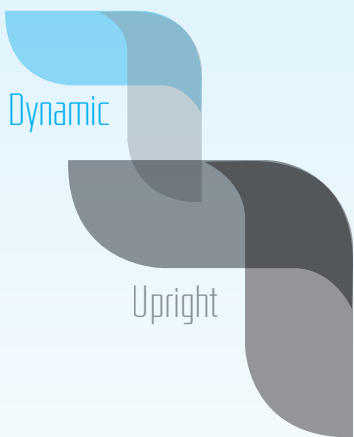


2011-12

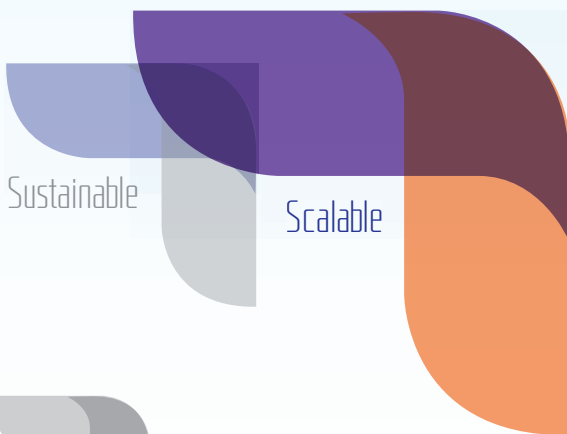
ANNUAL REPORT

Au Financiers (India) Private Limited



Dynamic

Upright

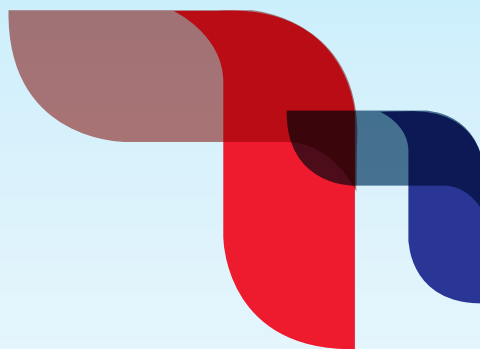


Sustainable

Scalable



Flexible



Ahead of

next



## Forward-looking statement

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

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



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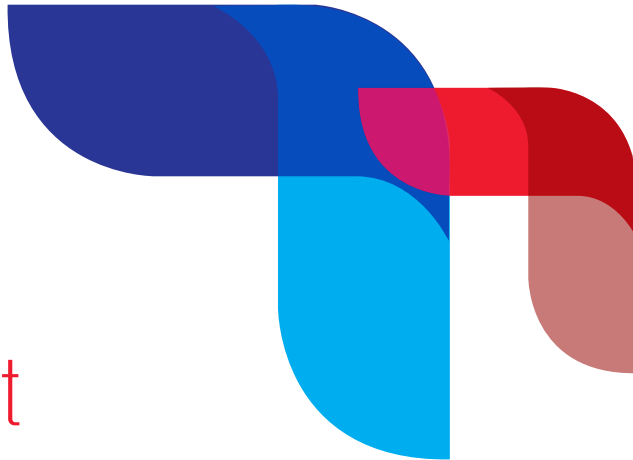
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# Ahead of next



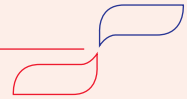
During the current challenging economic environment, *Ahead of Next* truly signifies our unwavering commitment to adapt to the dynamic market conditions, deliver excellent results, and delight customers with superior products and transparent corporate practices. Au Financiers (India) Private Limited (Au Financiers) has evolved owing to its enhanced credit rating, low borrowing cost and customer confidence. The Company is setting new trends in India's financial sphere with its fair and friendly approach towards customers. While advancing on its course, the Company has never negotiated with its core philosophy to enrich the lives of the customers. Today, Au Financiers is ahead of the next by virtue of its dynamism, uprightness, scalability, sustainability and flexibility.



