

35th Annual Report
2012 - 2013



Deccan Finance Limited

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Deccan Finance Limited

No. 75, III Floor,
Mahatma Gandhi Road, Nungambakkam,
Chennai - 600 034. Ph : 28257575



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Chairman	: Shri. P. Bhandari B.A.(Hons), B.Sc.(Econ.)(London),Bar-at-law
Managing Director	: Shri. Kailashmull Dugar , B.Com., B.L.
Dy.Managing Director	: Shri. Sanjay Bhansali , B.Com.,
Executive Director	: Shri. Dileep Bhandari , B.A.,
Directors	: Shri. Surendra M. Mehta Shri. K.V. Ramana Shetty
Auditors	: M/s. Bhandari & Keswani
Internal Auditors	: M/s. Victoria Mathews & Santhakumar
Bankers	: State of Bank of India Indian Bank The Catholic Syrian Bank Ltd.
Registered Office	: No. 75 (34-B), III Floor, Mahatma Gandhi Road, Chennai - 600 034.
Administrative Office	: No. 38, Audiappa Naicken Street, Sowcarpet, Chennai - 600 079.
Branches	: Coimbatore, Aurangabad and Madanapalli.
Shares Listed with	: Madras Stock Exchange Ltd., No. 11, Second Line Beach, Chennai-600 001.
DepositorIEs	: National Securities Depository Ltd., (NSDL) Central Depository Services (India) Ltd., (CDSL)
SHARE REGISTRAR / TRANSFER AGENT	: CAMEO CORPRATE SERVICES LTD Subramaniam Building No. 1, Club House Road, Chennai - 600 002.



NOTICE

NOTICE is hereby given that the THIRTY FIFTH Annual General Meeting of DECCAN FINANCE LIMITED will be held on Friday, the 8th day of August, 2013 at 10.00 a.m. at No: 75, I Floor, Mahatma Gandhi Road, Nungambakkam, Chennai-600 034 to transact the following business :

ORDINARY BUSINESS:

- 1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2013 and the Statement of Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri. P. BHANDARI, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri .K.V.RAMANA SHETTY, who retires by rotation and is eligible for re-appointment.
5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION:

RESOLVED that Messrs. Bhandari & Keswani, Chartered Accountants, Chennai the retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration of Rs.75,000/- (Rupees seventy five thousand only) and Service Tax thereon.

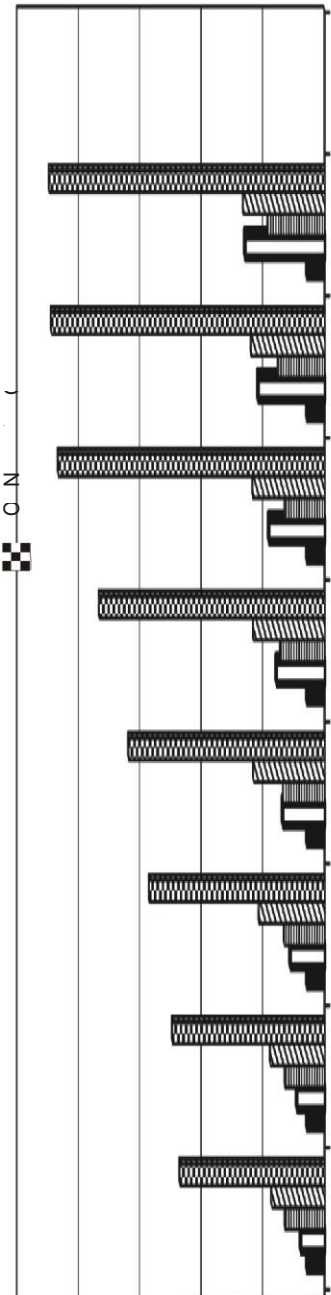
FURTHER RESOLVED that pursuant to the provisions of Section 314 of the Companies Act, 1956 and all other applicable provisions of the said Act, if any, consent of the Company be and is hereby accorded to Shri. Pradeep Bhandari, Partner of Messrs.Bhandari & Keswani, Chartered Accountants,



DECCAN FINANCE LIMITED

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a relative of Shri.P.Bhandari and Shri.Dileep Bhandari, Directors of the Company, to hold office as Auditors on the remuneration mentioned hereinabove.”

Chennai
May 27th,2013

By Order of the Board
DECCAN FINANCE LIMITED

KAILASHMULL DUGAR
Managing Director

- NOTES:**
1. A Member entitled to attend and vote at the above meeting may appoint one or more proxies to attend and vote instead of him. The Proxy need not be a member of the Company. Proxy to be valid shall be deposited with the Company not later than forty eight hours before the time for holding the meeting.
 2. The Explanatory statement pursuant to section 173 of the Companies Act,1956 in respect of item No.5 is appended herewith.
 3. The Register of Members and Share Transfer Books of the Company will remain closed from 06.08.2013 to 07.08.2013 (both days inclusive).



ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956.

Item 5:

Shri.Pradeep Bhandari, Partner of Messrs.Bhandari & Keswani,Chartered Accountants, the retiring Auditors of the Company, is a relative of Shri.P.Bhandari and Shri.Dileep Bhandari, Directors of the Company. Pursuant to the provisions of Section 314 of the Companies Act, 1956, shareholders' consent is required to be accorded at the General Meeting of the Company for their appointment.

Messrs.Bhandari & Keswani, Chartered Accountants, have been the Auditors of the Company even prior to the appointment of Shri.P.Bhandari and Shri.Dileep Bhandari as Directors of the Company and it will be in the interests of the Company to re-appoint them as Auditors of the Company on the remuneration mentioned in the Resolution.

The Board commends the resolution for the approval of members.

Shri.Pradeep Bhandari is related to Shri.P.Bhandari and Shri. Dileep Bhandari, Directors of the Company and to that extent, Shri.P.Bhandari and Shri. Dileep Bhandari may be deemed to be concerned or interested in this resolution.

None of the other Directors of the Company is interested in the above resolution.

By Order of the Board
DECCAN FINANCE LIMITED

Chennai
May, 27th, 2013

KAILASHMULL DUGAR
Managing Director



DECCAN FINANCE LIMITED

Registered Office : No:75 (34-B),III Floor, Mahatma Gandhi Road, Chennai - 600 034.

ADMISSION SLIP

Name & Address of Member _____

I certify that I am registered shareholder of the company and hold _____ shares. (Please indicate whether Member/Proxy). I confirm to attend and vote for me / us on my / our behalf at the Thirty Third Annual General Meeting of the Company to be held at No:75, I Floor, Mahatma Gandhi Road, Chennai 600034.at 10.00 a.m. Friday, the 8th day of August, 2013 and any adjournment thereof.

Member's/Proxy Signature

- Notes:1. Shareholder/Proxy holder wishing to attend the meeting must bring the Admission slip to the meeting and hand over at the entrance duly signed.
- 2. Shareholders are requested to advise their change in address.

DECCAN FINANCE LIMITED

PROXY FORM

I/We _____ of _____ being a Member/Members of **Deccan Finance Limited**, hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to attend and vote for me / us on my / our behalf at the Thirty Third Annual General Meeting of the Company to be held at No:75, I Floor, Mahatma Gandhi Road, Chennai 600 034. at 10.00 a.m.Thursday, the 8th day of August, 2013 and any adjournment thereof. As witness my/our hand(s) this _____ day of _____ 2012

**Affix
Re. 1
Revenue
Stamp**

Signed by the said _____ Re. 1/- _____
A/c No. _____

Note : The proxy must be returned so as to reach the Registered Office of The Company not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting.



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REPORT OF THE DIRECTORS

To
The Members,
Deccan Finance Limited.

The Directors have pleasure in presenting their Report and the Audited Accounts of the Company for the financial year ended 31st March, 2013.

	2013 Rs.	2012 Rs.
Financial Results		
Profit before tax	1,97,41,657	1,90,31,363
Less: Provision for Taxation		
Current	64,59,164	65,19,552
Deferred	(15,58,47)	(81,405)
	<u> </u>	<u> </u>
Profit after tax	1,34,38,340	1,25,93,216
Add: Balance of profit from previous year	66,24,294	55,73,083
	<u> </u>	<u> </u>
Surplus available for appropriation	2,00,62,634	1,81,66,299
	=====	=====
Appropriations		
Statutory Reserve	27,00,000	25,50,000
General Reserve	21,00,000	69,00,000
Proposed Dividend	18,00,000	18,00,000
Provision for Dividend Tax	3,05,910	2,92,005
Profit carried forward	1,31,56,724	66,24,294
	<u> </u>	<u> </u>
	2,00,62,634	1,81,66,299
	=====	=====

Business

During the year, your Company continued to maintain its profitability, in spite of intense competition. The gross receivables under hypothecation loans stood at **Rs.2535.54** lakhs against Rs. 2387.72 lakhs of the previous year.

Your company continues to comply with the prudential norms for NBFCs prescribed by Reserve Bank of India. The Capital to Risk Asset Ratio of the company stood at **43.37%** as at 31.03.2013 well above the prescribed minimum of 15%. As required by Reserve Bank of India, your Company has appended a schedule to the balance sheet containing additional particulars relating to the financial statements.

Dividend

Your Directors pleased to recommend a dividend at the rate of **12%** on the Equity share of Rs.10/- each for the financial year ended 31st March,2013 (Previous year : 12%)

Fixed Deposits

In terms of the RBI guidelines, the Company can accept deposits upto 1.5 times of its net owned funds. Deposits from the public as on 31st March, 2013 with the Company were Rs.80,937,112/- which include 19 deposits amounting to Rs.4,10,000/-not claimed/renewed by the depositors on due dates. Steps are continuously being taken to arrange for repayment of balance unclaimed deposits.

