

**AUDITORS' REPORT  
TO THE MEMBERS OF  
JANALAKSHMI SOCIAL SERVICES**

1. We have audited the attached Balance Sheet of **Janalakshmi Social Services (the "Company")** as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The Companies (Auditors' Report) Order, 2003 (CARO), issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956 is not applicable to the Association as it is licensed to operate under Section 25 of the said Act.
4. We report as follows:
  - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) in our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
  - (c) the Balance Sheet, the Profit and Loss Account 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, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
  - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts 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:

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- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
  - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Registration No.008072S)



**V Balaji**  
Partner  
(Membership No.203685)

Place : BANGALORE  
Date : September 7, 2011

**JANALAKSHMI SOCIAL SERVICES**  
(Registered under Section 25 of the Companies Act, 1956)  
(A Company Limited By Guarantee)

**BALANCE SHEET**

	Schedule No.	As at 31-Mar-11 Rs.	As at 31-Mar-10 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Capital (Note B.1 of Schedule 10)		-	-
Reserves & Surplus	1	1,152,798	1,913,907
<b>Total</b>		1,152,798	1,913,907
<b>Loan Funds</b>			
Unsecured Loans	2	41,437,944	29,430,036
<b>Total</b>		42,590,742	31,343,943
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	3	225,820	-
Less: Accumulated Depreciation		40,534	-
Net Block		185,286	-
<b>Investments</b>	4	100,001	100,001
<b>Current Assets, Loans &amp; Advances</b>			
Cash and Bank Balances	5	2,037,133	410,003
Sundry Debtors		746,661	-
Loans and Advances		32,981,618	30,952,719
Other Current Assets		737,746	-
		36,503,158	31,362,722
<b>Less : Current Liabilities and Provisions</b>			
Current Liabilities	6	2,246,370	112,478
Provisions		259,645	6,302
		2,506,015	118,780
<b>Net Current Assets</b>		33,997,143	31,243,942
<b>Debit Balance in Profit and Loss Account</b>		8,308,312	-
<b>Total</b>		42,590,742	31,343,943
<b>Significant Accounting Policies and Notes to Accounts</b>	10		

The Schedules referred to above form an integral part of the Balance Sheet

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants


  
V. Balaji  
Partner

Place: Bangalore  
Date: 7 SEP 2011



For and on Behalf of the Board of Directors

  
Ramesh Ramanathan  
Chairman & Director

  
Raghunath Srinivasan  
Director

Place: Bangalore  
Date: 7 SEP 2011



**JANALAKSHMI SOCIAL SERVICES**

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**PROFIT AND LOSS ACCOUNT**

	Schedule No.	For the Year Ended 31st March 2011 Rs.	For the Year Ended 31st March 2010 Rs.
<b>INCOME:</b>			
Income from Service as Business Correspondent	7	2,860,310	-
Other Income	8	247,280	830,844
		3,107,590	830,844
<b>EXPENDITURE:</b>			
Personnel, Operational & Administrative Expenses	9	12,136,477	1,583,923
Depreciation	3	40,534	-
		12,177,011	1,583,923
<b>PROFIT/ (LOSS) BEFORE TAX</b>		(9,069,421)	(753,079)
Provision for Tax			
- Current Tax		-	80,044
<b>PROFIT/ (LOSS) AFTER TAX</b>		(9,069,421)	(833,123)
<b>BALANCE BROUGHT FORWARD</b>		761,109	1,594,232
<b>BALANCE CARRIED FORWARD TO BALANCE SHEET</b>		(8,308,312)	761,109
Significant Accounting Policies and Notes to Accounts	10		

The Schedules referred to above form an integral part of Profit and Loss Account

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants



V. Balaji  
Partner

Place: Bangalore  
Date: 7 SEP 2011



For and on Behalf of the Board of Directors



Ramesh Ramanathan  
Chairman & Director

Place: Bangalore  
Date: 7 SEP 2011



Raghunath Srinivasan  
Director



CASH FLOW STATEMENT FOR THE YEAR ENDING

	31-Mar-11 (Rs.)	31-Mar-10 (Rs.)
<b>A. Cash flow from Operating Activities</b>		
Net Profit/(Loss) before tax and extra ordinary items	(9,069,421)	(753,079)
Add: Depreciation and amortisation	40,534	-
Less: Interest received from Banks	(9,298)	(14,902)
Operating profit before working capital changes	(9,038,185)	(767,981)
Changes in working capital		
(Increase) / Decrease in Loans and Advances	(1,978,222)	(3,590,029)
(Increase) / Decrease in Sundry Debtors	(746,661)	-
(Increase) / Decrease in Other Current Assets	(737,746)	-
Increase/(Decrease) in Current Liabilities and Provisions	2,387,235	(1,929)
Net change in working capital	(1,075,394)	(3,591,958)
Cash generated from operations	(10,113,579)	(4,359,939)
Direct taxes paid	50,677	863,182
Net cash from / (used in) Operating Activities (A)	(10,164,256)	(5,223,121)
<b>B. Cash flow from Investing Activities</b>		
Purchase of fixed assets	(225,820)	-
Interest received	9,298	14,902
Net cash from / (used in) Investing Activities (B)	(216,522)	14,902
<b>C. Cash flow from Financing Activities</b>		
Proceeds (Repayment) from borrowing	12,007,908	4,049,255
Net cash from / (used in) Financing Activities (C)	12,007,908	4,049,255
<b>Net Increase/(Decrease) in cash and cash equivalents during the year (A+B+C)</b>	<b>1,627,130</b>	<b>(1,158,964)</b>
Cash and cash equivalents at the beginning of the year	410,003	1,568,968
Cash and cash equivalents transferred to Janalakshmi Financial Services P Ltd	-	-
Cash and cash equivalents at the end of the year	2,037,133	410,003
Significant Accounting Policies and Notes to Accounts - Schedule 10		

The above cash flow statement has been prepared under the indirect method set out in Accounting Standard 3 (AS3) revised "Cash Flow Statements".

In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants



V. Balaji  
Partner

Place: Bangalore  
Date: 7 SEP 2011

For and on Behalf of the Board of Directors

Ramesh Ramanathan  
Chairman & Director

Raghunath Srinivasan  
Director

Place: Bangalore  
Date: 7 SEP 2011



**JANALAKSHMI SOCIAL SERVICES**  
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**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**

	As at 31-Mar-11 Rs.	As at 31-Mar-10 Rs.
<b>Schedule 1</b>		
<b>Reserves &amp; Surplus</b>		
<b>A. Vehicle Revolving Fund - SIDBI</b>		
Taken over From Sanghamithra Rural Financial Services	312,000	312,000
<b>B. SHG Books Fund - SIDBI</b>		
Taken over From Sanghamithra Rural Financial Services	840,798	840,798
Less: Utilized during the year		-
	<b>840,798</b>	<b>840,798</b>
<b>C. Income &amp; Expenditure account</b>	-	761,109
	-	761,109
	<b>1,152,798</b>	<b>1,913,907</b>
<b>Schedule 2</b>		
<b>Unsecured Loans:</b>		
Dues to Janalakshmi Financial Services Private Limited	41,437,944	29,430,036
	<b>41,437,944</b>	<b>29,430,036</b>



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**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**

	As at 31-Mar-11 Rs.	As at 31-Mar-10 Rs.
<b>Schedule 4</b>		
<b>Investments (Long Term - Trade - Unquoted)</b>		
20,000 Equity Shares of Rs 10/- each in Janaadhar Constructions Private Limited (31.03.2010: 20,000 Equity Shares of Rs 10/- each)	100,000	100,000
249,990 Equity Shares of Rs.10/- each in Janalakshmi Financial Services Pvt Ltd. (Refer Note B. 4 of Schedule 10)	1	1
	<b>100,001</b>	<b>100,001</b>



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**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**

