

ANNUAL REPORT 2014



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Corporate Information

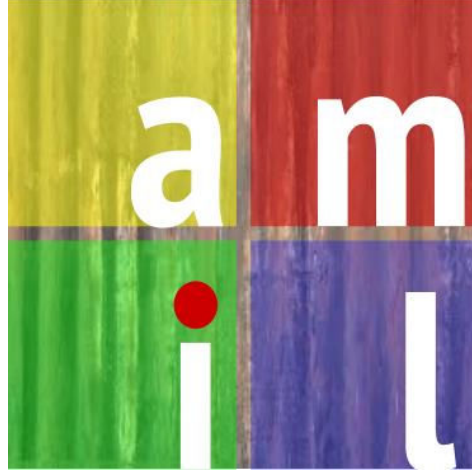
Board of Directors	
Tanmay Chetan	Chairperson
Meenal Patole	CEO & Managing Director
Rebecca McKenzie	Director
Orlanda Ruthven	Director
Tara S Nair	Director
Board Committees	
Audit & Finance Committee	
Tanmay Chetan	Chairperson
Rebecca McKenzie	Member
Asit Mehta	Member (inducted as Board Member in FY 2014-15)
Remuneration & Compensation Committee	
Rebecca McKenzie	Chairperson
Tara S Nair	Member
Management Team	
Meenal Patole	CEO & Managing Director
Prerana Salaskar Apte	Head of Finance & Administration
Ramakrishna Sahu	Regional Manager Operations
Santosh Kumar Singh	IT Manager
Amandeep Singh	Internal Audit Manager
Subhajit Sarkar	Human Resource Manager
Grievance Redressal Officer	Registered Office
Prerana Salaskar Apte	15/3, Chandrodaya CHS, Swastik Park, CST Road, Chembur (East), Mumbai 400 071, Maharashtra
Lenders	Principal Bankers
1. MAS Financial Services Limited 2. Ananya Finance for Inclusive Growth Private Limited	1. HDFC Bank Limited 2. ICICI Bank 3. Shamrao Vithal Co-op Bank Ltd
Auditors	Company Secretary
S R Batliboi & Associates LLP Chartered Accountants Mumbai	D. S. Momaya & Co. Company Secretaries Navi Mumbai

Performance Highlights

Operational Highlights	2013-14	2012-13	2011-12
Number of Field Offices	5	5	4
Number of Total Staff	35	23	21
Number of Client Officers	19	12	10
Client Officers / Total Staff	54%	52%	48%
Number of Active Clients	5,108	1,958	858
a) Group	2,734	216	0
b) Individual	2,374	1,742	858
Total Loan Portfolio (INR)	5,40,40,221	1,97,37,676	1,03,60,488
a) Group (INR)	2,54,92,283	24,14,991	0
b) Individual (INR)	2,85,47,938	1,73,22,685	1,03,60,488
Active Borrowers / Client Officers	269	163	85.8
Loan Outstanding / Client Officers	28,44,222	16,44,806	10,36,049

Financial Highlights	2013-14	2012-13	2011-12
Portfolio At Risk (PAR>30)	0.6%	1.1%	0%
Write Off Ratio	0.5%	0.2%	0%
Leverage Ratio (Debt to Equity)	18%	-	-
Average Cost of Debt	16.1%	-	-
Operating Cost Ratio	56.6%	130.9%	142.9%
Portfolio Yield	27.9%	26.4%	24.9%
Return on Assets	-16.5%	-13.2%	-105.2%

Social Highlights	2013-14	2012-13	2011-12
Average Loan Size/ estimated GNI per capita	18.2%	19.8%	18.5%
Average Loan Size (INR)	14,719	14,373	13,003
Average Outstanding per client	10,580	10,081	12,075
a) Group	12,025	11,181	0
b) Individual	9,324	9,944	12,075
Women Borrowers as a percentage of total	77%	76%	N.A.
Percentage of Loans for business purpose	74%	71%	N.A.



Vision

An urban society in which low income communities have sufficient opportunities to improve their well- being.

दृष्टीकोन

शहरीसमाजव्यवस्थाजेथेकमी उत्पन्न असलेल्या समाजालात्यांच
राहणीमानसुधारण्याचीपुरेशी संधीमिळेल.

Mission

To provide affordable, convenient & timely financial services to low income urban clientele in a financially sustainable manner.

हेतू

कमी उत्पन्न गटातील शहरी ग्राहकांनात्यांची आर्थिक स्थिती सुधारण्याच्या दृष्टीने
योग्यदरात, सोईस्कर आणि वेळेवर अशी आर्थिक सेवा निरंतर पुरविणे.

Chairman's Report



The second complete year of Jagdhan/AMIL brought many milestones in its way. During the year we celebrated exceeding 5,000 clients, Rs 5 Crores on the loan book, and each of the field offices becoming operationally profitable. We also saw considerable strengthening of the Head Office capabilities during the year through the hiring of a number of very capable colleagues.

Our 5 Field Offices consolidated their presence during the year, and as a result increased their capacities to meet the ever-present demand for capital. Each of the offices had approached 1,000 clients before the year drew to a close. On account of significant investments in personnel and infrastructure, our profitability remained within expected levels (Return on Assets of -19% as against -13% in 2012-13). We are now well underway in bridging the loss and look forward to strong financial performance in the coming year, aided by increase in scale and maintenance of a healthy loan book.

Our efforts saw endorsement from lenders as we began working with borrowed funds this year. Two loans were sourced from lending institutions, signalling the start of important relationships. Even though the cost of funds is high in the context of our limited size and scale, we decided to go ahead and begin borrowing this year with an eye on developing meaningful partnerships in the coming years.

The coming year will see us expanding while maintaining quality and focus on the more excluded client families. As I write this note, we have already witnessed a strong start to the year and the signs for the rest of the year are positive and promising. Important improvements to our technology infrastructure are also underway which will provide us with an even stronger information platform. We are also hopeful for the regulatory framework becoming more and more supportive in the coming years.

As always I would like to thank the management of Jagdhan/AMIL for a successful year. In particular, our colleagues Meenal (CEO), Prerana (Head of Finance) and Ram (Operations Manager) deserve special mention for their leadership during the year. I wish all other colleagues and clients of Jagdhan an even more successful 2014-15.

With Regards

A handwritten signature in blue ink, appearing to read 'Tanmay Chetan'.

Tanmay Chetan
(Chairperson)

Chief Executive Officer's Report



I would like to first congratulate everyone at the Company for reaching the 5,000 active clients milestone during the financial year. We continue to work in the same 5 locations in Mumbai as the last year with a total portfolio outstanding of INR 5.40 crore as on 31 March 2014. A significant stride was made last year in raising external borrowings. The Company received debt funds from both MAS Financial Services and Ananya Finance for Inclusive Growth, based in Ahmedabad, India. In our operations, we continued to maintain good portfolio quality through the year, with PAR30 at 0.69% at the year-end.

A strategic change implemented as part of operations was the segregation of Sales and Service functions at the Field Office level, the former responsible for marketing and sales and the latter for repayment management. The change was brought about to enhance productivity while keeping minimal conflicts in responsibilities. Operations oversight was strengthened through further streamlining and enhancement of the internal audit framework in the company, overseen by the Audit and Finance Committee of the Board.