# Strengthening the foundation



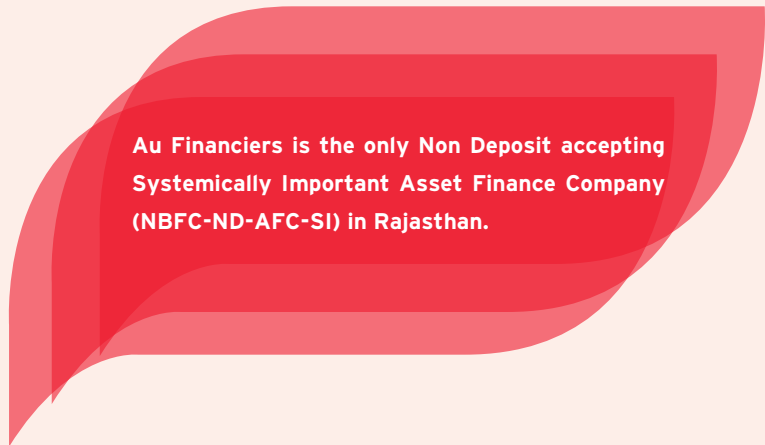
**AU FINANCIERS (INDIA) PRIVATE LIMITED IS ONE OF THE FASTEST GROWING NON BANKING FINANCIAL COMPANIES (NBFC) OF INDIA, CATERING TO THE NEEDS OF THE UNBANKED RURAL AND SEMI-URBAN INDIANS WITH MARGINAL CREDITWORTHINESS. COMMENCING ITS JOURNEY IN 1996, AU FINANCIERS HAS COME A LONG WAY AND CAPTURED CONSIDERABLE MARKET SHARE IN THE INDUSTRY. THE CONSISTENT GROWTH OF THE COMPANY HAS HELPED IT GAIN SIGNIFICANT INVESTOR CONFIDENCE, INCLUDING THAT OF RENOWNED INVESTORS SUCH AS MOTILAL OSWAL PRIVATE EQUITY ADVISORS PVT. LTD., INTERNATIONAL FINANCE CORPORATION (IFC) AND WARBURG PINCUS WITHIN A SHORT TIME SPAN. OUR STRATEGIC AND EFFECTIVE BUSINESS MODEL FURTHER ENHANCES THE LONG-TERM GROWTH OPPORTUNITIES OF THE COMPANY.**



## THE EVOLVING WORLD OF Au FINANCIERS

We have grown by focusing on the future and staying ahead of the curve.

- ✔ A wide range of services, including Vehicle Financing, SME Loans and Housing Finance
- ✔ Extensive network of 146 branches across 7 states in Western and Central India
- ✔ Doubled its networth from ₹ 15,926.87 Lacs to ₹ 39,187.72 Lacs
- ✔ Enduring relationships with leading Indian Banks, including HDFC Bank, ICICI Bank and Dhanlaxmi Bank for Tier II capital
- ✔ Financing arrangements with around 36 leading private and public sector banks and financial institutions
- ✔ 100% asset-backed secured finance with comfortable Loan to Value levels of 65% to 85%
- ✔ Excellent management of asset quality, contributing to low delinquency ratio
- ✔ Proficient in checking customers' trackrecord through local references, field inspection, creating co-borrowers and cross guarantee arrangement
- ✔ Expertise of local manpower, strengthening the bond with customers and dealers, increasing operational efficiency
- ✔ Collection efficiency one of the best in the industry
- ✔ NPA levels are the lowest
- ✔ Assigned A/Stable external rating by CRISIL (upgraded by double notch from BBB+/positive) for long-term debts
- ✔ Marquee investors - Motilal Oswal Private Equity Advisors Pvt. Ltd., IFC (World Bank Group) and Warburg Pincus



**Au Financiers is the only Non Deposit accepting Systemically Important Asset Finance Company (NBFC-ND-AFC-SI) in Rajasthan.**

ABOUT Au FINANCIERS

STATUTORY REPORTS

FINANCIAL STATEMENTS

## MISSION AND VISION

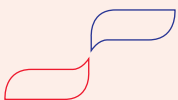
We are guided by four principles - Fair, Flexible, Fast and Friendly, that nurtures our mission and vision.

