

FINVENT FINANCE AND INVESTMENTS LIMITED

FINANCIAL YEAR 2013-14





K. VENKATACHALAM AIYER & Co.

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
FINVENT FINANCE AND INVESTMENTS LIMITED

Report on the financial statements:

We have audited the accompanying financial statements of FINVENT FINANCE AND INVESTMENTS LIMITED ("the company"), which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and the 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:

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. 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 misstatements, 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 of 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 these circumstances. An audit also includes evaluating the appropriateness of accounting policies and principles used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidences we have obtained are 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 together with the notes thereon 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 31st March, 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 of the Company 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"), as amended by the Companies (Audit Report)(Amendment) Order, 2004 (together the 'Order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, and based on the information and explanation given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said 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 the 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 the Cash Flow Statement dealt with by this report have been prepared in all material respects in compliance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
- e. On the basis of the written representations received from the Directors of the Company as on March 31, 2014, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2014 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For K.VENKATACHALAM AIYER & Co
Chartered Accountants
FRN: 004610S

CA VISHNU MOHAN
Partner
Membership No.232723
Place: Kottayam
Date: June 18, 2014

Annexure to the Independent Auditors' Report

The Annexure referred to in our report to the members of Finvent Finance and Investments Limited ("The Company") for the year ended March 31, 2014. We report that;

1.
 - i. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - ii. The fixed assets have been physically verified by the management during the period, the programme of verification of which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such physical verification.
 - iii. In our opinion and according to the information and explanation given to us, a substantial part of the Fixed Assets has not been disposed off by the Company during the year and therefore doesn't affect going concern assumption.
2. The company does not hold any Inventory as at 31 March, 2014. Therefore, the provisions of clause 4(ii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
3.
 - i. On the basis of the explanations given by the management, we report that the Company has not taken any loans, secured or unsecured from Companies or other parties covered in the register maintained u/s 301 of the Companies Act 1956 ("The Act"). However we report that the Company has entered into transactions with the Directors of the Company and the maximum amount to the credit of such account of the Directors during the year ended March 31, 2014 was Rs.59,50,000/- (2012-13: Rs. Nil) and the outstanding balance as on March 31, 2014 including interest payable was Rs.25,17,643/- (31.03.2013 :Rs.Nil).
 - ii. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the register maintained under section 301 of the Act are not prima facie prejudicial to the interests of the Company.
 - iii. In respect of the aforesaid loans, the company is regular in repaying the principal amounts as stipulated and is also regular in payment of interest, wherever applicable.
 - iv. There are no overdue amounts of loans taken from or granted to companies, firms or other parties listed in the register maintained in pursuance of Section 301 of the Act.

4. In our opinion and according to the information and explanations given to us there are adequate internal control procedures, commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
5. In our opinion and according to the information and explanations given to us, the company has not entered into any transactions that need to be entered in the register in pursuant of section 301 of the Act. Therefore, the provisions of clause 4(v) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
6. The Company has not accepted deposits within the meaning of Sections 58A and 58AA of the Companies Act 1956 from the public, during the year ended March 31, 2014.
7. The Company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under section 209(1)(d) of the Act for any services rendered by the Company.
9.
 - i. According to the information and explanations given to us and the records of the Company examined by us, and in our opinion, the Company is regular in depositing the undisputed statutory dues as applicable with the appropriate authorities.

According to the information and explanations given to us there are no undisputed amounts payable in respect of income tax, wealth tax, excise duty and cess which are outstanding as at March 31, 2014 for a period of more than six months from the date they became payable.
 - ii. According to the records of the Company and the information and explanation given to us, there are no dues of wealth tax, excise duty and cess which have not been deposited on account of dispute as at March 31, 2014.
10. The Company has no accumulated losses as at March 31, 2014 and it has not incurred any cash losses during the year ended on that date or in the immediately preceding financial year.

11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to any financial institution or Bank as at the Balance Sheet date.
12. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company has not traded in shares, securities and other investments during the year. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
15. According to the explanations and information given to us, the Company has not given any guarantee during the year for loans taken by others from banks or other financial institutions, the terms and conditions of which are prejudicial to the interest of the Company.
16. To the best of our knowledge and belief and according to the information and explanations given to us, the company has not availed any term loan. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
17. According to the explanations and information given to us, on an overall examination of the Balance Sheet of the Company, funds raised on short-term basis have not been used for long-term investment.
18. According to the explanations and information given to us, during the year under audit, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. In our opinion, Company has not issued any debentures during the year. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the company.
20. In our opinion, Company has not made a public issue during the year.

21. According to the explanations and informations given to us, we have neither come across with any instance of fraud on or by the Company being noticed or reported during the year, nor have we been informed of such case by the management.

