

**AUDITORS' REPORT**

To The members of RORS FINANCE PRIVATE LIMITED

Report on the Financial Statements

We have audited the attached Balance Sheet of RORS FINANCE PRIVATE LIMITED ('the Company') which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss 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 of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014; and
- (b) in the case of the Statement of Profit and Loss, of the profit 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 and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account.
 - d) in our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Bangalore,
Date: 20th June 2014



For Kuppa & Associates
Chartered Accountants
Firm Reg. No. 009092S
K. Narasimha Setty
Kuppa Narasimha Setty
Proprietor
Membership No. 209347

**Annexure to the Auditors report of even date to the Members of
RORS FINANCE PRIVATE LIMITED,**

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and the situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
- (ii) The Company is a Non-Banking Financial Company ('NBFC') engaged in the business of providing loans and does not maintain inventory. Therefore the provisions of clause 4(ii) of the Order are not applicable to the Company.
- (iii) a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has taken unsecured loan loans from other Five parties listed in the register maintained under Section 301 of the Companies Act, 1956, the rate of interest and other terms and conditions are not prejudicial to the interest of the Company and payment of principal and interest are also regular.
- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and for rendering of services. 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 weaknesses in internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 has been so entered.
- (b) In our opinion and according to the information and explanations given to us, there are no such transactions which have been made at prices, which are not reasonable having regard to the prevailing market prices for such goods, materials or services at the relevant time.



- (vi) The company has not accepted any deposits from the public, hence the provisions of section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central government has prescribed maintenance of cost records under Section 209 (1) (d) of the companies Act, 1956 in respect of certain manufacturing activities of the company. However the provisions of the above mentioned section is not applicable to this company as it does not fall within the list of prescribed companies, under section 209 (1) (d) of the Companies Act 1956.
- (ix) (a) According to the records, information and explanations given to us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provided fund, investor education protection fund, employees' state insurance income-tax, sales tax, wealth-tax, service tax, customs duty, excise duty, cess and other materials statutory dues applicable to it and no undisputed amounts payable were outstanding as at 31st March 2014 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us, there are no disputed statutory dues as at 31st March 2014.
- (x) The Company neither has accumulated losses at the end of the financial year nor has incurred cash losses during the year and in the immediately year preceding financial year.
- (xi) According to the information and explanations given to us, the company has not defaulted in repayment of its dues to any financial institutions, bank or debenture holders.
- (xii) 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) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.
- (xiv) In our opinion, the company is not dealing or trading in shares, securities, debentures and other investments.
- (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 during the year.



- (xvi) On the basis of review of utilization of funds on an overall basis, in our opinion, the term loans taken by the company were applied for the purposes for which the loans were obtained.
- (xvii) On the basis of overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment, and vice versa.
- (xviii) 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 during the year.
- (xix) The company has not issued any debentures and hence creation of security does not arise.
- (xx) The company has not raised any money by public issues during the year and hence the disclosure on end use does not arise.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For **KUPPA & ASSOCIATES**

Chartered Accountants

Firm Regn. No. 9092S



K. Narasimha Setty

KUPPA NARASIMHA SETTY

Proprietor

Membership No. 209347

Bangalore,
20th June 2014

RORS FINANCE PRIVATE LIMITED

Balance Sheet as at March 31, 2014

(Amount in Rupees)

Particulars	Notes	31-Mar-14	31-Mar-13
I. EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	4,66,04,000	4,66,00,000
Reserves and Surplus	4	1,15,12,834	1,11,29,020
		5,81,16,834	5,77,29,020
Non-Current Liabilities			
Long term borrowings	5	1,85,87,000	1,37,45,000
Long term provisions	7	7,48,573	4,45,393
		1,93,35,573	1,41,90,393
Current Liabilities			
Other current liabilities	8	58,18,763	27,27,967
Short-term provisions	9	10,86,706	8,53,081
		69,05,469	35,81,048
Total		8,43,57,876	7,55,00,461
II. Assets			
Non-current assets			
Fixed assets	10		
(i) Tangible assets		25,53,147	31,21,394
(ii) Intangible assets		15,59,070	31,18,140
		41,12,217	62,39,534
Deferred Tax Asset	6	6,91,651	3,33,995
Current assets			
Trade receivables	11	7,20,55,596	6,26,76,868
Cash and cash equivalents	12	51,27,182	50,41,766
Other current assets	13	23,71,231	12,08,299
		7,95,54,008	6,89,26,932
Total		8,43,57,876	7,55,00,461
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements

As per our report of even date

For KUPPA & ASSOCIATES

Chartered Accountants

K. Narasimha Setty
KUPPA NARASIMHA SETTY
Proprietor



For and on behalf of Board of Directors of RORS
FINANCE PRIVATE LIMITED

P. Sathy Narayana Reddy
P. SATHYANARAYANA REDDY
(Managing Director)

Revathi Reddy
REVATHI REDDY
(Director)



Place : Srinivasapur
Date : 20th June 2014

RORS FINANCE PRIVATE LIMITED
Statement of Profit and Loss for the year ended March 31, 2014

Particulars	Notes	31-Mar-14	31-Mar-13
<u>Income</u>			
Revenue from operations	14	1,91,85,286	1,73,56,082
Other Income	15	5,71,998	2,28,630
Total Revenue		1,97,57,284	1,75,84,712
<u>Expenses:</u>			
Employee benefit expense	16	87,78,859	79,60,928
Finance costs	17	29,98,036	24,02,906
Other expenses	18	43,42,789	43,04,115
Depreciation and amortization expense	10	21,79,685	23,54,611
Provisions and write-offs	19	8,04,532	1,74,761
Total Expenses		1,91,03,901	1,71,97,321
Profit/(loss) before tax		6,53,383	3,87,391
Tax expense:			
Current tax expenses for current year		5,94,730	3,84,495
Current tax expenses for Previous year		32,495	98,632
Deferred tax		(3,57,656)	(2,03,172)
Profit/(Loss) from the year from continuing operations		3,83,814	1,07,436
<u>Earning per equity share:</u>			
No. of Equity shares		46,60,400	46,60,000
Basic			
Computed on the basis of profit from continuing operations		0.08	0.02
Summary of significant accounting policies	2.1		

The accompanying notes are integral part of the financial statements

As per our report of even date

For KUPPA & ASSOCIATES
Chartered Accountants

K. Narasimha Setty
KUPPA NARASIMHA SETTY
Proprietor



Place : Srinivasapur
Date : 20th June 2014

For and on behalf of Board of Directors of
RORS FINANCE PRIVATE LIMITED

P S Reddy *Revathi*
P. SATHYANARAYANA REDDY REVATHI REDDY
(Managing Director) (Director)



RORS FINANCE PRIVATE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2014

1. Corporate Information

RORS Finance Private Limited ('the Company') is a private limited company domiciled in India and incorporated under the provision of the Companies Act, 1956 ('the Act'). The Company is registered with the Reserve Bank of India ('RBI') as a Non-Banking Financial Company ('NBFC') as defined under section 45-IA of the Reserve Bank of India ('RBI') Act, 1934. The Company is principally engaged in lending activities in urban and semi urban, The Company has its registered office at Sreenivasapur, Kolar Dist., Karnataka and having 11 branches in Karnataka and Tamil Nadu.

2. Basis of preparation

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 and are accounted for on realisation basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of Significant Accounting Policies:

a) Use of estimates

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

b) Tangible fixed assets

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

c) Intangible assets

i. Goodwill and Intellectual Property Rights are amortised using the straight-line method over a period of five years.

ii. Computer software costs are capitalised and amortised using the written down value method at a rate of 40% per annum.



d) Depreciation

- i. Depreciation on tangible fixed assets is provided on the written down value method as per the rates prescribed under Schedule XIV of the Companies Act, 1956 which is also as per the useful life of the assets estimated by the management.
- ii. Fixed assets costing up to Rs.5,000 individually are fully depreciated in the year of purchase

e) 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 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. Interest income on deposits with banks is recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
- iii. Processing Charges from members are recognised on an upfront basis.
- iv. Commission income on insurance agency activities is recognised on accrual basis.
- v. All other income is recognised on an accrual basis.

f) Borrowing costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

g) 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 recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the 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.

h) Leases

Leases where the lessor effectively retains, substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Lease rentals are charged to the profit and loss on accrual basis.



i) Retirement and other employee benefits

i. Retirement benefits in the form of provident fund are a defined contribution scheme. The contributions to the provident fund are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident funds.

ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Provision for liabilities pending remittance to the fund is carried in the Balance Sheet.

iii. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/ losses are immediately taken to the statement of profit and loss and are not deferred.

iv. Accumulated leave, which is expected to be utilised 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 it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

j) Income taxes

Tax expense 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 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.

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 the tax laws enacted or substantively enacted at the reporting date.

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 or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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 may be, 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 will be available.



k) Earning per Share:

In determining the earning per share the company considers the net profits after tax. The number of shares used in computing the basic earning per share is the weighted average number of shares outstanding during the period.

l) Provisions

A provision is recognised when the Company has a present obligation as a result of 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.

m) 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 recognised 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 recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements

n) Classification of loan portfolio

All loans and advances are classified as standard, sub-standard, doubtful, and loss assets in accordance with the extant Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time. "Overdue" refers to interest and/ or installment remaining unpaid from the day it became receivable.

o) Provisioning policy for portfolio loans:

Loans are provided for as per the management's estimates, subject to the minimum provision required as per Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as amended from time to time. The provisioning norms adopted by the Company for loans are as follows:

Asset classification	Arrear period	Provision (%)
Standard assets	Less than 180 days	0.25%
Sub-standard assets	Overdue for 180 - 720 days	10%
Loss assets	Overdue over 720 days	100%

Overdue loans for a period of 180 days completed and in the opinion of the management amounts are not recoverable and written off.



RORS FINANCE PRIVATE LIMITED

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

(Amount in Rupees)

Particulars	31-Mar-14	31-Mar-13
Note 3 : Share Capital		
Authorised Share Capital		
Equity Share Capital :		
Class A: Equity Shares (1,500,000 shares @ Rs. 10/- each)	1,50,00,000	1,50,00,000
Class B: Equity Shares (7,000,000 shares @ Rs. 10/- each)	7,00,00,000	7,00,00,000
	8,50,00,000	8,50,00,000
Issued, subscribed and paid-up capital		
Equity Share Capital :		
Class A: Equity Shares (10,13,958 shares @ Rs. 10/- each) (previous year (10,13,558 shares @ Rs. 10/- each)		
Each Class A Equity Share shall be entitled to 8 (EIGHT) votes and the voting rights attached to each Class A Equity Shares shall be EIGHT TIMES to the voting rights attached to one Class B Equity Share.	1,01,39,580	1,01,35,580
Class B: Equity Shares (36,46,442 shares @ Rs. 10/- each) (previous year 36,46,442 shares @ Rs. 10/- each)		
Each Class B Equity Share shall be entitled to one vote and the voting rights attached to each Class B Equity shall be equal to ONE EIGHTH PART of voting rights attached to one Class A Equity Share.	3,64,64,420	3,64,64,420
	4,66,04,000	4,66,00,000

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

	31-Mar-14		31-Mar-13	
Equity shares - Class A	No.s	Amount in	No.s	Amount in Rs.
At the beginning of the period	10,13,558	1,01,35,580	10,13,558	1,01,35,580
Issued during the period	400	4,000	-	-
Outstanding at the end of the period	10,13,958	1,01,39,580	10,13,558	1,01,35,580
Equity shares - Class B				
At the beginning of the period	36,46,442	3,64,64,420	36,46,442	3,64,64,420
Issued during the period	-	-	-	-
Outstanding at the end of the period	36,46,442	3,64,64,420	36,46,442	3,64,64,420
Total Equity Shares - Class A & Class B	46,60,400	4,66,04,000	46,60,000	4,66,00,000

(b) Terms/ rights attached to equity shares

The company has two classes of equity shares having par value of Rs. 10 per share.

