

***IKF FINANCE LIMITED***



***20<sup>th</sup> Annual Report  
2010-2011***

**BOARD OF DIRECTORS :**

Mr. V.G.K. Prasad  
Mrs. V.Indira Devi  
Mrs. K.Vasumathi Devi  
Dr. Sinha S. Chunduri  
Dr. Prasad J. Athota  
Mr. N.Haranath  
Mr. S.Veerabhadra Rao  
Mr. P.S.V.Prasada Rao  
Mr. K.Satyanarayana Prasad

Managing Director  
Whole Time Director  
Executive Director  
NRI Director (Alternate Director Mr. N.V.S.N.Prasad)  
NRI Director (Alternate Director Mr. Ch.V.Rama Rao)  
Director  
Director  
Director  
Director

**AUDIT COMMITTEE :**

Mr. N. Haranath  
Mr. S. Veerabhadra Rao

**SHARE TRANSFER & INVESTOR GRIEVANCE COMMITTEE :**

Mr. N.Haranath  
Dr. Prasad J. Athota  
(Alternate Director Mr. Ch.V.Rama Rao)

**MANAGEMENT COMMITTEE :**

Mr. V.G.K.Prasad  
Mrs. V.Indira Devi  
Dr. Prasad J. Athota  
(Alternate Director Mr.Ch.V.Rama Rao)

**BANKERS :**

The Federal Bank Limited  
Axis Bank Limited  
HDFC Bank Limited  
Andhra Bank  
IDBI Bank Limited  
Central Bank of India  
Indian Overseas Bank

**AUDITOR :**

**Hanumaiah & Co.,**  
Chartered Accountants  
1 & 2 Ground, RAM'S VSR Apartments  
Mogalrajpuram,  
VIJAYAWADA - 520 010.

**LISTING :**

Bombay Stock Exchange Limited, Mumbai

**REGISTERED OFFICE :**

# 40-1-144,  
Corporate Centre,  
M.G. Road,  
VIJAYAWADA - 520 010. (A.P.)

**SHARE TRANSFER AGENTS :**

Bigshare Services Pvt. Limited,  
E-2, Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri (E), MUMBI - 400 072.

**CORPORATE OFFICE :**

# 6-3-902/A, 4th Floor,  
Central Plaza, Near Yashoda Hospital,  
Raj Bhavan Road, Somaji guda,  
HYDERABAD - 500 082. (A.P.)

**DEBENTURE TRUSTEE :**

IDBI Trusteeship Services Ltd.,  
Asian Building, Ground Floor,  
17, R.Kamani Marg, Ballard Estate,  
MUMBAI - 400 001.

<b>20<sup>TH</sup> ANNUAL GENERAL MEETING</b>	
Date	: 19th September, 2011
Time	: 4:30 P.M.
Day	: Monday
Venue	: Registered Office of the Company # 40-1-144, Corporate Centre, MG Road, Vijayawada - 520 010 Krishna District Andhra Pradesh, India

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**NOTICE TO THE SHAREHOLDERS**

Notice is hereby given that the 20th Annual General Meeting of the Company will be held on Monday, the 19th September, 2011 at the Registered Office of the Company at Vijayawada at 4.30 P.M. to transact the following business:

**ORDINARY BUSINESS:**

01. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and the Profit and Loss Account as on that date and reports of the Directors' and Auditors' thereon.
02. To declare dividend for the financial year 2010-2011.
03. To appoint a Director in place of Dr. Sinha S Chunduri, who retires by rotation and being eligible, offers himself for re-appointment.
04. To appoint a Director in place of Dr. Prasad J Athota, who retires by rotation and being eligible, offers himself for re-appointment.
05. **Appointment of Auditors:**

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

“RESOLVED THAT M/s.Hanumaiah & Co., Chartered Accountants, Vijayawada, who retire at this annual general meeting, being eligible and willing to act as Auditors of the Company, be and are hereby appointed as Auditors of the Company to hold office till the conclusion of next Annual General Meeting at such a Remuneration as may be fixed by the Board of Directors in addition to the reimbursement of out-of pocket expenses.”

**SPECIAL BUSINESS:****06. Appointment of Shri. K.Satyanarayana Prasad as Additional Director .**

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

“RESOLVED THAT Shri. K.Satyanarayana Prasad, who was appointed as the Additional Director of the Company on 31-03-2011 by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 holds office upto the date of this Annual General meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, in writing, alongwith a deposit of Rs.500/- proposing his candidature for the office of Director, be and is hereby appointed as the Director of the Company, subject to retirement by rotation.”

**07. Appointment of Shri. P.S.V.Prasada Rao as Additional Director .**

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

“RESOLVED THAT Shri. P.S.V.Prasada Rao, who was appointed as the Additional Director of the Company on 31-03-2011 by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 holds office upto the date of this Annual General meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956, in writing, alongwith a deposit of Rs.500/- proposing his candidature for the office of Director, be and is hereby appointed as the Director of the Company, subject to retirement by rotation.”

**08. To be moved as a Special Resolution.**

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



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“RESOLVED THAT pursuant to the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment (s) thereto or any statutory modification(s) or re-enactment thereof for the time being in force), Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009 (“SEBI Regulations”) as in force, the regulations / guidelines, if any, issued by the Government of India, the Reserve Bank of India and any other applicable laws, rules and regulations (including any amendment(s) thereof for the time being in force) and the relevant provisions of the Memorandum and Articles of Association of the Company and Listing Agreement entered into by the Company with the stock exchange where shares of the Company are listed, and subject to such approvals, consents, permissions and sanctions as may be required from the Government of India, the Reserve Bank of India, Securities and Exchange Board of India, Stock Exchange and any other relevant statutory, governmental authorities or departments, institutions or bodies (“Concerned Authorities”) in this regard and further subject to such terms and conditions or modifications thereto as may be prescribed or imposed by any of the concerned Authorities while granting such approvals, sanctions and permissions as may be necessary (“Approvals”) and any such conditions and /or modifications as may be prescribed, stipulated or imposed by any such Approvals and /or which may be agreed to or considered necessary by the Board of Directors of the Company (hereinafter referred to as “the Board”, which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution), the consent, permission and approval of the members of the Company be and is hereby accorded to the Board to offer, issue and allot **54,70,000 (Fifty Four Lakh Seventy Thousand)** Only Fully Convertible Unsecured Debentures (FCDs) of **Rs.14/- each**, with a Coupon Rate of 12%, on a preferential allotment basis, to the following, both Promoters and Non Promoters,

S.No.	Name of the proposed Allottee	Promoter / Non Promoter	No. of Fully Convertible Unsecured Debentures
01	VGK Prasad	Promoter	65000
02	V Indira Devi	Promoter	275000
03	V Vasantha Lakshmi	Promoter	425000
04	K Vasumathi Devi	Promoter	650000
05	IKF Financial Services (P) Ltd.	Promoter	550000
06	Prasad Jagadish Athota	Promoter	125000
07	Chunduru Durga Rani	Promoter	425000
08	DFL Finance Limited	Non Promoter	357000
09	Dr Sai Sudhakar	Non Promoter	71000
10	Vamshi Mohan Athota	Non Promoter	714000
11	Aluri Srinivasa Rao	Non Promoter	39000
12	Aluri Bujji Babu	Non Promoter	39000
13	Vankineni Raghu Kumar	Non Promoter	178500
14	Kodali Lakshmana Rao	Non Promoter	220500
15	Ravipati Sita Ravamma	Non Promoter	180500
16	K Chakradhara Rao	Non Promoter	50000
17	Bathina Sivaji	Non Promoter	42500
18	Mulakalapalli Rama Rao	Non Promoter	64000
19	Paleti Purnachandra Rao	Non Promoter	64000
20	Mannem Venkateswara Rao	Non Promoter	64000
21	Kunapaneni Satyanarayana	Non Promoter	25000
22	Vaddineni Gopala Krishna	Non Promoter	57000
23	Paladugu Parameswara Rao	Non Promoter	17500
24	Mannem Harish	Non Promoter	28500
25	Vaddineni Srinivasa Rao	Non Promoter	42500
26	Alapati Dasaradha Ramu	Non Promoter	71000
27	Challagundla Narasimha Rao	Non Promoter	17500
28	Kolanati Nagamani	Non Promoter	28500
29	Valiveti Lakshmi Narayana	Non Promoter	50000
30	Nelluri Satyanarayana	Non Promoter	57000
31	Karem Bhadraiah	Non Promoter	42500
32	Anantaramaiah Kunapaneni	Non Promoter	21000
33	Vaddineni Satyanarayana	Non Promoter	57000
34	Javvaji Krishna Prasad	Non Promoter	50000
35	Myneni Satyanarayana	Non Promoter	64000
36	Bathina Anjana Devi	Non Promoter	35500
37	M Raghavendra Rao	Non Promoter	71000
38	Narra Vigneswara Rao	Non Promoter	35500
39	Eastern Powers & Systems (P) Ltd.	Non Promoter	100000
<b>Total</b>			<b>5470000</b>



on such terms and conditions and in such manner as the Board may think fit, at a price calculated in accordance with regulation 76(1) of chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 which shall be the higher of the following:-

1. The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the six months preceding the relevant date.

OR

2. The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the relevant date.

**The said FCDs shall be converted within a period not exceeding eighteen months from the date of allotment of the FCDs, in one or more tranches, in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 and other relevant guidelines as may be prevailing at the time of conversion in to shares, and that the FCDs so issued or allotted give rise (on allotment or conversion) to not more than 54,70,000 (Fifty Four Lakh Seventy thousand Only) nos. of Equity shares of Rs.10/- each fully paid-up.**

RESOLVED FURTHER THAT the relevant date, in terms of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, for determination of minimum price for the issuance of the shares / Warrants / Fully Convertible Debentures on a preferential allotment basis is 30 days prior from the date of General Meeting i.e. 20<sup>th</sup> August, 2011.

RESOLVED FURTHER THAT the Fully Convertible Unsecured Debentures allotted on preferential basis shall be subject to the relevant provisions contained in the Memorandum and Articles of Association of the Company and shall, on their conversion, rank pari passu in all respects including dividend with the existing fully paid up equity shares of Rs.10/- each of the Company.

RESOLVED FURTHER THAT the aforesaid Fully Convertible Unsecured Debentures to be allotted on preferential basis shall be subject to lock-in requirements as per the provision of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the company to take all actions and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for issue or allotment of the aforesaid FCDs / equity shares on preferential basis and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in relation to the proposed issue, offer and allotment of any of the said FCDs / shares, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors or any other Director(s) of the Company to give effect to this resolution.