### VISION

To be the most preferred financial institution with nationwide presence and provide customised 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 best and trusted financial solutions to cater to the entrepreneurial aspirations of 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.

### Personalised touch:

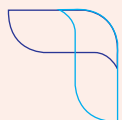
In our behaviour, we endeavour to build relationships that will transform lives by valuing, understanding and articulating individual needs. We simultaneously respect and value people and uphold humanity and dignity.

### Fairness and equality:

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

### Reliability:

We honour the spirit and intent of our commitments and promises, demonstrating consistency in our actions and words. We stand by our customers in the hour of need and believe in creating a trusted bond for life.



### Nurturing talent:

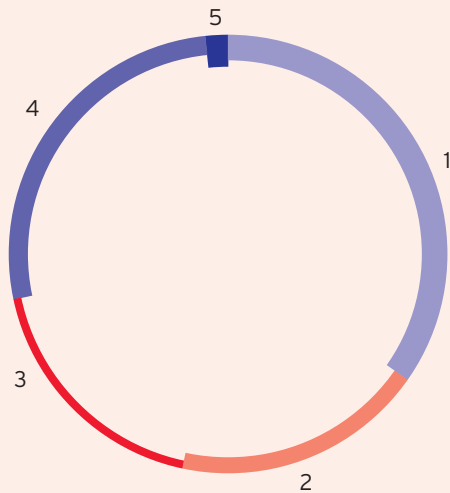
We pursue challenging and rewarding opportunities that nurture personal and professional initiatives and the growth of an individual.

### Empowerment:

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

### Audacity:

We constantly foster individuals to give open feedback towards processes, products and services to ensure improvised practices in the organisation.



### SHAREHOLDING PATTERN AS ON 31ST MARCH, 2012 (%)

- 1) **34.87** Promoter and Family

---

- 2) **18.66** IBEF and IBEF-I (Motilal Oswal Private Equity Advisors Pvt. Ltd.)

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- 3) **18.34** International Finance Corporation

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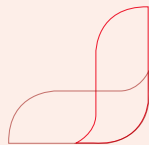
- 4) **26.54** Redwood Investment Ltd (Warburg Pincus)

---

- 5) **1.59** ESOP

### OUR INVESTORS

Au Financiers enjoys active support from renowned investors such as Motilal Oswal Private Equity Advisors Pvt. Ltd. and IFC. In the current fiscal, we attracted one of the leading global private equity firms - Warburg Pincus - as an equity investor. This single largest equity infusion has almost doubled the network of the Company. Further, our existing investor - IFC - reposed confidence in the Company by placing more equity along with the new investor to reinstate its stake.



Considering the legacy of our investors in the global and Indian financial services space, it is a proud moment for us to be associated with them. Their increasing faith bears testimony of our sustainable value creation, management expertise and the ability to create a sound business that can accept the challenges of a changing economic scenario. Our strong entrepreneurial spirit and deep commitment to our customer will enable us power the business ahead.

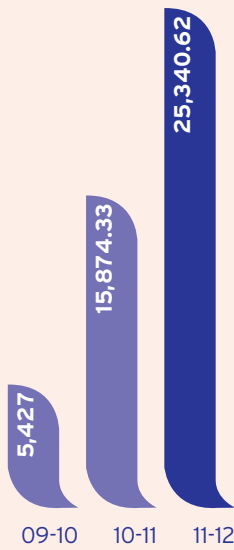


# Moving forward

## Financial highlights

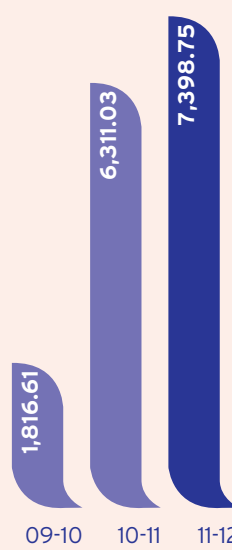
### TOTAL INCOME

(₹ In Lacs)



