JRG | Capital Benefits |™

JRG Securities Ltd.

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FORM B

Letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the company	JRG Securities Limited
2.	Annual financial statements for the year ended	31st March 2013
3.	Type of Audit qualification	(i) Delay in payment of stamp duty & Labour Welfare fund (ii) Cash losses reported in the last F.Y.
4.	Frequency of qualification	Qualification (i) appeared in the last year's Annual Report.
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Auditors Qualification 1. *However there have been delays ranging from 1 to 30 days in case of payment of Stamp Duty and Labour Welfare Fund to the appropriate authorities.* 2. The Company has not incurred cash losses during the current F.Y. *However the Company has incurred cash losses in immediately preceding financial year* Management Response 1. Adequate internal control system is put in place to ensure that no such delays occur in future. 2. The business of the Company is aligned with the external market conditions, adequate steps are being taken to minimize the cost and reduce the cash losses.
5.	Additional comments from the board/ audit committee chair:	-

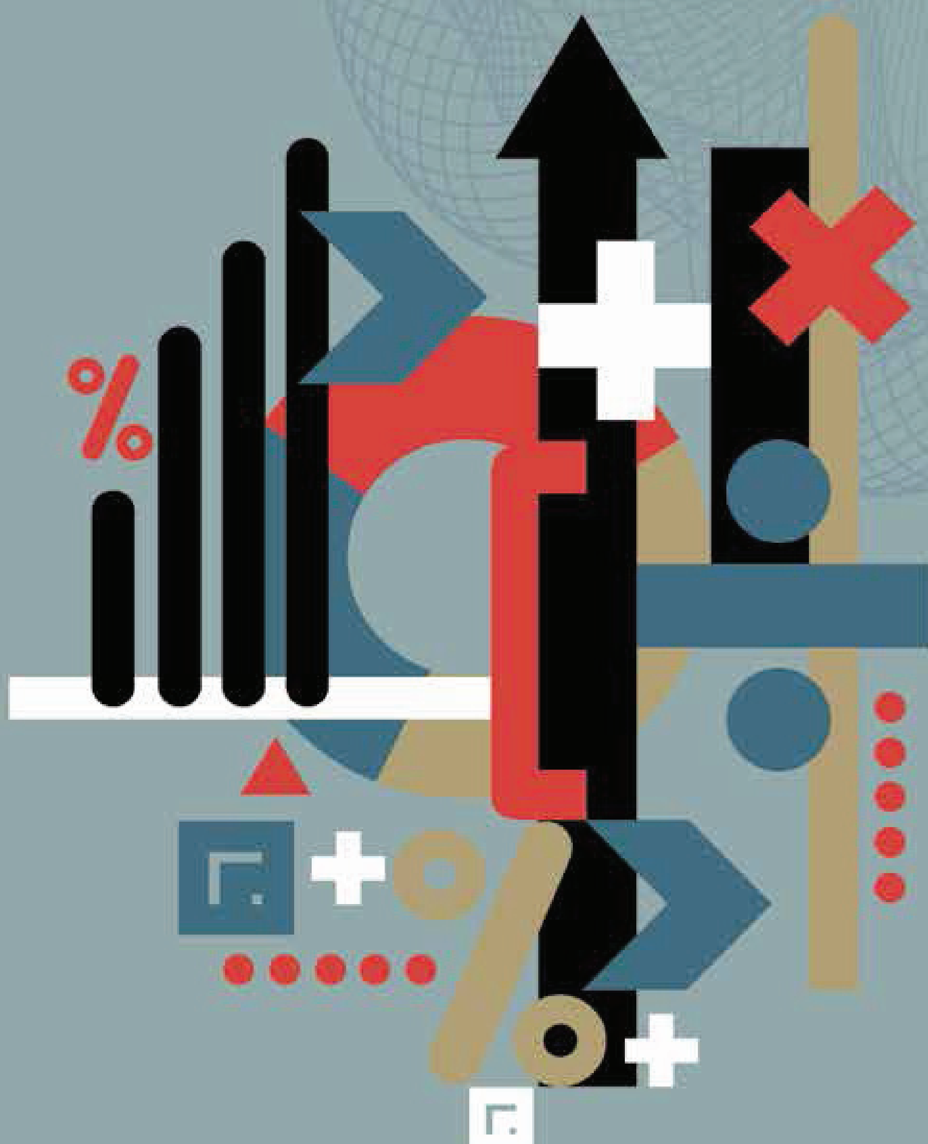
CFO

JRG Securities

A P Zandm

CEO / Managing Director

SURVIVING THE DOWNTURN



JRG Securities Limited › Annual Report 2012-13

FORWARD-LOOKING STATEMENT

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

IN 2012-13, THE INDIAN ECONOMY REPORTED ITS SLOWEST GDP GROWTH IN A DECADE. INTEREST RATES STAYED HIGH. THE RUPEE WEAKENED.

JRG SECURITIES COUNTERED THIS REALITY BY ENGAGING IN BUSINESS-STRENGTHENING INITIATIVES WITH THE OBJECTIVE TO EMERGE AS A TRUSTED BRAND OF FIRST RECALL.

JRG SECURITIES IS AN ATTRACTIVE PROXY OF THE MODERN FACE OF INDIA'S FINANCIAL SERVICES SECTOR.

INVESTING IN SERVICES, PRODUCTS AND COMPETENCIES.

WITH THE OBJECTIVE TO SURVIVE THE DOWNTURN ON ONE END AND CAPITALISE ON A SECTORAL REBOUND ON THE OTHER.

Background

- JRG Securities was incorporated in 1994 as a financial services company to provide equity and commodity brokerage services in Southern India.
- In 2007, Duckworth Ltd, a subsidiary of Baring India Private Equity Fund II Ltd, acquired a 46% stake in the Company.
- JRG Securities Limited has emerged as a leading financial and investment services corporation, offering the gamut of financial products and services.

Location

Headquartered in Kochi with a network of 42 branches and 240 sub-brokers/ authorised persons across Kerala, Tamil Nadu, Andhra Pradesh, Karnataka and Maharashtra.

Services offered

- **Equity brokerage:** It comprises prompt equity intermediation services.
- **Commodity brokerage:** In this section, product portfolios such as agro-products, precious metals, metals, bullion and energy, are dealt with.
- **Insurance:** Comprises life insurance, general insurance, pension plans and health insurance.
- **Non-banking financial services:** Products include margin finance, loan against shares (LAS), loan against commodity, mutual fund IPO services and tax filing.
- **Internet trading and phone-based services:** Comprises mutual fund, depository services and fund management.

Commitment

- We are a highly professional services provider
- We ensure a holistic customer experience
- We are a dynamic, motivated team with product and sectoral expertise
- We are reliable partners as our dealings are transparent
- We invest in long-term partnerships with stakeholders
- We differentiate ourselves as smart solution providers

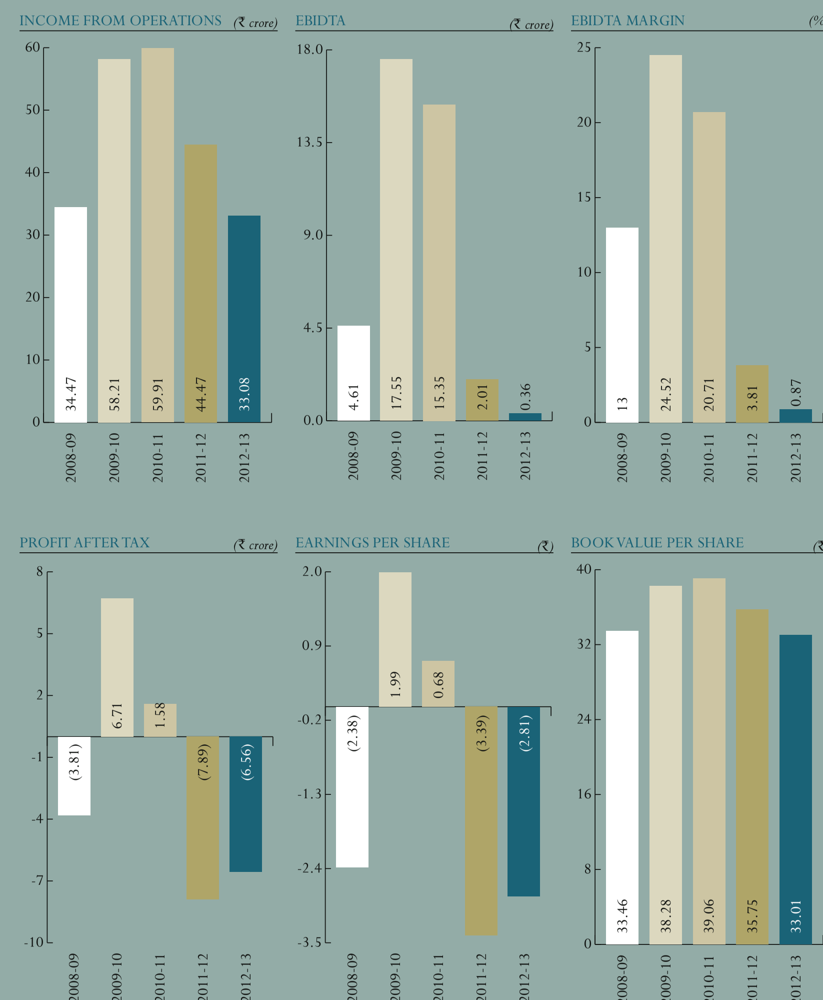
Subsidiaries

- Inditrade Derivative and Commodities Limited (formerly known as JRG Wealth Management Limited)
- JRG Fincorp Limited
- Inditrade Insurance Broking (P) Ltd (formerly known as JRG Insurance Broking (P) Limited)
- Inditrade Business Consultants Limited, (formerly known as JRG Business Investment Consultants Limited)

Memberships and affiliations

- Depository participant with NSDL and CDSL
- Member of NSE, BSE, and MCX-SX for equity trading
- Affiliation with MCX, NMCE, NCDEX, IPSTA and NCMSL
- In compliance with regulatory requirements of SEBI, IRDA, FMC and RBI

OUR STORY IN NUMBERS



Based on consolidated numbers

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am afraid the news is not good. The environment has stayed hostile this year with no signs of revival in the economy and the capital markets. Given the very strong operating costs in our business with fixed costs a given and revenues driven by missing retail participation, results have been poor.

Unfortunately the outlook does not suggest that things will get better soon. Given the market conditions your Company has been trying hard to invest in its electronic platform and control its expenses in fixed infrastructure. Market conditions make it difficult to invest in client acquisition engines. The focus is to continue to service our existing clients, both at our branches and associates, using cutting-edge technology and thereby improve service experience.

Cost control and capital preservation has been the focus and sadly the outlook seems no better for the reasons I have been delineating over the last few years in my messages to you. Even on the NBFC side, risk aversion is what has guided our actions and for the time being will continue to do so.

I thank our customers, our management and you for your continued support in these very difficult times.

Best regards,

Rahul Bhasin
Chairman

CEO'S REVIEW

The year 2012-13 was without a doubt one of the toughest years for the Indian economy. Falling interest rates, starved credit, low consumption, huge current account deficit and inflation had the markets in a stranglehold. The trickle down effect of these factors adversely impacted the Company which is starkly visible in our numbers.

The average investor is shying away from the market because of the global slowdown and the fact that the cost of acquiring a client is proving to be considerably more than the revenue generated from it and hence there is hardly an appreciable increase in the topline. Moreover, the equity market is not allowing any sort of lending.

In a bid to streamline our workforce we have reduced it from 1,200 to 400. We earlier had 95 branch networks and now only a mere 42. We have also put a lid on all of our other subsidiary businesses such as selling mortgages and realty advisory among others. We are just concentrating on our lending and brokering businesses. We have revamped our online platform and intend to embark on partner networking i.e. we are handing over our home branches to associates to curtail any unnecessary expenditures.

We expect our NBFC- loan book size comprising mixed portfolios and loans against properties, shares and commodities, to grow in the near future. We are trying to keep multiple small borrowers to ensure optimum profitability. The loan book size is approximately ₹40 crore out of a cash on book of ₹65 to 70 crore.

Though this was a poor performance we were still able to stem the slide with the help of the following initiatives:

a. Consolidated the resources we had in our hands
b. Rationalised our branch network
c. Reworked costs in all areas
d. Diversified our business model into a associate-based one
e. Improved our digital platform to reach out in a better manner to our clients
f. Cut down in terms of our non-core businesses

At the end I like to say that we shall put in every effort to maintain our lean and agile business model in our bid to survive this downturn that has affected the global economy.

Best regards,

Anand Tandon
CEO

OUR COMPETENCIES

PEDIGREE
Duckworth Ltd. owns a significant stake in JRG Securities, a subsidiary of Baring India Private Equity Fund II Ltd, a leading Indian private equity firm of international repute. Baring India enjoys a proven track record of building mid-sized Indian businesses through governance, regulatory compliance and strategic execution.

PROFESSIONAL MANAGEMENT
The Company's competent 10-member management team possesses strong domain knowledge. The management reconciles professionalism with an entrepreneurial mindset.

STRONG NETWORK
The Company services retail customers in Tier-I, II and III cities in addition to remote places in South India (42 branches).

CASH-POSITIVE
The Company is adequately liquid with ₹37.18 crore cash balance, a major advantage in a weak economy.

INTERNET TRADING
The Company's online trading platform www.inditrade.com attracted internet-savvy retail investors, resulting in a high share of the internet-driven Indian broking market. The Company's call-and-trade service is another medium that has been gaining popularity.

TECHNOLOGY
The Company progressively automated its services, minimising work duplication and human intervention in a number of roles. The Company's cutting-edge technology comprises direct wired exchange connectivity with adequate back-up, best-in class trading servers, robust back-office systems. The Company's dedicated IT helpdesk enjoys 99.9% uptime and multiple connectivity solutions.

ONE-STOP SHOP
The Company's services comprise equity, commodity and currency broking, and wealth management services, financial advisory. The result: a one-stop services proposition.

TALENT
The Company professes 'professional entrepreneurship', reconciling extensive delegation with training.

TRUST AND TRANSPARENCY
The Company's 17-year experience in the financial services industry is reflected in a best-in-class compliance and risk management system and high standard of customer service.

BUSINESS SEGMENT REVIEW 1

EQUITY BROKERAGE

₹16.95 crore
Revenue

41.43%
Contribution to total revenue, 2012-13

₹137.66 crore
Average daily equity turnover, 2012-13

Overview

Indian GDP growth rate slid from a level of 6.2% in FY 2012 to a level of 5% in FY 2013 and especially in Q3 FY 2013, it touched 4.7%. The gap between export and import has widened due to the slowdown in global economy, price/demand trends in oil, gold, coal and INR depreciation led to the current account deficit to increase over 4% from a historic average of 1-2%. INR/USD rate has breached the ₹60 mark in FY 2013.

BSE SENSEX moved from 17,404 points to 18,835 points between FY 2012 and FY 2013, recording a marginal increase of 8.22% over the previous year and NSE CNX NIFTY moved from 5,295 to 5,682 between FY 2012 and FY 2013 recording an increase of 7.30% over the previous year.

The gross turnover in Capital Market in the BSE and NSE fell by 17.79% and 3.66% respectively. The turnover in the NSE Equity Derivative segment recorded an increase of 4.97% when compared to the previous year.

The government accelerated reforms during the year under review. Strong FII inflows transpired in January 2013. The Union Budget 2013 and other proposals helped reduce Securities Transaction Tax (STT) on equity futures contracts from 0.017% to 0.01%; a commodities transaction tax was introduced on non-agriculture commodities futures trading. It is expected that arbitrage trading could return to equities and currencies, potentially growing these segments.

Retail services

RETAIL BROKING
The business of retail broking demands that the Company be completely aligned in real time with marketplace changes. Over the years, JRG strengthened its position as an offline retail trading advisor employing a dedicated team of dealers and advisors in its research team with the objective to provide personalised trade and execution services to active traders, retail investors and high networth investors. The Company strengthened its technological platform, reinforced its research team and acquired relevant certifications.

TALKING POINTS, 2012-13

- JRG increased the number of registered clients across verticals, as on 31st March, 2013 our registered client base stands at 2,32,451.
- The Company selected to focus on corporate clients to counter the slowdown.
- The Company overhauled its service strategy, classifying clients on the basis of key parameters with the objective to service longstanding clients better.
- The Company introduced a centralised call centre (Hyderabad) to address customers.
- The Company introduced a systematic investment plan with the objective to create personalised equity portfolios.

RETAIL BROKING – ONLINE BUSINESS

The Company enhanced its online presence through its www.inditrade.com website. The portal empowered clients to trade online across a gamut of services (equities, commodities, currencies, mutual funds and insurance).

TALKING POINTS, 2012-13

- The Company entered into contracts with diverse web service providers to strengthen its search engine optimisation.
- The Company's registered online clients increased by 10.43 % over the previous year (total 6,626 clients as on 31st March, 2013).
- The Company developed online tools, helping customers address market volatility.

Depository services

At JRG, we provide depository services leveraging our depository participation with NSDL and CSDL. The Company provides facilities trading, demat account settlement, clearing services (for all security transactions), shares pledging and unpledging, market and off-market share transfer from one account to another, share dematerialisation and rematerialisation. The Company also makes it possible to open demat accounts for holding securities, mutual funds and commodities. The Company's depository service helps create a seamless transaction platform, executing trades in the name of JRG Securities and settling these transactions in the name of JRG Depository Services. The Company also provides recommendations based on in-depth research, mutual fund performance and mutual fund ratings.

JRG'S EDGE

- Automated pay-in facility
- Speedy settlement process, increasing liquidity
- High information access – anytime, anywhere through the centralised help desk
- Hassle-free automated pay-in of the sell obligation - no need for physical instruction
- Immediate disbursement of non-cash benefits like bonus and rights
- Customised statements for privilege customers and personalised services

TALKING POINTS, 2012-13

- The Company's depository accounts as on 31st March, 2013 stood at 89,906 with NSDL and 6,605 with CSDL.
- An easier-to-access facility has been enabled for the CDSL clients.

OUTLOOK

The influx of new players is expected to increase marketplace competition. With the commodities and currencies market emerging as a dependable source of diversification, brokers are realigning their business model to contain costs and consolidate. The Company is forging ties with more customers, focusing on the online business and expanding its national footprint.

BUSINESS SEGMENT REVIEW 2

COMMODITY BROKERAGE

₹9.81 crore	23.97%	₹136.92 crore
Revenue	Contribution to total revenues, 2012-13	Average daily commodity turnover, 2012-13

Overview

JRG's extension into commodities trading (through subsidiary Inditrade Derivatives and Commodities Limited) is in line with its vision to emerge as a one-stop financial intermediary. JRG offers online and offline services in the commodities segments to retail clients on the MCX, NCDEX, NMCE and IPSTA, where it enjoys memberships. The interest of JRG customers is served by research and service (through a relationship manager for all investment needs). The commodity broking business trades agro-commodities (rubber, cardamom, turmeric, chili, cumin seeds and refined soya, among others), base metals, metals, bullion (gold and silver) and energy.

The year 2012-13 proved challenging for the Company following the delisting of pepper from the agro-commodities sector. Besides, declining gold prices affected trading volumes. The Company recorded a turnover of ₹8,625.49crore in crude oil trading followed by ₹5,931.45 crore in silver and ₹5,850.20 crore in gold.

The consolidated turnover of 22 Indian commodity bourses declined from ₹181.26 lakh crore in the previous year to ₹170.46 lakh crore in the FY 2012-13 on account of a global weakness in commodities and a volatile commodities futures market.

Talking points, 2012-13

- The Company has a registered client base of 18,602 as on 31st March, 2013.
- The Company's commodity trading volumes crossed ₹41,761.69 crore; 17.15 % of the traded volumes were derived from agro-commodities.
- The Company strengthened its technology and back-up support.

Research

The Company commissioned an analyst team possessing more than 10 years of industry experience. The team provided in-depth analyses (technical and fundamental) to its diverse customer segments (active listed stocks, currencies and commodities) supported by comprehensive research reports.

JRG's research team offered qualified and professional knowledge to various segments, supported by services like trading and investment advisory. The relationship management team conducted seminars, workshops and investor meets to enhance awareness. The Company offered a customised single screen market watch for MCX and NCDEX along with NSE/BSE real-time commodity information and client ledger positions.

Road ahead

- The Company has shifted its focus to mustard seeds, coriander, cotton seeds and turmeric.
- The Company intends to focus on new certifications and renew old ones.
- The Company expects to service corporate clients with research and knowledge-based service helping them hedge their risks better.
- The Company will emphasise commodity financing.
- The Company aims to undertake associate development programmes to increase retail participation in the commodity sector. As on 31st March, 2013 there were 77 outlets (of a total 246) engaged in commodities trading.

Optimism

Driven by rising incomes and discretionary spending mediated towards top-of-the-line infrastructure, healthcare and branded products, consumer spending in India is expected to reach nearly US$ 13 trillion by 2030 growing at an annual growth rate of 14%. *(Source: Deloitte)*. India recorded the second highest HNI population growth in the world at 22.2%; investable wealth in HNI hands is expected to grow at a CAGR 23% across four years and touch US$ 5.05 trillion *(Source: CII, IETF 2013 and Economic Times)*

BUSINESS SEGMENT REVIEW 3

CURRENCY TRADING

₹0.65 crore
Revenue

3.01%
Contribution to total revenues, 2012-13

₹9 crore
Average daily currency turnover, 2012-13

Overview

The year 2012-13 was one of the most challenging years for the Indian foreign exchange management sector, the market was adversely affected by volatility and rupee depreciation. The rupee depreciated to 54.3 against the dollar on an average in 2012-13, against 47.8 in 2011-12. This depreciation affected the Indian economy: from $1.87 trillion in 2011-12 to $1.84 trillion in 2012-13 *(Source: Business Standard)*. Correspondingly, the currency derivatives segment growth in terms of the number of contracts dropped by 1.45% in 2012-13 against a growth of 29.85% in 2011-12. The turnover growth of the currency derivatives sector was 12.82% 2012-13 compared to a growth of 35.52 % in 2011-12. The average daily turnover of the segment stood at ₹21,705.62 crore in 2012-13 following a growth of 11.43% as per theNSE.

Talking points, 2012-13

- The Company had more than 70 currency terminals supported by a dedicated research team as on 31st March, 2013.
- Revenue from currency trading has come down from ₹1.18 crore in 2011-12 to ₹0.65 crore in 2012-13.

Services

The Company has set up a corporate desk dedicated to provide customised service to small and medium-sized enterprises on foreign exchange hedging services. The Company provides various linear and non-linear trading strategies on domestic pairs, global majors such as EURUSD, GBPUSD and USDJPY and major crosses such as EURGBP, EURJPY and GBPJPY.

JRG's edge

- JRG is a member of India's two major currency exchanges - MCX-SX and NSE.
- The Company has a dedicated product development team coupled with experienced relationship managers.
- JRG is one of India's leading currency brokerage houses with a vast portfolio of products addressing the needs of large corporate houses and SME's.

Road ahead

- The Company strengthened its central dealing desk.
- The Company classified clients in terms of revenues generated followed by customised services.
- The Company enhanced revenues through increased client leverage limits without compromising on safety.

BUSINESS SEGMENT REVIEW 4

NBFC

₹5.35 crore
Revenue

13.09%
Contribution to total revenues, 2012-13

₹0.08 crore
Average daily NBFC turnover, 2012-13

Overview

JRG entered the NBFC business in 2007-08 through subsidiary JRG Fincorp Ltd, registered with the RBI as a non-deposit-taking NBFC. The Company is in the business of providing agri-commodity and capital market loans to complement financial products and services. Over the years, the Company grew its presence across Maharashtra, Kerala and Andhra Pradesh in the commodity loans segment; it tied up with NCMSL (NCDEX subsidiary) by the virtue of a collaterals management agreement.

Talking Points, 2012-13

Margins funding: The key features of this service comprise the following: borrowing available against a comprehensive list of shares; facility of leveraging twice the collateral value; simple documentation process; zero processing fees; quick loan processing; option to take delivery beyond the ordinary trade cycle; attractive interest rates and facility to convert to alternative borrowing options. JRG Fincorp Ltd's margin funding book size as on 31st March, 2013 was ₹11.22 crore with 2,190 clients.

Loans against shares: The key product features comprised the following: borrowing available against an extensive list of shares; simplified documentation; repayment through various models (EMIs, flexible and bullet payments); quick loan processing; attractive interest rates and no prepayment penalty.

Commodity funding: JRG Fincorp Ltd provided funding for cardamom, pepper, rubber, chili, steel, gold and silver among others.

Road ahead

- Create a customised sales team to meet various client needs in a turbulent market place.
- Tie up with third parties like banks for home loans and personal loans.
- Reactivate dormant retail clients through mailers and text messages.
- Leverage the knowledge repository of channel partners for generating leads on corporate loans.
- Focus on SME loans, corporate lending and real estate financing.

MARKETING

In the business of financial intermediation there is an urgent need to reach the widest product range across the largest number of people at the lowest costs possible and within the shortest span of time. With India's economy bogged by multifarious factors, success is derived from the ability to market products persuasively, distinctively and effectively. The role of marketing in the country's financial intermediation sector has strengthened for a number of reasons: the broking market is crowded, brand recall is at a premium and there is a need to highlight services addition.

Highlights 2012-13

- During the year under review, the Company gave its customer retention policy a shot in the arm by setting up a specialised customer service desk for acquiring new customers and converting dormant customers into active customers.
- The Company enhanced its online presence through its online portal - Inditrade.
- The Company undertook initiatives to enhance its presence in Tier-II and Tier-III cities through customer and dealer meets and training programmes, among others.

Key initiatives

- Redesigned the website to enhance visitor engagement
- Engaged with social media companies to strengthen search engine optimisation
- Marketed products and services to corporate houses
- Conducted seminars and financial planning programmes in various localities.
- Engaged in various community welfare initiatives.

Strengths

The Company developed a centralised dealing desk from where it could track all branch, client and dealer activities (active and dormant). The Company created new avenues (electronic mailers and printed material) to promote JRG services.

Road ahead

The Company will strengthen marketing initiatives to improve brand salience. The new customer acquisition model will mature in 2013-14, proactively timed in tune with a probable market recovery.