**09. To be moved as a Special Resolution.**

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

“RESOLVED THAT pursuant to the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment(s) thereto or any statutory modification(s) or re-enactment thereof for the time being in force), Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009 (“SEBI Regulations”) as in force, the regulations / guidelines, if any, issued by the Government of India, the Reserve Bank of India and any other applicable laws rules and regulations (including any amendment(s) thereof for the time being in force) and the relevant provisions of the Memorandum and



Articles of Association of the Company and Listing Agreement entered into by the Company with the stock exchange where shares of the Company are listed, and subject to such approvals, consents, permissions and sanctions as may be required from the Government of India, the Reserve Bank of India, Securities and Exchange Board of India, Stock Exchange and any other relevant statutory, governmental authorities or departments, institutions or bodies ("Concerned Authorities") in this regard and further subject to such terms and conditions or modifications thereto as may be prescribed or imposed by any of the concerned Authorities while granting such approvals, sanctions and permissions as may be necessary ("Approvals") and any such conditions and /or modifications as may be prescribed, stipulated or imposed by any such Approvals and /or which may be agreed to or considered necessary by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall include any Committee constituted by the Board or any person(s) authorized by the Board to exercise the powers conferred on the Board by this Resolution), the consent, permission and approval of the members of the Company be and is hereby accorded to the Board to create, issue, offer and allot, on a preferential allotment basis, **16,00,000 (Sixteen Lakhs)** only warrants of Rs.14/- each convertible into equity shares of the Company to the following both Promoters and Non Promoters,

S.No.	Name of the proposed Allottee	Promoter / Non Promoter	No. of Warrants
01	VGK Prasad	Promoter	311000
02	V Indira Devi	Promoter	300000
03	V Vasantha Lakshmi	Promoter	128000
04	K Vasumathi Devi	Promoter	170000
05	IKF Financial Services (P) Limited	Promoter	225000
06	Prasad Jagadish Athota	Promoter	219000
07	Chunduru Durga Rani	Promoter	247000
<b>Total</b>			<b>1600000</b>

on such terms and conditions and in such manner as the Board may think fit, each warrant entitling the Warrant holder to apply for and be allotted one equity share of Rs.10/- (Rupees Ten Only) each fully paid-up, at a price calculated in accordance with regulation 76(1) of chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 which shall be the higher of the following:-

01. The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the six months preceding the relevant date.
- OR
02. The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchanges during the two weeks preceding the relevant date.

The said Warrants shall be converted within a period not exceeding eighteen months from the date of allotment of the Warrants, in one or more tranches, in accordance with the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 and other relevant guidelines as may be prevailing at the time of conversion into shares, and that the warrants so issued or allotted give rise (on allotment or conversion/ exercise of right) to not more than 16,00,000 (Sixteen Lakhs Only) nos. of Equity shares of Rs.10/- each fully paid-up.

RESOLVED FURTHER THAT the relevant date, in terms of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, for determination of minimum price for the issuance of the Warrants on a preferential allotment basis and conversion thereof into equity shares of Rs.10/- each is 30 days prior from the date of General Meeting i.e. 20<sup>th</sup> August, 2011 and accordingly, the Warrants so issued shall, on exercise of rights attached thereto, shall be converted into equal number of equity shares of Rs.10/- each at a price including premium as may be determined.

RESOLVED FURTHER THAT the equity shares allotted on conversion of warrants in terms of this resolution shall be subject to the relevant provisions contained in the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects including dividend with the existing fully paid up equity shares of Rs.10/- each of the Company.

RESOLVED FURTHER THAT the aforesaid Warrants allotted in terms of this resultant equity shares arising on exercise of right attached to such Warrants shall be subject to lock-in requirements as per the provision of Chapter VII of the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009.



RESOLVED FURTHER THAT the warrants shall be issued by the Company on the following terms and conditions:

- i. An amount equivalent to 25% of the exercise price of the Equity Shares arising out of the Warrants shall be payable at the time of making the application for Warrants, adjusted against the price of the Equity Shares payable by the Warrant Holder at the time of exercising the option.
- ii. In the event the Warrants Holder does not exercise the option of conversion within 18 months from the date of allotment of Warrants, the Warrants shall lapse and 25% as indicated in point (i) shall be forfeited by the Company.
- iii. The issue of the Warrants as well as the Equity Shares, arising from the exercise of the option under the Warrants in the manner aforesaid shall be governed by the respective provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and also the guidelines/regulations issued by SEBI or any other Authority as the case may be, or any modifications thereof.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized on behalf of the company to take all actions and to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient for issue or allotment of the aforesaid Warrants and the resultant equity shares to the holders of the Warrants upon exercise of right to subscribe the shares and listing thereof with the stock exchange(s) as appropriate to resolve and settle all questions and difficulties that may arise in relation to the proposed issue, offer and allotment of any of the said Warrants, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**10. To be moved as an ordinary Resolution.**

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

“RESOLVED THAT pursuant to the provisions of Section 293(1) (d) and other applicable provisions, if any, of the Companies Act, 1956, subject to the regulations, if any, of the Reserve Bank of India, consent of the Company be and is hereby accorded to the Board of Directors, to borrow from time to time such sum or sums of money from the Company's Bankers and/or from any one or more persons, Companies, Corporate Bodies or Financial Institutions, whether by way of cash credit, advance or loans or by issue of debentures or otherwise and whether unsecured or secured by mortgage, charge, hypothecation, lien, or pledge of all or any assets or properties of the Company, whether movable or immovable, whether existing or future, notwithstanding that the moneys borrowed together with the money already borrowed by the company, apart from the temporary loans obtained from Company's Bankers in the ordinary course of business, may exceed the aggregate of Paid Up Capital and Free Reserves of the Company, that is to say reserves not set apart for any specific purpose, provided that the total amount to be borrowed by the Board of Directors shall not at any time exceed Rs.300 Crores (Rupees Three hundred Crores Only).”

**11. To be moved as an ordinary Resolution.**

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

“RESOLVED THAT the consent of the Company be and is hereby accorded under Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, subject to the regulations, if any, of the Reserve Bank of India, to the Board of Directors of the Company to mortgage/charge/hypothecate/pledge, from time to time on such terms and conditions as it may deem fit, the assets and properties of the Company, whether movable or immovable and both present and future, in favour of Banks, Financial Institutions and others under Loan Agreements and/or Hypothecation Deeds to be executed by the Company in their favour towards loans already availed or to be availed from them subject, however, that the aggregate value of such loan outstanding at any one time shall not exceed a sum of Rs.300 Crores (Rupees Three hundred Crores Only).”

By order of the Board

Place: Vijayawada  
Date : 20.08.2011.

(V.G.K. PRASAD)  
Managing Director



### ANNEXURE TO NOTICE

Explanatory Statement Under Section 173(2) of the Companies Act, 1956.

#### **Item No. 6:**

Shri. K.Satyanarayana Prasad was appointed by the Board of Directors as an Additional Director of the Company at its meeting held on 31-03-2011. Pursuant to Section 260 of the Companies Act, 1956, Shri. K.Satyanarayana Prasad will hold office as Additional Directors upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing alongwith a deposit of Rs.500/- from members proposing the candidature of Mr.K.Satyanarayana Prasad for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Shri. K.Satyanarayana Prasad, is a B.E. (Civil) MIGS, is having 27 years of enormous experience in the field of Civil Engineering.

Your Directors recommend the resolution for your approval.

Shri. K.Satyanarayana Prasad is deemed to be concerned or interested in the resolution as it pertain to his appointment. None of the other Directors of the Company is, in any way, concerned or interested in the said resolution.

#### **Item No. 7:**

Shri. P.S.V.Prasada Rao was appointed by the Board of Directors as an Additional Director of the Company at its meeting held on 31-03-2011. Pursuant to Section 260 of the Companies Act, 1956, Shri. P.S.V.Prasada Rao will hold office as Additional Directors upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing alongwith a deposit of Rs.500/- from members proposing the candidature of Mr.P.S.V.Prasada Rao for the office of Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Shri. P.S.V.Prasada Rao, Managing Director of M/s.DFL Finance Limited, is having 30 years of enormous experience in the fields of Vehicle Finance and Management.

Your Directors recommend the resolution for your approval.

Shri. P.S.V.Prasada Rao is deemed to be concerned or interested in the resolution as it pertain to his appointment. None of the other Directors of the Company is, in any way, concerned or interested in the said resolution.

#### **Item Nos. 8 & 9:**

Issuance of 54,70,000 nos. of Fully Convertible Unsecured Debentures (FCDs) with a Coupon Rate of 12% and 16,00,000 nos. of Warrants of the Company to the Promoters and Non Promoters on preferential basis:

The Company requires funds in near future for meeting Working Capital requirements for expansion of operations of the Company and such other corporate purposes, as may be required from time to time. To make provision for the funds so required, it is considered appropriate under the current circumstances to issue Fully Convertible Unsecured Debentures (FCDs) and Share warrants (Warrants) convertible into Equity Shares on preferential basis in accordance with the provisions of Chapter VII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI Regulations").

On the request of the Company some Promoters and Non Promoters, have agreed to subscribe 54,70,000 (Fifty Four Lakh Seventy Thousand only) nos. of Fully Convertible Unsecured Debentures (FCDs) and 16,00,000 (Sixteen Lakhs only) Warrants convertible in to Equity Shares of Rs.10/- each fully paid-up, on preferential basis as detailed in the Resolution.





The Relevant date, i.e. 30 days prior from the date of General Meeting of the members, of the Proposed General Meeting is 20th, August, 2011

The details of the issue and other particulars as required under the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, in relation to the above resolution proposed are given as under:

**i. Object of the Issue:**

The funds raised through the proposed issue of Fully Convertible Unsecured Debentures / Warrants / Shares shall be used for meeting the Working Capital requirements for expansion of the Company's operations, and for such other corporate purpose, as may be required from time to time.

**ii. Intention of Promoters / Directors / Key Management Persons and Non Promoters to subscribe to the offer:**

The Promoters and Non Promoters as detailed in the resolution have agreed to subscribe to the offer of FCDs and Warrants. None of the other Promoters / Directors / Key Management Persons and Non Promoters except as mentioned in the resolution shall subscribe to the offer.

**iii. Shareholding pattern before and after the offer:**

The shareholding pattern of the Company, before and after the preferential allotment of Fully Convertible Unsecured Debentures (FCDs) and Warrants, on their conversion, shall be as under:

Category	Pre Issue Shareholding Pattern		Post Issue Shareholding Pattern (i.e. post conversion of FCDs and Warrants in to Equity Shares)	
	No. of Shares	Shareholding (%)	No. of Shares	Shareholding (%)
A. Promoters, Promoters Group, Directors and Director's Relatives Shareholding	5559935	45.46%	9674935	50.13%
B. Public Shareholding:				
-Banks	0	0.00%	0	0.00%
-Mutual Funds	0	0.00%	0	0.00%
-Financial Institutions	0	0.00%	0	0.00%
-Foreign Institutional Investors	0	0.00%	0	0.00%
-Private Corporate Bodies	363338	2.97%	820338	4.25%
-Foreign Company/Non Resident Indians	2911265	23.80%	2911265	15.08%
-Shares in Transit/Clearing Member	0	0.00%	0	0.00%
-Resident Individuals / Others	3395462	27.76%	5893462	30.54%
<b>Total</b>	<b>12230000</b>	<b>100.00%</b>	<b>19300000</b>	<b>100.00%</b>

**iv. Proposed time within which the allotment shall be completed**

As required under the SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009, the allotment of Preferential Issue shall be completed within 15 days of the date of passing of the above resolution. Provided that where the allotment is pending on account of pendency of any approval from any Regulatory Authority or Central Government, the allotment would be completed within 15 days from the date of such approval.



