



# **ANNUAL REPORT**

## **2014-2015**

# INSIDE THIS REPORT



## CORPORATE OVERVIEW

LETTER TO SHAREHOLDERS .....	3
S R G SECURITIES AT A GLANCE.....	4
FINANCIAL HIGHLIGHTS.....	5
CORPORATE INFORMATION.....	6

## GOVERNANCE

DIRECTOR'S REPORT.....	7
MANAGEMENT DISCUSSION AND ANALYSIS REPORT.....	24
REPORT ON CORPORATE GOVERNANCE.....	28
AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE.....	46

## FINANCIAL STATEMENTS

INDEPENDENT AUDITORS REPORT.....	47
BALANCE SHEET.....	51
PROFIT & LOSS STATEMENT.....	52
CASH FLOW STATEMENT.....	53
SIGNIFICANT ACCOUNTING POLICIES.....	54
NOTES ON FINANCIAL STATEMENTS.....	56

# LETTER TO SHAREHOLDERS



**Dear Shareowners,**

I am extremely delighted to welcome you to the 20<sup>th</sup> Annual General Meeting of S R G Securities Finance Limited, and it is a pleasure that has doubled this year, on account of the Company's superlative performance this year.

Now that we are through with our 20<sup>th</sup> year's celebrations, it is time to look ahead and gear up for the next years and onwards on a path that will be more exciting, enriching, challenging and fulfilling. It has been a great learning experience and a journey of building long term relationships. We started the journey with a noble intention, pursued our goals sincerely and built an organization on strong foundations of values, ethics and principles. We are sure that the next decades and centuries for our Institution would be full of opportunities, promises and achievements.

Non-banking financial companies (NBFCs) in India have largely managed to hold their own against headwinds such as high inflation, tight liquidity and more stringent norms from the Reserve Bank of India. Over the years NBFC sector has become a crucial part of the financial services sector. With the growing importance as financial intermediaries the regulatory side has also been evolving very dynamically for NBFCs with a number of new categories like NBFC-Factors, NBFC-IDFs, NBFC-MFIs etc. being introduced during the last few years.

Let me now take you through the key developments of the company in brief so that you may see how the growth of the Company may be termed as truly spectacular, keeping the overall environment in mind.

Income of the Company's business increased to Rs 1.64 crores in FY 2014-15, marking a jump of 37% over the FY 2013-14's revenues of Rs 1.20 crores. PBT grew by 36% to Rs. 0.34 Crores in FY 2014-15, up from Rs. 0.25 crores in the previous year. Further the Loan Portfolio of the Company grew by 16% to Rs. 8.91 crores in FY 2014-15 from Rs. 7.65 crores in the previous year.

As you are aware that past years have been extremely testing for the NBFC sector in India but in spite of this, your company has remained profitable and continued to grow, although at a slower pace. Company has consistently shown its performance including product innovation as a result of which your company introduced a new product known as "Business Loan" in the year 2013-14. Company had seen a great response from this product line and is confident to introduce more new products of same kind in future.

Overall strategically, the year saw us re-orient ourselves with a focus on building ourselves into a pure-play NBFC. With a conscious move towards superior business portfolio, renewed understanding of our identified customer segments, re-alignment of processes and systems and strong focus on product innovation SRGSFL is geared to move ahead strongly.

Our commitment to excellence is a key component of our strategy and goals, and will play a very important role in the achievement of our Vision.

While focusing strongly on business results, we brought about several process improvements and took initiatives to strengthen the foundations and core working systems of the Company. This included listing the Company's share on SME Platform of Bombay Stock Exchange on 29<sup>th</sup> October, 2013, which added to the reputation, governance and transparency of the Company. For improving the processes and back end operations of NBFC business, the Company regularly makes initiative for developing the system that will help in improving productivity and loan evaluation, processing and management. On the HR front, the Company inducted high calibre talent for higher productivity and growth of Business. For better governance and smooth functioning of the company, the company adopted various policies and norms under the guidelines of BSE, RBI and Companies Act.