For K.VENKATACHALAM AIYER & Co
Chartered Accountants
FRN: 004610S

CA VISHNU MOHAN
Partner
Membership No.232723

Place: Kottayam
Date: June 18, 2014

FINVENT FINANCE AND INVESTMENTS LIMITED
BALANCE SHEET AS AT MARCH 31, 2014

(in Rs.)

	Note	As at 31-Mar-2014	31-Mar-2013
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3.1	2 75 00 000	2 25 00 000
Reserves and Surplus	3.2	30 29 665	9 70 426
		3 05 29 665	2 34 70 426
Share Application Money Pending Allotment	3.3	-	14 50 000
Current Liabilities			
Short Term Borrowings	3.4	5 14 47 573	-
Other Current Liabilities	3.5	72 84 845	4 75 476
Short Term Provisions	3.6	2 07 000	20 000
		5 89 39 418	4 95 476
Total Equities and Liabilities		8 94 69 083	2 54 15 902
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	3.7	18 67 099	8 56 419
Intangible Assets	3.8	24 067	30 084
Intangible Assets (under development)	3.9	30 000	20 000
		19 21 166	9 06 503
Long Term Receivable From Financing Activities	3.10	3 98 87 992	40 40 715
Long Term Loans and Advances	3.11	6 58 207	5 60 757
Deferred Tax Asset	3.12	1 86 600	1 33 700
		4 07 32 799	47 35 172
Current Assets			
Short Term Receivable from Financing Activities	3.13	4 20 48 951	45 93 774
Short Term Loans and Advances	3.14	43 19 486	36 01 336
Cash and Cash Equivalents	3.15	4 46 681	1 14 00 730
Other Current Assets	3.16	-	1 78 387
		4 68 15 118	1 97 74 227
Total Assets		8 94 69 083	2 54 15 902

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS 1 to 8

As per our report of even date attached
For K.VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
Firm Regn No: 004610 S

For and on Behalf of the Board of Directors of
FINVENT FINANCE AND INVESTMENTS LTD

CA VISHNU MOHAN
Partner
Membership No: 232723

P T ABRAHAM
Chairman and Managing Director

Place : Kottayam
Date : June 18, 2014

SAM V STEPHEN
Director

JOSE T JOHN
Director

FINVENT FINANCE AND INVESTMENTS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

(In Rs)

	Note	Year Ended	
		31-Mar-2014	31-Mar-2013
Income			
Revenue from Operations	3.17	1 43 27 546	9 35 340
Other Income	3.18	33 10 407	15 72 762
Total Revenue (I)		<u>1 76 37 953</u>	<u>25 08 102</u>
Expenses			
Employee Benefit Expenses	3.19	29 58 078	3 45 025
Finance Costs	3.20	35 65 161	5 742
Depreciation and Amortization Expense	3.7 & 3.8	4 16 097	29 700
Other Expenses	3.21	75 20 552	11 05 596
Provisions	3.22	1 87 000	20 000
Total Expenses (II)		<u>1 46 46 888</u>	<u>15 06 063</u>
Profit Before Tax (I - II)		29 91 065	10 02 039
Tax Expenses			
Current Tax		9 90 000	3 26 229
Deferred Tax		(52 900)	(10 100)
Tax Adjustment of Earlier Year		(5 274)	2 049
Total Tax Expenses		<u>9 31 826</u>	<u>3 18 178</u>
Profit for the year		<u><u>20 59 239</u></u>	<u><u>6 83 861</u></u>
Earning per equity share:			
Basic and Diluted	6	0.87	0.30

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1 to 8

As per our report of even date attached
For K. VENKATACHALAM AIYER & CO
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For and on Behalf of the Board of Directors of
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Place : Kottayam
Date : June 18, 2014

SAM V STEPHEN
Director

JOSE T JOHN
Director

FINVENT FINANCE AND INVESTMENTS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014

(in Rs.)

	Year Ended	
	31-Mar-14	31-Mar-13
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net Profit before tax	29 91 065	10 02 039
Adjustments For:-		
Depreciation	4 16 097	29 700
Provision Against Non - Performing Assets	7 000	-
Provisions On Standard Assets	1 80 000	20 000
Provision For Expenses	50 000	-
Interest From Fixed Deposits	1 14 957	15 69 935
	7 68 054	16 19 635
Operating Profit before charges to Operating Assets and Liabilities	37 59 119	26 21 674
Net (Increase) / Decrease In Operating Assets:-		
Long Term Receivable From Financing Activities	(3 58 47 277)	(40 40 715)
Long Term Loans And Advances	(2 20 400)	(4 07 942)
Short Term Loans And Advances	(3 56 254)	(38 25 817)
Short Term Receivables From Financing Activities	(3 74 55 177)	(45 93 774)
Other Current Assets	1 78 387	2 83 117
	(7 37 00 721)	(1 25 85 131)
Net Increase/ (Decrease) In Operating Liabilities-		
Other Current Liabilities	68 09 370	4 47 386
Short-Term Provisions	(50 000)	-
	67 59 370	4 47 386
Net changes in Working Capital	(6 69 41 351)	(1 21 37 745)
Cash Generated from Operating Activities	(6 31 82 232)	(95 16 071)
Direct Taxes Paid	(13 46 622)	(3 42 868)
Net cash (used in) Operating Activities (A)	(6 45 28 854)	(98 58 939)
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase Of Fixed Assets Including Capital Advance	(13 07 810)	(10 89 018)
Net cash (used in) Investing Activities (B)	(13 07 810)	(10 89 018)
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Net Increase / (Decrease) In Share Capital	50 00 000	-
Net Increase / (Decrease) In Share Application	(14 50 000)	14 50 000
Interest On Fixed Deposit	(1 14 957)	(15 69 935)
Increase In Secured Borrowings	5 14 47 572	-
Net cash generated from Financing Activities(C)	5 48 82 615	(1 19 935)