We are now poised for continued growth – which will be aided through the setting up of two new Field Offices in 2014-15, and also through new product development to reach out to vendors and hawkers in markets and bazaars. The research team is currently working on the product and methodology, with the aim to roll out the new initiatives during FY14-15. A key aspect with respect to market loan product is the use of technology, wherein we aim to attempt door step collection aided by hand-held devices and a real time MIS.

As management team, a key goal is to bring the Company to operational break-even in the near future. During the year 2013-14 all our field offices returned operating surpluses, and we aim to build on this further during the coming year. This will be crucial for business growth, investor confidence and also for creditworthiness, especially for obtaining commercial bank funds. Therefore our focus continues to be on productivity, human resource hiring strategy, efficiency through Information Technology and cost control measures.


I look forward to an exciting year ahead, and I take this opportunity to thank the Board of Directors for their guidance and strategic inputs and to my colleagues for their support and again, acknowledge their efforts and congratulate them for the achievements during the year.

Best regards



Meenal Patole
(Chief Executive Officer)

Profile of Board of Directors

	<p>Tanmay Chetan Chair of the Board, Audit & Finance Committee</p>	<p>Co-founder of the Agora Group. Managing Partner, Agora Microfinance LLP, Supervisory Board Chair, Agora Microfinance N.V.</p>
	<p>Rebecca McKenzie Director Chair, RNCG Audit&Finance Committee</p>	<p>Co-founder of the Agora group. CEO, Agora Microfinance N.V. Director-Operations, Agora Microfinance LLP.</p>
	<p>Orlanda Ruthven Director</p>	<p>Faculty, Centurion University Quality and Standards, Gram Tarang.</p>
	<p>Tara S Nair Director Member, RNCG</p>	<p>Associate Professor, Gujarat Institute of Development Research, Ahmadabad.</p>
	<p>Meenal Patole Director and CEO</p>	<p>Managing Director and Chief Executive Officer.</p>

Profile of Management Team



Meenal Patole
(Chief Executive
Officer & Managing
Director)

Meenal leads the management team at Jagdhan. She holds a M.Phil in Planning and Development from IIT Mumbai and has more than 17 years of experience in socio-economic development related to livelihoods, microfinance, youth employability and urban reform.

Prerana is a qualified Chartered Accountant from the Institute of Chartered Accounts of India. She has more than 15 years of experience in Financial Planning & Investment Management including co-founding a wealth advisory firm.

**Prerana Salaskar
Apte**
(Head of Finance &
Administration)



**Ramakrishna
Sahu**
(Regional Manager)

Ramakrishna holds an MBA in Finance and LLB from Berhampur University. He has previously held positions of Unit Head, Field Executive (Operation) & Livelihood Service Advisor with Bhartiya Samruddhi Finance Ltd and has over 10 years of experience in microfinance operations.

Santosh Kumar holds an MBA IT from the Sikkim Manipal University. He has previously worked with Bharthiya Micro Credit (BMC) and CASHPOR Micro Credit and has over 15 years of experience in managing microfinance systems.

**Santosh Kumar
Singh**
(Information Technology
Manager)



Subhajit Sarkar
(Human Resources
Manager)

Subhajit holds a PGDM in Business Administration from the Asia Pacific Institute of Management (AIMA). He has previously worked with the RPG Enterprise and Tata Enterprise and has more than 7 years of experience in Human Resources Management.

Amandeep holds a PGDFM from the Indian Institute of Forest Management and is a Certified Associate in Project Management from the Project Management Institute. He has previously worked with Pantaloons Retail India Ltd and FINO Paytech Ltd. and has more than 4 years of experience

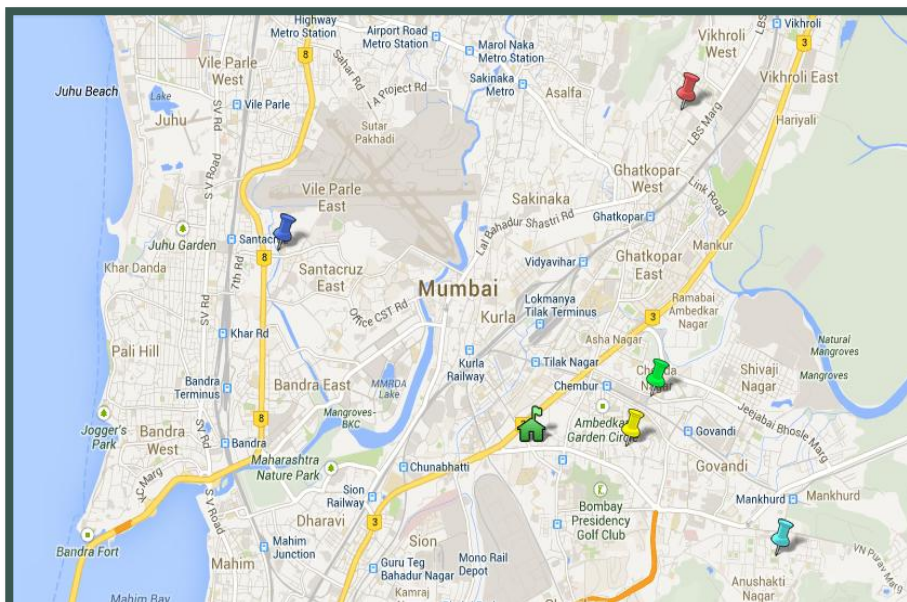
Amandeep Singh
(Internal Audit Manager)



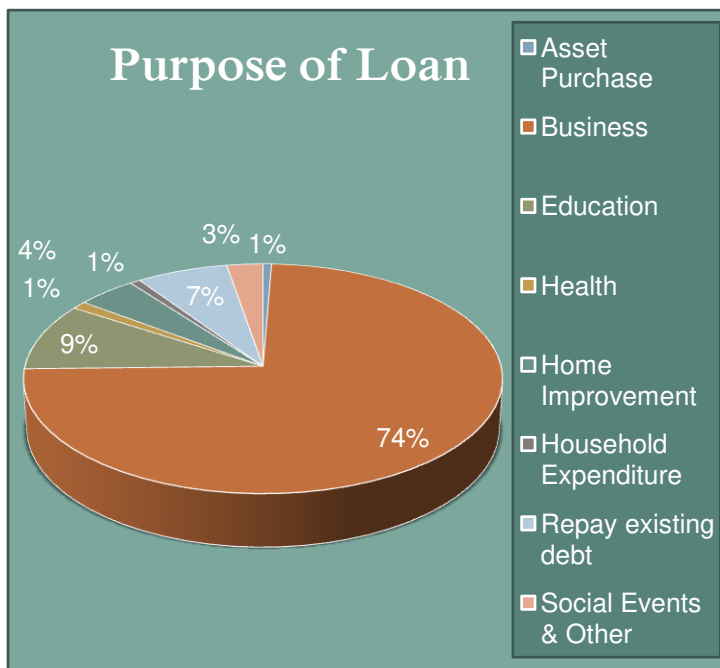
Products & Services

Features	Individual Loan	Education Loan	Group Loan
Loan Size	Upto INR 50,000	Upto INR 30,000	Upto INR 30,000
Term	12 – 24 months	12 – 24 months	12 – 24 months
Interest Rate	26% p.a. reducing balance	26% p.a. reducing balance	26% p.a. reducing balance
Loan Processing Fee	1% of the loan amount	1% of the loan amount	1% of the loan amount
Instalment Frequency	Weekly, Bi-weekly or Monthly	Weekly, Bi-weekly or Monthly	Weekly, Bi-weekly or Monthly
Guarantor requirement	Upto 30,000- one guarantor required >30,000- two guarantors required, one compulsory outside household	Upto 15,000- one guarantor required >15,000- two guarantors required, and from outside household	Group guarantee: 4-6 members
Gender	Men & Women	Men & Women	Men & Women
Pre-payment	Allowed	Allowed	Allowed
Pre-closures	Permitted	Permitted	Permitted

