in tax rate is recognized in the year in which the change is effected. Fringe Benefit Tax is determine on the basis of the Income Tax Act,1961.

**SCHEDULE Q NOTES ON ACCOUNTS**

1. Contingent Liabilities not provided for in respect of:
  - a. Disputed sales tax demand Rs.63,661 (previous year Rs.63,661).
  - b. Capital commitments not provided for Rs.Nil (Previous year Rs.54,140,000 net of advances Rs.6,000,000)
  - c. Uncalled liability on partly paid debentures Rs.1, 062,750 (previous year Rs.1, 062,750).
2. Inter-Company loans/deposits given by the Company are on the basis that one of the main objects of the company is to act as financiers. Accordingly the Company has been advised that Section 372 A of the Companies Act, 1956 is not applicable to the Company.
3. Being a Non-Banking Financial Company, the Company is required to follow the prudential norms prescribed by Reserve Bank of India for income recognition and provision for non-performing assets and in compliance with the said norms the Company had during the year written back provision for non-performing assets as under:

(Amt. in Rupees)

Particulars	31.03.2010	31.03.2009
Lease Debtors	—	609,337

4. Major components of deferred tax arising on account of timing difference is as follows :

Amt. in Rupees

Deferred Tax Assets/(Liability)	As on 31.03.2009	Current Year	Total
Provision for non performing assets	4,409,558	(400,869)	4,008,689
Diminution in value of investments	193,743	(17,613)	176,130
Difference between book & tax depreciation	(3,585,877)	177,015	(3,408,862)
Due to transitional provision	(11,604)	1,056	(10,548)
<b>TOTAL</b>	<b>1,005,820</b>	<b>(240,411)</b>	<b>765,409</b>

5. The company is mainly engaged in financing activities which constitute a single business segment. There are no reportable geographical segments.

6. **Earning per Share**

	31-03-2010	31-03-2009
Number of equity shares outstanding	12,872,493	12,872,493
Weighted Average Number of Equity Shares	12,872,493	12,872,493
Net profit after tax available to equity shareholders (Rs.)	(3,599,673)	3,597,635
<b>Basic Earnings per share (nominal value Rs.10 each)</b>	<b>(0.28)</b>	<b>0.28</b>

7. **Advances includes**

(a) Rs. 16,420,000 (Previous Year Rs. 13,620,000) due from subsidiary company which is in its third year of operations. It has made a profit Rs 1,195,601 (Loss in Previous year Rs. 4,783,513) during the year ended 31st March 2010 and has accumulated losses of Rs.12,416,531 which exceeded the paid up share capital of Rs.1,725,000. On account of the Company's long term involvement, management is of the view that no provision is required on this account at this stage.

(b) Rs.76,260,000 (Previous Year Rs.76,260,000) towards purchase of land at Chennai.

8. **Related Party Disclosures**

Information regarding Related Party Transactions as per Accounting Standards 18 notified in Section 211(3C) of the Companies Act, 1956 is given below:

8.1 **List of Related parties**

Name of the Related Party	Nature of Relation
<b>Subsidiary:</b>	
ITAG Business Solutions Limited	Subsidiary
<b>Associates:</b>	
Amrit Jal Ventures Pvt Ltd	Associate
<b>Key Management Personnel:</b>	
Ramesh Sivaraman	Manager

8.2. **Transactions with related parties**

(Amt in Rupees)

Nature of Transaction	Subsidiary ITAG Business Solutions Ltd.	
	31.03.2010	31.03.2009
Investment in Equity	-	625,000
Consultancy Charges paid	7,758	-
Advance Given	2,800,000	3,779,527
Balance at the year end	16,420,000	13,620,000

## 9. Employee Benefits

Consequent to the application of Accounting Standard (AS) 15 "Employee Benefits" all employee benefits have been determined in accordance with the Standard. The liability as per Actuarial Valuation has been deposited with the group gratuity Fund before March 31, 2010.

(Amt. in Rupees)

	Gratuity (Funded) 31.03.2010	Leave Encashment (Unfunded) 31.03.2010	Gratuity (Funded) 31.03.2009	Leave Encashment (Unfunded) 31.03.2009
Present Value of Defined Benefit Obligations	887,929	227,337	697,360	166,041
Fair Value of Plan Assets	1,202,450	-	1,106,370	-
Funded Status [Surplus/(Deficit)]	314,521	-	409,010	-
Net Asset (Liability) recognized in the Balance Sheet	-	(227,337)	-	(166,041)
Present Value of DBO at the beginning of the year	697,360	166,041	503,712	162,020
Current Service Cost	65,141	-	49,201	-
Interest Cost	55,789	-	40,041	-
Actuarial Losses / ( Gains)	69,639	-	209,210	-
Benefits paid	-	-	104,804	-
<b>Present Value of DBO at the end of the year</b>	<b>887,929</b>	<b>2,276,337</b>	697,360	166,041
Plan Assets at the beginning of the year	1,106,370	-	1,025,269	-
Expected Return on Plan Assets	88,510	-	86,214	-
Actuarial gain	7,570	-	(5,113)	-
Benefits Paid	-	-	104,804	-
<b>Plan Assets at the end of the year</b>	<b>1,202,450</b>	-	1,106,370	-
Current Service Cost	65,141	-	49,210	-
Interest Cost	55,789	-	40,041	-
Expected Return on Plan Assets	(88,510)	-	(86,214)	-
(Gain) / Actuarial Loss	62,069	-	214,323	-
Expense recognized in the Statement of Profit and Loss	-	95,050	104,804	50,600
Actual Benefit Payments	-	-	104,804	-
<b>Assumptions</b>				
Discount Rate %	8.00%	8.00%	8.00%	8.00%
Expected Return on Plan Assets %	8.00%	-	8.00%	-
Salary Escalation %	6.00%	6.00%	6.00%	6.00%

As a matter of prudence, the balance of fund of Rs. 3,14,521 of planned assets over gratuity liability is not recognised.

## 10. Remuneration to Manager:

(Amt. in Rupees)

	31.03.2010	31.03.2009
Salaries & Allowances	1,307,752	1,239,400
Contribution to Provident / Superannuation Funds	131,880	120,000
<b>Total</b>	<b>1,439,632</b>	<b>1,359,400</b>

The above does not include provision made for Gratuity and Leave Encashment as the same is provided on an overall basis.

**11. Dues to Micro and Small Enterprises:**

The company has not received any intimation from "Suppliers" regarding the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts not paid as at the end of the year together with the interest paid/payable as required on the said amount have not been given.

**12. Particulars of Loans /advances by the company in its subsidiary as required to be disclosed pursuant to clause 32 of the listing Agreement** *(Amt. in Rupees)*

Name of the company	Relationship	Balance as on 31.03.2010	Max balance during the year
ITAG Business Solutions Ltd	Subsidiary	16,420,000	16,420,000
		(13,620,000)	(13,620,000)

**13. Figures of the previous year have been regrouped / rearranged wherever necessary.**

\* \* \*

**[BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE AS PER PART IV,SCHEDULE VI OF THE COMPANIES ACT,1956]**

**I REGISTRATION DETAILS**

Registration no	31293	State code	01
		Balance Sheet Date	31.03.2010

**II CAPITAL RAISED DURING THE PERIOD (Amount in Rs.Thousands)**

Public Issue	--	Rights Issue	--
Bonus Issue	--	Private placement	--

**III Position of Mobilisation and Deployment of funds (Amount in Rs.Thousands)**

Total Liabilities	861,145	Total Assets	861,145
Source of Funds			
Paid up Capital	141,963	Reserves & Surplus	121,682
Secured Loans	597,500	Deferred Tax Liability	--
UnSecured Loans	--		
Application of Funds			
Net Fixed Assets	20,572	Investments	240,192
Net Current Assets	599,617	Deffered Tax	765
Accumulated Losses	--		

**IV. PERFORMANCE OF COMPANY (Amount in Rs.Thousands)**

Turnover	92,655	Total Expenditure	91,232
+Profit/(Loss) Before Tax	1,423	+Profit/(Loss) After Tax	(3,600)
Earning per share in Rs.	(0.28)	Dividend (%)	--

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY**

ITEM CODE NO (ITC Code)	:	N.A.
PRODUCT DESCRIPTION	:	LEASING
ITEM CODE NO (ITC Code)	:	N.A.
PRODUCTION DESCRIPTION	:	INVESTMENTS
ITEM CODE NO (ITC Code)	:	N.A.
PRODUCTION DESCRIPTION	:	INTER CORPORATE LOANS

**For and on Behalf of the Board**

Secunderabad, May 5, 2010	R K Modi Company Secretary	O Swaminatha Reddy Chairman	V T Pawar Director
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## SCHEDULE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY

(as required in terms of Paragraph 13 of Non-Banking Financial ( Non- Deposit Accepting or Holding )

Companies Prudential Norms (Reserve Bank) Directions, 2007

(Amt. in Rupees)

<b>Liabilities side :</b>		
<b>1.</b>	<b>Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>	
	Amount Outstanding	Amount Overdue
	(a) Term Loans	597,500,000
	(b) Public Deposits (Unclaimed)	—
		—
<b>Asset side :</b>		
<b>2.</b>	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :</b>	
	Amount Outstanding	
	(a) Secured	
	(b) Unsecured	526,420,000
<b>3.</b>	<b>Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>	
	(i) Lease assets including lease rentals under sundry debtors :	
	(a) Financial lease	13,588,761
	(b) Operating lease	—
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	NIL
	(b) Repossessed Assets	—
	(iii) Other Loans Counting towards AFC activities	
	(a) Loans where assets have been repossessed	
	(b) Loans other than (a) above	
<b>4.</b>	<b>Break-up of Investments :</b>	
	<u>Current Investments</u>	NIL
	<u>Long Term investments :</u>	
	1. <u>Quoted :</u>	
	(i) Equity Shares	127,104,493
	(ii) Debentures and Bonds	—
	2. <u>Unquoted :</u>	
	(i) (a) Equity Shares	109,587,037
	(b) Preference	3,500,000



