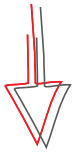




from aspirations

*to achievements*





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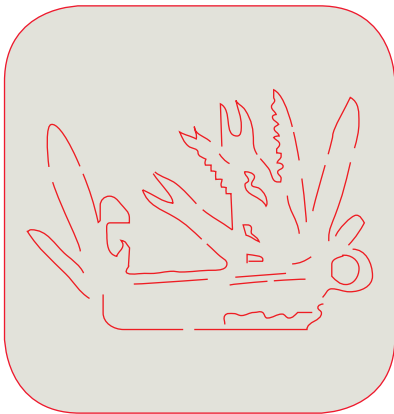
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# *From aspirations to achievements*



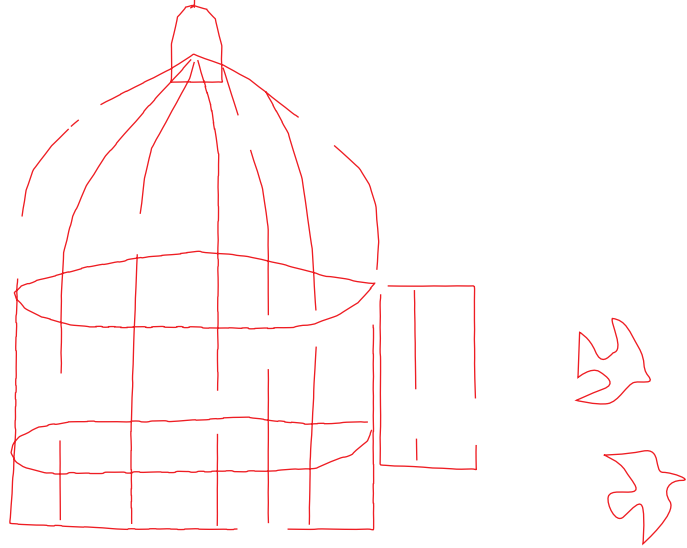
Aspirations influence income through the choice of occupation and one's success in individual endeavours. At Au Financiers, we recognise the value of the personal resources at an aspirant's disposal, for they are the preliminary determinants of success.

We assess the needs of millions and help the skilled and talented to overcome financial constraints in the way of their progress. Based on the robustness of skill sets, we support aspirations with our financial services and turn them into accomplishments.

Au Financiers' organizational goals are aligned with our customer's ambitions and their fulfilment. The innovations we introduce in our basket of products, directly reflect in healthy economic development of people as a society, subsequently, empowering them by fulfilling their needs.



# Corporate *identity*



## 16 years of unflinching growth

Au FINANCIERS (INDIA) PRIVATE LIMITED commenced operation in 1996. Popularly known as "FINANCIERS", it is a pioneer NBFC of Rajasthan, spreading its wings across India. The Company is a non deposit taking Systemically Important Non Banking Financial Company (NBFC – ND - SI) and has been classified as an "Asset Finance Company" by Reserve Bank of India.

Since inception, the Company has reported consistent growth. Today, we have positioned ourselves as a trusted and leading NBFC in India. We lend for revenue generating assets which in turn help our customers to earn livelihood and provide them adequate support in realizing their dreams of being with self-reliant.

 **1996**

Au Financiers was established. The journey began with fund management of HNIs

 **2003**

Developed strategic relationship with HDFC Bank

 **2006**

Entered Maharashtra

 **2008**

Motilal Oswal Private Equity Advisors Private Limited (MOPEAPL) took equity stake in the Company



## 2009

- ◆ Entered Gujarat
- ◆ CRISIL assigned “BBB-/Stable” rating
- ◆ Started Assignment of Loan Books



## 2010

- ◆ International Finance Corporation (IFC), commercial arm of World Bank Group, acquired equity stake in the Company. In its second round of investment in MOPEAPL acquired further equity stake in the Company
- ◆ CRISIL upgraded its rating to “BBB/Stable”



## 2011

- ◆ Attained the status of Systemically Important Asset Finance Company
- ◆ Relationship established with 20 Major Banks and financial institutions including all Top five Public and Private Sector Banks
- ◆ CARE assigned “A-” rating
- ◆ CRISIL upgraded its rating to “BBB+/Positive”
- ◆ Extended Business operations in Goa, Punjab, Madhya Pradesh and Chhattisgarh
- ◆ Successfully raised Tier II Capital
- ◆ Nominated for FT/IFC Sustainable Finance Awards, 2011
- ◆ Ever highest disbursement of more than ₹ 1100 Crore
- ◆ ₹ 1200 Crore Asset Under Management



*"Swastik", being an auspicious symbol, represents prosperity and growth, and it is reflected in FINANCIERS logo, which is backed by four F*

### *Fair*

We are fair and transparent in our dealings

### *Flexible*

We are flexible in our approach and try sincerely to match your needs and expectations

### *Fast*

We are really fast, as your priority are our priorities

### *Friends*

You have got a friend for life.

### **Vision**

To be the most preferred financial institution with nationwide presence and provide customized and speedy financial solutions to rural and emerging India with trust and confidence to guarantee customer delight.

### **Mission**

At Au Financiers, we strive to lead in providing the best and trusted financial solutions to cater to the entrepreneurial aspirations of the unreached and unbanked masses of India and be empathetic to their needs. We endeavour to create strong, consistent stakeholders value and live up to the trust and confidence reposed in us.



## Core Values

### *Entrepreneurship*

We stand by entrepreneurial aspirations. We inspire individuals to achieve their dreams.

### *Personalized touch*

In our behavior we endeavor to build relationship which transforms their life by valuing, understanding and articulating individuals needs. We simultaneously respect and value people and uphold humanness and human dignity.

### *Fairness and Equality*

We are fair and honest in thoughts and feelings. We treat all with the fairness and equality.

### *Reliability*

We honor the spirit and intent of our commitments and promises, demonstrating consistency between our actions and our words. We stand by in the hour of need to create a trusted bond for life.

### *Nurturing talent*

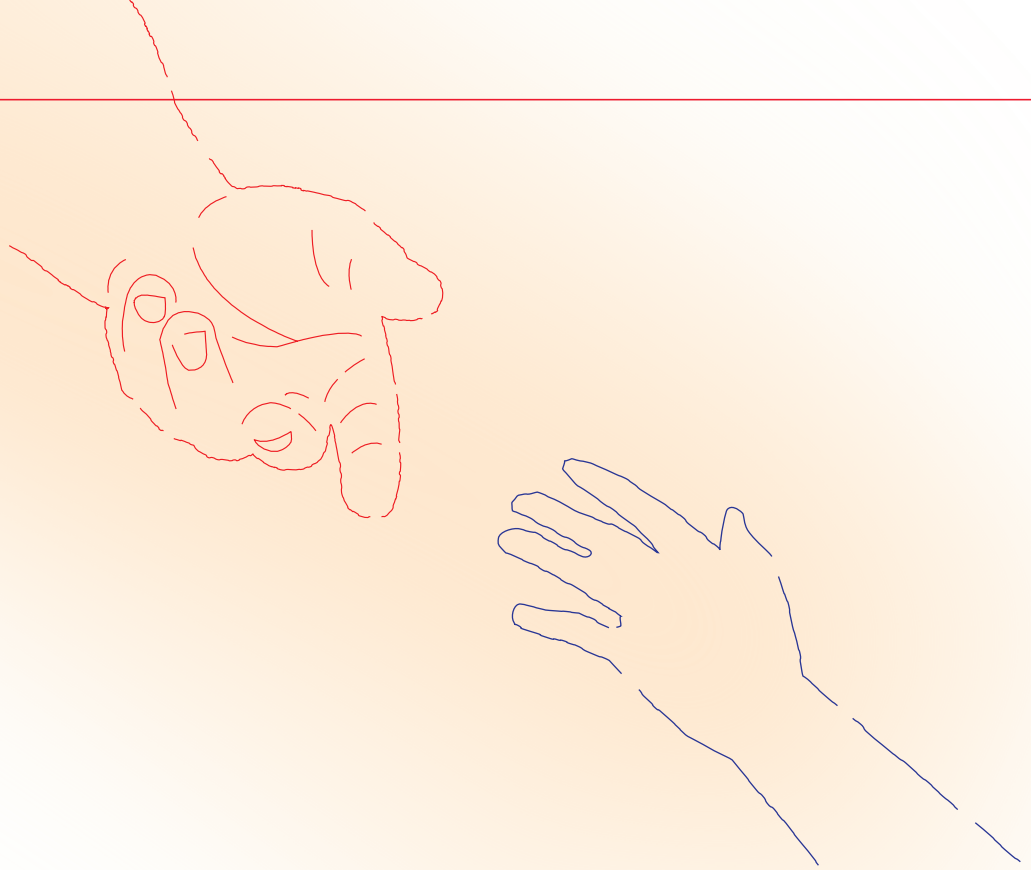
We pursue challenging and rewarding opportunities that nurture personal and professional initiative and growth of an individual.

### *Empowerment*

We empower to dream, create and experiment in pursuit of opportunities and attain leadership through teamwork.

### *Audacity*

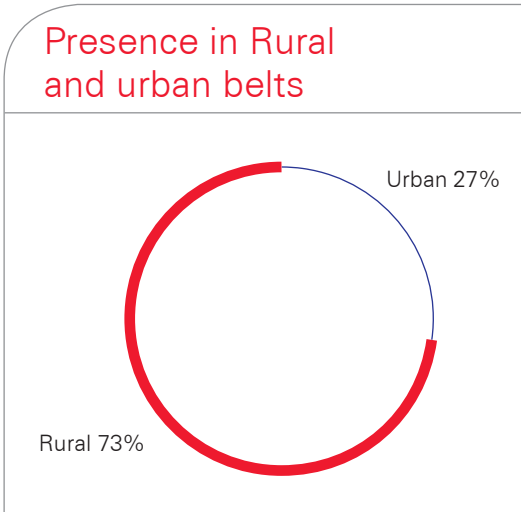
We constantly foster individuals for giving open feedback towards processes, products, services for getting improvised practices in the organization.



# *In service lies our success*

Our USP lies in our willingness to go the extra mile for customers with our Touch and Feel Policy and establish a close connect at every point right from when our customers approach us to much after, with speedy solutions. Au Financiers continues to focus on increasing transparency in its dealings, educating and creating awareness among customers through various modes of communication and enhancing their confidence. These pillars of strength have helped the Company in increasing its customer base, leveraging the penetration of cross selling various products and extending its reach to other parts of India.





## Network

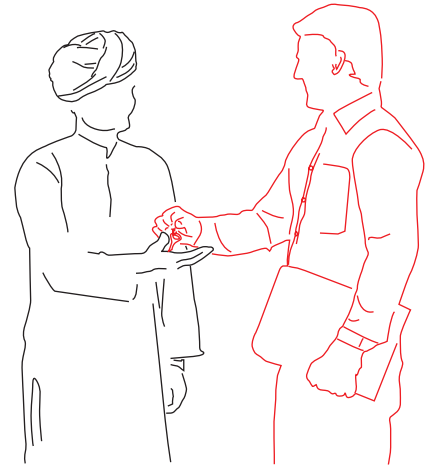
### Branches

Headquartered in Jaipur, our wide network of 113 branches is spread mainly in Rajasthan, Maharashtra, and Gujarat. With presence in almost every District of Rajasthan, we cover more than 250 Tehsils and 12,000 villages. In Maharashtra, we first forayed into Pune, and further expanded operations to 18 new locations. The Company is also spreading its operations in Gujarat and has 26 branches in key cities of Gujarat.

Considering the market potential and success of replicating our Business Model in Maharashtra and Gujarat, the Company has recently entered into the markets of Goa, Punjab, Madhya Pradesh and Chhattisgarh as well.

### Customers

Our main clients are in rural and semi urban areas, who earn their livelihood by assets financed by us. Our flexible and adaptive services to masses have resulted in a sizeable increase in our customer base - a healthy mix from rural as well as semi-urban regions.



## People

We believe that customers in our segment need more support to feel comfortable while seeking financial assistance. No one understands the needs, behaviour and customary practices of customers better than a local. At Au FINANCIERS, we recruit mostly local people from the area of our respective branches to ensure that local markets are better understood, along with conditions and needs of customers. This also enhances employee satisfaction and confidence in our Company, as they feel more comfortable and secure in local conditions.

## Our investors

Motilal Oswal Private Equity  
Advisors Private Ltd. (MOPE)



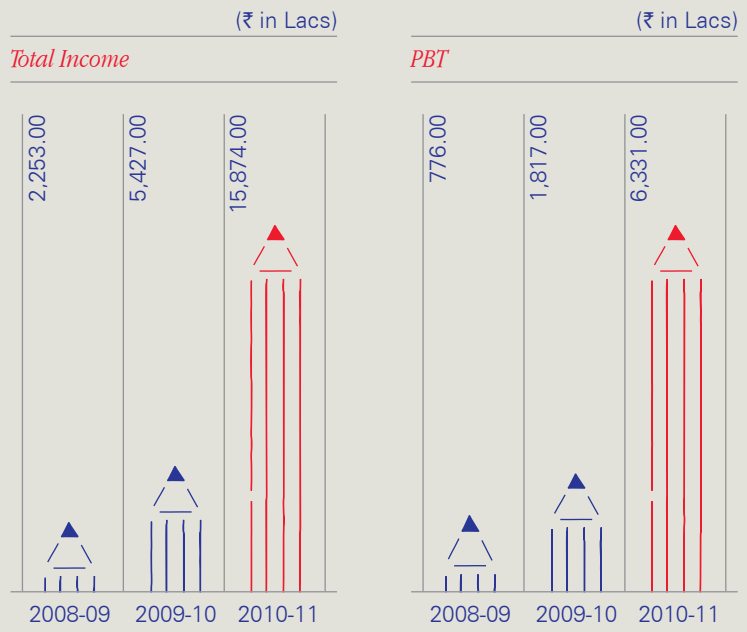
International Finance Corporation  
Financial Arm of World Bank (IFC)

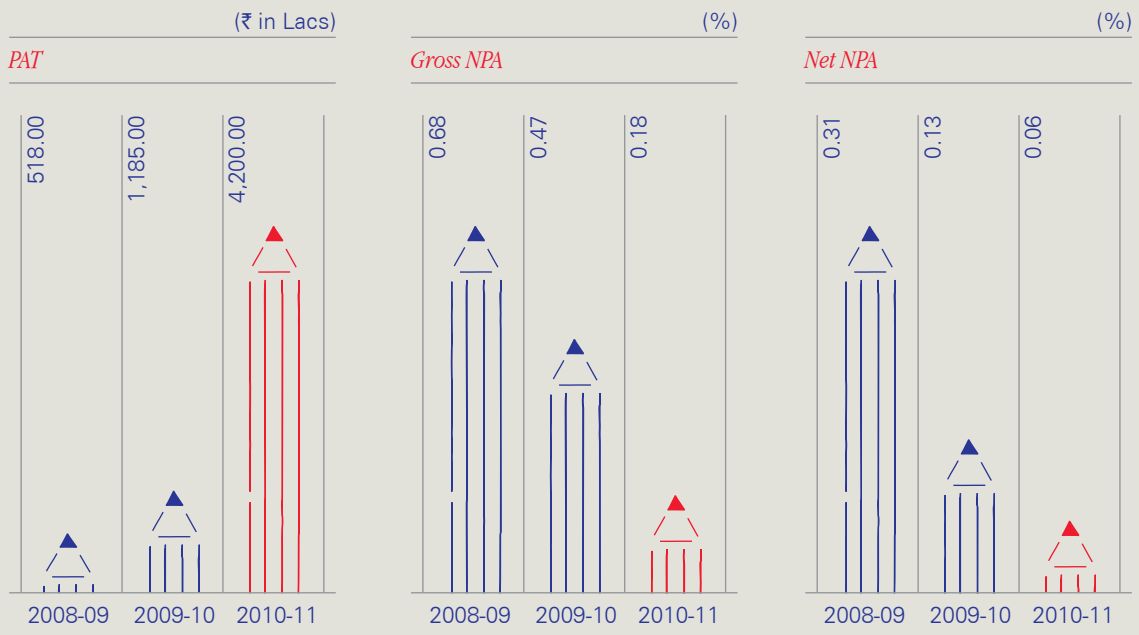
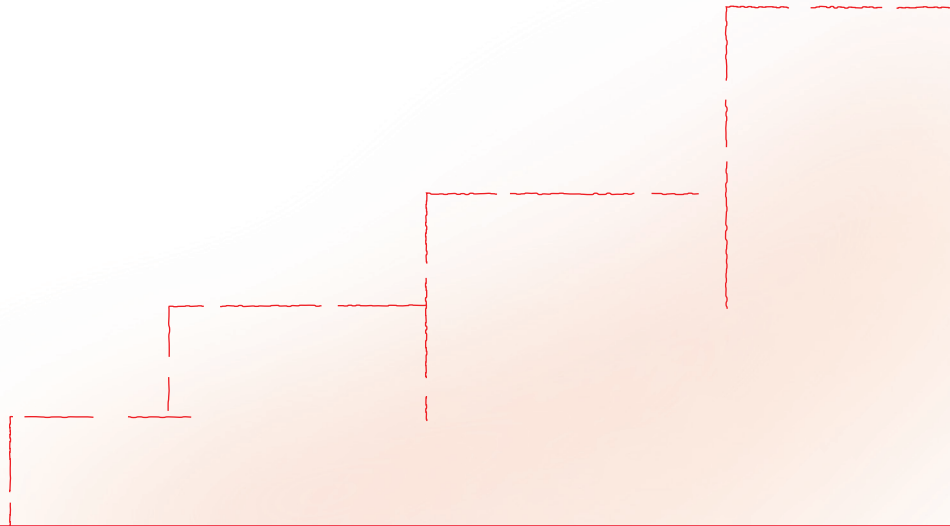


Our esteemed investors continue to extend their consistent support and guidance to the Company, for its all-round development and increased business productivity.

# 2010-11 in retrospect

## Financial highlights





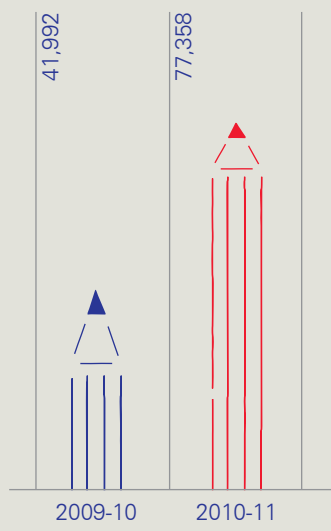
# 2010-11 *in retrospect*

## Operational highlights

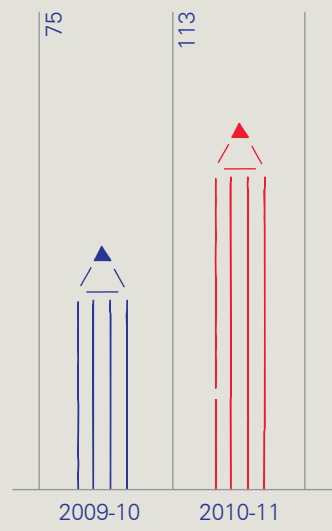




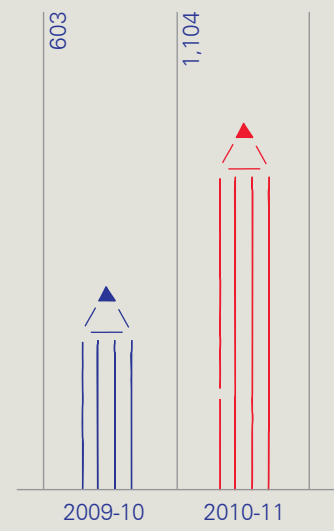
*Customer Base*



*Branch network*



*No. of Employees*



*Credit Rating*

**Rating Agency**

CARE  
CRISIL

**Rating Assigned**

"A-"  
"BBB+ /Positive"

# Managing Director's message

---

*The Disbursements and Asset Under Management of your Company, once again, touched an all-time high of ₹ 113627 Lacs and ₹ 126617 Lacs, respectively, with an excellent asset quality and collection efficiency with Gross NPA being 0.18% and Net NPA being 0.06%.*

---

*Dear Shareholders,*

It gives me an immense pleasure to welcome you to the 16th Annual General Meeting of the Company and to share with you the growth achieved by your Company during the year 2010 -2011.

#### **Year of Achievements**

For the first time we have, more than:

- ◆ ₹ 1,000 Crore disbursement
- ◆ ₹ 1,000 Crore Asset Under Management
- ◆ 1,000 head count
- ◆ 100 branches in seven states.