**v. Identity of the proposed allottees and the percentage of post preferential issue capital that may be held by them:**

	Particulars	Pre Issue holding		Proposed Allotment		Post Issue Holding	
		Shares	%	FCDs	Warrants	Total	%
	<b>Promoters:</b>						
01	VGK Prasad	1276186	10.43%	65000	311000	1652186	8.56%
02	V Indira Devi	841649	6.88%	275000	300000	1416649	7.34%
03	V Vasantha Lakshmi	779800	6.38%	425000	128000	1332800	6.91%
04	K Vasumathi Devi	692600	5.66%	650000	170000	1512600	7.84%
05	IKF Financial Services (P) Ltd	0	0.00%	550000	225000	775000	4.02%
06	Prasad Jagadish Athota	0	0.59%	125000	219000	415800	2.15%
07	Chunduru Durga Rani	146300	1.20%	425000	247000	818300	4.24%
	<b>Indian Public:</b>						
08	DFL Finance Limited	0	0.00%	357000	0	357000	1.85%
09	Dr Sai Sudhakar	0	0.00%	71000	0	71000	0.37%
10	Vamshi Mohan Athota	312000	2.55%	714000	0	1026000	5.32%
11	Aluri Srinivasa Rao	0	0.00%	39000	0	39000	0.20%
12	Aluri Bujji Babu	0	0.00%	39000	0	39000	0.20%
13	Vankineni Raghu Kumar	0	0.00%	178500	0	178500	0.92%
14	Kodali Lakshmana Rao	0	0.00%	220500	0	220500	1.14%
15	Ravipati Sita Ravamma	0	0.00%	180500	0	180500	0.94%
16	K Chakradhara Rao	0	0.00%	50000	0	50000	0.26%
17	Bathina Sivaji	0	0.00%	42500	0	42500	0.22%
18	Mulakalapalli Rama Rao	0	0.00%	64000	0	64000	0.33%
19	Paleti Purnachandra Rao	0	0.00%	64000	0	64000	0.33%
20	Mannem Venkateswara Rao	0	0.00%	64000	0	64000	0.33%
21	Kunapaneni Satyanarayana	0	0.00%	25000	0	25000	0.13%
22	Vaddineni Gopala Krishna	0	0.00%	57000	0	57000	0.30%
23	Paladugu Parameswara Rao	0	0.00%	17500	0	17500	0.09%
24	Mannem Harish	0	0.00%	28500	0	28500	0.15%
25	Vaddineni Srinivasa Rao	0	0.00%	42500	0	42500	0.22%
26	Alapati Dasaradha Ramu	0	0.00%	71000	0	71000	0.37%
27	Challagundla Narasimha Rao	0	0.00%	17500	0	17500	0.09%
28	Kolanati Nagamani	0	0.00%	28500	0	28500	0.15%
29	Valiveti Lakshmi Narayana	0	0.00%	50000	0	50000	0.26%
30	Nelluri Satyanarayana	0	0.00%	57000	0	57000	0.30%
31	Karem Bhadraiah	0	0.00%	42500	0	42500	0.22%
32	Anantaramaiah Kunapaneni	0	0.00%	21000	0	21000	0.11%
33	Vaddineni Satyanarayana	0	0.00%	57000	0	57000	0.30%
34	Javvaji Krishna Prasad	0	0.00%	50000	0	50000	0.26%
35	Myneni Satyanarayana	0	0.00%	64000	0	64000	0.33%
36	Bathina Anjana Devi	0	0.00%	35500	0	35500	0.18%
37	M Raghavendra Rao	0	0.00%	71000	0	71000	0.37%
38	Narra Vigneswara Rao	0	0.00%	35500	0	35500	0.18%
39	Eastern Power & Systems (P) Ltd.	0	0.00%	100000	0	100000	0.52%

**vi. Lock-In:**

The Fully Convertible Unsecured Debentures (FCDs) and Warrants, convertible in to Equity Shares, to be allotted on preferential basis shall be subject to lock-in as per the applicable SEBI (ICDR) Regulations 2009 in this behalf for the time being in force.

**vii. Change in the control or composition of the Board:**

There will neither be any change in the composition of the Board nor any change in the control of the Company on account of the proposed preferential allotment. However, there will be corresponding changes in the shareholding pattern as well as voting rights consequent to preferential allotment and conversion of FCDs and Warrants in to Equity Shares.

**viii Compliance with SEBI takeover guidelines**

The Company, on conversion of proposed FCDs and Warrants in to Equity Shares at the option of the proposed allottees / Board of Directors, as the case may be, within 18 months from the date of their allotment, will be complying with SEBI guidelines on open offer to public, if the promoters' acquisition in a particular year exceeds the creeping acquisition limits prescribed under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

**ix Price at which allotment is proposed**

The issue price of Fully Convertible Unsecured Debentures (FCDs) and Warrants convertible in to Equity Shares on preferential basis shall be at a price of Rs.14.00 including premium of Rs.4.00 per share which is higher than the price arrived at as per SEBI guidelines for the time being in force.

Statutory Auditor's certificate in accordance with Clause 73 (2) of SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009 for Preferential Issue, certifying that the issue of the FCDs and Warrants is being made in accordance with the SEBI Requirements, will be available for inspection at the Registered Office of the Company during the business hours of all working days up to 20<sup>th</sup> August, 2011, i.e. up to the date of General Meeting.

**x. Other terms of Issue of Shares**

The Equity Shares issued as above shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall, on their conversion, rank pari passu in all respects with the existing Fully Paid Up Equity Shares of the Company.

The consent of the shareholders is being sought pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956, if any, and in terms of the provisions of the Listing Agreements executed by the Company with the Stock Exchange(s) in India where the Company's shares are listed.

Your Directors recommend the resolution for your approval.

None of the Directors of the Company, other than those subscribing to FCDs and Warrants, are in any way, concerned or interested in the said resolution.

**Item No.10:**

Under Section 293(1)(d) of the Companies Act, 1956, the Board of Directors shall not except with the consent of the Company in General Meeting, borrow money apart from temporary loans obtain from the Company's Bankers in the ordinary course of business, in excess of the aggregate Paid Up Capital and Free Reserves of the Company. According to Explanation 1 to the Section, every resolution passed in the General Meeting of the Company in relation to the exercise of the above powers shall specify the total amount of money upto which may be borrowed by the Board of Directors over and above the Paid Up Capital and Free Reserve. Hence, Resolution as set out in the item No.10 is recommended for your approval.

**Item No.11:**

The Borrowings of the company are in general required to be secured by suitable mortgage of charge on all or any of the movable or immovable properties of the company in such from, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lender(s).

The mortgage and/or charge by the Company of its movable and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company in favour of the lender(s), with a power to take over the management of the business and concern of the Company in certain events of default by the Company, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956, requiring the approval of the members under that Section. Hence, Resolution as set out in Item No.11 is proposed for your approval.



### NOTES

1. A member, entitled to attend and vote at this Annual General Meeting may appoint a Proxy to attend and vote on a poll on his behalf. A Proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than forty eight hours before the commencement of this Annual General Meeting.
2. Members/Proxies should bring the attendance slips filled in for attending the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 15th September, 2011 to 17th September, 2011, both days inclusive.
4. Dividend, if declared, will be paid, in respect of shares held in physical form, to those members who are entitled to the same and whose names appear on the Register of Members of the Company after giving effect to all valid share transfers lodged with the Registrar and Share Transfer Agents, viz., Bigshare Services (P) Limited at the end of the business hours on 14th September 2011 and in respect of shares held in electronic form to those "Deemed Members" whose names appear in the statement of beneficial ownership furnished by the NSDL and CDSL as on 14th September 2011.
5. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the management to reply.
7. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, Dividends for the financial year ended 31st March, 2004 and thereafter, which remains unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Members who have not encased their Dividend Warrants so far for the financial year ended 31st March, 2004 or any subsequent financial year(s) are requested to their claims large Company. Members are advised that in terms of the provisions of the Section 205C of the Companies Act, 1956, once unclaimed dividend transferred to IEPF, no claim shall lie in respect thereof.

#### 8. **Appointment/Reappointment of Directors**

As per Clause 49 of the listing agreement with Stock Exchanges, the brief resume, functional expertise of the Directors proposed for appointment/re-appointment are furnished below along with details of Companies in which they are Directors and the Board Committee of which they are Members.

##### **i) Dr. Sinha S Chunduri**

Dr.Sinha S. Chunduri, a Specialist in Diagnostic Gastro Entrology, is engaged in medical profession for last 27 years in U.S.A., is an NRI Director of the Company. Besides medical profession, he is associated with several Medical Institutions as consultant and Director in U.S.A.

##### **ii) Dr. Prasad J. Athota**

Dr.Prasad J. Attota, a General Surgeon, is engaged in medical profession for the past 30 years in U.S.A. He is the NRI Director of the Company. He has promoted several Institutions in U.S.A. and associated with the NRI business Community there.

##### **iii)Shri.K.Satyanarayana Prasad**

Shri. K.Satyanarayana Prasad, is a B.E. (Civil) MIGS, is having 27 years of enormous experience in the field of Civil Engineering. He worked in Roads & Buildings (R&B) Department of Andhra Pradesh for 27 years. Presently, he has been acting as Construction Consultant. He does not hold any membership of a Committee of the Board in any company. He does not hold any shares in the company.

##### **iv) Shri.P.S.V.Prasada Rao**

Shri P.S.V.Prasada Rao is a veteran in Finance business in Andhra Pradesh with three decades of rich experience in the fields of Vehicle Finance, particularly in Hire Purchase and Leasing of Automobiles, and Management. He served as President of Krishna District Auto Financiers Association for two consecutive terms. He is the Managing Director in M/s.DFL Finance Limited. He does not hold any membership of a committee of the Board in any company. He does not hold any shares in the company.

By order of the Board

(V.G.K. PRASAD)  
Managing Director

Place: Vijayawada  
Date : 20.08.2011.



## DIRECTORS REPORT

Your directors have pleasure in presenting the 20th Annual Report along with audited accounts of the Company for the year ended 31st March, 2011. The summarized financial results of the Company, are given hereunder:

### Financial Results:

(Rs.in Lakhs)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Income from Operations	1601.93	948.77
Total Expenditure	286.84	151.01
Interest	645.57	264.56
Profit Before Dep. & Taxes	669.51	533.20
Depreciation	82.65	101.92
Provision for NPA	6.56	1.78
Provision for Standard Assets	25.70	0.00
Provision for Current Tax	245.33	174.57
Provision for Deferred Tax	(20.82)	(27.84)
Profit After Tax	330.09	282.77
Surplus brought forward	144.49	87.03
General Reserve	16.50	14.14
Reserve Fund	66.02	56.55
Dividend (proposed)	122.30	110.57
Dividend Tax	20.31	18.79
Prior Year Income Tax	33.24	25.26
Surplus Carried to Balance Sheet	216.20	144.49

### Dividend:

Your Directors are pleased to recommend a Dividend of 10% (Rs.1.00 per Equity Share) for the Financial Year ended March 31, 2011. The Dividend together with Dividend Tax of Rs.20.31 Lakhs, absorbs a sum of Rs.142.61 Lakhs (Rupees One Crore Forty Two Lakhs Sixty One Thousand Only).

