

JRG Fincorp Limited

Regd Office: XXXVI 203, JJ Complex, Dairy Methanam Road, Edappally, Kochi - 682 024
Ph: 0484-3006000, Fax: 0484-2409922, Email: fincorp@inditrade.com

NOTICE TO THE MEMBERS

Notice is hereby given that the Sixth Annual General Meeting of the Members of JRG Fincorp Limited will be held on Monday the 30th day of September, 2013 at the Registered Office of the Company at XXXVI 203, JJ Complex, Dairy Methanam Road, Edappally, Kochi - 682 024 at 12.00 noon to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013 and the Profit and Loss Account for the year ended on that date together with the Report of the Directors' and the Auditors' thereon.
2. Mr. Harjit Singh Sidhu retires by rotation and has expressed his intention not to seek re-appointment. The vacancy caused by his retirement is not proposed to be filled up in this meeting.
3. Mr. M.S Manohar retires by rotation and has expressed his intention not to seek re-appointment. The vacancy caused by his retirement is not proposed to be filled up in this meeting.

SPECIAL BUSINESS

4. To appoint Auditors and fix their remuneration.

RESOLVED that M/s Haribakthi and Co, Chartered Accountants, 5B, A Block, 5th Floor, Mena Kampala Arcade, Thiagaraya Road, T. Nagar, Chennai - 600 017 be appointed as the Statutory auditors of the Company to hold office till the conclusion of next Annual General meeting, in place of M/s B S R & Associates, KPMG House, No 10, Mahatma Gandhi Road, Nungambakkam, Chennai- 600034, the retiring Auditors of the Company who has expressed their intention not to seek reappointment.

RESOLVED further that the Board of Directors of the Company be and is hereby authorized to fix the remuneration of the Statutory Auditors for the period.

For and on behalf of Board of Directors

Place : Hyderabad
Date : 05.08.2013

Sd/-
Anand Tandon
Managing Director

NOTES:

- i. The Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
- ii. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY (IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
- iii. Proxies in order to be effective must be received by the Company at the registered office not less than 48 hours before the commencement of the meeting.
- iv. Members are advised to bring their copy of the annual report for reference and discussion. The attendance slip duly signed by the member or proxy should be deposited at the venue of the meeting.
- v. The Register of Directors' Shareholding, maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the AGM.
- vi. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956, will be available for inspection by the members at the registered office of the Company during working hours.

For and on behalf of Board of Directors

Place : Hyderabad
Date : 05.08.2013

Sd/-
Anand Tandon
Managing Director

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Item No.4

The present Auditors of the Company, M/s B S R & Associates had expressed their intention not to seek reappointment at the ensuing Annual General Meeting pursuant to Sec 224(2) of the Companies Act 1956. Your Directors recommends M/s Haribakthi & Co, Chennai to be appointed as the Statutory auditors of the Company. They have informed us that if appointed, the audit will be within the limits mentioned in Sec 224(1B) of the Companies Act 1956.

Section 224(2) read with Sec 225 (1) of the Companies Act 1956 provides that special notice shall be given for appointment of a person other than the retiring auditor as the auditors of the company.

None of the Directors are interested in the resolution.

For and on behalf of Board of Directors

Place : Hyderabad
Date : 05.08.2013

Sd/-
Anand Tandon
Managing Director

DIRECTORS' REPORT

Your Directors have great pleasure in presenting the Sixth Annual Report together with the audited statement of accounts of your Company for the year ended 31st March, 2013.

1. Operations & Financial Results

| Particulars | Amount in Rs | |
|--|---------------------|---------------------|
| | As on 31.03.2013 | As on 31.03.2012 |
| Total Revenue | 78,183,757 | 80,137,740 |
| Total Expenses | 54,550,117 | 68,255,014 |
| Profit/(Loss) Before Tax & Prior period expenses | 23,633,640 | 11,882,726 |
| Provision for Taxes | 7,486,742 | 1,071,986 |
| Profit After Tax | 16,146,898 | 10,810,740 |
| Balance in Profit & Loss Account Brought Forward | 136,915,982 | 128,267,390 |
| Transfer to Statutory Reserve | 3,229,380 | 2,162,148 |
| Balance in Profit & Loss Account Carried Forward | 149,833,500 | 136,915,982 |

The total revenue for the year ended 31st March 2013 was Rs.7.81 crores as against Rs.8.01 crores during the corresponding previous year. The expenditure during the period stood at Rs. 5.45 crores, resulting in profit for the year of Rs. 2.36 crores. After provision for tax and deferred tax charge, the profit for the year was Rs.1.61 crores as against the profit of Rs. 1.08 crores during the previous year

2. Dividend

In order to conserve funds for the future expansion activities of the company, your Directors are not proposing any dividend for the financial year 2012-13.

3. Directors

Mr. Harjit Singh Sidhu and Mr. M S Manohar, Directors are liable to retire by rotation in the ensuing Annual General Meeting. As both the Directors are not associated with JRG Group as on date, they have expressed their intention not to seek re-appointed in the ensuing Annual General Meeting of the Company.

4. Public Deposits

Your Company is registered with Reserve Bank of India (RBI), as a non-deposit accepting NBFC ("NBFC-ND") under Section 45-IA of the RBI Act, 1934. As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that the Company did not accept any public deposits during the year and did not have any public deposits outstanding at the end of the year. And further the RBI Compliance and auditors report are complied with NBFC Rules and Regulations.

5. Recent updates

During the year under review, the Company shifted its corporate office during the last quarter of the year under review, from the existing premises at JRG House, Ashoka Road, Kaloor, Kochi - 682016 to *XXXVI-203, JJ Complex, Dairy Methanam Road, Edapally, Kochi- 682024*

6. Auditors

M/s. B S R & Associates, KPMG House, No. 10, Mahatma Gandhi Road, Nungambakkam, Chennai - 600034, (Regn No.116231W) were appointed as the Statutory Auditors of your Company for the year 2012-13. M/s B S R & Associates had expressed their intention not to seek reappointment at the ensuing Annual General Meeting pursuant to Sec 224(2) of the Companies Act 1956. The Board of Directors recommends the appointment of M/s. Haribakthi & Co, Chennai - 600017 as the Statutory Auditors of the Company for the year 2013-14.

Response by Management for Comments in Companies Auditors' Report Order 2003 (CARO)

The Statutory Auditors have in their report under CARO 2003 commented that there have been delays ranging from 1 to 140 days in case of payment of Service tax, Employees' State Insurance and Labour Welfare Fund to the appropriate authorities. The Board noted the same and decided to take adequate internal control system is put in place to ensure that no such delays occur in future.

7. Directors' Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956, the directors hereby confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed and there are no material departures there from.
- (ii) Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for that year;
- (iii) Proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts of the Company had been prepared on a going concern basis.

8. Information under Section 217(1) (e) of the Companies Act, 1956

A. Conservation of energy

The operations of your Company are not energy sensitive in nature. However, measures are introduced to reduce the energy consumption at all levels in the organisation by optimal use of technology

B. Technology absorption

The Company has adopted the latest state-of-the-art software and hardware tools available in the market for rendering the commodity trading and other services more efficiently and effectively.

C. Foreign exchange earnings and outgo

There was no foreign exchange earning and outgo during the year 2012-13.

9. Particulars of employees

The Details of employee of the Company who are in receipt of remuneration, exceeding the amount prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and Companies (Particulars of Employees) amendment Rules, 2011 are as follows:-

10. Acknowledgement

Your Directors would like to place on record their sincere gratitude to the Clients, Bankers, Vendors, Business Associates, shareholders, Regulatory authorities like SEBI, Reserve Bank of India, Registrar of Companies, Government of India and State Governments for their wholehearted support and Cooperation extended during the year. Your directors also thank ex-Directors and the employees of the Company for their sincere and valuable contribution during the year under review. Your Directors also look forward for their valuable support and cooperation in the years to come.