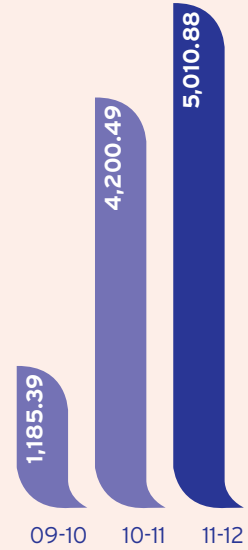
### PBT

(₹ In Lacs)

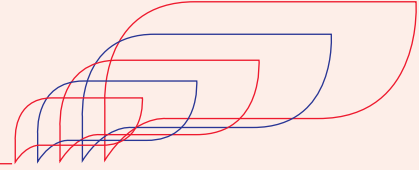


### PAT

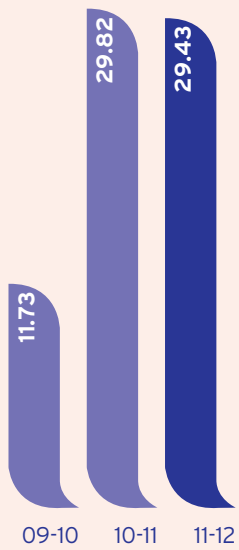
(₹ In Lacs)



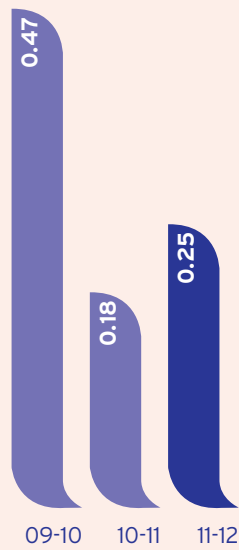




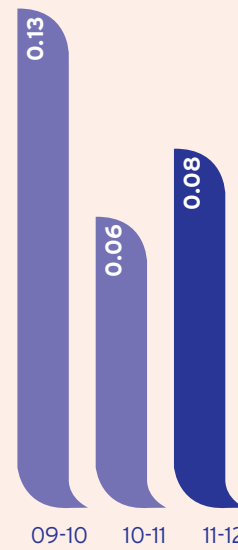
**BASIC EPS (Per Share)**  
(₹)



**GROSS NPA**  
(%)



**NET NPA**  
(%)





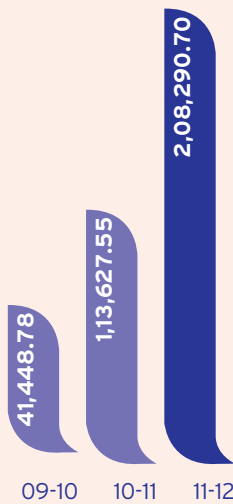
# Moving forward

## Operational highlights



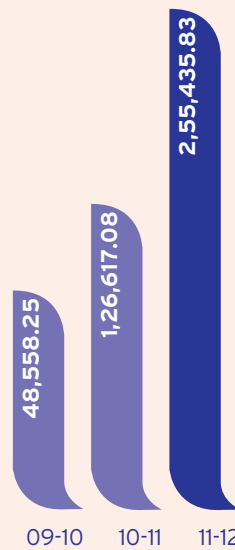
### TOTAL DISBURSEMENT

(₹ In Lacs)



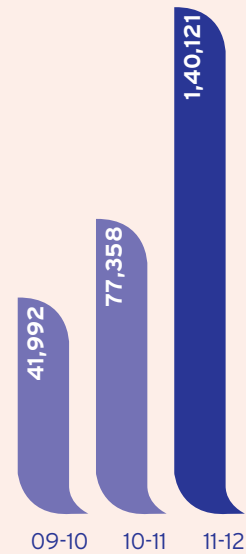
### TOTAL AUM

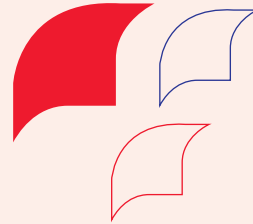
(₹ In Lacs)