Following the footsteps of last year and marching ahead from strength to strength, we have been able to deliver the desired business growth and higher value creation for all the stakeholders. Your Company has grown into a vibrant organization, committed to provide excellent financial services in India. We've emerged as a lender of the first resort to numerous unreached and unbanked Indians and have customized financial products in line with their needs to ensure customer delight.

In 2010-11, on the strength of our excellent customer orientation and connect, investing in proficient manpower, extending our reach, flexible product offerings and brand creation, we witnessed tremendous growth. The Disbursements and Asset Under Management of your Company, once again, touched an all-time high of ₹ 113627 Lacs and ₹ 126617 Lacs, respectively, with an excellent asset quality and collection efficiency with Gross NPA being 0.18% and Net NPA being 0.06%. You will be further glad to know that,

despite there being a high interest-rate-regime throughout the year, there has been enhancement in efficiencies of our operations, posting a growth of 248% in Profit Before Tax of ₹ 63.31 Crore resulting into Net Profit of ₹ 42.00 Crore registering a growth of 254%.

Socially inclusive Business Model, over which the foundation of your Company is laid, has proved highly sustainable. Replicating the same to new locations, it has helped us extend our reach to other parts of India, generate more employment opportunities and act as a stimulating agent for Financial Inclusion. We are now operating in 7 states of India as compared to 3 states till 2009-10.

The sense of belongingness, the positivity and the level of energy among the entire team Financiers has been commendable throughout the year. This has been a highlight in achieving increased productivity, efficiency and desired results.

The organization's steady operations, enhanced shareholders' and Bankers' confidence and consistent support of Investors - Motilal Oswal Private Equity Advisors Private Limited and International Finance Corporation, has further catalyzed the business and opened doors for diversification of business activities. This has increased your Company's acceptance to the Bankers, Rating Agencies and the entire finance fraternity.

Relying on the strengths and historical achievements, the company has rolled out a new business vertical and has started building its SME portfolio. This had been a great experience for us, we have built a strong team, network and have really leveraged out our existing customer base. We expect that in the coming years this portfolio would be strong pillar to the Company's growth. Further, with a urge to diversify and gain the advantage of underlying cross selling opportunities we have incorporated an Insurance Broking Company. Also, considering the tremendous opportunities for rural, micro and affordable housing into the markets we operate, we have incorporated a Housing Finance Company. I believe, these new initiatives, would provide impetus to the growth of the company in the coming years.

To supplement our focus and strategies for future growth, the Company has upgraded its in-house software and ERP systems and is undertaking research and Development on day-to-day basis and looking forward to much advanced

technology absorption. This will help us integrate business operations and enhance our credibility as a professionally managed and system driven organization.

We have always put our best foot forward in transforming the lives of our borrowers, and our primary focus continues to be, building relationships and enhancing aspirations. To drive future growth, we are focusing on cross selling; maintaining asset quality; harnessing the team; speedy financial solutions and transparency in dealings.

You will be glad to know that your Company has been nominated for FT/IFC Sustainable Finance Awards, 2011 for achievement in *financing at the base of the pyramid*. Your Company is the only Indian company nominated for this award.

The NBFC industry is expected to grow 15-20% in the coming year and our business strategy is designed to capitalize this growth on our competitive strengths. However, with the continuing frequent changes in the Bank lending rates and Reserve Bank of India coming out with much more stringent norms for NBFC's, the coming 12-15 months would be a crucial period not only for us but for the entire Finance Industry. On the contrary, we strongly believe that, these new regulatory framework will create new opportunities and sustainability for our business model. We need to be patient enough to face the challenge and to balance out between growth, profitability and sustainability. The stability of the company and the brand, which it has developed over the years, will give company an edge and strength to overcome this crucial time ahead. Let me assure you that, as your Company has always performed well and registered growth, even in adverse market conditions, we shall continue to achieve new heights.

I am grateful to the Board of Directors for their unwavering support and guidance. I would also like to express my gratitude to all our Stakeholders, Bankers, Rating Agencies, Regulators and the entire Team Au Financiers, who have reposed their trust in us and given us their constant support. We promise to be better, faster and surer in whatever we do.

Yours sincerely,

Sanjay Agarwal  
Managing Director

# Products

## Vehicle Loans

The Company is primarily engaged in vehicle financing and provides loans for both new and used vehicles. This area continues to be our core focus. Segments covered include:

Heavy Commercial Vehicles (HCV)

Medium Commercial Vehicles (MCV)

Light Commercial Vehicles (LCV)

3-Wheelers

Multi-Utility Vehicles

Cars

During 2010-11, the Company disbursed ₹ 105,560 Lacs to 33,724 customers under this segment registering a growth of 160% as compared to last year. The assets under management of vehicle stands at ₹ 118,348 Lacs, with the delinquent portfolio being 0.16%, only.

*The Company is a preferred financier of Mahindra & Mahindra, Tata Motors, Maruti Suzuki, ICML - Sonalika for financing their products.*





### *MSME Loans*

The Company offers loans to micro and small manufacturers and service enterprises, small units and agriculture based SME activities. These Loans are mainly facilitating needs of the borrowers like equipment purchase, business expansion, new business start-up, technology up-gradation, working capital requirements, erection of building and sheds, etc.

As a new initiative, the Company continued to explore market potential in the segment and disbursed ₹ 8067 Lacs to 1642 SME customers. It built up a portfolio of ₹ 8269 Lacs with delinquent portfolio being 0.04% only.



# Corporate information

## *Board of Directors*

**Mr. Sanjay Agarwal**, *Managing Director*

**Mr. Uttam Tibrewal**, *Executive Director*

**Mr. Krishan Kant Rathi**, *Independent Director*

**Mr. Vishal Kumar Gupta**, *Non – Executive Director*

## *Chief Financial Officer*

Mr. Deepak Jain

## *Company Secretary and Compliance Officer*

Mr. Manmohan Parnami

## *Statutory Auditors*

M/s. G.M. Kapadia & Co.

Chartered Accountants,

1001, Raheja Chambers,

213, Nariman Point

Mumbai - 400021

## *Registered and Corporate Office*

19 – A, Dhuleshwar Garden,

Ajmer Road, Jaipur – 302001, Rajasthan,

India

# Bankers



# Board of Directors



*Mr. Sanjay Agarwal,*

Managing Director  
Chartered Accountant

The meritorious chartered accountant started Au Financiers with a vision to build a leading NBFC of the India. Leadership, trust, integrity, conviction and strong execution capabilities have been the key stepping stones in his journey over last 16 years.



*Mr. Uttam Tibrewal,*

Executive Director  
B.Com

Mr. Tibrewal has a vast experience in retail marketing and since his joining in 2003, he has been instrumental in designing marketing strategies, supervising, directing marketing team and expanding business of the Company to newer geographies. His hard work, ground level working, self-inspiring attitude to go beyond his call of duty are key drivers to his growth journey over the years.



*Mr. Krisban Kant Rathbi,*

Independent Director  
Chartered Accountant and Company Secretary

Mr. Rathbi carries with him more than two decades of rich experience in accounts, finance, Taxation, internal audit and risk management, secretarial and legal matters. He has been a mentor to the Company; He also heads the Audit Committee and Corporate Governance & Nomination Committee of the Company as its Chairman.



*Mr. Visbal Kumar Gupta,*

Non-Executive Director  
MBA Finance from USA

Mr. Gupta is presently acting as Principal in MOPEAPL and he represents IBEF and IBEF-I on the Board of the Company. He has experience of more than a decade in Finance. He holds expertise in business planning, fund raising via private equity, mergers and acquisitions, corporate governance, treasury management. Before, joining, Motilal Oswal Private Equity; he has worked with UBS Investment Bank, Moody's Investors Services and HDFC Limited.

# Management team



*Mr. Deepak Jain,*

Chief Financial Officer

Mr. Deepak Jain, a Chartered Accountant by qualification, has affluent experience of more than a decade in finance, treasury, audit and taxation. He heads finance and treasury operations of the Company.



*Mr. Indrajeet Kumar,*

Assistant Vice President-Credit

Mr. Kumar has 13 years of experience in finance. He has worked with IndusInd Bank and Ashok Leyland. He supervises overall risk and collections management of the Company and monitors development of IT infrastructure and software developments in Company.



*Mr. Manoj Tibrewal,*

Zonal Business Head

Mr. Tibrewal is a part of Au Financiers since 2009. A Company Secretary by qualification, he has rich experience of over 12 years in retail loan business. Considering his strong leadership and administrative capabilities, he has been assigned responsibilities of expanding business operations in Maharashtra and to newer geographies that includes Goa, Madhya Pradesh and Chhattisgarh.



*Mr. Susbil Kumar Agarwal,*

Business Head SME and Mortgages

Gold Medalist Chartered Accountant and Company Secretary by qualification, he was

previously National Head for credit and risk at ICICI Bank Ltd. for SME division. He is a versatile personality, adaptable and has hands on experience of more than 10 years in the field of Credit, Risk, Legal matters in collateralized lending business. He is heading small and micro business loans operations in the Company. He also heads human resource planning and development activities in the Company. The Company has immensely benefitted from his knowledge and experience in the field of fund planning and relationship development with new banks.



*Mr. Asbok Kumar Goyal,*

Business Head – New Initiatives

Chartered Accountant by qualification, he has long standing experience of 23 years with National Insurance Company. He has a positive nature, is a self inspiring personality a motivating factor for the entire team Au Financiers. His knowledge and experience in administration, customer services, insurance and claims management has fostered swift business operations of the Company.

# Corporate social responsibility

At Au Financiers, CSR is a culture, and not merely a mandate. As a company that addresses the least privileged, we endeavour to benefit the society at large through our core business capabilities.

Since inception, we have been firmly committed to address the challenges of education, poverty alleviation, and climate change. Leveraging our resources, we put our best foot forward to raise awareness and to contribute to the overall development of the society.



### Facilitating rural education

The Pratham Shiksha Charitable Trust educates backward and low income group children in Jaipur. In lending, support to the Trust, we have successfully educated more than 200 children till date.

We also understand the need for health and nutrition. We contribute to Akshaya Patra, a mid-day meal programme as an incentive to children from dropping out of school. This initiative has successfully enhanced classroom attendance.

In addition, we have also financed a number of schools to develop suitable transport and infrastructure facilities. This has in turn increased the strength of students in the schools of rural and semi urban India.

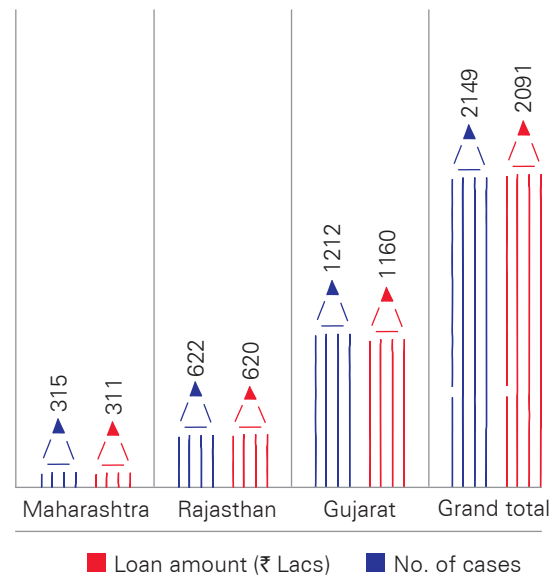
The Company also contributes to Arsha Vidhya Tirtha (AVT), a public charitable trust being set up by professional and service minded people to impart education to unprivileged children and specially the children of the remote tribal areas who do not have any access to education. AVT has set up a home for total care and growth of under privileged children of tribal areas with the main object of educating, grooming and enabling such children to become a part of the civilised society.

### Green Financing

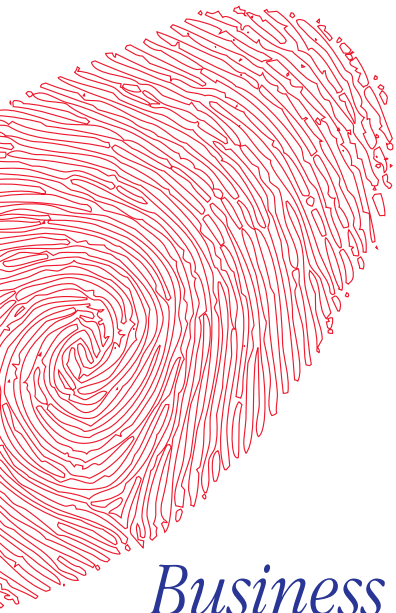
A majority of our lending is in vehicle financing. To create awareness amongst the rural and semi-urban mass, we have financed several environment friendly LPG and CNG vehicles. As part of our sustainability initiative, we have been increasingly financing vehicles with efficient technology, greater fuel efficiency, and lower emissions.

*We at Au Financiers encourage and make our customers understand the benefits of insurance to secure their assets. "Loan Suraksha / Loan Shield" insurance policy is a unique insurance scheme which acts as a social security measure for borrower and his family members. In case of death of borrower, it relieves family members of borrower from all future liabilities of the loan and also the hypothecated asset is surrendered to borrower's family which in turn provides him mental peace.*

*Till date, we have disbursed ₹ 2091 Lacs in green financing.*







# Business presence

## Rajasthan

Ajmer  
Kuchaman City  
Beawar  
Bijay nagar  
Merta  
Kishangarh  
Alwar  
Bhiwadi  
Bhilwara  
Rajsamand  
Bikaner  
Shri Ganganagar  
Churu  
Sujangarh  
Hanumangarh  
Ioonkaransar  
Sri Dungargarh  
Sardar Shahaar  
Chittorgarh  
Pratapgarh  
Jaipur  
Ringus

Chomu  
Dudu  
Jobner  
Dausa  
Renwal  
New Sanganer Road  
Chaksu  
VKI, Jaipur  
Bassi  
Transport Nagar, Jaipur  
Sri Madhopur  
Khatushyam Ji  
Jodhpur  
Pali  
Jalore  
Barmer  
Jaisalmer  
Sumerpur  
Balotra  
Pokaran  
Kota  
Jhalawar

Bundi  
Baran  
Shahpura  
Neem Ka thana  
Kotputli  
Behror  
Thoi  
Sikar  
Dantaramgarh  
Fatehpur  
Jhunjhunu  
Tonk  
Sawaimadhopur  
Kekri  
Deoli  
Udaipur  
Sirohi  
Banswara  
Dungarpur  
Abu Road  
Nagour



## Gujarat

Ahmedabad  
 Surendranagar  
 Gandhinagar  
 Himmat Nagar  
 Idar  
 Modasa  
 Mehasana  
 Patan  
 Vishnagar

Palanpur  
 Dhanera  
 Deodar  
 Tharad  
 Rajkot  
 Morbi  
 Junagadh  
 Jamnagar  
 Surat

Vapi  
 Navsari  
 Baroda  
 Godhra  
 Anand  
 Nadiad  
 Gandhidham  
 Bhuj

## Maharashtra

Pune  
 Pimpri  
 Naraingaon  
 Baramati  
 Thane  
 Satara  
 Kolahpur

Sangli  
 Solapur  
 Ahmednagar  
 Shrirampur  
 Aurangabad  
 Jalna  
 Jalgaon

Nasik  
 Nagpur  
 Nanded  
 Chandrapur  
 Borivali

## Goa

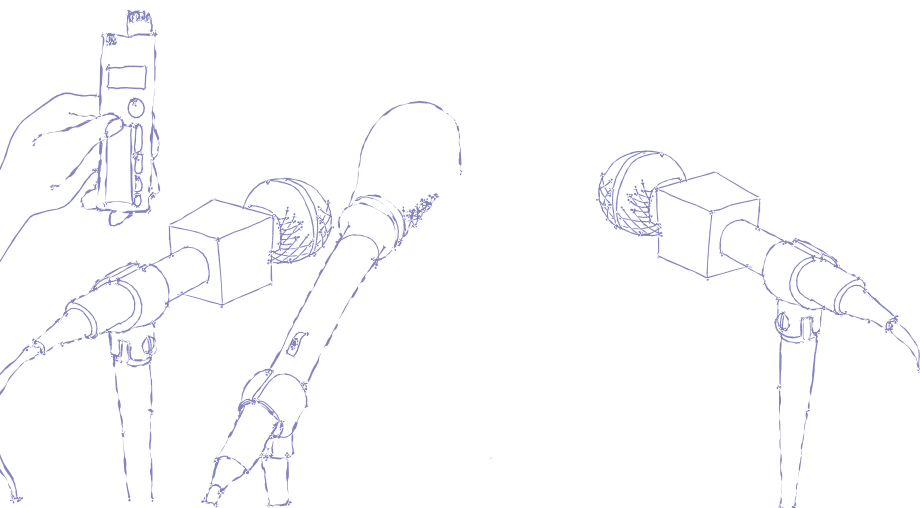
Margao

## Punjab

Abohar

## Madhya Pradesh

Neemuch



# Directors' Report

To  
The Shareholders  
**Au FINANCIERS (INDIA) PRIVATE LIMITED**

Your Directors are pleased to present the Sixteenth Annual Report of your company together with the Audited Statement of Accounts and the Auditor's Report for the financial year ended 31st March, 2011. The summarised financial results for the year ended as at 31st March, 2011 are as under:

## Financial Results

Particulars	₹ in Lacs	
	2010-11	2009-10
Total Income	15874.33	5427.00
Total Expenditure	9438.75	3564.18
Profit Before Depreciation & Tax	6435.58	1862.82
Depreciation	104.41	45.81
Prior Period Adjustments	0.00	0.40
Tax Expense:-		
Current Tax/Wealth Tax	2306.29	666.20
Deferred Tax	194.84	(46.43)
Income tax/FBT relating to earlier years	19.23	11.45
Profit after Tax	4200.49	1185.39
Transfer to Statutory Reserve	840.10	237.08
Profit brought forward	1658.87	710.56
Balance carried over to Balance Sheet	5019.25	1658.87
EPS:-		
Basic	29.82	11.73
Diluted	13.64	6.72

### Review Of Operations

During the year under review, the company achieved ever highest disbursement of ₹ 113627.55 Lacs as compared to ₹ 41448.78 Lacs in Financial Year 2009-10 with a growth of 174% over previous year. The total income posted a strong growth of 192% to reach ₹ 15874.33 Lacs while profit after tax rose by 254% to ₹ 4200.49 Lacs. The company's total assets under management (AUM) increased by 159% from ₹ 48558.25 Lacs as on 31st March 2010 to ₹ 126617.08 Lacs as on 31st March, 2011. The company continues to expand its operations and ended the year with a network of 113 branch in Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Punjab and Goa as against 75 branches at the beginning of the year in three states viz. Rajasthan, Maharashtra and Gujarat.

### Business Overview

A detailed business review is appended in the Management Discussion and Analysis Section of Annual Report.

### Sbare Capital

During the year under review:-

- A. 2,625,686 Equity Shares of ₹ 10 each were issued and allotted to IL&FS Trust Company Limited (Trustees of Business Excellence Trust – India Business Excellence Fund), at a price of ₹ 26.66/- per equity share inclusive of share premium of ₹ 16.66/- per equity share as against the optional conversion of 700,000 Compulsory Convertible Preference Shares.
- B. Mr. Sanjay Agarwal, holder of 500,000 Compulsorily Convertible Preference Shares (CCPS) of ₹ 100 each, partly paid up @ ₹ 10 each in April, 2010, brought in ₹ 450 Lacs against these partly paid up CCPS and these shares are now fully paid up as on 31st March, 2011.
- C. Company raised Tier II Capital of ₹ 3,500 Lacs from HDFC Bank Limited and ICICI Bank Limited in the

form of Unsecured Redeemable Non Convertible Debentures and Subordinate Debt.

### Dividend

Your Company is into capital intensive business and for growth of business profits need to be reinvested. Therefore, Board feels prudent to plough back the profits for the future growth of the company and do not recommend any dividend for the year ended 31st March, 2011.

### Directors

Mr. Nipin Goyal, Director of the company has resigned from the directorship of the company with effect from 27th April, 2010. The Board places on record its sincere gratitude and best appreciations for his contribution rendered in the development of Company during his tenure as member of the Board.

### Subsidiary Companies

As at 31st March, 2011, your Company has three subsidiaries:-

#### A. INDEX MONEY LIMITED

INDEX MONEY LIMITED is primarily in the business of financing and is working as a Direct Marketing Agent/ Direct Selling Agent of various Banks, Financials institutions etc. for arranging Personal loans, Auto loans, Commercial vehicle loans and home loans for its customers. The Company is also active in Capital Market activities.