<b>5. Borrower group-wise classification of assets financed as in (2) and (3)above :</b>				
Amount net of provisions				
Category	Secured	Unsecured	Total	
1. Related Parties **				
(a) Subsidiaries	-	16,420,000	16,420,000	
(b) Companies in the same group	-	-	-	
(c) Other related parties	-	-	-	
2. Other than related parties	-	523,588,761	523,588,761	
<b>Total</b>	-	<b>540,008,761</b>	<b>540,008,761</b>	
<b>6. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b>				
Category	Market Value / Break up or fair value or NAV		Book Value (Net of Provisions)	
1. Related Parties				
(a) Subsidiaries	880,000		880000	
(b) Companies in the same group	-		-	
(c) Other related parties	842,703,722		230,946,184	
2. Other than related parties	78,701,207		8,365,346	
<b>Total</b>	<b>922,284,929</b>		<b>240,191,530</b>	
<b>7. Other information</b>				
Particulars	Amount			
(i) Gross Non-Performing Assets				
(a) Related parties	-			
(b) Other than related parties	13,588,761			
(ii) Net Non-Performing Assets	-			
(a) Related parties	-			
(b) Other than related parties	-			
(iii) Assets acquired in satisfaction of debt	-			

**DIRECTORS' REPORT**

Your Directors are presenting the 3rd Annual Report and the Audited Statement of Accounts for the year ended 31st March 2010.

**FINANCIAL RESULTS:****(Rs.in Lakhs)**

	<b>As on 31<sup>st</sup> March 2010</b>	As on 31 <sup>st</sup> March 2009
Income	<b>402.97</b>	22.91
Depreciation	<b>3.01</b>	2.72
Profit/ (Loss) before tax	<b>14.01</b>	(46.72)
Provision for tax:		
Current Tax	<b>2.20</b>	-
Deferred Tax	<b>(0.14)</b>	0.60
Fringe Benefit Tax	-	0.50
Profit/ (Loss) after tax	<b>11.95</b>	(47.83)
Balance brought forward from previous year	<b>(136.12)</b>	(88.28)
Balance Carried forward	<b>(124.16)</b>	(136.12)

**DIVIDEND**

Your Directors do not recommend payment of dividend for the financial year ended 31st March 2010.

**REVIEW OF OPERATIONS**

During the period under review the turnover of the Company stood at Rs.402 Lacs as against Rs. 22 Lacs in the previous year. The Company incurred a profit of Rs.11 Lacs as against a loss of Rs. 47 Lacs in the previous year. During the year, your Company introduced a consulting and manpower outsourcing division on 1st April, 2009 with the business of engaging trained contractual personnel to Gati Limited, a Company incorporated under the provisions of the Companies Act, 1956 and its subsidiary companies for non-core activities on contractual basis.

This division has been established with the objective of providing qualified, skilled and efficient manpower to the leading organizations at competitive prices.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Memorandum and Articles of Association of the Company Dr. D R Agarwal, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 your Directors' confirm the following that:

- i. in the preparation of the Annual Accounts for the year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. the Directors have prepared the annual accounts on a going concern basis.

**AUDITORS:**

Deloitte Haskins & Sells, Chartered Accountants, Hyderabad, have expressed their unwillingness to continue as auditors for the 2010-2011. The Board of Directors recommended that M/s S.B. Billimoria & Company, Chartered Accountants, Hyderabad be appointed as auditors of the Company for the financial year 2010-2011, subject to the approval of the shareholders in the forthcoming Annual General Meeting of the company.

**COMPLIANCE CERTIFICATE :**

A Certificate from M/s. D C Agarwal & Co. Practising Company Secretary has been obtained pursuant to Section 383A of the Companies Act, 1956 and is part of the Directors' Report.

**PERSONNEL**

Particulars of employees required under Section 217 (2A) of the Companies Act, 1956 are not applicable to the Company.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO**

The Company has no activities relating to Conservation of Energy or Technology Absorption.

**ACKNOWLEDGEMENT:**

The Board of Directors wishes to place on record their appreciation for the support and co-operation extended by the stakeholders during the year.

**For and on behalf of the Board**

Secunderabad, May 5, 2010

N.K. Pandey  
Director

Dr. D.R. Agarwal  
Director

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**COMPLIANCE CERTIFICATE**

**(Pursuant to Section 383A of the Companies Act, 1956)**

Registration No. (CIN No.) : U74140AP2007PLC053476  
Nominal Capital : Rs. 1,00,00,000/-

To  
The Members,  
**ITAG BUSINESS SOLUTIONS LIMITED**  
1-7-293, M.G. Road  
Secunderabad-500003.

I have examined the registers, records, books and papers of **M/s ITAG Business Solutions Limited**, Secunderabad as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31-03-2010. 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 of the Act and rules made there under 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 there under.

3. The Company being a Public limited Company comments are not required.
4. The Board of Directors duly met 6 ( six ) times respectively on 30-04-2009, 12-05-2009, 29-07-2009, 21-10-2009, 21-12-2009 and 19-03-2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members or Debenture holders during the financial year.
6. The Annual General Meeting for the Financial Year ended 31st March, 2009 was held on 29-07-2009 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. No Extra-ordinary General Meeting was held 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 was not required to make any entries in the register maintained under the section 301 of the Act.
11. As 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 or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has/was:
  - i) not made any allotment / transfer / transmission of securities during the financial year.
  - ii) not deposited any amount in a separate bank account as no dividend was declared during the financial year.
  - iii) not required to post warrants to any member of the company as no dividend was declared during the financial year.
  - iv) not required to transfer any amounts to the Investors Education and Protection Fund as there were no unclaimed dividends/ unclaimed deposits, matured debentures and the interest occurred thereon which have remained unclaimed or unpaid for a period of seven years to investor Education and Protection Fund (applicable when Rules were notified) as no dividend was declared, no deposits were accepted and no debentures were issued during the Financial Year.
  - 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 the appointment of directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made.
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 or such other authorities as 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 there under.

19. The Company has not issued any shares/debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance rights to dividend, rights shares and bonus shares pending registrations of transfer of shares.
23. The Company has not invited/accepted any public deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amounts borrowed by the Company from directors, members, public, financial institutions, banks, and others during the financial year ending 31st March, 2010 are within the borrowing limits of the Company and that necessary resolutions as per section 293 (1) (d) of the Act have been passed in duly convened extra ordinary general meeting.
25. The company has not made any loans or advances or given guarantees or provided securities to other bodies corporate, and consequently no entries have been made in the register kept for the purpose.
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 state during the financial 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 and complied with provisions of the Act.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the financial year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the financial year under scrutiny and complied with provisions of the Act.
30. The Company has not altered its Articles of Association during the Financial Year.
31. There was/were no prosecution(s) initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year under scrutiny for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not deducted any contribution towards Provident Fund during the Financial year.

Dulichand Agarwal  
Practising Company Secretary  
C.P. No. 3345

Secunderabad, May 5, 2010

**Registers / Books as maintained by the Company****Statutory Registers :**

1. Register of Members u/s 150.
2. Register of Directors, Managing Directors, Manager and Secretary as per Section 303.
3. Register of Director's Share and Debenture Holdings as per Section 307.
4. Register of Allotment of Shares.
5. Register of Directors' Attendance.
6. Register of Shareholders' Attendance.
7. Register of Fixed Assets.
8. Minutes Books of Board Meetings.
9. Minutes Books of Shareholders' Meetings.

**Forms and Returns as filed by ITAG Business Solutions Limited with the Registrar of Companies, Regional Director, Central Government or other authorities during the Financial Year ending 31.03.2010.**

S. No.	Form No. / Return	Filed u/s	For	Date of Filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1.	Form 23 AC & Form 23 ACA - Balance Sheet & Profit & Loss A/c	220	For the Financial Year 2008-09	18-08-2009	Yes (SRN-P33866674)	No
2.	Form 20B - Annual Return	159	For the Financial Year 2008-09	18-08-2009	Yes (SRN-P33866815)	No
3.	Form 66 - Compliance Certificate	383 (A)	For the Financial Year 2008-09	08-08-2009	Yes (SRN-P33688326)	No

Dulichand Agarwal  
Practising Company Secretary  
C.P. No. 3345

Secunderabad, May 5, 2010

# AUDITORS' REPORT

## THE MEMBERS OF

### ITAG BUSINESS SOLUTIONS LIMITED

1. We have audited the attached Balance Sheet of ITAG BUSINESS SOLUTIONS LIMITED as at March 31, 2010 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Attention is invited to Note 10 of schedule L to the financial statements. For the reasons explained in the Note, the financial Statements have been prepared on a going concern basis.
5. Further to our comments in the Annexure referred to in paragraph 3 above and subject to paragraph 4 above, we report as follows:
  - 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 it appears from our examination of those books;
  - c. the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
  - e. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of the affairs of the Company as at March 31, 2010
    - ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date and
    - iii) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.
6. On the basis of written representations received from the Directors as on March 31, 2010 and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2010 from being appointed as directors in terms of Section 274(1)(g) of the Companies Act, 1956.

