



# Annual Report 2012-2013

Pawansut Holdings Limited



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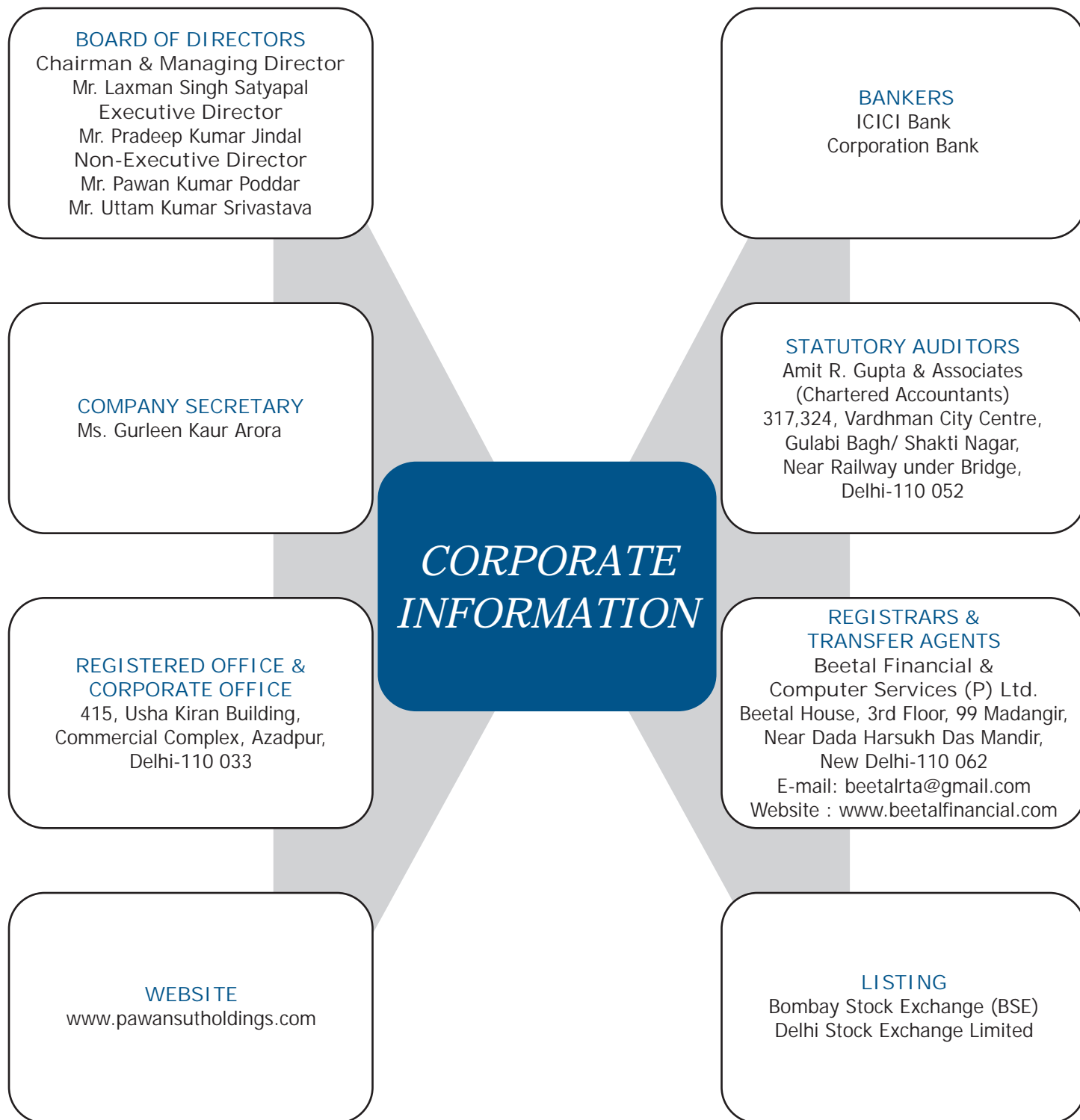
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## CHAIRMAN'S

## MESSAGE

*"At PHL this year has provided us with a great learning. When you try to surmount challenges that most believe is impossible, you go beyond what you had hitherto believed is possible. And therein lays the ability to move forward and ahead."*

Dear Shareholders,

The Financial year 2012 - 13 has been a turnaround year for PHL. The company emerged from a challenging environment to once again claim its place as a strong player in the NBFC space, with solid and sustainable growth.