OPERATIONS

Highlights 2012-13

- Achieved a TAT of 24 hours in KYC document process.
- Customer queries TAT is brought down well below 24 hours.
- Productivity matrices are defined and monitored efficiently.
- Organised training for increasing efficiency and better resource management.
- HR payroll package implemented successfully
- Building a DR (Disaster Recovery) centre at our registered office to have a seamless connectivity and backup for all of our applications and data.
- Moved successfully to Asia's largest Tier IV- data centre.
- Latest technology-private cloud infrastructure put in place; first in the trading industry to use this technology.
- Developed in-house user-friendly application to address all our needs w.r.t business and the employee's of JRG. MIS reports are generated to monitor the performance at various levels and it gives the complete 'TREND' of the Company.

Technology support

- Technology support is the backbone of this industry, to ensure Zero downtime of all applications, the tech team has to function with absolute lucidity and clarity. Seamless services have been provided with support of external vendors.
- The internal team is fully capable to handle the Infra tasks like zero downtime of servers, trading applications, mail server, voice logging and network monitoring across all offices duly coordinating with our vendors. There is a constant attempt to observe the changes impacting the dynamics of the business and trying to address the futuristic applications that our business would require.

Rationalising costs

- Multi-skill training to employees started, in order effectively use resources across all functions.
- Documents are digitalised to reduce retrieval costs.
- Following measures have been taken to rationalise the cost on the technology front.
  - Reduction of servers from 78 to 10, AMC, electricity, space, manpower and maintenance cost is reduced.
  - Normalised the MPLS and internet networks across all branches.
  - All the applications are virtualised by using the Citrix software to improve the performance, device independence and maintenance.
- Network consolidation
  - Implemented intrusion prevention platform at the gateway level using an antivirus in our network.
  - Networking tools used to measure performance of the network and devices.

BUSINESS DRIVERS 3

HUMAN RESOURCE MANAGEMENT

In the competitive business of financial intermediation, the number, qualifications, experience and orientation of the people generally prove to be critical differentiators. At JRG, we believe that our success is derived from placing people with the right capabilities in the right positions; in turn, the Company's success is also derived from its ability to invest in people and providing them with the right opportunities.

Highlights, 2012-13

- Inducted 778 employees and including dealers.
- Strengthened appraisal and performance-incentivisation coupled with accountability and performance delivery.
- Enhanced business accountability of the zonal head
- Enhanced focus on 'organisational learning requirements'

Initiatives

- **Recruitment:** At JRG, we reinforced our team with young achievers, recruited through open interviews, web interviews and rigorous filters.
- **Training:** At JRG, we initiated training programmes like 'Vriddhi' (training the business partners with focus on dealing, sales pitching, product and procedural knowledge, risk management/mitigation), 'Paramitaar' (training for branch managers and equivalent covering the gamut of business operations with focus on dealing, sales pitching, product and process knowledge, risk management/mitigation), 'Roses & Oranges' ('think *zara hatke*' programme, which focuses on professional associations and business relationships) and strengthened the old ones. We reinforced the orientation and induction programmes for the new recruits following which they are inducted into their respective departments. A gap analysis and training programmes were designed accordingly.

  Training by regulatory authorities - CDSL and NSE organised training drills to acquaint staff members with KYC and PMLA provisions.
- **Performance appraisal:** At JRG, we follow a 360 degree self-appraisal system as well as review discussion and superior assessment systems. JRG members set their own targets, assessing monthwise progress and this forming a base for the annual bonus.
- **Motivation:** At JRG, we conducted various engagement programs like 'You Made A Difference' (where the Company recognised employee efforts going beyond the call of duty), periodic engagement activities birthday celebrations, celebrating achievements (individual and team), employee health check programmes and industry-expert talk series, among others.

Road ahead

The Company expects to establish 'performance excellence' as an effective business model by propagating the business vision, mission and values.

BUSINESS DRIVERS 4

INFORMATION TECHNOLOGY

IT plays a pivotal role in the financial services industry. IT enhances the convenience for trading, service quality and organisational dependability. The entire broking procedure transpires on an internet-based platform comprising computers, connectivity, trading software and brokers. Trading platform (developed in-house), branch connectivity, data centre and main server play a critical role in the actualisation of trades.

On the infrastructural side, all our trading platforms are based on a high availability platform where if something fails, there is redundant infrastructure available. Even on the application front, JRG has a highly distributed application design, protecting it from unexpected downtime.

Highlights, 2012-13

- Shifted our data centre from Kochi to Mumbai (India's first Tier-IV data centre with six zones of protection) resulting in a trading uptime of 99.99%.
- Implemented visualisation technology in four data centres, which helped the Company reduce the number of servers, cost and electricity consumption as the numbers of servers required were reduced to a ratio of 12:1.
- Implemented Kaseya for inventory management and endpoint security, which will help in USB blocking, application protection, system inventory and system change information.
- Successfully implemented an application named 'Alchemy' which collates the information from various servers.
- Installed an expense management system across branches.

Infrastructure: The Company shifted to a new data centre in Mumbai, which is a Tier-IV centre with six zones of protection. All the business application is hosted in the new data centre with an uptime environment of 99.95%. It is completely on private cloud on Vmware. The server and storage consolidation has already been achieved. The system's auto backup facility enhanced data safety. The shift translated into the following savings:

- Reduction of servers from 78 (Kochi) to 10 (Mumbai)
- Reduction in annual maintenance costs
- Reduction in electricity consumption
- Smaller infrastructure outlay and corresponding space and manpower dependence

Networking: The Company upgraded its firewall to FortiGate at Mumbai. It implemented intrusion prevention and Gateway level anti-virus along with network usage and performance monitoring tools. It implemented website blocking at RO. The Company has DC and DR, synchronised with an Oracle data guard. All applications are virtualised using Citrix to improve performance and device independence.

RISK MANAGEMENT

Risk is defined as an expression of the uncertainty about events that can have a significant impact on performance and profitability.

JRG'S RISK MANAGEMENT STRATEGY

At JRG Securities, risk management is a continuous process of identifying, assessing and evaluating risks, and taking proactive measures to minimise or eradicate potential losses arising due to an exposure to particular risks.

The consistent implementation of this framework is monitored through audits and reviews, resulting in an accurate understanding of the Company's competitive position. In doing so, the Company takes decisions that balance risk and reward.

Classification of JRG's risk landscape

CORE RISKS	OPERATIONAL RISKS	OTHER RISKS
Credit risk	Asset quality risk	Industry risk
Compliance risk	Technology risk	Proprietary trading risk
Market risk	Attrition risk	Liquidity risk
	Process risk	Interest rate risk
		Client default risk

Core risks

CREDIT RISK

The Company runs the risk of clients not honouring their financial commitments after availing the exposure limit based on the cash and securities collateral. This risk is managed at the transactional and portfolio levels. The client exposure is based on the well-defined risk policy operational at the Company. The risk management processes are highly disciplined and designed to preserve the independence and integrity of the risk assessment process.

COMPLIANCE RISK

The scale and pace of regulatory change is unprecedented in this industry. JRG deals with multiple jurisdictions and multiple timetables for new regulations. There are higher penalties for non-compliance and the regulations themselves often reflect public agitations.

Each business of JRG is regulated by a different regulator. JRG is registered and regulated by the Stock Exchanges and the SEBI for stockbroking and depository participants businesses. One of our subsidiary company is registered as an NBFC and regulated by the Reserve Bank of India. The Company's commodities broking segment is regulated by the Forward Markets Commission. Any violation or transgression could invite censure, affecting the Company's reputation. A robust compliance department, manned by knowledgeable and experienced professionals, guides the businesses when it comes to regulatory compliance. The strong legal and compliance units provide specialised advice on stock exchange regulations while monitoring the observance of these rules. The compliance team assists the management in identifying risks and train employees on issues relevant to compliance. The compliance and legal unit supports the management in fostering and promoting high ethical standards, especially financial market regulatory norms, creating a culture of compliance throughout the organisation.

MARKET RISK

Market risk refers to the risk of loss arising from the unforeseen vagaries of the external environment. The financial services sector is linked to the global and Indian economic development. Any economic event with a significant impact across geographies can have a direct or indirect impact on the Company's fortunes. Also, there is the risk of capital market volatility affecting the broking (retail and institutional) business.

JRG possesses diversified revenue streams across multiple product lines and businesses linked to capital and non-capital markets and distribution businesses. JRG's presence in multiple product segments serves as a natural hedge against a downturn in any particular sector. The Company's presence in the relatively volatile equity segment is balanced by its presence in the relatively stable mortgage financing business.

Operational risks

ASSET QUALITY RISK

Asset quality risk is associated with the failure on the customer's end to repay the interest or installment of principal for a specified period of time. Non-performing assets affect the profitability of institutions like ours since we depend on timely interest payments and debt repayments. A troubled economy can lead to a sharp increase in non-performing loans and often results in massive write-downs and adversely affects overall asset quality.

JRG focuses on secured lending and has an adequate credit appraisal, risk monitoring and collection systems platform commensurate with its scale of its operations. The NBFC loan book comprises secured lending against tangible collaterals. Stringent risk management systems in retail broking are functional when it comes to securities-based lending businesses, enabling the Company to resist market volatility even in a scenario of declining equity prices. Constant audit checks help protect asset quality.

TECHNOLOGY RISK

Technology risk is the risk of loss from inadequate or failed internal processes and systems. It is an inherent risk element in each of the financial service business and key support activities. It can manifest itself in various ways, including breakdowns, errors and business interruptions, and can potentially result in financial loss, regulatory sanctions and cause damage to the reputation.

The Company's focus on the online business model makes the selection and management of technology critical. A delayed communication between two branches could affect customer interests.

The Company has invested in one of the best trading front-end systems, enabling users to place orders and receive confirmations with speed. The Company's trading platform, inditrade.com is user-friendly with superior features over its peers. It invested in the latest technologies of wide area networking and other customer relationship management (CRM) tools and software to enhance services.

The Company ensures that information is secure using a two-factor authentication technique involving employees and customers using JRG's portal. The Company established a disaster recovery site with an online replication of data to ensure business continuity. The Company's disaster recovery plan comprises the provision of 100% data and software back-up. The Company increased its capacity to 28 TB of annual data storage.

ATTRITION RISK

In the financial service business, people (and their intellectual capital) account for the principal business asset and any attrition represents intellectual depletion.

At JRG, we have strengthened our people retention through a number of initiatives: positioning our Company as a serious, competence-led and merit-respecting organisation, creating a space that respects knowledge accretion, investing in the competencies of people, providing a vibrant space to work in, believing in empowerment and genuinely respecting people.

PROCESS RISK

In the financial service business that is dispersed all across the Indian landmass, there is a need to delegate decision-making to capitalise on emerging opportunities.

At JRG, we have created an operational architecture that leverages established processes that facilitate accuracy and timeliness. These processes are extensively documented in a standard operating procedure (SOP) that is followed across the organisation. The result is that a number of decisions are taken across the country can be done without the need to revert to the Company's headquarters for ongoing clarifications and without comprising on our risk appetite or speed.

Other risks

INDUSTRY RISK

Any crisis in the financial service sector could hamper the Company's business.

In 2012-13, the Company's focus was on de-risking the business model by continued diversification into many related as well as unrelated businesses like corporate lending, realestate project financing among others.

The Company is also planning to expand its reach in the Tier-II and Tier-III locations mainly through the franchisee model besides expanding its commodity broking business beyond retail. The Company also entered into the real estate broking recently.

TRADING RISK

The Company's investment positions may result in losses, affecting shareholders' returns.

The Company does proprietary trading based on research reports. The Company has formulated an employee trading policy that prevents them from trading on their or the Company's account. Employees require permissions to open their accounts as per policy guidelines.

LIQUIDITY RISK

The liquid nature of JRG's broking business enables it to meet all its working capital requirements. The Company has an efficient treasury management to utilize the funds in an effective way.

At JRG, we ensure that client collateral comprises liquid scrips with adequate buffer between collateral value and positions taken. The the Company monitors scrip movements so that alerts are triggered as soon as buffer limits are infringed. The Company evolved a streamlined collection methodology through accelerated dispute resolution and hassle-free information dissemination – sending contract notes to clients regularly and providing customer support through text messages; among others – to insulate against liquidity volatility.

CLIENT DEFAULT RISK

A default on the part of the customers to meet their financial obligations, can affect the profitability of the Company.

At JRG, we select clients cautiously after a thorough appraisal covering net worth and credibility. The Company follows a practice of categorizing clients on the basis of their risk profile. This helps in setting funding limits for respective clients. Besides, client shareholding patterns, debit balances and stock grades serve as benchmarks that influence client scoring.

STATUTORY SECTION

JRG SECURITIES LIMITED

Regd & Corporate Office: XXXVI-202, Dairy Methanam Road, Edappally, Cochin-682024

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting of the members of the Company will be held at Hotel Park Central, Kaloor Kadavanthra Road, Kochi, Kerala -682 017, at 10.00 am on Friday, September 27th 2013 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013, the Profit and Loss Account for the year ended on that date together with the Report of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. B. R Menon, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Munish Dayal, who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. To appoint Auditors and fix their remuneration.

   "**RESOLVED THAT** M/s Haribakthi and Co, Chartered Accountants, 5B, A Block, 5th Floor, Mena Kampala Arcade, Thiagaraya Road, T. Nagar, Chennai – 600 017 be appointed as the Statutory auditors of the Company to hold office till the conclusion of next Annual General meeting, in place of M/s B S R & Associates, KPMG House, No 10, Mahatma Gandhi Road, Nungambakkam, Chennai- 600034, the retiring Auditors of the Company who has expressed their intention not to seek reappointment."

   "**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to fix the remuneration of the Statutory Auditors for the period."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** Mr. Anand Tandon who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on May 15, 2013 with effect from that date and who holds the said office up to the date of this Annual General Meeting and in respect of whom the Company has received a Notice in writing, under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose him as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company whose office shall be liable to retirement by rotation."

   "**RESOLVED FURTHER THAT** the Company Secretary of the Company be and is hereby authorized to do such acts, deeds and things as may be necessary and to file necessary forms with the statutory authorities to give effect to the above resolution"

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 269, 316 and other applicable provisions of the Companies Act, 1956, ("the Act") read with Schedule XIII of the Act and subject to such approvals as may be necessary, the approval of the Members be and is hereby accorded for the appointment of Mr. Anand Tandon as Managing director of the Company, who is already holding the office of Managing Director of one of its subsidiary companies, viz. JRG Fincorp Limited, for a period of Four year with effect from 6th August 2013 without drawing any remuneration from this Company."

   "**RESOLVED FURTHER THAT** the Company Secretary of the Company be and is hereby authorized to do all necessary acts, deeds and things which may be usual, expedient or proper to give effect to the above resolution."

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution

   "**RESOLVED THAT** pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the company be and is hereby altered by deleting the following Article:-

   157A

   a) Promoters shall be entitled to nominate one amongst them as a Director of the Company.
   b) Promoters shall be entitled to nominate one observer to the Board of all the present and future Subsidiaries and Affiliates of the Company.
   c) An Observer shall be entitled to all notice of board, committee and general meetings of the Company and all Subsidiaries and Affiliates and be entitled to be present in such meetings though without any voting right.
   d) The nominee of Promoters shall be decided by them by mutual choice and in the absence of such mutual choice for any reason whatsoever their nominee shall be decided by the Board of Directors of the Company by draw of lots. This provision shall apply to the directorship in the Company and for its every present and future Subsidiaries and Affiliates. Draw of lots shall be carried out separately for the Company and each of its Subsidiary and Affiliate.
   e) Decisions of the Company and its present and future subsidiaries, regarding the following subject matters shall require the affirmative vote of Regi Jacob or the nominee of Regi Jacob in an appropriately convened Board meeting.
      a) The merger or consolidation of the company which would result in the share holding of promoters and Baring together in JRG Securities Ltd ending up with less than 51% of the share capital of the merged entity
      b) Sale of all or substantially all of the assets of the Company/subsidiaries.
      c) Amendment to the Articles of Association of the Company that directly affect the Promoter's interest.
      d) Winding-up of the Company;
      e) Further issue of shares or other securities of the Company/group companies to Baring or its affiliates;
      f) Issuing guarantees, indemnities, powers of attorney, performance bonds or entering into other financing or underwriting arrangements other than in the ordinary course of business to associates, affiliates or investee companies of Baring;
      g) Pledging, charging, assigning or mortgaging of assets by the Company other than in the ordinary course of business to associates affiliates or investee companies of Baring;
      h) Introduction of new product line other than in the scope of financial services.

   For the purpose "Promoters" means Mr. Regi Jacob, Mr. Giby Mathew and Mr. Jiji Antony.

   The above Shareholder Rights shall have effect only until the aggregate direct shareholding of Promoters in the Company is not less than 9% (Nine Percent) in the voting shares of the Company"

   "**RESOLVED FURTHER THAT** the Company Secretary of the Company be and is hereby authorized to do all acts, deeds and things as may be required or deemed expedient to give effect to the resolution."

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution

   "**RESOLVED THAT** pursuant to Section 16, 21 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government, the name of the Company, be and is hereby changed from "JRG Securities Limited" to **"Inditrade Capital Limited"**

   "**RESOLVED FURTHER THAT** the name "JRG Securities Limited" wherever it occurs in the Memorandum and Articles of Association of the Company be substituted by the new name **"Inditrade Capital Limited"."**

   "**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take all further steps in this regard including to obtain applicable regulatory approvals, as the case may be and to do all such other acts, matters, deeds and things necessary or desirable in connection with or incidental to giving effect to the above resolution."

By order of the Board

Sd/-

Guruswamy Raj G

Company Secretary

Place : Hyderabad

Date : August 6, 2013

Notes:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business Item No. 4 to 8 is annexed hereto. Particulars of Directors who are seeking re-appointment have been given separately at the end of these notes.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY [IES] TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.** Proxy (ies) in order to be effective must be received by the Company at its registered office not less than forty-eight hours before the time fixed for commencement of meeting.
3. Corporate Members are requested to send the duly certified copy

of the Board Resolution authorizing their representative(s) to attend and vote at the Annual General Meeting.

4. Attendance slip and Proxy Form are given at the end of annual report.

5. Members intending to seek explanation / clarification at the meeting about the information contained in the annual report are requested to inform the Company atleast a week in advance of their intention to do so, so that relevant information may be made available, if the Chairman permits such information to be furnished.

6. The Register of Members and the Share Transfer books of the Company will remain closed from the closure of business hours on 16th September 2013 to the closure of business hours on 27th September 2013.

7. The Company or its Registrars cannot act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the shareholders.

8. In case of joint holders attending the meeting, only such joint holder who is higher in order of names will be entitled to vote.

9. Members holding shares in physical form are requested to notify any change in their addresses or any other particulars to the Company's Registrars and Transfer Agents, M/s. Big Share Services Pvt Ltd, E-2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri East, Mumbai-400 072; Tel: 022-28470652; Fax: 022-28475207

10. Members who have opted for receipt of physical copy of annual report are requested to bring their copy of the annual report at the time of meeting for reference and discussion. The attendance slip duly signed by the member or proxy should be deposited at the venue of the meeting.

By order of the Board

Sd/-
Guruswamy Raj G
Company Secretary

Place : Hyderabad
Date : August 6, 2013

Explanatory Statement Pursuant to Section 173(2) Of the Companies Act, 1956

ITEM NO 4

The present Auditors of the Company, M/s B S R & Associates had expressed their intention not to seek re-appointment at the ensuing Annual General Meeting pursuant to Sec 224(2) of the Companies Act 1956. Your Directors recommend M/s Haribakthi & Co, Chennai to be appointed as the Statutory Auditors of the Company. They have informed us that if appointed, the audit will be within the limits mentioned in Sec 224(1B) of the Companies Act 1956.

Section 224(2) read with Sec 225 (1) of the Companies Act 1956 provides that special notice shall be given for appointment of a person other than the retiring auditor as the auditors of the company.

None of the Directors are interested in the resolution.

ITEM NO. 5

Mr. Anand Tandon was appointed as an Additional Director by the Board of Directors in its meeting held on 6th August 2013. Pursuant to Section 260 of the Companies Act, 1956 Mr. Anand Tandon shall hold office only up to the date of the ensuing Annual General Meeting of the Company. The Company has received a notice in writing from a member under Section 257 of the Act proposing the candidature of Mr. Anand Tandon for the office of Director of the Company and hence the resolution in item no. 5 is proposed.

Your Directors recommend the resolution for approval of the members by passing an ordinary resolution.

ITEM NO. 6

The Board of Directors had appointed Mr. Anand Tandon as a Managing Director of the Company for a period of 4 (four) years with effect from 6th August 2013, subject to the approval of Members at their General Meeting.

Mr. Anand Tandon is a Management Graduate from IIM Ahmedabad and a Engineering Graduate from IIT Kanpur. He is an Equity Broking Professional with extensive Capital Market experience at the highest levels in India, as head of institutional brokerage as well as head of research for various foreign and domestic brokerages operating in India.

Mr. Tandon's previous assignments include Executive Director at ASK Raymond James & Associates, where he built up the institutional brokerage business from a startup stage to being among the top ten foreign brokers operating in India; Co-founder and Head of Research of IIT Investrust Ltd. an institutional stock brokerage firm which partnered Smith New Court's operations in India prior to the latter's merger with Merrill Lynch. He has also worked in the Global Analytics Group at Citibank in India and as a consultant with Arthur Andersen.

Mr. Ananad Tandon was first appointed in JRG Group as a Chief Executive Officer during the year 2010. His experience and expertise would be extremely beneficial to the Company to become a leading player in the Capital Market.

He is also appointed as Managing Director of the Company's subsidiary, M/s JRG Fincorp Limited w.e.f 1st February 2012 for a period of 4 years. As per section 316 of the Companies Act, 1956, Company may appoint a person as Managing Director if he is a Managing Director or Manager of one, and of not more than one, other company. Therefore his appointment is within the limits specified under the aforesaid section.

Mr. Tandon is drawing remuneration from JRG Fincorp Limited and hence his appointment in your Company is proposed without any additional remuneration.

Your Directors recommend the resolution, as set out in item no. 6, for approval by the members by way of Special Resolution.

Except Mr. Anand Tandon, none of the other Directors of the Company are interested in the resolutions.

ITEM NO. 7

The Company had at its Annual General Meeting held during the year 2009 amended its Articles of Association by inserting a new clause, 157A, which provides for Shareholder's Right to the erstwhile promoters.

This was necessitated due to the change in control and shareholding pattern of the Company as a result of investment by M/s Baring India Private Equity Fund II Limited (Barings) through its wholly owned subsidiary M/s Duckworth Limited and consequent to the "Non- Compete Agreement" entered into between the Company and erstwhile promoters.

As the validity of the above mentioned agreement has expired and in the overall interest of the Company, your Directors recommend the alteration in Articles of Association be approved and the resolution set out in item no. 7 be passed as a Special Resolution.

None of the Directors are concerned or interested in this resolution, except to the extent of their shareholding, if any, in the Company.

ITEM NO. 8

The Company is proposing to change its name to make it in conformity with its brand name "Inditrade". Accordingly, the Company had applied to the Registrar of Companies, Kerala for availability of the name **"Inditrade Capital Limited"**, and the Registrar has confirmed that the new name is available for registration.

Further the provisions of Section 21 of the Companies Act stipulates that the Company may by Special Resolution and with the approval of the Registrar of Companies, signified in writing, change its name. As the approval of the Registrar of Companies, Kerala has already been obtained; your Directors now seek the approval of the Members to change the name of the Company.

Your Directors recommend the change of name of the Company by passing a special resolution.

None of the Directors have any interest in this resolution except as a member of the Company

By order of the Board

Sd/-
Guruswamy Raj G
Company Secretary

Place : Hyderabad
Date : August 6, 2013

Brief Particulars Of Directors Seeking Re-Appointment

MR. B.R MENON

Particulars	Mr. B.R Menon
Age	53 yrs, DOB 16.03.1960
Date of First Appointment as a Director	27.05.2008
Educational Qualification	Graduate in Commerce and Law
Experience / expertise	He has over 25 years experience as an Advocate and has appeared in several important cases before the Supreme Court of India and various High Courts. He has also appeared in matters before the Courts in the United Kingdom and Australia besides the ICC Tribunal for arbitration. He has also appeared in matters before the Company Law Board, the National Consumer Forum, CEGAT and other statutory authorities. He has also advised major national, transnational and multinational companies on mergers, acquisitions, commercial litigation and arbitration.
Functional Areas	Non Executive Independent Director
Directorships of other companies	Mechventure Consultants and Advisors Private Limited
Memberships of committees	Member of Audit Committee and Investor Grievance Committee. Chairman of Remuneration and ESOP Committee
Shares held in the company	22649
Any other important information	No

MR. MUNISH DAYAL

Particulars	Mr. Munish Dayal
Age	47 yrs, DOB 03.04.1966
Date of First Appointment as a Director	30.10.2007
Educational Qualification	MBA (Delhi University), Faculty of Management Studies, Delhi
Experience / expertise	He has 20 years of experience in establishing and building businesses in the Financial Services industry. He has worked with Citigroup for 16 years in senior roles across major markets (London, Europe, Singapore, Middle East, India) in functions ranging from retail banking, cash management, asset based finance to custody, culminating as the Head of Small Business and Mass Markets group for Asia Pacific. He was also one of the early members of the senior management team at Yes Bank – a recently established bank - and was instrumental in scaling up the SME and Mid Market product portfolio of the bank as a key profit center.
Functional Areas	Non Executive Director
Directorships of other companies	1. Infrasoft Technologies Limited 2. JRG Fincorp Limited 3. Proactive Data Systems Private Limited 4. RMZ Infotech Private Limited 5. RMZ Ecoworld Infrastructure Private Limited
Memberships of committees	Member of Audit Committee, Investor Grievance Committee, ESOP & Remuneration Committee
Shares held in the company	NIL
Any other important information	No

DIRECTORS' REPORT

Your Directors take pleasure in presenting to you the 19th Annual Report and the audited annual statement of accounts for the year ended 31.03.2013.

Financial results

Amount in Rs.

Particulars*	2012-13	2011-12
Total Revenue	201,664,575	261,565,255
Profit/(Loss)Before Tax	(30,379,659)	(80,586,577)
Provision For Taxes/Deferred Tax Benefit	-	-
Exceptional Item	-	11,819,512
Profit /(Loss)After Tax	(30,379,659)	(92,406,089)
Appropriations	NIL	NIL
Deficit / Surplus Transferred To Balance Sheet	(30,379,659)	(85,304,645)

** On a standalone basis*

OVERVIEW

On a standalone basis, the Company earned revenue of Rs. 20.16 crores during the year under review as against Rs. 26.15 crores in the previous year. The expenditure stood at Rs. 23.20 crores resulting in a loss of Rs. 3.03 crores as against a loss of Rs. 9.24 crores during the previous year after considering exceptional item and tax.

The consolidated revenue for the year 2012-13 stood at Rs. 40.91 crores and the expenditure was Rs. 45.70 crores as against Rs. 52.80 crores revenue and Rs 57.27 crores expenditure during the previous year. The consolidated loss before exceptional items and taxes was Rs.4.79 crores as against a loss of Rs. 4.94 crores during the previous year. After considering exceptional items and taxes, the consolidated loss for the year stood at Rs. 5.94 crores against a loss of Rs.7.22 crores in the previous year.

BUSINESS UPDATES

During the year under review, the Company, along with its subsidiaries provided a bouquet of services to its clients. The services include equity broking, derivatives trading, commodities derivatives trading, currency derivatives trading, insurance services, real estate services, NBFC products like margin funding, loan against shares, loan against commodities and host of other third party products. The Company intends to offer more gamut of service to the clients and got registered for wireless/mobile trading with the NSE, BSE and MCX-SX.

Membership with MCX Stock Exchange Limited: During the year the Company, in addition to the existing membership in Currency Derivatives Segment, has registered as Trading Member for Equity and Derivative Segment with MCX-SX.

RECENT UPDATES

During the year under review 3 of its subsidiaries changed their name to make it in consonance with the brand name **"Inditrade".** The Company is now focusing to promote its brand **"inditrade"** and is actively involved in various promotional activities and sales campaigns to make more visibility in the market.

Towards the end of the year under review, your Company also shifted its Registered Office from the existing premises at JRG House, Ashoka Road, Kaloor, Kochi - 682016 to XXXVI-202, JJ Complex, Dairy Methanam Road, Edapally, Kochi- 682024.

SUBSIDIARIES, ASSOCIATES AND THEIR OPERATIONS

The commodity subsidiary Inditrade Derivatives and Commodities Ltd recorded revenue of Rs. 10.95 crores as against Rs. 16.50 crores in the previous year. The total expenditure incurred was Rs. 14.91 crores resulting in a loss of Rs 3.96 crores before prior period items and taxes, as against a profit of Rs. 3.19 crores in the previous year. After provision for taxes the loss for the year stood at Rs.4.36 crores as against a profit of Rs. 2.20 crores during the corresponding previous year.

Inditrade Insurance Broking (P) Ltd, recorded revenue of Rs. 39 lakhs as against Rs. 64.55 lakhs in the previous year. The expenditure during the period was Rs. 48.74 lakhs which has resulted in a loss of Rs.9.73 lakhs as against loss of Rs. 10.78 lakhs during the previous year.

JRG Fincorp Ltd recorded revenue of Rs.7.81 crores as against Rs.8.01 crores during the corresponding previous year. The expenditure during the period stood at Rs. 5.45 crores, resulting in profit for the year of Rs. 2.36 crores. After provision for tax and deferred tax charge, the profit for the year was Rs.1.61 crores as against the profit of Rs. 1.08 crores during the previous year.

Inditrade Business Consultants Ltd registered revenue of Rs. 2.72 crores as against Rs. 3.11 crores in the previous year. The expenditure during the year was Rs. 2.88 crores resulting in a loss of Rs.0.16 crores after taxes as against loss of Rs. 1.85 crores the previous year.

ACCOUNTS OF SUBSIDIARIES

The Ministry of Corporate Affairs vide its General Circular No. 02/ 2011 dated February 08, 2011 has granted general exemption from attaching the financial statements of its subsidiaries along with the accounts of holding company subject to fulfillment of condition specified in the said circular.

Accordingly, your Company is not attaching the financial statement of its subsidiaries viz. Inditrade Derivatives and Commodities Ltd, Inditrade Insurance Broking (P) Ltd, JRG Fincorp Limited and Inditrade Business Consultants Ltd along with the Balance Sheet of your Company for the year under review.

Further, the Company assures that annual accounts of the subsidiary companies and the related detailed information shall be made available to shareholders of the Company and its subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept for inspection by any shareholders at the Registered Office of the Company and of the subsidiary companies concerned. The Company shall furnish a hard copy of its details of accounts of subsidiaries to any shareholder on demand.

DIVIDEND

The Company incurred loss during the current financial year under review and therefore Board of Directors do not recommend dividend to the shareholders for the financial year 2012-13.

IPO FUND UTILIZATION

A statement of utilization of IPO proceeds is given below:

Amount in Rs.

Particulars	Envisaged in the prospectus A	Change in utilization * B	Amount utilized as on 31st March 2012 C	Utilized during the year 2012-13 D	Total fund utilized (Including change in utilization)	Amount remaining to be utilized
Middle Eastern Operations	560.00	(366.66)	193.34	-	193.34	-
Technology upgradation						
Computer software	160.00	-	110.00	-	110.00	-
Computer hardware			50.00		50.00	
Regional offices	600.00		628.81		628.81	-
Issue expenses	130.00		147.86		147.86	-

IPO FUND UTILIZATION *(Contd.)*

A statement of utilization of IPO proceeds is given below: *(Contd.)*

Amount in Rs.

Particulars	Envisaged in the prospectus A	Change in utilization * B	Amount utilized as on 31st March 2012 C	Utilized during the year 2012-13 D	Total fund utilized (Including change in utilization)	Amount remaining to be utilized
Opening new branches in India	-	200.00	108.61	15.46	124.07	75.93
Infrastructure development for i-trade	-	40.00	9.53	5.70	15.23	24.77
Other infrastructural requirements.	-	126.66	121.74	1.49	123.23	3.43
Total	1,450.00		1369.89	22.65	1392.54	104.13
Means of finance						
Issue proceeds					1345.87	
Internal accruals					46.67	
Total utilized					1392.54	

* *In the Annual General meeting of the Company held on 25 July 2009, the shareholders had consented for the change in the utilization of the aforesaid monies totaling to Rs.366.66 lacs, raised by the Company during the IPO of its shares, from those specified in the object clause in the prospectus, inter alia to utilize for expansion activities of the Company in India for opening new branches, infrastructure development for i-trade and other infrastructural requirements. Amount pending utilization as on 31 March 2013 has been maintained in fixed deposits with the banks.*

REGIONAL AND BRANCH OFFICES

The Company is now moving from the conventional branch dependent approach to technology driven approach to deliver better and more cost effective client services. To align with the new approach during the year under review the Company has consolidated several of its branches across major cities. Several unviable branches were closed and the clients were mapped to Central Dealing Desk for continuity of services. As of 31st March 2013, the total number of branches is 42.

TECHNOLOGY UPGRADATION

Technology being the fulcrum of the business in which your Company is engaged, has been given utmost priority to ensure that there is constant upgradation to meet the regulatory and client services requirement.

During the year under review, to align with the brand name, your Company changed its domain name from jrg.co.in to inditrade.com. The Company's official website has been revamped to make it more user friendly.

The Company has developed a state-of-the –art in-house software which has been christened as **Alchemy.** This will ensure speedier disposal of data. The Company has also established a Disaster Recovery Centre at its registered office at Kochi.

CORPORATE GOVERNANCE

It has been our endeavor to ensure good Corporate Governance practices in all facets of your Company's activities. In compliance with the listing agreement, the Management Discussion and Analysis Report and Report on Corporate Governance with Auditors' Certificate on Compliance with conditions of Corporate Governance are provided in this Annual Report.

AUDIT COMMITTEE

The Audit Committee comprises of four Directors viz. Mr. P. Viswanathan, Mr. Munish Dayal, Mr. Pradeep Mallick and Mr. B. R. Menon as members. Except Mr. Munish Dayal the other three members are Non-Executive Independent Directors. The roles and powers of the Committee are in conformity with the requirements of the Companies Act, 1956, read with Clause 49 of the Listing Agreement.

DIRECTORS

Presently the Board consists of six Directors of which three are Independent Non-Executive Directors, in compliance with Clause 49 of the Listing Agreement with BSE. As part of the requirements under Clause 49 of the Listing Agreement, Mr. P Viswanathan, Independent Director, is also on the Board of JRG Fincorp Limited, Inditrade Derivatives and Commodities Limited and Inditrade Business Consultants Limited, subsidiaries of your Company.

Mr. Munish Dayal and Mr. B.R Menon, Directors, would be liable to retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. The Board of Directors of your Company recommends their reappointment.

Mr. Gopichand S has tendered his resignation as Managing Director of the Company. Board of Directors at its meeting held on 06th August appointed Mr. Anand Tandon as the Managing Director in lieu of Mr. Gopichand S, subject to the approval of Shareholders in their Annual General Meeting, for a period of 4 years.

EMPLOYEE STOCK OPTION PLAN (ESOP)

In order to attract and retain talent in the Company, ESOP scheme (JRG ESOP 2008) is in place. This will encourage our employees to participate in the growth of the Company. Disclosure as per Clause 12 of the SEBI (Employees Stock Option Scheme and Employees Stock Option Purchase Scheme) Guidelines, 1999 is annexed to this report as Annexure A.

FIXED DEPOSITS

Your Company did not accept any fixed deposits from the public.

PARTICULARS OF EMPLOYEES

No employee of the Company was in receipt of remuneration exceeding the amount prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, during the financial year 2012-13.

AUDITORS

M/s. B S R & Associates, KPMG House, No. 10, Mahatma Gandhi Road, Nungambakkam, Chennai - 600034, (Regn No.116231W) were appointed as the Statutory Auditors of your Company for the year 2012-13. M/s B S R & Associates had expressed their intention not to seek reappointment at the ensuing Annual General Meeting pursuant to Sec 224(2) of the Companies Act 1956. The Board of Directors recommends the appointment of M/s. Haribakthi & Co, Chennai - 600017 as the Statutory Auditors of the Company for the year 2013-14.

Response by Management for Comments in Companies Auditors' Report Order 2003 (CARO)

(i) Adequate internal control system is put in place to ensure that no such delays occur in future.

(ii) The business of the company is aligned with the external market conditions, adequate steps are being taken to minimize the cost and reduce the cash losses.

INFORMATION UNDER SECTION 217(1) (E) OF THE COMPANIES ACT, 1956

A. Conservation of energy

The operations of your Company are not energy-sensitive in nature. However, measures are introduced to reduce the energy consumption at all levels in the organization by optimal use of technology.

B. Technology absorption

The Company adopted the latest state of-the-art software and hardware tools available in the market for rendering stock-broking and other services more efficiently and effectively.

C. Foreign exchange earnings and outgo

There was no foreign exchange earnings and outgo during the year 2012-13.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, the Board of Directors affirm

(a) That in the preparation of the Accounts for the year ending March 31, 2013 the applicable Accounting Standards were followed and there are no material departures there from.

(b) That the accounting policies have been selected and applied consistently and have made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2013 and of the loss of the Company for the year ended on that date.

(c) That proper and sufficient care was taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(d) That the accounts for the year ended March 31, 2013 were prepared on a 'going concern' basis.

ACKNOWLEDGMENTS

Your Directors wish to express their gratitude and thanks to the customers, investors, regulatory authorities, clients and bankers for their continued support and services. Your Directors place on record their appreciation of the contribution made by employees of JRG at all levels, enabling the Company to maintain service levels of a high order.

For and on behalf of the Board

Place: Hyderabad **Rahul Bhasin**

Date: 6th August, 2013 *Chairman*

ANNEXTURE A

Amount in Rs.

Particulars	GRANT TILL DATE							
	2008 scheme							
Option granted	100000	210000	52500	10000	38000	282250	184802	107105
Pricing formula	Fair value based on market price	Fair value based on market price	Fair value based on market price	Fair value based on market price	Fair value based on market price	Fair value based on market price	Fair value based on market price	Fair value based on market price
Option vested	43750	97125	17875	3750	9750	75938	92401	26777
Options exercised	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total no. of shares arising as result of exercise of Options	Nil	67125	Nil	Nil	Nil	Nil	Nil	Nil
Options lapsed or forfeited	100000	147000	42500	5000	25000	208250	Nil	Nil
Variation of terms of Options	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Money realised by exercise of Options	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total number of Options in force	Nil	63000	10000	5000	13000	74000	184802	107105
Employee-wise details of options granted to:								
(i) Senior Management Personnel	No. of options							
Biju Xaviour - Vice President	Nil	15000				7500		
Gijo T Rockey - Vice President	Nil	10000				7500		
(ii) Any other employee who receives a grant in any one year of Options amounting to 5% or more of Options granted during that year	Nil	Nil	Nil	Nil	Nil	Nil	Nil	

Amount in Rs.

Particulars	GRANT TILL DATE							
	No. of options							
(iii) Identified employees who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Diluted earnings per share pursuant to issue of shares on exercise of Options calculated in accordance with AS 20 'Earnings per Share'	-3.85							
Weighted average exercise price of Options granted during the year	0							
Weighted average fair value of Options granted during the year	0							
Description of method and significant assumptions used to estimate the fair value of Options	Fair value of Options granted has been estimated using the Black Scholes Option pricing Model							
Risk-free interest rate	6.15%	6.15%	6.15%	7%	7%	8.50%	8.50%	8.50%
Expected life	7years							
Expected volatility	33%	33%	33%	45%	45%	45%	45%	45%
Expected dividend	0%							
The price of the underlying share in the market at the time of Options grant	Rs.37.73	Rs.39.90	Rs.39.90	Rs 41.00	Rs 49.00	Rs 35.90	Rs 34.70	Rs. 15.80

CORPORATE GOVERNANCE REPORT

Your Company believes that a high standard of corporate governance is the key to ensure business success and also help in maximizing value for all its stakeholders. Hence we are committed to adopt the best in class Governance Practices. The Company conducts its affairs in a fair and transparent manner and maintains the highest ethical standards in its dealings with all its constituents. At JRG we give thrust to four key building blocks - **Trust, Transparency, Technology and Talent.**

However we also recognize that, regardless of the quality of the Code in place, it is the culture, the tone at the top that influence the direction of companies. The Directors of your company continue to be committed to standards of corporate governance practices in its management of the affairs of the Group to ensure that as in the past, best practices of disclosure and transparency will be maintained in all our activities in future too.

COMPOSITION OF THE BOARD

As on March 31, 2013 the Company's Board comprised 6 (six) directors, of which 3 (three) are Independent Non Executive Directors. The Chairman of the Board Mr. Rahul Bhasin is a non-executive Director. The Board's composition is in compliance with the requirements of Clause 49 of the Listing Agreement, requiring that not less than half the Board should comprise Independent Directors.

NUMBER OF BOARD MEETINGS

The Board of Directors met 4 times during 2012-13 on May 19, 2012, July 26, 2012, November 07, 2012 and February 02, 2013. The maximum gap between any two meetings was less than 4 months.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPHELD

Name	Category	No of Board meetings held in 2012-13	No Board meetings attended In 2012-13	Whether attended Last AGM	No. of Director-ship in other public companies	No of Committee member-ship in other public companies ##	No. of Chairman ships of Com-mittees in other public companies
Mr. Rahul Bhasin	Chairman & Non Executive Director	4	3	Yes	-	-	-
Mr. Gopichand S	Executive Director (Managing Director)	4	4	Yes	-	-	-
Mr. Pradeep Mallick	Independent Non Executive Director	4	4	Yes	7	8	1
Mr. B R Menon	Independent Non Executive Director	4	1	Yes	-	-	-
Mr. Munish Dayal	Non Executive Director	4	4	Yes	2	-	-
Mr. P Viswanathan	Independent Non Executive Director	4	4	Yes	3	3	1

Membership of Audit Committee and Investor Grievance Committees are considered for the purpose.

As mandated by the Clause 49, none of the Directors are members of more than ten Board level committees nor are they Chairman of more than five committees in which they are members.

INFORMATION SUPPLIED TO THE BOARD

The Board has complete access to all information with the Company. All the information stipulated under clause 49 is regularly provided to the Board as part of the agenda papers well in advance of the Board meetings or are tabled with the permission of the Chair in the course of the Board meeting. There is a structured manner in which agenda items are created and materials are distributed for Board meetings.

BOARD MATERIALS DISTRIBUTED IN ADVANCE

Information and data that is important to the Board's understanding of matters on the agenda is distributed in writing or electronically to the Board prior to the Board meetings in order to permit adequate review. The Board acknowledges that sensitive subject matters may be discussed at the Board meeting without written materials being distributed in advance or at the meeting.

The Board also periodically reviews internal control and compliance with laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances. In addition to the above, pursuant to the Clause 49, the minutes of the Board meetings of Company's unlisted Subsidiary Company (ies) are also placed before the Board for information.

CODE OF CONDUCT

The Company's Board has laid down a Code of Conduct for all Board members and senior management of the Company. The Code of Conduct is available on the website of the Company www.inditrade.com. All Board members and senior management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this Report.

RISK MANAGEMENT

The Company laid down procedures to inform Board members about the risk assessment and minimisation procedures. The Company has a risk management policy in place and risk officer.

REMUNERATION PAID TO DIRECTORS

Details of remuneration paid to Directors

Name of Director	Basic salary	Perquisites	Retirals	Sitting Fees Paid (in Rs.)	Commission (In Rs.)
Mr. Rahul Bhasin	-	-	-	-	-
Mr. Pradeep Mallick	-	-	-	90,000	-
Mr. B R Menon	-	-	-	18,000	-
Mr. Munish Dayal	-	-	-	-	-
Mr. P Viswanathan	-	-	-	81,000	-
Mr. Gopichand S	14,04,600	15,95,400	-	-	-

Details of shares held by Directors as on 31.03.2013

Name of Director	Category	No of Shares held
Mr. Rahul Bhasin	Chairman & Non Executive Director	Nil
Mr. Pradeep Mallick	Independent Non Executive Director	Nil
Mr. B R Menon	Independent Non Executive Director	22,649
Mr. Munish Dayal	Non Executive Director	Nil
Mr. P Viswanathan	Independent Non Executive Director	Nil
Mr. Gopichand S	Executive Director (Managing Director)	Nil

COMMITTEES OF THE BOARD

During 2012-13, the Company had three Board Committees – Audit Committee, ESOP/Remuneration Committee and Investors Grievance Committee. Each Committee has assigned scope of responsibilities, duties, and authorities, which is reviewed by the Board from time to time to determine the appropriateness of the purpose for which the Committee was formed and the changing business environment. Committee composition shall conform to applicable laws and regulations. Minutes of all the Committee meetings are placed for information in the subsequent Board meeting. All decisions pertaining to the constitution of committees and fixing of terms of service for committee members is taken by the Board of Directors.

Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:

AUDIT COMMITTEE

As on 31.03.13, the Audit Committee comprises of 4 (four) members of which 3 (three) are Independent Non Executive Directors. The Audit Committee met 4 (four) times during the year 2012-13 on May 19, 2012, July 26, 2012, November 07, 2012 and February 02, 2013. The Composition of the Audit Committee and attendance at Committee meetings is as follows:

Name	Position	Category	No of meetings attended
Mr. P Viswanathan	Chairman	Independent Non Executive Director	4
Mr. Pradeep Mallick	Member	Independent Non Executive Director	4
Mr. Munish Dayal	Member	Non Executive Director	4
Mr. B R Menon	Member	Independent Non Executive Director	-

The Audit Committee has been constituted in line with the provisions of Clause 49 of the Listing Agreement and also meets the requirements of Section 292A of the Companies Act, 1956. The representative of the statutory auditors and internal auditors are regularly invited by the Audit Committee to its meetings. The Company Secretary is the Secretary to the Committee.

All members of the Audit Committee have accounting and financial management knowledge. Mr. P. Viswanathan, Chairman of the Audit Committee has accounting and financial management expertise. He is a Chartered Accountant by profession and has got over 35 years of experience in the field of finance and accounting.

The terms of reference of Audit Committee cover all matters specified under Clause 49 of the Listing Agreement of the Stock Exchanges. The Audit Committee is empowered, pursuant to its terms of reference, to:

i. Oversee the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

ii. Recommend the appointment and removal of external auditor, fixation of audit fee and also approval for payment of any other related services

iii. Review with management the annual financial statements before submission to the Board, focusing primarily on

a) Any changes in accounting policies and practices
b) Major accounting entries based on exercise of judgment by management
c) Qualifications in draft Audit Report
d) Significant adjustments arising out of audit
e) The going concern assumption
f) Compliance with accounting standards
g) Compliance with stock exchange and legal requirements concerning financial statements
h) Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management and their subsidiaries or relatives, among others, that may have potential conflict with the interest of the Company at large.

iv. Review with the management, external and internal auditors, the adequacy of internal control systems

v. Review the adequacy of internal audit function, including the structure of the internal audit department staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

vi. Discuss with internal auditors any significant findings and follow-up thereon.

vii. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

viii. Discuss with external auditors before the audit commences nature and scope of audit.

ix. Review the Company's financial and risk management policies

x. To look into the reasons for defaults in the payment of dividend to shareholders, payment to creditors etc.

REMUNERATION COMMITTEE

As on 31.03.13, the Committee comprised 3 (three) members of which 2 (two) are Independent Non executive Directors. The Committee met 2 (two) times during the year 2012-13 on 26 July 2012 and 07 November 2012. The Composition of the Remuneration/ ESOP Committee and attendance at Committee meetings is as follows:

Name	Position	Category	No of meetings attended
Mr. B R Menon	Chairman	Independent Non Executive Director	-
Mr. Pradeep Mallick	Member	Independent Non Executive Director	2
Mr. Rahul Bhasin	Member	Non Executive Director	2

The Remuneration/ESOP Committee shall determine and recommend to the Board, the amount of remuneration payable to the members of the Board including Executive Directors. This Committee has also been empowered to administer Employees Stock Option 2008 Scheme, of the Company.

INVESTOR GRIEVANCE COMMITTEE

The Investor Grievance Committee comprises of 3 (three) members of which 2 (two) are Independent Non executive directors. The Committee met 2 (two) times in the year under review on 19 May 2012 and 07 November 2012.

The Company Secretary is the Compliance Officer.

The Composition of the Investor grievance Committee and attendance at Committee meetings is as follows:

Name	Position	Category	No of meetings attended
Mr. Pradeep Mallick	Chairman	Independent Non Executive Director	2
Mr. B R Menon	Member	Independent Non Executive Director	-
Mr. Munish Dayal	Member	Non Executive Director	2

Investor Grievance Committee shall review and redress shareholder grievances.

Details of queries and grievances received and attended by the Company during the year 2012-13 are given below:

STATUS OF COMPLAINTS RECEIVED AND ATTENDED DURING 2012-13

Pending as on 1st April 2012	Received during the year	Answered during the year	Pending as on 31st March 2013
Nil	NIL	N.A	Nil

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis is given separately and forms part of this Annual Report.

DISCLOSURES ON RELATED PARTY TRANSACTIONS

During the year, the Company did not enter into any transaction of material nature with its promoters, the Directors or the management and their subsidiaries or relatives, among others. The details of related Party transactions are set out in Notes to Financial Statement, Note No: 25

DISCLOSURE OF ACCOUNTING TREATMENT IN PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under Section 211 (3 C) of the Companies Act, 1956 ("the Act") and the relevant provisions of the Act.

DETAILS OF UTILISATION OF IPO PROCEEDS

Particulars	Envisaged in the prospectus A	Change in utilization * B	Amount utilized as on 31st March 2012 C	Utilized during the year 2012-13 D	Total fund utilized (Including change in utilization)	Amount remaining to be utilized
Middle Eastern Operations	560.00	(366.66)	193.34	-	193.34	-
Technology upgradation						
Computer software	160.00	-	110.00	-	110.00	-
Computer hardware			50.00		50.00	
Regional offices	600.00		628.81		628.81	-
Issue expenses	130.00		147.86		147.86	-
Opening new branches in India	-	200.00	108.61	15.46	124.07	75.93
Infrastructure development for i-trade	-	40.00	9.53	5.70	15.23	24.77
Other infrastructural requirements.	-	126.66	121.74	1.49	123.23	3.43
Total	1,450.00		1369.89	22.65	1392.54	104.13
Means of finance						
Issue proceeds					1345.87	
Internal accruals					46.67	
Total utilized					1392.54	

*Amount pending utilization as on 31March 2013 has been maintained in fixed deposits with the banks.

DETAILS OF COMPLIANCES BY THE COMPANY

During the year the Company has complied with all the requirements of regulatory authorities and no penalties/strictures were imposed on the company by stock exchanges or SEBI or any statutory authority on any matter related to capital market.

DETAILS OF SHARES LYING IN THE NAME OF 'BIGSHARE SERVICES PVT LTD ESCROW AC FOR JRG SECURITIES LTD IPO'

As per Clause 5A of the Listing Agreement with BSE every Company is required to report the details of the shares, which are unclaimed in the Initial Public Offer and lying in the demat account opened in the name of the Company. The Company has opened a demat account as required and has credited the unclaimed shares to this account. The details of shares in the Demat Suspense Account are as follows:

Particulars	Number of Shareholders	Number of Equity shares
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on 1st April, 2012	3	450
Number of shareholders who approached the Company for transfer of shares from suspense account during the year	Nil	Nil
Number of Shareholders to whom shares were transferred from the suspense account during the year	Nil	Nil
Aggregate Number of Shareholders and the outstanding shares in the suspense account lying as on 31st March, 2013	3	450

Note: The voting right on these shares lying in the Demat Suspense Account shall remain frozen till the rightful owners of such shares claim the shares.

CODE FOR PREVENTION OF INSIDER TRADING PRACTICES

In compliance with the SEBI regulation on prevention of insider trading, the Company instituted a comprehensive code of conduct for its management and staff in line with the SEBI Insider Trading Guidelines. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violations.

MD/CFO CERTIFICATION

The Managing Director of the Company gives annual certification on financial reporting and internal controls to the Board in terms of clause 49. The Managing Director also gives quarterly certification on financial results while placing the financial results before the Board in terms of clause 41.

SUBSIDIARY COMPANIES

Clause 49 defines a "material non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. Under this definition, Inditrade Derivatives and Commodities Limited and JRG Fincorp Limited are a material non listed subsidiary Company of the Company.

Pursuant to Clause 49 of the Listing Agreement, JRG Fincorp Limited and Inditrade Derivatives and Commodities Limited, which are material non listed subsidiary Companies of JRG Securities Ltd has on its Board, Mr. P. Viswanathan who is a Non-Executive Independent Director of the holding Company.

The accounts and minutes of Board Meetings of all Subsidiary Companies are placed before the Board of the Company

RE-APPOINTMENT/APPOINTMENT OF DIRECTORS

As per the requirements of Section 256 of the Companies Act, two-third of the Board shall comprise retiring Directors, out of which one third shall retire at every annual general meeting. Accordingly, Mr. Munish Dayal and Mr. B.R Menon, Directors, shall retire and shall seek re-appointment in the ensuing Annual General Meeting of the Company.

Mr. Anand Tandon was appointed as an Additional Director by the Board of Directors in its meeting held on 6th August 2013. Pursuant to Section 260 of the Companies Act, 1956 Mr. Anand Tandon shall hold office only up to the date of the ensuing Annual General Meeting of the Company.

MEANS OF COMMUNICATION WITH SHAREHOLDERS

The quarterly and half-yearly/Annual financial results are forthwith communicated to the Bombay Stock Exchange Limited (BSE) where the shares of the Company are listed, as soon as they are approved and taken on record by the Board of Directors. Public notices and financial results are published in leading newspapers, namely, Business Line in English and Mangalam in Malayalam. The financial results and public notices are also put up on Company's website www.inditrade.com. For investors, the Company has created a separate e-mail ID investorassistance@jrg.co.in

The following Table gives details of the publications of the financial results in the year under review.

Quarter/Annual	Date of Board Meeting to approve the result	Date of Publication	English News Paper	Malayalam Newspaper
Annual	19.05.2012	21.05.2012	Business Line	Mangalam
Quarterly (I)	26.07.2012	28.07.2012	Business Line	Mangalam
Quarterly(II)	07.11.2012	09.11.2012	Business Line	Mangalam
Quarterly(III)	02.02.2013	04.02.2013	Business Line	Mangalam

GENERAL MEETINGS

Details of last three Annual General Meetings are given below:

Meeting	Date	Time	Venue	No of special Resolution Passed
18th	12.09.2012	10.00 A.M	Hotel Presidency, Cochin - 682018	1
17th	26.09.2011	10.00 A.M	Hotel Presidency, Cochin - 682018	1
16th	23.07.2010	4.P M	Hotel Presidency, Cochin - 682018	NIL

The following Special Resolutions were passed in the last three AGMs, with requisite majority.

Sl.No	Financial year to which AGM relates	Date of AGM	Issue	Type of Resolution
1	2011-12	12.09.2012	Appointment of Mr. Gopichand S as Managing Director at a remuneration of Rs. 30 Lakhs p.a	Special Resolution
2	2010-11	26.09.2011	Fixing Remuneration of Managing Director	Special Resolution
3	2009-10	23.07.2010	No special resolution passed	Nil

COMPLIANCE

Mandatory requirements

The Company has complied with all the mandatory requirements as stipulated under Clause 49 of the Listing Agreement. A certificate from the statutory Auditors to this effect has been included in this report.

Adoption of Non-mandatory requirements

The Company has adopted non mandatory requirements to the extent and in the manner as stated under the appropriate headings detailed below:

a. **Chairman's Office**
The need for implementing this non mandatory requirement has not arisen

b. **Remuneration Committee**
The details of remuneration committee have been discussed elsewhere in this report.

c. **Audit Qualifications**
The auditors have issued an unqualified opinion on the statutory financial statements of the Company.

d. **Training of Board Members / Mechanism for evaluating non-executive Directors**
All the Non-Executive Directors have rich experience and expertise in functional areas and attend various programs in their personal capacities that keep them abreast of relevant developments. There is no formal system of evaluating individual Directors.

e. **Whistle Blower policy**
The Company has setup a whistleblower policy, which is known to all employees and in terms of such policy, all issues and concerns may be raised to Mr. Anand Tandon who will act as the Compliance Officer for the purposes of this policy. In exceptional cases, employees are provided direct access to the Chairman of Audit Committee as specified in the list of non-mandatory requirements given in Annexure I D to Clause 49. During the year, there was no Whistle Blower in terms of the policy.

GENERAL SHAREHOLDER INFORMATION

AGM Date	27 September 2013		
Time & Venue	10.00 A M, Hotel Park Central, Kaloor Kadavanthra Road Cochin, Kerala - 682017		
Date of Book Closure	From Closing of business hours on 16.09.2013 to 27.09.2013		
Financial Year	1st April 2013 to 31st March 2014		
Approval of financial results proposed	QE	30 June 2013	1st or 2nd week of Aug 2013
	QE	30 Sep 2013	1st or 2nd week of Nov 2013
	QE	31 Dec 2013	1st or 2nd week of Feb 2014
	YE	31 Mar 2014	3rd or 4th week of May 2014
Listing on Stock Exchanges	The Bombay Stock Exchange Limited The listing fees for the financial year 2013-14 were duly paid to the above Stock Exchange		

Name of the Stock Exchange	Stock Code
The Bombay Stock Exchange Limited	532745
ISIN allotted by depositories	INE347H01012

STOCK MARKET PRICE DATA

Month	High Price	Low Price	Total Turnover (Rs.)
Apr-12	16.40	12.20	14,35,088
May-12	13.65	10.01	25,11,024
Jun-12	10.80	9.20	17,85,807
Jul-12	10.90	9.05	20,38,214
Aug-12	11.90	9.10	22,75,854
Sep-12	15.92	9.33	34,84,015
Oct-12	16.65	13.15	21,85,031
Nov-12	13.89	11.41	25,42,793
Dec-12	12.80	10.86	26,60,991
Jan-13	11.80	9.60	27,25,441
Feb-13	10.78	8.52	11,99,707
Mar-13	9.10	7.00	6,24,641

Shareholders may communicate the change in addresses and other general grievances to Registrars & Transfer Agents:

M/s. Big Share Services (P) Ltd.
E-2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka,
Andheri (E), Mumbai – 400 072.
Tel: 022 – 28470652, Fax: 022 – 28475207
Website: www.bigshareonline.com.

SHARETRANSFER SYSTEM

a. The Company appointed M/s. Big Share Services (P) Ltd as its Registrar & Transfer Agents.

b. Share transfers are processed and approved, subject to receipt of all requisite documents.

c. The Company seeks to ensure that all transfers are approved for registration within the stipulated period. Pursuant to Clause 47 (c) of the Listing Agreement with Stock Exchanges, certificates on half-yearly basis have been issued by a Practising Company Secretary for due compliance of share transfer formalities by the Company.

d. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, certificates have also been received from a Practising Company Secretary for timely dematerialisation of the shares of the Company and for conducting a Reconciliation of Share Capital Audit on a quarterly basis for reconciliation of the share capital of the Company.

e. With a view to expediting the approval process, the Board of Directors authorised the Share Transfer Committee to approve the transfer of shares.

Details of shareholding of the Company as on 31 March 2013

No. of shares	Shareholders	%	No. of shares	%
001-500	4969	82.27	795394	3.41
501-1000	506	8.38	403407	1.73
1001-2000	227	3.76	353589	1.51
2001-3000	89	1.47	231533	0.99
3001-4000	43	0.71	155785	0.66
4001-5000	37	0.61	178026	0.77
5001-10000	64	1.06	484990	2.08
10001 & Above	105	1.74	20749902	88.85
TOTAL	**6040**	**100.00**	**23352626**	**100.00**

The Company has not issued any ADR, GDR, and SDR.

DEMATERIALIZATION OF SHARES

99.84 % of the total equity share capital has been dematerialized upto 31.03.2013.The remaining 0.16% shares are also being taken up for dematerialization. The Company's shares are actively traded in BSE.

Investors' Correspondence may be addressed to:

Regd & Corporate Office
JRG Securities Ltd.
XXXVI-202, JJ Complex, Dairy Methanam Road,
Edappally, Kochi – 682 024.
Ph: 0484 3006000

REQUEST TO INVESTORS

1. Investors are requested to communicate change of address, if any, directly to the Registrar and Share transfer agent of the Company.
2. Investors holding shares in electronic form are requested to deal only with their respective depository participant for change of address, nomination facility, bank account number etc.

***For and on behalf of* the Board of Directors**

Place : Hyderabad
Dated : 06.08.2013

Rahul Bhasin
Chairman

AUDITORS' CERTIFICATION ON CORPORATE GOVERNANCE

To
The Members of
JRG Securities Limited

We have examined the compliance of conditions of Corporate Governance by JRG Securities Limited ("the Company") for the year ended on March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **B S R & Associates**
Chartered Accountants
Firm registration No.: 116231W
S Sethuraman
Partner
Membership No: 203491

Place : Chennai
Date : May 15, 2013

DECLARATION BY MANAGING DIRECTOR UNDER CLAUSE 49

To
The Members of
JRG Securities Ltd.
JJ Complex, Dairy Methanam Road, Edappally- 24

I, Gopichand S, Managing Director of JRG Securities Limited, to the best of my knowledge and belief, declare that all the members of the Board of Directors and senior management personnel have affirmed compliance with code of Conduct for the year ended 31st March 2013.

Place : Hyderabad
Date : 14.05.2013

Gopichand S
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMY OVERVIEW

The economic headwinds, which impacted both domestic and global economy in the year 2012 continued pose a down side risk to growth in FY2013. Indian GDP growth rate slid from a level of 6.2% in FY 2012 to a level of 5% in FY 2013 and especially in Q3 FY 2013, it touched 4.7%. The gap between export and import has widened due to slow down in global economy, price/demand trends in oil, gold, coal and INR depreciation led to the current account deficit to increase over 4% from a historic average of 1-2%. INR/ USD rate has breached Rs.55 mark in FY 2013.

Reserve Bank of India (RBI) kept the policy rates largely unchanged for most part of FY2013 due overall inflation. However, the inflation has eased to 6% level during March 2013. The Central government announced in its recent Budget to rein in fiscal deficit to below 5% in the coming year. In terms of recent reforms action, the cap on LPG subsidies and the deregulation of diesel prices should ease the subsidy burden to some extent. Further, disinvestment programme, sale of spectrum, FDI norms announced for retail, aviation, broadcasting, and Cabinet's nod to raise FDI in insurance and pension should bring in further long-term capital. To encourage more financial savings and augment the inflow in retail, the government has initiated several measures like RGESS, direct mutual fund plans, incentives to revive distributor interest and flexibility in fund charges, etc.

In conclusion, as stability in inflation sustains, liquidity improves and fiscal deficit remains contained, it would lead to further interest rate softening which should eventually help to reduce the cost of borrowing, and revive the business investment cycle. Moreover, the general belief in many quarters and consensus that the growth deceleration may have bottomed out and a deeper recovery process will begin soon.

INDUSTRY OVERVIEW

The equity markets BSE SENSEX moved from 17404 points to 18835 points between FY 2012 and FY 2013, recorded a marginal increase of 8.22% over the previous year and NSE CNX NIFTY moved from 5295 to 5682 between FY 2012 and FY 2013 recorded a marginal increase of 7.30% over the previous year.

The gross turnover in Capital Market in BSE & NSE fell by 17.79% and 3.66% respectively. The turnover NSE Equity Derivative segment recorded a marginal increase of 4.97% when compared to the previous year. However, the Equity Market performed comparably better than the broader economy. India being attractive destination for investments the FIIs inflows have reached to a record level of 1.4 lakh crores in this year.

REVIEW OF OPERATIONS

The JRG / Inditrade Group derive its revenues from three activities.

I. Fees and Commissions

The brokerage business of the group continues to remain under-pressure. In the year under review, equity markets performed better than in the previous year, witnessing large tradable moves both up and down. Retail volumes however, remained subdued as retail investors were unable to benefit from these trading move. While market volumes increased 17% year on year, this was led by a 30% increase in trading in low yield "options" (these now make up 76% of exchange trading volumes). Cash market volumes continued their downward trend – falling 7% after have fallen 24% and 19% for the previous two years. This implies that cash volumes are now just 57% of what they were in 2010.

In terms of geography too, the retail equity "cash" markets continue to be dominated by Mumbai Delhi, Ahmedabad and Kolkata regions – making up 83% of the traded volumes on the NSE. As you are aware, we do not have significant presence in these regions and therefore the addressable market pool available to us is smaller.

Commodity volumes too witnessed a slowdown. Agricultural commodities suffered from commodity-specific issues. Arbitrage opportunities reduced with cost of carry becoming low in several cases. Gold broke its upward momentum leading to investors not making money.

Intense competition for a reducing brokerage pool has meant that yields are continuing to fall. We do not see this trend reversing in the current year as well.

II. Interest and Treasury:

Interest and treasury income has supported the company in the past few years as falling income yields in the fee business has made it difficult to sustain profitability. The trend continued in the year under review. The lending book for capital and commodity market activities did not grow as investment opportunities remained restricted. The group has therefore expanded its lending activities to other activities such as secured business loans. This helped bolster the interest income for the group. A gradual decline in interest rates for the most part of the year helped in increasing yields from debt mutual funds.

III. Spreads

Over the past few years, the group has increased its revenues from taking advantage of arbitrage opportunities in the markets – predominantly in the commodity space. This has yielded good returns. In the year under review, revenues from this activity increased from Rs.1.71 crores in FY 2011-12 to Rs.2.48 Crores in FY 2012-13. This is despite the poor spreads available in agricultural commodities especially rubber.

The current year has offered better spread opportunities. The company is attempting to increase the number of commodities under this segment so as to diversify the risk across participants and commodities. We expect this business to grow further this year and offer synergies in the form of increased corporate client base for the fee and commissions business.

OUTLOOK 2012-13

The current year continues the trend established in the previous year. Retail investor apathy continues and is not likely to reverse unless the broad market begins to look up. The commodity markets have witnessed a sharp decrease in volumes as the commodity transaction tax reduces the arbitrage volumes in the exchange. Further after the recent National Spot Exchange (NSEL) crisis, the general investor confidence has been shaken and this may lead to market turbulence.

CONSOLIDATING MARKET PRESENCE:

Your Company has decided to consolidate its spread into fewer but larger markets. We have opened up an office in Delhi to cater to the market in North India. The initial strategy is to focus on business partners. We will also add our own branch in due course in other metro cities where we are present – Mumbai, Chennai, Bangalore and Hyderabad where at present we have consolidated our branches into one larger location. In some location, branches have been replaced by business partners. We expect that these measures will further reduce costs.

A new team has been established to increase focus on business partners – both acquisition and servicing. While this market too remains extremely competitive, we expect that in the medium term, this is more likely to allow a profitable expansion of geographic coverage for your company.

RENEWED FOCUS ON ONLINE CLIENTS

In addition, the company has a revamped website, and has significantly improved its presence in the social media. The online strategy is being reviewed to focus more on clients who are "techno- friendly" – a segment we see growing in the country.

On-line presence requires significant spend on brand building. As you are aware, the company offers its services as "Inditrade" brand. Over the past few years, this brand has gained acceptance through presence of our analysts on various TV channels, as well as through on-the-ground events for investors. We expect to start a more aggressive campaign this year to make the brand better known among our target audience. In this regard, it will help if the brand name and the name of the company were aligned.

The current year has seen a hardening of rates and a reversal of the easy liquidity situation of the market. While this is a dampener for the fee business, our lending business is likely to do better as yields increase. So far, our balance sheet is unleveraged; this provides a significant opportunity to lend at more attractive rates. On the other hand, leveraging will be more difficult this year as lenders have less liquidity. We have to focus on increasing yield through our own funds, while finding partners in our lending book to increase our overall yield.

FINANCIAL PERFORMANCE:

On a standalone basis, the Company earned revenue of Rs. 20.16 crores during the year under review as against Rs. 26.15 crores in the previous year. The expenditure stood at Rs. 23.20 crores resulting in a loss of Rs. 3.03 crores as against a loss of Rs. 9.24 crores during the previous year after considering exceptional item and tax.

The commodity subsidiary Inditrade Derivatives and Commodities Ltd recorded revenue of Rs. 10.95 crores as against Rs. 16.50 crores in the previous year. The total expenditure incurred was Rs. 14.91 crores resulting in a loss of Rs 3.96 crores before prior period items and taxes, as against a profit of Rs. 3.19 crores in the previous year. After provision for taxes the loss for the year stood at Rs.4.36 crores as against a profit of Rs. 2.20 crores during the corresponding previous year.

Inditrade Insurance Broking (P) Ltd, recorded revenue of Rs. 39 lakhs as against Rs. 64.55 lakhs in the previous year. The expenditure during the period was Rs. 48.74 lakhs which has resulted in a loss of Rs.9.73 lakhs as against loss of Rs. 10.78 lakhs during the previous year.

JRG Fincorp Ltd recorded revenue of Rs.7.81 crores as against Rs.8.01 crores during the corresponding previous year. The expenditure during the period stood at Rs. 5.45 crores, resulting in profit for the year of Rs. 2.36 crores. After provision for tax and deferred tax charge, the profit for the year was Rs.1.61 crores as against the profit of Rs. 1.08 crores during the previous year.

Inditrade Business Consultants Ltd registered revenue of Rs. 2.72 crores as against Rs. 3.11 crores in the previous year. The expenditure during the year was Rs. 2.88 crores resulting in a loss of Rs.0.16 crores after taxes as against loss of Rs. 1.85 crores the previous year.

The consolidated revenue for the year 2012-13 stood at Rs. 40.91 crores and the expenditure was Rs. 45.70 crores as against Rs. 52.80 crores revenue and Rs 57.27 crores expenditure during the previous year. The consolidated loss before exceptional items and taxes was Rs.4.79 crores as against a loss of Rs. 4.94 crores during the previous year. After considering exceptional items and taxes, the consolidated loss for the year stood at Rs. 5.94 crores against a loss of Rs.7.22 crores in the previous year.

OPPORTUNITIES AND THREATS

The robust performance of the stock markets is expected to continue, providing significant growth in volumes and revenues. The company forecasts opportunities ahead for further sustained growth, consolidation and expansion for the coming year. The projected GDP growth towards north and the announced reforms by the Government shall have positive impact on the economy. The macroeconomic policies of the Government should give further momentum to the markets. We see great potential in cross selling as well as in further tapping market from tier II & tier III cities.

RISKS AND CONCERNS

JRG acknowledges the varied forms of inherent risk associated with the business and in the industry. We continue to scrutinize and be more vigilant on our risk management systems to make it the best in the Industry and at the same time to insulate it from unforeseen risk. Diversification of our product portfolio and new tie ups for distributing the third party products through online will also help us, in volatile market conditions.

The company maintains strict compliance mechanism and takes every possible step to ensure that it complies with changing regulatory requirements. The company also takes appropriate measures to avoid any accidental oversight mistakes which may lead to an unintentional regulatory compliance.

INTERNAL CONTROL SYSTEMS

JRG has a comprehensive and effective internal control environment to ensure accuracy of accounting records, compliance with all laws & regulations and compliance with all rules, procedures & guidelines prescribed by both Regulatory Authorities and the Management. Effective steps are taken to safeguard the Company's assets against losses including loss from un-authorized use. The Company has appointed M/s Haribhakti & Co Chartered Accountants, as the internal auditors of the Company for the financial year 2012-13. The management duly considers and takes appropriate action on the recommendations made by the statutory auditors and internal auditors. The Audit Committee of the Board reviews the scope and observations of the internal audit on a regular basis.

HUMAN RESOURCES

JRG has a dynamic workforce of 402 at the end of the year. The company looks at its employees to be the biggest assets and depends heavily on the qualified and competent workforce for its performance. Employee Recognition through incentive backed performance measures, significant effort in training the employees across management levels, initiatives focused on developing leadership qualities, fair and transparent performance appraisal and promotion policy have all helped in keeping the employees motivated to deliver their best results.

The company has been paying special attention to encourage the employees to have certifications such as NISM, NCFM, & AMFI. The training programmes are conducted on a regular basis to all the employees through various initiatives including joint training programme by CDSL and NSE for the benefit of the employees.

CAUTIONARY NOTE

Statements in the Management Discussion and Analysis describing the Company's projections, estimates, or expectations may be forward-looking predictions within the meaning of applicable securities, laws and regulations. Actual results may differ from such estimates and projections, among others, whether expressed or implied. Factors which would make a significant difference to the Company's operations include changes in economic conditions of the country, changes in government regulations and tax laws, and other environmental factors over which the Company does not have any control.

Independent Auditors' Report

To the members of

JRG Securities Limited

Report on the financial statements

We have audited the accompanying financial statements of JRG Securities Limited (the "Company"), which comprise the balance sheet as at 31 March 2013, 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

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. 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.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 the 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 said financial statements give the information required by the Companies Act, 1956 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 31 March 2013;

(b) in the case of the statement of profit and loss, of the loss for the year ended on that date; and

(c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments to in the Annexure referred to above, 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 the books of account;

   (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 balance sheet, the statement of profit and loss and the cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956; and

   (e) On the basis of written representations received from the directors as at 31 March 2013, and taken on record by the board of directors, we report that none of the directors is disqualified as at 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for B S R & Associates
Chartered Accountants
Firm registration No.:116231W

S Sethuraman
Partner
Membership No. 203491

Place: Chennai
Date: 15 May 2013

Annexure to the Independent Auditors' Report

Annexure to the Independent Auditors' Report of JRG Securities Limited as of and for the year ended 31 March 2013

(Referred to in our report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. However the Company is in process of updating its records so as to include quantitative details and situation of fixed assets in relation to certain class 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.

(c) Fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.

(ii) The Company is a service company, primarily rendering services as brokers to various stock exchanges. Accordingly it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.

(iii) The Company has neither granted nor taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly paragraph 4(iii) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that the purchase of certain items of fixed assets are for the Company's specialised requirements and similarly services rendered are for the specialised requirements of the buyers and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of fixed assets and sale of services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control system. The activities of the Company do not involve purchase of inventory and sale of goods.

(v) In our opinion, and according to the information and explanations given to us, there are no contracts and arrangements the particulars of which need to be entered into the register maintained under section 301 of the Companies Act, 1956.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the services rendered by the Company.

(ix) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Income-tax, Provident fund, Employees' State Insurance, Service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. However there have been delays ranging from 1 to 30 days in case of payment of Stamp Duty and Labour Welfare Fund to the appropriate authorities. As explained to us, the Company did not have any dues on account of Customs Duty, Sales tax, Excise duty, Wealth tax and Investor Education and Protection Fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Service tax and other material statutory dues were in arrears as at 31 March 2013 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, there are no dues of Income tax and Service tax which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the Statute	Nature of the Dues	Amount (Rs.)	Financial Year to which the amount relates	Forum where dispute is pending
Income Tax Act	Disallowed Expenditure	772,890*	2006-2007	Commissioner of Income Tax (Appeals)
Income Tax Act	Disallowed Expenditure	10,319,170	2007-2008	Commissioner of Income Tax (Appeals)
Income Tax Act	Disallowed Expenditure	1,946,600	2008-2009	Commissioner of Income Tax (Appeals)
Income Tax Act	Disallowed Expenditure	3,134,540	2010-2011	Commissioner of Income Tax (Appeals)

*Net of Rs. 600,000 paid under protest.

(x) In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. The Company has not incurred cash losses during current financial year. However, the Company had incurred cash losses in immediately preceding financial year.

(xi) According to the information and explanations given to us, the Company did not have any outstanding dues to any banks or financial institutions or debenture holders during the year.

(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) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund/society.

(xiv) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of the transactions and contracts in respect of trading in securities, derivatives and other investments during the year and timely entries have been made therein. Further, such securities, derivatives and other investments have been held by the Company in its own name.

(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 except a corporate guarantee for Rs 120,000,000 given to a subsidiary company.

(xvi) The Company did not have any term loans outstanding during the year.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that there have been no funds raised on a short-term basis that has been used for long term investment by the Company.

(xviii) The Company has not made any preferential allotment of shares to companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money by public issue.

(xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for B S R & Associates
Chartered Accountants
Firm registration No.:116231W

S Sethuraman
Partner
Membership No. 203491

Place: Chennai
Date: 15 May 2013

Balance Sheet as at March 31, 2013

(All amounts are in Indian Rupees except share data or as stated)

Particulars	Note	As at 31-March-2013	As at 31-March-2012
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	232,855,010	232,855,010
Reserves and surplus	4	466,548,264	495,363,220
		699,403,274	**728,218,230**
Non-current liabilities			
Other long-term liabilities	5	13,300,942	12,059,703
		13,300,942	**12,059,703**
Current liabilities			
Short-term borrowings	6	–	119,878,555
Trade payables	7	97,687,846	108,195,027
Other current liabilities	5	38,027,356	29,470,821
		135,715,202	**257,544,403**
		848,419,418	**997,822,336**
II. ASSETS			
Non-current assets			
Fixed assets			
Tangible fixed assets	8	47,822,318	61,090,948
Intangible fixed assets	9	8,173,419	17,047,925
Capital work in progress		0	278,680
		55,995,737	78,417,553
Non-current investments	10	366,935,250	366,935,250
Long-term loans and advances	11	83,925,982	90,415,064
		450,861,232	**457,350,314**
Current assets			
Trade receivables	12	77,792,252	59,696,319
Cash and bank balances	13	240,701,817	285,909,462
Short-term loans and advances	11	21,684,082	110,589,170
Other current assets	14	1,384,298	5,859,518
		341,562,449	**462,054,469**
		848,419,418	**997,822,336**
Significant accounting policies	2		

The accompanying notes are the integral part of the financial statements

As per our report attached
for B S R & Associates
Chartered Accountants
Firm registration no: 116231W

S Sethuraman
Partner
Membership No. 203491

Place: Chennai
Date: 15-May-2013

for and on behalf of Board of Directors
JRG Securities Limited

Gopichand S
Managing Director

Munish Dayal
Director

Harjit Singh Sidhu
Company Secretary and Legal head

Place: Hyderabad
Date: 15-May-2013

Statement of Profit and Loss for the year ended March 31, 2013

(All amounts are in Indian Rupees except share data or as stated)

Particulars	Note	Year ended 31-March-2013	Year ended 31-March-2012
Revenue from operations			
Sale of services	15	161,855,040	207,681,230
Other operating revenues	16	7,661,815	10,362,251
		169,516,855	218,043,481
Other income	17	32,147,720	43,521,774
Total revenue		**201,664,575**	**261,565,255**
Expenses			
Operating expenses	18	53,031,157	60,423,810
Employee benefits	19	38,742,732	93,369,064
Finance costs	20	2,704,859	9,919,901
Depreciation and amortisation	8 & 9	41,445,562	55,822,744
Other expenses	21	96,119,924	122,616,313
Total expenses		**232,044,234**	**342,151,832**
Loss before exceptional item and tax		**(30,379,659)**	**(80,586,577)**
Exceptional item	36	0	11,819,512
Loss before tax		**(30,379,659)**	**(92,406,089)**
Provision for tax		0	0
Loss after tax		**(30,379,659)**	**(92,406,089)**
Earnings per share:	27		
Basic and diluted		(1.30)	(3.97)
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 B S R & Associates
Chartered Accountants
Firm registration no: 116231W

S Sethuraman
Partner
Membership No. 203491

Place: Chennai
Date: 15-May-2013

for and on behalf of Board of Directors
JRG Securities Limited

Gopichand S
Managing Director

Munish Dayal
Director

Harjit Singh Sidhu
Company Secretary and Legal head

Place: Hyderabad
Date: 15-May-2013

Cash Flow Statement for the year ended March 31, 2013

(All amounts are in Indian Rupees except share data or as stated)

Particulars		Year ended 31-March-2013	Year ended 31-March-2012
CASH FLOW FROM OPERATING ACTIVITIES			
Net loss before tax		**(30,379,659)**	**(92,406,089)**
Adjustments for:			
Depreciation and amortization		41,445,562	55,822,744
Provision for doubtful loans and advances		1,498,700	4,285,289
Provision for doubtful trade receivables		720,619	763,179
Bad debts written off		–	212,055
Assets written off			
Loss on sale of assets (net)		918,612	1,509,864
Interest income		(20,596,003)	(22,572,398)
Employee stock compensation expenses		1,564,703	1,682,626
Unrealized foreign exchange (gain), net		(715,700)	(1,848,421)
Stamps in hand written off		–	560,120
Provision for diminution in value of investments other than temporary		–	4,982,016
Provision for diminution in value of short term investments			
Dividend income		–	(343,714)
Provisions / liabilities no longer required written back		(4,822,348)	(10,579,280)
Interest expense		2,704,859	9,919,901
Operating (loss) before working capital changes		**(7,660,654)**	**(48,012,108)**
Adjustments for:			
(Increase)/decrease in trade receivables		(18,816,552)	8,575,082
(Increase) /decrease in loans and advances		81,048,272	34,094,327
(Decrease)/increase in liabilities and provsions		1,666,261	(145,212,280)
Cash (used in) / from operations		**63,897,981**	**(102,542,871)**
Income tax paid / (refund received)		(6,237,879)	–
Net cash used in operating activities	**(A)**	**62,475,205**	**(150,554,979)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets		(10,623,720)	(3,490,606)
Proceeds from sale of fixed assets		453,062	624,896
Investment in bank deposits (having original maturity of more than three months)		8,895,259	40,300,721
Stamps in hand		–	300
Dividend income received from investments		–	343,714
Interest received		25,071,223	26,038,743
Net cash from / (used in) investing activities	**(B)**	**23,795,823**	**63,817,768**

Cash Flow Statement for the year ended March 31, 2013 *(contd...)*

(All amounts are in Indian Rupees except share data or as stated)

Particulars		Year ended 31-March-2013	Year ended 31-March-2012
CASH FLOW FROM FINANCING ACTIVITIES			
(Repayment) / proceeds from short-term borrowings		(56,000,000)	56,000,000
Increase / (decrease) in loan from subsidiary companies		(63,878,555)	39,515,492
Finance cost paid		(2,704,859)	(9,919,901)
Net cash used in financing activities	**(C)**	**(122,583,414)**	**85,595,591**
Net increase / (decrease) in cash and cash equivalents	(A+B+C)	(36,312,386)	(1,141,620)
Cash and cash equivalents at the beginning of the year		77,567,377	78,708,997
Cash and cash equivalents at the end of the year	13	**41,254,991**	**77,567,377**
Significant accounting policies	2		

The accompanying notes are the integral part of the financial statements

As per our report attached
for B S R & Associates
Chartered Accountants
Firm registration no: 116231W

S Sethuraman
Partner
Membership No. 203491

Place: Chennai
Date: 15-May-2013

for and on behalf of Board of Directors
JRG Securities Limited

Gopichand S
Managing Director

Munish Dayal
Director

Harjit Singh Sidhu
Company Secretary and Legal head

Place: Hyderabad
Date: 15-May-2013

Notes to financial statement for the year ended March 31, 2013

(All amounts are in Indian Rupees except share data or as stated)

1. **COMPANY OVERVIEW**

JRG Securities Limited ("JRG" or "the Company") was incorporated on 17 October 1994. The Company is primarily engaged in the business as brokers for securities trading in various stock exchanges and to act as a depository participant.

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 the Companies (Accounting Standards) Rules, 2006, other pronouncements of the Institute of Chartered Accountants of India (ICAI), the relevant provisions of the Companies Act, 1956 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 VI to the Companies Act, 1956. Based on the nature of its bussiness , the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

2.2 Use of estimates

The preparation of financial statements in conformity with 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 / amortisation

Tangible fixed assets

Tangible fixed 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.

Depreciation on tangible fixed assets is provided on Straight Line method. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. 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 at a higher rate based on the management's estimate of the useful life/remaining useful life. The rates of depreciation followed by the Company are as follows:

Category	Rates per annum (%)
Furniture and fittings	20.00%
Office equipments	20.00%
Computers	16.21%
Electrical fittings	20.00%
V- Sat equipments	16.21%
Motor vehicle	20.00%

Depreciation in respect of leasehold improvements is provided on the straight-line method over a period of 5 years since the management is reasonably certain of renewal of lease terms.

Pro rata depreciation is provided on all fixed assets purchased/ sold during the year. Individual assets costing Rs 5,000/- or less are depreciated as per the provisions of the Companies Act, 1956.

Advances paid towards acquisition of fixed assets and the cost of assets not ready to be put to use before the year end are disclosed under long term loans and advances, and capital work in progress respectively.

Intangible fixed 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.

Non compete fee paid and capitalized is amortized on a progressively decreasing basis over the three year non competre period.

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 in relation to securities broking activity is recognised on the trade date of transaction (net of service tax), upon confirmation of trade by the stock exchange.

(All amounts are in Indian Rupees except share data or as stated)

Depository income (net of service tax) pertains to income (including account opening fees) from depository services rendered by the Company and is recognised on accrual basis.

2.6 Interest income

Interest income is recognised on a time proportionate basis taking into account the amount outstanding and the rate applicable.

Dividend income is recognized when the shareholders' right to receive payment is established by the balance sheet date.

2.7 Investments

Investments that are readily realisable and are intended by the management to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are carried at the lower of cost and fair value. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value.

Long-term investments are carried at cost and provisions are recorded to recognize any decline, other than temporary, in the carrying value of each investment.

2.8 Foreign currency transactions

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the relevant transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the profit and loss account of the year. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. The resultant exchange differences are recognized in the statement of profit and loss.

2.9 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.

2.10 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 from 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.

Defined contribution plan

Contributions to the provident funds are made monthly at a predetermined rate to the regional provident fund commissioner and debited to the statement of profit and loss on an accrual basis.

Defined benefit plan

Provision is made for gratuity based on actuarial valuation, carried out by an independent actuary as at the balance sheet date, using the projected unit credit method. All actuarial gains and losses arising during the year are recognized in the statement of profit and loss of the year.

2.11 Taxation

Income-tax expense comprise current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at the balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. Current tax and deferred tax assets and liabilities are offset to the extent to which the Company has a legally enforceable right to set off and they relate to taxes on income levied by the same governing taxation laws.

2.12 Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

2.13 Employee stock options plan

In accordance with the Securities and Exchange Board of India guidelines, the fair value of the options as at the date of grant of options under the employee stock option scheme, is treated as employee compensation and amortised over the vesting period.

2.14 Cash flow

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non–cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated.

(All amounts are in Indian Rupees except share data or as stated)

2.15 Cash and cash equivalents

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

2.16 Earnings per share

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share amounts are computed after adjusting the effects of all dilutive potential equity shares. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

3. SHARE CAPITAL

Particulars	As at 31-March-2013	As at 31-March-2012
Authorised:		
40,000,000 (Previous year: 40,000,000) equity shares of Rs. 10 each	400,000,000	400,000,000
Issued subscribed and paid-up		
23,352,626 (Previous year: 23,352,626) equity shares of Rs. 10 each fully paid up	233,526,260	233,526,260
Less : Shares held by the Employees Stock option payment trust ("JRG ESOP Trust") (Refer Note 34)	(671,250)	(671,250)
	232,855,010	**232,855,010**

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

Particulars	As at 31-March-2013		As at 31-March-2012	
	No. of shares	Value	No. of shares	Value
At the beginning and end of the year	23,352,626	233,526,260	23,352,626	233,526,260

b) Reconciliation of the number of shares outstanding in ESOP Trust

Particulars	As at 31-March-2013		As at 31-March-2012	
	No. of shares	Value	No. of shares	Value
Number of shares at the beginning and end of the year	67,125	671,250	67,125	671,250

c) Terms / rights attached to equity shares

The Company has only one class of shares of equity share having a par value of Rs.10 per share. Each holder of the equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed (if any) by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

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

Name of the shareholder	As at 31-March-2013		As at 31-March-2012	
	No. of shares	% holding	No. of shares	% holding
Duckworth Limited, Mauritius.	10,646,995	45.59%	10,646,995	45.59%
Regi Jacob	1,048,685	4.49%	1,564,777	6.70%

e) Details of the shares reserved for issue under options

The Company issued options under the Employees stock option plan 2005 ("2005 Plan") in the financial year 2005-2006. The 2005 Plan covers all non-promoter directors and employees of the Company (collectively referred to as (collectively referred to as "eligible employees") and its subsidiaries. Under the plan, the Company granted 179,100 options on 3 September 2005. The Compensation Committee granted the options on the basis of performance, criticality and potential of the employees as identified by management.

(All amounts are in Indian Rupees except share data or as stated)

3. SHARE CAPITAL *(contd...)*

The Company had computed the fair value of the options for the purpose of accounting of employee compensation cost/ expense over the vesting period of the options. The estimated fair value of each stock option granted on 3 September 2005 was Rs.0.28. This has been calculated based on independent valuation report, which has been estimated under the Black Scholes option pricing model. The exercise price for these options granted is Rs.10. The inputs were the share price at grant date of Rs.10.67, exercise price of Rs.10, expected volatility NIL (the Company was not listed at the time of grant of options), expected dividends 7.5%, contractual life of 4.05 years, and a risk-free interest rate of 6.59%. The vesting period for these options granted under the 2005 plan varies from 12 months to 36 months. Out of the 179,100 options granted on 3 September 2005, 50,220 options were forfeited and 110,005 options were exercised up to 31 March 2010.

Summary of the status of options granted under ESOP 2005 Plan which was subsequently merged under ESOP 2008 Plan to employees as at 31 March 2013 is presented below:

Number of Options	31-March-2013	31-March-2012
Options granted and outstanding at the beginning of the year	17,875	17,875
Add: Options granted during the year	–	–
Less: Exercised during the year	–	–
Less: Forfeited during the year	–	–
Options granted and outstanding at the end of the year	17,875	17,875
Exercisable options at the end of the year	17,875	17,875

During the financial year 2007-2008, the 2005 plan was merged with JRG Employee Stock option plan 2008 ("2008 Plan"). The 2008 Plan was approved on 15 July 2008 at the annual general meeting of shareholders and was effective from the same date. The objective of this 2008 Plan is to encourage ownership of the Company's equity by its employees on an ongoing basis. The ESOP 2008 is intended to reward the employees for their contribution to the successful operation of JRG Securities Limited and to provide an incentive to continue contributing to the success of the company. The new plan provides that the lock-in period and other terms and conditions of this scheme shall apply ipso facto as they applied to the options issued under 2005 Plan.

Basic terms of the options granted under 2008 Plan are presented below:

Grand date	29-Jul-08	25-May-09	25-Jul-09	27-Oct-09	25-May-10	10-Nov-10	01-Apr-11
Option granted	100,000	262,500	10,000	38,000	282,250	184,802	107,105
Exercise price (Rs./Option)	38.00	34.00	38.00	46.00	36.00	36.00	36.00
Number of personnel in the option programme	8	63	2	2	98	1	1

The fair value of stock options has been determined using the Black Scholes option pricing model.

Presumptions used in fair value computations:

Grand date	29-Jul-08	25-May-09	25-Jul-09	27-Oct-09	25-May-10	10-Nov-10	01-Apr-11
Vesting period	12 Months to 48 Months						
Expected option life	7 years	7 years	7 years	7 years	7 years	7 years	7 years
Expected volatility	33.00%	33.00%	45.00%	45.00%	45.00%	45.00%	45.00%
Expected dividend	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Risk free rate	6.15%	6.15%	7.00%	7.00%	8.50%	8.50%	8.50%
Share price at grant date	37.73	39.90	41.00	49.00	35.90	34.70	15.80
Fair value (Rs / option)	18.00	22.00	25.00	29.00	21.00	17.80	10.15

Summary of the status of options granted under 2008 Plan to employees as at 31 March 2013 is presented below :

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Options granted and outstanding at the beginning of the year	535,157	698,802
Add: Options granted during the year *	–	107,105
Less: Exercised during the year	–	–
Less: Forfeited during the year	46,500	270,750
Options granted and outstanding at the end of the year	488,657	535,157
Exercisable options at the end of the year	100,177	67,438

*includes NIL options (previous year: 107,105 options) granted under the scheme for subsidiary company employees.

Notes to financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

4. RESERVES AND SURPLUS

Particulars	As at 31-March-2013	As at 31-March-2012
Capital reserve		
At the commencement and end of the year	**71,954,736**	**71,954,736**
Securities premium account		
At the commencement and end of the year	**497,322,134**	**497,322,134**
Employee stock option outstanding		
Balance at the beginning of the year	9,612,716	13,123,165
Add: Options granted during the year	–	1,087,116
Less: Options forfeited during the year	(1,015,500)	(2,235,377)
Less: Transfer to general reserve on account of forfeiture	(816,375)	(2,362,188)
Balance at the end of the year (A)	**7,780,841**	**9,612,716**
Deferred stock compensation cost		
Balance at the beginning of the year	2,583,909	5,414,796
Add: Options granted during the year	–	1,087,116
Less: Amortization during the year	(1,564,703)	(1,682,626)
Less: Options forfeited during the year	(1,015,500)	(2,235,377)
Balance at the end of the year (B)	**3,706**	**2,583,909**
Employee stock option outstanding (net) {A-B}	**7,777,135**	**7,028,807**
General reserve		
Balance at the beginning of the year	4,362,188	2,000,000
Add: Transfer from employee stock option reserve	816,375	2,362,188
Balance at the end of the year	**5,178,563**	**4,362,188**
Surplus / (deficit) in the statement of profit and loss		
Balance at the beginning of the year	(85,304,645)	7,101,444
Net loss after tax transferred from statement of profit and loss	(30,379,659)	(92,406,089)
Balance at the end of the year	**(115,684,304)**	**(85,304,645)**
Total reserves and surplus	**466,548,264**	**495,363,220**

5. OTHER LIABILITIES

Particulars	Non-current		Current	
	As at 31-March-2013	As at 31-March-2012	As at 31-March-2013	As at 31-March-2012
Dues to subsidiaries	–	–	10,967,052	–
Unclaimed dividend	–	–	540,897	540,897
Security deposits	13,300,942	12,059,703	275,000	2,707,276
Provision for expenses	–	–	12,134,785	15,246,157
Employee benefits payable	–	–	3,379,267	4,068,961
Unearned revenue	–	–	1,074,907	725,248
Creditors for capital goods	–	–	2,495,000	48,320
Payable to exchanges	–	–	5,529,374	3,342,525
Statutory dues payable				
Others	–	–	1,631,074	2,791,437
	13,300,942	**12,059,703**	**27,060,304**	**29,470,821**
	13,300,942	**12,059,703**	**38,027,356**	**29,470,821**

(a) There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.
(b) Also refer to Note 31

Notes to financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

6. SHORTTERM BORROWINGS

Particulars	As at 31-March-2013	As at 31-March-2012
Secured loan:		
Loan from bank*	–	56,000,000
Unsecured loan:		
Loan from JRG Fincorp Limited (Subsidiary company)	–	63,878,555
JRG Business Investments Limited	–	–
	–	**119,878,555**

*The loan from bank is secured against pledge of Company's fixed deposits

7. TRADE PAYABLES *

Particulars	As at 31-March-2013	As at 31-March-2012
Payable to clients	95,035,178	100,674,105
Business incentive payable	2,652,668	7,520,922
	97,687,846	**108,195,027**

* For Micro, small and medium enterprises, refer Note 31

8. TANGIBLE FIXED ASSETS

Particulars	Furniture and fittings	Office equipments	Computers	Electrical fittings	Motor vehicles	V-Sat equipments	Total
Gross Block							
Balance as at 1 April 2011	57,213,921	36,024,630	57,988,407	8,442,273	883,974	20,442,771	180,995,976
Additions	804,504	701,964	374,246	306,212	–	–	2,186,926
Deletions / write off	2,756,569	426,644	334,039	–	–	302,669	3,819,921
Balance as at 31 March 2012	**55,261,856**	**36,299,950**	**58,028,614**	**8,748,485**	**883,974**	**20,140,102**	**179,362,981**
Additions	1,810,876	496,004	15,993,264	2,271,267	–	–	20,571,411
Deletions / write off	1,219,311	986,086	803,924	3,389,424	–	206,528	6,605,272
Balance as at 31 March 2013	**55,853,421**	**35,809,868**	**73,217,954**	**7,630,328**	**883,974**	**19,933,574**	**193,329,120**
Accumulated depreciation							
Balance as at 1 April 2011	30,615,858	15,051,494	30,696,206	3,641,102	442,456	8,007,228	88,454,344
Depreciation for the year	10,585,264	6,274,150	10,099,422	1,566,728	145,945	3,024,870	31,696,379
Accumulated depreciation on disposals	1,385,243	208,571	137,409	–	–	147,467	1,878,690
Balance as at 31 March 2012	**39,815,879**	**21,117,073**	**40,658,219**	**5,207,830**	**588,401**	**10,884,631**	**118,272,033**
Depreciation for the year	10,132,464	6,592,457	11,346,470	1,538,229	145,945	2,918,180	32,673,745
Accumulated depreciation on disposals	1,085,454	945,943	648,790	2,519,977	–	136,124	5,336,287
Balance as at 31 March 2013	**48,862,889**	**26,763,587**	**51,355,900**	**4,226,082**	**734,345**	**13,666,687**	**145,609,491**
Net Block							
As at 31 March 2012	**15,445,977**	**15,182,877**	**17,370,394**	**3,540,655**	**295,573**	**9,255,471**	**61,090,948**
As at 31 March 2013	**6,990,532**	**9,046,281**	**21,862,054**	**3,404,246**	**149,629**	**6,266,887**	**47,719,629**

Notes to financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

9. INTANGIBLE FIXED ASSETS

Particulars	Computer software	Non compete fee *	Total
Gross Block			
Balance as at 1 April 2011	84,304,284	50,000,000	134,304,284
Additions	1,025,000	–	1,025,000
Deletions / write off	898,880	–	898,880
Balance as at 31 March 2012	**84,430,404**	**50,000,000**	**134,430,404**
Additions	–	–	–
Deletions / write off	102,689	–	102,689
Balance as at 31 March 2013	**84,327,715**	**50,000,000**	**134,327,715**
Accumulated ammortization			
Balance as at 1 April 2011	53,684,520	40,276,945	93,961,465
Amortisation for the year	15,097,198	9,029,167	24,126,365
Accumulated amortization on disposals	705,351	–	705,351
Balance as at 31 March 2012	**68,076,367**	**49,306,112**	**117,382,479**
Amortization for the year	8,077,929	693,888	8,771,817
Accumulated amortization on disposals	102,689	–	102,689
Balance as at 31 March 2013	**76,051,607**	**50,000,000**	**126,051,607**
Net Block			
As at 31 March 2012	**16,354,037**	**693,888**	**17,047,925**
As at 31 March 2013	**8,276,108**	**–**	**8,276,108**

*Represents non-compete fee paid under an agreement with certain promoters for a period of 3 years commencing from 29 April 2009

10. NON-CURRENT INVESTMENTS

Particulars	As at 31-March-2013	As at 31-March-2012
Trade investments (valued at cost unless stated other wise)		
I. Investments in equity instruments (unquoted)		
Investment in subsidiaries		
99,994 (Previous year : 99,994) shares of Rs.10 each fully paid up in Inditrade Business Consultants Limited (formerly known as JRG Business Consultants Limited)	999,940	999,940
1,647,095 (Previous year : 1,647,095) shares of Rs.10 each fully paid up in Inditrade Derivatives and Commodities Limited (formerly known as JRG Wealth Limited)	41,309,850	41,309,850
24,999,994 (Previous year : 24,999,994) shares of Rs.10 each fully paid up in JRG Fincorp Limited	249,999,940	249,999,940
	292,309,730	**292,309,730**
II. Investments in preference shares (unquoted)		
Investment in subsidiaries		
7,462,427 (Previous year : 7,462,427) preference shares of Rs.10 each fully paid up in Inditrade Derivatives and Commodities Limited	74,624,270	74,624,270
III. Other investments (unquoted)		
1 (Previous year : 1) share of Rs.1,250 fully paid up in Cochin Stock Exchange	900,000	900,000
Less : Provision for diminution other-than-temporary	(898,750)	(898,750)
	1,250	1,250
400 (Previous year : 400) shares of AED 1000 each fully paid up in JRG International Brokerage DMCC, Dubai	4,982,016	4,982,016
Less : Provision for diminution other-than-temporary	(4,982,016)	(4,982,016)
	–	–
	1,250	**1,250**
	366,935,250	**366,935,250**
Aggregate amount of unquoted investments	372,816,016	372,816,016
Aggregate amount of provision for dimunition in value of investments	(5,880,766)	(5,880,766)

Notes to financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

11. LOANS AND ADVANCES

Particulars	Non-current As at 31-March-2013	Non-current As at 31-March-2012	Current As at 31-March-2013	Current As at 31-March-2012
To other than related parties				
Capital advances (Unsecured, considered good)	143,009	7,468,029	–	–
Deposits (Unsecured)				
Considered good				
Deposits with exchanges	40,871,620	38,871,620	3,513,113	19,045,478
Rental deposits	14,379,286	14,013,886	1,515,600	2,599,000
Electricity, telephone and other deposits	2,928,710	2,865,489	–	–
Considered doubtful				
Rental deposits	–	–	4,534,214	3,751,214
	58,179,616	55,750,995	9,562,927	25,395,692
Provision for doubtful deposits	–	–	(4,534,214)	(3,751,214)
	58,179,616	**55,750,995**	**5,028,713**	**21,644,478**
Advances recoverable in cash or kind (Unsecured)				
Considered good	4,040,463	1,026,000	1,385,447	25,694,848
Considered doubtful	–	–	9,320,122	9,466,372
	4,040,463	1,026,000	10,705,568	35,161,220
Provision for doubtful advances	–	–	(9,320,122)	(9,466,372)
	4,040,463	**1,026,000**	**1,385,447**	**25,694,848**
Other loans and advances				
Considered good				
Advance tax (net of provisions)	18,073,904	24,311,783	–	–
Prepaid expenses	–	–	5,283,084	1,381,574
Gratuity (net)	3,488,990	1,858,257	–	–
Due from a former managing director (Refer note 25)	–	–	–	490,500
Balance with government authorities	–	–	620,604	–
Others	–	–	–	96,350
Considered doubtful				
Loan to JRG International Brokerage DMCC, Dubai	–	–	15,311,237	14,595,537
	21,562,894	26,170,040	21,214,925	16,563,961
Provision for doubtful loan and advances	–	–	(15,311,237)	(14,595,537)
	21,562,894	**26,170,040**	**5,903,688**	**1,968,424**
Loans and advances to related parties	**–**	**–**	**9,366,234**	**61,281,420**
	83,925,982	**90,415,064**	**21,684,082**	**110,589,170**

Notes to financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

12. TRADE RECEIVABLES

Particulars	As at 31-March-2013	As at 31-March-2012
Outstanding for a period exceeding six months from the date they are due for payment		
Secured , considered good	1,360,664	11,253,455
Unsecured, considered doubtful	5,129,793	5,788,223
	6,490,457	17,041,678
Provision for doubtful trade receivables	(5,129,793)	(5,788,223)
	1,360,664	**11,253,455**
Outstanding for a period less than six months from the date they are due for payment		
Secured, considered good	75,067,364	46,405,894
Unsecured, considered good	1,364,223	2,036,970
Unsecured, considered doubtful	1,681,768	302,719
	78,113,355	48,745,583
Provision for doubtful trade receivables	(1,681,768)	(302,719)
	76,431,587	**48,442,864**
	77,792,252	**59,696,319**

13. CASH AND BANK BALANCES

Particulars	As at 31-March-2013	As at 31-March-2012
Cash and cash equivalents		
Cash on hand	166,677	154,740
Balances with banks		
On current accounts**	40,547,416	41,786,313
On unpaid dividend accounts	540,897	540,897
On deposits accounts with original maturity of less than 3 months	–	35,085,427
	41,254,991	**77,567,377**
Other balances		
Deposits with original maturity for more than 3 months but less than 12 months*	150,953,224	143,516,334
Deposits due to mature within 12 months of the reporting date*	48,493,092	64,825,451
Stamps in hand	510	300
	199,446,826	**208,342,085**
Total cash and bank balances	**240,701,817**	**285,909,462**
*Includes deposits pledged with banks as security for loans and guarantees issued by banks in favor of various stock / commodity exchanges and the secured loan given to Company	108,952,657	132,904,806
** Balance in current account includes the following amounts in the name of JRG ESOP Trust.	194,551	281,378

14. OTHER ASSETS

Particulars	As at 31-March-2013	As at 31-March-2012
Interest accrued on fixed deposits	1,384,298	5,859,518
	1,384,298	**5,859,518**

15. SALE OF SERVICES

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Income from broking and related services	140,679,092	190,589,930
Income from depository participant services	21,175,948	17,091,300
	161,855,040	**207,681,230**

Notes to financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

16. OTHER OPERATING INCOME

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Income from financial distribution support services	755,026	1,968,464
Interest / Penal charges for delayed payment	6,906,789	8,393,787
	7,661,815	**10,362,251**

17. OTHER INCOME

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Interest income		
Interest on fixed deposits	18,115,148	25,537,241
Other interest income	2,480,855	2,964,843
Interest on Income tax refund	697,199	–
Dividend income on current investments	–	343,714
Net gain on sale of current investment	3,507,972	–
Exchange fluctuation gain (net)	715,700	1,848,421
Provision/ liabilities no longer required written-back	4,822,348	10,579,280
Other non-operating income	1,808,498	2,248,275
	32,147,720	**43,521,774**

18. OPERATING EXPENSES

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Business incentive	42,089,662	49,575,253
Turnover charges	4,984,041	6,994,677
Other trading expenses	5,957,454	3,853,880
	53,031,157	**60,423,810**

19. EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Salaries, wages and bonus *	28,897,568	83,520,251
Contribution to provident and other funds	1,766,737	3,936,830
Expenses on employee stock option scheme	1,564,703	1,682,626
Staff welfare expenses	5,110,223	3,349,937
Staff incentive expenses	1,403,501	879,420
	38,742,732	**93,369,064**

*net of recoveries from the group companies Rs. Nil (previous year Rs. 10.4 million)

20. FINANCE COST

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Interest expense	2,704,859	9,919,901
	2,704,859	**9,919,901**

Notes to financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

21. OTHER EXPENSES

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Advertisement and business promotion	976,994	2,069,836
Communication	5,200,357	18,071,028
Registration and renewals	142,739	263,384
Rent	12,120,067	22,280,430
Rates and taxes	412,541	113,665
Repair and maintenance - others	6,907,128	12,506,030
Travelling expenses	3,617,622	6,165,002
Insurance charges	77,587	308,042
Directors sitting fees	189,000	340,000
Loss on sale of fixed assets	918,612	1,509,864
Office and branch expenses	3,613,466	8,800,079
Power and fuel	5,234,590	11,133,460
Printing and stationery	139,269	4,204,645
Professional and consultancy charge (Refer Note 23)	12,479,747	10,137,409
Shared service expenses	35,483,387	2,460,438
Provision for doubtful trade receivables	720,619	763,179
Provision for doubtful loans and advances	1,498,700	4,285,289
Provision for diminution in the value of the investment	–	4,982,016
Stamps in hand written off	–	561,629
Bad debts written off	–	212,055
Bank and other charges	1,427,714	2,140,481
Miscellaneous expenses	4,959,784	9,308,352
	96,119,924	**122,616,313**

22 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31-March-2013	As at 31-March-2012
Contingent liabilities		
a) Guarantees		
Guarantee issued by the bank	75,000,000	117,500,000
Guarantees on behalf of subsidiary companies	120,000,000	120,000,000
Other money for which the company is contingently liable		
Income tax matters, pending decisions on various appeals made by the Company and by the Department	16,773,200	13,638,660
b) Claims against the company not acknowledges as debt	12,396,000	10,671,264
c) The Company is involved in claim and proceedings including show cause notice received from Securities and Exchange Board of India (SEBI) which arise in the ordinary course of the business. However there are no such matters pending that the Company expects to be material in relation to its business.		
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	–	10,868,095
Other commitments	100,000	272,882

23. PAYMENT TO AUDITOR (included in professional and consultancy charges, excluding service tax)

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
As Auditor :		
Statutory audit	650,000	650,000
Consolidation and Limited Review	475,000	475,000
Tax audit	50,000	50,000
Other services (proposed rights issue related services)	–	4,100,000
For other services	125,000	380,000
For reimbursement of expenses	228,994	131,080

Notes to financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

24. DEFERRED TAXES

The major components of deferred tax assets and liabilities are outlined below:

Particulars		Year ended 31-March-2013	Year ended 31-March-2012
Deferred tax assets			
Provision for doubtful trade receivables		1,664,361	1,976,206
Provision for loans and advances		9,462,770	9,023,968
Employee benefits		150,702	253,071
Carry forward loss		27,532,379	13,913,913
	A	**38,810,213**	**25,167,158**
Deferred tax liabilities			
Arising from timing difference in respect of depreciation		13,869,745	6,431,122
	B	**13,869,745**	**6,431,122**
Net deferred tax asset *	**A-B**	–	–

* In the absence of virtual certainty of realization of deferred tax asset, as there is carry forward loss and unabsorbed depreciation, deferred tax asset is recognized to the extent of the available deferred tax liability.

25. RELATED PARTY DISCLOSURES

Names of related parties and nature of relationship:

Company having significant influence	Duckworth Limited, Mauritius
Subsidiary and step down subsidiary Companies	Inditrade Derivatives and Commodities Limited (formerly known as JRG Wealth Management Limited)
	Inditrade Insurance Broking Private Limited (formerly known as JRG Insurance Broking Private Limited)
	JRG Fincorp Limited
	Inditrade Business Investment Consultants Limited (formerly known as JRG Business Investment Consultants Limited)
Key managerial personnel	Gopichand S (Managing Director from 25 January 2012)
	Gaurav Vivek Soni (Managing Director from 29 April 2009 to 25 January 2012)

Transactions and balance with related parties

Particulars	Transactions during year ended 31-March-2013	Amount receivable as at 31-March-2013
Equity contribution		
Inditrade Business Investment Consultants Limited	–	999,940
Inditrade Derivatives and Commodities Limited (Equity shares)	–	16,470,950
Inditrade Derivatives and Commodities (Preference Shares)	–	74,624,270
JRG Fincorp Limited	–	249,999,940
Loan given / (taken) to Subsidiaries (net)		
Inditrade Business Investment Consultants Limited	(46,274,200)	(6,131,516)
JRG Fincorp Limited	81,004,640	(4,835,536)
Inditrade Derivatives and Commodities Limited	(15,997,225)	9,267,309
Balance in trading account		
JRG Fincorp Limited	(1,175,019)	(1,175,019)
Reimbursement of expenses/ (income) (net)		
Inditrade Derivatives and Commodities Limited	2,210,365	–
Inditrade Insurance Broking (P) Limited	197,375	(98,927)
JRG Fincorp Limited	(1,444,155)	–
Inditrade Business Investment Consultants Limited	(3,761,451)	–

(All amounts are in Indian Rupees except share data or as stated)

25. RELATED PARTY DISCLOSURES *(contd...)*

Transactions and balance with related parties

Particulars	Transactions during year ended 31-March-2013	Amount receivable as at 31-March-2013
Brokerage Income received from JRG Fincorp Limited on sale of shares	–	–
Interest (expense) / income (net)		
JRG Fincorp Limited	(2,569,184)	
Inditrade Business Investment Consultants Limited	2,480,854	–
Inditrade Derivatives and Commodities Limited	(27,730)	–
Shared service expenses (including service tax)		
Inditrade Business Investment Consultants Limited	(19,858,139)	–
JRG Fincorp Limited	(17,948,282)	–
Inditrade Derivatives and Commodities Limited	23,081,898	–
Remuneration paid		
Salaries, other allowances and perquisites -		
Gopichand S.	2,667,279	–
Equity contribution		
Inditrade Business Investment Consultants Limited	–	999,940
Inditrade Derivatives and Commodities Limited (Equity shares)	–	16,470,950
Inditrade Derivatives and Commodities (Preference Shares)	–	74,624,270
JRG Fincorp Limited	–	249,999,940
Loan given / (taken) to Subsidiaries (net)		
Inditrade Business Investment Consultants Limited **	48,725,419	63,487,420
JRG Fincorp Limited *	(76,628,390)	(69,466,820)
Reimbursement of expenses (net)		
Inditrade Derivatives and Commodities Limited	826,152	–
JRG Fincorp Limited	158,630	–
Inditrade Business Investment Consultants Limited	687,890	–
Payable to JRG Fincorp Limited on account of sale of equity shares	–	(259,369)
Interest (Expense) / Income (net)		
JRG Fincorp Limited	(5,133,996)	–
Inditrade Derivatives and Commodities Limited	(116,712)	–
Inditrade Business Investment Consultants Limited	2,964,843	–
Shared service expenses (including service tax)		
JRG Fincorp Limited	(10,963,337)	5,495,537
Inditrade Derivatives and Commodities Limited	(9,375,500)	–
Inditrade Business Investment Consultants Limited	2,206,000	(2,206,000)
Demat Income charged to JRG Fincorp Limited	92,728	92,728
Remuneration paid		
Salaries, other allowances and perquisites -		
Gopichand S	396,202	–
Gaurav Vivek Soni	2,492,200	490,500#

* Includes interest payable to the extent of Rs.4,060,263

** Includes interest outstanding of Rs.2,668,348

The remuneration payable to the former managing director of the Company was in excess of the limits approved by the share holders at the Annual General Meeting by Rs.490,500. The excess amount of Rs.490,500 paid to him has been shown as recoverable under loans and advances.

(All amounts are in Indian Rupees except share data or as stated)

26. SEGMENT REPORTING

a) Primary segment information (by business segment)

The Company is engaged in the business of providing broking and broking related services i.e. depository participant services to predominantly retail clients. Accordingly the primary segments have been identified as broking (including broking related services) Thus, it operates in a single primary segment.

b) Secondary segment reporting (by geographical segments)

The Company caters only to the needs of the domestic market. Hence there are no reportable geographical segments.

27. EARNINGS PER SHARE

Particulars		Year ended 31-March-2013	Year ended 31-March-2012
Earnings			
Net (loss) for the year	A	(30,379,659)	(92,406,089)
Shares			
Number of shares at the beginning of the year		23,285,501	23,285,501
Add: Equity shares issued and exercised by employees under ESOP 2005 plan		–	–
Total number of shares at the end of the year		23,285,501	23,285,501
Weighted average number of equity shares outstanding during the year- basic	B	23,285,501	23,285,501
Basic and diluted earnings per share	A / B	(1.30)	(3.97)

The conversion of stock options into equity, if made, would have the effect of reducing the loss per share and would therefore be anti-dilutive. Hence, such conversion has not been considered for the purpose of calculating diluted earnings per share.

28. SECURITY MARGINS FROM CLIENTS

In order to secure the performance by the clients of their obligations, commitments and liabilities to the Company, securities etc are placed as margins by creation of pledge in favour of/transfer to the Company's depository account. Such securities etc are held by the Company in a fiduciary capacity on behalf of its clients and are not recognised in the financial statements. In case such margins are received in cash, the same are disclosed under current liabilities.

29. EMPLOYEE BENEFIT

Details of actuarial valuation of gratuity pursuant to the Accounting Standard 15 :

Change in projected benefit obligation	Year ended 31-March-2013	Year ended 31-March-2012
Projected benefit obligation at the beginning of the year	3,065,206	4,428,837
Acquisition adjustment	(1,411,197)	–
Service cost	447,382	666,825
Interest cost	252,879	376,451
Actuarial gain	(477,552)	(1,893,821)
Benefits paid	(139,576)	(513,086)
Projected benefit obligation at the end of the year	**1,737,142**	**3,065,206**
Change in plan assets		
Fair value of plan assets at beginning of the year	4,923,463	4,873,323
Expected return on plan assets	444,111	428,358
Actuarial (gain)/ loss	(1,866)	5,415
Contributions	–	129,453
Benefits paid	(139,576)	(513,086)
Fair value of plan assets at the end of the year	**5,226,132**	**4,923,463**
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	1,737,142	3,065,206
Funded status of the plans	5,226,132	4,923,463
Funded status amount of asset recognized in the balance sheet (Refer note no. 11)	**(3,488,990)**	**(1,858,257)**

(All amounts are in Indian Rupees except share data or as stated)

29. EMPLOYEE BENEFIT *(contd...)*

The components of net gratuity costs are reflected below:

Change in projected benefit obligation	Year ended 31-March-2013	Year ended 31-March-2012
The components of net gratuity costs are reflected below:		
Service cost	447,382	666,825
Interest cost	252,879	376,451
Expected return on plan assets	(444,111)	(428,358)
Recognized net actuarial (gain)/ loss	(475,686)	(1,899,236)
Net gratuity costs	**(219,536)**	**(1,284,318)**
Financial assumptions as at the balance sheet date:		
Discount rate	8.25%	8.50%
Long-term rate of compensation increase	7.50%	7.50%
Rate of return on plan assets	9.15%	9.50%
Attrition rate		

Attrition rate:5% at younger ages and reducing to 1% at older ages according to graduated scale

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

30. STATEMENT OF UTILISATION OF INITIAL PUBLIC OFFERING ("IPO") AS ON 31 MARCH 2013

In April 2006, the Company approached the capital market by way of an IPO. The utilisation of the proceeds from IPO in the current year is set out below :

Particulars	Envisaged in the prospectus	Change in utilization *	Utilized as on 1 Apr 2012	Utilized during the year	Total fund Utilised (Including change in utilization)	Amount remaining to be utilized 31 March 2013
Middle East operations	560.00	(366.66)	193.34	–	193.34	–
Technology upgradation						
Computer software	160.00	–	110.00	–	110.00	–
Computer hardware	–	–	50.00	–	50.00	–
Regional Office	600.00	–	628.81	–	628.81	–
Issue expenses	130.00	–	147.86	–	147.86	–
Opening new branches in India	–	200.00	108.61	15.46	124.07	75.93
Infrastructure development for I-trade	–	40.00	9.53	5.70	15.23	24.77
Other infrastructural requirements	–	126.66	121.74	1.49	123.23	3.43
Total	**1 ,450.00**	**–**	**1,369.89**	**22.65**	**1,392.54**	**104.13**
Means of finance						
Issue proceeds					1,345.87	
Internal accruals					46.67	
Total utilized					**1,392.54**	

* In the Annual General meeting of the Company held on 25 July 2009, the shareholders had consented for the change in the utilization of the aforesaid monies totaling to Rs.366.66 lakhs, raised by the Company during the IPO of its shares, from those specified in the object clause in the prospectus, inter alia to utilise for expansion activities of the Company in India for opening new branches, infrastructure development for I-Trade and other infrastructural requirements.

Amount pending utilization as on 31 March 2013 has been maintained in fixed deposits with the banks.

31. MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of "Micro and Small Enterprises" as defined under Micro, Small and Medium Enterprises Development Act, 2006 ("the Act"). Accordingly, based on the information received and available with the Company ,there are no amounts payable to such enterprises as at 31 March 2013.

(All amounts are in Indian Rupees except share data or as stated)

32. FOREIGN CURRENCY FORWARD CONTRACTS

The Company does not use foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations.

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	As at 31-March-2013	As at 31-March-2012
Amount receivable in foreign currency : USD	282,484	282,484
Amount equivalent in INR	15,311,237	14,595,537

33. The petition filed by Mr. Regi Jacob, Mr. Giby Mathew and Mr. Jiji Antony ("Original Promoters") before the Company Law Board ('CLB'), u/s 397 & 398 of the Company's Act, 1956, has been withdrawn by the petitioners and the CLB has passed an order disposing off the petition.

34. **JRG ESOP TRUST**

As per the requirements of Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 ('SEBI Guidelines'), since the stock option plan is administered through a trust, the accounts of the Company are prepared as if the Company itself is administering the employee stock option plan. Pursuant to such requirement of the SEBI guidelines the equity shares issued to the JRG ESOP Trust and not exercised by the employees as on 31 March 2013 have been presented as a deduction from the share capital. The bank balance of the JRG ESOP Trust as on 31 March 2013 net of the loan granted and capital contribution to the JRG ESOP Trust by the Company has been presented as bank balance of the Company.

35. The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92- 92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating this information. The Company is required to update and put in place information latest by the due date for filling of its income tax return. Management is of the opinion that its international transactions are at arm's length so that the aforesaid update will not have any impact on the financial statements.

36. Exceptional item during the previous year represents expenses incurred in relation to the deferred rights issue of equity shares.

37. Prior year figures have been reclassified / regrouped wherever necessary to conform to the current year's classification.

As per our report attached	for and on behalf of Board of Directors	
for B S R & Associates	**JRG Securities Limited**	
Chartered Accountants		
Firm registration no: 116231W		
S Sethuraman	**Gopichand S**	**Munish Dayal**
Partner	*Managing Director*	*Director*
Membership No. 203491		
	Harjit Singh Sidhu	
	Company Secretary and Legal head	
Place: Chennai	Place: Hyderabad	
Date: 15-May-2013	Date: 15-May-2013	

Consolidated Financial statements

Independent Auditors' Report

To the Board of Directors of

JRG Securities Limited on the consolidated financial statements of JRG Securities Limited and its subsidiaries.

Report on financial statements

We have audited the attached consolidated balance sheet of JRG Securities Limited ("the Company") and its subsidiaries (collectively referred to as the "JRG Group") as at 31 March 2013 and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date, annexed thereto.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the JRG Group in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements prescribed by the Companies (Accounting Standards) Rules, 2006. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the consolidated 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 the 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 consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the consolidated balance sheet, of the consolidated state of affairs of the JRG Group as at 31 March 2013;

(ii) in the case of consolidated statement of profit and loss, of the loss of the JRG Group for the year ended on that date; and

(iii) in the case of consolidated cash flow statement, of the consolidated cash flows of the JRG Group for the year ended on that date.

for B S R & Associates
Chartered Accountants
Firm registration No.:116231W

S Sethuraman
Partner
Membership No. 203491

Place: Chennai
Date: 15 May 2013

Consolidated Balance Sheet as at March 31, 2013

(All amounts are in Indian Rupees except share data or as stated)

	Note	31-March-2013	31-March-2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	232,855,010	232,855,010
(b) Reserves and surplus	4	537,969,644	601,994,944
		770,824,654	**834,849,954**
(2) Minority Interest		298,524,164	292,359,484
(3) Non-current liabilities			
(a) Defered tax liabilities	25	1,316,430	452,688
(b) Other long term liabilities	5	19,644,926	16,639,775
(c) Long term provisions	6	3,261,181	1,020,583
		24,222,537	**18,113,046**
(4) Current Liabilities			
(a) Short term Borrowings	7	–	56,000,000
(b) Trade Payables	5	187,077,585	261,862,042
(c) Other current liabilities	5	61,040,385	57,319,445
(d) Short term provisions	6	5,572,971	10,013,661
		253,690,941	**385,195,148**
		1,347,262,296	**1,530,517,632**
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
Tangible fixed assets	8	55,733,589	74,366,684
Intangible fixed assets	9	19,712,785	31,594,004
Capital work in progress		–	278,680
Intangible assets under development		–	963,782
		75,446,374	**107,203,150**
(b) Goodwill on consolidation		17,720,414	17,720,414
(c) Non-current investments	10	1,250	1,250
(d) Defered tax asset (net)	25	–	3,816,216
(e) Long term loans and advances	11	105,108,517	110,520,707
(f) Other non-current assets	12	1,109,910	211,830
		123,940,091	**132,270,417**
(2) Current assets			
(a) Current investments	13	295,830,696	66,632,464
(b) Inventories	14	80,713,135	186,530,771
(c) Trade receivables	15	80,285,520	70,319,825
(d) Cash and bank balances	16	371,822,758	474,974,512
(e) Short term loans and advances	11	309,508,088	480,402,034
(f) Other current assets	12	9,715,634	12,184,459
		1,147,875,831	**1,291,044,065**
		1,347,262,296	**1,530,517,632**
Summary of significant accounting policies	2		

The accompanying notes are the integral part of the consolidated financial statements

As per our report attached
for B S R & Associates
Chartered Accountants
Firm registration no: 116231W

S Sethuraman
Partner
Membership No. 203491

Place: Chennai
Date: 15-May-2013

for and on behalf of Board of Directors
JRG Securities Limited

Gopichand S
Managing Director

Munish Dayal
Director

Harjit Singh Sidhu
Company Secretary and Legal head
Place: Hyderabad
Date: 15-May-2013

Consolidated Statement of Profit and Loss for the year ended March 31, 2013

(All amounts are in Indian Rupees except share data or as stated)

	Note	31-March-2013	31-March-2012
INCOME			
Revenue from operations			
Sale of services	17	330,769,818	444,774,390
Other operating revenue	18	12,017,775	12,681,640
		342,787,593	**457,456,030**
Other income	19	66,384,076	70,639,573
		409,171,669	**528,095,603**
EXPENSES			
Operating expenses	20	84,045,373	122,387,059
Employee benefit expenses	21	175,784,683	207,083,427
Finance costs	22	94,912	4,721,495
Depreciation/ amortization	8 & 9	51,404,494	64,760,862
Other expenses	23	145,782,576	178,517,095
		457,112,038	**577,469,938**
Loss before exceptional item and tax		**(47,940,369)**	**(49,374,335)**
Exceptional items	37	–	11,819,512
Loss before tax		**(47,940,369)**	**(61,193,847)**
Tax expense			
Current tax		6,804,996	13,570,148
Deferred tax expense / (benefit)		4,679,958	100,301
Minimum alternate tax credit entitlement		–	(2,596,594)
Loss before minority interest		**(59,425,323)**	**(72,267,702)**
Less: Minority interest in share of profit and loss (net)		6,164,680	6,695,958
Net loss after minority interest		**(65,590,003)**	**(78,963,660)**
Earnings per equity share	28		
Basic		(2.81)	(3.39)
Diluted		(2.81)	(3.39)
Nominal value of equity shares (Rs/ Share)		10	10
Summary of significant accounting policies	2		

The accompanying notes are the integral part of the consolidated financial statements

As per our report attached
for B S R & Associates
Chartered Accountants
Firm registration no: 116231W

S Sethuraman
Partner
Membership No. 203491

Place: Chennai
Date: 15-May-2013

for and on behalf of Board of Directors
JRG Securities Limited

Gopichand S
Managing Director

Munish Dayal
Director

Harjit Singh Sidhu
Company Secretary and Legal head
Place: Hyderabad
Date: 15-May-2013

Consolidated Cash Flow Statement for the year ended March 31, 2013

(All amounts are in Indian Rupees except share data or as stated)

	Note	31-March-2013	31-March-2012
CASH FLOW FROM OPERATING ACTIVITIES			
Net loss before tax		**(47,940,369)**	**(61,193,847)**
Adjustments for:			
Depreciation and amortization		51,404,494	64,760,862
Provision for doubtful loans and advances		2,213,216	7,162,703
Provision for doubtful trade receivables		2,828,101	3,928,859
Bad debts written off		83	271,631
Assets writen off		963,782	560,720
Loss on sale of assets (net)		1,132,533	1,623,003
Interest income		(29,215,943)	(38,053,720)
Dividend income		(189,015)	(2,109,098)
Employee stock compensation expenses		1,564,703	1,682,626
Unrealized foreign exchange (gain) (net)		(715,700)	(1,848,421)
Mark-to-market (gain) / loss on mutual fund investments		(5,543,227)	615,136
Mark-to-market (gain) / loss on equity shares		3,548,425	–
Provision for non performing assets		–	1,040,922
Provisions / liabilities no longer required written back		(6,040,176)	(11,234,150)
Profit on sale of long term and current investments		(24,501,317)	(14,367,773)
Interest expense		94,912	4,721,495
Operating loss before working capital changes		**(50,395,498)**	**(42,439,052)**
Adjustments for:			
(Increase)/Decrease in Inventories		105,817,636	(166,927,117)
(Increase)/decrease in trade receivables		(12,688,587)	665,411
(Increase) /decrease in loans and advances		157,192,107	(6,606,504)
(Decrease)/increase in trade payables, current, non- current liabilities and provisions		(63,414,528)	(138,518,042)
Cash (used) / from in operations		**186,906,628**	**(311,386,252)**
Income tax paid (net of refund)		(2,806,894)	(10,685,732)
		184,099,734	**(322,071,984)**
Net cash from / (used in) operating activities (A)		**133,704,236**	**(364,511,036)**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets (tangible, intabgible assets, capital work in progress and intangible assets under development)		(14,983,827)	(20,672,666)
Proceeds from sale of fixed assets		564,814	818,496
Purchase of investments - mutual funds		(1,463,400,003)	(895,597,650)
Proceeds from the sale of investments - mutual funds		1,305,724,000	1,005,150,806
Investment in bank deposits (having original maturity of more than three months)		9,620,411	18,330,887
Stamps in hand		–	300
Purchase of investments - equity shares		(147,114,938)	(16,443,494)
Proceeds from the sale of investments - equity shares		110,610,073	103,234,139
Purchase of investments - equity derivative instrument		(209,728)	(427,690,312)
Proceeds from the sale of investments - equity derivative instrument		254,184	426,689,260
Purchase of investment property		(5,934,844)	–
Purchase of non convertible debentures		(2,630,857)	–
Dividend income received from investments		189,015	2,109,098
Interest received		36,171,033	32,611,375
Net cash (used in) / from investing activities (B)		**(171,140,667)**	**228,540,239**

Consolidated Cash Flow Statement for the year ended March 31, 2013 *(contd...)*

(All amounts are in Indian Rupees except share data or as stated)

	Note	31-March-2013	31-March-2012
CASH FLOW FROM FINANCING ACTIVITIES			
(Repayment)/ proceeds from borrowings		(56,000,000)	56,000,000
Finance cost paid		(94,912)	(4,721,495)
Net cash (used in) / from in financing activities (C)		**(56,094,912)**	**51,278,505**
Net (decrease) in cash and cash equivalents (A+B+C)		**(93,531,343)**	**(84,692,292)**
Cash and cash equivalents at the beginning of the year		158,884,578	243,576,870
Cash and cash equivalents at the end of the year	16	**65,353,235**	**158,884,578**
Summary of significant accounting policies	2		

The accompanying notes are the integral part of the consolidated financial statements

As per our report attached
for B S R & Associates
Chartered Accountants
Firm registration no: 116231W

S Sethuraman
Partner
Membership No. 203491

Place: Chennai
Date: 15-May-2013

for and on behalf of Board of Directors
JRG Securities Limited

Gopichand S
Managing Director

Munish Dayal
Director

Harjit Singh Sidhu
Company Secretary and Legal head

Place: Hyderabad
Date: 15-May-2013

Notes to consolidated financial Statement for the year ended March 31, 2013

(All amounts are in Indian Rupees except share data or as stated)

1. **Company Overview**

JRG Securities Limited ("JRG" or "the Company") along with its subsidiaries (hereinafter the above said companies are collectively referred to as 'JRG group") are primarily engaged in the business of retail broking (securities and commodity broking), direct insurance agents, financial services, marketing support services and dealing in stocks and commodities. The Company's equity shares are listed in Bombay Stock Exchange.

JRG's subsidiaries, step-down subsidiaries are listed below:

Name of the subsidiaries	Country of Incorporation	Percentage of Holding
Inditrade Derivatives and Commodities Limited ("IDCL") (formerly JRG Wealth Management Limited)	India	91.51%
Inditrade Insurance Broking (P) Ltd (formerly JRG Insurance Broking Private Limited)	India	Wholly owned subsidiary of IDCL
JRG Fincorp Limited ('JRG Fincorp')	India	57.00%
Inditrade Business Consultants Limited (formerly JRG Business Investment Consultants Limited)	India	100.00%

2 **Significant Accounting Policies**

2.1 Basis of preparation

The consolidated financial statements of JRG Securities and its subsidiaries (collectively referred as 'the group') have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of the Institute of Chartered Accountants of India, the provisions of Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

2.2 Use of estimates

The preparation of consolidated financial statements in conformity with 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 Prinicples of consolidation

The consolidated financial statements include the financial statements of JRG Securities Limited, the parent company and all of its subsidiaries (collectively referred to as "the Group" or "JRG group"), in which the Company has more than one-half of the voting power of an enterprise or where the Company controls the composition of the board of directors.