**For Deloitte Haskins & Sells**  
**Chartered Accountants**  
(Registration No: 008072S)

Ganesh Balakrishnan  
Partner  
Membership No.201193

Secunderabad, May 5, 2010

## **ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph 3 of our report attached)

- (i) Having regard to the nature of the Company's business/activities/result, clauses 4 (ii), (vi), (vii), (viii), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
  - (b) All the fixed assets were physically verified during the year by the management. According to the Information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) None of the asset is disposed off during the year.
- (iii) According to the information and explanations given to us, the Company has neither taken nor granted secured or unsecured loans from / to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraph 4 (iii) of the order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services and we have not observed any continuing failure to correct major weaknesses in such internal controls.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements, the particulars of which need to be entered into the register maintained under Section 301 of the Companies Act, 1956. Accordingly, Clause 4(v) of the Order is not applicable.
- vi) In respect of statutory dues:
  - (a) According to the information and explanations given to us, except delays in remittance of tax deducted at source the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other material statutory dues applicable to it with the appropriate authorities during the year.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, custom duty, excise duty, cess and any other material statutory dues applicable to it were in arrears, as at March 31, 2010 for a period of more than six months from the date they became payable.
  - (c) According to the information and explanations given to us, there are no disputed sales tax, income tax, customs duty, excise duty, wealth tax and cess which have not been deposited as on March 31, 2010.
- vii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we report that funds raised on short term basis have not been used for long-term investment.
- viii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

**For Deloitte Haskins & Sells**  
**Chartered Accountants**  
(Registration No: 008072S)

Ganesh Balakrishnan  
Partner  
Membership No.201193

Secunderabad, May 5, 2010



**ITAG BUSINESS SOLUTIONS LIMITED**  
**BALANCE SHEET AS AT 31st MARCH 2010**

(Amt. in Rupees)

	Schedule	As at 31st March 2010	As at 31st March 2009
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	A	1,725,000	1,725,000
<b>Total</b>		<b>1,725,000</b>	<b>1,725,000</b>
<b>UNSECURED LOANS</b>			
Advance From Holding company		16,420,000	13,620,000
<b>DEFERRED TAX LIABILITY</b>			
	B	246,458	260,529
<b>TOTAL</b>		<b>18,391,458</b>	<b>15,605,529</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
	C		
Gross Block		2,783,660	2,505,142
Less: Depreciation		784,931	483,639
<b>Net Block</b>		<b>1,998,729</b>	<b>2,021,503</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Sundry Debtors	D	7,012,724	372,640
Cash and Bank Balances	E	1,837,303	299,116
Loans and Advances	F	1,137,150	170,884
<b>Total</b>		<b>9,987,177</b>	<b>842,640</b>
<b>Less: CURRENT LIABILITIES AND PROVISIONS</b>			
Liabilities	G	5,823,270	745,167
Provisions	H	187,709	125,579
<b>Total</b>		<b>6,010,979</b>	<b>870,746</b>
<b>NET CURRENT ASSETS</b>		<b>3,976,198</b>	<b>(28,106)</b>
<b>Profit and Loss Account</b>		<b>12,416,531</b>	<b>13,612,132</b>
<b>TOTAL</b>		<b>18,391,458</b>	<b>15,605,529</b>
Significant Accounting Policies	K		
Notes forming part of Accounts	L		
Schedules referred to above and cash flow statement form an integral part of Balance Sheet.			

In terms of our report attached

**For Deloitte Haskins and Sells**  
**Chartered Accountants**

**For and on Behalf of the Board**

Ganesh Balakrishnan  
Partner  
Secunderabad, May 5, 2010

N.K. Pandey  
Director

Dr. D.R. Agarwal  
Director  
Secunderabad, May 5, 2010

**ITAG BUSINESS SOLUTIONS LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2010**

(Amt. in Rupees)

	Schedule	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
<b>INCOME</b>			
Consultancy fees (Tax Deducted at source Rs. 1,168,576 Previous Year Rs.111,163/- )		<b>39,457,088</b>	1,485,187
Delegate Fees		<b>346,632</b>	413,409
Sponsorship		<b>433,747</b>	392,500
Other Income		<b>59,729</b>	-
<b>Total</b>		<b>40,297,196</b>	<b>2,291,096</b>
<b>EXPENDITURE</b>			
Personnel Expenses	I	<b>34,702,130</b>	2,775,056
Administrative Expenses	J	<b>3,892,244</b>	3,916,519
Depreciation	C	<b>301,292</b>	272,321
<b>Total</b>		<b>38,895,666</b>	<b>6,963,896</b>
Profit/(Loss) before Tax		<b>1,401,530</b>	(4,672,800)
Provision for Tax			
Current Tax		<b>220,000</b>	-
Deferred Tax		<b>(14,071)</b>	60,348
Fringe Benefit Tax		-	50,365
<b>Profit/(Loss) after Tax</b>		<b>1,195,601</b>	<b>(4,783,513)</b>
Balance Brought forward from previous year		<b>(13,612,132)</b>	(8,828,619)
Balance Carried to Balance Sheet		<b>(12,416,531)</b>	(13,612,132)
Earning per share (basic/diluted) (Refer Note -2 of Schedule - L)		<b>6.93</b>	(65.09)
Significant Accounting Policies	K		
Notes forming part of Accounts	L		
Schedules referred to above form an integral part of Profit & Loss Account.			

In terms of our report attached

**For Deloitte Haskins and Sells  
Chartered Accountants**

Ganesh Balakrishnan  
Partner

Secunderabad, May 5, 2010

**For and on Behalf of the Board**

N.K. Pandey  
Director

Dr. D.R. Agarwal  
Director

Secunderabad, May 5, 2010

**ITAG BUSINESS SOLUTIONS LIMITED**
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010**
*(Amt. in Rupees)*

	<b>For the Year Ended 31.03.2010</b>	<b>For the Year Ended 31.03.2009</b>
<b>A.CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before tax and extra ordinary items	<b>1,401,530</b>	(4,672,800)
Adjustments for:		
Depreciation	<b>301,292</b>	272,321
Operating Profit/(loss) before working capital changes	<b>1,702,822</b>	(4,400,479)
Adjustments for		
Trade and other Receivables	<b>(7,824,671)</b>	(155,736)
Trade payables	<b>5,140,233</b>	314,967
Tax Paid	<b>(1,679)</b>	(48,686)
Cash used in operations	<b>(983,295)</b>	(4,289,934)
<b>Net cash used in operating Activities</b>	<b>(983,295)</b>	<b>(4,289,934)</b>
<b>B.CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed Assets	<b>(278,518)</b>	(188,674)
<b>Net cash used in investing activities</b>	<b>(278,518)</b>	<b>(188,674)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity capital/application money	-	625,000
Advance from holding company	<b>2,800,000</b>	3,779,527
Net cash from Financing Activites	<b>2,800,000</b>	4,404,527
<b>Net Increase in cash and cash equivalents</b>	<b>1,538,187</b>	<b>(74,081)</b>
Cash and Cash equivalents at the beginning of the year	<b>299,116</b>	373,197
<b>Cash and Cash equivalents at the end of the year</b>	<b>1,837,303</b>	<b>299,116</b>
Notes:		
1). The cash flow statement is prepared under "Indirect method" as set out in Accounting Standard - 3 on Cash Flow Statements notified in section 211 (3C) of the Companies Act, 1956.		
2). Previous Year figures have been regrouped / reclassified / rearranged wherever necessary.		

In terms of our report attached

**For Deloitte Haskins and Sells  
Chartered Accountants**

Ganesh Balakrishnan  
Partner  
Secunderabad, May 5, 2010

**For and on Behalf of the Board**

N.K. Pandey  
Director

Dr. D.R. Agarwal  
Director  
Secunderabad, May 5, 2010

**ITAG BUSINESS SOLUTIONS LIMITED**  
**SCHEDULES FORMING PART OF BALANCE SHEET**

(Amt. in Rupees)

	As at 31st March, 2010	As at 31st March, 2009
<b>SCHEDULE A</b>		
<b>SHARE CAPITAL - AUTHORISED CAPITAL</b>		
1,000,000 Equity Shares of Rs.10/- each	<b>10,000,000</b>	10,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>		
172,500 Equity shares of of Rs 10/- each fully paid up (of the above,88,000 equity shares are held by TCI Finance Ltd, the Holding Company)	<b>1,725,000</b>	1,725,000
	<b>1,725,000</b>	<b>1,725,000</b>
<b>SCHEDULE B</b>		
<b>DEFERRED TAX LIABILITY</b>		
Difference between Book and Tax Depreciation	<b>246,458</b>	260,529
<b>Total</b>	<b>246,458</b>	<b>260,529</b>

**SCHEDULE C FIXED ASSETS**

(Amt. in Rupees)

S.No	PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		AS AT 01.04.2009	ADDITIONS	AS AT 31.03.2010	AS ON 01.04.2009	FOR THE YEAR	UPTO 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009
1	FURNITURE & FIXTURES	979,381	90,450	1,069,831	117,500	65,823	183,323	886,508	861,881
2	OFFICE EQUIPMENT	255,800	9,360	265,160	21,769	12,484	34,253	230,907	234,031
3	COMPUTERS	1,269,961	178,708	1,448,669	344,370	222,985	567,355	881,314	925,591
	<b>TOTAL</b>	<b>2,505,142</b>	<b>278,518</b>	<b>2,783,660</b>	<b>483,639</b>	<b>301,292</b>	<b>784,931</b>	<b>1,998,729</b>	<b>2,021,503</b>
	<i>Previous year</i>	<i>2,316,468</i>	<i>188,674</i>	<i>2,505,142</i>	<i>211,318</i>	<i>272,321</i>	<i>483,639</i>	<i>2,021,503</i>	-

**SCHEDULE D**

<b>SUNDRY DEBTORS</b>		
<b>Unsecured -Considered Good</b>		
Outstanding for more than six months	<b>108,923</b>	193,830
Others	<b>6,903,801</b>	178,810
	<b>7,012,724</b>	<b>372,640</b>

**SCHEDULE E**

<b>CASH &amp; BANK BALANCES</b>		
Cash on Hand	<b>207</b>	1,594
With Scheduled Banks - Current Accounts	<b>1,837,096</b>	297,522
	<b>1,837,303</b>	<b>299,116</b>