### Corporate Governance:

A report on corporate governance, giving the status of implementation of mandatory and non-mandatory norms as per clause 49 of the listing agreement together with a certificate from the statutory auditors, is attached and forms a part of the Directors' Report.

### Management's Discussion and Analysis:

#### Economic Environment:

Though major economies world over seem to be emerging from recession slowly but steadily, the uncertainties in global economic scenario are yet to settle fully. The pace of recovery is far from satisfactory and may take more time to be back on rail.

In spite of the uncertainties in the Global front, India's GDP growth in the year 2010-11 has been estimated to be 8.60%. The overall business sentiment was positive despite increasing interest rates on account of high food and fuel prices.

### Automotive Sector:

Among the other sectors, in spite of high fuel prices, the automobile sector has recorded significant growth during 2010-2011. Heavy and Medium Commercial vehicles sales have grown by 32% and Light Commercial Vehicles by 23%. Cars & Multi Utility Vehicles have recorded a growth of 29%.

### Future Outlook:

In all probability, the economy may register a growth of less than 8% during 2011-12 in view of high inflation in spite of RBI's best efforts to contain the same. After two successive years of robust growth, the automobile sector may register a lesser growth rate on account of higher fuel prices and raising interest rates. Current year is going to be a challenging year for retail vehicle finance business as maintaining the cost of funds at reasonable levels is the key challenge. Your Company continues to focus on Retail segment in spite of intense competition. Your Company will continue to focus on providing superior service to customers, strive to lower its cost of funds, maintain good asset quality and enhanced operating efficiencies to continue this growth and sustain profitability.

### Risk Management & Credit Monitoring:

Your Company is proactive in assessing the risk associated with its various loan products and has evolved a variety of Risk management and monitoring tools while dealing with a wide spectrum of retail customers. The Risk Management Policy of the Company encompasses various risk tools such as Credit, Operational, Market, Liquidity and Interest Rate Risk and has put in place appropriate mechanism to effectively mitigate the risk factors.

### Review of Operations:

Your Company's performance for the year ended March 31, 2011 continues to be encouraging and has registered a growth of 68.84% in its Gross Receipts to Rs.16.02 Crs as against Rs.9.49 Crs and the Net Profit increased from Rs.2.83 Crs to Rs.3.30 Crs registering a growth of 16.74% for the corresponding previous year.

During the year, the disbursements have grown by 166% from Rs.33 Crs to Rs.87 Crs and the Loan Book has grown by 124% from Rs.45 Crs to Rs.101 Crs.

### Deposits:

Your Company has not mobilized any Public Deposits during the year under review and there are no outstanding deposits at the end of the year.

### Bank Limits:

Your company continues to enjoy Cash Credit Limits with the Federal Bank Limited (Rs.6.00 Crs), Axis Bank Limited (Rs.5.00 Crs), Andhra Bank (15.00 Crs).



## 20<sup>th</sup> Annual Report

During the year, your Company has mobilized Rs.50 Crs Cash Credit Limits from IDBI Bank Limited (Rs.10 Crs), Central Bank of India (Rs.25 Crs) and Indian Overseas Bank (Rs.15 Crs).

Your Company is continuously exploring all options to access low cost funds, by leveraging its strengths, to further expand the operations.

### **Business Associations/Tie-Ups:**

Your Company has been continuing its association with HDFC Bank Limited and Bajaj Finance Limited (Channel Business Arrangement) and with Sundaram Finance Limited (Securitization exposure limit).

### **Capital Adequacy:**

The Capital to Risk Assets Ratio of your company is 26% as on 31.03.2011, well above the minimum of 12% prescribed by the Reserve Bank of India.

### **Credit Rating:**

During the year under review, Credit Analysis and Research Limited (CARE) has assigned "BBB+" rating to your Company for its Secured Non Convertible Debentures of Rs.6 Crs and Bank Loan of Rs.100 Crs, signifying the adequate degree of safety regarding timely payment of interest and principle.

### **Directors:**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Dr. Sinha S Chunduri and Dr. Prasad J Athota retire by rotation and being eligible offer themselves for reappointment. During the year under review, the Board of Directors have appointed Mr. P.S.V.Prasada Rao and Shri. K Satyanarayana Prasad as Additional Directors of the Company at their meeting held on 31.03.2011. Your Directors are pleased to place on record their appreciation for the services rendered by them during their tenure as Directors and wish to recommend their reappointment.

### **Particulars of Employees:**

During the year under review, none of the employees of your Company were in receipt of remuneration in excess of the limits prescribed for disclosure as per Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employee) Rules, 1975 as amended from time to time.

### **Information on Conservation of Energy, Technology absorption and Foreign Exchange earnings/outgoings as per Section 217 (1) (e) of the Companies act, 1956:**

Your Company has no activities relating to the conservation of energy and technology absorption. Your Company didn't have any foreign exchange earnings during the year under review.

### **Directors' Responsibility Statement:**

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

- In the preparation of the accounts for the year ended 31st March, 2011, the applicable accounting standards have been followed.
- The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- The Directors have prepared the accounts for the financial year ended 31st March 2011 on a "going concern" basis.

### **Auditors:**

M/s. Hanumaiah & Co, Chartered Accountants, retire at the ensuing annual general meeting and are eligible for reappointment.

### **Acknowledgement:**

Your directors great fully acknowledge the support and co-operation extended by all the Shareholders, Debenture holders, Customers, Vehicle Dealers and Business associates HDFC Bank Limited, Bajaj Finance Limited and Sundaram Finance Limited for their continued support to your Company. Your directors wish to place on record their gratitude for the continued support provided by Company's bankers Central Bank of India, Andhra Bank, Indian Overseas Bank, IDBI Bank Limited, The Federal Bank Limited and Axis Bank Limited. Your Directors look forward to their continued support in the days to come.

Your Directors also place on record their appreciation for the dedication and commitment displayed by the employees at all levels for posting a satisfactory performance.

By order of the Board

(V.G.K. PRASAD)  
Managing Director

Place: Vijayawada  
Date : 20.08.2011



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**REPORT ON CORPORATE GOVERNANCE**

(as required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

This section on Corporate Governance forms part of the Report of the Directors to the Members.

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

Our Corporate Governance policies recognise the accountability of the Board and the importance of its decisions to all our constituents, including Customers, Investors and the Regulatory Authorities. The strong foundation of the Company is supported by the pillars of Customer faith, Debenture holders Confidence, Bankers Trust, Investor Steadfastness and Employee Loyalty. The Company has been growing over the past twenty years on the principles of dedicated customer service, fair business practices, efficient and trusted financial policies. It continues to maintain high standards of integrity through excellence in service to all its stakeholders.

The Board is fully aware of its fiduciary responsibilities and recognises its responsibilities to shareholders and other stakeholders to uphold the highest standards in economic, social and ethical matters by ensuring that the company conducts its activities in accordance with corporate governance best practices.

**2. BOARD OF DIRECTORS:**

Directors possess the highest personal and professional ethics, integrity and values, and are committed to representing the long-term interests of the stakeholders. The basic responsibility of the Board is to provide effective governance over the company's affairs exercising its reasonable business judgement on behalf of the Company.

The Board has been constituted in a manner, which will result in an appropriate mix of executive/non-executive and independent Directors to ensure proper governance and management. The Board comprises nine members who have experience in diverse fields like Finance, Accounts and Management. Non-Executive Directors bring independent judgement in the Board's deliberations and decisions. The Executive Directors are Sri V G K Prasad - Managing Director, Smt. V Indira Devi - Whole Time Director and Smt.K.Vasumathi Devi - Executive Director.

Sri S.Veerabhadra Rao, Sri N.Haranath, Sri. P S V Prasada Rao and Sri. K Satyanarayana Prasad are the Independent Directors. The composition of the Board is in conformity with the listing requirements and in accordance with the best practice in Corporate Governance.

**3. BOARD MEETINGS:**

The Board of Directors meets at regular intervals with a formal schedule of matters specifically reserved for its attention to ensure that it exercises full control over significant strategic, financial, operational and compliance matters. The Board is regularly briefed and updated on the key activities of the business and is provided with briefings on other matters concerning the company on a need basis. The Board of Directors generally meets every quarter to review the business performance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas.

During the year under review, Eleven meetings of the Board of Directors were held on the following dates.

30.04.2010	31.07.2010	21.08.2010	30.08.2010	30.09.2010
30.10.2010	17.01.2011	31.01.2011	14.03.2011	22.03.2011
31.03.2011				



## 20<sup>th</sup> Annual Report

The details of attendance at Board Meetings and details of other Directorships, Committee Chairmanships / Memberships held by the Directors during the period from 1st April, 2010 to 31st March, 2011 are as follows:

Name of the Director	Category of Board Directorship	No. of Board Meetings attended	% of total Meetings attended	Attendance at the last A G M	No. of Other Directorships	No. of Committee Memberships
V G K Prasad	Managing Director	11	100%	Present	2	1
V Indira Devi	Whole Time Director	10	91%	Present	—	1
N Haranath	Director	11	100%	Present	—	2
Prasad J Athota (Alternate Director Ch V Rama Rao)	Director	11	100%	Present	—	2
Sinha S Chunduri (Alternate Director N V S N Prasad)	Director	9	81%	Present	—	—
S Veerabhadra Rao	Director	9	81%	Present	1	1
Smt. Vasumathi Devi	Executive Director	11	100%	Present	—	—

#### 4. Audit Committee:

The Audit Committee provides direction to the Audit & Risk Management function and monitors the quality of internal controls and systems. The responsibilities of the Audit Committee include the overseeing of financial reporting process to ensure fairness, sufficiency and credibility of financial statements, review of the quarterly and annual financial statements before submission to the Board, review of adequacy of internal control systems and the internal audit functions.

The Audit Committee comprises three Non Executive Directors with all of them being Independent Directors. The Committee comprises of Sri S.Veerabhadra Rao as Chairman of the Committee and Sri N Haranath as Member.

The Executive Directors, Statutory Auditors, Internal Auditors and other Functional Heads are invited to the Committee Meetings. During the year the committee met 5 times on 30.04.2010, 31.07.2010, 30.08.2010, 30.10.2010 and 31.01.2011. The details of members and their attendance at the committee meetings are given below:

Name of the Director	No. of Audit Committee Meetings attended	% of total Meetings attended
S.Veerabhadra Rao	5	100%
N Haranath	5	100%

#### 5. Remuneration of Directors:

The Managing Director, Whole Time Director and Executive Director of the company have been appointed on contractual terms, based on the approval of the shareholders. The remuneration package comprises of salary, allowances and perquisites.

The details of remuneration paid to Whole Time Directors during the year 2010-2011 are given below:

Name of the Director	Remuneration	Allowances	Incentives
V G K Prasad	Rs.6,00,000.00	Nil	Nil
V Indira Devi	Rs.3,00,000.00	Nil	Nil
K Vasumathi Devi	Rs.6,00,000.00	Nil	Nil

The remuneration is within the limits prescribed under Schedule XIII to the Companies Act, 1956.



