



## 2015-16 *ANNUAL REPORT*



# Index

## CORPORATE OVERVIEW

About S R G Securities	1
Financial Highlights	2
Letter to Shareholders	3
Corporate Information	4

## GOVERNANCE

Director's Report	6
Management Discussion & Analysis Report	25
Report on Corporate Governance	30
Auditor's Certificate on Corporate Governance	49

## FINANCIAL STATEMENTS

Independent Auditor's Report	50
Balance sheet	56
Profit and loss Statement	57
Cash Flow Statement	58
Significant Accounting Policies	59
Notes on Financial Statements	61





## ABOUT S R G SECURITIES

S R G Securities Finance Ltd. is a BSE SME listed Non-Banking Finance Company (NBFC). It was incorporated on 6<sup>th</sup> March, 1995. The company started its operations after getting registered with RBI in year 1999.

S R G Securities Finance Ltd. is a part of SRG Group of Companies, one of the most respected organizations in South Rajasthan with over 21 Years of robust customer focused approach and a continuous quest for being the most preferred when it comes to financial assistance.

The Company is engaged in providing financial assistance to people in Tier-III and Tier-II Cities. The company has various products like Business Loans, Vehicle Finance, Equipment Finance and Loans against Property.

The Triumph of S R G Securities Finance Ltd. is the outcome of the agitated efforts of its Promoter and Managing Director Mr. Vinod K. Jain. With an experience of more than 2 decades Mr. Jain has proved his acumen and business skills in all over Rajasthan. His relentless ambition has established the brand SRG and fueled the company to the new heights of success.

The S R G Securities Finance Ltd. strongly acknowledges its role in developing economic health of every person residing in its area of operation and thereby contributes in the development of the strong Economic Scenario of the Nation.

## BUSINESS HIGHLIGHTS

### **High Capital adequacy Ratio**

Company's Capital Adequacy Ratio is 53.49 % as on March, 2016 which we believe provides an adequate cushion to withstand business risks and is above the minimum rate of 15% as prescribed by RBI.

### **Diversified Products**

Company has wide range of products categorized as Equipment Finance, Vehicle Finance, Business Loan and Loan Against Property.

### **Adequate Internal Control System**

Company has adequate internal financial controls and systems over System financial reporting.

### **MIS Reporting**

Proper MIS Reporting is the base of adequate control systems in the organisation.

### **Experienced Promoters**

More than 20 years of experience in the field of Insurance, Financial Services, driving operational growth, maximizing business opportunities and ensuring compliance with regulatory requirements

### **Brand Name of SRG**

Established Brand Name of SRG in Asset Financing mainly in the Rajasthan.