The consolidated financial statements have been prepared on the following basis:

The financial statements of the parent company and the subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealized profits in full. Unrealized losses resulting from intra-group transactions have also been eliminated except to the extent that recoverable value of related assets is lower than their cost to the group. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the subsidiaries

The Group accounts for investments by the equity method of accounting where it is able to exercise significant influence over the operating and financial policies of the investee. Inter company profits and losses have been proportionately eliminated until realized by the investor or investee.

The excess / deficit of cost to the parent company of its investment in the subsidiaries over its portion of equity at the respective dates on which investment in such entities were made are recognized in the financial statements as goodwill / capital reserve. The parent company's portion of equity in such entities is determined on the basis of the book values of assets and liabilities as per the financial statements of such entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant transactions, up to the date of investment.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

2.4 Fixed assets and depreciation

Tangible fixed 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.

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

2.4 Fixed assets and depreciation (contd...)

Depreciation on tangible assets is provided on straight line method. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rates. 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 at a higher rate based on the management's estimate of the useful life/remaining useful life. The rates of depreciation followed by the Company are as follows:

Category	Rates per annum (%)
Furniture and fittings	20.00%
Office equipments	20.00%
Computers	16.21%
Electrical fittings	20.00%
Motor vehicle	20.00%
V- Sat equipments	16.21%

Depreciation in respect of leasehold improvements is provided on the straight-line method over a period of 5 years since the management is reasonably certain of renewal of lease terms.

Individual assets costing Rs 5,000 or less are depreciated as per the provisions of Companies Act, 1956.

Intangible fixed assets and amortization

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. Non-compete fee paid and capitalized is amortized on a progressively decreasing basis over the 3 years non-compete period.

Advances paid towards acquisition of fixed assets and the cost of assets not ready to be put to use before the year end are disclosed under long term loans and advances, and capital work in progress and intangibles assets under development respectively.

2.5 Impairment of assets

The Group 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 selling price 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 profit and loss account. 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.

2.6 Revenue

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

Brokerage income in relation to securities and commodities broking activity is recognized on the trade date of transaction (net of service tax), upon confirmation of trade by the stock exchange/commodity exchange.

Depository income (net of service tax) pertains to income (including account opening fees) from depository services rendered by the Company and is recognized on an accrual basis.

Insurance brokerage income is recognized on an accrual basis at the inception of the insurance policy based on the terms agreed with the insurance companies. Insurance broking income on renewed policy is recognized on the date of receipt of renewal premium from the insurance companies.

Interest income from loan business is accounted on an accrual basis except for non performing / doubtful assets, interest in respect of which is recognized, considering prudential norms for income recognition issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies on receipt basis.

Income from financial distribution, marketing support and other services is recognized as the relevant services are rendered in accordance with the terms of arrangement with the customers.

Profit or loss on sale of equity and commodities are determined based on the first in first out method. Profit or loss on closed positions of derivative instruments is recognized on final settlement or squaring up of the contracts.

2.7 Other Income

Dividend income is recognized when the shareholders' right to receive payment is established by the balance sheet date.

Interest income is recognized on time proportion basis.

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

2.8 Provision for doubtful loans and advances

The policy of provisioning against non performing loans and advances has been decided by the management considering prudential norms prescribed by the RBI for Non Banking Financial Companies. As per the policy adopted, the provision against sub standard assets are fixed on a conservative basis, taking into account management's perception of the higher risk associated with the business of the Company. Non performing loans and advances which when are considered as loss assets and full provision will be made against such assets.

2.9 Investments

Investments are either classified as current or long-term based on the management's intention. Current investments are carried at the lower of cost and fair value. In case of investments in mutual funds, the net asset value of units declared by the mutual funds is considered as the fair value. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

2.10 Stock- in- trade

The commodities acquired with the intention of short-term holding and trading positions are considered as stock-in-trade and disclosed as current assets and are valued at cost or net realisable value, whichever is lower.

2.11 Derivatives : equity index / stock - futures and commodities stock – futures

Equity index / stock / commodities futures are marked-to-market on a daily basis. Debit or credit balance disclosed under loans and advances or current liabilities respectively, in the "Mark-to-Market Margin – equity index / stock / commodities stock futures account", represents the net amount paid or received on the basis of movement in the prices of equity index / stock / commodities futures till the balance sheet date.

As on the balance sheet date, profit or loss on open positions in equity index / stock / commodities futures are accounted for as follows:

- Credit balance in the "Mark-to-Market Margin – equity index / stock / commodities stock futures account", being anticipated profit, is ignored and no credit for the same is taken in the statement of profit and loss.
- Debit balance in the "Mark-to-Market Margin – equity index / stock / commodities stock futures account", being anticipated loss, is adjusted in the statement of profit and loss.

On final settlement or squaring-up of contracts for equity index / stock / commodities futures, the profit or loss is calculated as the difference between settlement/ squaring-up price and contract price. Accordingly, debit or credit balance pertaining to the settled/ squared-up contract in "Mark-to-Market Margin – equity index / stock / commodities stock futures account" is recognised in the profit and loss account upon expiry of the contracts. When more than one contract in respect of the relevant series of commodity futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using first in first out method for calculating profit / loss on squaring-up.

"Initial Margin – equity index / stock / commodities stock futures account", representing initial margin paid, and "Margin Deposits – equity index / stock / commodities stock futures account", representing additional margin over and above initial margin, for entering into contracts for equity index / stock / commodities futures, which are released on final settlement/squaring-up of underlying contracts, are disclosed under loans and advances.

2.12 Foreign currency transactions

Foreign currency transactions are accounted at the exchange rates prevailing on the date of the relevant transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the profit and loss account of the year. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. The resultant exchange differences are recognized in the statement of profit and loss.

2.13 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.

2.14 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.

Defined contribution plan

Contributions to the provident funds are made monthly at a predetermined rate to the regional provident fund commissioner and debited to the statement of profit and loss on an accrual basis.

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

2.14 Employee benefits (contd...)

Defined benefit plan

Provision is made for gratuity based on actuarial valuation, carried out by an independent actuary as at the balance sheet date, using the projected unit credit method. All actuarial gains and losses arising during the year are recognized in the statement of profit and loss of the year.

2.15 Taxation

Income-tax expense comprise current tax (i.e. amount of tax for the period determined in accordance with the income-tax law), and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at the balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

Current tax and deferred tax assets and liabilities are offset to the extent to which the Company has a legally enforceable right to set off and they relate to taxes on income levied by the same governing taxation laws.

Minimum alternate tax ("MAT") paid in accordance with tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the company would pay normal income tax in the future years and accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably. MAT credit entitlement is reviewed at each balance sheet date and written down to the extent there is no convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.16 Provisions, contingent liabilities and contingent assets

The Company creates a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

2.17 Employee stock options plan

In accordance with the Securities and Exchange Board of India guidelines, the fair value of the options as at the date of grant of options under the employee stock option scheme, is treated as employee compensation and amortised over the vesting period.

2.18 Cash flow

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non–cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated.

2.19 Cash and cash equivalents

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

2.20 Earnings per share

Basic earnings per share is computed by dividing net profit or loss for the period attributable to equity shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share amounts are computed after adjusting the effects of all dilutive potential equity shares. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share, and also the weighted average number of equity shares, which could have been issued on the conversion of all dilutive potential shares. The diluted potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

3. SHARE CAPITAL

Particulars	As at 31-March-2013	As at 31-March-2012
Authorised:		
40,000,000 (Previous year: 40,000,000) equity shares of Rs 10 each	400,000,000	400,000,000
Issued subscribed and paid-up		
23,352,626 (Previous year: 23,352,626) equity shares of Rs 10 each fully paid up	233,526,260	233,526,260
Less : Shares held by the Employees Stock option payment trust ("JRG ESOP Trust") (Refer note no 35)	(671,250)	(671,250)
	232,855,010	232,855,010

a) **Reconciliation of the number of shares outstanding at the beginning and at the end of year :**

Particulars	As at 31-March-2013		As at 31-March-2012	
	No. of shares	Value	No. of shares	Value
At the beginning and end of the year	23,352,626	233,526,260	23,352,626	233,526,260

Reconciliation of the number of shares outstanding in ESOP Trust

Particulars	As at 31-March-2013		As at 31-March-2012	
	No. of shares	Value	No. of shares	Value
Number of shares at the beginning and end of the year	67,125	671,250	67,125	671,250

b) **Terms / rights attached to equity shares**

The Company has only one class of shares of equity share having a par value of Rs.10 per share. Each holder of the equity share is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed (if any) by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

c) **Details of the shareholders holding more than 5% shares in the Company**

Name of the shareholder	As at 31-March-2013		As at 31-March-2012	
	No. of shares	% holding	No. of shares	% holding
Duckworth Limited, Mauritius.	10,646,995	45.59%	10,646,995	45.59%
Regi Jacob	1,048,685	4.49%	1,564,777	6.70%

d) **Details of the shares reserved for issue under options**

The Company issued options under the Employees stock option plan 2005 ("2005 Plan") in the financial year 2005-2006. The 2005 Plan covers all non-promoter directors and employees of the Company (collectively referred to as "eligible employees") and its subsidiaries. Under the plan, the Company granted 179,100 options on 3 September 2005. The Compensation Committee granted the options on the basis of performance, criticality and potential of the employees as identified by management.

The Company had computed the fair value of the options for the purpose of accounting of employee compensation cost/ expense over the vesting period of the options. The estimated fair value of each stock option granted on 3 September 2005 was Rs.0.28. This has been calculated based on independent valuation report, which has been estimated under the Black Scholes option pricing model. The exercise price for these options granted is Rs.10. The inputs were the share price at grant date of Rs.10.67, exercise price of Rs.10, expected volatility of 0% (the Company was not listed at the time of grant of options), expected dividends 7.5%, contractual life of 4.05 years, and a risk-free interest rate of 6.59%. The vesting period for these options granted under the 2005 plan varies from 12 months to 36 months. Out of the 179,100 options granted on 3 September 2005, 50,220 options were forfeited and 110,005 options were exercised up to 31 March 2011.

Summary of the status of options granted under ESOP 2005 Plan which was subsequently merged under ESOP 2008 Plan to employees as at 31 March 2013 is presented below:

Number of Options	31-March-2013	31-March-2012
Options granted, exercisable and outstanding at the beginning and end of the year	17,875	17,875

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

3. SHARE CAPITAL *(contd...)*

During the financial year 2007-2008, the 2005 plan was merged with JRG Employee Stock option plan 2008 ("2008 Plan"). The 2008 Plan was approved on 15 July 2008 at the annual general meeting of shareholders and was effective from the same date. The objective of this 2008 Plan is to encourage ownership of the Company's equity by its employees on an ongoing basis. The ESOP 2008 is intended to reward the employees for their contribution to the successful operation of JRG Securities Limited and to provide an incentive to continue contributing to the success of the company. The new plan provides that the lock-in period and other terms and conditions of this scheme shall apply ipso facto as they applied to the options issued under 2005 Plan.

Basic terms of the options granted under 2008 Plan are presented below:

Grand date	29-Jul-08	25-May-09	25-Jul-09	27-Oct-09	25-May-10	10-Nov-10	01-Apr-11
Option granted	100,000	262,500	10,000	38,000	282,250	184,802	107,105
Exercise price (Rs./Option)	38.00	34.00	38.00	46.00	36.00	36.00	36.00
Number of personnel in the option programme	8	63	2	2	98	1	1

The fair value of stock options has been determined using the Black Scholes option pricing model.

Presumptions used in fair value computations:

Grant date	29-Jul-08	25-May-09	25-Jul-09	27-Oct-09	25-May-10	10-Nov-10	01-Apr-11
Vesting period	12 Months to 48 Months						
Expected option life	7 years	7 years	7 years	7 years	7 years	7 years	7 years
Expected volatility	33.00%	33.00%	45.00%	45.00%	45.00%	45.00%	45.00%
Expected dividend	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Risk free rate	6.15%	6.15%	7.00%	7.00%	8.50%	8.50%	8.50%
Share price at grant date	37.73	39.90	41.00	49.00	35.90	34.70	15.80
Fair value (Rs / option)	18.00	22.00	25.00	29.00	21.00	17.80	10.15

Summary of the status of options granted under 2008 Plan to employees as at 31 March 2013 is presented below :

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Options granted and outstanding at the beginning of the year	535,157	698,802
Add: Options granted during the year *	–	107,105
Less: Exercised during the year	–	–
Less: Forfeited during the year	46,500	270,750
Options granted and outstanding at the end of the year	488,657	535,157
Exercisable options at the end of the year	100,177	67,438

*includes NIL options (previous year: 107,105 options) granted under the scheme for subsidiary company employees.

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

4. RESERVES AND SURPLUS

Particulars		As at 31-March-2013	As at 31-March-2012
I. Capital reserve		**120,010,470**	**120,010,470**
II. Securities premium account			
Balance at the beginning of the year and end of the year		**497,322,134**	**497,322,134**
III. Employee stock option outstanding			
Balance at the beginning of the year		9,612,716	13,123,165
Add: Options granted during the year		–	1,087,116
Less: Options forfeited during the year		(1,015,500)	(2,235,377)
Less: Transfer to general reserve on account of forfeiture		(816,375)	(2,362,188)
Balance at the end of the year	A	7,780,841	9,612,716
Deferred stock compensation cost			
Balance at the beginning of the year		2,583,909	5,414,796
Add: Options granted during the year		–	1,087,116
Less: Amortization during the year		(1,564,703)	(1,682,626)
Less: Options forfeited during the year		(1,015,500)	(2,235,377)
Balance at the end of the year	B	3,706	2,583,909
Employee stock option outstanding (net)	**A - B**	**7,777,135**	**7,028,807**
IV. General reserve			
Balance at the beginning of the year		6,108,686	3,746,498
Add: Transfer from employee stock option reserve		816,375	2,362,188
Balance at the end of the year		**6,925,061**	**6,108,686**
V. Statutory reserve			
Balance at the beginning of the year		19,652,877	18,420,453
Add: Transfer from statement of profit and loss*		1,840,747	1,232,424
Balance at the end of the year		**21,493,624**	**19,652,877**
VI. Surplus / (deficit) in the statement of profit and loss			
Balance at the beginning of the year		(48,128,030)	32,068,054
Net (loss) / profit after tax transferred from statement of profit and loss		(65,590,003)	(78,963,660)
Amount available for appropriations		(113,718,033)	(46,895,606)
Less : Appropriations			
Transfer to statutory reserve *		(1,840,747)	(1,232,424)
Balance at the end of the year		**(115,558,780)**	**(48,128,030)**
Total reserves and surplus		**537,969,644**	**601,994,944**

*Amount of appropriation to statutory reserve under section 45-IC of the Reserve Bank of India Act, 1934 is computed on the profit after tax (including deferred tax impact)

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

5. TRADE PAYABLE AND OTHER LIABILITIES

Particulars	Non-current		Current	
	As at 31-March-2013	As at 31-March-2012	As at 31-March-2013	As at 31-March-2012
Trade payable				
Payable to clients	–	–	183,846,931	252,273,788
Business incentive payable	–	–	3,230,654	9,588,254
	–	–	**187,077,585**	**261,862,042**
Other liabilities				
Unclaimed dividend	–	–	540,897	540,897
Client accounts	–	–	764,785	411,231
Security deposit	19,644,926	16,639,775	375,000	4,898,634
Provision for expenses	–	–	19,912,613	21,500,571
Payable to employees	–	–	10,548,165	9,221,116
Income received in advance	–	–	1,074,907	725,248
Creditors for capital goods	–	–	6,098,000	4,780,320
Payable to exchanges	–	–	8,096,509	4,766,225
Others	–	–	13,629,509	10,475,204
	19,644,926	**16,639,775**	**61,040,385**	**57,319,445**
Total trade payable and other liabilities	**19,644,926**	**16,639,775**	**248,117,970**	**319,181,487**

(a) There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end.

(b) Also refer to note 34

6. PROVISIONS

Particulars	Long-term		Short-term	
	As at 31-March-2013	As at 31-March-2012	As at 31-March-2013	As at 31-March-2012
Provision for employee benefits				
Provision for gratuity (net) (refer note 29)	3,261,181	1,020,583	78,528	31,005
Other provisions				
Provision for tax (net of advance tax)	–	–	2,417,658	3,326,704
Provision for non performing and doubtful assets	–	–	1,481,485	2,228,402
Provision for mark to market on commodity futures	–	–	1,595,300	4,427,550
	3,261,181	**1,020,583**	**5,572,971**	**10,013,661**

7. SHORTTERM BORROWINGS

Particulars	As at 31-March-2013	As at 31-March-2012
Secured loan		
Loan from bank (Secured against pledge of Company's fixed deposits)	–	56,000,000
	–	**56,000,000**

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

8. TANGIBLE FIXED ASSETS

Particulars	Furniture and fittings	Office equipments	Computers	Electrical fittings	Motor vehicles	V-Sat equipments	Total
Gross Block							
Balance as at 1 April 2011	75,797,147	41,025,335	70,635,915	13,963,615	1,384,193	25,417,711	228,223,916
Additions	871,366	891,015	1,145,537	389,012	–	124,000	3,420,930
Deletions / write off	3,720,474	426,644	352,639	–	–	302,669	4,802,426
Balance as at 31 March 2012	**72,948,039**	**41,489,706**	**71,428,813**	**14,352,627**	**1,384,193**	**25,239,042**	**226,842,420**
Additions	1,810,876	860,017	16,310,985	2,271,267	1,139,382	–	22,392,527
Deletions / write off	2,697,604	1,180,026	824,524	4,360,641	–	206,528	9,269,323
Balance as at 31 March 2013	**72,061,311**	**41,169,697**	**86,915,274**	**12,263,253**	**2,523,575**	**25,032,514**	**239,965,624**
Accumulated depreciation							
Balance as at 1 April 2011	40,458,554	16,881,483	39,844,195	6,092,570	588,282	12,200,468	116,065,552
Additions	13,724,381	7,697,506	11,334,668	2,522,743	244,457	3,440,885	38,964,640
Deletions / write off	2,061,009	208,571	137,409	–	–	147,467	2,554,456
Balance as at 31 March 2012	**52,121,926**	**24,370,418**	**51,041,454**	**8,615,313**	**832,739**	**15,493,886**	**152,475,736**
Additions	13,164,991	7,419,703	12,639,978	2,456,785	472,333	3,174,485	39,328,275
Deletions / write off	2,403,377	1,099,318	668,729	3,264,428	–	136,124	7,571,976
Balance as at 31 March 2013	**62,883,540**	**30,690,803**	**63,012,703**	**7,807,670**	**1,305,072**	**18,532,247**	**184,232,035**
Net Block							
As at 31 March 2012	**20,826,113**	**17,119,288**	**20,387,359**	**5,737,314**	**551,454**	**9,745,156**	**74,366,684**
As at 31 March 2013	**9,177,771**	**10,478,894**	**23,902,571**	**4,455,583**	**1,218,503**	**6,500,267**	**55,733,589**

9. INTANGIBLE FIXED ASSETS

Particulars	Computer software	Non compete fee *	Total
Gross Block			
Balance as at 1 April 2011	88,612,572	50,000,000	138,612,572
Additions	17,041,404	–	17,041,404
Deletions / write off	898,880	–	898,880
Balance as at 31 March 2012	**104,755,096**	**50,000,000**	**154,755,096**
Additions	195,000	–	195,000
Deletions / write off	102,689	–	102,689
Balance as at 31 March 2013	**104,847,407**	**50,000,000**	**154,847,407**
Accumulated Amortisation			
Balance as at 1 April 2011	57,793,276	40,276,945	98,070,221
Additions	16,767,055	9,029,167	25,796,222
Deletions / write off	705,351	–	705,351
Balance as at 31 March 2012	**73,854,980**	**49,306,112**	**123,161,092**
Additions	11,382,331	693,888	12,076,219
Deletions / write off	102,689	–	102,689
Balance as at 31 March 2013	**85,134,622**	**50,000,000**	**135,134,622**
Net Block			
As at 31 March 2012	**30,900,116**	**693,888**	**31,594,004**
As at 31 March 2013	**19,712,785**	**–**	**19,712,785**

* Represents non-compete fee paid under an agreement with certain promoters for a period of 3 years commencing from 29 April 2009.

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

10. NON-CURRENT INVESTMENTS

Particulars	As at 31-March-2013	As at 31-March-2012
Non trade investments (valued at cost)		
I. Other investments (unquoted)		
1 (Previous year : 1) share of Rs.1,250 fully paid up in Cochin Stock Exchange	900,000	900,000
Less : Provision for diminution other than temporary, in the value of investment	898,750	898,750
	1,250	1,250
400 (Previous year : 400) shares of AED 1000 each fully paid up in JRG International Brokerage DMCC, Dubai	4,982,016	4,982,016
Less : Provision for diminution other-than-temporary	(4,982,016)	(4,982,016)
	–	–
Total of non-current investments	**1,250**	**1,250**
Aggregate book value of unquoted investments	5,882,016	5,882,016
Aggregate amount of provision for dimunition in the value of investments	4,083,266	4,083,266

11. LOANS AND ADVANCES

Particulars	Long-term		Short-term	
	As at 31-March-2013	As at 31-March-2012	As at 31-March-2013	As at 31-March-2012
I. Capital Advances				
Unsecured,considered good	143,009	7,468,029	–	–
II. Security deposits (Unsecured)				
Considered good				
Rental deposits	16,242,486	16,827,086	2,729,600	3,449,000
Deposits with exchanges	41,421,620	39,421,620	55,113,113	88,045,478
Electricity, telephone and other deposits	3,518,021	3,648,476	2,100,000	2,100,000
Considered doubtful				
Rental deposits	–	–	5,398,831	4,386,176
Other deposit	–	–	–	40,588
	61,182,127	59,897,182	65,341,544	98,021,242
Less : Provision for doubtful deposits	–	–	5,398,831	4,426,764
	61,182,127	**59,897,182**	**59,942,713**	**93,594,478**
III. Advances recoverable in cash or in kind (Unsecured)				
Considered good	4,167,363	1,167,000	3,168,262	29,223,554
Considered doubtful	–	–	9,421,622	9,466,372
	4,167,363	1,167,000	12,589,884	38,689,926
Provision for doubtful advances	–	–	9,421,622	9,466,372
	4,167,363	**1,167,000**	**3,168,262**	**29,223,554**
IV. Loans				
Secured, considered good	–	–	219,484,806	342,780,592
Unsecured, considered good	–	–	–	387,483
Unsecured, considered doubtful	–	–	882,540	882,540
	–	–	220,367,346	344,050,615
Provision for doubtful loans	–	–	882,540	882,540
	–	**–**	**219,484,806**	**343,168,075**

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

11. LOANS AND ADVANCES *(contd...)*

Particulars	Long-term		Short-term	
	As at 31-March-2013	As at 31-March-2012	As at 31-March-2013	As at 31-March-2012
V. Other Loans and Advances (Unsecured)				
Considered good				
Gratuity (refer note 29)	4,102,894	2,109,572	–	–
Advance tax (net of provisions)	30,310,530	32,782,330	–	541,348
Minimum alternate tax credit entitlement	702,594	2,596,594	1,076,180	1,076,180
Prepaid expenses	–	–	5,677,690	2,257,078
Balance with government authorities	–	–	9,685,981	7,099,136
Due from a former managing director (refer note 26)	–	–	–	490,500
Others	–	–	2,972,456	1,851,685
Considered doubtful				
Loan to JRG International Brokerage DMCC, Dubai	–	–	15,311,237	14,595,537
Advance paid to creditors	–	–	2,255,323	1,831,374
	35,116,018	37,488,496	36,978,867	29,742,838
Provision for doubtful advance	–	–	17,566,560	16,426,911
	35,116,018	**37,488,496**	**19,412,307**	**13,315,927**
VI. Loan / advances bue by director of the subsidiary company *	**4,500,000**	**4,500,000**	**7,500,000**	**1,100,000**
Total loans and advances	**105,108,517**	**110,520,707**	**309,508,088**	**480,402,034**

*The remuneration payable to the managing director of the subsidiary company, JRG Fincorp Limited, is in excess of the limits prescribed under the Companies Act, 1956 by Rs.7,500,000 (Previous year: Rs.1,100,000). The subsidiary company has made an application to the Central Government for approval in respect of such excess amount. Pending such approval the excess amount of Rs.7,500,000 (Previous year : Rs.1,100,000) paid to him has been shown as recoverable.