**SCHEDULE F**

<b>LOANS &amp; ADVANCES</b>		
<b>Unsecured - Considered Good</b>		
Interest accrued on deposits	<b>326</b>	-
Advance Tax including Tax Deducted at Source (Net of provision for tax Rs. 220,000 Previous year Rs. 50,365)	<b>1,110,439</b>	150,884
Advances recoverable in cash or in kind or for value to be received	<b>26,385</b>	20,000
	<b>1,137,150</b>	<b>170,884</b>

**ITAG BUSINESS SOLUTIONS LIMITED**  
**SCHEDULES FORMING PART OF BALANCE SHEET**

(Amt. in Rupees)

	As at 31st March 2010	As at 31st March 2009
<b>SCHEDULE G</b>		
<b>LIABILITIES</b>		
Sundry Creditors		
- Due to other than Micro and small enterprises	4,339,652	681,469
Other Liabilities	1,483,618	63,698
	<b>5,823,270</b>	<b>745,167</b>
<b>SCHEDULE H</b>		
<b>PROVISIONS</b>		
Gratuity	129,836	84,578
Compensated Absences	57,873	41,001
	<b>187,709</b>	<b>125,579</b>
<b>SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT</b>		
<b>SCHEDULE I</b>		
<b>PERSONNEL EXPENSES</b>		
Salaries and Allowances	31,461,504	2,683,836
Gratuity	45,258	25,256
Staff Welfare Expenses	284,348	65,964
Contribution to Provident and Other Funds	2,911,020	-
	<b>34,702,130</b>	<b>2,775,056</b>
<b>SCHEDULE J</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Rent	720,000	720,000
Travelling Expenses	267,048	187,176
Conveyance	108,967	183,179
Office maintenance	246,220	261,708
Telephone Expenses	109,854	84,386
Printing & Stationery	270,948	193,867
Postage & Telegrams	14,411	1,682
Professional Fees	1,288,600	1,321,656
Rates & Taxes	47,706	18,355
Conferences & Seminars	328,452	374,499
Subscription & membership	62,729	40,950
Books & periodicals	6,676	33,290
Advertisement	-	51,473
Web designing charges	-	25,400
Internet expenses	96,739	107,620
Software expenses	-	151,135
Electricity charges	106,040	80,940
Miscellaneous Expenses	167,854	29,203
Audit Fees	50,000	50,000
	<b>3,892,244</b>	<b>3,916,519</b>

**ITAG BUSINESS SOLUTIONS LIMITED**  
**SCHEDULE K**  
**ACCOUNTING POLICIES**

**1. BASIS OF ACCOUNTING**

The Financial Statements are prepared under historical cost convention on the basis of going concern and as per Accounting Standards notified under Section 211(3C) of the Companies Act, 1956.

**2. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

**3. FIXED ASSETS**

Assets are stated at Cost less Depreciation

**4. DEPRECIATION**

Depreciation is provided on Straight line method at rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on addition/deductions is calculated prorata from/to the date of addition/deduction.

**5. REVENUE**

Consultancy Revenue is recognized on accrual basis.

**6. EMPLOYEE BENEFITS**

- (i) Provident fund is a defined contribution plan and the contributions as required by the statute to Government Provident Fund are charged to profit and loss account when due.
- (ii) Gratuity liability is defined benefit obligation and is wholly unfunded. The Company accounts for liability for future gratuity benefits based on actuarial valuation.
- (iii) Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.
- (iv) The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employee is recognized during the period when the employee renders the service.

**7. FOREIGN CURRENCY TRANSACTIONS**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date, are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/ translation of monetary assets and liabilities are recognized in the Profit and Loss Account.

**8. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

**9. TAXATION**

Provision for tax is made for both current and deferred taxes. Provision for current income tax is made on the current tax rates based on the working results of the year. The company provides for deferred tax based on the tax effect of timing differences resulting from the recognition of items in the accounts and in estimating its current tax provision. The effect on deferred taxes of a change in tax rate is recognized in the year in which the change is effected. Fringe Benefit Tax is determined on the basis of the Income Tax Act, 1961

**SCHEDULE L  
NOTES ON ACCOUNTS**

1. Contingent Liabilities not provided for : Nil

2. **Earning per Share**

	<b>31.03.2010</b>	<b>31.03.2009</b>
Number of equity shares outstanding	<b>172,500</b>	172,500
Weighted Average Number of Equity Shares	<b>172,500</b>	73,493
Net profit after tax available to equity shareholders (Rs.)	<b>1,195,601</b>	(4,783,513)
<b>Basic/Diluted Earnings per share (nominal value Rs.10 each)</b>	<b>6.93</b>	<b>(65.09)</b>

3. Related party disclosures :  
Information regarding Related Party Transactions as per Accounting Standard 18 notified in Section 211(3C) of the Companies Act, 1956 is given below:

3.1 List of Related parties

<b>Name of the related Party</b>	<b>Nature of Relation</b>
TCI Finance Ltd	Holding company
Dr. DR Agarwal	Key Management Personnel

3.2. Transactions with related parties (Amt. in Rupees)

<b>Nature of transaction</b>	<b>Holding Company</b>	<b>Key Management Personnel</b>
<i>Consultancy Fees</i>	7,758	-
<b>Advance taken</b>	<b>2,800,000</b>	-
	(3,779,527)	-
Balance at year end:	-	-
<b>Advance taken</b>	<b>16,420,000</b>	-
	(13,620,000)	-
<b>Rent Paid</b>	-	<b>720,000</b>
	-	(720,000)

Amounts indicated in the Bracket represents previous years balances.

4. **Lease details as per Accounting Standard - 19 - "Accounting for Leases"**

The company has lease of office premises at Kolkata on operating lease which is cancellable by either party giving two months' notice. Particulars of the operating lease are as given under : (Amt. in Rupees)

<b>Particulars</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
Lease Rent	<b>720,000</b>	720,000

5. Earnings in Foreign Currency (Amt. in Rupees)

<b>Particulars</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
Consultance Fees	<b>455,567</b>	-
Sponsorship	<b>127,309</b>	-
Delegate Fees	<b>25,756</b>	-

6. Expenditure in foreign currency : (Amt. in Rupees)

<b>Particulars</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
Travel	<b>32,900</b>	50,029
Membership	<b>26,993</b>	-
Telephone	<b>13,051</b>	-

7. Dues to Micro and Small Enterprises:

The company has not received any intimation from "Suppliers" regarding the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts not paid as at the end of the year together with the interest paid/payable as required on the said amount have not been given.

8. **Employee Benefits** : Consequent to the application of Accounting Standard (AS) 15 "Employee Benefits" all employee benefits have been determined in accordance with the Standard. *(Amt. in Rupees)*

	<b>Gratuity (unfunded) 31.03.10</b>	<b>Leave Encashment (unfunded) 31.03.10</b>	<b>Gratuity (unfunded) 31.03.09</b>	<b>Leave Encashment (unfunded) 31.03.09</b>
Present Value of Defined Benefit Obligations	129,836	57,873	84,578	41,001
Fair Value of Plan Assets	-	-	-	-
Funded Status [Surplus/(Deficit)]	-	-	-	-
Net Asset (Liability) recognized in the Balance Sheet	(129,836)	(57,873)	(84,578)	(41,001)
Present Value of DBO at the beginning of the year	59,322	41,001	59,322	70,479
Current Service Cost	71,979	-	66,498	-
Interest Cost	6,766	-	10,066	-
Actuarial Losses / ( Gains)	(33,487)	16,873	(51,307)	38,478
Benefits paid	-	-	-	-
<b>Present Value of DBO at the end of the year</b>	<b>129,836</b>	<b>57,873</b>	<b>84,578</b>	<b>41,001</b>
Current Service Cost	71,979	-	66,498	-
Interest Cost	6,766	-	10,066	-
Expected Return on Plan Assets	-	-	-	-
(Gain) / Actuarial Loss	(33,487)	-	(51,307)	-
Expense recognized in the Statement of Profit and Loss	45,258	(16,873)	25,256	(38)
Actual Benefit Payments	-	-	-	-
<b>Assumptions</b>				
Discount Rate %	8	8	8	8
Expected Return on Plan Assets %	-	-	-	-
Salary Escalation %	6	6	6	6

9. **Segment Reporting:** The company has identified two primary business segments namely, Knowledge Process Outsourcing- Intellectual Property Services and HR Outsourcing Services which in the context of Accounting Standard-17 "Segment Reporting" constitute reportable segments.

**Information about Business Segments:**

*(Amt. in Rupees)*

<b>Particulars</b>	<b>Knowledge Process Outstanding</b>	<b>HR Outstanding</b>	<b>Un- allocable</b>	<b>Total</b>
Segment Revenue	4,089,087	36,208,109	-	40,297,196
Segment Result before Interest and Taxes	(2,656,109)	4,057,639	-	1,401,530
Less Interest	-	-	-	-
Profit before Taxes	(2,656,109)	4,057,639	-	1,401,530
Taxes			(205,929)	(205,929)
Profit after taxes				1,195,601
Segment Assets	3,358,503	8,627,403	-	11,985,906
Segment Liabilities	17,141,215	5,289,764	246,458	22,677,437
Total cost incurred during the period to acquire fixed assets	278,518	-	-	278,518
Segment Depreciation	-	-	301,292	301,292

- Notes: 1. The company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the business, differing risks and returns.
2. Segment Revenue, Segment Results, Segments Assets and Segment liabilities include the respective amounts identifiable to each of the segments.
10. The company which is in its third year of operations has made a profit Rs 1,195,601 (Loss in Previous year Rs 4,783,513) during the year ended 31st March 2010 and has accumulated losses of Rs12,416,531, which exceeded the paid up share capital of Rs.1,725,000. The holding company has agreed to provide financial support to the company to meet its financial obligations.
11. Figures of the previous year have been regrouped / rearranged wherever necessary.