Directors

1. In terms of Section 256 of the Companies Act 1956, Shri. P.BHANDARI and Shri.Surendra M Mehta, Directors, retire by rotation, and are eligible for re-appointment.

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Directors' Responsibility Statement

Pursuant of Section 217 (2AA) of the Companies Act, 1956, your directors state that.

1. In the preparation of the accounts for the financial year ended 31st march 2013, the applicable accounting standards have been followed and there are no material departures.
2. Appropriate accounting policies have been selected and applied consistently and such judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and the net profits of the Company for that period.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities
4. The financial statements have been prepared on a going concern basis.

Compliance certificate:

As per the provisions of section 383A of the Companies Act 1956, a compliance certificate from a Secretary in whole time practice is annexed here to and forming part of this report

Conservation of energy, technology absorption and foreign exchange earning/outgo:

Your Company has no activities relating to conservation of energy or technology absorption. During the year under review, your Company did not have any foreign exchange earnings/outgo

Listing:

The shares of your company is being listed at Madras stock exchange limited, exchange building, 11,second line beach,Chennai-600 001.The Company has paid listing fees up to the financial year ended 31.03.2013.

Corporate Governance

Since your Company's paid up Capital is below Rs. 3.00 crores, the SEBI guidelines relating to Corporate Governance do not apply to your Company.

Auditors

The Auditors, **Messrs.Bhandari & Keswani**, retire and are eligible for re-appointment.

On behalf of the Board

P.BHANDARI
Chairman

Chennai
May 27th, 2013

7. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):			
	Category	Market Value Break up or Fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties **		
	(a) Subsidiaries	NIL	NIL
	(b) Companies in the same Group	NIL	NIL
	(c) Other related parties	NIL	NIL
	2. Other than related parties	137	137
	Total	137	137

** as per Accounting Standard ICAI (Please see note 3)

8. Other Information		
	Particulars	Amount
(i)	Gross Non-Performing Assets	
	a) Related parties	NIL
	b) Other than related parties	93.33
(ii)	Net Non-Performing Assets	
	a) Related parties	NIL
	b) Other than related parties	81.61
(iii)	Assets acquired in satisfaction of debt	NIL

19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has complied with the applicable directions issued by the Reserve Bank of India in respect of public deposits accepted including unsecured loans taken from Directors, amounting to Rs.80937112/- as on 31.03.2013, and the company has filed the Copy of Statement in Lieu of Advertisement / necessary particulars as required by the Reserve Bank of India on 27.08.2012.
The Company has filed necessary Quarterly, Half-Yearly and Annual Return of Deposit with Reserve Bank of India.
24. The amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial year ending 31st March, 2013 are within the borrowing limits (Rs.25 crores) of the Company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in duly convened Annual General Meeting held on 1st September, 1995.
25. The Company has made investments, with other bodies Corporate in Compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose. Except guarantees given and securities provided to the Bank, the Company has not made any other loans or advances or given guarantee or provided securities to other bodies corporate.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.

- (ii) The disclosure of related party transactions during the year and balances as on 31st March,2013

Nature of Transaction	Key Management Personnel	Relatives of Key Management Personnel	Other related parties	Total	31.03.2012
EXPENDITURE :					
Remuneration	22,20,000	Nil	Nil	22,20,000	21,60,000
Interest	20,300	13,72,128		1392428	7,04,520
Rent	Nil	5,01,000	24,000	5,25,000	2,04,000
LIABILITIES :					
Deposits as at Year end.	Nil	Nil	Nil	Nil	38,20,500

per our report attached

for **BHANDARI & KESWANI**
Chartered Accountants
FRN : 000433S

PRADEEP BHANDARI
Partner, Membership No:017411

Chennai
May 27th, 2013

On behalf of the Board

KAILASHMULL DUGAR Managing Director
SANJAY BHANSALI Deputy Managing Director

DILEEP BHANDARI Executive Director



(B) CASH FLOW FROM INVESTING ACTIVITIES

(Increase) / Decrease in Fixed Assets				
(net of Sales)	-459,689		-2323600	
Purchase of Investments(Net of Sale)	<u>-4,606,891</u>		<u>-250498</u>	
Interest/Dividend received	964,109	-4,102,471	<u>882894</u>	-1691204

(C) CASH FLOW FROM FINANCING ACTIVITIES

(Increase)/Decrease in Bank Borrowings	-5,563,872		5499069	
(Increase)/Decrease in Unsecured Loans	<u>13,307,500</u>		<u>12021888</u>	
Dividend paid(Including Dividend tax)	-2,098,958	5,644,670	2,092005	<u>11835080</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)		-3,588,840		2588377
CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		6,178,138		<u>3,589,761</u>
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR		<u>2,589,298</u>		<u>6178138</u>