**6. Share Transfer and Investor Grievance Committee :**

The Share Transfer and Investor Grievance Committee comprises of Sri N.Haranath as Chairman and Sri Ch.V.Rama Rao as Member.

The Share Transfer and Investor Grievance Committee was formed in accordance with the provisions of Clause 49 of the Listing Agreement to monitor transfers and transmission of shares and to address the Investor Grievances. During the year 2010-2011 the committee met five times on 30.04.2010, 31.07.2010, 30.09.2010, 30.10.2010, 31.01.2011 and 31.03.2011 and all the members were present at the committee meeting.

All the complaints received during the year under review, were resolved and there were no grievances remaining unresolved as on 31st March, 2011.

**7. General Body Meetings:**

Time and location of last three Annual General Meetings

General Body Meeting	Day	Date	Time	Location
19th Annual General Meeting	Thursday	30.09.2010	4.30 PM	Registered Office of the Company Vijayawada - 520 010.
18th Annual General Meeting	Wednesday	30.09.2009	4.30 PM	Registered Office of the Company Vijayawada - 520 010.
17th Annual General Meeting	Tuesday	30.09.2008	4.30 PM	Registered Office of the Company Vijayawada - 520 010.

**8. Disclosures:**

There are no materially significant transactions with related parties i.e. Subsidiaries, Promoters, Directors or the management and their relatives conflicting with the Company's interest.

Details of non compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital markets during the last three years - NIL

**9. Means of Communication:**

Quarterly un-audited results of the Company were published in accordance with the Stock Exchange Listing Agreement in "Business Standard" (English) and "Andhra Jyothi" (Telugu). Annual audited results of the Company were published in "Business Standard" (English) and "Andhra Jyothi" (Telugu).

Management's Discussion and Analysis forms are part of the Annual Report.

**10. General Information to Shareholder:**

General Body Meeting	Day	Date	Time	Location
20th Annual General Meeting	Monday	19.09.2011	4.30 PM	Registered Office , # 40-1-144, Corporate Centre, M.G.Road Vijayawada - 520 002.

**Financial Calendar**

Financial Year - 1st April 2011 to 31st March 2012

Posting of Annual Report along with notice of AGM on or before 25.08.2011.

Book Closure dates 15.09.2011 to 17.09.2011.

Last date for receipt of proxy forms 17th September, 2011 (Before 4.30 AM).

Date of payment of dividend last week of October, 2011.

Un-audited Results for the quarter ending 30.06.2011 - last week of July, 2011.

Un-audited Results for the quarter ending 30.09.2011 - last week of October, 2011.

Un-audited Results for the quarter ending 31.12.2011 - last week of January, 2012.

Un-audited Results for the quarter ending 31.03.2012 - last week of April, 2012.

The Company's shares are listed on Bombay Stock Exchange Limited, (BSE) Mumbai.



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The Company has paid the listing fee to Bombay Stock Exchange Limited, Mumbai for the financial year 2010-2011.

BSE Stock Code : 530719

ISIN : INE859C01017

### 11. Market Price Data:

Month	High	Low	Month	High	Low
April, 2010	13.95	10.12	October, 2010	16.95	13.75
May, 2010	13.49	11.50	November, 2010	16.60	13.05
June, 2010	13.40	11.74	December, 2010	14.48	13.01
July, 2010	16.70	10.88	January, 2011	14.58	12.25
August, 2010	18.00	13.50	February, 2011	13.69	11.70
September, 2010	17.20	13.25	March, 2011	13.50	11.76

Share transfer requests were processed and share certificates dispatched within 30 days from the date of lodgement, in case of physical transfers, in accordance with the stock exchange listing agreement.

The company's shares are being compulsorily traded in dematerialized form with effect from 1st April, 2003.

M/s. Bigshare Services Private Limited, who have been appointed as the Registrar and Share Transfer Agents of the company for both physical and electronic segments have attended to the share transfer formalities regularly. The Registrar and Share Transfer Agents can be contacted by the investors at the following address:

M/s. Bigshare services Private Limited, G-10, Left wing, Amrutha ville, Opp. Yashoda Hospital, Rajbhavan Road, Somajiguda, Hyderabad-500 082, Ph No.040-23374967, Fax: 040-2337 0295 Email: bsshyd@bigshareonline.com  
Contact Persons: Manager.

Dematerialization of Shares & Liquidity

Total Shares held in electronic mode as on 31.03.2011 - 59.37%

### 12. Distribution of Shareholding as on 31st March, 2011:

Shareholdings		Shareholders		Share Amount	
Rs.	Rs.	No.	% of total	Rs.	% of total
Upto	5,000	1308	63.84%	28,63,000	2.34%
5,001	10,000	328	16.01%	29,03,490	2.38%
10,001	20,000	180	8.78%	28,60,360	2.34%
20,001	30,000	75	3.66%	19,71,900	1.61%
30,001	40,000	46	2.24%	16,74,680	1.37%
40,001	50,000	28	1.37%	13,49,180	1.10%
50,001	1,00,000	4	0.20%	34,46,630	2.82%
1,00,001	& above	80	3.90%	10,52,30,760	86.04%
Total		2049	100.00%	12,23,00,000	100.00%

### 14. Shareholding Pattern as on 31.03.2011:

Category	No. of Shares	% of Shareholdings
Indian Promoters	23,15,335	18.93%
Foreign Promoters (NRI's)	32,44,600	26.53%
Banks/Financial Institutions	0	0%
Indian Private Corporate bodies	3,63,338	2.97%
Indian Public	33,95,462	27.77%
Non Resident Indians	29,11,265	23.80%
Total	1,22,30,000	100.00%

Address for correspondence and any assistance/clarification

#### Compliance Officer:

IKF Finance Limited, D.No.: 40-1-144, Corporate Centre, M.G.Road, Vijayawada - 520 010.

Phone No.: (0866) 2474 644, 2474 633, Fax No.: (0866) 2485 755, E-mail : ikf.investor@gmail.com



<b>AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE</b>
--

To the Members of **IKF Finance Limited**

We have examined the compliance of conditions of corporate governance by M/s. IKF Finance Limited, Vijayawada for the year ended on 31st March, 2011 as stipulated in clause 49 of the listing agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholder/Investor grievance committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **Hanumaiah & Co.,**  
Chartered Accountants

(K.Hanumaiah)  
Partner.  
M.No.201719

Place : Vijayawada  
Date : 20.08.2011.



### AUDITORS' REPORT

To the Members of **IKF FINANCE LIMITED**

We have audited the attached Balance Sheet of M/s.IKF Finance Limited as at 31st March, 2011 and the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to in paragraph 3 above:

- (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 accounts 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 and the Profit & Loss Account dealt with by this report are in agreement with the books of accounts.
- (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred in Section 211(3C) of the Companies Act, 1956.
- (e) On the basis of the written representations from the Directors, taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director under Section 274(1)(g) of the Companies Act, 1956.
- (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
  - ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
  - iii) in the case of the Cash Flow Statement of the Cash Flows of the Company for the year ended on that date.

for **Hanumaiah & Co.,**  
Chartered Accountants

(K.Hanumaiah)  
Partner.  
M.No.201719

Place : Vijayawada  
Date : 30.06.2011.



**ANNEXURE TO AUDITORS' REPORT**

The Annexure referred to in Auditors' Report to the **M/s. IKF FINANCE LIMITED** for the year ended 31st March, 2011.

We report that:

- 1.1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- 1.2. The Company has a phased programme of physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and nature of fixed assets. In accordance with the programme, the fixed assets have been physically verified by the management during the year. No material discrepancies were noticed during the year on such verification.
- 1.3. The Company has disposed off a vehicle from fixed assets of its own use and the assets on lease which are actually part of its business activity, as such the assets disposed off during the year were not substantial and therefore do not affect the going concern status of the Company.
- 2.1. In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- 2.2. In our opinion and according to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- 3.0. 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 purchases of fixed assets and sale of goods and services. During the course of our audit, no major weakness has been noticed in the above controls and therefore the reporting of the same does not arise.
- 4.0. In respect of transactions entered in the register maintained in pursuance of section 301 of the Companies Act 1956:
  - (a) To the best of our knowledge and belief and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section; and
  - (b) According to the information and explanations given to us, where each of such transactions in respect of any party, the transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 5.0. The Company has not accepted public deposits in accordance with the provisions of Section 58A, 58AA or any other relevant provisions of the Act, 1956.
- 6.0. The Company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
- 7.0. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
- 8.0. a) According to the records of the Company, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax and Service Tax as applicable were regularly deposited during the year with the appropriate authorities etc. and there exists no dues which is outstanding for a period exceeding six months as at the last day of the financial year.  
b) According to the information and explanations given to us and the books and records examined by us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of dispute.



- 9.0. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
10. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks or debenture holders.
11. According to the information and explanations given to us and based on our examinations of records, the Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
12. The Company is not a chit fund/nidhi/mutual benefit fund or society.
13. Based on our examination of records and the information and explanations given to us, the Company does not deal/trade in shares, securities, and other investments.
14. In our opinion and according to the information and explanations given to us, the Company has given guarantees, in respect of loans sanctioned to the various finance creditors under the Asset Portfolio Management and Securitisation of assets activity undertaken by the Company as detailed below. The terms and conditions thereof are not prejudicial to the interest of the Company.

Sl.No.	Name of the Activity	Outstanding Amount (Rs. in Crores)
01.	Asset Portfolio Management	70.99
02.	Securitisation	0.39

15. To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not availed any term loans during the year.
16. According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall examination of the balance sheet of the Company, funds raised on short term basis, prima facie, have not been used during the year for long term investment.
17. According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act
18. According to the information and explanations given to us, the Company has created securities by way of floating charge in respect of secured debentures issued.
19. The Company has not made any public issue of shares during the year.
20. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.
21. In our opinion and according to the information and explanations given to us, the nature of the Company's business/activities during the year have been such that clause (ii) of paragraph 4 of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

for **Hanumaiah & Co.,**  
Chartered Accountants

(K.Hanumaiah)  
Partner.  
M.No.201719

Place : Vijayawada  
Date : 30.06.2011.