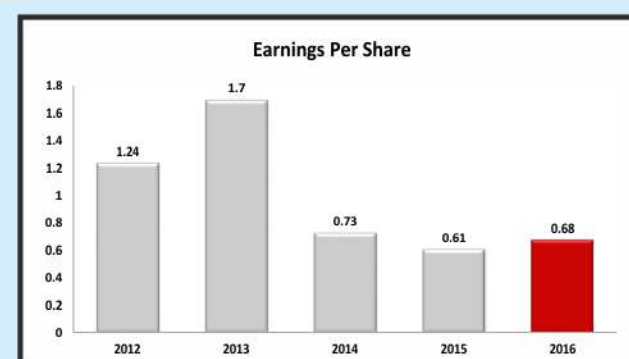
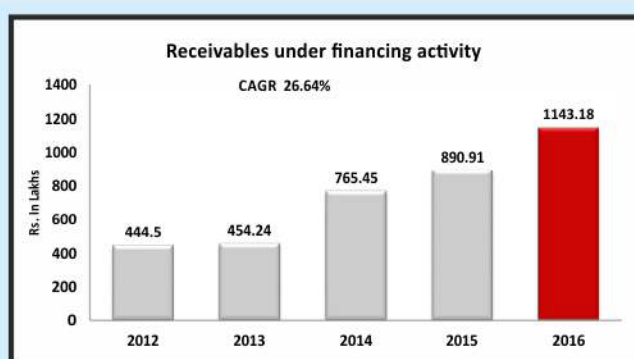
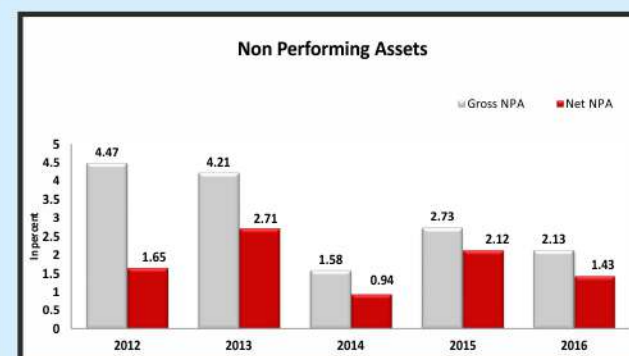
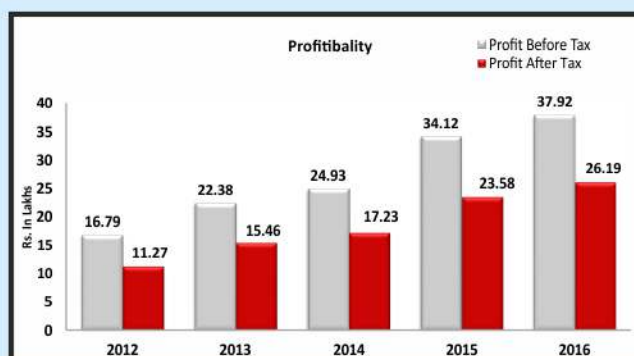
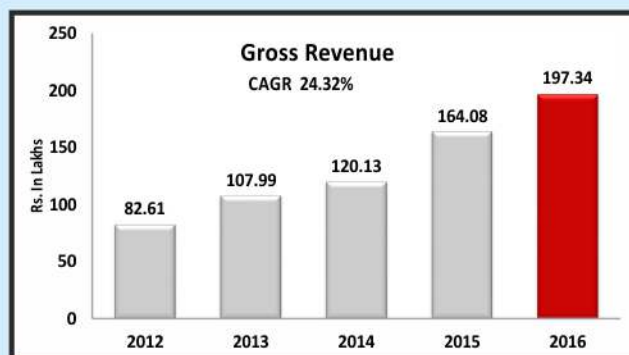
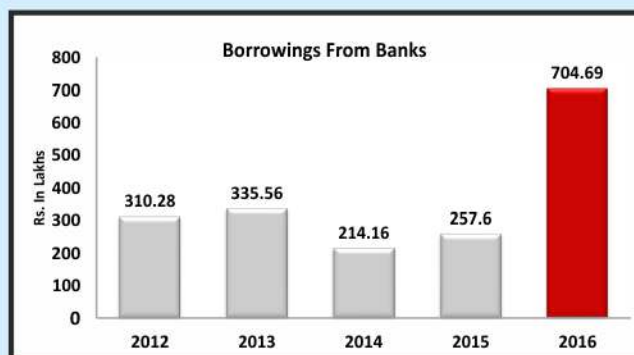
### **High Growth Rates**

PAT and Gross Revenue CAGR: 23.47% & 24.32% respectively.

# FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

Particulars	2011-12	2012-13	2013-14	2014-15	2015-16
Gross Revenues	82.61	107.99	120.13	164.08	197.34
Shareholders' Funds	140.42	160.61	680.84	703.37	726.66
Share Capital	91.16	91.16	387.54	387.54	387.54
Reserve and Surplus	49.26	69.45	293.29	315.83	339.12
Borrowings from Banks	310.28	335.56	214.16	257.60	704.69
Receivables under financing activity	444.50	454.24	765.45	890.91	1143.18
Profit After Tax	11.27	15.46	17.23	23.58	26.19
Profit Before Tax	16.79	22.38	24.93	34.12	37.92
Earnings Before Interest & Tax	58.81	71.68	61.89	73.81	91.93
Earning Per Share	1.24	1.70	0.73	0.61	0.68
Gross Non Performing Assets	4.47	4.21	1.58	2.73	2.13
Net Non Performing Assets	1.65	2.71	0.94	2.12	1.43





# LETTER TO SHAREHOLDERS

Dear Shareholders,

I am extremely delighted to present the 21<sup>st</sup> Annual report of S R G Securities Finance Ltd. (SRGSFL) which contains Financial performance as well as values, beliefs and practices that shape the company.

