

INDEPENDENT AUDITOR'S REPORT**To the Members of Inditrade Insurance Broking Private Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of Inditrade Insurance Broking Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, 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 Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.




Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2015, its profit/loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditors' Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order.
- (2) As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 17 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts hence, the question of any material foreseeable losses does not arise;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Haribhakti & Co. LLP
Chartered Accountants
ICAI Firm Registration No.103523W



S Sundararaman
Partner
Membership No.028423



Chennai, May 20, 2015

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Inditrade Insurance Broking Private Limited on the financial statements for the year ended 31 March 2015]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme certain fixed assets were verified during the year and no material discrepancies were noticed on such verification
- (ii) The Company is a service company, primarily rendering services relating to direct insurance broker. Accordingly paragraph 4 (ii) of the order is not applicable.
- (iii) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions stated in paragraph 3 (iii)(a) and 3 (iii)(b) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) The Central Government of India has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of Section 148 of the Act and the rules framed there under.
- (vii) (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.



(b) According to the information and explanation given to us, the dues outstanding with respect to, income tax, sales tax, wealth tax, service tax, value added tax, customs duty, excise duty, cess and any other material statutory dues applicable to it, on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income tax act, 1956	Disallowed expenditure and shortage in grant of credit with respect to Tax deducted at source	11,65,290	2007 - 08	Assessing Officer

(c) According to the information and explanations given to us, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- (viii) The accumulated losses of the Company are more than fifty percent of its net worth. Further, the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company does not have dues payable to a financial institution, bank or debenture holders.
- (x) 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.
- (xi) The Company has not obtained any term loans.
- (xii) 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, and according to the information and explanations given to us, 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 any such instance by the management.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W



S Sundararaman

Partner

Membership No. 028423



Chennai : May 20, 2015

Inditrade Insurance Broking Private Limited

(All amounts are in Indian rupees except share data and where otherwise stated)

Balance Sheet as at 31st March 2015

	Note	As at 31 March 2015	As at 31 March 2014
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share Capital	3	6 50 00 000	6 50 00 000
(b) Reserves and surplus	4	(5 42 11 837)	(5 28 44 194)
		<u>1 07 88 163</u>	<u>1 21 55 806</u>
(3) Current liabilities			
(a) Other current liabilities	5	2 46 245	8 88 459
		<u>2 46 245</u>	<u>8 88 459</u>
Total		<u><u>1 10 34 408</u></u>	<u><u>1 30 44 265</u></u>
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
Tangible assets	6	45 202	59 524
Intangible assets	7	-	4 009
		<u>45 202</u>	<u>63 533</u>
(b) Long-term loans and advances	8	19 50 147	48 50 302
(c) Other non-current assets	9	10 00 000	10 00 000
		<u>29 95 349</u>	<u>59 13 835</u>
(2) Current assets			
(a) Trade receivables	10	1 12 126	34 176
(b) Cash and bank balances	11	76 13 282	67 83 154
(c) Short-term loans and advances	8	1 05 265	1 17 787
(d) Other current assets	9	2 08 386	1 95 313
		<u>80 39 059</u>	<u>71 30 430</u>
Total		<u><u>1 10 34 408</u></u>	<u><u>1 30 44 265</u></u>

Significant accounting policies

2

The accompanying notes are the integral part of the financial statements

As per our report attached
For **Haribhakti & Co.LLP**,
Chartered Accountants
ICAI Firm registration No : 103523W

For and on behalf of the Board



S Sundararaman
Partner
Membership No: 028423





Gijo T Rockey
Director
DIN:05196558



Biju Xaviour
Director
DIN:02648948

Place: Chennai
Date: 20 May 2015

Place : Cochin
Date: 20 May 2015



Inditrade Insurance Broking Private Limited

(All amounts are in Indian rupees except share data and where otherwise stated)

Statement of Profit And Loss for the year ended 31 March 2015

	Note	Year Ended 31 March 2015	Year Ended 31 March 2014
Income			
Revenue from operations (Income from Insurance Broking)		14 90 577	18 08 060
Other income	12	7 75 343	11 07 342
Total revenue		22 65 920	29 15 402
Expenses			
Employee benefit expenses	13	4 82 586	12 75 737
Depreciation and amortization expenses	14	9 569	14 67 755
Other expenses	15	4 75 146	11 79 413
Total expenses		9 67 301	39 22 905
Profit / (loss) before tax		12 98 619	(10 07 503)
Tax expenses			
Provision for Earlier Years		26 57 501	-
Profit / (loss) after tax		(13 58 882)	(10 07 503)
Earnings per equity share			
Basic and diluted		(0.21)	(0.16)
Weighted average number of equity shares		65 00 000	65 00 000
Nominal value of equity shares (Rs)		10	10

Significant accounting policies

2

The accompanying notes are the integral part of the financial statements

As per our report attached
For **Haribhakti & Co. LLP**,
Chartered Accountants
ICAI Firm registration No : 103523W

For and on behalf of the Board


S Sundararaman
Partner
Membership No: 028423




Gijo T Rockey
Director
DIN:05196558


Biju Xaviour
Director
DIN:02648948

Place: Chennai
Date: 20 May 2015

Place : Cochin
Date: 20 May 2015



Inditrade Insurance Broking Private Limited


CASH FLOW STATEMENT for the year ended 31st March 2015

(All amounts are in Indian rupees except share data and where otherwise stated)