#### B. Au INSURANCE BROKING SERVICES PRIVATE LIMITED

Au INSURANCE BROKING SERVICES PRIVATE LIMITED is an Insurance Broking Company. The Company has made an Application to IRDA for grant of Direct Broker License, subsequent to which, the Company shall start its operations. The objective to incorporate this company is to act as Direct Insurance Broker and to carry out the functions of providing services related to General insurance and risk management consultancy. The General insurance business is an initiative of the Company

to undertake cross sell activities by leveraging its existing set-up, branch network and customer base.

### C. Au HOUSING FINANCE PRIVATE LIMITED

Au HOUSING FINANCE PRIVATE LIMITED is a newly incorporated subsidiary of Au Financiers, with a view to provide finance for housing needs of people and focusing on affordable housing finance in rural and semi-urban areas. It has made an application to National Housing Bank for registration as a Housing Finance Company and is exploring the huge un-tapped Housing Finance market through leveraging our wide network of branches and strong customer connect.

#### *Compliances Of Rbi Guidelines*

The Company has complied with all the applicable regulations & guidelines of the Reserve Bank of India as applicable to a Non Banking Finance Company ('NBFC').

#### *Capital Adequacy Ratio*

Consequent to the increase in the net worth, your Company maintained a CAR of 28.22% as on 31st

March 2011 against a minimum 15% as per regulatory requirements specified by the Reserve Bank of India.

#### *Deposits*

During the period under review, your Company has not accepted/renewed any deposits within the meaning of Section 58A of the Companies Act, 1956, and the rules there under. As such, no amount of principal or interest is outstanding as of the balance sheet date.

#### *Conservation Of Energy And Technology Absorption*

In view of the nature of activities being carried out by the company, Rules 2A and 2B of The Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 concerning conservation of energy and technology absorption respectively are not applicable to the company.

#### *Foreign Exchange Earnings And Outgo*

During the year, the company has made payment of USD 2,326.90 to IBRD (IFC) for training workshop organised in Jaipur. Further, the company does not have any Foreign Exchange earnings.

### Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set hereunder:

The Company had the following persons employed during the year who were in receipt of remuneration of ₹ 60.00 Lacs or more:-

Sr. No	Name of Employee	Age	Designation	Gross Remuneration ₹ in Lacs	Qualification /Experience	Date of Commencement of Employment	Previous Employment
1	Mr. Sanjay Agarwal	40	Managing Director	90.00	FCA, B.Com 16 Years	Director since 22nd January, 2003. Appointed as Managing Director since 14th February, 2008	-
2	Mr. Uttam Tibrewal	40	Whole time Director	75.00	B.Com	Director Since 22nd January, 2005. Appointed as -Whole Time (Executive) Director since 14th February, 2008	-

### *Auditors*

M/s. G.M. Kapadia & Co., Chartered Accountants, the Statutory Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment. They have confirmed that their re-appointment, if made, would be in conformity with the limit of Section 224(1B) of the Companies Act, 1956. The necessary eligibility certificate prescribed under the said Section has been received from them. The Audit Committee and Board of Directors recommend their reappointment as the Statutory Auditors of the Company. The shareholders will be required to elect Auditors for the current year and fix their remuneration.

### *Auditor's Report*

The observation of the auditors in their report are self explanatory and therefore, in the opinion of the Directors, do not call for further comments.

### *Director's Responsibility Statement*

Pursuant to section 217(2AA) of the Companies Act, 1956, the Board of Directors of the company confirms that:-

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) we have selected such accounting policies and applied them consistently and made judgments and

estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the Company for that period;

- (iii) we have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) we have prepared the annual accounts on a going concern basis.

### *Corporate Governance*

In view of the company being a Private Limited Company, the code of Corporate Governance as provided under Clause 49 of the Listing Agreement would not apply to the company.

However, your company reaffirms its commitment to the good corporate governance practices and transparency. A Corporate Governance Report is annexed to Director's Report and is made part of Annual Report.

### *Acknowledgements*

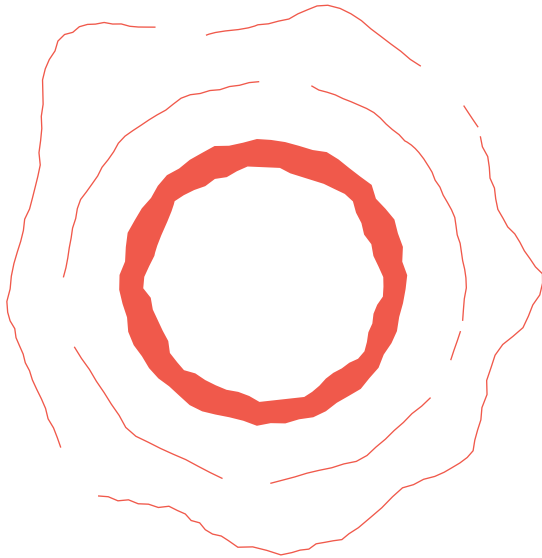
The directors wish to take this opportunity to thank Shareholders, bankers and Business associates. The Directors also wish to place on record their appreciation of the employees and Senior Management Team for their hard work, dedication and commitment.

For and on behalf of the Board of Directors

Sd/  
Sanjay Agarwal  
Managing Director

Sd/  
Uttam Tibrewal  
Executive Director

Jaipur  
21st May, 2011



# Corporate Governance Report

## *Corporate Governance Philosophy*

Your Company believes that in order to create sustainable value for its stakeholders, strong corporate governance has to form an integral part of the way we do business. The Company's corporate governance philosophy is based on the following principles:

- ◆ Satisfy the spirit of the law and not just the letter of the law
- ◆ Corporate governance standards should go beyond the law
- ◆ Be transparent and maintain a high degree of disclosure levels
- ◆ When in doubt, disclose
- ◆ Make a clear distinction between personal conveniences and corporate resources
- ◆ Communicate externally, in a truthful manner, about how the Company is run internally
- ◆ Have a simple and transparent corporate structure driven solely by business needs
- ◆ Management is the trustee of the shareholders' capital and not the owner
- ◆ Timely flow of information to the Board and its Committees to enable them to discharge their functions effectively.

### Board Meetings

Name of Director	Category of Director	No. of Board Meetings Organised During the Year	No. of Board Meetings Attended During the Year	Number of Other Directorship held (Includes Private Companies)
Mr. Sanjay Agarwal	Managing Director	14	14	4
Mr. Uttam Tibrewal	Executive Director	14	13	2
Mr. Vishal Kumar Gupta	Non - Executive Director	14	14	4
Mr. Krishan Kant Rathi	Independent Director	14	11	14

### Committees of Board & Management



### Audit Committee

Name of Member	Category	No. of Audit Committee Meetings Organised During the Year	No. of Audit Committee Meetings Attended During the Year
Mr. Krishan Kant Rathi	Chairman	5	5
Mr. Vishal Kumar Gupta	Member	5	4
Mr. Sanjay Agarwal	Member	5	4

The Audit Committee comprises of three members, viz. Mr. Sanjay Agarwal, Managing Director of the Company and Mr. Vishal Kumar Gupta & Mr. Krishan Kant Rathi, Independent Directors of the Company. Mr. Krishan Kant Rathi is the chairman of the Committee. The committee is authorised to give advice on the appointment of the external auditors, the audit fee, and any questions of resignation or dismissal of the external auditors. Thus, it plays a role of mediator between External Auditors and Board of Directors. It reviews the management of external and internal auditors and the adequacy of internal control systems.

The Audit Committee met five times during the year under review on 27th April 2010, 14th June 2010, 17th July 2010, 7th October 2010 and 4th January, 2011.

#### *Asset Liability Management Committee (ALCO)*

The Company has an ALCO Committee of the senior management executives of the company. Mr. Sanjay Agarwal, Managing Director, Mr. Deepak Jain, Chief Financial Officer, Mr. Indrajeet Kumar, AVP- Risk & Collections & Mr. Sushil Kumar Agarwal, Business Head – SME & Mortgages are the members of the ALCO Committee. The committee manages the Asset Liability Gap and strategises actions to mitigate the risk associated and report its findings to the Audit Committee and to the Board.

The ALCO Committee met four times during the year under review on 27th April 2010, 17th July 2010, 7th October 2010 and 4th January, 2011.

Name of Member	Category	No. of ALCO Committee Meetings Organised During the Year	No. of ALCO Committee Meetings Attended During the Year
Mr. Sanjay Agarwal	Chairman	4	4
Mr. Deepak Jain	Member	4	4
Mr. Indrajeet Kumar	Member	4	3
Mr. Sushil Kumar Agarwal	Member	4	3

#### *Corporate Governance and Nominations Committee*

The Corporate Governance and Nominations Committee comprises of 3 members namely Mr. Sanjay Agarwal, Managing Director, Mr. Krishan Kant Rathi, Independent Director and Mr. Vishal Kumar Gupta, Non-Executive Director of the Company. Mr. Krishan Kant Rathi is holding the place of Chairman of the Committee. The committee has implied powers of Corporate Governance Committee, Nomination Committee and the Compensation Committee. The committee is liable to provide the policy on good corporate governance and review the performance on it. The committee will identify screen and review candidates for executive director, non-executive director and independent director positions, consistent with qualifications and criteria approved by the Board. Under the working instance of Compensation Committee, it determines and decides the broad policy and framework for remuneration of top managerial personnel within the terms of the agreed policy.



The Corporate Governance and Nominations Committee met three times during the year under review on 16th August 2010, 9th November 2010 and 4th January, 2011.

Name of Member	Category	No. of Corporate Governance & Nominations Committee Meetings Organised During the Year	No. of Corporate Governance & Nominations Committee Meetings Attended During the Year
Mr. Krishan Kant Rathi	Chairman	3	3
Mr. Vishal Kumar Gupta	Member	3	3
Mr. Sanjay Agarwal	Member	3	3

*Address for Correspondence*

The Company Secretary,

**Au FINANCIERS (INDIA) PRIVATE LIMITED**

19-A, Dhuleshwar Garden, Ajmer Road,

Jaipur - 302001, Rajasthan, India

Tel : +91-141-3910000

Fax : +91-141-2361885

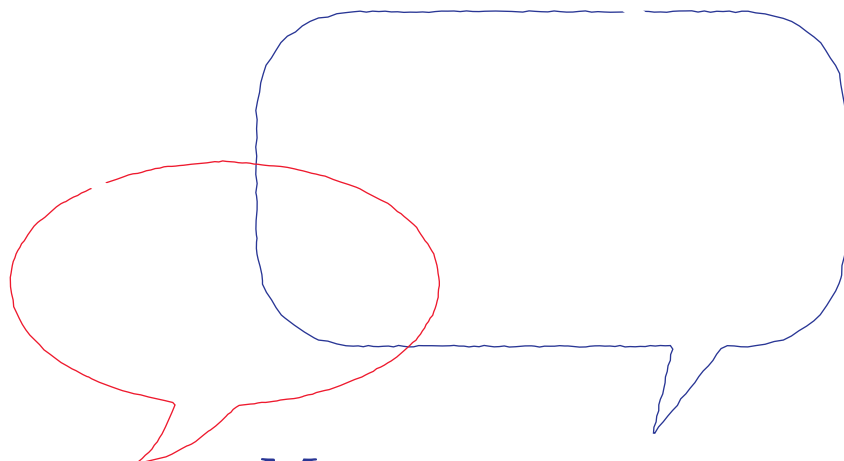
email : manmohan.parnami@aufin.in

For and on behalf of the Board of Directors

Sd/  
Sanjay Agarwal  
Managing Director

Sd/  
Uttam Tibrewal  
Executive Director

Jaipur  
21st May, 2011



# *Management Discussion and Analysis*

## *Economic Overview*

The Company's financial condition, loan portfolio and results of operations have been influenced by economic and financial conditions, increase in international commodity prices and regulatory developments in the financial sector.

During fiscal 2011, the recovery in economic activity witnessed in fiscal 2010 was sustained. Gross Domestic Product (GDP) increased by 8.5% during the fiscal 2011, compared to a growth of 8% in the fiscal 2010. Growth in the agriculture sector recovered to 5.7% during the first nine months of fiscal 2011 compared to 0.2% in the corresponding period of fiscal 2010. The services sector continued to grow at over 9.0% during the year. In view of the continued momentum in economic activity, the Central has estimated GDP to grow by 9-9.5% in Twelfth Five Year Plan starting from 2013.

Growth is expected to moderate in 2011-12 from its pace in 2010-11. First, the preliminary indication of a normal monsoon by the India Meteorological Department (IMD) during 2011 notwithstanding, agriculture growth is likely to revert to its trend growth from the higher base of last year. Second, the pace of industrial activity has been slowing mainly due to the impact of past monetary policy actions and high input prices. External demand too may slow if global recovery slackens. Based on the assumption of a normal monsoon and crude oil prices averaging USD 110 a barrel over 2011-12, the baseline projection of real GDP growth for 2011-12 is placed at around 8%.

Inflationary pressures continued to persist through fiscal 2011, with an increase in the latter part of the fiscal year due to higher than anticipated rise in food and oil prices. Inflation, measured

by the Wholesale Price Index (WPI), after declining from a high of 11.0% in April 2010 to about 8.1% in November 2010 continued to remain at elevated levels of about 8.0% for the remaining part of the fiscal year. Inflationary pressures, though largely emanating from food and fuel prices, became broad based as manufactured products inflation showed an increase from February 2011.

Against this backdrop, several factors will play a role in the inflation outlook. Keeping in view the domestic demand-supply balance and the global trends in commodity prices and the likely demand scenario, Inflation is expected to remain elevated in the first half of the year due to expected pass-through of increase in international petroleum product prices to domestic prices and continued pass-through of high input prices into manufactured products.

Reserve Bank of India (RBI) continued its policy tightening and liquidity management stance. During fiscal 2011,

the cash reserve ratio (CRR) was increased by 25 basis points from 5.75% to 6.00%, the repo rate by 175 basis points from 5.00% to 6.75%, and the reverse repo rate by 225 basis points from 3.50% to 5.75%. In its annual policy statement for fiscal 2012, RBI further increased the repo rate by 50 basis points to 7.25% and set the reverse repo rate at 1.0% below the repo rate.

In response to tight systemic liquidity and the rising interest rate environment, the impact of rising cost of funds for banks was also reflected in lending rates with banks increasing their base rates by 95-165 basis points during the year. Banking system and credit growth, which remain subdued during fiscal 2010 recovered in fiscal 2011.

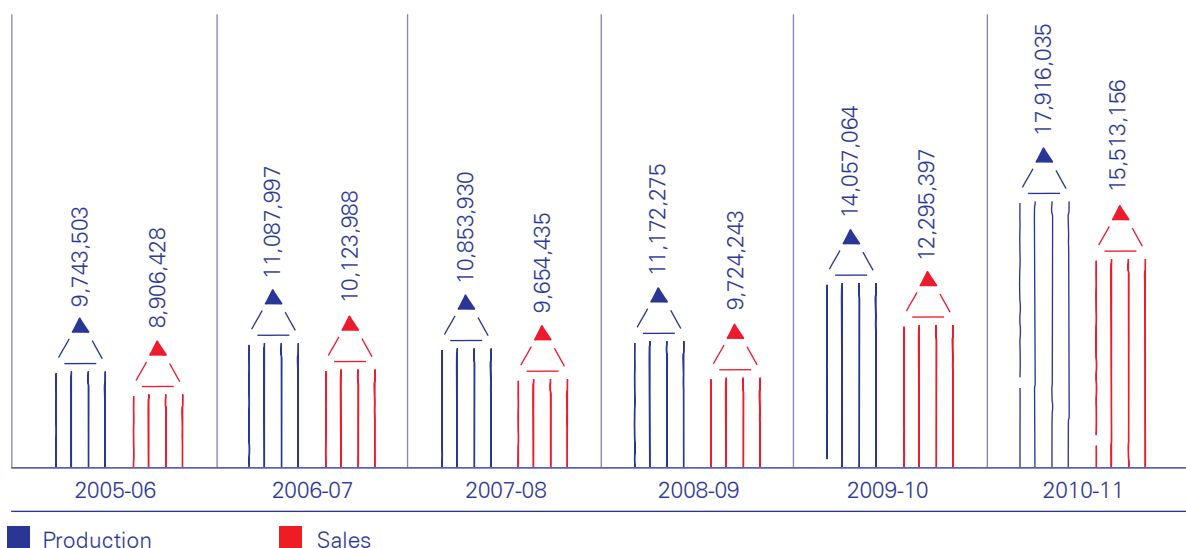
Looking at the inflation and current economic environment, there may be scenario for tight liquidity for first half of the year 2012 and will impact the cost of fund for the NBFC industry.

### Automobile Industry Overview

#### Automobile market in India

At present, India is the seventh largest vehicle-producing nation in the world, accounting for 5% of the global auto production, up from 1.4% at the beginning of year 2000. The industry as a whole is expected to grow around 15-20% annually in the coming years. The NBFC sector is expected to grow in line with the growth of the automobile sector, as it constitutes 50% of total loans in the sector.

#### Production and sales trend of Indian Automobile Industry



Source: Society of Indian Automobile Manufacturers (SIAM)

## Products/segments of the market

### ◆ Passenger Cars and utility vehicle

The Passenger Car (PC) and Utility Vehicles (UV) segments continue to grow at a steady pace, following the downturn in 2008-09, induced by the lower interest rates and reduction in car prices due to excise duty cuts. This segment grew at a 17% CAGR over the last five years up to 2010-11. Passenger car sales grew 30% and utility vehicles grew 27% over the same period. Finance penetration in PC and UV sector ranges between 65-70%, while the loan to value ranges between 72-77%. The passenger vehicle financing industry grew 29.27% during the year as against 25.60% last year.

With growing incomes, changing lifestyles, rising aspirations and favourable schemes, the passenger car market in India is expected to emerge as the world's seventh largest passenger car market by 2016. India's car and SUV sales are expected to double from 22 Lacs units in 2009 to just over 50 Lacs units in 2015 and around 10 Million units by 2020 (Source: ACMA).

### ◆ Commercial vehicles

Driven by the growth in industrial and agricultural production and increased share of roadways in freight movements, commercial vehicle sales grew 27 percent in 2010-11. Medium and heavy commercial vehicles grew faster at 32 percent while the light commercial vehicle growth remained subdued at 23 percent, largely due to improving highways making it cost-effective to use heavier vehicles. The CV finance industry grew at 27.29%. With India's industrial growth expected to remain robust and the country's freight continuing to shift from rail to road, the demand for new commercial vehicles is expected to remain attractive. The sector is further expected to grow at a CAGR of 13.9% during FY 2010-12. The large Commercial Vehicle financing market stands at a market size of ₹ 900

billion. Light commercial vehicle and medium & heavy commercial vehicle segment would grow at 18-21% & 12% respectively. Given the nature of the industry, growth of the highly financed (97-98%) CV sector will boost up the Indian NBFCs.

### ◆ Tractor industry

Tractor sales have risen by 21% in 2010-11 for April-February period, as compared to previous year, driven by the growth in agricultural sector, raising farm income, Government initiatives towards rural development, increase in the diverse non-agricultural use of such vehicles and improved financing environment. The sector registered a CAGR of 17% in three years. Besides, the tractor financing industry grew at 20.80%. Prospects of the tractor industry will further strengthen the NBFC growth, as 85-90% of tractors are purchased through financing.

### ◆ Construction equipment

Investments in infrastructure creations with respect to rapid industrialisation and urbanisation, is accelerating the demand for construction equipment. The sector grew 20% during 2010-11. The trend is expected to continue with favourable regulatory policies and increasing infrastructure allocation. The industry will sustain its growth momentum at a CAGR of 17.6% during FY 2011-14. The tractor financing industry registered a growth of 21.10% during 2010-11.

### ◆ Two-wheeler and three-wheeler industry

The Indian two-wheeler market has grown by 26.8% in FY 2010, as compared to the previous year. For the same period, scooter and passenger three-wheeler segments have advanced by 32% and 20% respectively. Moreover, growing rural economy is expected to double the number of two and three wheelers by the end of 2015, which will sequentially contribute to the NBFC sector.

(Source: ACMA)

## NBFC Industry Overview

### Overall NBFC market in India

Indian NBFCs constitute 11.2% of the assets of the total Indian financial system. There are approx. 12,600 NBFCs registered with the RBI. Out of the 11.2%, asset finance companies held the major share of almost 74.5%, which is further dominated by the commercial vehicle space. Entry of banks in the retail finance space challenged the retail financing of NBFCs considerably. However, NBFCs still finance approximately 50% in commercial vehicles and 25% in cars and utility vehicles. This sector is large and highly fragmented. In the vehicle financing space of Indian NBFCs, the top 10 companies account for almost 75% of the total market.

