



24th Annual Report 2013-2014

Board of Directors

CS M. G. Jawanjar
Chairman & Managing Director
Mr. S.K. Mahakalkar
Mr. V. B. Pathak
Mr. A. G. Kachore
Mr. D.P. Dalal
CA B.V. Shah
CA A.D. Sarda
Mr. S. M. Jawanjal
(Executive Director)

Company Secretary

CS (Mrs.) D.R. Balpande

Bankers

Bank of Maharashtra
Indian Overseas Bank

Financial Institution

Sundaram Finance Limited

Debenture Trustee

GDA Trusteeship Ltd.

Auditors

M/s APJ & Associates
Chartered Accountants

Legal Advisor

Adv. Ashutosh Dharmadhikari

Regd. Office

Avinisha Tower,
Mehadia Square, Dhantoli,
NAGPUR - 440 012.
Ph. : 0712 - 2460827, 2452916

CIN No.

U65929MH1990PLC057829

Website

www.berarfinance.com

BRANCHES

Maharashtra - Akola, Amravati, Buldhana, Chandrapur, Gadchiroli, Gondia,
Khamgaon, Nashik, Washim, Wardha, Yavatmal

Madhyapradesh - Bhopal, Chhindwara, Indore

Chhatisgarh - Bilaspur, Durg, Raipur ★ **Andhrapradesh** - Adilabad

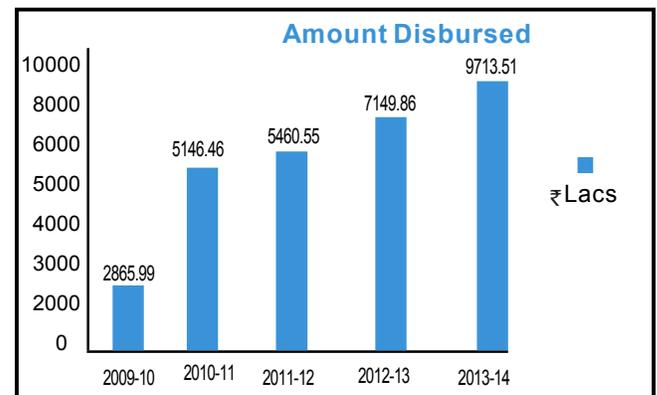
REPORT OF THE DIRECTORS

Your Directors present their Report and the audited Accounts of your Company for the Financial Year ended 31st March, 2014.

OPERATIONS

The business operations of the Company continued to grow satisfactorily during the year, as is evident from the following figures:

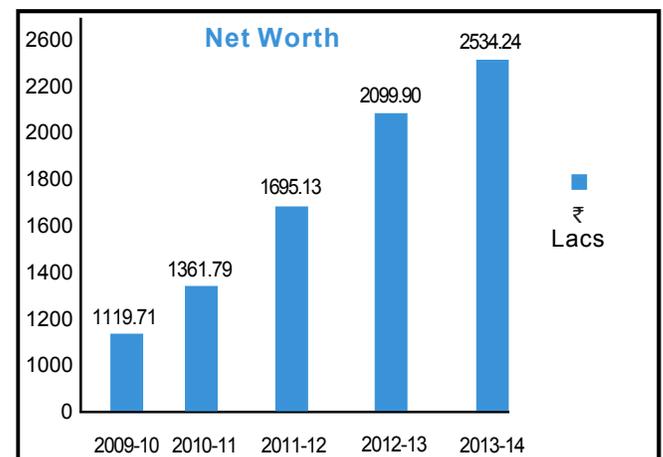
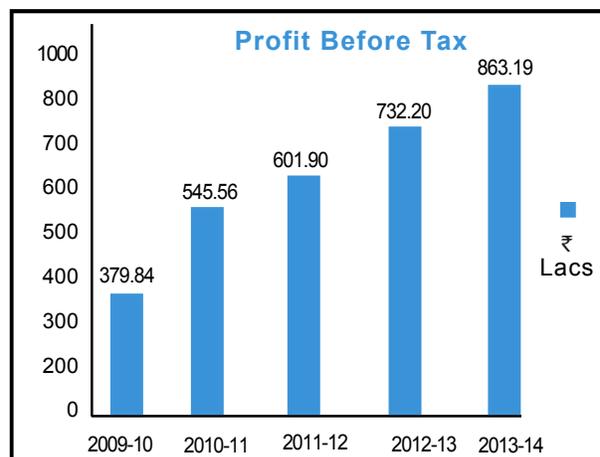
	<u>2013-2014</u>	<u>2012-2013</u>
	₹ (Lacs)	₹ (Lacs)
Amount disbursed during the year	9,713.51	7,149.86
Gross Receivables under Management at year end	10,140.55	7,793.16
Gross Profit	<u>863.19</u>	<u>732.20</u>



RESULTS

The operations reflect a Net Profit (after tax) of ₹ 5,74,73,677 . Your Directors propose to appropriate the same as under:

Net Profit (after tax)	5,74,73,677
Add: Balance brought forward	<u>9,09,535</u>
Disposable Profit	<u>5,83,83,212</u>
Appropriations -	
Transfer to Statutory Reserve	1,45,00,000
Transfer to General Reserve	2,85,00,000
Dividend /Tax thereon	1,40,39,400
Balance Carried Forward	<u>13,43,812</u>



DIVIDEND

Your Directors are pleased to recommend a dividend of 15% (₹ 1.50 per Equity Share) as against 15% (₹ 1.5 per Equity Share) in the previous year.

BANK FACILITIES

Your Company's Bankers-Bank of Maharashtra and Indian Overseas Bank have been kind to sanction and release Cash Credit facility to ₹ .1800.00 lacs and ₹ 800.00 Lacs respectively.

FIXED DEPOSITS

As on 31.03.2014 total fixed deposits are of ₹ 12,25,70,215 , public deposits being of ₹ 9,93,95,826. 12 Deposits of ₹ 8,71,370 though matured were unclaimed on 31.03.2014. Of these, 3 Deposits of ₹ 67,839/- are still unclaimed on the date of this report. Periodic reminders are being sent to the depositors for repayment / renewal of deposits

ISSUE OF SECURED BONDS

During the year, Reserve Bank of India made changes in the guidelines applicable to private placement of Non-Convertible Debentures. The terms of issue being very restrictive, the Company discontinued private placement of NCDs.

TERM LOAN FACILITY

Your Company has availed fresh Term Loans aggregating to ₹ 1912.40 Lacs , from lenders comprising Sundaram Finance Limited, MAS Financial Services Ltd and AU Financiers (India) Ltd. A few more proposals are under active consideration.

PROSPECTS

Your Company has emerged as a strong player in vehicle finance market. Financing of 2 wheelers continues to be the mainstay of your company. There is a growing demand from customers for the customer friendly and transparent finance schemes of the Company.

The performance of the past 2 months of the current year is encouraging. Your Company expects to maintain satisfactory growth during the current year. Your Directors are hopeful of a healthy and rewarding future.

CREDIT RATING

Credit Rating Agency ICRA has assigned BB+ with stable outlook under general category.

Your Company is in the process of applying for review of rating for the current year.

BRANCH NETWORK

Your Company plans to reach customers through expansion of branch network at strategic locations in Central India.

During the year, your Company opened 2 new branches at Gadchiroli (M.S.) and Adilabad (A.P.). With this total branch tally goes to 18. Your Company plans to add few more branches during the current year.

RBI GUIDELINES

Your Company has been following guidelines issued by Reserve Bank of India on prudential norms for income recognition, asset classification, provisioning of bad and doubtful debts, capital adequacy and concentrations of credit and investment. The Company has a comfortable capital adequacy ratio of 25.83% (as against 15% prescribed by RBI) as on 31.03.2014.

Your Company has been classified as an Asset Financing Company - Deposit taking by Reserve Bank of India. Your Company has appointed as trustees for the benefit of the depositors and created floating charge on statutory liquid assets.