For and on behalf of the Board of Directors

**Place : Kochi
Date : 05.08.2013**

**Sd/-
Anand Tandon
Managing Director**

**Sd/-
Harish Galipelli
Director**

Independent Auditors' Report

To the members of JRG Fincorp Limited

Report on the financial statements

We have audited the accompanying financial statements of JRG Fincorp Limited (the "Company"), which comprise the balance sheet as at 31 March 2013, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements 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:

- (a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;
- (b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 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.
2. Further to our comments to in the Annexure referred to above, we report that:
 - (a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books of account;
 - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and
 - (e) on the basis of written representations received from the directors as at 31 March 2013, and taken on record by the board of directors, we report that none of the directors is disqualified as at 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for **B S R & Associates**

Chartered Accountants

Firm registration No.: 116231W

S Sethuraman

Partner

Membership No.: 203491

Chennai

14 May 2013

Annexure to the Independent Auditors' Report of JRG Fincorp Limited as of and for the year ended 31 March 2013

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. However the Company is in process of updating its record so as to include quantitative details and situation of fixed assets in relation to certain class of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this policy, certain fixed assets were verified during the previous year and no material discrepancies were noticed on such verification.
- (c) The Company has not disposed-off any fixed assets during the year. Accordingly, paragraph 4(i)(c) of the Order is not applicable.
- (ii) The Company is a service company, primarily rendering financial services. Accordingly it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly paragraph 4(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that certain services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of fixed assets and sale of services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system. The activities of the Company do not involve purchase of inventory and sale of goods.
- (v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the services rendered by the Company.
- (ix) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Income-tax, Provident fund and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. *However there have been delays ranging from 1 to 140 days in case of payment of Service tax, Employees' State Insurance and Labour Welfare Fund to the appropriate authorities.* As explained to us, the Company did not have any dues on account of Customs duty, Sales tax, Excise duty, Wealth tax and Investor Education and Protection Fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Service tax and other material statutory dues were in arrears as at 31 March 2013 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to 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 with the appropriate authorities on account of any dispute.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
 - (xi) According to the information and explanations given to us, the Company did not have any outstanding dues to any banks or financial institutions or debenture holders during the year.
 - (xii) In our opinion, the Company has maintained adequate records in cases where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 - (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund/society.
 - (xiv) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of the transactions and contracts in respect of trading in securities, derivatives and other investments during the year and timely entries have been made therein. Further, such securities, derivatives and other investments have been held by the Company in its own name.
 - (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
 - (xvi) The Company did not have any term loans outstanding during the year.
 - (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that there have been no funds raised on a short-term basis that has been used for long term investment by the Company.
 - (xviii) The Company has not made any preferential allotment of shares to companies covered in the register maintained under Section 301 of the Companies Act, 1956.
 - (xix) The Company did not have any outstanding debentures during the year.
 - (xx) The Company has not raised any money by public issue.
 - (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **B S R & Associates**

Chartered Accountants

Firm registration No.: 116231W

S Sethuraman

Partner

Membership No.: 203491

Chennai

14 May 2013

JRG Fincorp Limited
Balance sheet as at 31 March 2013

(All amounts in Indian rupees, except share data and where otherwise stated)

| | Note | As at 31 March 2013 | As at 31 March 2012 |
|---------------------------------|------|------------------------|------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 438,596,490 | 438,596,490 |
| Reserves and surplus | 4 | 255,644,031 | 238,483,134 |
| | | 694,240,521 | 677,079,624 |
| Non-current liabilities | | | |
| Deferred tax liabilities (net) | 5 | 1,316,430 | 452,688 |
| Long-term provisions | 6 | 1,862,005 | 518,324 |
| | | 3,178,435 | 971,012 |
| Current liabilities | | | |
| Other current liabilities | 7 | 12,355,724 | 9,536,101 |
| Short-term provisions | 6 | 3,929,041 | 2,228,402 |
| | | 16,284,765 | 11,764,503 |
| Total | | 713,703,721 | 689,815,139 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible fixed assets | 8 | 1,152,629 | 295,585 |
| Intangible fixed assets | 9 | 10,714,200 | 13,775,400 |
| | | 11,866,829 | 14,070,985 |
| Non-current investments | 10 | 60,000,000 | 60,000,000 |
| Long-term loans and advances | 11 | 10,477,244 | 10,656,202 |
| | | 82,344,073 | 84,727,187 |
| Current assets | | | |
| Current investments | 12 | 289,895,852 | 66,632,464 |
| Trade receivables | 13 | 2,371,190 | 5,104,078 |
| Cash and bank balances | 14 | 4,751,909 | 23,960,313 |
| Short-term loans and advances | 11 | 329,853,026 | 508,789,177 |
| Other current assets | 15 | 4,487,671 | 601,920 |
| | | 631,359,648 | 605,087,952 |
| Total | | 713,703,721 | 689,815,139 |
| Significant accounting policies | 2 | | |

The notes referred above an integral part of the financial statements

As per our report of even date attached
for **B S R & Associates**
Chartered Accountants
Firm registration No.: 116231W

for **JRG Fincorp Limited**

S Sethuraman
Partner
Membership No.: 203491

Anand Tandon
Managing Director

Harish Galipelli
Director

Chennai
14 May 2013

Guruswamy Raj G
Company Secretary
Hyderabad
14 May 2013

JRG Fincorp Limited**Statement of profit and loss for the year ended 31 March 2013**

(All amounts in Indian rupees, except share data and where otherwise stated)

| | Note | For the year ended 31 March 2013 | For the year ended 31 March 2012 |
|--|------|-------------------------------------|-------------------------------------|
| Income | | | |
| Revenue from operations | | | |
| Interest income from financing activities | | 53,548,064 | 63,260,617 |
| Other income | 16 | 24,635,693 | 16,877,123 |
| Total revenue | | 78,183,757 | 80,137,740 |
| Expenses | | | |
| Employee benefits | 17 | 29,623,969 | 40,231,303 |
| Finance cost | 18 | - | 61,789 |
| Depreciation and amortization | 19 | 2,488,200 | 1,566,825 |
| Other expenses | 20 | 22,437,948 | 26,395,097 |
| Total expenses | | 54,550,117 | 68,255,014 |
| Profit before tax | | 23,633,640 | 11,882,726 |
| Tax expense | | | |
| Current tax | | 6,623,000 | 2,596,594 |
| Minimum alternate tax entitlement | | - | (2,596,594) |
| Deferred tax | | 863,742 | 1,071,986 |
| | | 7,486,742 | 1,071,986 |
| Profit after tax | | 16,146,898 | 10,810,740 |
| Earnings per equity share | | | |
| Basic and diluted | | 0.37 | 0.25 |
| Weighted average number of equity shares outstanding during the year | | 43,859,649 | 43,859,649 |
| Nominal value of equity shares (Rs) | | 10 | 10 |

Significant accounting policies

2

The notes referred above an integral part of the financial statements

As per our report of even date attached

for **B S R & Associates**

Chartered Accountants

Firm registration No.: 116231W

for **JRG Fincorp Limited****S Sethuraman**

Partner

Membership No.: 203491

Anand Tandon

Managing Director

Harish Galipelli

Director

Guruswamy Raj G

Company Secretary

Chennai

14 May 2013

Hyderabad

14 May 2013

JRG Fincorp Limited**Cash flow statement for the year ended 31 March 2013**

(All amounts in Indian rupees, except share data and where otherwise stated)