### Business segments being served by NBFCs

Vehicle financing is the primary business source of Indian NBFCs. Apart from that, the following segments contribute significantly:-

#### ◆ Indian consumer credit market

The consumer credit market of India has undergone rapid transformation and growth over the past few years, owing to the following factors:

- Cheaper consumer credit and easy availability of loans
- Growing middle class and number of households
- Increased consumer trends to acquire assets
- Favourable legislations to protect both the lender and borrowers
- Growth in assignments and securing in consumer credit space

As per Industry estimations, growth of the consumer credit market will induce the NBFC's consumer credit market by 50% during 2011-13.

#### ◆ Small and Medium Enterprises of India

The Small and Medium Enterprises (SME) plays a vital role in the Indian Economy by contributing 45% in industrial output, 40% in total export, and

creating nearly one million jobs every year. By 2012, the contribution of SMEs in Indian GDP is expected to touch 22%. (Source: Indian Brand Equity Foundation) The continuous growth of the SME sector provides the opportunity to Indian financial services to increase their lending to SMEs by ₹ 500 Billion. On the other hand, the common practice of funding approximately 75% of the working capital requirement of SMEs, provides further opportunity in terms of incremental SME funding. The aforementioned factors will sequentially contribute to the growth of NBFC retail finance.

#### ◆ The Indian housing finance industry

Housing finance is one of the major growth enablers of the NBFCs. According to the Eleventh Five Year Plan, India faces a shortage of 26.53 Million houses, especially in rural belts. The Government of India has taken initiatives to improve the quality of life by generating employment opportunities and increasing the rural housing fund to ₹ 3,000 Crores in the Union Budget of 2010-11, as compared to ₹ 2,000 Crores of the previous fiscal. Housing loans are expected to report a growth of 24% in the next financial year (Source: moneycontrol.com). As the NBFC sector is primarily related to rural and semi urban markets, the above factors will enhance the sector's overall growth.

### Company Overview

Incorporated in 1996, Au FINANCIERS (INDIA) PRIVATE LIMITED is one of the leading NBFCs of India, engaged in financing revenue generating activities and assets. The Company largely originates commercial vehicle loans to rural and semi-urban areas through its penetration in rural and semi-urban markets with branch offices situated in Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Goa and Punjab with an employee strength of more than 1200.

The Company witnessed massive growth of 174% in disbursement in the last fiscal 2011, of which 81% of

the amount disbursed (₹ 92,003 Lacs) was to finance commercial vehicles ranging from three-wheelers to heavy commercial vehicles. The other financing products of the Company include passenger cars, construction equipment and MSME.

The Company is presently serving 70,000 customers in rural and semi urban areas of our markets and majority of our customers are:

- (i) Small Road Transport Operators (SRTTO) who are having fleet of 2-3 vehicles
- (ii) Engaged in agriculture and allied activities like dairy, poultry, etc.
- (iii) Micro and small enterprises having small service set-ups like repair shop, village grocery shop, seed and fertilizer distribution, etc.

Bank finance for onward lending and bi-lateral assignment of Company's asset pool remains the main source of funds for the Company. In FY2010-11, the Company also extended another avenue of funding by raising Tier 2 capital.

### Operational overview

#### Origination of Loans

- ◆ Total disbursement in FY 2011 stands at ₹ 113,628 Lacs, achieving almost three fold growth from that of ₹ 41,449 Lacs in FY 2010
- ◆ Commercial vehicle, the primary revenue generator for the Company, witnessed a YoY growth of 256%

Products	(₹ in Lacs)			
	2009-10	%	2010-11	%
Commercial Vehicle	22,250	53.68%	56,978	50.14%
Multi-utility Vehicle	11,523	27.80%	28,304	24.91%
Construction Equipment	199	0.48%	845	0.74%
3-wheelers	3,332	8.04%	6,721	5.91%
Car	3,282	7.92%	12,712	11.19%
SME	863	2.08%	8,067	7.10%
Total	41,449		113,628	

- ◆ New vehicle financing and refinancing has projected YoY growth of 230% and 159% respectively in the current fiscal. The Company marginally increased its share of percentage in refinancing from 23.6% in 2009-10 to 28.4% in 2010-11.
- ◆ The average ticket size was ₹ 3.21 lacs.

#### Other Operational data

- ◆ During 2010-11, Au Financiers entered into 35,366 new contracts. The total number of customers increased by 84% from 41,992 as on 31st March 2010 to 77,358 as on 31st March 2011.

Particulars	New Cases added		
	during the year	Live No. of cases	Total Customer base
As on 31st March, 2010	15,272	28,156	41,992
As on 31st March, 2011	35,366	55,521	77,358

- ◆ Number of branches doubled from 75 in 2010 to 113 in 2011

<b>States</b>	<b>As on 31st March, 2011</b>	<b>As on 31st March, 2010</b>
Rajasthan	65	49
Gujarat	26	10
Maharashtra	19	16
Goa	1	0
Punjab	1	0
Madhya Pradesh	1	0
<b>Total</b>	<b>113</b>	<b>75</b>

#### Credit relationships

- ◆ Credit Rating: The Company enjoys A- rating for the long-term debt from CARE and BBB+/Positive from CRISIL. During the year under review, CRISIL changed its outlook to 'Positive' from 'Stable'.
- ◆ The Company also has PR1 rating from CARE for commercial papers. The Company has its subordinated debts rated BBB+/Positive
- ◆ Further in the current fiscal, it has expanded its relationship with Banks, and today, it has tie ups with 20 Scheduled Commercial Banks of India.

#### New Initiatives

- ◆ The Company expanded its business to Housing Finance through its subsidiary, Au HOUSING FINANCE PRIVATE LIMITED, as the sector holds huge potential, primarily for Government's focus on housing development of rural and semi-urban belt. The Company has made an application to National Housing Bank for registration as a Housing Finance Company.
- ◆ During the period under review, the Company floated a new subsidiary Au INSURANCE BROKING SERVICES PRIVATE LIMITED, an Insurance Broking Company. It has made an application to IRDA for

grant of Direct Broker License. The objective to incorporate this Company is to be active as Direct Insurance Broker and to carry out the functions of providing services related to insurance consultancy and risk management as a cross sell opportunity by leveraging existing branch network and customer database.

- ◆ Expansion of geographical reach- The Company further expanded its reach and started operations in the Punjab, Goa, Madhya Pradesh and Chhattisgarh. This will further provide impetus to the growth of the Company.
- ◆ New Product: With respect to the product line, the Company entered into the new segment of Finance to MSME's. Started in 2009 as a pilot project to meet the allied financial requirements of Company's existing customers, it has become one of the focus area of the Company. With the vintage of deep penetration, local know-how, technology and understanding of local customers the Company is well equipped to address the challenges and bridge-up the gap between the Micro-finance institutions (financing needs of upto ₹ 50,000) and organised bankers (financing needs of ₹ 10 Lacs and above). The Company has identified a huge potential in this region of micro and small manufacturers and service providers. During the fiscal 2011, the Company made a 10-fold growth in this product category making disbursement of ₹ 8067 Lacs, up from ₹ 863 Lacs in previous fiscal.
- ◆ New Tie-up's: The Company is preferred financier for Maruti Suzuki Ltd. and Tata Motors Ltd. products.
- ◆ Dematerialisation of Shares: - The Company got its shares in demat form from physical form for the ease of the shareholders.

### Financial overview

The financials have been prepared in compliance with the requirements of the companies act, 1956 and generally accepted accounting principles in India. The brief highlights of the financials are as below:-

Particulars	₹ in Lacs	
	2010-11	2009-10
Disbursements	113,628	41,449
Total Income	15,874	5,427
Total Expenditure	9,543	3,610
Profit before Tax	6,331	1,817
Profit after Tax	4,200	1,185
EPS:- (in ₹)		
Basic	29.82	11.73
Diluted	13.64	6.72
Networth	15,927	11,471
Tier 2 Capital	3,500	0.00
Loan Funds	32,846	10,806
-Term Loan	16,955	6,337
-Cash Credit	15,891	4,469
AUM	126,617	48,558
Gross NPA (%)	0.18%	0.47%
Net NPA (%)	0.06%	0.13%
PBT/Total Income	39.88%	33.47%
PAT/Total Income	26.46%	21.84%
Debt/Equity Ratio	2.28	0.94

### Financial analysis

- ◆ Total income of the Company projected a robust growth of 192.51%, from ₹ 5,427 Lacs in 2010 to ₹ 15,874 Lacs in 2011. The growth can be attributed to an increase in disbursements and build up of on book assets.
- ◆ Operational cost increased by 163%, due to the increased number of branches and manpower, however, it is just 7.5% of the AUM of the Company in current fiscal.
- ◆ Provision for Taxation increased by 237% in line with increased revenues.
- ◆ Improved operational efficiency and loan assets resulted in impressive PBT and PAT growth by 248.52% and 254.36% respectively. PBT grew from ₹ 1,817 Lacs to ₹ 6,331 Lacs and PAT grew from ₹ 1,185 Lacs to ₹ 42.00 Lacs in the current year.
- ◆ In Fiscal year 2011, Tier 1 Capital Adequacy Ratio stands at 23%, while the Tier 2 Capital Adequacy Ratio stands at 5.22%
- ◆ The gross NPA and net NPA decreased to 0.18% and 0.06% respectively as against 0.47% and 0.13% respectively last year.
- ◆ ₹ 3500 Lacs of tier II capital received in form of subordinate debt from HDFC and ICICI Bank.



### *Opportunities and key challenges*

#### **Opportunities**

- ◆ Market capitalisation of the NBFCs has grown at a CAGR of 24% over the past five year. The improved asset quality further stimulates an all inclusive growth of the Indian NBFCs.
- ◆ Favourable socio-economic growth is expected to create a ₹ 4 Trillion market for the Indian NBFCs by the end of March, 2013.
- ◆ Government of India has already allowed a 100% foreign direct investment in the sector.
- ◆ The sector has witnessed a healthy growth in active equity investor sentiment, with a capital inflow of ₹ 175 Billion over the past three years.

#### **Challenges**

- ◆ Changes in RBI guidelines pertaining to NBFC may constrain the resource profile.
- ◆ Adequate debt funding at competitive cost is another major concern. To continue the growth pace, NBFCs will require approximately ₹ 910 Billion in next two years. The bulk increase in fund requirements may restrict the banks to fund the sector. Alternate resources in the market thus increase the cost of borrowing.
- ◆ Growing competition, especially from the new entrants and product portfolio expansion of private sector banks equally post challenges to the sector.

### *Risk management*

Risk is an integral part of the NBFC business and we aim at delivering superior shareholder value by achieving an appropriate trade-off between risk and returns. Our risk management strategy is based on a clear understanding of various risks, disciplined risk assessment, measurement procedures and continuous monitoring. The key principles underlying our risk management framework are as follows:

- ◆ Management reviews the key risk indicators

covering areas such as credit risk, interest rate risk, liquidity risk

- ◆ The business activities are undertaken within this policy framework.

The key risks and their mitigation are mentioned hereunder:-

#### **Credit Risk**

Credit risk is the risk that a borrower is unable to meet its financial obligations to the lender. All credit risk related aspects are governed by a credit and recovery policy which outlines the type of products that can be offered, customer categories, targeted customer profile and the credit approval process and limits. The credit and recovery policy is approved by our Board of Directors.

Our credit officers evaluate retail credit proposals on the basis of the product policy approved and the risk assessment criteria defined. These criteria vary across product segments but typically include factors like the borrower's income, the loan-to-value ratio and demographic parameters. We have established several levels of credit approval authorities.

In making our credit decisions, we also draw upon reports from credit information bureaus. The Operations Group monitor operational adherence to regulations, policies and internal approvals. We have centralised operations to manage operational risk.

#### **Market Risk**

Market risk is the possibility of loss arising from changes in the value of a financial instrument as a result of changes in market variables such as interest rates, exchange rates and other asset prices. The prime source of market risk for the Company is the interest rate risk. In addition to interest rate risk, we are exposed to other elements of market risk such as liquidity or funding risk, and credit spread risk. These risks are controlled through process defined in our Investment Policy, ALM Policy.

The Asset Liability Management Committee meets on a regular basis and reviews the positions, monitors

interest rate and liquidity gap positions, formulates views on interest rates, sets benchmark lending rates and determines the asset liability management strategy in light of the current and expected business environment. The committee recommends changes in risk policies and controls and the processes and methodologies for quantifying and assessing market risks.

### **Operational Risk**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal risk but excludes strategic and reputation risks. Operational risks in the Company are managed through a comprehensive system of internal controls, systems and procedures to monitor transactions, key back-up procedures and undertaking regular contingency planning. The control framework is designed based on categorisation of all functions. Detailed standard operating procedures for operational risk management processes are established. The policy is applicable across the Company aims to ensure clear accountability, responsibility and mitigation of operational risk.

### *Business Outlook*

Optimum utilisation of manpower and infrastructure is expected to contribute to the disbursement growth considerably. In the current economic scenario, the Company will aim at sustaining the present NIM by targeting the higher yield products. Further, to capitalise on the improving rural and semi-urban economy and de-risking of the portfolio, the Company is expanding its presence strategically by entering into new states.

With the stable rating of the Company, it is focusing on new market instruments and Strategic relationship with banks and private equity investors to provide structured finance, which reduces the cost of funds. The Company aims at the overall value creation for the shareholders.

Besides, the Company through its subsidiaries, intends to expand its offerings to insurance and housing finance to leverage the cross selling opportunity.

### *Internal control system*

A sound internal control system is a constant need of NBFC companies due to their intrinsic business nature. Well defined policy guidelines and authority matrix ensures the compliance with regulatory norms and efficiency of operations. The Company has a unique and extensive process of internal auditing, which ensures the reliability of financial, credit and other records. The in-house team of auditors monitors the adequacy of internal control procedures and is constantly under review of the Audit Committee of the Board. Policies are corrected on the basis of inputs from the auditors. Further, audit of every file sourced by the Company is carried out by an independent professional agency, which ensures completion of all the KYC/Loan documents, compliance with the Company's loan policies and reconciliation with system records.

On the other hand, the annual budget is prepared on a quarterly basis, after close review of the monetary requirements of all branches. Progress is monitored against targets and control is exercised on all major expenses to keep the spending in accordance with budgets. Continuous enhancement of the internal control

system further ensures credibility of the organisation.

#### *Information technology and systems*

The Company's constant drive for growth leads to the strengthening of its information technology too. All the branches of the Company are connected by an online integrated tailor-made software, 'All the information related to disbursement and EMI payments is fed online. It also has a well-developed MIS and accounting system and database to manage the information related to potential and existing borrowers.

#### Materials development in human resource

The Company values its workforce for continuous growth and believes its human capital maintained the growth trajectory. For better customer service and understanding the need of the customers, a considerable portion of the manpower is recruited from the rural and semi urban areas. Employees are trained regularly for knowledge upgrades, which consequently contribute to employee growth as well to the growth of the organisation. A well-drawn recruitment policy, clearly defined roles and responsibilities, individual performance management systems, and performance-based compensation policies facilitate the employee progress and encourage innovative thinking.

#### *Cautionary statement*

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important

factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in Government regulations, tax laws and other factors such as litigation and industrial relations.

# Auditors' Report

## To The Members of AU Financiers (India) Private Limited

1. We have audited the attached Balance Sheet of AU Financiers (India) Private Limited (the Company) as at 31st March 2011, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, 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 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. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the Order') issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ("the Act"), and based on the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) 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;
  - (ii) In our opinion, proper books of account as required by law have been maintained by the Company, so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable;
  - (v) On the basis of written representations received from the directors, as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Act; and
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the significant accounting policies and notes thereon 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 31st March 2011;
    - b) in the case of the Profit and Loss Account, of the profit 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.

**For G.M. Kapadia & Co.**

*Chartered Accountants*  
Firm Registration No. 104767W

**S/d**  
**(Pramod Patni)**

*Partner*

Place : Jaipur  
Date : 21st May 2011

Membership No. 70777

## Annexure I

to the Auditors' Report Referred to in Paragraph 3 of our Report of Even Date

1. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has a phased programme of physical verification of fixed assets, which in our opinion, is reasonable having regard to the size of the Company and nature of fixed assets. In accordance with the programme, the fixed assets have been physically verified by the management during the year. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
  - c) The Company has not disposed of substantial part of fixed assets during the year .
2. The Company being a Non Banking Finance Company, is not having any inventories during the year. Accordingly, the sub clauses of Clause no. (ii) of the Paragraph 4 of the Order are not applicable to the Company.
3. To the best of our knowledge and belief and according to the information and explanations provided to us, the Company has neither granted nor has taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under section 301 of the Act. The other sub clauses of Clause No. (iii) of Paragraph 4 of the Order are thus not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company is having adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control systems in respect of these areas.
5. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered in the register maintained under that section have been so entered.
  - b) In our opinion, according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Act, prima facie have been made at prices which are reasonable having regard to the nature of the service and the prevailing market prices at the relevant time.
6. According to the information and explanations given to us, the Company has not accepted any deposits from the public as defined under the provisions of Section 58A or Section 58AA or any other relevant provisions of the Act, and the rules framed there under with regard to public deposits. The Company has complied with the applicable directives issued by Reserve Bank of India to the extent applicable. Therefore, the provisions of clause (vi) of paragraph 4 of the said order are not applicable to the Company.
7. The Company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
8. The Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Act.
9. a) According to the records of the Company and the information and explanations given to us, undisputed statutory dues including provident fund, employees' state insurance, income tax, wealth tax, service tax, sales tax, value added tax, customs duty and excise duty , where applicable has been regularly deposited during the year with the appropriate authorities.
  - b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, custom duty , excise duty and cess which were outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable.

10. The Company does not have any accumulated losses at the end of the financial year nor it has incurred any cash losses during the current and/or in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks or in case of debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit funds/societies are not applicable to the Company.
14. Based on our examination of records and the information and explanations given to us, the Company does not deal/trade in shares, securities, debentures and other investments.
15. The Company has given a corporate guarantee to a nationalised bank against a loan sanctioned by the bank in favour of a trade party (non banking finance company). In our opinion and according to information and explanations given to us, the terms and condition of such guarantee is not prejudicial to the interest of the Company. Besides the above, the Company has not given any other guarantee for loans taken by others from banks and financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company, prima facie, were applied by the Company during the year for the purposes for which the loans were obtained.
17. According to the cash flow statement and other records examined by us and the information and explanations given to us, on an overall examination of the books of accounts and other financial statements of the Company, funds raised on short term basis, prima facie, have not been used during the year for long term investment.
18. The Company has allotted 2,625,686 Equity Shares of ₹ 10 each at premium of ₹ 16.66 each, to parties listed in the Register maintained under section 301 of the Act, on partial exercise of the "Option" of conversion of 700,000 Compulsorily Convertible Preference Shares of ₹ 100 each/-.  
  
The allotment of shares has been made in accordance with the share subscription agreement between the Company, the promoters and the investors and has been made at price determined in accordance with the underlying agreement between the parties. In our opinion, the price of issue of above shares is not prejudicial to the interest of the Company.
19. During the year, the Company has issued 200 Unsecured Redeemable Debentures of ₹ 1,000,000/- each in the nature of Sub-ordinate Debt (Tier -2 capital). According to the information and explanations given to us, the Company has not created any charge or security in respect of these unsecured debentures.
20. The Company has not raised money by public issues during the year.
21. To the best of our knowledge and according to the information and explanations given to us during the year, no fraud on or by the Company was noticed or reported during the course of our audit.

**For G.M. Kapadia & Co.**

*Chartered Accountants*

Firm Registration No. 104767W

**S/d**

**(Pranod Patni)**

*Partner*

Place : Jaipur

Date : 21st May 2011

Membership No. 70777

**To,**  
**The Directors,**  
**AU Financiers (India) Private Limited**  
**Jaipur**

The statement as required by the Non – Banking Financial Companies Auditor’s Report (Reserve Bank) Directions, 2008 are as mentioned below.

