



P.B. Vijayaraghavan & Co.,

Chartered Accountants

14 Old No. 27, Cathedral Garden Road,
Nungambakkam, Chennai - 600 034.

Te +91-44-2826 3918 / 3490

Fax +91-44-2827 6519

e-mail: admin@pbv.co.in

REVIEW REPORT

We have reviewed the accompanying statement of unaudited financial results of **DFL Infrastructure Finance Limited** for the period ended 31st December 2011 except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been audited by us. This statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2400, *Engagements to Review Financial Statements* issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

- a. *The company's net owned fund is below Rs.25 lakhs, the limit prescribed by Reserve Bank of India under Section 45 – IA of the Reserve Bank of India Act, 1934. This could attract penal provisions under section 45 – MC of the Act.*
- b. *The company has made a capital addition of Rs.67.26 lakhs and capital deletions of Rs.10.79 lakhs for which approval from CDR Cell is yet to be obtained.*
- c. *Debtors and creditors balances are subject to reconciliation and confirmation.*
- d. *Interest on Funded Interest term loan has been accounted at 6% as against 9% prescribed in the CDR package.*

Based on our review conducted and **subject to (a), (b), (c) and (d) above**, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Suresh and Balaji
Chartered Accountants
Firm Regn No. 004998S

Partner
M.No.



For P.B. Vijayaraghavan & Co.
Chartered Accountants
Firm Regn No. 004721S

P.R. Krishnamurthy
Partner
M No. 12622



Place – Chennai

Date – 9 FEB 2012

ANNEXURE 1

NAME OF THE AUDITEE	dfi <i>Finance</i> DFL Infrastructure Finance Ltd
PERIOD UNDER REVIEW	Nine months - 01.04.2011 to 30.09.2011
DESIGNATED OFFICER OF THE COMPANY	S Balachander - Managing Director

(A) FIXED ASSETS

1	Whether all the fixed assets acquired by the Company during the period under review is put to use and they are capitalized under the correct head.	YES
2	Whether the assets disposed off, scrapped etc. during the review period are deleted from the block of fixed assets and relevant entries have been passed for accounting the profit or loss on such disposal.	YES
3	Whether the rates of depreciation charged are as specified in Schedule XIV of the Companies Act, 1956. (EXCEPT ON LEASED ASSETS)	YES
4	Whether there is any change in the method of depreciation as compared to the previous period	NO
5	Has the Company acquired any asset on Lease Finance? If so, distinguish the lease into Economic & Operative	NO
6	Have the fixed assets been revalued during the period under review? If yes, give details along with the basis of revaluation and the official valuer's report (if any)	NO

(B) INVESTMENTS

1	Whether the Investments are properly bifurcated as trade investments and those for other than trade	YES
2	Whether the investment income has been correctly accounted in the books of accounts	YES
3	Distinguish Investments as Business Assets and Investments	YES
4	Are the market values of Investments lower than holding cost of the said investments, individually or in the aggregate? If so, has a provision for the diminution made? If not, why?	YES, No provision has been made since these investments in subsidiary company are held as long-term investments
5	Does the Company physically hold the investments and are the investments in the name of the Company	YES

(C) CURRENT ASSETS**(a) Inventory:**

1	Whether the method of valuation of inventory is in accordance with AS-2 (Valuation of Inventories). Further the method of valuation is disclosed in the accounting policies.	YES
2	Whether there is a change in the method of valuation of inventory as compared to the previous year/period	N.A
3	Whether slow moving or obsolete inventory have been identified and accordingly valued at its net realizable values	YES
4	Whether there is any inventory belonging to the entity lying with third party? If so, collect the details of the same and confirm whether it is accounted properly.	N.A
5	Whether there is any inventory belonging to the third party lying with the Company. If so, confirm that it is not considered for valuation of Company's stock	N.A
6	Whether inventory has been physically verified as on the review date. If not whether the Company follows a perpetual inventory system.	YES
7	Confirm whether necessary adjustments have been made in the accounts for losses on account of damages, excess / shortages of inventory, process losses with contractors and diminution on account of obsolescence of slow-moving and non-moving materials.	YES
8	Whether necessary provisions such as customs duty, freight handling charges, octroi, etc are made for relevant purchase of inventory.	N.A
9	Whether there are any goods in transit and the same has been accounted for in the books of accounts	N.A



(c) **Loans and Advances:**

1	Whether recovery of such loans and advances are as per stipulated agreements	YES
2	Whether interest on loans, if applicable is correctly recorded and received	YES
3	Whether any loans and advances are doubtful of recovery or there are any circumstances which give reason to believe that a debt or loan may become doubtful of recovery.	NO