For and on behalf of the board
Kailashmull Dugar
 Managing Director

Auditor'S Certificate

We have verified the above cash flow statement of Deccan Finance Limited derived from the audited annual accounts for the year ended 31st March 2013 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the listing agreement with Madras Stock Exchange Limited

for **Bhandari & Keswani**
 Chartered Accountants
 FRN : 000433S

Chennai
 May 27th,2013

PRADEEP BHANDARI
 Partner
 Membership No: 017411



27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not Constituted a separate Provident Fund trust for its employees or class of its employees as contemplated under section 418 of the Act.

for **MUNDHARA & Co.**
 Company Secretaries,

Place : CHENNAI
 Date : 27.05.2013.

(JAGDISH P.MUNDHARA)
 PROPRIETOR
FCS 2353 C.P.No.1443.



ANNEXURE 'A'

(Forming part of Compliance Certificate Dated 27th May, 2013)

Statutory Register as maintained by **M/s. DECCAN FINANCE LIMITED**

1. Register of Charges u/s 143.
2. Register of Members u/s 150.
3. Index of Members u/s 151.
4. Registers and Returns u/s 163.
5. Minutes Book of Meeting of Board of Directors u/s 193.
6. Minutes Book of Proceedings of General Meeting u/s 193.
7. Books of Accounts u/s 209.
8. Register of Contracts with Companies and firms in which Directors are interested u/s 301.
9. Register of Directors u/s 303.
10. Register of Directors' Shareholdings u/s 307.
11. Register of Investments u/s 372A.
12. Register of Fixed Assets.
13. Register of Deposits.

ANNEXURE 'B'

(Forming part of Compliance Certificate Dated 27th May, 2013)

Forms and returns as filed by **M/s. DECCAN FINANCE LIMITED**, with the Registrar of Companies, Tamilnadu during the financial year ending 31st March, 2013.

1. Form No. 23AC with Balance Sheet as at 31st March, 2012 and Form No. 23ACA with Profit & Loss Account for the Financial Year ended on 31st March, 2012 filed u/s 220 vide SRN P89303028 on 03.10.2012.



**ANNEXURE TO CLAUSE-32 OF THE AGREEMENT
CASH FLOW STATEMENT FOR THE YEAR ENDED 31/03/2013**

(Amount in Rs.)

	2012-2013	2011-2012
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	19,741,657	19031363
ADJUSTMENT FOR:		
Depreciation	1,112,033	960652
Provision against non performing assets	13,952	437812
Loss on sale of Fixed Assets	20,233	
Dimenution in the value of Investments	1,146,218	254113
	<u>20,887,875</u>	<u>1652577</u>
	20,887,875	20683940
Surplus on sale of Fixed assets	178,565	119435
Interest / Divided received	964,109	882894
Less : Surplus on sale of Investments	<u>1,142,674</u>	<u>1002329</u>
	19,745,201	
OPERATING PROFIT BEFORE		
WORKING CAPITAL CHANGES		
		19681611
(Increase)Decrease in stock on hire	-12,691,673	-20641155
(Increase)Decrease in other current assets		
/ Loans & Advances	- 5,179,046	-1077623
Increase(Decrease) in Current liabilities	357,907	1001219
Increase(Decrease) in Non Current liabilities	-425,700	
Taxes paid	6,937,728	-6519552
Decreases in Deferred Payment credits	<u>-24,876,240</u>	<u>-27237111</u>
	19,745,201	
NET CASH GENERATED		
FROM OPERATIONS		
	-5,131,039	-7555500

20.Details of Financial Assets sold under Securitization System:

The Company has no securitization of financial assets during the year. Under the earlier years arrangements, the Company acts as a collection agent for managing such Portfolio.

	PARTICULARS	2012-13	2011-12
I	No. of Accounts	NIL	19
II	Aggregate value (net of Provisions) of accounts sold	NIL	1,33,04,977
III	Aggregate Consideration	NIL	1,12,74,069
IV	Additional consideration realized in respect of accounts transferred in earlier years	NIL	NIL
V	Aggregate gain/loss over net book value	NIL	14,62,709

21. The previous year's figures are regrouped wherever necessary.
23. Segment Reporting :
The Company is engaged primarily in the business of financing and accordingly there are no separate reportable segments as per Accounting Standard AS 17 'Segment Reporting' issued by ICAI.
24. Related Party Disclosures:
Related Party Disclosures as required by AS 18 of the Institute Of Chartered Accountants of India are given below :
(i) Key Management Personnel :
1) Mr. Kailashmull Dugar , Managing Director
2) Mr.Sanjay Bhansali, Deputy Managing Director
3) Mr.Dileep Bhandari, Executive Director
(ii) The disclosure of related party transactions during the year and balances as on 31st March,2013