The three Asset Management businesses of our Company- Finance, Leasing and Investments have made a significant contribution to the company's bottom line. Capitalizing on the buoyancy in the market, the company increased its volume with aggregate disbursements in all verticals.

PHL continues to compete as a multi-line lender in the Industry. We have, however, made conscious choices in terms of the segments in which we compete.

For the most part, it is also our intent to restrict our lending to the productive end of the segment versus the consumptive end.

This year has also been a year focused on strengthening our core. We do believe that the process of strengthening our core will continue well in to the next financial year, and perhaps the year after as well. The focus of this initiative is to improve stakeholder's value whilst also improving portfolio quality.

We are doing this by improving our internal processes, strengthening our technology platform, and investing significantly in terms of training our people.

PHL has emerged a key player among NBFCs in the Equity business in the short span of years.

The Regulatory Compliances and Stakeholders management is vital.

Our team has tremendously supported the company in its transition and its fund raising activities of equity as well as debt capital, ensuring compliance in a dynamic regulatory environment.

A reputation for transparency and ethical business practices has always been the company's core strength. The company's future plans for growth are clear and unidirectional - to become a key player in Total Financial Services.

It gives us immense pleasure in informing to our esteemed shareholders that the Company has received its In-principle Listing Approval on the Main Board with Bombay Stock Exchange (BSE) for Listing of its Securities on March 18, 2013 and further for the same we applied for Trading Approval of Securities.

I take this opportunity to thank my colleagues on the Board for their valuable inputs and guidance, as we move towards creating a long-term, sustainable business. I am also grateful to each member of Team PHL for rising to every challenge, and am confident they will continue to demonstrate a high level of commitment towards achieving our goals.

Regards,

Sd/-

(Laxman Singh Satyapal)  
Chairman & Managing Director



## *PROFILE* *OF DIRECTORS*

### **MR. LAXMAN SINGH SATYAPAL**

#### **MANAGING DIRECTOR**

Mr. Laxman Singh Satyapal is the promoter and the Managing Director of the Company. His expertise lies in managing operations in a large business environment, formulating business strategies and identifying new markets. He is having Sound Finance and Accounting Knowledge. He has been associated with the company since 1990 and has more than 20 years experience in corporate law, taxation, finance and investment.

### **MR. PRADEEP KUMAR JINDAL**

#### **DIRECTOR**

Sh. Pradeep Kumar Jindal is Masters in Business Administration (MBA) and graduate in commerce. He is an Executive Director on the Board of our Company. His role includes guiding the current businesses and building new ones in the financial services space. He is also actively associated with a number of social and charitable organizations. He has over 22 years of varied rich experience and had also practiced as Income Tax Practitioner for over 7 years. He is Masters in Business Administration (MBA) and a graduate in commerce.

### **MR. UTTAM KUMAR SRIVASTAVA**

#### **DIRECTOR**

Mr. Uttam Kumar Srivastava is the Independent Director of the company. He is having experience of over 10 years in public relations and Liasoning. He is also a member of the Audit Committee and the Chairman of Shareholders' Grievance Committee.

### **MR. PAWAN KUMAR PODDAR**

#### **DIRECTOR**

Mr. Pawan Kumar Poddar is the Independent Director of the company. He is recognized for excellent people management and team building abilities besides infusing the spirit of action and a result oriented work culture. He is also a member of the Shareholders Grievance Committee.