Class A: Equity Shares (10,13,958 shares @ Rs. 10/- each) (P.Y. (10,13,558 shares @ Rs. 10/- each) Each Class A Equity Share shall be entitled to 8 (EIGHT) votes and the voting rights attached to each Class A Equity Shares shall be EIGHT TIMES to the voting rights attached to one Class B Equity Share.

Class B: Equity Shares (36,46,442 shares @ Rs. 10/- each) (P.Y. 36,46,442 shares @ Rs. 10/- each) Each Class B Equity Share shall be entitled to one vote and the voting rights attached to each Class B Equity shall be equal to ONE EIGHTH PART of voting rights attached to one Class A Equity Share.

The company declares and pays dividends 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 Share Capital :**

	31-Mar-14		31-Mar-13	
	No of Shares	Percentage of Holding	No of Shares	Percentage of Holding
Class A: Equity Shares				
M/s. Rores Micro Entrepreneur Development Trust	53,776	5.31	-	-
Mr. P. Sathyanarayana Reddy	1,71,157	16.89	1,55,000	15.29
Mrs. Revathi Reddy	1,07,860	10.64	1,07,860	10.64
Mr. Bharadwaj S Reddy	1,05,900	10.45	1,05,900	10.45
Mr. Vasudeva Reddy	1,06,775	10.53	1,06,775	10.53
Mrs. Madhavi	1,00,000	9.87	1,00,000	9.87
Total	6,45,468	54.00	5,75,535	57.00

Class B: Equity Shares

M/s. Palar Mutual Benefit Association Trust, Srinivasapur	6,75,225	18.52	13,50,225	37.03
M/s. Palar Mutual Benefit Trust, Tirupattur	6,31,747	17.33	16,96,217	46.52
M/s. Yercaud Mutual Benefit Trust, Salem	-	-	3,00,000	8.23
M/s. Kaveri Mutual Benefit Trust, Erode	-	-	3,00,000	8.23
M/s. Rores Micro Entrepreneur Development Trust	23,39,470	64.16	-	-
Total	36,46,442	100	36,46,442	100

Note 4 . Reserves and Surplus**Statutory Reseve**

	31-Mar-14	31-Mar-13
Balance as per last financial statements	20,93,696	20,72,209
Additions during the year	76,763	21,487
Closing balance	21,70,459	20,93,696

General Reserve

Balance as per last financial statements	30,11,285	30,11,285
Appropriations during the year	-	-
Closing balance	30,11,285	30,11,285

Profit and Loss Account

Balance as per last financial statements	60,24,039	59,38,090
Profit / (Loss) during the year	3,83,814	1,07,436
	64,07,853	60,45,526
Less: Transferred to Statutory Reserve Fund for the year	76,763	21,487
Closing balance	63,31,090	60,24,039
Total reserves and surplus	1,15,12,834	1,11,29,020

Note 5 : Long term Barrowings**a) Term Loans - Secured**

Karnataka State Financial Corporation
(Secured by hypothecation (exclusive charge) of portfolio loans and personal guarantee of directors and shareholders)

Non Current Portion		Current Maturities	
31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
1,21,00,000	88,00,000	55,00,000	12,00,000
1,21,00,000	88,00,000	55,00,000	12,00,000

b) Other Loans - Unsecured : From Related parties

Directors and Shareholders

Non Current Portion		Current Maturities	
31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
64,87,000	49,45,000	-	-
64,87,000	49,45,000	-	-
1,85,87,000	1,37,45,000	55,00,000	12,00,000

Total Longterm Barrowings

Note 6: Deferred tax liability (Net)

Particulars	Deferred Tax Liabilities / (Assets)		
	Amount in		
	31-Mar-14	Additions during the year	31-Mar-13
Differences in depreciation and other differences in block of fixed assets and intangible assets as per tax and books of accounts	(4,03,919)	(2,55,967)	(1,47,952)
Difference due to disallowance of provision against standard assets and non performing assets	(56,424)	(8,006)	(48,418)
Difference due to disallowance of provision against Bonus, Gratuity and Leave Encashment	(2,31,309)	(93,683)	(1,37,626)
Net Deferred Tax (Asset) / Liability	(6,91,651)	(3,57,656)	(3,33,996)

Note 7 : Long term Provisions

	31-Mar-14	31-Mar-13
Provision for Employee Benefits :		
Provision for Gratuity	5,40,110	2,99,188
Provision for Leave Encashment	2,08,463	1,46,205
	7,48,573	4,45,393

Note 8: Other Current Liabilities

Statutory Remittances - TDS Payable	17,730	6,700
Statutory Remittances - Provident Fund Payable	1,48,725	80,304
Statutory Remittances - Profession Tax Payable	1,500	1,500
Statutory Remittances - Service Tax Payable	4,170	-
Interest Payable to RORES MICRO ENTREPRENEUR DEVELOPMENT TRUST	-	11,49,607
Insurance Premium Payable	1,46,638	2,89,856
Insurance Claims payable	-	-
Term Loans - Secured by Trade receivables (Current maturities)	55,00,000	12,00,000
Term Loans - Unsecured from Related parties (Current maturities)	-	-
	58,18,763	27,27,967

Note 9: Short term provision**a. Provision for receivables under financing activity:**

Provision on Standard Assets @ 0.25%	1,80,076	1,56,692
Provision on Sub Standard Assets @ 10%	2,526	-

b. Provision-others :

Audit Fees Payable	66,534	55,547
Other Expenses Payable	2,42,840	2,56,347
Provision for income tax	5,94,730	3,84,495
	10,86,706	8,53,081



RORS FINANCE PRIVATE LIMITED
Note 10 : Fixed Assets

Fixed assets	Gross Block				Accumulated Depreciation			Net Block	
	1-Apr-13	Additions	Deletions	31-Mar-14	1-Apr-13	Additions	Deletions/ Adjustments	31-Mar-14	31-Mar-13
Tangible Assets									
Furniture and fixtures	2,55,796	-	-	2,55,796	1,19,609	24,650	-	1,44,259	1,36,187
Vehicles	24,29,377	59,979	18,699.00	24,70,657	13,38,404	2,85,801	11,088.00	16,13,116	10,90,973
Office Equipments	26,50,546	-	-	26,50,546	9,35,217	2,38,602	-	11,73,819	17,15,329
Computers & Printers	7,75,738	-	-	7,75,738	5,96,833	71,562	-	6,68,395	1,78,905
Total	61,11,457	59,979	18,699	61,52,737	29,90,063	6,20,615	11,088	35,99,590	31,21,394
Intangible Assets									
Intellectual Property Rights	40,00,000	-	-	40,00,000	24,00,000	8,00,000	-	32,00,000	16,00,000
Goodwill (client creation cost)	37,95,350	-	-	37,95,350	22,77,210	7,59,070	-	30,36,280	15,18,140
Total	77,95,350	-	-	77,95,350	46,77,210	15,59,070	-	62,36,280	31,18,140
Total	1,39,06,807	59,979	18,699	1,39,48,087	76,67,273	21,79,685	11,088	98,35,870	62,39,534
Previous Year	1,38,32,129	74,678	-	1,39,06,807	53,12,663	23,54,611	-	76,67,273	85,19,466



Note 11 : Trade Receivables under financing activity**Unsecured**

Standard - Outstanding for a period less than 180 Days from the date they are due for payment

Unsecured

Sub-Standard - Outstanding for a period more than 180 Days from the date they are due for payment

	31-Mar-14	31-Mar-13
	7,20,30,332	6,26,76,868
	25,264	-
	7,20,55,596	6,26,76,868

Note 12 : Cash and cash equivalents

Balances with Banks

In Current Accounts

Fixed Deposit

Cash on hand

	2,13,416	10,16,590
	48,20,000	38,20,000
	93,766	2,05,176
	51,27,182	50,41,766

Note 13: Other Current Assets

Advances receivable

Rent & Telephone Deposits

Interest Receivable

TDS Receivable & Incomr Tax Refund due

Staff Loans

	2,81,017	1,25,559
	2,24,400	2,48,000
	4,10,532	26,801
	94,085	48,379
	13,61,197	7,59,560
	23,71,231	12,08,299



Note 14 : Revenue from Operation

Processing Charges	16,38,731.00	13,97,448
Interest on Micro Finance loans	1,75,46,555.00	1,59,58,634
	1,91,85,286	1,73,56,082

Note 15 : Other Income

Interest on Bank Deposits	4,31,073	20,406
Interest on Staff Loan	69,463	86,733
Miscellaneous Income	8,622	2,132
Bad debts recovered	36,849	21,685
Corporate Insurance agency commission	25,991	97,674
	5,71,998	2,28,630

Note 16: Employee Benefit Expenses

Salaries, Allowances and Incentives	64,69,789	61,76,505
Directors remuneration	10,97,000	10,44,000
Staff Recruitment & Training Expenses	1,42,166	31,757
Staff Welfare	7,66,724	7,08,666
Provision for Gratuity & Leave Encashment	3,03,180	-
	87,78,859	79,60,928

Note 17: Finance Costs

Interest to Banks & Financial Institutions	24,30,219	11,46,765
Interest to RORES MED Trust	-	9,61,017
Interest on Shareholders Loans	4,96,679	2,16,881
Bank Charges	71,138	78,243
	29,98,036	24,02,906

Note 18: Other expenses

	31-Mar-14	31-Mar-13
Travelling & Conveyance	4,49,573	4,08,486
Repair and Maintenance	16,85,195	15,98,580
Printing & Stationery	3,50,235	2,73,879
Miscellaneous Exp.	3,840	32,554
Auditors' remuneration (refer details below)		
As Auditor	80,450	60,000
In other capacity - Attest functions	10,112	9,247
Rent Rates & Taxes	9,73,408	9,11,934
Fee for Company law compliance	9,500	13,500
Service Tax	-	3,77,695
Professional Charges	3,08,262	1,90,499
Director Sitting Fee	25,000	-
Postage & Telephone	4,46,603	4,27,741
Loss on sale of Fixed Assets	611	-
	43,42,789	43,04,115

Note 19: Provisions and write-offs:

Portfolio loans and other balances written off	7,78,622	1,99,411
Less: Amount released from Earlier years provisions	1,56,692	1,81,342
Net Portfolio loans written off	6,21,930	18,069
Provision for receivables under financing activity	1,82,602	1,56,692
	8,04,532	1,74,761



Note 20: Additional Information to the financial statements:

20.1 In the case of loans advanced by the Company, the Company has classified such loans as standard, Sub standard and doubtful assets as per the guidelines of the Reserve Bank of India.

	Loan Outstanding (Without provisioning)						Provision			
	31 st March 2014			31 st March 2013			31 st March 2013	Written back during the year	During the Year	31 st March 2014
Assets	Accounts	Amount	%	Accounts	Amount	%	Amount	Amount	Amount	Amount
Standard	6247	72030332	99.96	5061	62676868	100	156692	156692	180076	180076
Sub-Standard	3	25264	0.04	-	-	0.00	-	-	2256	2256
Doubtful	-	-	0.00	-	-	0.00	-	-	-	-
Loss Asset	-	-	0.00	-	-	0.00	-	-	-	-
Sub-Total	6250	72055596	100	5061	62676868	100%	156692	156692	182602	182602

Overdue loans of Rs. 7,78,622/- (P.Y Rs. 1,99,411/-) for a period of 180 days from 69 borrowers (P.Y 26), in the opinion of the management the amounts are not recoverable and were written off during the year.

20.1 The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of medium and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. There have been no reporting cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments.

20.2 Foreign Exchange Earnings & Outflow:

Sl. No	Particulars	31.03.2013 Amount (Rs.)	31.03.2013 Amount (Rs.)
1	Earnings	Nil	Nil
2	Outflow	Nil	Nil

20.3 Related party Disclosures

Names of related parties and related party relationship

Enterprises owned or significantly influenced by key management personnel or their relatives:	<ol style="list-style-type: none"> 1. Rores Micro Entrepreneur Development Trust 2. Reorganisation of Rural Economy and Society
Key Management Personnel and their relatives:	<ol style="list-style-type: none"> 1. P. Sathyanarayana Reddy 2. Revathi Reddy 3. Mr. Bharadwaj S Reddy 4. Mr. Vasudeva Reddy 5. Mrs. Madhavi



Related party transactions

I. Sale/ purchase of goods and/or services:

Name	Year Ended	Nature	Amount in Rs.
Reorganisation of Rural Economy and Society	31 st March 2014 31 st March 2013	Rent Paid	2,40,000/- 2,40,000/-

II. Loans taken and repayment thereof:

Name	Year Ended	Loans Accepted	Repayment	Amount owed to the related parties
Rores Micro Entrepreneur Development Trust (Payable on Taken over of Micro Finance Operations)	31 st March 2014	Nil	Nil	Nil
	31 st March 2013	Nil	2,20,00,000	Nil
Interest on Loan	31 st March 2014	Nil	11,49,607	Nil
	31 st March 2013	9,61,017	31,13,801	11,49,607
P. Sathyanarayana Reddy	31 st March 2014	5,92,000	10,00,000	9,87,000
	31 st March 2013	10,95,000	Nil	13,95,000
Interest on Loan paid	31 st March 2014	92,803	75,198	17,605
	31 st March 2013	53,363	53,363	NIL
Revathi Reddy	31 st March 2014	5,00,000	2,00,000	4,50,000
	31 st March 2013	1,50,000	Nil	1,50,000
Interest on Loan	31 st March 2014	34,893	26,090	8,803
	31 st March 2013	3,288	3,288	Nil
Mr. Bharadwaj S Reddy	31 st March 2014	2,50,000	3,00,000	2,50,000
	31 st March 2013	Nil	Nil	3,00,000
Interest on Loan	31 st March 2014	12,090	12,090	Nil
	31 st March 2013	6,575	6,575	Nil
Mr. Vasudeva Reddy	31 st March 2014	Nil	Nil	3,00,000
	31 st March 2013	3,00,000	Nil	3,00,000
Interest on Loan	31 st March 2014	47,999	30,394	17,605
	31 st March 2013	39,956	39,956	Nil
Mrs. Madhavi	31 st March 2014	2,00,000	8,00,000	4,00,000
	31 st March 2013	2,00,000	Nil	10,00,000
Interest on Loan	31 st March 2014	39,124	27,837	11,737
	31 st March 2013	41,337	41,337	Nil

III. Remuneration to Key Management Personnel

Transactions during the year	31 st March 2014	31 st March 2013
P. Sathyanarayana Reddy, Managing Director	6,65,000	6,00,000
Revathi Reddy, Director	4,32,000	4,44,000



20.4 Earning Per Share:

Particulars	31.03.2014	31.03.2013
Net Profit after Tax	3,83,814	1,07,436
Weighted Average No. of Shares outstanding for computing earning Per share	46,60,400	46,60,000
Basic & Diluted Earnings per share	Rs. 0.08	Rs. 0.02

20.5 Contingent liability not provided for: NIL

20.6 The Company has no exposure to the real estate sector directly or indirectly in the current and previous year

20.7 Claims against the company not acknowledged as debts: Nil

20.8 Number of Employees drawing more than Rs. 50,000/- per month or Rs. 6,00,000/- per annum: NIL

For **RORS FINANCE PRIVATE LIMITED**

P. Sathy Narayana Reddy

P. SATHYANARAYANA REDDY
Managing Director

Revathi Reddy

REVATHI REDDY
Director

Srinivasapur,
20th June 2014



As per our report of even date
For **KUPPA & ASSOCIATES**

Chartered Accountants

K. Narasimha Setty

KUPPA NARASIMHA SETTY
Proprietor