- 3.A.I. The Company is engaged in the business of Non-Banking Financial Institution and it has obtained Certificate of Registration from Reserve Bank of India.
- 3.A.II. The Company is entitled to continue to hold Certificate of Registration as issued by the Reserve Bank of India in terms of recognition of its assets/income pattern as on 31st March, 2011, in accordance with Paragraph 15 of Non Banking Financial (Non – Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- 3.A.III. Based on the collective criteria of prescribed percentage of total assets and total income set forth by the Reserve Bank of India in Company Circular No. DNBS.PD.CC No. 85/03.02.089/2006-07 dt. 06.12.06 for classification of business carried on by the NBFC company during the financial year, we convey that the Company is eligible to be classified as an Asset Finance Company.
- 3.B. The Paragraph 3.B. of Directions is not applicable to the Company.
- 3.C.i. The Board of Directors have passed resolution for non acceptance of any public deposits.

- 3.C.ii. The Company has not accepted any deposits during the financial year ended on 31st March, 2011.
- 3.C.iii. The Company has complied with the Prudential norms relating to Income recognition, Accounting Standards, Asset Classification and Provisioning of Bad and Doubtful Debts as applicable to it in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- 3.C.iv. The Company is a Systemically Important Non-Deposit taking Non Banking Finance Company as defined in Paragraph 2(1)(xix) of the Non Banking Financial (Non – Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 with effect from financial year 2009-10.
  - a. The Capital Adequacy ratio to be disclosed in the return for the year ended 31st March, 2011 to be submitted to the Bank in form NBS-7 has been correctly arrived at and is in compliance with the minimum CRAR prescribed by the bank.
  - b. The Company is in the process of furnishing to the RBI, the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) for the year ended 31st March, 2011 within the stipulated time.

**For G.M. Kapadia & Co.**  
*Chartered Accountants*  
 Firm Registration No. 104767W

**S/d**  
**(Pramod Patni)**

Place : Jaipur  
 Date : 21st May 2011

*Partner*  
 Membership No. 70777

# Balance Sheet

as at 31<sup>st</sup> March, 2011

	Schedule No.	As at 31 <sup>st</sup> March, 2011	(₹ in Lacs) As at 31 <sup>st</sup> March, 2010
<i>Sources of Funds</i>			
<b>Share Holders Funds</b>			
Share Capital	1	8,955.85	8,943.28
Reserves & Surplus	2	7,250.15	2,612.23
<b>Loan Funds</b>			
Secured Loans	3	32,845.58	10,806.21
Unsecured Loans	4	3,500.00	-
<b>TOTAL</b>		<b>52,551.58</b>	<b>22,361.72</b>
<i>Application of Funds</i>			
<b>Fixed Assets</b>			
Gross Block	5	1,343.68	764.46
Less : Depreciation		212.33	112.04
Net Block		<b>1,131.35</b>	<b>652.42</b>
Investments	6	611.00	342.37
Deferred tax Assets		279.13	84.29
<b>Current Assets, Loans And Advances</b>			
Sundry Debtors	7	143.62	137.80
Cash & Bank Balances		13,400.67	7,046.45
Loans & Advances		43,726.12	16,264.04
		<b>57,270.42</b>	<b>23,448.29</b>
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	8	5,626.64	1,825.98
Provisions/Appropriations		1,113.68	339.67
		6,740.32	2,165.65
<b>Net current Assets</b>		<b>50,530.10</b>	<b>21,282.64</b>
<b>TOTAL</b>		<b>52,551.58</b>	<b>22,361.72</b>
<b>Accounting Policies and Notes on Accounts</b>	13		

As Per Our Separate Audit Report of even date attached

For **G.M. Kapadia & Co**  
Chartered AccountantsFor **AU Financiers (India) Pvt. Ltd.**S/d  
**Pramod Patni**  
(Partner)S/d  
**Sanjay Agarwal**  
(Managing Director)S/d  
**Uttam Tibrewal**  
(Executive Director)S/d  
**Deepak Jain**  
(Chief Financial Officer)

Place: Jaipur

Date: 21st May, 2011



## Profit & Loss Account

for the year ended 31<sup>st</sup> March, 2011

	Schedule No.	Year Ended 31 <sup>st</sup> March, 2011	(₹ in Lacs) Year Ended 31 <sup>st</sup> March, 2010
<b>Income</b>			
Operating and Other Income		15,874.33	5,427.00
		<b>15,874.33</b>	<b>5,427.00</b>
<b>Expenditure</b>			
Employees Remuneration & Benefits	9	1,834.16	803.18
Operative & Other Expenses	10	2,086.31	1,271.80
Interest & Other Financing Cost	11	4,845.81	1,248.53
Provisions and Written off	12	672.48	240.67
		<b>9,438.75</b>	<b>3,564.18</b>
<b>Profit Before Depreciation</b>		<b>6,435.58</b>	<b>1,862.82</b>
Depreciation		104.41	45.81
<b>Profit After Depreciation and Extra-Ordinary Items</b>		<b>6,331.17</b>	<b>1,817.01</b>
Prior Period Adjustments		-	0.40
<b>Profit Before Tax</b>		<b>6,331.17</b>	<b>1,816.61</b>
<b>Provision for Taxation</b>			
Current Tax/Wealth Tax		2,306.29	666.20
Deferred Tax		(194.84)	(46.43)
Income tax/FBT relating to earlier years		19.23	11.45
<b>Profit After Tax</b>		<b>4,200.49</b>	<b>1,185.39</b>
Transfer to Statutory Reserve		840.10	237.08
Balance Brought forward from Previous year		1,658.87	710.56
Balance carried to Balance Sheet		5,019.25	1,658.87
<b>Earnings Per Share</b>			
Basic		29.82	11.73
Diluted		13.64	6.72
<b>Accounting Policies and Notes on Accounts</b>	13		

As Per Our Separate Audit Report of even date attached

For **G.M. Kapadia & Co**  
Chartered Accountants

For **AU Financiers (India) Pvt. Ltd.**

S/d  
**Pramod Patni**  
(Partner)

S/d  
**Sanjay Agarwal**  
(Managing Director)

S/d  
**Uttam Tibrewal**  
(Executive Director)

S/d  
**Deepak Jain**  
(Chief Financial Officer)

Place: Jaipur  
Date: 21st May, 2011

## Cash Flow Statement

for the year ended 31<sup>st</sup> March, 2011

	Year Ended 31 <sup>st</sup> March, 2011	(₹ in Lacs) Year Ended 31 <sup>st</sup> March, 2010
<i>1 Cash Flow From Operating Activities:</i>		
<b>Net Profit Before tax as per P&amp;L Account</b>	<b>6,331.17</b>	<b>1,816.61</b>
Add/(Less) :		-
Depreciation and Amortisation	104.41	45.81
Loss/(Profit) on sale of fixed assets	(1.78)	1.88
Dividend from Current investments	(0.27)	(8.10)
Profit on sale of investments	-	(1.78)
Interest received on debentures	(1.94)	(0.74)
Provision for Standard debts/Bad and Doubtful Debts & Debtors	578.36	121.73
Provision for Employees Benefit	53.30	29.11
<b>Operating Profit before Working Capital Changes</b>	<b>7,063.24</b>	<b>2,004.52</b>
<b>Add/(Less) :</b>		
(Increase)/Decrease in Current Assets, Loans and Advances	(27,467.90)	(11,582.15)
Increase/(Decrease) in Current Liabilities	3,800.66	1,153.02
Direct Taxes Paid	(2,183.17)	(639.98)
	(25,850.40)	(11,069.11)
<b>Net Cash Flow in the cases of Operating Activities (A)</b>	<b>(18,787.16)</b>	<b>(9,064.59)</b>
<i>2 Cash Flow from Investing Activities :</i>		
<b>Inflow (Outflow) on account of :</b>		
Dividend from Current Investments	0.27	8.10
Purchase of Fixed Assets	(586.99)	(611.88)
Sale of Fixed Assets	5.43	13.65
Investments in Subsidiaries (Increase)/Decrease	(255.00)	(59.50)
Investment Others (Increase)/Decrease	(13.63)	34.82
Interest received on debentures	1.94	0.74
Profit of sale of Investment	-	1.78
<b>Net Cash Flow in the cases of Investing Activities (B)</b>	<b>(847.98)</b>	<b>(612.30)</b>

## Cash Flow Statement

for the year ended 31st March, 2011 (Contd.)

	Year Ended 31 <sup>st</sup> March, 2011	(₹ in Lacs) Year Ended 31 <sup>st</sup> March, 2010
<b>3 Cash Flow from Financing Activities : (Contd.)</b>		
Increase/(Decrease) in Secured Loans	22,039.37	4,799.12
Increase/(Decrease) in Unsecured Loans	3,500.00	(4.13)
Issue of Equity Shares	-	393.27
Receipt of Call Money - Preference Shares	450.00	5,549.99
Share Premium	-	606.74
Share application money/Warrants received(Paid)	-	(146.00)
Shares Issue Expenses	-	(71.39)
<b>Net Cash Flow in the cases of Financing Activities (C)</b>	<b>25,989.37</b>	<b>11,127.59</b>
<b>Net Increase/(Decrease) in cash and cash equivalents (1+2+3)</b>	<b>6,354.23</b>	<b>1,450.71</b>
Cash and cash Equivalents as at the beginning of the year	7,046.45	5,595.74
Cash and cash equivalents at the end of the year	13,400.67	7,046.45

For **G.M. Kapadia & Co**  
Chartered Accountants

For & on behalf of the Board

**S/d**  
**Pramod Patni**  
(Partner)

**S/d**  
**Sanjay Agarwal**  
(Managing Director)

**S/d**  
**Uttam Tibrewal**  
(Executive Director)

**S/d**  
**Deepak Jain**  
(Chief Financial Officer)

Place: Jaipur  
Date: 21st May, 2011

## Schedules

Annexed to and forming Part of Balance Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> March 2011

	As at 31 <sup>st</sup> March, 2011	(₹ in Lacs) As at 31 <sup>st</sup> March, 2010
<b>Schedule "1"</b>		
<b>Share Capital</b>		
<b>Authorised Share Capital</b>		
1,70,00,000 (P.Y. 1,70,00,000) Equity Shares of ₹ 10/- each	1,700.00	1,700.00
8,00,00,00 (P.Y. 80,00,000) Compulsorily Convertible Preference Shares of ₹ 100/- each	8,000.00	8,000.00
<b>TOTAL</b>	<b>9,700.00</b>	<b>9,700.00</b>
<b>Issued &amp; Subscribed Share Capital</b>		
1,65,58,570 (P.Y. 1,39,32,884) Equity Shares of ₹ 10/- each (26,25,686 Equity Shares of ₹ 10/- each issued during the year on conversion of 7,00,000 Compulsorily Convertible Preference shares of ₹ 100/- each)	1,655.86	1,393.29
72,99,990 (P.Y. 79,99,990) Compulsorily Convertible Preference Shares of ₹ 100/- each	7,299.99	7,999.99
<b>TOTAL</b>	<b>8,955.85</b>	<b>9,393.28</b>
<b>Paid up Share Capital</b>		
1,65,58,570 (P.Y. 1,39,32,884) Equity Shares of ₹ 10/- each (26,25,686 Equity Shares of ₹ 10/- each issued during the year on conversion of 7,00,000 Compulsorily Convertible Preference shares of ₹ 100/- each)	1,655.86	1,393.29
72,99,990 Compulsorily Convertible Preference Shares of ₹ 100/- each (P.Y. 79,99,990 Compulsorily Convertible Preference Shares of ₹ 100/- each, of which 74,99,990 shares fully paid up and ₹ 10/- per share paid up for balance 5,00,000 shares )	7,299.99	7,549.99
<b>TOTAL</b>	<b>8,955.85</b>	<b>8,943.28</b>
<b>Schedule "2"</b>		
<b>Reserves &amp; Surplus</b>		
Statutory Reserve u/s 45- IC of RBI Act, 1934		
Balance as per last Balance Sheet	418.02	180.94
Add: Transfer during the year	840.10	237.08
	<b>1,258.12</b>	<b>418.02</b>
Profit & Loss Account		
Balance as per last Balance Sheet	1,658.87	710.56
Add: Transfer during the year	3,360.39	948.31
	<b>5,019.25</b>	<b>1,658.87</b>
<b>Securities premium account</b>		
Balance as per last Balance Sheet	535.35	-
Add: Addition during the year on Conversion of Compulsorily Convertible Preference Share to Equity Shares	437.43	606.74
Less: Capital Issue Expenses	-	71.39
	972.78	535.35
<b>TOTAL</b>	<b>7,250.15</b>	<b>2,612.23</b>

## Schedules

Annexed to and forming Part of Balance Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> March 2011

	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
(₹ in Lacs)		
<i>Schedule "3"</i>		
<b>Secured Loans (Refer to Note No. 2 of Schedule 13)</b>		
A) Loan from Banks:		
<i>Term loans</i>	15,947.58	6,337.53
(Repayable within a year ₹ 5,677.23 Lacs, P.Y. ₹ 2,319.80 Lacs)		
(Include Interest Accrued and due ₹ 72.76 Lacs, P.Y. ₹ 0.97 Lacs)		
(Refer to Note No. 2 of Schedule 13)		
<i>Cash Credit</i>	15,891.24	4,468.67
(Refer to Note No. 2 of Schedule 13)		
	<b>31,838.82</b>	<b>10,806.21</b>
B) Loan from Financial Institutions:		
<i>Term loans</i>	1,006.76	-
(Repayable within a year ₹ 83.00 Lacs, P.Y. ₹ Nil)		
(Include Interest Accrued and due ₹ 6.76 Lacs, P.Y. ₹ Nil)		
(Refer to Note No. 2 of Schedule 13)	1,006.76	-
<b>TOTAL</b>	<b>32,845.58</b>	<b>10,806.21</b>
<i>Schedule "4"</i>		
<b>Unsecured Loans</b>		
Tier-2 Capital-(Sub-Ordinate Debts)		
HDFC Bank Limited	2,000.00	-
- 200 Unsecured Redeemable Debentures of ₹ 1,000,000 each		
(Repayable within a year ₹ Nil Pvs.Year ₹ Nil)		
(Refer to Note No. 3 of Schedule 13)		
ICICI Bank Limited	1,500.00	-
(In form of Term Loan)		
(Repayable within a year ₹ Nil Pvs.Year ₹ Nil)		
(Refer to Note No. 3 of Schedule 13)		
<b>TOTAL</b>	<b>3,500.00</b>	<b>-</b>

## Schedules

Annexed to and forming Part of Balance Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> March 2011

(₹ in Lacs)

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	Balance 1 <sup>st</sup> April, 2010	Addition during the year	Deduction during the year	As on 31 <sup>st</sup> March, 2011	Up to 31 <sup>st</sup> March, 2010	Provided during the year	Deduction	Total Dep.	As on 31 <sup>st</sup> March, 2011	As on 31 <sup>st</sup> March, 2010
Leasehold Land	-	213.89	-	213.89	-	-	-	-	213.89	-
Freehold Land	243.54	-	-	243.54	-	-	-	-	243.54	243.54
Buildings	212.05	23.65	-	235.70	4.44	11.41	-	15.85	219.85	207.61
Plant & Machinery	8.77	13.38	-	22.15	3.39	2.14	-	5.53	16.63	5.39
Motor Cars	112.18	51.58	7.77	155.99	31.87	26.97	4.12	54.71	101.28	80.31
Computer & Softwares	102.77	88.00	-	190.77	48.95	43.22	-	92.17	98.60	53.82
Furniture & Fixtures	62.98	167.53	-	230.52	16.28	16.19	-	32.46	198.05	46.71
Office Equipments	22.17	28.94	-	51.11	7.11	4.49	-	11.60	39.51	15.06
<b>Grand Total</b>	<b>764.46</b>	<b>586.99</b>	<b>7.77</b>	<b>1,343.68</b>	<b>112.04</b>	<b>104.41</b>	<b>4.12</b>	<b>212.33</b>	<b>1,131.35</b>	<b>652.42</b>
<b>Previous Year</b>	<b>191.32</b>	<b>611.88</b>	<b>38.74</b>	<b>764.46</b>	<b>89.44</b>	<b>45.81</b>	<b>23.21</b>	<b>112.04</b>	<b>652.42</b>	<b>-</b>

## Schedules

Annexed to and forming Part of Balance Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> March 2011

	As at 31 <sup>st</sup> March, 2011	(₹ in Lacs) As at 31 <sup>st</sup> March, 2010
<i>Schedule "6"</i>		
<b>Investments</b>		
<b>A) Investments In Shares</b>		
<b>I) Investment in Subsidiary Companies (Unquoted, Non-trade, Long Term, At Cost)</b>		
Index Money Limited		
12,24,490 Equity shares (P.Y.: 12,24,490) of ₹ 10 each Fully paid up	259.50	259.50
5,00,000 Zero Coupon Redeemable Preference shares (P.Y.: 5,00,000) of ₹ 10 each Fully paid up	50.00	50.00
AU Insurance Broking Services Private Limited		
3,00,000 Equity shares (P.Y.: Nil) of ₹ 10 each Fully paid up (includes 200 Equity Shares held in the name of nominee directors)	30.00	-
Au Housing Finance Private Limited		
22,50,000 Equity shares (P.Y.: Nil) of ₹ 10 each Fully paid up (includes 100 Equity Shares held in the name of a nominee director)	225.00	-
<b>II) Others</b>		
(Unquoted, Non-trade, Long Term, Fully Paid, At Cost)		
55 Equity Shares of Runwal Homes Pvt Ltd (P.Y. 55)	0.79	0.79
892 Equity Shares of Ansal Hi-Tech Townships Limited (P.Y. 892)	0.79	0.79
4 Equity Shares of Godrej Estate Developers Pvt. Ltd. (P.Y. 4)	0.73	0.73
34 Equity Shares of Godrej Sea View Properties Pvt.Ltd. (P.Y. 15)	0.76	0.34
70 Equity Shares of Nitesh Housing Developers Pvt. Ltd. (P.Y. 70)	0.25	0.25
15 Equity Shares of BCC Infrastructure Pvt.Ltd. (P.Y. 15) *	0.00	0.00
15 Equity Shares of VBHDC Bangalore Value Homes Pvt.Ltd. (P.Y. 15) *	0.00	0.00
487 Equity Shares of Ananta Landmarks Pvt.Ltd. (P.Y. 487)	0.05	0.05
13 Equity Shares of Kunal Spaces Private Ltd. (P.Y. Nil) *	0.00	-
38 Equity Shares of Total Envirnmnt Projects I P Ltd.(P.Y. 38) *	0.00	0.00
6 Equity Shares of VBHC Chennai Value Homes Pvt. Ltd.(P.Y. Nil) *	0.00	-
6 Equity Shares of VBHC Delhi Value Homes Pvt.Ltd.(P.Y. Nil) *	0.00	-
116 Preference Shares of Ananta Landmarks Pvt Ltd (P.Y. 116)	1.16	1.16
19 Preference Shares of Neo Pharma Pvt.Ltd.(P.Y. 19)	0.19	0.19
43 Preference Shares of BCC Infrastructure Pvt.Ltd.(P.Y. 43) *	0.00	0.00
126 Preference Shares of Ekta World Private Ltd.(P.Y. Nil) *	0.00	-
<b>Total (A)</b>	<b>569.24</b>	<b>313.81</b>

## Schedules

Annexed to and forming Part of Balance Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> March 2011