(d) **Cash and Bank**

1	Whether Cash is physically verified as on the review date and that the balance tallies with the trial balance. Obtain the cash balance certificate from the Company.	YES
2	Whether cash/bank entries are accounted appropriately and without unusual delay.	YES
3	Whether bank reconciliation statements are prepared on the review date and bank balance confirmation certificates are called for from the respective banks	YES
4	Whether stale checks are reversed in the bank book and that they do not appear in the bank reconciliation statements	YES
5	Whether provisions have been made for expenses paid for in a subsequent period but pertaining to the period under review.	YES

(e) **Other receivables:**

1	Whether receivables have been pledged, factored or discounted. If so, give details.	YES
2	Whether receivables are doubtful of recovery and if so, whether adequate provision has been made for the same.	NO

(D) **LOAN FUNDS**

1	Whether the loan funds have been correctly disclosed as secured loans and unsecured loans.	YES
2	Whether the loans identified as secured loans have been adequately secured and that whether the mortgage agreements or hypothecation deeds have been duly entered into by the Company.	YES
3	Whether the interest on the loans have been duly accounted in the books of accounts	YES
4	Whether foreign currency loans (which are not crystallized in rupees) have been recast as per the exchange rate prevailing on the review date.	N.A

(E) **CURRENT LIABILITIES**

1	Whether there are any material unrecorded liabilities. If yes, give details. Specifically mention here if there are any. Assessments completed during the period and if there are any claims made consequent to the assessments or otherwise in respect of taxes and cesses.	NO
2	Whether provisions have been made for all goods received by the company as well as all expenses incurred by the Company.	N.A
3	Whether provisions have been made for warranties and claims made against the company, if not, why?	N.A

(F) **INCOME:**

(a) **Sales:**

1	Whether the Company follows a proper procedure ensuring cut-off of sales transactions and sales returns.	N.A
2	Whether sales is supported by necessary documents such as invoice, delivery Challan, etc.	N.A
3	Whether sales to interested parties is at the normal prevailing market price. If there is a deviation in the sale price, give details of the same.	N.A



4	Whether the selling price is in accordance with the approved price list.	N.A
5	Whether the various discounts given to parties on sales are in accordance with the policy of the Company. Whether they are appropriately disclosed in the books of account.	N.A
6	Whether export sales have been accounted as per the policy of the Company.	N.A

(b) **Other Income:**

1	Whether interest income and dividends have been appropriately accounted.	YES
2	Whether the Company has obtained TDS Certificates if tax has been deducted at source on the interest income.	YES
3	Whether profit on sale of assets and investments have been properly calculated.	YES
4	Whether export incentives are appropriately accounted and received.	N.A
5	Whether gain on account of exchange difference has been correctly calculated and accounted.	N.A
6	Whether there are any extra ordinary items of income during the period. If so, give details and confirm that they are disclosed separately.	NO

(G) **EXPENSES:**

1	Whether provision for all the expenses have been made.	YES
2	Whether all the expenses have been appropriately accounted under the respective account heads.	YES
3	Whether the expenses are duly supported and authorised by the concerned person of the Company.	YES
4	Whether the expenses are related to the business of the Company and that no personal expenses are borne by the Company.	YES
5	Whether there are major variations in individual items of expense compared to that of the previous year/period.	NO
6	Whether loss on sale of assets and investments have been properly accounted.	YES
7	Whether depreciation on assets has been correctly provided as per relevant provisions of the Companies Act, 1956.	YES
8	Whether loss on account of exchange difference has been correctly calculated and accounted.	N.A
9	Whether provision has been made on devaluation of investments (if any).	N.A
10	Whether there are any extraordinary items of expenditure during the period. If so, give details and confirm that they are disclosed separately.	NO
11	Whether there are any expenses pertaining to the previous year. If so give details.	NO
12	Whether provision for bonus to employees, provision for gratuity and provision for other necessary annual charges has been made.	YES

(H) **GENERAL**

1	Whether all financial information is recorded after necessary authorization.	YES
2	Whether there have been any significant changes in the entry from the previous year. If so, give details.	NO
3	Whether there are transactions with related parties. If so, has the Board approved these transactions, the parties have been properly disclosed and whether transactions have been properly accounted.	NO
4	Whether the entity plans to dispose off major assets or business segments. If so, give details.	NO
5	Whether there are any unusual fluctuations or inconsistencies in the financial statements. If so, give details.	NO
6	Whether the Company has complied with all the Mandatory Accounting Standards.	YES
7	Whether there is any change in deviation from any accounting policy followed by the Company in the 1) Previous year, 2) Previous period.	NO
8	Whether there is any change in deviation from any accounting estimate applied by the Company compared to the previous year/period.	NO
9	Whether there are any events occurring after the period under review which will have a significant impact on the future functioning of the Company.	NO

