

# JAIN SONS FINLEASE LIMITED

## NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of Jain Sons Finlease Limited will be held on Wednesday, the 27<sup>th</sup> day of May, 2015 at 3.00 pm at the Registered Office of the Company at 4<sup>th</sup> Floor, Building 8-2-682/1, Banjara Hills Road no. 12, Hyderabad - 500034, Andhra Pradesh, to transact the following business:

### ORDINARY BUSINESS:

- 1. Adoption of Audited Annual Accounts for the year ended as on 31-Mar-2015:**  
To receive, consider and adopt the Audited Balance Sheet as at 31-Mar-2015 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
- 2. Re-appointment of Mr. Vineet Chandra Rai, Chairman of the company, who retires by rotation:**  
To appoint a Director in place of Mr. Vineet Chandra Rai (DIN: 00606290), Chairman of the company, who retires by rotation and being eligible, offers himself for re-appointment.
- 3. Re-appointment of Mr. Pradeep Pursnani, Nominee Director of the company, who retires by rotation:**  
To appoint a Director in place of Mr. Pradeep Pursnani (DIN: 06563785), Nominee Director of the company, who retires by rotation and being eligible, offers himself for re-appointment.
- 4. Noting of Interim Dividend:**  
To take note of Interim Dividend declared and paid at the rate of 0.001% per annum for the financial year 31-Mar-2015 to all Non-Cumulative Compulsorily Convertible Preference Shareholders of the company.
- 5. Confirmation and ratification of the re-appointment of M/s. Walker Chandiok & Co LLP (having Firm Registration Number: 001076N), Statutory Auditors and fixing of their remuneration:**  
To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of section 139 and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, the re-appointment of M/s. Walker Chandiok & Co LLP, Chartered Accountants (having Firm Registration Number: 001076N) as Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of next Annual general meeting of the company be and is hereby confirmed and ratified by the members of the company at such remuneration plus service tax, out-of-pocket, travelling and living expenses, etc., as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors.

**RESOLVED FURTHER THAT** the Board or Mr. Chirag Desai, Company Secretary of the company, be and are severally hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution."



Regd. Office : 4th Floor, Building 8-2-682/1, Banjara Hills Road No: 12, Hyderabad - 500034, India  
Tel: +91-40-4030 0200, Fax: +91-40-4030 0275

Mumbai Office: 13C, Techniplex-II IT Park, 6th Floor, Off Veer Savarkar Flyover, Goregaon (W), Mumbai - 400 062, India  
Tel: -91-22-6195 2700, Fax: +91-22-6195 2702, CIN : U65910AP1998PLC088941, www.intellegrow.com

**SPECIAL BUSINESS:**

6. **Appointment of Ms. Bhama Krishnamurthy as an Independent Director of the Company:**  
To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 ("Act") and Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 ("Rules") read with Schedule IV to Act and other applicable provisions of Act and Rules and other rules made pursuant to Act (including any statutory modification(s) or re-enactment thereof for the time being in force) and any other law for the time being in force, if applicable, Ms. Bhama Krishnamurthy (holding DIN: 02196839), Additional (Independent) director of the Company, in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of director and who has submitted a declaration that she meets the criteria for independence as prescribed under Section 149 of the Companies Act, 2013 and who is eligible for appointment, be and is hereby appointed as an Independent director of the Company with effect from 27-May-2015 to hold office for five consecutive years for a term up to 26-May-2020.

**RESOLVED FURTHER THAT** the Board or Mr. Chirag Desai, Company Secretary of the company, be and are severally hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution."

7. **Regularization of appointment of Ms. Anuradha Ramachandran, Additional (Nominee) Director of the company as a Nominee Director:**  
To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to Sections 152 and 160 of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 and such other applicable provisions, rules as may be applicable (including statutory modification(s) or re-enactment(s) thereof for the time being in force) and any other law for the time being in force, if applicable, Ms. Anuradha Ramachandran (holding DIN: 01983108), whose term of office as an additional (nominee) director, pursuant to erstwhile Section 260 of the Companies Act, 1956, expires at this Annual General Meeting and in respect of whom the Company has received a notice under Section 160 of the Companies Act, 2013 proposing her candidature for the office of a nominee director, be and is hereby appointed as a nominee director of the Company.

**RESOLVED FURTHER THAT** the Board or Mr. Chirag Desai, Company Secretary of the company, be and are severally hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution."

8. **Issue and Offer of Equity Shares of the company on a Private Placement basis:**  
This is part of existing employee compensation plan. To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution**:



**"RESOLVED THAT** in accordance with the provisions of Section 42, 62 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") Rule 14 of Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any statutory modification thereto or re-enactment thereof for the time being in force), and the Articles of Association of the Company and the regulations/guidelines, if any, prescribed by any relevant authorities from time to time, to the extent applicable and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution) or as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board, the consent of the Company be and is hereby accorded to create, offer, issue and allot upto 1,50,000 Equity Shares of Rs 10/- (Rupees Ten only) each at par, on a private placement basis, to such person or persons and in such proportion and on such terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting.

**RESOLVED FURTHER THAT** in accordance with provisions of Section 43 of the Act, the Equity shares to be issued and allotted shall rank pari-passu with the existing Equity Shares of the company in all respects.

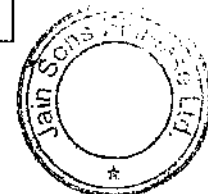
**RESOLVED FURTHER THAT** the Board or Mr. Chirag Desai, Company Secretary of the company, be and are severally hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution."

**9. Re-Appointment of Sanjib Kumar Jha as a Director & CEO of the company:**

To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and Schedule V and all other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the re-appointment of Mr. Sanjib Kumar Jha as a Director & CEO of the Company for a period of 3 (three) years w.e.f. 26-Mar-2015 be and is approved on the following terms and conditions:

| Sl. No. | Particulars                     | Composition  |
|---------|---------------------------------|--|
| 1       | Fixed Salary                    | Rs.50,00,000/- per annum with an increase which may be decided by the Board of Directors from time to time within the limits, as specified in Schedule V of the Companies Act, 2013. |
| 2       | Performance linked variable pay | Upto 50% of fixed amount   |
| 3       | Accommodation                   | Free Furnished Accommodation   |
| 4       | Mediclaime coverage             | As per rules of the Company's scheme   |
| 5       | Leave Encashment                | As per rules of the Company's scheme   |
| 6       | Provident Fund                  | As per rules of the Company's scheme   |
| 7       | Telephone expense reimbursement | As per rules of the Company's scheme   |



**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of Mr. Sanjib Kumar Jha, as a Director & CEO of the Company, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration.

**RESOLVED FURTHER THAT** Mr. Vineet Chandra Rai, Chairman of the Company be and is hereby authorised to enter into an agreement /issue a letter for appointment and increase in remuneration and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution.

**RESOLVED FURTHER THAT** the Board or Mr. Chirag Desai, Company Secretary of the company, be and are severally hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution."

**10. Revision in remuneration payable to Mr. Sanjib Kumar Jha, Director & CEO of the company:**

To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and Schedule V and all other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the revision in remuneration payable to Mr. Sanjib Kumar Jha, Director & CEO of the Company for the remaining period of his tenure w.e.f 01-Dec-2014 as detailed below be and is hereby approved:

| Sl. No. | Particulars                     | Composition  |
|---------|---------------------------------|--|
| 1       | Fixed Salary                    | Rs.55,00,000/- per annum with an increase which may be decided by the Board of Directors from time to time within the limits, as specified in Schedule V of the Companies Act, 2013. |
| 2       | Performance linked variable pay | Upto 50% of fixed amount   |
| 3       | Accommodation                   | Free Furnished Accommodation   |
| 4       | Mediclaime coverage             | As per rules of the Company's scheme   |
| 5       | Leave Encashment                | As per rules of the Company's scheme   |
| 6       | Provident Fund                  | As per rules of the Company's scheme   |
| 7       | Telephone expense reimbursement | As per rules of the Company's scheme   |

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of Mr. Sanjib Kumar Jha, as Director & CEO of the Company, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration.

**RESOLVED FURTHER THAT** Mr. Vineet Chandra Rai, Chairman of the Company be and is hereby authorised to enter into an agreement /issue a letter for appointment and increase in remuneration and to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution.



**RESOLVED FURTHER THAT** the Board or Mr. Chirag Desai, Company Secretary of the company, be and are severally hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution.”

**11. Authorisation to the Board of Directors to mortgage, create charge on all or any of the assets of the Company:**

To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution**:

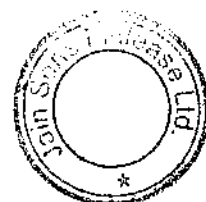
“**RESOLVED THAT** consent of the members of the company be and is hereby accorded pursuant to section 180(1)(a) and other applicable provisions if any, of the Companies Act, 2013, to the Board of Directors of the Company to pledge, mortgage and/or charge in all or any part of the moveable or immovable properties of the Company and the whole or part of the undertaking of the Company of every nature and kind whatsoever and/or creating a floating charge in all or any movable or immovable properties of the Company and the whole of the undertaking of the Company to or in favour of Banks, Financial Institutions, any other lenders or debenture trustees to secure the amount borrowed by the Company or any third party from time to time for the due payment of the Principal together with interest, charges, costs, expenses and all other monies payable by the Company or any third party in respect of such borrowings provided that the maximum extent of the indebtedness secured by the properties of the Company does not exceed Rs.300,00,00,000/- (Rupees Three Hundred Crore only) at any time.

**RESOLVED FURTHER THAT** the Board or Mr. Chirag Desai, Company Secretary of the company, be and are severally hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution.”

**12. Borrowing Limits under section 180(1) (c) of the Companies Act, 2013:**

To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Companies (Meeting of Board and its Powers) Rules 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and the Articles of Association of the Company and subject to such approvals, sanctions and consents (hereinafter referred to as the “Approvals”) as may be required from such authorities and institutions or bodies and such conditions as may be prescribed by any of them while granting such approval, which may be agreed to, in its sole discretion, by the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including powers conferred by this resolution and/or be duly authorised persons thereof for the time being exercising the powers conferred on the Board by this resolution), consent of the members of the Company be and is hereby accorded to the Board to borrow in any manner from time to time any sum or sums of moneys at its discretion on such terms and conditions as the Board may deem fit, notwithstanding that the moneys to be borrowed by the Company together with the moneys already borrowed or to be borrowed (apart from temporary loans and other credit facilities obtained or to be obtained from the Company’s bankers in the ordinary



course of its business), whether secured or unsecured, will or may exceed the aggregate of the paid up capital and free reserves that is to say, reserves not set apart for any specific purpose, provided that the maximum amount of money so borrowed and outstanding at any one time shall not exceed the sum of Rs.300,00,00,000/- (Rupees Three Hundred Crore only).

**RESOLVED FURTHER THAT** the Board or Mr. Chirag Desai, Company Secretary of the company, be and are severally hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution."

**13. Approval of Capital Advisory Contract to be entered with Intelicap Advisory Services Private Limited:**

To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to Section 188 and any other applicable provisions of the Companies Act, 2013, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company to enter into a 'Capital Advisory Contract' for raising equity / quasi equity capital or debt through Investor(s) to expand business and / or provide exit to the existing investor of the Company with Intelicap Advisory Services Private Limited, a Company in which Ms. Swati Raj, wife of Mr. Vineet Chandra Rai, Chairman of the Company is interested as shareholder and Mr. Anurag Agrawal, Director of the Company is interested as shareholder in the said Intelicap Advisory Services Private Limited, for a period of one year commencing from 27-May-2015 on such terms and conditions as mentioned in the said draft contract.

**RESOLVED FURTHER THAT** the draft 'Capital Advisory Contract', as placed before the meeting and initialled by the Chairman for the purpose of identifications be and is hereby approved.

**RESOLVED FURTHER THAT** the Board or Mr. Chirag Desai, Company Secretary of the company, be and are severally hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution."

By Order of the Board of Directors



**Chirag Desai**  
Company Secretary  
(Membership No.: A22880)



Hyderabad, 27<sup>th</sup> May, 2015

**Registered Office:**

4<sup>th</sup> Floor, Building 8-2-682/1,  
Banjara Hills Road no. 12,  
Hyderabad - 500034, Andhra Pradesh.  
CIN: U65910AP1998PLC088941

**Notes:**

1. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (Act) in respect of the business under Item Nos. 5 to 13 of the Notice, is annexed hereto.
2. **A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company.** The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting. Proxies submitted on behalf of limited companies, etc., must be supported by appropriate resolutions/authority, as applicable.
3. In case of joint holders attending the meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
4. Members seeking any information with regard to the Accounts, are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the meeting.

By Order of the Board of Directors

  
**Chirag Desai**  
Company Secretary  
(Membership No.: A22880)



Hyderabad, 27<sup>th</sup> May, 2015

**Registered Office:**

4<sup>th</sup> Floor, Building 8-2-682/1,  
Banjara Hills Road no. 12,  
Hyderabad - 500034, Andhra Pradesh.  
CIN: U65910AP1998PLC088941

**Explanatory Statement**  
(Pursuant to section 102 of the Companies Act, 2013)

As required by section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 5 to 13 of the accompanying Notice:

**Item No. 5 – Ratification of re-appointment of Statutory Auditors:**

This explanatory statement is provided though strictly not required as per section 102 of the Act.

M/s. Walker Chandiook & Co LLP, Chartered Accountants (Firm Registration Number 001076N) has been appointed as Statutory Auditors of the Company in the Annual General Meeting held on 29-Sep-2014 for the period of two years to hold office from the conclusion of Sixteenth Annual General Meeting till the conclusion of the Eighteenth Annual General Meeting to be held in the year 2016 (subject to the ratification of their appointment at Annual General Meeting).

In view of the above, M/s. Walker Chandiook & Co LLP, being eligible for re-appointment and based on the recommendation of the Audit Committee, the Board of Directors has, at its meeting held on 27-May-2015, proposed the ratification of re-appointment of M/s. Walker Chandiook & Co LLP, Chartered Accountants (Firm Registration Number 001076N) as the statutory auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the Eighteenth Annual General Meeting of the Company to be held in the year 2016.

The Board recommends the Resolution at Item No. 5 for approval by the Members.

None of the Directors, Key Managerial Personnel of your Company or their relatives are concerned or interested in the said resolution.

**Item No. 6 - Appointment of Ms. Bhama Krishnamurthy as an independent director:**

Ms. Bhama Krishnamurthy was appointed as an Additional (Independent) Director of the company on 27-May-2015.

The Nomination and Remuneration Committee has recommended the appointment of Ms. Bhama Krishnamurthy, as an Independent Director from 27-May-2015 upto 26-May-2020.

Ms. Bhama Krishnamurthy was Country Head and Chief General Manager of SIDBI (retired on 31-Dec-2014). She is M. Sc. From Mumbai University. She has over 35 years of experience in IDBI (now IDBI Bank) and SIDBI, an Apex Development Bank for MSMEs in India covering almost all areas of development banking operations viz., Resource Raising and Management, (Rupee and Forex), Integrated Treasury operations, Credit Dispensation and Management, Risk management, Management of Associates and Subsidiaries, etc. not only from policy perspectives but implementation aspects, besides direct credit functions including as Head of Branch operations and member of various credit committees. She had also handled Human Resources Development division covering recruitment, training and promotion aspects. Over the years, she was associated with not only framing policy documents for the Bank, viz. Investment Policy, ALM Policy, Loan Policy, and Internal Control Guidelines for Derivatives etc., but also piloting such policy papers in the Board for adoption through articulation of subtle changes brought in. Closely dealt with Multilateral and Bilateral International Agencies in close coordination with Govt of India.





She had served as Nominee Director on the Boards of State Financial Corporations, viz: Karnataka State Financial Corporation (KSFC), The Tamilnadu Industrial Investment Corporation (TIIC) and Andhra Pradesh State Financial Corporation (APSFC) and was instrumental in bringing in several policy changes.

Presently, Ms. Bhama Krishnamurthy is associated with the following companies/funds:

| Sl. No. | Name of the Companies                      | Designation         |
|---------|--|---------------------|
| 1       | Ujjivan Financial Services Private Limited | Nominee Director    |
| 2       | SIDBI Venture Capital Limited              | Additional Director |
| 3       | Ladderup Finance Limited                   | Additional Director |
| 4       | IDBI Capital Market Services Limited       | Additional Director |
| 5       | Reliance Industrial Infrastructure Limited | Additional Director |
| 6       | Amttek India Limited                       | Additional Director |
| 7       | JMT Auto Limited                           | Additional Director |

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Ms. Bhama Krishnamurthy being eligible and offering himself for appointment is proposed to be appointed as an independent director for five consecutive years for a term upto 26-May-2020. A notice has been received from a member proposing Ms. Bhama Krishnamurthy as a candidate for the office of director of the Company.

In the opinion of the Board, she fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder for her appointment as an independent director of the Company and that she is independent of the management. Copy of the draft letter of appointment of Ms. Bhama Krishnamurthy as an independent director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that her association would benefit the Company and it is therefore desirable to avail services of Ms. Bhama Krishnamurthy as an independent director. The Board recommends the resolution in relation to appointment of Ms. Bhama Krishnamurthy as an independent director as set out at Item No. 6, for the approval by the shareholders of the Company.

Except, Ms. Bhama Krishnamurthy, none of the Directors, Key Managerial Personnel of your Company or their relatives are concerned or interested in the said resolution.

**Item No. 7 – Appointment of Ms. Anuradha Ramachandran as a nominee director:**

Ms. Anuradha Ramachandran was appointed as Additional (Nominee) Director of the company, as a nominee of M/s. Omidyar Network w.e.f. 26-Mar-2015. Ms. Anuradha Ramachandran received an MBA in finance and a BS in physics from Madurai Kamaraj University. She brings extensive experience in early-stage venture capital to her role at Omidyar Network. She leads investments in medical technology and healthcare initiatives that bring critical services to millions of Indians who lack access to reliable, quality care. She also invests in education sector opportunities with a focus on organizations working to foster a better education ecosystem in India.

Prior to joining Omidyar Network in early 2012, she spent seven years at Venture East, an early-stage venture capital fund. While there, she made many successful investments across sectors spanning clean tech, enterprise software, IT services, financial inclusion, supply chain, and group buying. Previously she was an investment banker at Lazard India where she focused on the life sciences and



consumer products sector. She also served in various M&A, business development, and corporate strategy roles at UTV Interactive and Cadila Pharmaceuticals. She began her career as a principal correspondent on the corporate reporting and equity analysis team for one of India's leading business dailies, The Financial Express

Pursuant to the provisions of section 161 of the Companies Act, 2013, Ms. Anuradha Ramachandran hold office as such upto the date of this Annual General Meeting. The Company has received a notice along with requisite deposit from a member under section 160 of the Companies Act, 2013 proposing her candidature for the office of Nominee Director.

The Board recommends the Ordinary Resolution as set out at item no. 7 of the notice for approval of the Members.

Except, Ms. Anuradha Ramachandran, none of the Directors, Key Managerial Personnel of your Company or their relatives are concerned or interested in the said resolution.

**Item No. 8 - Issue and Offer of Equity Shares on a Private Placement basis:**

Pursuant to section 62 of the Companies Act, 2013 read with the Companies (Share Capital & Debentures) Rules, 2014, provides, inter-alia, that whenever it is proposed to increase the subscribed capital of a company by issue of further shares, such shares may be offered to any persons whether or not those persons are holders of the equity shares of the company or employees of the company, if authorized by way of a Special Resolution.

Furthermore, as per section 42 of the Act, read with the Rules framed there under, a company offering or making an invitation to subscribe to securities on a private placement basis, is required to obtain the prior approval of the Shareholders by way of Special Resolution, for each of the offers and invitations.

The Board of Directors on 26-Mar-2015, subject to approval of the shareholders of the company, has approved the following proposal for issue of equity shares on preferential basis.

| Sl. No. | Name of employee | No of shares approved | Key Managerial Personnel |
|---------|------------------|-----------------------|--------------------------|
| 1       | Nitin Agrawal    | 1,00,000              | Yes, as CFO              |
| 2       | Rajan Juneja     | 35,000                | Not Applicable           |
| 3       | Pratik Mandvia   | 7,500                 | Not Applicable           |
| 4       | Ruchir Shah      | 7,500                 | Not Applicable           |
|         | <b>TOTAL</b>     | <b>1,50,000</b>       |                          |

The information, required to be mentioned in the explanatory statement as per the companies act, 2013 are as follows:-

1. Object of the issue: To offer selected employees opportunity to own shares in the company as a reward for extraordinary commitment shown by them.
2. Total Number of shares to be issued: 1,50,000 Equity Shares of Rs 10/- (Rupees Ten only) each.
3. The price or price band at/within which allotment is proposed: at par (Rs.10 per share)
4. Basis on which the price has been arrived at along with the report of the registered valuer: The shares are being issued at par with a view that some part of consideration should come from the employee instead of issuing them without any consideration. This issuance is part of the pool of 840,889 shares approved to be allotted under the share based employee compensation



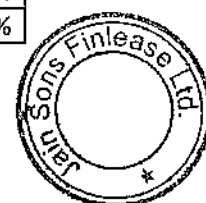
plan. Of those, 5,60,000 shares are already allotted to the CEO, Mr Sanjib Jha at NIL consideration. The balance 280,889 was to be allotted to employees based on recommendation of the CEO and approval of the Board. The same is being proposed to be allotted at par now.