(in Rs.)

	Year Ended	
	31-Mar-14	31-Mar-13
Net Increase/(Decrease) In Cash And Cash Equivalents (A+B+C)	(1 09 54 049)	(1 10 67 892)
Cash And Cash Equivalents At The Beginning Of The Year	1 14 00 730	2 24 68 622
Cash And Cash Equivalents At The End Of The Year	<u>4 46 681</u>	<u>1 14 00 730</u>

COMPONENTS OF CASH AND CASH EQUIVALENTS

Cash In Hand	2 96 005	19 875
Balances With Banks In Current Account	1 50 676	3 64 962
Balances With Banks In Fixed Deposit	-	1 10 15 893
	<u>4 46 681</u>	<u>1 14 00 730</u>

As per our report of even date attached
For K.VENKATACHALAM AIYER & CO
CHARTERED ACCOUNTANTS
Firm Regn No: 004610 S

For and on Behalf of the Board of Directors of
FINVENT FINANCE AND INVESTMENTS LTD

CA VISHNU MOHAN
Partner
Membership No: 232723

P T ABRAHAM
Chairman and Managing Director

Place : Kottayam
Date : June 18, 2014

SAM V STEPHEN
Director

JOSE T JOHN
Director

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

1. CORPORATE INFORMATION

Finvent Finance and Investments Limited (the company) is a public company domiciled in India and was incorporated under the provisions of the Companies Act, 1956 on 22 June, 2011. The company is a Non Banking Finance company, involved in Hire Purchase Finance and Loans as per Reserve Bank of India Guidelines as amended from time to time, for all types of motor and other vehicles, machinery, buildings to individuals, companies, associations or other legal entities on securities of immovable and moveable properties such as the Land, Buildings, Machinery, precious metals like gold, silver and other metals.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of financial statement

The financial statements for the year ended March 31, 2014, have been prepared under historical cost convention and on accrual basis, in accordance with Indian Generally Accepted Accounting Principles ("GAAP") and in compliance with the provisions of Companies Act, 1956, mandatory and relevant Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the directions issued by Reserve Bank of India for Non Banking Financial Companies from time to time, wherever applicable.

2.2 Use of Estimates

The preparation of the financial statements requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the period. The estimates and assumptions used in these financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of financial statements. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognized prospectively in the current and future years.

2.3 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:

Income from Financial Services:

- i. Interest on loans and advances is recognized on accrual basis at the contract rate wherever feasible. Overdue charges for delayed payments are accounted as and when received.
- ii. Income in respect of Non-performing assets is recognized as and when received as per the guidelines given in the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007.
- iii. Income from Services is recognized on accrual basis as per the terms of the contract.
- iv. Other Income is mainly accounted on accrual basis, except in case of significant uncertainties.

2.4 Tangible Fixed Assets

Fixed assets are carried at historical cost net of accumulated depreciation. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebate are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value, only if it increases the future benefit of the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit & Loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit & Loss when the asset is de-recognized.

2.5 Depreciation and amortisation

On Tangible Fixed Assets :

Depreciation on assets held for own use of the Company is provided on written down value method at the rates prescribed under schedule XIV of the Companies Act, 1956. Assets costing Rs. 5,000 or less, acquired during the year are fully depreciated.

The company has used the following rates to provide depreciation on its fixed assets;

Description of the Assets	Rate (%)
Motor vehicles	25.89%
Furniture and fittings	18.10%
Office equipments	13.91%
Computer and accessories	40%

On Intangible Assets and Amortisation thereof:

Intangible assets are recognised consistent with the criteria specified in the Accounting Standard - 26 "Intangible Assets" as prescribed by Companies (Accounting Standard) Rules, 2006.