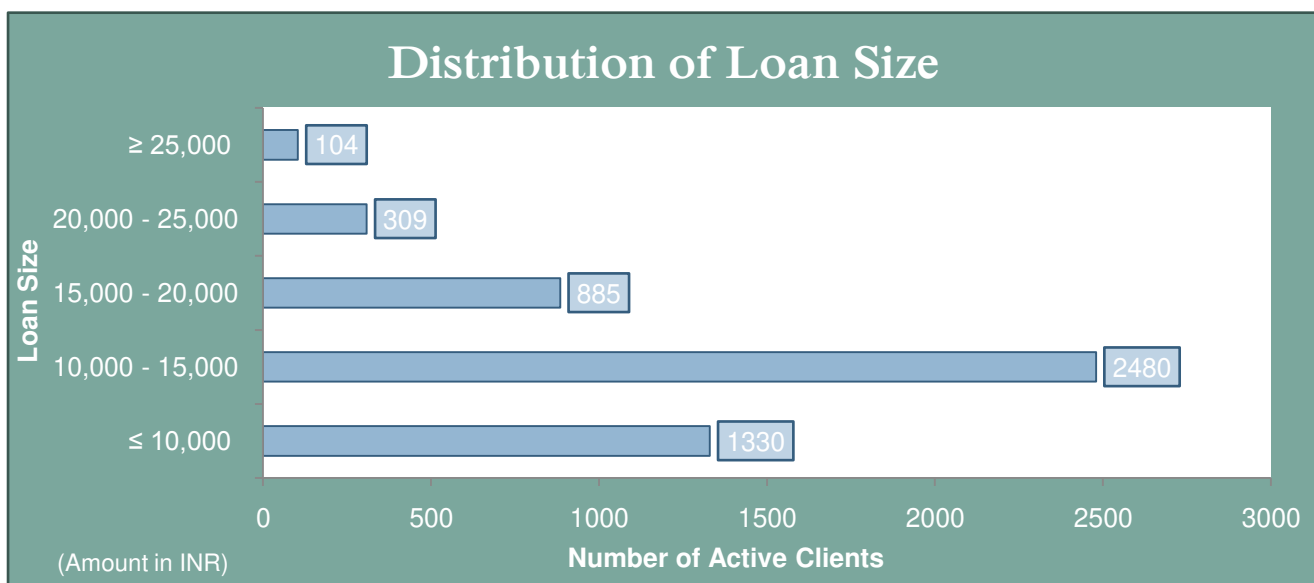
Area of Operations



Portfolio Highlights



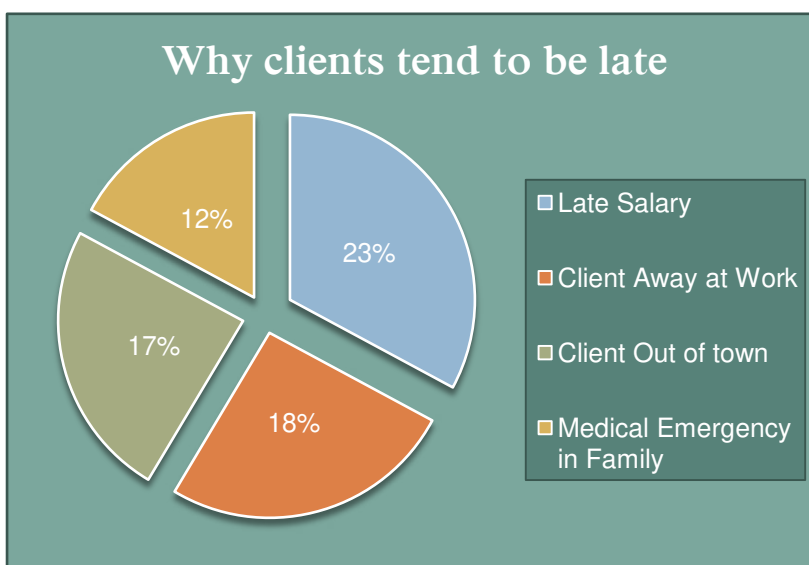
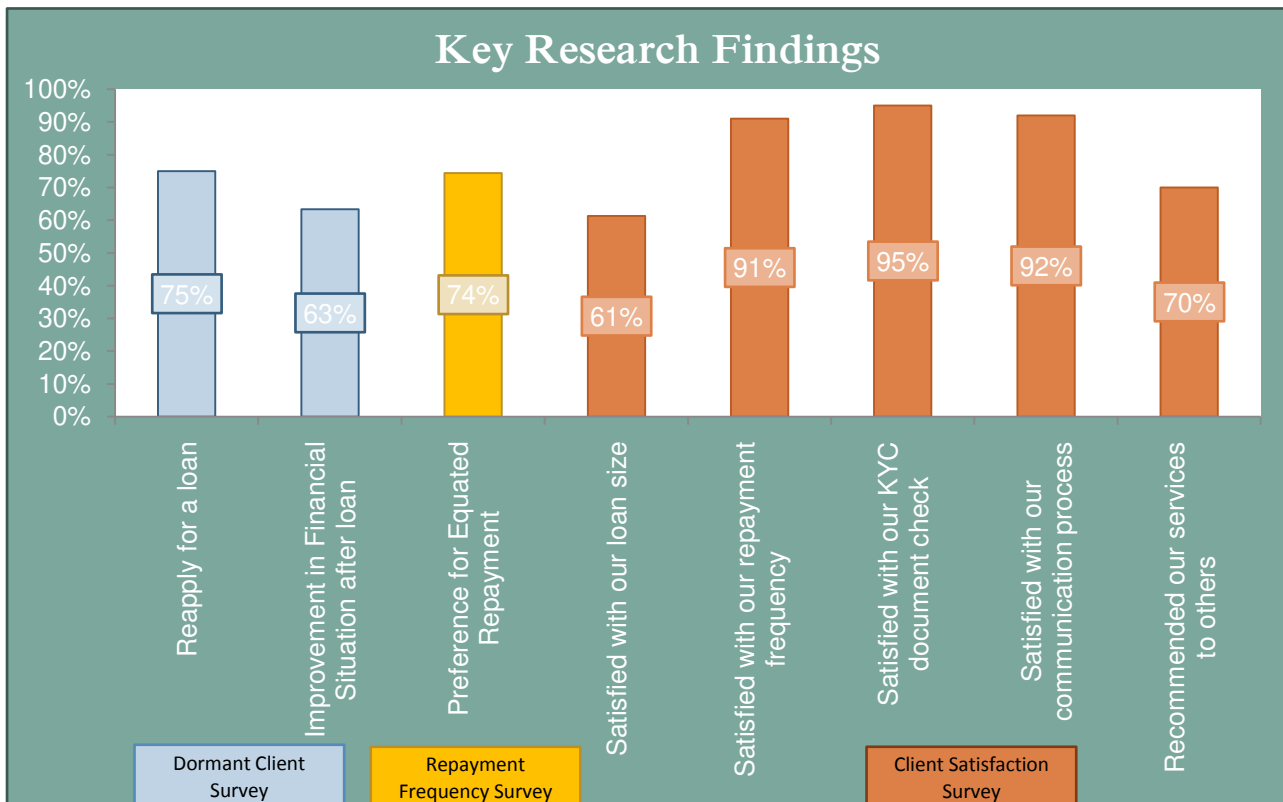
- 74% of our loans are for Business purposes thereby enabling and enhancing productive income generating activities.
- 9% of our loans are for educational purposes, assisting our clients to fund their children’s education
- 7% of our loans are to repay existing debt, implying, this 7% is being absorbed into a formal financial framework. Such loans increase financial inclusion in slums.