Note	Year ended 31 March 2015	Year ended 31 March 2014
Cash flow from operating activities		
Net Profit/(loss) before tax	12 98 619	(10 07 503)
<i>Adjustments for:</i>		
Depreciation / Amortization	9 569	14 67 755
Profit on sale of assets (net)	-	(39 672)
Interest income	(6 28 126)	(5 80 906)
Amount no longer recoverable written off	-	17 68 287
Provision for Bad & Doubtful Advances	-	70 875
Liabilities/ Provisions no longer required written back	(1 15 207)	(19 23 024)
Operating profit / (loss) before working capital changes	5 64 855	(2 44 188)
<i>Adjustments for:</i>		
(Increase) / decrease in loans and advances	26 834	(13 90 051)
(Decrease) in current liabilities and, long term and short term provisions	(5 27 006)	4 12 547
(Increase) / decrease in trade receivables	(77 950)	(42 008)
Cash generated / (used) from operations	(13 267)	(12 63 700)
Income tax paid (net of refund)	2 28 342	4 17 223
Net cash generated / (used) from operating activities (A)	2 15 075	(8 46 477)
Cash flow from investing activities		
Proceed from sale of fixed assets	-	79 072
Investment in bank deposits (having original maturity of more than three months)	(4 73 192)	(5 10 983)
Interest received	6 15 053	6 49 078
Net cash generated / (used) from investing activities (B)	1 41 861	2 17 167
Cash flow from financing activities		
	-	-
Net increase / (decrease) in cash and cash equivalents (A+B+C)	3 56 936	(6 29 310)
Cash and cash equivalents at the beginning of the year	3 26 003	9 55 313
Cash and cash equivalents at the end of the year 12	6 82 939	3 26 003


The accompanying notes are the integral part of the financial statements

As per our report attached
For **Haribhakti & Co.LLP**,
Chartered Accountants
ICAI Firm registration No : 103523W


S Sundararaman
Partner
Membership No: 028423



For and on behalf of the Board


Gijo T Rockey
Director
DIN:05196558


Biju Xaviour
Director
DIN:02648948

Place : Chennai
Date: 20 May 2015

Place : Cochin
Date: 20 May 2015



Inditrade Insurance Broking Private Limited

(All amounts are in Indian rupees except share data and where otherwise stated)

Notes to Financial Statements for the year ended 31 March 2015

1 Company overview

Inditrade Insurance Broking Private Limited ("JRG Insurance" or "the Company") was incorporated on 22 February 2000. The Company is a subsidiary of Inditrade Derivatives And Commodities Limited ("parent company") and is primarily engaged in the business of direct insurance broking.

2 Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP) in India and comply with the Accounting Standards ('AS') prescribed in Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, other pronouncements of the Institute of Chartered Accountants of India (ICAI), the relevant provisions of the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India (SEBI) to the extent applicable. These financial statements are prepared and presented in Indian Rupees and rounded-off to the nearest rupee.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of Companies Act, 2013. Based on the nature of its business, the Company has ascertained its operating cycle as 12 months for the purpose of current - non current classification of assets and liabilities.

The Company has accumulated losses amounting to Rs. 5,42,11,837/- as at 31 March 2015, resulting in significant erosion of its net worth. The Company has received a commitment for financial and operational support from its principal shareholders as may be required to enable it to establish profitable operations in the future. Accordingly, the Board of Directors considers that it is appropriate to prepare these financial statements on the going concern basis.

2.2 Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities on the date of the financial statements and reported amounts of income and expenses during the period. Actual figures may differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.3 Fixed assets and depreciation

Tangible assets

Tangible assets are carried at cost of acquisition or construction less accumulated depreciation and impairment, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.



Inditrade Insurance Broking Private Limited

(All amounts are in Indian rupees except share data and where otherwise stated)

Notes to Financial Statements for the year ended 31 March 2015 (Continued...)

Tangible fixed assets are depreciated over their useful lives. The useful life of an asset is the period over which an asset is expected to be available for use by the Company. The useful lives of tangible assets as specified in Part C of Schedule II to the Companies Act 2013 has been adopted. If the management's estimate of the useful life of a tangible asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided based on the management's estimate of the useful life/remaining useful life. In such cases, the difference is appropriately disclosed. The useful lives adopted by the Company for its assets are as follows:

Category	Useful Life (in Years)
Computers	3
Electrical fittings	10
Office equipments	5
Furniture and fittings	10

Intangible assets

Intangible assets representing computer software are recorded at the consideration paid for acquisition. Software is amortized over their estimated useful lives of five years on a straight-line basis, commencing from the date the asset is available to the Company for its use.

2.4 Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount (higher of net realizable value and value in use) of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than the carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.5 Revenue

Brokerage income is recognised on accrual basis at the inception of the insurance policy based on the terms agreed with the insurance companies. Broking income on renewed policy is recognized on the date on which insurance premium is received from the Insurance company.

Interest income is recognised on time proportion basis.

2.6 Operating lease

Operating lease payments are recognized as an expense in the statement of profit and loss on a straight line basis over the lease term.

2.7 Employee benefits

Short term employee benefit plans

All short term employee benefit plans such as salaries, wages, bonus, special awards and, medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognized on an undiscounted basis and charged to the statement of profit and loss.