	As at 31 <sup>st</sup> March, 2011	(₹ in Lacs) As at 31 <sup>st</sup> March, 2010
<i>Schedule "C" (Contd.)</i>		
<b>B) Investments In Debentures</b>		
(Unquoted, Non-trade, Long Term)		
2631 Nos of Runwal Township Pvt.Ltd. Debentures (P.Y. Nil Nos)	2.63	-
160 Nos of Atithi Building Commodities Pvt. Ltd. (P.Y. 160 Nos)	1.60	1.60
1885 Nos of Runwal Homes Class A Debentures (P.Y. 1885 Nos)	1.89	1.89
1700 Nos of Total Environment Habitat Private Ltd. (P.Y. Nil Nos)	1.70	-
119 Nos of Aristo Realties Private Limited (P.Y. 119 Nos)	1.19	1.19
861 Nos of Total Environment Projects 1-Deb.I (P.Y. 861 Nos)	0.86	0.86
853 Nos of Runwal Homes Class B Debenture (P.Y. 853 Nos)	0.85	0.85
70 Nos of Ariisto Realtors Private Limited-1V (P.Y. Nil Nos)	0.70	-
665 Nos of Total Environment Building Pvt.Ltd-Deb (P.Y. 665 Nos)	0.67	0.67
685 Nos of Bhaveshwar Properties Private Limited (P.Y. Nil Nos)	0.69	-
685 Nos of Bhaveshwar Properties Private Limited-II (P.Y. Nil Nos)	0.69	-
718 Nos of Dharmesh Construction Private Limited (P.Y. Nil Nos)	0.72	-
574 Nos of BCC Infrastructure PLtd. Class A Deb.-IV (P.Y. Nil Nos)	0.57	-
574 Nos of BCC Infrastructure PLtd. Class A Deb.-III (P.Y. Nil Nos)	0.57	-
633 Nos of Arimas Developers Private Limited-Class A Debentures (P.Y. Nil Nos)	0.63	-
276 Nos of Nitesh Land Holding Pvt.Ltd (P.Y. 276 Nos)	0.28	0.28
345 Nos of Nitesh Housing Developers Pvt.Ltd-Deb.II (P.Y. 345 Nos)	0.35	0.35
494 Nos of Marvel Realtors and Developers series 2 Debentures (P.Y. Nil Nos)	0.49	-
429 Nos of BCC Infrastructure Pvt.Ltd. Class A Deb. (P.Y. Nil Nos)	0.43	-
489 Nos of Marvel Realtors and Developers series 1 Debentures (P.Y. Nil Nos)	0.49	-
424 Nos of BCC Infrastructure Pvt.Ltd. Debentures (P.Y. 424 Nos)	0.42	0.42
361 Nos of ATS Apartments Pvt. Ltd.-DebII (P.Y. 361 Nos)	0.36	0.36
399 Nos of Total Environment Building Pvt.Ltd-Deb.II (P.Y. 399 Nos)	0.40	0.40
340 Nos of ATS Apartments Pvt. Ltd.-Deb.I (P.Y. 340 Nos)	0.34	0.34
428 Nos of VBHC Chennai Valu Homes Pvt.Ltd.Class A Debentures (P.Y. Nil Nos)	0.43	-
248 Nos of Nitesh Housing Developers Pvt.Ltd Deb.III (P.Y. 248 Nos)	0.25	0.25
345 Nos of Total Environment Building Pvt.Ltd-Deb.1V (P.Y. Nil Nos)	0.35	-
332 Nos of Total Environment Building Pvt.Ltd.-Deb.III (P.Y. 332 Nos)	0.33	0.33
393 Nos of Kunal Spaces Private Ltd.Class A Debentures (P.Y. Nil Nos)	0.39	-
337 Nos of VBHC Bangalore Value Homes Pvt.Ltd.Deb.I (P.Y. 337 Nos)	0.34	0.34
28 Nos of Ariisto Realtors Private Limited-III (P.Y. 28 Nos)	0.28	0.28
345 Nos of VBHC Delhi Value Homes Pvt.Ltd.Deb.I (P.Y. Nil Nos)	0.35	-
315 Nos of Ekta World Private Ltd.Class A Debentures Series 1 (P.Y. Nil Nos)	0.32	-
21 Nos of Atithi Building Commodities Pvt.Ltd.-Deb.II (P.Y. 21 Nos)	0.21	0.21



## Schedules

Annexed to and forming Part of Balance Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> March 2011

	As at 31 <sup>st</sup> March, 2011	(₹ in Lacs) As at 31 <sup>st</sup> March, 2010
<i>Schedule "6" (Contd.)</i>		
304 Nos of Ekta World Private Ltd.Class A Debentures Series 2 (P.Y. Nil Nos)	0.30	-
167 Nos of Nitesh Housing Developers Pvt.Ltd Deb.1V (P.Y. 167 Nos)	0.17	0.17
20 Nos of Ariisto Realtors Private Limited-II (P.Y. 20 Nos)	0.20	0.20
96 Nos of Nitesh Housing Developers Pvt. Ltd.-Deb.I (P.Y. 96 Nos)	0.10	0.10
106 Nos of Total Environment Projects-Deb.III (P.Y. Nil Nos)	0.11	-
27 Nos of Total Environment Projects-Deb.III (P.Y. 27 Nos)	0.03	0.03
Ansal Hi-Tech Townships Ltd Debentures (P.Y. 1573 Nos)	-	1.57
Nilkanth Tech Park Pvt Ltd-I (P.Y. 734 Nos)	-	0.73
Nilkanth Tech Park Pvt Ltd-II (P.Y. 805 Nos)	-	0.81
Nilkanth Tech Park Pvt Ltd-III (P.Y. 192 Nos)	-	0.19
Nilkanth Tech Park Pvt Ltd-IV (P.Y. 183 Nos)	-	0.18
Kanakia Builders P Ltd (P.Y. 582 Nos)	-	0.58
<b>Total (B)</b>	<b>23.64</b>	<b>15.17</b>
<b>C) Investments In Mutual Funds</b>		
(Quoted, Non-trade)		
<i>(i) Liquid Funds (Short Term)</i>		
155,755.983 Units of HDFC CM Treasury Advantage Plan-WD (P.Y. 127553.256 Units)	15.62	13.39
(Market value as on 31st March 2011 ₹ 15.62 Lacs (P.Y. 13.39 Lacs)		
<i>(ii) Other Funds (Long Term)</i>		
HDFC Mutual Fund		
HDFC Debt Fund For Cancer Cure	2.50	-
25000 Units (P.Y.: Nil)		
(Market Value as on 31st March 2011 is ₹ 2.51 Lacs, P.Y. ₹ Nil)		
<b>Total (C)</b>	<b>18.12</b>	<b>13.39</b>
<b>Total (A+B+C)</b>	<b>611.00</b>	<b>342.37</b>

	As at 31 <sup>st</sup> March, 2011	(₹ in Lacs) As at 31 <sup>st</sup> March, 2010
Aggregate Value of Quoted Investments		
Cost	18.12	13.39
Market Value	18.13	13.40
Aggregate Value of Unquoted Investments		
Cost	592.88	328.97

\*Value of individual investment being below '000, figures of such investment featuring as '0.00' in above statement since the financial statements presented in " ₹ in Lacs" with 2 decimals. Respective value however, considered in total and in additional information.

## Schedules

Annexed to and forming Part of Balance Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> March 2011

### Sub Schedule of Investments Transactions in investments during the year 2010-11

Particulars	Opening Balance		Acquired/Reinvested		Sold/Redemption		Closing		(% of Holding (₹ in Lacs)
	Nos./Units	Amount	Nos./Units	Amount	Nos./Units	Amount	Nos./Units	Amount	
<b>A) INVESTMENTS IN SHARES</b>									
I) Investment in Subsidiary Companies									
AU Insurance Broking Services Private Limited	-	-	500000	50.00	200000	20.00	300000	30.00	60.00%
3,00,000 Equity shares of Rs. 10/- Each (P.Y.: Nil)									
Au Housing Finance Private Limited	-	-	2250000	225.00	-	-	2250000	225.00	100.00%
22,50,000 Equity shares of Rs. 10/- Each (P.Y.: Nil)									
Index Money Limited									
12,24,490 Equity shares of Rs. 10/- Each (P.Y.: 12,24,490)	1224490	259.50	-	-	-	-	1224490	259.50	100.00%
5,00,000 Zero Coupon Redeemable Preference share of Rs. 10/- Each (P.Y.: 5,00,000)	500000	50.00	-	-	-	-	500000	50.00	0.00%
<b>II) Others</b>									
Ananta Landmarks Pvt Ltd.	487	0.05	-	-	-	-	487	0.05	
Ananta Landmarks Pvt Ltd. Pref	116	1.16	-	-	-	-	116	1.16	
Ansal Hi Tech Township Ltd.	892	0.79	-	-	-	-	892	0.79	
Bcc Infrastructure Pvt Ltd.	15	0.00	-	-	-	-	15	0.00	
Bcc Infrastructure Pvt Ltd. Pref	43	0.00	-	-	-	-	43	0.00	
Ekta World Pvt Ltd. Pref	-	-	126	0.00	-	-	126	0.00	
Godrej Estate Developers Pvt Ltd.	4	0.73	-	-	-	-	4	0.73	
Godrej Sea View Properties Pvt Ltd.	15	0.34	19	0.43	-	-	34	0.76	
Kunal Spaces Pvt Ltd. Class	-	-	13	0.00	-	-	13	0.00	
Neo Pharma Pvt Ltd. Pref	19	0.19	-	-	-	-	19	0.19	
Nitesh Housing Developers Pvt Ltd.	70	0.25	-	-	-	-	70	0.25	
Runwal Homes Pvt Ltd.	55	0.79	-	-	-	-	55	0.79	
Total Environment Projects I Pvt Ltd.	38	0.00	-	-	-	-	38	0.00	
Vbhdc Bangalore Value Homes Pvt Ltd	15	0.00	-	-	-	-	15	0.00	
Vbhdc Chennai Value Homes Pvt Ltd	-	-	6	0.00	-	-	6	0.00	

## Schedules

Annexed to and forming Part of Balance Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> March 2011

Particulars	Opening Balance		Acquired/Reinvested		Sold/Redemption		Closing		% of Holding
	Nos./Units	Amount	Nos./Units	Amount	Nos./Units	Amount	Nos./Units	Amount	
Vbhd Delhi Value Homes Pvt Ltd	-	-	6	0.00	-	-	6	0.00	
<b>B) INVESTMENTS IN DEBENTURES</b>									
Ansal Hi-Tech Township Ltd. Deb	1,573	1.57	-	-	1,573	1.57	-	-	
Aristo Realtors Pvt Ltd.	119	1.19	-	-	-	-	119	1.19	
Aristo Realtors Pvt Ltd. 2	20	0.20	-	-	-	-	20	0.20	
Aristo Realtors Pvt Ltd. 3	28	0.28	-	-	-	-	28	0.28	
Aristo Realtors Pvt Ltd. 4	-	-	70	0.70	-	-	70	0.70	
Arimas Dev Pvt Ltd. Class A Deb	-	-	633	0.63	-	-	633	0.63	
Athiti Building Commodities Pvt Ltd	160	1.60	-	-	-	-	160	1.60	
Atithi Building Com Pvt Ltd. 2	21	0.21	-	-	-	-	21	0.21	
Ats Apartment Pvt Ltd. Deb-2	361	0.36	-	-	-	-	361	0.36	
Ats Apartments Pvt Ltd. Deb-1	340	0.34	-	-	-	-	340	0.34	
Bcc Infra Class A Deb	-	-	429	0.43	-	-	429	0.43	
Bcc Infra Class A Deb-3	-	-	574	0.57	-	-	574	0.57	
Bcc Infra Class A Deb-4	-	-	574	0.57	-	-	574	0.57	
Bcc Infra Pvt Ltd. Deb	424	0.42	-	-	-	-	424	0.42	
Bhaweshwar Properties Pvt Ltd.	-	-	685	0.69	-	-	685	0.69	
Bhaweshwar Properties Pvt Ltd. 2	-	-	685	0.69	-	-	685	0.69	
Dharmesh Construction Deb	-	-	718	0.72	-	-	718	0.72	
Ekta World Pvt Ltd. Class A D-1	-	-	315	0.32	-	-	315	0.32	
Ekta World Pvt Ltd. Class A D-2	-	-	304	0.30	-	-	304	0.30	
Environment Building P Ltd. 4	-	-	345	0.35	-	-	345	0.35	
Kanakia Builders Pvt Ltd.	582	0.58	-	-	582	0.58	-	-	
Kunal Spaces Pvt Ltd. Class A Deb	-	-	393	0.39	-	-	393	0.39	
Marvel Realtors & Dev Series 1 Deb	-	-	489	0.49	-	-	489	0.49	
Marvel Realtors & Dev Series 2 Deb	-	-	494	0.49	-	-	494	0.49	
Nilkanth Tech Park Pvt Ltd. D-4	183	0.18	-	-	183	0.18	-	-	
Nilkanth Tech Park Pvt Ltd. Deb-2	805	0.81	-	-	805	0.81	-	-	
Nilkanth Tech Part Pvt Lt D-3	192	0.19	-	-	192	0.19	-	-	
Nilkant Tech Park Pvt Ltd. Deb-1	734	0.73	-	-	734	0.73	-	-	
Nitesh Housing Developers Pvt Ltd. Deb-2	345	0.35	-	-	-	-	345	0.35	
Nitesh Housing Dev. Pvt Ltd. D-1	96	0.10	-	-	-	-	96	0.10	

## Schedules

Annexed to and forming Part of Balance Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> March 2011

Particulars	Opening Balance		Acquired/Reinvested		Sold/Redemption		Closing		(% of Holding)
	Nos./Units	Amount	Nos./Units	Amount	Nos./Units	Amount	Nos./Units	Amount	
Nitesh Housing Dev Pvt Ltd. D-3	248	0.25	-	-	-	-	248	0.25	
Nitesh Housing Dev. Pvt Ltd. D-4	167	0.17	-	-	-	-	167	0.17	
Nitesh Land Holding Pvt Ltd.	276	0.28	-	-	-	-	276	0.28	
Runwal Homes Class A	1,885	1.89	-	-	-	-	1885	1.89	
Runwal Homes Class B Deb	853	0.85	-	-	-	-	853	0.85	
Runwal Township Pvt Ltd	-	-	2631	2.63	-	-	2631	2.63	
Total Environment Building Deb-3	332	0.33	-	-	-	-	332	0.33	
Total Environment Building P Ltd. Deb-2	399	0.40	-	-	-	-	399	0.40	
Total Environment Build Pvt Ltd. Deb	665	0.67	-	-	-	-	665	0.67	
Total Environment Habitat Pvt Ltd.	-	-	1700	1.70	-	-	1700	1.70	
Total Environment Project D-2	27	0.03	-	-	-	-	27	0.03	
Total Environment Projects D 3	-	-	106	0.11	-	-	106	0.11	
Total Environment Projects Deb-1	861	0.86	-	-	-	-	861	0.86	
Vbhdc Bangalore Value Homes P Ltd Deb-1	337	0.34	-	-	-	-	337	0.34	
Vbhdc Chennai Value Homes P Ltd Deb-1	-	-	428	0.43	-	-	428	0.43	
Vbhdc Delhi Value Homes P Ltd Deb-1	-	-	345	0.35	-	-	345	0.35	
<b>C) INVESTMENTS IN MUTUAL FUNDS</b>									
(i) Liquid Funds (Short Term)									
Hdfc cm Treasury Adv Plan Wd	127553.26	13.39	234065	23.50	205862	20.68	155755.98	15.62	
Hdfc cms Growth	-	-	92984	18.68	92984	18.69	-	-	
(ii) Other Funds (Long Term)									
HDFC Debt Fund For Cancer Cure	-	-	25000	2.50	-	-	25000	2.50	

## Schedules

Annexed to and forming Part of Balance Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> March 2011

	As at 31 <sup>st</sup> March, 2011	(₹ in Lacs) As at 31 <sup>st</sup> March, 2010
<i>Schedule "7"</i>		
<b>Current Assets, Loans &amp; Advances</b>		
<b>A) Current Assets</b>		
<b>1) Sundry Debtors</b>		
Debts in respect of which company is fully secured:		
Considered Good :		
- More than six months	-	-
- Others	143.62	131.81
Considered Doubtful	-	-
- More than six months	-	6.00
- Others	-	-
	<b>143.62</b>	<b>137.80</b>
<b>2) Cash and Bank Balance</b>		
Cash in Hand	104.85	26.99
Balance with Scheduled Banks		
- In Current Accounts	183.80	2,818.13
- In Term Deposit Accounts (Refer to Note No. 5 of Schedule 13)	13,112.02	4,201.33
	<b>13,400.67</b>	<b>7,046.45</b>
<b>TOTAL (A)</b>	<b>13,544.29</b>	<b>7,184.25</b>
<b>B) Loans &amp; Advances</b>		
(Considered good unless other wise stated)		
Secured Loans		
- Considered Good	40,817.46	14,813.36
- Considered Doubtful	117.47	98.56
Unsecured Loans		
- Considered Good	159.25	228.22
- Considered Doubtful	0.40	4.65
Trade Advances to Dealers	1,346.50	566.53
Interest accrued but not due on loans	294.53	113.10
Advances recoverable in cash or kind or for value to be received	825.00	337.53
Prepaid Expenses	49.10	23.92
Security Deposits	48.52	28.67
Staff Imprest & Advances	32.78	23.91
Advance to Subsidiary Company	-	1.50
Direct Taxes - Refundable	7.63	7.63
Advances to suppliers/service providers	27.49	16.44
<b>TOTAL (B)</b>	<b>43,726</b>	<b>16,264</b>
<b>TOTAL (A+B)</b>	<b>57,270.42</b>	<b>23,448.29</b>

## Schedules

Annexed to and forming Part of Balance Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> March 2011

(₹ in Lacs)

	As at 31 <sup>st</sup> March, 2011	As at 31 <sup>st</sup> March, 2010
<i>Schedule "G"</i>		
<b>Current Liabilities &amp; Provisions</b>		
<b>Current Liabilities</b>		
Sundry Creditors other than Micro and Small Enterprises (Refer to Note no. 18 of Schedule 13)	296.45	211.56
Statutory liabilities	64.43	58.47
Margin Money refundable/adjustable against disbursement	52.64	34.16
Collection payable - assigned loans	3,772.88	1,001.67
Payable against loans to customers	471.05	20.59
Refundable Security Deposits	544.99	229.01
Credit balances in bank current accounts as per books	7.51	67.50
Outstanding/Other Liabilities	416.69	203.02
	<b>5,626.64</b>	<b>1,825.98</b>
<b>Provisions/Appropriations</b>		
Provision for Estimated Loss for Assignments	632.74	183.34
Provision for Non Performing Advances	70.17	41.02
Provision for overdue Debtors	-	3.00
Contingent Provisions against Standard Assets	102.80	-
Provision for Employees Benefits	90.18	36.88
Provision for Direct Taxes (Net of prepaid taxes)	217.79	75.43
	<b>1,113.68</b>	<b>339.67</b>
<b>TOTAL</b>	<b>6,740.32</b>	<b>2,165.65</b>

## Schedules

Annexed to and forming Part of Balance Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> March 2011

	Year ended 31 <sup>st</sup> March, 2011	Year ended 31 <sup>st</sup> March, 2010
(₹ in Lacs)		
<i>Schedule "9"</i>		
<b>Employees Remuneration &amp; Benefits</b>		
Salary and Other Benefits	1,540.21	682.57
Directors Remuneration	162.42	69.84
Contribution to Provident & Other Funds	67.69	15.32
Staff Gratuity & leave Encashments	53.30	29.11
Staff Welfare Expenses	10.55	6.34
<b>TOTAL</b>	<b>1,834.16</b>	<b>803.18</b>

### *Schedule "10"*

<b>Operative &amp; Other Expenses</b>		
Advertisement, Publicity & Recruitment Exp.	20.77	12.63
Auditor's Remuneration	15.15	5.75
Business Promotion	118.42	56.06
Commission & Brokerage	582.43	379.38
Computer Maintenance	22.29	7.19
Director Sitting Fee	2.50	-
Donations	14.31	11.13
Electricity & Water	29.97	14.59
Fee, Subscription & Management Fee	1.56	2.15
Field Investigation & Credit Control	28.78	168.33
Insurance Premiums	11.73	3.81
Legal & Professional Fee	143.83	67.95
Loss on sale of fixed assets	-	1.88
Loss on sale of repossessed vehicles	33.95	103.93
Loss on sale of Shares	-	0.14
Office & General	100.36	51.72
Postage & Courier	38.26	15.65
Printing, Stationery & Photocopy	60.75	30.85
Rent and Rates & Taxes	114.00	56.21
Repairs & Maintenance	18.96	5.32
Repossession Expenses	15.43	11.69
Service Tax Paid	241.10	52.31
Security Expenses	5.31	2.86
Stamping Fee & Expenses	105.88	64.21
Tea & Refreshment Expenses	29.90	10.17
Telephone, Mobile & Fax	59.44	26.41
Traveling & Conveyance Expenses	251.35	103.87
Vehicle valuation, Shifting & RTO	18.78	2.99
Yard Rent/Expenses	1.10	2.62
<b>TOTAL</b>	<b>2,086.31</b>	<b>1,271.80</b>

## Schedules

Annexed to and forming Part of Balance Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> March 2011

	Year ended 31 <sup>st</sup> March, 2011	(₹ in Lacs) Year ended 31 <sup>st</sup> March, 2010
<i>Schedule "11"</i>		
<b>Interest &amp; other Financing Cost</b>		
Interest Paid on		
Subordinated Debentures	8.22	-
Subordinated debts	2.05	-
Term Loans	1,590.74	563.08
Others	1,670.72	350.97
Bank Charges	97.16	28.80
Resource Mobilisation Expenses (Refer to Note No. 7(c) of Schedule 13)	1,476.91	305.67
<b>TOTAL</b>	<b>4,845.81</b>	<b>1,248.53</b>
<i>Schedule "12"</i>		
<b>Provisions and Written Off</b>		
<b>A. Provisions for the year</b>		
Provision on Assigned cases	632.74	183.34
Provision on Non Performing Assets	70.17	41.02
Provision on Overdue Debtors	-	3.00
Contingent Provision against Standard Assets	102.80	-
	-	-
	<b>805.72</b>	<b>227.36</b>
<b>B. Provisions made last year</b>		
Provision on Assigned cases	183.34	52.50
Provision on Non Performing Assets	41.02	44.92
Provision on Overdue Debtors	3.00	8.21
Contingent Provision against Standard Assets	-	-
	-	-
	<b>227.36</b>	<b>105.63</b>
Net Provision made during the year (A-B)	<b>578.36</b>	<b>121.73</b>
<b>C. Written off during the year</b>		
Loans written off	77.09	66.68
Debtors Written off	17.03	52.27
	<b>94.12</b>	<b>118.94</b>
<b>Total (A-B+C)</b>	<b>672.48</b>	<b>240.67</b>



# Accounting Policies & Notes on Accounts

as at 31<sup>st</sup> March, 2011

## SCHEDULE "13"

### A. Significant Accounting Policies

#### 1. Basis of preparation

The financial statements have been prepared to comply in all material aspects (a) applicable accounting principles in India, (b) Accounting Standards specified vide Companies (Accounting Standards) Rules, 2006 under section 211(3C) of the Companies Act, 1956 ('the Act') and (c) the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company.