75% of Jagdhans loans are Rs 15,000 or below. This coupled with an average loan size of Rs 14, 719 tends to suggest that we are servicing clients with lower repayment capacity. As repayment capacity is based on the Household income, this can also be reinterpreted as serviced our intended target population i.e. the poor. Further amongst this 75%, 35% receive a loan of Rs 10,000 or less. This 35% forms the poorest of the poor that are being serviced by Jagdhan.

Research & Social Performance

With the Research Department fully functional in 2013, Jagdhan was able to conduct a few key studies to gain a more in-depth client perspective. Through the studies, we identified, different hindrances faced by clients within the existing system of operations. Consequently, different operational and policy based measures were taken in an attempt to resolve issues highlighted that were under our control. In this segment we present a brief snapshot of what the clients felt with respect to Jagdhan.



As a result of the Client Perspective Study, two key operational strategies have been implemented.

- i) Collections are accepted on Saturdays
- ii) Other family members or friends are allowed to repay on behalf of the client

Plans for 2014-15

Management Strategy

Market Loan Product

Jagdhan is currently commencing research on the demand and specifics of a Market Loan Product. This loan product would be aimed only at entrepreneurs in a particular area. Business owners can avail of this product to meet either their working capital requirements or make capital investments. The purpose of such a loan product is to focus on the entrepreneurial needs and requirements of the financially excluded. The product would only be available to those who conduct their business in particular markets. With this product, Jagdhan will fine tune a part of their operations to encourage and promote entrepreneurial activities amongst the urban poor.

New Field Office Set-Up

Jagdhan has plans to open two new field offices during the course of the year 2014-15. New field office surveys will commence soon to identify potential areas, market size and demand after which final decisions will be made on setting up new field office. Through research, Jagdhan will try to identify such slum localities or low income housing conglomerations with scope to source 2,500 active clients in a period of two years. New field offices will not only aim to increase active client base but also increase outreach in terms of total area covered by its operations thereby increasing its presence on the Microfinance Map of Mumbai.

New Management Information System

During the course of this year Jagdhan plan to implement a new MIS: Bijli. This change has been primarily considered, as Bijli specialize in providing MIS for Microfinance Institutions across India with a large client base. They thus provide an MIS which is fully customized to our needs. Further, they also offer a mobile platform which is in line with our future plans of integrating on field collections and live client information tracking.

Annual Accounts

Directors Report

To
The Members,

Your Directors are pleased to present the Annual Report of your Company together with the Audited Statement of Accounts and the Auditor's Report of your Company for the Financial Year ended 31st March 2014.

FINANCIAL RESULTS

The Financial Highlights for the year 31st March, 2014 are as below:

Particulars	Amount in (INR)	
	2013-14	2012-13
Income From Operations	9,142,881	3,433,749
Other Income	532,173	2,129,815
Total Income	9,675,054	5,563,564
Profit/(Loss) before Extra-ordinary Items, Tax and Depreciation	(11,089,537)	(11,612,065)
Less: Depreciation	1,088,113	8,47,744
Profit/(Loss) before Provision for Tax	(12,177,650)	(10,764,321)
Less: Provision for Taxation	(9,168,721)	2,963,527
Profit/(Loss) after Taxation	(21,346,371)	(7,827,794)

BUSINESS OPERATIONS:

During the year under review, the business of the Company grew manifold and income from operations stood at Rs. 9,142,881 /- as compared to Rs. 3,433,749/- during previous year. The Board of Directors expresses their full confidence over the capabilities of the Management and congratulated the Management for the outperformance. The Company's Net Loss after Tax during the year 2013-2014 increased to 21,346,371/- as compared to 7,827,794/- due to write off of the Deferred Tax Asset amounting to Rs. 91,68,721/- during the previous year.

DIVIDEND:

Since, the Company has incurred losses during the year, the Directors do not recommend dividend for the year ended 31st March 2014.

SHARE CAPITAL

During the year under review, the Company got investment from Agora Microfinance NV & Ms. Meenal Patole in the form of subscription to the equity capital of the Company. This investment will boost the business expansion plans of the Company and will result in overall growth of the company. The paid-up capital as on 31st March 2014 stood at Rs. 6,720,400/-.

DIRECTORS

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956, and the Company's Article of Association, Mr. Tanmay Chetan, Ms. Rebecca McKenzie, & Orlanda Ruthven retires by rotation at the ensuing Annual General Meeting and being eligible, has offered themselves for re-appointment. Further, the Board proposes to re-appoint Ms. Meenal Patole as the Managing Director for the further period of three years commencing from 26th June 2014.

PUBLIC DEPOSITS

During the year, under review, the Company had not accepted deposits from public within the meaning of Section 58A of the Companies Act, 1956.

AUDITORS

S. R. Batliboi & Associates LLP, Chartered Accountants, holds office upto the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends their re-appointment.

PARTICULARS OF EMPLOYEES

The Company does not have any employees in receipt of remuneration equal to or exceeding limits as specified in Particulars of employees required in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your directors based on the representation received from the management state that:

1. In the preparation of the accounts, the applicable accounting standards have been followed and there are no material departures.
2. Accounting policies selected were applied consistently. Reasonable and prudent judgment and estimates were made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for that period.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
4. The annual accounts of the Company have been prepared on a going concern basis.

CONSERVATION OF ENERGY

Our operations are not energy intensive. However significant measures have been taken to reduce the energy consumption by purchasing latest technology energy efficient equipments.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

During the year, Company has not absorbed or imported any technologies.

FOREIGN EXCHANGE EARNINGS & OUTGOINGS

There is no foreign currency transactions recorded during the current year

AUDITORS' REPORT

The Auditors have not qualified their report and there are no observations made by them.

COMPLIANCE CERTIFICATE

As per provisions of Section 383A of the Companies Act, 1956, Compliance Certificate dated 26/06/2014 from M/s. D. S. Momaya & Co., Company Secretaries is annexed.

ACKNOWLEDGMENTS

Your Directors place on record their gratitude for the continuing support of bankers, regulatory bodies and other business associates at all levels.

Your Directors also wish to place on record their deep sense of appreciation for the contribution and commitment displayed by the employees.

For and on behalf of the Board of Directors

Sd/-	Sd/-
Director	Managing Director

Date: 26/06/2014

Place: Mumbai

Independent Auditors Report

To the Members of Jagdhan Finance and Investment Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Jagdhan Finance and Investment Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2014, and 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 accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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 judgement, 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 Companies Act, 1956 (“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 loss 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.

Report on Other Legal and Regulatory Requirements

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 a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, 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 notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
- (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 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

Sd/-

per Amit Kabra

Partner

Membership Number: 94533

Place: Mumbai.

