

Annual Report 2014



CHEMMANUR
Credits and Investments Limited

BOBY CHEMMANUR INTERNATIONAL GROUP VENTURE

ABOUT THE COMPANY

Chemmanur Credits and Investments Limited (CCIL) was promoted by Mr. Bobby Chemmanur, Chairman of Bobby Chemmanur International Group. The Group enjoys a business tradition of more than 150 years and has been focusing its attention on jewellery line of business. With the incorporation of CCIL, the group ventured into the area of providing financial services. The Company was incorporated in the year 2008.

Mr. CD Bobby, Chairman of the group was noted for his uniqueness whether it is his thoughts, style of doing things, or business ideas. He is one of the emerging dynamic business personalities of south India. His hard work, vision and dedication could make the brand internationally well known among 19 Crore global population.

Mr. Bobby has been the recipient of many awards for his business acumen as also charity and philanthropic initiatives. His latest philanthropic initiative has been a marathon race from Kasaragode to Thiruvananthapuram to spread the message '*Donate Blood and Save Life*' and to create data base for the largest blood bank in the world. He successfully covered 812 kms across Kerala creating awareness on Blood Donation and could in the process convert lakhs of people into volunteers for donating blood. Mr. Bobby Chemmanur has been declared as the Record Holder for this marvelous feat for a noble cause by the "India Book of Records", the "Asia Book of Records" and the "Unique World Records". He has also been awarded the special award of the "Record Holder of the Year 2014" by the Unique World Records Limited. In addition to all these, World Records University, UK has selected Mr. Bobby Chemmanur for an Honorary Doctorate Degree which will be conferred on him soon.

CCIL started the commercial operations in the year 2011. Within a very short span of time, the Company could establish its identity in the non-banking financial circles of Kerala. The Company entered the elite class of ND-SI-NBFC (Non Deposit taking Systemically Important Non-Banking Finance Company) within six months from starting commercial operation and could establish its presence as a fast growing NBFC. CCIL enjoys a prominent place among the members of the Kerala Non-Banking Finance Companies Welfare Association (KNBFC Welfare Association) and the Association of Gold Loan Companies, India (AGLOC). The Company is in the stage of expansion of business by opening more branches in important locations, including a few locations in the neighboring states of Kerala, starting with Tamilnadu. The operations of the Company are carried on in a professional way, in fully computerized environment with online connectivity with the Corporate Office.

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Forward Looking Statements

In this Annual Report, we have disclosed information to enable investors to understand the prospects of the Company which may be forward looking. This report may contain statements based on anticipation and judgment of the management. We cannot guarantee that these will be realized, though we believe its realization. The achievement of the results is subject to risks and uncertainties associated with prevailing economic scenario. The actual results may vary from the anticipation. Readers are advised to keep this in mind.

BOARD OF DIRECTORS



Mr.C.D.Boby
Chairman and Managing Director



Mr. Jisso C Baby
Wholetime Director
Corporate Affairs & Public Relations



Mr. Lijo Moothedan
Director

MANAGEMENT TEAM

Chief Executive Officer
General Manager – Mktg. & Recovery
AGM & Head - HR
AGM & Head – Sales, Mktg. & Strategy
Head Finance and Accounts
Head - IT
Head – Operations & Risk Management
Head – Microfinance Division
Consultant Company Secretary
Registrar and Share Transfer Agents

Statutory Auditors

Mr. T.K. Thomas
Mr. S.V. Manikantan
Mr. Jayakumar K.
Mr. Nandakumar P.
Mr. Thanish Dalee
Mr. Suresh Kumar K
Mr. N.N. Kumar
Mr. Krishna Chandran
Mr. Radhakrishnan C
M/s SKDC Consultants Limited
KANAPATHY TOWERS 3rd Floor, 1391/A-1, SATHY ROAD
Ganapathy PO, Coimbatore - 641 006 Ph 0422 6549995
M/s. Cheeran Varghese & Co
Chartered Accountants
Mundapalam First Cross Road, Thrissur- 680 001

DIRECTORS' REPORT

To
The Members of
CHEMMANUR CREDITS AND INVESTMENTS LIMITED

Your Directors are pleased to present the 6th Annual Report of the Company, together with the Audited Financial Statements of the Company for the financial year ended on 31st March 2014 and the report of the statutory auditors thereon.

1. Financial Results

(Amount in rupees)

Description	2013-14	2012-13
Income from Operations	445595300	355447856
Total Expenditure	435490541	342365957
Profit before Depreciation, Finance Charges and Tax	10104759	13081899
Deferred tax Credit	4346315	4957092
Net Profit after adjusting deferred tax credit	5758444	8124807

2. Dividend

The Company is in the process to wipe off the carry forward loss of the previous years. With the generation of more income in the coming years, this process will be completed. As such your directors do not propose any dividend for the financial year 2013-14

3. Capital and reserves

The paid up capital of the Company as on 31.03.2014 stood at Rs.50,00,00,000. The Company has transferred Rs.11,51,689 to statutory reserve as required under the directions applicable for the Company.

4. Working results

The year 2013-14 was a year of mixed fortunes for gold loan companies in general. Reserve Bank has come out with restrictions for the acceptance of retail NCDs for NBFCs. Gold prices also was not stable. In spite of these odds, your Company could present a profitable balance sheet. The Company could broaden its customers base during the period substantially. The total amount disbursed as gold loan under different schemes amounted to Rs.490 Crores including the micro finance loan of Rs.29 Crores. Income generated from the fee based activities amounted to Rs.17.4 lakhs. This is mainly from the money transfer business.

Micro Finance Division was started as part of the diversification strategy of the company. There is a clear road map for the micro finance function and great emphasis was laid on the process and procedures, to ensure consistent quality and growth of the segment. Now the activity is extended 10 branches of the company. Total amount disbursed as micro finance loan during the previous year was Rs.29 crore and the outstanding amount of micro finance loan as on 31.03.2014 was Rs.19.35 Cr. There were 20220 microfinance members as on the same date.

The members are selected through well defined steps starting from identification of the geographic area and completed with a test before the final disbursal of the loan. The company has tie up with Equifax credit bureau to ensure the quality of customers.

5. Business Outlook.

The financial year 2013-14 was noted by a very sluggish growth in almost all sectors of the economy. The Central Statistical Organization has estimated a growth of 4.9% for the financial year. For the past two years, the growth of our country was very minimal. Inflation remained throughout the year 2013-14. Consumer price inflation fluctuated between 10.39% to 8.31% during the last financial year. The period witnessed a great pressure on capital flows to the country. Rupee was depreciated and all these resulted in high inflation coupled with high current account deficit. Monetary policy was tightened by RBI to counter the situation.

Role of NBFCs as a source accessible to a wider reach of the population of the country continued during the financial year under reference. Your directors feel that the gold loan business will grow in the changed economic and political scenario. With the increase in LTV norms the Company could boost the gold loan to a great extent. Your Company could develop different financial products which provided more attraction and enhanced the credibility of the company with the customers.

With efficient service the Company is sure to attract and retain more customers in the coming periods. Our efforts are focused to identify new market segments and to devise different financial products and services to suit the needs of customers. With measures to reduce cost, better use of technology, and improved quality, your directors are confident to raise the business to newer heights and to reward the share holders for the confidence reposed in the Company.

6. Internal control

The Company has put in place an adequate internal control system commensurate with the size and nature of its business. The objective is to ensure that the assets of the Company are well protected and safeguarded and also to prevent any leakage of revenue. The Audit and Inspection Department regularly examine the adequacy of internal audit and compliance with policies, plans and statutory requirements. Quality of the assets pledged is thereby ensured.

The Audit Committee reviews the adequacy and effectiveness of the internal control system put in place in the Company and oversees the functioning of the audit team at all levels and also lays down constructive suggestions for its improvement.

7. Resources

Issue of privately placed debentures was a major source of funds of the Company. However, in compliance with the circular issued by Reserve Bank of India, your Company has stopped the acceptance of retail debentures with effect from 04.07.2013. The Company continues to issue subordinated bonds within the overall ceiling limit prescribed by Reserve bank of India. Further details are provided below:-

- a) **Debentures.** The outstanding amount of debentures of the Company as on 31.03.2014 was Rs.136 Cr. These debentures were issued in different series and will be redeemed on their respective due dates.
- b) **Bonds.** The amount accepted as subordinated bonds amounted to Rs.49.52 Cr . as on 31.03.2014. These bonds are issued for a period of 60 months and represent the subordinated obligations of the Company. Bonds will qualify as Tier II capital under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank Directions), 2007

8.Compliance with NBFC regulations

Your Company in is compliance with the directions issued by Reserve Bank of India pertaining to Non Performing assets, capital adequacy, Know Your Customer, Loan to Value, Fair Practices Code etc. .The capital adequacy ratio maintained by the Company as on 31.03.2014 is 25.25% (Tier I Capital 16.70%) which is more than the statutory requirement of 15% as applicable to the Company. The Company has constituted an asset liability management committee which regularly meets to monitor the asset liability mismatch and to take corrective action in time. The requirements will be complied with fully with the induction of some more independent directors on the Board. Your Company will identify experienced members and will fill the vacancy within the time frame prescribed by government.

Your Company is a **Category B** non deposit taking Company and hence it will not access any deposit coming within the purview of pubic deposits. A resolution had already been passed by your board to this effect.

9. Human resources

Your Company focus on building a vigorous and varied talent team and also invest in progressive employee relations practices to ensure building of capability at grass root level through continued training programmes. The Company aim to create and nourish the best and help in the inclusive growth of their individual and organizational career prospects. As of 31st March, 2014, your Company had more than 500 employees on its rolls at various organizational levels.

10.Corporate social responsibility

The new Companies Act 2013, under Section 135 along with the Rules there under and revised Schedule VII to the Act, prescribe the compliance of Corporate Social Responsibility (CSR) which had come into effect from 01.04.2014. The Company at present, is not covered by these and as such no information is provided under this head.