### CUSTOMER BASE

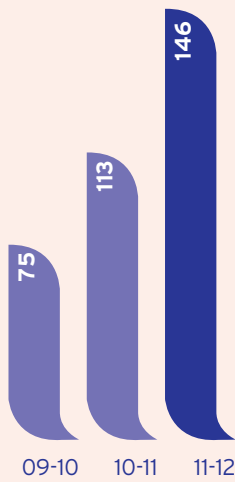
(In Number)





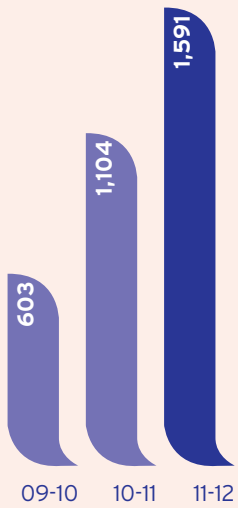
**BRANCH NETWORK**





(In Number)



**HUMAN RESOURCE**

(In Number)



- 
 Attracted investment of ₹ 150 Crores from global private equity firm, Warburg Pincus
- 
 Forayed into housing finance, having received the license from National Housing Bank (NHB) in August 2011 for our Wholly Owned Subsidiary
- 
 Forayed into insurance broking services, having acquired the license from Insurance Regulatory Development Authority (IRDA) for our Group Company
- 
 Recognised as the Best PE backed Financial Services Company



# Letter to shareholders



Dear Stakeholders,

Your Company ended financial year 2011-12 on a very high note. Our achievements were beyond our expectations. The biggest highlight of the year was surely the 3rd round of capital infusion in your Company by Warburg Pincus and IFC (World Bank group). Mr. Deepak Parekh has been keenly involved in the process and I strongly believe that with his able guidance and support, your Company will achieve new heights in the coming years. Capital infusion from marquee private equity investor Warburg Pincus immensely enhances our corporate identity and brand value. I am overwhelmed by the trust reposed in us by IFC through further capital infusion, indicating their unparalleled support to Au Financiers. The capital infusion has resulted in more than two times increase in our network.

At Au Financiers, we are committed to assist small and medium entrepreneurs of our country to fulfill



## "DREAMS DO COME TRUE..."

This is how I feel when I look at the year gone by...

- Investment by Warburg Pincus and IFC (World Bank Group)
- Association with Mr. Deepak Parekh and getting his guidance and support
- Receiving licenses from NHB and IRDA for our subsidiaries
- 2 notch rating upgrade to 'A / Stable' by CRISIL



their aspirations. Despite a challenging market scenario, we are optimistic of the growth of Indian NBFCs, thanks to an ever growing automobile, housing and insurance sector. Our significant market presence has endowed us with the expertise in identifying the opportunity at the lower end of the pyramid.



**'AHEAD OF NEXT' IS NOT A FASHIONABLE CATCHPHRASE FOR US. IT IS A PART OF OUR CORPORATE CREDO TO CREATE EXCEPTIONAL VALUE FOR ALL STAKEHOLDERS.**

We have considerably improved our business performance and increased our customer base through an extensive 146 branch network across seven states in Western and Central India. Your Company has achieved record disbursement with over 84% growth. Assets Under Management (AUM) increased by a whopping 102% over the previous

financial year, reflecting enhanced customer trust in our professional and transparent approach. In addition to this, our Total Income and Profit After Tax (PAT) increased by 60% and 19%, respectively. On the regulatory front, we maintained a very healthy Capital Adequacy Ratio of 33.55%, much above the stipulated Reserve Bank of India (RBI) norm of 15%. Our foray into high-yielding segments, such as lending to SMEs on a secured basis and moderation of operational expenses, improved our return on average managed assets from 2.5% in 2011 to 3.3% in 2012.