| | For the year ended 31 March 2013 | For the year ended 31 March 2012 |
|--|-------------------------------------|-------------------------------------|
| Cash flow from operating activities | | |
| Net profit before tax | 23,633,640 | 11,882,726 |
| <i>Adjustments for:</i> | | |
| Depreciation and amortisation * | 3,343,538 | 1,566,825 |
| Profit on redemption of mutual funds | | |
| Provision /(excess provision write back) for non performing assets | (746,919) | 1,040,922 |
| Provision for doubtful advance | - | 882,540 |
| Bad debts written off | 81 | 42 |
| Profit on sale of mutual funds (net) | (18,379,161) | (12,919,634) |
| Profit on sale of equity shares and equity derivative investment (net) | (2,614,184) | (1,447,831) |
| Mark to market loss on equity investment (net) | 3,548,425 | - |
| Mark to market gain on mutual fund investments (net) | (5,543,227) | 615,136 |
| Interest income | (410,073) | (959,866) |
| Liability no longer required written back | - | (351,413) |
| Employee stock compensation expenses | 1,013,999 | 1,936,824 |
| Dividend income | (189,015) | (1,765,384) |
| Interest expense | - | 61,789 |
| Operating profit before working capital changes | 3,657,105 | 542,676 |
| <i>Adjustments for:</i> | | |
| (Increase)/Decrease in Inventories | | - |
| Decrease / (Increase) in trade receivables | 2,732,807 | (767,763) |
| Decrease / (Increase) in loans and advances | - | (162,429,080) |
| (Decrease) /increase in liabilities and provisions | 2 | (4,548,902) |
| Cash from / (used in) operations | 6,389,913 | (167,203,069) |
| Income tax paid (net of refund) | - | 2,596,594 |
| | 6,389,913 | (169,799,663) |
| Net cash from / (used in) operating activities | (A) 6,389,913 | (169,799,663) |
| Cash flow from investing activities | | |
| Purchase of fixed assets | (1,139,382) | (15,638,800) |
| Purchase of mutual funds | - | (895,597,902) |
| Proceeds from the sale of mutual funds | - | 1,005,150,806 |
| (Purchase) / sale of debentures and bonds | - | - |
| Purchase of equity shares | - | (16,443,494) |
| Proceeds from the sale of equity shares | - | 103,234,139 |
| Investment in bank deposits (having original maturity of more than three months) | 10,693,016 | (693,016) |
| Investment in fellow subsidiary | - | (60,000,000) |
| Purchase of equity derivative instrument | (209,728) | (427,690,312) |
| Proceeds from the sale of equity derivative instrument | 254,184 | 426,689,260 |
| Interest income | - | 789,003 |
| Dividend income received | 189,015 | 1,765,384 |
| Net cash from / (used in) investing activities | (B) 9,787,105 | 121,565,068 |
| Cash flow from financing activities | | |
| Interest expense | - | (61,789) |
| Net cash from / (used) in Financing activities | (C) - | (61,789) |
| Net Increase/(Decrease) in cash and cash equivalents | (A+B+C) 16,177,018 | (48,296,384) |
| Cash and cash equivalents at the beginning of the year | 13,267,297 | 61,563,681 |
| Cash and cash equivalents at the end of the year | 29,444,315 | 13,267,297 |

* excluding shared service cost expenses

Summary of significant accounting policies

2

The accompanying notes are the integral part of the financial statements.

As per our report of even date attached

for **B S R & Associates**

Chartered Accountants

Firm registration No.: 116231W

for **JRG Fincorp Limited****S Sethuraman**

Partner

Membership No.: 203491

Anand Tandon

Managing Director

Harish Galipelli

Director

Chennai

14-May-13

Guruswamy Raj G

Company Secretary

Hyderabad

14-May-13

JRG Fincorp Limited

(All amounts are in Indian Rupees except share data or as stated)

Notes to financial statements for the year ended 31 March 2013

1 Company overview

JRG Fincorp Limited ("Fincorp" or "the Company") was incorporated on 6 September 2007 and has obtained registration certificate dated 4 February 2008 to carry on the business of Non Banking Financial Institution without accepting public deposits. The Company is a subsidiary of JRG Securities Limited ("parent company") and is primarily engaged in the business of general financiers by way of providing loans and advances against stock, shares, bonds, commodities etc.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply with the Accounting Standards ('AS') prescribed in the Companies (Accounting Standards) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956, to the extent applicable. These financial statements are prepared and presented in Indian Rupees and rounded-off to the nearest rupee.

2.2 Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and reported amounts of income and expenses during the period. Actual figures may differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956.

2.3 Fixed assets and depreciation

Tangible asset

Tangible assets are carried at cost of acquisition or construction less accumulated depreciation and impairment, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation on tangible assets is provided on straight line method. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. If the management estimate of useful life of tangible asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on the management's estimate of the useful life/remaining useful life. The rates of depreciation followed by the Company are

| Category | Rates per annum (%) |
|-------------------|---------------------|
| Office equipments | 20.00% |
| Computers | 16.21% |
| Motor vehicle | 20.00% |

Pro rata depreciation is provided on all fixed assets purchased/ sold during the year. Plant and equipment and furniture and fixtures, costing individually Rs 5,000 or less are depreciated fully in the year of purchase.

Advances paid towards acquisition of fixed assets and the cost of assets not ready to be put to use before the year end are disclosed under long term loans and advances, and capital work in progress respectively.

Individual assets costing Rs 5,000 or less are depreciated as per the provisions of Companies Act, 1956.

Intangible assets

Intangible assets representing computer software are recorded at the consideration paid for acquisition. Software is amortized over their estimated useful lives of five years on a straight-line basis, commencing from the date the asset is available to the Company for its use.

Advances paid towards acquisition of fixed assets and the cost of assets not ready to be put to use before the year end are disclosed under long term loans and advances and capital work in progress respectively.

2.4 Revenue

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.

Interest income from loan business is accounted on an accrual basis except for non performing / doubtful assets, interest in respect of which is recognized, considering prudential norms for income recognition issued by the Reserve Bank of India ("RBI") for Non-Banking Financial Companies on receipt basis.

2.5 Other income

Interest income (other than the interest income from financing activity) is recognised on a time proportionate basis taking into account the amount outstanding and the rate applicable.

Profit or loss on sale of equity shares is determined based on the first in first out cost of the securities sold. Profit or loss on closed positions of derivative instruments is recognised on final settlement or squaring up of the contracts.

Dividend income is recognized when the shareholders' right to receive payment is established by the balance sheet date.

2.6 Provision for doubtful loans and advances

The policy of provisioning against non performing loans and advances has been decided by the management considering prudential norms prescribed by the RBI for Non Banking Financial Companies. As per the policy adopted, the provision against sub standard assets are fixed on a conservative basis, taking into account management's perception of the higher risk associated with the business of the Company. Non performing loans and advances which when are considered as loss assets and full provision will be made against such assets

2.7 Investments

Investments that are readily realisable and are intended by the management to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are carried at the lower of cost and fair value. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.

Long-term investments are carried at cost and provisions are recorded to recognize any decline, other than temporary, in the carrying value of each investment.

2.8 Derivatives: equity index / stock – futures

Equity index / stock futures are marked-to-market on a daily basis. Debit or credit balance disclosed under loans and advances or current liabilities, respectively, in the "Mark-to-Market Margin – equity index / stock futures account", represents the net amount paid or received on the basis of movement in the prices of index / stock futures till the balance sheet date.

As on the balance sheet date, the profit or loss on open positions in index / stock futures are accounted for as follows:

Credit balance in the "Mark-to-Market Margin – equity index / stock futures account", being anticipated profit, is ignored and no credit is taken in the statement of profit and loss.

Debit balance in the "Mark-to-Market Margin – equity index / stock futures account", being anticipated loss, is recognised in the statement of profit and loss.

On final settlement or squaring-up of contracts for equity index / stock futures, the profit or loss is calculated as difference between settlement/squaring-up price and contract price. Accordingly, debit or credit balance pertaining to the settled / squared-up contract in "Mark-to-Market Margin – equity index / stock futures account" is recognised in the statement of profit and loss upon expiry of the contracts. When more than one contract in respect of the relevant series of equity index / stock futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using first in first out method for calculating profit or loss on squaring-up.

2.9 Employee benefits

Short term employee benefit plans

All short term employee benefit plans such as salaries, wages, bonus, special awards and, medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognized on an undiscounted basis and charged to the statement of profit and loss .

Defined contribution plan

Contributions to the provident funds are made monthly at a predetermined rate to the regional provident fund commissioner and debited to the statement of profit and loss on an accrual basis.

Defined benefit plan

Provision is made for gratuity based on actuarial valuation, carried out by an independent actuary as at the balance sheet date, using the projected unit credit method. All actuarial gains and losses arising during the year are recognized in the statement of profit and loss of the year.