STATEMENT RELATING TO SUBSIDIARY COMPANY AS AT 31ST MARCH 2010											
SL NO	Name of the Subsidiary	Issued and Subscribed Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit /Loss Before Taxation	Provision for Taxation	Profit/loss after Taxation	Proposed Dividend
1	ITAG Business Solutions Limited	1725000	-	18,391,458	18,391,458	-	40,297,196	1,401,530	205,929	1,195,601	-

**STATEMENT PURSUANT TO SECTION 212(e) OF THE COMPANIES ACT,1956, RELATING TO SUBSIDIARY COMPANY**

Name of the Subsidiary	Financial year of Subsidiary ended on	Number of Equity Shares held by Tci Finance Ltd	Extent of Interest of TCI Finance Ltd in the Capital of the Subsidiary	Net Aggregate amount of profits or losses of the subsidiary so far as it concerns the members of Tci Finance Ltd dealt with or provided for in the accounts of TCI Finance Ltd	Net Aggregate amount of profits or losses of the subsidiary so far as it concerns the members of TCI Finance Ltd and is not dealt with in the accounts of TCI Finance Ltd
ITAG Business Solutions Limited	March 31, 2010	88000 shares of Rs 10 each	51%	Nil	Profit of Rs 1,195,601

**[BALANCE SHEET ABSTRACT AND A COMPANY'S GENERAL BUSINESS PROFILE AS PER PART IV, SCHEDULE VI OF THE COMPANIES ACT, 1956]**

**I REGISTRATION DETAILS**

Registration no	U74140AP2007PLC053476	State code	01
		Balance Sheet Date	31.03.2010

**II CAPITAL RAISED DURING THE PERIOD (Amount in Thousands)**

Public Issue	--	Rights Issue	--
Bonus Issue	--	Private placement	--

**III Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)**

Total Liabilities	18,391	Total Assets	18,391
Source of Funds			
Paid up Capital	1,725	Reserves & Surplus	--
Secured Loans	--	Deferred Tax Liability	246
UnSecured Loans	16,420		
Application of Funds			
Net Fixed Assets	1,999	Investments	--
Net Current Assets	3,976	Deffered Tax	--
Accumulated Losses	12,417		

**IV. PERFORMANCE OF COMPANY (Amount in Rs.Thousands)**

Turnover	40,297	Total Expenditure	38,896
+Profit/(Loss) Before Tax	1,402	+Profit/(Loss) After Tax	1,196
Earning per share in Rs.	6.93	Dividend (%)	--

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY**

ITEM CODE NO (ITC Code) : N.A.  
 PRODUCT DESCRIPTION : KNOWLEDGE PROCESS OUTSOURCING

**For and on Behalf of the Board**

N K Pandey  
 Director

Dr. D R Agarwal  
 Director

Secunderabad, May 5, 2010

## **AUDITORS' REPORT**

### **To the Board of Directors of TCI Finance Limited**

1. We have audited the attached Consolidated Balance Sheet of TCI FINANCE LIMITED ("the Company"), its subsidiary (the Company, its subsidiary constitute "the Group") as at 31st March, 2010 the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of an Associate, whose financial statements reflect Group's share of loss Rs. 55,15,299 for the year ended 31st March, 2010 as considered in the Consolidated Financial Statements. These financial statements and other financial information have been audited by other auditor whose report has been furnished to us and our opinion in so far as it relates to the amount included in respect of this associate is based solely on the report of the other auditor.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company, its associates and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;
  - (ii) in the case of the Consolidated Profit and Loss Account, of the loss of the Group for the year ended on that date and
  - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

**For Deloitte Haskins & Sells**  
**Chartered Accountants**  
(Registration No.008072S)

Ganesh Balakrishnan  
Partner  
Membership No.201193

Secunderabad, May 5, 2010

**TCI FINANCE LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010**

(Amt. in Rupees)

	Schedule	As at 31.03.2010	As at 31.03.2009
<b>SOURCES OF FUNDS</b>			
<b>SHARE HOLDERS' FUNDS</b>			
Share Capital	A	141,963,050	141,963,050
Reserves & Surplus	B	83,054,187	90,973,558
<b>Total</b>		<b>225,017,237</b>	<b>232,936,608</b>
<b>LOAN FUNDS</b>			
Secured Loans	C	597,500,000	347,577,535
<b>Total</b>		<b>822,517,237</b>	<b>580,514,143</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
	D		
Gross Block		71,753,106	82,409,502
Less: Depreciation		29,704,454	38,711,065
Less: Lease Adjustment		19,478,166	19,478,166
<b>Net Block</b>		<b>22,570,486</b>	<b>24,220,271</b>
<b>INVESTMENTS</b>	E	212,254,873	235,919,588
<b>DEFERRED TAX ASSET (NET)</b>	F	518,951	745,291
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Sundry Debtors	G	7,013,759	686,099
Cash and Bank Balances	H	3,982,898	1,184,300
Loans and Advances	I	599,743,362	335,668,245
<b>Total</b>		<b>610,740,019</b>	<b>337,538,644</b>
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	J	10,620,509	5,083,397
Provisions	K	12,946,583	12,826,254
<b>Total</b>		<b>23,567,092</b>	<b>17,909,651</b>
<b>NET CURRENT ASSETS</b>		<b>587,172,927</b>	<b>319,628,993</b>
<b>TOTAL</b>		<b>822,517,237</b>	<b>580,514,143</b>
Accounting Policies	P		
Notes forming part of Accounts	Q		
Schedules referred to above and cash flow statement form an integral part of Balance Sheet.			

In terms of our report attached

**For Deloitte Haskins and Sells**  
**Chartered Accountants**

**For and on Behalf of the Board**

Ganesh Balakrishnan  
Partner

R K Modi  
Company Secretary

O Swaminatha Reddy  
Chairman

V T Pawar  
Director

Secunderabad, May 5, 2010

Secunderabad, May 5, 2010

**TCI FINANCE LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010**

(Amt. in Rupees)

	Schedule	For the year Ended 31.03.2010	For the year Ended 31.03.2009
<b>INCOME</b>			
Hire Rentals		2,658,635	3,063,994
Consultancy Fees (Tax Deducted Rs 1,168,576 Previous Year Rs.111,163 )		39,457,088	1,485,187
Delegate Fees		346,632	413,409
Sponsorship		433,747	392,500
Debts Written off realised		1,123,477	1,747,593
Interest on Deposits, Loans & Advances (Tax Deducted Rs. 69,258 Previous Year Rs.334,530 )		68,831,716	37,001,232
Profit on Sale of Motor Trucks		699,727	-
Profit on Sale of Investments		230,516	599,161
Dividends		395,039	10,767,991
Provision for non performing assets no longer required written back		-	609,337
Other Income (Tax Deducted Rs.1,072,608 Previous year Rs. 1,717,628)	L	18,776,000	15,360,974
<b>Total</b>		<b>132,952,577</b>	<b>71,441,378</b>
<b>EXPENDITURE</b>			
Personnel Expenses	M	40,099,174	7,406,439
Administrative Expenses	N	6,963,337	7,033,247
Financial Charges	O	81,572,916	54,768,312
Depreciation	D	1,463,430	4,433,428
Preliminary Expenses		-	-
Investments Written off		29,155	-
Diminution in Value of Investments		-	170,000
<b>Total</b>		<b>130,128,012</b>	<b>73,811,426</b>
<b>Profit/(Loss) before Tax</b>		<b>2,824,565</b>	<b>(2,370,048)</b>
<b>Provision for Tax</b>			
Current		380,000	-
Deferred		226,340	(809,241)
Fringe Benefit Tax		-	81,465
Income tax relating to earlier years		4,622,297	(456,393)
Loss after Tax before share of results of Associates and Minority Interest		(2,404,072)	(1,185,879)
Share of Net loss of Associates		(5,515,299)	(9,230,802)
Minority Interest		-	600,000
<b>Net Loss</b>		<b>(7,919,371)</b>	<b>(9,816,681)</b>
Balance Brought Forward From Previous Year		39,437,421	50,014,102
Transferred to Reserve Fund		-	(760,000)
<b>Balance Carried to Balance Sheet</b>		<b>31,518,050</b>	<b>39,437,421</b>
Earnings per Share (Basic/Diluted)		(0.62)	(0.76)
Accounting Policies	P		
Note forming part of Accounts	Q		
Schedules referred to above form an integral part of Profit & Loss Account.			

In terms of our report attached  
**For Deloitte Haskins and Sells**  
**Chartered Accountants**

**For and on Behalf of the Board**

Ganesh Balakrishnan  
Partner  
Secunderabad, May 5, 2010

R K Modi  
Company Secretary

O Swaminatha Reddy  
Chairman

V T Pawar  
Director  
Secunderabad, May 5, 2010

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010** (Amt. in Rupees)

	For the Year Ended 31.03.2010	For the Year Ended 31.03.2009
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax and extra ordinary items	2,824,565	(2,370,048)
Adjustments for:		
Depreciation	1,463,430	4,433,428
Loss on sale of assets	-	518,443
Profit on sale of Motor Trucks	(699,727)	
Profit on sale of Investments	(171,113)	(599,161)
Dividend	(395,039)	(10,767,991)
Investments Written off	29,155	
Diminution in value of Investments	-	170,000
Operating profit before working capital changes	3,051,271	(8,615,328)
Adjustments for		
Trade and other Receivables	(4,521,098)	(888,661)
Trade payables	5,497,441	(2,840,069)
Tax Paid	(4,623,976)	(1,561,217)
Cash generated from operations	(596,362)	(13,905,275)
<b>Net Cash used in operating Activities</b>	<b>(596,362)</b>	<b>(13,905,275)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed Assets	(278,518)	(508,729)
Sale of Fixed Assets	1,164,600	1,049,433
Advance for Purchase of Land	-	(34,460,000)
Purchase of Investments	-	(381,219)
Sale of Investments	18,291,374	2,715,698
Loans given	(266,100,000)	(219,500,000)
Dividend received	395,039	10,767,991
<b>Net cash used in investing activities</b>	<b>(246,527,505)</b>	<b>(240,316,826)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term Borrowings	250,000,000	392,500,000
Repayment of long Term Borrowing	(77,535)	(139,031,515)
<b>Net cash from Financing Activites</b>	<b>249,922,465</b>	<b>253,468,485</b>
<b>Net Increase in cash and equivalents</b>	<b>2,798,598</b>	<b>(753,616)</b>
Cash and cash equivalents as at the Beginning of the year	1,184,300	1,937,916
<b>Cash and cash equivalents as at the end of the year</b>	<b>3,982,898</b>	<b>1,184,300</b>

In terms of our report attached

**For Deloitte Haskins and Sells  
Chartered Accountants**

**For and on Behalf of the Board**

Ganesh Balakrishnan  
Partner  
Secunderabad, May 5, 2010

R K Modi  
Company Secretary

O Swaminatha Reddy  
Chairman

V T Pawar  
Director  
Secunderabad, May 5, 2010

**TCI FINANCE LIMITED**  
**SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET**

(Amt. in Rupees)

	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>	<b>200,000,000</b>	200,000,000
20,000,000 Equity Shares of Rs.10/- each		
<b>ISSUED CAPITAL</b>	<b>160,000,000</b>	160,000,000
16,000,000 Equity Shares of Rs.10/- each		
	<b>160,000,000</b>	<b>160,000,000</b>
<b>SUBSCRIBED &amp; PAIDUP CAPITAL</b>		
12,872,493 Equity shares of Rs 10/- each fully paid up (1,754,907 Equity shares of Rs.10/- each issued on Amalgamation without payment being received in cash)	<b>128,724,930</b>	128,724,930
Add: Forfeited Shares (Amount Originally paid up)	<b>13,238,120</b>	13,238,120
	<b>141,963,050</b>	<b>141,963,050</b>
<b>SCHEDULE B</b>		
<b>RESERVES &amp; SURPLUS</b>		
Share Premium		
As per Last Balance Sheet	<b>163,088</b>	163,088
General Reserve		
As per Last Balance Sheet	<b>31,128,049</b>	31,128,049
	<b>31,128,049</b>	<b>31,128,049</b>
Reserve Fund (As per Section 45 -IC of Reserve Bank of India Act,1934)		
As per Last Balance Sheet	<b>20,245,000</b>	19,485,000
Add: transferred during the year	-	760,000
	<b>20,245,000</b>	<b>20,245,000</b>
Profit and loss account	<b>31,518,050</b>	39,437,421
	<b>83,054,187</b>	<b>90,973,558</b>
<b>SCHEDULE C</b>		
<b>SECURED LOANS</b>		
Term Loans		
Banks		
- Secured by Hypthecation of Trucks	-	77,535
Others		
-Secured By Pledge of Investments and personal guarantee of a Director (Repayable within One year Rs 472,500,000 Previous year Rs 77,535)	<b>597,500,000</b>	347,500,000
	<b>597,500,000</b>	<b>347,577,535</b>

T CI FINANCE LIMITED																
SCHEDULES FORMING PART OF THE BALANCE SHEET																
SCHEDULE D																
FIXED ASSETS																
(Amt. in Rupees)																
S.No	PARTICULARS	GROSS BLOCK					DEPRECIATION					LEASE ADJUSTMENT			NET BLOCK	
		AS AT 01.04.2009	AS AT 31.03.2010	AS AT 01.04.2009	FOR THE YEAR	ADJUST 30.03.2010	AS AT 30.03.2010	UPTO LAST YEAR	FOR THE YEAR	ADJUST 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2010	AS AT 31.03.2009	AS AT 31.03.2010		
<b>I</b>	<b>OWNED ASSETS</b>															
1	LAND	3,522,514	3,522,514	-	-	-	-	-	-	-	-	-	-	-	3,522,514	3,522,514
2	BUILDINGS	4,040,826	4,040,826	649,127	65,866	714,993	-	-	-	-	-	-	-	-	3,325,833	3,391,699
3	FURNITURE & FIXTURES	2,079,381	2,169,831	90,450	135,453	920,063	-	-	-	-	-	-	-	-	1,249,768	1,294,771
4	PLANT & MACHINERY	1,532,563	1,720,631	368,655	236,571	605,226	-	-	-	-	-	-	-	-	1,115,405	1,163,908
5	MOTOR TRUCKS	24,699,558	13,764,644	22,999,374	1,025,540	13,554,873	10,934,914	10,470,041	-	-	-	-	-	-	209,771	1,700,184
	<b>SUB TOTAL</b>	<b>35,874,842</b>	<b>25,218,446</b>	<b>278,518</b>	<b>1,463,430</b>	<b>24,801,766</b>	<b>10,934,914</b>	<b>10,470,041</b>	<b>15,795,155</b>	<b>18,248,160</b>	<b>217,779</b>	<b>1,012,227</b>	<b>19,478,166</b>	<b>9,423,291</b>	<b>11,073,076</b>	
<b>II</b>	<b>LEASED ASSETS</b>															
1	PLANT & MACHINERY	40,318,442	40,318,442	11,005,989	-	11,005,989	-	-	-	-	-	-	-	-	11,064,293	11,064,293
2	MOTOR TRUCKS	506,218	506,218	288,439	-	288,439	-	-	-	-	-	-	-	-	-	-
3	COMPUTERS	5,710,000	5,710,000	2,614,871	-	2,614,871	-	-	-	-	-	-	-	-	2,082,902	2,082,902
	<b>SUB TOTAL</b>	<b>46,534,660</b>	<b>46,534,660</b>	<b>13,909,299</b>	<b>1,463,430</b>	<b>38,711,065</b>	<b>10,934,914</b>	<b>10,470,041</b>	<b>29,704,454</b>	<b>19,478,166</b>	<b>19,478,166</b>	<b>19,478,166</b>	<b>19,478,166</b>	<b>13,147,195</b>	<b>13,147,195</b>	
	<b>GRAND TOTAL</b>	<b>82,409,502</b>	<b>71,753,106</b>	<b>278,518</b>	<b>4,433,428</b>	<b>44,031,670</b>	<b>11,793,309</b>	<b>9,754,033</b>	<b>38,711,065</b>	<b>19,949,566</b>	<b>19,478,166</b>	<b>19,478,166</b>	<b>22,570,486</b>	<b>24,220,271</b>		
	<b>PREVIOUS YEAR</b>	<b>93,694,082</b>	<b>82,409,502</b>	<b>508,729</b>	<b>4,433,428</b>	<b>44,031,670</b>	<b>11,793,309</b>	<b>9,754,033</b>	<b>38,711,065</b>	<b>19,949,566</b>	<b>19,478,166</b>	<b>19,478,166</b>	<b>22,570,486</b>	<b>24,220,271</b>		



SCHEDULE E INVESTMENTS					
SCHEDULES FORMING PART OF BALANCE SHEET					(Amt. in Rupees)
NO. OF SHARES		FACE	NAME OF THE COMPANY	31st March 2010	31st March 2009
31.03.2009	31.03.2010	VALUE			
LONG TERM INVESTMENTS ( AT COST)					
A EQUITY SHARES (QUOTED)					
13,324,350	13,324,350	2	GATI LIMITED	122,414,147	122,414,147
30,236	30,236	10	TCI INDUSTRIES LIMITED	2,128,390	2,128,390
600	600	10	BHIVANI VANASPATHI LIMITED *	6,000	6,000
2,500	2,500	10	ELECTO FLAME LIMITED *	35,000	35,000
62	62	10	GARWARE NYLON LIMITED *	1,043	1,043
200	200	10	INDO MAXWELL LIMITED *	2,000	2,000
8,400	8,400	10	KARNATAKA INVESTMENT & TRADERS LTD *	42,053	42,053
500	500	10	KEDIYA VANASPATHI LIMITED *	5,000	5,000
100	-	10	SANGHI POLYESTERS LIMITED	-	1,000
1,100	1,100	10	THE PIONEER LIMITED *	11,000	11,000
500	500	10	UNILITE INDUSTRIES LTD *	5,000	5,000
100	-	10	PATEL INTEGRATED LOGISTICS LTD	-	4,500
12,150	12,150	10	KARNATAKA BANK LTD	357,750	357,750
10,000	10,000	10	ATI LTD *	200,000	200,000
14,933	14,933	10	DHANLAXMI BANK	278,395	278,395
4,200	4,200	10	LLOYDS FINANCE LTD	2,310	2,310
1,300	1,300	10	ROADWAYS INDIA LTD *	16,668	16,668
1,729,440	-	1	BHORUKA STEEL AND SERVICES LTD	-	17,272,440
1,395	-	10	TRANSCORP INTERNATIONAL LTD *	-	23,715
1,000	1,000	2	DECCAN CHRONICLE HOLDINGS LTD	173,956	173,956
1,000	1,000	10	ELBEE SERVICES LTD *	5,780	5,780
4,000	4,000	2	NRB BEARINGS LTD	70,087	70,087
850	850	2	SATYAM COMPUTERS LTD	173,612	173,612
1,000	124	10	RELIANCE INDUSTRIES LTD	168,087	169,142
1,450	1,450	2	UNITECH LTD	482,411	482,411
750	750	2	ALEMBIC CHEMICALS LIMITED	52,737	52,737
225	-	5	INFOYSYS TECHNOLOGIES LIMITED	0.00	455,618
200	200	10	RELIANCE COMMUNICATION LIMITED	103,496	103,496
100	0	1	TATA CONSULTANCY SERVICES LIMITED	-	113,689
200	200	10	ELECTROTHERM (I) LIMITED	111,273	111,273
100	-	10	IPCA LABORATORIES LIMITED	-	78,922
200	200	10	SURYACHAKRA POWER CORPORATION LIMITED	9,222	9,222
1,500	1,500	10	POWER GRID CORPORATION LIMITED	173,186	173,186
500	500	10	GATEWAY DISTRI PARKS LIMITED	79,722	79,722
150	150	10	TATA MOTORS LIMITED	116,713	116,713
500	1,000	2	GMR INFRASTRUCTURE LIMITED	88,455	88,455
24	24	10	RELIANCE POWER LIMITED	6,750	6,750
1,000	-	10	GUJRAT STATE PETRO LTD	-	65,815
1,000	-	10	PRISM CEMENTS LTD	-	40,062
1,000	-	10	PTC INDIA LTD	-	89,600
				127,320,243	145,466,659

(Amt. in Rupees)

NO OF SHARES		FACE VALUE	NAME OF THE COMPANY	31st March 2010	31st March 2009
31.03.2009	31.03.2010				
<b>B DEBENTURES ( PARTLY PAID UP)</b>					
10,900	10,900	10	PITTIE CEMENTS LIMITED *	354,250	354,250
				354,250	354,250
<b>C EQUITY SHARES (UNQUOTED)</b>					
1,000	1,000	100	GATI INTELLECT SYSTEMS LIMITED	100,000	100,000
9,500	9,500	10	GATI SHIPPING P LTD	95,000	95,000
27,451	27,451	10	TCI HI-WAYS PVT LTD	274,510	274,510
42,000	42,000	100	GIRI ROADLINES AND COMMERCIAL TRADING PVT LTD		
			Cost	157,527	-
			Less : Associate share of Losses		(157,527)
				157,527	157,527
10,314,100	10,814,100	10	AMRIT JAL VENTRUES PVT LTD		
			Cost including Good will of Rs 3927211	86,458,642	95,852,869
			Less : Associate share of Losses	5,515,299	9,394,227
				80,943,343	86,458,642
30,000	30,000	1	BANGALORE STOCK EXCHANGE LIMITED	30,000	30,000
5,000	5,000	10	ITAG INFRASTRUCTURE LIMITED	50,000	50,000
				81,650,380	87,165,679
<b>D. PREFERENCE SHARES</b>					
350,000	350,000	10	CAPITAL FORTUNES LIMITED	3,500,000	3,500,000
			8% NON CUMULATIVE 15 YEAR REDEEMABLE		
				3,500,000	3,500,000
<b>E. GOVERNMENT SECURITIES</b>					
3	-	1000	NATIONAL SAVINGS CERTIFICATES	-	3,000
				-	3,000
			Less: DIMUNITION IN VALUE OF INVESTMENTS	570,000	570,000
			Total	212,254,873	235,919,588
			BOOK VALUE OF QUOTED INVESTMENTS	127,104,493	145,250,909
			MARKET VALUE OF QUOTED INVESTMENTS *	808,627,892	582,711,635

\* Book value has been taken in the absence of Stock Exchange quotations.

# Secured for the Term Loans.

@ During the year 62 Equity shares of have been allotted upon conversion of 1000 equity shares of Reliance Petroleum limited. Additional 62 Bonus shares have been allotted during the year.

**E INVESTMENTS**
**SCHEDULES FORMING PART OF BALANCE SHEET**
*(Amt. in Rupees)*

	As at 31.03.2010	As at 31.03.2009
<b>SCHEDULE F</b>		
<b>DEFERRED TAX ASSETS/(LIABILITY)</b>		
As per Last Balance sheet	745,291	(63,950)
(Add)/Less: Adjusted during the year	226,340	809,241
	<b>518,951</b>	<b>745,291</b>
<b>SCHEDULE G</b>		
<b>SUNDRY DEBTORS</b>		
Outstanding for more than six months	550,489	635,396
Others	6,904,836	492,269
	<b>7,455,325</b>	<b>1,127,665</b>
Less: Provision for non performing assets	441,566	441,566
	<b>7,013,759</b>	<b>686,099</b>
Unsecured -Considered Good	7,013,759	686,099
-Considered doubtful	441,566	441,566
	<b>7,455,325</b>	<b>1,127,665</b>
<b>SCHEDULE H</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash on Hand	2,036	7,170
Cheques on Hand	1,447,401	-
<b>With Scheduled Banks</b>		
Current Accounts	2,474,713	1,118,381
Fixed deposits with banks	58,749	58,749
	<b>3,982,898</b>	<b>1,184,300</b>
<b>SCHEDULE I</b>		
<b>LOANS &amp; ADVANCES</b>		
Unsecured - Considered Good		
Interest accrued on deposits and loans	9,025,980	6,656,465
Other receivables	-	293,202
Loans	510,000,000	243,900,000
Advances recoverable in cash or in kind or for value to be received	76,462,492	82,510,495
Share Application money		
Deposits	60,340	60,340
Advance Tax	4,194,550	2,247,743
(Net of Provision Rs 1,210,873 Previous Year Rs 4,282,276)		
	<b>599,743,362</b>	<b>335,668,245</b>
<b>SCHEDULE J</b>		
<b>LIABILITIES</b>		
Sundry Creditors		
- Due to other than Micro and small enterprises	4,553,116	995,098
Security Deposits	1,970,049	3,066,849
Other Liabilities	2,525,426	1,021,450
Interest accrued but not due on loans	1,571,918	-
	<b>10,620,509</b>	<b>5,083,397</b>
<b>SCHEDULE K</b>		
<b>PROVISIONS</b>		
Non performing assets	12,531,537	12,531,537
Gratuity	129,836	84,578
Leave Encashment	285,210	207,042
Taxation -		<b>3,097</b>
	<b>12,946,583</b>	<b>12,826,254</b>

**SCHEDULES FORMING PART OF CONSOLIDATED PROFIT AND LOSS ACCOUNT**
*(Amt. in Rupees)*

	<b>For the year Ended 31.03.2010</b>	<b>For the year Ended 31.03.2009</b>
<b>SCHEDULE L</b>		
<b>OTHER INCOME</b>		
Rental Income	<b>8,760,000</b>	7,460,000
Consultancy Fees	<b>5,816,000</b>	-
Others	<b>4,200,000</b>	7,900,974
	<b>18,776,000</b>	<b>15,360,974</b>
<b>SCHEDULE M</b>		
<b>PERSONNEL EXPENSES</b>		
Salaries, Allowances & Bonus	<b>36,368,115</b>	6,861,544
Gratuity	<b>45,258</b>	<b>130,060</b>
Leave Encashment	<b>111,922</b>	12,122
Staff Welfare Expenses	<b>386,030</b>	155,426
Contribution to Provident and Other Funds	<b>3,114,649</b>	181,287
Contribution to Superannuation Fund	<b>73,200</b>	66,000
	<b>40,099,174</b>	<b>7,406,439</b>
<b>SCHEDULE N</b>		
<b>ADMINISTRATIVE EXPENSES</b>		
Rent	<b>720,000</b>	<b>720,000</b>
Travelling Expenses	<b>425,593</b>	367,847
Conveyance	<b>268,115</b>	333,195
Office Maintenance	<b>417,876</b>	363,524
Telephone Expenses	<b>140,467</b>	150,226
Printing & Stationery	<b>398,899</b>	291,605
Postage	<b>57,623</b>	<b>50,781</b>
Insurance	-	70,645
Rates & Taxes	<b>593,433</b>	277,227
Legal & Professional Expenses	<b>2,462,686</b>	2,292,646
Listing Fees	<b>85,979</b>	80,210
Miscellaneous Expenses	<b>1,048,551</b>	1,169,565
Directors Fees	<b>68,000</b>	64,000
Loss on Sale of Assets	-	518,443
Remuneration to Auditors:		
Audit Fees	<b>150,000</b>	150,000
Other Services	<b>105,000</b>	109,500
Service Tax	<b>21,115</b>	23,833
	<b>6,963,337</b>	<b>7,033,247</b>
<b>SCHEDULE O</b>		
<b>Financial Charges</b>		
Interest		
Term Loans	<b>81,572,916</b>	54,768,312
	<b>81,572,916</b>	<b>54,768,312</b>

## **P ACCOUNTING POLICIES**

### **1. BASIS OF ACCOUNTING**

"The Financial Statements are prepared under historical cost convention on the basis of going concern and as per Accounting Standards notified under Section 211(3C) of the Companies Act, 1956. "The Company follows the Accrual System of Accounting and Prudential Norms prescribed by Reserve Bank of India consistently from year to year."

### **2. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

### **3.1 LEASE INCOME**

- (i) The income from lease transactions is recognized on accrual basis after netting off the lease equalization charges as recommended by the Institute of Chartered Accountants of India in its guidance note "Accounting for Leases".
- (ii) The Lease Equalization charges (debit or credit as the case may be in any particular year) represent the difference between the Depreciation as per Schedule XIV and that which is chargeable so as to write off the asset over the primary lease period.

### **3.2 OTHER INCOMES**

Interest income is recognised on accrual basis except in case of non-performing assets. Overdue interest is recognised as income on realisation.

Dividend income is accounted on an accrual basis when the Company's right to receive the dividend is established.

Income from Services is recognised on accrual basis.

### **3.3 CONSULTANCY INCOME**

Consultancy Revenue is recognized on accrual basis.

### **4. INVESTMENTS**

Long-term investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary. Cost is arrived at on weighted average method for the purpose of valuation of investments.

### **5. RESERVE BANK OF INDIA PRUDENTIAL NORMS**

The Company follows the guidelines issued by the Reserve Bank of India, in respect of income recognition, asset classification and valuation of investments.

### **6. FIXED ASSETS**

Assets are stated at cost less depreciation after adjustment of the Lease Terminal Adjustment Account.

### **7. DEPRECIATION**

Depreciation is provided on Straight line method at rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on addition/deductions is calculated prorata from/to the date of addition/deduction.

### **8. EMPLOYEE BENEFITS**

- (i) Provident fund is a defined contribution plan and the contributions as required by the statute to Government Provident Fund are charged to profit and loss account when due.

- (ii) Gratuity liability is defined benefit obligation and is wholly funded. The Company accounts for liability for future gratuity benefits based on actuarial valuation.
- (iii) Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.
- (iv) The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employee is recognized during the period when the employee renders the service.

## 9. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are recorded at the exchange rates prevailing on the date of such transactions. Monetary assets and liabilities as at the Balance Sheet date, are translated at the rates of exchange prevailing at the date of the Balance Sheet. Gains and losses arising on account of differences in foreign exchange rates on settlement/ translation of monetary assets and liabilities are recognized in the Profit and Loss Account.

## 10. PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

## 11. TAXATION

Provision for tax is made for both current and deferred taxes. Provision for current income tax is made on the current tax rates based on the working results of the year. The company provides for deferred tax based on the tax effect of timing differences resulting from the recognition of items in the accounts and in estimating its current tax provision. The effect on deferred taxes of a change in tax rate is recognized in the year in which the change is effected. Fringe Benefit Tax is determine on the basis of the Income Tax Act,1961.

## SCHEDULE Q - NOTES ON ACCOUNTS ACCOUNTING POLICIES

### 1. Principles of Consolidation

The Consolidated Financial Statements of TCI Finance Limited and its subsidiary have been prepared in accordance with the consolidation procedures laid down in Accounting Standard 21- "Consolidated Financial Statements" notified by the Companies (Accounting Standard) Rules, 2006

*The consolidated Statements have been prepared on the following basis:*

The financial statement of the parent and the subsidiary have been combined on a line –by-line basis by adding together the book values of like items of assets and liabilities ,income and expenses after eliminating intra-group balances/ transactions. Minority interest in the net income /loss for the reporting period is adjusted and disclosed separately. Minority interests in the net assets is shown separately.

**TCI Finance Limited subsidiary details are as follows:**

Entity	Country of Incorporation	Percentage of holding
ITAG Business Solutions Limited	India	51%

- 2. Contingent Liabilities not provided for in respect of:
  - a) Disputed sales tax demand Rs.63,661 (previous year Rs.63,661).
  - b) Capital commitments not provided for Rs.Nil (Previous year Rs.88,340,000 net of advances Rs.6,000,000)
  - c) Uncalled liability on partly paid debentures Rs.1,062,750 (previous year Rs.1,062,750)
- 3. Inter-Company Loans/Deposits
 

Inter-Company loans/deposits given by the Company are on the basis that one of the main objects of the company is to act as financiers. Accordingly the Company has been advised that Section 372 A of the Companies Act, 1956 is not applicable to the Company

4. Being a Non-Banking Financial Company, the Company is required to follow the prudential norms prescribed by Reserve Bank of India for income recognition and provision for non-performing assets and in compliance with the said norms the Company had during the year written back provision for non-performing assets as under:

Lease Debtors - Rs Nil (Previous year Rs.609,337)

5. Major Components of deferred tax arising on account of timing difference is as follows:

*(Amt. in Rupees)*

Deferred Tax Assets/(Liability)	As on 31.03.2009	Current Year	Total
Provision for non performing assets	4,409,558	(400,869)	4,008,689
Diminution in value of investments	193,743	(17,613)	176,130
Difference between book & tax depreciation	(3,846,406)	191,087	(3,655,319)
Due to transitional provision	(11,604)	1,055	(10,549)
<b>Total</b>	<b>745,291</b>	<b>(226,340)</b>	<b>518,951</b>

6. Earnings Per Share

	31.03.2010	31.03.2009
No.of Equity Shares outstanding	12,872,493	12,872,493
Net loss after Tax available for equity shareholders	(7,919,371)	(9,816,681)
Basic and Diluted earnings per share of Rs 10 each	(0.62)	(0.76)

7. Advances includes

(a) Rs 16,420,000 (Previous Year Rs. 13,620,000) due from subsidiary company which is in its third year of operations. It has made a profit Rs. 1,195,600 (Loss in Previous year Rs. 4,783,513) during the year ended 31st March 2010 and has accumulated losses of Rs. 12,416,532, which exceeded the paid up share capital of Rs. 1,725,000. On account of the Company's long term involvement, management is of the view that no provision is required on this account at this stage.

(b) Rs.76,260,000 (Previous Year Rs.76,260,000) towards purchase of land at Chennai.

8. Related Party Disclosures

Name of Entity	Nature of Relation
Dr. DR Agarwal	Key Management Personnel
Ramesh Sivaraman	Key Management Personnel

9. Remuneration to the Manager:

*(Amt. in Rupees)*

	31.03.2010	31.03.2009
Salaries & Allowances	1,307,752	1,239,400
Contribution to Provident / Superannuation Funds	131,880	120,000
<b>Total</b>	<b>1,439,632</b>	<b>1,359,400</b>

The above does not include provision made for Gratuity and Leave Encashment as the same is provided on an overall basis.

10. Segment Information:

The company has identified three primary business segments namely, Non Banking Financial services, Knowledge Process Outsourcing- Intellectual Property Services and HR Outsourcing Services which in the context of Accounting Standard-17 "Segment Reporting" constitute reportable segments. Information about Business Segments:

*(Amt. in Rupees)*

	31-03-2010	31-03-2009
<b>1.Segment Revenue</b>		
a.Non Banking financial Services	92,655,381	69,150,282
b.Knowledge Process Outsourcing	4,089,087	2,291,096
c. HR Outsourcing	36,208,109	-
<b>Total</b>	<b>132,952,577</b>	<b>71,441,378</b>

	31.03.2010	31.03.2009
<b>2. Segment Results</b>		
Profits before tax and interest		
a. Non Banking financial Services	82,995,951	57,071,065
b. Knowledge Process Outsourcing	(2,656,110)	(4,672,800)
c. HR Outsourcing	4,057,639	-
<b>Total</b>	<b>84,397,480</b>	<b>52,398,265</b>
Less Interest	81,572,916	54,768,312
<b>Total Profit(loss) Before Tax</b>	<b>2,824,565</b>	<b>(2,370,047)</b>
<b>3. Other Information</b>		
<b>Segment Assets</b>		
a.Non Banking Financial Services	862,281,538	622,473,450
b.Knowledge Process Outsourcing	3,358,503	2,864,143
c. HR Outsourcing	8,627,403	-
<b>Total Assets</b>	<b>875,258,117</b>	<b>625,337,593</b>
<b>Segment Liabilities</b>		
a.Non Banking Financial Services	615,056,112	368,848,351
b.Knowledge Process Outsourcing	967,674	1,131,275
c. HR Outsourcing	5,289,764	-
<b>Total Liabilities</b>	<b>622,304,443</b>	<b>369,979,626</b>

Notes: 1. The company has disclosed Business Segment as the primary segment. Segments have been identified taking into account the nature of the business, differing risks and returns.

2. Segment Revenue, Segment Results, Segments Assets and Segment liabilities include the respective amounts identifiable to each of the segments

11. The groups associates are :

Name of Entity	Country of Incorporation	Percentage of Ownership interest as at 31st March 2010
Amrit Jal Ventures Private Limited	India	23.4

12. In accordance with AS -21 " Consolidated Financial Statements" the loss applicable to the minority in excess of the equity have been adjusted against the majority interest. Consequently the minority interest at the balance sheet date is Nil.

13. Figures of the previous year have been regrouped / rearranged wherever necessary.





# TCI FINANCE LIMITED

Registered Office : 1-7-293, M.G. Road, Secunderabad - 500 003.

## PROXY FORM

### 36<sup>th</sup> Annual General Meeting

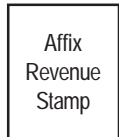
Regd. Folio No. \_\_\_\_\_

DP ID No. \_\_\_\_\_

Client ID No. \_\_\_\_\_

I/We \_\_\_\_\_ in the district of \_\_\_\_\_ being a member / members of the above name Company hereby appoint \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him / her \_\_\_\_\_ or \_\_\_\_\_ of in the district of \_\_\_\_\_ as my / our proxy to vote for me / us on my behalf at the 36<sup>th</sup> Annual General Meeting of the company to be held at Hotel Nakshatra, 126, Jade Arcade, Paradise Circle, M.G. Road, Secunderabad - 500 003 at 10.30 A.M. on Wednesday the 4th August, 2010 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.



Signature \_\_\_\_\_

Note : This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.



# TCI FINANCE LIMITED

Registered Office : 1-7-293, M.G. Road, Secunderabad - 500 003.

## ATTENDANCE SLIP

### 36<sup>th</sup> Annual General Meeting

Regd. Folio No. \_\_\_\_\_

DP ID No. \_\_\_\_\_

Client ID No. \_\_\_\_\_

I certify that I am a registered shareholder/Proxy for the registered shareholder of the Company. I hereby record my presence at the 36<sup>th</sup> Annual General Meeting of the company at Hotel Nakshatra, 126, Jade Arcade, Paradise Circle, M.G. Road, Secunderabad - 500 003 at 10.30 A.M. on Wednesday the 4th August, 2010.

\_\_\_\_\_  
Member's / Proxy Name  
in BLOCK LETTERS

\_\_\_\_\_  
Member's / Proxy  
Signature



Note : Please fill in this attendance slip and hand it over at the Entrance of the Hall.



**Regd. Off:** 1-7-293, M.G. Road, Secunderabad - 500 003.  
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