5. Relevant date with reference to which the price has been arrived at: 10-Mar-2015
6. The class or classes of persons to whom the allotment is proposed to be made: Employees and Key Managerial Personnel
7. Intention of promoters, directors or key managerial personnel to subscribe to the offer: Promoters / Directors of the Company are not intending to participate/subscribe to the present offer. Mr. Nitin Agrawal, a Key Managerial Personnel is intending to participate/subscribe to the present offer.
8. The proposed time within which the allotment shall be completed: The Company will complete the issue & allotment of Equity Shares within a period of 60 days from the date of receipt of the share application money received from the applicant.
9. The names of the proposed allottees and the percentage of post preferential offer capital that may be held by them: The name of the proposed allottees and the percentage of post preferential offer capital that may be held by them are as follows:-

| Sl. No. | Name of the Proposed Allottees | Pre-issue             |                    | Post-issue             |                    |
|---------|--------------------------------|-----------------------|--------------------|------------------------|--------------------|
|         |                                | Pre-issue Shares Held | % to Total Holding | Post-issue Shares Held | % to Total Holding |
| 1       | Mr. Nitin Agrawal              | 0                     | 0.00%              | 1,00,000               | 0.91%              |
| 2       | Mr. Rajan Juneja               | 9,001                 | 0.08%              | 44,001                 | 0.40%              |
| 3       | Mr. Pratik Mandvia             | 2,000                 | 0.02%              | 9,500                  | 0.09%              |
| 4       | Mr. Ruchir Shah                | 5,000                 | 0.05%              | 12,500                 | 0.11%              |

10. The change in control, if any, in the company that would occur consequent to the private placement offer: NONE (There will not be any change in the management control of the Company on account of this proposed private placement allotment except minor change in the shareholding pattern as well as voting rights).
11. The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price: During the year, no shares has been allotted on preferential basis.
12. The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer: Not Applicable.
13. The pre issue and post issue shareholding pattern of the company are as follows:

| Category Code | Category of Shareholder    | Pre-issue             |                    | Post-issue             |                    |
|---------------|----------------------------|-----------------------|--------------------|------------------------|--------------------|
|               |                            | Pre-issue Shares Held | % to Total Holding | Post-issue Shares Held | % to Total Holding |
| <b>A</b>      | <b>Promoter's holding:</b> |                       |                    |                        |                    |
| 1             | Indian:                    |                       |                    |                        |                    |
|               | Individual                 | 9,10,001              | 8.41%              | 910,001                | 8.30%              |
|               | Bodies Corporate           | 59,99,995             | 55.47%             | 59,99,995              | 54.70%             |



|          |                                  |                    |                |                    |                |
|----------|----------------------------------|--------------------|----------------|--------------------|----------------|
|          | Sub Total                        | 69,09,996          | 63.88%         | 69,09,996          | 62.99%         |
| 2        | Foreign Promoters                | 0                  | 0.00%          | -                  | 0.00%          |
|          | <b>Sub Total (A)</b>             | <b>69,09,996</b>   | <b>63.88%</b>  | <b>69,09,996</b>   | <b>62.99%</b>  |
| <b>B</b> | <b>Non-Promoter's Holding:</b>   |                    |                |                    |                |
| 1        | Institutional Investors          | 0                  | 0.00%          | -                  | 0.00%          |
| 2        | Non-Institution:                 |                    |                |                    |                |
|          | Private Corporate Bodies         | 10,00,000          | 9.24%          | 10,00,000          | 9.12%          |
|          | Directors and Relatives          | 75,001             | 0.69%          | 75,001             | 0.68%          |
|          | Indian Public                    | 1,43,004           | 1.31%          | 2,93,004           | 2.67%          |
|          | Others: Foreign Bodies Corporate | 26,91,347          | 24.88%         | 26,91,347          | 24.54%         |
|          | <b>Sub Total (B)</b>             | <b>39,09,352</b>   | <b>36.12%</b>  | <b>40,59,352</b>   | <b>37.01%</b>  |
|          | <b>Grand Total (A + B)</b>       | <b>1,08,19,348</b> | <b>100.00%</b> | <b>1,09,69,348</b> | <b>100.00%</b> |

Section 62 of the Companies Act, 2013 provides inter alia, that when it is proposed to increase the issued capital of a Company by allotment of further shares, etc., such further shares shall be offered to the existing shareholders of the Company in the manner laid down in the Section unless the shareholders in general meeting decide otherwise by passing a special resolution. Therefore, consent of the shareholders by way of Special Resolution is being sought pursuant to the provisions of Sections 42 & 62 and all other applicable provisions of the Companies Act, 2013.

The members are, therefore, requested to accord their approval authorizing the Board to go for the proposed private placement and / or preferential issue as set out in the resolution at item no. 8.

Except, Mr. Nitin Agrawal, none of the Directors, Key Managerial Personnel of your Company or their relatives are concerned or interested in the said resolution.

**Item No. 9 - Reappointment of Mr. Sanjib Kumar Jha, as a Director & CEO of the company:**

Mr. Sanjib Kumar Jha, Director & CEO of the Company has been associated with the Company since last 4 years. He is Company Secretary and has knowledge and experience in the field of Finance, Treasury and Business Administration.

Considering his experience, knowledge and contributions made in growth of the Company and as recommended by the Nomination and Remuneration Committee, the Board of Directors of the Company has re-appointed Mr. Sanjib Kumar Jha as a Director & CEO of the company for the period of 3 (three) years w.e.f. 26-Mar-2015 on such terms and conditions as mentioned below:

| Sl. No. | Particulars                     | Composition  |
|---------|---------------------------------|--|
| 1       | Fixed Salary                    | Rs.50,00,000/- per annum with an increase which may be decided by the Board of Directors from time to time within the limits, as specified in Schedule V of the Companies Act, 2013. |
| 2       | Performance linked variable pay | Upto 50% of fixed amount   |
| 3       | Accommodation                   | Free Furnished Accommodation   |
| 4       | Mediclaime coverage             | As per rules of the Company's scheme   |
| 5       | Leave Encashment                | As per rules of the Company's scheme   |
| 6       | Provident Fund                  | As per rules of the Company's scheme   |
| 7       | Telephone expense reimbursement | As per rules of the Company's scheme   |

The above remuneration is to be paid as minimum remuneration in the absence or inadequacy of profits, subject to the provisions of Schedule V of the Companies Act, 2013.



The Board recommends the Special Resolution as set out at item no. 9 of the notice for approval of the Members.

Except, Mr. Sanjib Kumar Jha, none of the Directors, Key Managerial Personnel of your Company or their relatives are concerned or interested in the said resolution.

**Item No. 10 - Revision in remuneration payable to Mr. Sanjib Kumar Jha, Director & CEO of the company:**

Mr. Sanjib Kumar Jha, Director & CEO of the Company has been associated with the Company since last 4 years. He is Company Secretary and has knowledge and experience in the field of Finance, Treasury and Business Administration. Mr. Sanjib Kumar Jha is re-appointed as a Director & CEO of the Company for the period of 3 (three) years w.e.f. 26-Mar-2015.

Considering his experience, knowledge and contributions made in growth of the Company and as recommended by the Nomination and Remuneration Committee, the Board of Directors of the Company has revised the remuneration payable to him for the period of his tenure, w.e.f. 01-Dec-2014 as follows:

| Sl. No. | Particulars                     | Composition  |
|---------|---------------------------------|--|
| 1       | Fixed Salary                    | Rs.55,00,000/- per annum with an increase which may be decided by the Board of Directors from time to time within the limits, as specified in Schedule V of the Companies Act, 2013. |
| 2       | Performance linked variable pay | Upto 50% of fixed amount   |
| 3       | Accommodation                   | Free Furnished Accommodation   |
| 4       | Mediclaim coverage              | As per rules of the Company's scheme   |
| 5       | Leave Encashment                | As per rules of the Company's scheme   |
| 6       | Provident Fund                  | As per rules of the Company's scheme   |
| 7       | Telephone expense reimbursement | As per rules of the Company's scheme   |

The above remuneration is to be paid as minimum remuneration in the absence or inadequacy of profits, subject to the provisions of Schedule V of the Companies Act, 2013.

The Board recommends the Special Resolution as set out at item no. 10 of the notice for approval of the Members.

Except, Mr. Sanjib Kumar Jha, none of the Directors, Key Managerial Personnel of your Company or their relatives are concerned or interested in the said resolution.

**Additional Information for Item Nos. 9 and 10:**

The details as required Schedule V of the Companies Act, 2013, are given below:

**I. General Information:**

|   |  |   |
|---|--|---|
| 1 | Nature of Industry   | The company is engaged in the business of lending or advancing money either with or without security and to arrange and negotiate loan. |
| 2 | Date or expected date of commencement of commercial production | The Company is an existing company and is in operation since 1998   |
| 3 | In case of new companies, expected date                        | Not Applicable  |



|   |   |   |
|---|---|---|
|   | of commencement of activities as per project approved by financial institutions appearing in the prospectus |   |
| 4 | Financial performance based on given indicators   | As on 31-Mar-2015:<br>EPS: Rs.3.56 per share<br>Total Revenues: Rs.20,94,79,362/-<br>Profit After Tax: Rs.3,84,66,395/- |
| 5 | Foreign investments or collaborations, if any.  | Rs 10,00,00,000/- by Michael and Susan Dell Foundation;<br>Rs 25,00,00,025/- by Omidyar Network                         |

## II. Information about the appointee:

|   |                       |   |
|---|-----------------------|---|
| 1 | Background details    | <p>Mr. Sanjib Kumar Jha, aged 39 years had led the corporate affairs and finance functions for Intellectap and its group companies. He worked closely with the Managing Director, Chief Operating Officer, and the Boards of Intellectap and its group companies strategizing and executing the next steps in the growth of Intellectap. He also served as an internal advisor to Intellectap's subsidiary companies.</p> <p>Mr. Sanjib Kumar Jha has over 14 years of experience in business planning, mergers and acquisitions, transaction structuring, negotiation, execution, deal closure and portfolio management, management information systems, financial accounting, relationship management with institutional investors, venture capital funds, and key partners.</p> <p>In the past, Mr. Sanjib Kumar Jha was among the initial founding team member at ATS Services, a domestic BPO, and later joined Actis, where he concentrated on transactions and facilitated exits through public markets in the financial services, FMCG, pharmaceutical and automotive sectors. After Actis, Mr. Sanjib Kumar Jha played a role in setting up Lok Capital in India. At Lok, he was also responsible for investments with major Indian MFIs. Mr. Sanjib Kumar Jha is a qualified Company Secretary.</p> |
| 2 | Past Remuneration     | Fixed Salary: Rs.50,00,000/-<br>Performance linked variable pay: upto 50% of the fixed amount   |
| 3 | Recognition or awards | Mr. Sanjib Kumar Jha is having good experience in the industry in which the Company operates.   |



|   |   |   |
|---|---|---|
| 4 | Job profile and his suitably  | He is actively involved in the business of the Company and manages day to day treasury business activities. He is also responsible for new business development of the Company. Taking into consideration his expertise, he is well suited for the responsibilities currently assigned to him by the Board of Directors of the Company. |
| 5 | Remuneration proposed   | Fixed Salary: Rs.55,00,000/-<br>Performance linked variable pay: upto 50% of the fixed amount   |
| 6 | Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) | At par with the industry standards in which the Company operates  |
| 7 | Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any   | No relationship with any promoter, directors or other managerial personnel.   |

### III. Other Information:

|   |   |                |
|---|---|----------------|
| 1 | Reasons of loss or inadequate profits                       | Not Applicable |
| 2 | Steps taken or proposed to be taken for improvement         | Not Applicable |
| 3 | Expected increase in productivity and profits in measurable | Not Applicable |

### Item No. 11 and 12 - Authorisation to the Board of Directors to mortgage, create charge on all or any of the assets of the Company and Borrowing Limits under section 180(1)(c) of the Companies Act, 2013:

In order to meet the future requirements of funds, which may arise on account of the plans/programs/business, the Company may require further loans/borrowings from time to time from financial institutions, banks and other entities. Further, to secure such borrowings, the Company may be required to create charge/mortgage/hypothecation on all or any of its movable and/or immovable assets, both present and future as may be required from time to time.

In terms of the provisions of Section 180(1)(c) & 180(1)(a) of the Companies Act, 2013, the Company needs to take approval of members of the Company for increasing the borrowing powers and authority to create charge / mortgage on the assets of the Company to secure the money(ies) borrowed from financial institutions, banks and other financial entities from time to time. Hence it is proposed to take your approval for a limit upto Rs.300,00,00,000/- (Rupees Three Hundred Crore only).

The Board recommends the resolutions as set out at item nos. 11 & 12 of the Notice for your approval.

None of the Directors, Key Managerial Personnel of your Company or their relatives are concerned or interested in the said resolution.



**Item No. 13 – Approval of Capital Advisory Contract to be entered with Intellecap Advisory Services Private Limited:**

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings between the related parties of the Company. The provisions of Section 188(1) of the Companies Act, 2013, which governs the Related Party Transactions, and it requires that for entering into any contract or arrangement as mentioned herein below with the related party, the Company must obtain prior approval of the Board of Directors and in case of the Company having a paid up share capital of rupees Ten crore or more, prior approval of the shareholders by way of a Special Resolution must be obtained:

1. Sale, purchase or supply of any goods or materials;
2. Selling or otherwise disposing of, or buying, property of any kind;
3. Leasing of property of any kind;
4. Availing or rendering of any services;
5. Appointment of any agent for purchases or sale of goods, materials, services or property;
6. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company and
7. Underwriting the subscription of any securities or derivatives thereof, of the Company.

In the light of provisions of the Companies Act, 2013, the Board of Directors of your Company in their meeting held on 27-May-2015, had approved the Capital Advisory Contract, to be enter into with Intellecap Advisory Services Private Limited.

The members of the company are hereby further informed that:

1. The Board of Directors in their meeting, which was held on 25-Aug-2014, had approved the Capital Advisory Contract for raising equity / quasi equity capital or debt through Investor(s) to expand business and / or provide exit to the existing investor of the company with Intellectual Capital Advisory Services Private Limited. The same was duly approved by the shareholders of the company in their meeting held on 29-Sep-2014.
2. Intellectual Capital Advisory Services Private Limited had undergone restructuring and its capital advisory business has been transferred to a newly formed company i.e. Intellecap Advisory Services Private Limited. Hence, now it is proposed to the members of the company that the said contract shall be entered with Intellecap Advisory Services Private Limited by modifying certain terms and conditions as specified below:

| Sl. No. | Terms                    | Old Contract   | Proposed Contract  |
|---------|--------------------------|--|--|
| 1       | Contractee Party         | Intellectual Capital Advisory Services Private limited   | Intellecap Advisory Services Private Limited   |
| 2       | Duration of the Contract | The Contract will come into effect on 01-Oct-2014 and will end after the approval of the agreed output as per section 1 of the contract or a period of 365 days from the date of the contract, whichever is earlier. | The Contract will come into effect on 27-May-2015 and will end after the approval of the agreed output as per section 1 of the contract or a period of 365 days from the date of the contract, whichever is earlier. |

The particulars of the transaction pursuant to the provisions of Section 188 and the Companies (Meetings of Board and its Powers) Rules, 2014 are as under:





| Sl. No. | Particulars   | Capital Advisory Contract  |
|---------|---|--|
| 1       | Name of the Related Party   | Intelicap Advisory Services Private Limited  |
| 2       | Name of the Director or Key Managerial Personnel who is related, if any               | Mr. Vineet Chandra Rai, Mr. Anurag Agrawal and Mr. Sanjib Kumar Jha  |
| 3       | Nature of Relationship  | Ms. Swati Rai, wife of Mr. Vineet Chandra Rai is interested as shareholder and Mr. Anurag Agrawal is interested as director in Intelicap Advisory Services Private Limited   |
| 4       | Nature, Material Terms, Monetary value and particulars of the contract or arrangement | <p><b>Scope of Services:</b></p> <ul style="list-style-type: none"> <li>➤ Phase I - Preparation of Investor Kit: <ul style="list-style-type: none"> <li>a. Refining of the existing business plan/financial model and preparatory work required to present Client to prospective investors;</li> <li>b. Compilation of Information Kit for investors that might include all or some of the following: Information Memorandum, Introductory Flyer, Financial Model and any other supporting documents and or presentations as required for raising funds for Client.</li> </ul> </li> <li>➤ Phase II - Capital Advisory Services: <ul style="list-style-type: none"> <li>a. Identification of suitable investors, creating a long list of investors and short list of investors;</li> <li>b. Managing communication with all the investors that would include the Investment Pitch, Deal structuring and Negotiation support to the client;</li> <li>c. Assistance in due diligence by potential investors;</li> <li>d. Advice and execution of appropriate deal structuring as per the needs and expectations of the client and accounting for investor feedback;</li> <li>e. Assistance in drafting the term sheet and subscription agreement.</li> </ul> </li> </ul> <p><b>Remuneration and Payment Modalities:</b><br/> Success Fee: Intelicap shall charge success fee as follows:</p> <ul style="list-style-type: none"> <li>a. Book value multiple less than or equal to 3.0x - The Success Fee shall be 1.5% of the Equity Investment Amount committed by the Investor towards primary issue of shares by existing shareholders if any, (exclusive of Service Tax);</li> <li>b. Book value multiple more than 3.0x - the Success Fee shall be 2.0% of the Equity Investment Amount committed by the Investor towards primary issue of shares by existing shareholders if any (exclusive of Service Tax);</li> <li>c. Book Value here is defined as the book value calculated based on the audited financials of 31-Mar-2015;</li> <li>d. The Equity Investment Amount here is defined as the sum of the total primary issue by new investors and</li> </ul> |



|   |   |   |
|---|---|---|
|   |   | <p>existing shareholders either upfront or as per a deferred payout schedule agreed on between the Investor and Client.</p> <p><b>Duration of Contract:</b><br/>The duration of the contract shall be for the period of one year commencing from 27-May-2015.</p>   |
| 5 | Any other Information relevant or important for the members to take a decision on the proposed resolution | <p>The availing of such Capital Advisory services from Intelicap Advisory Services Private Limited is in relation to business enhancement and are towards the benefit of the Company. The respective contract is entered on arm's length basis and all factors relevant to the respective contract have been considered by the Board. The Copy of the above mentioned contract shall be available for inspection by the members at the Registered Office of the Company during the normal business hours (10 am to 6 pm) on all working days (except Saturdays) upto the date of Annual General Meeting of the Company.</p> |

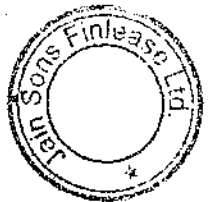
The members are further informed that no member/s of the Company being a related party or having any interest in the resolution as set out at item No. 13 shall be entitled to vote on this special resolution.

The Board of Directors recommends the resolution set forth in item No. 13 for approval of the Members.

Except the said interested Directors, no other director or Key Managerial Personnel or their relatives, is concerned or interested, financially or otherwise, in passing of this resolution.

By Order of the Board of Directors

  
**Chirag Desai**  
 Company Secretary  
 (Membership No.: A22880)



Hyderabad, 27<sup>th</sup> May, 2015

**Registered Office:**

4<sup>th</sup> Floor, Building 8-2-682/1,  
 Banjara Hills Road no. 12,  
 Hyderabad - 500034, Andhra Pradesh.  
 CIN: U65910AP1998PLC088941

# JAIN SONS FINLEASE LIMITED

## DIRECTORS' REPORT

To the Members of Jain Sons Finlease Limited (IntelleGrow),

Your Directors have pleasure in submitting their Seventeenth Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2015.

### 1. Financial Results:

| Particulars                                   | Current Year ended<br>31-Mar-2015 (in Rs.) | Previous Year ended<br>31-Mar-2014 (in Rs.) |
|---|--|---|
| Net Sales / Income from Business Operations   | 20,60,62,305                               | 7,92,98,552                                 |
| Other Income                                  | 34,17,057                                  | 8,87,145                                    |
| Total Income                                  | 20,94,79,362                               | 8,01,85,697                                 |
| Less Interest                                 | 7,06,02,823                                | 1,50,98,796                                 |
| Profit before Depreciation                    | 13,88,76,539                               | 6,50,86,901                                 |
| Less: Depreciation                            | 16,52,312                                  | 3,71,815                                    |
| Profit after Depreciation and Interest        | 13,72,24,227                               | 6,47,15,086                                 |
| Less: Current Income Tax                      | 2,31,50,994                                | 1,03,77,546                                 |
| Less: Previous year adjustment of Income Tax  | -  | -   |
| Less: Deferred Tax                            | (35,67,116)                                | (10,82,110)                                 |
| Net Profit after Tax                          | 38,466,983                                 | 11,487,417                                  |
| Dividend (including Interim if any and final) | -  | -   |
| Net Profit after dividend and Tax             | 38,466,983                                 | 11,487,417                                  |
| Amount transferred to General Reserve         | 38,466,983                                 | 11,487,417                                  |
| Balance carried to Balance Sheet              | 44,072,135                                 | 13,298,549                                  |
| Earnings per share (Basic)                    | 3.56                                       | 1.21  |
| Earnings per share (Diluted)                  | 2.38                                       | 1.07  |

### 2. Dividend:

In the month of April, 2015 the company had declared an Interim Dividend at the rate of 0.001% per annum for the financial year 31-Mar-2015 to all Non-Cumulative Compulsorily Convertible Preference Shareholders of the company and the same has been paid to all the respective shareholders.

No Final dividend has been recommended to the shareholders of the company for their approval.

### 3. Directors and Key Managerial Personnel:

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 and Articles of Association of the Company, Mr. Vineet Chandra Rai, Chairman and Mr. Pradeep Pursnani, Nominee Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, has offered themselves for re-appointment and your Board recommends their re-appointment.

During the year under review:

- Mr. Debasish Mitter, Nominee Director of the company, as a nominee of M/s. Michael and Susan Dell Foundation had tendered his resignation as Nominee Director from the Board of the company on 29-Sep-2014. Mr. Satyam Darmora was appointed on the Board as a Nominee

Regd. Office : 4th Floor, Building 8-2-682/1, Banjara Hills Road No: 12, Hyderabad - 500034, India  
Tel: +91-40-4030 0200, Fax: +91-40-4030 0275

Mumbai Office: 13C, Techniplex-II IT Park, 6th Floor, Off Veer Savarkar Flyover, Goregaon (W), Mumbai - 400 062, India  
Tel: -91-22-6195 2700, Fax: +91-22-6195 2702, CIN : U65910AP1998PLC088941, www.intellegrow.com



Director of the company, as a nominee of M/s. Michael and Susan Dell Foundation w.e.f. 29-Sep-2014.