12. OTHER ASSETS

Particulars	Non-current		Current	
	As at 31-March-2013	As at 31-March-2012	As at 31-March-2013	As at 31-March-2012
Non current bank balances (refer note 16)	1,096,674	200,000	–	–
Interest accrued on loans	–	–	4,487,671	–
Interest accrued on fixed deposits	13,236	11,830	5,227,963	12,184,459
Total other assets	**1,109,910**	**211,830**	**9,715,634**	**12,184,459**

13. CURRENT INVESTMENTS

Particulars	As at 31-March-2013	As at 31-March-2012
Non trade investments (valued at cost)		
I. Investment in equity instruments (Quoted, Valued at cost) (refer note 30)	36,580,253	870,111
II. Investment in non convertible debentures (Quoted)		
2,527 (Previous Year : Nil) units of Rs.1,000 each of Muthoot Finance Limited.	2,630,857	–
III. Investment property (valued at cost less impairment)	5,934,844	–
IV. Investment in mutual funds (Unquoted)		
87,736,256 (Previous year : 2,518,354) units of Rs.10 each fully paid up of Reliance Liquid Fund -Treasury Plan	250,684,742	65,762,353
	250,684,742	65,762,353
Total current investments	**295,830,696**	**66,632,464**
Aggregate book value of quoted investments	42,759,552	870,111
Aggregate market value of quoted investments	39,211,110	1,064,000
Aggregate amount of unquoted investments	256,619,586	65,762,353

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

14. INVENTORIES

Particulars	As at 31-March-2013	As at 31-March-2012
Stock in trade (refer note 32)	80,713,135	186,530,771
	80,713,135	**186,530,771**

15. TRADE RECEIVABLES

Particulars	As at 31-March-2013	As at 31-March-2012
Outstanding for a period exceeding six months from the date they are due for payment		
Secured,considered good	1,360,664	11,253,455
Unsecured,considered good	324,194	–
Unsecured, considered doubtful	14,013,342	11,619,268
	15,698,200	22,872,723
Less: Provision for doubtful trade receivables	14,013,342	11,619,268
	1,684,858	11,253,455
Outstanding for a period less than six months from the date they are due for payment		
Secured,considered good	76,972,745	51,439,876
Unsecured,considered good	1,627,917	7,626,494
Unsecured, considered doubtful	2,035,827	1,707,009
	80,636,489	60,773,379
Less: Provision for doubtful trade receivables	2,035,827	1,707,009
	78,600,662	59,066,370
Total trade receivables	**80,285,520**	**70,319,825**

16. CASH AND BANK BALANCES

Particulars	As at 31-March-2013	As at 31-March-2012
I. Cash and cash equivalents		
Cash on hand	216,739	192,208
Balances with banks		
On current accounts**	64,595,599	117,959,601
Deposits with original maturity of less than 3 months	–	40,191,872
On unpaid dividend account	540,897	540,897
	65,353,235	**158,884,578**
II. Other balances		
Deposits with original maturity for more than 12 months *	106,007,860	205,477,360
Deposits with original maturity for more than 3 months but less than 12 months *	201,557,827	110,812,274
Less : Amount disclosed under non current asset (refer note 12) *	(1,096,674)	(200,000)
Stamps in hand	510	300
	306,469,523	**316,089,934**
Total cash and bank balances	**371,822,758**	**474,974,512**
*Incudes deposits pledged with banks as security for loans and guarantees issued by banks in favour of various stock / commodity exchanges and the secured loan given to Company	140,452,657	199,050,169
** Balance in current account includes the amounts in the name of JRG ESOP Trust	194,551	281,378

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

17. SALE OF SERVICES

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Income from equity broking and related services	140,679,092	190,589,930
Income from depository participant services	21,175,948	16,998,572
Income from commodity broking	95,794,552	150,837,492
Income from insurance broking	3,209,856	6,074,674
Interest income from lending operations	45,145,724	50,591,558
Income from financial distribution, marketing support and other services (including Profit on Sale of Commodities / Commodity derivative instruments)	24,764,646	29,682,164
	330,769,818	**444,774,390**

18. OTHER OPERATING INCOME

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Interest / penal charges for delayed payment	9,181,996	10,713,176
Others	2,835,779	1,968,464
	12,017,775	**12,681,640**

19. OTHER INCOME

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Interest earned on fixed deposits	29,215,943	34,705,377
Interest income-Others	–	3,348,343
Dividend income from current investments	189,015	343,714
Dividend income from long term investments	–	1,765,384
Net gain / (loss) on sale of long term investment	–	4,229,172
Net gain / (loss) on sale of current investment	20,952,892	10,138,601
Mark-to-market (loss) / gain on mutual fund investments	5,543,227	(615,136)
Exchange fluctuation gain (net)	715,700	1,848,421
Provision/ liabilities no longer required written back	6,040,176	11,234,150
Other non-operating income	3,727,123	3,641,547
	66,384,076	**70,639,573**

20. OPERATING EXPENSES

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Business incentive	62,222,425	84,519,684
Turnover charges	14,494,325	24,325,564
Other trading expenses	7,328,623	6,868,579
Loss on trading in commodity derivative instruments	–	6,673,232
	84,045,373	**122,387,059**

21. EMPLOYEE BENEFIT EXPENSES

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Salaries, wages and bonus	155,168,962	190,926,780
Contributions to provident and other funds	9,151,164	9,790,734
Employee stock compensation expenses	1,564,703	1,682,626
Staff welfare expenses	7,378,434	3,503,867
Employee sales incentives	2,521,420	1,179,420
	175,784,683	**207,083,427**

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

22. FINANCE COST

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Interest expense	94,912	4,721,495
	94,912	**4,721,495**

23. OTHER EXPENSES

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Power and fuel	8,359,099	12,766,262
Rent	23,552,799	32,232,505
Rates and taxes	5,798,274	472,950
Repair and maintenance- others	15,696,685	18,043,192
Traveling expenses	9,889,909	13,927,194
Communication expenses	17,044,230	20,543,468
Printing and stationery	9,306,098	4,777,916
Office and branch expenses	9,990,468	12,450,007
Professional and consultancy charge	24,357,982	23,344,698
Warehouse charges	4,346,307	3,239,620
Bad debts written off	83	271,631
Loss on sale of fixed assets	1,132,533	1,623,003
Provision for doubtful trade receivables	2,828,101	3,928,859
Provision for non performing assets	–	1,040,922
Provision for doubtful loans and advances	2,213,216	7,162,703
Assets writen off	963,782	561,629
Bank and other charges	2,563,595	3,780,889
Miscellaneous expenses	7,739,415	18,349,647
	145,782,576	**178,517,095**

24. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31-March-2013	As at 31-March-2012
I. Contingent liabilities		
a) Bank guarantees outstanding	106,500,000	345,500,000
b) Other money for which the company is contingently liable		
- Income tax matters	17,938,490	13,638,660
c) Claims against the company not acknowledged as debt	39,470,059	20,830,525
d) In addition to the above, the Company is also in the process of replying / has responded to show cause notices and queries from regulatory authorities including Securities and Exchange Board of India (SEBI) which arise in the ordinary course of the business. However there are no such matters pending that the Company expects to be material in relation to its business.		
II. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	–	10,868,095
Other commitments	100,000	310,382

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

25. DEFERRED TAXES

The major components of deferred tax assets and liabilities are outlined below:

Particulars		Year ended 31-March-2013	Year ended 31-March-2012
Deferred tax assets			
Provision for doubtful trade receivables		286,340	1,366,059
Provision for gratuity		604,127	168,171
Others		193,445	227,910
Depreciation / amortisation		–	2,811,986
	A	**1,083,912**	**4,574,126**
Deferred tax liabilities			
Depreciation / amortisation		2,400,342	1,037,167
Others		–	173,431
	B	**2,400,342**	**1,210,598**
Net deferred tax asset	**A-B**	**(1,316,430)**	**3,363,528**

The net deferred tax (liability) / asset of (Rs.1,316,430) (Previous year: Rs.3,363,528) has been presented in the balance sheet as follows :

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Deferred tax asset	–	3,816,216
Deferred tax liability	(1,316,430)	(452,688)
Net Deferred tax asset / (liability)	**(1,316,430)**	**3,363,528**

26. RELATED PARTY DISCLOSURES

Company having significant influence	Duckworth Limited, Mauritius
Key managerial personnel	Gopichand S (Managing Director from 25 January 2012)
	Gaurav Vivek Soni (Managing Director from 29 April 2009 to 25 January 2012)
	Samson K J (Managing Director of Inditrade Derivatives and Commodities Limited , formerly known as JRG Wealth Management Limited)
	Anand Tandon, (Managing Director of JRG Fincorp Limited (w.e.f 1 February 2012))
	Harish Gallipelli, Wholetime Director of JRG Fincorp Limited
	Vijayakumaran V K, (Manager of Inditrade Insurance Broking Private Limited, formerly (JRG Insurance Broking Private Limited))

Transactions and balance with related parties

Particulars	Transactions during year ended 31-March-2013	Amount receivable as at 31-March-2013
Remuneration paid		
Salaries and other allowances		
Gopichand S	2,667,279	–

Note: Salaries and other allowances paid to Managing director and manager of subsidiary companies aggregates to Rs.7,681,994

Particulars	Transactions during year ended 31-March-2012	Amount receivable as at 31-March-2012
Remuneration paid		
Salaries and other allowances		
Gopichand S	396,202	–
Gaurav Vivek Soni	2,492,200	490,500*

Note: Salaries and other allowances paid to Managing director and manager of subsidiary companies aggregates to Rs 12,961,104

* The remuneration payable to the former managing director of the Company was in excess of the limits approved by the share holders at the Annual General Meeting by Rs.490,500. The excess amount of Rs.490,500 paid to him has been shown as recoverable under loans and advances.

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

27. SEGMENT REPORTING

a) Primary segment information (by business segment)

The Group's business is organized and management reviews the performance based on the business segment as mentioned below:-

Equity broking- Equity broking, demat and related servises

Commodity broking- Commodity broking and related services

Insurance broking- Insurance product distribution services

Client financing- Margin financing to broking clients, gold loans and loan against shares, commodities etc

Financial distribution, marketing support and other services

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identifiable with individual segments or have been allocated to segments on a systematic basis.

b) Secondary segment reporting (by geographical segments)

The Group predominantly caters only to the needs of the domestic market. Hence there are no reportable geographical segments.

Particulars	Equity broking services		Commodity broking services		Insurance broking services		Client financing		Financial distribution, marketing support and other services		Eliminations		Consolidated total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Segment revenue	169,516,854	218,043,481	98,069,759	153,156,881	3,209,856	6,074,674	53,548,064	63,260,617	26,845,399	29,682,164	(8,402,340)	(16,171,927)	342,787,593	454,045,890
Unallocated corporate income													66,384,076	74,049,713
Total income	**169,516,854**	**218,043,481**	**98,069,759**	**153,156,881**	**3,209,856**	**6,074,674**	**53,548,064**	**63,260,617**	**26,845,399**	**29,682,164**	**(8,402,340)**	**(16,171,927)**	**409,171,669**	**528,095,603**
Segment result	**(59,953,347)**	**(126,276,774)**	**(50,641,729)**	**20,173,303**	**(1,664,230)**	**(1,459,162)**	**11,947**	**(3,057,123)**	**(1,983,906)**	**(19,902,957)**	–	–	**(114,231,266)**	**(130,522,713)**
Unallocated corporate (expenses) / Income													39,700,675	58,180,096
Operating profit / (loss)													**(74,530,590)**	**(72,342,617)**
Interest expense													(94,912)	(4,712,965)
Dividend income on investments													189,015	2,109,098
Profit / (loss) on redemption of mutual funds (net)													20,952,892	14,367,773
MTM gain on mutual fund investment													5,543,227	(615,136)
Profit / (loss) before taxes and minority interest													**(47,940,368)**	**(61,193,847)**
Income taxes charge / (credit)													11,484,954	11,073,855
Profit / (loss) after taxes but before minority interest													**(59,425,322)**	**(72,267,702)**
Minority interest in share of profit and losses (net)													6,164,680	6,695,958
Net profit / (loss) after minority interest													**(65,590,002)**	**(78,963,660)**
Other information														
Segment assets	830,344,264	978,486,570	200,512,465	255,646,591	10,294,261	11,753,143	418,533,218	616,621,559	114,009,543	206,574,441	(531,628,291)	(668,028,898)	1,042,065,460	1,401,053,406
Unallocated corporate assets													338,723,569	121,368,952
Total assets													**1,380,789,029**	**1,522,422,358**
Segment liabilities	149,016,144	269,598,106	150,139,559	179,216,246	962,675	1,004,264	17,045,542	11,768,949	86,692,250	171,355,654	(89,694,291)	(226,094,898)	314,161,879	406,848,321
Unallocated corporate liabilities													–	–
Total Liabilities													**314,161,879**	**406,848,321**
Capital expenditure	20,571,411	3,211,926	21,195	436,982	–	26,000	1,139,382	15,638,800	855,539	1,148,625	–	–	22,587,527	20,462,333
Depreciation	41,445,563	55,822,744	4,659,193	5,605,160	1,638,971	1,655,990	3,343,538	110,143	317,229	1,566,825	–	–	51,404,494	64,760,862
Non-cash expenses other than depreciation	4,702,634	13,996,658	3,899,000	2,801,236	–	496,931	1,014,080	3,860,328	1,525,765	2,035,060	–	–	11,141,479	23,190,213

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

27. SEGMENT REPORTING *(contd…)*

Particulars	Equity broking services		Commodity broking services		Insurance broking services		Client financing		Financial distribution, marketing support and other services		Eliminations		Consolidated total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Non Cash expenses other than depreciation														
Provision for doubtful loans and advances	1,498,700	4,285,289	290,567	–	–	163,500	–	–	423,949	1,831,373		–	2,213,216	6,280,162
Provision for doubtful debts	720,619	763,179	1,005,666	2,688,097	–	333,431	–	882,540	1,101,816	144,152		–	2,828,101	4,811,399
Bad debts written off	–	212,055	–	–	–	–	81	42	–	59,534		–	81	271,631
Loss on sale of fixed assets	918,612	1,509,864	243,440	113,139	–	–	–	–	–	–		–	1,162,053	1,623,003
Employee Stock compensation expenses	1,564,703	1,682,626	–	–	–	–	1,013,999	1,936,824	–	–		–	2,578,702	3,619,450
Provision for diminution in value of investments	–	4,982,016	–	–	–	–	–	–	–	–		–	–	4,982,016
Assets written off	–	561,629	2,359,326	–	–	–	–	–	–	–		–	2,359,326	561,629
Provision for non performing assets	–	–	–	–	–	–	–	1,040,922	–	–		–	–	1,040,922
Total	**4,702,634**	**13,996,658**	**3,899,000**	**2,801,236**	**–**	**496,931**	**1,014,080**	**3,860,328**	**1,525,765**	**2,035,060**	**–**	**–**	**11,141,479**	**23,190,213**
Additions as per FA Schedule														
Tangible	20,571,411	2,186,926	21,195	436,983	–	26,000	1,139,382	332,800	660,539	438,221				
Intangible	–	1,025,000	–	–	–	–	–	15,306,000	195,000	710,404				
Total	**20,571,411**	**3,211,926**	**21,195**	**436,983**	**–**	**26,000**	**1,139,382**	**15,638,800**	**855,539**	**1,148,625**				
Intercompany transactions														
Loan														
JRG Business Investment Consultants Limited	–		–		–		–			–		–		
Fincorp	–		–		–		–			–		–		
Securities	–		–		–		–			–		–		
Receivable-Wealth	–		–		–		–			–		–		
Recievable-BIC	–		–		–		–			–		–		
Investment														
-JRG Business Investment Consultants Limited	999,940		–		–		–			60,000,000		–		
-JRG Wealth Management Limited (Equity shares)	41,309,850		–		–		–			–		–		
-JRG Wealth Management Limited (Preference shares)	74,624,270		–		–		–			–		–		
-JRG Fincorp Limited	249,999,940		–		–		–			–		–		
Investment in Insurance	–		15,000,000		–		–			–		–		
Total	**366,934,000**		**15,000,000**	**–**	**–**	**–**	**–**	**–**		**60,000,000**				

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

28. EARNINGS PER SHARE

Particulars		Year ended 31-March-2013	Year ended 31-March-2012
Earnings			
Net loss for the year	A	(65,590,003)	(78,963,660)
Shares			
Number of shares at the beginning of the year		23,285,501	23,285,501
Add: Equity shares issued and exercised by employees under ESOP 2005 plan		–	–
Total number of shares at the end of the year		23,285,501	23,285,501
Weighted average number of equity shares outstanding during the year- basic	B	**23,285,001**	**23,285,001**
Basic earnings per share	A / B	(2.81)	(3.39)

The conversion of stock options into equity, if made, would have the effect of reducing the loss per share and would therefore be anti-dilutive. Hence, such conversion has not been considered for the purpose of calculating diluted earnings per share.

29. EMPLOYEE BENEFIT

Details of actuarial valuation of gratuity pursuant to the Accounting Standard 15 (Revised) :

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Projected benefit obligation at the beginning of the year	**4,974,656**	**5,504,350**
Service cost	1,705,755	1,563,095
Interest cost	410,409	467,870
Actuarial gain	(893,661)	(1,917,934)
Benefits paid	(204,972)	(642,725)
Projected benefit obligation at the end of the year	**5,992,187**	**4,974,656**
Change in plan assets		
Fair value of plan assets at beginning of the year	6,063,377	6,012,566
Expected return on plan assets	567,411	525,056
Actuarial (gain)/ loss	(5,867)	8,290
Contributions	335,423	129,453
Benefits paid	(204,972)	(642,725)
Fair value of plan assets at the end of the year	**6,755,372**	**6,032,640**

Reconciliation of present value of obligation on the fair value of plan assets

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Present value of projected benefit obligation at the end of the year	5,992,187	4,974,656
Funded status of the plans	6,755,372	6,032,640
Funded status amount of liability recognized in the balance sheet	**(763,185)**	**(1,057,984)**
Recognised under :		
Provisions (Long term) (refer note 6)	3,261,181	1,020,583
Provisions (Short term) (refer note 6)	78,528	31,005
Loans and advances (Long term) (refer note 11)	(4,102,894)	(2,109,572)
	(763,185)	**(1,057,984)**

The components of net gratuity costs are reflected below:

Change in projected benefit obligation	Year ended 31-March-2013	Year ended 31-March-2012
Service cost	1,705,755	1,563,095
Interest cost	410,409	467,870
Expected return on plan assets	(567,411)	(525,056)
Recognized net actuarial (gain)/ loss	(887,794)	(1,926,224)
Net gratuity costs	**660,959**	**(420,315)**

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

29. EMPLOYEE BENEFIT *(contd...)*

Financial Assumptions as at the Balance Sheet date:

Particulars	Year ended 31-March-2013	Year ended 31-March-2012
Discount rate	8.50%	8.50%
Long-term rate of compensation increase	7.50%	7.50%
Rate of return on plan assets	9.50%	9.50%
Attrition rate	5% at younger ages and reducing to 1% at older ages according to graduated scale	

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

30. INVESTMENT IN EQUITY INSTRUMENTS (QUOTED)

Name of Equity Share	Face Value 31 March 2013	Face Value 31 March 2012	Quantity 31 March 2013	Quantity 31 March 2012	As at 31 March 2013	As at 31 March 2012
Essar Ports Ltd	–	10	–	10,000	–	657,218
Triveni Turbine Ltd	–	1	–	5,000	–	212,893
Rallis India Ltd	1	–	10,000	–	487,775	–
Aditya Birla Nuvo Ltd	10	–	500	–	272,341	–
Career Point Ltd	10	–	2,502	–	514,491	–
CESC Ltd	10	–	2,000	–	569,625	–
CIPLA Ltd	10	–	1,500	–	810,500	–
Dewan Housing Finance Corporation Ltd	10	–	5,000	–	618,275	–
Dr.Reddy's Laboratories Ltd	5	–	350	–	643,500	–
Escorts Ltd	10	–	13,000	–	432,000	–
Gmr Infrastructure Ltd	1	–	20,000	–	253,650	–
Hexaware Technologies Ltd	2	–	3,000	–	4,703,400	–
ICICI Bank Ltd	10	–	4,500	–	258,600	–
Inox Leisure Ltd	10	–	4,000	–	245,148	–
Jagran Prakashan Ltd	2	–	2,636	–	428,750	–
Jubilant Life Sciences Limited	1	–	2,500	–	164,668	–
Jyothi Infraventures Ltd	10	–	6,054	–	410,000	–
Kalpataru Power Transmission Ltd	2	–	5,000	–	2,146,025	–
Punjab National Bank	10	–	3,000	–	1,154,000	–
Reliance Industries Ltd	10	–	2,700	–	2,086,830	–
South Indian Bank Ltd	1	–	20,000	–	321,600	–
Tata Elxsi Ltd	10	–	300	–	57,300	–
Tata Steel Ltd	10	–	1,000	–	312,850	–
Tata Chemicals Ltd	10	–	1,000	–	490,000	–
Tube Investments of India Ltd	2	–	10,000	–	1,648,000	–
United Bank of India	10	–	10,000	–	563,500	–
United Phosphorous Ltd	2	–	5,500	–	645,700	–
Larsen Toubro Ltd	2	–	2,600	–	3,552,120	–
Shopers Stop Ltd	5	–	1,000	–	401,250	–
Indian Hotels Co Ltd	1	–	10,000	–	535,500	–
Honda Siel Power Products Ltd	10	–	1,000	–	397,250	–
Coromandel Agro Products & Oils Ltd	10	–	1,000	–	184,950	–
Oriental Bank of Commerce	10	–	10,000	–	2,518,000	–
Sterlite Industries (India) Ltd	1	–	4,000	–	374,800	–
Federal Bank Ltd	10	–	1,000	–	480,650	–
NMDC Ltd	1	–	3,000	–	411,300	–
VST Industries Ltd	10	–	100	–	151,590	–
Cairn India Ltd	10	–	5,000	–	1,362,250	–
Bank of Baroda	10	–	2,200	–	1,485,880	–
LIC Housing Finance Ltd	2	–	1,000	–	224,900	–
City Union Bank Ltd	1	–	287	–	11,605	–
Power Finance Corporation Ltd	10	–	1,500	–	271,050	–
Dhanlaxmi Bank Limited	10	–	10,000	–	457,500	–
Maruti Suzuki India Ltd	5	–	1,000	–	1,281,200	–
Canara Bank	10	–	6,000	–	2,239,930	–
					36,580,253	**870,111**

Notes to consolidated financial statement for the year ended March 31, 2013 *(Continued)*

(All amounts are in Indian Rupees except share data or as stated)

31. FOREIGN CURRENCY FORWARD CONTRACTS

The Group does not use foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations.

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	As at 31-March-2013	As at 31-March-2012
Amount receivable in foreign currency : USD	282,484	282,484
Amount equivalent in INR	15,311,237	14,595,537

32. OPEN INTEREST IN FUTURES ENTERED AS AT THE BALANCE SHEET DATE

Sr. No.	Name of future (short position)	Series of Future	Number of Contracts	Measurement Unit	No. of units involved
1	Rubber	15-April-2013	1	Quintal	25
2	Rubber	15-May-2013	1	Quintal	6
3	Dhaniya	19-April-2013	1	Quintal	20
4	Dhaniya	20-May-2013	1	Quintal	10
5	Chilli	20-June-2013	1	Quintal	350
6	Cotton seed oil cake	19-April-2013	1	Quintal	310
7	Cotton seed oil cake	20-May-2013	1	Quintal	840

33. SECURITY MARGINS FROM CLIENTS

In order to secure the performance by the clients of their obligations, commitments and liabilities to the Group, securities/ bank guarantees are placed as margins by creation of pledge in favour of/transfer to the Company's depository account. Such securities are held by the Company in a fiduciary capacity on behalf of its clients and are not recognised in the financial statements. In case such margins are received in cash, the same are disclosed under current liabilities.

34. MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of "Micro and Small Enterprises" as defined under Micro, Small and Medium Enterprises Development Act, 2006 ("the Act"). Accordingly,based on the information received and available with the Company ,there are no amounts payable to such enterprises as at 31 March 2013.

35. JRG ESOP TRUST

As per the requirements of Securities Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 ('SEBI guidelines'), since the stock option plan is administered through a trust, the accounts of the Company are prepared as if the Company itself is administering the employee stock option plan. Pursuant to such requirement of the SEBI guidelines the equity shares issued to the JRG ESOP Trust and not exercised by the employees as on 31 March 2013 have been presented as a deduction from the share capital. The bank balance of the JRG ESOP Trust as on 31 March 2013 net of the loan granted and capital contribution to the JRG ESOP Trust by the Company has been presented as bank balance of the Company.

36. The petition filed by Mr. Regi Jacob, Mr. Giby Mathew and Mr. Jiji Antony ("Original Promoters") before the Company Law Board ('CLB'), u/s 397 & 398 of the Company's Act, 1956, has been withdrawn by the petitioners and the CLB has passed an order disposing off the petition.

37. Exceptional item represents expenses incurred in relation to the deferred rights issue of equity shares.

38. PRIOR YEAR COMPARATIVES

Prior year comparitives have been regrouped / reclassified wherever necessary to conform to the current year's classification.

As per our report attached
for B S R & Associates
Chartered Accountants
Firm registration no: 116231W

S Sethuraman
Partner
Membership No. 203491

Place: Chennai
Date: 15-May-2013

for and on behalf of Board of Directors
JRG Securities Limited

Gopichand S
Managing Director

Munish Dayal
Director

Harjit Singh Sidhu
Company Secretary and Legal head
Place: Hyderabad
Date: 15-May-2013

NOTES

JRG SECURITIES LIMITED

Regd & Corporate Office: XXXVI-202, JJ Complex, Dairy Methanam Road, Edappally, Kochi – 682017, Kerala

ATTENDANCE SLIP

Name and Address of the Member and / or Proxy

____

____

Reg. Folio No	
DP ID	
No. of Shares Held	

I hereby record my presence at the **NINETEENTH ANNUAL GENERAL MEETING** of the Company being held at **Hotel Park Central, Kaloor Kadavanthra Road, Kochi, Kerala 682017 on Friday, the 27th of September, 2013 at 10.00 A M.**

Member's / Proxy's Signature ________________________________

Please fill in the attendance slip and hand over the attendance of the meeting hall. Please bring your copy of the Annual report for reference at the meeting.

JRG SECURITIES LIMITED

Regd & Corporate Office: XXXVI-202, JJ Complex, Dairy Methanam Road, Edappally, Kochi – 682017, Kerala

PROXY FORM

Reg. Folio No	
DP ID	

No. of Shares Held	
Client ID	

I / We ____ of

____ being a member of JRG Securities Ltd. hereby appoint ________________________________ of ________________________

______ or failing him ________________________________ of ________________________ as

my / our proxy to vote for me / us on my / our behalf at the **NINETEENTH ANNUAL GENERAL MEETING** of the Company to be held at **Hotel Park Central, Kaloor Kadavanthra Road, Kochi, Kerala 682017 on Friday, the 27th of September, 2013 at 10.00 A M** and at any adjournment thereof.

Signed this ____________ day of ___________ 2013

Please Affix Re.1 Revenue Stamp

____

Signature(s) of the Shareholder(s)

Note: This form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

CORPORATE INFORMATION

Board Members

Mr. Rahul Bhasin, *Chairman*

Mr. Munish Dayal, *Director*

Mr. P. Viswanathan, *Director*

Mr. Pradeep Mallick, *Director*

Mr. B.R Menon, *Director*

Mr. Gopi Chand S, *Managing Director*

Mr. Anand Tandon, *Additional Director*

Chief Operating Officer, Company Secretary & Legal Head

Mr. Harjit Singh Sidhu

Mr. G. Guruswamy Raj, *Company Secretary & Compliance Officer, w.e.f. 06.08.2013*

Statutory Auditors

M/s B S R & Associates
KPMG House, No 10
Mahatma Gandhi Road,
Nungambakkom, Chennai- 600034

Bankers

HDFC Bank Ltd

The Federal Bank Ltd

ICICI Bank

Axis Bank

State Bank of Travancore

The South Indian Bank Ltd

Registered Office

JRG Securities Limited
XXXVI-202, JJ Complex,
Dairy Methanam Road,
Edappally, Kochi – 682024
Tele: +91 484 3006000
Fax: +91 484 2409922
E mail: jrg@inditrade.com
Website: www.inditrade.com

JRG SECURITIES LIMITED
XXXVI-202, JJ Complex, Dairy Methanam Road, Edappally, Kochi – 682024
Tel: +91 484 3006000 • Fax: +91 484 2409922
Visit us at: www.inditrade.com • email: jrg@inditrade.com