Date: June 26, 2014

Annexure referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our Report of even date

Re: Jagdhan Finance and Investment Limited (“the Company”)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year, which, in our opinion is reasonable having regards to the size of the Company and the nature of its assets.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) The Company is mainly engaged in providing loans and therefore, provisions of clause 4(ii) of the Order related to inventory are not applicable.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for purchase of fixed assets and for lending activities. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provision of clause 4(v) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the company and the nature of its business.

Annexure referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our Report of even date

Re: Jagdhan Finance and Investment Limited (“the Company”)

- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the services provided by the Company.
- (ix) (a) The company has generally deposited all undisputed statutory dues including income-tax, provident fund, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *except delay in a few cases pertaining to Employee’s State Insurance Corporation which are not serious in nature*. As informed, sales tax, provisions of investor education and protection fund, custom duty, service tax, wealth-tax and excise duty are currently not applicable to the Company.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, provident fund, employee’s state insurance and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. As informed, provisions of, investor education and protection fund, custom duty, service tax, excise duty, wealth tax, sales-tax and cess are currently not applicable to the Company.
 - (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has accumulated losses at the end of the financial year which is less than fifty per cent of its net worth but *it has also incurred cash losses in the current financial year and in the immediately preceding financial year*.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (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 Order are not applicable to the Company.
- (xiv) In our opinion Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order 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.

Annexure referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our Report of even date

Re: Jagdhan Finance and Investment Limited (“the Company”)

- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained, though idle/ surplus funds which were not required for immediate utilization have been gainfully invested in liquid assets payable on demand.
- (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) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

Sd/-

per Amit Kabra

Partner

Membership Number: 94533

Place: Mumbai.

Date: June 26, 2014

Balance Sheet for the year ended 31st March, 2014

Particulars	Notes	31- Mar-14 (INR)	31- March-13 (INR)
Equity and Liabilities			
Shareholders' Funds			
Share Capital	3	6,720,400	6,320,400
Reserves and Surplus	4	57,145,541	48,512,920
		63,865,941	54,833,320
Non-Current Liabilities			
Long-term borrowings	5	1,666,664	
Long-term provisions	6	1,180,277	668,324
		2,846,941	668,324
Current Liabilities			
Short-term borrowings	7	4,000,000	
Other current liabilities	8	4,894,844	1,764,473
		8,894,844	1,764,473
TOTAL		75,607,726	57,266,118
Assets			
Non-Current Assets			
Fixed assets			
Tangible assets	9	1,324,325	632,335
Intangible assets	10	528,977	1,208,798
Tangible assets under development		-	-
Deferred tax assets (net)	11	-	9,168,721
Long-term loans and advances	12	26,476,626	3,476,281
Other non-current assets	13	600,000	437,083
		28,929,928	14,923,218
Current assets			
Cash and bank balances	14	17,132,128	24,237,687
Short-term loans and advances	12	28,793,709	18,105,212
Other current assets	13	751,961	-
		46,677,798	42,342,900
TOTAL		75,607,726	57,266,118

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
Firm Registration Number: 101049W
Chartered Accountants

Sd/-

per Amit Kabra
Partner
Membership No. 94533

Place: Mumbai
Date: 26 June 2014

**For and on behalf of the Board of Directors of
Jagdhan Finance and Investment Limited**

Sd/-

Managing Director and Chief Executive Officer
DIN 03162474

Sd/-

Chief Financial Officer

Sd/-

Director
DIN 03594936

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

Particulars	Notes	31- Mar-14 (INR)	31- Mar-13 (INR)
Income			
Revenue from operations	15	9,142,881	3,433,749
Other Income	16	532,173	2,129,815
Total revenue (I)		9,675,054	5,563,564
Expenses			
Employee benefit expenses	17	14,430,146	11,181,330
Finance costs	18	189,681	7,601
Other expenses	19	5,489,257	4,012,312
Depreciation and amortization expense	20	1,088,113	847,744
Provisions and write-offs	21	655,508	278,899
Total expenses (II)		21,852,705	16,327,885
(Loss)/ Profit before tax (III) = (I) – (II)		(12,177,650)	(10,764,321)
Tax expenses			
Current tax		-	-
Deferred tax		(9,168,721)	3,007,879
(Excess)/ short provision of tax relating to earlier years		-	(71,352)
Total tax expense (IV)		(9,168,721)	2,936,527
(Loss)/ profit for the year (III-IV)		(21,346,371)	(7,827,794)
Earnings per equity share			
Nominal value of share Rs 10. (March 31, 2014: Rs 10)	26		
Basic (Computed on basis of total (loss)/ profit for the year)		(33.03)	(12.38)
Diluted (Computed on the basis of total (loss)/ profit for the year)		(33.03)	(12.38)

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
Firm Registration Number: 101049W
Chartered Accountants

Sd/-

per Amit Kabra
Partner
Membership No. 94533

Place: Mumbai
Date: 26 June 2014

**For and on behalf of the Board of Directors of
Jagdhan Finance and Investment Limited**

Sd/-

Managing Director and Chief Executive Officer
DIN 03162474

Sd/-

Chief Financial Officer

Sd/-

Director
DIN 03594936

Cashflow Statement for the year ended 31st March 2014

Particulars	Notes	31- Mar-14 (INR)	31- Mar-13 (INR)
Cash flow from operating activities			
(Loss)/ profit before tax		(12,177,650)	(10,764,321)
Non-cash adjustments to reconcile (loss)/ profit before tax to net cash flows			
Interest on shortfall in payment of advance income tax		-	(71,352)
Depreciation and amortization		1,088,113	847,744
Provision for employee benefits – leave encashment		(74,393)	175,553
Provision for employee benefits – gratuity		132,645	117,495
Loss/ (profit) on sale of fixed assets		18,130	-
Provision for non-performing assets		379,308	246,335
Other provisions and write-offs		9,053	9,657
Operating (loss)/ profit before working capital changes		1,552,856	1,325,432
Movements in working capital:			
Increase/ (decrease) in other current liabilities		(128,573)	241,046
Decrease/ (increase) in loans and advances		(34,247,259)	(9,377,188)
Decrease/ (increase) in other current & noncurrent assets		(872,853)	(822,153)
Cash generated from/ (used in) operations			
Direct taxes paid (net of refunds)		(51,265)	(283,328)
Net cash flow from/ (used in) operating activities (A)		(35,299,950)	(10,241,623)
Cash flows from investing activities			
Purchase of fixed assets, including capital work in progress and capital advances		(573,306)	(780,145)
Proceeds from sale of fixed assets		13,500	-
Net cash flow (used in)/ from investing activities (B)		(559,806)	(780,145)
Cash flow from financing activities			
Proceeds from insurance of equity share capital (including share application money)		30,720,000	-
Share issue expenses		(341,008)	-
Long-term borrowings (net)		5,666,664	-
Short-term borrowings (net)		3,333,336	-
Net Cash flow (used in)/ from in financing activities (C)		39,378,992	-
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		(7,105,559)	(20,460,657)
Cash and cash equivalents at the beginning of the year		24,237,687	44,698,344
Cash and cash equivalents at the end of the year		17,132,128	24,237,687

Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
Firm Registration Number: 101049W
Chartered Accountants