11.Directors

During the year Mr.Jisso Baby, Director, was appointed as a whole time director (Corporate Affairs and Public Relations). As required under the provisions of Companies Act 2013, Mr.Lijo Moothedan, Director is retiring at this annual general meeting and being eligible he offers himself for re appointment.

12. Particulars of Employees.

The Company does not have any employee whose remuneration would exceed the limits prescribed under Section 217 (2A) of the Companies Act, 1956.

13.The Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988

Conservation of energy, Technology absorption & Foreign exchange earnings and outgo: Your Company, being a non banking financial Company does not have any manufacturing activity and there is nothing to state under conservation of energy or technology absorption. There is no foreign exchange transaction causing foreign exchange earnings or outgo.

14.Directors' Responsibility Statement :

As required under Section 217 (2AA) of the Companies Act, 1956, the Board of Directors hereby declares that:

- a) In the preparation of Annual Accounts for the financial year ended 31.03.2014, applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- b) 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 2013-14 and of the profit of the Company for that period.
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the Annual Accounts for the year 2013-14 on a going concern basis.

15. Presentation of financial statements

The financial statements of the Company for the year ended 31 March 2014, as in the previous year, have been disclosed as per the revised Schedule VI to the Companies Act, 1956, pursuant to the General Notice No.8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs.

16.Auditors:

The statutory Auditors M/s Cheeran Varghese & Co. Chartered Accountants, Mundupalam First Cross Road, Thrissur- 680 001 retire at the coming Annual General Meeting and are eligible for re-appointment. Your Company proposes to appoint them as the statutory auditors of the Company to hold office from the conclusion of this annual general meeting to the conclusion of the next annual general meeting.

17.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, Customers and Well-wishers, Reserve Bank of India, Government Departments, Banks and other Financial Institutions.

For and on behalf of the Board of Directors

Sd/-

C.D.Boby

Chairman & Managing Director

Thrissur
17.06.2014

Boards reply to Auditors observations

In clause No (vi) to the Annexure I to Auditors Report, the statutory auditors have stated that the Company has accepted subordinated bonds, discounted value of which exceeds 50%of Tier I Capital .

The amount accepted as subordinated bonds forming the Tier II Capital is well within the permissible limit. The ceiling of 50% as mentioned in the report is for the purpose of calculating the Capital Adequacy Ratio of the Company.

For and on behalf of the Board of Directors

Sd/-

C.D.Boby

Chairman & Managing Director

Thrissur
17.06.2014

REPORT ON CORPORATE GOVERNANCE

Philosophy:

There has been a global level concern for good corporate governance standards. Your company also believes in practicing good governance standards in all its business activities. The business plans and strategies of the company has been framed in consistent with the above so as to achieve sustained corporate growth and benefit to all. The Board of Chemmanur regards corporate governance standards to ensure transparency and accountability in its operations. The company is committed to practice highest governance standards in its business activities taking utmost care to acknowledge its fiduciary responsibility to the share holders. Though the disclosure under this head is not mandatory for your company, as part of our goal to become responsible corporate citizen, the information is provided under this section.

Board procedure, composition and attendance.

The Board of Chemmanur consists of three members who are well experienced in the Jewellery and related line of business. The policy of the company is to keep a proper mix of independent and non independent directors. To fulfill this objective, the company proposes to induct more independent directors to the Board as prescribed by the new Companies Act 2013 within the time frame.

The board is supplied with the agenda with all relevant information 7 days before the meeting. Presentation of important matters will be made for fruitful discussion. The Board periodically discusses and reviews the legal compliance of the company with respect to RBI directions and the general compliance under all applicable enactments. Transactions with related parties will be placed before the Board on a regular basis and disclosed in the financial statements. Proper explanations are given for deviations from acceptable standards.

During the period from 01.04.2013 to 31.03.2014, the Board met on 9 occasions to discuss important business strategies and objectives. The gap between two consecutive meetings was less than four months. Details regarding Board members, composition, meetings held, participation, committee membership etc are appended below:-

Details of Board Meeting and Attendance for the financial year 2013-14

Sl No	Name of Director	Status	No. of Meetings attended	Whether attended last AGM	Sub-Committee Membership	Directorships In other public ltd Companies
1	CD Bobby	Chairman and Managing Director	9	Yes	Audit Committee	1
2	Jisso C Baby	Whole time Director (Public Relation and Corporate Affairs)	9	Yes	Audit Committee	1
3	Lijo Moothedan	Non Executive Director	9	Yes	Audit Committee	nil

Non-executive directors' compensation: Presently, no compensation is paid to non executive directors of the company.

SUB COMMITTEES OF THE BOARD

A) Audit and Risk Management Committee.

The company has constituted an independent audit committee in fulfillment of the requirement of Section 292(A) of the Companies Act 1956 as also in compliance with the directions issued by Reserve Bank of India. The functions of the committee were widened by including risk management under its responsibilities. The committee consists of all board members and Chief Executive Officer and heads of important departments. The terms of reference of the Committee are detailed below:-

Terms of reference:

1. Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board the appointment, reappointment, and if required, the replacement or removal of the statutory auditors and the fixation of audit fee.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with management the annual financial statements before submission to the Board for approval with particular reference to:

- a) Matters required to be included in the Directors Responsibility Statement to be included in the board's report in terms of clause 2AA of section 217 of the Companies Act 1956.
 - b) Changes if any in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustment made in the financial statement arising out of audit findings.
 - e) Compliance with legal requirements relating to the financial statements.
 - f) Disclosure of any related party transactions.
 - g) Qualifications in the draft audit report.
5. Reviewing with the management the quarterly financial statements before submission to the board for approval.
 6. Reviewing with the management performance of the statutory and internal auditors and adequacy of the internal control systems.
 7. Reviewing the adequacy of internal audit function if any including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 8. Discussion with internal auditors regarding any significant findings and follow-up thereon.
 9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 10. Discussion with statutory auditors before audit commences about the nature and scope of audit as well as post-audit discussions to ascertain any area of concern.
 11. To look into the reasons for substantial defaults in the payments to debenture-holders, shareholders and creditors.
 12. Carrying out any other function as may be entrusted to the committee from time to time.
- The Audit Committee can invite such executives as it considers appropriate to be present at the meetings of the Committee.

B. Nomination Committee

The company has also constituted a nomination committee to ensure the fit and proper criteria of the directors both existing as well as future board members. As the directors are not paid any remuneration at present, there is no remuneration committee functioning in the company.

C) Shareholders grievance committee.

The company has also constituted an executive committee called the shareholders grievance committee to look after the following matters

- a) Formulate shareholders servicing plans and policies.
- b) Approval of valid share requests for transfer/transmission
- c) Considering the requests for issue of duplicate share certificates upon loss of original certificates
- d) Looking into the complaints/grievances of non receipt of dividend warrants, share certificates etc.
- e) To monitor effective and expeditious redressal of investors genuine grievances.

GENERAL BODY MEETINGS

Details of the last three Annual General Meetings of the Committee are given below :-

Year	Date	Time and Place	Details of special resolutions passed
2013	27.09.2013	3.00PM Registered Office of the Company, Thrissur	Alteration of capital clause of Memorandum of Association of the company. Alteration of Articles of Association of the Company · Amending the Objects clause of the company· Preferential Issue of equity shares· Issue of Secured Redeemable Non Convertible Debentures
2012	10.09.2012	10.30 AM West Fort Towers 4 th Floor, West Fort Jn. Thrissur- 680 004	Alteration of capital clause of Memorandum of Association of the company· Alteration of Articles of Association of the Company Preferential issue of Redeemable preference shares
2011	30.09.2011	11.30 A.M. Building No.17/504 F4. Sarara Complex ,Mavoor Road, Kozhikkode	NIL

Details of Extra Ordinary General Meetings held during the period:-

Year	Date	Time and Place	Details of special resolutions passed
2013	25.05.2013	3.30 P.M 4th Floor, West Fort Towers, West Fort Jn., Thrissur 680 004	To Change the registered office of the company from West Fort, Thrissur to Round South, Thrissur
2013	29.11.2013	3.30 P.M Mangalodhayam Building Round South Thrissur 680 001	Appointment of Mr.Jisso Baby as the Whole Time Director of the company

There were no materially significant related party transactions having potential conflict with the interests of the company at large. There were no deviations from the accounting standard Transactions with related parties. There was no pecuniary relationship or transactions of Non Executive Directors vis-à-vis the company. No penalties and strictures have been imposed on the company by any regulatory authorities viz; Reserve Bank, Registrar of Companies for non-compliance of any law, guidelines and directives.

MEANS OF COMMUNICATION TO SHAREHOLDERS

The company has its web site at www.chemmanurcredits.com wherein all important details related with the company are given. Full version of this annual report will be available from the web site.

GENERAL SHAREHOLDER INFORMATION

1	Name and address of the Company	Chemmanur Credits and Investments Limited Mangalodhayam Building, Round South, Thrissur-680001 Ph:0487-3041200, 2424010 Email:mail@chemmanurcredits.com Web Site: www.chemmanurcredits.com
2	CIN	U65923KL2008PLC023560 dated 16.12.2008
3	RBI Reg No	N16-00185
4	Annual General Meeting	29.09.2014 at the Registered Office of the company at Mangalodhayam Building, Round South, Thrissur-680001
5	Financial Year	2013-14
6	Date of Book closure	25.09.2014 to 29.09.2014 (both days inclusive.)
7	Statutory Auditors	M/s Cheeran Varghese & Co., Chartered Accountants Mundupalam First Cross Road, Thrissur- 680 001
8.	Registrar and Share Transfer Agents	S.K.D.C. Consultants Limited Category I Registrars and Share Transfer Agents Kanapathy Towers, 3 rd Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore – 641 006 Phone: +91 422 6549995, 2539835-836 Email: info@skdc-consultants.com

Distribution of shareholding

Value in Rs.	Number of persons	% to total	Amount(in Rs)	% to total
Upto - 5,000	0	0.00	0	0.00
5,001 - 10,000	0	0.00	0	0.00
10,001 - 20,000	0	0.00	0	0.00
20,001 - 30,000	0	0.00	0	0.00
30,001 - 40,000	0	0.00	0	0.00
40,001 - 50,000	0	0.00	0	0.00
50,001 -100,000	374	72.06	37400000	7.48
1,00,001 and above	145	27.94	46260000	92.52
TOTAL	519	100.00	50000000	100.00

Dematerialization of shares

The shares of the Company are in physical form and are not available for demat at present.