AUDITORS

M/s APJ & Associates, Chartered Accountants, the retiring Auditors of the Company, are eligible for reappointment. This appointment, if approved, shall be for a period of 5 years , subject to ratification at each Annual General Meeting.

DIRECTORS

Mr. Shantaram Mahakalkar retire by rotation and being eligible, offer himself for reappointment.

Mr. Atul Sarda and Mr. Vishwas Pathak have been designated as Independent Directors.

CORPORATE GOVERNANCE

Your Board of Directors constituted following Committees :

- 1) Audit Committee
- 2) Corporate Social Responsibility Committee
- 3) Nomination and Remuneration Committee
- 4) Stakeholders relationship Committee.
- 5) Risk Management Committee

These committees held deliberations on crucial matters from time to time during the year.

DIRECTORS RESPONSIBILITY STATEMENT

As required under Section 217 of the Companies Act, 1956 the Directors hereby confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed.
2. The Company has selected such accounting policies and applied them consistently and made judgment 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 the period;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting record in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Annual Accounts are prepared on a going concern basis.

OTHER PARTICULARS

Particulars of employees and particulars regarding conservation of energy, technology absorption, foreign exchange earnings and outgo are not applicable to the Company.

HUMAN RESOURCES

Your Company is putting strong emphasis on attracting, training and retaining the right talent and performers.

Your Company has a pride of having a cadre of committed and competent employees at all levels, equipped to deliver a variety of products and services to the rapidly growing customer base.

The relationship with employees continues to be cordial.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their appreciation for the excellent support and assistance received from Bank of Maharashtra, Indian Overseas Bank, Sundaram Finance Limited, MAS Financial Services Ltd. and AU Financiers (India) Ltd. for the continued enthusiasm and efforts of employees at all levels and for the continued confidence and trust reposed by the shareholders, Depositors, Bondholders and customers.

For and on behalf of the Board,

S/d

M. G. JAWANJAR

Chairman

NAGPUR

27.05.2014

INDEPENDENT AUDITOR'S REPORT

To the Members of

Berar Finance Limited, Nagpur.

Reports on the Financial Statements:

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

Managements 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 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

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

Report on Other Legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
 - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For APJ & ASSOCIATES
Firm Reg. No.:124810W
Chartered Accountants
S/d

Atul Bhaiyya
Partner

M.No. 128681

Place : Nagpur

Date : 27.05.2014

Annexure to the Auditor's Report

The Annexure referred to in paragraph 5 of the Our Report of even date to the members of Berar Finance Limited on the accounts of the Company for the year ended 31st March, 2014.

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a phased programme of physical verification of fixed assets, which in our opinion, is reasonable having regards 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. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (c) In our opinion and according to the information and explanation given to us, a substantial part of fixed assets have not been disposed off by the Company during the year.
- II (a) During the year the Company has granted loans aggregating to ₹ 29,50,000 to 1 party listed in the register maintained under section 301 of the Companies Act, 1956. Year end balance of such loans is ₹ 30,25,346.
- (b) In our opinion, the rate of interest and other terms and conditions on which loans have been given to parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to interest of the Company.
- (c) The receipt of the principal amount and interest thereon are regular.
- (d) There is no overdue amount of loans granted by the Company to parties listed in the registers maintained under section 301 of the Companies Act, 1956.
- (e) During the year the Company has accepted Secured loans aggregating to ₹ 81,79,000 from 12 parties & Unsecured loans aggregating to ₹ 92,20,840 from 26 parties listed in the register maintained under Section 301 of the Companies Act, 1956. Year end balance of such Secured & Unsecured loans are ₹ 88,36,983 & ₹ 98,18,342 respectively.
- (f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to interest of the Company.
- (g) The Company is regular in repaying the principal amount as stipulated and has been regular in the payment of interest.
- III. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of fixed assets and also for sale of Services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas and accordingly the question on commenting on whether there is a continuing failure to correct major weakness in the internal control system of the Company does not arise.
- IV. According to the information and explanations given to us, we are of the opinion that except for the deposits accepted from the Directors and their relatives in the routine course of business and in accordance with the scheme of deposit of the Company, granting of advances in the ordinary course of business to the director and relative of directors and payment of salary as per terms of appointment to the Managing Director, Executive Director and their relatives, no transaction has been entered into by the Company that need to be entered into the register maintained under section 301 of the companies Act, 1956.
- V. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58 A and Section 58AA of the Companies Act, 1956 and the rules framed thereunder with regard to deposits accepted from the public. No order has been passed on the Company by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in this regard.
- VI. The Company have an internal audit system, which in our opinion is commensurate with the size and the nature of its business.
- VII. The Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956.

- VIII. (a) According to the records of the Company and the information and explanation given to us, undisputed statutory dues including provident fund, investor education and protection fund. Employee state insurance, income tax, wealth tax, services tax, sales tax, value added tax, customs duty and excise duty were regularly deposited during the year with the appropriate authority.
- (b) According to the records of the Company and the information and explanation given to us, there are no dues of Sales Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of dispute. Details of disputed Income Tax liability deposited under protest are as follow:

Nature of Dues	Amount (In ₹)	Period to which amount relates	Forum where the dispute is pending
Income Tax	14,51,410	FY 2010-11	Commissioner of Income Tax (Appeals)-I, Nagpur

- IX. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the current and immediately preceding financial year.
- X. 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 financial institutions, banks or debenture holders.
- XI. According to the information and explanations given to us, we are of the opinion that the Company has maintained adequate documents and records in respect of a loans and advances granted on the basis of security by way of pledge of shares, debentures and other securities.
- XII. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments except sale/purchase of shares and securities for investment purpose and proper records and timely entries of such transactions have been made. Shares and other securities are held by the Company in its own name.
- XIII. In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- XIV. To the best of our knowledge & belief and according to the information & explanations given to us, in our opinion, term loans availed by the Company were applied by the Company during the year for the purpose for which the loans were obtained.
- XV. According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- XVI. According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 169095 Secured Debentures (Redeemable Non-Convertible Bonds) of Rs.1000 each amounting to Rs.16,90,95,000/-. The Company has created the required security towards the debentures issued by it.
- XVII. During the year, the Company has not raised any money through public issue and accordingly the question of the disclosure of the end use of the money does not arise.
- XVIII. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company was noticed or reported during the course of our audit

In our opinion, and according to the information and explanations given to us, and in view of nature of the Company's business/activities during the year, clause no. (ii) and (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to it.

Place : Nagpur
Date : 27.05.2014

For APJ & ASSOCIATES
Firm Reg. No.:124810W
Chartered Accountants
S/d
Atul Bhaiyya
Partner
M.No. 128681

Financial Statements

BALANCE SHEET AS AT 31st MARCH, 2014

Figures in ₹

Particulars	Note No.	31.03.2014	31.03.2013
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
a) Share Capital	3	8,00,00,000	8,00,00,000
b) Reserves and Surplus	4	17,34,23,812	12,99,89,535
(2) Non-Current Liabilities			
a) Long-term borrowings	5	24,21,11,407	17,58,55,490
(3) Current Liabilities			
a) Short-term borrowings	6	20,55,90,567	18,40,72,065
b) Trade payables	7	4,99,312	3,11,012
c) Other current liabilities	8	37,89,26,773	24,82,77,164
d) Short-term provisions	9	3,19,97,563	2,75,13,065
Total		1,11,25,49,434	84,60,18,331
II. Assets			
(1) Non-current assets			
a) Fixed assets			
(i) Tangible assets	10	1,75,21,831	1,71,19,976
(ii) Capital work-in-progress	10	--	8,04,578
b) Non-current investments	11	1,19,13,538	1,31,22,021
c) Deferred tax assets (net)	26.3	32,25,713	23,75,336
d) Long term loans and advances	12	27,80,63,743	20,89,17,780
2) Current assets			
a) Current investments	13	3,00,000	5,00,000
c) Cash and cash equivalents	14	4,86,18,342	3,89,04,288
d) Short-term loans and advances	15	75,24,71,829	56,39,28,994
e) Other current assets	16	4,34,438	3,45,358
Total		1,11,25,49,434	84,60,18,331

In terms of our report attached.