Sd/-

per Amit Kabra
Partner
Membership No. 94533

Place: Mumbai
Date: 26 June 2014

**For and on behalf of the Board of Directors of
Jagdhan Finance and Investment Limited**

Sd/-

Managing Director and Chief Executive Officer
DIN 03162474

Sd/-

Chief Financial Officer

Sd/-

Director
DIN 03594936

Notes to financial statements for the year ended March 31st 2014

3. Share Capital	31st Mar-14 (INR)	31st Mar-13 (INR)
Authorized Shares		
30,00,000 (March 31, 2013: 30,00,000) equity shares of Rs 10 each	30,000,000	30,000,000
Issued, subscribed and fully paid up shares:		
6,72,040 (March 31, 2013: 6,32,040) equity shares of Rs 10 each fully paid up	6,720,400	6,320,400
Totally issued, subscribed and fully paid-up share capital	6,720,400	6,320,400

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	31st March-14		31st March- 13	
	No. of Shares	(INR)	No. of Shares	(INR)
At the beginning of the year	632,040	6,320,400	632,040	6,320,400
Issued during the year	40,000	4,00,000	-	0
Outstanding at the end of the year	672,040	6,720,400	632,040	6,320,400

b) Terms / rights attached to equity shares

The company has only one class of equity shares having par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Dividend declared and paid would be in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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) Details of shareholders holding more than 5% shares in the Company

Equity shares of Rs 10 each fully paid	As at March 31, 2014	
	No. of Shares	% holding
Meenal Patole	329,694	49.06%
Agora Microfinance NV	342,340	50.94%

Equity shares of Rs 10 each fully paid	As at March 31, 2013	
	No. of Shares	% holding
Meenal Patole	309,694	49.00%
Moringaway	311,932	49.35%

As per the records of the Company including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Notes to financial statements for the year ended March 31st 2014

4. Reserves & Surplus	31st Mar-14 (INR)	31st Mar-13 (INR)
Securities premium account		
Balance as per the last financial statement	70,259,185	70,259,185
Add: Additions on initial public offer	30,320,000	-
Less: Share issue expenses	(341,008)	-
Closing Balance	100,238,177	70,259,185
Statutory Reserve		
Balance as per the last financial statements	86,246	86,246
Add: Amount transferred from surplus balance in the statement of profit and loss	-	-
Closing Balance	86,246	86,246
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	(21,832,511)	(14,004,718)
Add: Profit/ (Loss) for the year	(21,346,371)	(7,827,793)
Net surplus/ (deficit) in the statement of profit and loss	(43,178,882)	(21,832,511)
Total reserves and surplus	57,145,541	48,512,920

5. Long Term Borrowings	Non Current Position		Current Maturities	
	31st Mar-14 (INR)	31st Mar-13 (INR)	31st Mar-14 (INR)	31st Mar-13 (INR)
Term Loans				
Indian rupee loan from non banking financial companies (secured)	1,666,664	-	3,333,336	-
	1,666,664	-	3,333,336	-
The above amount includes				
Secured borrowings	1,666,664	-	3,333,336	-
Amount disclosed under the head "other current liabilities" (note 9)	-	-	(3,333,336)	-
Net Amount	1,666,664	-	-	-

Nature of Security	31st Mar-14 (INR)	31st Mar-13 (INR)
a) Loans secured by hypothecation (exclusive charge) of portfolio loans	5,000,000	-
Total Outstanding	5,000,000	-

The loan is borrowed having 18 Equated monthly instalments bearing Interest Rate at 16% having last date of payment as 30 September, 2015

Notes to financial statements for the year ended March 31st 2014

6. Provisions	Long Term		Short Term	
	31 st Mar-14 (INR)	31 st Mar-13 (INR)	31 st Mar-14 (INR)	31 st Mar-13 (INR)
Provisions for employee benefits				
Provision for gratuity	502,832	370,187	-	-
	502,832	370,187	-	-
Other provisions				
Contingent provision against standard assets	262,581	97,018	-	-
Provision for non-performing assets	414,864	201,119	-	-
	677,445	298,137	-	-
	1,180,277	668,324	-	-

7. Short-term borrowings	31 st Mar-14 (INR)	31 st Mar-13 (INR)
Other loans and advances		
Indian rupee loan from NBFC	4,000,000	-
	4,000,000	-
The above amount includes		
Secured borrowings	4,000,000	-
Unsecured borrowings	-	-

Indian rupee loan from NBFC are term loans secured by hypothecation of portfolio loans
The loans is borrowed having 12 Equated monthly instalments bearing Interest Rate of 16.25% having last date of payment as 10 March, 2015

8. Other Current Liabilities	31 st Mar-14 (INR)	31 st Mar-13 (INR)
Other liabilities		
Current maturities of long term borrowings (Note 5)	3,333,336	-
Interest accrued but not due on borrowings	58,316	-
Provision for leave benefits	293,316	367,709
Employee benefit payable	72,909	37,826
Statutory dues payable	331,135	262,655
Expenses and other payable	805,832	1,096,284
	4,894,844	1,764,474

11. Deferred Tax	31 st Mar-14 (INR)	31 st Mar-13 (INR)
Deferred tax liability		
Differences in depreciation and other differences in block of fixed assets and intangible assets as per tax and books of accounts	118,118	57,338
	118,118	57,338
Deferred tax asset		
Difference due to provision for leave encashment	90,635	113,622
Difference due to provision for gratuity	155,375	114,388
Difference due to disallowance of provision against standard assets and non performing assets	2,093,331	76,118
Deferred tax created and carried forward tax losses and unabsorbed depreciation	14,359,288	8,921,932
Deferred tax asset not recognized	(16,580,510)	-
	118,118	9,226,059
Deferred tax asset/ (liability) net	-	9,168,721

Deferred Tax Asset is recognised only to the extent of deferred tax liability as there is no virtual certainty supported by convincing evidence that they can be realised against future taxable profits. Deferred tax asset created in earlier years has been written off based on the latest business plan/ projections.

Notes to financial statements for the year ended March 31st 2014

9. Tangible Assets	Furniture & Fixtures (INR)	Computers (INR)	Office Equipments (INR)	Assets on Lease (Computers) (INR)	Total (INR)
Cost					
At April 1, 2012	289,791	284,994	149,360		724,145
Additions	70,735	150,805	-		221,540
Disposal	-	-	-		-
At March 31, 2013	360,526	435,799	149,360		945,685
Additions	524,356	518,551	89,005		1,131,912
Disposals	5,800	-	35,930		41,730
At March 31, 2014	879,082	954,350	202,435		2,035,867
Depreciation					
At April 1, 2012	35,714	96,330	13,798		145,842
Charge for the year	53,260	93,916	20,332		167,508
Disposals	-	-	-		-
At March 31, 2013	88,974	190,246	34,130		313,350
Charge for the year	148,590	234,148	25,554		408,292
Disposals	2,548	-	7,552		10,100
At March 31, 2014	235,016	424,394	52,132		711,542
Net Block					
At March 31, 2013	271,552	245,553	115,230		632,335
At March 31, 2014	647,236	527,786	150,303		1,324,325
The Company does not have any other assets on lease except as disclosed above. All assets have been recognized at cost					
10. Intangible Assets	Software (INR)				Total (INR)
Gross Block					
At April 1, 2012	2,040,708				2,040,708
Additions	-				-
Deletions	-				-
At March 31, 2013	2,040,708				2,040,708
Additions	-				-
Deletions	-				-
At March 31, 2014	2,040,708				2,040,708
Amortization					
At April 1, 2012	151,674				151,674
Charge for the year	680,236				680,236
At March 31, 2013	831,910				831,910
Charge for the year	679,821				679,821
At March 31, 2014	1,511,731				1,511,731
Net Block					
At March 31, 2013	1,208,798				1,208,798
At March 31, 2014	528,977				528,977