Common Agency for Physical Transfer

Share transfers, dividend payment and all other investor related activities are attended to and processed at the office of the Registrars and Transfer Agent, as detailed above.

Thrissur
17.06.2014

On behalf of the Board
Sd/-
Chairman and Managing Director

MICRO FINANCE – A NEW PORTFOLIO OF THE COMPANY

As a part of the diversification strategy and vision of Mr. Bobby Chemmanur, our company started its microfinance division in Apr'13. Experienced employees were selected from other leading players in the sector and a road map was laid to achieve leadership in microfinance industry. From the onset itself, great emphasis was laid on the process and procedures, to ensure consistent quality and growth.

The first microfinance loan was disbursed from our Vadanappilly branch in May'13. We soon extended our microfinance services to 10 branches of CCIL in Palakkad, Thrissur, Ernakulam and Alleppey districts. We closed 31st Mar'14, with 20,220 microfinance members and an outstanding of Rs 19.35 Cr.

Apart from the regular microfinance loans for income generating purposes we also extended consumer loans to our members for purchasing quality consumer appliances. This facility enabled our members to afford superior quality appliances, thus raising their living style. While extending such loans we are very careful to extend the facility only for purchasing selected quality assured products. To ensure this we get into agreements with selected consumer appliances companies, thus protecting the interests of our members. Such tie-ups provided us an additional income of Rs 48.25 lakhs to our company. In the coming financial year we intend to offer more choices to our customers and thus ensure a much larger contribution to our company.

The best part of our microfinance program is that we did not have a single delinquent loan out of the 31,421 loans we issued during the financial year. We were able to maintain the high standards of quality by diligently following standardized field processes and having an outstanding relationship with our microfinance members. As you are aware, all our members are women from poor households. They are selected through a 4 step process.

1. Village survey

The first is the identification of the geographic area where we will provide our service. This is called village survey. This is done to ensure that the selected village has good road facility and offer a safe environment for our staffs.

2. Group Formation

The second is identification of potential beneficiaries, and is called group formation. During this, we interact with people in the village and communicate various advantages of our service.

3. Compulsory Group Training

Once the beneficiaries are identified, our Field Officers provide them a three day training session, called Compulsory Group Training (CGT). During the CGT, we teach the selected members rules and regulations of our service, features of our products and also visit their houses to ensure that they are from the same locality.

4. Group Recognition Test

After the CGT, a test called Group Recognition Test (GRT) is conducted by a senior officer to ensure that the members fully comprehended what we taught during the training. We also have tie up with Equifax credit bureau to ensure that we only lend to quality customers.

The above mentioned steps along with the superior products and services we offer have made CCIL microfinance a preferred name among our members. In the financial year 2014-15, we would also start to offer medical insurance, vehicle insurance and other recharge services to our members, thus becoming a one stop solution for multiple needs of our members.

Imbibing the spirit from our Chairman, we also actively conduct various CSR activities. One activity which was very much appreciated by our members is the homestead organic farming workshop conducted by us in collaboration with the Kerala Agriculture University. More than 100 microfinance members attended the event conducted on 21st Dec'13, which was inaugurated by Hon'ble. MLA Adv. Therambil Ramakrishnan. Many senior professors and resource persons gave training to our members on the various aspects of homestead organic farming. The meeting culminated with the distribution of vegetable seeds and seedlings to our members. In the coming years we intend to take this program to a larger audience, thus doing our part to make Kerala a self dependent state in vegetable production.

INDEPENDENT AUDITORS' REPORT

To the Members of
Chemmanur Credits and Investments Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Chemmanur Credits and Investments Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

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

Emphasis of Matter

(i) We draw attention to **Note No.29** of financial statement regarding the policies of the company on treatment of interest on debentures held & loan taken from chairman and its impacts on financial statements of the company. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirement

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008, we give in Annexure - II, a statement on the matters specified in the paragraph 3 and 4 of the said directions.
3. As required under provisions of section 227(3) of the Companies Act, 1956, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from

- our examination of those books.
- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.
 - e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For CHEERAN VARGHESE & CO
Chartered Accountants
Firm Registration No : 050061S

Sd/-
C.V. VARGHESE
(PARTNER)
M. No: 020644

PLACE : THRISSUR,
DATE : 17/06/2014

Annexure I to the Auditors' Report

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

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) All the assets have not been physically verified by the management during the period but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
(c) During the period, the company has disposed off some part of assets which in our opinion has not affected the going concern status of the company.
- ii. (a) Being a Non-Banking Financial Company having no closing inventory, maintenance of inventory records and their valuation are not applicable.
- iii. a) According to the information and explanations given to us and on the basis of examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act 1956. Consequently, the provisions of clause iii (b), (c) and (d) of the order are not applicable to the Company.
(e) According to the information and explanation given to us and on the basis of our examination of the books of accounts, the Company has taken loan from a party covered under the register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the year was ₹451572353.00 and the year-end balance of loan taken from such party was ₹418423314.00
(f) In our opinion and according to the information obtained from the party rate of interest and other terms of conditions of loans taken are not specified.
- iv. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register maintained under that section.
(b) In our opinion and according to the information and explanation given to us the transactions made in pursuance of such contracts or arrangements and exceeding the value of five lakh have been entered in to during the financial year at prices which are reasonable having regard to the prevailing market price at the relevant time.
- vi. *In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public during the year. However company has accepted subordinated bonds, discounted value of which exceeds 50% of Tier I capital.*
- vii. In our opinion, the company is having an internal audit system commensurate with the size and nature of its business.
- viii. Being a financial company, maintenance of cost records as prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956 is not applicable.
- ix. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable with the appropriate authorities. According to the information and explanation given to us there were no outstanding statutory dues as on March 31, 2014 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty and excise duty which have not been deposited on account of any disputes.
- x. The accumulated losses during the financial year covered by our audit is not more than fifty percent of net worth of the Company and company has not incurred cash losses during the period covered by our audit and immediately preceding financial year.

- xi. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution bank or debenture holders.
- xii. According to the information and explanations given to us, the company has maintained adequate documents and records in cases where the loans and advances are granted on the basis of security by way of pledge of debentures.
- xiii. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(Xiii) of the companies (Auditor's report) Order, 2003 are not applicable to the company.
- xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. In our opinion and according to the information and explanations given to us, during the period, term loans were applied for the purpose for which loans were obtained.
- xvii. According to the information and explanations given to us, and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. According to the information and explanations given to us, the company has made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies, 1956 during the year. In our opinion the prices at which the shares have been issued are not prejudicial to the interest of the Company.
- xix. On the basis of our examination of books of accounts and documents and according to the information and explanations given to us appropriate securities have been created in respect of secured debentures issued by the company.
- xx. During the period, company has not raised any money by way of public issue.
- xxi. According to the information and explanations given to us, no fraud of material nature, on or by the company has been noticed or reported during the course of our audit.

For CHEERAN VARGHESE & CO.
Chartered Accountants
Firm Registration No : 050061S

Sd/-
C.V. VARGHESE
(PARTNER)
M. No: 020644

PLACE : THRISSUR,
DATE : 17/06/2014

Annexure II to the Auditors' Report

To

The Board of Directors
Chemmanur Credits and Investments Limited

We have audited the Balance Sheet of Chemmanur Credits and Investments Limited as on March 31, 2014 and also the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto. As required by the Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions 2008, and according to the information and explanations to us, we give below, a statement on matters specified in paragraphs 3 and 4 of the said directions:

- (i) The Company is engaged in the business of Non-Banking Financial institution and it has obtained the certificate of registration as provided in section 45 IA of the RBI Act, 1934.
- (ii) The Company is entitled to hold Certificate of Registration in terms of Asset/Income Pattern as on March 31, 2014.
- (iii) The Company has not been classified as an Asset Finance Company during the year ended March 31, 2014.
- (iv) The Company has not been classified as NBFC-MFIs during the year ended March 31, 2014.
- (v) The Board of Directors of the company has passed a resolution for non-acceptance of Public Deposits.
- (vi) The Company has not accepted any public deposits during the year under review. However company has accepted subordinated bonds, discounted value of which exceeds 50% of Tier I capital.
- (vii) According to the information and explanation given to us, the Company has complied with the prudential norms on Income Recognition, Accounting Standards, Asset Classification, Provisioning for bad and doubtful debts as specified in the directions issued by the Reserve Bank of India in terms of the Non-Banking Financial (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- (viii) The Capital adequacy Ratio as disclosed in the return submitted to the RBI in terms of Non-Banking Financial (Non-Deposit Accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 has been correctly arrived and such ratio is in compliance with the minimum CRAR prescribed by the Reserve Bank of India.
- (ix) The Company has furnished to the RBI the annual statement of Capital Funds, risk assets and risk asset ratio within the stipulated period.
- (x) The report has been issued pursuant to the Non-Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008 and is issued to the Board of Directors of the company as required by Paragraph 2 of such directions and should not be used for any other purposes.