For APJ & ASSOCIATES.
Firm Reg. No. : 124810W
Chartered Accountants

S/d

Atul Bhaiyya
Partner
M. No. 128681
NAGPUR
27.05.2014

S/d
M.G. Jawanjar
(Managing Director)

S/d
S.M. Jawanjal
(Executive Director)

S/d
D.R. Balpande
(Company Secretary)

S/d
S.K. Mahakalkar
S/d
A. G. Kachore
S/d
D.P. Dalal
S/d
B.V. Shah
S/d
A.D. Sarda
DIRECTORS

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

Figures in ₹

Particulars	Note No.	31.03.2014	31.03.2013
I. Revenue from operations	17	27,35,70,087	19,97,02,255
II. Other Income	18	22,18,707	14,96,283
III. Total Revenue (I+II)		27,57,88,794	20,11,98,538
IV. Expenses :			
Employee benefit expenses	19	3,17,22,645	2,39,83,177
Administrative & Other expenses	20	5,24,96,082	3,68,26,165
Financial costs	21	9,42,32,140	6,15,88,408
Depreciation & amortization expenses	11	21,18,979	17,36,843
Provision / Write off	22	88,99,543	38,44,188
IV. Total Expenses		18,94,69,389	12,79,78,781
V. Profit before tax (III - IV)		8,63,19,405	7,32,19,757
VI. Tax expense :			
(1) Current tax	23	2,96,96,105	2,40,00,000
(2) Deferred tax	25.3	(8,50,377)	(26,389)
VII. Profit for the year	(IX -X)	5,74,73,677	4,92,46,146
VIII. Earning per equity share : (Annualised)			
(1) Basic		7.18	6.28
(2) Diluted		7.18	6.28
See accompanying notes forming part of the financial statements			

In terms of our report attached.

For APJ & ASSOCIATES.
FirmReg. No. : 124810W
Chartered Accountants

S/d

Atul Bhaiyya
Partner
M. No. 128681
NAGPUR
27.05. 2014

S/d
M.G. Jawanjar
(Managing Director)

S/d
S.M. Jawanjal
(Executive Director)

S/d
D.R. Balpande
(Company Secretary)

S/d
S.K. Mahakalkar
S/d
A. G. Kachore
S/d
D.P. Dalal
S/d
B.V. Shah
S/d
A.D. Sarda
DIRECTORS

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31st MARCH, 2014

	PARTICULARS	31.03.2014	31.03.2013
A	<u>CASH FLOW FROM OPERATING ACTIVITY</u>		
	Net profit before taxation	8,63,19,405	7,32,19,757
	Adjustment for :		
	Depreciation	21,18,979	17,36,843
	(Profit)/ Loss on sale of Current & long term investments	(90,867)	(1,98,735)
	Interest paid on Term Loans	1,31,06,242	1,85,436
	Interest received on current & long term investments & interest on Fixed deposits	(7,89,709)	(7,68,836)
	Dividend received	(37,040)	(24,080)
	Operating profit before working capital changes	10,06,27,010	7,41,50,385
	Adjustment for Decrease/(Increase) in Operating Assets	(25,77,77,878)	(22,44,03,491)
	Adjustment for Decrease/(Increase) in Operating Liabilities	78,05,147	20,60,114
	Cash Generated From Operations	(14,93,45,721)	(14,81,92,993)
	Direct Tax Paid	(2,84,11,252)	(2,98,43,221)
	(a) Net cash inflow from operating activity	(17,77,56,973)	(17,80,36,214)
B	<u>CASH FLOW FROM INVESTING ACTIVITY</u>		
	Purchase of Fixed assets	(17,16,256)	(33,97,816)
	Sale of Fixed Assets	-	-
	Purchase of Gold Coins	-	(1,58,881)
	Purchase of Securities Investment	(21,39,492)	(64,83,686)
	Proceeds from Sale of Securities Investment	42,05,342	46,13,415
	Purchase of Government Securities	(10,66,500)	(9,97,750)
	Proceeds from Sale of Government Securities	5,00,000	7,00,000
	Interest received on current & long term investments & interest on Fixed deposits	7,89,709	7,68,836
	Dividend received	37,040	24,080
	(b) Net cash inflow from investing activity	6,09,843	(49,31,802)
C	<u>CASH FLOW FROM FINANCING ACTIVITY</u>		
	Proceeds from Bank & Financial Institution Borrowing (Net of Repayments)	17,59,51,741	(9,61,59,333)
	Proceeds from Fixed Deposits (Net of Repayments)	42,85,565	1,35,43,342
	Proceeds from Non-Convertible Debentures (Net of Repayments)	3,35,00,432	9,14,85,373
	Interest paid on Term Loans	(1,31,06,242)	(1,85,436)
	Share Capital Issued	-	50,00,000
	Dividend & Dividend Tax Paid	(1,37,70,312)	(1,15,99,002)
	(c) Net cash inflow from financing activity	18,68,61,184	19,44,03,610
	Net increase/(Decrease) in cash and cash equivalents	97,14,054	1,14,35,595
	Cash and cash equivalents at the beginning of the period	3,89,04,288	2,74,68,693
	Cash and cash equivalents at the end of the period	4,86,18,342	3,89,04,288
	Composition of cash & cash equivalents :		
	Cash in hand	46,92,575	29,31,103
	Bank balances	4,39,25,767	3,59,73,185

The above cash flow statement is prepared as per Indirect method set out in AS-3 issued by ICAI - -

In terms of our report attached.

For APJ & ASSOCIATES.
FirmReg. No. : 124810W
Chartered Accountants

S/d

Atul Bhaiyya
Partner
M. No. 128681
NAGPUR
27.05. 2014

S/d
M.G. Jawanjar
(Managing Director)

S/d
S.M. Jawanjal
(Executive Director)

S/d
D.R. Balpande
(Company Secretary)

S/d
S.K. Mahakalkar
S/d
A. G. Kachore
S/d
D.P. Dalal
S/d
B.V. Shah
S/d
A.D. Sarda
DIRECTORS

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1) Corporate Information

Berar Finance Limited is a Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Berar Finance Ltd. is a NBFC and it holds a valid certificate of registration, issued by the Reserve Bank of India dated 24th November, 1998. Berar Finance Ltd. has its head office at Nagpur and 18 branches spread across Central India as at March, 2014. Berar finance Ltd is engaged in business of financing of Two Wheeler loans, Car Loans, Agriculture Equipments Loans, Personal Loans, Demand Loans and Loans against Vehicles.

2) Significant Accounting Policies

1 Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention and conform to the Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared the financial statements to comply in all material respects with the notified Accounting Standards under Companies Accounting Standard Rules, 2006, (As amended), and the relevant provisions of the Companies Act, 1956 ('the Act') and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Companies ('NBFCs').

2 Use of estimates

The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the date of the financial statement and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Management is of the view that the estimates used in the preparation of financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognized prospectively in the current and future periods.

3 Cash Flow Statement

The Cash flow statement is prepared in accordance with the Indirect method prescribed in Accounting Standard 3.

4 Fixed Assets

Fixed assets are stated at historical cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Depreciation on assets is provided on written down value method of rate prescribed in Schedule XIV to the Companies Act 1956.

5 Valuation of Investments

Investments are classified into Long Term Investments and Current Investments. Long-term investments are stated at cost and provision for diminution in value, other than temporary, is considered wherever necessary. Current investment are valued at lower of cost and market value / net asset value determined on an individual investment basis.

6 Provisioning / Write-off of assets

The management has written-off Secured and Unsecured loans which have gone bad and the recovery of which is doubtful & uncertain. The provisions are made as per Non-Banking Financial (Deposit Accepting or Holding) companies Prudential Norms (Reserve Bank) Directions, 2007.

7 Advances under Financing Activity

Advances under financial activity includes Two Wheelers loans, Car Loans, Agriculture Equipments Loans, Personal Loans, Demand Loans and Loan against vehicles/ assets.