2.10 Taxation

Income-tax expense comprise current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), and deferred tax charge or credit (reflecting that tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at the balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Current tax and deferred tax assets and liabilities are offset to the extent to which the Company has a legally enforceable right to set off and they relate to taxes on income levied by the same governing taxation laws.

Minimum alternate tax ("MAT") paid in accordance with tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the company would pay normal income tax in the future years and accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably. MAT credit entitlement is reviewed at each balance sheet date and written down to the extent there is no convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.11 Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

2.12 Cash Flow

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated.

2.13 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank, and in hand and short term investments with an original maturity of three months or less.

2.14 Employee stock options plan

In accordance with the Guidance Note on "Accounting for Employee Share – based payments" issued by the Institute of Chartered Accountants of India (ICAI), the Company measures the fair value of the employee services received by reference to the fair value of the stock options granted. The Company measures the fair value of the stock options granted at the grant date, based on market prices of the underlying shares, taking into account the terms and conditions upon which those shares or stock options were granted.

The ESOP's granted to the employees of the Company are in respect of JRG Securities Limited (Holding Company) shares where each stock option is for one share. The objectives of these plans included attracting and retaining the best personnel, providing for additional performance incentives and promoting the success of the Company by providing employees the opportunity to acquire equity shares of the Holding Company.

The fair value measured at the grant date is expensed over the vesting period and disclosed as "employee stock compensation costs" in the statement of profit and loss and credited to capital reserve.

2.15 Earnings per share

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share amounts are computed after adjusting the effects of all dilutive potential equity shares. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. In computing diluted earnings per share, only potential equity shares that are dilutive and that decrease profit per share are included.

JRG Fincorp Limited
Notes to the financial statements (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

3 Share Capital

| Particulars | As at | |
|--|---------------|---------------|
| | 31 March 2013 | 31 March 2012 |
| Authorised shares: | | |
| 45,000,000 (Previous year : 45,000,000) equity shares of Rs10 each | 450,000,000 | 450,000,000 |
| Issued, subscribed and fully paid-up shares | | |
| 43,859,649 (Previous year : 43,859,649) equity shares of Rs.10 each fully paid up* | 438,596,490 | 438,596,490 |

a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

| Particulars | As at | | | |
|---|---------------|-------------|---------------|-------------|
| | 31 March 2013 | | 31 March 2012 | |
| | No. of shares | Value | No. of shares | Value |
| At the beginning and at the end of the year | 43,859,649 | 438,596,490 | 43,859,649 | 438,596,490 |

b) Terms / rights attached to equity shares

*The Company has a single class of equity shares. All equity shares rank equally with regard to dividends and share in the Company's residual assets. The

c) Details of the shares held by Holding Company and Ultimate Holding Company

| Name of the shareholder | As at | | | |
|---|---------------|-----------|---------------|-----------|
| | 31 March 2013 | | 31 March 2012 | |
| | No. of shares | % holding | No. of shares | % holding |
| JRG Securities Limited, India (including shares held by nominee shareholders) | 25,000,000 | 57.00% | 25,000,000 | 57.00% |
| Duckworth Limited , Mauritius (Ultimate Holding Company) | 18,859,649 | 43.00% | 18,859,649 | 43.00% |

d) Details of the shareholders holding more than 5% shares in the Company

| Name of the shareholder | As at | | | |
|---|---------------|-----------|---------------|-----------|
| | 31 March 2013 | | 31 March 2012 | |
| | No. of shares | % holding | No. of shares | % holding |
| JRG Securities Limited, India (including shares held by nominee shareholders) | 25,000,000 | 57.00% | 25,000,000 | 57.00% |
| Duckworth Limited , Mauritius (Ultimate Holding Company) | 18,859,649 | 43.00% | 18,859,649 | 43.00% |

e) Details of the shares reserved for issue under options

JRG Securities Limited, the Holding Company, had established Employees stock option plan 2008 ("2008 Plan") in the financial year 2008-09. The 2008 Plan was approved on 15 July 2008 at the annual general meeting of shareholders and was effective from the same date. The objective of this 2008 Plan is to encourage ownership of the Company's equity by its employees and the employees of its subsidiaries on an ongoing basis. The ESOP 2008 is intended to reward the employees for their contribution to the successful operation of JRG Securities Limited and its subsidiaries, and to provide an incentive to continue contributing to the success of the company.

Basic terms of the options granted under 2008 Plan to the employee of the Company is presented below:

| | | |
|---|-----------|----------|
| Grant date | 10-Nov-10 | 1-Apr-11 |
| Options granted | 184,802 | 107,105 |
| Exercise price (Rs./Option) | 36.00 | 36.00 |
| Number of personnel in the option programme | 1 | 1 |

The fair value of stock options has been determined using the Black Scholes option pricing model.

Presumptions used in fair value computations:

| | | |
|--|------------------------|------------------------|
| Vesting period | 12 Months to 48 Months | 12 Months to 48 Months |
| Expected option life | 7 years | 7 years |
| Expected volatility | 45% | 45% |
| Expected dividend | 0% | 0% |
| Risk free rate | 8.50% | 8.50% |
| Share price at grant date (Rs / share) | 34.70 | 15.80 |
| Fair value (Rs / option) | 17.80 | 10.15 |

Summary of the status of options granted under 2008 Plan to employees of the Company as at 31 March 2013 is presented below:

| Particulars | Year ended 31 March 2013 | Year ended 31 March 2012 |
|--|-----------------------------|-----------------------------|
| Options granted and outstanding at the beginning of the year | 291,907 | 184,802 |
| Add: Options granted during the year | - | 107,105 |
| Less: Exercised during the year | - | - |
| Less: Forfeited during the year | - | - |
| Options granted and outstanding at the end of the year | 291,907 | 291,907 |
| Exercisable options at the end of the year | 119,177 | 46,201 |

4 Reserves and surplus

| Particulars | As at | |
|---|--------------------|--------------------|
| | 31 March 2013 | 31 March 2012 |
| Capital reserve | | |
| Balance at the beginning of the year | 2,649,824 | 713,000 |
| Add: Expense on employee stock option scheme | 1,013,999 | 1,936,824 |
| Balance at the end of the year | 3,663,823 | 2,649,824 |
| Securities premium account | | |
| Balance at the beginning and at the end of the year | 64,438,596 | 64,438,596 |
| Statutory reserve | | |
| Balance at the beginning of the year | 34,478,732 | 32,316,584 |
| Add: Transfer from statement of profit and loss* | 3,229,380 | 2,162,148 |
| Balance at the end of the year | 37,708,112 | 34,478,732 |
| Surplus in the statement of profit and loss | | |
| Balance at the beginning of the year | 136,915,982 | 128,267,390 |
| Add: Net profit after tax for the year | 16,146,898 | 10,810,740 |
| Amount available for appropriations | 153,062,880 | 139,078,130 |
| Appropriations | | |
| Less : Transfer to statutory reserve * | 3,229,380 | 2,162,148 |
| Balance at the end of the year | 149,833,500 | 136,915,982 |
| Total reserves and surplus | 255,644,031 | 238,483,134 |

*Amount of appropriation to statutory reserve under section 45-IC of the Reserve Bank of India Act, 1934 is computed on the profit after tax (including deferred tax impact)

5 Deferred taxes

The major components of deferred tax assets and liabilities are outlined below:

| Particulars | As at | |
|---|------------------|--------------------|
| | 31 March 2013 | 31 March 2012 |
| Deferred tax assets | | |
| Provision for gratuity and bonus | 734,096 | 298,139 |
| Provision for doubtful debts | 349,818 | 286,340 |
| A | 1,083,914 | 584,479 |
| Deferred tax liabilities | | |
| Arising from timing difference in respect of depreciation | 2,400,344 | 1,037,167 |
| B | 2,400,344 | 1,037,167 |
| Deferred tax (liability) / asset | A-B | (1,316,430) |
| | | (452,688) |