For CHEERAN VARGHESE & CO
Chartered Accountants
Firm Registration No : 050061S

Sd/-
C.V. VARGHESE
(PARTNER)
M. No: 020644

PLACE : THRISSUR,
DATE : 17/06/2014

Balance Sheet as at 31, March, 2014

Equity and liabilities	Note No.	Amount in ₹	
		As at March 31, 2014	As at March 31, 2013
Shareholders' funds			
Share capital	3	500,000,000	400,000,000
Reserves and surplus	4	(20,835,205) 479,164,795	(26,593,649) 373,406,351
Non-current liabilities			
Long-term borrowings	5	1,180,666,314	841,440,353
Other long term liabilities	6	82,966,033 1,263,632,347	26,266,676 867,707,029
Current liabilities			
Other current liabilities	7	1,157,403,138	1,269,844,931
Short-term provisions	8	8,187,946 1,165,591,084	7,364,402 1,277,209,333
TOTAL		2,908,388,226	2,518,322,713
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	235,030,474	197,442,649
Accumulated depreciation / amortization		26,969,544 208,060,930	12,586,623 184,856,026
Intangible assets	9	3,151,195	2,269,368
Accumulated depreciation / amortization		504,933 2,646,262	227,225 2,042,143
Deferred tax assets (net)	10	4,293,699	8,640,025
Capital work-in-progress	11	64,842,718	46,844,664
Long-term loans and advances	12	12,003,144	75,551,056
Other Non Current assets	13	43,429,404 124,568,965	43,082,999 174,118,744
Current assets			
Current Investments	14	100,000	-
Cash and bank balances	15	44,294,089	188,249,631
Short-term loans and advances	12	2,233,405,189	1,779,822,394
Other current assets	13	295,312,791 2,573,112,069	189,233,775 2,157,305,800
Total		2,908,388,226	2,518,322,713

Summary of significant accounting policies 2.1
The accompanying notes are an integral part of the financial statements.

For and on behalf of the board

Sd/-
C.D. Bobby
Chairman & Managing Director

Sd/-
Jisso Baby
Director

As per our report of even date attached
For Cheeran Varghese & Co.
Chartered Accountants
Firm Registration No: 050061S

Sd/-
C.V. Varghese
Partner
Membership no.: 020644

Place: Thrissur
Date: 17.06.2014

Statement of profit and loss for the year ended 31, March , 2014

Particulars	Note No.	Amount in ₹	
		Year ended March 31, 2014	Year ended March 31, 2013
Income			
Revenue from operations	16	422,018,029	354,658,840
Other income	17	23,577,271	789,016
Total revenue		445,595,300	355,447,856
Expenses			
Finance costs	18	214,813,561	135,179,539
Employee benefits expense	19	97,789,935	92,365,942
Other expenses	20	108,183,999	104,317,067
Depreciation and amortization expense	21	14,703,046	10,503,409
Total Expenses		435,490,541	342,365,957
Profit before Exceptional, Extraordinary and Prior Period items and tax		10,104,759	13,081,899
Exceptional Items		-	-
Profit before extraordinary items, Prior Period Items and tax		10,104,759	13,081,899
Extraordinary Items		-	-
Profit Before Prior Period Items and Tax		10,104,759	13,081,899
Prior Period Items		-	-
Profit Before Tax		10,104,759	13,081,899
Tax expenses			
Current tax		1,802,942	3,097,384
Deferred tax		4,346,326	4,957,092
Minimum Alternate Tax		(1,802,953)	(3,097,384)
Total tax expense		4,346,315	4,957,092
Profit/(loss) for the year		5,758,444	8,124,807

Earnings per equity share [nominal value of share Rs.100-]22

Basic earnings per share (Rs/-) 1.34 2.36

Diluted earnings per share (Rs/-) 1.34 2.36

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements.

For and on behalf of the board

As per our report of even date attached

For Cheeran Varghese & Co.

Chartered Accountants

Firm Registration No: 050061S

Sd/-

C.D. Bobby

Chairman & Managing Director

Sd/-

Jisso Baby

Director

Sd/-

C.V. Varghese

Partner

Membership no.: 020644

Place: Thrissur

17.06.2014

Cash Flow Statement For The Year Ended March 31, 2014

Particulars	Amount in ₹	
	As at March 31,2014	As at March 31,2013
A. Cash flows from operating activities		
Net Profit	5758444	8124807
Adjustment for :-		
Add: Depreciation	14703046	10503409
Provision for Taxation	-	2958211
Provision for Non Performing Assets	731471	1935656
Contingent Provision for Standard Assets	938519	2568511
Loss on Sale of Fixed Asset	238110	55806
Interest on Shortfall of Advance Tax	-	180339
Interest paid on Debentures & Bond	214440119	134566927
Provision For Deferred Tax	4346326	4957092
Income received on mutual fund	(356)	-
Share Issue Expenses	2500000	-
Less: Interest Received from Bank	(7201539)	(535516)
Operating Profit before Changes in Working Capital	236454140	165315242
Changes in Working Capital:		
(Increase)/Decrease in Short Term Loans and Advances	(451779842)	(996410364)
(Increase)/Decrease in Long Term loans and Advances	63547912	(54331095)
(Increase)/Decrease in Other Current Assets	(106079016)	(168035724)
(Increase)/Decrease in Other Non-Current Assets	2993527	-
Increase / (Decrease) in Other Current liabilities	(301270)	1949589
Cash Generated From Operations	(255164549)	(1051512352)
Income Tax Paid	5989331	2111766
Net Cash From Operating Activities	(261153880)	(1053624118)
B. Cash Flows From Investing Activities		
Interest received from Bank	7201539	535516
Capital Work in Progress	(17998054)	-
Proceeds From Sale of Fixed Assets	297900	100000
Purchase of Fixed Assets	(39048079)	(88665199)
Income Received on Mutual fund Investments	356	-
Investment in Mutual Fund	(100000)	-
Net Cash From Investing Activities	(49646338)	(88029683)
C. Cash Flows From Financing Activities		
Issue of shares	100000000	73000000
Share Issue Expenses	(2500000)	-
Proceeds from Issue of Debentures	(29915000)	1013476000
Proceeds from Issue of Unsecured Bond	294955000	200245000
Proceeds from Loan from Director	(33149039)	33776238
Interest Paid on Debentures & Bond	(162546285)	(72818341)
Net Cash From Financing Activities	166844676	1247678897
Net Increase in Cash and Cash Equivalents	(143955542)	106025096
Cash and Bank Balance at Beginning of Period	188249631	82224535
Cash and Bank Balance at end of Period	44294089	188249631
Components of Cash and Cash Equivalent at the end of the Period		
Current Account with Banks	26621344	127645114
Cash on Hand	17672745	60604517
Total	44294089	188249631

For and on behalf of the board

Sd/-
C.D. Bobby
Chairman & Managing Director
Place: Thrissur
Date: 17/06/2014

Sd/-
Jisso Baby
Director

As per our report of even date
For Cheeran Varghese & Co.
Chartered Accountants
Firm Registration No: 050061S

Sd/-
C.V. Varghese
Partner
Membership no.: 020644

Notes to the Financial Statements

1. General Information

Chemmanur Credits and Investments Limited is a Public Company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company is a Systemically Important Non-Deposit Taking Non-Banking Financial Company Registered under section 45IA of RBI Act 1934. The Company is a professionally managed financial institution with all the key operational posts starting from its Branch Managers to Senior positions being held by senior professionals who held key positions in Major public sector banks and other leading finance companies.

During the year company has opened 12 branches to take the total branch count to 115. Loan asset of the Company had also shown remarkable growth mainly due to the expansion of branch network, favourable price movements etc.

2.1 Presentation and Disclosure of Financial Statements

The Financial Statements of the company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The company has prepared these Financial Statements to comply in all material respects with Accounting Standards notified under The Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Reserve bank of India as applicable to a Systemically Important Non-Deposit Accepting NBFC. The Financial Statements have been prepared on an accrual basis and under the historical cost convention except for interest on non-performing assets which are recognized on realization basis.

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

During the year ended 31 March, 2014, the company has complied with the requirements of Revised Schedule VI notified under Companies Act, 1956 for the preparation and presentation of its financial statement. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2.2 Tangible Assets

Fixed Assets are stated at cost less accumulated depreciation/amortization/impairment. The cost includes purchase consideration, financing costs till commencement of commercial production and other directly attributable costs incurred to bring an Asset to its working condition for its intended use. The costs of Assets not ready for use as at the Balance Sheet date are disclosed under Capital Work-In-Progress.

2.3 Depreciation on Tangible Fixed Assets

Depreciation on fixed assets is calculated on Straight Line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The company has used the following rates to provide depreciation on its tangible assets.

Asset	Rate(WDV)
Furniture & Fittings	6.33%
Electrical Fittings	6.33%
Computer	16.21%
Plant and Equipment	4.75%
Vehicles	9.50%

2.4 Intangible Asset

Intangible Assets are recorded at the consideration paid for acquisition less accumulated amortization and accumulated impairment, if any. Intangible assets are amortized over their estimated useful life subject to a maximum period of 10 years on straight line basis, commencing from the date the asset is available to the company for its use.

Expenditure for acquisition and implementation of software system is recognized as part of the intangible asset and amortized on straight line basis over a period of 10 years being the maximum period available for writing off of intangible asset.

2.5 Borrowing Costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the Statement of Profit and Loss in the period in which they are incurred.

2.6 Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken in to account, if available. If no such transactions can be identified, an appropriation valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

2.7 Leases

Leases where the lessor effectively retains substantially all risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments in respect of non-cancellable leases are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

2.8 Investments

Investments that are readily realizable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investment. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize decline other than temporary in the value of the investments.

2.9 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In a situation where management believes that the recovery of interest is uncertain due to change in the price of the gold or otherwise, the Company recognizes income on such loans only to the extent it is confident of recovering interest from its customers through sale of underlying security or otherwise.

Interest income on loans given is recognized under the internal rate of return method. Such interests, where installments are overdue in respect of non-performing asset are recognized on realisation basis as in accordance with the guidelines issued by Reserve Bank of India for Non Banking Financial Companies. Any such income recognized and remaining unrealized after the installments become overdue with respect to non-performing asset is reversed.

Revenues from fee-based activities are recognized as and when services are rendered.

2.10 Employee Benefits

Short term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as Short term employee benefits. These benefits include benefits like salaries, wages, short term compensated absence such as paid annual leave and sickness leave. The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognized as an expense during the period.

Long term Employee Benefits

Defined benefit plans:

Gratuity: The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's

salary and the tenure of employment. 15 days salary for every completed year of service and vesting period is 5 years. Provision has not been provided in the books during the year as there are no eligible employees.