With a demonstrated strong performance on the business front, and addition of significant initiatives for the future growth and development of the organization, I am confident that the Company shall continue to prosper in the coming times as well. At this juncture, I warmly wish to thank you, our wise and responsible shareholders, who have supported the board in its initiatives. On behalf of the entire board, I also wish to thank all employees, bankers, regulatory bodies, governmental administration, business associates, customers and all other stakeholders for being firm partners in the Company's support. I am convinced that with your continued support, the Company can confidently look forward to another bright year ahead.

Warm wishes and best regards,

Sd/-

Vinod K. Jain

Managing Director

DIN: 00248843

# S R G SECURITIES

## AT A GLANCE

### ACHIEVEMENTS DURING THE YEAR

Income of the Company's business increased to Rs 1.64 crores in FY 2014-15, marking a jump of 37% over the FY 2013-14's revenues of Rs 1.20 crores

PBT grew by 36% to Rs. 0.34 Crores in FY 2014-15, up from Rs. 0.25 crores in the previous year

Loan Portfolio of the Company grew by 16% to Rs. 8.91 crores in FY 2014-15 from Rs. 7.65 crores in the previous year.

**S R G SECURITIES FINANCE LIMITED**, a company registered under the Companies Act, 1956 was incorporated on 06<sup>th</sup> March, 1995, with the Registrar of Companies, Jaipur with an object to work in the field of finance.

The company started its financing operations after getting license from Reserve Bank of India in the year 1999.

At present, the company is working in the field of financing of Vehicles, construction and mining equipments and Business Loan; the company is registered as NBFC with RBI (Registration No. 10.00097) and has an excellent track record as leading financial service provider in the field of financing.

The Registered Office of the Company was initially situated at Jaipur, which later w.e.f. 05<sup>th</sup> May 1999 shifted to Udaipur.

SRG GROUP is one of the blooming enterprises in Rajasthan. It has a spectrum of business like finance of commercial vehicles, construction

equipment, home loan, business Loan, insurance, Software Development, under one umbrella and is stretching to further horizons.

With a track record of 20 years in this business we are among the leading organized Non-Banking finance company providing loans for mining & construction equipments, vehicles, business loan in Rajasthan.

The link with the common man has strengthened us with time. Behind the functioning of the organization, is the belief that each customer is an asset in the growth of our business. At SRG, we are guided by a firm belief in people and their potential to achieve their goals. This philosophy has inculcated a believe that no dream is too big.

Our Company is mainly involved in Financing of Construction and Mining equipments, Heavy earth moving machinery, all types of vehicles, Business Loans etc. Our loan products are customized to the requirements of our borrowers, which can be classified as:

### EQUIPMENT FINANCE SCHEME– (EFS)

Presently we are more involved in the business of Equipment and Vehicle finance under our EFS. The Equipment finance scheme is offered to Individuals and Corporate Bodies who wish to seek this facility either for mining & construction equipments or for transportation vehicles. We also provide finance for the purchase of new equipments for road, mining as well as construction projects. We provide finance for excavators, dumpers, tippers, compressors, heavy transport vehicles, mining equipments etc. even to the small operators with affordable finance charges.



### VEHICLE FINANCE



We also provide loan for purchase of cars, jeeps and Heavy vehicles like trucks, tractors etc. We provide Wide range of vehicles finance.