2.6 Receivables from Financing Activities

The Company has followed the Directions prescribed by the Reserve Bank of India for Non Banking Financial Companies in respect of Prudential Norms for Income Recognition, Asset Classification, Accounting Standards, provisioning / writing off for bad and doubtful debts, Capital Adequacy and Concentration of credit / investments and Non Banking Finance Companies acceptance of Public Deposits (Reserve Bank) Directions 2007.

- i. Receivables under Finance represent principal and matured finance charges outstanding at the close of the year but net of amount written off.
- ii. The company assesses all receivables for their recoverability and accordingly, makes provisions for Non Performing Assets as considered necessary.
- iii. A general provision is also made by the company @ 0.25% on the standard assets outstanding and disclosed under 'provisions' in the financial statements as required by the Reserve Bank of India.

2.7 Income Tax

Tax expenses comprises of Current and Deferred Tax. Current Income Tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961 enacted in India.

Deferred Tax expense or benefit is recognised on timing differences being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets and Liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available to realise such assets. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

Deferred Tax Assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax asset against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxation authority.

2.8 Segment Reporting

The company's business activity primarily falls within a single business segment which constitutes Financing Activities. Hence, there are no additional disclosures required under Accounting Standard 17 'Segment Reporting'.

The Company operates primarily in India; hence there is no other significant geographical segment that requires the disclosure.

2.9 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. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.10 Related Party Disclosures

Disclosures are made as per the requirements of the Accounting Standard 18 and as per the clarifications issued by Institute of Chartered Accountants of India.

2.11 Provisions other than that of Non Performing Assets

A provision is recognised when the Company has a present and constructive obligation as a result of past event for which it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to its present value and are determined based on 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.

2.12 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

2.13 Classification and Provisioning as per RBI Guidelines

As per the guidelines given in the Prudential Norms for Non Banking Financial Companies prescribed by the Reserve Bank of India, the Company makes adequate provisions against Non Performing Assets as required by paragraph 8 of the NBFC Prudential Norms (Reserve Bank) Directions 2007.

i. Standard Assets:

Provision against Standard Assets is made at the rate of 0.25% as required by Paragraph 9A of the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007 read with Notification No. DNBS.222/ CGM (US)-2011 issued by Reserve Bank India on January 17, 2011.

ii. Sub-standard, Doubtful and Loss Assets:

Provision as required by paragraph 9 of the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions 2007.

3 NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

Amounts in the financial statements are presented in Rs. except for per share data and as otherwise stated.

Previous year figures have been reworked, re-grouped, re-arranged and reclassified to conform to the current year presentation.

3.1 SHARE CAPITAL

The Authorized, Issued, Subscribed and Fully paid-up share capital comprises of equity shares having a par value of Rs. 10 each as follows

Particulars	As at	
	31-Mar-14	31-Mar-13
Authorized Share Capital		
Authorized Share Capital	50 00 000	50 00 000
Par value per share (In Rs)	10	10
Authorized Share Capital (In Rs)	<u>5 00 00 000</u>	<u>5 00 00 000</u>
Issue Subscribed and Paid up Capital		
Issued, Subscribed and Paid up	27 50 000	22 50 000
Par value per share (In Rs)	10	10
Issued, Subscribed and Paid up Shares (In Rs)	<u>2 75 00 000</u>	<u>2 25 00 000</u>

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive balance if any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the shareholders.

A. Reconciliation of Number of shares and amount

Particulars	As at 31st March 2014		As at 31st March 2013	
	Number	Amount (In Rs)	Number	Amount (In Rs)
Opening Balance	22 50 000	2 25 00 000	22 50 000	2 25 00 000
Additions during the year	5 00 000	50 00 000	-	-
Closing Balance	27 50 000	2 75 00 000	22 50 000	2 25 00 000

B. Shareholders holdings more than 5% of the shares

Particulars	Number of Equity Shares		Amount(In Rs)	
	As at		As at	
	31st March 2014	31st March 2013	31st March 2014	31st March 2013
P T Abraham	5 30 000	19 80 000	53 00 000	1 98 00 000
Total	5 30 000	19 80 000	53 00 000	1 98 00 000

C. Rights, preferences and restrictions attached to shares

The Company has only one class of Equity Shares having par value of Rs.10 each. Each share holder is eligible for one vote per share held.

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.