2.11 Foreign currency transaction

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction

As at the reporting date, 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. All 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.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability.

Exchange differences on restatement/settlement of all other monetary items are recognised in the Statement of Profit and Loss.

2.12 Taxes on Income

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India.

Deferred tax charge or credit reflects the tax effects of timing difference between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised 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 realised in future; however, where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized, only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each Balance Sheet date and are written-down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.

Deferred Tax Assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

2.13 Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Provision policy for gold loan and other loan portfolios: Company provides for non performing loans and advances as mentioned in para 9 of Non-Banking financial (Non-Deposit accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. Provision for standard assets is made at 0.25% as mentioned in para 9A of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and shown in the balance sheet as 'Contingent Provisions for standard asset'.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is termed as a contingent liability.

Contingent Liabilities are not recognised but are disclosed in the Notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

2.14 Segment Reporting

The Company primarily operates in the business of “Gold Loan” and its operations are in India. Since the Company has not operated in any other reportable segments, as per AS 17 ‘Segment Reporting’, no segment reporting is applicable.

2.15 Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

2.16 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company’s earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares

2.17 Debenture Redemption Reserve

No Debenture Redemption Reserve is to be created for privately placed debentures of Non-Banking Finance Companies

2.18 Cash Flow Statement

Company has prepared cash flow statement using the Indirect Method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows.

NOTE: 3

SHARE CAPITAL

Particulars	Amount in ₹	
	As at March 31, 2014	As at March 31, 2013
Authorized shares		
80,00,000 equity shares of Rs.100/- each (Previous year 40,00,000 equity shares of Rs 100/- each)	800,000,000	400,000,000
2,00,000 Preference shares of Rs.1,000/- each (Previous year 1,00,000 Preference shares of Rs.1,000/- each)	200,000,000	100,000,000
	1,000,000,000	500,000,000
Issued, subscribed and fully paid-up shares		
50,00,000 equity shares of Rs.100/- each (Previous year 40,00,000 equity shares of Rs 100/- each)	500,000,000	400,000,000
Total	500,000,000	400,000,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	March 31, 2014		March 31, 2013	
	No.	Amount	No.	Amount
At the beginning of the year	4,000,000	400,000,000	3,270,000	327,000,000
Issued during the period	1,000,000	100,000,000	730,000	73,000,000
Outstanding at the end of the period	5,000,000	500,000,000	4,000,000	400,000,000

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having face value Rs. 100/- per share. All these shares have the same rights and preferences with respect to the payment of dividend, repayment of capital and voting. The dividend proposed by your Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Aggregate number of bonus shares issued, and shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Particulars	March 31, 2014	March 31, 2013
Number of Bonus Shares Issued	Nil	Nil

d. Details of shareholders holding more than 5% shares in the Company

Particulars	March 31, 2014		March 31, 2013	
	Number of Shares	% holding in the class	Number of Shares	% holding in the class
C.D. Bobby	3,925,789	78.52%	2,691,764	67.29%

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders.

NOTE: 4

RESRVES AND SURPLUS

Particulars	As at March 31, 2014	As at March 31, 2013
Statutory Reserve		
Balance at the beginning of the year	1,624,962	-
Add: Amount transferred from surplus in the Statement of Profit and Loss	1,151,689	1,624,962
Balance at the end of the year	2,776,651	1,624,962
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	(28,218,611)	(34,718,456)
Profit for the year	5,758,444	8,124,807
Less: Appropriations		
Transfer to Statutory reserve	1,151,689	1,624,962
Transfer to general reserve	-	-
Total appropriations	1,151,689	1,624,962
Net surplus in the statement of profit and loss	(23,611,856)	(28,218,611)
Total	(20,835,205)	(26,593,649)

a) Statutory Reserve:

Statutory Reserve represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934. An amount of Rs. 1151689 (Previous Year - 1624962) representing 20% of Net Profit is transferred to the Fund for the year. No appropriation was made from the Reserve Fund during the year.

NOTE: 5

Long-term borrowings

Particulars	As at March 31, 2014	As at March 31, 2013
Non-convertible Debentures - Private placement (Note no.25)	467,043,000	189,623,000
Unsecured Bond(Note no.27)	495,200,000	200,245,000
Loan from Director	218,423,314	451,572,353
Total	1,180,666,314	841,440,353
The above amount includes		
Secured borrowings	467,043,000	189,623,000
Unsecured borrowings	713,623,314	651,817,353
Total	1,180,666,314	841,440,353
Aggregate amount of loans guaranteed by directors	-	-
Aggregate amount of loans guaranteed by others	-	-

NOTE: 6

Other long term liabilities

Particulars	As at March 31, 2014	As at March 31, 2013
Others		
Interest accrued but not due on long term borrowings	82,766,033	26,066,676
Advance received from Western Union Money Transfer	200,000	200,000
Total	82,966,033	26,266,676

NOTE: 7

Other current liabilities

Particulars	As at March 31, 2014	As at March 31, 2013
Current Maturities of Long-term Borrowings (Refer note 25)	893,024,000	1,200,359,000
Loan From Director	200,000,000	-
Interest Accrued But not Due on Short term Borrowings	36,840,044	41,645,567
Interest Not Collected On NPA	9,010,409	7,309,634
Interest On Short Fall Of Advance Tax Payable	-	180,339
Statutory Dues Payable	3,486,078	1,864,759
Employee Related Payables	3,864	1,248,456
Retention Payable	4,163,793	9,284,102
Rent Payable	3,690,755	3,936,900
Payable For Expenses	3,904,918	4,016,174
Others	3,279,277	-
Total	1,157,403,138	1,269,844,931

NOTE: 8

Short Term Provisions

Particulars	As at March 31, 2014	As at March 31, 2013
Other provisions		
Provisions for taxation (net)(Note No:28)	-	846,446
Contingent Provision for Standard Assets	5,520,819	4,582,300
Provision for Non Performing Assets	2,667,127	1,935,656
Total	8,187,946	7,364,402

NOTE: 9

Tangible assets

Amount in ₹

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2013	Addi- tions	Deduc- tion	As at 31.03.2014	As at 01.04.2013	Addi- tions	Dedu- ction	As at 31.03.2014	As at 31.03.13	As at 31.03.2014
Furniture & Fittings	16,54,95,721	1,99,06,121	5,01,072	18,49,00,770	99,91,672	1,11,95,345	37,804	2,11,49,213	15,55,04,049	16,37,51,557
Plant & Machinery	1,55,04,052	1,47,25,415	77,355	3,01,52,112	6,24,242	11,62,306	4,613	17,81,935	1,48,79,810	2,83,70,177
Computer	78,07,451	20,43,987	-	98,51,438	13,91,911	14,56,725	-	28,48,636	64,15,540	70,02,802
Electrical Fittings	77,92,075	14,90,729	-	92,82,804	4,39,195	5,30,844	-	9,70,039	73,52,880	83,12,765
Motor Car	8,43,350	-	-	8,43,350	1,39,603	80,118	-	2,19,720	7,03,747	6,23,630
Motor Lorries not on hire	-	-	-	-	-	-	-	-	-	-
Total	19,74,42,649	3,81,66,252	5,78,427	23,50,30,474	1,25,86,623	1,44,25,338	42,417	2,69,69,544	18,48,56,026	208060930
Previous Year	11,00,56,661	8,75,55,218	1,69,230	19,74,42,649	22,59,990	1,03,40,057	13,424	1,25,86,623	10,77,96,671	18,48,56,026

Intangible Assets

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2013	Addi- tions	Deduc- tion	As at 31.03.2014	As at 01.04.2013	Addi- tions	Dedu- ction	As at 31.03.2014	As at 31.03.13	As at 31.03.2014
Intangible assets	22,69,368	8,81,827	-	31,51,195	2,27,225	2,77,708	-	5,04,933	20,42,143	26,46,262
Total	22,69,368	8,81,827	-	31,51,195	2,27,225	2,77,708	-	5,04,933	20,42,143	26,46,262
Previous Year	11,59,387	11,09,981	-	22,69,368	63,873	1,63,352	-	2,27,225	10,95,514	20,42,143

Note .10
Deferred Tax Assets (Net)

Particulars	As at March 31, 2014	As at March 31, 2013
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting.	(8,436,505)	(5,445,837)
Gross deferred tax liability	(8,436,505)	(5,445,837)
Deferred tax asset		
Carry Forward Business Loss	6,236,653	8,381,452
Carry Forward Depreciation Loss	2,704,775	2,704,775
Interest not receivable on NPA	2,923,427	2,371,611
Provision for substandard asset	865,349	628,024
Net deferred tax asset	12,730,204	14,085,862
Total	4,293,699	8,640,025

Note .11
Capital work-in-progress

Particulars	As at March 31, 2014	As at March 31, 2013
Building work in progress	64,842,718	46,844,664
Total	64,842,718	46,844,664

NOTE: 12
Long Term Loans and Advances

Particulars	As at March 31, 2014	As at March 31, 2013
Loan Portfolio		
Secured Considered Good		
Gold Loan	5,033,405	49,239,312
Unsecured Considered Good		
Personal loan	2,561,915	26,311,744
Staff Advance	4,407,824	-
Total	12,003,144	75,551,056
(a) Secured considered good	5,033,405	49,239,312
(b) Unsecured Considered Good	6,969,73	26,311,744
(c) Doubtful	-	-
(d) Loans and Advances due by Directors or the officers of the Company or any of them either severally or Jointly with any other person	-	-
(e) Loans and Advances due by Partnership firms or Private companies respectively in which director is a partner or a director or member	-	-

Short Term Loans and Advances

Particulars	As at March 31, 2014	As at March 31, 2013
Loan Portfolio		
Secured Considered Good		
Gold Loan	1,789,746,819	1,235,634,705
Loan Against Debentures	21,526,240	155,162,764
Unsecured Considered Good		
Personal loan	222,605,964	385,927,541
Micro Finance Loan	193,523,873	-
MAT Credit Entitlement	4,900,337	3,097,384
Staff Advance	1,101,956	-
	2,233,405,189	1,779,822,394