Advances are stated at amount advanced including finance charges accrued and expenses recoverable, as reduced by the amounts received up to March 31, 2014 and advances securitized.

8 Revenue recognition

- i. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- ii. Interest on loans is recognized under the internal rate of return method.
- iii. Income recognized and remaining unrealized after instalments become overdue for six months or more in case of secured and unsecured loans are reversed and are accounted as income when these are actually realized.
- iv. Gain or loss arising on securitization of assets is recognized in the year of securitisation.
- v. Dividend is recognized as income when right to receive payment is established by the balance sheet date.
- vi. The Profit / Loss on the sale of investments is dealt with at the time of actual sale / redemption.

9 Employee Benefits

a) Short Term Employee

Benefits Short Term Employees Benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered

b) Post Employment Benefits

(i) Provident Fund

The Company contributes monthly at a determined rate. These contributions are remitted to the Employees' Provident Fund Organisation, India for this purpose and is charged to Profit and Loss Statement on accrual basis.

(ii) Gratuity

The Company provides for gratuity (a defined benefit retirement plan) to all the eligible employees. The benefit is in the form of lump sum payments to vested employees on retirement, on death while in employment, or termination of employment for an equivalent to 15 days salary payable for each completed year of service. Vesting occurs on completion of five years of service or on death while in employment. Liability in respect of gratuity is determined using the projected unit credit method with actuarial valuations as on the balance sheet date and gains/losses are recognized immediately in the profit and loss account.

(iii) Leave Encashment

Liability in respect of leave encashment is determined using the projected unit credit method with actuarial valuations as on the balance sheet date and gains/losses are recognized immediately in the Statement of profit and loss.

10 Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward

tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The un-recognized deferred tax assets are re-assessed by the Company at each balance sheet date and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

11 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of share outstanding during the period after adjusting for the effects of all dilutive potential equity shares.

12 Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

13 Expenses on deposits / debentures

Expenses on mobilization of deposits / debentures have been charged to Statement of Profit and Loss in year in which they are incurred.

14 Ancillary cost of borrowings and securitisation of advances

Ancillary cost of borrowings are charged to statement of Profit and Loss in the year in which they are incurred.

3) SHARE CAPITAL

Amount in ₹

Particulars	As at 31.03.14	As at 31.03.13
Authorized		
Equity shares, of ₹ 10 each		
1,50,00,000 equity shares	15,00,00,000	15,00,00,000
Issued, Subscribed and Fully Paid-Up		
Equity shares, of ₹ 10 each	8,00,00,000	8,00,00,000
80,00,000 Equity shares fully paid-up		
TOTAL	8,00,00,000	8,00,00,000

The Company has only one class of shares referred to as equity shares having a face value of ₹ 10. Each holder of equity shares is entitled to one vote per share.

31,00,000 Equity shares out of issued, subscribed and fully paid up share capital were allotted as Bonus Shares by capitalisation of Share Premium and General Reserve.

The reconciliation of the number of shares outstanding as at March 31, 2014 and March 31, 2013 is set out below:

Particulars	Asat 31.03.14	Asat 31.03.13
Number of shares as at the beginning	80,00,000	80,00,000
Add: Shares allotted during the period	--	--
Number of shares as at the end	80,00,000	80,00,000

The details of shareholder holding more than 5% shares as at March 31, 2014 is set out below :

Name of the shareholder	No. of shares	% held as at 31.03.14
M/s Avino Agri Farms Limited	10,54,434	13.18%
Mr. Maroti Jawanjar	8,68,744	10.86%
Mr. Maroti Jawanjar (HUF)	6,04,375	7.55%

4. RESERVES AND SURPLUS

Amount in ₹

Particulars	Asat 31.03.14	Asat 31.03.13
A. Statutory Reserve		
Opening balance	5,13,15,000	3,88,15,000
Add: Transferred from Surplus	1,45,00,000	1,25,00,000
Closing balance	6,58,15,000	5,13,15,000
B. General Reserve		
Opening balance	7,77,65,000	5,47,65,000
Add: Transferred from Surplus	2,85,00,000	2,30,00,000
Closing balance	10,62,65,000	7,77,65,000
C. Surplus in the Profit & loss Statement		
Opening Balance	9,09,535	9,33,701
Add: Net profit after tax transferred from Statement of Profit and Loss	5,74,73,677	4,92,46,146
Amount available for appropriation	5,83,83,212	5,01,79,847
Less Appropriations:		
Proposed dividend	1,20,00,000	1,17,70,000
Dividend Distribution tax	20,39,400	20,00,312
Amount transferred to Statutory Reserve	1,45,00,000	1,25,00,000
Amount transferred to General Reserve	2,85,00,000	2,30,00,000
Closing Balances	13,43,812	9,09,535
TOTAL	17,34,23,812	12,99,89,535

The Company has transferred 25% of the profit after tax to the statutory reserves in accordance to the provision of Section 45-IC Reserve Bank of India Act, 1934.

5. LONG TERM BORROWINGS

Secured

Amount in ₹

Particulars	Asat 31.03.14	Asat 31.03.13
(a) Redeemable Non-Convertible debentures of ₹ 1000 [Refer Note 5.1, 5.2 & 5.3]	10,49,20,096	10,52,93,947
(b) Term Loans		
Sundaram Finance Ltd. [Refer Note 5.1 & 5.2]	4,12,37,097	2,20,18,669
MAS Financial Services Ltd. [Refer Note 5.1 & 5.2]	2,08,33,338	--
AU Financiers (India) Ltd. [Refer Note 5.1 & 5.2]	2,70,83,337	--
	19,40,73,868	12,73,12,616
Unsecured		
Fixed Deposits [Refer Note 5.4 & 5.5]	4,80,37,539	4,85,42,874
	4,80,37,539	4,85,42,874
TOTAL	24,21,11,407	17,58,55,490

5.1 Secured by First charge on all specific receivables under Hypothecation Agreements other than those hypothecated to banks.

5.2 Terms of Repayment for secured borrowing including Current Maturities.

As at March 31, 2014

Particulars	Current Amount in ₹	Non-Current Amount in ₹
Redeemable Non-Convertible debentures	19,11,83,021	10,49,20,096
Term Loan from Sundaram Finance Ltd. (Repayable in 24 to 36 monthly installment from the date of the loan with interest of 15%)	4,85,52,076	4,12,37,097
Term Loan from MAS Financial Services Ltd. (Repayable in 24 monthly installment from the date of the loan with interest of 15.75%)	2,52,84,790	2,08,33,338
Term Loan from AU Financiers (India) Ltd. (Repayable in 24 monthly installment from the date of the loan with interest of 15.60%)	2,29,16,663	2,70,83,337

5.3 Maturity profile and Rate of interest of Non-Convertible Debentures are as set out below:

Rate of Interest	2014-15	2015-16
11.50%	4,38,94,238	--
12.00%	95,95,114	1,61,23,785
12.50%	2,05,47,644	6,12,56,143
13.00%	11,71,46,025	1,10,33,977
13.50%	--	1,65,06,191
Total	19,11,83,021	10,49,20,096

5.4 Terms of Repayment for Unsecured borrowing including Current Maturities

As at March 31, 2014

Particulars	Current Amount in ₹	Non-Current Amount in ₹
Fixed Deposits	7,45,32,676	4,80,37,539

5.5 Maturity profile and Rate of interest of Unsecured loans are as set out below:

Rate of Interest	Upto 1Year	1-3 Years
11.00%	2,13,98,466	--
11.50%	2,86,56,565	36,69,826
12.00%	15,320,292	2,80,32,993
12.50%	91,57,353	1,63,34,720
Total	7,45,32,676	4,80,37,539

6. SHORT TERM BORROWINGS

Amount in ₹

Particulars	As at 31.03.14	As at 31.03.13
Secured		
(a) Loans from Banks		
Cash Credit from Bank of Maharashtra [Refer Note 6.1, 6.2&6.3]	15,56,70,735	18,40,72,065
Cash Credit from Indian Overseas Bank [Refer Note 6.1, 6.2&6.3]	4,99,19,832	--
Total	20,55,90,567	18,40,72,065

- 6.1 Secured by first charge on Hypothecation loan receivables present and future, ranking pari passu, excluding assets which are specifically charged to other lenders.
- 6.2 Secured by equitable mortgage of office premises situated at Amravti, Akola, Chandrapur, Chhindwara, Raipur and Nagpur.
- 6.3 Secured by Hypothecation of Furniture/Fixture/Computers/ Equipments in the office premises.