Notes to financial statements for the year ended March 31st 2014

12. Loans and Advances	Non Current		Current	
	31 st Mar-14 (INR)	31 st Mar-13 (INR)	31 st Mar-14 (INR)	31 st Mar-13 (INR)
A. Portfolio Loans				
Joint Liability Group Loans				
Unsecured, considered good *	6,204,052	163,417	18,781,791	2,251,574
Unsecured, considered doubtful **	506,440	-	0	-
	6,710,492	163,417	18,781,791	2,251,574
Individual Loans				
Unsecured, considered good *	18,192,389	2,682,500	9,338,154	14,640,372
Secured, considered good *	-	-	-	-
Unsecured, considered doubtful **	1,017,395	-	-	-
	19,209,784	2,682,500	9,338,154	14,640,372
(A)	25,920,276	2,845,917	28,119,945	16,891,946
B. Security Deposits				
Unsecured, considered good	556,350	630,364	-	-
(B)	556,350	630,364	-	-
C. Other Loans and advances				
Capital Advance	-	-	-	558,417
Employee Loans	-	-	223,334	51,002
Other receivables	-	-	61,800	13,083
Advance income tax (net of provision)	-	-	263,241	217,082
Prepaid expenses	-	-	125,389	373,682
(C)	-	-	673,764	1,213,266
Total (A + B + C)	26,476,626	3,476,281	28,793,709	18,105,212

13. Other Assets	Non Current		Current	
	31 st Mar-14 (INR)	31 st Mar-13 (INR)	31 st Mar-14 (INR)	31 st Mar-13 (INR)
Interest accrued on investments	-	157,344	56,552	-
Non Current bank balances (note 14)	600,000	-	-	-
Interest accrued and due on portfolio loans	-	279,739	695,409	-
	600,000	437,083	751,961	-

Notes to financial statements for the year ended March 31st 2014

	Non Current		Current	
	31 st Mar-14 (INR)	31 st Mar-13 (INR)	31 st Mar-14 (INR)	31 st Mar-13 (INR)
14. Cash and Bank Balances				
Cash and Cash Equivalents				
Balances with banks				
On Current accounts	-	-	6,375,456	6,450,058
Deposits with original maturity of less than three months	-	-	11,300,000	17,500,000
Cash on hand	-	-	56,672	287,630
	-	-	17,732,128	24,237,687
Other Bank Balances				
Margin money deposit *	-	-	600,000	-
	-	-	600,000	-
Amount disclosed under non-current assets (note 13)	-	-	(600,000)	-
	-	-	17,132,128	24,237,687
*Represents margin money deposit placed to avail term loan from financial institutions				
15. Revenue from Operations			31st Mar-14 (INR)	31st Mar-13 (INR)
Interest income				
Interest on portfolio loans			8,440,376	3,175,529
Other Operating Revenue				
Loan Processing fees			701,505	258,220
Recovery against loans written off			1,000	-
			9,142,881	3,433,749
16. Other Income			31st Mar-14 (INR)	31st Mar-13 (INR)
Interest on fixed deposits			512,962	2,119,779
Interest on employee loans			16,233	-
Interest on Income Tax Refund			333	-
Miscellaneous Income			2,645	10,036
			532,173	2,129,815
17. Employee benefit Expenses			31st Mar-14 (INR)	31st Mar-13 (INR)
Salaries and bonus / incentives			13,762,843	10,473,274
Leave benefits			20,617	218,471
Contribution to Provident Fund			288,790	307,792
Contribution to Employee State Insurance Corporation			53,480	-
Gratuity Expenses			132,645	117,495
Staff Welfare Expenses			171,771	64,298
			14,430,146	11,181,330

Notes to financial statements for the year ended March 31st 2014

18. Finance Costs	31st Mar-14 (INR)	31st Mar-13 (INR)
Interest expense		
On term loans from non banking financial companies	64,795	-
Other finance costs/ Processing fees	94,944	-
Bank Charges	29,942	7,601
	189,681	7,601
19. Other Expenses	31st Mar-14 (INR)	31st Mar-13 (INR)
Rent	985,660	849,940
Rates and taxes	2,500	2,500
Insurance	64,342	25,149
Repairs and maintenance	348,890	213,896
MFIN Membership & subscription fee	170,569	-
Advertising	60,471	57,217
Other expense	132,240	296,807
Electricity Charges	78,732	57,630
Travelling and conveyance	594,795	516,760
Communication expenses	332,577	166,791
Printing and Stationery	560,785	199,447
Legal and professional fees	498,000	831,013
Director's sitting fees	230,000	50,000
Auditors remuneration (refer details below)	943,824	573,036
Other provisions and write off	9,053	9,657
Loss on sale of fixed asset	18,130	-
Technical services	385,356	133,280
Miscellaneous expenses	73,333	29,189
	5,489,257	4,012,312
Payment to auditors	31st Mar-14 (INR)	31st Mar-13 (INR)
As Auditor:		
Audit Fee	674,160	449,440
Limited Review	-	-
In Other Capacity:		
Other Services (Certification fees)	269,664	123,596
Reimbursement of expenses	-	-
	943,824	573,036
20. Depreciation and amortization expense	31st Mar-14 (INR)	31st Mar-13 (INR)
Depreciation of tangible assets	408,292	167,508
Amortization of intangible assets	679,821	680,236
	1,088,113	847,744
21. Provisions and write offs	31st Mar-14 (INR)	31st Mar-13 (INR)
Contingent provision against standard assets & substandard assets	655,508	278,899
	655,508	278,899

Notes to financial statements for the year ended March 31st 2014**22. Segment information**

The Company operates in a single reportable segment i.e., lending to individuals and joint liability groups, which have similar risks and returns for the purpose of AS 17 on 'Segment Reporting' notified under the Companies (Accounting Standards) Rules, 2006 (as amended).

The Company operates in a single geographical segment i.e., domestic.

23. Related parties**i) Names of the related parties with whom transactions have been entered**

Key Management Personnel	Managing Director and CEO – Ms. Meenal Patole
---------------------------------	---

ii) Related party transactions

Particulars	March 31, 2014 (INR)	March 31, 2013 (INR)
Transactions during the year		
Ms. Meenal Patole		
1. Salaries & perquisites	27,44,125	28,05,480
2. Reimbursement	5,94,984	3,72,000
3. Incentives	18,127	-

24. Capital commitments:

Estimated amount of contracts remaining to be executed on capital account (net of capital advances) and not provided:

Particulars	March 31, 2014 (INR)	March 31, 2013 (INR)
For Purchase of fixed asset	-	3,37,199

25. Earning and expenditure in foreign currency (on accrual basis)**Earnings in foreign currency**

There are no earnings in foreign currency for current financial year and for the immediately preceding financial year

Expenditure in foreign currency

Particulars	March 31, 2014 (INR)	March 31, 2013 (INR)
Professional fees	-	2,46,304

26. Earnings per share (EPS)**Profit/ (Loss) and number of shares data used in computation of basic and diluted EPS:**

Particulars	March 31, 2014 (INR)	March 31, 2013 (INR)
Net Profit/ (loss) for calculation of EPS	(2,13,46,371)	(78,27,794)
Weighted average number of equity shares – basic EPS & diluted EPS	6,46,287	6,32,040
Basic EPS (INR)	(33.03)	(12.38)
Diluted EPS (INR)	(33.03)	(12.38)
Nominal Value of shares (INR)	10.00	10.00

27. Loan portfolio and provision for standard and substandard assets:

(INR in Lakhs)

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and substandard assets			Portfolio loans outstanding (Net)	
	31-Mar-2014	31-Mar-2013	31-Mar-2013	Additions in 2013-14	31-Mar-2014	31-Mar-2014	31-Mar-2013
Standard	525.16	195.19	0.97	1.65	2.62	521.39	194.11
Substandard	15.24	2.19	2.01	2.14	4.15	12.24	0.29
Total	540.40	197.38	2.98	3.79	6.77	533.63	194.40

28. Leases

Head office and branch office premises are acquired on operating lease. The branch office premises are generally rented on cancellable terms for less than twelve months with no escalation clause and renewable at the option of the Company.