Particulars	As at March 31, 2014	As at March 31, 2013
(a) Secured considered good	1,811,273,059	1,39,07,97,469
(b) Unsecured Considered Good	422,132,130	38,90,24,925
(c) Doubtful	-	-
(d) Loans and Advances due by Directors or the officers of the Company or any of them either severally or Jointly with any other person	-	-
(e) Loans and Advances due by Partnership firms or Private companies respectively in which director is a partner or a director or member	-	-

NOTE: 13

Other Non Current Assets / Current Assets

Particulars	Non-current March 31, 2014	Current March 31, 2014	Non-current March 31, 2013	Current March 31, 2013
Interest Accrued on Loan Portfolio	57,98,388	28,03,21,033	54,81,993	17,55,78,396
Prepaid Expenses	-	1,706,826	-	16,98,474
Service Tax Paid In Advance	-	1,27,018	-	22,81,315
Gold Ornaments	6,880	-	-	-
Income Tax Refundable (Note no:28)	3,339,932	-	-	-
Tax Deducted At Source	-	3,967	-	-
	9,145,200	282,158,844	54,81,993	17,95,58,185
Advances Recoverable in Cash or Kind				
Unsecured, considered good	-	-	-	-
Other Advances	-	1,31,53,947	-	96,75,590
		1,31,53,947		96,75,590
Security Deposits				
Unsecured Considered Good				
Rental deposits	3,39,72,578	-	3,74,09,578	-
Other Security Deposits	3,11,626	-	1,91,428	-
	3,42,84,204		3,76,01,006	
Total	43,429,404	295,312,791	4,30,82,999	18,92,33,775

NOTE: 14

Current Investments/Non Current Investments

Particulars	Non-current March 31, 2014	Current March 31, 2014	Non-current March 31, 2013	Current March 31, 2013
Investments in Mutual Fund	-	100,000	-	-
Total	-	100,000	-	-
Aggregate value of quoted investments	-	100,000	-	-
Market value of quoted investments	-	100,447	-	-

NOTE: 15

Cash and bank balances

Particulars	Non-current March 31, 2014	Current March 31, 2014	Non-current March 31, 2013	Current March 31, 2013
Cash and Bank Balances				
Balances with banks:	-	26,621,344	-	127,645,114
Cash on hand	-	17,672,745	-	60,604,517
Total	-	44,294,089	-	188,249,631

NOTE: 16
Revenue from operations

Particulars	Year Ended March 31, 2014	Year ended March 31, 2013
Interest Income		
- Gold loans	309,651,916	282,512,621
- Other loans	90,847,813	71,238,560
- Micro Finance	19,776,311	-
Revenue From other services		
- Money transfer Commission	1,314,824	479,119
-Service Charge	427,165	428,540
Total	422,018,029	354,658,840

NOTE: 17
Other Income

Particulars	Year Ended March 31, 2014	Year ended March 31, 2013
Interest income on Bank and other deposits	7,201,539	535,516
Rental Income	10,679,957	-
Other Income	5,695,775	253,500
Total	23,577,271	789,016

NOTE: 18
Finance Cost

Particulars	Year Ended March 31, 2014	Year ended March 31, 2013
Interest		
- on Debentures	157,825,405	122,984,036
- on Unsecured Bond	56,614,714	11,582,891
Other borrowing cost		
- Bank Charges	362,550	393,897
- Interest on TDS	1,029	38,376
- Interest on Short fall of Advance tax	9,863	180,339
Total	214,813,561	135,179,539

NOTE: 19
Employee benefit expense

Particular	Year Ended March 31, 2014	Year ended March 31, 2013
Salaries, wages and bonus	81,572,387	70,096,143
Contribution to provident and other funds	1,546,981	1,036,842
Incentive	14,507,958	21,181,547
Staff welfare expenses	162,609	51,410
Total	97,789,935	92,365,942

NOTE: 20

Other expenses

Particulars	Year Ended March 31, 2014	Year ended March 31, 2013
Electricity	5,208,246	5,324,090
Inauguration Expenses	859,268	439,956
Software Maintenance	3,087,479	2,474,980
Rent	42,871,050	48,533,072
Rates and Taxes	2,919,940	504,914
Insurance	2,613,488	3,231,388
Repairs and Maintenance	1,437,264	622,891
Advertising and Sales Promotion	3,933,705	7,730,339
Service tax paid	2,782,044	-
Office Expenses	5,811,890	1,537,610
Travelling and conveyance	5,370,233	4,963,413
Communication Costs	4,708,730	3,932,977
Printing and Stationery	1,878,884	3,948,762
Payment to Auditor (Refer details below)	215,000	228,091
Legal and Professional fees	1,925,706	451,994
Security Charges	19,413,638	15,525,317
Provision for Standard Assets	938,519	2,568,511
Provision for Substandard Assets	731,471	1,935,656
Miscellaneous Expenses	563,555	363,106
Bad debts written off	913,889	-
Total	108,183,999	104,317,067

Details of Payment to Auditors:

As auditor:		
Audit fee	165,000	100,000
Other Services	50,000	103,000
Taxation	-	25,091
Reimbursement of expenses	-	-
	215,000	228,091

NOTE: 21

Depreciation and amortization expense

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Depreciation of tangible assets	14,425,338	10,340,057
Amortization of intangible assets	277,708	163,352
Total	14,703,046	10,503,409

Note: 22

Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Net profit for calculation of basic EPS	5,758,444	8,124,807
Weighted average number of equity shares in calculating basic EPS (Nos.)	4,304,110	3,448,897
Effect of dilution:		
Stock options granted under ESOP (Nos.)	-	-
Weighted average number of equity shares in calculating diluted EPS (Nos.)	4,304,110	3,448,897
Basic earnings per share (₹)	1.34	2.36
Diluted earnings per share (₹)	1.34	2.36

Computation of Weighted Average Number of Equity Shares March 31, 2014

Particulars	Cumulative Number of Shares	Weighted Average Number	No of Shares	Date of Issue	No of Days
Opening	4,000,000	1.00	4000000		365
issued on 10.12.2013	1,000,000	0.30	304110	10/12/2013	111
Total	5,000,000		4,304,110		

23. In our opinion the Company has no dues payable to suppliers registered under the Micro, Small and Medium Enterprises Development Act 2006(MSMED Act).

24. The Applicability of Kerala Money Lending Act 1958 to Non Banking Financial Company's is pending before Honorable Supreme Court of India.

25. Notes to Debentures.
i. Nature of Securities

Debentures Secured by a floating charge on the book debts of the company on loan receivables & other unencumbered assets having a market value equivalent to 110% of outstanding balance of debentures.

ii. Classification of Debentures as Current and Non-Current

Company has classified the debentures as current and non-current based on the earliest put option available to debenture holders. The actual redemption pattern may be different since the debenture holders have the right to waive their put option. If they are classified as current and non-current based on the original maturity, current maturity may be less than the amount what we have recognised now.

iii. Details of rate of interest and maturity pattern from the date of the balance sheet are as under:
As on 31st March 2014
Amount in ₹

Redeemable at par within	Rate of interest				Total
	<=13.5%	>13.5<=14.5	>14.5%<=16.1%	>16.1%<=30%	
4 Year and Above	107008000	-	2000	570000	107580000
4 Year	160000	-	-	44501000	44661000
3 Years	5222000	1560000	4982000	26972000	38736000
2year	223692000	3919000	46520000	1935000	276066000
Less than 1 Year	881889000	5746000	2817000	2572000	893024000
Total	1217971000	11225000	54321000	76550000	1360067000

As on 31st March 2013
Amount in ₹

Redeemable at par within	Rate of interest				Total
	<=13.5%	>13.5<=14.5	>14.5%<=16.1%	>16.1%<=30%	
4Year and Above	-	-	-	49001500	49001500
4 Year	-	-	-	27378500	27378500
3 Years	75000	-	49937000	1935000	51947000
2year	51577000	4261000	2886000	2572000	61296000
Less than 1 Year	919070000	281239000	50000	-	1200359000
Total	970722000	285500000	52873000	80887000	1389982000

26. Non Convertible Debentures series wise outstanding balance as on Balance sheet Date
Amount in ₹

Particulars	As on 31st March 2014	As on 31st March 2013
NCD 11/11-01	35235000	6065000
NCD 2012/02(DD)	4574000	3643000
NCD 2012/03(TD)	362000	388000
NCD 2012/04	29258000	188832000
NCD 2012/05	75834000	247817000
NCD 2012/06	196525000	297691000
NCD 2012/07	123174000	165238000
NCD 2013/08	432237000	425616000
NCD 2013/09	462868000	102000
Grand Total	1360067000	1389982000

27. Note to Unsecured Bonds.

Details of rate of interest and maturity pattern from the date of the balance sheet are as under:

As on March 31, 2014					Amount in ₹
Maturity Date	<=13.5%	>13.5<=14.5	>14.5%<=16.1%	>16.1%<=30%	Total
5 Year and Above	625000	-	-	12825000	13450000
4 Year to 5 years	107245000	18385000	-	157825000	283455000
3 Year to 4 years	-	99035000	-	99260000	198295000
Total	107870000	117420000	-	269910000	495200000

As on March 31, 2013					Amount in ₹
Maturity Date	<=13.5%	>13.5<=14.5	>14.5%<=16.1%	>16.1%<=30%	Total
5 Year and Above	-	-	-	-	-
4 Year to 5 years	-	99290000	-	100955000	200245000
3 Year to 4 years	-	-	-	-	-
Total	-	99290000	-	100955000	200245000

28. Notes to Income Tax Provision/(Refundable)

Particulars	Amount in ₹	
	As at March 31 2014	As at March 31 2013
Provision For Income Tax		
2011-12	-	-
2012-13	3,097,384	3,097,384
2013-14	1,802,942	-
(A)	4,900,326	3,097,384
Less : Advance Tax		
2011-12	-	-
2012-13	2,985,618	2,000,000
2013-14	2,000,000	-
(B)	4,985,618	2,000,000
Tax Deducted at Source		
2011-12	-	139,172
2012-13	111,766	111,766
2013-14	3,142,874	-
(C)	3,254,640	250,938
Provision Net of Advance tax and TDS ((A)-((B)+(C))	(3,339,932)	846,446

29. Company has taken loan from Mr. C.D. Bobby, director and chairman of the company and also issued debentures to him. Year end balance of loan from Mr. C.D. Bobby and debentures issued is ₹418423314.00 and ₹107098000.00 respectively. There are no specific terms and conditions prescribed for loan taken from Mr. C.D. Bobby. As per letter dated June 16, 2014, Mr. C.D. Bobby has waived his right to receive interest on loan and also interest on debentures. Therefore no interest is charged on loan accepted and debentures issued to Mr. C.D. Bobby during the year.