7. TRADE PAYABLES

Amount in ₹

Particulars	As at 31.03.14	As at 31.03.13
Sundry Creditors	4,99,312	3,11,012
Total	4,99,312	3,11,012

8. OTHER CURRENT LIABILITIES

Amount in ₹

Particulars	As at 31.03.14	As at 31.03.13
(i) Current Maturities of non convertible Debentures [Refer Note 5.1 & 5.4]	19,02,98,062	15,42,25,717
(ii) Current Maturities of Long Term debts From Bank for Office Premises [Refer Note 8.1]	--	315
(iii) Sundaram Finance Ltd. for Car Loan [Refer Note 8.2]	--	2,87,769
(iv) Sundaram Finance Ltd. [Refer Note 5.1 & 5.2]	4,85,52,076	91,67,309
(v) MAS Financial Services Ltd. [Refer Note 5.1 & 5.2]	2,52,84,790	--
(vi) AU Financiers (India) Ltd. [Refer Note 5.1 & 5.2]	2,29,16,663	--
(vii) Current Maturities of Fixed Deposits [Refer Note 5.4 & 5.5]	7,36,61,306	6,69,64,151
(viii) Other Payable		
(a) Statutory Remittances	15,70,104	9,56,189
(b) Security Deposits	35,79,248	28,25,819
(c) Other Expenses Payable [Refer Note 8.3]	1,09,17,342	77,47,078
(ix) Unclaimed Dividend	3,90,853	2,42,171
(x) Unclaimed Deposits	8,71,370	27,77,625
(xi) Unclaimed Non Convertible Debentures	8,84,959	30,83,021
Total	37,89,26,773	24,82,77,164

8.1 Secured by equitable mortgage of Akola premises & hypothecation of Furniture & Fixture at Akola.

8.2 Secured by hypothecation of car.

8.3 Other Expenses Payable includes commission payable, salary to staff and other payables.

9. SHORT-TERM PROVISIONS

Amount in ₹

Particulars	As at 31.03.14	As at 31.03.13
<u>Provision for employee benefits</u>		
For Gratuity	32,32,902	29,44,420
For Earned Leave	20,60,548	18,68,938
	52,93,450	48,13,358
<u>Others</u>		
Dividend Payable	1,20,00,000	1,17,70,000
Dividend Distribution Tax Payable	20,39,400	20,00,312
Income Tax (Net of Advances Tax & Tax Deducted at sources)	43,17,967	30,33,114
Provision for NPA	58,71,377	40,70,912
Contigent Provision Against Standard Assets	24,75,396	18,25,369
	2,67,04,113	2,26,99,707
Total	3,19,97,563	2,75,13,065

Provision for Income Tax (Net of Advance Tax & Tax deducted at sources) comprises

Advances Income Tax: ₹ 6,38,43,721 (31-March-13 ₹ 6,10,06,676)

Tax Deducted at Sources ₹ 6,38,312 (31-March-13 ₹ 6,60,210)

Notes 10 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	AS AT 1.4.13 ₹	ADDI- TION ₹	DEDUC- TION ₹	AS AT 31.3.14 ₹	AS AT 1.4.13 ₹	FOR THE YEAR ₹	DEDU- CTION ₹	UPTO 31.3.14 ₹	AS AT 31.3.14 ₹	AS AT 31.3.13 ₹
A										
Tangible Assets										
Land-Freehold	28,42,686	--	--	28,42,686	--	--	--	--	28,42,686	28,42,686
Building	1,13,88,644	--	--	1,13,88,644	23,81,226	4,50,371	--	28,31,597	85,57,047	90,07,418
Office Equipments	19,83,985	11,71,613	--	31,55,598	9,47,322	2,87,657	--	12,34,979	19,20,619	10,36,663
Computers	45,84,916	4,07,445	--	49,92,361	28,89,391	7,41,980	--	36,31,371	13,60,990	16,95,525
Generator	3,53,160	--	--	3,53,160	2,15,524	19,145	--	2,34,669	1,18,491	1,37,636
Furniture	46,61,809	9,41,776	--	56,03,585	28,88,427	4,57,582	--	33,46,009	22,57,576	17,73,382
Vehicles	19,38,000	--	--	19,38,000	13,11,334	1,62,244	--	14,73,578	4,64,422	6,26,666
TOTAL	2,77,53,200	25,20,834	--	3,02,74,034	1,06,33,224	21,18,979	--	1,27,52,203	1,75,21,831	1,71,19,976
B										
WIP										
Furniture	8,04,578	--	8,04,578	--	--	--	--	--	--	8,04,578
Previous Year	2,23,14,237	54,38,963	--	2,77,53,200	88,96,381	17,36,843	--	1,06,33,224	1,71,19,976	1,34,17,856

11. NON-CURRENT INVESTMENTS

Amount in ₹

Particulars	As at 31.03.14	As at 31.03.13
In Government Securities- Quoted (Refer Note 11.1)	1,00,84,193	93,17,693
In Equity Shares- Quoted fully paid up (Refer Note 11.2)	7,04,815	26,79,798
In Equity Shares- unquoted fully paid up Avino Agri farms Ltd. (Refer Note 11.3)	12,00,000	12,00,000
Gold Coins	1,58,881	1,58,881
	1,21,47,889	1,33,56,372
Less : Provision for Diminution in value of Investment in Government Securities	2,34,351	2,34,351
Total	1,19,13,538	1,31,22,021

Note - Non Current Investments

(Amount in ₹)

Particulars	31.03.2014			31.03.2013		
	Face Value Per Share ₹	NOS./ UNITS	₹	Face Value Per Share ₹	NOS./ UNITS	₹
TRADE INVESTMENTS, AT COST						
11.1. Government Securities -						
7.80%GOI BONDS	2021		4,67,400	–		4,67,400
8.28%GOI BONDS	2027		4,72,250	–		4,72,250
5.85% M.P.State Dev Loans	2015		1,00,000	–		1,00,000
7.02% Mah.State Dev Loans	2015		–	–		3,00,000
5.69% Govt. Stock	2018		3,61,180	–		3,61,180
11.50% Govt.Stock	2015		11,25,601	–		11,25,601
7.49% Govt.Of India Bonds	2017		4,95,000	–		4,95,000
8.03% Govt.Of India FCI Bonds	2024		9,59,000	–		9,59,000
8.23% Govt.Of India FCI Bonds	2027		6,00,000	–		6,00,000
8.30% GOI FCI Special Bonds	2023		10,36,200	–		10,36,200
7.94% GOI Bonds	2021		9,16,500	–		9,16,500
7.49% GOI Bonds	2017		4,89,000	–		4,89,000
8.26% GOI Bonds	2027		5,08,750	–		5,08,750
6.20% Mah.State Govt.Loan	2015		4,94,812	–		4,94,812
8.26% GOI BONDS	2027		9,92,000	–		9,92,000
8.26% GOI BONDS	2041		5,80,500	–		–
8.26% GOI BONDS	2025		4,86,000	–		–
	TOTAL (1)		1,00,84,193			93,17,693
11.2. INVESTMENTS IN QUOTED EQUITY SHARES						
Equity Shares of :						
Sundaram Finance Ltd.	10	500	2,77,136	10	800	5,09,178
I.T.C.Ltd.	1	0	0	1	1000	2,93,191
YES Bank	10	0	0	10	500	2,28,973
NMDC Ltd.	1	1000	1,60,046	10	1000	1,60,046
HDFC Bank Ltd.	2	0	0	10	1000	6,55,659
Bank of Maharashtra	10	5000	2,67,633	10	0	0
HDFC LIMITED	2	0	0	2	1000	8,32,751
	TOTAL (2)		7,04,815			26,79,798
11.3. UNQUOTED, AT COST						
Equity Shares Of						
Avino Agri Farms Ltd.	10	120000	12,00,000	10	120000	12,00,000
	TOTAL (1+2+3)		1,19,89,008			1,31,97,491