# IKF FINANCE LIMITED



## BALANCE SHEET AS AT 31.03.2011

(Figures in Rupees)

Particulars	Schedule Nos.	As at 31.03.2011	As at 31.03.2010
<b>A. SOURCES OF FUNDS</b>			
<b>1. Shareholders' Funds</b>			
(a) Capital	1	12,23,00,000.00	12,23,00,000.00
(b) Reserves & Surplus	2	10,28,23,656.14	8,73,99,507.52
(c) Deferred Tax Liability		96,15,315.91	1,16,97,772.00
<b>2. Loan Funds</b>			
(a) Secured Loans	3	73,79,72,346.98	15,87,76,155.23
(b) Unsecured Loans	4	5,68,47,616.61	5,77,52,797.55
<b>3. Fully Convertible Debentures</b>			
		7,81,98,110.00	7,80,00,000.00
Total		110,77,57,045.64	51,59,26,232.29
<b>B. Application of Funds</b>			
<b>1. Fixed Assets</b>			
(a) Gross Block	5	7,16,55,303.00	9,52,21,986.00
(b) Less : Depreciation		3,70,64,031.29	4,63,76,395.00
Net Block		3,45,91,271.71	4,88,45,591.00
<b>2. Deposits &amp; Investments</b>			
<b>3. Current Assets, Loans &amp; Advances</b>			
(a) Cash and Bank Balances		4,99,26,806.45	1,72,79,559.89
(b) Investment in Bank Deposits		4,14,56,731.57	3,05,71,297.91
(c) Stock on Hire		97,68,30,076.29	39,59,27,536.50
(d) Loans and Advances	7	1,63,97,370.23	2,35,55,253.28
(e) Other Current Assets	8	1,66,22,892.30	2,68,77,955.30
Current Assets, Loans & Advances	(A)	110,12,33,876.84	49,42,11,602.88
<b>4. Current Liabilities &amp; Provisions</b>			
(a) Current Liabilities	9	63,27,853.42	1,79,52,549.65
(b) Provision for Non-performing Assets		18,97,353.00	12,41,221.00
(c) Provision for Standard Assets		25,70,000.00	0.00
(d) Provision for Taxation		1,49,87,428.53	62,66,101.98
(e) Dividend		1,22,30,000.00	1,10,57,325.00
(f) Dividend Tax & Surcharge		39,09,838.96	29,17,634.95
Current Liabilities & Provisions	(B)	4,19,22,473.91	3,94,34,832.59
Net Current Assets	(A-B)	105,93,11,402.93	45,47,76,770.29
Total		110,77,57,045.64	51,59,26,232.29
Notes to the Accounts	16		

as per our report of even date attached  
for **Hanumaiah & Co.,**  
Chartered Accountants

for and on behalf of the Board

(K.HANUMAIAH)  
Partner.

(N.HARANATH)  
Director

(V.G.K. PRASAD)  
Managing Director

Place: Vijayawada  
Date : 30.06.2011.



## 20<sup>th</sup> Annual Report

### PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

(Figures in Rupees)

Particulars	Schedule Nos.	For the Year 2010-2011	For the Year 2009-2010
<b>A. INCOME</b>			
(a) Income from Operations	10	15,21,60,017.27	8,79,96,663.15
(b) Other Income	11	80,32,484.02	68,81,078.91
Total (A)		16,01,92,501.29	9,48,77,742.06
<b>B. EXPENDITURE</b>			
(a) Establishment Expenses	12	96,08,831.00	56,69,618.50
(b) Administrative Expenses	13	1,90,75,116.71	94,31,169.08
(c) Finance Expenses	14	6,45,57,181.91	2,64,56,401.80
Total (B)		9,32,41,129.62	4,15,57,189.38
C. Profit Before Depreciation & Tax	(A - B)	6,69,51,371.67	5,33,20,552.68
D. Less: Depreciation		82,65,062.29	1,01,92,185.00
E. Profit Before Tax		5,86,86,309.38	4,31,28,367.68
F. Provision for NPA	15	6,56,132.00	1,78,383.00
Provision for Standard Assets		25,70,000.00	0.00
Provision for Current Tax		2,45,33,294.83	1,74,57,325.16
Provision for Deferred Tax		(20,82,456.09)	(27,84,164.83)
G. Profit After Tax		3,30,09,338.64	2,82,76,824.35
Add : Opening Balance of P & L A/c.		1,44,48,632.43	87,02,693.27
Less: Prior Year Adjustment (Income Tax)		33,23,990.02	25,25,714.59
		4,41,33,981.05	3,44,53,803.03
Less: Transfer to General Reserve		16,51,314.78	14,13,841.22
Transfer to Reserve Fund		66,02,260.13	56,55,364.87
Proposed Dividend		1,22,30,000.00	1,10,57,325.00
Tax on Dividend		20,31,200.00	18,78,639.52
		2,25,14,774.91	2,00,05,170.61
Balance carry forward to Balance Sheet		2,16,19,206.14	1,44,48,632.43

as per our report of even date attached

for **Hanumaiah & Co.,**  
Chartered Accountants

for and on behalf of the Board

(K.HANUMAIAH)  
Partner.

(N.HARANATH)  
Director

(V.G.K. PRASAD)  
Managing Director

Place: Vijayawada  
Date : 30.06.2011.





## SCHEDULES TO BALANCE SHEET

Particulars	31.03.2011 Rs.	31.03.2010 Rs.
<b>SHARE CAPITAL</b>		
<b>SCHEDULE - 1</b>		
Authorised 1,30,00,000 Equity Shares of Rs.10/- each	<b>13,00,00,000.00</b>	<b>13,00,00,000.00</b>
Issued Subscribed and Called Up & Paid-up Capital 1,22,30,000 Equity Shares of Rs.10/- each	<b>12,23,00,000.00</b>	<b>12,23,00,000.00</b>
Total	<b>12,23,00,000.00</b>	<b>12,23,00,000.00</b>
<b>RESERVES &amp; SURPLUS</b>		
<b>SCHEDULE - 2</b>		
Share Premium Account	77,92,500.00	77,92,500.00
General Reserve	88,41,000.00	71,89,685.22
Reserve Fund	4,61,31,000.00	3,95,28,739.87
Debenture (FCDs) Premium	1,84,39,950.00	1,84,39,950.00
Profit & Loss A/c.	2,16,19,206.14	1,44,48,632.43
Total	<b>10,28,23,656.14</b>	<b>8,73,99,507.52</b>
<b>SECURED LOANS</b>		
<b>SCHEDULE - 3</b>		
The Federal Bank Limited - Cash Credit	4,98,10,396.60	3,99,99,861.60
AXIS Bank Limited - Cash Credit	4,95,63,339.38	2,99,39,184.56
Andhra Bank - Cash Credit	14,98,75,988.00	66,79,934.00
Central Bank of India - Cash Credit	17,73,71,750.00	0.00
IDBI Bank Limited - Cash Credit	9,97,50,076.00	0.00
Indian Overseas Bank - Cash Credit	2,97,42,539.00	0.00
ING Vysya Bank Limited - Secured Overdraft (Secured by Hypothecation of Stock on Hire, Assets on lease and resultant receivable)	0.00	2,02,33,046.68
Non Convertible Debentures (Secured by a Floating Charges on the unencumbered Stock on Hire, Assets on lease and resultant receivable)	<b>6,04,01,247.00</b>	<b>5,54,66,483.00</b>
Sundaram Finance Limited (Securitisation)	12,14,57,011.00	0.00
HDFC Bank Limited (Micro Finance) Term Loan	0.00	62,50,000.00
HDFC Bank Limited (Car Loan)	0.00	2,07,645.39
Total	<b>73,79,72,346.98</b>	<b>15,87,76,155.23</b>
<b>UNSECURED LOANS</b>		
<b>SCHEDULE - 4</b>		
Security Deposits	4,10,97,616.61	4,28,77,797.55
Chit Liabilities	1,57,50,000.00	1,48,75,000.00
Total	<b>5,68,47,616.61</b>	<b>5,77,52,797.55</b>



**SCHEDULE-5**

**FIXED ASSETS**

(All Amounts in Rupees)

Assets	Rate of Dep.	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		Opening as on 01-04-2010	Additions during the year	Deductions during the year	Total up to 31-03-2011	Dep. as at 01-04-2010	Deductions for the years	Dep. for the year	Balance upto 31-03-2011	Balance as on 31-03-2011	Balance as on 31-03-2010
Assets on Lease	16.21%	6,80,94,622	0	2,53,11,609	4,27,83,013	3,77,10,866	1,63,23,667	62,76,480	2,76,63,679	1,51,19,334	3,03,83,756
Other Assets	9.50%	2,71,27,364	29,98,685	12,53,759	2,88,72,290	86,65,529	12,53,759	19,88,582	94,00,352	1,94,71,938	1,84,61,835
<b>Total</b>		9,52,21,986	29,98,685	2,65,65,368	7,16,55,303	4,63,76,395	1,75,77,426	82,65,062	3,70,64,031	3,45,91,272	4,88,45,591
<b>Previous Year</b>		10,53,11,135	3,76,115	1,04,65,264	9,52,21,986	3,98,06,034	36,21,824	1,01,92,185	4,63,76,395	4,88,45,591	6,55,05,101



Particulars	31.03.2011 Rs.	31.03.2010 Rs.
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## DEPOSITS & INVESTMENTS

## SCHEDULE - 6

Rent Deposit	1,12,79,664.00	56,04,664.00
Investment in Chits	24,00,000.00	15,25,000.00
Electricity Deposit	1,26,078.00	1,26,078.00
Telephone Deposit	46,629.00	46,129.00
National Savings Certificates	2,000.00	2,000.00
Investment in Equity Shares	0.00	50,00,000.00
	-----	-----
Total	1,38,54,371.00	1,23,03,871.00
	-----	-----

## LOANS & ADVANCES

## SCHEDULE - 7

Lease Rentals Receivables	1,41,550.00	2,26,340.00
Working Capital Loans & Advances	1,12,55,820.23	2,33,28,913.28
Inter Corporate Deposits	50,00,000.00	0.00
	-----	-----
Total	1,63,97,370.23	2,35,55,253.28
	-----	-----

## OTHER CURRENT ASSETS

## SCHEDULE - 8

Other Debtors Considered Good		
- Below 6 months	57,73,319.00	1,41,55,825.00
- Above 6 months	0.00	0.00
Staff Advances	36,48,630.30	55,65,180.30
Unmatured Chit Loss	72,00,943.00	71,56,950.00
	-----	-----
Total	1,66,22,892.30	2,68,77,955.30
	-----	-----

## CURRENT LIABILITIES

## SCHEDULE - 9

T D S Payable	30,16,700.00	5,81,956.00
Sundry Creditors	33,11,153.42	78,33,470.90
Advance (Stock on hire) Securitisation Income	0.00	95,37,122.75
	-----	-----
Total	63,27,853.42	1,79,52,549.65
	-----	-----



## SCHEDULES TO PROFIT & LOSS ACCOUNT

Particulars	31.03.2011 Rs.	31.03.2010 Rs.
<b>INCOME FROM OPERATIONS</b>		
<b>SCHEDULE - 10</b>		
Hire Purchase / Hypothecation Income (including income from securitisation)	12,09,64,641.87	5,12,77,221.65
Lease Rentals	36,38,744.00	47,56,001.00
Asset Portfolio Management Income	2,64,48,975.85	2,95,64,232.50
Interest Income	11,07,655.55	23,99,208.00
Total	15,21,60,017.27	8,79,96,663.15
<b>OTHER INCOME</b>		
<b>SCHEDULE - 11</b>		
Interest on Bank Deposits	26,81,661.31	22,12,478.55
Miscellaneous Income	3,52,123.71	13,19,114.36
Dividend on Chits	29,56,812.00	17,85,886.00
Securitisation - Collection Income	14,11,887.00	9,63,600.00
Rental Income	6,30,000.00	6,00,000.00
Total	80,32,484.02	68,81,078.91
<b>ESTABLISHMENT EXPENSES</b>		
<b>SCHEDULE - 12</b>		
Staff Salaries	76,30,273.00	46,12,524.50
Gratuity	76,500.00	63,750.00
Directors Remuneration	15,00,000.00	6,60,000.00
Staff Welfare	3,45,058.00	2,58,863.00
PF Contribution	57,000.00	74,481.00
Total	96,08,831.00	56,69,618.50