- Ms. Dimple Sanghi, Nominee Director of the company, as a nominee of M/s. Omidyar Network had tendered her resignation as a Nominee Director from the Board of the company w.e.f. 09-Jan-2015. Ms. Anuradha Ramachandran was appointed on the Board as an Additional (Nominee) Director of the company, as a nominee of M/s. Omidyar Network w.e.f. 26-Mar-2015.

The Board of Directors of the Company has appointed Ms. Bhama Krishnamurthy as an Additional (Independent) Director of the Company w.e.f. 27-May-2015 for a period of 5 years subject to approval of shareholders at the ensuing Annual General Meeting. The Company has received notices along with requisite deposit from a member of the Company under Section 160 of Companies Act, 2013 proposing their candidature for the office of Director of the Company. Your Board recommends her appointment as an Independent Director of the company.

The Board of Directors of the Company has appointed Ms. Anuradha Ramachandran as an Additional (Nominee) Director of the Company w.e.f. 26-Mar-2015. The Company has received notices along with requisite deposit from a member of the Company under Section 160 of Companies Act, 2013 proposing their candidature for the office of Director of the Company. Your Board recommends her appointment as a Nominee Director of the company, as a nominee of M/s. Omidyar Network.

Mr. Rakesh Rewari and Ms. Bhama Krishnamurthy have submitted their disclosures to the Board that they fulfil all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

During the year under review, Mr. Sanjib Kumar Jha, Director & CEO, Mr. Nitin Agrawal, Chief Financial Officer and Mr. Chirag Desai, Company Secretary were appointed as Key Managerial Personnel of the Company.

#### **4. Review of Business Operations and Future Prospects:**

The company stayed focussed at lending to Small and Growing Businesses as its mandated focus area. Most of these were early stage businesses, either startups beginning to scaleup, or existing businesses diversifying into new businesses including the companies running at small scale and now starting to scale up. We were able to service the needs of companies with limited operational and financial track record with limited ability to provide hard collaterals. We continued to use detailed due diligence in assessing projected cashflows as a surrogate to taking Securities for lending coverage. Our focus continued with businesses making Social and Environmental Impact.

The company started the year with a portfolio of 38 Small and Growing businesses which had been lent a total of Rs. 66cr out of which Rs. 48cr was outstanding. During the year, company disbursed a total of Rs 132cr in loans to companies. Out of these, 26 were new companies and 33 were existing portfolio companies. With this, the company has cumulatively disbursed Rs.200cr to 70 companies and has Rs.136crore outstanding portfolio. The company has been able to continue to service the growing debt needs of existing portfolio companies to some extent. At the same time, the company has been able to prospect new entities into its portfolio.

The company continued to focus on a diversified sector and sub-sector approach – lending to 17 subsectors covering Financial Inclusion/ Clean Energy/ Healthcare/ Water and Sanitation/



Agricultural supply chain / Education and businesses generating urban employment for low-income community.

Company has consistently strengthened its internal capacitation. On the team side, Intellegrow has grown from 7 people team in March 2014 to 24 people team in March 2015. More team members are expected to get added as the scale as size of business grows. This is complemented by increasing verticalisation and specialisation in functional teams. This has also helped in implementation of various control processes with maker, checker, verifies and approver.

With team strengthening, the company intends to follow a 3 dimensional growth strategy –

- Horizontal Expansion: with diversification into new Sectors and sub-sectors;
- Diagonal Expansion: Product Diversification including off balance sheet structures;
- Vertical Expansion: Growing exposures within the existing portfolio companies with good track record.

Most of the exposure by the company was through term debt with credit risk completely on Intellegrow's Balance sheet. The size of exposure is also limited by the Networth of Intellegrow while some of these small and growing businesses require higher debt. We plan to leverage our capability to assess these businesses to help them source more debt besides our loans. This will help Intellegrow diversify its service provision and also help it improve its revenue profile from the serviced companies with more fee income from them. Such services may include working as an arranger, debt syndication, doing structured finance with partial guarantees etc. We however intend to ensure sufficient Balance Sheet protection by staying with exposure norms which are currently more conservative than proposed by the regulator.

Further, since the company has applied for the Small Finance Bank license in association with Intellegrow, in an event of merger with Intellegrow, the current service of providing debt and credit linkages to Small and Growing Businesses shall be retained as part of the merged entity.

**5. Material changes and commitment if any affecting the financial position of the company occurred between the end of the financial year to which this financial statements relate and the date of the Report:**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report.

**6. Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:**

There was no significant or material order was passed by any regulator or court or tribunal, which impacts the going concern status of the Company or will have bearing on company's operations in future.

**7. Conservation of energy, technology absorption, foreign exchange earnings and outgo:**

The information as required under Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption are not applicable as the company is not carrying on any manufacturing activity during the year. The particulars regarding foreign exchange earnings and outgo during the year under review are as under:



| Particulars                           | (In Indian Rupees) |                |
|---------------------------------------|--------------------|----------------|
|                                       | 2014-15            | 2013-14        |
| Total Expenditure in Foreign Currency | 6,58,153.00        | 5,01,467.00    |
| Total Earnings in Foreign Currency    | 4,25,23,294.00     | 3,16,27,042.00 |

**8. Risks and Areas of Concern:**

The Company has laid down a well-defined Risk Management Policy covering the risk mapping, trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitoring of both business and non-business risk. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework.

**9. Particulars of Loans, Guarantees or Investments made under section 186 of the Companies Act, 2013:**

The details of loans, guarantee or investment under Section 186 of the Companies Act, 2013 is given under Notes to Accounts of financial statements.

**10. Particulars of Contracts or Arrangements made with related parties under section 188 of the Companies Act, 2013:**

The particulars of contracts or arrangements made with related parties pursuant to section 188, in Form AOC - 2 as prescribed under Companies (Accounts) Rules, 2014 relating to Accounts of Companies under the Companies Act, 2013, is annexed as Annexure - A with this report.

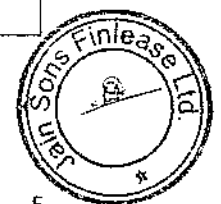
**11. Explanation or comments on qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors and the Secretarial Auditor in their reports:**

There was no qualifications made by the either by the Statutory Auditors or by Secretarial Auditor in their respective reports. However, following two comments from the Independent Auditor's report are adverse:

| Sl. No.  | Auditor's Observation   | Management Response   |
|--|---|---|
| Annexure to Independent Auditor's report. Point (vii)(a) | Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows: | The amounts mentioned here are not undisputed. We are consulting with a subject matter specialist and would follow his advice on the same. We propose to close the issue from our side by Sep-2015. |



|  | Name of the statute  | Nature of the dues  | Amount (₹)    | Period to which the amount relates | Due Date      | Date of Payment |                  |            |          |               |                       |         |           |   |                       |           |           |   |                       |            |           |   |   |
|--|--|---------------------|---------------|------------------------------------|---------------|-----------------|------------------|------------|----------|---------------|-----------------------|---------|-----------|---|-----------------------|-----------|-----------|---|-----------------------|------------|-----------|---|---|
|  | The Income-tax Act, 1961   | Self-assessment tax | ₹3,080,862    | Assessment year 2014-15            | 31 March 2014 | Not yet paid    |                  |            |          |               |                       |         |           |   |                       |           |           |   |                       |            |           |   |   |
| Annexure to Independent Auditor's report. Point (ix) | <p>The Company has defaulted in repayment of dues to debenture-holders during the year. Interest on debentures amounting to ₹6,105,329 due for payment on 1 January 2015, was paid by the Company on 2 January 2015. The Company has defaulted in repayment of dues to a financial institution (which include Scheduled Banks):</p> <table border="1" data-bbox="347 981 995 1357"> <thead> <tr> <th>Name of the Bank</th> <th>Amount (₹)</th> <th>Due date</th> <th>Delay in days</th> </tr> </thead> <tbody> <tr> <td>Ratnakar Bank Limited</td> <td>278,082</td> <td>30-Sep-14</td> <td>8</td> </tr> <tr> <td>Ratnakar Bank Limited</td> <td>1,094,673</td> <td>31-Jan-15</td> <td>3</td> </tr> <tr> <td>Ratnakar Bank Limited</td> <td>11,111,111</td> <td>23-Mar-15</td> <td>1</td> </tr> </tbody> </table> |                     |               |                                    |               |                 | Name of the Bank | Amount (₹) | Due date | Delay in days | Ratnakar Bank Limited | 278,082 | 30-Sep-14 | 8 | Ratnakar Bank Limited | 1,094,673 | 31-Jan-15 | 3 | Ratnakar Bank Limited | 11,111,111 | 23-Mar-15 | 1 | <p>Ratnakar Bank instalment payment was delayed for Sep-2014. While the transaction was processed in time, it got cancelled due to technical error. Prolonged holidays (Gandhi Jayanti &amp; Dussera) and concerned official on leave (Mayank) delayed its detection and corrective action. Rest two delays are operational in nature due to a holiday wherein the payment processed by Treasury team was not credited on the same day, but after two days post the holiday. As a matter of caution, on days preceding the holidays, the payments are being processed early morning to ensure that these are not delayed.</p> |
| Name of the Bank                                     | Amount (₹)   | Due date            | Delay in days |                                    |               |                 |                  |            |          |               |                       |         |           |   |                       |           |           |   |                       |            |           |   |   |
| Ratnakar Bank Limited                                | 278,082  | 30-Sep-14           | 8             |                                    |               |                 |                  |            |          |               |                       |         |           |   |                       |           |           |   |                       |            |           |   |   |
| Ratnakar Bank Limited                                | 1,094,673  | 31-Jan-15           | 3             |                                    |               |                 |                  |            |          |               |                       |         |           |   |                       |           |           |   |                       |            |           |   |   |
| Ratnakar Bank Limited                                | 11,111,111   | 23-Mar-15           | 1             |                                    |               |                 |                  |            |          |               |                       |         |           |   |                       |           |           |   |                       |            |           |   |   |



**12. Company's policy relating to directors appointment, payment of remuneration and discharge of their duties:**

The Company's policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is annexed as Annexure - B with this report.

**13. Annual Return:**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed as Annexure - C with this report.

**14. Particulars of employees:**

The Information required under section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

| Non-executive Directors                      | Ratio to median remuneration |
|--|------------------------------|
| Mr. Vineet Chandra Rai                       | -                            |
| Mr. Rakesh Rewari                            | -                            |
| Mr. Debasish Mitter (up to 30-Sep2014)       | -                            |
| Mr. Satyam Darmora (from 30-Sep-2014)        | -                            |
| Ms. Dimple Sanghi (up to 09-Jan-2015)        | -                            |
| Ms. Anuradha Ramachandran (from 26-Mar-2015) | -                            |
| Mr. Pradeep Pursnani                         | -                            |
| Mr. Anurag Agrawal                           | -                            |

| Executive Directors  | Ratio to median remuneration |
|----------------------|------------------------------|
| Mr. Sanjib Kumar Jha | 60.88                        |

- b. The percentage increase in remuneration of each directors, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year:

| Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary | % increase in remuneration in the financial year |
|---|--|
| Mr. Vineet Chandra Rai  | -  |
| Mr. Rakesh Rewari   | -  |
| Mr. Debasish Mitter (up to 30-Sep2014)  | -  |
| Mr. Satyam Darmora (from 30-Sep-2014)   | -  |
| Ms. Dimple Sanghi (up to 09-Jan-2015)   | -  |
| Ms. Anuradha Ramachandran (from 26-Mar-2015)                                      | -  |
| Mr. Pradeep Pursnani  | -  |
| Mr. Anurag Agrawal  | -  |
| Mr. Sanjib Kumar Jha, Director & CEO  | 26.75  |
| Mr. Nitin Agrawal, Chief Financial Officer (joined on 26-Mar-2015)                | -  |





|   |   |
|---|---|
| Mr. Chirag Desai, Company Secretary (joined on 28-Apr-2014) | - |
|---|---|

- c. The percentage increase in the median remuneration of employees in the financial year: 37.50%
- d. The number of permanent employees on the rolls of company: 20 (as on 31-Mar-2015)
- e. The explanation on the relationship between average increase in remuneration an company performance: The increase in remuneration is in line with the market trends in the country. In order to ensure that remuneration reflects company performance, the performance pay is also linked to organisation performance, apart from an individual's performance.

- f. Comparison of the remuneration of the Key Managerial Personnel (KMP) against performance of the company:

|  |         |
|--|---------|
| Aggregate remuneration of KMP in FY15 (Rs. in lakhs) | 66.45   |
| Revenue (Rs. in lakhs)                               | 2094.78 |
| Remuneration of KMPs (as % of revenue)               | 3.17    |
| Profit before Tax (PBT) (Rs. in lakhs)               | 611.32  |
| Remuneration of KMP (as % of PBT)                    | 10.87   |

- g. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year: Not Applicable, as the equity shares of the company are listed on any stock exchange. Only NCDs of the company are listed on the Bombay Stock Exchange.

- h. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out is there are any exceptional circumstances for increase in the managerial remuneration:

The average percentile increase already made in the salaries of employees other than managerial personnel in the last financial year is 21% while percentile increase in the managerial remuneration is 19.9% in the last financial year.

- i. Comparison of each remuneration of the KMP against the performance of the Company:

|  | Mr. Sanjib Kumar Jha, Director & Chief Executive Officer | Mr. Nitin Agrawal, Chief Financial Officer (w.e.f. 26-Mar-2015) | Mr. Chirag Desai, Company Secretary (w.e.f. 28-Apr-2014) |
|--|--|---|--|
| Remuneration in FY15 (Rs. in lakhs)    | 55.81  | 0.68  | 9.96   |
| Revenue (Rs. in lakhs)                 | 2094.78  |   |  |
| Remuneration as % of revenue           | 2.66   | 0.03  | 0.48   |
| Profit before Tax (PBT) (Rs. in lakhs) | 611.32   |   |  |
| Remuneration (as % of PBT)             | 9.13   | 0.11  | 1.63   |

- j. The key parameters for any variable component of remuneration availed by the directors: Not Applicable



- k. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: None
- l. Affirmation that the remuneration is as per the remuneration policy of the company: The Company affirms remuneration is as per the remuneration policy of the company.
- m. The statement containing particulars of employees as required under section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: Not Applicable

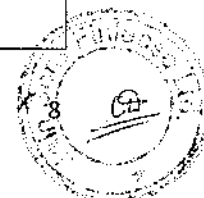
**15. Number of Board Meetings conducted during the year under review:**

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. A tentative annual calendar of the Board and Committee Meetings is informed to the Directors in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions through circulation, as permitted by law, which are confirmed in the subsequent Board meeting.

The notice of Board meeting is given well in advance to all the Directors of the Company. The agenda of the Board / Committee meetings is circulated prior to the date of the meeting. The agenda for the Board and Committee meetings includes detailed notes on the items to be discussed at the meeting to enable the Directors to take an informed decision.

The Board met six (6) times during the year, the details of which are as given below:

| Sl. No. | Date of Board Meeting | Venue of the Board Meeting   | Name of Director's Present   |
|---------|-----------------------|--|--|
| 1       | 16-Apr-2014           | 13A, Techniplex-II IT Park, 6 <sup>th</sup> Floor, Off. Veer Savarkar Flyover, Goregaon (West), Mumbai – 400062. | 1. Mr. Vineet Chandra Rai<br>2. Mr. Rakesh Rewari<br>3. Mr. Debasish Mitter<br>4. Mr. Pradeep Pursnani<br>5. Ms. Dimple Sanghi<br>6. Mr. Sanjib Kumar Jha  |
| 2       | 25-Aug-2014           | 13A, Techniplex-II IT Park, 6 <sup>th</sup> Floor, Off. Veer Savarkar Flyover, Goregaon (West), Mumbai – 400062. | 1. Mr. Vineet Chandra Rai<br>2. Mr. Rakesh Rewari<br>3. Ms. Dimple Sanghi<br>4. Mr. Anurag Agrawal<br>5. Mr. Sanjib Kumar Jha                              |
| 3       | 25-Sep-2014           | 13A, Techniplex-II IT Park, 6 <sup>th</sup> Floor, Off. Veer Savarkar Flyover, Goregaon (West), Mumbai – 400062. | 1. Mr. Vineet Chandra Rai<br>2. Mr. Sanjib Kumar Jha<br>3. Mr. Anurag Agrawal  |
| 4       | 29-Sep-2014           | 13A, Techniplex-II IT Park, 6 <sup>th</sup> Floor, Off. Veer Savarkar Flyover, Goregaon (West), Mumbai – 400062. | 1. Mr. Vineet Chandra Rai<br>2. Mr. Sanjib Kumar Jha<br>3. Mr. Anurag Agrawal<br>4. Mr. Debasish Mitter<br>5. Mr. Pradeep Pursnani<br>6. Mr. Rakesh Rewari |
| 5       | 24-Dec-2014           | 13C, Techniplex-II IT Park, 6 <sup>th</sup> Floor, Off. Veer Savarkar Flyover, Goregaon (West),                  | 1. Mr. Vineet Chandra Rai<br>2. Mr. Sanjib Kumar Jha<br>3. Mr. Anurag Agrawal  |



|   |             |  |  |
|---|-------------|--|--|
|   |             | Mumbai – 400062.   | 4. Mr. Rakesh Rewari<br>5. Mr. Satyam Darmora<br>6. Ms. Dimple Sanghi  |
| 6 | 26-Mar-2015 | 13C, Techniplex-II IT Park, 6 <sup>th</sup> Floor, Off. Veer Savarkar Flyover, Goregaon (West), Mumbai – 400062. | 1. Mr. Vineet Chandra Rai<br>2. Mr. Sanjib Kumar Jha<br>3. Mr. Anurag Agrawal<br>4. Mr. Rakesh Rewari<br>5. Mr. Pradeep Pursnani<br>6. Ms. Anuradha Ramachandran |

#### 16. Directors Responsibility Statement:

Your Directors, to the best of their knowledge and belief and according to the information and explanations obtained by them and as required under Section 134(3)(c) of the Companies Act, 2013 state that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments 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 and loss of the company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- the directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### 17. Subsidiaries, Joint Ventures and Associate Companies:

The Company does not have any Subsidiary, Joint venture or Associate Company. Intellectual Capital Advisory Services Private Limited is the holding company of your company.

#### 18. Public Deposits:

During the year under review, the company has not accepted any deposits within the meaning of section 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

#### 19. Statutory Auditors:

M/s. Walker Chandiook & Co LLP, Chartered Accountants, (Firm Registration No. 001076N) were re-appointed as Statutory Auditors to hold office for a period of three years in the Annual General Meeting held on 29-Sep-2014. The Company has received a letter from them to the effect that they are willing to continue as Statutory Auditors and if re-appointed, their re-appointment would be within the limits prescribed under Section 139 of the Companies Act, 2013 and they are not disqualified from being appointed as Auditors.



Your Directors recommends the confirmation of the appointment of M/s. Walker Chandlok & Co LLP, Chartered Accountants, as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting upto the conclusion of next Annual General Meeting of the Company and to audit financial statements for the financial year 2015-16.

**20. Disclosure of Composition of Audit Committee and providing Vigil Mechanism:**

The Audit Committee of the Company reviews the reports to be submitted with the Board of Directors with respect to auditing and accounting matters. It also supervises the Company's internal control and financial reporting process.

As on March 31, 2015, the Audit Committee comprises of Mr. Pradeep Pursnani, Mr. Rakesh Rewari and Mr. Anurag Agrawal.

Mr. Rakesh Rewari is the Chairman of Audit Committee of the Company. Mr. Chirag Desai, Company Secretary of the Company, acts as Secretary of the Audit Committee.

The Company shall established Vigil Mechanism to deal with instance of fraud and mismanagement, if any. The mechanism shall also provide for adequate safeguards against victimization of directors and employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in the exceptional cases. The Company shall also provide direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of co-employees and the Company and we affirm that during the financial year 2014-15, no employee or director was denied access to the Audit Committee.

**21. Shares:**

**a. Buy back of securities:**

The Company has not bought back any of its securities during the year under review.

**b. Sweat Equity:**

The Company has not issued any Sweat Equity Shares during the year under review.

**c. Bonus Shares:**

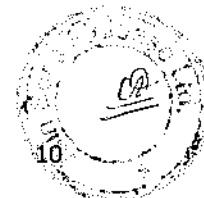
No Bonus Shares were issued during the year under review.

**d. Employees Stock Option plan:**

The Company has not provided any Stock Option Scheme to the employees during the year under review.

**e. Paid-up share Capital:**

During the year under review, the company has issued and allotted 1 (one) Equity Share to ON Mauritius. As on 31-Mar-2015, the paid up share capital of the company is Rs. 38,81,88,280/- (Rupees Thirty Eight Crore Eighty One Lakhs Eighty Eight Thousand Two hundred and Eighty only) divided into 1,08,19,348 (One Crore Eight Lakhs Nineteen Thousand Three Hundred and Forty Eight) Equity Shares of Rs. 10/- (Rupees Ten only); 3,00,000 (Three Lakhs) Compulsory Convertible Preference Shares - Class B1 of RS. 100/- (Rupees One Hundred only) each and 24,99,948 (Twenty Four lakhs Ninety Nine Thousand Nine Hundred and Forty Eight) Compulsory Convertible Preference Shares - Class B2 of RS. 100/- (Rupees One Hundred only) each.



## 22. Secretarial Audit Report:

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Secretarial Audit Report received from M/s. Manish Baldeva & Co., Company Secretaries, Mumbai is annexed and forming part of this report.

## 23. Internal Audit:

The Company has appointed M/s. Anuj S. Sharma & Company, Chartered Accountants, Mumbai, as its Internal Auditor. Internal Auditor has given their reports on half yearly basis to the Audit Committee.

Based on the report of internal audit function, corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

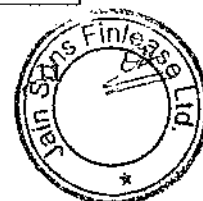
## 24. Committees of the Board:

During the year under review, in accordance with the Companies Act, 2013, the Board had re-constituted and expanded scope of some of its Committees and had also formed Corporate Governance and Executive Committee. There are currently four Committees of the Board, as follows:

1. Audit and Compliance Committee;
2. Nomination and Remuneration Committee;
3. Risk Committee;
4. Corporate Governance and Executive Committee

The composition and number of meetings held during the year under review of the above said committees are as under:

| Sl. No. | Name of the Committees                       | Composition of Committees during the FY 2015  | Number of Meetings held during the FY 2015 | Date of Meetings held during the FY 2015                         |
|---------|--|---|--|--|
| 1       | Audit and Compliance Committee               | 1. Mr. Anurag Agrawal<br>2. Mr. Pradeep Pursnani<br>3. Mr. Rakesh Rewari                              | One  | 25-Aug-2014  |
| 2       | Nomination and Remuneration Committee        | 1. Mr. Rakesh Rewari<br>2. Mr. Anurag Agrawal<br>3 Mr. Pradeep Pursnani                               | Two  | 19-Jun-2014; and<br>26-Mar-2015                                  |
| 3       | Risk Committee                               | 1. Mr. Rakesh Rewari<br>2. Mr. Sanjib Kumar Jha<br>3. Mr. Debasish Mitter                             | Three                                      | 29-Apr-2014;<br>14-Jul-2014;<br>27-Oct-2014; and<br>27-Nov-2014; |
| 4       | Corporate Governance and Executive Committee | 1. Mr. Vineet Chandra Rai<br>2. Mr. Sanjib Kumar Jha<br>3. Mr. Anurag Agrawal<br>4. Mr. Rakesh Rewari | One  | 26-Mar-2015  |



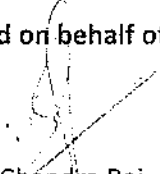
The Charters of the above said committees are annexed as Annexure - D with this Report.

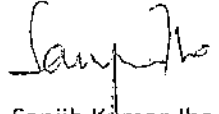
**25. Acknowledgements:**

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your company.

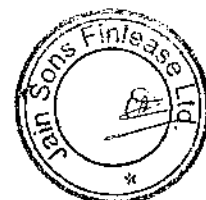


For and on behalf of the Board of Directors

  
Vineet Chandra Rai  
Chairman  
(DIN: 00606290)

  
Sanjib Kumar Jha  
Director & CEO  
(DIN: 03402908)

Place: Hyderabad  
Date: 27<sup>th</sup> May, 2015



## FORM AOC - 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for disclosure of particulars of contract / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: Not Applicable

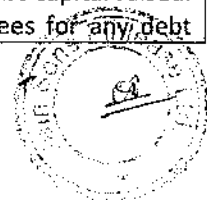
|   |     |
|---|-----|
| (a) Name(s) of the related party and nature of relationship   | NIL |
| (b) Nature of contracts / arrangements / transactions   | NIL |
| (c) Duration of the contracts / arrangements / transactions   | NIL |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any                        | NIL |
| (e) Justification for entering into such contract / arrangement or transaction  | NIL |
| (f) Date(s) of approval of the Board  | NIL |
| (g) Amount paid in advance, if any  | NIL |
| (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188 | NIL |

2.i. Details of contracts or arrangements or transactions at arm's length basis: The following three contracts or arrangements or transactions are at arm's length basis:

|  |   |
|--|---|
| (a) Name(s) of the related party and nature of relationship                                    | Intellectual Capital Advisory Services Private Limited<br>Mr. Vineet Rai and Mr. Anurag Agrawal are the common directors and Mr. Sanjib Kumar Jha is the shareholder in Intellectual Capital Advisory Services Private Limited  |
| (b) Nature of contracts / arrangements / transactions  | Capital Advisory Contract   |
| (c) Duration of the contracts / arrangements / transactions                                    | The duration of contract shall be for the period of one year commencing from 1 <sup>st</sup> day of October, 2014 to 30 <sup>th</sup> September, 2015   |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any | <b>Scope of Services:</b><br>Intellectap Investment Advisory offering for Client would consist of two phases:<br><b>Phase I – Preparation of Investor Kit:</b><br>i. Refining of the existing business plan/financial model and preparatory work required to present Client to prospective investors;<br>ii. Compilation of Information Kit for investors that might include all or some of the them are as: Information Memorandum |



|  |   |
|--|---|
|  | <p>Introductory Flyer, Financial Model and any other supporting documents and or presentations as required for raising funds for Client.</p> <p><b>Phase II – Capital Advisory Services:</b></p> <ol style="list-style-type: none"> <li>i. Identification of suitable investors, creating a long list of investors and short list of investors;</li> <li>ii. Managing communication with all the investors that would include the Investment Pitch, Deal structuring and Negotiation support to the company;</li> <li>iii. Assistance in due diligence by potential investors;</li> <li>iv. Advice and execution of appropriate deal structuring as per the needs and expectations of the company and accounting for investor feedback;</li> <li>v. Assistance in drafting the term sheet and subscription agreement.</li> </ol> <p><b>Remuneration and Payment Modalities:</b></p> <p><b>Success Fee:</b> Intellecap shall charge success fee as follows:</p> <ol style="list-style-type: none"> <li>i. Book value multiple less than or equal to 3.0x - The Success Fee shall be 1.5% of the Equity Investment Amount committed by the Investor towards primary issue of shares as well as secondary sale of shares by existing shareholders if any, (exclusive of Service Tax);</li> <li>ii. Book value multiple more than 3.0x - the Success Fee shall be 2.0% of the Equity Investment Amount committed by the Investor towards primary issue of shares as well as secondary sale of shares by existing shareholders if any (exclusive of Service Tax);</li> <li>iii. Book Value here is defined as the book value calculated based on the audited financials of March 31, 2014;</li> <li>iv. The Equity Investment Amount here is defined as the sum of the total primary issue as well as a secondary sale of Client shares (if any) by existing shareholders either upfront or as per a deferred payout schedule agreed on between the Investor and Client;</li> <li>v. For any debt capital raising services, Intellecap will work on a success fee basis linked to the amount of debt capital raised. The quantum of success fees for any debt</li> </ol> |
|--|---|





|   |  |
|---|--|
|   | raised will be 0.5% of the debt investment amount;<br>vi. The Debt Investment amount is defined as the total amount of debt being raised as part of the overall capital raise. |
| (e) Date(s) of approval of the Board  | 25-Aug-2014  |
| (f) Amount paid in advance, if any  | Nil  |
| (g) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188 | 29-Sep-2014  |

## 2.ii.

|   |  |
|---|--|
| (a) Name(s) of the related party and nature of relationship   | Intellectual Capital Advisory Services Private Limited<br>Mr. Vineet Rai and Mr. Anurag Agrawal are the common directors and Mr. Sanjib Kumar Jha is the shareholder in Intellectual Capital Advisory Services Private Limited   |
| (b) Nature of contracts / arrangements / transactions   | Consultancy Agreement  |
| (c) Duration of the contracts / arrangements / transactions   | The duration of contract shall be for the period of one year commencing from 1 <sup>st</sup> day of October, 2014 to 31 <sup>st</sup> March, 2015  |
| (d) Salient terms of the contracts or arrangements or transactions including the value, if any                        | <b><u>Objectives to be met through this Consultancy Agreement:</u></b><br>The company will get exclusive visibility and positioning to meet the following objectives:<br>i. Visibility: Widespread branding and visibility for company among relevant audience;<br>ii. Identifying viable deal flow pipeline: Opportunity to showcase company funding options to sustainable social enterprises working across 5 high impact sectors: Agriculture, Food and Rural Business   Clean Energy & Clean Technology   Education & Vocational Training   Health, Water and Sanitation   Technology for Development;<br>iii. Create sustained impact on development of early stage enterprises through capacity building opportunities.<br><b><u>Compensation:</u></b><br>The Company shall pay to Intellecap INR 12,00,000/- (Indian Rupees Twelve lakhs Only), exclusive of all applicable taxes. |
| (e) Date(s) of approval of the Board  | 25-Aug-2014  |
| (f) Amount paid in advance, if any  | Nil  |
| (g) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188 | 29-Sep-2014  |



**JAIN SONS FINLEASE LIMITED**

**NOMINATION AND REMUNERATION POLICY**

**Introduction:**

In pursuance of the Company's policy to consider human resources as its invaluable assets, to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP) and Employees of the company, to harmonize the aspirations of human resources consistent with the goals of the company and in terms of the provisions of the Companies Act, 2013, this policy on nomination and remuneration of Directors, KMP and Senior Management has been formulated by the Nomination and Remuneration Committee ("NRC") and approved by the Board of Directors of the Company.

**Composition of Committee:**

1. The Nomination and Remuneration Committee shall consist of three or more non-executive directors out of which not less than one-half shall be independent directors.
2. The Chairperson of the Company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair the Committee.

**Objective:**

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Guidelines of Reserve Bank of India. The objective of this policy is to lay down a framework in relation to remuneration of directors, KMP, senior management personnel and other employees.

The Key Objectives of the Committee would be:

- 1.1. To guide the Board in relation to appointment and removal of Directors, KMP and Senior Management.
- 1.2. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, KMP and other employees.
- 1.3. Formulation of criteria for evaluation of Independent Director and the Board.
- 1.4. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.5. To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management.
- 1.6. To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.7. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.



## Annexure B – Nomination and Remuneration Policy

- 1.8. To develop a succession plan for the Board and to regularly review the plan.
- 1.9. To assist the Board in fulfilling responsibilities.
- 1.10 To implement and monitor policies and processes regarding principles of corporate governance.

### **Applicability:**

- a) Directors (Executive and Non-Executive)
- b) KMP
- c) Senior Management Personnel

### **Definitions:**

“Act” means the Companies Act, 2013 and Rules framed there under, as amended from time to time.

“Board” means Board of Directors of the Company.

“Directors” mean Directors of the Company.

“Key Managerial Personnel” means

- i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii. Chief Financial Officer;
- iii. Company Secretary; and
- iv. such other officer as may be prescribed.

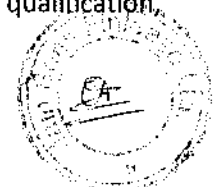
“Senior Management” means Senior Management means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### **Policy for Appointment and Removal of Director, KMP and Senior Management:**

#### **1. Appointment Criteria and Qualifications:**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) The Committee shall undertake a process of due diligence to determine the suitability of the person for appointment/continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other ‘fit and proper’ criteria.
- c) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification,



## Annexure B – Nomination and Remuneration Policy

expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

- d) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.
- e) The Company shall appoint Independent/Non-Executive Directors nominated to the Board should be between 35 to 70 years of age.
- f) The Company shall obtain necessary information and declaration from the proposed/existing directors as per the format provided under the Companies Act, 2013 and Guidelines issued by Reserve Bank of India from time to time.
- g) The Company shall obtained annually as on 31<sup>st</sup> March a simple declaration from the Directors the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith.
- h) The Company shall ensure in public interest that the nominated/elected directors execute the deeds of covenants in the Format provided under the Guidelines issued by Reserve Bank of India from time to time.

### 2. Term / Tenure:

#### a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

#### b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.



## Annexure B – Nomination and Remuneration Policy

### 3. Evaluation:

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

### 4. Removal:

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### 5. Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### Policy for Remuneration to Directors/KMP/Senior Management Personnel:-

#### **1. Remuneration to Managing/Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**

The Remuneration/ Compensation/ Commission etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

#### **2. Remuneration to Non- Executive / Independent Director:**

The Non-Executive Independent Director may receive remuneration / compensation / commission as per the provisions of Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

### Duties in Relation to Nomination Matters:

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation;
- Determining the appropriate size, diversity and composition of the Board;



## Annexure B – Nomination and Remuneration Policy

- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board;
- Scrutinize the declarations received from directors and based on the information provided in the signed declaration, the Committee shall decide on the acceptance or otherwise of the Directors, where considered necessary;
- Considering any other matters, as may be requested by the Board.

### **Duties In Relation To Remuneration Matters:**

The duties of the Committee in relation to remuneration matters include:

- Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- Approving the remuneration of the Senior Management including KMP of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- Considering any other matters as may be requested by the Board.

### **Review and Amendment:**

- i. The NRC or the Board may review the Policy as and when it deems necessary.
- ii. The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- iii. This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

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**Annexure C – Extract of Annual Return**

**Form No. MGT-9**

**Extract of Annual Return as on financial year ended as on 31-Mar-2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. Registration and Other Details:**

| Sl. No. | Particulars   |  |
|---------|---|--|
| 1       | CIN   | U65910AP1998PLC088941  |
| 2       | Registration Date   | 05-Feb-1998  |
| 3       | Name of the company   | Jain Sons Finlease Limited   |
| 4       | Address of the Registered office and contact details                      | 4 <sup>th</sup> Floor, Building 8-2-682/1, Banjara Hills Road No.12, Hyderabad - 500034.<br>Tel: 022-61952700  |
| 5       | Whether listed Company  | Yes (Non-Convertible Debentures are Listed with BSE)   |
| 6       | Name, Address and Contact details of Registrar and Transfer Agent, if any | Sharepro Services (India) Private Limited<br>13AB Samhita Warehousing Complex, 2 <sup>nd</sup> Floor, Sakinaka Telephone Exchange Lane, Sakinaka, Andheri (East), Mumbai – 400072. |

**II. Principal Business Activities of the company:**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

| Sl. No. | Name and Description of main products/services | NIC Code of the Product/Service | % to total turnover of the company |
|---------|--|---------------------------------|------------------------------------|
| 1       | Financial Services                             | 804.9                           | 100%                               |

**III. Particulars of Holding, Subsidiary and Associate Companies:** The Company does not have any holding, subsidiary and associate companies.

| Sl. No. | Name and Address of the Company | CIN/GLN | Holding /Subsidiary /Associate | % of Equity shares held | Applicable section |
|---------|---------------------------------|---------|--------------------------------|-------------------------|--------------------|
| NA      | NA                              | NA      | NA                             | NA                      | NA                 |



IV. Share holding pattern (Equity Share Capital Breakup as % of Total Equity)

1) Category-wise Share Holding

| Category of shareholders   | No. of shares held at the beginning of the year |            |            |                   | No. of shares held at the end of the year |            |            |                   | % change during the year |
|--|---|------------|------------|-------------------|---|------------|------------|-------------------|--------------------------|
|  | Demat   | Physical   | Total      | % of Total shares | Demat                                     | Physical   | Total      | % of Total shares |                          |
| <b>A. Promoter</b>   |   |            |            |                   |   |            |            |                   |                          |
| (a) Indian   |   |            |            |                   |   |            |            |                   |                          |
| (i) Individual / HUF   | 0   | 100,000    | 100,000    | 0.97              | 0   | 100,000    | 100,000    | 0.97              | 0.00                     |
| (ii) Central Govt.   | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| (iii) State Govts.   | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| (iv) Bodies Corp.  | 0   | 5,999,995  | 5,999,995  | 55.46             | 0   | 5,999,995  | 5,999,995  | 55.46             | 0.00                     |
| (v) Banks / FI   | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| (vi) Others  | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| Sub-total (A(1))   | 0   | 6,099,995  | 6,099,995  | 56.32             | 0   | 6,099,995  | 6,099,995  | 56.32             | 0.00                     |
| (2) Foreign  |   |            |            |                   |   |            |            |                   |                          |
| (i) Individuals  | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| (ii) Other - Individuals   | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| (iii) Bodies Corp.   | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| (iv) Banks / FI  | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| (v) Others   | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| Sub-total (A(2))   | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| Total shareholding of promoters (A)  | 0   | 6,099,995  | 6,099,995  | 56.32             | 0   | 6,099,995  | 6,099,995  | 56.32             | 0.00                     |
| <b>B. Public</b>   |   |            |            |                   |   |            |            |                   |                          |
| (1) Institutions   |   |            |            |                   |   |            |            |                   |                          |
| (a) Mutual Funds   | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| (b) Bank / FI  | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| (c) Central Govt.  | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| (d) State Govts.   | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| (e) Venture Capital Funds  | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| (f) Insurance Companies  | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| (g) FPIs   | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| (h) Foreign Venture Capital Funds  | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| (i) Others   | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| Sub-total (B(1))   | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| (2) Non Institutions   |   |            |            |                   |   |            |            |                   |                          |
| (a) Bodies Corp.   |   |            |            |                   |   |            |            |                   |                          |
| (i) Indian   | 0   | 1,000,000  | 1,000,000  | 9                 | 0   | 1,000,000  | 1,000,000  | 9                 | 0.00                     |
| (ii) Overseas  | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| (b) Individuals  |   |            |            |                   |   |            |            |                   |                          |
| (i) Individual shareholders holding nominal share capital upto Rs. 1 Lakh          | 0   | 18,002     | 18,002     | 0                 | 0   | 18,002     | 18,002     | 0                 | 0.00                     |
| (ii) Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh | 0   | 1,010,004  | 1,010,004  | 9                 | 0   | 1,010,004  | 1,010,004  | 9                 | 0.00                     |
| (c) Others - Foreign Companies   | 0   | 2,691,347  | 2,691,347  | 25                | 0   | 2,691,347  | 2,691,347  | 25                | 0                        |
| Sub-total (B(2))   | 0   | 4,719,353  | 4,719,353  | 44                | 0   | 4,719,353  | 4,719,353  | 44                | 0                        |
| Total Public Shareholding (B)  | 0   | 4,719,353  | 4,719,353  | 44                | 0   | 4,719,353  | 4,719,353  | 44                | 0                        |
| <b>C. Shares held by creditors for GDRs &amp; ADRs</b>                             |   |            |            |                   |   |            |            |                   |                          |
| (a) GDRs   | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| (b) ADRs   | 0   | 0          | 0          | 0                 | 0   | 0          | 0          | 0                 | 0.00                     |
| Grand Total (A+B+C)  | 0   | 10,819,347 | 10,819,347 | 100               | 0   | 10,819,348 | 10,819,348 | 100               | 0.00                     |

2) Shareholding of Promoters

| Shareholder's Name                                   | Shareholding at the beginning of the year |                                  |  | Shareholding at the end of the year |                                  |  | % change in share holding during the year |
|--|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
|  | No. of shares                             | % of total shares of the Company | % of shares Pledged / encumbered to total shares | No. of shares                       | % of total shares of the Company | % of shares Pledged / encumbered to total shares |   |
| Investment Capital Advisory Services Private Limited | 5,999,995                                 | 55.47                            | 0  | 5,999,995                           | 55.47                            | 0  | 0.00%                                     |
| Vincent Rai  | 100,000                                   | 0.92                             | 0  | 100,000                             | 0.92                             | 0  | 0.00%                                     |
| Total  | 6,099,995                                 | 56.39                            | 0  | 6,099,995                           | 56.39                            | 0  | 0.00%                                     |

3) Shareholding Pattern of top 10 shareholders (other than Directors, promoters and holders of GDRs and ADRs)

| For each of the top 10 shareholders   | Shareholding at the beginning of the year |                                  | Cumulative shareholding during the year |                                  |
|---|---|----------------------------------|---|----------------------------------|
|   | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| At the beginning of the year  | 3,884,349                                 | 35.90%                           | 3,884,350                               | 35.90%                           |
| Date wise Increase / Decrease in share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) |   | 0.00%                            |   | 0.00%                            |
| At the end of the year (or on the date of cessation, if terminated during the year)   | 3,884,349                                 | 35.90%                           | 3,884,350                               | 35.90%                           |

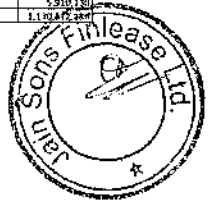
4) Shareholding of Directors and AMPs

| For each of the Directors and AMPs  | Shareholding at the beginning of the year |                                  | Cumulative shareholding during the year |                                  |
|---|---|----------------------------------|---|----------------------------------|
|   | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| At the beginning of the year  | 935,001                                   | 8.64%                            | 935,001                                 | 8.64%                            |
| Date wise Increase / Decrease in share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.) |   | 0.00%                            |   | 0.00%                            |
| At the end of the year  | 935,001                                   | 8.64%                            | 935,001                                 | 8.64%                            |

V. UNDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

|   | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total indebtedness |
|---|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year |                                  |                 |          |                    |
| (i) Principal Amount                                | 214,115,024                      | -               | -        | 214,115,024        |
| (ii) Interest due but not paid                      | 0                                | -               | -        | 0                  |
| (iii) Interest accrued but not due                  | 1,204,594                        | -               | -        | 1,204,594          |
| Total (i+ii+iii)                                    | 215,319,618                      | -               | -        | 215,319,618        |
| Changes in indebtedness during the financial year   |                                  |                 |          |                    |
| > Addition  | 1,189,200,000                    | -               | -        | 1,189,200,000      |
| > Reduction   | 273,807,432                      | -               | -        | 273,807,432        |
| Net Change  | 915,392,568                      | -               | -        | 915,392,568        |
| Indebtedness at the end of the financial year       |                                  |                 |          |                    |
| (i) Principal Amount                                | 1,174,907,056                    | -               | -        | 1,174,907,056      |
| (ii) Interest due but not paid                      | 0                                | -               | -        | 0                  |
| (iii) Interest accrued but not due                  | 59,011,300                       | -               | -        | 59,011,300         |
| Total (i+ii+iii)                                    | 1,233,918,356                    | -               | -        | 1,233,918,356      |





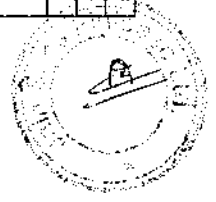
VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to MD / WTD / Manager

| Sl. No. | Particulars of Remuneration   | 1                | 2 | 3 | 4 | Total Amount |
|---------|---|------------------|---|---|---|--------------|
|         |   | Sanjib Kumar Jha | - | - | - | -            |
|         | Gross Salary:   |                  |   |   |   |              |
| 1       | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 5,581,089        | - | - | - | 5,581,089    |
|         | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961                      | 833,845          | - | - | - | 833,845      |
|         | (c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961                 |                  |   |   |   |              |
| 2       | Stock Option  | 0                | - | - | - | -            |
| 3       | Sweat Equity  | 0                | - | - | - | -            |
| 4       | Commission  |                  |   |   |   |              |
|         | - as % of profits   | 0                | - | - | - | -            |
|         | - others, specify   | 0                | - | - | - | -            |
| 5       | Others, specify   |                  |   |   |   |              |
|         | Total   | 6,414,934        | - | - | - | 6,414,934    |
|         | Ceiling as per the Act  | 8,400,000        | - | - | - | 8,400,000    |

B. Remuneration to other directors

| Sl. No. | Particulars of Remuneration                   | 1                 | 2 | 3 | 4 | Total Amount |
|---------|---|-------------------|---|---|---|--------------|
|         |   | Mr. Rakesh Rawari | 0 | 0 | 0 | 0            |
| 1       | Independent Directors                         |                   |   |   |   |              |
|         | Fees for attending board / committee meetings | 40,000            | 0 | 0 | 0 | 40,000       |
|         | Commission                                    | 0                 | 0 | 0 | 0 | 0            |
|         | Travelling expenses                           | 26,421            | 0 | 0 | 0 | 26,421       |
|         | Total (1)                                     | 66,421            | 0 | 0 | 0 | 66,421       |
| 2       | Other Non-Executive Directors                 |                   |   |   |   |              |
|         | Fees for attending board / committee meetings | 0                 | 0 | 0 | 0 | 0            |
|         | Commission                                    | 0                 | 0 | 0 | 0 | 0            |
|         | Others, please specify                        | 0                 | 0 | 0 | 0 | 0            |
|         | Total (2)                                     | 0                 | 0 | 0 | 0 | 0            |
|         | Total (1+2)                                   | 66,421            | 0 | 0 | 0 | 66,421       |
|         | Total Managerial Remuneration                 | 66,421            | 0 | 0 | 0 | 66,421       |
|         | Overall Ceiling as per the Act                | -                 | - | - | - | -            |

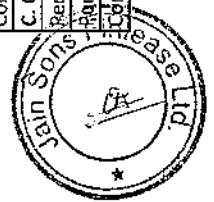


C. Remuneration to KMPs other than MD / Manager / WTD

| Sl. No. | Particulars of Remuneration   | KMP              |  |   | Total Amount      |
|---------|---|------------------|--|---|-------------------|
|         |   | CEO              | CFO                                      | CS                                      |                   |
| 1       | Gross Salary:   | Sanjib Kumar Jha | Nitin Agrawal<br>(joined on 26-Mar-2015) | Chirag Desai<br>(joined on 28-Apr-2015) |                   |
|         | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 5,581,089        | 5,040,000                                | 1,100,000                               | 11,721,089        |
|         | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961                      | 833,845          | -  | -                                       | 833,845           |
|         | (c) Profits in lieu of salary u/s 17(3) of the Income Tax Act, 1961                 | -                | -  | -                                       | -                 |
| 2       | Stock Option  | -                | -  | -                                       | -                 |
| 3       | Sweat Equity  | -                | -  | -                                       | -                 |
| 4       | Commission  | -                | -  | -                                       | -                 |
|         | - as % of profits   | -                | -  | -                                       | -                 |
|         | - others, specify   | -                | -  | -                                       | -                 |
| 5       | Others, specify   | -                | -  | -                                       | -                 |
|         | <b>Total</b>  | <b>6,414,934</b> | <b>5,040,000</b>                         | <b>1,100,000</b>                        | <b>12,554,934</b> |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type                                | Section of the Companies Act | Brief Description | Details of penalty / punishment / Compounding fees imposed | Authority (RD /NCLT/ Court) | Appeal made, if any (give details) |
|-------------------------------------|------------------------------|-------------------|--|-----------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |  |                             |                                    |
| Penalty                             | N.A                          | N.A               | N.A  | N.A                         | N.A                                |
| Punishment                          | N.A                          | N.A               | N.A  | N.A                         | N.A                                |
| Compounding                         | N.A                          | N.A               | N.A  | N.A                         | N.A                                |
| <b>B. DIRECTORS</b>                 |                              |                   |  |                             |                                    |
| Penalty                             | N.A                          | N.A               | N.A  | N.A                         | N.A                                |
| Punishment                          | N.A                          | N.A               | N.A  | N.A                         | N.A                                |
| Compounding                         | N.A                          | N.A               | N.A  | N.A                         | N.A                                |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |  |                             |                                    |
| Penalty                             | N.A                          | N.A               | N.A  | N.A                         | N.A                                |
| Punishment                          | N.A                          | N.A               | N.A  | N.A                         | N.A                                |
| Compounding                         | N.A                          | N.A               | N.A  | N.A                         | N.A                                |



## Scope of Committees:

Given below are the various committees proposed of the Board of the Company. This document details the scope of the various committees. The purpose of the committees is to have more focused oversight on the respective areas for better corporate governance. The following 7 (seven) committees and their scope are in line with the Companies act, 2013, RBI Guidelines and Industry best practices:

The scope or any of the authorizations here, if repugnant with the constitutional documents of the company, or any changed regulatory norms, shall be over-ruled by the constitution documents and changed regulatory norm, as applicable from time to time.

### 1) AUDIT AND COMPLIANCE COMMITTEE OF THE BOARD

#### Internal

- a. To oversee the internal audit, compliance and financial reporting process and ensuring correct, adequate and credible disclosure of financial information, at stipulated frequency (monthly, quarterly, annually) as per extant regulatory & statutory guidelines.
- b. To examine the efficacy of audit functions and systems and suggesting steps on a periodic basis (quarterly, half yearly) for its improvement.
- c. To report, on a quarterly basis, the key audit findings for the quarter, as well as the actions taken report on the same for previous quarters to the Board of the Company.
- d. To do valuation of undertakings or assets of the company, wherever it is necessary;
- e. To evaluate internal financial controls
- f. To monitor the end use of funds raised through public offers and related matters
- g. To review and recommend accounting policies and treatment – including decisions regarding write-offs.
- h. To get Information Systems Audit conducted and track implementation of accepted recommendations/ corrective action.

#### External

- a. To facilitate in smooth conduct of audits by external agencies, Statutory Auditors, Reserve Bank of India (RBI), lenders and any other external auditors as appointed by the Company or any other stakeholder (lenders, shareholders, regulators, government etc.)
- b. To review with management, verifying and recommending adoption of quarterly, half yearly and annual accounts to Board of the company with special emphasis on accounting policies and practices, provisioning norms adopted by the company and any amendments adopted during the year, adherence to capital adequacy norms, compliance with accounting standard and other requirements concerning financial statements that may arise.
- c. To report, on a quarterly basis, the key findings of the quarter, as well as the action taken report on the same for previous quarters, to the Board of Directors.
- d. To establish procedures for receipt and treatment of complaints regarding accounting and auditing matters and engage independent counsel, if required, for such conflict resolution and to update the Board of the Company on the status of the same, every quarter;

#### Compliance



- a. To prepare a calendar detailing the list of compliances/ covenants that needs to be monitored and the frequency of its reporting to the Board of the Company as well as the regulatory agencies and the stakeholders.
- b. To review statement of significant related party transactions and examination of the reasons for substantial defaults, if any, in payment to stakeholders.
- c. To review compliance within stipulated statutory and regulatory requirements particularly in relation to financial management and reporting.
- d. To review compliance of various inspections and audit reports of internal, concurrent and statutory auditors and commenting on the action taken report prepared by the management and ensuring submission to the Board of the Company from time to time – classified under heads for major/ material and minor and also set timelines if the compliance is still to be met.
- e. To review the consolidated compliance report and the final accounting system for the financial year before it is submitted to the Board of the Company for adoption.
- f. To internalize guidelines issued by the regulator specifically for the NBFCs or any other guidelines as may be relevant to the Company and monitor adherence to the same.

**Administrative**

- a. To recommend appointment and removal of external auditors on company's request, or as mandated by the regulators, lenders or other stakeholders.
- b. To review and recommend a scope of audit on the basis of requirements and reviewing the policies, procedures, techniques and findings of such audits.
- c. To oversee that contracted fees are paid to the various audit firms, at stipulated frequency on receipt of their reports.
- d. To establish procedures for receipt and treatment of complaints regarding accounting and auditing matters and engage independent counsel, if required, for such conflict resolution. Updating the Board of the Company on the status of the same, every quarter.

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**2) NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD:**

**Nomination**

- a. To guide and assist the Board and work out a policy and implement it besides monitoring progress in relation to appointment and removal of Directors, Key Managerial Personnel (KMP), Senior Management and Credit Committee members.
  - i. To recommend to the Board appointment of directors. To develop a succession plan for the Board and to regularly review the plan
  - ii. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
  - iii. To formulate the criteria for determining qualifications, positive attributes and independence of a director in line with the prevailing regulatory guidelines.
  - iv. To recommend appointments of senior management to the Board of the company.
- b. To review and advise the management on the organization structure, including creating a two tire organization structure for smooth succession planning and operational backups.
- c. To objectively examine the annual manpower plan in relation to the business plan of the company and to examine management recommendations regarding manpower strategy and suggest corrective action, if required.



### Remuneration

- a. To recommend to the Board a policy relating to the remuneration of Directors, KMP and other employees and Credit Committee members.
  - b. To recommend to the Board on Remuneration payable to the Directors, KMP and Senior Management and Credit Committee members.
  - c. To provide to KMP and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
  - d. To evaluate and approve the compensation packages of above mentioned persons with particular reference to fixed and variable pay (including bonuses and Employees Stock Options).
  - e. To guide the management in developing a balanced remuneration policy with no biases and focus and enhancing performance drivers and motivation levels of the employees with a view to attract, retain, promote and groom/ train employees. This shall also include considering grant of stock options to employees, reviewing compensation levels of the employees vis- a- vis other NBFCs and industry in general and create competitive advantage.
- 

### 3) RISK COMMITTEE OF THE BOARD:

#### Risk Control

- a. To review company's risk management policies in relation to various risks (credit, market, liquidity, operational and reputation risk)
- b. To review the risk return profile of the Company, Capital adequacy based on risk profile of the company's balance sheet, business continuity plan and disaster recovery plan, key risk indicators and significant risk exposures and implementations of enterprise risk management.
- c. To hold such risk reviews to ensure adequate monitoring as may be felt necessary by the internal as well as external stakeholders and to appraise the Board of the Company on a periodic basis. This shall cover:
  - i. To review performance of credit risk in the business and portfolio using risk assessment tools
  - ii. To review and approve the risk rating tool, performance of portfolio on the tool and review the tool's efficacy periodically
  - iii. To review stress in portfolio, and recommend corrective measures and policy level changes based on portfolio performance
  - iv. To review performance against the exposure norms and make recommendations to the board based on outlook of business
- d. To give oversight to the Credit Committee (CC) and review and take note of minutes of CC meetings. Risk Committee at its discretion may call one or any of the CC members when they feel it is desired for any specific discussions.
- e. Review portfolio against the exposure norms and credit delegation and give approvals based on authority delegated by the Board. When the portfolio deviates from the credit quality metric as per the business plan (loan loss provisioning and write-off as per the approved budget), then the CC will have discretion to limit approvals to some of the areas showing stresses.

#### Fraud Control and Monitoring

- a. To monitor and review all frauds that may have occurred in the company and involves an amount of Rs. 0.1 million and above or as decided from time to time.



- b. To report such frauds and other flag-offs to stakeholders along with the extent of losses. This would include reviewing and recommending a calendar of reporting frauds and the remedial measures taken, to the Board of the Company.
- c. To conduct a root cause analysis and identify the systemic lacunae, if any, that may have facilitated perpetration of the fraud and put in place measures to rectify the same. Also, to ascertain reasons for delay in detection of such frauds, if any.
- d. To ensure the staff accountability is examined at all levels in all the cases of frauds and actions, if required, is completed quickly without loss of time.
- e. To review of efficacy of remedial actions taken to prevent recurrence of frauds, such as strengthening internal controls and putting in place other measures as may be considered relevant to strengthen preventive measure.

#### **Vigil Mechanism**

- a. To recommend Vigil Mechanism to the board and monitor its progress and implementation and efficacy and recommend changes to the same from time to time.
- b. To ensure that the Vigilance Mechanism is adequate for the directors and employees to report their genuine concerns. Such Vigil Mechanism should provide adequate safeguards against victimization of persons who use such mechanism and they should have a direct access to the Chairman of the Audit Committee in appropriate cases.

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#### **4) CORPORATE GOVERNANCE AND EXECUTIVE COMMITTEE OF THE BOARD:**

The Executive Committee serves as an administrative committee of the Board to facilitate approval of certain operational corporate actions that do not require consideration by the full Board. In normal course of business, Executive Committee is delegated with following authorisations -

- a. To make applications for obtaining licenses, registrations, connections, clearances, services etc. and to authorize/appoint company directors/employees/officers for signing applications, returns, forms, bonds, agreements, documents, papers etc. and for representing Company before the authorities under various Laws including but not limited to Corporate Laws, Industrial Laws, Tax Laws, Labour Laws and other business laws applicable to the Company in respect of all present and future offices of the Company for compliance of all provisions, rules, clauses, regulations, directives and other related matters under the said Laws, which may be applicable to the Company.
- b. To open/close account with any bank and to authorize and reauthorize any employee of the Company to operate the account.
- c. To authorize company person(s) for execution of documents, including loan documents and affixing common seal of the company thereon, if required.
- d. To invest funds of the company in the Fixed Deposits to the extent necessary to avail credit facilities/ loans from the Banks/ Financial Institutions etc. and to invest surplus/ idle funds in liquid funds (i.e. mutual funds etc.) for short term as per the Board approved investment policy of the company.
- e. To incur capital expenditure outside the annual business plan up to a limit of Rs.10 lakhs between two board meetings.
- f. To apply for telephone connection or to disconnect.



**Delegation of borrowing powers**

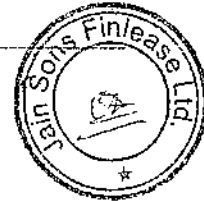
- g. To apply for loan and hypothecate book debts of the Company at such terms and conditions as may be decided by the committee from time to time within the borrowing powers delegated by Shareholders to the board and board to the Executive Committee (documented below).
- h. To apply for portfolio sell-down or securitization within the limits approved by the board and the shareholders at such terms and conditions as may be decided by the committee from time to time, subject to reporting to the board in the next board meeting.
- i. To review and recommend, seek and operate borrowing and investment limits delegated from the board (subject to delegation by Shareholders to the Board in the latest AGM/ EGM)
  - i. To borrow the moneys subject to a maximum of Rs. 30 Crore per facility/ loan.
  - ii. To sell or securitise portfolio of the Company upto a limit of Rs. 20 crore per sanction.
  - iii. To purchase book debts or securitized paper of other Companies/ SPVs upto a limit of 10% of networth of company per transaction aggregating to not more than 25% of networth as on date of reckoning.
  - iv. To issue Non-Convertible Debentures (NCD) upto a limit of Rs. 50 crore per sanction.The terms of all such transactions – including the term loans, securitization, asset sale, or NCD issuance should be within limits approved by the board.
- j. Summary of each of such sale, securitization, purchase, subscription of securitized paper should be placed before the board in next ensuing board meeting.

**Emergency response**

The Executive Committee exercise powers of the Board in the event that an emergency or other time sensitive matter arises and in it not practicable to assemble the entire Board.

**Corporate Governance**

- a. To Implement and monitor policies and processes regarding principles of corporate governance.
- b. To review the status of company on various corporate governance related norms, guidelines and industry best practices and recommend action to the Board and to the Management to improve the practices.





Form No. MR-3

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31.03.2015**

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
**Jain Sons Finlease Limited**  
8-2-682/1, 4<sup>th</sup> Floor,  
Road No.12, Banjara Hills,  
Hyderabad-500034, Andhra Pradesh

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Jain Sons Finlease Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluation the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2015 ('Audit Period') generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder (not applicable to the Company during the Audit period);
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (not applicable to the Company during the Audit period);







- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India, 1992 ('SEBI Act'):
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (not applicable to the Company during the Audit period);
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (not applicable to the Company during the Audit period);
  - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (not applicable to the Company during the Audit period);
  - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Regulations, 2009, and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28<sup>th</sup> October 2014 (not applicable to the Company during the Audit period);
  - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with the client,
  - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable to the Company during the Audit period), and;
  - The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (not applicable to the Company during the Audit period);
- vi. Other laws, including the law relating to Non-Banking Financial Companies to the extent applicable to the Company as per representation made by the Company.

I have also examined compliance with the applicable clause of the following:

- Secretarial Standards issued by The Institute of Company Secretaries of India (not notified hence not applicable to the Company during the audit period)
- The Listing Agreement for Debt Securities entered into by the Company with BSE Limited.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above except non filing / delayed filing of forms with RoC.

**I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors, except *appointment of appropriate number of Independent Directors as required under the provisions of Section 149(4) of the Act.* The





**M Baldeva Associates**  
Company Secretaries

changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meeting, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

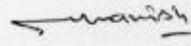
**I further report that** during the audit period. :

- a. The Company has issued and allotted 1942 and 2400 Rated Secured Listed Redeemable Non-Convertible Debentures of Rs.1,00,000/- each on private placement basis and are listed on BSE Limited;
- b. The Company has passed resolution for approving merger with Intellecash Microfinance Network Company Private Limited; and
- c. The Company has obtained approval of members under Section 180(1)(c) & (a) of the Companies Act, 2013 by way of Special Resolution for giving authority to the Board of Directors of the Company to borrow upto Rs.150 Crores and to create charge on all or any of the assets of the Company.

This report is to be read with our letter of even date which is annexed as Annexure – A and forms an integral part of this report.

For **M Baldeva Associates**  
Company Secretaries





**CS Manish Baldeva**  
Proprietor

M. No.6180, CP No.11062

Place: Bhayander  
Date: 27.05.2015



Annexure A

To,  
The Members,  
**Jain Sons Finlease Limited**  
8-2-682/1, 4<sup>th</sup> Floor,  
Road No.12, Banjara Hills,  
Hyderabad-500034, Andhra Pradesh

My report of even date is to read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provided a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. My examination was limited to the verification of procedures on the test basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Bhayander  
Date: 27.05.2015



For **M Baldeva Associates**  
Company Secretaries

*Manish*

**CS Manish Baldeva**  
Proprietor  
M. No.6180, CP No.11062

Financial Statements and Independent Auditor's Report

Jain Sons Finlease Limited

31 March 2015

## Contents

Independent Auditor's Report

Balance Sheet

Statement of Profit and Loss

Cash Flow Statement

Summary of significant accounting policies and other explanatory information

# Walker Chandiook & Co LLP

Walker Chandiook & Co LLP  
(Formerly Walker, Chandiook & Co)  
7th Floor, Block II, White House  
Kundan Bagh, Begumpet  
Hyderabad 500016  
India

T +91 40 6630 8200  
F +91 40 6630 8230

## Independent Auditor's Report

To the Members of Jain Sons Finlease Limited

### Report on the Financial Statements

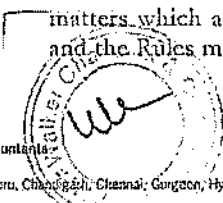
1. We have audited the accompanying financial statements of Jain Sons Finlease Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and the guidelines issued by Reserve Bank of India as applicable to Non-Banking Financial Company. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the auditor's report under the provisions of the Act and the Rules made thereunder.



5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31 March 2015, its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and 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 it appears from our examination of those books;
  - c. the financial statements dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. on the basis of the written representations received from the directors as on 31 March 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164(2) of the Act; and



# Walker Chandiook & Co LLP

- f. with respect to the other matters to be included in the auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company does not have any pending litigations which would impact its financial position;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

*Walker Chandiook & Co LLP*  
For Walker Chandiook & Co LLP  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

*Sanjay K. Jain*  
per Sanjay Kumar Jain  
Partner  
Membership No.: 207660

Place: Hyderabad  
Date: 27 May 2015





# Walker Chandniok & Co LLP

Annexure to the Independent Auditor's Report of even date to the members of Jain Sons Finlease Limited, on the financial statements for the year ended 31 March 2015

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of 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 fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a) and 3(iii)(b) of the Order are not applicable.
- (iv) Owing to the nature of its business, the Company does not maintain any physical inventories or sell any goods. Accordingly, clause 3(iv) of the Order with respect to purchase of inventories and sale of goods is not applicable. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of services rendered by the Company. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have not been regularly deposited with the appropriate authorities and there have been significant delays in a large number of cases. Undisputed amounts payable in respect thereof, which were outstanding at the year-end for a period of more than six months from the date they became payable are as follows:

| Name of the statute      | Nature of the dues  | Amount (₹) | Period to which the amount relates | Due Date      | Date of Payment |
|--------------------------|---------------------|------------|------------------------------------|---------------|-----------------|
| The Income-tax Act, 1961 | Self-assessment tax | ₹3,080,862 | Assessment year 2014-15            | 31 March 2014 | Not yet paid    |

- (b) There are no dues in respect of income tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 and rules made thereunder. Accordingly, the provisions of clause 3(vii)(c) of the Order are not applicable.

- (viii) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.

# Walker Chandiook & Co LLP

Annexure to the Independent Auditor's Report of even date to the members of Jain Sons Finlease Limited, on the financial statements for the year ended 31 March 2015

- (ix) The Company has delayed in repayment of dues to debenture-holders during the year. Interest on debentures amounting to ₹6,105,329 due for payment on 1 January 2015, was paid by the Company on 2 January 2015. The Company has delayed in repayment of dues to a financial institution (which include Scheduled Banks):

| Name of the bank      | Amount (₹) | Due date  | Delay in days |
|-----------------------|------------|-----------|---------------|
| Ratnakar Bank Limited | 278,082    | 30-Sep-14 | 8             |
| Ratnakar Bank Limited | 1,094,673  | 31-Jan-15 | 3             |
| Ratnakar Bank Limited | 11,111,111 | 23-Mar-15 | 1             |

- (x) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 3(x) of the Order are not applicable.
- (xi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xii) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

*Walker Chandiook & Co LLP*  
For Walker Chandiook & Co LLP  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

*Sanjay Kumar Jain*  
per Sanjay Kumar Jain  
Partner  
Membership No.: 207660



Place: Hyderabad  
Date: 27 May 2015

# Walker Chandniok & Co LLP

Walker Chandniok & Co LLP  
(Formerly Walker, Chandniok & Co)  
7th Floor, Block III, White House  
Kundan Bagh, Begumpet  
Hyderabad 500016  
India

T +91 40 6630 8200  
F +91 40 6630 8230

## Auditor's Report

[Pursuant to the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008]

To  
The Board of Directors  
Jain Sons Finlease Limited  
8-2-682/1, 4th Floor  
Road no 12, Banjara Hills  
Hyderabad - 500034

1. We have audited the financial statements of Jain Sons Finlease Limited (the "Company"), which comprise the Balance sheet as at 31 March 2015, 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 and have issued a unqualified opinion vide our report dated 27 May 2015.
2. As required by the paragraphs 3 and 4 of Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008 issued by the Reserve Bank of India ("the RBI") vide Notification No. DNBS. 201/DG(VL)-2008 dated 18 September 2008 (amended from time to time) and based on our audit, we report on the matters as specified in paragraphs 3 and 4 of the said directions:
  - a. The Company is engaged in the business of Non-Banking Financial Institution (without accepting or holding public deposits) and pursuant to the provisions of Section 45(1A) of the Reserve Bank of India Act, 1934 it had obtained a certificate of registration from the RBI.
  - b. In our opinion, and in terms of the Company's assets and income pattern as at and for the year ended 31 March 2015, the Company is entitled to continue to hold the certificate of registration issued by the RBI.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurgaon, Hyderabad, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandniok & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

# Walker Chandiook & Co LLP

- c. The Company is not an asset finance company as defined under the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- d. The Company is not a Non-Banking Financial Company – Micro Finance Institution as defined under the Non-Banking Financial Company – Micro Financial Institutions (Reserve Bank) Directions, 2011.
- e. The board of directors of the Company in their meeting held on 16 April 2014 has passed a resolution for non-acceptance of any public deposits during the financial year 1 April 2014 to 31 March 2015.
- f. The Company has not accepted any public deposits during the year ended 31 March 2015.
- g. In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the prudential norms issued by the RBI in relation to recognition of income, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of the Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

*Walker Chandiook & Co LLP*  
For Walker Chandiook & Co LLP  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

*Sanjay*  
per Sanjay Kumar Jain  
Partner  
Membership No.: 207660



Place: Hyderabad  
Date: 27 May 2015

Jain Sons Finlease Limited  
Balance Sheet as at 31 March 2015  
(All amounts in ₹ unless otherwise stated)

|                                | Notes | 31 March 2015               | 31 March 2014             |
|--------------------------------|-------|-----------------------------|---------------------------|
| <b>Equity and liabilities</b>  |       |                             |                           |
| <b>Shareholders' funds</b>     |       |                             |                           |
| Share capital                  | 3     | 388,188,280                 | 388,188,270               |
| Reserves and surplus           | 4     | 86,643,274                  | 48,176,837                |
|                                |       | <u>474,831,554</u>          | <u>436,365,107</u>        |
| <b>Non-current liabilities</b> |       |                             |                           |
| Long-term borrowings           | 5     | 702,530,605                 | 51,992,766                |
| Other long-term liabilities    | 6     | 4,300,000                   | -                         |
| Long-term provisions           | 7     | 6,260,684                   | 1,939,280                 |
|                                |       | <u>713,091,289</u>          | <u>53,932,046</u>         |
| <b>Current liabilities</b>     |       |                             |                           |
| Short-term borrowings          | 8     | 50,000,000                  | 121,937,412               |
| Other current liabilities      | 6     | 407,745,197                 | 76,870,157                |
| Short-term provisions          | 7     | 17,435,974                  | 7,078,763                 |
|                                |       | <u>475,181,171</u>          | <u>205,886,332</u>        |
| <b>Total</b>                   |       | <u><b>1,663,104,014</b></u> | <u><b>696,183,485</b></u> |
| <b>Assets</b>                  |       |                             |                           |
| <b>Non-current assets</b>      |       |                             |                           |
| Tangible fixed assets          | 9     | 7,106,182                   | 1,500,947                 |
| Non-current investments        | 10    | 69,918,623                  | -                         |
| Deferred tax assets (net)      | 11    | 5,182,302                   | 1,473,846                 |
| Loan to customers              | 12    | 414,322,922                 | 186,671,841               |
| Long-term loans and advances   | 13    | 23,553,570                  | 6,290,286                 |
| Other non-current assets       | 14    | 10,067,898                  | -                         |
|                                |       | <u>530,151,497</u>          | <u>195,936,920</u>        |
| <b>Current assets</b>          |       |                             |                           |
| Current investments            | 10    | 45,759,000                  | 122,737,933               |
| Loan to customers              | 12    | 832,601,800                 | 290,439,700               |
| Cash and bank balances         | 15    | 215,024,652                 | 63,592,325                |
| Short-term loans and advances  | 13    | 3,405,631                   | 18,237,803                |
| Other current assets           | 14    | 36,161,434                  | 5,238,804                 |
|                                |       | <u>1,132,952,517</u>        | <u>500,246,565</u>        |
| <b>Total</b>                   |       | <u><b>1,663,104,014</b></u> | <u><b>696,183,485</b></u> |

The accompanying notes 1 to 34 form an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

*Walker Chandok & Co LLP*  
For Walker Chandok & Co LLP

Chartered Accountants

*Sanjay Kumar Jain*  
per Sanjay Kumar Jain  
Partner



Date: 27 May 2015  
Place: Hyderabad

For and on behalf of the Board of Directors of  
Jain Sons Finlease Limited

*Vineet Chandra Rai*  
Vineet Chandra Rai  
Chairman  
DIN: 00606290

*Nitin Prakash Agrawal*  
Nitin Prakash Agrawal  
Chief Financial Officer

Date: 27 May 2015  
Place: Hyderabad

*Sanjib Kumar Jha*  
Sanjib Kumar Jha  
Director and Chief  
Executive Officer  
DIN: 03409208  
*Chirag Desai*  
Chirag Desai  
Company Secretary

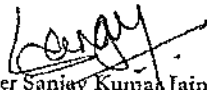
Jain Sons Finlease Limited  
Statement of Profit and Loss for the year ended 31 March 2015  
(All amounts in ₹ unless otherwise stated)

|   | Notes | 31 March 2015      | 31 March 2014     |
|---|-------|--------------------|-------------------|
| <b>Revenues</b>                         |       |                    |                   |
| Revenue from operations                 | 16    | 209,478,349        | 79,989,070        |
| Other income                            | 17    | 1,213              | 196,627           |
| <b>Total revenues</b>                   |       | <b>209,479,362</b> | <b>80,185,697</b> |
| <b>Expenses</b>                         |       |                    |                   |
| Employee benefits expense               | 18    | 30,428,320         | 22,802,743        |
| Finance costs                           | 19    | 77,093,043         | 16,108,294        |
| Depreciation                            | 9     | 1,652,312          | 371,815           |
| Provisions and write-offs               | 20    | 18,556,271         | 3,779,842         |
| Other expenses                          | 21    | 20,617,693         | 15,932,613        |
| <b>Total expenses</b>                   |       | <b>148,347,639</b> | <b>58,995,307</b> |
| <b>Profit before tax</b>                |       | <b>61,131,723</b>  | <b>21,190,390</b> |
| <b>Tax expense</b>                      |       |                    |                   |
| Current tax                             |       | 23,292,922         | 10,377,546        |
| Deferred tax benefit                    |       | (3,708,456)        | (1,082,110)       |
| Taxes of earlier years                  |       | 3,080,862          | 407,537           |
| <b>Profit for the year</b>              |       | <b>38,466,395</b>  | <b>11,487,417</b> |
| <b>Earnings per equity share (EPES)</b> |       |                    |                   |
| Basic                                   | 23    | 3.56               | 1.21              |
| Diluted                                 |       | 2.38               | 1.07              |
| Nominal value per equity share          |       | 10                 | 10                |

The accompanying notes 1 to 34 form an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

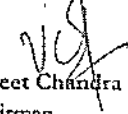
Walker Chandniok & Co LLP  
For Walker Chandniok & Co LLP  
Chartered Accountants

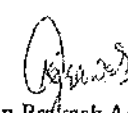
  
per Sanjay Kumar Jain  
Partner



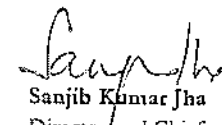
Date: 27 May 2015  
Place: Hyderabad

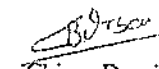
For and on behalf of the Board of Directors of  
Jain Sons Finlease Limited

  
Vineet Chandra Rai  
Chairman  
DIN: 00606290

  
Nitin Prakash Agrawal  
Chief Financial Officer

Date: 27 May 2015  
Place: Hyderabad

  
Sanjib Kumar Jha  
Director and Chief  
Executive Officer  
DIN: 03409208

  
Chirag Desai  
Company Secretary

Jain Sons Finance Limited

Cash Flow Statement for the year ended 31 March 2015  
(All amounts in ₹ unless otherwise stated)

|  | 31 March 2015   | 31 March 2014 |
|--|-----------------|---------------|
| <b>Cash flow from operating activities</b>             |                 |               |
| Profit before tax                                      | 61,131,723      | 21,190,390    |
| Adjustments for:                                       |                 |               |
| Depreciation   | 1,652,312       | 371,815       |
| Provisions and write-offs                              | 18,556,271      | 3,779,842     |
| Gratuity   | 437,443         | 56,483        |
| Gain on sale of investments                            | (4,115,051)     | -             |
| Dividend income  | (1,995,980)     | -             |
| Employee stock compensation expense                    | -               | 5,632,044     |
| Operating profit before working capital changes        | 75,666,718      | 31,030,574    |
| Decrease/ (increase) in loans and advances             | 4,354,017       | (25,001,386)  |
| Increase in loans to customers                         | (776,739,530)   | (377,984,229) |
| Increase in other current assets                       | (40,990,528)    | (2,942,225)   |
| (Decrease)/ increase in other liabilities              | (84,595,981)    | 890,323       |
| Cash used in operations                                | (822,305,304)   | (374,006,943) |
| Income tax paid, net                                   | (30,547,664)    | (9,828,556)   |
| Net cash used in operating activities (A)              | (852,852,968)   | (383,835,499) |
| <b>Cash flow from investing activities</b>             |                 |               |
| Proceeds from sale of units of mutual fund             | 1,146,848,964   | 336,169,921   |
| Purchase of units of mutual fund                       | (1,018,000,000) | (429,900,138) |
| Investment in pass through certificates                | (115,677,623)   | -             |
| Purchase of fixed assets                               | (7,257,547)     | (1,570,210)   |
| Investment in fixed deposits                           | (2,184,990)     | (29,576,097)  |
| Net cash from/(used in) investing activities (B)       | 3,728,804       | (124,876,524) |
| <b>Cash flow from financing activities</b>             |                 |               |
| Proceeds from issue of shares                          | 52              | 319,999,973   |
| Share issue expenses                                   | -               | (11,002,189)  |
| Proceeds from borrowings                               | 1,167,151,384   | 279,500,016   |
| Repayment of borrowings                                | (168,779,935)   | (64,080,398)  |
| Net cash from financing activities (C)                 | 998,371,501     | 524,417,402   |
| Net increase in cash and cash equivalents (A+B+C)      | 149,247,337     | 15,705,379    |
| Cash and cash equivalents at the beginning of the year | 34,006,228      | 18,300,849    |
| Cash and cash equivalents at the end of the year       | 183,253,565     | 34,006,228    |
| Note 1: Interest paid                                  | 61,883,343      | 12,080,660    |
| Note 2: Interest received on loans                     | 122,784,954     | 40,114,623    |

This is the Cash Flow Statement referred to in our report of even date.

Walker Chandok & Co LLP  
For Walker Chandok & Co LLP  
Chartered Accountants  
per Sanjay Kumar Jain  
Partner



Date: 27 May 2015  
Place: Hyderabad

For and on behalf of the Board of Directors of  
Jain Sons Finance Limited

Vincent Chandra Rai  
Chairman  
DIN: 00606290

Nitin Prakash Agrawal  
Chief Financial Officer

Date: 27 May 2015  
Place: Hyderabad

Sanjib Kumar Jha  
Director and Chief  
Executive Officer  
DIN: 03409208  
Chirag Desai  
Company Secretary

**Jain Sons Finance Limited**  
**Summary of significant accounting policies and other explanatory information**  
(All amounts in ₹ unless otherwise stated)

**1. Company overview**

Jain Sons Finance Limited ("the Company") is a limited liability company incorporated under the provisions of the erstwhile Companies Act, 1956. Effective 7 January 1999, the Company is registered as a non-deposit taking, Non-Banking Financial Company ("NBFC") under the rules and regulations framed by the Reserve Bank of India ("the RBI"). Effective 23 December 2011, the Company is a subsidiary of Intellectual Capital Advisory Services Private Limited ("ICAP") and is engaged in the business of lending to Small and Medium Enterprises ("SME").

**2. Summary of significant accounting policies**

**a. Basis of preparation of financial statements**

The financial statement has been prepared in accordance with the accounting standards notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) (the "Rules") which are deemed to be applicable as per Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and other recognized accounting practices and policies generally accepted in India including the requirements of the Act ("Indian GAAP") and guidelines issued by the RBI as applicable to non-banking financial companies. The financial statements have been prepared on an accrual basis except for interest on non-performing loan assets which have been accounted on cash basis based on RBI rules. The accounting policies applied by the Company are consistent with those used in the previous year.

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 III to the Act. Based on the nature of work, the Company has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.

**b. Use of estimates**

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the balances of assets and liabilities and disclosures relating to contingent liabilities as at the reporting date of the financial statements and amounts of income and expenses. Examples of such estimates include the provision for doubtful advances, employee benefits, income taxes, recognition of deferred tax assets, diminution in the value of long-term investments, classification of assets and liabilities into current and non-current and useful life of fixed assets.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could materially differ from those estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

**c. Tangible fixed assets**

Fixed assets are carried at the cost of acquisition less accumulated depreciation and impairment losses, if any. The cost comprises the purchase price, freight, non-refundable taxes and duties, and any directly attributable cost of bringing the asset to its working condition for its intended use. Assets retired from active use and held for disposal are stated at their estimated net realisable values or net book values, whichever is lower.





**Jain Sons Finance Limited**  
**Summary of significant accounting policies and other explanatory information**  
(All amounts in ₹ unless otherwise stated)

**d. Depreciation**

Depreciation on fixed assets is provided using the straight-line method based on useful lives of the assets. Until 31 March 2014, the assets were depreciated using the written down value method based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act 1956, whichever is lower. During the year, pursuant to the provisions of the Act, applicable from 1 April 2014, management has revised the estimates of useful lives of its fixed assets to useful lives prescribed under the Schedule II to the Act.

**e. Impairment**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**f. Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the collectability is reasonably assured.

- Interest on loans is recognised on accrual basis, except in the case of non-performing assets, where interest is recognised upon realisation, in accordance with the directives of Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 ("Prudential Norms"). Additional interest for delays in payments is recognized as income only when it is certain that the amounts will be collected from the customers.
- Loan processing fees is accounted for up-front when it becomes due.
- Profit/loss on the sale of investments is computed on the basis of weighted average cost of investments and recognized at the time of actual sale/redemption.
- Dividend is recognized when the right to receive the payment is established.
- Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Discount received in respect of bills discounted is apportioned over the period of usance of the instruments.
- Income from securitisation is recognized based on the coupon rate as per the terms of the respective contracts.



**Jain Sons Finlease Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts in ₹ unless otherwise stated)

**g. Asset classification and provisioning**

Loans are classified as follows:

| Particulars           | Criteria   |
|-----------------------|--|
| Standard assets       | Overdue < 60 days                                  |
| Non-performing assets |  |
| - Sub-standard assets | Overdue for 60 days or more to 730 days            |
| - Doubtful assets     | Overdue > 730 days                                 |
| - Loss assets         | As identified by the Company/external auditors/RBI |

Note: Overdue refers to interest and/or instalment remaining unpaid from the day it became receivable.

**Provision for loan portfolio**

| Asset classification | No. of days past due | Provision |
|----------------------|----------------------|-----------|
| Standard assets      |                      |           |
|                      | -                    | 1%        |
|                      | 0 - 30               | 1%        |
|                      | 31 - 60              | 2.5%      |
| Sub-standard assets  |                      |           |
|                      | 61 - 90              | 10%       |
|                      | 91 - 180             | 33%       |
|                      | 181 - 360            | 50%       |
|                      | 361 - 730            | 100%      |

Provision on restructured accounts classified as standard advances is made at 5% whereas provisioning on restructured accounts classified as sub-standard advances is made at 10%.

**h. Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Refer note 2(i) for policy on investments in pass through certificates of special purpose vehicles formed for securitisation of assets.

Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long-term investments.

**i. Securitisation**

The Company purchases credit rated asset pools from banks / non-banking finance companies by way of pass through certificates issued by the special purpose vehicle. Such securitisation transactions are accounted as investments as per Accounting Standard 13 'Accounting for Investments' in accordance with the 'Guidance Note on Accounting for Securitisation' issued by the ICAI.

**j. Employee benefits**

*Gratuity*

Gratuity is a post-employment defined benefit obligation. The liability recognized in the Balance Sheet represents the present value of the defined benefit obligation at the Balance Sheet date, together with adjustments for past service costs. An independent actuary, using the projected unit credit method calculates the defined benefit obligation annually. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the Statement of profit and loss in the year in which such gains or losses arises.



**Jain Sons Finlease Limited**  
**Summary of significant accounting policies and other explanatory information**  
(All amounts in ₹ unless otherwise stated)

**k. Foreign currency transactions and translation**

*Initial recognition*

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

*Conversion*

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

*Exchange differences*

Exchange differences arising on the settlement of monetary items or on the reporting of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expense in the year in which they arise.

**l. Taxes**

Tax expense comprises of current and deferred tax.

**Current tax**

Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India.

**Deferred tax**

Deferred tax charges or credits reflect the tax effect of timing differences between accounting income and taxable income for the period. The deferred tax charges or credits and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future periods; 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 at each 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.

**m. Employee share based payments**

Measurement and disclosure of the employee share-based payment plans is done in accordance with the guidance note on "Accounting for Employee Share-based Payments", issued by the ICAI. The excess of intrinsic value of the stock on the date of grant over the exercise price of the option is recognized as expense in the statement of profit and loss on straight-line method over the vesting period. The accumulated amortized portion of cost is shown under employee share based payment outstanding account.

**n. Leases**

Where the lessor effectively retains all risk and benefits of ownership of the leased items, such leases are classified as operating lease. Operating lease payments are recognized as an expense in the Statement of profit and loss on a straight line basis.



**Jain Sons Finance Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**o. Cash and cash equivalents**

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

**p. Grants**

Grants from charitable organizations are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Grants are recognized as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Other grants with no further costs are recognized in the statement of profit or loss in the period in which they become receivable.

**q. Earnings per equity share**

Basic earnings per equity share are calculated by dividing the net profit (loss) for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per equity share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**r. Provisions and contingent liabilities**

Provision is recognized when the Company has a present obligation as a result of a past event and when it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on management's best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates. A disclosure of a contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

*(The below space has been intentionally left blank)*



**Jain Sons Finance Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts in ₹ unless otherwise stated)

**3. Share capital**

|   | 31 March 2015 |                    | 31 March 2014 |                    |
|---|---------------|--------------------|---------------|--------------------|
|   | Number        | Amount             | Number        | Amount             |
| <b>Authorized</b>   |               |                    |               |                    |
| Equity shares of ₹10 each   | 17,500,000    | 175,000,000        | 17,500,000    | 175,000,000        |
| 0.001% Compulsory Convertible Preference Shares ("CCPS") of ₹20 each            | 2,000,000     | 40,000,000         | 2,000,000     | 40,000,000         |
| 0.001% Series B1 Compulsory Convertible Preference Shares ("CCPS") of ₹100 each | 2,500,000     | 250,000,000        | 2,500,000     | 250,000,000        |
| 0.001% Series B2 Compulsory Convertible Preference Shares ("CCPS") of ₹100 each | 300,000       | 30,000,000         | 300,000       | 30,000,000         |
|   |               | <u>495,000,000</u> |               | <u>495,000,000</u> |
| <b>Issued, subscribed and fully paid-up</b>                                     |               |                    |               |                    |
| Equity shares of ₹10 each   | 10,819,348    | 108,193,480        | 10,819,347    | 108,193,470        |
| 0.001% Series B1 CCPS of ₹100 each  | 2,499,948     | 249,994,800        | 2,499,948     | 249,994,800        |
| 0.001% Series B2 CCPS of ₹100 each  | 300,000       | 30,000,000         | 300,000       | 30,000,000         |
|   |               | <u>388,188,280</u> |               | <u>388,188,270</u> |

**a) Reconciliation of equity share capital**

|  | 31 March 2015     |                    | 31 March 2014     |                    |
|--|-------------------|--------------------|-------------------|--------------------|
|  | Number            | Amount             | Number            | Amount             |
| Balance at the beginning of the year             | 10,819,347        | 108,193,470        | 9,289,725         | 92,897,250         |
| Add: Allotted during the year                    | 1                 | 10                 | 99                | 990                |
| Add: Allotment of shares pursuant to ESOP        | -                 | -                  | 560,000           | 5,600,000          |
| Add: Allotment on conversion of CCPS into equity | -                 | -                  | 969,525           | 9,695,250          |
| Balance at the end of the year                   | <u>10,819,348</u> | <u>108,193,480</u> | <u>10,819,347</u> | <u>108,193,470</u> |

**b) Terms and rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing general meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company in proportion of their shareholding.

**c) Reconciliation of CCPS**

|   | 31 March 2015    |                    | 31 March 2014    |                    |
|---|------------------|--------------------|------------------|--------------------|
|   | Number           | Amount             | Number           | Amount             |
| <b>0.001% CCPS of ₹20 each</b>            |                  |                    |                  |                    |
| Balance at the beginning of the year      | -                | -                  | -                | -                  |
| Add: Allotted during the year             | -                | -                  | 2,000,000        | 40,000,000         |
| Less: Converted into equity share capital | -                | -                  | (2,000,000)      | (40,000,000)       |
| Balance at the end of the year            | <u>-</u>         | <u>-</u>           | <u>-</u>         | <u>-</u>           |
| <b>0.001% Series B1 CCPS of ₹100 each</b> |                  |                    |                  |                    |
| Balance at the beginning of the year      | 2,499,948        | 249,994,800        | -                | -                  |
| Add: Allotted during the year             | -                | -                  | 2,499,948        | 249,994,800        |
| Balance at the end of the year            | <u>2,499,948</u> | <u>249,994,800</u> | <u>2,499,948</u> | <u>249,994,800</u> |



**Jain Sons Finlease Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

|                                      | 31 March 2015 |            | 31 March 2014 |            |
|--------------------------------------|---------------|------------|---------------|------------|
|                                      | Number        | Amount     | Number        | Amount     |
| 0.001% Series B2 CCPS of ₹100 each   |               |            |               |            |
| Balance at the beginning of the year | 300,000       | 30,000,000 | -             | -          |
| Add: Allotted during the year        | -             | -          | 300,000       | 30,000,000 |
| Balance at the end of the year       | 300,000       | 30,000,000 | 300,000       | 30,000,000 |

**d) Terms and rights attached to CCPS of ₹20 each**

The Company had allotted non-cumulative 2,000,000 CCPS of face value ₹20 each fully paid-up at par to Michael & Susan Dell Foundation which were later converted into 969,525 equity shares of ₹10 each fully paid-up at a premium of ₹31.26 each share. CCPS carry dividend of 0.001% per annum. Each CCPS holder shall be entitled to participate along with the equity share holders in any dividends declared by the Company on the equity shares, as if such CCPS have been converted to equity shares.

**e) Terms and rights attached to CCPS of ₹100 each**

The Company had allotted non-cumulative 2,499,948 CCPS and 300,000 CCPS of face value ₹100 each fully paid-up at par to ON Mauritius and Michael & Susan Dell Foundation (MSDF) respectively. CCPS carry dividend of 0.001% per annum. In addition to the fixed dividend, each CCPS shall be entitled to participate along with the equity shares in any dividends declared by the Company on the equity shares, as if such CCPS has been converted into equity shares immediately prior to declaration of dividend by the Company.

Pursuant to the terms of Shareholders Agreement dated 18 February 2014 between the Company, ICAP, ON Mauritius, MSDF ("the investors") and CEO, CCPS shall be compulsorily convertible into equity share of ₹10 each fully paid-up at a premium of ₹42.25 each share. The CCPS shall be mandatorily convertible into equity shares at any time before 22 March 2019 at the option of the CCPS holder. In the event of liquidation of the Company, before conversion of CCPS, the holders of CCPS will have priority over equity shares in the payment of dividend and repayment of capital. Each CCPS holder shall be entitled to participate along with the equity share holders in any dividends declared by the Company on the equity shares, as if such CCPS have been converted to equity shares.

**f) Details of equity shares held by holding company and its subsidiaries**

|   | 31 March 2015 |            | 31 March 2014 |            |
|---|---------------|------------|---------------|------------|
|   | Number        | Amount     | Number        | Amount     |
| ICAP  | 5,999,995     | 59,999,950 | 5,999,995     | 59,999,950 |
| IntelleCash Microfinance Network Company Private Limited, a subsidiary of the holding company ("IntelleCash") | 1,000,000     | 10,000,000 | 1,000,000     | 10,000,000 |

**g) Shareholders holding more than five percent of paid-up equity share capital**

|                                 | 31 March 2015 |                        | 31 March 2014 |                        |
|---------------------------------|---------------|------------------------|---------------|------------------------|
|                                 | Number        | % holding in the class | Number        | % holding in the class |
| ICAP                            | 5,999,995     | 55.46%                 | 5,999,995     | 55.46%                 |
| Michael & Susan Dell Foundation | 2,691,247     | 24.87%                 | 2,691,247     | 24.87%                 |
| IntelleCash                     | 1,000,000     | 9.24%                  | 1,000,000     | 9.24%                  |
| Sanjib Kumar Jha                | 810,001       | 7.49%                  | 810,001       | 7.49%                  |



**Jafr Sons Finance Limited**

Summary of significant accounting policies and other explanatory information  
(All amounts in ₹ unless otherwise stated)

**h) Shareholders holding more than five percent of paid-up 0.001% Series B1 CCPS of ₹100 each fully paid-up**

|              | 31 March 2015 |                        | 31 March 2014 |                        |
|--------------|---------------|------------------------|---------------|------------------------|
|              | Number        | % holding in the class | Number        | % holding in the class |
| ON Mauritius | 2,499,948     | 100.00%                | 2,499,948     | 100.00%                |

**i) Shareholders holding more than five percent of paid-up 0.001% Series B2 CCPS of ₹100 each fully paid-up**

|                                 | 31 March 2015 |                        | 31 March 2014 |                        |
|---------------------------------|---------------|------------------------|---------------|------------------------|
|                                 | Number        | % holding in the class | Number        | % holding in the class |
| Michael & Susan Dell Foundation | 300,000       | 100.00%                | 300,000       | 100.00%                |

**j) Shares issued for a consideration other than in cash**

The issued, subscribed and fully paid-up share capital as at 31 March 2015 includes 560,000 (31 March 2014: 560,000) equity shares of ₹10 each fully paid-up, allotted pursuant to contract for consideration other than cash during the period of five years immediately preceding the reporting date.

**k) Shares reserved for issue under options**

**Employee share based payment**

At its meeting held on 10 December 2012, the Board of Directors ("the Board") had reserved 840,889 equity shares of ₹10 each for allotment to employees of the Company under a share based employee compensation plan.

Of these, the Board has identified 560,000 equity shares for allotment to Mr. Sanjib Kumar Jha, Chief Executive Officer ("CEO") of the Company for no consideration. These shares have been vested and allotted by the Board in its meeting held on 17 December 2013.

The balance 280,889 equity shares shall be allotted to eligible employees of the Company based on recommendation of CEO and approval of the Board.

The Company has considered ₹12.63 as intrinsic value of each equity share for the purpose of recording share based employee compensation.

In the opinion of the management, the cost of share based payments under fair value method is not expected to be significantly different from the cost determined under intrinsic value method and also as the cost of share based payment does not form a significant part of the total cost, the pro forma disclosures regarding impact of fair value method on the reported net profit and earnings per equity share is not considered necessary.

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Jain Sons Finance Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

4. Reserves and surplus

|  | 31 March 2015     | 31 March 2014     |
|--|-------------------|-------------------|
| <b>Securities premium account</b>                  |                   |                   |
| Balance at the beginning of the year               | 31,130,324        | 10,350,780        |
| Add: Premium on issue of shares                    | 42                | 30,308,933        |
| Add: Premium on ESOPs exercised                    | -                 | 1,472,800         |
| Less: Share issue expenses                         | -                 | (11,002,189)      |
| Balance at the end of the year                     | <u>31,130,366</u> | <u>31,130,324</u> |
| <b>Employee stock options outstanding account</b>  |                   |                   |
| Balance at the beginning of the year               | -                 | 1,440,756         |
| Less: Shares issued during the year                | -                 | (1,440,756)       |
| Balance at the end of the year                     | <u>-</u>          | <u>-</u>          |
| <b>Statutory reserve fund</b>                      |                   |                   |
| Balance at the beginning of the year               | 3,747,964         | 1,450,481         |
| Add: Transfer from statement of profit and loss    | 7,693,279         | 2,297,483         |
| Balance at the end of the year                     | <u>11,441,243</u> | <u>3,747,964</u>  |
| <b>Surplus in the statement of profit and loss</b> |                   |                   |
| Balance at the beginning of the year               | 13,298,549        | 4,108,615         |
| Add: Profit for the year                           | 38,466,395        | 11,487,417        |
| Less: Transferred to statutory reserve fund        | (7,693,279)       | (2,297,483)       |
| Balance at the end of the year                     | <u>44,071,665</u> | <u>13,298,549</u> |
|  | <u>86,643,274</u> | <u>48,176,837</u> |

In accordance with the provision of Section 45 IC of the Reserve Bank of India Act, 1934 the Company being an NBFC is required to transfer at least 20% of net profit after tax for the year to a statutory reserve fund.

5. Long-term borrowings

(Secured)

|  | 31 March 2015        | 31 March 2014     |
|--|----------------------|-------------------|
| <b>Debentures</b>  |                      |                   |
| 1,942 (31 March 2014: Nil) Non-Convertible Redeemable Debentures (NCDs) of ₹100,000 each fully paid-up | 194,200,000          | -                 |
| 2,400 (31 March 2014: Nil) Non-Convertible Redeemable Debentures (NCDs) of ₹100,000 each fully paid-up | 240,000,000          | -                 |
| <b>Term and other loans</b>  |                      |                   |
| - from banks   | 135,372,737          | 37,092,842        |
| - from other parties   | 511,239,449          | 56,389,364        |
|  | <u>1,080,812,186</u> | <u>93,482,206</u> |
| Less: Current maturities of long-term borrowings (Refer note 6)  | <u>378,281,581</u>   | <u>41,489,440</u> |
|  | <u>702,530,605</u>   | <u>51,992,766</u> |





Jain Sons Finance Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

(a) Debentures

(i) The Company has allotted 1,942 NCDs of face value of ₹100,000 each fully paid-up at discount of ₹1,000 per debenture on 8 October 2014. NCDs are secured by way of hypothecation of book debts/loan receivables and carries interest rate of 13.5% per annum, net of withholding taxes (31 March 2014: Nil) payable half yearly. Interest rate shall be reset after a period of three years from the date of allotment. The NCDs are redeemable at par on 8 October 2020. The Company has call option and the debenture holders have put option on NCDs exercisable at the end of 36 months from the date of issue.

(ii) The Company has allotted 2,400 NCDs of face value of ₹100,000 each fully paid-up at par on 23 March 2015. NCDs are secured by way of hypothecation of book debts/loan receivables and carries interest rate of 13.25% per annum (31 March 2014: Nil) payable half yearly. The NCDs are first redeemable at par on 23 March 2018. The redemption date, at the option of the debenture holders, may be extended first to 23 March 2019 and then to 23 March 2020.

(b) Term and other loans

The loan from banks carries interest linked to the bank's prime lending rate and ranges from 13% per annum to 14.5% per annum (31 March 2014: 13.25% per annum). The interest on loans from others ranges from 14.5% to 16% per annum (31 March 2014: 15% to 16% per annum). Loans are secured as follows:

- Loans amounting to ₹646,612,186 (31 March 2014: ₹93,482,206) is secured by way of hypothecation of book debts created out of the loan amount.
- Loans from others amounting to ₹320,011,992 (31 March 2014: ₹56,389,364) is also secured by way of cash deposits with respective lenders.
- Loan from banks amounting to ₹57,594,959 (31 March 2014: ₹37,092,842) is also secured by way of equitable mortgage on immovable property of ICAP and corporate guarantee of ICAP.

(c) Repayment schedule

|               | 31 March 2015        | 31 March 2014     |
|---------------|----------------------|-------------------|
| Up to 1 year  | 378,281,581          | 41,489,440        |
| 2 to 5 years  | 702,530,605          | 51,992,766        |
| Above 5 years | -                    | -                 |
|               | <u>1,080,812,186</u> | <u>93,482,206</u> |

6. Other liabilities

|  | 31 March 2015      | 31 March 2014     |
|--|--------------------|-------------------|
| <b>Non-current</b>                         |                    |                   |
| Cash collateral from customers             | 4,300,000          | -                 |
| <b>Current</b>                             |                    |                   |
| Current maturities of long-term borrowings | 378,281,581        | 41,489,440        |
| Interest accrued but not due               | 11,395,400         | 2,675,920         |
| Statutory liabilities                      | 2,874,841          | 4,484,559         |
| Other liabilities                          | 8,150,360          | 4,629,000         |
| Dues to holding company                    | 192,680            | 6,555,856         |
| Unearned income                            | -                  | 17,035,382        |
| Other liabilities                          | 6,850,335          | -                 |
|  | <u>407,745,197</u> | <u>76,870,157</u> |



**Jain Sons Finlease Limited**  
**Summary of significant accounting policies and other explanatory information**  
(All amounts in ₹ unless otherwise stated)

**7. Provisions**

|  | <u>31 March 2015</u> | <u>31 March 2014</u> |
|--|----------------------|----------------------|
| <b>Long-term</b>                             |                      |                      |
| For gratuity [refer note (b) below]          | 508,678              | 72,562               |
| Contingent provision against standard assets | 4,490,916            | 1,866,718            |
| Provision                                    |                      |                      |
| - On sub-standard assets                     | 561,904              | -                    |
| - On investments                             | 699,186              | -                    |
|  | <u>6,260,684</u>     | <u>1,939,280</u>     |
| <b>Short-term</b>                            |                      |                      |
| For gratuity [refer note (b) below]          | 1,813                | 486                  |
| Contingent provision against standard assets | 7,627,613            | 2,904,397            |
| Provision                                    |                      |                      |
| - On sub-standard assets                     | 2,563,829            | -                    |
| - On investments                             | 457,590              | -                    |
| Provision for tax (net of advance tax)       | 6,785,129            | 4,173,880            |
|  | <u>17,435,974</u>    | <u>7,078,763</u>     |

**(a) Provisions**

|                                      |                    |                  |
|--------------------------------------|--------------------|------------------|
| Balance at the beginning of the year | 4,771,115          | 991,273          |
| Add: Charged during the year         | 14,703,682         | 4,364,630        |
| Less: Reversed during the year       | <u>(3,073,759)</u> | <u>(584,788)</u> |
| Balance at the end of the year       | <u>16,401,038</u>  | <u>4,771,115</u> |

- (b) The following table set out the status of the gratuity plan as required under AS - 15 - Employee Benefits and the reconciliation of opening and closing balances of the present value and defined benefit obligation.

**Expense recognised in the statement of profit and loss**

|                                     | <u>31 March 2015</u> | <u>31 March 2014</u> |
|-------------------------------------|----------------------|----------------------|
| Current service cost                | 284,205              | 59,882               |
| Interest cost on benefit obligation | 5,805                | 1,408                |
| Net actuarial (gain) / loss         | 147,433              | (4,807)              |
| Net expense                         | <u>437,443</u>       | <u>56,483</u>        |
| Actual return on plan assets        |                      |                      |

**Changes in present value of the defined benefit obligation for gratuity**

|  | <u>31 March 2015</u> | <u>31 March 2014</u> |
|--|----------------------|----------------------|
| Opening defined benefit obligation       | 73,048               | 16,565               |
| Interest cost                            | 5,805                | 1,408                |
| Current service cost                     | 284,205              | 59,882               |
| Actuarial (gains)/ losses on obligations | 147,433              | (4,807)              |
| Closing defined benefit obligation       | <u>510,491</u>       | <u>73,048</u>        |



Jain Sons Finlease Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

|                               | <u>31 March 2015</u> | <u>31 March 2014</u> |
|-------------------------------|----------------------|----------------------|
| Discounting rate (per annum)  | 8.00%                | 9.19%                |
| Increase in compensation cost | 5.00%                | 5.00%                |
| Attrition rate                | 2.00%                | 2.00%                |
| Retirement age (years)        | 60                   | 58                   |

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

8. Short-term borrowings

|                                     | <u>31 March 2015</u> | <u>31 March 2014</u> |
|-------------------------------------|----------------------|----------------------|
| Loan from others (secured)          | 50,000,000           | 116,937,412          |
| Loan from related party (unsecured) | -                    | 5,000,000            |
|                                     | <u>50,000,000</u>    | <u>121,937,412</u>   |

(a) Loan from others amounting to ₹50,000,000 (31 March 2014: ₹116,937,412) is secured by way of hypothecation of book debts created out of the loan amount and cash deposits with the respective lenders. The loan carries interest linked to the lender lending rate, and ranges from 14% to 16% per annum (31 March 2014: 15% to 16% per annum). The loan is repayable in twelve equated monthly installments.

(b) Unsecured loan taken from related party carries an interest rate of 15% per annum.

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**Jain Sons Finance Limited**

**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**9. Tangible fixed assets**

|                     | Computers | Office equipment | Software  | Furniture and fixtures | Total     |
|---------------------|-----------|------------------|-----------|------------------------|-----------|
| <b>Gross block</b>  |           |                  |           |                        |           |
| As at 1 April 2013  | 383,546   | 50,998           | -         | -                      | 434,544   |
| Additions           | 764,325   | 805,885          | -         | -                      | 1,570,210 |
| As at 31 March 2014 | 1,147,871 | 856,883          | -         | -                      | 2,004,754 |
| Additions           | 1,076,179 | 143,290          | 2,038,078 | 4,000,000              | 7,257,547 |
| As at 31 March 2015 | 2,224,050 | 1,000,173        | 2,038,078 | 4,000,000              | 9,262,301 |
| <b>Depreciation</b> |           |                  |           |                        |           |
| Up to 1 April 2013  | 125,616   | 6,376            | -         | -                      | 131,992   |
| Charge for the year | 311,077   | 60,738           | -         | -                      | 371,815   |
| Up to 31 March 2014 | 436,693   | 67,114           | -         | -                      | 503,807   |
| Charge for the year | 755,372   | 376,735          | 21,892    | 498,313                | 1,652,312 |
| Up to 31 March 2015 | 1,192,065 | 443,849          | 21,892    | 498,313                | 2,156,119 |
| <b>Net block</b>    |           |                  |           |                        |           |
| As at 31 March 2015 | 1,031,985 | 556,324          | 2,016,186 | 3,501,687              | 7,106,182 |
| As at 31 March 2014 | 711,178   | 789,769          | -         | -                      | 1,500,947 |

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**Jain Sons Finance Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts in ₹ unless otherwise stated)

|   |                      |                      |
|---|----------------------|----------------------|
| <b>10. Investments</b>  |                      |                      |
| (Unquoted, non-trade)   |                      |                      |
|   | <u>31 March 2015</u> | <u>31 March 2014</u> |
| <b>Non-current</b>  |                      |                      |
| <b>Investment in Pass Through Certificates (PTCs)</b>   |                      |                      |
| 45,949,772 units (31 March 2014: Nil) of Series A2 PTCs of Satin - Eureka Trust March 2015 I of face value of ₹1 each.            | 45,949,772           | -                    |
| 90 units (31 March 2014: Nil) of Series A2 PTCs of Arkaios Multi Micro Finance Pool Trust 2015 of face value of ₹266,320.57 each. | 23,968,851           | -                    |
|   | <u>69,918,623</u>    | <u>-</u>             |
| <b>Current</b>  |                      |                      |
| Nil (31 March 2014: 121,328.11) units of Kotak Floater Short Term - Daily dividend  | -                    | 122,737,933          |
| <b>Investment in PTCs</b>   |                      |                      |
| 45,759 units (31 March 2014: Nil) of Series A2 PTCs of Cedar MFPI Trust 20 of face value of ₹1,000 each.                          | 45,759,000           | -                    |
|   | <u>45,759,000</u>    | <u>122,737,933</u>   |
| <b>Aggregate amount of:<br/>Unquoted investments</b>  | <u>115,677,623</u>   | <u>122,737,933</u>   |
| <b>11. Deferred tax assets (net)</b>  | <u>31 March 2015</u> | <u>31 March 2014</u> |
| <b>Deferred tax liability on account of<br/>fixed assets</b>  | 304,055              | 97,842               |
| <b>Deferred tax assets on account of</b>  |                      |                      |
| Provision for loan  | 5,321,317            | 1,547,988            |
| Others  | 165,049              | 23,700               |
| <b>Deferred tax assets, net</b>   | <u>5,182,302</u>     | <u>1,473,846</u>     |

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**Jain Sons Finance Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts in ₹ unless otherwise stated)

**12. Loan to customers**  
 (Considered good)

|                            | 31 March 2015      |                    | 31 March 2014      |                    |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
|                            | Non-current        | Current            | Non-current        | Current            |
| <b>Standard assets</b>     |                    |                    |                    |                    |
| Secured                    | 307,201,642        | 553,799,858        | 151,029,969        | 199,191,410        |
| Unsecured                  | 95,883,210         | 240,733,440        | 35,641,872         | 91,248,290         |
|                            | <u>403,084,852</u> | <u>794,533,298</u> | <u>186,671,841</u> | <u>290,439,700</u> |
| <b>Sub-standard assets</b> |                    |                    |                    |                    |
| Secured                    | 11,238,070         | 16,276,583         | -                  | -                  |
| Unsecured                  | -                  | 21,791,919         | -                  | -                  |
|                            | <u>11,238,070</u>  | <u>38,068,502</u>  | <u>-</u>           | <u>-</u>           |
|                            | <u>414,322,922</u> | <u>832,601,800</u> | <u>186,671,841</u> | <u>290,439,700</u> |

Represents assets classified in accordance with the RBI Prudential Norms.

Loan to customers include dues from following companies, in which Directors of the Company is a Director:

|   | 31 March 2015   |                     | 31 March 2014   |                     |
|---|-----------------|---------------------|-----------------|---------------------|
|   | Closing balance | Maximum outstanding | Closing balance | Maximum outstanding |
| Vaatsalya Healthcare Solutions Private Limited  | 32,025,497      | 38,384,865          | -               | -                   |
| Visage Holding & Finance Private Limited        | 32,858,866      | 35,178,643          | -               | -                   |
| ULink Bio Energy Private Limited                | 11,790,985      | 18,531,675          | -               | -                   |
| Electronic Payment and Services Private Limited | 96,875,000      | 100,000,000         | 18,464,708      | 30,232,400          |
| Milk Mantra Dairy Private Limited               | -               | 25,000,000          | 15,000,000      | 15,000,000          |

**13. Loans and advances**  
 (Unsecured, considered good)

|  | 31 March 2015     | 31 March 2014     |
|--|-------------------|-------------------|
|  | <b>Long-term</b>  |                   |
| Collateral security given to lenders                                 | 21,439,070        | 5,890,286         |
| Deposits   | 2,114,500         | 400,000           |
|  | <u>23,553,570</u> | <u>6,290,286</u>  |
| <b>Short-term</b>  |                   |                   |
| Collateral security given to lenders                                 | -                 | 14,450,000        |
| Advances recoverable in cash or in kind or for value to be received* | 2,516,437         | 3,564,123         |
| CENVAT credit receivable   | 740,550           | 165,979           |
| Prepaid expenses   | 148,644           | 57,701            |
|  | <u>3,405,631</u>  | <u>18,237,803</u> |

\*Includes ₹868,584 (31 March 2014: ₹2,846,835) and ₹129,427 (31 March 2014: ₹Nil) due from Mr. Sanjiv Kumar Jha, Director and Mr. Nitin Prakash Agrawal, Chief Financial Officer respectively.



**Jain Sons Finance Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts in ₹ unless otherwise stated)

|   |                      |                      |
|---|----------------------|----------------------|
| <b>14. Other assets</b>   |                      |                      |
| (Unsecured, considered good)  |                      |                      |
|   | <u>31 March 2015</u> | <u>31 March 2014</u> |
| <b>Non-current</b>  |                      |                      |
| Unamortised expenses  | 10,067,898           | -                    |
| <b>Current</b>  |                      |                      |
| Accrued income  | 24,513,395           | 554,999              |
| Interest receivable on loans  | 2,521,004            | 2,715,614            |
| Unamortised expenses  | 8,641,306            | 1,968,191            |
| Other receivables   | 488,729              | -                    |
|   | <u>36,161,434</u>    | <u>5,238,804</u>     |
| <b>15. Cash and bank balances</b>   |                      |                      |
|   | <u>31 March 2015</u> | <u>31 March 2014</u> |
| <b>Cash and cash equivalents</b>  |                      |                      |
| Cash on hand  | 433,445              | 9,760                |
| Balances with banks in current accounts   | 182,820,120          | 33,996,468           |
|   | <u>183,253,565</u>   | <u>34,006,228</u>    |
| <b>Other bank balances</b>  |                      |                      |
| Fixed deposits with bank (with maturity of less than 12 months)*                              | 31,771,087           | 29,586,097           |
|   | <u>215,024,652</u>   | <u>63,592,325</u>    |
|   |                      |                      |
| * includes ₹26,896,087 (31 March 2014: ₹9,575,000) held as collateral against the borrowings. |                      |                      |
| <b>16. Revenue from operations</b>  |                      |                      |
|   | <u>31 March 2015</u> | <u>31 March 2014</u> |
| <b>Interest income from</b>   |                      |                      |
| Loan to customers   | 144,147,493          | 42,530,616           |
| Fixed deposits  | 1,904,042            | 690,518              |
| Investment in PFCs  | 1,511,802            | -                    |
| <b>Other financial services</b>   |                      |                      |
| Loan processing fees  | 17,460,997           | 5,872,500            |
| Gain on sale of investments   | 4,115,051            | 1,478,241            |
| Dividend income   | 1,995,980            | 760,051              |
| Interest on cash collaterals  | 497,204              | 509,189              |
| <b>Other operating income</b>   |                      |                      |
| Grant income  | 37,845,580           | 28,147,955           |
|   | <u>209,478,149</u>   | <u>79,989,070</u>    |
| <b>17. Other income</b>   |                      |                      |
|   | <u>31 March 2015</u> | <u>31 March 2014</u> |
| Miscellaneous income  | 1,213                | 196,627              |



**Jain Sons Finance Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts in ₹ unless otherwise stated)

**18. Employee benefits expense**

|                              | 31 March 2015     | 31 March 2014     |
|------------------------------|-------------------|-------------------|
| Salaries and wages           | 28,986,600        | 15,357,094        |
| Employee share based payment | -                 | 5,632,044         |
| Gratuity                     | 437,443           | 56,483            |
| Staff welfare expenses       | 1,004,277         | 1,757,122         |
|                              | <u>30,428,320</u> | <u>22,802,743</u> |

**19. Finance costs**

|                       | 31 March 2015     | 31 March 2014     |
|-----------------------|-------------------|-------------------|
| Interest expense      | 70,602,823        | 15,098,796        |
| Other borrowing costs | 6,490,220         | 1,009,498         |
|                       | <u>77,093,043</u> | <u>16,108,294</u> |

**20. Provisions and write-offs**

|  | 31 March 2015     | 31 March 2014    |
|--|-------------------|------------------|
| Contingent provision against standard assets         | 7,347,414         | 3,779,842        |
| Provision for sub-standard and non-performing assets | 3,125,733         | -                |
| Provision on investments                             | 1,156,776         | -                |
| Portfolio loans written-off                          | 6,926,348         | -                |
|  | <u>18,556,271</u> | <u>3,779,842</u> |

**21. Other expenses**

|                             | 31 March 2015     | 31 March 2014     |
|-----------------------------|-------------------|-------------------|
| Rent                        | 3,149,706         | 1,866,100         |
| Office expenses             | 4,112,973         | 1,798,514         |
| Legal and professional fees | 2,809,648         | 3,364,018         |
| Rates and taxes             | 2,646,806         | 3,842,121         |
| Communication expenses      | 491,765           | 302,188           |
| Travelling and conveyance   | 6,246,299         | 3,230,369         |
| Printing and stationery     | -                 | 159,688           |
| Advances written-off        | -                 | 65,933            |
| Directors sitting fees      | 40,000            | 80,000            |
| Payments to the auditor     |                   |                   |
| - As auditors               | 700,000           | 625,000           |
| - As others                 | 131,000           | 45,000            |
| Miscellaneous expenses      | 289,496           | 553,682           |
|                             | <u>20,617,693</u> | <u>15,932,613</u> |

*(This space has been intentionally left blank)*





Jain Sons Finance Limited  
 Summary of significant accounting policies and other explanatory information  
 (All amounts in ₹ unless otherwise stated)

22. Related party disclosures

a) Name of the related parties and relationship

| Name of the parties   | Nature of relationship                               |
|---|--|
| ICAP  | Holding company                                      |
| IntelleCash   | Fellow subsidiary                                    |
| Intellectap Software Technologies Private Limited ("ISTPL") | Fellow subsidiary                                    |
| Michael & Susan Dell Foundation                             | Entity having significant influence over the Company |
| Sanjib Kumar Jha  | Key management personnel (KMP)                       |

b) Transactions during the year

|   | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| <b>ICAP</b>   |               |               |
| Support charges   | 1,713,463     | 1,860,312     |
| Advisory services fees                                      | 4,494,400     | 7,471,940     |
| Reimbursement of expenses incurred on behalf of the Company | 514,610       | 1,005,194     |
| <b>IntelleCash</b>  |               |               |
| Reimbursable expenses incurred on behalf of the Company     | -             | 5,768         |
| Loan taken  | -             | 5,000,000     |
| Interest expense  | 439,726       | 499,317       |
| <b>Intellectap Software Technologies Private Limited</b>    |               |               |
| Rent  | 722,429       | 1,392,463     |
| <b>Sanjib Kumar Jha</b>                                     |               |               |
| Remuneration and other employee benefits                    | 5,581,089     | 4,403,115     |
| Employee stock option                                       | -             | 7,072,800     |
| Reimbursable expenses incurred by the Company               | 833,845       | 2,998,695     |
| <b>Michael &amp; Susan Dell Foundation</b>                  |               |               |
| Investment in share capital                                 | -             | 70,000,000    |

Note: ICAP has given corporate guarantee and mortgaged its immovable property for a loan of ₹100,000,000 (31 March 2014: ₹50,000,000) sanctioned to the Company. The balance payable as at 31 March 2015 is ₹57,594,959 (31 March 2014: ₹37,092,842).

c) Balances receivable/(payable)

|                  | 31 March 2015 | 31 March 2014 |
|------------------|---------------|---------------|
| ICAP             | (192,680)     | (6,555,856)   |
| Sanjib Kumar Jha | 868,584       | 2,846,835     |
| IntelleCash      | -             | (5,109,110)   |



**Jain Sons Finance Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts in ₹ unless otherwise stated)

**23. Earnings per equity share [EPES]**

|  | <u>31 March 2015</u> | <u>31 March 2014</u> |
|--|----------------------|----------------------|
| a) Profit attributable to equity shareholders for computation of basic and diluted EPES                  | 38,466,395           | 11,487,417           |
| b) Computation of weighted average number of equity shares used in computation of basic and diluted EPES |                      |                      |
|  | <u>31 March 2015</u> | <u>31 March 2014</u> |
| Weighted average number of shares considered for computation of basic EPES                               | 10,819,348           | 9,507,103            |
| Add: Effect of potential dilutive shares   | 5,358,752            | 1,228,946            |
| Weighted average number of shares considered for computation of diluted EPES                             | <u>16,178,100</u>    | <u>10,736,049</u>    |
| c) EPES  |                      |                      |
| Basic  | 3.56                 | 1.21                 |
| Diluted  | <u>2.38</u>          | <u>1.07</u>          |

**24. Earnings in foreign currency (accrual basis)**

|                                      | <u>31 March 2015</u> | <u>31 March 2014</u> |
|--------------------------------------|----------------------|----------------------|
| Grant income (including service tax) | <u>42,523,294</u>    | <u>31,627,042</u>    |

**25. Expenditure in foreign currency (accrual basis)**

|                       | <u>31 March 2015</u> | <u>31 March 2014</u> |
|-----------------------|----------------------|----------------------|
| Travel and conveyance | <u>658,153</u>       | <u>501,467</u>       |

**26. Segment reporting**

Based on the Company's business model and considering the internal financial reporting to the management, "Lending to SMEs" has been considered as the only reportable segment. Further, all operations are based only in India. Hence, no separate financial disclosures have been provided for segment reporting.



Jain Sons Finance Limited  
 Summary of significant accounting policies and other explanatory information  
 (All amounts in ₹ unless otherwise stated)

27. Additional disclosures pursuant to the Prudential Norms:

|   | 31 March 2015         |                   |
|---|-----------------------|-------------------|
|   | Amount<br>outstanding | Amount<br>overdue |
| <b>Liabilities side:</b>  |                       |                   |
| (1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid: |                       |                   |
| (a) Debentures  |                       |                   |
| Secured   | 442,147,948           | -                 |
| Unsecured<br>(other than falling within the meaning of public deposits)   | -                     | -                 |
| (b) Deferred Credits  | -                     | -                 |
| (c) Term Loans, including interest accrued but not paid   | 116,954,998           | -                 |
| (d) Inter-corporate loans and borrowing   | -                     | -                 |
| (e) Commercial Paper  | -                     | -                 |
| (f) Other Loans - from banks and financial institutions   | 583,104,640           | -                 |
|   |                       | 31 March 2015     |
| <b>Assets side:</b>   |                       |                   |
| (2) Break up of Loans and advances including bills receivable (other than those included in (4) below):                 |                       |                   |
| a) Secured, gross   |                       | 888,516,153       |
| b) Unsecured, gross   |                       | 358,408,569       |
| (3) 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) finance lease   |                       | -                 |
| (b) operating lease   |                       | -                 |
| (ii) Stock on hire including hire charges under sundry debtors:   |                       |                   |
| (a) assets on hire  |                       | -                 |
| (b) repossessed asset   |                       | -                 |
| (iii) Other loans counting towards AFC activities   |                       |                   |
| (a) loans where assets have been repossessed  |                       | -                 |
| (b) loans other than (a) above  |                       | -                 |
| (4) Breakup of investments  |                       |                   |
| Current Investments :   |                       |                   |
| I. Quoted   |                       |                   |
| (i) Shares :  |                       |                   |
| (a) Equity  |                       | -                 |
| (b) Preference  |                       | -                 |
| (ii) Debentures and Bonds   |                       | -                 |



Jain Sons Finance Limited  
 Summary of significant accounting policies and other explanatory information  
 (All amounts in ₹ unless otherwise stated)

|                                |            |
|--------------------------------|------------|
| (iii) Units of mutual funds    | -          |
| (iv) Government Securities     | -          |
| (v) Others                     | -          |
| <b>2. Unquoted</b>             |            |
| (i) Shares :                   |            |
| (a) Equity                     | -          |
| (b) Preference                 | -          |
| (ii) Debentures and Bonds      | -          |
| (iii) Units of mutual funds    | -          |
| (iv) Government Securities     | -          |
| (v) Others (PTCs)              | 45,759,000 |
| <b>Long Term investments :</b> |            |
| <b>1. Quoted</b>               |            |
| (i) Shares :                   |            |
| (a) Equity                     | -          |
| (b) Preference                 | -          |
| (ii) Debentures and Bonds      | -          |
| (iii) Units of mutual funds    | -          |
| (iv) Government Securities     | -          |
| (v) Others                     | -          |
| <b>2. Unquoted</b>             |            |
| (i) Shares:                    |            |
| (a) Equity                     | -          |
| (b) Preference                 | -          |
| (ii) Debentures and Bonds      | -          |
| (iii) Units of mutual funds    | -          |
| (iv) Government Securities     | -          |
| (v) Others (PTCs)              | 69,918,625 |

Net of provision as at 31 March 2015

(5) Borrower group-wise classification of assets financed as in (2) and (3) above:

| Category                        | Secured            | Unsecured          | Total                |
|---------------------------------|--------------------|--------------------|----------------------|
| 1. Related parties              |                    |                    |                      |
| (a) Subsidiaries                | -                  | -                  | -                    |
| (b) Companies in the same group | -                  | -                  | -                    |
| (c) other related parties       | -                  | -                  | -                    |
| 2. Other than related parties   | 878,362,474        | 353,317,987        | 1,231,680,460        |
| <b>Total</b>                    | <b>878,362,474</b> | <b>353,317,987</b> | <b>1,231,680,460</b> |



Jain Sons Finlease Limited  
 Summary of significant accounting policies and other explanatory information  
 (All amounts in ₹ unless otherwise stated)

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

| Category                        | Market value / Breakup or fair value or NAV | Book value (net of provisions) |
|---------------------------------|---|--------------------------------|
| 1. Related parties              | -   | -                              |
| (a) Subsidiaries                | -   | -                              |
| (b) Companies in the same group | -   | -                              |
| (c) Other related parties       | -   | -                              |
| 2. Other than related parties   | 115,677,623                                 | 114,520,847                    |
| <b>Total</b>                    | <b>115,677,623</b>                          | <b>114,520,847</b>             |

31 March 2015

- (7) Other information

|   |            |
|---|------------|
| (i) Gross non-performing assets               |            |
| (a) Related parties                           | -          |
| (b) Other than related parties                | 49,306,572 |
| (ii) Net non-performing assets                |            |
| (a) Related parties                           | -          |
| (b) Other than related parties                | 46,180,839 |
| (iii) Assets acquired on satisfaction of debt | -          |

*(The below space has been intentionally left blank)*



Jain Sons Finance Limited  
 Summary of significant accounting policies and other explanatory information  
 (All amounts in ₹ unless otherwise stated)

28. Disclosure of restructured accounts

| S No | Type of Restructuring →<br>Asset Classification →<br>Details ↓   | Under CDR/<br>SME Debt<br>Restructuring<br>Mechanism |                 |              | Others |       |          | Total           |              |      |            |
|------|--|--|-----------------|--------------|--------|-------|----------|-----------------|--------------|------|------------|
|      |  | Standard   | Sub<br>Standard | Doubt<br>ful | Loss   | Total | Standard | Sub<br>Standard | Doubt<br>ful | Loss | Total      |
| 1    | Restructured Accounts as on April 1 of the FY 2014-15 (opening figures)  | -  | -               | -            | -      | -     | -        | -               | -            | -    | -          |
|      | No. of borrowers   | -  | -               | -            | -      | -     | -        | -               | -            | -    | -          |
|      | Amount outstanding   | -  | -               | -            | -      | -     | -        | -               | -            | -    | -          |
|      | Provision thereon  | -  | -               | -            | -      | -     | -        | -               | -            | -    | -          |
| 2    | Fresh restructuring during the year  | 2  | 1               | 3            | -      | -     | -        | -               | -            | -    | 3          |
|      | No. of borrowers   | 2  | 1               | 3            | -      | -     | -        | -               | -            | -    | -          |
|      | Amount outstanding   | 27,514,653   | 17,500,000      | 45,014,653   | -      | -     | -        | -               | -            | -    | 45,014,653 |
|      | Provision thereon  | 1,375,733  | 1,750,000       | 3,125,733    | -      | -     | -        | -               | -            | -    | 3,125,733  |
| 3    | Upgradations to restructured standard category during the FY   | -  | -               | -            | -      | -     | -        | -               | -            | -    | -          |
|      | No. of borrowers   | -  | -               | -            | -      | -     | -        | -               | -            | -    | -          |
|      | Amount outstanding   | -  | -               | -            | -      | -     | -        | -               | -            | -    | -          |
|      | Provision thereon  | -  | -               | -            | -      | -     | -        | -               | -            | -    | -          |
| 4    | Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY | -  | -               | -            | -      | -     | -        | -               | -            | -    | -          |
|      | No. of borrowers   | -  | -               | -            | -      | -     | -        | -               | -            | -    | -          |
|      | Amount outstanding   | -  | -               | -            | -      | -     | -        | -               | -            | -    | -          |
|      | Provision thereon  | -  | -               | -            | -      | -     | -        | -               | -            | -    | -          |
| 5    | Downgradations of restructured accounts during the FY  | -  | -               | -            | -      | -     | -        | -               | -            | -    | -          |
|      | No. of borrowers   | -  | -               | -            | -      | -     | -        | -               | -            | -    | -          |
|      | Amount outstanding   | -  | -               | -            | -      | -     | -        | -               | -            | -    | -          |
|      | Provision  | -  | -               | -            | -      | -     | -        | -               | -            | -    | -          |



**Jain Sons Finlease Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts in ₹ unless otherwise stated)

| S. No | Type of Restructuring →<br>Asset Classification →<br>Details ↓           | Under CDR/<br>SME Debt<br>Restructuring<br>Mechanism | Others     |              |            |      | Total    |              |          |            |            |   |   |            |
|-------|--|--|------------|--------------|------------|------|----------|--------------|----------|------------|------------|---|---|------------|
|       |  |  | Standard   | Sub Standard | Doubtful   | Loss | Standard | Sub Standard | Doubtful | Loss       | Total      |   |   |            |
| 6     | Write-offs of restructured accounts during the FY                        | -  | -          | -            | -          | -    | -        | -            | -        | -          | -          | - | - | -          |
|       | thereon  |  |            |              |            |      |          |              |          |            |            |   |   |            |
|       | No. of borrowers   | -  | -          | -            | -          | -    | -        | -            | -        | -          | -          | - | - | -          |
|       | Amount outstanding   | -  | -          | -            | -          | -    | -        | -            | -        | -          | -          | - | - | -          |
|       | Provision thereon  |  |            |              |            |      |          |              |          |            |            |   |   |            |
| 7     | Restructured Accounts as on March 31 of the FY 2014-15 (closing figures) | -  | 2          | 1            | 3          | -    | -        | -            | -        | 2          | 1          | - | - | 3          |
|       | No. of borrowers   | -  | 2          | 1            | 3          | -    | -        | -            | -        | 2          | 1          | - | - | 3          |
|       | Amount outstanding   | -  | 27,514,653 | 17,500,000   | 45,014,653 | -    | -        | -            | -        | 27,514,653 | 17,500,000 | - | - | 45,014,653 |
|       | Provision thereon  | -  | 1,375,733  | 1,750,000    | 3,125,733  | -    | -        | -            | -        | 1,375,733  | 1,750,000  | - | - | 3,125,733  |

(The below space has been intentionally left blank)



**Jain Sons Finlease Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts in ₹ unless otherwise stated)

29. Loans sanctioned but not disbursed as at 31 March 2015 amounts to ₹320,500,000 (31 March 2014: ₹87,000,000).
30. The Company has entered into cancellable operating lease arrangements in respect of its office premises. These lease arrangements are for a period of one year and may be extended for such future periods as mutually agreed at the option of the lessee. The lease expense for cancellable operating leases during the year ended 31 March 2015 is ₹1,513,644 (31 March 2014: ₹1,866,100).

The Company has also entered into non-cancellable operating lease arrangements in respect of its office premises. The Company's obligation towards payment of consideration (excluding service taxes) over the remaining term of the arrangement is as follows:

| Period  | 31 March 2015 | 31 March 2014 |
|---|---------------|---------------|
| Not later than one year                           | 3,333,000     | -             |
| Later than one year and not later than five years | -             | -             |
| Later than five years                             | -             | -             |

31. The Company has received foreign direct investment under automatic route as prescribed under the Consolidated Foreign Direct Investment Policy of the Government of India, which, in view of the management and based on opinion of an independent counsel, is in accordance with the extant guidelines notified by the RBI.
32. Based on information available with the Company, as at 31 March 2015, there are no suppliers who are registered as micro and small enterprises under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.
33. Additional information as required under paragraph 5 of the part II of the Schedule III to the Act to the extent either 'Nil' or 'Not Applicable' has not been furnished.
34. Previous year's figures have been regrouped/rearranged to confirm to those of the current year.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

*Walker Chandniok & Co LLP*  
 For Walker Chandniok & Co LLP  
 Chartered Accountants

*Sanjay Kumar Jain*  
 per Sanjay Kumar Jain  
 Partner



Place: Hyderabad  
 Date: 27 May 2015

For and on behalf of the Board of Directors of  
 Jain Sons Finlease Limited

*Vineet Chandra Rai*  
 Vineet Chandra Rai  
 Chairman  
 DIN: 00606290

*Nitin Prakash Agrawal*  
 Nitin Prakash Agrawal  
 Chief Financial Officer

Place: Hyderabad  
 Date: 27 May 2015

*Sanjib Kumar Jha*  
 Sanjib Kumar Jha  
 Chief Executive Officer  
 DIN: 03409208

*Chirag Desai*  
 Chirag Desai  
 Company Secretary