A healthy asset quality has always been paramount for us. In spite of serving the most disadvantaged sections of the society, your Company's delinquency levels and Net NPA (0.08%) stood amongst the lowest in the industry. We take immense pride in our robust sourcing and underwriting practices, healthy Loan-to-Value ratios across asset classes and the policy of co-borrower or guarantee, while lending to customers.

Considering our healthy asset book, strong earnings and ever-increasing volume, CRISIL has upgraded the credit rating of your Company by two notches from 'BBB+/Positive' to 'A/Stable'. Recent capital infusion, combined with a strong support from the banking fraternity, played a major role in the rating up-gradation, amidst the challenging market scenario where many companies faced either a rating downgrade or, at best, retained their ratings. As a Company, we are growing from strength to strength and are constantly being rewarded for our efforts and hardwork.

To address the needs of our loyal customers, we have now forayed into housing finance and insurance advisory services. We are delighted to get the approvals from the NHB and the IRDA, and we express our gratitude to the regulators and RBI for their continuous support. With the incorporation of two new subsidiaries and enhanced operational efficiency, we are poised for another period of sustainable growth.

I understand there are several challenges, including the regulatory compliances, increased competition and interest rate tightening. Nevertheless, we are confident to overcome these with our customer centric and flexible approach. We shall continue to maintain a healthy balance between growth and quality. We have complete faith in our regulators and

their decisions, considering the larger interest of the nation, and we whole heartedly support them.

We continue to acquire and retain the best in class talent across the industry. Our employee centricity has helped us frame and inculcate a very healthy work environment, which is reflected in our low attrition rate across all levels. I can never thank enough my fellow colleagues for their enthusiasm, zeal and support to make Au Financiers what it is today.

Our achievements have not diluted our focus from our core values: we are fair, so that at each step of service delivery, transparency continues to be the core; we are flexible to serve customized needs of our clients; we are fast to address consumer needs by being their friends for life.

We all know that the NBFC sector is hugely dependent on the banking fraternity and we are overwhelmed by the support of over 36 bankers and financial institutions. I take this opportunity to express my gratitude to all our banking colleagues for bestowing upon us their trust, confidence, on-going support and assistance, which they have extended to us over the years. We have had a fantastic year in terms of raising money to support our business and growth. We are confident of your continuous support in the future as well.

I am thankful to our esteemed Board Members and investors for guiding us all along in our journey with their diverse experiences, knowledge based and active interest in every step of our journey. With your continuous support, we will be able to take our business to newer heights with our feet firmly on the ground. We are hoping for a very positive year ahead.