In these 2 decades, SRGSFL has established itself as one of the premier non-banking financial companies (NBFCs) in Rajasthan. The business model of SRGSFL is built on well-defined customer segmentation along with diversified products within a robust risk management and operational excellence framework.

The highlights of the performance of the company are as under :

★ **High Growth Rates:**

● **PAT CAGR : 23.47%** ● **Revenue CAGR : 24.32%**

★ **Earning per share increased from 0.61 in 2014-15 to 0.68 in 2015-16**

★ **Revenue grew from Rs. 164.08 Lacs in 2014-15 to Rs. 197.34 Lacs in 2015-16**

★ **Profit after tax increased from Rs. 23.58 lacs in 2014-15 to Rs. 26.19 Lacs in 2015-16**

★ **High Capital Adequacy Ratio : 53.49% as on March 31<sup>st</sup>, 2016**

★ **EBIT grew by 24.54% to Rs. 91.93 Lacs in 2015-16 from Rs. 73.81 Lacs in 2014-15**



We are constantly evolving by introducing new products, entering new markets and expanding our business segments.

We believe in reaching customers, whatever the location or the social strata. The cornerstone of our continued growth over the years has been the ability to have a deep local connect with the market and customer, without losing sight of national opportunities.

Our ability to create long-term sustainable relationships with our stakeholders based on mutual respect and fairness is at the heart of our success.

S R G Securities Finance Limited is indeed well poised to enter a new growth trajectory going forward – by customer category, region and an expanding product portfolio led by the fundamentals of integrity, commitment to performance and innovation.

I would like to thank all my colleagues for their unflinching dedication, commitment and contribution for strengthening SRGSFL. We are looking forward to continue on our mission of achieving excellence.

I would also like to place on record my sincere appreciation to the Board of Directors for their guidance. I would like to express my gratitude to all our stakeholders for their continuing faith in SRGSFL.