Aggregated Market value of quoted investments ₹ 6,64,050. (P.Y. ₹ 24,90,235)

12. LONG-TERM LOANS AND ADVANCES

Amount in ₹

Particulars	As at 31.03.14	As at 31.03.13
Other loans & Advances		
Secured Considered Good		
Hypothecation Loans - (Refer Note 12.1)	26,07,03,206	19,45,56,950
Unsecured Considered Good		
Personal Loans	32,91,208	99,57,007
Total	26,39,94,414	20,45,13,957
Deposits - Unsecured Considered Good		
Security Deposits against borrowing	87,00,000	--
Security Deposits For Office Hiring	7,67,000	6,16,000
Other Deposits	1,25,573	1,10,693
	95,92,573	7,26,693
Loans & Advances to Related Parties - Unsecured Considered Good		
Avino Agri Farms Ltd.	30,25,346	36,77,130
	30,25,346	36,77,130
Advance Income Tax (Refer Note 12.2)	14,51,410	--
Total	27,80,63,743	20,89,17,780

12.1 The Long term loan and advances includes Non Performing Assets of ₹ 4,49,925 (P.Y. ₹ 5,62,133).

12.2 Advance income tax comprises Income Tax liability deposited under protest ₹ 14,51,410.

13. CURRENT INVESTMENTS

Amount in ₹

Particulars	As at 31.03.14	As at 31.03.13
Government Securities (Refer Note 13.1)	3,00,000	5,00,000
Total	3,00,000	5,00,000

Note 13.1 - Current Investments

(Amount in ₹)

Particulars	31.03.2014		₹	31.03.2013		₹
	Face Value Per Share ₹	NOS./ UNITS		Face Value Per Share ₹	NOS./ UNITS	
TRADE INVESTMENTS, AT COST						
Government Securities -						
7.02% Mah. State Dev Loans	2015		3,00,000	--		0
6.40% M.P.State Dev Loans	2013		0	--		1,00,000
6.35% Chhatisgarh SDL	2013		0	--		50,000
6.35% M.P.State Dev Loans	2013		0	--		50,000
6.35% M.P.State Dev Loans(II)	2013		0	--		3,00,000
Total			3,00,000			5,00,000

14. CASH AND BANK BALANCES

Amount in ₹

Particulars	As at 31.03.14	As at 31.03.13
I. Cash And Cash Equivalents		
(a) Cash-on-Hand	35,22,447	17,35,204
(b) Cash in Transit	11,70,128	11,95,899
(c) Balances with banks		
In current accounts	2,71,04,894	2,61,42,264
In Deposits accounts	58,70,000	65,08,763
II. Earmarked Balances with banks		
Unpaid Dividend	3,87,006	2,38,350
III. Bank Deposits with more than 12 months maturity		
Bank of Maharashtra - Fixed Deposits (incl. acc. Intt.)	1,05,63,867	30,83,808
Total	4,86,18,342	3,89,04,288

15. SHORT-TERM LOANS AND ADVANCES

Amount in ₹

Particulars	As at 31.03.14	As at 31.03.13
Secured		
Hypothecation Loans (Refer Note 15.1)	73,95,93,964	53,94,33,538
Loans Against Deposits	16,32,200	50,05,717
Unsecured - Considered Good		
Hypothecation Loans (Refer Note 15.1)	20,79,315	14,57,041
Personal Loans	37,30,038	72,28,423
Advances to Dealers	27,35,621	1,06,83,296
Other Advances	26,72,760	1,19,669
Advances to Employees	27,931	1,310
Total	75,24,71,829	56,39,28,994

15.1 The Short term loan and advances includes Non performing Asset of ₹ 2,63,36,981 (P.Y. ₹ 2,19,23,189).

16. OTHER CURRENT ASSETS

Amount in ₹

Particulars	As at 31.03.14	As at 31.03.13
Interest Accrued on Government Securities	2,38,038	2,24,458
Stamps in Hands	1,96,400	1,20,900
Total	4,34,438	3,45,358

17. REVENUE FROM OPERATIONS

Amount in ₹

Particulars	Asat 31.03.14	Asat 31.03.13
Interest	23,30,30,184	16,81,69,883
Other Operating Revenues		
Bad Debt Recovered	6,75,498	6,06,520
Securitisation Income	3,45,847	10,58,911
Sale of Agreement	87,98,989	72,71,030
Processing Fees	3,07,19,569	2,25,95,911
Total	27,35,70,087	19,97,02,255

18. OTHER INCOME

Amount in ₹

Particulars	Asat 31.03.14	Asat 31.03.13
Interest on Bank Deposits	12,66,649	4,51,247
Dividend received	37,040	24,080
Profit on Investment Sale	90,867	1,98,736
Interest on Investments	7,89,709	7,68,836
Miscellaneous income	34,442	53,384
Total	22,18,707	14,96,283

EXPENSES**19. EMPLOYEE BENEFIT EXPENSES**

Amount in ₹

Particulars	Asat 31.03.14	Asat 31.03.13
Salaries	2,42,52,316	1,69,86,738
Staff Welfare Expenses	2,84,609	2,99,234
Ex-gratia	8,47,315	6,94,665
Commision to Managerial persons	38,40,000	32,00,000
Contribution to PF, ESI & Other Funds		
ESI Employer's contribution	4,86,388	3,49,812
Provident Fund - Employer's Contribution	13,45,506	11,78,416
Gratuity	3,38,097	7,12,642
Earned Leave Provision	3,28,414	5,61,670
Total	3,17,22,645	2,39,83,177

20. ADMINISTRATIVE AND OTHER EXPENSES

Amount in ₹

Particulars	As at 31.03.14	As at 31.03.13
Rent	17,21,805	11,50,773
Rates & Taxes	1,11,003	80,391
Services Tax	7,57,371	3,76,851
Payment to Auditors (Refer Note (20.1) Below	1,40,000	1,15,000
Directors sitting fees	58,427	59,684
Legal & Professional Charges	42,81,283	27,41,937
Advertisement Expenses	3,51,426	2,86,253
Marketing Commission	84,44,397	54,12,938
Business Sourcing Commission	2,39,01,725	1,74,98,171
Conveyance & Travelling	24,22,109	18,47,860
Courier & Postage Charges	13,15,324	12,32,982
Computer Charges	4,94,018	2,04,914
Electricity Charges	6,41,245	4,79,872
Donation	22,000	3,000
Office Car Expenses	1,29,477	1,48,763
Printing & Stationery	23,24,831	19,01,155
Telephone Charges	18,00,538	12,17,796
Office Expenses	14,94,254	7,53,486
Office Building Maintenance	83,480	61,418
Misc Expenses	20,01,369	12,52,921
Total	5,24,96,082	3,68,26,165

20.1 Payments to Auditors comprises

• For Statutory Audit	1,00,000	80,000
• For Tax Audit	25,000	20,000
• For Other Attest Services	15,000	25,000

21. FINANCE COST

Amount in ₹

Particulars	As at 31.03.14	As at 31.03.13
Interest on Bank Borrowings	2,75,27,238	2,22,30,626
Interest on Deposits	1,36,87,954	1,23,42,615
Interest on NCDs	3,66,23,965	2,56,71,282
Interest to Others	1,34,05,059	1,69,986
Bank Charges	29,87,924	11,73,899
Total	9,42,32,140	6,15,88,408

22. PROVISION AND WRITE-OFF

Amount in ₹

Particulars	As at 31.03.14	As at 31.03.13
Bad Debts Written Off	64,49,078	42,94,568
Provision/ (Reversal) for NPA	18,00,465	(7,54,327)
Provision for Standard Assets	6,50,000	3,03,947
Total	88,99,543	38,44,188

23. TAX EXPENSES

Amount in ₹

Particulars	As at 31.03.14	As at 31.03.13
Current Tax		
Income taxes	2,95,00,000	2,40,00,000
Prior Period Income Tax	1,96,105	--
Deferred Tax	(8,50,377)	(26,389)
Total	2,88,45,728	2,39,73,611

24 Additional Information to Financial Statements

24.1. Previous Year's figures have been regrouped/re-arranged wherever necessary to conform to current year's classification.