2. Form No. 20-B with Annual Return (Schedule V) as on date of AGM held on 24th August, 2012 filed u/s 159 vide SRN P89303028 on 21.09.2012.
3. Form No. 66 with Compliance Certificate for the financial year ended 31st March,2012 filed u/s 383A vide SRN P89303028 on 21.09.2012.
4. Form No. 23 for Special Resolution passed on 24th August 2012 filed u/s 192 vide SRN B5382607 on 26.09.2012.

for **MUNDHARA & Co,**
Company Secretaries,

Place : CHENNAI
Date : 27.05.2013

(JAGDISH P.MUNDHARA)
PROPRIETOR
FCS 2353 C.P.No.1443



Independent Auditors' Report to the Members of Deccan Finance Ltd.

Report on the Financial Statements

1. We have audited the accompanying financial statements of Deccan Finance Ltd. (the "Company"), which comprise the Balance Sheet as at 31 March 2013, 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, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of 'the Companies Act, 1956' of India (the "Act"). 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.

Auditors' Responsibility

3. 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.

4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, 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 auditors consider 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. 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.

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

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying 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:

Particulars	Rs.	Rs.
	As at 31.03.13	As at 31.03.12
19. OTHER EXPENSES		
General Expenses	89,417	34,220
Printing And Stationery	199,493	223,620
Postage And Telegram	97,163	154,800
Electricity Charges	265,898	201,757
Books & Periodicals	14,030	9,424
Rent	525,000	501,500
Bank Charges	-24,800	139,121
Telephone Charges	257,675	223,994
Subscription	42,393	50,216
Directors' Sitting Fees	10,000	4,000
Audit Fees	168,540	-
Travelling Expenses	108,748	75,818
Advertisement	61,461	105,403
Donations	75,000	65,000
Commission on Business	1,988,954	1,044,900
Conveyance	103,910	60,466
Vehicle Repairs & Maintenance	641,682	718,657
Office Repairs & Maintenance	802,026	293,557
Legal Fees & Expenses	161,775	58,076
Taxes and Fees	128,829	54,954
Business Promotion Expenses	64,133	179,601
Computer Maintenance	101,674	117,532
Bad Debts	1,887,163	602,449
Insurance	202,109	304,152
Contingent Provision against Standard Assets	-	196,348
Rebates & Discount	283,699	418,559
Internal Audit Fees	315,000	224,000
Entertainment Expenses	60,717	54,612
Provisions For NPA	13,952	241,464
Provision for Diminution in value of Investments	-	254,113
Professional & Consultation Charges	160,522	171,980
Loss on sale of vehicle	20,233	-
CSR Expenses	11,250	-
Total	8,837,645	6,784,293



DECCAN FINANCE LIMITED



DECCAN FINANCE LIMITED

Particulars	Rs.	
	As at 31.03.13	As at 31.03.12
15. REVENUE FROM OPERATIONS		
Income from Financing Activities		
Lease Rentals	22,772	481,225
Interest from Banks	131,905	199,094
Interest on Loans	48,991,800	44,361,609
Interest on Govt Securities	808,310	682,526
Income from Assets Securitised	1,590,457	1,188,250
TOTAL	51,545,244	46,867,704
16. OTHER INCOME		
Miscellaneous Income	85,719	—
Profit on Sale of Assets	178,565	119,435
Dividends	23,894	1,274
Bad Debts Recovered	619,500	380,755
Commission	160,271	105,807
Others & Service Charges	21,256	282,173
TOTAL	1,089,205	889,444
17. EMPLOYEE BENEFITS EXPENSE		
Salaries, Bonus, PF & ESIC	5,718,839	5,081,493
Leave Encashment	75,718	54,842
Provident Fund	471,972	294,720
Rent Free Accommodation	300,000	180,000
Staff welfare	245,476	299,572
Other allowance	—	98,485
Gratuity	340,620	143,295
Exgratia	25,000	25,000
Conveyance Allowance	—	6500
TOTAL	7,177,625	6,183,907
18. FINANCE COST		
Interest - Bank	5,458,141	3,589,230
Deposits	9,585,407	10,536,823
Corporate Bodies	561,909	560,310
Brokerage	160,032	110,571
TOTAL	15,765,489	14,796,934

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2013;
- (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 of the Company for the year ended on that date.

Report on other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditors' Report) Order, 2003', as amended by 'the Companies (Auditors' Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. 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 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 sub-section (3C) of section 211 of the Act;
- (e) On the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Bhandari & Keswani
FRN: 000433S
Chartered Accountants

P Bhandari
Partner
M.No.017411

Chennai: 03 June 2013



Annexure to the Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of Deccan Finance Ltd. on the financial statements for the year ended 31 March 2013.