3.2 RESERVES AND SURPLUS

Particulars	(In Rs)	
	31-Mar-14	31-Mar-13
Statutory Reserve (As per Section 45-IC of the Reserve Bank of India Act, 1934)		
At the beginning of the year	1 94 000	-
Add: Transfer from Surplus in the Statement of Profit and Loss	4 12 000	1 94 000
At the end of the year	6 06 000	1 94 000
Surplus / (Deficit) in the Statement of Profit & Loss		
Opening Balance	7 76 426	2 86 565
Add: Profit/(Loss) for the year	20 59 239	6 83 861
Total	28 35 665	9 70 426
Less: Appropriations		
Transfer to Statutory Reserve as per Reserve Bank Of India Act, 1934	(4 12 000)	(1 94 000)
Closing Balance	24 23 665	7 76 426
Total	30 29 665	9 70 426

3.3 SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	(In Rs)	
	31-Mar-14	31-Mar-13
Share Application Money Pending Allotment	-	14 50 000
Total	-	14 50 000

3.4 SHORT TERM BORROWINGS

Particulars	(In Rs)	
	31-Mar-14	31-Mar-13
Loans repayable on Demand		
Secured		
To Banks		
South Indian Bank	4 89 29 930	-
Unsecured		
Loans and Advances from Directors	25 17 643	-
Total	5 14 47 573	-

1. Guaranteed Loans

The Cash Credit Open Loan obtained from South Indian Bank have been personally guaranteed by the Directors of the Company, namely, P T Abraham, Jhony Joy, Jose T John, George Mathew, Amal Abraham and Sam V S.

2. Security of the Loans from South Indian Bank

The cash credit open loan has been obtained by creating first charge on the entire current asset including loan receivables

3. Period

The above mentioned limit is valid to a period of 12 months

4. Rate of interest

Name of the Bank	Rate of Interest
South Indian Bank	13.50%

5. Loan From Directors

The company has entered into transactions involving receipts and payments of different amounts with the directors of the company. The company pays interest at 12% per annum. The balance outstanding as on March 31, 2014 was Rs 25,17,643/- inclusive of interest accrued thereon (March 31, 2013: Rs.Nil).

3.5 OTHER CURRENT LIABILITIES

Particulars	As at	
	31-Mar-14	31-Mar-13
Creditors for Expenses*	4 03 890	4 42 683
Dealer Balances**	62 59 530	3 526
Withholding Taxes	3 35 293	29 267
Outstanding Liabilities	2 86 132	-
Total	72 84 845	4 75 476

*Creditors for Expenses includes an amount of Rs.3,389/- (31 March, 2013 :Rs.27,350/-) payable to Related Party

** Dealer Balances include an amount of Rs.17,64,891 payable to Related Parties

3.6 SHORT TERM PROVISIONS

Particulars	As at	
	31-Mar-14	31-Mar-13
Contingency provisions against standard assets (Made @ 0.25% of the outstanding Standard Assets)	2 00 000	20 000
Provision for non performing assets	7 000	-
Total	2 07 000	20 000

3.7 - TANGIBLE FIXED ASSETS

(in Rs.)

Description	Gross Block			Depreciation			Net Block		
	As at April 1, 2013	Additions during the period	Disposal during the period	As at March 31, 2014	As at April 1, 2013	For the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Furniture And Fixtures	6 97 176	11 04 914	-	18 02 090	18 361	2 83 818	3 02 179	14 99 911	6 78 815
Office Equipment	88 400	21 425	-	1 09 825	2 840	14 636	17 476	92 349	85 560
Vehicles	-	44 986	-	44 986	-	3 223	3 223	41 763	-
Computer & Accessories	1 00 543	2 49 435	-	3 49 978	8 499	1 08 403	1 16 902	2 33 076	92 044
Total	8 86 119	14 20 760	-	23 06 879	29 700	4 10 080	4 39 780	18 67 099	8 56 419

3.8 - INTANGIBLE ASSETS

(in Rs.)

Description	Gross Block			Depreciation			Net Block		
	As at April 1, 2013	Additions during the period	Disposal during the period	As at March 31, 2014	As at April 1, 2013	For the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Image	30 084	-	-	30 084	-	6 017	-	24 067	30 084
Total	30 084	-	-	30 084	-	6 017	-	24 067	30 084

3.9 - INTANGIBLE ASSETS UNDER DEVELOPMENT

(in Rs.)

Description	Gross Block			Depreciation			Net Block		
	As at April 1, 2013	Additions during the period	Disposal during the period	As at March 31, 2014	As at April 1, 2013	For the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Trademarks & Emblem	20 000	10 000	-	30 000	-	-	-	30 000	20 000
Total	20 000	10 000	-	30 000	-	-	-	30 000	20 000

3.10 LONG TERM RECEIVABLES FROM FINANCING ACTIVITIES

Particulars	(In Rs)	
	As at	
	31-Mar-14	31-Mar-13
(Secured, considered good unless otherwise stated)		
Hypothecation Loan	3 98 87 992	40 40 715
Total	<u>3 98 87 992</u>	<u>40 40 715</u>

3.11 LONG TERM LOANS AND ADVANCES

Particulars	(In Rs)	
	As at	
	31-Mar-14	31-Mar-13
(Unsecured, considered good unless otherwise stated)		
Security Deposits		
Considered Good	6 28 342	4 07 942
Capital Advance		
Considered Good	29 865	1 52 815
Total	<u>6 58 207</u>	<u>5 60 757</u>