24.2. Details of Managerial Remuneration

Particulars	2013-14	2012-13
Salary	37,68,000	35,08,000
Commision	38,40,000	32,00,000
Contribution to Gratuity	2,13,270	5,75,000
Other Allowances & Perquisites	1,72,800	1,58,400
Total	79,94,070	74,41,400

24.3. The Company has not sold loans through securitisation/assignment during the year. The information on securitisation activity of the Company for the year ended on March 31,2014 is given below :

(A) The Information on securitisation & direct assignment activity of the Company as originator as on 31st March,2014 and 31st March 2013 is given table below :

SN.	PARTICULARS	2013-2014(₹)	2012-2013(₹)
A)	Opening Outstanding balance	1,80,44,390	10,03,93,885
B)	Net Consideration Received during the year	--	--
C)	Closing Outstanding Balances	1,99,018	1,80,44,390
D)	Outstanding Liquidity Facility	--	--

24.4 There is no amount due to Small Scale Industries in terms of the " The Micro, Small and Medium Enterprises Development Act,2006 ". Accordingly, no disclosure relating to amounts unpaid as at the year ended together with interest paid/payable are required to be furnished.

24.5 **Disclosure of Frauds reported during the year vide DNBS.PD.CC.NO.256/03.10.042/2011-12 Dated March 02,2012:**

Based up on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company was noticed or reported during the course of our audit

25. Disclosure under Accounting Standards

25.1. Employee Benefits

The details of employee benefits are as given below:

a) **Provident Fund:**

Retirement benefit in the form of Provident Fund are defined contribution schemes and the contributions are charged to the Profit & Loss Account of the year when the contributions to the respective funds are due.

b) Gratuity:

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service depending upon the date of joining. The same is payable on death, separation from service, or retirement, whichever is earlier. The benefit vests after five years of continuous service or on death.

c) Leave Encashment:

The Company has been accounting for provision on account of leave encashment on retirement based on actuarial valuation carried out as at the Balance Sheet date.

d) Disclosures:**(ii) Defined Benefit Plans**

	2013-2014 ₹		2012-2013 ₹	
	Non Funded Gratuity	Non Funded Leave Encashment	Non Funded Gratuity	Non Funded Leave Encashment
a) The amount recognised in the Balance sheet as at 31.03.2014				
1) Present Value of defined Benefit Obligation	32,32,902	20,60,548	29,44,420	18,68,938
2) Fair value of plan assets	NA	NA	NA	Na
3) Funded Status-Surplus/(Deficit)	(32,32,902)	(20,60,548)	(29,44,420)	(18,68,938)
4) Less: Unrecognised Past service cost	--	--	--	--
5) Net assets/(liability)	(32,32,902)	(20,60,548)	(29,44,420)	(18,68,938)
b) The amounts recognised in profit & Loss Account				
1) Current service cost	3,56,216	1,77,156	3,40,833	3,03,445
2) Interest Cost	2,42,915	1,54,187	1,71,181	1,10,401
3) Expected return on plan assets	NA	NA	NA	NA
4) Actuarial(gain)/losses	(2,61,034)	(2,929)	4,40,340	2,06,435
5) Net expenses/(gain) recognised in Profit	3,38,097	3,28,414	9,52,354	6,20,281
c) The changes in the present value of the defined benefit Obligation during the year				
1) Opening defined benefit Obligation	29,44,420	18,68,938	21,39,759	13,80,011
2) Current service cost	3,56,216	1,77,156	3,40,833	3,03,445
3) Interest Cost	2,42,915	1,54,187	1,71,181	1,10,401
4) Actuarial(gain)/losses	(2,61,034)	(2,929)	4,40,340	2,06,435
5) Benefits Paid	(49,615)	(1,36,804)	(1,47,693)	(1,31,354)
6) closing defined benefit Obligation	<u>32,32,902</u>	<u>20,60,548</u>	29,44,420	18,68,938
	2,88,482	1,91,610		
d) Actuarial Assumptions:				
(i) Discount Rate	9.00% Per annum India Assured Lives (2006-08)			
(ii) Mortality Rate	Ultimate Mortality Rates			
(iii) Future Salary Increase	6% Per annum			
(iv) Withdrawal Rate	1%			
(v) Retirement Age	58 Years			

Notes:-

- (i) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

25.2. Earning per share :

SN.	PARTICULARS	2013-2014(₹)	2012-2013(₹)
A)	Basic Earning per share has been computed as under :		
a)	Net Profit attributable to Equity share (After netting prior period tax from Profit after tax)	5,74,73,677	4,92,46,146
b)	Weighted number of equity shares outstanding	80,00,000	78,45,890
c)	Basic Earning per share in (Face value ₹ 10 per share) (a) / (b)	7.18	6.28
B)	Diluted earning Per share	7.18	6.28

25.3. Deferred Tax (Liabilities) / Assets (Net)

The breakup of deferred Tax assets / liabilities is as under:

SN.	PARTICULARS	31.03.14(₹)	Current year (Credit)/ Charges	31.03.13(₹)
A)	Deferred Tax Assets -			
	For Gratuity Provision	10,48,915	(93,598)	9,55,317
	For Non Performing Assets Provision	21,15,861	(7,95,054)	13,20,807
	For Earned Leave Provision	6,68,545	(62,168)	6,06,377
	Deferred Tax Assets	38,33,321	(9,50,820)	28,82,501
B)	Deferred Tax Liability -			
	For WDV of Fixed Assets	6,07,608	1,00,443	5,07,165
	Deferred Tax Liabilities	6,07,608	1,00,443	5,07,165
	NET DEFERRED TAX ASSETS/(liability)	32,25,713	(8,50,377)	23,75,336

25.4.SEGMENT REPORTING

In terms of business segment the Company is dealing in only one major segment "Hypothecation Loans" and geographically all its operations are situated at one place. Hence no disclosures is needed in accordance with the requirement of AS-17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India.

25.5. Related Party Disclosures :

Related Party Disclosures as stipulated by AS-18-Related Party Disclosures, issued by ICAI are given below:

Key Management Personnel :

- 1) Mr. M.G. Jawanjar, Managing Director
- 2) Mr. S.M. Jawanjal, Executive Director

Relative of Key Management Personnel

- 1) Mrs.Jyoti Jawanjar
- 2) Mrs. Bakul Jawanjal
- 3) Radhemohan Jawanjal
- 4) Maroti Jawanjar (HUF)
- 5) Sandeep Jawanjal (HUF)
- 6) Mrs. Vaishali Charde
- 7) Mrs. Deepali Balpande

Enterprises on which Key Management Personnel & their relatives can exercise significant influence

- 1) Avino Agri Farms Limited

RELATED PARTY TRANSACTIONS FOR YEAR ENDED 31ST MARCH, 2014

The nature and volume of transactions of the Company during the year with above related parties are as follows.