30. Disclosure as per AS-15

i. Defined Contribution Plan

Particulars	Amount in ₹	
	March 31, 2014	March 31, 2013
Contribution to Employee's Provident Fund	185654.00	450999.00
Contribution to Employee's State Insurance	1332671.00	85843.00
Contribution to Employee's Group Insurance	28656.00	393061.00

31. Provision for Standard and Non-Performing Assets as per Prudential Norms.

In terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, Company has made provisions for Standard Assets as well as Non Performing Assets as per the table below:

Gold Loan

Amount in ₹

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	2014	2013	2014	2013	2014	2013
Standard Assets	1788460399	1268579678	4471151	3171450	1783989248	1265408228
Sub Standard Assets	6319825	16294339	631984	1629434	5687841	14664905
Doubtful Asset	Nil	Nil	Nil	Nil	Nil	Nil
Loss Asset	Nil	Nil	Nil	Nil	Nil	Nil
Total	1794780224	1284874017	5103135	4800884	1789677089	1280073133

Percentage of Substandard asset to Gold loans outstanding = 0.35%

Other Loans

Amount in ₹

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	2014	2013	2014	2013	2014	2013
Standard Assets	419866566	564339835	1049668	1410849	418816898	562928986
Sub Standard Asset	20351426	3062213	2035143	306222	18316283	2755991
Doubtful Asset	Nil	Nil	Nil	Nil	Nil	Nil
Loss Asset	Nil	Nil	Nil	Nil	Nil	Nil
Total	440217992	567402048	3084811	1717071	437133181	565684977

Percentage of Substandard asset to Other loans outstanding = 4.62%

32. Loan to Asset Values

Amount in ₹

Particulars	March 31, 2014	March 31, 2013
Gold Loan	1,794,780,224	1,284,874,017
Total Assets (Excluding Intangible & Deferred Tax Asset)	2,901,448,265	2,507,641,276
% of Gold Loan to total Assets	61.86%	51.24%

33. Disclosure of related party's transaction in accordance with Accounting Standard (AS-18) " Related Party Disclosures" issued by The Institute of Chartered Accountants of India.

(a) Name of Related Parties

Relationship	As on 31.03.2014	As on 31.03.2013
Associates	<ol style="list-style-type: none"> 1 CDB 24 Karat Gold and diamonds Private limited. 2 CDB 24 Karat Gold and Diamonds (Manjeri) Private Limited. 3 CDB 24 Karat International Jewellers Private Limited. 4 Pushyaragam jewellers (koyilandi) private limited. 5 Kohinoor Gold Durbar Private limited. 6 Indraneelam Jewellery Mart(Tirur) Private Limited 7 Vydooryam Fashion Jewellers (Chemmad) Private Limited 8 Chemmanur Gold Palace International Ltd 9 Bobby Chemmanur (No.1) Chits Private Ltd 10 Bobby Chemmanur Airlines Private Ltd 11 Bobby Housing and Construction Private Limited 12 CD Bobby Developers and Builders Private Ltd 13 CDB Infrastructure Private Limited 14 BDC Realty and Infra Private Limited 15 DBC Real Estate Developers Private Ltd. 16 Ripples Associates India Private Limited 	<ol style="list-style-type: none"> 1 CDB 24 Karat Gold and diamonds Private limited. 2 CDB 24 Karat Gold and Diamonds (Manjeri) Private Limited. 3 CDB 24 Karat International Jewellers Private Limited. 4 Pushyaragam jewellers (koyilandi) private limited. 5 Kohinoor Gold Durbar Private limited. 6 Indraneelam Jewellery Mart(Tirur) Private Limited 7 Vydooryam Fashion Jewellers (Chemmad) Private Limited 8 Chemmanur Gold Palace International Ltd 9 Bobby Chemmanur (No.1) Chits Private Ltd 10 Bobby Chemmanur Airlines Private Ltd 11 Bobby Housing and Construction Private Limited 12 CD Bobby Developers and Builders Private Ltd 13 CDB Infrastructure Private Limited 14 BDC Realty and Infra Private Limited 15 DBC Real Estate Developers Private Ltd.
Key Management Personnel	<ol style="list-style-type: none"> 1 C. D. Bobby (Chairman & MD) 2 T.K. Thomas (CEO) 	<ol style="list-style-type: none"> 1 C. D. Bobby (Chairman & MD) 2 T.K. Thomas (CEO)
Relatives of Key Management Personnel	<ol style="list-style-type: none"> 1 Mr. C I Devassykutty 2 Mrs. Smitha Bobby 3 Mrs. Cisly Devassykutty 4 Bynny Joffi 5 Mr. Bose Devassykutty 6 Ms. Anna Bobby 7 Mr. Nishanth David Thomas 8 Mrs. Annamma David 9 Mr. Nidhin George Thomas 	<ol style="list-style-type: none"> 1 Mr. C I Devassykutty 2 Mrs. Smitha Bobby 3 Mrs. Cisly Devassykutty 4 Bynny Joffi 5 Mr. Bose Devassykutty 6 Ms. Anna Bobby 7 Mr. Nishanth David Thomas 8 Mrs. Annamma David 9 Mr. Nidhin George Thomas

(b) Related Party Transactions During the Year
Amount in ₹

Particulars	Associates		Key Management Personnel		Relatives of Key Management Personnel	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Loan Received						
Loan from chairman	-	-	329067355	121,973,600		-
Loan Repaid						
Loan Repaid to Chairman	-	-	12216394	88,197,362		-
Share Issue						
Preferential Issue of Equity Shares to Chairman	-	-	100000000	66,450,000		-
Unsecured Bond Issued						
C I Devassykutty	-	-		-	1000000	1,500,000
Debenture Issued						
C I Devassykutty	-	-		-		-
Nishanth David Thomas					-	200000
C. D. Bobby			250000000			-
Debenture Redemption						
C I Devassykutty	-	-		-		1,500,000
Interest Paid						
C I Devassykutty	-	-			386864	386864
Nishanth David Thomas					30000	30000
C. D. Bobby			100200	100200		
Annamma David						100010
Rent Received						
Chemmanur International e Jewellers	12000000	-				

34 Additional Information to the Statement of Profit and Loss
Amount in ₹

Particulars	As on 31-03-2014	As on 31-03-2013
(a) Value of Imports calculated on C.I.F basis by the company during the Financial Year in respect of -		
I. Raw Materials	0.00	0.00
II. Components and Spare Parts;	0.00	0.00
III. Capital Goods	0.00	0.00
(b) Expenditure in Foreign currency during the financial year on account of Royalty, Know how, professional and consultation fees, interest and other matters	0.00	0.00
(c) Total value if all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total components	0.00	0.00
(d) The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends related	0.00	0.00
(e) Earnings in foreign exchange classified under the following heads namely:		
I. Export of goods calculated on F.O.B basis	0.00	0.00
II. Know-how ,professional and consultation fees;	0.00	0.00
III. Interest and Dividend;	0.00	0.00
IV. Other Income, indicating the nature thereof	0.00	0.00

Place: Thrissur
Date: 17/06/2014

For Cheeran verghese & Co:
Chartered Accountants
Firm Registration No: 0500615

Sd/-
C.V. Varghese (Partner)
Membership no.: 020644

Long Term Investments

1. Quoted:	
(i) Shares (a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	1.00
(iv) Government Securities	Nil
(v) Others (specify)	Nil
2. Unquoted:	
(i) Shares (a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government Securities	Nil
(v) Others (specify)	Nil

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

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	18107.86	4264.35	22372.21
Total	18107.86	4264.35	22372.21

(6) Investor group-wise classification of all investments(current and long term) in shares and securities (both quoted and unquoted);(see note 3 below)

Category	Market Value/Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	Nil	Nil
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties	1.00	1.00
Total	1.00	1.00

(7) Other Information

Particulars	Amount
(i) Gross Non – Performing Assets	
(a) Related Parties	Nil
b) Other than related parties	266.71
(ii) Net Non-Performing Assets	Nil
(a) Related Parties	Nil
(b) Other than related parties	240.04
(iii) Assets acquired in satisfaction of debt	Nil

*Notes:

- As defined in Paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Non – Deposit Accepting of Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (4) above.

**Disclosure in Balance Sheet required as per Reserve Bank of India Notification No. DNBS 200/ CGM (PK)
– 2008 dated 1st August, 2008.**

(i) Capital to Risk Assets Ratio

Items	2013-14	2012-13
CRAR	25.25%	24.48%
CRAR - Tier I Capital	16.70%	16.83%
CRAR – Tier II Capital	8.55%	7.65%

(ii) Exposure to Real Estate Sector.

Category	2013-14	2012-13
a) Direct Exposure		
(i) Residential Mortgage - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower of that is rented; (Individual housing loans up to '15 Lakhs may be shown separately)	Nil	Nil
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estate's (Office buildings, retail space, multipurpose commercial premises, multi-family residential building, multi-tenanted commercial premises, industrial; or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include no-fund based (NFB) limits;	Nil	Nil
(iii) Investment in Mortgage Backed Securities (MBS) and other securitized exposures -		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
b) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil

(iii) Maturity pattern of Assets and Liabilities.