3.12 DEFERRED TAX ASSET

Particulars	(In Rs)	
	As at	
	31-Mar-14	31-Mar-13
Depreciation	1 800	(13 000)
Preliminary expense u/s 35D	1 05 400	1 40 500
Provisions	79 400	6 200
Total	<u>1 86 600</u>	<u>1 33 700</u>

3.13 SHORT TERM RECEIVABLES FROM FINANCING ACTIVITIES

Particulars	(In Rs)	
	As at	
	31-Mar-14	31-Mar-13
(Secured, considered good unless otherwise stated)		
Hypothecation Loan	4 08 24 821	45 93 774
Gold Loan	5 06 950	-
Interest Accrued on the above loans		
Hypothecation Loan	6 95 191	-
Gold loan	21 989	-
Total	<u>4 20 48 951</u>	<u>45 93 774</u>

3.14 SHORT TERM LOANS AND ADVANCES

Particulars	(In Rs)	
	As at	
	31-Mar-14	31-Mar-13
(Unsecured, considered good unless otherwise stated)		
Trade receivables	32 55 719	-
Trade Advance	6 58 993	35 89 137
Other Advance	26 785	-
Tax Refund Receivable	3 77 989	12 199
Total	<u>43 19 486</u>	<u>36 01 336</u>

3.15 CASH AND CASH EQUIVALENTS

Particulars	(In Rs)	
	As at	
	31-Mar-14	31-Mar-13
Cash and Cash Equivalents		
Cash in Hand	2 96 005	19 875
Balances with Banks in Current Account	1 50 676	3 64 962
Balances with Banks in Fixed Deposit	-	1 10 15 893
Total	<u>4 46 681</u>	<u>1 14 00 730</u>

Details of balance as on Balance Sheet date with banks are as follows:

Particulars	(In Rs)	
	As at	
	31-Mar-14	31-Mar-13
Name of the Bank		
Balances with Banks in Current Account		
Indian Bank	-	5 000
Axis Bank	98 061	-
South Indian Bank, Ernakulam	28 507	-
South Indian Bank, Kottayam	24 108	3 59 962
	<u>1 50 676</u>	<u>3 64 962</u>
Balances with Banks in Fixed Deposit		
South Indian Bank	-	1 10 15 893
Total	<u>1 50 676</u>	<u>1 13 80 855</u>

3.16 OTHER CURRENT ASSETS

Particulars	(In Rs)	
	As at	
	31-Mar-14	31-Mar-13
Interest accrued but not due on Term Deposit	-	1 78 387
Total	<u>-</u>	<u>1 78 387</u>

3.17 REVENUE FROM OPERATIONS

Particulars	Year Ended	
	31-Mar-14	31-Mar-13
Hire Charges	1 01 25 709	4 78 685
Service Charges Received	23 31 552	-
Documentation Charges and processing fee	16 69 868	3 37 205
Interest On Trade Advance	89 380	1 19 450
Interest On Gold Loan	44 387	-
Other Charges	66 650	-
Total	1 43 27 546	9 35 340

3.18 OTHER INCOME

Particulars	Year Ended	
	31-Mar-14	31-Mar-13
Commission Income	31 80 654	-
Interest on Fixed Deposit	1 14 957	15 69 935
Discount Received	12 463	2 827
Other Income	2 333	-
Total	33 10 407	15 72 762

3.19 EMPLOYEE BENEFIT EXPENSES

Particulars	Year Ended	
	31-Mar-14	31-Mar-13
Salary & Allowance	24 63 640	3 34 150
Incentive to Employees	4 08 629	10 875
Bonus	27 250	-
Training Expenses	12 409	-
Wages	46 150	-
Total	29 58 078	3 45 025

3.20 FINANCE COSTS

Particulars	Year Ended	
	31-Mar-14	31-Mar-13
Interest and Bank charges	23 49 755	5 742
Interest on Loan From Directors	2 15 406	-
Guarantee Commission paid	10 00 000	-
Total	35 65 161	5 742

3.21 OTHER EXPENSES

(In Rs)

Particulars	Year Ended	
	31-Mar-14	31-Mar-13
Incentive Paid to Dealers	19 32 538	1 91 525
Commission paid to dealers*	28 62 588	-
Rent	5 58 550	97 500
Verification Charges	4 29 945	42 118
Payment to Auditors	2 06 192	3 82 721
Printing & Stationery	2 57 069	35 446
Advertisement Expenses	1 54 756	1 19 332
Communication Expenses	1 16 978	7 534
Director's Sitting Fee	95 000	25 000
Loss on Foreclosure	1 00 475	-
Miscellaneous Expense	6 33 180	2 02 844
Rates & Taxes (excluding taxes on income)	1 73 281	1 576
Total	75 20 552	11 05 596