There are no restrictions imposed by leases arrangements. There are no subleases. Lease payments during the year charged to statement of profit and loss were as follows

Particulars	March 31, 2014 (INR)	March 31, 2013 (INR)
Operating lease payments recognised during the year	9,85,660	8,49,940

30. Dues to micro, small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

For the year ended March 31, 2014 no supplied has intimated the company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

31. Addition information required by RBI

a. Capital risk to asset ratio

Particulars	March 31, 2014 (INR)	March 31, 2013 (INR)
CRAR (%)	112.67%	112.14%
CRAR- Tier I Capital (%)	112.21%	111.90%
CRAR- Tier II Capital (%)	0.47%	0.24%

b. The Company has no exposure to real estate sector directly or indirectly

c. The Company has not disbursed any loans against the security of gold

d. Asset Liability Management

Maturity pattern of assets and liabilities as on March 31, 2014:

(INR in Lakhs)

Particulars	Upto 1 month	1 to 2 month	2 to 3 month	3 to 6 month	6 month to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Liabilities									
Market Borrowings	6.11	6.11	6.11	18.33	36.67	16.67	-	-	90.00
Assets									
Advances	9.91	3.86	4.51	28.96	257.19	261.72	-	-	566.16

Maturity patterns of assets and liabilities as on March 31, 2013:

(INR in Lakhs)

Particulars	Upto 1 month	1 to 2 month	2 to 3 month	3 to 6 month	6 month to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Liabilities									
Market Borrowings	-	-	-	-	-	-	-	-	-
Assets									
Advances	12.71	1.81	2.01	13.95	110.33	79.38	-	-	220.18

e. Information on instances of fraud

There are no instances of fraud for the year ended 31 March 2013 & 31 March 2014.

32. Previous year's figures have been regrouped where necessary to conform to this year's classification.

For S.R. Batliboi & Associates LLP
Firm Registration Number: 101049W
Chartered Accountants

Sd/-

per Amit Kabra
 Partner
 Membership No. 94533

Place: Mumbai
 Date: 26 June 2014

For and on behalf of the Board of Directors of
Jagdhan Finance and Investment Limited

Sd/-

Managing Director and Chief Executive Officer
 DIN 03162474

Sd/-

Chief Financial Officer

Sd/-

Director
 DIN 03594936

Accounting Policies

1. Corporate Information

Jagdhan Finance and Investment Limited (“the Company”) is a Non- Banking Financial Company (NBFC) registered with Reserve Bank of India (“RBI”) under Section 45-IA of the Reserve Bank of India Act, 1934 and primarily engaged in provision of micro credit and related activities.

The Company has applied to Reserve Bank of India, in terms of Circular No: NBS.CC.PD.No.250/03.10.01/2011-12, for granting registration certificate under the category Non Banking Financial Company – Micro Finance Institution (‘NBFC- MFI’). The application is pending for approval as on the date of this reporting period.

2. Summary of Significant Accounting Policies

a) Basis of Preparation 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 the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended), the relevant provisions of the Companies Act, 1956 and the provisions of the RBI as applicable to a non-banking financial company. The financial statements have been prepared on an accrual basis and under the historical cost convention except interest on loans which have been classified as non-performing assets which are accounted for on realization basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

c) Assets – Tangible and Intangible

Tangible fixed assets

All fixed assets are stated at historical cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Intangible fixed assets

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization/ depletion, The Company follows conditions of identification and recognition of Intangible assets as stipulated in AS 26 intangible assets.

d) Depreciation on Tangible Fixed Asset

Depreciation on tangible fixed assets is provided pro rata from the data on which the asset is ready for commercial use on written down value method as per useful lives of the assets estimated by the management or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher.

The rate of depreciation for the asset is as under:

Asset	Depreciation (%)
Computers	60%
Furniture & Fixtures	18.91%
Office Equipment	15%

e) Amortisation of Intangible Assets

Intangible Assets in nature of Computer Software recognized in financial statements are amortised over a useful life of 3 years on pro rata basis from the date of purchase. The management estimates the useful life of the asset based on the nature of the asset, technical, technological and other obsolescence.

f) Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

g) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Interest Income on loans given is recognised and accounted on accrual basis. Income including interest or discount or any other charges on non-performing asset is recognised only when realised. Any such income recognised before the asset became non-performing and remaining unrealised shall be reversed.
- ii. Loan processing fees collected from customers are recognized on an upfront basis at the time of disbursement of loan.
- iii. Interest Income on deposits with banks is recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable
- iv. Dividend income is recognized when the right to receive payment is established by the balance sheet date.
- v. All other income is recognised on accrual basis.

h) Leases (where the Company is the lease)

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased item, is classified as operating leases. Lease rental payments under operating leases are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

i) Foreign Currency Transactions

There is no foreign currency transactions recorded during the current year.

j) Income Taxes

- i. 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- ii. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and tax laws enacted or substantively enacted, at the reporting date

- iii. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation on carry forward tax losses, all deferred tax asset is recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.
- iv. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case maybe, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income would be available.

k) Employee Benefits

- i. Retirement benefit in the form of provident fund is a defined contribute scheme. The contributions to the provident fund are charged to the Statement of Profit and Loss for the year when the contributions are due.
- ii. The Company has no obligation other than the contribution payable to the provident fund, employee state insurance. The cost of gratuity benefit is determined and provided in accordance with the Payment of Gratuity Act, 1972.
- iii. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that is expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

l) Earnings per share ('EPS')

Basic earnings per share are computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to the equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the affects of all dilutive potential equity shares

m) Borrowing costs

Borrowing costs consist of interest and other costs that an entity in connection with the borrowing of the funds.

n) Provisions

A provision is recognised when the Company has 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 a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

o) Cash & Cash Equivalents

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

p) Classification of Loan Portfolio

i) Loan Portfolio is classified as below:

Asset Classification	Arrear Period
Standard Assets	Overdue for less than 30 days

Non Performing Assets

Sub Standard Assets	Overdue for 31-180 days
Loss Assets	Overdue over 180 days

ii) Provisioning policy for Loan Portfolio

The company follows provision policy in accordance with the classification policy and rates approved by the Management which were as follows:

Asset Classification	Arrear Period	Provision %
Standard Assets	Overdue for 0 days	0.50%
	Overdue for 1-30 days	10%
Sub Standard Assets	Overdue for 31-60 days	25%
	Overdue for 61-90 days	50%
	Overdue for 91-180 days	75%
Loss Assets	Overdue for more than 181 days	100%

The above provisioning norms approved by the management, are stricter compared to Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.



Contact Information

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