(₹in Lakhs)

	1 to 30 days	1 to 2 months	2 to 3 Months	3 to 6 Months	6 Months to 1 Year	1 to 3 years	3 to 5 years	Over 5 Years	Total
Liabilities									
Secured Non Convertible Debentures (Issued under private placement)	1150.28	1134.98	824.57	1728.89	4091.52	3148.02	1520.56	1.85	13600.67
Unsecured Non convertible Debentures (Issued under Private Placement)	0.00	0.00	0.00	0.00	0.00	0.00	4952.00	0.00	4952.00
Assets									
Advances	2410.00	688.00	528.00	2704.00	15043.00	977.00	0.00	0.00	22349.98

For and on behalf of the board
Sd/-
C.D. Bobby
Chairman & Managing Director

Sd/-
Jisso Baby
Director

As per our report of even date attached
For Cheeran verghese & Co:
Chartered Accountants
Firm Registration No: 0500615
C.V. Varghese
Partner
Membership no.: 020644

Place: Thrissur
Date: 17/06/2014

COMPLIANCE CERTIFICATE

Registration No. of the Company: 09-023560
Nominal Capital: Rs. 50,00,00,000/-

To
The Members
Chemmanur Credits and Investments Limited
Mangalodhayam Buildings, Round South
Thrissur- 680 001

I have examined the registers, records, books and papers of Chemmanur Credits and Investments Limited as required to be maintained under the Companies Act, 1956, and the rules made there under and also the provisions contained in the Memorandum and Articles Association of the Company for the financial year ended on 31st March, 2014. In my opinion and to the best of my information and according to the examinations carried out by me and the explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

- 1) The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
- 2) The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other Authorities within the time prescribed under the Act and the rules made there under.
- 3) The Company being a public limited Company comments are not required.
- 4) The Board of Directors duly met 9 times (**Annexure-C**) in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
- 5) The Company closed its Register of Members and/or Debenture holders from 24.09.2013 to 27.09.2013 and necessary compliance of Section 154 of the Act has been made.
- 6) The Annual General Meeting for the financial year ended on 31st March 2013 was held on 27th September 2013 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose.
- 7) Two extra-ordinary general meetings were held during the financial year after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose.
- 8) The Company had not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act.
- 9) The Company had not entered into any contracts falling within the purview of Section 297 of the Act. During the year shares and debenture were allotted to the Chairman. No interest has been paid on such debentures as such interest has been waived by the Chairman.
- 10) The Company has made necessary entries in the register maintained under Section 301 of the Act.
- 11) As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of directors, members or Central Government.
- 12) The Company has issued two duplicate share certificates during the financial year. The Board of Directors of the Company has appointed Registrars and Share Transfer Agents and has granted necessary authorizations in their favour for share registry work.
- 13) The Company has:
 - a) Delivered all certificates on allotment of securities and on lodgment thereof for transfer in accordance with provisions of the Act.
 - b) Not declared any dividend during the year.
 - c) No amount remains to be transferred to Investor Education and Protection Fund.
 - d) Duly complied with the requirements of Section 217 of the Act.
- 14) The Board of Directors of the Company is duly constituted and the appointments of directors, additional directors, alternate directors and directors to fill casual vacancies have been duly made.
- 15) The appointment of managing director/whole time director/manager has been made in accordance with provisions of Section 269 read with schedule 13 to the Act.
- 16) The Company has not appointed any sole selling agents during the financial year.
- 17) The Company was not required to obtain any approval of the Central Government, Company Law Board,

Regional Director, Registrar and/or such authorities prescribed under various provisions of the Act during the financial year.

- 18) The Directors have disclosed their interest in other firms/companies to the Board of directors pursuant to the provisions of the Act and the rules made there under.
- 19) The Company has issued 1000000 equity shares and 2 series of fully secured non-convertible debentures (NCDs) for Rs. 50 Cr. and 100 Cr. respectively during the financial year and complied with provisions of the Act.
- 20) The Company has not bought back any shares during the financial year.
- 21) There was no redemption of preference shares or debentures during the financial year.
- 22) There were no transactions necessitating the Company to keep in abeyance the right to dividend, rights shares and bonus shares pending registration of transfer of shares.
- 23) The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
- 24) The amount borrowed by the Company is within the limit of the Company and that necessary resolutions as per Section 293(1)(d) of the Companies Act has been passed in duly convened extra ordinary general meeting.
- 25) The Company has not made any loans or advances or given guarantee or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
- 26) The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
- 27) The Company has altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny and complied with the provisions of the Act.
- 28) The Company has not altered the provisions of the Memorandum with respect to name of the Company during the financial year under scrutiny.
- 29) The Company has altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny after obtaining the approval of members at Annual General Meeting held on 27.09.2013 and the amendment to the articles of association duly filed with the Registrar of Companies.
- 30) The Company has altered its Articles of Association during the year after obtaining the approval of members at the Annual General Meeting and the amendment to the articles of association duly filed with the Registrar of Companies
- 31) There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment imposed on the Company during the financial year, for offences under the Act.
- 32) The Company has not received any money as security from its employees during the financial year.
- 33) The Company follows the Employees Provident Fund Scheme and therefore Sect 418 of the Companies Act is not applicable to it.

Signature
Name of the Company Secretary: V. K. KERALA VARMA
CP No.2262

Thrissur
29.06.2014

ANNEXURE - A

Paragraph 1

The Company has maintained the following registers:	U/s.
1. Register of Members and Index	150/151
2. Register of Directors and their Shareholdings	303/307
3. Minutes Books of Board and General Meetings and Respective attendance books:	193
4. Account Books	207
5. Register of investments and loans	372
6. Register of charges	136/143
7. Register of Debenture holders and index	152
8. Register of contracts	301

The Company has not maintained the following registers as there was no entries to be made.

1. Register of Investments	49
2. Register of Deposits accepted	58A
3. Register of foreign members and debenture holders	157
4. Register of Security bought back	77A

ANNEXURE – B

Paragraph 2

Forms and returns filed with Registrar of Companies during the financial year 2013-14

Sl. No	Forms/ Returns	Filed U/s.	For	Date of filing	Whether filed within the prescribed time-Y/N	if delay in filing whether additional fee paid-Y/N
1	FORM 10	132/135	Modification of charge	11.04.2013	No	Yes
2	FORM 10	132/135	Modification of charge	16.04.2013	No	Yes
3	FORM 10	132/135	Modification of charge	16.04.2013	No	Yes
4	FORM 10	132/135	Modification of charge	16.04.2013	No	Yes
5	FORM 10	132/135	Modification of charge	18.04.2013	No	Yes
6	FORM 10	132/135	Modification of charge	18.04.2013	No	Yes
7	FORM 10	132/135	Modification of charge	18.04.2013	No	Yes
8	FORM 10	132/135	Modification of charge	18.04.2013	No	Yes
9	FORM 10	132	Creation of charge	14.06.2013	Yes	No
10	FORM 23	192	Filing special resolution	20.06.2013	Yes	No
11	FORM 18	146	HO Change	21.06.2013	Yes	No
12	FORM 10	132	Creation of charge	12.07.2013	Yes	No
13	FORM 66	383A	Compliance Certificate	08.10.2013	Yes	No
14	FORM 23	192	Special resolutions	11.10.2013	Yes	No
15	FORM 20A	1492A	Commencement of new business	19.10.2013	Yes	No
16	FORM 23AC 23 ACA	220	Filing profit and loss account and Balance sheet	19.10.2013	Yes	No
17	Form 5	95	Increase of authorized capital	23.10.2013	Yes	No
18	FORM 20B	159	Annual Return	13.11.2013	yes	No
19	FORM 2	75	Return of allotment	10.01.2014	No	Yes
20	FORM 23	192	registration of special resolutions	15.01.2014	No	Yes
21	FORM 32	303/264	Appointment of whole time director	15.01.2014	no	yes
22	FORM 25C	269(2)	Return of Appointment of whole time director	13.02.2014	Yes	No

ANNEXURE – C

Paragraph 4

Board meeting held during the year 2013-14

Sl No	Date of Meeting	Sl No	Date of Meeting
1	15.04.2013	6	27.09.2013
2	15.05.2013	7	01.11.2013
3	15.06.2013	8	10.12.2013
4	29.06.2013	9	18.02.2014
5	10.09.2013		

Registered office	Mangalodhayam Buildings Round South, Thrissur 680 001 Ph. 0487 -3041200, 2424010 E mail: mail@chemmanurcredits.com Web site: www.chemmanurcredits.com
Company Registration Number CIN	U65923KL2008PLC023560
Reserve Bank Registration Number	N 16-00185
Chairman and Managing Director	Mr.C.D.Boby
Chief Executive Officer	Mr.T,K.Thommas
Head finance and Accounts	Mr.Thanish Dalee
Consultant Company Secretary	Mr.C.Radhakrishnan
Registrar and Share Transfer Agents	M/s SKDC Consultants Limited Kanapathy Towers 3 rd Floor, 1391/A-1, Sathy Road Ganapathy PO, Coimbatore-641 006 Ph 0422 6549995, 0422 2539835 info@skdc-consultants.com
Statutory Auditors	M/s.Cheeran Verghese & Co Chartered Accountants Mundupalam First Cross Road Thrissur- 680 001
Bankers	M/s. South India Bank, Round South, Thrissur M/s Dhanlaxmi Bank, MG Road Thrissur M/s HDFC Bank, MG Road, Thrissur M/s.State Bank of India, Round East, Thrissur M/s.Central Bank of India, MG Road, Thrissur M/s.State Bank of Travancore, Thrissur Main

- Eazy gold- Monthly/Weekly/Daily Installments
- Business Loan- Daily Collection
- Insurance-Life/Health/Vehicle
- Domestic Money Transfer “XPay”
- Mobile/DTH Recharging
- Ticket Booking –Air/Rail/Bus



CHEMMANUR
Credits and Investments Limited



GOLD LOAN

For the First time in the world

A gold loan Company that functions for 24 hours