1, (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets of the Company have been physically verified by the Management at reasonable intervals and no material discrepancies have been noticed on such verification

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.

2. The Company's nature of operations does not require it to hold inventories.

3. (a) The Company has not given any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

(b) The Company has taken deposits from 11 parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.60 lakhs and the year-end balance of loans taken from such parties was Rs. NIL.

(c) In our opinion, the rate of interest and other terms and condition of the aforesaid deposits are not, prima facie, prejudicial to the interest of the Company.

(d) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest on the aforesaid deposits.

(e) There are no overdue amounts of more than Rs.1 lakhs in respect of the aforesaid deposits.

Particulars	As at 31.03.13	As at 31.03.12
Aggregate amount of Quoted Investments	596,696	569,696
Market Value of Quoted Investments	502,638	472,904
Aggregate amount of Un Quoted Investments	1,314,500	8,538,139
11. OTHER NON CURRENT ASSETS		
Rental Deposits	65,000	65,000
Telephone Deposits	35,320	35,320
	<u>100,320</u>	<u>100,320</u>
12. TRADE RECEIVABLES		
Less than 6 months (Unsecured, considered good)	2,683,629	1,569,136
	<u>2,683,629</u>	<u>1,569,136</u>
13. CASH & CASH EQUIVALENTS		
Cash on Hand	1,297,580	1,996,480
Bank Balance		
In Current Accounts	1,291,718	1,831,633
in Fixed Deposits	—	2,350,000
Stamps in Hand	—	25
	<u>2,589,297</u>	<u>6,178,138</u>
14. SHORT TERM LOANS AND ADVANCES		
Loans		
a) Secured, Considered Good	202,096,33	189,404,665
b) Un Secured, Considered Good	51,33	51,336
c) Repossessed stock	760,73	784,806
Advance to suppliers	3,978,54	128,407
Interest Accrued on Deposits	42,04	50,480
Income Tax	70,39	747,930
Staff Advance	1,378,46	889
	<u>208,377,86</u>	<u>191,168,513</u>



Particulars	Rs. As at 31.03.13	Rs. As at 31.03.12
8. SHORT TERM PROVISIONS		
Proposed Divident	1,800,000	1,800,000
Provision for Divident Tax	312,863	298,958
Provision for Taxation	600,280	1,087,125
TOTAL	2,713,142	3,186,109
9. FIXED ASSETS - Refer Page No.38		
10.NON - CURRENT INVESTMENTS (Long Term Investments)		
Investment in Equity Instruments	569,696	569,696
Investment in Government Securities	13,145,029	8,538,139
TOTAL	13,460,612	9,107,835
Investment in Equity Shares (Quoted), Non – Trade		
ICICI Ltd. 183 (183) shares of Rs. 10/- each	5,000	5,000
NHPC Ltd. 15,686 (15,686) shares of Rs. 10/- each	564,696	564,696
Investment in Govt Securities (Un Quoted), Non – Trade		
7.61% State Development Loan Gujarat (face value of Rs.10,00,000)	1,003,977	1,003,977
7.89% State Development Loan Andhra Pradesh (face value of Rs.10,00,000)	1,027,253	1,027,253
8.47% State Development Loan Tamil Nadu (face value of Rs.16,00,000)	1,698,725	1,698,725
8.57% State Development Loan Andhra Pradesh (face value of Rs.13,00,000)	1,369,856	1,369,856
7.94% Govt. of India Loan (face value of Rs.1,00,000)	104,007	104,007
8.35% Govt. of India Loan (face value of Rs.1,50,000)	160,905	160,905
8.33% Govt. of India Loan (face value of Rs.2,00,000)	208,357	208,357
8.90% Tamil Nadu.State Loan (face value of Rs.15,00,000)	1,537,613	NIL
8.24% Govt. of India Loan, OLI BONDS (face value of Rs.10,00,000)	1,032,146	1,032,146
8.32% State Development Loan Tamil Nadu (face value of Rs.14,00,000)	1,428,557	1,428,557
National Savings Certificate	20,000	20,000
8.26% Government of India 2027 (face value of Rs.10,00,000)	484,358	484,358
8.26% Govt. of India Loan (face value of Rs.10,00,000)	1,022,256	–
8.80% Tamil Nadu.State Loan 2022 (face value of Rs.5,00,000)	523,350	–
8.33% Govt. of India Loan 2036 (face value of Rs.2,00,000)	506,849	–
8.56% Tamil Nadu.State Loan 2013(face value of Rs.10,00,000)	1,016,822	–
	13,145,029	8,538,139

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have not observed any continuing failure to correct major weaknesses in the aforesaid internal control system.

5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rs. 5 lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under, to the extent applicable, have been complied with.

7. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 in respect of the operations of the Company.