Particulars	31.03.2011 Rs.	31.03.2010 Rs.
<b>ADMINISTRATIVE EXPENSES</b>		<b>SCHEDULE - 13</b>
Travelling - Directors	6,25,391.00	4,33,030.00
Travelling - Others	8,08,107.46	4,85,874.40
Printing & Stationery	5,24,602.00	4,41,459.00
Telephone Charges	8,38,768.00	6,46,139.00
Vehicle Maintenance	5,60,093.00	3,07,117.00
Office Maintenance	8,09,155.00	6,74,515.15
Electricity Charges	5,25,894.00	4,61,401.00
Rent	19,04,074.00	17,03,181.00
Brokerage on H.P. & Lease	10,59,352.00	3,41,985.00
Bank Charges	27,67,455.00	7,40,786.63
Photostat	1,76,778.00	1,37,009.50
Taxes & Licence Expenses	56,71,314.00	5,01,994.00
Statutory Audit Fee	1,00,000.00	40,000.00
Postage & Courier Charges	5,31,699.00	3,30,351.40
Advertisement	1,81,425.00	3,30,649.00
Bad Debts W/O	16,05,956.00	14,76,390.00
Computer Maintenance	1,19,605.00	1,84,700.00
Other Expenses	2,65,448.25	1,94,587.00
	-----	-----
Total	1,90,75,116.71	94,31,169.08
	-----	-----
<b>FINANCIAL EXPENSES</b>		<b>SCHEDULE - 14</b>
Interest on Bank Credit Limits	3,45,31,996.30	1,43,74,010.80
Interest on Others	20,34,327.61	24,46,270.00
Interest on Non-Convertible Secured Debentures	55,57,815.00	62,48,519.00
Chit Loss	53,56,007.00	22,22,733.00
Securitisation Charges (Lease Rentals)	1,70,77,036.00	1,84,847.00
Interest on Convertible Debentures	0.00	9,80,022.00
	-----	-----
Total	6,45,57,181.91	2,64,56,401.80
	-----	-----
<b>PROVISIONS AND WRITE-OFFS</b>		<b>SCHEDULE - 15</b>
Provision against Non performing Assets	17,17,567.50	9,16,578.00
	-----	-----
	17,17,567.50	9,16,578.00
Less : Reversal of Provision against Non performing Assets	10,61,435.50	7,38,195.00
	-----	-----
	6,56,132.00	1,78,383.00
	-----	-----



### 1.0 SIGNIFICANT ACCOUNTING POLICIES

1.1 The Financial Statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the relevant provisions of the Companies Act, 1956 and the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI), as applicable. The Company follows the directions prescribed by the Reserve Bank of India for Non-Banking Financial Companies.

#### 1.2 Income Recognition:

- Lease Income is recognised on the basis of equated monthly/quarterly installments on accrual system as per lease agreement.
- Hire Charges arising out of agreements for hire purchase are apportioned over the period of the agreement on Weighted Average basis.
- Liquidated damages on Lease rentals and additional finance charges on hire charges have been accounted on cash basis.
- Profit on Securitisation of stock on hire is amortized for the current and future years on weighted average method based on the outstanding amount from month to month.
- Asset Portfolio Income (net of related expenditure) and Other Incomes has been recognised on accrual basis

#### 1.3 Fixed Assets:

The Company capitalised Fixed Assets at cost inclusive of all incidental expenses incurred in acquisition of such assets.

#### 1.4 Depreciation:

Depreciation on all assets has been provided in accordance with the rates prescribed in Schedule XIV to the Companies Act, 1956 on Straight Line method.

#### 1.5 Taxation:

Current tax is provided on the taxable income for the year. Deferred tax liabilities on the timing differences have been fully provided.

### 2.0 BALANCE SHEET:

#### 2.1 Secured Loans:

- a) Loan from Banks/Financial Institutions under "Secured Loans" include:

(Rs.in Lakhs)

Particulars	Nature	31.03.2011	31.03.2010
Federal Bank Ltd.	Cash Credit	498.10	399.99
AXIS Bank	Cash Credit	495.63	299.39
Andhra Bank	Cash Credit	1498.76	66.80
Central Bank of India	Cash Credit	1773.72	0.00
IDBI Bank Limited	Cash Credit	997.50	0.00
Indian Overseas Bank	Cash Credit	297.43	0.00
ING Vysya Bank	SOD	0.00	202.33
Sundaram Finance	Securitisation	1214.57	0.00
HDFC Bank Limited	Term Loan	0.00	62.50
HDFC Bank Limited	Car Loan	0.00	2.07

All Cash Credit limits and Secured Over Draft and Term Loans with the Banks are secured by Hire Purchase, Hypothecation and Lease Agreements financed with the financial assistance of the respective Banks.

Further, office premises of the Company was mortgaged with AXIS Bank Limited.

Securitisation limits with Sundaram Finance are secured by HP Hypothecation Agreements.

In addition these have been secured by the mortgage of personal properties of Directors and their associates and the personal guarantee of Directors.



- b) Non-Convertible Debentures are fully secured by a floating charge on the unencumbered stock on hire, assets on lease and receivable thereof. The Company has appointed M/s. IDBI Trusteeship Services Ltd (Formerly M/s.The Western India Trustee and Executor Co. Limited) Mumbai as the trustee for the debentureholders.

## 2.2 Unsecured Loans:

The amount of Rs.410.98 lakhs held under the head "Security Deposits" comprises the Security Deposit received from various borrowers viz creditors under Asset Management tie-up with the Banks and other institutions, lessees etc.

## 2.3 Current Assets:

The information regarding operating leased assets owned by the Company, as required by the Accounting Standard on Leases issued by the ICAI are furnished as below:

- a) The details of each class of assets, gross value, accumulated depreciation are as follows:

(Rs.in Lakhs)

Sl. No.	Description of the Asset	Gross Value of Asset 31.03.2011	Accumulated Depreciation as on 01.04.2010	Depreciation for the year 2010-2011	Book Value of the asset as on 31.03.2011
01.	Vehicles	427.83	213.87	62.76	151.19
	Total	427.83	213.87	62.76	151.19

The Impairment losses recognised or reversed with regard to the leased assets in the Profit & Loss Account for the year are Nil.

- b) The future minimum lease payments under operating leases in the aggregate and for each of the following periods are mentioned below:

(Rs.in Lakhs)

Sl. No.	Description of the Asset	Future Lease Rental Receivables		
		Within One Year	Between one to Five Year	More then Five Year
01.	Vehicles	23.58	0.00	0.00
	Total	23.58	0.00	0.00

- c) The contingent rents recognised for the period are Nil.
- d) The lessor mainly undertakes the lease finance to Trucks, Three Wheelers & Tractors etc. with the Transporters, Contractors engaged in their line of activity.
- e) All the initial direct costs incurred in connection with the asset till the stage of it being put to use be capitalised to the cost of the Asset.

2.3.2 Other debtors include an amount of Rs.16.66 lakhs receivable in connection with the Asset Portfolio activities.

2.4 The components of Deferred Tax liability as on 31.03.2011 are as follows:

(Rs.in Lakhs)

Particulars	31.03.2011 (Rs.)	31.03.2010 (Rs.)
Depreciation	96.15	116.97

**3.0 Profit and Loss Account:**

3.1 Remuneration paid to Managing Directors and Directors are as follows:

	Managing Director	Whole Time Director	Executive Director
Salary & Allowances	6,00,000	3,00,000	6,00,000

**4.0 General:****4.1 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.

**4.2 Securitisation of Standard Assets :**

(i) As required by the guidelines issued by the Reserve Bank of India, we furnish the details for the securitisation transactions during the year.

(Rs. in Lakhs)

S.No.	Particulars	Nature of Accounts	
		2009-2010	2010-2011
01.	Total No of Accounts	554	- Nil -
02.	Book Value of Assets	905.92	- Nil -
03.	Sale Consideration	999.56	- Nil -
04.	Gain	93.64	- Nil -

(ii) The Company undertakes the responsibility for collection of recovery from the assets and remittance of the same to the beneficiaries on post securitisation.

**4.3 Related Party Disclosures:**

Related party disclosures, as required by Accounting Standard - AS 18 - 'Related Party Disclosures' issued by ICAI are given below:

**a) Key Management Personnel:**

Sri V.G.K.Prasad, Managing Director  
Smt V.Indira Devi, Whole Time Director  
Smt K. Vasumathi Devi, Executive Director  
Relatives of key Management Personnel - V Raghu Ram, S/o VGK Prasad and D Vasantha Lakshmi, D/o.VGK Prasad

b) Nature and Volume transactions of the Company with the above related parties during the year are as follows:  
( R s . i n

Nature of Transactions	Key Management Personnel	Relatives of Key Management	Total	31.03.2010
<b>Expenses:</b>				
Remuneration	15.00	6.00	21.00	6.60
Rent	30.00	1.80	31.80	25.80
Rent Deposit	50.00	0.00	50.00	0.00

4.4 The Company does not owe any amount to small scale industries.

4.5 The Company has extended its corporate guarantee to (1) HDFC Bank Limited and (2) Bajaj Auto Finance Limited, in connection with the limits sanction under Asset Portfolio Management (Joint Lending Arrangement) and Securitisation. Net outstanding contingent liability under this tie-ups after deducting the security Deposit accepted from the beneficiaries is at Rs.1009 lakhs.

for and on behalf of the Board

Place: Vijayawada  
Date : 30.06.2011.