### **MS. GURLEEN KAUR ARORA**

#### **COMPANY SECRETARY**

Ms. Gurleen Kaur Arora, heads the legal, compliance and company secretarial function of the Company. She is a member of The Institute of Company Secretary of India. Her expertise lies in secretarial function & holds great managerial skills.

# NOTICE

Notice is hereby given that the Twenty Ninth Annual General Meeting of the members of M/s Pawansut Holdings Limited will be held on Monday, 30th September 2013 at 11.00 AM at the registered office of the Company at 415, Usha Kiran Building, Commercial Complex, Azadpur, Delhi-110 033 to transact the following business: -

## ORDINARY BUSINESS

1. To receive, consider and adopt audited Balance Sheet as at 31st March 2013 and Statement of Profit & Loss Account for the financial year ended on that date along with Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Uttam Kumar Srivastava, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company and to authorize the Board of Directors to fix their remuneration. M/s Amit R. Gupta & Associates, Chartered Accountants the retiring auditors are eligible for re-appointment.

"RESOLVED THAT pursuant to the provisions of Section-224 of the Companies Act, 1956 M/s Amit R. Gupta & Associates, Chartered Accountants, the retiring Auditors, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of the present Annual General Meeting until the conclusion of the next Annual General Meeting on such remuneration as may be decided by the Board of Directors of the company."

## NOTES

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and such proxy need not be a Member of the Company. The proxy form duly completed and signed must be deposited at the Registered Office of the Company, not less than forty-eight hours before the commencement of the Annual General Meeting. Blank proxy form is enclosed. Proxy so appointed shall not have any right to speak at the meeting.
2. Brief Resume of the Directors seeking re-appointment and appointed since last Annual General Meeting, as required under Clause 49 of the Listing Agreement executed is annexed hereto and forms part of Notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 28, 2013 to Monday, September 30, 2013 (both days inclusive).
4. Corporate Members are requested to send a duly certified copy of the Board Resolution / Power of Attorney authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
5. Members are requested to:-
  - i. note that copies of Annual Report will not be distributed at the Annual General Meeting and they will have to bring their copies of Annual Report;

- ii. deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the venue will be strictly on the basis of the Entry Slip available at the counters at the venue to be exchanged with the Attendance Slip;
- iii. quote their Folio / Client ID & DP ID Nos. in all correspondence;
- iv. note that due to security reasons briefcases, eatables and other belongings are not allowed inside the venue; and
- v. note that no gifts / coupons will be distributed at the Annual General Meeting.
6. Members who hold shares in multiple folios in identical names are requested to send the share certificates to the company for consolidation into a single folio. Members are requested to notify correction/ change in address, if any, to the Company at its Registered Office, quoting their Folio Number.
7. Members desiring any information as regards accounts and operations are required to write to the Company at its registered office at least 7 days before the date of the meeting so that the information is made available at the meeting.
8. A blank Attendance Slip is annexed to the proxy form. Members are requested to fill up the particulars of the Attendance Slip, affix their signature in the appropriate place and hand it over to the company's officials at the entrance of the Meeting venue.
9. Inspection of documents: Documents referred into the Notice etc. are open for inspection at the registered office of the Company at all working days except Sundays between 11 A.M. and 2 P.M. upto the date of Annual General Meeting.
10. The Ministry of Corporate Affairs, Government of India vide its General Circular dated April 21, 2011 and April 29, 2011 has taken "Green Initiative in Corporate Governance" allowing paperless compliances of law through electronic mode. These Circulars permit the Companies to send various Notices/Documents to its shareholders through electronic mode to the registered e-mail addresses of the shareholders. This move by the Ministry is welcome since it benefits society at large reduction in consumption of paper and it also contributes towards greener planet.
11. Members, who have not registered their e-mail addresses so far, are requested to register their e-mail address with the Registrar and Share Transfer Agent (R & TA) of the Company / Depository Participant (DP) of respective Member and take part in the Green Initiative of the Company.
12. The Register of Directors' Shareholding, maintained under Section 307, the Register of Contracts, maintained under Section 301 of the Companies Act, 1956 all other documents referred to in the Notice and Explanatory Statement will be available for inspection by the Members at the Annual General Meeting/the Registered Office of the Company on all working days (except Saturday and Sunday) between 11.00 A.M. to 2.00 P.M till the date of Annual General Meeting.