6 Provisions

| Particulars | Non-current | | Current | |
|--|------------------|----------------|------------------|------------------|
| | As at | | As at | |
| | 31 March 2013 | 31 March 2012 | 31 March 2013 | 31 March 2012 |
| Provision for employee benefits - gratuity | 1,862,005 | 518,324 | 29,900 | - |
| Provision for tax (net of advance tax) | - | - | 2,417,658 | - |
| Provision for non performing and doubtful assets | - | - | 1,481,483 | 2,228,402 |
| | 1,862,005 | 518,324 | 3,929,041 | 2,228,402 |

7 Other current liabilities

| Particulars | As at | |
|---|-------------------|------------------|
| | 31 March 2013 | 31 March 2012 |
| Payable to JRG Securities Limited (Holding Company) | - | - |
| Payable to Inditrade Business Consultants Limited | 1,104,891 | 966,566 |
| Payable to clients | 764,785 | 411,231 |
| Salary and allowances payable | 2,652,086 | 1,465,400 |
| Professional fees payable | 325,000 | 690,000 |
| Accrued expenses | 233,131 | 463,106 |
| Creditor for capital goods | 3,603,000 | 4,703,000 |
| With-holding and other taxes payable | 2,266,587 | - |
| Other payables | 1,406,243 | 836,798 |
| | 12,355,724 | 9,536,101 |

JRG Fincorp Limited

(All amounts are in Indian Rupees except share data or as stated)

Notes to financial statements for the year ended 31 March 2013 (continued)

8. Tangible Assets

| Particulars | Office equipments | Computers | Vehicles | Total |
|---------------------------------------|-------------------|----------------|------------------|------------------|
| Gross Block | | | | |
| Balance as at 1 April 2011 | - | 18,571 | - | 18,571 |
| Additions | 13,700 | 319,100 | - | 332,800 |
| Deletions / write off | - | 18,600 | - | 18,600 |
| Balance as at 31 March 2012 | 13,700 | 319,071 | - | 332,771 |
| Additions | - | - | 1,139,382 | 1,139,382 |
| Deletions / write off | - | - | - | - |
| Balance as at 31 March 2013 | 13,700 | 319,071 | 1,139,382 | 1,472,153 |
| Accumulated depreciation | | | | |
| Balance as at 1 April 2011 | - | 961 | - | 961 |
| Depreciation for the year | 1,276 | 34,949 | - | 36,225 |
| Accumulated depreciation on disposals | - | - | - | - |
| Balance as at 31 March 2012 | 1,276 | 35,910 | - | 37,186 |
| Depreciation for the year | 2,740 | 51,721 | 227,876 | 282,338 |
| Accumulated depreciation on disposals | - | - | - | - |
| Balance as at 31 March 2013 | 4,016 | 87,631 | 227,876 | 319,524 |
| Net Block | | | | |
| As at 31 March 2012 | A - C | 12,424 | 283,161 | - |
| As at 31 March 2013 | B - D | 9,684 | 231,440 | 911,506 |

9. Intangible Assets

| Particulars | Computer software | Total |
|---------------------------------------|-------------------|-------------------|
| Gross Block | | |
| Balance as at 1 April 2011 | - | - |
| Additions | 15,306,000 | 15,306,000 |
| Deletions / write off | - | - |
| Balance as at 31 March 2012 | 15,306,000 | 15,306,000 |
| Additions | - | - |
| Deletions / write off | - | - |
| Balance as at 31 March 2013 | 15,306,000 | 15,306,000 |
| Accumulated amortisation | | |
| Balance as at 1 April 2011 | - | - |
| Amortisation for the year | 1,530,600 | 1,530,600 |
| Accumulated depreciation on disposals | - | - |
| Balance as at 31 March 2012 | 1,530,600 | 1,530,600 |
| Amortisation for the year | 3,061,200 | 3,061,200 |
| Accumulated depreciation on disposals | - | - |
| Balance as at 31 March 2013 | 4,591,800 | 4,591,800 |
| Net Block | | |
| As at 31 March 2011 | A - C | 13,775,400 |
| As at 31 March 2012 | B - D | 10,714,200 |

JRG Fincorp Limited**Notes to the financial statements (continued)**

(All amounts in Indian rupees, except share data and where otherwise stated)

10 Non-current investments

| Particulars | As at | |
|---|-------------------|-------------------|
| | 31 March 2013 | 31 March 2012 |
| Non trade investments (valued at cost) | | |
| Investment in equity instruments (Quoted) | | |
| NIL (Previous year : 2,015) equity shares of Rs.10 each fully paid up in Bosch Limited | - | - |
| NIL (Previous year : 199,000) equity shares of Rs.10 each fully paid up in Dabur India Limited | - | - |
| NIL (Previous year : 32,788) equity shares of Rs.10 each fully paid up in ESAB India Limited | - | - |
| NIL (Previous year : 23,615) equity shares of Rs.10 each fully paid up in On Mobile Global Limited | - | - |
| NIL (Previous year : 5,562) equity shares of Rs.10 each fully paid up in Nestle India Limited | - | - |
| NIL (Previous year : 48,850) equity shares of Rs.10 each fully paid up in Balmer Lawrie Investment Limited | - | - |
| NIL (Previous year : 2,699) equity shares of Rs.10 each fully paid up in Coal India Limited | - | - |
| | - | - |
| Trade investments (valued at cost) | | |
| Investment in preference shares (Unquoted) | | |
| 6,000,000 (Previous year : 6,000,000) 9% cumulative redeemable preference shares of Rs.10 each fully paid up in JRG Business Investment Consultants Limited (Fellow subsidiary) | 60,000,000 | 60,000,000 |
| | | |
| Total non-current investments | 60,000,000 | 60,000,000 |
| Aggregate amount of unquoted investments | 60,000,000 | 60,000,000 |

11 Loans and advances

| Particulars | Non-current | | Current | |
|---|-------------------|-------------------|--------------------|--------------------|
| | As at | | As at | |
| | 31 March 2013 | 31 March 2012 | 31 March 2013 | 31 March 2012 |
| <i>(Unsecured, considered good)</i> | | | | |
| Loans and advances to related parties | - | - | 27,618,673 | 507,863 |
| Inditrade Business Consultants Limited | - | - | 2,200,000 | - |
| JRG Insurance Broking Private Limited (Fellow subsidiary) | - | - | 6,583,137 | 40,955 |
| JRG Wealth Management Limited (Fellow subsidiary) | - | - | 14,000,000 | 466,908 |
| JRG Securities Ltd. | - | - | 4,835,536 | - |
| Inditrade Derivatives and Commodities Limited | - | - | - | - |
| Advances recoverable in cash or kind * | - | - | 7,500,000 | 1,110,870 |
| Advance tax (net of provisions) | 5,274,650 | 3,559,608 | - | 541,348 |
| Minimum alternate tax credit entitlement | 702,594 | 2,596,594 | - | - |
| Other advances | - | - | 1,755,255 | 212,015 |
| Loan to a director | 4,500,000 | 4,500,000 | - | - |
| | 10,477,244 | 10,656,202 | 36,873,928 | 2,372,096 |
| Loans to customers | | | | |
| Secured, considered good | - | - | 219,484,806 | 343,747,158 |
| Secured, considered good to the holding Company | - | - | - | 64,137,924 |
| Secured, considered good to the fellow subsidiary | - | - | 73,494,291 | 98,144,516 |
| Unsecured, considered good | - | - | - | 387,483 |
| Unsecured, considered doubtful | - | - | 882,540 | 882,540 |
| | - | - | 293,861,638 | 507,299,621 |
| Provision for doubtful advance | - | - | (882,540) | (882,540) |
| | - | - | 292,979,098 | 506,417,081 |
| Total loans and advances | 10,477,244 | 10,656,202 | 329,853,026 | 508,789,177 |

Rs.7,500,000 (Previous year : Rs.1,100,000). The Company has made an application to the Central Government for approval in respect of such excess amount. Pending such approval, the excess amount of Rs.7,500,000 (Previous year : Rs. 1,100,000) paid to him has been shown as recoverable.