#### 2. Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, the results of operation during the reported period and disclosure of contingent liabilities as on the reporting date. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable and are in their best knowledge of current event and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognized in the period in which the results are known or materialize. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful life of fixed assets, provision for bad and doubtful debts and provisions for bad and doubtful loans.

#### 3. Revenue recognition

##### General:

The Company follows the accrual method of accounting for its income and expenditure. If at the time of raising of claim for income e.g. delayed payment charges, certain fee based income, it is unreasonable to expect ultimate collection, revenue recognition is postponed.

##### a. Income from Loan

Income from Loan transactions is accounted for by applying the interest rate implicit in underlying agreements.

##### b. Income from Assignment

At premium structure

In case of assignment of loan assets and related receivables "at premium" the assets are de-recognized since all the rights, title, future receivables & interest thereof are assigned to the purchaser. On de-recognition, the difference between the consideration received representing the Net present value of future receivable assigned and the principal loan amount outstanding is recognized upfront as gain or loss on assignment in the year of assignment.

At par structure

In case of assignment of loan assets and related receivables "at par" the assets are de-recognized as all the rights, title, future receivables principal are assigned to the purchaser. Income from such transactions is accounted for by applying the interest rate implicit in such assigned contracts as reduced by Internal Rate of Return (IRR) committed to the purchaser.

## Accounting Policies & Notes on Accounts

as at 31<sup>st</sup> March, 2011

- c. Income from Channel Finance business**  
Income in the nature of interest rate differential in IRR in Channel Finance business with commercial banks, including related incidental charges are recognized on accrual basis.
- d. Income from Investment:**
- i. Dividend on investment is recognized once right to receive is established.
  - ii. Interest income is accounted on accrual basis.
- e.** Other Incidental Income from Loans servicing such as Cheque Return charges, Service charges on Insurance etc. are accounted on accrual basis.
- f.** Unrealised income, on classification of underlying assets as non-performing asset, is derecognized and subsequent income, if any, is recognized only after effecting full recovery of outstanding of principal amount and incidental dues.
- 4. Fixed Assets**  
Fixed assets are stated at their original cost of acquisition and attributable cost of bringing the asset to its working condition for its intended use, net of CENVAT less accumulated depreciation and impairments.
- 5. Depreciation:**  
Depreciation on assets is provided on written down value method at the rates and manner specified in Schedule XIV to the Companies Act, 1956 on pro rata basis. Assets individually costing rupees five thousand and below are fully depreciated in the year of purchase.  
  
The cost and the accumulated depreciation of fixed assets sold, retired or otherwise disposed off is removed from the stated values and the resulting gains and losses are included in the Profit and Loss account.
- 6. Employees Benefits:**
- a. Short Term Employee's Benefits**  
Short term employee's benefits are recognized during the year in which the service is rendered and is measured at cost.
  - b. Defined Contribution Plans**  
The Provident Fund and Employees State Insurance are defined contribution plans and the contribution to the same are charged to the Profit & Loss account during the year in which the services is rendered and is measured at cost.
  - c. Defined Benefit Plans**  
Gratuity is defined benefit obligation and is provided for at year end on actuarial valuation using the Projected Unit Credit method.  
  
Actuarial Gains and losses are recognized as and when incurred.
  - d. Other Benefits**  
Short term/long term compensated absence is provided for based on actuarial valuation. The actuarial valuation is done as per Projected Unit Credit method.
- 7. Taxes on Income**  
Tax expenses comprises of current income tax and deferred tax.
- Current taxes**  
Provision for current tax is made in accordance with the provisions of the Indian Income Tax Act, 1961 and is made based on the tax liability after taking credit for tax allowances and exemptions.

# Accounting Policies & Notes on Accounts

as at 31<sup>st</sup> March, 2011

## Deferred taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing difference that result between the profit offered for income taxes and the profit as per the financial statement. Deferred tax assets and liabilities are measured using tax rates that have been substantively enacted at the Balance sheet date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in the future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty, supported by convincing evidence of recognition of such assets. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

## 8. Investments

Investments are classified into long term investments and current investments based on intent of management at the time of making the investment. Investments, intended to be held for more than one year, are classified as long-term investments.

In terms of Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, Investments held as long-term investments are stated at cost comprising of acquisition and incidental expenses less permanent diminution in value, if any.

Current investments are valued at lower of cost or fair market value determined on individual investment basis.

## 9. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying

assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue in the year of incurrence.

## 10. Operating Leases

Assets acquired under leases where substantial risks and regards of ownership are not transferred to the Company are classified as operating leases. Such assets are not capitalised. The lease rentals paid are charged to Profit & Loss Account.

## 11. Provisioning / write off of Assets

- I. Secured/Unsecured loans and receivables are provided for/written off as per Company's policy, in pursuant of sub-para (ii) below, subject to the minimum provision required as per Non Banking Finance Companies Prudential Norms (Reserve Bank) Directions, 1998.
- II. Company's Policy for provisioning/write off:
  - a. On standard assets @ 0.25% pursuant to Notification No. DNBS.223/CGM(US)-2011 dated January 17, 2011.
  - b. On outstanding where underlying security is repossessed and net realisable value of such security is lower than outstanding balance, the difference is fully provided for.
  - c. On other substandard loan assets & accounts :
    - i. Cases with 6 month to less than 12 months default : provision @ 50% of outstanding amount
    - ii. Cases with 12 months and above default : written off @100%

## Accounting Policies & Notes on Accounts

as at 31<sup>st</sup> March, 2011

d. On future payments in respect of assigned cases :

- i. On premium structure: @ 0.75% \*
- ii. On at par structure : @ 0.25% \*

\*Including towards future servicing cost

### 12. Provisions, Contingent Liabilities and Contingent Assets

- a. A Provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources would be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are reviewed on each balance sheet date and are adjusted to effect the current best estimation.
- b. Contingent liabilities are disclosed separately by way of note to financial statements after careful evaluation by the management of the facts and legal aspects of the matter involved in case of
  - i. a present obligation arising from the past event, when it is not probable that an outflow of resources will be required to settle the obligation.
  - ii. a possible obligation, unless the probability of outflow of resources is remote.
- c. Contingent Assets are neither recognized, nor disclosed.

### 13. Earning Per Share (EPS)

Basic Earnings Per Share is computed by dividing the net profit/loss for the year, by the weighted average number of equity shares outstanding during the year. Diluted Earnings Per Share is computed by dividing the net

profit/loss for the year, by weighted average number of Equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares.

### 14. Impairment

The management assesses the carrying amount of assets at each balance sheet date to determine whether there is any indication of impairment based on internal/external resources. If any such indications exist, the assets recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's, net selling price and value in use.

## (B) Notes on Accounts

### 1. Compulsorily Convertible Preference Shares

#### (i) Existing Preference Shares

The Existing Compulsorily Convertible Preference Shares of ₹ 100 each issued in 2008 and in 2009 as fully convertible into Equity Shares of the Company of ₹ 10 each at the option of the investors upon exercise of the Option on occurrence of any one of the events mutually agreed upon amongst the shareholders at a premium to be arrived at by dividing (a) the existing preference share subscription price by (b) the Base Conversion Price. Pending such exercise of Option by the Investors, the Investors concurred to be allotted 7501961 Equity shares upon exercise of such "Option" at any time prior to/with the date of conversion of "2010 Preference Shares", issued, subscribed and allotted in 2010.

During the year, on partial exercise of the above "Option" by investors partially,

# Accounting Policies & Notes on Accounts

as at 31<sup>st</sup> March, 2011

the Company has converted 700,000 Compulsory Convertible Preference Shares of ₹ 100/- each into 2,625,686 equity shares of ₹ 10/- each.

## (ii) 2010 Preference Shares

The “2010 Compulsorily Convertible Preference shares” of ₹ 100 each, allotted during the year 2009-10, are fully convertible into Equity Shares of the Company of ₹ 10 each at the option of the investor on occurrence of any one event mutually agreed upon among the shareholders at a premium to be arrived at by dividing (a) the 2010 Preference Subscription Price by (b) the Base Conversion Price which is based upon a formula which is further dependent upon the performance of the Company during financial year 2009-10 to 2011-12.

## 2. Secured Loans

a. Term loans and cash credit facilities from banks & financial institutions are secured by way of hypothecation of related loan assets of the Company and receivables there to. The facilities are further guaranteed by the Managing Director of the Company. In addition to above,

- I. Cash credit from HDFC bank Ltd. is further collaterally secured by first pari passu charge over the office premises owned by the Company.
- II. Term Loan & cash credit from IDBI bank Ltd. is further collaterally secured by first pari passu charge over the office premises at Pune, owned by the Managing director of the Company.
- III. Term Loan from State Bank of Patiala is further collaterally secured by

against pledge of Promoter’s equity shares (2,000,000 equity shares) in the name of the Managing Director.

IV. Cash credit facilities from Indian Bank & State bank of India is further collaterally secured by way of term deposits kept with the said banks amounting to ₹ 300 Lacs and ₹ 150 Lacs respectively.

V. Term loan from State bank of Patiala; Bank of India; State bank of Hyderabad; and Cash credit from State bank of Mysore; State bank of Hyderabad are further collaterally secured by guarantee of a shareholder of the Company.

VI. Term Loan from Small Industrial Development Bank of India and Andhra Bank Limited is further collaterally secured by guarantee of the Executive director of the Company.

b. Cash Credit Limits from banks are subject to annual renewal.

## 3. Tier II Capital-Subordinate Debt

The Company has raised following Sub-Ordinate debts to augment its Tier II Capital in terms of RBI Circular in case of NBFC’s

- a. 200 Nos. Unsecured Redeemable Debentures of ₹ 10 Lacs each of total face value of ₹ 2000 Lacs. The debentures are fully redeemable at par at the end of 7 years from date of allotment.
- b. “Sub-ordinate term loan” totaling to ₹ 1500 Lacs from ICICI Bank Ltd. The term loan is repayable in 3 equal annual installments commencing at the expiry of 5 years from the date of first drawdown.

## Accounting Policies & Notes on Accounts

as at 31<sup>st</sup> March, 2011

#### 4. Loans & Advances:-

Breakup of Loans and advances is as under:-

Particulars	(₹ in Lacs)	
	2010-11	2009-10
Standard	40,976.71	15,041.58
Sub-Standard	117.87	103.21
<b>Total</b>	<b>41,094.57</b>	<b>15,144.80</b>

#### 5. Term Deposits with banks includes :

- ◆ ₹ 11,012.29 Lacs maintained as cash collateral deposits in accordance with the assignment transactions.
- ◆ ₹ 73.20 Lacs maintained as margin money for issue of bank guarantee favoring other Banks.
- ◆ ₹ 450.00 Lacs maintained as cash collateral against Cash credit facilities.
- ◆ ₹ 461.00 Lacs maintained as cash collateral with HDFC Bank Ltd. for Channel business activity.

#### 6. Operating and other income includes:

Breakup of Loans and advances is as under:-

Particulars	(₹ in Lacs)	
	2010-11	2009-10
Income from channel business	505.20	972.86
Interest on loans	5,546.44	1,556.14
Interest on bank deposits	436.85	191.84
Income from Assignment (Including service charges received ₹ 336.40 Lacs and Net of rebate on foreclosures ₹ 284.97 Lacs (P. Y. ₹ 42.94 Lacs)	7,209.35	2,082.89
Other Income*	2,176.49	623.26
<b>Total</b>	<b>15,874.33</b>	<b>5,427.00</b>

\*Other Income Includes:

Particulars	(₹ in Lacs)	
	2010-11	2009-10
Service Charges from customers	1,811.18	465.80
Recoveries against Write off	44.03	8.49
Sundry's write back	21.05	8.17
Income from other investments	2.21	8.84
Profit on sale of investments	-	1.91
Profit On Sale Of Assets	<b>1.78</b>	-

## Accounting Policies & Notes on Accounts

as at 31<sup>st</sup> March, 2011

7. The Company has without recourse sold Loan assets through direct assignment. De-recognition of loan asset on assignment in the books of the Company is based on the concept of surrender of control over the loans resulting in a "true sale" of Loans.

- a) The information on direct assignment activity of the Company **carried at premium method** as an originator during the year ended 31<sup>st</sup> March, 11 and 31<sup>st</sup> March, 10 is given below:

Particulars	Nos./Lacs	(₹ in Lacs)	
		2010-11	2009-10
Total number of Loan assets assigned	Nos.	21,407	8,140
Total Book value of the Loan assets assigned	Lacs	56,089.07	17,736.10
Sales consideration received for the assigned assets	Lacs	62,935.50	19,825.69
Gross gain on account of assignment	Lacs	6,846.43	2,089.59
Provision for delinquency and cost of future servicing of the assigned pool of loan assets	Lacs	581.69	183.34

Additional information with respect to Guarantees & Cash collaterals in respect to above assignment activity **carried at premium method**

Particulars	(₹ in Lacs)	
	2010-11	2009-10
Outstanding credit enhancement in the form of corporate guarantees	15,083.60	5,919.14
Outstanding cash collaterals in the form of Fixed deposit receipts	9,510.14	2,953.02

- b) The information on direct assignment activity of the Company **carried at Par method** as an originator during the year ended 31<sup>st</sup> March, 11 and 31<sup>st</sup> March, 10 is given below:

Particulars	Nos./Lacs	(₹ in Lacs)	
		2010-11	2009-10
Total number of Loan assets assigned	Nos.	5957	485
Total Book value of the Loan assets assigned	Lacs	17,300.52	816.22
Sales consideration received for the assigned assets	Lacs	17,300.52	816.22
Income booked during the year	Lacs	311.50	36.24
Provisions for delinquency and cost of future servicing of the assigned pool of loan assets	Lacs	51.04	-

The Company has provided for @ 0.25% on future payments due against assignment agreements made "at par method" adopting principal of conservatism. No such provision made up to financial year 2009-10 and thus to such of extent there is a change in the accounting policy of the Company as compared to preceding year.

## Accounting Policies & Notes on Accounts

as at 31<sup>st</sup> March, 2011

Additional information with respect to Guarantees & Cash collaterals In respect to above assignment activity **carried at Par method:**

Particulars	(₹ in Lacs)	
	2010-11	2009-10
Outstanding credit enhancement in the form of corporate guarantees	111.44	122.43
Outstanding cash collaterals in the form of Fixed deposit receipts	1,415.00	123.00

- c) "Resource mobilization expenses" includes ₹ 923.37 Lacs (P.Y. 10.59 Lacs) relating to aforesaid direct assignment activity.

### 8. Contingent Liability not provided for :

- (i) Corporate Guarantees/Bank Guarantees/Corporate Undertakings on assignment of Loans assets: ₹ 26,120.18 Lacs (P.Y. 9,117.59 Lacs)
- (ii) Corporate Guarantees/Corporate Undertakings in case of Channel business activity: ₹ 7,885.00 Lacs(P.Y. ₹ 12,848.90 Lacs)
- (iii) Other Corporate Guarantees: ₹ 500 Lacs (P.Y.: ₹ 500 Lacs)

### 9. Employees Benefits

#### i) *Defined Contribution Plan*

The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to the Provident Fund Commissioner to fund the benefits.

The Company recognized ₹ 41.62 Lacs (P.Y. ₹ 7.32 Lacs) for provident fund contributions in the profit and loss account. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

#### ii) *Defined benefit plans*

The Company has provided for Gratuity payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. The Company does not have any fund for payment of gratuity.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date.



## Accounting Policies & Notes on Accounts

as at 31<sup>st</sup> March, 2011

The following table sets out the status as required by revised Accounting Standard 15 for Gratuity

Particulars	(₹ in Lacs)	
	2010-11	2009-10
<b>Changes in the Present Value of Benefit Obligation</b>		
Opening Present Value of Obligation	15.15	7.77
Interest Cost	1.25	0.60
Current Service Cost	15.37	6.86
Past Service Cost	-	-
Benefits Paid	-	-
Actuarial (gain)/loss on Obligation	2.70	(0.08)
Closing Present Value of Obligation	34.47	15.15
<b>Component of Employer's Expense</b>		
Current Service Cost	15.37	6.86
Interest Cost	1.25	0.60
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/Loss recognized in the year	2.70	(0.08)
Past Service Cost	-	-
Expenses Recognized in the Profit and Loss Account	19.32	7.38
<b>Movement in the Net Liability recognized in the Balance Sheet</b>		
Opening Net Liability	15.15	7.77
Expenses Recognized in the Profit and Loss Account	19.32	7.38
Contributions	-	-
Closing Net Liability	34.47	15.15
<b>Actuarial Assumptions</b>		
Discount Rate	8.50%	8.25%
Salary Escalation Rate	6.50%	6.00%
Withdrawal Rate	1.00%	1.00%

## Accounting Policies & Notes on Accounts

as at 31<sup>st</sup> March, 2011

### iii.) Other Benefits

The Company has provided for compensatory Leaves which can be availed and not encashed as per policy of the Company as present value obligation of the benefit at related current service cost measured using the Projected Unit Credit Method on the basis of an actuarial valuation.. The Company has accordingly provided for ₹ 33.98 Lacs (P.Y. ₹ 21.73 Lacs). in the books of accounts for the year.

10. Borrowing costs capitalized to the respective qualifying assets is ₹ NIL. (P. Y. Nil )
11. The Company has single reportable segment namely financial services for the purpose of Accounting Standard 17 of Segment Reporting. The Company operates only in one Geographical segment, viz. in India.
12. As per the Accounting Standard 18 on 'Related Party Disclosures', the disclosures of related parties of the Company are as follows:
  1. Entities where control exists:
    - Subsidiaries
    - Index Money Limited
    - AU Insurance Broking Services Private Limited (w.e.f. 17th July 2010)
    - Au Housing Finance Private Limited (w.e.f. 23rd Feb, 2011)
  2. Major equity shareholders
    - Sanjay Agarwal
  3. Key Management Personnel
    - i. Sanjay Agarwal Managing Director
    - ii. Uttam Tibrewal Executive Director
  4. Enterprises under significant influence of the Key Management Personnel (with whom there were transactions during the year)
    - The Financiers
  5. Relatives of Key Managerial Personnel (with whom there were transactions during the year/ previous year)
    1. Mr. Chiranjilal Agarwal
    2. Mrs. Shakuntala Agarwal
    3. Mrs. Jyoti Agarwal
    4. Mr. Ajay Agarwal
    5. Mr. Subhash Tibrewal

## Accounting Policies & Notes on Accounts

as at 31<sup>st</sup> March, 2011

The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows:

(₹ in Lacs)

	Subsidiary Company		Key Management Personnel		Enterprises under significant influence		Relative of Key Management Personnel	
	2011	2010	2011	2010	2011	2010	2011	2010
<b>Payments</b>								
Purchase of Equity Shares (P.Y. Nil)	255.00	-	-	-	-	-	-	-
Remuneration	-	-	162.42	69.84	-	-	-	-
Printing Charges	-	-	-	-	-	-	-	7.00
Rent	-	-	4.62	11.27	-	-	-	1.20
Purchase of Fixed Assets	-	-	-	379.00	-	-	-	56.00
Advance Given	-	1.50	29.25	5.25	-	-	-	-
<b>Receipts</b>								
Equity Share Allotment	-	-	-	159.56	-	-	-	233.69
Share Premium on Equity Shares	-	-	-	246.19	-	-	-	360.56
Compulsory Convertible Preference Shares Allotment Money/Call Money	-	-	450.00	50.00	-	-	-	-
Advance Received Back	1.50	-	29.25	-	-	-	-	-
<b>Balance Outstanding at the year end</b>								
Receivables		1.50	-	5.25				
Payables								
Outstanding Balances		<b>Dr</b>	<b>-</b>	<b>Dr</b>				

13. The Company's significant leasing arrangements in terms of Accounting Standard 19 on Leases are in respect of operating leases for premises. These leasing arrangements, which are cancelable generally, range between 11 months and 36 months and are usually renewable by mutual consent on mutually agreeable terms. The rentals paid during the year ₹ 111.37 Lacs (P.Y. ₹ 56.21 Lacs) and debited to Profit and Loss Account.