ANNEXURE -1

BRIEF RESUME OF THE DIRECTORS SEEKING RE-APPOINTMENT AT THE 29th ANNUAL GENERAL MEETING

Name	Mr. Uttam Kumar Srivastava
Date of Birth	November 19, 1979
Date of Appointment	March 20, 2011
Qualifications	Bachelor's Degree in Commerce.
Expertise in specific Functional area	His Expertise lies in Banking Operations. He is having experience of over 10 years in public relations and Liasoning.
Directorship held in other Companies	Nil
Membership/Chairmanship of Committees across all Public Companies other than PHL	1
Number of shares held in the Company	Nil

For and on behalf of Board of Directors

Place: Delhi  
Date: 04/09/2013

Sd/-  
(Laxman Singh Satyapal)  
Managing Director

# DIRECTOR'S REPORT

To

The Shareholders,

Your Board of Directors has the pleasure in presenting the Twenty Ninth Annual Report together with the Audited Financial Statements of your Company for the financial year ended 31st March, 2013.

## PERFORMANCE HIGHLIGHTS

The highlights of performance of the Company for the financial year 2012-13 were as under with comparative position of previous year's performance:-

Particulars	2012-13	2011-12
Operating Income	1,54,19,710	11,692,522
Other Income	766	5,510,470
Total Income	1,54,20,476	17,202,992
Less: Total Expenses	1,01,68,656	13,730,972
Profit/(loss) before Depreciation & Taxes	52,51,820	3,472,020
Less: Depreciation	2,85,141	160,207
Less: Current tax	16,14,472	1,189,341
Less: Deferred Tax	72,723	14,125
Profit/(Loss) for the year	32,79,484	2,108,347

## WORKING RESULTS

The year 2012-13 was a year with excellent financial results as far as your Company is concerned. The Company had posted a record profit after tax of Rs. 32,79,484/- for the period under consideration, signifying an increase of Rs. 11,71,137/- over the previous year.

## DIVIDEND

Your directors do not declare any dividend for the year with a view to conserve the resource for future growth plans of the company.

## BUSINESS OUTLOOK

Your Company is engaged in the business of Investing, Leasing and Hire Purchase and would like to be positioned as such, much stronger, in future. Encouraged by the Company's success year after year, we have shaped our business plan for the financial year 2012-13 as part of realisation of our long term strategy to 'energise' our goals. We have decided to penetrate into areas hitherto underserved by us. Innovation, improved management, efficient stakeholders' satisfaction, better use of technology and reduced operational costs will become the hallmark of successful NBFCs in future. Your Company's business strategy is in recognition of these facts.

## PUBLIC DEPOSITS

Your Company did not accept any deposits from public in term of the provisions of section 58A of the companies act, 1956 and to this effect an undertaking is given to the Reserve Bank of India.

## RISK AND CONCERNS

As an NBFC, your Company is subjected to both external risk and internal risk. External risk due to interest rate fluctuation, slowdown in economic growth rate, political instability, market volatility, decline in foreign exchange reserves, etc. Internal risk is associated with your Company's business which includes deployment of funds in specific projects, diversification into other business operations, retention of talented personnel, managing effective growth rate, volatility in interest rate, NPAs in portfolio, changes in compliance norms and regulations, contingent liabilities and other legal proceedings. Your Company recognizes the importance of risk management and has invested in people, process and technologies to effectively mitigate the above risks.