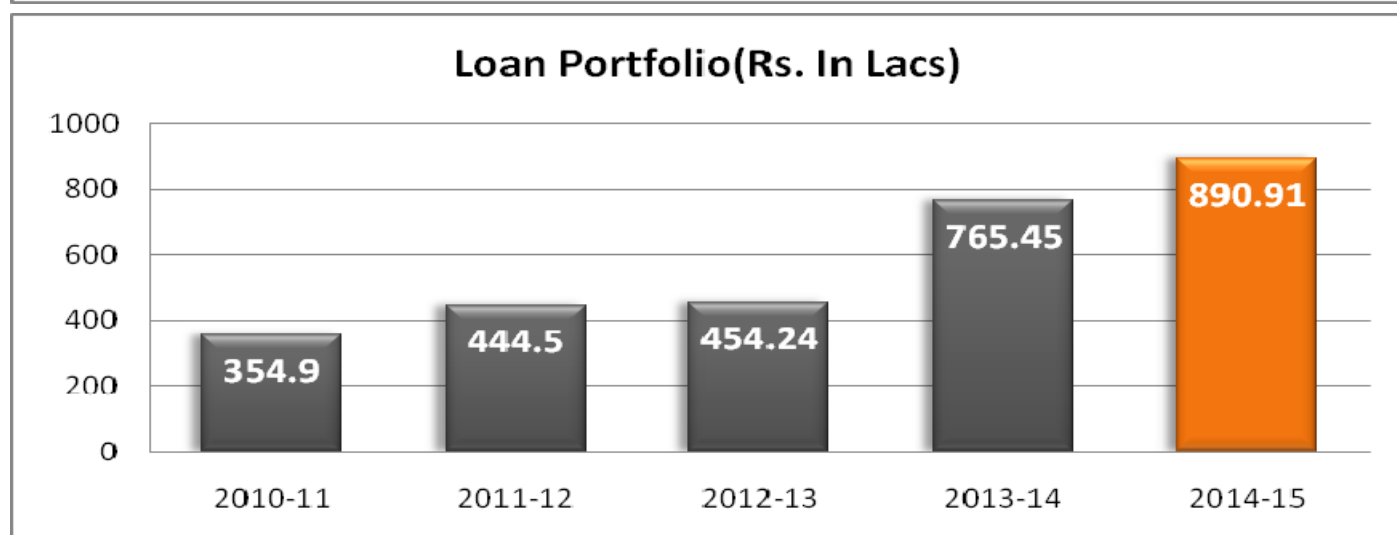
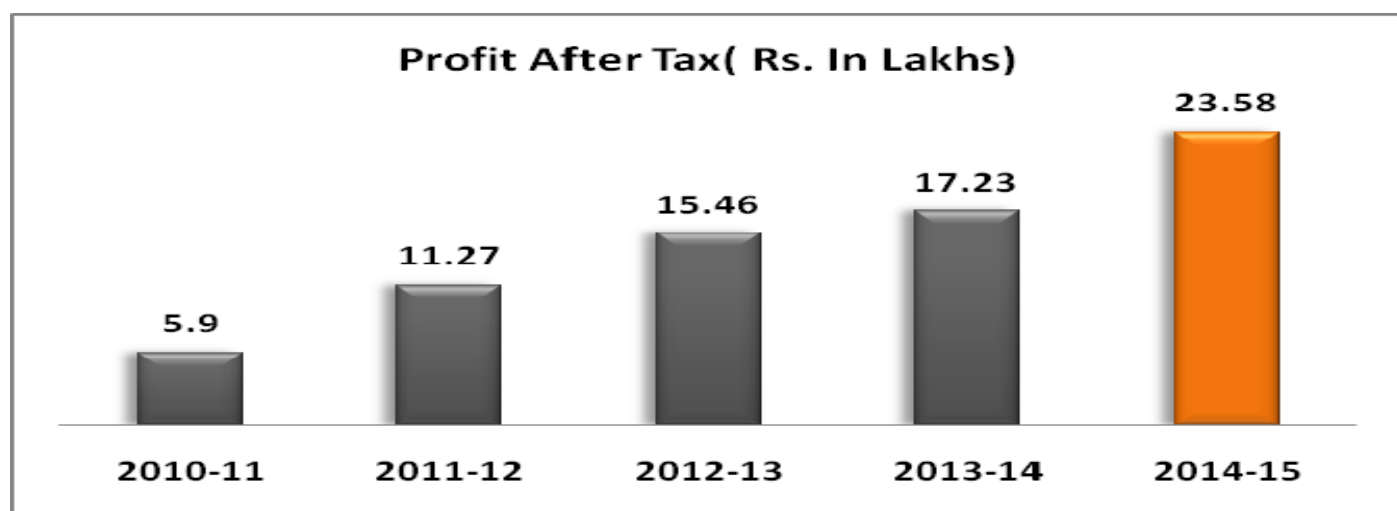