12 Current investments

| Particulars | As at | |
|---|--------------------|-------------------|
| | 31 March 2013 | 31 March 2012 |
| Non trade investments (valued at cost) | | |
| Investment in equity instruments (Quoted) (Refer note 27) | 36,580,253 | 870,111 |
| Investment in non convertible debentures (Quoted) | | |
| 2,527 (Previous Year : Nil) units of Rs.1,000 each of Muthoot Finance Limited. | 2,630,857 | - |
| | 2,630,857 | - |
| Investment in mutual funds (Unquoted) | | |
| NIL (Previous year : 9,088,972) units of Rs.10 each fully paid up of LIC Nomura MF Liquid fund - growth plan | - | - |
| 87,736,256 (Previous year : 2,518,354) units of Rs.10 each fully paid up of Reliance Liquid Fund -Treasury Plan | 250,684,742 | 65,762,353 |
| | 250,684,742 | 65,762,353 |
| Total current investments | 289,895,852 | 66,632,464 |
| Aggregate book value of quoted investments | 39,211,110 | 870,111 |
| Aggregate market value of quoted investments | 39,211,110 | 1,064,000 |
| Aggregate amount of unquoted investments | 250,684,742 | 65,762,353 |

13 Trade receivables

| Particulars | As at | |
|---|------------------|------------------|
| | 31 March 2013 | 31 March 2012 |
| Outstanding for a period less than six months from the date they are due for payment | | |
| Secured , considered good | 2,371,190 | 5,033,981 |
| Unsecured, considered good | - | 70,097 |
| | 2,371,190 | 5,104,078 |

14 Cash and bank balances

| Particulars | As at | |
|--|------------------|-------------------|
| | 31 March 2013 | 31 March 2012 |
| Cash and cash equivalents | | |
| Balances with banks | | |
| in current accounts | 4,751,909 | 13,267,297 |
| | 4,751,909 | 13,267,297 |
| Other bank balances | | |
| Deposits with original maturity for more than 3 months but less than 12 months | - | 10,693,016 |
| | 4,751,909 | 23,960,313 |

15 Other current assets

| Particulars | As at | |
|------------------------------------|------------------|----------------|
| | 31 March 2013 | 31 March 2012 |
| Interest accrued on loans | 4,487,671 | - |
| Others | 3,735 | - |
| Interest accrued on fixed deposits | - | 601,920 |
| | 4,487,671 | 601,920 |

JRG Fincorp Limited**Notes to the financial statements (continued)**

(All amounts in Indian rupees, except share data and where otherwise stated)

16 Other income

| Particulars | Year ended | |
|--|-------------------|-------------------|
| | 31 March 2013 | 31 March 2012 |
| Interest income on fixed deposits | 410,073 | 959,866 |
| Dividend income on short-term investments | 189,015 | 1,765,384 |
| Net gain on sale of long-term investment | - | 4,229,172 |
| Net gain on sale of current investment | 17,444,920 | 10,138,601 |
| Mark to market gain / (loss) on mutual fund investments (current investment) (net) | 5,543,227 | (615,136) |
| Liability no longer required written back | 746,919 | 351,413 |
| Other non-operating income | 301,539 | 47,823 |
| | 24,635,693 | 16,877,123 |

17 Employee benefits

| Particulars | Year ended | |
|---|-------------------|-------------------|
| | 31 March 2013 | 31 March 2012 |
| Salaries and wages | 24,761,693 | 35,786,304 |
| Contribution to provident and other funds | 1,732,654 | 2,508,175 |
| Employee stock option scheme | 1,013,999 | 1,936,824 |
| Staff welfare expenses | 2,115,623 | - |
| | 29,623,969 | 40,231,303 |

18 Finance cost

| Particulars | Year ended | |
|------------------|---------------|---------------|
| | 31 March 2013 | 31 March 2012 |
| Interest expense | - | 61,789 |
| | - | 61,789 |

19 Depreciation and amortization

| Particulars | Year Ended | |
|--|------------------|------------------|
| | 31 March 2013 | 31 March 2012 |
| Depreciation of tangible fixed asstes | 282,338 | 36,225 |
| Ammortization of intangible fixed assets | 2,205,862 | 1,530,600 |
| Total | 2,488,200 | 1,566,825 |

20 Other expenses

| Particulars | Year ended | |
|---|-------------------|-------------------|
| | 31 March 2013 | 31 March 2012 |
| Rent | 4,784,060 | - |
| Rates and taxes | 19,722 | 12,285 |
| Repairs and maintenance-others | 5,015,303 | 800 |
| Outsourced service costs | - | 11,597,627 |
| Business incentive | - | 30,607 |
| Provision for non performing assets | - | 1,040,922 |
| Provision for doubtful advance | - | 882,540 |
| Postage and courier | 1,555,391 | - |
| Printing and stationery | 820,349 | 65,283 |
| Bad debts written off | 81 | 42 |
| Insurance costs | 23,498 | - |
| Soft ware development charges | 125,000 | - |
| Traveling and conveyance | 1,121,271 | 3,915,863 |
| Interest | - | - |
| Legal and professional expenses (Refer note no: 22) | 3,001,165 | 7,679,549 |
| Administrative expenses | 3,811,327 | 1,070,695 |
| Miscellaneous expenses | - | 98,884 |
| | 20,277,167 | 26,395,097 |

JRG Fincorp Limited

(All amounts are in Indian Rupees except share data or as stated)

Notes to financial statements for the year ended 31 March 2013 (continued)

21 Contingent liabilities and commitments

| Particulars | As at | |
|--|---------------|---------------|
| | 31 March 2013 | 31 March 2012 |
| Contingent liabilities | | |
| Claims against the company not acknowledged as debt | - | - |
| Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account and not provided for | - | - |
| Uncalled liability on shares and other investments partly paid | - | - |
| Uncalled liability on shares and other investments partly paid | - | - |
| Other commitments | - | - |

22 Payment to auditor (included in legal professional and consultancy charges, excluding service tax)

| Particulars | Year ended | |
|-------------------------------|---------------|---------------|
| | 31 March 2013 | 31 March 2012 |
| As Auditor : | | |
| Statutory audit | 300,000 | 300,000 |
| Tax audit | 25,000 | 25,000 |
| Other services | 80,000 | 255,000 |
| For reimbursement of expenses | 24,213 | 21,203 |

23 Segment reporting

The Company is primarily engaged in the business of financing by way of providing loans and advances against stock, shares, bonds, commodities etc

24 Micro, Small and Medium Enterprises Development Act, 2006

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of "Micro and Small Enterprises" as defined under Micro, Small and Medium Enterprises Development Act, 2006 ("the Act"). Accordingly based on the information received and available with the Company, there are no amounts payable to such enterprises as at 31 March 2013.

25 Related party disclosures

Names of related parties and nature of relationship:

| | |
|---------------------------------|---|
| Holding Company | JRG Securities Limited |
| Ultimate holding Company | Duckworth Limited , Mauritius |
| Fellow Subsidiaries | Inditrade Business consultants limited (formerly known as JRG Business Investment Consultants Limited) Inditrade Insurance Broking Private Limited (formerly known as JRG Insurance Broking Private Limited) Inditrade Derivatives and Commodities Limited (formerly JRG Wealth Management Limited) |
| Key managerial personnel | Anand Tandon , Managing Director (w.e.f 1 February 2012) Harish Gallipelli, Wholetime Director |

Transactions and balance with related parties

| Particulars | Transactions during year ended 31 March 2013 | Amount (payable) / receivable as at 31 March 2013 | Transactions during year ended 31 March 2012 | Amount (payable) / receivable as at 31 March 2012 |
|---|--|---|--|---|
| Equity contribution in cash | | | | |
| JRG Securities Limited | - | (249,999,940) | - | (249,999,940) |
| Duckworth Limited (Including Securities Premium) | - | (264,035,086) | - | (264,035,086) |
| Investment | | | | |
| Inditrade Business Consultants Limited | | | | |
| Preference shares | - | 60,000,000 | 60,000,000 | 60,000,000 |
| Interest Income (net) | | | | |
| JRG Securities Limited | 2,569,184 | - | 5,133,996 | - |
| Inditrade Derivatives and Commodities Limited | 347,853 | - | (59,178) | - |
| Inditrade Business Consultants Limited | 5,239,456 | - | 7,535,063 | - |
| Loan given (net) | | | | |
| Inditrade Business Consultants Limited* | - | 75,694,291 | 88,577,840 | 99,186,082 |
| JRG Securities Limited ** | - | 403,100 | 76,535,662 | 69,466,820 |
| Reimbursement of expenses | | | | |
| JRG Securities Limited | (478,672) | - | (158,630) | - |
| Inditrade Derivatives and Commodities Limited | 53,918 | - | - | - |
| Professional Consultancy Charges (net) | | | | |
| Inditrade Business Consultants Limited | - | - | - | - |
| Demat Expense payable to JRG Securities Limited | - | - | 92,728 | (92,728) |
| Brokerage paid to JRG Securities Limited | - | - | 253,868 | - |
| Receivable from JRG Securities Limited on account of sale of equity shares | - | - | - | 259,369 |

| | | | | |
|--|---|---|------------|-------------|
| Outsourced service cost (including service tax) | | | | |
| Inditrade Business Consultants Limited | - | - | 1,103,000 | (1,103,000) |
| JRG Securities Limited | - | - | 11,471,200 | (6,003,400) |
| Recharge of depreciation cost | | | | |
| JRG Securities Limited | - | - | (507,863) | 507,863 |
| Inditrade Business Consultants Limited | - | - | (466,908) | 466,908 |
| Inditrade Business Consultants Limited | - | - | (61,434) | 61,434 |
| Inditrade Insurance Broking Private Limited | - | - | (40,955) | 40,955 |
| Remuneration paid | | | | |
| Salaries, other allowances and perquisites – | | | | |
| Anand Tandon *** (Refer note no.3.9) | | | - | 1,100,000 |
| Harish Gallipelli | | | 2,200,000 | - |

* Includes interest receivable to the extent of Rs. ____ as at 31-March-13 (Previous year : Rs.17,314,132)

** Includes interest receivable to the extent of Rs. ____ as at 31-March-13 (Previous year : Rs.4,060,263)

*** Excludes ESOP cost of Rs.1,013,999

25 Employee benefit

Disclosure in respect of employee benefit pursuant to the Accounting Standard 15:

| Change in projected benefit obligation | Year ended | |
|---|------------------|----------------|
| | 31 March 2013 | 31 March 2012 |
| Change in present value of obligations | | |
| Obligations at beginning of the year | 518,324 | 135,683 |
| Acquisition adjustment | 815,164 | - |
| Current service cost | 712,084 | 389,352 |
| Interest on obligation | 42,762 | 11,533 |
| Net actuarial loss (gain) recognized in the year | 18,145 | (18,244) |
| Obligations at the end of the year | 2,106,479 | 518,324 |
| Change in Plan assets | | |
| Fair value of plan assets at beginning of the year | - | - |
| Expected return on plan assets | 15,894 | - |
| Actuarial gain | - | - |
| Contributions | 198,860 | - |
| Benefits paid | - | - |
| Fair value of plan assets at end of the year | 214,754 | - |
| Reconciliation of present value of obligation on the fair value of plan assets | | |
| Present value of projected benefit obligation at the end of the year | 2,106,479 | 518,324 |
| Fair value of plan assets at the end of the year | 214,754 | - |
| Un-funded status amount of liability recognized in the balance sheet | 1,891,725 | 518,324 |
| The components of net gratuity costs are reflected below: | | |
| Service cost | 712,084 | 389,352 |
| Interest cost | 42,762 | 11,533 |
| Expected return on plan assets | (15,894) | - |
| Recognized net actuarial (gain)/ loss | 18,145 | (18,244) |
| Net gratuity costs (included in salaries bonus and allowances of Note 17) | 757,097 | 382,641 |
| Financial assumptions at Balance Sheet date: | | |
| Discount rate | 8.25% | 8.50% |
| Long-term rate of compensation increase | 7.50% | 7.50% |
| Attrition rate:5% at younger ages and reducing to 1% at older ages according to graduated scale | | |
| The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards. | | |

26 Schedule to the Balance Sheet of a Non-Banking Financial Company as required in terms of Paragraph 13 of Non-Banking financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Liabilities side:

| Particulars | As at 31 March 13 | | As at 31 March 12 | |
|---|--------------------|----------------|--------------------|----------------|
| | Amount outstanding | Amount overdue | Amount outstanding | Amount overdue |
| (1) Loans and advances availed by the NBFC's inclusive of interest accrued thereon but not paid: | | | | |
| (a) Debentures : Secured | - | - | - | - |
| : Unsecured | - | - | - | - |
| (Other than falling within the meaning of public deposits) | | | | |
| (b) Deferred credits | - | - | - | - |
| (c) Term Loans | - | - | - | - |
| (d) Inter-corporate loans and borrowings | - | - | - | - |
| (e) Commercial paper | - | - | - | - |
| (f) Public deposits | - | - | - | - |
| (g) Other loans(Working capital facility loan from banks) | - | - | - | - |

Assets side:

| Particulars | | 31 March 2013 | 31 March 2012 |
|--------------------|--|---------------------------|---------------------------|
| | | Amount outstanding | Amount outstanding |
| (2) | Break-up of Loans and Advances including bills receivables [other than those included in (3) below] | | |
| | (a) Secured | - | 506,029,598 |
| | (b) Unsecured | 882,540 | 1,270,023 |
| (3) | Break up of Leased Assets and stock on hire counting towards AFC activities (net of provisions) | | |
| | (i) Lease assets including lease rentals under sundry debtors: | | |
| | (a) Financial lease | - | - |
| | (b) Operating lease | - | - |
| | (ii) Stock on hire including hire charges under sundry debtors: | | |
| | (a) Assets on hire | - | - |
| | (b) Repossessed assets | - | - |
| | (iii) Other loans counting towards AFC activities | | |
| | (a) loans where assets have been repossessed | - | - |
| | (b) loans other than (a) above | - | - |
| (4) | Break up of investments | | |
| | Current Investments: | | |
| | 1. Quoted | | |
| | (i) Shares: | | |
| | (a) Equity | 36,580,253 | 870,111 |
| | (b) preference | - | - |
| | (ii) Debentures and bonds | 2,630,857 | - |
| | (iii) Units of mutual funds | - | - |
| | (iv) Government securities | - | - |
| | (v) Others (please specify) | - | - |
| | 2. Unquoted | | |
| | (vi) Shares: | | |
| | (a) Equity | - | - |
| | (b) preference | - | - |
| | (vii) Debentures and bonds | - | - |
| | (viii) Units of mutual funds | 250,684,742 | 65,762,353 |
| | (ix) Government securities | - | - |
| | (x) Others (please specify) | - | - |
| Particulars | | 31 March 2013 | 31 March 2012 |
| | | Amount outstanding | Amount outstanding |
| | Long term investments | | |
| | 1. Quoted | | |
| | (xi) Shares: | | |
| | (a) Equity | - | - |
| | (b) preference | - | - |
| | (xii) Debentures and bonds | - | - |
| | (xiii) Units of mutual funds | - | - |
| | (xiv) Government securities | - | - |
| | (xv) Others (please specify) | - | - |
| | 2. Unquoted | | |
| | (xvi) Shares: | | |
| | (a) Equity | - | - |
| | (b) preference | 60,000,000 | 60,000,000 |
| | (xvii) Debentures and bonds | - | - |
| | (xviii) Units of mutual funds | - | - |
| | (xix) Government securities | - | - |
| | (xx) Others (please specify) | - | - |

| (5) Borrower group-wise classification of assets financed as in(2) and (3) above | | | | | | |
|--|-------------------|----------------|----------------|--------------------|-------------------|--------------------|
| Category | As at 31 March 13 | | | As at 31 March 12 | | |
| | Secured | Unsecured | Total | Secured | Unsecured | Total |
| 1.Related parties | | | | | | |
| (a) Subsidiaries | - | - | - | - | - | - |
| (b) Companies in the same group (including fellow | - | - | - | 98,144,516 | 64,137,924 | 162,282,440 |
| (c) Other related parties (including associates) | | | | - | - | - |
| 2.Other than related parties | - | 882,540 | 882,540 | 343,747,158 | 1,270,023 | 345,017,181 |
| Total | - | 882,540 | 882,540 | 441,891,674 | 65,407,947 | 507,299,621 |

| (6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): | | | |
|---|---------------------------------|--|---------------------------------|
| Category | As at 31 March 13 | | As at 31 March 12 |
| | Market value / break up or fair | | Market value / break up or fair |
| 1. Related parties | | | |
| (a) Subsidiaries | - | | - |
| (b) Companies in the same group (including fellow subsidiaries) | 60,000,000 | | 60,000,000 |
| (c) Other related parties (including associates) | - | | - |
| 2. Other than related parties | | | 66,632,464 |
| Total | 60,000,000 | | 126,632,464 |
| (7) Other Information | | | |
| (i) Gross non-performing assets | | | |
| (a) Related parties | - | | - |
| (b) Other than related parties | 7,382,664 | | 11,351,800 |
| (ii) Net non-performing assets | | | |
| (a) Related parties | - | | - |
| (b) Other than related parties | 6,626,563 | | 10,216,620 |
| (iii) Assets acquired in satisfaction of debt (net of provisions) | - | | - |

27 Investment in equity instruments (Quoted)

| Name of Equity Share | Face Value | | Quantity | | As at | |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 31 March 2013 | 31 March 2012 | 31 March 2013 | 31 March 2012 | 31 March 2013 | 31 March 2012 |
| Essar Ports Ltd. | - | 10 | - | 10,000 | - | 657,218 |
| Triveni Turbine Limited | - | 1 | - | 5,000 | - | 212,893 |
| Rallis India Ltd. | 1 | - | 10,000 | - | 487,775 | - |
| Aditya Birla Nuvo Ltd. | 10 | - | 500 | - | 272,341 | - |
| Career Point Ltd. | 10 | - | 2,502 | - | 514,491 | - |
| CESC Ltd. | 10 | - | 2,000 | - | 569,625 | - |
| CIPLA Ltd. | 10 | - | 1,500 | - | 810,500 | - |
| Dewan Housing Finance Corporation L | 10 | - | 5,000 | - | 618,275 | - |
| Dr.reddy's Laboratories Ltd | 5 | - | 350 | - | 643,500 | - |
| Escorts Ltd | 10 | - | 13,000 | - | 432,000 | - |
| Gmr Infrastructure Ltd. | 1 | - | 20,000 | - | 253,650 | - |
| Hexaware Technologies Ltd | 2 | - | 3,000 | - | 4,703,400 | - |
| ICICI Bank Ltd | 10 | - | 4,500 | - | 258,600 | - |
| Inox Leisure Ltd | 10 | - | 4,000 | - | 245,148 | - |
| Jagran Prakashan Ltd | 2 | - | 2,636 | - | 428,750 | - |
| Jubilant Life Sciences Limited | 1 | - | 2,500 | - | 164,668 | - |
| Jyothi Infraventures Ltd | 10 | - | 6,054 | - | 410,000 | - |
| Kalpataru Power Transmission Ltd. | 2 | - | 5,000 | - | 2,146,025 | - |
| Punjab National Bank | 10 | - | 3,000 | - | 1,154,000 | - |
| Reliance Industries Ltd | 10 | - | 2,700 | - | 2,086,830 | - |
| South Indian Bank Ltd. | 1 | - | 20,000 | - | 321,600 | - |
| Tata Elxsi Ltd | 10 | - | 300 | - | 57,300 | - |
| Tata Steel Ltd. | 10 | - | 1,000 | - | 312,850 | - |
| Tata Chemicals Ltd | 10 | - | 1,000 | - | 490,000 | - |
| Tube Investments of India Ltd. | 2 | - | 10,000 | - | 1,648,000 | - |
| United Bank of India Limited | 10 | - | 10,000 | - | 563,500 | - |
| United Phosphorous Ltd. | 2 | - | 5,500 | - | 645,700 | - |
| Larsen Toubro Ltd. | 2 | - | 2,600 | - | 3,552,120 | - |
| Shoppers Stop Ltd. | 5 | - | 1,000 | - | 401,250 | - |
| Indian Hotels Co. Ltd. | 1 | - | 10,000 | - | 535,500 | - |
| Honda Siel Power Products Ltd. | 10 | - | 1,000 | - | 397,250 | - |
| Coromandel Agro Products & Oils Ltd | 10 | - | 1,000 | - | 184,950 | - |
| Oriental Bank of Commerce | 10 | - | 10,000 | - | 2,518,000 | - |
| Sterlite Industries (India) Ltd. | 1 | - | 4,000 | - | 374,800 | - |
| Federal Bank Ltd | 10 | - | 1,000 | - | 480,650 | - |
| NMDC Ltd. | 1 | - | 3,000 | - | 411,300 | - |
| VST Industries Ltd. | 10 | - | 100 | - | 151,590 | - |
| Cairn India Ltd. | 10 | - | 5,000 | - | 1,362,250 | - |
| Bank of Baroda | 10 | - | 2,200 | - | 1,485,880 | - |
| LIC Housing Finance Ltd. | 2 | - | 1,000 | - | 224,900 | - |
| City Union Bank Ltd. | 1 | - | 287 | - | 11,605 | - |
| Power Finance Corporation Ltd. | 10 | - | 1,500 | - | 271,050 | - |
| Dhanlaxmi Bank Limited | 10 | - | 10,000 | - | 457,500 | - |
| Maruti Suzuki India Ltd. | 5 | - | 1,000 | - | 1,281,200 | - |
| Canara Bank | 10 | - | 6,000 | - | 2,239,930 | - |

28 Foreign currency forward contracts

The Company has no receivable and payable in foreign currency as at the balance sheet date. Hence the Company has not entered into any foreign

29 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under

30 Prior year comparatives

Prior year figures have been reclassified / regrouped wherever necessary to conform to the current year's classification.

As per our report attached

for **B S R & Associates**

Chartered Accountants

Firm registration No : 116231W

for **JRG Fincorp Limited**

S Sethuraman

Partner

Membership No: 203491

Anand Tandon

Managing Director

Harish Galipelli

Director

Chennai

14 May 13

Guruswamy Raj G

Company Secretary

Hyderabad

14 May 13

JRG Fincorp Limited

Regd Office: XXXVI 203, JJ Complex, Dairy Methanam Road, Edappally, Kochi - 682 024
Ph: 0484-3006000, Fax: 0484-2409922, Email: fincorp@inditrade.com

ATTENDANCE SLIP

Name and Address of the Member and / or Proxy _____

Reg. Folio No : _____

No. of Shares Held: _____

I hereby record my presence at the Sixth Annual General Meeting of the Company being held on Monday, the 30th day of September 2013 at the Registered Office of the Company at XXXVI 203, JJ Complex, Dairy Methanam Road, Edappally, Kochi - 682 024 at 12.00 noon

Member's / Proxy's Signature _____

Please fill in the attendance slip and hand over the attendance of the meeting hall. Please bring your copy of the Annual report for reference at the meeting.

JRG Fincorp Limited

Regd Office: XXXVI 203, JJ Complex, Dairy Methanam Road, Edappally, Kochi - 682 024
Ph: 0484-3006000, Fax: 0484-2409922, Email: fincorp@inditrade.com

PROXY FORM

Reg. Folio No : _____

No. of Shares Held: _____

I/We _____ of _____
being a member/members of **JRG Fincorp Limited** hereby appoint _____
of _____ or failing him _____
of _____ as my / our proxy to vote for me / us and on my
/ our behalf at the **Annual General Meeting** of the company to be held on Monday the 30th day of
September 2013 and at any adjournment thereof.

Signed _____ day of _____, 2013

Affix
Re 1
Revenue
Stamp

The Companies Act, 1956 lays down that an instrument appointing a Proxy shall be deposited at the Registered office of the company not less than 48 hours before the time of holding the meeting.