(Figures in ₹)

Nature of Relationship Nature of Transaction	Key Managerial Personnel		Relatives of Key Managerial Personnel		Enterprise on which Relative of Key Management Personnel can Exercise Significant Influence	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
<u>PAYMENTS</u>						
Remuneration	76,08,000	67,08,000	11,39,647	10,26,250	--	--
Interest on Deposits	--	--	76,559	34,448	--	--
Investment in Equity Shares	--	--	--	--	--	--
Loans Granted	--	--	--	--	29,50,000	20,00,000
Equity Dividend	13,13,541	12,12,112	14,56,950	6,76,540	14,89,651	9,79,808
<u>RECEIPTS</u>						
Interest on Loans	620	2,839	--	--	5,80,240	5,91,770
Repayment of Loans Granted	9,484	18,636	--	--	41,82,024	9,00,000
Allotment of Shares of the Company	--	--	--	30,00,000	--	20,00,000
Deposits Accepted	--	--	2,59,527	2,00,000	--	--
<u>BALANCE OUTSTANDING</u>						
<u>LOANS GRANTED</u>						
Opening Balance	9,484	25,638	--	--	36,77,130	20,44,537
Closing Balance	--	9,484	--	--	30,25,346	36,77,130
<u>DEPOSITS ACCEPTED</u>						
Opening Balance	--	--	3,91,230	1,56,964	--	--
Closing Balance	--	--	7,56,627	3,91,230	--	--

In terms of our report attached.

For APJ & ASSOCIATES.
FirmReg. No. : 124810W
Chartered Accountants

S/d

Atul Bhaiyya
Partner
M. No. 128681
NAGPUR
27.05. 2014

S/d
M.G. Jawanjar
(Managing Director)

S/d
S.M. Jawanjal
(Executive Director)

S/d
D.R. Balpande
(Company Secretary)

S/d
S.K. Mahakalkar
S/d
A. G. Kachore
S/d
D.P. Dalal
S/d
B.V. Shah
S/d
A.D. Sarda
DIRECTORS

SCHEDULE TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2014

(As required in terms of paragraph 13 of Non-Banking Financial (Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

(₹ in lacs)

No.	Particulars	Amount Outstanding	Amount Overdue
	LIABILITIES :		
1	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid :		
	a) Debentures : Secured	2,961.03	8.85
	Unsecured	--	--
	(Other than falling within the meaning of public deposits)		
	b) Deferred credits	--	--
	c) Term Loans	1,859.07	--
	d) Inter-corporate loans and borrowing	--	--
	e) Commercial Paper	--	--
	f) Public deposits (Including deposits from directors and their relatives)	1,225.70	8.71
	g) Cash Credit & Working Capital Demand Loan	2,055.91	--
	Total	8,101.71	17.56
2	Break-up of (1) (f) above (outstanding public deposits inclusive of interest accrued thereon but not paid) :		
	a) In the form of unsecured debentures	--	--
	b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	--	--
	c) Other Public Deposits	1,225.70	8.71

(₹ in lacs)

No	Particulars	Amount Outstanding
	ASSETS :	
3	Break-up of loans and advances including bills receivables [other than those included in (4) below]	
	a) Secured	16.32
	b) Unsecured	30.25
4	Break-up of leased assets and stock on hire and other assets counting towards AFC activities	
	i) Lease assets including lease rentals under sundry debtors :	
	a) Financial lease	--
	b) Operating lease	--
	ii) Stock on hire including hire charges under sundry debtors :	
	a) Assets on hire	--
	b) Repossessed assets	--
	iii) Other loans counting towards AFC activities	
	a) Loans where assets have been repossessed	--
	b) Loans other than (a) above	10,093.98
5	Break-up of Investments :	
	Current Investments :	
	1. Quoted :	
	i) Shares :a)Equity	--
	b)Preference	--
	ii) Debentures and bonds	--
	iii) Units of mutual funds	--
	iv) Government securities	3.00
	v) Others (Please specify)	--
	2. Unquoted :	
	i) Shares :a)Equity	--
	b)Preference	--
	ii) Debentures and bonds	--
	iii) Units of mutual funds	--
	iv) Government securities	--
	v) Others (Please specify)	--
	Long Term Investments :	
	1. Quoted :	
	i) Shares :a)Equity	7.05
	b)Preference	--
	ii) Debentures and bonds	--
	iii) Units of mutual funds	--
	iv) Government securities	100.84
	v) Others (Please specify)	--
	2. Unquoted :	
	i) Shares :a)Equity	12.00
	b)Preference	--
	ii) Debentures and bonds	--
	iii) Units of mutual funds	--
	iv) Government securities	--
	v) Others (Please specify)	--

6 Borrower group-wise classification of assets financed as in (3) and (4) above

(₹ in lacs)

	Category	Amount net of provisions		
		Secured	Unsecured	Total
i)	Related parties			
	a) Subsidiaries	--	--	--
	b) Companies in the same group	--	--	--
	c) Other related parties	--	30.25	30.25
ii)	Other than related parties	10,089.51	20.79	10,110.30
	Total	10,089.51	51.04	10,140.55

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

(₹ in lacs)

	Category	Market Value/ Breakup or fair value of NAV	Book Value (Net of Provisions)
i)	Related parties		
	a) Subsidiaries	--	--
	b) Companies in the same group	--	--
	c) Other related parties	12.00	12.00
ii)	Other than related parties	110.48	110.89
	Total	122.48	122.89

8 Other information

(₹ in lacs)

	Particulars	Amount
i)	Gross Non-Performing Assets	
	a) Related Parties	--
	b) Other than related parties	267.87
ii)	Net Non-Performing Assets	
	a) Related Parties	--
	b) Other than related parties	209.16
iii)	Assets acquired in satisfaction of debt	--

For APJ & ASSOCIATES.
FirmReg. No. : 124810W
Chartered Accountants

S/d

Atul Bhaiyya
Partner

M. No. 128681
NAGPUR
27.05.2014

S/d
M.G. Jwanjar
(Managing Director)

S/d
S.M. Jwanjal
(Executive Director)

S/d
D.R. Balpande
(Company Secretary)

S/d
S.K. Mahakalkar

S/d
A. G. Kachore

S/d
D.P. Dalal

S/d
B.V. Shah

S/d
A.D. Sarda
DIRECTORS

FINANCIAL HIGHLIGHTS

(₹ in lacs)

YEAR	PAID-UP CAPITAL	NET WORTH	TOTAL ASSETS	PROFIT BEFORE TAX	PROFIT AFTER TAX	DIVIDEND	
						Rate%	AMOUNT
1990-91	1.44	1.50	3.03	0.06	0.06	--	--
1994-95	20.75	38.14	74.88	6.45	5.80	26.0%	4.07
1995-96	26.00	44.40	124.95	8.07	6.09	20.0%	5.04
1996-97	30.00	48.94	174.86	11.16	5.15	14.0%	3.72
1997-98	30.00	52.72	224.24	19.15	10.00	16.0%	4.80
1998-99	30.00	59.80	223.71	20.22	12.97	16.0%	4.80
1999-00	30.00	61.41	247.47	16.47	8.55	16.0%	4.80
2000-01	36.00	70.22	280.79	17.78	9.15	16.0%	4.92
2001-02	50.00	109.28	374.83	31.84	22.74	17.0%	7.70
2002-03	80.00	187.27	748.88	55.55	34.57	18.0%	14.40
2003-04	102.55	256.21	865.80	81.84	52.70	18.0%	15.55
2004-05	102.55	307.02	1,155.50	112.80	75.73	20.0%	20.51
2005-06	163.50	452.20	1,392.69	126.43	83.88	22.0%	26.04
2006-07	310.00	715.98	1,956.10	153.81	101.36	22.5%	44.64
2007-08	* 620.00	780.25	2,619.22	228.63	153.54	* 12.5%	90.67
2008-09	700.00	978.58	3,486.60	336.82	218.98	13.0%	100.66
2009-10	700.00	1,119.71	4,100.69	379.84	247.60	13.0%	106.47
2010-11	700.00	1,361.79	5,206.99	545.56	355.98	14.0%	113.90
2011-12	750.00	1,695.14	6,377.90	601.90	399.37	14.0%	116.01
2012-13	800.00	2,099.90	9,076.85	732.20	492.46	15.0%	137.70
2013-14	800.00	2,534.23	11,125.49	863.19	574.74	15.0%	140.39

*2007-08 Consequent upon issue of bonus shares in the ratio of 1:1

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