(V.G.K. PRASAD)  
Managing Director



**Schedule to the Balance Sheet of a Non-Banking Financial Company**  
(as required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directors, 1998)

(Rs.in Lakhs)

Particulars	Amount Outstanding	Amount Overdue
<b>Liabilities Side</b>		
(1) Loans and advances availed by the NBFCs inclusive of Interest accrued there but not paid:		
(a) Debentures: Secured	Rs.604.01	- Nil -
Unsecured (other than falling within the meaning of public deposits)		
(b) Deferred Credits	- Nil -	- Nil -
(c) Terms Loans	- Nil -	- Nil -
(d) Inter-corporate loans and borrowing	- Nil -	- Nil -
(e) Commercial Paper	- Nil -	- Nil -
(f) Public Deposits	- Nil -	- Nil -
(g) Other Loans (Specify Nature)		
Working Capital Limits from Banks	Rs.5561.14	- Nil -
Securitisation Limits With SFL	Rs.1214.57	- Nil -
(2) Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid):	Amount outstanding	
(a) In the form of Unsecured Debentures		- Nil -
(b) In the form of party secured debentures i.e. debentures where there is a shortfall in the value of security		- Nil -
(c) Other public deposits		- Nil -
<b>Assets Side :</b>		
Amount outstanding		
(3) Break-up of Loans and Advances including bills receivables (other than included in (4) below):		
(a) Secured		- Nil -
(b) Unsecured		Rs.162.56
(4) Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities:		
(a) Lease assets including lease rentals under sundry debtors:		
(1) Financial Lease		- Nil -
(2) Operating Lease		Rs.151.19



<p>(b) Stock on hire including hire charges under sundry debtors:</p> <p style="padding-left: 20px;">(1) Assets on hire (Net of Unmatured Finance Charges)</p> <p style="padding-left: 20px;">(2) Repossessed Assets</p> <p>(c) Hypothecation loans counting towards EL/HP Activities:</p> <p style="padding-left: 20px;">(1) Loans where assets have been repossessed</p> <p style="padding-left: 20px;">(2) Loans other than (a) above</p>	<p>Amount outstanding</p> <p style="padding-left: 20px;">Rs.9,768.30</p> <p style="padding-left: 20px;">- Nil -</p> <p style="padding-left: 20px;">- Nil -</p> <p style="padding-left: 20px;">- Nil -</p>																																
<p>(5) Break-up of Investments:</p> <p>Current Investments:</p> <p>(1) Quoted:</p> <p style="padding-left: 20px;">(a) Shares (i) Equity</p> <p style="padding-left: 40px;">(ii) Preference</p> <p style="padding-left: 20px;">(b) Debentures and Bonds</p> <p style="padding-left: 20px;">(c) Units of Mutual Funds</p> <p style="padding-left: 20px;">(d) Government Securities</p> <p style="padding-left: 20px;">(e) Others</p> <p>(2) Unquoted:</p> <p style="padding-left: 20px;">(a) Shares (i) Equity</p> <p style="padding-left: 40px;">(ii) Preference</p> <p style="padding-left: 20px;">(b) Debentures and Bonds</p> <p style="padding-left: 20px;">(c) Units of Mutual Funds</p> <p style="padding-left: 20px;">(d) Government Securities</p> <p style="padding-left: 20px;">(e) Others</p>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"><b>Cost</b></th> <th style="width: 50%;"><b>Market Value</b></th> </tr> </thead> <tbody> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> </tbody> </table>	<b>Cost</b>	<b>Market Value</b>	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -
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<p>Long Term Investment:</p> <p>(a) Quoted:</p> <p style="padding-left: 20px;">(1) Shares (i) Equity</p> <p style="padding-left: 40px;">(ii) Preference</p> <p style="padding-left: 20px;">(2) Debentures and Bonds</p> <p style="padding-left: 20px;">(3) Units of Mutual Funds</p> <p style="padding-left: 20px;">(4) Government Securities</p> <p style="padding-left: 20px;">(5) Others</p> <p>(b) Unquoted:</p> <p style="padding-left: 20px;">(1) Shares (i) Equity</p> <p style="padding-left: 40px;">(ii) Preference</p> <p style="padding-left: 20px;">(2) Debentures and Bonds</p> <p style="padding-left: 20px;">(3) Units of Mutual Funds</p> <p style="padding-left: 20px;">(4) Government Securities</p> <p style="padding-left: 20px;">(5) Others</p>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;"><b>Cost</b></th> <th style="width: 50%;"><b>Market Value</b></th> </tr> </thead> <tbody> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> <tr><td style="text-align: center;">- Nil -</td><td style="text-align: center;">- Nil -</td></tr> </tbody> </table>	<b>Cost</b>	<b>Market Value</b>	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -	- Nil -
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(6)	Borrower group-wise classification of all leased assets, Stock-on-hire and loans and advances:			
	<b>Category</b>	<b>Amount Net of Provisions</b>		
		<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	(a) Related Parties			
	(1) Subsidiaries	- Nil -	- Nil -	- Nil -
(2) Companies in the same group	- Nil -	- Nil -	- Nil -	
(3) (a) Other related parties	- Nil -	- Nil -	- Nil -	
(b) Other than related parties	Rs.9919.49	Rs.162.56	Rs.10082.05	
<b>Total</b>	<b>Rs.9919.49</b>	<b>Rs.162.56</b>	<b>Rs.10082.05</b>	
(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):			
	<b>Category</b>	<b>Market Value/ Break-up or fair value or NAV</b>	<b>Book Value (Net of Provisions)</b>	
	(a) Related Parties			
	(1) Subsidiaries	- Nil -	- Nil -	
	(2) Companies in the same group	- Nil -	- Nil -	
	(3) (i) Other related parties	- Nil -	- Nil -	
	(ii) Other than related parties	- Nil -	- Nil -	
<b>Total</b>	<b>- Nil -</b>	<b>- Nil -</b>		
(8)	Other information			
	<b>Particulars</b>	<b>Amount</b>		
	(a) Gross Non-performing Assets			
	(1) Related parties	- Nil -		
	(2) Other than related parties	50.07		
	(b) Net Non-Performing Assets			
	(1) Related parties	- Nil -		
(2) Other than related parties	31.10			
(c) Assets acquired in satisfaction of debt	- Nil -			



## 20<sup>th</sup> Annual Report

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

i. Registration Details State Code    
Registration No.      Balance Sheet Date

ii. Capital raised during the year (Amount Rs.in Thousands)  
Public Issue      Rights Issue

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

Total Liabilities        Total Assets

#### SOURCE OF FUNDS

#### APPLICATION OF FUNDS

Paid-up Capital       Reserves & Surplus       Net Fixed Assets      Deposits & Investments       
Secured Loans       Unsecured Loans       Net Current Assets        Misc. Expenditure

iv. Performance of Company (Amount Rs.in Thousand)

Turnover       Total Expenditure       Profit Before Tax      Profit After Tax

Please tick Appropriate box (+) for Profit, (-) for Loss

Earning Per Share in Rs.     Dividend Rate    
(Weighted Average) (Proposed %)

v. Generic Names of Three Principal Products/Services of the Company (as per Monetary terms)

#### Item Code No.

Lease Finance      
Hire Purchase      
Bill Discounting

as per our report of even date attached  
for **Hanumaiah & Co.**,  
Chartered Accountants

for and on behalf of the Board

(K.HANUMAIAH)  
Partner.

(N.HARANATH)  
Director

(V.G.K.PRASAD)  
Managing Director

Place: Vijayawada  
Date : 30.06.2011.

**AUDITORS' CERTIFICATE ON CASH FLOW STATEMENT**

I have examined the attached Cash Flow Statement of **M/s.IKF Finance Limited** for the period ended 31.03.2011. The Statement has been prepared by the Company in accordance with the requirements of Listing Agreement Clause 32 read with the annexure attached thereto with Bombay Stock Exchange Limited and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 30.06.2011 to the members of the Company.

For Hanumaiah & Co.,  
Chartered Accountants

(K.HANUMAIAH)  
Partner  
M.No.201719

Place : Vijayawada,  
Date : 30.06.2011.

**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2011****A) CASH FLOW FROM OPERATING ACTIVITIES:**

		<b>Rs.</b>
Net profit/loss before Tax and Extraordinary items	5,86,86,309	
<b>Add:</b> Financial Expenses	6,45,57,182	
	-----	12,32,43,491
<b>Adjustment for:</b>		
Depreciation		82,65,062
Foreign Exchange		Nil
Profit on Sale of Investments		Nil
Interest/Dividend		Nil
Provisions		Nil
Reversal of Provision against NPAs		Nil
TDS Receivable		(45,45,866)
		-----
Operating Profit Before Working Capital Changes		12,69,62,687
<b>Adjustments for:</b>		
(Increase) Decrease in Loans & Advances	71,57,883	
(Increase) Decrease in Other Current Assets	1,02,55,063	
(Increase) Decrease in Stock on Hire		
(Net of Unmatured Finance Charges)	(58,09,02,540)	
Increase (Decrease) in Current Liabilities	(1,16,24,696)	
	-----	(57,51,14,290)
Cash Generated from Operations		(44,81,51,603)
Interest paid	(6,45,57,182)	
Direct Taxes paid	(1,56,29,088)	
	-----	(8,01,86,270)
Cash Flow before Extra-ordinary Items		(52,83,37,873)
Extra-ordinary Items		Nil
		-----
NET CASH FROM OPERATING ACTIVITIES - (A)		(52,83,37,873)
		-----



### B) CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets	(29,98,685)	
Sales of Fixed Assets	89,87,942	
	-----	59,89,257
Purchase of Investments	(65,50,500)	
Sale of Investments	50,00,000	
	-----	(15,50,500)
Interest Received		Nil
Dividend Received		Nil
		-----
NET CASH USED IN INVESTING ACTIVITIES - (B)		44,38,757
		-----

### C) CASH FLOW FROM FINANCING ACTIVITIES:

Proceeds from issue of Share Capital		0
Proceeds from Calls in Arrears		0
Debenture (FCD) Application Money Received		1,98,110
Increase/(Decrease) in Bank Borrowings		45,28,04,417
Increase/(Decrease) in Securitisation Borrowings		12,14,57,011
Increase/(Decrease) in Debentures		49,34,764
Increase/(Decrease) in Security Deposits		(9,05,181)
Increase/(Decrease) in Inter Corporate Deposits		0
Dividends paid		(1,10,57,325)
		-----
NET CASH USED IN FINANCING ACTIVITIES - (C)		56,74,31,796
		-----
Net increase in cash and cash equivalents (A+B+C)		4,35,32,680
Cash and Cash equivalents as at 31.03.2010		4,78,50,858
Cash and Cash equivalents as at 31.03.2011		9,13,83,538



# IKF FINANCE LIMITED

Regd. Office: # 40-1-144, Corporate Centre, M.G.Road, Vijayawada - 520 010.

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the hall.

\* Only members or their proxies are entitled to be present at the meeting.

\* Please note that children will not be allowed inside the meeting hall.

FOLIO NO :	NO.OF SHARES
NAME & ADDRESS	

I hereby record my presence at the **20<sup>th</sup> Annual General Meeting** of the Company at the Registered Office of the Company, Vijayawada - 520 010, on Monday the 19th September, 2011 at 4:30 P.M.

SIGNATURE OF THE SHAREHOLDER/PROXY :

\* Strike Whichever is not applicable

Note: If you are attending the meeting in person or by proxy, your copy of the Balance Sheet may please be brought by you/your proxy for reference at this meeting.



# IKF FINANCE LIMITED

Regd. Office: # 40-1-144, Corporate Centre, M.G.Road, Vijayawada - 520 010.

PROXY

FOLIO NO : NO.OF SHARES :

I/We \_\_\_\_\_ being a Member/Members of **IKF Finance Limited** here by appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and vote for me/us and on my/our behalf at the **20<sup>th</sup> Annual General Meeting** of the Company to be held at 4:30 P.M. on Monday the 19th September, 2011 and any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

Signed by the said \_\_\_\_\_

Re.1/-  
Revenue  
Stamp

**Note:** The proxy form duly signed by the member (s) across Re.1/- revenue stamp should reach the Company's share department at Registered office of the Company atleast 48 hours before the time fixed for the meeting.

**BOOK POST**  
**(Printed Matter)**

If undelivered, please return to :

**IKF FINANCE LIMITED**

Door No.40-1-144,

Corporate Centre,

M.G. Road,

VIJAYAWADA - 520 010.

ANDHRA PRADESH. INDIA.

Phones : (0866) 2474 644, 2474 633

Fax : (0866) 2485 755

Email : [ikffinance@gmail.com](mailto:ikffinance@gmail.com)

Web : [ikffinance.com](http://ikffinance.com)