## RBI NORMS AND ACCOUNTING STANDARDS

To comply with RBI directions, your company closed its accounts for the full year ending March 2013, and your Company continues to comply with the directives issued as well as the norms prescribed by Reserve Bank of India for NBFCs

## DIRECTORS

The current composition of the Board of Directors of your Company is under:-

Name of Director	Designation	Date of Appointment
Shri Laxman Singh Satyapal	Chairman & Managing Director	18/12/2000
Shri Pradeep Kumar Jindal	Executive Director	30/08/2006
Shri Uttam Kumar Srivastava	Independent Director	20/03/2011
Shri Pawan Kumar Poddar	Independent Director	20/03/2011

The following changes took place in the Board of Directors of Your Company during the year:

- Shri Laxman Singh Satyapal, has been appointed as Managing Director on the Board of the Company, for a period of five years with effect from January 14, 2013.
- Mr. Uttam Kumar Srivastava, Director retire by rotation and being eligible and offer himself for re-appointment. The Board recommends his re-appointment as Director subject to approval of the shareholders at the ensuing Annual General Meeting of the company.

## AUDIT COMMITTEE

The role, terms of reference, authority and powers of the Audit Committee are in conformity with Section 292(A) of the Companies Act, 1956. The Committee met periodically during the year and had discussions with the auditors on internal control systems and internal audit report.





## CORPORATE GOVERNANCE

A separate report on Corporate Governance is enclosed as a part of this Annual Report of the Company. A certificate from Auditors of the Company regarding compliance of Corporate Governance as stipulated under clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

## RBI GUIDELINES

Your Company is complying with all the guidelines of the Reserve Bank of India for Non Banking Finance Company. In terms of Para 13 of the NBFC Regulations, the particulars as applicable to the Company are appended to the Balance Sheet.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A separate report on Management Discussion and Analysis is enclosed as a part of this Annual Report of the Company.

## DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:-

- in preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- the Directors have 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 of the company for the year ended on that date.
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other regularities.
- the Directors have prepared the annual accounts on a going concern basis.

## AUDITORS

M/s Amit R Gupta & Associates, Chartered Accountants, as Statutory Auditors of the company, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re appointment. Your Company has received a certificate from M/s Amit R Gupta, Chartered Accountants, to the effect that the appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956.

## EMPLOYEES

Your Directors place on record the appreciation of effort and dedication of the employees in achieving good results during the year under review. In line with its policy, your Company continues to place great emphasis on training programmes for all-round development of the staff at all levels.

Your Company has been actively concentrating on development of human resources, which is a prime asset for its substantial growth.

## PARTICULARS OF EMPLOYEES

The company does not have any employees whose remuneration exceed the limits for which disclosure is required in accordance with section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 as amended.

## CORPORATE SUSTAINABILITY

Your Company's aspirations of sustaining and enhancing its long term growth plans are well balanced by its conscious commitments to society and in its principles of conducting business in a fully compliant manner. Your company partakes in letter and spirit its intention of being a responsible corporate citizen and is committed to contribute positively in all activities pertaining to environmental protection, energy conservation and societal commitments while at the same time continuing to protect and enhance all stakeholder's interests.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company, being engaged, in the industrial financing does not have any energy utilization or technology absorption. The Company during the year under consideration has not earned or spent any foreign exchange.

## INFORMATION AS PER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956

Pursuant to the Non Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 1998, a report from the Statutory Auditors to the Board of Directors, has been received by the Company.

## NON-BANKING FINANCIAL COMPANIES AUDITORS' REPORT (RESERVE BANK) DIRECTIONS, 1998

Pursuant to the Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 1998, a report from the statutory auditors to the Board of Directors, has been received by the Company.

## ACKNOWLEDGEMENT

Your Directors acknowledge the dedicated service rendered by the Employees of the Company at all levels. The Directors also acknowledge the support and co-operation received especially from Shareholders, Investors, and Well-wishers, Government Departments, Bankers, and other Financial Institutions.