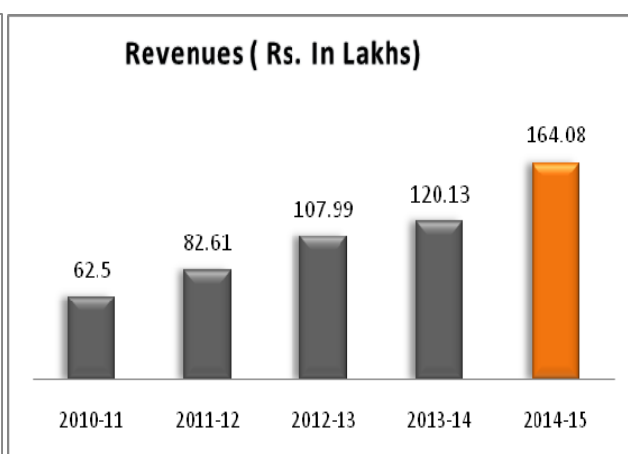
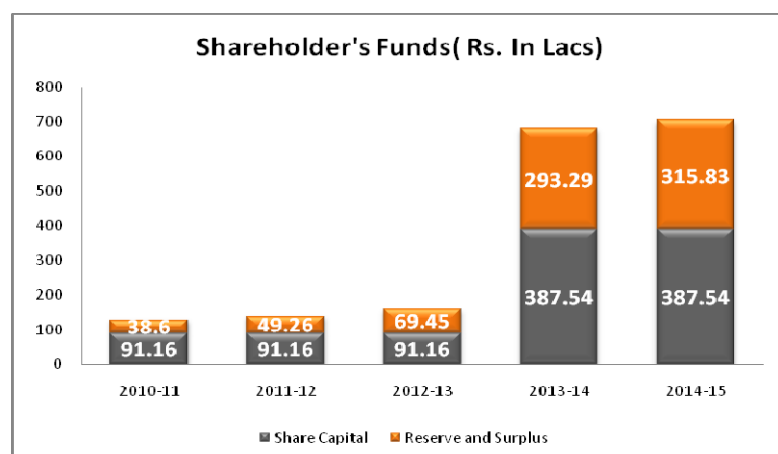
### BUSINESS LOAN:

SRG SFL has introduced new concept in the field of finance known as business loan to various established business entity for their business needs for a shorter or longer periods.

The unique concept behind this is that do your business freely without worry for financial needs we should take care for the same.

# FINANCIAL HIGHLIGHTS

	2010-11	2011-12	2012-13	2013-14	(Rs. In lacs) 2014-15
Gross Revenues	62.50	82.61	107.99	120.13	164.08
Profit After Tax	5.90	11.27	15.46	17.23	23.58
Shareholders' Funds	129.76	140.42	160.61	680.84	703.37
Share Capital	91.16	91.16	91.16	387.54	387.54
Reserve and Surplus	38.60	49.26	69.45	293.29	315.83
Borrowings from Banks	256.73	310.28	335.56	214.16	257.60
Receivables under financing activity	354.90	444.50	454.24	765.45	890.91



# CORPORATE INFORMATION



## 1. BOARD OF DIRECTORS

### Managing Director

- Shri Vinod K. Jain

### Whole Time Director

- Smt. Seema Jain

### Executive Director

- Shri Rajesh Jain

### Independent Director

- Shri Arjun Lal Jain
- Shri Bhupesh Kumar Jain
- Shri Nishant Badala

## 2. BOARD COMMITTEES

### Nomination & Remuneration Committee

#### Chairman

- Shri Arjun Lal Jain

#### Members

- Shri Bhupesh Kumar Jain
- Shri Nishant Badala

### Shareholder's/ Investor's Grievance Committee

#### Chairman

- Shri Bhupesh Kumar Jain

#### Members

- Shri Arjun Lal Jain
- Shri Rajesh Jain

### Audit Committee

#### Chairman

- Shri Nishant Badala

#### Members

- Shri Vinod K. Jain
- Shri Bhupesh Kumar Jain

### Risk Management Committee

#### Chairman

- Shri Vinod K. Jain

#### Members

- Shri Arjun Lal Jain
- Shri Nishant Badala

## 3. EXECUTIVES

### CFO

- Mrs. Aarti Jain

### Company Secretary

- Ms. Garima Soni

## 4. AUDITORS

- M/s. Valawat Jha Pamecha & Co.  
Chartered Accountants

## 5. SECRETERIAL AUDITOR

- M/s. Deepak Vijaywarghey & Associates  
Practicing Company Secretary

## 6. PRINCIPAL BANKER

- Bank of Baroda

## 7. LISTED ON STOCK EXCHANGES

- BSE SME

## 8. REGISTRAR & SHARE TRANSFER AGENT

Sharex Dynamic (India) Pvt. Ltd.  
Unit No. 1, Luthra Industrial Premises,  
Andheri Kurla Road, Safed  
Pool, Phones: 022-28515606,  
28515644, Fax: (022) 2851288

## 9. REGISTERED OFFICE

322 SM Complex Lodha Near  
Shastri Circle Udaipur (Raj.) 313001  
Email– srgsecurities@gmail.com  
Website: www.srgfin.com  
Phone: 0294-561882  
CIN: L67120RJ1995PLC009631

# DIRECTOR'S REPORT

To

The Members,

The Directors have pleasure in presenting before you the Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2015.

## FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS & STATE OF AFFAIRS:

Particulars	2014-15	2013-14
<b>Gross Income</b>	<b>164.08</b>	<b>120.13</b>
Less: Finance Cost	39.68	36.96
Overheads	84.23	55.07
Depreciation	6.04	3.17
<b>Profit before Tax &amp; Exceptional Items</b>	<b>34.13</b>	<b>24.93</b>
Add : Exceptional Items	0.00	0.00
<b>Profit before Tax</b>	<b>34.13</b>	<b>24.93</b>
Less : Provision for taxation	11.24	7.95
<b>Profit after tax</b>	<b>22.89</b>	<b>16.98</b>
Deferred Tax Assets	0.70	0.24
Add : Balance b/d from the previous year	18.78	41.58
Excess provision for NPA	0	2.11
Excess provision for Income Tax	0	0.09
<b>Surplus available for appropriations</b>	<b>42.37</b>	<b>61.00</b>
<b>Appropriations</b>		
Transferred to Special Reserve	4.75	3.50
Provision for standard Assets	0.28	0.79
Utilised for Issue of Bonus Issue	0	37.93
Provision for NPA	0.60	0.00
Assets W/o as per co. act 2013	0.14	0.00
Excess Provision for Income Tax	0.03	0.00
Balance carried over to Balance Sheet	36.57	18.78

## LENDING OPERATIONS & DISBURSEMENT OF LOANS:

Your Company registered a remarkable growth in its operations. The highlights of Company's Performance are as follows:

- The operating profit before charging depreciation and tax amounted to Rs 40.17 lacs in the year 2014-15 as against Rs. 28.10 lacs in the preceding year; representing a rise of 42.95%.
- Profit after Tax (PAT) before extraordinary items went up by 36.93% to Rs. 23.58 lacs in the year 2014-15 from Rs.17.22 lacs in the previous year.
- As at 31<sup>st</sup> March, 2015, the loan portfolio stood at Rs. 890.91 lacs as against Rs. 765.45 lacs in the previous year an increase of 16.39%.

As part of its liability management, your Company endeavors to diversify its resource base in order to achieve an appropriate maturity structure and minimize the weighted average cost of borrowed funds.

**DIVIDEND:**

Your Directors felt it prudent to retain the earnings for the year under review to be ploughed back in business, which shall result in further augmentation of the Company's growth and shareholders' wealth.

**CHANGES IN SHARE CAPITAL:**

During the year under review, there were no changes in the share capital of the Company.

**UNCLAIMED DIVIDEND:**

Under the provisions of section 125 of Companies Act, 2013 dividends that remain unclaimed for a period of seven years from the date of declaration are required to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government. As at March 31<sup>st</sup>, 2015 there are no unpaid/ Unclaimed Dividend to be transferred to Investor Education and Protection Fund.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

Pursuant to the Clause 52 of the Listing Agreement with the BSE SME, Report on Management Discussion and Analysis is annexed herewith in Annexure IV.

**SUBSIDIARY COMPANIES:**

The Company does not have any subsidiary.

**DIRECTOR'S RESPONSIBILITY STATEMENT:**

In pursuance of section 134 (3) (c) of the Companies Act, 2013, and based on the information provided by the management, your Directors hereby confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed;
- (b) Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the Company as at March 31<sup>st</sup>, 2015 and of the profit of the Company for the year ended on that date;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- (d) The annual accounts of the Company have been prepared on a going concern basis.
- (e) Internal controls have been laid down to be followed by the Company and such internal controls were adequate and were operating effectively.
- (f) Systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.



## **CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:**

Your Company has taken adequate steps to adhere to all the stipulations laid down in Clause 52 of the BSE SME Listing Agreement. A report on Corporate Governance is included as a part of this Annual Report in ANNEXURE VI.

Certificate from the Statutory Auditors of the company confirming the compliance with the conditions of Corporate Governance as stipulated under Clause 52 of the Listing Agreement is attached to this report.

In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto.

## **RELATED PARTY TRANSACTIONS:**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Your Directors draw attention of the members to Note 18 to the financial statement which sets out related party disclosures.

## **RISK MANAGEMENT POLICY:**

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Clause 52 of the listing agreement, the company has in place risk management policy and a risk management committee. The details of the committee and its terms of reference are set out in the corporate governance report forming part of the Boards report.

At present the company has not identified any element of risk which may threaten the existence of the company.

## **CORPORATE SOCIAL RESPONSIBILITY POLICY:**

Pursuant to the provisions of section 135 and schedule VII of the Companies Act, 2013, at present the CSR provisions are not applicable to the Company.

## **DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS:**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit function is defined by board. To maintain its objectivity and independence, the Internal Auditor reports to the Chairman of the Audit Committee of the Board and/or to the Managing Director.

The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

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

## **DIRECTORS:**

During the year under review, the Board of Directors on the recommendation of Nomination and Remuneration Committee has changed the Designation of Director Mr. Rajesh Jain from Executive Director to Non– Executive Director in the meeting held on July 13<sup>th</sup>, 2015 subject to the approval of members in the general meeting. Further in accordance with the provisions of the Act and the Articles of Association of the Company Mr. Rajesh Jain ,Director is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re appointment.

The term of appointment of Mrs. Seema Jain, Whole Time Director expires on 19.07.2015 and therefore Board of Director have in their meeting held on 13.07.2015 re– appointed Mrs. Seema Jain, Whole Time Director on such terms and conditions including remuneration as decided by Board on recommendation of Nomination & Remuneration Committee subject to the approval of members in the general meeting.

Your directors recommend their appointment / re-appointment.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of Section 164 of the Companies Act, 2013.

## **DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS:**

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence as laid down in Section 149(6).

## **AUDITORS:**

### **Statutory Auditors:**

At the 19<sup>TH</sup> Annual General Meeting held on September 18<sup>th</sup>, 2014, the members had appointed M/s Valawat Jha Pamecha & Co. Chartered Accountants (registration No. 008265 C) as the statutory auditors of the Company for a period of 3 years upto the conclusion of 22<sup>nd</sup> Annual General Meeting to be held in the year 2017, subject to them ratifying the said appointment at every AGM. The Company has received a confirmation from M/s Valawat Jha Pamecha & Co. Chartered Accountants, to the effect that their appointment, if made, at the ensuing AGM would be in terms of Sections 139 and 141 of the Companies Act, 2013 and rules made there under. The board proposes to the members to ratify the said appointment of M/s Valawat Jha Pamecha & Co. Chartered Accountants.

### **Secretarial Auditors:**

M/s Deepak Vijaywargey & Associates, Practicing Company Secretary, Udaipur was appointed as the Secretarial Auditor of the Company for the financial year 2014-15 by the Board of Directors pursuant to provisions of Companies Act, 2013 and rules there under. Secretarial audit report as provided by M/s Deepak Vijaywargey & Associates, Practicing Company Secretary is annexed to this Report as ANNEXURE II.

## **QUALIFICATIONS IN AUDIT REPORTS:**

There are no qualifications, reservations or adverse remarks or disclaimer made—

- (a) By the statutory auditor in his report; and
- (b) By the company secretary in practice in his secretarial audit report;