* This expense has been incurred in relation to Commission Income shown in Note 3.18

Payment to Auditors

Particulars	Year Ended	
	31-Mar-14	31-Mar-13
For Audit	1 40 450	1 12 360
For Company Matters	45 517	2 28 226
For Others	20 225	42 135
Total	2 06 192	3 82 721

3.22 PROVISIONS

(In Rs)

Particulars	Year Ended	
	31-Mar-14	31-Mar-13
Provision as per RBI Guidelines		
Provision For Standard Assets	1 80 000	20 000
Provision For NPA	7 000	-
Total	1 87 000	20 000

OTHER DISCLOSURES

4. RELATED PARTY DISCLOSURES

Related Party Disclosures as required by AS-18 "Related party disclosures" are given below. The related Parties are being recognized / identified by the management and are relied up on by the auditors.

(1) List Of Related Parties As On March 31, 2014 Is Given Below

A. List of companies/ Firms where control / significant influence exists

SI No	Name of the Company / Firm
1	Jelitta Publicity
2	Jubily Automobiles
3	Melody Automoblies
4	Crown Products
5	Maliakel Digital Studio
6	TJ John & Company
7	Stephen Industries

B. Key Managerial Personnel

SI No	Name of the Person	Designation
1	Abraham Thomas Pullanapallil	Chairman & Managing Director
2	Amal Abraham	Director
3	George Mathew	Director
4	John Joy	Director
5	Jose Thottaplakil Hohn	Director
6	Mintu Abraham	Director
7	Sam Vanchinthanathu Stephen	Director

C. Relatives of Key Managerial Personnel

SI No	Key Managerial Person	Name of Relative	Nature of Relationship
1	Abraham Thomas Pullanapallil	Vincy Abraham	Spouse
		Amal Abraham	Son
		Mintu Abraham	Daughter
2	George Mathew	Meyamma Gerorge	Spouse
		Mathew Thomas	Son
3	Jose Thottaplakil Hohn	Ambily Jose	Spouse
		Diya Jose	Daughter
4	Mintu Abraham	Jose Joseph	Husband
5	Sam Vanchinathanathu Stephen	Anitha Sam	Spouse
		Appu Sam	Son

(2) Transactions With Related Parties For The Year Ended March 31, 2014:-

(in Rs.)

SI No	Particulars	Jelitta Publicity	Jubily Automobiles	Melody Automoblies	Key Managerial Person
1	Advertisement Expense	1 10 313 (1 03 975)	Nil (Nil)	Nil (Nil)	Nil (Nil)
2	Incentive Paid to Dealers	Nil (Nil)	2 20 554 (75 078)	2 75 389 (60 028)	Nil (Nil)
3	Interest on Trade Advance	Nil (Nil)	11 871 (51 565)	28 773 (55 123)	Nil (Nil)
4	Documentation and Processing Fee	Nil (Nil)	6 24 139 (Nil)	15 32 230 (Nil)	Nil (Nil)
5	Service Charges Received	Nil (Nil)	5 77 796 (Nil)	Nil (Nil)	Nil (Nil)
6	Training Expenses	Nil (Nil)	Nil (Nil)	17 239 (Nil)	Nil (Nil)
7	Advance Received	Nil (Nil)	3 09 45 970 (43 24 000)	1 48 48 341 (33 40 386)	Nil (Nil)
8	Advance Given	Nil (Nil)	26 583 (2 000)	Nil (Nil)	Nil (Nil)
9	Amount Paid	1 34 274 (76 625)	2 79 05 191 (49 37 240)	1 26 39 743 (39 49 840)	Nil (Nil)

(in Rs.)

SI No	Particulars	Jelitta Publicity	Jubily Automobiles	Melody Automoblies	Key Managerial Person
10	Amount Receivable	Nil (Nil)	Nil (5 91 727)	Nil (6 04 549)	Nil (Nil)
11	Amount Payable	3 389 (27 350)	14 29 217 (Nil)	3 35 674 (Nil)	Nil (Nil)
12	Director's Sitting Fee	Nil (Nil)	Nil (Nil)	Nil (Nil)	95 000 (25 000)
13	Loans and Advances from Directors*	Nil (Nil)	Nil (Nil)	Nil (Nil)	25 17 643 (Nil)
14	Interest on Loan From Directors	Nil (Nil)	Nil (Nil)	Nil (Nil)	2 15 406 (Nil)
15	Maximum amount outstanding on loans from Directors	Nil (Nil)	Nil (Nil)	Nil (Nil)	59 50 000 (Nil)
16	Guarantee Commission paid	Nil (Nil)	Nil (Nil)	Nil (Nil)	5 00 000 (Nil)

* Loan from directors include Interest Payable amounting to Rs.67 643/-.