DECCAN FINANCE LIMITED

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, there are no undisputed dues payable in respect of income tax, wealth tax, customs duty, excise duty and cess outstanding as at 31-03-2013 for a period of more than six months from the date they became payable.

10. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.

11. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks.

12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures & other securities.

13. In our opinion, the company is not a chit fund / nidhi/ mutual benefit fund/society. Therefore, the provisions of clause. (xiii) of paragraph 4 of the Order are not applicable to the Company.

14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.

15. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for any loans taken by others from banks & financial institutions.

Profit & Loss Account

Balance brought forward from previous year	6,624,294	5,573,082
Add: Profit for the year	13,438,340	12,593,216
Less : Appropriations		
Transferred to Statutory Reserve	(2,700,000)	(2,550,000)
Transferred to General Reserve	(2,100,000)	(6,900,000)
Proposed Dividend	(1,800,000)	(1,800,000)
Tax on Dividend	(305,910)	(292,005)
	<u>13,156,724</u>	<u>6,624,294</u>
TOTAL	76,116,724	64,784,294

4. LONG TERM BORROWING

Public Deposits (Unsecured)	54,792,112	46,731,112
	<u>54,792,112</u>	<u>46,731,112</u>

5. LONG TERM PROVISIONS

Contingent Provision on Standard Assets	599,368	599,368
Provision on Non Performing Assets	1,172,481	1,158,529
Provision for Diminution in value of Investments	254,113	254,113
TOTAL	1,771,849	2,012,010

6. SHORT TERM BORROWING

SECURED		
From banks secured by assets covered by Hypothecation Loans	40,697,774	46,261,646
UNSECURED		
Indian Renewable Energy Development Agency Ltd	—	425,700
Deposits from related parties	2,870,000	3,820,500
Public Deposits	26,145,000	19,948,000
TOTAL	69,712,774	70,455,846

7. OTHER CURRENT LIABILITIES

Unmatured Interest on Securitized Assets Portfolio	1,445,108	3,035,565
Amount Payable to Sundaram Finance Ltd	1,178,001	474,726
TDS Payable	93,940	120,543
Insurance, Commitment & Contingent Deposits	495,911	525,884
Interest Accrued but not due	5,882,986	4,621,966
Other Payables	1,395,705	1,355,060
TOTAL	10,491,651	10,133,744



DECCAN FINANCE LIMITED

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment and vice versa.

18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end.

20. The Company has not raised any monies by way of public issues during the year.

21. During the course of our examination of the books and 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, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Bhandari & Keswani
FRN: 000433S
Chartered Accountants

P Bhandari
M.No.017411

Chennai: 03 June 2013



DECCAN FINANCE LIMITED

NOTES ON ACCOUNTS:

1. ACCOUNTING POLICIES

- The Company prepares its accounts on accrual basis in accordance with the normally accepted accounting principles.
- Depreciation on fixed assets is provided on written down value method at the rates prescribed under Schedule XIV to the Companies Act, 1956
- Investments are stated at cost.
- In respect of securitised assets, the Unmatured interest charges which the company is entitled to retain from the interest to be collected from the borrowers over and above the specified amount to be passed on to the acquirers, will be accounted over the remaining life of the assets sold.

2.SHARE CAPITAL :

Particulars	Rs.	Rs.
	As at 31.03.13	As at 31.03.12
AUTHORISED CAPITAL		
30,00,000 Equity Shares of Rs.10/- each	<u>3,00,00,000</u>	<u>3,00,00,000</u>
	3,00,00,000	3,00,00,000
ISSUED, SUBSCRIBED & PAID UP		
15,00,000 Equity Shares of Rs.10/- each fully paid up	<u>1,50,00,000</u>	<u>1,50,00,000</u>
	1,50,00,000	1,50,00,000

Details Of Share Holding more than 5%

s. on	Folio DP ID /Client ID	Name of the Holder	31.03.2013		31.03.2012	
			No.of. Shares	%	No.of. Shares	%
1.	IN301080 22153807	Mr. Hemant Dugar	191031	12.73	191031	12.73
2.	IN300513 11930462	Mr. Dileep Bhandari	161124	10.74	183824	12.25
3.	IN300450 10397159	Mr.Vimala Bhansali	125860	8.39	125860	8.39
4.	IN300450 10400024	Mr.Sanjay Bhansali	95500	6.37	95500	6.37
5.	IN300513 11937689	Mr.Prakashmal Bhandari	84400	5.62	84400	5.62

3. RESERVES & SURPLUS :

Capital Reserve	10,000	10,000
Statutory Reserve:		
Balance brought forward from previous year	15,250,000	12,700,000
Add: Transfer from Profit & Loss Account	2,700,000	2,550,000
	17,950,000	15,250,000
General Reserve		
Balance brought forward from previous year	42,900,000	36,000,000
Add: Transfer from Profit & Loss Account	2,100,000	6,900,000
	45,000,000	42,900,000

**DECCAN FINANCE LIMITED****BALANCE SHEET AS AT 31ST MARCH 2013**

Particulars	Note	As at 31.03.13 Rs.	As at 31.03.12 Rs.
1. EQUITY & LIABILITIES			
Shareholder's Funds			
(a) Share Capital	2	15,000,000	15,000,000
(b) Reserves and Surplus	3	76,116,724	64,784,294
(c) Money received against share warrants		-	-
Share Application money pending allotment		-	-
Non-Current Liabilities			
(a) Long-Term Borrowings	4	54,792,112	46,731,112
(b) Deferred Tax Liabilities (Net)		-	-
(c) Other Long Term Liabilities		-	-
(d) Long Term Provisions	5	2,025,962	2,012,010
Current Liabilities			
(a) Short-Term Borrowings	6	69,712,774	70,455,846
(b) Trade Payables		-	-
(c) Other Current Liabilities	7	10,491,651	10,133,744
(d) Short-Term Provisions	8	2,713,142	3,186,109
TOTAL		230,852,365	212,303,115
II. ASSETS			
Non-Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	9	3,147,888	4,096,381
(ii) Intangible Assets		-	-
(iii) Capital Work in Progress		-	-
(iii) Intangible Assets under development		-	-
(b) Non-Current Investments	10	13,714,725	9,107,835
(c) Deferred Tax Assets (net)		238,639	82,792
(d) Long Term Loans & Advances		-	-
(e) Other Non-Current Assets	11	100,320	100,320
Current Assets			
(a) Current Investments		-	-
(b) Inventories		-	-
(c) Trade Receivables	12	2,683,629	1,569,136
(d) Cash and cash equivalents	13	2,589,297	6,178,138
(e) Short-Term Loans & Advances	14	208,377,867	191,168,513
(f) Other Current Assets		-	-
TOTAL		230,852,365	212,303,115
ACCOUNTING POLICIES	1	-	-

per our report attached
for **BHANDARI & KESWANI**
Chartered Accountants
FRN : 000433S
PRADEEP BHANDARI
Partner, Membership No:017411
Chennai
May 27th, 2013

On behalf of the Board
KAILASHMULL DUGAR
SANJAY BHANSALI
DILEEP BHANDARI

Managing Director
Deputy Managing Director
Executive Director

**DECCAN FINANCE LIMITED****Statement of Profit and loss account for the year ended 31st March, 2013**

Particulars	Notes	31.03.2013 Rs.	31.03.2012 Rs.
I Revenue form Operations	15	51,545,244	46,867,704
II Other Income	16	1,089,205	889,444
III Total Revenue (I + II)		52,634,449	47,757,148
IV Expenses			
Employee Benefits Expense	17	7,177,625	6,183,907
Finance Cost	18	15,765,489	14,796,934
Depreciation and Amortization Expense	9	1,112,033	960,652
Other Expenses	19	8,837,645	6,784,293
Total Expense (IV)		32,892,792	28,725,786
V Profit Before Tax	III - IV	19,741,657	19,031,363
VI Tax Expense			
Current Tax		6,459,164	6,519,552
Deferred Tax		(155,847)	(81,405)
VII Profit for the Year	V - VI	13,438,340	12,593,216
VIII Earning per Equity Share			
Basic & Diluted		8.96	8.40

per our report attached
for **BHANDARI & KESWANI**
Chartered Accountants
FRN : 000433S
PRADEEP BHANDARI
Partner, Membership No: 017411
Chennai
May 27th, 2013

On behalf of the Board
KAILASHMULL DUGAR
SANJAY BHANSALI
DILEEP BHANDARI

Managing Director
Deputy Managing Director
Executive Director



9. FIXED ASSETS

Particulars	Rate	Gross Block				Depreciation				Net Block	
		01.04.12	Additions	Deductions	31.03.13	01.04.12	Additions	Deductions	31.03.13	WDV as on 31.03.13	WDV as on 31.03.12
Tangible Assets											
Plant and Equipment	13.91%	2,449,105	48,755	—	2,497,860	2,216,968	86,319	—	2,303,287	194,574	232,138
Leased Machinery	13.91%	16,602,000	—	16,602,000	—	16,076,817	73,256	16,150,073	—	—	525,183
Furniture & Fixtures	18.10%	871,126	—	—	871,126	735,875	20,230	—	756,105	115,022	135,252
Vehicles	25.89%	4,743,953	392,696	703,979	4,432,670	1,805,714	750,660	496,527	2,059,847	2,372,823	2,938,239
Computer	40.00%	741,888	381,468	—	1,123,356	476,318	181,568	—	657,886	465,470	265,570
TOTAL		25,408,073	822,919	17,305,979	8,925,013	21,311,692	1,112,033	16,646,600	5,777,124	3,147,888	4,096,381