For and on behalf of the Board of Directors

Sd/-

(Laxman Singh Satyapal)

Chairman & Managing Director

Sd/-

(Pradeep Kumar Jindal)

Director

Place: Delhi

Date : 04/09/2013

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your company is one of the premier diversified Non-Banking Finance Companies in India, engaged in providing financing, Investing and Hire-purchase Activity.

The company has robust sourcing, underwriting, receivables, collection and operations models commensurate with the size and risks of the respective underlying asset class. The company is also engaged in the business of distribution of financial products.

Emerging from a challenging environment created due to its exposure to the global turnarounds and varying economic conditions, your company undertook a comprehensive review of its business positioning to once again become a leading industry player with solid and sustainable growth by focusing on major industrial growth policies.



## OVERVIEW OF THE ECONOMY

The Financial year 2012-13 has been a year of accelerated recovery. After a significant dip in FY 2011-12, followed by a recovery that gained strength in the last fiscal year, the journey of the Indian economy has been challenging but the outcome has been encouraging.

On the positive side, a likely improvement in private domestic demand conditions, a stronger recovery in the global economy during the second half of the fiscal year (leading to strong growth in exports) and moderation of inflation are all expected to provide a much desired impetus to overall growth in the coming year. During this year the GDP growth estimated at 6.9 per cent in real terms in 2011-12. Slowdown in comparison to preceding two years is primarily due to deceleration in industrial growth.

Headline inflation expected to moderate further in next few months and remain stable thereafter. Steps have been taken on to bridge gaps in distribution, storage and marketing systems have helped in more effective management of inflation. There are Developments in India's external trade in the first half of current year have been encouraging. India's GDP growth in 2012-13 expected to be 7.6 per cent +/- 0.25 per cent. Deterioration in fiscal balance in 2011-12 due to slippages in direct tax revenue and increased subsidies.

## STRENGTH, WEAKNESS, OPPORTUNITY AND THREATS

We believe that our competitive strength include-Leadership in providing innovative solutions that enable us to deliver improved business results in addition to optimizing the efficiency of their business results, commitment to quality and process execution, ability to scale and innovation and leadership.

We seek to further strengthen our position

## RISK MANAGEMENT

Risks to a varying degree, is inevitable in all business transactions in an organization which is in financial services industry. Hence a strong risk management capabilities are critical for a growing company operating in a rapidly changing environment.

In a challenging financing business, effective risk management enhances earnings quality and consistency through an embedded structure where the risk is identified and controlled closest to the point of its origination. In this sense, there is no difference between the way business is conducted and risk is managed.

Risk and reward are clearly recognized as being two sides of the same coin. Equal and sufficient weightage is given to other possible sources like operations, reputation, regulatory issues, funding, liquidity and interest rates.

The risk management framework of the company is driven by the following fundamentals:

- Identification of key risks faced by the company.
- Evaluating the probability of their occurrences and their impact.
- Setting an appropriate balance between risk and reward in order to maximize the shareholders return.
- Setting tolerance limits and establish adequate review mechanisms to monitor and control the risks.
- Incorporating robust reporting mechanism and adoption of appropriate mitigation processes.

The risk management framework of the company includes key components such as strong corporate oversight, an independent risk management and audit function and comprehensive processes to identify, measure, monitor and report treasury and operational risks.

The company is primarily exposed to various types of risks such as entrepreneurial risk, operational risk, market risk, interest rate risk, liquidity risk and leverage risk.

It evaluates and advises changes required in relation to the business environment.

The board reviews the overall risk management system in the company periodically.

## INTERNAL CONTROL SYSTEMS

The company has put in place extensive internal controls to mitigate risks. The company has established procedures including a clear delegation of authority and standard operating procedures for all business parts. The in-house internal audit department as well as the internal auditors of the company reviews on an ongoing basis for the adequacy and effectiveness of controls.