	As at 31-Mar-11 Rs.	As at 31-Mar-10 Rs.
<b>Schedule 5</b>		
<b>Current Assets, Loans and Advances</b>		
<b>A. Cash and Bank Balances</b>		
Cash on Hand	3,095	3,094
Balances with Scheduled Banks		
- in Current Account	2,034,038	406,909
	<b>2,037,133</b>	<b>410,003</b>
<b>B. Sundry Debtors</b>		
Unsecured		
- Over Six Months		
Considered Good	-	-
- Others		
Considered Good	746,661	-
	<b>746,661</b>	<b>-</b>
<b>C. Loans and Advances</b>		
(Unsecured, considered good unless otherwise stated)		
Inter Corporate Loans - Janaadhar Constructions Pvt Ltd	31,646,836	29,978,390
Other Advances Recoverable in cash or in kind or for value to be received	70,614	15,000
Service Tax Receivable	53,248	10,686
Advance Tax and TDS	999,320	948,643
Security Deposits	211,600	-
	<b>32,981,618</b>	<b>30,952,719</b>
<b>D. Other Current Assets:</b>		
Unbilled Revenue	702,746	-
Others	35,000	-
	<b>737,746</b>	<b>-</b>
<b>Schedule 6</b>		
<b>Current Liabilities and Provisions</b>		
<b>A. Current Liabilities</b>		
Sundry Creditors		
- Dues to Micro and Small Enterprises	-	-
- Other Dues	747,380	110,700
Statutory Liabilities	1,498,990	1,778
	<b>2,246,370</b>	<b>112,478</b>
<b>B. Provisions</b>		
Provision for Gratuity	66,280	-
Provision for Leave Salary	193,365	6,302
	<b>259,645</b>	<b>6,302</b>
<b>Total</b>	<b>2,506,015</b>	<b>118,780</b>





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**SCHEDULES ANNEXED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT**

	For the Year Ended 31st March 2011 Rs.	For the Year Ended 31st March 2010 Rs.
<b>Schedule 7</b>		
<b>Income from Service as Business Correspondent</b>		
Acquisition fees	2,160,100	-
Data Entry fees	604,828	-
Operative accounts fees	95,382	-
	<b>2,860,310</b>	<b>-</b>
<b>Schedule 8</b>		
<b>Other Income</b>		
Interest from Banks	9,298	14,902
Baddebt Recovery	6,200	815,136
Rent	163,336	806
Miscellaneous Income	68,446	-
	<b>247,280</b>	<b>830,844</b>
<b>Schedule 9</b>		
<b>Personnel, Operational &amp; Administrative Expenses</b>		
Salaries and Wages	7,353,959	156,870
Contribution to Provident fund	491,092	10,033
	<b>7,845,051</b>	<b>166,903</b>
Other Operational & Administrative Expenses:		
Development & Training expenses	87,436	-
Rent	576,400	473,166
Rates & Taxes	2,500	3,148
Electricity and water charges	16,567	12,838
Travelling and Conveyance	1,659,815	-
Printing and Stationery	125,323	-
Postage, Telephone & Courier Charges	53,318	3,537
Legal and Professional Fees	1,658,322	128,424
Office Expenses	68,270	27,799
Bad Advances written off	-	763,000
Bank Charges	26,639	5,108
Write Off	6,334	-
Miscellaneous Expenses	10,502	-
	<b>12,136,477</b>	<b>1,583,923</b>



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**SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET**

**Schedule 3**

**Fixed Assets**

Particulars	Gross Block		Depreciation/Amortisation		Net Block	
	As on 01.04.2010	As on 31.03.11	Upto 31.03.2010	As on 31.03.11	Upto 31.03.2011	As on 31.03.2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Tangible Assets:</b>						
Computers & Printers	-	99,490	-	19,538	79,952	-
<b>Intangible Assets:</b>						
Computer Software	-	126,330	-	20,996	105,334	-
<b>Total</b>	-	<b>225,820</b>	-	<b>40,534</b>	<b>185,286</b>	-