5. EMPLOYEES DRAWING REMUNERATION IN EXCESS OF RS. 5 LAKHS PER MONTH FOR PART OR WHOLE OF THE YEAR

There is no employee drawing a remuneration in excess of Rs.5 lakhs per month for part or whole year.

6. EARNINGS PER SHARE

Basic and Diluted earning per equity share has been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period.

Particulars	31-Mar-14	31-Mar-13
Net profit or loss for the year attributable to equity shareholders (In Rs.)	20 59 239	6 83 861
Weighted average number of equity shares	23 66 438	22 50 000
Basic Earnings per share	0.87	0.30

7. GENERAL

(i) Some of balances under Receivables and Payables, Loans and Advances, Hypothecation loan, Deposits and Unsecured Loans are subject to confirmation/reconciliation due to non receipt of the statement of accounts and confirmation letters. Necessary adjustments if any in the accounts will be made on completion of the reconciliation/receipt of confirmation letters/statement of accounts.

(ii) Amount Payable To Micro, Small And Medium Enterprises

There is no Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues on account of Principal amount together with interest and accordingly no additional disclosures have been made.

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

8. DISCLOSURE AS REQUIRED IN TERMS OF PARAGRAPH 13 OF NON-BANKING FINANCIAL COMPANIES PRUDENTIAL NORMS (RESERVE BANK) DIRECTIONS, 2007.

Liabilities side

(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:

(In Rs.)

SI No	Particulars	Amount Outstanding	Amount Overdue
(a)	Debentures : Secured	Nil	Nil
	: Unsecured	Nil	Nil
	(Other than falling within the meaning of public deposits*)		
(b)	Deferred Credits	Nil	Nil
(c)	Term Loans	Nil	Nil
(d)	Inter- corporate loans and borrowings	Nil	Nil
(e)	Commercial Paper	Nil	Nil
(f)	Public Deposits	Nil	Nil
(g)	Other loans	Nil	Nil
	<u>Cash Credit</u>		
	South Indian Bank Ltd	4 89 29 930	Nil
	Loans and Advances From Directors (Unsecured)	25 17 643	Nil
	Total	5 14 47 573	Nil

(2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):

(In Rs.)

SI No	Particulars	Amount Outstanding	Amount Overdue
a)	In the form of Unsecured debentures	Nil	Nil
b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	Nil	Nil
c)	Other public deposits	Nil	Nil

Asset Side

(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:

(In Rs.)

SI No	Particulars	Amount Outstanding
(a)	Secured	5 28 939
(b)	Unsecured	Nil

(4) Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities

(In Rs.)

SI No	Particulars	Amount Outstanding
(i)	Lease assets including lease rentals under sundry debtors	
	(a) Financial lease	Nil
	(b) Operating lease	Nil
(ii)	Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	Nil
	(b) Repossessed Assets	Nil
(iii)	Hypothecation loans counting towards EL/HP activities	
	(a) Loans where assets have been repossessed	Nil
	(b) Loans other than (a) above	8 14 08 004

(5) Break-up of Investments

(In Rs.)

Sl no	Particulars	Amount Outstanding	Market value
1	Current Investments: - Quoted: - (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify)	Nil Nil Nil Nil Nil Nil	Nil Nil Nil Nil Nil Nil
2	Unquoted: - (i) Shares: (a) Equity (b) Preference ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)	Nil Nil Nil Nil Nil Nil	Nil Nil Nil Nil Nil Nil
1	Long Term investments: - Quoted: - (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others	Nil Nil Nil Nil Nil Nil	Nil Nil Nil Nil Nil Nil
2	Unquoted: - (i) Shares: (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (Please specify)	Nil Nil Nil Nil Nil Nil	Nil Nil Nil Nil Nil Nil

(6) Borrower group-wise classification of all leased assets, stock - on - hire and loans and advances

(In Rs.)

Sl No	Category	Amount net of provisions		
		Secured	Unsecured	Total
1	Related Parties (a) Subsidiaries (b) Companies in the same group (c) Other related parties	Nil Nil Nil	Nil Nil Nil	Nil Nil Nil
2	Other than related parties	8 19 29 943	Nil	8 19 29 943
	Total	8 19 29 943	Nil	8 19 29 943

(7) Investors group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(In Rs.)

SI No	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	Nil	Nil
	Total	Nil	Nil

(8) Other Information

SI No	Particulars	Amount
(i)	Gross Non Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	66 250
(ii)	Net Non -Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	59 250
(iii)	Assets acquired in satisfaction of debt	Nil

For K VENKATACHALAM AIYER & CO
Firm Registration Number: 004610S
Chartered Accountants

For and on behalf of the Board of Directors of
Finvent Finance and Investments Limited

CA. VISHNU MOHAN
Partner
Membership No.232723

P T ABRAHAM
Chairman and Managing Director

Place - Kottayam
Date -June 18, 2014

SAM V STEPHEN JOSE T JOHN
Director Director