Yours sincerely,

Sd/-

Vinod K. Jain

Managing Director

DIN: 00248843

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Managing Director

Shri Vinod K. Jain



### Whole Time Director

Smt. Seema Jain

### Non- Executive Director

Shri Rajesh Jain

### Independent Director

Shri Bhupesh K. Jain  
Shri Arjun Lal Jain  
Shri Nishant Badala

### EXECUTIVES

#### **CFO**

Mrs. Aarti Jain

#### **Company Secretary**

Ms. Garima Soni

#### **STATUTORY AUDITOR**

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

#### **SECRETARIAL AUDITOR**

M/s. Deepak Vijaywargye & Associates  
Practicing Company Secretary

#### **INTERNAL AUDITOR**

M/s Ketan & Co.  
Chartered Accountants

### **PRINCIPAL BANKER**

STATE BANK OF INDIA

### **LISTED ON STOCK EXCHANGES**

BSE SME

### **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

# BOARD COMMITTEES

## **Nomination & Remuneration Committee**

### **Chairman**

Shri Arjun Lal Jain

### **Members**

Shri Bhupesh Kumar Jain

Shri Nishant Badala

4 COMMITTEES  
ASSISTS THE BOARD  
OF DIRECTORS  
IN ITS WORK

## **Stakeholder's Relationship 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**

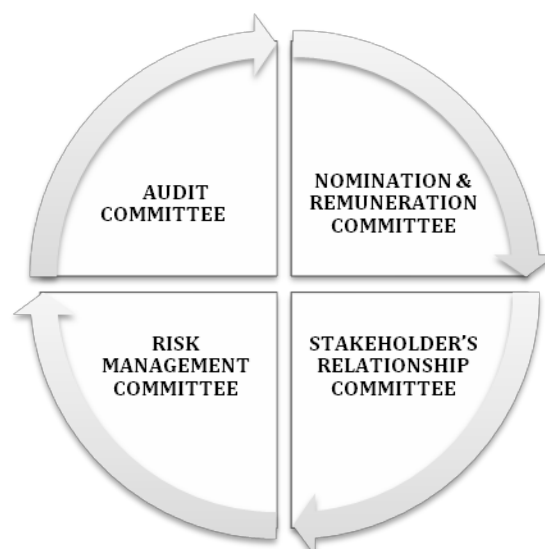
### **Chairman**

Shri Vinod K. Jain

### **Members**

Shri Arjun Lal Jain

Shri Nishant Badala



## **Registered Office:**

322 SM Complex Lodha

Near Shastri Circle Udaipur (Raj.)-313001

Email-srgsecurities@gmail.com

Website: www.srgfin.com

Phone: 0294-2561882

Fax: 0294-5100098

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, 2016.

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

(Rs. In Lakhs)

Particulars	2015 -16	2014 -15
<b>Gross Income</b>	<b>197.34</b>	<b>164.08</b>
Less: Finance Cost	54.01	39.68
Overheads	92.71	84.23
Depreciation	12.70	6.04
<b>Profit before Tax &amp; Exceptional Items</b>	<b>37.92</b>	<b>34.13</b>
Add : Exceptional Items	0.00	0.00
<b>Profit before Tax</b>	<b>37.92</b>	<b>34.13</b>
Less : Provision for taxation	13.50	11.24
<b>Profit after tax</b>	<b>24.42</b>	<b>22.89</b>
Deferred Tax Assets	1.77	0.70
Add : Balance b/d from the previous year	36.57	18.78
Excess provision for Income Tax	0.19	0
<b>Surplus available for appropriations</b>	<b>62.95</b>	<b>42.37</b>
<b>Appropriations</b>		
Transferred to Special Reserve	5.25	4.75
Provision for standard Assets	0.63	0.28
Provision for NPA	2.47	0.60
Assets W/o as per Co. Act, 2013	0.00	0.14
Excess Provision for Income Tax	0.00	0.03
Balance carried over to Balance Sheet	54.60	36.57

## 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 50.62 lakhs in the year 2015-16 as against Rs. 40.17 lakhs in the preceding year; representing a rise of 26.01%.
- ★ Profit after Tax (PAT) before extraordinary items went up by 11.07% to Rs. 26.19 lakhs in the year 2015-16 from Rs.23.58 lakhs in the previous year.
- ★ As at 31<sup>st</sup> March, 2016, the loan portfolio stood at Rs. 1143.18 lakhs as against Rs. 890.91 lakhs in the previous year an increase of 28.32%.
- ★ Disbursements during the year amounted to Rs. 5.12 Crores in 2015-16.

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. During the year under review, financial assistance of Rs. 9.00 Crores was sanctioned from State Bank of India.



**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>, 2016 there are no unpaid/ Unclaimed Dividend to be transferred to Investor Education and Protection Fund.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

Pursuant to SEBI (LODR) Regulations, 2015, 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>, 2016 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 SEBI (LODR) Regulations, 2015. 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 SEBI (LODR) Regulations, 2015 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 contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at the link (<http://srgfin.com/BestPracticesSub/26/Policy%20on%20Related%20Party>).

Your Directors draw attention of the members to Note 20 to the financial statement which sets out related party disclosures.

#### **RISK MANAGEMENT POLICY:**

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & SEBI (LODR) Regulations, 2015, the company has in place a risk management framework approved by the Board of Directors. SRGSFL's Risk Management framework provides the mechanism for risk assessment and mitigation. Company has in place 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 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 and/or to the Managing Director.