## Accounting Policies & Notes on Accounts

as at 31<sup>st</sup> March, 2011

### 14. Earnings Per Share

Basic and diluted earnings per equity share are computed in accordance with Accounting Standard 20, "Earnings per Share".

Particulars	2010-11	2009-10
<b>Basic</b>		
Weighted average number of equity shares outstanding	14,083,951	10,107,942
Net Profit (₹ in Lacs)	4,200.49	1,185.39
Basic earnings per share (₹)	29.82	11.73
<b>Diluted</b>		
Weighted average number of equity shares outstanding	30,798,005	17,634,974
Net Profit (₹ in Lacs)	4,200.49	1,185.39
Diluted earnings per share (₹)	13.64	6.72
Nominal Value per shares (₹)	10	10

15. In accordance with Accounting Standard 22 on "Accounting for taxes on income", the Company has accounted for Deferred Assets/Liability. The breakup of deferred tax assets is as under:

Particulars	Deferred Tax Assets/(Liability)- 2010-11	Addition/deletion during the year	Deferred Tax Assets/(Liability)- 2009-10
Provision for Bad and Doubtful Debts/ Assignments	261.41	185.89	75.52
On account of Fixed Assets	(11.54)	(8.06)	(3.49)
Others	29.26	17.01	12.25
<b>TOTAL</b>	<b>279.13</b>	<b>194.84</b>	<b>84.29</b>

16. Managing Director & Executive Director remuneration on account of salary & other allowances: ₹ 162.42 Lacs (P.Y. ₹ 69.84 Lacs).

17. Directors sitting fees paid during the year ₹ 2.50 Lacs (P.Y. ₹ NIL).

18. The Company has initiated the process of identification of 'suppliers' & "vendors" registered under the "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006" for obtaining confirmations from suppliers. Based upon and to the extent of intimations received by the Company from such 'suppliers' & "vendors", none of the suppliers have confirmed to be registered under MSMED Act, 2006. Accordingly, no disclosures relating to amounts unpaid as at the year end together with interest paid/payable are required to be furnished.

### 19. Payments to Auditors:-

Auditors Remuneration (Excluding Service Tax)	2010-11	2009-10
Audit Fees	8.00	5.00
Tax Audit Fees	0.75	0.75
Other services	6.40	-
<b>TOTAL</b>	<b>15.15</b>	<b>5.75</b>

## Accounting Policies & Notes on Accounts

as at 31<sup>st</sup> March, 2011

20. Additional Information pursuant to Para 3 and 4 of Parts II of Schedule VI of the Companies Act, 1956 have been given to the extent applicable to the Company:

Sr. No.	Particulars	(₹ in Lacs)	
		2010-11	2009-10
a)	CIF Value of Imports	-	-
b)	Expenditure in Foreign Currency (Staff Training)	1.06	1.42
c)	FOB value of Exports	-	-
d)	Earnings in Foreign Exchange	-	-

21. **Disclosure as per RBI guidelines:-**

The disclosure as per RBI Circular No. DNBS (PD). CC No. 125/03.05.02/2008-09 dt. 01.08.08 is as below:-

A. CRAR:-

Items	2010-11	2009-10
I) CRAR (%)	28.22%	31.20%
II) CRAR - Tier I capital (%)	23.00%	31.20%
III) CRAR - Tier II Capital (%)	5.22%	-

B. EXPOSURES:-

*Exposures to Real Estate Sector*

Category	2010-11	2009-10
<i>(A) Direct Exposure-</i>		
(1) Residential Mortgages-		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lacs may be shown separately)	Nil	Nil
(2) Commercial Real Estate-		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc). Exposure would also include non-fund based (NFB) limits;	Nil	Nil
(3) Investments in Mortgage Backed Securities (MBS) and other securitized exposures-		
(a) Residential		
(b) Commercial Real Estate.	Nil	Nil
<i>(B) Indirect Exposure</i>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil

## Accounting Policies & Notes on Accounts

as at 31<sup>st</sup> March, 2011

(₹ in Lacs)

### C. ASSET LIABILITY MANAGEMENT:-

#### *Maturity pattern of certain items of assets and liabilities*

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings	551.42	502.13	279.84	1,429.18	3,077.17	9,370.29	1,624.11	3,620.2	<b>20,454.34</b>
From Banks									
Market Borrowings									
Assets									
Advances*									
Investments	3,334.47	1,034.97	1,012.49	2,979.28	6,088.84	22,570.80	5,459.23	905.73	<b>43,385.81</b>
	15.62	0.00	0.00	0.00	0.00	0.00	0.00	595.38	<b>611.00</b>

\*including Accrued interest and Trade advance

22. Sundry Creditors, Sundry Debtors, Loans & Advances have been taken at their book value are subject to confirmation and reconciliation.
23. In the opinion of the management, Loans and Advances have a realizable value in the ordinary course of business not less than the amount at which they are stated in the balance sheet and provision for all known liabilities and doubtful assets have been made.
24. Figures are rounded off to the nearest to the lacs.
25. The figures for the previous year have been regrouped and reclassified, wherever necessary to conform to current year's classification.

#### In terms of Our Separate Audit Report of Even Date Attached

For **G.M. Kapadia & Co**  
Chartered Accountants

For & on behalf of the Board

S/d  
**Pramod Patni**  
(Partner)

S/d  
**Sanjay Agarwal**  
(Managing Director)

S/d  
**Uttam Tibrewal**  
(Executive Director)

S/d  
**Deepak Jain**  
(Chief Financial Officer)

Place: Jaipur  
Date: 21st May, 2011

# Balance Sheet Abstract

and Company's General Business Profile

### I. Registration Details

(₹ in Lacs)

Registration No. :	U36911RJ1996PTC011381						State Code :	1 7					
Balance Sheet Date :	3 1		0 3		2 0 1 1		Date	Month	Year				

### II. Capital Raised During the year

Public Issue :	N I L						Right Issue :	N I L					
Bonus Issue :	N I L						Private Placement :	4 5 0					

### III. Position of Mobilisation and Deployment of Funds

Total Liabilities :	5 2 5 5 1 . 5 8						Total Assets :	5 2 5 5 1 . 5 8					
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#### Sources of Funds

Share Application Money :	-						Reserves & Surplus :	7 2 5 0 . 1 5					
Paid-up Capital :	8 9 5 5 . 8 5						Unsecured Loans :	3 5 0 0					
Secured Loans :	3 2 8 4 5 . 5 8												

#### Application of Funds

Net Fixed Assets :	1 1 3 1 . 3 5						Investments :	6 1 1 . 0 0					
Net Current Assets :	5 0 5 3 0 . 1						Misc. Expenditure :	-					
							Deferred Tax :	2 7 9 . 1 3					

### IV. Performance Of Company

Turnover :	1 5 8 7 4 . 3 3						Total Expenditure :	9 5 4 3 . 1 6					
Profit/Loss Before Tax :	6 3 3 1 . 1 7						Profit/Loss :	4 2 0 0 . 4 9					
Earning per share in ₹ :	2 9 . 8 2						Dividend Rate % :	-					

### V. Generic Names of Principal Products/Services of Company (as Per Monetary Terms)

Item Code No. (ITC Code)	N.A									
Product Description	INVESTMENT & FINANCE									

For **G.M. Kapadia & Co**  
Chartered Accountants

For & on behalf of the Board

**Pramod Patni**  
(Partner)

**Sanjay Agarwal**  
(Managing Director)

**Uttam Tibrewal**  
(Executive Director)

**Deepak Jain**  
(Chief Financial Officer)

Place: Jaipur  
Date: 21st May 2011

## Annexure

### Schedule to the Balance Sheet of a non-deposit taking non-banking financial company

(as required in terms of paragraph 13 of Non-Banking Financial (Non-Depositing Accepting of Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)

#### Particulars

(₹ in Lacs)

#### Liabilities side:

As on March 31st, 2011

	Amount out-standing	Amount overdue
<b>1 Loans and advances availed by the non banking financial company inclusive of interest accrued but not paid</b>		
(a) Debentures : Secured		
: Unsecured	2,000.00	
(Other than falling within the meaning of public deposits*)		
(b) Deferred Credits		
(c) Term Loans	18,454.34	-
(d) Intercorporate loans and borrowing		
(e) Commercial Paper		
(f) Other Loans (specify nature) : -		
Cash Credit Limit	15,891.24	-
Loan against specific vehicles		-
Business Loans from banks	-	-
*Please see Note 1 below		
		<b>Amount Outstanding</b>
<b>2 Break-up of Loans and Advances including bills receivables (other than those included in (4) below )</b>		
(a) Secured		40,935
(b) Unsecured		159.65
<b>3 Break-up of leased Assets and stock on hire and other assets counting towards AFC activities</b>		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease	-	
(b) Operating lease	-	
(ii) Stock on hire including hire charges under sundry debtors:		
(a) assets on hire	-	
(b) Repossessed Assets	-	
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	
(b) Loans other than (a) above	-	
<b>4 Break-up of investments :</b>		
Current Investments :		
1. Quoted		
(i) Shares : (a) Equity		-
(b) Preference		-
(ii) Debentures and bonds		-
(iii) Units of mutual funds		15.62
(iv) Government Securities		-
(v) Other (please specify)		-
		-



**Particulars**

(₹ in Lacs)

*Contd.*

As on March 31st, 2011

2. Unquoted	
(i) Shares : (a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	
(iv) Government Securities	-
(v) Other (please specify)	-
Long-Term investments	
1. Quoted	
(i) Shares : (a) Equity	-
(b) Preference	-
(ii) Debentures and bonds	-
(iii) Units of mutual funds	2.50
(iv) Government Securities	-
(v) Other (please specify)	-
2. Unquoted	
(i) Shares : (a) Equity	517.88
(b) Preference	51.36
(ii) Debentures and bonds	23.64
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Other (please specify)	-

**5 Borrower group-wise classification of assets financed as in (2) and (3) Above**

Please see Note 2 below

*Category*

	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties * *			
(a) Subsidiaries			-
(b) Companies in the same group			-
(c) Other related parties			-
2. Other than related parties			-
<b>TOTAL</b>			

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

Please see note 3 below

<b>Particulars</b>		(₹ in Lacs)	
<i>Contd.</i>		As on March 31st, 2011	
<i>Category</i>	Market value/Break up of fair value of NAV	Book value	(Net of Provisions)
1.	Related Parties * *		
	(a) Subsidiaries	564.50	
	(b) Companies in the same group	-	
	(c) Other related parties	-	
2.	Other than related parties	55.51	46.50
	Total	55.51	611.00
	** As per Accounting Standard of ICAI (please see Note 3)		

<b>7 Other information</b>		Amount
<b>Particulars</b>		
i	Gross Non-Performing Assets	
	(a) Related parties	
	(b) Other then related parties	233.04
ii	Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other then related parties	71.57
iii	Assets acquired in satisfaction of debt	-

**Notes:-**

- As defined in paragraph 2(1) (xii) of the Non-Banking Financial Companies Acceptance of public Deposits (Reserve Bank) Directions , 1998.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting of Holding) Companies Prudential Norms (Reserve Bank) Directions , 2007
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other asset as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and brea up/ fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long-term or current in (4) above.

For **G.M. Kapadia & Co**  
Chartered Accountants

**For & on behalf of the Board**

**S/d**  
**Pramod Patni**  
(Partner)

**S/d**  
**Sanjay Agarwal**  
(Managing Director)

**S/d**  
**Uttam Tibrewal**  
(Executive Director)

**S/d**  
**Deepak Jain**  
(Chief Financial Officer)

Place: Jaipur  
Date: 21st May, 2011

## Statement Pursuant to Section 212 of the Companies Act, 1956

Relating to Subsidiary Companies

(₹ in Lacs)

Name of the Subsidiary Company		Index Money Limited	AU Insurance Broking Services Pvt. Ltd.	Au Housing Finance Pvt. Ltd.
1 Financial Year of the Subsidiary Companies ended on		March 31st, 2011	March 31st, 2011	March 31st, 2011
2	(a) No. of Equity shares of subsidiary company held at the end of the financial year	1,224,490	300,000	2,250,000
	(b) Holding's company interest in percentage	100%	60%	100%
	(c) No. of Preference shares of subsidiary company held at the end of the financial year	500,000		
	(d) Holding's company interest in percentage	0.00%		
3	Net aggregate amount of Profit/(losses) of the subsidiary for the year as above so far as it concerns members of AU Financiers (India) Private Limited			
	(a) Dealt with in the accounts of AU Financiers (India) Pvt. Ltd.	NIL	NIL	NIL
	(b) Not Dealt with in the accounts of AU Financiers (India) Pvt. Ltd.	0.34	(0.51)	(3.62)
4	Net Aggregate amount of Profit/(losses) for previous financial years of the subsidiary financial years of the subsidiary since it became subsidiary so far as it concerns the members of AU Financiers (India) P Ltd			
	(a) Dealt with in the accounts of AU Financiers (India) Pvt. Ltd.	NIL	NIL	NIL
	(b) Not Dealt with in the accounts of AU Financiers (India) Pvt. Ltd.	(298.13)	(1.49)	(3.62)



## NOTICE

**Notice** is hereby given that Sixteenth Annual General Meeting of the members of Au FINANCIERS (INDIA) PRIVATE LIMITED shall be held on Monday the 27th June, 2011 at the registered office of the Company at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur - 302001, Rajasthan, India at 11:00 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To re-appoint M/s. G.M. Kapadia & Co. Chartered Accountants, Mumbai as the Auditors of the Company and to fix their remuneration.

### SPECIAL BUSINESS

3. Amendment of Articles of Association by way of inclusion of new Article 42 (b) in place of existing Article 42 (b)

To consider and, if thought fit, to pass with or without modification the following resolution as a special resolution:

“RESOLVED THAT pursuant to the provisions of the Section 31 of the Companies Act, 1956 the existing Articles of Association of the Company be and are hereby amended by way of inclusion of new Article 42 (b) to the exclusion of existing Article 42 (b) as per the draft of the new Article 42 (b) of Association circulated with the notice and appended hereunder.”

Article 42 (b) The seal of the Company shall never be used except by the authority of a resolution of the Board or of a Committee of the Board authorized by it in that behalf and one of the Directors of the Company or the person authorised by a resolution

of the Board or Committee of the Board, shall sign every document to which the seal of the Company is so affixed”

By the orders of the Board of Directors

For **Au FINANCIERS (INDIA) PRIVATE LIMITED**

Place: Jaipur

Date: 27.05.2011

**Sanjay Agarwal**

*Managing Director*

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

The Proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for holding the meeting.

2. APPOINTMENT OF AUTHORISED REPRESENTATIVES  
No person shall be entitled to attend or vote at the meeting as a duly authorised representative of any body corporate which is a shareholder of the Company, unless a copy of the resolution appointing him/her as a duly authorised representative, certified to be a true copy by the Chairman of the meeting at which it was passed, shall have been deposited at the Registered Office of the Company

not less than forty eight hours before the scheduled time of the commencement of the meeting.

### 3. SHAREHOLDER QUERIES

In case you have any query relating to the enclosed Annual Accounts or about the operations of the Company, you are requested to send the same to the Company Secretary at the Registered Office of the Company at least seven days before the date of Annual General Meeting so that the information can be made available at the meeting.

4. Members/proxies should bring the attendance slip duly filled in for attending the Meeting.

5. The relative Explanatory Statement pursuant to the section 173(2) of the Companies Act, 1956 in respect of the Special Resolution set out at Item No. 3 of the Notice is annexed hereto.

Explanatory Statement

#### **Explanatory Statement Pursuant to the Provision of Section 173(2) of the Companies Act, 1956.**

##### **Item No. 3**

Amendment of Articles of Association by way of inclusion of new Article 42 (b) in place of existing Article 42 (b)

The Company is required to execute various Documents, Agreements and Papers under the Common Seal of the Company and the present clause related to affixing Common Seal of the Company is such that, it requires Director to sign every instrument to which Common Seal of the Company is so affixed. However, Directors of the Company needs to keep on traveling every now and then for business purposes and a lot many times it is observed that, there has been difficulty in execution of documents in their absence, as, the Common Seal of the Company can be affixed only in their presence. Further, considering the future requirements, it is expected that the requirement of affixing Common Seal of the Company would double with the increase in documentation. Your

Directors, therefore, recommend to amend Articles of Association of the Company by inserting new Article 42(b) in place of existing Article 42 (b).

Existing Article 42 (b) of Articles of Association:

*“Subject to any statutory requirements, if any, the seal of the Company shall not be affixed to any instrument only by the authority of a resolution of the Board or of a Committee of the Board authorised by it in that behalf and one of the Directors of the Company, who is authorised, shall sign every instrument to which the seal of the Company is so affixed.”*

Proposed new Article 42 (b) of Articles of Association:

*“The seal of the Company shall never be affixed except by the authority of a resolution of the Board or of a Committee of the Board authorised by it in that behalf and one of the Directors of the Company or any other person authorised by a resolution of the Board or Committee of the Board, shall sign every document to which the seal of the Company is so affixed”*

Members’ approval is required for the proposed amendment in Articles of Association of the Company. The Board recommends the passing of the resolution at Item No. 3 of this notice as special resolution.

None of the Directors are, in any way, concerned or interested in the resolution set out at Item No. 3 of the Notice.

By the orders of the Board of Directors  
For **Au FINANCIERS (INDIA) PRIVATE LIMITED**

Place: Jaipur  
Date: 27.05.2011

S/d  
**Sanjay Agarwal**  
Managing Director





*Bottom of the pyramid  
is on the top of our mind*



Changing lives of India



Au FINANCIERS (INDIA) PRIVATE LIMITED commenced its business in 1996. Popularly known as "FINANCIERS", it is a pioneer NBFC of Rajasthan, spreading its wings across India. The Company is a non deposit taking Systemically Important Non Banking Financial Company (NBFC – ND - SI) and has been classified as an "Asset Finance Company" by Reserve Bank of India.



Au FINANCIERS (INDIA) PRIVATE LIMITED  
19 - A, Dhuleshwar Garden, Ajmer Road,  
Jaipur - 302 001, Rajasthan, India  
Phone: +91 141 391 0000  
Fax: +91 141 2368815  
[www.aufin.in](http://www.aufin.in)





## ATTENDANCE SLIP

I hereby record my presence at the SIXTEENTH ANNUAL GENERAL MEETING of Au FINANCIERS (INDIA) PRIVATE LIMITED on Monday, 27th day of June, 2011 at 11.00 A.M. at the registered office of the Company at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001, Rajasthan, India.

Name .....

Ref. Folio/D.P & Client ID No.....

SIGNATURE OF THE ATTENDING MEMBER/PROXY No . of Shares held .....

### Notes:

1. Shareholder/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
2. Shareholder/Proxyholder desiring to attend the meeting should bring his/her copy of the Notice for reference at the meeting.



## PROXY FORM

I/We.....

of.....in the district of.....

being Member of the above named Company, hereby appoint .....

.....of .....in the district of .....

or failing him, ..... of ..... in the district

of, ..... as my/our Proxy to attend and vote for me/us and on my/our behalf at the SIXTEENTH ANNUAL GENERAL MEETING of Au FINANCIERS (INDIA) PRIVATE LIMITED on Monday, 27th day of June, 2011 at 11.00 A.M. at the registered office of the Company at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001, Rajasthan, India.

Signature :

Signed this .....day of ..... 2011

Reference Folio / D.P & Client I.D.No.....

No. of Equity shares held .....

Affix  
Revenue  
Stamp  
here

**Note:** The Proxy form must be returned so as to reach the Registered Office of the Company at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur - 302001, Rajasthan, India, not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting

