

40th

ANNUAL REPORT

2013 - 14



TCI FINANCE LTD.

www.tcifl.in

BOARD OF DIRECTORS

Mr. O. Swaminatha Reddy
Chairman
Mr. Mahendra Agarwal
Mr. R.S. Agarwala
Mr. S.M. Jalan
Dr. D.R. Agarwal

MANAGER

Mr. Ramesh Sivaraman

COMPANY SECRETARY

Ms. Lakshmi Sharma

REGISTERED OFFICE

1-7-293, M.G. Road,
Secunderabad - 500 003
Tel: +91 040 27844284
Fax: +91 040 27894284
email:investors_tcif@gati.com
CIN: L65910AP1973PLC031293

AUDITORS

M/s. M Bhaskara Rao & Co
Chartered Accountants

REGISTRAR &**TRANSFER AGENTS**

M/s Karvy Computershare Pvt. Ltd.
Plot No. 17-24, Vittalrao Nagar,
Madhapur, Hyderabad - 81.
email : mohsin.mohd@karvy.com
Tel : 040-44655000, 44655152
Fax : 040-23420814

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REGISTERED OFFICE

1-7-293, M.G. Road,
Secunderabad - 500 003.
e-mail: investors_tcif@gati.com
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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 40th Annual General Meeting (AGM) of the Members of TCI Finance Limited (the Company) will be held on Thursday, the 25th day of September, 2014 at 11:00 am at Plot no.20, Survey no.12(P), Ground Floor, Opp. CII Building, Kothaguda, Kondapur, Hyderabad-500084 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt
 - a) The audited financial statement of the Company for the financial year ended March 31, 2014, the reports of the Board of Directors and Auditors thereon; and
 - b) The audited consolidated financial statement of the Company for the financial year ended March 31, 2014.
2. To appoint a Director in place of Dr. Dhanpat Ram Agarwal, (DIN: 00322861) who retires by rotation and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY**

RESOLUTION:

“**RESOLVED THAT** pursuant to the provisions of Section 139 read with the Companies (Audit and Auditors) Rules, 2014, and other applicable provisions, if any of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, M/s. M. Bhaskara Rao & Co., Chartered Accountants (Firm Registration No. 000459 S), be and is hereby appointed as Auditors of the Company, for a term of 5 years, to hold office from the conclusion of this Annual General Meeting till the conclusion of the 45th Annual General Meeting of the Company, (subject to ratification of appointment at every Annual General Meeting) at such remuneration as may be decided by the Board of Directors of the Company from time to time.”

SPECIAL BUSINESS:

4. To appoint Mr. O S Reddy (DIN 00006391) as an Independent Director of the Company:

To consider and if thought fit to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act (as amended from time to time), and pursuant to a declaration from Mr. O S Reddy (DIN: 00006391), a Non-Executive Director of the Company, that he meets the criteria for independence as provided in Section 149(6) of the Act and also being eligible for appointment, be and is hereby appointed as an Independent Director of the Company holding office for a term of five years, effective from the date of this AGM.”

5. To appoint Mr. S M Jalan (DIN 00324182) as an Independent Director of the Company:

To consider and if thought fit to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act (as amended from time to time), and pursuant to a declaration from Mr. S M Jalan (DIN 00324182), a Non-Executive Director of the Company, that he meets the criteria for independence as provided in Section 149(6) of the Act and also being eligible for appointment, be and is hereby appointed as an Independent Director of the Company holding office for a term of five years, effective from the date of this AGM.”

6. To re-appoint Mr. Ramesh Sivaraman as Manager of the Company:

To consider and if thought fit to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198 and 203 read with Schedule V and other applicable rules prescribed there under and other applicable provisions, if any of Companies Act, 2013 and subject to the approval of the Central Government, if applicable, (including any statutory modification or re-enactments thereof, for the

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time being in force), and as recommended by Remuneration Committee and the Board of Directors, the consent of the Shareholders be and is hereby accorded for the re-appointment of Mr. Ramesh Sivaraman as Manager of the Company with effect from July 1, 2014 for a period of 3 (Three) years on such terms and conditions as provided in the Statement under Section 102 of the Companies Act, 2013 for this item of business.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as “the Board” which the term shall be deemed to include any committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), be authorised, to alter and vary the terms and conditions of re-appointment and / or remuneration so as not to exceed overall ceiling as stipulated in the Companies Act, 2013 and/or approved by the Central Government or any Amendments thereto as may be agreed to between the Board and Mr. Ramesh Sivaraman.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or its profits are inadequate, the Company do pay to Mr. Ramesh Sivaraman, Manager of the Company, remuneration by way of salary, perquisites and allowances not exceeding the ceiling limit specified under Section II of Part II of Schedule V to the Companies Act, 2013 or such amount as approved by the Central Government.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to enter into contract and to execute such other documents, from time to time as it may think fit for the aforesaid purpose and to do all such acts, deeds, matters and things as may be necessary for giving effect to the above resolution, including application to the Central Government for their approval.”

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

CIN: L65910AP1973PLC031293
Website: www.tcifl.in
Email: investors_tcif@gati.com

Lakshmi Sharma
Company Secretary

Hyderabad
August 7, 2014

NOTES:

1. A statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on poll instead of himself/herself. A proxy need not be a member of the Company.
3. The instrument appointing a proxy as enclosed, duly stamped and executed should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
6. Corporate Members intending to send their authorized representatives to the meeting are requested to send a certified copy of the Board resolution for attending and voting on their behalf at the meeting.
7. The Register of Members and Share Transfer Books shall remain closed from September 22 to September 25 (both days inclusive).
8. The members are requested to intimate any change in their address to the Company / Registrar and Share Transfer Agents M/s. Karvy Computershare Private Limited or their Depository Participants immediately. They are also requested to bring their copy of Annual Report to the meeting.
9. The Securities Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit the PAN with their Depository Participants and the physical shareholders may submit the same to the Company / RTA.
10. Members who hold shares in dematerialized form are requested fill in their client Id and DP Id No. in the attendance slip for easy identification of attendance at the meeting.
11. 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 2014-15 has been paid to the Stock Exchanges.
12. The shares of the Company have been dematerialized with effect from 06.09.2000 (ISIN NO.INE911B01018).
13. The Ministry of Corporate Affairs, Government of India (vide its circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' by allowing paperless compliances and recognizing delivery of Notices / Documents / Annual Reports, etc., to the shareholders through electronic medium. In view of the above the Company will send Notices / Documents / Annual Reports, etc., to the shareholders through email, wherever the email addresses are available; and through other modes of services where email addresses have not been registered. Accordingly, members are requested to support this initiative by registering their email addresses in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with the Company's Registrar and Transfer Agent, M/s. Karvy Computershare Pvt. Ltd.
14. Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members' facility to exercise their right to vote at the 40th Annual General Meeting ("AGM") by electronic means and the business may be transacted through e-voting services provided by Karvy Computershare Private Limited ("Karvy"). The e-voting facility will be available at the link <http://evoting.karvy.com> during the following voting period :
Commencement of e-voting: From 9 A.M. on September 19, 2014 to 6.00 P.M. on September 21, 2014.
15. E-voting shall not be allowed beyond 6 p.m on September 21, 2014. During the e-voting period, shareholders of the company, holding shares either in physical form or in dematerialized form, as on August 15, 2014 may cast their vote electronically.
16. The login ID and password for e-voting along with process, manner and instructions for e-voting is being sent to the members who have not registered their e-mail IDs with the Company / their respective Depository Participants along with physical copy of the Notice. Those members who have registered their e-mail IDs with the Company / their respective Depository Participants are being forwarded the login ID and password for e-voting along with process, manner and instructions by e-mail.

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17. The Company has appointed M/s dvmgopal & associates, (CP No.6798) Practicing Company Secretary, as Scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.
18. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013
The following Statement sets out all material facts relating to the Business mentioned in the accompanying Notice:

In compliance of clause 49 of the listing agreement, a brief profile and other details of the Directors proposed to be appointed / re-appointed is given as under:

| Name of Director | Dr. Dhanpat Ram Agarwal | Mr. O S Reddy |
|---|--|--|
| Qualification | FCA | B.Com(Hons) & FCA |
| Experience in specific functional area | Dr. D R Agarwal is a practicing Chartered Accountant and a senior partner in Agarwal Maheshwari & Co. since 1982. He is commerce graduate with Hons. from St. Xavier's' College, Kolkata and has completed his bachelor's in law from Kolkata University. He has also done his PH.D in Economics from North Bengal University. He has presented several papers on contemporary issues on development economics concerning trade and investments at various forum in India and abroad. Presently he is a director of several reputed companies. He is founder trustee and director of Institute International Trade and Swadeshi research institute. His area of specialization is consultancy in the field of Intellectual property Laws and management, WTO related laws, International Taxation and Foreign Exchange management. | Mr. O Swaminatha Reddy was former Chairman of Andhra Bank and also former Chairman and Managing Director of APSFC, he has a rich experience of almost four decades in managing Non- Banking financial Companies and Banks. He has been the Chairman of the Company since 1990. |
| Shares held in the company as on 31.03.2014 | NIL | NIL |
| List of other Companies in which directorship held as on 31.03.2014 | 1. Barak Valley Cements Ltd. 2. ITAG Business Solutions Ltd. | 1. Sagar Cements Ltd. 2. Sagar Power Ltd. 3. TCI Developers Ltd. 4. KCP Ltd. 5. Transport Corporation of India Ltd. 6. Surana Ventures Ltd. 7. Bhagyanagar India Ltd. |
| Category | Non Executive Director | Non Executive Independent Director |
| Relationship with other Directors | Not related to any of the Directors | Not related to any of the Directors |

| | |
|---|--|
| Name of Director | Mr. S M Jalan |
| Qualification | Graduate from Arts |
| Experience in specific functional area | Mr. S M Jalan has 40 years of rich experience in Transportation and Logistics Industry. He was former president of BGTA (Bombay Goods Transportation Association). He also serves as the Managing Director of TCI Hi-Ways Pvt. Ltd. a company which provides transportation services". |
| Shares held in the company as on 31.03.2014 | 1400 |
| List of other Companies in which directorship held as on 31.03.2014 | <ol style="list-style-type: none"> 1. Mukesh Textiles Mills Ltd. 2. Mega Frieght Movers Ltd. 3. Gati Kausar India Ltd. 4. Vispra Developers Ltd. |
| Category | Non Executive Independent Director |
| Relationship with other Directors | Not related to any of the Directors |

Except the appointee, none of the Directors on the Board or the Key Managerial Personnel of the Company or their relatives are in anyway concerned or interested financially or otherwise in the above Resolution.

Your Directors recommend the resolution for your approval

Item No's. 4 & 5:

The Company pursuant to the provisions of Clause 49 of the Listing Agreement entered with the Stock Exchanges, appointed Mr. O S Reddy and Mr. S M Jalan as Independent Directors at various times, in compliance with the requirements of this clause.

Pursuant to the provisions of section 149 of the Act, which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

The Board has recommended the appointment of these directors as Independent Directors for a period of 5 years effective from the date of this AGM.

Mr. O S Reddy and Mr. S M Jalan, non-executive directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfil the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management.

In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these Directors as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day.

A brief profile and other details of the Independent Directors whose appointment is proposed has been given in point no. 18 of the notes to this notice

Except the appointee, none of the Directors on the Board or the Key Managerial Personnel of the Company or their relatives are in anyway concerned or interested financially or otherwise in the above Resolution.

Your Directors recommend the resolution for your approval.

Item No. 6

The present term of office of Mr. Ramesh Sivaraman, Manager of the Company is due for expiry on 30.06.2014. The Board of Directors, subject to shareholders' approval, at the ensuing Annual General Meeting and subject to the approval of the central government have re-appointed Mr. Ramesh Sivaraman as Manager of the Company for a period of 3 years w.e.f 01.07.2014 their meeting held on 07.05.2014. The terms and condition as recommended by the Remuneration Committee read as follows:

Powers:

Subject to the superintendence, control and directions of the Board, the Manager shall exercise the managerial powers in general and specific powers as may from time to time be lawfully entrusted to and conferred upon you by the Board.

Performance bonus

One time Performance Bonus of 8 Lakh

Remuneration Structure:

- ❖ Salary: Basic Rs 70,000 per month in the pay scale of Rs. 70000 -2500 - 90000 with the authority to the Board to sanction more than one increment in the scale in any year.
- ❖ House Rent Allowance: 50% of the Basic.
- ❖ Perquisites & other allowances shall not exceed 25 Lakh P.A
- ❖ Variable pay shall not exceed 10 Lakh P.A
- ❖ Use of company's car as per the rules of company.
- ❖ Leave Travel encashment: As per HR policy of the Company
- ❖ Group Medi-claim & personal accident insurance: As per HR policy of the Company
- ❖ Employer's contribution to Provident fund / superannuation fund: As per HR policy of the Company
- ❖ Gratuity: As per HR policy of the Company.
- ❖ Communication Budget (Telephone): As per HR policy of the Company

General terms and conditions – as per HR Policy:

The information is required to be disclosed as per clause (iii) of section II (B)(iv) of Schedule V of the Companies Act, 2013:

I. General information:

| | | | | | |
|-----|---|--------------------------------------|-------------|-------------|-------------|
| i | Nature of Industry: | Non Banking Financial Company | | | |
| ii | Date of commencement of Commercial Production: | 29.11.1973 | | | |
| iii | Financial performance based on given indicators: | Particulars | 2013 | 2012 | 2011 |
| | | Paid up Share Capital | 128,724,930 | 128,724,930 | 128,724,930 |
| | | Income from operations | 94,507,450 | 98,733,298 | 100,507,188 |
| | | Other Income | 56,23,436 | 13,500,724 | 16,993,462 |
| | | Profit after Tax | 63,82,667 | 39,25,452 | 34,01,345 |
| iv | Foreign investments or collaborations, if any: | Not applicable | | | |

II. Information about the appointee

| | | | | | | | |
|--|--|-------------|-------------|-------------|-----------|-----------|-----------|
| Background details and recognition: | Mr Ramesh Sivaraman is a Commerce Graduate and a member of the Institute of Chartered Accountants of India since 1991. He is the Chief Executive of TCI Finance Limited a listed Non banking Finance Company. He has experience of more than a decade in Non Banking Finance companies. He is also Director in TCI Hiways Private Limited and ITAG Infrastructure Limited. | | | | | | |
| Past Remuneration: | <p>Last three(3) years remuneration as given below:</p> <p style="text-align: right;">(Amount in Rs.)</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">2013</td> <td style="text-align: center;">2012</td> <td style="text-align: center;">2011</td> </tr> <tr> <td style="text-align: center;">23,32,453</td> <td style="text-align: center;">18,55,876</td> <td style="text-align: center;">16,48,610</td> </tr> </table> | 2013 | 2012 | 2011 | 23,32,453 | 18,55,876 | 16,48,610 |
| 2013 | 2012 | 2011 | | | | | |
| 23,32,453 | 18,55,876 | 16,48,610 | | | | | |

| | |
|--|---|
| Job profile and his suitability: | The duties of the Manager shall be the overall supervision of the functioning of the Company, handling day to day affairs of the Company, appointment and termination of services of employees, operating bank accounts, signing cheques, promissory notes, bill of exchange, regularly reporting to the Board on the activities of the Company and to perform all other duties that the Board may delegate to the Manager. |
| Remuneration proposed: | Proposed remuneration was stated above. |
| Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person: | Keeping in view the current industrial standards and taking in consideration the business to be carried out by the Company, the profile of Mr. Ramesh Sivaraman and the responsibilities shouldered by him, the remuneration proposed is commensurate with the remuneration package paid to managerial personnel in other Companies. |
| Pecuniary relationship directly or indirectly with the Company: | Mr. Ramesh Sivaraman does not have any pecuniary relationship directly or indirectly with the Company except for the remuneration received by him as Manager-Chief Executive. |

III. Other information:

| | |
|---|--|
| Reasons of loss or inadequate profits: | During the year Company has recorded Profit after tax is Rs. 558 lacs and subsidiary Company is also growing in profitability terms. |
| Steps taken for improvement: | Being a NBFC, it is expecting to invest and facilitate for borrowings. |
| Expected increase in productivity and profits in measurable terms: | Company is loan Company and expecting increase in profitability in upcoming years. |

The company has not complied with the provisions of Schedule V, therefore, the company proposes to take Central Government for the said re-appointment and proposed remuneration for the next three years.

Your Directors recommend the resolutions as set out above for your approval.

Except Mr. Ramesh Sivaraman as Manager, none of the Directors, Key Managerial Persons or their relatives are in any way concerned or interested, financially or otherwise in the above resolution.

By Order of the Board
for TCI FINANCE LIMITED

Place: Secunderabad
Date: August 7, 2014

Lakshmi Sharma
Company Secretary

DIRECTORS' REPORT

To,
Dear Members,

Your directors take pleasure in presenting the 40th Annual Report of the Company along with the Audited Accounts for the year ended March 31, 2014.

FINANCIAL RESULTS:

| Particulars | (₹ in Lakhs) | |
|--|-------------------------|-------------------------|
| | STANDALONE | |
| | As at March 31, 2014 | As at March 31, 2013 |
| Income | 1605.09 | 1001.30 |
| Profit/(loss) before Interest, Depreciation & Taxation | 1492.37 | 913.47 |
| Financial Charges | 788.99 | 849.91 |
| Depreciation | 1.47 | 1.48 |
| Profit/ (Loss) before tax | 701.91 | 62.08 |
| Exceptional Items | -- | -- |
| Provision for tax: | | |
| Current Tax | 143.00 | (2.75) |
| Deferred Tax | -- | 1.00 |
| Income Tax relating to previous year | -- | (2.75) |
| Profit/(Loss) after tax | 558.91 | 63.83 |
| Balance brought forward from previous year | 770.22 | 719.16 |
| Transferred to Reserve Fund | 111.78 | 12.76 |
| Balance Carried forward | 1217.35 | 770.22 |

DIVIDEND

Your Directors have not recommended payment of dividend for the financial year ended March 31, 2014 since it is proposed to retain the same in the business.

OPERATIONAL PERFORMANCE REVIEW:

During the year under review, your Company achieved a turnover of ₹ 1605.09 lakhs as against ₹ 1001.30 lakhs in the previous year. The profit before tax stands at ₹ 701.91 lakhs as against ₹ 62.08 lakhs in the previous year.

The wholly owned subsidiary of the Company M/s. ITAG Business Solutions Ltd. is into the core business of Knowledge Process Outsourcing (KPO) and the consolidated financials form part of this annual report.

The turnover of the Subsidiary Company M/s. ITAG Business Solutions Ltd is ₹ 464.15 lakhs as against ₹ 109.91 lakhs in the previous year. Profit before tax stood at ₹ 9.98 lakhs as against ₹ (0.97) lakhs in the previous year. A statement pursuant to Section 212 of the Companies Act, 1956 related to the accounts of the subsidiary forms part of this Annual Report.

SUBSIDIARIES:

A statement pursuant to Sec 212 (e) of the Companies Act, 1956 relating to subsidiary companies is herewith annexed to the Directors Report.

ACCOUNTS OF SUBSIDIARY

The Ministry of Corporate Affairs, New Delhi vide its notification no. 2/2011 dated February 8, 2011 granted subject to fulfillment of certain conditions, general exemption from attaching the annual accounts and other reports of Company's subsidiaries, as required under section 212 of the Companies Act, 1956. Copies of these annual accounts and related information will be made available on the Company's website at www.tfil.in and also on request. The annual accounts of the subsidiary companies will be made available at the registered office of the company and also at the venue during the Annual General Meeting.

DIRECTORS

The Board expresses its condolence for the demise of Mr. V T Pawar. It extends solicitude, profound appreciation for the contribution made by him during his tenure as a Director.

In accordance with the provisions of Section 152 of the Companies Act, 2013, Dr. D R Agarwal, retires by rotation and being eligible, has offers himself for re-appointment.

Pursuant to the notification of Section 149 and other applicable provisions of the Companies Act, 2013 read with rules thereon and the Clause 49 of the Listing Agreement, all the Independent Directors Mr. O S Reddy and Mr. S M Jalan are proposed to be appointed as Independent Directors for five years effective from the date of ensuing AGM.

The brief profiles of the Directors who are to be appointed / re-appointed form part of the notes and explanatory statement to the notice of the ensuing Annual General Meeting.

LISTING

The Company's shares are traded in the dematerialized form with nation-wide terminals on both Bombay Stock Exchange and National Stock Exchange. The particulars of Shareholding Pattern, Distribution of Shareholding and Share prices are mentioned separately in the Report on Corporate Governance.

INVESTMENT

During the year your Company has made investment by way of Optional Convertible Debentures in Amritjal Ventures Private Limited.

CAPITAL

There is no change in the capital structure of the Company during the year under review

FIXED DEPOSITS

The Company has not accepted any deposits during the year under review and it continues to be a Non-deposit taking Non Banking Financial Company in conformity the guidelines of the Reserve Bank of India and Companies (Acceptance of Deposits) Rules, 1975.

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, 2014, 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 AND AUDITORS REPORT:

The Statutory Auditors, M/s. Bhaskara Rao & Co, Chartered Accountants, Hyderabad have expressed their willingness to continue as auditors for the financial year 2014-15. The Board of Directors recommend their appointment for the financial year 2014-15, subject to the approval of the shareholders in the forthcoming Annual General Meeting of the Company.

The Notes to Accounts referred to in the Auditors Report are self explanatory and hence do not require further comments.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:

As the Company is not engaged in the manufacturing activity, the prescribed information regarding compliance of rules relating to conservation of Energy and Technology absorption pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with Rule -2 of the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is not provided.

The Company does not have any Foreign Exchange Earnings and outgo in the year under review.

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

The Company has complied with the provisions pertaining to Corporate Governance as per the requirements of Listing Agreement with the Stock Exchanges and necessary disclosures have been made in this regard in the Report on Corporate Governance attached to this report, along with a certificate from a Practicing Company Secretary confirming compliance of the same.

MANAGEMENT DISCUSSION AND ANALYSIS (MDA)

Management Discussion and Analysis (MDA) as per the requirements of clause 49 of the listing agreement and other applicable provisions is herewith attached as an annexure to the Directors Report.

ACKNOWLEDGEMENT:

Your Directors wish to express their sincere appreciation for the support and cooperation, which the Company continues to receive from its clients, Banks, Government Authorities, Financial Institutions and associates and are grateful to the shareholders for their continued support to the Company. We place on record our appreciation for the contributions made and the efforts put in by the management team and employees of the Company at all levels.

Secunderabad
August 7, 2014

By Order of the Board
For TCI FINANCE LIMITED

O. Swaminatha Reddy
Chairman

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the application of best management practices, compliances of laws, rules, regulations and adherence to standards to achieve the objects of the Company, enhancing shareholder/investor value and discharging of social responsibility. The Company does not view Corporate Governance principles as set of binding obligations, but believes in using it as a framework to be followed in spirit.

In compliance with disclosure requirements of Clause 49 of the Listing Agreement executed with Stock Exchanges, the Company is pleased to furnish its Report on Corporate Governance and the practices followed thereon.

1. Company's Philosophy

Your Company follows a good Corporate Governance Policy, the one which results to maximize shareholders value over the long term, while preserving the interests of all its stakeholders. The policy makes management transparent, ethical, accountable and fair resulting in enhanced shareholder value.

2. Board of Directors

The Board of Directors at present comprises of 6 directors. The Chairman being non-executive Director, one third of the strength of the Board comprises of the Independent Directors.

Composition and category of Directors:

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

* Expired on May 26, 2014

Attendance during the financial year 2013-14 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 | Chairman of the Board | Other Directorship | Committee Membership | Committee Chairmanship |
| Mr. O. Swaminatha Reddy | 4 | Yes | 2 | 5 | 1 | 5 |
| Mr. Mahendra Agarwal | 4 | No | -- | 3 | 1 | -- |
| Mr. R.S. Agarwala | 4 | Yes | - | 1 | -- | -- |
| Mr. V.T. Pawar* | 3 | Yes | - | -- | -- | -- |
| Mr. S.M. Jalan | 4 | No | - | 4 | -- | -- |
| Dr. D.R. Agarwal | 3 | No | - | 2 | -- | -- |

* Expired on May 26, 2014

** 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 2013-14, the Board of Directors met Four times on the following dates:

- May 7, 2013
- July 27, 2013
- November 7, 2013
- January 15, 2014

The maximum time gap between the meetings was not more than four months.

Code of Conduct

- i. The Board of Directors of the Company has laid down a code of conduct for all Board members and designated senior management of the Company. The code of conduct is available on the website of the Company (www.tcifl.in). All Board members and senior management personnel have affirmed compliance with the code of conduct. A declaration signed by the manager to this effect is enclosed at the end of this report.
- ii. The Reserve Bank of India vide its circular dated September, 2008 issued guidelines for all NBFCs to adopt Fair Practice Code. Your Company adopted the same and is available on the website of the Company (www.tcifl.in). Further, as per recent circular issued by RBI to incorporate suitable amendments in Fair Practice Code, the Board of Directors in their meeting adopted the amended Fair Practice Code and the same is available on the website of the Company.

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 and SEBI Regulations/ Listing Agreements with the Stock Exchanges. The Committee consists of all independent directors.

Meetings held in during the year:

During the year the following Audit committee meetings were held:

- May 7, 2013
- July 27, 2013
- November 7, 2013
- January 15, 2014

Composition and attendance

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

| Name of Director | Composition as on March 31, 2014 | No. of Meetings Attended |
|-------------------|----------------------------------|--------------------------|
| Mr. R.S. Agarwala | Chairman | 4 |
| Mr. V.T.Pawar* | Member | 3 |
| Mr. S.M. Jalan | Member | 4 |

* Expired on May 26, 2014

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 mandatorily 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.

4. Remuneration Committee Composition

The committee comprises of four member directors viz.,

| | |
|----------------------|----------|
| Mr. R S Agarwala | Chairman |
| Mr. Mahendra Agarwal | Member |
| Mr. V.T.Pawar* | Member |
| Mr. S M Jalan | Member |

* Expired on May 26, 2014

Terms of Reference

- To determine and recommend to the Board, compensation plans, policies and packages for executive directors and senior management.
- Any other matter as may be referred by the Board.

Remuneration Policy:

The remuneration committee ensures that remuneration arrangements support the strategic aims of a business and enable the recruitment, motivation and retention of senior executives while also complying with the requirements of regulation.

Details of Remuneration paid to the Directors for the financial year ended March 31, 2014:

| Name of the Director | Remuneration (Rs.) | Sitting Fee (Rs.) | Total (Rs.) |
|-----------------------------|---------------------------|--------------------------|--------------------|
| Mr.O.Swaminatha Reddy | ---- | 8,000 | 8,000 |
| Mr.R.S.Agarawala | ---- | 18,000 | 18,000 |
| Mr.V.T.Pawar* | ---- | 14,000 | 14,000 |
| Mr.S.M.Jalan | ---- | 16,000 | 16,000 |
| Dr. D R Agarwal | ---- | 6,000 | 6,000 |
| Total : | ---- | 62,000 | 62,000 |

* Expired on May 26, 2014

- None of the Non-Executive directors has any material pecuniary relationship or transactions with the company.
- Mr. Mahendra Agrawal , Non-Executive Director of the Company holds 11,96,619 equity share (9.30% of the total share capital) of the Company as on March 31, 2014.
- None of the Directors are related to each other.

5. Credit/Investment Committee**Composition**

The Committee comprises of the following directors as members viz.,

Mr R S Agarwala Chairman

Mr. V T Pawar* Member

Mr. S M Jalan Member

* Expired on May 26, 2014

Terms of reference

The committee was constituted to look into the terms, conditions and other details of the loans rendered to the other companies.

6. Shareholders/Investors' Grievance Committee**Composition and attendance**

| Name of Director | Composition as on March 31, 2014 | No. of Meetings Attended |
|-------------------------|---|---------------------------------|
| Mr. V T Pawar* | Chairman | 4 |
| Mr. S.M. Jalan | Member | 4 |

* Expired on May 26, 2014

Terms of Reference:

- The Committee was constituted to look into the investors' requests, complaints and to redress the same expeditiously.
- The committee shall also look after the grievance redressal mechanism as per the Fair Practice Code applicable and adopted by the Company as per guidelines issued by RBI from time to time.. The following shall be incorporated in the grievance redressal mechanism :
 - i. All grievances received in writing or otherwise by lending institutions' shall be recorded.
 - ii. To hear, resolve and dispose of at least at the next higher level any dispute arising out of the decisions of lending institutions' functionaries as per the Fair Practice Code adopted by the Company.
 - iii. To submit periodically review of the Compliance of the Fair Practice Code and functioning of grievance redressal mechanism to the Board.
 - iv. A consolidated report of such reviews may be submitted to the Board at regular intervals, as may be prescribed by it.

Based, on the report received from the Company's Registrar's, the following number of complaints was received during the year:

| S.No. | Nature of Complaint | Received | Disposed | Pending |
|--------------|--|-----------------|-----------------|----------------|
| 1 | Non-Receipt of dividend warrants | 7 | 7 | Nil |
| 2 | Non-receipt of share certificate sent for transfer | 5 | 5 | Nil |
| 3 | Non-receipt of Annual reports | 9 | 9 | Nil |
| | | | | |
| | Total | 21 | 21 | Nil |

As on March 31, 2014, no request for dematerialization was pending.

Compliance Officer

Name and designation of the Compliance Officer : Ms. Lakshmi Sharma Company Secretary

7. Status of Unclaimed Suspense Account opened with Karvy Stock Broking limited (R&T agent) as per amendment to Clause 5A of the listing agreement :

- (i) Aggregate number of shareholders and the outstanding shares at the beginning of the year- Nil
- (ii) Number of shareholders who approached the issuer for transfer of shares during the year- Nil
- (iii) Number of shareholders to whom shares were transferred during the year- Nil
- (iv) Aggregate number of shareholders and the outstanding shares lying at the end of the year- Nil

8. General Body Meetings

Particulars of the General Meetings held in the last three Financial Years:

| Year | Date | AGM/EGM | Venue | Time | No. of Special Resolution Passed |
|-------------|--------------------|----------------|--|-------------|---|
| 2010-11 | August 9, 2011 | AGM | Hotel Nakshatra, 126, Jade Arcade, Paradise Circle, M G Road, Secunderabad - 500 003 | 10.30 A.M | -- |
| 2011-12 | September 18, 2012 | AGM | Hotel Nakshatra, 126, Jade Arcade, Paradise Circle, M G Road, Secunderabad - 500 003 | 10.30 A.M | -- |
| 2012-13 | September 24, 2013 | AGM | Hotel Minerva Grand, Sarojini Devi Road, Secunderabad - 500 003 | 10.30 A.M | -- |

No resolutions were required to be passed through postal ballot.

9 Disclosures

- 9.1 During the financial year under review, there were no materially significant related party transactions made by 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. Disclosures regarding related party transaction are disclosed in Note No. 25.2 of notes to accounts published elsewhere in this Annual Report.
- 9.2 There are no instances of non-compliance by the Company, penalties, and 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

9.3 The Company affirms that no personnel has been denied access to the Audit Committee during the financial year ended March 31, 2014.

9.4 The Company has complied to all the mandatory requirements of Clause 49 of the listing agreement.

10. CEO/CFO Certification

The Chief Executive officer of the Company certify to the Board on financial reporting and internal controls as required under Clause 49 (V) of the Listing Agreement.

11. Means of Communication Results

The quarterly and half yearly un-audited and annual results were published in a National level English newspaper(s) as well as regional language newspaper circulating in the state of Andhra Pradesh. The results are also displayed on the Company's website (www.tcifl.in).

News releases and presentation to Institutional Investors: Nil

12. Management Discussion and Analysis:

Management Discussion and Analysis forms part of the Annual Report.

13. General Information for Shareholders

a. Annual General Meeting : September 25, 2014 at 11.00 A.M.
Date, Time and Venue Plot no.20, Survey no.12(P), Ground Floor, Opp. CII Building, Kothaguda, Kondapur, Hyderabad-500084

b. Financial Calendar for 2014-15(Tentative)

| | |
|--|------------------------|
| Annual General Meeting | August/September,2015 |
| Results for the 1st quarter ended June 30, 2013 | July/August,2014 |
| Results for the 2nd quarter ended September 30, 2013 | October/November,2014 |
| Results for the 3rd quarter ended December 31, 2013 | January/ February,2015 |
| Results for the 4th quarter ended March 31, 2014 | April/ May,2015 |

c. Book Closure date : September 22, 2014, to September 25, 2014
(both days inclusive)
d. Dividend Payment date : Not Applicable

e. Listing on stock exchanges

The Company's shares are listed on :

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

The listing fee for the year 2014-15 has been paid to BSE and NSE.

f. Stock Code:

a) Trading Script code for the Bombay Stock Exchange : 501242
 Trading Script Symbol for National Stock Exchange : TCIFINANCE
 b) Demat ISIN numbers in NSDL & CDSL for Equity Shares : INE911B01018

g. Monthly high and low stock quotations at BSE & NSE:

(Amount in ₹)

| <i>Months</i> | <i>BSE</i> | | <i>NSE</i> | |
|----------------|-------------|------------|-------------|------------|
| | <i>High</i> | <i>Low</i> | <i>High</i> | <i>Low</i> |
| April 2013 | 33.70 | 25.85 | 33.40 | 25.70 |
| May 2013 | 35.40 | 29.25 | 36.40 | 28.70 |
| June 2013 | 30.45 | 22.55 | 30.95 | 22.25 |
| July 2013 | 32.85 | 21.60 | 37.00 | 23.05 |
| August 2013 | 32.00 | 18.45 | 35.95 | 29.40 |
| September 2013 | 29.85 | 21.35 | 28.80 | 23.50 |
| October 2013 | 30.00 | 24.25 | 30.45 | 24.25 |
| November 2013 | 34.00 | 26.05 | 36.35 | 30.50 |
| December 2013 | 32.50 | 24.80 | 34.55 | 27.55 |
| January 2014 | 32.40 | 22.85 | 32.30 | 22.55 |
| February 2014 | 25.60 | 20.65 | 24.05 | 20.50 |
| March 2014 | 23.60 | 14.95 | 23.30 | 14.75 |

Share price performance in comparison to broad based indices - BSE Sensex & NSE Nifty

| <i>PARTICULARS</i> | <i>TCI FINANCE SHARE PRICE V/S BSE</i> | | | |
|----------------------|--|-----------|-------------------|------------|
| | Share Price(Rs.) | CNX NIFTY | Share Price (Rs.) | BSE Sensex |
| As on April 1, 2013 | 30.00 | 5697 | 27.00 | 18891 |
| As on March 31, 2014 | 17.10 | 6704 | 17.75 | 22386 |

- i. Registrar and Transfer Agents** : Karvy Computershare Limited (Unit : TCI Finance Ltd)
 (Share Transfers and Communication : Plot No.17-24
 regarding share certificates, : Vittal Rao Nagar, Madhapur
 dividends and change of address) : Hyderabad – 500 081.

j. Share transfer system:

The Company has a Registrar and Share Transfer Agent. Share transfers, if documents are 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.

k. Distribution of Shareholding as on March 31, 2014:

| No. of shares | No. of shareholders | % of shareholders | Nos. of Shares | % of Total Shares |
|----------------------|----------------------------|--------------------------|-----------------------|--------------------------|
| Upto - 5000 | 4359 | 81.04 | 831849 | 6.46 |
| 5001- 10000 | 484 | 9.00 | 404031 | 3.14 |
| 10001- 20000 | 251 | 4.67 | 391313 | 3.04 |
| 20001- 30000 | 59 | 1.10 | 146982 | 1.14 |
| 30001-40000 | 52 | 0.97 | 187260 | 1.45 |
| 40001-50000 | 36 | 0.67 | 169860 | 1.32 |
| 50001-100000 | 65 | 1.21 | 471692 | 3.66 |
| 100001 - Above | 73 | 1.36 | 10269506 | 79.78 |
| TOTAL | 5379 | 100.00 | 12872493 | 100.00 |

Categories of shareholders as on March 31, 2014:

| Category | No. of shares held | % Shareholding |
|-----------------------------|---------------------------|-----------------------|
| Promoter and Promoter Group | 4445674 | 34.54 |
| Non-Resident Indians | 346688 | 2.69 |
| Bodies Corporate & HUF | 3791149 | 29.45 |
| Resident Individuals | 4245619 | 32.98 |
| Clearing Members | 39144 | 0.30 |
| Directors and relatives | 4219 | 0.03 |
| TOTAL | 12,872,493 | 100.00 |

I. Dematerialization of shares :

Over 91.73% of the total shares have been dematerialized up to March 31, 2014. Trading in Equity Shares of the Company is permitted only in dematerialized form w. e. f. August 28, 2000 as per the notification issued by the Securities and Exchange Board of India (SEBI).

m. Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity : Not Applicable**n. Plant Locations: Not Applicable****o. 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 : 040-44655000, 44655152

Fax : 040-23420814

11.15. Any Query on Annual Report:

TCI Finance Limited

Secretarial Department

1-7-293, M.G.Road,

Secunderabad - 500 003

E-mail: investors_tcif@gati.com

Tel Nos. 040 - 27844284 / 27843788

ANNEXURE – II

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, 2014, 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, and based on the representations made by the Directors and the Management, 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 the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Secunderabad
Date: August 7, 2014

For D C Agarwal & Co.
Practising Company Secretary

Duli Chand Agarwal
Certificate of Practice No-3345

DECLARATION

As provided under clause 49 of the Listing Agreement with Stock Exchanges, the Board and Senior Management Personnel have confirmed compliance with the Code of Conduct for Board of Directors and Senior Management for the year ended March 31, 2014.

For TCI FINANCE LIMITED

Secunderabad
May 7, 2014

Ramesh Sivaraman
Manager - Chief Executive

CHIEF EXECUTIVE OFFICER (CEO) / MD CERTIFICATION

I have reviewed the financial statements, read with the cash flow statement of TCI Finance Limited for the year ended March 31, 2014 and that to the best of my knowledge and belief, I state that:

a) (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

(ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) These are, to the best of my knowledge and belief, no transaction entered into by the company during the year which are fraudulent, illegal or in violation of the company's Code of Conduct.

c) I accept responsibility for establishing and maintaining internal controls for financial reporting. I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and audit committee that there are no deficiencies in the design or operation of internal control.

d) I have indicated to the auditors and audit committee:

(i) There are no significant changes in internal control over financial reporting during the year;

(ii) There are no significant changes in accounting policies made during the year and

(iii) There are no instances of fraud involving the management or an employee.

For TCI Finance Limited

Ramesh Sivaraman
Manager-Chief Executive

Place: Secunderabad
Date : May 7, 2014

MANAGEMENT DISCUSSION & ANALYSIS

Business Environment

Global economic growth remained passive during fiscal 2014, while global financial markets witnessed volatility in response to the commencement of withdrawal of quantitative easing by the US Federal Reserve. Uncertainties regarding the global recovery, concerns over domestic growth and volatility in financial markets were the key features of the economic environment in fiscal 2014.

Results of FICCI's latest Economic Outlook Survey point towards an improvement in economic growth in the year 2014-15. The GDP growth for the year 2014-15 is projected at 5.5%. The participating economists expect the industrial sector to also recover in the next fiscal with an estimated growth of 3.3%. The forecast for agriculture and services sector growth in 2014-15 have been placed at 3.3% and 7.0% respectively.

The fiscal deficit as a percent of GDP was contained at 4.6% in the year 2013-14. Further, it was announced in the interim budget that government would strive to stick to the path of fiscal consolidation and that the fiscal deficit would be contained at 4.1% of GDP in the year 2014-15.

It is interesting to point out that the gross NPA ratio of NBFCs has been declining consistently in the past decade with banks struggling to control them at the same point. NBFCs continue to maintain a stable outlook despite the more stringent regulatory norms envisaged and continue to grow profitably while maintaining reasonable asset quality and prudent level of leveraging. Funding costs are estimated to hike up and net-interest margin is estimated to drop to 5.9%.

Opportunities

Reports from the World Bank indicate that Non Banking Financial Institutions act as critical pillars contributing to macroeconomic stability and sustained economic growth and prosperity, due to their ability to finance firms and individuals at a reasonable cost, reduce volatility by providing multiple sources to finance and park funds and enable creation of a competitive environment characterized by a diverse array of products. This has been proven time and again in developed markets.

Non-Banking Finance Companies (NBFCs) continue to play a critical role in making financial Services accessible to a wider set of India's population and are emerging as strong intermediaries in the retail finance space. Going forward, one should expect NBFCs to further Strengthen their presence in retail finance and grow at a reasonably healthy pace.

Threats

The biggest challenge before NBFCs is that they are facing stiff competition from banks and financial institutions, due to their ability to raise low cost funds which enables them to provide funds at much cheaper rate. More stringent capital adequacy norms have been stipulated by RBI for NBFCs which is making difficult for them to give cheaper finance.

Ever-increasing competition from commercial counterparts whose capacity to absorb losses is higher, counter-party failures, recommendations being made to increase the purview of monitoring by regulatory authorities increase the threat of losing the essence of Non-banking Finance Companies which are specifically designed to reach out and finance certain target groups.

Segment-wise or product-wise performance of the Company

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.

Future Strategies

NBFCs have proven their mettle in many other specialized financial services such as factoring, lease finance, venture capital finance, financing road transport and also in the business of securities-based lending such as Loan against Shares, Margin Funding, IPO Financing, Promoter Funding etc. They have also been providing a major boost to Micro, Small and Medium enterprises and other avenues where banks exercise cautious lending. All the above factors further emphasize the potential and opportunities in store for NBFCs and the regulations when designed to provide the right environment, provides impetus to the growth of the sector.

The Company hence wishes to diversify its lending activities in the coming period and shall embark on this path and move forward once the existing investments, which are at an incubating stage begin to bear fruits.

The wholly owned subsidiary of the Company M/s ITAG Business Solution Limited shall continue to focus on the core business area of Knowledge process outsourcing in the forthcoming years.

Risks and concerns

The NBFC industry in general faces the risk of re-entry and new entry of players and existence of several unorganized regional players increasing the competition which mainly affects the asset quality. This is further characterized by captive NBFCs floated by other business houses. The ever existing systemic and delinquency risks and fluctuations in interest rates and risk weight make the companies more vulnerable. Deployment of funds in sensitive and volatile sectors increases the risk exposure while concentration risk increases dependency.

Internal Control Systems and their adequacy

Internal Control measures and systems are established to ensure the correctness of the transactions and safe guarding of the assets. The Management ensures adherence to all internal control policies and procedures as well as compliance with regulatory guidelines. The audit committee of the Board of Directors reviews the adequacy of internal controls. This has improved the management of the affairs of the Company and strengthened transparency and accountability.

Business Overview financial performance

Your company is a small sized, BSE and NSE listed, Non Banking Financial Company (NBFC).

The Company's total Revenue from operations during the year were ₹1557 lakhs and the net profit after tax is ₹ 559 lakhs as against ₹ 945.07 lakhs and ₹ 63.82 lakhs respectively in the previous year.

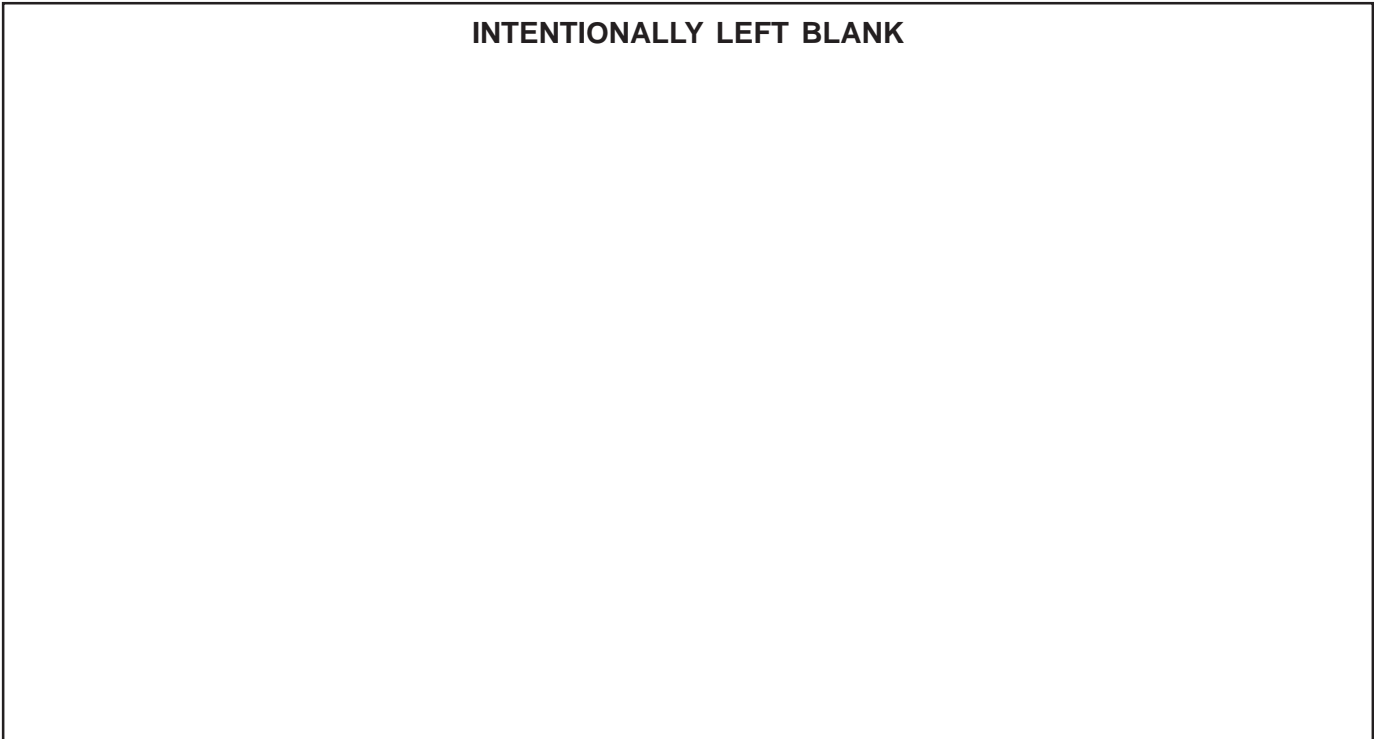
Human Resources

The Company always considers its human resources as a valuable asset and is committed towards their development for continuous growth. Focus on training to enhance the skill-sets of employees in line with the business and market requirements continued throughout the year and it confers rewards and recognition based on merit.

The employee relations have continued to be harmonious throughout the year.

Cautionary Statement

Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of the applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic and political conditions in which the Company operates, interest rate fluctuations, changes in Government / RBI regulations, Tax laws, Other statutes and incidental factors.



INDEPENDENT AUDITORS' REPORT

To
The Members of
TCI Finance Limited

Report on Financial Statements

We have audited the accompanying financial statements of TCI Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub section (3C) of section 211 of Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 Statement of Profit and Loss 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, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and

- e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for **M. Bhaskara Rao & Co.**
Chartered Accountants
Firm Registration No. 000459 S

M. V. Ramana Murthy
Partner
Membership No.206439

Secunderabad, May 7, 2014

Re: TCI Finance Limited

Annexure to the Independent Auditors' Report

(Referred to in paragraph '1' under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, all the fixed assets other than Leased Assets have been physically verified by the management during the year in accordance with programme of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets (leased assets), whose lease period was run off, were written off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal (written off) has, in our opinion, not affected the going concern status of the Company.
- ii. Having regard to the nature of the Company's business, paragraph 4(ii) of the Order is not applicable.
- iii. (d) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clauses (b), (c) and (d) of paragraph 4(iii) of the Order are not applicable.
- (e) The Company has not taken any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 except unsecured loan from subsidiary of ₹ 26,00,00,000/-; maximum amount outstanding during the year was ₹ 26,00,00,000/- and year end balance was ₹ Nil.
- (f) In our opinion, the rate of interest and other terms and conditions of such loan are not prima facie prejudicial to the interests of the Company.
- (g) The payment of principal amount and interest have been regular during the year.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, we have not observed any major weakness in such internal 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 in to the register maintained under section 301 of the Act.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, the provisions of paragraph 4(vi) of the Order is not applicable.
- vii. The internal audit of the Company is conducted by internal audit department. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.
- viii. In our opinion and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209 (1) (d) of the Companies Act 1956 for the activities of the Company.

- ix. (a) According to the information and explanations given to us, the Company is 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, 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 the aforesaid dues were outstanding as at March 31, 2014 for a period of more than six months from the date they became payable.
- (c) Details of dues of Sales tax / income tax / custom tax / wealth tax / service tax / excise duty / cess which have not been deposited as on March 31, 2014 on account of dispute are given below:

| Nature of statute | Nature of dues | Amount (₹) | Period to which the amount relates | Forum where dispute is pending |
|---------------------|----------------|------------|------------------------------------|--|
| Karnataka Sales Tax | Tax/Penalty | 63,661 | 1996-1997 | Joint Commissioner of Commercial Taxes (Appeals) |

- x. The Company has no accumulated losses at the end of the financial year and has not incurred any cash losses in the current and immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, financial institutions and debenture holders except in respect of delay in redemption of debentures and repayment of instalments of term loans to financial institutions and interest dues as detailed below:

| Particulars | Amount (₹) | Number of Days |
|--|--------------|---------------------|
| Dues to Debenture Holders | 28,00,00,000 | 184 |
| Dues of term loans to financial institutions | 2,09,69,942 | Ranging from 1- 152 |
| Interest to Debenture Holders | 38,04,932 | 23 |
| Interest on Term Loans | 2,08,30,017 | Ranging from 1- 114 |

- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of paragraph 4 (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is not a Chit fund/ Nidhi/ Mutual benefit fund/ Society. Accordingly, the provisions of paragraph 4 (xiii) of the Order is not applicable.
- xiv. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of the transactions and contracts in respect of its dealing in share securities, debentures and other investments and timely entries have been made. The above said securities have been held by the Company in its own name.
- xv. According to the information and explanations given to us, the terms and conditions of the guarantee given by the Company for loans taken by others are not prima facie prejudicial to the interest of the Company.
- xvi. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the Company were, prima facie, applied by the Company during the year for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, prima facie, not been used for long term investment.
- xviii. According to the information and explanations given to us, the Company has not made preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

TC/ FINANCE LTD.

- xix. According to the information and explanations given to us and the records examined by us, securities / charges have been created in respect of term loans taken from financial institutions.
- xx. During the year covered by our audit, the Company has not raised any monies by public issues.
- xxi. During the course of our examination of the books and other records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no instance of fraud on or by the Company was reported during the year, nor have we been informed of such case by the management.

for M. Bhaskara Rao & Co.
Chartered Accountants
Firm Registration No. 000459S

M. V. Ramana Murthy
Partner
Membership No.206439

Secunderabad, May 7, 2014

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TCI FINANCE LIMITED
Balance Sheet as at March 31, 2014

| Particulars | Note No. | As at March 31, 2014 | As at March 31, 2013 |
|---|----------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | ₹ | ₹ |
| Shareholders' Funds | | | |
| (a) Share Capital | 3 | 141,963,050 | 141,963,050 |
| (b) Reserves and Surplus | 4 | 191,283,196 | 135,391,840 |
| | | 333,246,246 | 277,354,890 |
| Non-Current Liabilities | | | |
| (a) Long Term Borrowings | 5 | 221,117,940 | 3,000,000 |
| (b) Long Term Provisions | 6 | 3,930,020 | 14,049,034 |
| | | 225,047,960 | 17,049,034 |
| Current Liabilities | | | |
| (a) Trade Payables | 7 | 631,677 | 826,436 |
| (b) Other Current Liabilities | 8 | 23,281,491 | 535,388,873 |
| (c) Short Term Provisions | 9 | 6,790 | 7,693 |
| | | 23,919,958 | 536,223,002 |
| TOTAL | | 582,214,164 | 830,626,926 |
| ASSETS | | | |
| Non-Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 10A | 6,696,921 | 19,986,096 |
| (ii) Intangible Assets | 10B | 16,210 | 21,565 |
| (b) Non-Current Investments | 11 | 493,668,901 | 293,269,226 |
| (c) Deferred Tax Assets (Net) | 24.2 | 558,994 | 558,994 |
| (d) Long Term Loans and Advances | 12 | 10,369,002 | 20,276,567 |
| (e) Other Non-Current Assets | 13 | 113,600 | 108,430 |
| | | 511,423,628 | 334,220,878 |
| Current Assets | | | |
| (a) Trade Receivables | 14 | - | - |
| (b) Cash and Bank Balances | 15 | 2,263,965 | 120,907 |
| (c) Short Term Loans and Advances | 16 | 46,057,900 | 472,293,826 |
| (d) Other Current Assets | 17 | 22,468,671 | 23,991,315 |
| | | 70,790,536 | 496,406,048 |
| TOTAL | | 582,214,164 | 830,626,926 |
| Corporate Information and Significant Accounting Policies | 1 & 2 | | |

Accompanying notes form an integral part of the Financial Statements

As per our report of even date attached.

For M.Bhaskara Rao & Co.
Chartered Accountants

For and on behalf of the Board

O.Swaminatha Reddy
Chairman

S.M.Jalan
Director

M.V.Ramana Murthy
Partner

Lakshmi Sharma
Company Secretary

Secunderabad, May 7, 2014

TCI FINANCE LIMITED

Statement of Profit and Loss for the year ended March 31, 2014

| Particulars | Note No. | 2013- 14 | 2012-13 |
|---|----------|--------------------|--------------------|
| | | ₹ | ₹ |
| Income | | | |
| Revenue from Operations | 18 | 155,721,695 | 94,507,450 |
| Other Income | 19 | 4,788,033 | 5,623,436 |
| Total Revenue | | 160,509,728 | 100,130,886 |
| Expenses | | | |
| (a) Employee Benefits Expense | 20 | 5,996,204 | 6,501,530 |
| (b) Finance Costs | 21 | 78,898,728 | 84,991,145 |
| (c) Depreciation and Amortisation | 10C | 147,335 | 148,048 |
| (d) Other Expenses | 22 | 2,819,105 | 2,328,681 |
| (e) Provision for Standard Assets / Non-Performing Assets | 23.4 | 2,457,000 | (47,000) |
| Total Expenses | | 90,318,372 | 93,922,404 |
| Profit Before Tax | | 70,191,356 | 6,208,482 |
| Tax Expense: | | | |
| (a) Current Tax | | 14,300,000 | - |
| (b) Adjustments relating to earlier years | | - | (275,000) |
| (c) Deferred Tax | | - | 100,815 |
| | | 14,300,000 | (174,185) |
| Profit After Tax | | 55,891,356 | 6,382,667 |
| Earnings per Equity Share of ₹ 10/- each | | | |
| Basic and Diluted | 24.1 | 4.34 | 0.50 |
| Corporate Information and Significant Accounting Policies | 1 & 2 | | |

Accompanying notes form an integral part of the Financial Statements

As per our report of even date attached.

For M.Bhaskara Rao & Co.

Chartered Accountants

For and on behalf of the Board

O.Swaminatha Reddy

Chairman

S.M. Jalan

Director

M.V.Ramana Murthy

Partner

Lakshmi Sharma

Company Secretary

Secunderabad, May 7, 2014

TCI FINANCE LTD.

Cash Flow Statement for the year ended March 31, 2014

| Particulars | 2013-14 | 2012-13 |
|--|----------------------|---------------------|
| | ₹ | ₹ |
| A. Cash Flow From Operating Activities | | |
| Net profit before tax and extra ordinary items | 70,191,356 | 6,208,482 |
| Adjustments for: | | |
| Depreciation and Amortisation | 147,335 | 148,048 |
| Profit on sale of Investments | (110,625,560) | - |
| Profit on sale of assets | - | (90,000) |
| Leased assets written off | 59,418 | - |
| Dividend received (Long Term Investments) | (7,078,203) | (15,000,456) |
| | (47,305,654) | (8,733,926) |
| Changes in working capital: | | |
| Adjustments for (increase) / decrease in operating assets: | | |
| Short Term Loans and Advances (Refer Note No. 2 below) | 152,326 | 654 |
| Other Current Assets | 1,522,644 | (2,366,665) |
| Other Non-Current Assets | (5,170) | (4,646) |
| Adjustments for increase / (decrease) in operating liabilities: | | |
| Trade Payables | (194,759) | 86,000 |
| Other Current Liabilities | (3,226,437) | 3,515,723 |
| Short Term Provisions | (903) | (29,907) |
| Long Term Provisions | 2,412,523 | (28,570) |
| Cash used in Operations | (46,645,430) | (7,561,337) |
| Net Income Tax Refunded | (7,392,435) | (883,964) |
| Net Cash used in Operations | (54,037,865) | (8,445,301) |
| Loans Repaid / (Disbursed) (Net) | 435,800,000 | 21,100,000 |
| Net Cash from / (used in) Operating Activities (A) | 381,762,135 | 12,654,699 |
| B. Cash Flow from Investing Activities | | |
| Proceeds from Sale of assets | - | 90,000 |
| Repayment from / (Advance to) Subsidiary | 440,070 | (300,000) |
| Purchase of Assets | - | (40,000) |
| Sale of Long Term Investments (Refer Note No. 2 below) | 137,997,515 | - |
| Purchase of Long Term Investments | (234,928,100) | - |
| Dividend received (Long term Investments) | 7,078,203 | 15,000,456 |
| Net cash from / (used in) Investing Activities (B) | (89,412,312) | 14,750,456 |
| C. Cash Flow from Financing Activities | | |
| Proceeds from Long Term Borrowings | - | 22,500,000 |
| Repayment of Long Term Borrowings | (290,206,765) | (50,000,000) |
| Net cash from Financing Activities (C) | (290,206,765) | (27,500,000) |
| Net Increase / Decrease in Cash and Cash Equivalents (A+B+C) | 2,143,058 | (94,846) |
| Cash and Cash Equivalents at the beginning of the year | 120,907 | 215,753 |
| Cash and Cash Equivalents at the end of the year | 2,263,965 | 120,907 |

1. The Cash Flow Statement is prepared in accordance with the indirect method stated in Accounting Standard 3 on Cash Flow Statement and presents the cash flows by operating, investing and financing activities.

2. Increase in Short Term Loans and Advances relating to investments against which pledge was invoked by pledgee of ₹ 71,56,470/- is not considered in cash flow. (Refer Note No. 16.1).

Accompanying notes form an integral part of the Financial Statements

As per our report of even date attached.

For M.Bhaskara Rao & Co.
Chartered Accountants

For and on behalf of the Board

M.V. Ramana Murthy
Partner

O.Swaminatha Reddy
Chairman

S.M.Jalan
Director

Lakshmi Sharma
Company Secretary

Secunderabad, May 7, 2014

| | |
|--------------|--|
| 1 | Corporate information TCI Finance Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of Companies Act, 1956. Its shares are listed in Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company is a "Loan company" engaged in the business of Non Banking Financial Institution as defined in section 451(a) of the Reserve Bank of India Act , 1934. |
| 2 | Significant Accounting Policies |
| 2.1 | Basis of accounting and preparation of financial statements 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 Accrual System of Accounting and Prudential Norms prescribed by Reserve Bank of India consistently from year to year. |
| 2.2 | 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. |
| 2.3 | Cash Flow Statement 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, whereby Profit / (Loss) Before Extraordinary Items and Tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. |
| 2.4 | Revenue Recognition |
| 2.4.1 | 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 charge (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. |
| 2.4.2 | Interest Income Interest income is recognised on accrual basis except in case of non-performing assets. Overdue interest is recognised as income on realisation. |
| 2.4.3 | Other Income 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. |
| 2.5 | Fixed Assets: |
| | Tangible fixed assets Assets are stated at cost less accumulated depreciation after adjustment of the Lease Terminal Adjustment Account. |
| | Intangible assets Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. |
| 2.6 | Depreciation and Amortisation Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on additions/deductions is calculated on prorata from the date of addition/deduction. |

| | |
|---------------|--|
| 2.7 | Investments Long-term investments are carried individually at cost less provision for diminution in value, other than temporary in the value of such investments. |
| 2.8 | Employee Benefits (i) Provident fund is a defined contribution plan and the contributions as required by the statute to Employees Provident Fund Organisation are charged to Statement of Profit and Loss 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. Actuarial gains / losses are immediately taken to the Statement of Profit and Loss and are not deferred. (iii) Compensated Absences - 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. |
| 2.9 | Segment Reporting The Company is mainly engaged in financing activities which constitute a single business segment. There are no separate geographical segments. |
| 2.10 | 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. Provision for standard assets is made in terms of the notification DNBS.222/CGM(US)-2011 dated January 17, 2011 issued by Reserve Bank of India. |
| 2.11 | Taxes on income |
| 2.11.1 | Current Tax : Provision for Current Tax is made based on the taxable income computed for the year under the Income Tax Act, 1961. |
| 2.11.2 | Deferred Tax : Deferred Tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods. Deferred Tax Assets are recognised and carried forward only to the extent that there is a certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized. |
| 2.12 | Earnings Per Share Basic Earnings Per Share is computed by dividing the Profit / (Loss) After Tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. |
| 2.13 | Provisions, 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. |

3 Share Capital

| | March 31, 2014 | | March 31, 2013 | |
|---|----------------|--------------------|----------------|--------------------|
| | No. of shares | ₹ | No. of shares | ₹ |
| Authorised Equity shares of ₹ 10/- each | 20,000,000 | 200,000,000 | 20,000,000 | 200,000,000 |
| Issued Equity shares of ₹ 10/- each | 16,000,000 | 160,000,000 | 16,000,000 | 160,000,000 |
| Subscribed and fully paid up Equity shares of ₹ 10/- each | 12,872,493 | 128,724,930 | 12,872,493 | 128,724,930 |
| Add : Forfeited Shares <i>(Amount Originally paid up)</i> | - | 13,238,120 | - | 13,238,120 |
| Total | | 141,963,050 | | 141,963,050 |

Notes forming part of the Financial Statements for the year ended March 31, 2014

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

| | March 31, 2014 | | March 31, 2013 | |
|------------------------------------|-------------------|--------------------|-------------------|--------------------|
| | No. of Shares | ₹ | No. of Shares | ₹ |
| Equity Shares of ₹10/- each | | | | |
| At the beginning of the year | 12,872,493 | 141,963,050 | 12,872,493 | 141,963,050 |
| Add : Issued during the year | - | - | - | - |
| Outstanding at the end of the year | 12,872,493 | 141,963,050 | 12,872,493 | 141,963,050 |

(ii) Rights, Preferences and Restrictions attached to equity shares

The Company has one class of equity shares having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. The Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the equity shareholders are eligible to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) Details of Shareholders Holding more than 5% of the shares in the Company

| Name of Shareholder | March 31, 2014 | | March 31, 2013 | |
|--|----------------|-------------------|----------------|-------------------|
| | No of Shares | % of Shareholding | No of Shares | % of Shareholding |
| Equity Shares of ₹ 10/- each | | | | |
| Green India Venture Fund | 2,921,296 | 22.69 | - | - |
| Gati Limited | 1,600,300 | 12.43 | 1,600,300 | 12.43 |
| Jubilee Commercial & Trading Private Limited | - | - | 1,593,347 | 12.38 |
| Mahendra Investment Advisors Private Limited | 682,000 | 5.30 | 1,440,000 | 11.19 |
| Mahendra Kumar Agarwal | 1,196,619 | 9.30 | 1,196,619 | 9.30 |
| Neera Agarwal | 950,265 | 7.38 | 950,265 | 7.38 |

4 Reserves and Surplus

| | March 31, 2014 | March 31, 2013 |
|---|--------------------|--------------------|
| | ₹ | ₹ |
| (a) Securities Premium Account | | |
| Opening Balance | 163,086 | 163,086 |
| (b) General Reserve | | |
| Opening Balance | 35,218,685 | 35,218,685 |
| (c) Reserve Fund | | |
| (As per Section 45 IC of Reserve Bank of India Act, 1934) | | |
| Opening Balance | 22,987,623 | 21,711,090 |
| Add: Transferred from surplus in Statement of Profit and Loss | 11,178,271 | 1,276,533 |
| | 34,165,894 | 22,987,623 |
| (d) Surplus in Statement of Profit and Loss | | |
| Opening Balance | 77,022,446 | 71,916,312 |
| Add: Profit After Tax for the year | 55,891,356 | 6,382,667 |
| Less: Amount transferred to Reserve Fund | 11,178,271 | 1,276,533 |
| | 121,735,531 | 77,022,446 |
| Total | 191,283,196 | 135,391,840 |

Notes forming part of the Financial Statements for the year ended March 31, 2014

5. Long Term Borrowings - Secured

| | Non-current | | Current | |
|--|--------------------|------------------|-------------------|--------------------|
| | 31.03.2014 ₹ | 31.03.2013 ₹ | 31.03.2014 ₹ | 31.03.2013 ₹ |
| Debentures | | | | |
| Nil (March 31, 2013: 28 No's) 13% Non-Convertible Redeemable Debentures of ₹ 10,000,000/- each (Refer (ii) and (iv) below) | - | - | - | 280,000,000 |
| Term Loans | | | | |
| From Others (Refer (iii) below) | 221,117,940 | 3,000,000 | 21,175,295 | 249,500,000 |
| Total | 221,117,940 | 3,000,000 | 21,175,295 | 529,500,000 |

(i) Current maturities of Long Term Borrowings have been disclosed under the head "Other Current Liabilities" (Refer Note No. 8)

(ii) **Debentures**

13% Redeemable Non-Convertible Debentures are redeemable at par in two instalments within 2 years from date of allotment viz., November 28, 2010, i.e., ₹ 70,000,000/- on November 29, 2011 and ₹ 280,000,000/- on November 29, 2012. The rate of interest increased to 14% from November 28, 2011. The Debentures, secured by pledge of investments, personal guarantee of a director and pledge of third party investments and property, have been redeemed during the year.

(iii) **Term Loans from Others**

- (a) Term loan from Others amounting to ₹ 230,000,000/- carries interest rate on a variable basis as its Retail Prime Lending Rate (RPLR), currently 13.90% p.a and is repayable in 180 instalments from date of loan viz., April 28, 2013. There has been an increase in interest rate to 14.15% from November, 2013 and to 14.25% from February, 2014. The loan is secured by pledge of investments, personal guarantee of a director and pledge of third party investments and property.
- (b) Term loan from Others amounting to ₹ 22,500,000/- carries interest rate which is linked to Vijaya Bank base rate of 10.45%, currently 16% p.a and is repayable in 10 instalments after a moratorium of eight months from the date of loan agreement i.e, October 8, 2012 and December 29, 2012. The loan is secured by pledge of investments, personal guarantee of a director and pledge of third party investments.

(iv) The Company has defaulted in repayment of debentures and Term Loans in respect of the following :

| Particulars | March 31, 2014 | | March 31, 2013 | |
|-------------------|-------------------|------------|-------------------|-------------|
| | Period of Default | ₹ | Period of Default | ₹ |
| Debentures | | | | |
| Principal | - | - | 122 days | 280,000,000 |
| Term Loans | | | | |
| Principal | 1 - 152 days | 13,483,749 | - | - |
| Interest | 1 day | 65,019 | - | - |

6 Long Term Provisions

| | March 31, 2014 | March 31, 2013 |
|--|------------------|-------------------|
| | ₹ | ₹ |
| Provision for Employee Benefits: | | |
| (i) Provision for Compensated Absences | 225,020 | 269,497 |
| Provision - Others: | | |
| (i) Contingent Provision against Standard Assets | 5,000 | 1,248,000 |
| (ii) Non Performing Assets | 3,700,000 | 12,531,537 |
| Total | 3,930,020 | 14,049,034 |

Notes forming part of the Financial Statements for the year ended March 31, 2014

7. Trade Payables

| | March 31, 2014 | March 31, 2013 |
|--|----------------|----------------|
| | ₹ | ₹ |
| Trade Payables other than Acceptances (Refer Note No. 7.1 below) | 631,677 | 826,436 |
| Total | 631,677 | 826,436 |

(Includes ₹ 94,475/- (Previous Year ₹ 183,387/-) payable towards Managerial Remuneration (Refer Note No. 25))

7.1 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

According to the records available with the Company, there are no dues payable to entities that are classified as Micro, Small and Medium Enterprises Development Act, 2006 during the period. Hence disclosures, if any, relating to amounts unpaid as at the period end together with the interest paid / payable as required under the Act have not been given.

8. Other Current Liabilities

| | March 31, 2014 | March 31, 2013 |
|---|-------------------|--------------------|
| | ₹ | ₹ |
| Current Maturities of Long Term Borrowings (Refer Note No. 5) | 21,175,295 | 529,500,000 |
| Interest Accrued and Due | 157,373 | - |
| Interest Accrued but not Due | - | 3,650,872 |
| Other Payables | | |
| (i) Statutory Payables | 1,267,314 | 1,000,252 |
| (ii) Security Deposits | 681,509 | 1,237,749 |
| Total | 23,281,491 | 535,388,873 |

9. Short-Term Provisions

| | March 31, 2014 | March 31, 2013 |
|------------------------------------|----------------|----------------|
| | ₹ | ₹ |
| Provision for Employee Benefits: | | |
| Provision for Compensated Absences | 6,790 | 7,693 |
| Total | 6,790 | 7,693 |

Notes forming part of the Financial Statements for the year ended March 31, 2014
10 Fixed Assets

₹

| S. No. | PARTICULARS | GROSS BLOCK (At Cost) | | | DEPRECIATION/AMORTISATION | | | LEASE ADJUSTMENT | | | NET BLOCK | | |
|-----------|--------------------------------|-----------------------|-----------|-------------------|---------------------------|-------------------|----------------|------------------------|------------------|-------------------|-------------------|------------------|-------------------|
| | | AS AT 01.04.2013 | ADDITIONS | DELETIONS | AS AT 31.03.2014 | UPTO 01.04.2013 | FOR THE YEAR | ADJUSTMENT / DELETIONS | UPTO 31.03.2014 | UPTO 01.04.2013 | ADJUSTMENT | UPTO 31.03.2014 | AS AT 31.03.2014 |
| A | TANGIBLE ASSETS | | | | | | | | | | | | |
| I | Owned Assets | | | | | | | | | | | | |
| 1 | Land - Freehold | 3,522,514 | - | - | 3,522,514 | - | - | - | - | - | - | 3,522,514 | 3,522,514 |
| 2 | Buildings | 4,040,826 | - | - | 4,040,826 | 912,591 | 65,866 | 978,457 | - | - | - | 3,062,369 | 3,128,235 |
| 3 | Furniture and Fixtures | 1,100,000 | - | - | 1,100,000 | 945,630 | 69,630 | 1,015,260 | - | - | - | 84,740 | 154,370 |
| 4 | Plant and Machinery | 6,802 | - | - | 6,802 | 6,802 | - | 6,802 | - | - | - | - | - |
| 5 | Motor Trucks | 5,928,039 | - | - | 5,928,039 | 5,928,039 | - | 5,928,039 | - | - | - | - | - |
| 6 | Computer | 40,000 | - | - | 40,000 | 6,218 | 6,484 | 12,702 | - | - | - | 27,298 | 33,782 |
| | Total | 14,638,181 | - | - | 14,638,181 | 7,799,280 | 141,980 | 7,941,260 | - | - | - | 6,696,921 | 6,838,901 |
| II | Leased Assets | | | | | | | | | | | | |
| 1 | Plant and Machinery | 40,318,442 | - | 40,318,442 | - | 11,005,999 | - | 11,005,999 | - | 18,248,160 | 18,248,160 | - | 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 |
| | Total | 46,534,660 | - | 46,534,660 | - | 13,909,299 | - | 13,909,299 | - | 19,478,166 | 19,478,166 | - | 13,147,195 |
| | Total Tangible Assets | 61,172,841 | - | 46,534,660 | 14,638,181 | 21,708,579 | 141,980 | 13,909,299 | 7,941,260 | 19,478,166 | 19,478,166 | - | 19,986,096 |
| | Previous Year | 62,032,841 | 40,000 | 900,000 | 61,172,841 | 22,465,886 | 142,693 | 900,000 | 21,708,579 | 19,478,166 | - | 19,478,166 | 20,088,789 |
| B | INTANGIBLE ASSETS | | | | | | | | | | | | |
| 1 | Computer Software | 33,038 | - | - | 33,038 | 11,473 | 5,355 | 16,828 | - | - | - | 16,210 | 21,565 |
| | Total Intangible Assets | 33,038 | - | - | 33,038 | 11,473 | 5,355 | - | 16,828 | - | - | 16,210 | 21,565 |
| | Previous Year | 33,038 | - | - | 33,038 | 6,118 | 5,355 | - | 11,473 | - | - | 21,565 | 26,920 |

C. Depreciation / Amortisation charged to Statement of Profit and Loss

| | 2013-14 | | 2012-13 | |
|-------------------|----------------|--|----------------|--|
| | ₹ | | ₹ | |
| Tangible Assets | 141,980 | | 142,693 | |
| Intangible Assets | 5,355 | | 5,355 | |
| Total | 147,335 | | 148,048 | |

Notes forming part of the Financial Statements for the year ended March 31, 2014

11 Non Current Investments

| NON TRADE INVESTMENTS (AT COST) | | | | | ₹ | |
|-----------------------------------|------------|------------|---|---------------------|---------------------|--|
| NO OF SHARES | | FACE VALUE | NAME OF THE COMPANY | March 31, 2014 | March 31, 2013 | |
| 31.03.2013 | 31.03.2014 | | | | | |
| A EQUITY SHARES (QUOTED) | | | | | | |
| 13,324,350 | 7,724,350 | 2 | Gati Limited # | 89,202,558 | 122,414,147 | |
| 30,236 | 30,236 | 10 | TCI Industries Limited | 2,128,390 | 2,128,390 | |
| 4,860 | 4,860 | 10 | Karnataka Bank Limited | 413,100 | 413,100 | |
| 10,000 | 10,000 | 10 | ATI Limited Less: Provision for decline, other than temporary, in the value of long term investments | 200,000 (86,206) | 200,000 (86,206) | |
| | | | Net | 113,794 | 113,794 | |
| 4,200 | 4,200 | 10 | Lloyds Finance Limited | 2,310 | 2,310 | |
| 1,000 | - | 2 | Deccan Chronicle Holdings Limited | - | 173,956 | |
| 850 | 100 | 10 | Tech Mahindra Limited (formerly Satyam Computers Limited)* | 173,612 | 173,612 | |
| 124 | - | 10 | Reliance Industries Limited | - | 168,087 | |
| 1,450 | - | 2 | Unitech Limited | - | 482,411 | |
| 200 | - | 10 | Reliance Communication Limited | - | 103,496 | |
| 200 | - | 10 | Electrotherm (I) Limited | - | 111,273 | |
| 200 | - | 10 | Suryachakra Power Corporation Limited | - | 9,222 | |
| 1,500 | - | 10 | Power Grid Corporation Limited | - | 173,186 | |
| 1,000 | - | 2 | GMR Infrastructure Limited | - | 88,455 | |
| 24 | - | 10 | Reliance Power Limited | - | 6,750 | |
| | | | Total | 92,033,764 | 126,562,189 | |
| B EQUITY SHARES (UNQUOTED) | | | | | | |
| 1,000 | 1,000 | 100 | Gati Intellect Systems Limited | 100,000 | 100,000 | |
| 9,500 | 9,500 | 10 | Coast-To-Coast Shipping Limited (formerly Gati Shipping Limited) | 95,000 | 95,000 | |
| 27,451 | 27,451 | 10 | TCI Hi-Ways Private Limited | 274,510 | 274,510 | |
| 42,000 | 42,000 | 100 | Giri Roadlines and Commercial Trading Private Limited | 157,527 | 157,527 | |
| 15,014,100 | 15,014,100 | 10 | Amrit Jal Ventures Private Limited | 150,000,000 | 150,000,000 | |
| 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 | |
| | | | Total | 150,707,037 | 150,707,037 | |

| C SUBSIDIARY - EQUITY SHARES (UNQUOTED) | | | | | |
|---|-----------|-----|--|--------------------|--------------------|
| 1,250,000 | 1,250,000 | 10 | ITAG Business Solutions Limited | 12,500,000 | 12,500,000 |
| | | | Total | 12,500,000 | 12,500,000 |
| D PREFERENCE SHARES (UNQUOTED) | | | | | |
| 350,000 | 350,000 | 10 | Capital Fortunes Limited 8% Non Cumulative 15 Year Redeemable | 3,500,000 | 3,500,000 |
| | | | Total | 3,500,000 | 3,500,000 |
| E DEBENTURES (OPTIONALLY CONVERTIBLE) (UNQUOTED) | | | | | |
| - | 2,349,281 | 100 | 14.50% - Amrit Jal Ventures Private Limited | 234,928,100 | - |
| | | | Total | 234,928,100 | - |
| | | | Grand Total | 493,668,901 | 293,269,226 |
| | | | Book Value Of Quoted Investments | 92,033,764 | 126,562,189 |
| | | | Market Value Of Quoted Investments ** | 669,109,528 | 385,625,819 |

* Previous year face value is ₹ 2/-; pledged with Bangalore Stock Exchange

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

77,17,000 Equity Shares (Previous Year: 1,33,17,000 Equity Shares) pledged with lenders as security for Term Loans / Debentures (Refer Note No.5 (ii) and (iii))

Notes forming part of the Financial Statements for the year ended March 31, 2014

12 Long Term Loans and Advances - Unsecured, considered good

| | March 31, 2014 | March 31, 2013 |
|---|-------------------|-------------------|
| | ₹ | ₹ |
| Inter Corporate Loans (Refer Note No.23.3) | - | 3,000,000 |
| Advance Tax (Net of Provision ₹ 15,235,000/- (As at March 31, 2013 ₹ 935,000/-) | 10,369,002 | 17,276,567 |
| Total | 10,369,002 | 20,276,567 |

13 Other Non-Current Assets

| | March 31, 2014 | March 31, 2013 |
|--|----------------|----------------|
| | ₹ | ₹ |
| Interest accrued on deposits | 13,600 | 8,430 |
| Fixed Deposit with original maturity more than 12 months | 50,000 | 50,000 |
| Security Deposit - Unsecured, considered good | 50,000 | 50,000 |
| Total | 113,600 | 108,430 |

14 Trade Receivables - Unsecured

| | March 31, 2014 | March 31, 2013 |
|---|----------------|----------------|
| | ₹ | ₹ |
| Receivables outstanding over six months | | |
| Considered doubtful | - | 441,566 |
| Less: Provision for doubtful debts | - | (441,566) |
| Total | - | - |

15 Cash and Bank Balances

| | March 31, 2014 | March 31, 2013 |
|----------------------------------|------------------|----------------|
| | ₹ | ₹ |
| Cash and Cash Equivalents | | |
| Cash on hand | 2,930 | 4,153 |
| Balances with Banks | | |
| In Current Accounts | 2,261,035 | 116,754 |
| Total | 2,263,965 | 120,907 |

16 Short Term Loans and Advances - Unsecured, considered good

| | March 31, 2014 | March 31, 2013 |
|---|-------------------|--------------------|
| | ₹ | ₹ |
| Loans and advances to Subsidiary (Refer Note No.25) | 1,901,430 | 2,341,500 |
| Inter corporate Loans (Refer Note No.23.3) | 37,000,000 | 469,800,000 |
| Other Advances recoverable in cash or kind (Refer Note No.16.1) | 7,156,470 | 152,326 |
| Total | 46,057,900 | 472,293,826 |

16.1 represents cost of 1,500,000 pledged shares of Gati Limited held as Investment which was invoked during the year by the pledgee. The Company has initiated legal action against the invocation. Pending final outcome of the action initiated, the cost of investment is presented as advance recoverable.

| Notes forming part of the Financial Statements for the year ended March 31, 2014 | | |
|---|-----------------------|-----------------------|
| 17 Other Current Assets | | |
| | March 31, 2014 | March 31, 2013 |
| | ₹ | ₹ |
| Interest accrued on Investments | 22,174,671 | - |
| Interest accrued on Short Term Loans and Advances | - | 23,697,315 |
| Contractually Reimbursable Expenses | 294,000 | 294,000 |
| Total | 22,468,671 | 23,991,315 |
| 18 Revenue from Operations | | |
| | 2013-14 | 2012-13 |
| | ₹ | ₹ |
| Interest Income (Refer Note No. 18.1) | 37,917,932 | 77,756,955 |
| Other Operating Revenue (Refer Note No. 18.2) | 117,803,763 | 16,750,495 |
| Total | 155,721,695 | 94,507,450 |
| 18.1 Interest Income | | |
| | 2013-14 | 2012-13 |
| | ₹ | ₹ |
| Interest Income from: | | |
| (i) Banks | 5,170 | 4,646 |
| (ii) Loans and Advances | 13,274,238 | 77,266,019 |
| (iii) Investments | 24,638,524 | - |
| (iv) Income Tax Refund | - | 486,290 |
| Total | 37,917,932 | 77,756,955 |
| 18.2 Other Operating Revenue | | |
| | 2013-14 | 2012-13 |
| | ₹ | ₹ |
| Hire Rental | - | 29,475 |
| Debts Written off earlier, realised | 100,000 | 1,720,564 |
| Profit on sale of Long Term Investments | 110,625,560 | - |
| Dividend income from Long Term Investments | 7,078,203 | 15,000,456 |
| Total | 117,803,763 | 16,750,495 |
| 19 Other Income | | |
| | 2013-14 | 2012-13 |
| | ₹ | ₹ |
| Rental Income | 984,000 | 984,000 |
| Other Non-Operating Income (Refer Note No. 19.1) | 3,804,033 | 4,639,436 |
| Total | 4,788,033 | 5,623,436 |

Notes forming part of the Financial Statements for the year ended March 31, 2014**19.1 Other Non-Operating Income**

| | 2013-14 | 2012-13 |
|--------------------------------|------------------|------------------|
| | ₹ | ₹ |
| Profit on sale of Motor Trucks | - | 90,000 |
| Miscellaneous income | 3,804,033 | 4,549,436 |
| Total | 3,804,033 | 4,639,436 |

20 Employee Benefits Expense

| | 2013-14 | 2012-13 |
|--|------------------|------------------|
| | ₹ | ₹ |
| Salaries and wages | 5,677,231 | 6,167,198 |
| Contributions to provident and other funds (Refer Note No. 20.1) | 318,273 | 311,475 |
| Staff welfare expenses | 700 | 22,857 |
| Total | 5,996,204 | 6,501,530 |

20.1 Employee Benefit Plans**a. Defined contribution plans**

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 211,773/- (As at March 31, 2013 ₹ 216,975/-) for Provident Fund contributions and ₹ 106,500/- (As at March 31, 2013 ₹ 94,500/-) for Superannuation Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

b. Defined benefit plans

Consequent to the application of Accounting Standard (AS) 15 "Employee Benefits" all employee benefits have been determined in accordance with the Standard. The gratuity liability as per Actuarial Valuation has been deposited with the group gratuity Fund before March 31, 2014.

| Particulars | March 31, 2014 | March 31, 2013 |
|--|----------------------|----------------------|
| | ₹ | ₹ |
| | Gratuity (Funded) | Gratuity (Funded) |
| Present Value of Defined Benefit Obligation | 1,119,782 | 1,172,658 |
| Fair Value of Plan Assets | 1,446,338 | 1,332,422 |
| Funded Status [Surplus/(Deficit)] | 326,556 | 159,764 |
| Net Asset / (Liability) recognized in the Balance Sheet | - | - |
| Present Value of DBO at the beginning of the year | 1,172,658 | 1,081,132 |
| Current Service Cost | 54,317 | 55,851 |
| Interest Cost | 105,539 | 89,193 |
| Actuarial Losses / (Gains) | (212,732) | (53,518) |
| Benefits paid | - | - |
| Present Value of DBO at the end of the year | 1,119,782 | 1,172,658 |
| Plan Assets at the beginning of the year | 1,332,422 | 1,236,535 |
| Expected Return on Plan Assets | 106,594 | 98,923 |
| Actuarial Gain / (Loss) | 7,322 | (3,036) |
| Benefits Paid | - | - |
| Plan Assets at the end of the year | 1,446,338 | 1,332,422 |
| Current Service Cost | 54,317 | 55,851 |
| Interest Cost | 105,539 | 89,193 |
| Expected Return on Plan Assets | (106,594) | (98,923) |
| Actuarial Loss / (Gains) | (220,054) | (50,482) |
| Expense recognized in the Statement of Profit and Loss | (166,792) | (4,361) |
| Actual Benefit Payments | - | - |
| Experience History | | |
| (1) Defined Benefit Obligation at end of the period | 1,119,782 | 1,172,658 |
| (2) Plan Assets at end of the period | 1,446,338 | 1,332,422 |
| (3) Surplus / (Deficit) | 326,556 | 159,764 |
| (4) Experience (Gain) / Loss adjustments on plan liabilities | (155,700) | (81,968) |
| (5) Experience Gain / (Loss) adjustments on plan assets | 7,322 | (3,036) |
| Division of Defined Benefit Obligation (Current / Non-Current) | | |
| (1) Current Defined Benefit Obligation at end of the period | 30,780 | 32,040 |
| (2) Non-Current Defined Benefit Obligation at end of the period | 1,089,002 | 1,140,618 |
| (3) Total Defined Benefit Obligation at end of the period | 1,119,782 | 1,172,658 |
| Best Estimate of Contribution During Next year | - | - |
| Assumptions | | |
| Discount Rate % | 9.00% | 8.25% |
| Expected Return on Plan Assets % | 8.00% | 8.00% |
| Salary Escalation % | 6.00% | 6.00% |
| Mortality | IALM 06-08 Ultimate | LIC - 94-96 Ultimate |
| Attrition rate | 2.00% | 2.00% |
| The major categories of plan assets as a percentage of total plan - Funded with LIC | 84.91% | 76.60% |

As a matter of prudence, the balance of fund of ₹ 326,556/- of planned assets over gratuity liability is not recognised.

21 Finance Costs

| | 2013-14 | 2012-13 |
|-----------------------|-------------------|-------------------|
| | ₹ | ₹ |
| Interest expense on: | | |
| (i) Debentures | 7,208,667 | 44,317,124 |
| (ii) Term Loans | 65,004,641 | 38,777,946 |
| Other borrowing costs | 6,685,420 | 1,896,075 |
| Total | 78,898,728 | 84,991,145 |

22 Other Expenses

| | 2013-14 | 2012-13 |
|---|------------------|------------------|
| | ₹ | ₹ |
| Rates and taxes | 33,094 | 13,444 |
| Travelling and conveyance | 125,749 | 240,289 |
| Printing and stationery | 180,720 | 191,883 |
| Legal and professional | 1,354,290 | 962,803 |
| Auditors' Remuneration (Refer Note No. 22.1) | 234,835 | 215,544 |
| Listing Fee | 176,967 | 178,091 |
| Demat charges | 15,960 | 22,833 |
| Investments Written off | - | 483,794 |
| Provision for diminution in value of Investments Written back | - | (483,794) |
| Trade Receivables Written off | 441,566 | - |
| Less: Provision Written back | (441,566) | - |
| Leased Assets Written off (Refer Note No. 22.2) | 13,147,195 | - |
| Less: Provision for NPAs | (12,531,537) | - |
| Security Deposit Written back | (556,240) | 59,418 |
| Miscellaneous | 638,072 | 503,794 |
| Total | 2,819,105 | 2,328,681 |

22.1 Auditors' Remuneration

| | 2013-14 | 2012-13 |
|-----------------|----------------|----------------|
| | ₹ | ₹ |
| Fee towards | | |
| Statutory Audit | 100,000 | 100,000 |
| Limited Review | 90,000 | 90,000 |
| Certification | 19,000 | - |
| Service Tax | 25,835 | 25,544* |
| Total | 234,835 | 215,544 |

* Inclusive of Service Tax ₹ 2,060/- relating to previous year

Notes forming part of the Financial Statements for the year ended March 31, 2014

22.2 During the year, the Company has removed leased assets, whose lease period was run off, from its fixed assets and the balance was written off against the provision made for these assets.

23 Additional information to the Financial Statements

| 23.1 | Contingent liabilities and commitments (to the extent not provided for) | March 31, 2014 | March 31, 2013 |
|------|---|----------------|----------------|
| | | ₹ | ₹ |
| | Contingent liabilities | | |
| | (a) Disputed Sales Tax demand | 63,661 | 63,661 |
| | (b) Guarantees | 300,000,000 | 300,000,000 |
| | The Company has provided Guarantee for redemption / buyback of the Optionally convertible Debentures subscribed by IFCI Venture Capital Funds Limited in Amrit Jal Ventures Limited | | |

23.2 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties:

| Name of the party | Relationship | Amount outstanding as at March 31, 2014 | Maximum balance outstanding during the year |
|---|--------------|---|---|
| | | ₹ | ₹ |
| ITAG Business Solutions Limited | Subsidiary | 1,901,430 (2,341,500) | 2,275,000 (2,041,500) |
| Note: Figures in bracket relate to the previous year. | | | |

23.3 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 372A of the Companies Act, 1956 is not applicable to the Company.

23.4 In accordance with the prudential norms issued by Reserve Bank of India for Income Recognition and provision for non-performing assets and in compliance with the said norms, the Company has, during the year, not recognised income and has made provision for non-performing assets as under:

| Particulars | March 31, 2014 |
|-------------------------------------|----------------|
| | ₹ |
| Income not recognised | 35,027,592 |
| Provision for Non-performing assets | 3,700,000 |

The Provision for standard assets and Non Performing Assets during the year is as below:

| Particulars | 2013-14 | 2012-13 |
|---|------------------|-----------------|
| | ₹ | ₹ |
| Provision for Standard Assets - reversal of provision | (1,243,000) | (47,000) |
| Provision For Non - Performing Assets - Loans | 3,700,000 | - |
| Total | 2,457,000 | (47,000) |

Notes forming part of the Financial Statements for the year ended March 31, 2014

24 Other Disclosures under Accounting Standards

| | | 2013-14 | 2012-13 |
|-------------|---|----------------|----------------|
| | | ₹ | ₹ |
| 24.1 | Earnings per share | | |
| | Net profit for the year attributable to the equity shareholders (₹) | 55,891,356 | 6,382,667 |
| | Weighted average number of equity shares | 12,872,493 | 12,872,493 |
| | Face value per share (₹) | 10 | 10 |
| | Earnings per share - Basic and Diluted (₹) | 4.34 | 0.50 |
| 24.2 | Deferred Tax (Liability) / Asset | | |
| | Tax effect of items constituting deferred tax liability : | | |
| | On difference between book balance and tax balance of fixed assets | 3,835,327 | 3,835,327 |
| | Tax effect of items constituting deferred tax liability | 3,835,327 | 3,835,327 |
| | Tax effect of items constituting deferred tax assets : | | |
| | Provision for Standard assets | 385,632 | 385,632 |
| | Provision for Non-Performing assets | 4,008,689 | 4,008,689 |
| | Tax effect of items constituting deferred tax assets | 4,394,321 | 4,394,321 |
| | Net Deferred Tax - Asset | 558,994 | 558,994 |

Deferred Tax Asset for the current year is not recognised on business losses, as a measure of prudence.

25 Disclosures under Accounting Standards (Contd.)

25.1 Related party transactions

Details of related parties:

| Description of relationship | Names of related parties |
|--|---------------------------------|
| Subsidiary | ITAG Business Solutions Limited |
| Key Management Personnel (KMP) | |
| Executive Director (upto May 15, 2012) | Mr. J P Khemka |
| Manager | Mr. Ramesh Sivaraman |

Note: Related parties have been identified by the Management.

25.2 Details of related party transactions during the year ended March 31, 2014 and balances outstanding as at March 31, 2014: ₹

| Particulars | Subsidiaries | KMP | Total |
|-------------------------------------|--------------|-------------|-------------|
| Transactions during the year | | | |
| Advance Given | 880,230 | - | 880,230 |
| | (1,000,000) | - | (1,000,000) |
| Loan Taken | 260,000,000 | - | 260,000,000 |
| Advance Recovered | 758,500 | - | 758,500 |
| | (700,000) | - | (700,000) |
| Loan Repaid | 260,000,000 | - | 260,000,000 |
| | - | - | - |
| Managerial Remuneration | | | |
| Executive Director | - | - | - |
| | - | (310,131) | (310,131) |
| Manager | - | 2,082,383 | 2,082,383 |
| | - | (2,372,753) | (2,372,753) |
| Staff Advance Given | - | 620,873 | 620,873 |
| Staff Advance Recovered | - | 620,873 | 620,873 |
| Interest Expense | 31,666,887 | - | 31,666,887 |

| | | | |
|---------------------------------|-------------|-----------|-------------|
| Expenses Reimbursed | 1,039,330 | - | 1,039,330 |
| Financial Expenses | 4,719,120 | - | 4,719,120 |
| Balances at the year end | | | |
| Advance Given | 1,901,430 | - | 1,901,430 |
| Managerial Remuneration Payable | (2,341,500) | - | (2,341,500) |
| | - | 94,475 | 94,475 |
| | - | (183,387) | (183,387) |

Note: Figures in bracket relates to the previous year

26 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

27 **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) :**

₹

| Particulars | | Amount outstanding | Amount Overdue |
|-------------|--|--------------------|---------------------------|
| 27.1 | Liabilities Side: | | |
| | Loans and advances availed by the Non- Banking Financial Company inclusive of interest accrued thereon but not paid: | | |
| | a. Debentures | - | - |
| | b. Term Loans | 242,450,608 | - |
| | c. Public Deposits | - | - |
| | Total | 242,450,608 | - |
| 27.2 | Assets Side: | | |
| | Break-up of Loans and Advances including bills receivables (Other than those included in (4) below:) | | Amount outstanding |
| | a. Secured | | - |
| | b. Unsecured# | | 38,901,430 |
| 27.3 | Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities: | | |
| | (i) Lease assets including lease rentals under sundry debtors: | | |
| | a. Financial Lease | | - |
| | b. Operating Lease | | - |
| | (ii) Stock on hire including hire charges under Sundry Debtors: | | |
| | a. Assets on hire | | - |
| | b. Repossessed Assets | | - |
| | (iii) Other Loans Counting towards AFC Activities | | |
| | a. Loans where assets have been repossessed | | - |
| | b. Loans other than (a) above | | - |
| 27.4 | Break up of Investments: | | |
| | Current Investments | | - |
| | Long Term Investments: | | |
| | 1. Quoted: | | |
| | (i) Equity Shares | | 92,033,764 |
| | (ii) Debentures and Bonds | | - |
| | 2. Un Quoted: | | |
| | (i) Equity Shares | | 163,207,037 |

| | |
|----------------------------|--------------|
| (ii) Preference | 3,500,000 |
| (iii) Debentures and Bonds | 257,102,771* |

* includes ₹ 22,174,671/- towards Interest accrued on Investments

excludes cost of 1,500,000 pledged shares of Gati Limited held as Investment which was invoked during the year by the pledgee (Refer Note No.16.1)

| 27.5 Borrower group-wise classification of assets financed as in (2) and (3)above: ₹ | | | | |
|---|---|---|--------------------------------|-------------------|
| | Category | Amount net of provisions | | |
| | | Secured | Unsecured | Total |
| | 1. Related Parties | | | |
| | (a) Subsidiaries | - | 1,896,430 | 1,896,430 |
| | (b) Companies in the same Group | - | - | - |
| | 2. Other than Related parties | - | 33,313,600 | 33,313,600 |
| | Total | - | 35,210,030 | 35,210,030 |
| 27.6 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): | | | | |
| | Category | Market Value/Breakup or Fair value or NAV | Book Value (Net of Provisions) | |
| | 1. Related parties | ₹ | ₹ | |
| | (a) Subsidiaries | 12,500,000 | 12,500,000 | |
| | (b) Companies in the same Group | - | - | |
| | (c) Other Related parties | - | - | |
| | 2. Other than related parties | 1,080,419,336* | 503,343,572* | |
| | Total | 1,092,919,336 | 515,843,572 | |
| * includes ₹ 22,174,671/- towards Interest accrued on Investments | | | | |
| 27.7 Other Information ₹ | | | | |
| | Particulars | | | |
| | (i) Gross Non-Performing assets | | | |
| | (a) Related parties | | | |
| | (b) Other than related parties | | | |
| | (ii)Net Non-Performing assets | | | |
| | (a) Related parties | | | |
| | (b) Other than related parties | | | |
| | (ii)Assets acquired in satisfaction of debt | | | |

Signatures to Notes "1 to 27"

For and on behalf of the Board

O.Swaminatha Reddy
Chairman

S.M.Jalan
Director

Lakshmi Sharma
Company Secretary

INDEPENDENT AUDITORS' REPORT

To
**The Board of Directors of
TCI FINANCE LIMITED**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of TCI FINANCE LIMITED (the "Company"), its subsidiary (the Company and its subsidiary constitute "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

for **M. Bhaskara Rao & Co.**
Chartered Accountants
Firm Registration No. 000459 S

M. V. Ramana Murthy
Partner
Membership No.206439

Secunderabad, May 7, 2014

TCI FINANCE LIMITED**Consolidated Balance Sheet as at March 31, 2014**

| Particulars | Note No. | As at March 31, 2014 | As at March 31, 2013 |
|---|----------|-------------------------|-------------------------|
| EQUITY AND LIABILITIES | | ₹ | ₹ |
| Shareholders' Funds | | | |
| (a) Share Capital | 3 | 141,963,050 | 141,963,050 |
| (b) Reserves and Surplus | 4 | 184,210,078 | 127,498,104 |
| | | 326,173,128 | 269,461,154 |
| Non-Current Liabilities | | | |
| (a) Long Term Borrowings | 5 | 221,117,940 | 3,000,000 |
| (b) Long Term Provisions | 6 | 4,049,344 | 14,154,923 |
| | | 225,167,284 | 17,154,923 |
| Current Liabilities | | | |
| (a) Trade Payables | 7 | 2,768,774 | 2,805,331 |
| (b) Other Current Liabilities | 8 | 25,774,246 | 536,538,942 |
| (c) Short Term Provisions | 9 | 10,196 | 9,489 |
| | | 28,553,216 | 539,353,762 |
| TOTAL | | 579,893,628 | 825,969,839 |
| ASSETS | | | |
| Non-Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 10A | 8,173,905 | 21,371,832 |
| (ii) Intangible Assets | 10B | 16,210 | 21,565 |
| (b) Non-Current Investments | 11 | 481,168,901 | 280,769,226 |
| (c) Deferred Tax Assets (Net) | 24.4 | 425,877 | 412,166 |
| (d) Long Term Loans and Advances | 12 | 12,400,722 | 21,677,465 |
| (e) Other Non-Current Assets | 13 | 113,600 | 108,430 |
| | | 502,299,215 | 324,360,684 |
| Current Assets | | | |
| (a) Trade Receivables | 14 | 3,701,113 | 6,652,209 |
| (b) Cash and Bank Balances | 15 | 6,898,232 | 244,598 |
| (c) Short Term Loans and Advances | 16 | 44,496,108 | 470,717,773 |
| (d) Other Current Assets | 17 | 22,498,960 | 23,994,575 |
| | | 77,594,413 | 501,609,155 |
| TOTAL | | 579,893,628 | 825,969,839 |
| Corporate Information and Significant Accounting Policies | 1 & 2 | | |

Accompanying notes form an integral part of the Financial Statements

As per our report of even date attached.

For M.Bhaskara Rao & Co.

Chartered Accountants

O.Swaminatha Reddy
Chairman

For and on behalf of the Board

S.M.Jalan
Director

M.V.Ramana Murthy

Partner

Secunderabad, May 7, 2014

Lakshmi Sharma
Company Secretary

TCI FINANCE LIMITED**Consolidated Statement of Profit and Loss for the year ended March 31, 2014**

| Particulars | Note No. | 2013-14 | 2012-13 |
|--|----------|--------------------|--------------------|
| | | ₹ | ₹ |
| Continuing Operations : | | | |
| Income | | | |
| Revenue from Operations | 18 | 166,253,009 | 105,207,361 |
| Other Income | 19 | 4,804,531 | 5,914,549 |
| Total Revenue | | 171,057,540 | 111,121,910 |
| Expenses | | | |
| (a) Employee Benefits Expense | 20 | 7,954,253 | 9,023,380 |
| (b) Finance Costs | 21 | 77,976,898 | 84,991,145 |
| (c) Depreciation and Amortisation | 10C | 402,420 | 494,092 |
| (d) Other Expenses | 22 | 11,083,233 | 11,148,760 |
| (e) Provision for Standard Assets / Non-Performing Assets | 23.4 | 2,457,000 | (47,000) |
| Total Expenses | | 99,873,804 | 105,610,377 |
| Profit Before Exceptional Item and Tax | | 71,183,736 | 5,511,533 |
| Profit Before Tax | | 71,183,736 | 5,511,533 |
| Tax Expense: | | | |
| (a) Current Tax | | 14,491,000 | - |
| (b) Adjustments relating to earlier years | | - | (425,219) |
| (c) Deferred Tax | | (13,711) | 51,399 |
| | | 14,477,289 | (373,820) |
| Profit After Tax from Continuing Operations | | 56,706,447 | 5,885,353 |
| Discontinuing Operations | | | |
| Profit from Discontinuing Operations Before Tax | 24.5 | 5,527 | 599,709 |
| Add / (Less): Tax Expense of Discontinuing Operations | | | |
| Deferred Tax on Ordinary Activities attributable to Discontinuing Operations | | - | - |
| Profit After Tax from Discontinuing Operations | | 5,527 | 599,709 |
| Total Operations | | | |
| Profit After Tax | | 56,711,974 | 6,485,062 |
| Earnings per Equity Share of ₹ 10/- each | | | |
| Basic and Diluted | | | |
| (i) Continuing Operations | 24.3 | 4.41 | 0.46 |
| (ii) Total Operations | 24.3 | 4.41 | 0.51 |
| Corporate Information and Significant Accounting Policies | 1 & 2 | | |

Accompanying notes form an integral part of the Financial Statements

As per our report of even date attached.

For M.Bhaskara Rao & Co.

Chartered Accountants

M.V.Ramana Murthy

Partner

Secunderabad, May 7, 2014

For and on behalf of the Board**O.Swaminatha Reddy**

Chairman

Lakshmi Sharma

Company Secretary

S.M.Jalan

Director

TCI FINANCE LIMITED

Consolidated Cash Flow Statement for the year ended March 31, 2014

| | 2013-14 | 2012-13 |
|--|----------------------|---------------------|
| | ₹ | ₹ |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before tax and extra ordinary items | 71,189,263 | 6,111,242 |
| Adjustments for: | | |
| Depreciation and Amortisation | 402,420 | 494,092 |
| Profit on sale of assets | - | (90,000) |
| Profit on sale of Long Term Investments | (110,625,560) | - |
| Dividend received (Long term Investments) | (7,078,203) | (15,000,456) |
| Leased Assets written off | 59,418 | - |
| Liabilities / Provisions no longer required Written Back | - | (638,403) |
| Interest Income | (6,233) | (30,917) |
| | (46,058,895) | (9,154,442) |
| Changes in Working Capital: | | |
| Adjustments for (increase) / decrease in Operating Assets: | | |
| Trade Receivables | 2,951,096 | (3,161,839) |
| Short Term Loans and Advances (Refer Note No. 2 below) | 78,135 | (77,863) |
| Other Current Assets | 1,495,615 | (2,324,493) |
| Other Non-Current Assets | (5,170) | (4,646) |
| Adjustments for increase / (decrease) in operating liabilities: | | |
| Trade Payables | (36,557) | 1,394,784 |
| Other Current Liabilities | (1,883,751) | 3,316,346 |
| Short Term Provisions | 707 | (40,444) |
| Long Term Provisions | 2,425,958 | (163,789) |
| Cash used in Operations | (41,032,862) | (10,216,387) |
| Net Income Tax Paid | (8,214,257) | 228,159 |
| Net Cash from / (used in) Operations | (49,247,119) | (9,988,228) |
| Loans (Disbursed) / Repaid (Net) | 435,800,000 | 21,100,000 |
| Net Cash from / (used in) Operating Activities (A) | 386,552,881 | 11,111,772 |
| B. Cash Flow from Investing Activities | | |
| Proceeds from Sale of Fixed Assets | - | 90,000 |
| Purchase of Assets | (346,333) | (135,766) |
| Sale of Long Term Investments (Refer Note No. 2 below) | 137,997,515 | - |
| Purchase of Long Term Investments | (234,928,100) | - |
| Interest Received - Others | 6,233 | 30,917 |
| Dividend received (Long term Investments) | 7,078,203 | 15,000,456 |
| Net cash from / (used in) Investing Activities (B) | (90,192,482) | 14,985,607 |
| C. Cash Flow from Financing Activities | | |
| Proceeds from Long Term Borrowings | - | 22,500,000 |
| Repayment of Long Term Borrowings | (290,206,765) | (50,000,000) |
| Loans Given | - | (500,000) |
| Loans Recovered | 500,000 | - |
| Net cash (used in) / from Financing Activities (C) | (289,706,765) | (28,000,000) |
| Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C) | 6,653,634 | (1,902,621) |
| Cash and Cash Equivalents at the beginning of the year | 244,598 | 2,147,219 |
| Cash and Cash Equivalents at the end of the year | 6,898,232 | 244,598 |

- The Cash Flow Statement is prepared in accordance with the indirect method stated In Accounting Standard 3 on Cash Flow Statement and presents the cash flows by operating, investing and financing activities.
- Increase in Short Term Loans and Advances relating to investments against which pledge was invoked by pledgee of ₹ 7,156,470/- is not considered in cash flow. (Refer Note No. 16.1)

Accompanying notes form an integral part of the Financial Statements

As per our report of even date attached.

For M.Bhaskara Rao & Co.

Chartered Accountants

M.V.Ramana Murthy

Partner

Secunderabad, May 7, 2014

For and on behalf of the Board**O.Swaminatha Reddy**

Chairman

Lakshmi Sharma

Company Secretary

S.M.Jalan

Director

TCI FINANCE LIMITED

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2014

1. Corporate information**Principles of Consolidation**

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

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

The financial statements of the Company and its Subsidiary Company have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions.

TCI Finance Limited subsidiary details are as follows:

Name of the Entity : ITAG Business Solutions Limited

Country of Incorporation : India

Percentage of holding : 100% (Previous year: 100%)

2 Significant Accounting Policies**2.1 Basis of Accounting and Preparation of Financial Statements**

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 Accrual System of Accounting and Prudential Norms prescribed by the Reserve Bank of India consistently from year to year.

2.2 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.

2.3 Cash Flow Statement

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, whereby Profit / (Loss) Before Extraordinary Items and Tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.4 Revenue Recognition**2.4.1 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 charge (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.

2.4.2 Interest Income

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

2.4.3 Consultancy income

Consultancy Revenue is recognized on accrual basis.

2.4.4 Sponsorship and Delegate Fee Income

Revenue from sponsorship and delegate fees is recognised on accrual basis.

| | |
|--------|---|
| 2.4.5 | <p>Other Income</p> <p>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.</p> |
| 2.5 | <p>Fixed Assets:</p> <p>Tangible fixed assets</p> <p>Assets are stated at cost less accumulated depreciation after adjustment of the Lease Terminal Adjustment Account.</p> <p>Intangible assets</p> <p>Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any.</p> |
| 2.6 | <p>Depreciation and Amortisation</p> <p>Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on additions/deductions is calculated on prorata from the date of addition/deduction.</p> |
| 2.7 | <p>Investments</p> <p>Long-term investments are carried individually at cost less provision for diminution in value, other than temporary in the value of such investments.</p> |
| 2.8 | <p>Employee Benefits</p> <p>(i) Provident fund is a defined contribution plan and the contributions as required by the statute to Employees Provident Fund Organisation are charged to Statement of Profit and Loss when due.</p> <p>(ii) Gratuity liability is defined benefit obligation and is wholly funded. The Company accounts for liability for future gratuity benefits based on actuarial valuation. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.</p> <p>(iii) Compensated Absences - 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.</p> |
| 2.9 | <p>Reserve Bank of India Prudential Norms</p> <p>The Company follows the guidelines issued by the Reserve Bank of India, in respect of income recognition, asset classification and valuation of investments. Provision for standard assets is made in terms of the notification DNBS.222/CGM(US)-2011 dated January 17, 2011 issued by Reserve Bank of India.</p> |
| 2.10 | <p>Foreign currency transactions</p> <p>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 Statement of Profit and Loss.</p> |
| 2.11 | <p>Taxes on Income</p> |
| 2.11.1 | <p>Current Tax : Provision for Current Tax is made based on the taxable income computed for the year under the Income Tax Act, 1961.</p> |
| 2.11.2 | <p>Deferred Tax : Deferred Tax is accounted for by computing the tax effect of timing differences which arise during the year and reverse in subsequent periods. Deferred Tax Assets are recognised and carried forward only to the extent that there is a certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.</p> |
| 2.12 | <p>Earnings per share</p> <p>Basic Earnings Per Share is computed by dividing the Profit / (Loss) After Tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.</p> |
| 2.13 | <p>Provision, Contingent Liabilities and Contingent Assets</p> <p>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.</p> |

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2014

3 Share Capital

| | March 31, 2014 | | March 31, 2013 | |
|---|-------------------|--------------------|-------------------|--------------------|
| | No. of shares | ₹ | No. of shares | ₹ |
| Authorised | | | | |
| Equity Shares of ₹ 10/- each | 20,000,000 | 200,000,000 | 20,000,000 | 200,000,000 |
| Issued | | | | |
| Equity Shares of ₹ 10/- each | 16,000,000 | 160,000,000 | 16,000,000 | 160,000,000 |
| Subscribed and Fully Paid Up | | | | |
| Equity Shares of ₹ 10/- each | 12,872,493 | 128,724,930 | 12,872,493 | 128,724,930 |
| Add : Forfeited Shares (Amount Originally paid up) | - | 13,238,120 | - | 13,238,120 |
| Total | 12,872,493 | 141,963,050 | 12,872,493 | 141,963,050 |

(i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| | March 31, 2014 | | March 31, 2013 | |
|-------------------------------------|-------------------|--------------------|-------------------|--------------------|
| | No. of shares | ₹ | No. of shares | ₹ |
| Equity Shares of ₹ 10/- each | | | | |
| At the beginning of the year | 12,872,493 | 141,963,050 | 12,872,493 | 141,963,050 |
| Add : Issued during the year | - | - | - | - |
| At the end of the year | 12,872,493 | 141,963,050 | 12,872,493 | 141,963,050 |

(ii) Rights, Preferences and Restrictions attached to equity shares

The Company has one class of equity shares having a par value of ₹ 10/- per share. Each shareholder is eligible for one vote per share held. The Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the equity shareholders are eligible to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(iii) Details of Shareholders Holding more than 5% shares in the Company

| Name of Shareholder | March 31, 2014 | | March 31, 2013 | |
|--|----------------|-------------------|----------------|-------------------|
| | No of Shares | % of Shareholding | No of Shares | % of Shareholding |
| Equity Shares of ₹10/- each | | | | |
| Green India Venture Fund | 2,921,296 | 22.69 | - | - |
| Gati Limited | 1,600,300 | 12.43 | 1,600,300 | 12.43 |
| Jubilee Commercial & Trading Private Limited | - | - | 1,593,347 | 12.38 |
| Mahendra Investment Advisors Private Limited | 682,000 | 5.30 | 1,440,000 | 11.19 |
| Mahendra Kumar Agarwal | 1,196,619 | 9.30 | 1,196,619 | 9.30 |
| Neera Agarwal | 950,265 | 7.38 | 950,265 | 7.38 |

4 Reserves and Surplus

| | March 31, 2014 | March 31, 2013 |
|--|--------------------|--------------------|
| | ₹ | ₹ |
| (a) Securities Premium Account | | |
| Opening Balance | 163,088 | 163,088 |
| (b) General Reserve | | |
| Opening Balance | 31,128,049 | 31,128,049 |
| (c) Reserve Fund (As per Section 45 IC of Reserve Bank of India Act, 1934) | | |
| Opening Balance | 22,987,623 | 21,711,090 |
| Add: Transferred from surplus in Statement of Profit and Loss | 11,178,271 | 1,276,533 |
| | 34,165,894 | 22,987,623 |
| (d) Surplus in Statement of Profit and Loss | | |
| Opening Balance | 73,219,344 | 68,010,815 |
| Add: Profit After Tax for the year | 56,711,974 | 6,485,062 |
| Less : Amount transferred to Reserve Fund | 11,178,271 | 1,276,533 |
| | 118,753,047 | 73,219,344 |
| Total | 184,210,078 | 127,498,104 |

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2014

5 Long-Term Borrowings - Secured

| | Non-current | | Current | |
|---|--------------------|------------------|-------------------|--------------------|
| | 31.03.2014 | 31.03.2013 | 31.03.2014 | 31.03.2013 |
| Debentures | | | | |
| Nil (March 31, 2013: 28 No's) 13% Non-Convertible Redeemable Debentures of ₹ 1,00,00,000/- each (Refer (ii) and (iv) below) | - | - | - | 280,000,000 |
| Term Loans | | | | |
| From Others (Refer (iii) below) | 221,117,940 | 3,000,000 | 21,175,295 | 249,500,000 |
| Total | 221,117,940 | 3,000,000 | 21,175,295 | 529,500,000 |

(i) Current maturities of Long Term Borrowings have been disclosed under the head "Other Current Liabilities" (Refer Note No. 8)

(ii) **Debentures**

13% Redeemable Non-Convertible debentures are redeemable at par in two instalments within 2 years from date of allotment viz., November 28, 2010, i.e., ₹ 70,000,000/- on November 29, 2011 and ₹ 280,000,000/- on November 29, 2012. The rate of interest increased to 14% from November 28, 2011. The Debentures, secured by pledge of investments, personal guarantee of a director and pledge of third party investments and property, have been redeemed during the year.

(iii) **Term Loans from Others**

(a) Term loan from Others amounting to ₹ 230,000,000/- carries interest rate on a variable basis as its Retail Prime Lending Rate (RPLR), currently 13.90% p.a and is repayable in 180 instalments from date of loan viz., April 28, 2013. There has been an increase in interest rate to 14.15% from November, 2013 and to 14.25% from February, 2014. The loan is secured by pledge of investments, personal guarantee of a director and pledge of third party investments and property.

(b) Term loan from Others amounting to ₹ 22,500,000/- carries interest rate which is linked to Vijaya Bank base rate of 10.45%, currently 16% p.a and is repayable in 10 instalments after a moratorium of eight months from the date of loan agreement i.e, October 8, 2012 and December 29, 2012. The loan is secured by pledge of investments, personal guarantee of a director and pledge of third party investments.

(iv) The Company has defaulted in repayment of debentures and Term Loans in respect of the following :

| Particulars | March 31, 2014 | | March 31, 2013 | |
|-------------------|-------------------|------------|-------------------|-------------|
| | Period of Default | ₹ | Period of Default | ₹ |
| Debentures | | | | |
| Principal | - | - | 122 days | 280,000,000 |
| Term Loans | | | | |
| Principal | 1 - 152 days | 13,483,749 | - | - |
| Interest | 1 day | 65,019 | - | - |

6 Long-Term Provisions

| | March 31, 2014 | March 31, 2013 |
|--|------------------|-------------------|
| | ₹ | ₹ |
| Provision for Employee Benefits: | | |
| (i) Provision for Compensated Absences | 225,020 | 269,497 |
| (ii) Provision for Gratuity | 119,324 | 105,889 |
| Provision - Others: | | |
| (i) Contingent Provision against Standard Assets | 5,000 | 1,248,000 |
| (ii) Non Performing Assets | 3,700,000 | 12,531,537 |
| Total | 4,049,344 | 14,154,923 |

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2014

7 Trade Payables

| Particulars | March 31, 2014 | March 31, 2013 |
|--|------------------|------------------|
| | ₹ | ₹ |
| Trade Payables other than Acceptances (Refer Note No. 7.1 below) | 2,768,774 | 2,805,331 |
| Total | 2,768,774 | 2,805,331 |

(Includes ₹ 155,124/- (Previous Year ₹ 674,295/-) payable to Related Party. (Refer Note No.24.2))

(Includes ₹ 94,475/- (Previous Year ₹ 183,387/-) payable towards Managerial Remuneration (Refer Note No. 24.2))

7.1 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

According to the records available with the Company, there are no dues payable to entities that are classified as Micro, Small and Medium Enterprises Development Act, 2006 during the period. Hence disclosures, if any, relating to amounts unpaid as at the period end together with the interest paid / payable as required under the Act have not been given.

8 Other Current Liabilities

| | March 31, 2014 | March 31, 2013 |
|---|-------------------|--------------------|
| | ₹ | ₹ |
| Current maturities of Long Term Borrowings (Refer Note No. 5) | 21,175,295 | 529,500,000 |
| Interest accrued and due | 157,373 | - |
| Interest accrued but not due | - | 3,650,872 |
| Other payables | | |
| (i) Statutory Payables | 3,335,069 | 1,385,603 |
| (ii) Security Deposits | 681,509 | 1,237,749 |
| (iii) Other Liabilities | 425,000 | 764,718 |
| Total | 25,774,246 | 536,538,942 |

9 Short-Term Provisions

| | March 31, 2014 | March 31, 2013 |
|--|----------------|----------------|
| | ₹ | ₹ |
| Provision for Employee Benefits: | | |
| (i) Provision for Compensated Absences | 6,790 | 7,693 |
| (ii) Provision for Gratuity | 3,406 | 1,796 |
| Total | 10,196 | 9,489 |

| TCI Finance Limited | | | | | | | | | | | | | | |
|---|--------------------------------|-----------------------|----------------|-------------------|---------------------|-----------------------------|-------------------|--------------------------|--------------------|--------------------|----------------|--------------------|---------------------|---------------------|
| Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2014 | | | | | | | | | | | | | | |
| 10 Fixed assets | | | | | | | | | | | | | | |
| ₹ | | | | | | | | | | | | | | |
| S.No | PARTICULARS | GROSS BLOCK (At Cost) | | | | DEPRECIATION / AMORTISATION | | | | LEASE ADJUSTMENT | | | NET BLOCK | |
| | | AS AT 01.04.2013 | ADDITIONS | DELETIONS | AS AT 31.03.2014 | UPTO 01.04.2013 | FOR THE YEAR | ADJUSTMENT/ DELETIONS | UPTO 31.03.2014 | UPTO 01.04.2013 | ADJUST MENT | UPTO 31.03.2014 | AS AT 31.03.2014 | AS AT 31.03.2013 |
| A | TANGIBLE ASSETS | | | | | | | | | | | | | |
| I | Owned Assets | | | | | | | | | | | | | |
| 1 | Land - Freehold | 3,522,514 | - | - | 3,522,514 | - | - | - | - | - | - | 3,522,514 | 3,522,514 | |
| 2 | Buildings | 4,040,826 | - | - | 4,040,826 | 65,866 | - | 978,457 | - | - | - | 3,062,369 | 3,128,235 | |
| 3 | Furniture and Fixtures | 2,213,402 | 107,459 | - | 2,320,861 | 137,816 | - | 1,520,324 | - | - | - | 800,537 | 830,894 | |
| 4 | Plant and Machinery | 6,802 | - | - | 6,802 | - | - | 6,802 | - | - | - | - | - | |
| 5 | Motor Trucks | 5,928,039 | - | - | 5,928,039 | - | - | 5,928,039 | - | - | - | - | - | |
| 6 | Office Equipment and Computers | 2,175,924 | 238,874 | - | 2,414,798 | 193,383 | - | 1,626,313 | - | - | - | 788,485 | 742,994 | |
| | Total | 17,887,507 | 346,333 | - | 18,233,840 | 397,065 | - | 10,059,935 | - | - | - | 8,173,905 | 8,224,637 | |
| II | Leased Assets | | | | | | | | | | | | | |
| 1 | Plant and Machinery | 40,318,442 | - | 40,318,442 | - | 11,005,989 | - | 11,005,989 | 18,248,160 | 18,248,160 | - | - | 11,004,293 | |
| 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 | |
| | Total | 46,534,660 | - | 46,534,660 | - | 13,909,299 | - | 13,909,299 | 19,478,166 | 19,478,166 | - | - | 13,147,195 | |
| | Total Tangible Assets | 64,422,167 | 346,333 | 46,534,660 | 18,233,840 | 397,065 | 10,059,935 | 13,909,299 | 19,478,166 | 19,478,166 | - | 8,173,905 | 21,371,832 | |
| | Previous Year | 65,186,401 | 135,766 | 900,000 | 64,422,167 | 488,737 | 900,000 | 23,572,169 | 19,478,166 | 19,478,166 | - | 21,371,832 | 21,724,803 | |
| B | INTANGIBLE ASSETS | | | | | | | | | | | | | |
| 1 | Computer Software | 33,038 | - | - | 33,038 | 5,355 | - | 16,828 | - | - | - | 16,210 | 21,565 | |
| | Total Intangible Assets | 33,038 | - | - | 33,038 | 5,355 | - | 16,828 | - | - | - | 16,210 | 21,565 | |
| | Previous Year | 33,038 | - | - | 33,038 | 5,355 | - | 11,473 | 6,118 | 6,118 | - | 21,565 | 26,920 | |

C. Depreciation / Amortisation charged to Statement of Profit and Loss

| | 2013-14 | 2012-13 |
|-------------------|----------------|----------------|
| | ₹ | ₹ |
| Tangible Assets | 397,065 | 488,737 |
| Intangible Assets | 5,355 | 5,355 |
| Total | 402,420 | 494,092 |

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2014

11 Non Current Investments

NON TRADE INVESTMENTS (AT COST)

| NO. OF SHARES | | FACE VALUE | NAME OF THE COMPANY | March 31, 2014 | March 31, 2013 |
|---------------------------------------|------------|---------------|--|--------------------|--------------------|
| 31.03.2013 | 31.03.2014 | | | ₹ | ₹ |
| A EQUITY SHARES (QUOTED) | | | | | |
| 13,324,350 | 7,724,350 | 2 | Gati Limited # | 89,202,558 | 122,414,147 |
| 30,236 | 30,236 | 10 | TCI Industries Limited | 2,128,390 | 2,128,390 |
| 4,860 | 4,860 | 10 | Karnataka Bank Limited | 413,100 | 413,100 |
| 10,000 | 10,000 | 10 | ATI Limited | 200,000 | 200,000 |
| | | | Less: Provision for decline, other than temporary, in the value of long term investments | (86,206) | (86,206) |
| | | | Net | 113,794 | 113,794 |
| 4,200 | 4,200 | 10 | Lloyds Finance Limited | 2,310 | 2,310 |
| 850 | 100 | 10 | Tech Mahindra Limited (formerly Satyam Computers Limited)* | 173,612 | 173,612 |
| 1,000 | - | 2 | Deccan Chronicle Holdings Limited | - | 173,956 |
| 124 | - | 10 | Reliance Industries Limited | - | 168,087 |
| 1,450 | - | 2 | Unitech Limited | - | 482,411 |
| 200 | - | 10 | Reliance Communication Limited | - | 103,496 |
| 200 | - | 10 | Electrotherm (I) Limited | - | 111,273 |
| 200 | - | 10 | Suryachakra Power Corporation Limited | - | 9,222 |
| 1,500 | - | 10 | Power Grid Corporation Limited | - | 173,186 |
| 1,000 | - | 2 | GMR Infrastructure Limited | - | 88,455 |
| 24 | - | 10 | Reliance Power Limited | - | 6,750 |
| | | | Total | 92,033,764 | 126,562,189 |
| B EQUITY SHARES (UNQUOTED) | | | | | |
| 1,000 | 1,000 | 100 | Gati Intellect Systems Limited | 100,000 | 100,000 |
| 9,500 | 9,500 | 10 | Coast-To-Coast Shipping Limited (formerly Gati Shipping Ltd) | 95,000 | 95,000 |
| 27,451 | 27,451 | 10 | TCI Hi-Ways Private Limited | 274,510 | 274,510 |
| 42,000 | 42,000 | 100 | Giri Roadlines and Commercial Trading Private Limited | 157,527 | 157,527 |
| 15,014,100 | 15,014,100 | 10 | Amrit Jal Ventures Private Limited | 150,000,000 | 150,000,000 |
| 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 |
| | | | Total | 150,707,037 | 150,707,037 |
| C PREFERENCE SHARES (UNQUOTED) | | | | | |
| 350,000 | 350,000 | 10 | Capital Fortunes Limited | 3,500,000 | 3,500,000 |
| | | | 8% Non Cumulative 15 Year Redeemable | | |
| | | | Total | 3,500,000 | 3,500,000 |

| NO. OF SHARES | | FACE VALUE | NAME OF THE COMPANY | March 31, 2014 | March 31, 2013 |
|--|------------|------------|--|--------------------|--------------------|
| 31.03.2013 | 31.03.2014 | | | ₹ | ₹ |
| D DEBENTURES (OPTIONALLY CONVERTIBLE)(UNQUOTED) | | | | | |
| - | 2,349,281 | 100 | 14.50% - Amrit Jal Ventures Private Limited | 234,928,100 | - |
| | | | Total | 234,928,100 | - |
| | | | Grand Total | 481,168,901 | 280,769,226 |
| | | | Book Value Of Quoted Investments | 92,033,764 | 126,562,189 |
| | | | Market Value Of Quoted Investments ** | 669,109,528 | 385,625,819 |
| <p>* Previous year face value is ₹ 2/-; has been pledged with Bangalore Stock Exchange</p> <p>** Book value has been taken in the absence of Stock Exchange quotations</p> <p># 77,17,000 Equity Shares (Previous Year: 1,33,17,000 Equity Shares) pledged with lenders as security for Term Loans / Debentures (Refer Note No.5 (ii) and (iii))</p> | | | | | |

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Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2014

12 Long Term Loans and Advances - Unsecured, considered good

| | March 31, 2014 | March 31, 2013 |
|--|-------------------|-------------------|
| | ₹ | ₹ |
| Inter Corporate Loans (Refer Note No.23.3) | - | 3,000,000 |
| Advance Tax (Net of Provision ₹ 15,426,000/- (As at March 31, 2013 ₹ 935,000/-) | 12,400,722 | 18,677,465 |
| Total | 12,400,722 | 21,677,465 |

13 Other Non-Current Assets

| | March 31, 2014 | March 31, 2013 |
|--|----------------|----------------|
| | ₹ | ₹ |
| Interest Accrued on deposits | 13,600 | 8,430 |
| Fixed Deposit with original maturity more than 12 months | 50,000 | 50,000 |
| Security Deposit - Unsecured, considered good | 50,000 | 50,000 |
| Total | 113,600 | 108,430 |

14 Trade Receivables - Unsecured

| | March 31, 2014 | March 31, 2013 |
|---|------------------|------------------|
| | ₹ | ₹ |
| Receivables outstanding over six months | | |
| Considered good | 3,187,999 | 2,700,016 |
| Considered doubtful | - | 441,566 |
| | 3,187,999 | 3,141,582 |
| Less: Provision for doubtful debts | - | (441,566) |
| | 3,187,999 | 2,700,016 |
| Others | | |
| Considered good | 513,114 | 3,952,193 |
| Total | 3,701,113 | 6,652,209 |

15 Cash and Bank Balances

| | March 31, 2014 | March 31, 2013 |
|----------------------------------|------------------|----------------|
| | ₹ | ₹ |
| Cash and Cash Equivalents | | |
| Cash on hand | 26,670 | 23,896 |
| Balances with banks | | |
| In current accounts | 4,871,562 | 220,702 |
| In deposit accounts | 2,000,000 | - |
| Total | 6,898,232 | 244,598 |

16 Short-Term Loans and Advances - Unsecured, considered good

| | March 31, 2014 | March 31, 2013 |
|--|-------------------|--------------------|
| | ₹ | ₹ |
| Inter Corporate Loans (Refer Note No.23.3) | 37,000,000 | 470,300,000 |
| Advances recoverable in cash or kind | 7,496,108 | 417,773 |
| Total | 44,496,108 | 470,717,773 |

16.1 represents cost of 1,500,000 pledged shares of Gati Limited held as Investment which was invoked during the year by the pledgee. The Company has initiated legal action against the invocation. Pending final outcome of the action initiated, the cost of investment is presented as advance recoverable.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2014

17 Other Current Assets

| | March 31, 2014 | March 31, 2013 |
|--|-------------------|-------------------|
| | ₹ | ₹ |
| Interest accrued | 22,204,960 | 23,700,575 |
| Others | | |
| (i) Contractually Reimbursable Expenses | 294,000 | 294,000 |
| (ii) Other Advances recoverable in cash or kind-Unsecured (Refer Note No. 23.2) | 3,302,693 | 3,302,693 |
| Less: Provision for doubtful loans and advances | (3,302,693) | (3,302,693) |
| | - | - |
| Total | 22,498,960 | 23,994,575 |

18 Revenue from Operations

| | 2013-14 | 2012-13 |
|--|--------------------|--------------------|
| | ₹ | ₹ |
| Interest Income (Refer Note No.18.1) | 38,110,544 | 77,756,955 |
| Consultancy Fees | 1,268,646 | 4,711,876 |
| Other Operating Revenue (Refer Note No.18.2) | 126,873,819 | 22,738,530 |
| Total | 166,253,009 | 105,207,361 |

18.1 Interest Income

| | 2013-14 | 2012-13 |
|--------------------------------|-------------------|-------------------|
| | ₹ | ₹ |
| Interest on Loans and Advances | 38,110,544 | 77,756,955 |
| Total | 38,110,544 | 77,756,955 |

18.2 Other Operating Revenue

| | 2013-14 | 2012-13 |
|--|--------------------|-------------------|
| | ₹ | ₹ |
| Hire Rental | - | 29,475 |
| Upfront Fee | - | - |
| Debts Written off earlier, realised | 100,000 | 1,720,564 |
| Profit on sale of Long Term Investmetns | 110,625,560 | - |
| Dividend income from long-term investments | 7,078,203 | 15,000,456 |
| Sponsorship and Delegate Fees | 9,070,056 | 5,988,035 |
| Total | 126,873,819 | 22,738,530 |

19 Other Income

| | 2013-14 | 2012-13 |
|---|------------------|------------------|
| | ₹ | ₹ |
| Rental Income | 984,000 | 984,000 |
| Other Non-Operating Income (Refer Note No.19.1) | 3,804,033 | 4,829,818 |
| Gain on Foreign Currency Transaction | 16,498 | 100,731 |
| Total | 4,804,531 | 5,914,549 |

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2014

19.1 Other Non-Operating Income

| | 2013-14 | 2012-13 |
|--------------------------------|------------------|------------------|
| | ₹ | ₹ |
| Profit on sale of Motor Trucks | - | 90,000 |
| Miscellaneous income | 3,804,033 | 4,739,818 |
| Total | 3,804,033 | 4,829,818 |

20 Employee Benefits Expense

| | 2013-14 | 2012-13 |
|--|------------------|------------------|
| | ₹ | ₹ |
| Salaries and wages | 7,554,051 | 8,787,527 |
| Contributions to provident and other funds | 333,318 | 165,719 |
| Staff welfare expenses | 66,884 | 70,134 |
| Total | 7,954,253 | 9,023,380 |

21 Finance Costs

| | 2013-14 | 2012-13 |
|----------------------|-------------------|-------------------|
| | ₹ | ₹ |
| Interest expense on: | | |
| (i) Debentures | 7,208,667 | 44,317,124 |
| (ii) Term Loans | 64,082,811 | 38,777,946 |
| Other borrowing cost | 6,685,420 | 1,896,075 |
| Total | 77,976,898 | 84,991,145 |

22 Other Expenses

| | 2013-14 | | 2012-13 | |
|---|--------------|-------------------|-----------|-------------------|
| | ₹ | | ₹ | |
| Rent | | 720,000 | | 720,000 |
| Rates and taxes | | 269,502 | | 708,345 |
| Office maintenance | | 539,667 | | 354,887 |
| Legal and Professional | | 2,703,985 | | 2,547,468 |
| Travelling and Conveyance | | 618,018 | | 807,174 |
| Telephone and Communication Expenses | | 316,536 | | 275,047 |
| Electricity | | 153,003 | | 127,860 |
| Printing and Stationery | | 231,918 | | 276,377 |
| Postage and Telegrams | | 110,125 | | 82,440 |
| Software Expenses | | 13,500 | | 28,669 |
| Conferences and Seminars | | 4,314,932 | | 4,234,692 |
| Subscription and Membership | | 45,672 | | 28,400 |
| Listing Fee | | 176,967 | | 178,091 |
| Demat charges | | 15,960 | | 22,833 |
| Auditors' Remuneration (Refer Note No.22.1) | | 259,835 | | 240,544 |
| Trade Receivables Written off | 441,566 | | | |
| Less: Provision Written back | (441,566) | - | | - |
| Leased Assets Written off (Refer Note No. 22.2) | 13,147,195 | | | |
| Less: Provision for NPAs | (12,531,537) | | | |
| Security Deposit Written back | (556,240) | 59,418 | | - |
| Investments Written off | | - | 483,794 | |
| Provision for diminution in value of Investments Written back | | - | (483,794) | |
| Miscellaneous expenses | | 534,195 | | 515,933 |
| Total | | 11,083,233 | | 11,148,760 |

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2014

22.1 Auditors' Remuneration

| | 2013-14 | 2012-13 |
|-----------------|----------------|----------------|
| | ₹ | ₹ |
| Fee towards | | |
| Statutory Audit | 125,000 | 125,000 |
| Limited Review | 90,000 | 90,000 |
| Certification | 19,000 | - |
| Service Tax | 25,835 | 25,544* |
| Total | 259,835 | 240,544 |

* Inclusive of Service Tax ₹ 2,060/- relating to previous year

22.2 During the year, the Company has removed leased assets, whose lease period was run off, from its fixed assets and the balance was written off against the provision made for these assets.

23 Additional information to the Financial Statements

| | March 31, 2014 | March 31, 2013 |
|---|----------------|----------------|
| | ₹ | ₹ |
| 23.1 Contingent liabilities and commitments (to the extent not provided for) | | |
| Contingent Liabilities | | |
| (a) Disputed sale tax demand | 63,661 | 63,661 |
| (b) Guarantees | 300,000,000 | 300,000,000 |
| The company has provided Guarantee for redemption / buyback of the Optionally convertible Debentures subscribed by IFCI Venture Capital Funds Limited in Amrit Jal Ventures Limited | | |

23.2 During the financial year 2011-12, a fraud, aggregating to ₹ 3,302,693/- (including ₹ 902,500/- relating to the financial year 2010-11) in the nature of embezzlement of cash and fraudulent encashment of the Company's cheques by an employee was identified in the Knowledge Process Outsourcing (KPO) Division of the Company. The Company filed a First Information Report (FIR) on October 13, 2011 against the employee with the designated police authority and has initiated legal proceedings. The amount of ₹ 3,302,693/- is included under "Other Current Assets" and has been provided for.

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

23.4 In accordance with the prudential norms issued by Reserve Bank of India for Income Recognition and provision for non-performing assets and in compliance with the said norms, the Company has, during the year, not recognised income and has made provision for non-performing assets as under:

| Particulars | March 31, 2014 |
|-------------------------------------|----------------|
| | ₹ |
| Income not recognised | 35,027,592 |
| Provision for Non-performing assets | 3,700,000 |

The Provision for standard assets and Non Performing Assets during the year is as given below:

| | March 31, 2014 | March 31, 2013 |
|---|------------------|-----------------|
| | ₹ | ₹ |
| Provision for Standard Assets - reversal of provision | (1,243,000) | (47,000) |
| Provision For Non - Performing Assets- Loans | 3,700,000 | - |
| Total | 2,457,000 | (47,000) |

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2014

24 Disclosures under Accounting Standards

24.1 Segment Reporting:

The Parent 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.

| Particulars | March 31, 2014 ₹ | March 31, 2013 ₹ |
|-----------------------------------|---------------------|---------------------|
| 1. Segment Revenue | | |
| a. Non Banking Financial Services | 160,509,728 | 100,130,886 |
| b. Knowledge Process Outsourcing | 10,547,812 | 10,991,024 |
| c. HR Outsourcing | 6,233 | 669,320 |
| Total | 171,063,773 | 111,791,230 |
| 2. Segment Results | | |
| Profits Before Tax and Interest | | |
| a. Non Banking Financial Services | 149,090,083 | 91,199,627 |
| b. Knowledge Process Outsourcing | 70,551 | (696,949) |
| c. HR Outsourcing | 5,527 | 599,709 |
| Total | 149,166,161 | 91,102,387 |
| Less Interest | 77,976,898 | 84,991,145 |
| Total Profit Before Tax | 71,189,263 | 6,111,242 |
| 3. Other Information | | |
| Segment Assets | | |
| a. Non Banking Financial Services | 567,679,617 | 815,638,598 |
| b. Knowledge Process Outsourcing | 12,214,011 | 9,629,604 |
| c. HR Outsourcing | - | 701,637 |
| Total Assets | 579,893,628 | 825,969,839 |
| Segment Liabilities | | |
| a. Non Banking Financial Services | 248,834,802 | 553,125,208 |
| b. Knowledge Process Outsourcing | 4,885,698 | 3,383,477 |
| c. HR Outsourcing | - | - |
| Total Liabilities | 253,720,500 | 556,508,685 |

24.2 Related Party Disclosure

a. Related party transactions

Details of related parties:

| Description of relationship | Names of related parties |
|---|---|
| Key Management Personnel (KMP) Executive Director (upto May 15, 2012) Manager Director of Subsidiary | Mr. J P Khemka Mr. Ramesh Sivaraman Dr. D R Agarwal |
| Partnership firm over which KMP is able to exercise significant influence | Agarwal Maheswari & Co |
| Enterprises over which the Director of Subsidiary is able to exercise significant influence | Kumpepar Construction Private Limited Institute of International Trade |

Note: Related parties have been identified by the Management.

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2014

24 Disclosures under Accounting Standards (contd.)

b. Details of related party transactions during the year ended March 31, 2014 and balances outstanding as at March 31, 2014: ₹

| Particulars | Enterprise over which Director of Subsidiary is able to exercise significant influence | KMP | Total |
|---|--|---------------------|--------------------------|
| Transactions during the year | | | |
| Managerial remuneration* | | | |
| Executive Director | - | - | - |
| | - | (310,131) | (310,131) |
| Manager | - | 2,082,383 | 2,082,383 |
| | - | (2,372,753) | (2,372,753) |
| Staff Advance Given | - | 620,873 | 620,873 |
| | - | - | - |
| Staff Advance Recovered | - | 620,873 | 620,873 |
| | - | - | - |
| Consultancy Fee | 1,200,000 (1,200,000) | - | 1,200,000 (1,200,000) |
| Rent Paid | - | 720,000 | 720,000 |
| | - | (720,000) | (720,000) |
| Balance Outstanding at the end of the year | | | |
| Payables | 101,124 (566,295) | 54,000 (108,000) | 155,124 (674,295) |
| Receivables | - | - | - |
| | - | - | - |
| Managerial Remuneration Payable | - | 94,475 | 94,475 |
| | - | (183,387) | (183,387) |

Note: Figures in bracket relates to the previous year

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

| 24.3 | Earnings Per Share | 2013-14 | 2012-13 |
|------|---|-------------|-------------|
| | | ₹ | ₹ |
| | Continuing Operations: | | |
| | Basic | | |
| | Net Profit for the year attributable to the equity shareholders(₹) | 56,706,447 | 5,885,353 |
| | Weighted average number of equity shares | 12,872,493 | 12,872,493 |
| | Par value per share (₹) | 10 | 10 |
| | Earnings Per Share - Basic and Diluted (₹) | 4.41 | 0.46 |
| | Total operations | | |
| | Net Profit for the year attributable to the equity shareholders (₹) | 56,711,974 | 6,485,062 |
| | Weighted average number of equity shares | 12,872,493 | 12,872,493 |
| | Par value per share (₹) | 10 | 10 |
| | Earnings per share from total operations - Basic and Diluted (₹) | 4.41 | 0.51 |

Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2014

| | | 2013-14 | 2012-13 |
|-------------|--|----------------|----------------|
| | | ₹ | ₹ |
| 24.4 | Deferred tax (Liability) / Asset | | |
| | Tax effect of items constituting deferred tax liability : | | |
| | On difference between book balance and tax balance of fixed assets | 3,968,444 | 3,982,155 |
| | Tax effect of items constituting deferred tax liability | 3,968,444 | 3,982,155 |
| | Tax effect of items constituting deferred tax assets : | | |
| | Provision for Standard assets | 385,632 | 385,632 |
| | Provision for Non-Performing assets | 4,008,689 | 4,008,689 |
| | Tax effect of items constituting deferred tax assets | 4,394,321 | 4,394,321 |
| | Net Deferred Tax - Asset | 425,877 | 412,166 |

Deferred Tax Asset of the Parent Company for the current year is not recognised on business losses, as a measure of prudence.

24.5 Discontinuing Operations

Effective March 11, 2011, the Subsidiary Company, pursuant to approval of Board of Directors, discontinued operations in HR Outsourcing division. Financial data relating to continuing and discontinued operation is as follows.

(i) The revenue, expenses, pre-tax profit and income tax expenses attributable to Continuing and Discontinued operations during the year are given as under :

(Amt in ₹)

| Particulars | Continuing Operations | | Discontinued Operations in respect of HR Division | | Total | |
|---|-----------------------|-------------|---|---------|-------------|-------------|
| | 2013-14 | 2012-13 | 2013-14 | 2012-13 | 2013-14 | 2012-13 |
| Total Income | 171,057,540 | 111,121,910 | 6,233 | 669,320 | 171,063,773 | 111,791,230 |
| Less : Operating Expenses | 21,896,906 | 20,619,232 | 706 | 69,611 | 21,897,612 | 20,688,843 |
| Pre-tax profit from operating activities | 149,160,634 | 90,502,678 | 5,527 | 599,709 | 149,166,161 | 91,102,387 |
| Less : Interest expenses | 77,976,898 | 84,991,145 | - | - | 77,976,898 | 84,991,145 |
| Profit before Tax | 71,183,736 | 5,511,533 | 5,527 | 599,709 | 71,189,263 | 6,111,242 |
| Less : Taxation | 14,477,289 | (373,820) | - | - | 14,477,289 | (373,820) |
| Profit/(Loss) After Tax from operating activities | 56,706,447 | 5,885,353 | 5,527 | 599,709 | 56,711,974 | 6,485,062 |

(ii) Carrying amounts as at the Balance Sheet date relating to discontinued operations to be disposed off:

| Particulars | March 31, 2014 | March 31, 2013 |
|---|----------------|----------------|
| | ₹ | ₹ |
| Carrying amount of assets as at the Balance Sheet date | - | 701,637 |
| Carrying amount of liabilities as at the Balance Sheet date | - | - |

(iii) Net cash flow attributable to the discontinued business operations i.e. HR Outsourcing Division:

| Particulars | 2013-14 | 2012-13 |
|--------------------------------------|----------|-------------|
| | ₹ | ₹ |
| Cash flows from Operating Activities | 8,442 | 208,692 |
| Cash flows from Investing Activities | - | - |
| Cash flows from Financing Activities | (72,481) | (1,200,000) |

Signatures to Notes "1 to 24"

For and on behalf of the Board

O. Swaminatha Reddy
Chairman

S.M.Jalan
Director

Lakshmi Sharma
Company Secretary

Statement of Financial Information of ITAG Business Solutions Ltd., a wholly owned subsidiary company as on March 31, 2014 as per General Circular No. 2/2011 dated February 8, 2011 of the Ministry of Corporate Affairs

| No. | Particulars | Amount (in ₹) |
|-----|--|---------------|
| 1 | Capital | - |
| a) | Authorised Capital | 20,000,000 |
| b) | Paid-up Capital | 12,500,000 |
| 2 | Reserves | (7,073,117) |
| 3 | Total Assets | 12,214,011 |
| 4 | Total Liabilities | 12,214,011 |
| 5 | Detail Of Investment(Except In case of Investment in the Subsidiaries) | Nil |
| 6 | Turnover | 14,538,702 |
| 7 | Profit Before Taxation | 992,381 |
| 8 | Provision for Taxation (Including Deffered Tax and Tax relating to earlier years) | 177,289 |
| 9 | Profit From Discontinuing Operations | 5,527 |
| 10 | Profit After Taxation | 820,619 |
| 11 | Proposed Dividend | Nil |

INTENTIONALLY LEFT BLANK

ATTENDANCE SLIP

CIN: L65910AP1973PLC031293

Registered Office: 1-7-293, M. G. Road, Secunderabad-500003,

Tel:(040) 27844284, 27843788, Fax: (040) 27894284, Email: investors_tcif@gati.com

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL
Joint shareholders may obtain slip at the venue of the meeting.

| | | | |
|-----------|--|---------------|--|
| DP Id | | Folio No. | |
| Client Id | | No. of shares | |

NAME AND ADDRESS OF THE SHAREHOLDER _____

I hereby record my presence at the 40th ANNUAL GENERAL MEETING of the company held on September 25, 2014 at 11.00 am at Plot no.20, Survey no.12(P), Ground Floor, Opp. CII Building, Kothaguda, Kondapur, Hyderabad-500084

*Applicable for investors holding shares in electronic form

Signature of Shareholder/proxy

PROXY FORM

CIN: L65910AP1973PLC031293

Registered Office: 1-7-293, M. G. Road, Secunderabad-500003,

Tel:(040) 27844284, 27843788, Fax: (040) 27894284, Email: investors_tcif@gati.com

| | | | |
|-----------|--|---------------|--|
| DP Id | | Folio No. | |
| Client Id | | No. of shares | |

I/We, being the member(s) of _____ shares of TCI Finance Limited, hereby appoint:

- 1) _____ of _____ having e-mail id _____ or failing him
- 2) _____ of _____ having e-mail id _____ or failing him
- 3) _____ of _____ having e-mail id _____

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 40th Annual General Meeting of the Company, to be held on September 25, 2014 at 11.00 am at Plot no.20, Survey no.12(P), Ground Floor, Opp. CII Building, Kothaguda, Kondapur, Hyderabad-500084. and at any adjournment thereof in respect of such resolutions as are indicated below:

I wish my above proxy to vote in the manner as indicated in the box below:

| | Resolutions | For | Against |
|---|--|-----|---------|
| | Ordinary business: | | |
| 1 | Consider and adopt: | | |
| | a) Audited Financial Statement, Reports of the Board of Directors and Auditors | | |
| | b) Audited Consolidated Financial Statement | | |
| 2 | Re-appointment of Dr. Dhanpat Ram Agarwal who retire by rotation | | |
| 3 | Appointment of Auditor | | |
| | Special business: | | |
| 4 | Appointment of Mr. O S Reddy as independent director | | |
| 5 | Appointment of Mr. S M Jalan as independent director | | |
| 6 | Re-appointment of Mr. Ramesh Sivaraman as Manager- Chief Executive | | |

Signed this _____ day of _____ 2014

Signature of shareholder

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Notes: (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting. (2) A Proxy need not to be a member of the Company.

If Undelivered, please return to :

M/s Karvy Computershare Private Limited

(Unit : TCI Finance Limited)

Plot No. 17-24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081.

Email : mohsin@karvy.com

Tel : 040-44655000, 44655152

Fax : 040-23420814