**Kudos to Team Au Financiers!!**

Yours Sincerely,

**Sanjay Agarwal**

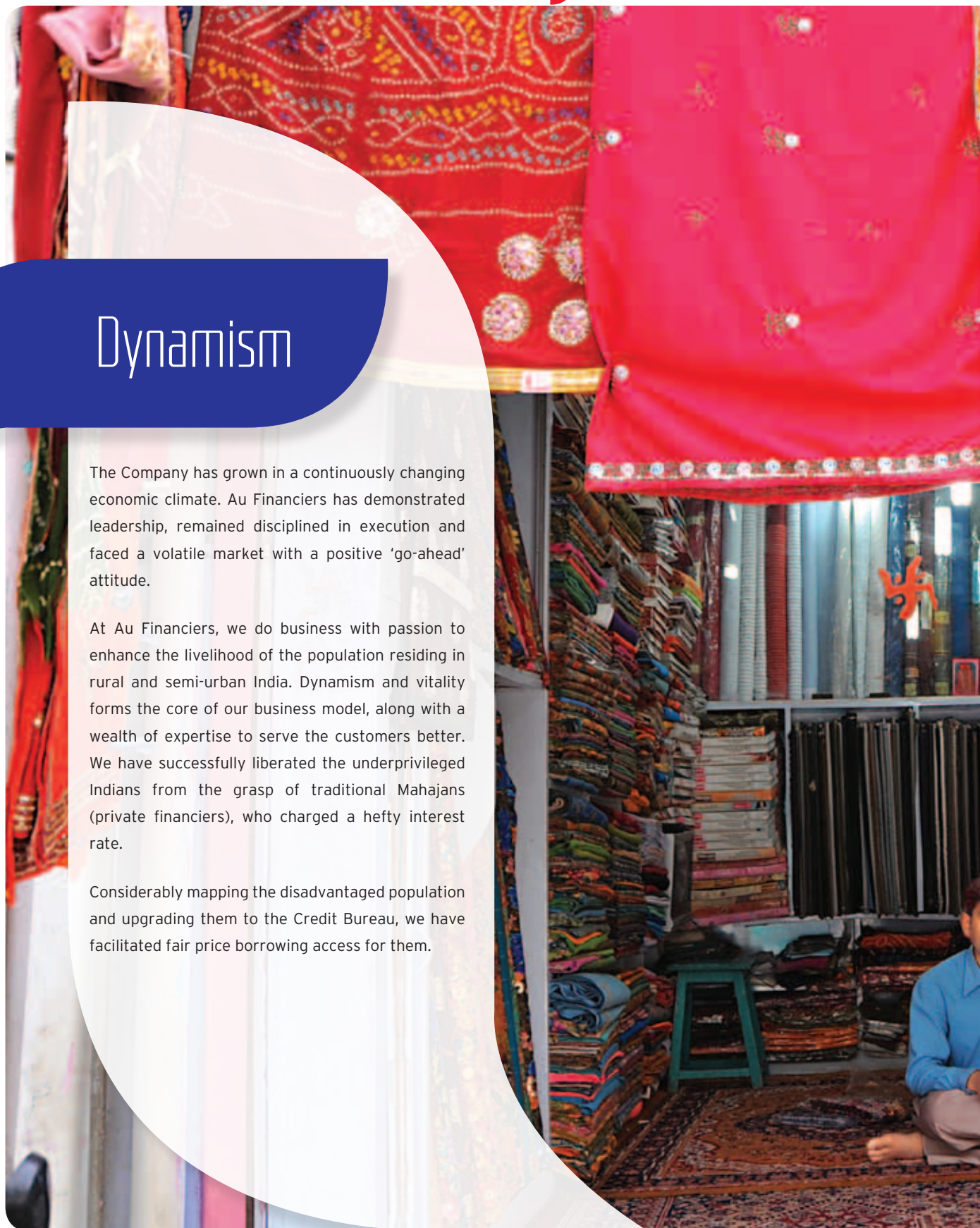
Managing Director

## Dynamism

The Company has grown in a continuously changing economic climate. Au Financiers has demonstrated leadership, remained disciplined in execution and faced a volatile market with a positive 'go-ahead' attitude.

At Au Financiers, we do business with passion to enhance the livelihood of the population residing in rural and semi-urban India. Dynamism and vitality forms the core of our business model, along with a wealth of expertise to serve the customers better. We have successfully liberated the underprivileged Indians from the grasp of traditional Mahajans (private financiers), who charged a hefty interest rate.

Considerably mapping the disadvantaged population and upgrading them to the Credit Bureau, we have facilitated fair price borrowing access for them.



Today, we are not just successfully eliminating third party intermediaries and brokers from the system, but also generating awareness among our customers about their financial rights as borrowers and basic financial practices, such as Know Your Customers (KYC) norms.

On the other hand, our business practice of recruiting local people generates significant employment opportunities in our operating areas.

This strategy enhances our operational efficiency as the local people not only bring a comprehensive understanding about accurate customer needs and willingness to repay, but we also establish an emotional connect with them.

Concisely, our dynamism creates enduring bonds internally and externally, that catalysed us to perform consistently, irrespective of the dynamic market conditions.



## Towards greater transparency

At Au Financiers, transparency is not only a practice to abide by the regulatory guidelines. It is an essential part of our integrity, which enables us to emerge as a responsible corporate.

A simple yet stable business model of Au Financiers exclusively addresses the growing business needs of rural India. We believe that the Management is just a trustee of shareholders' capital and not the owner

of it. Hence, there exists a clear distinction between personal conveniences and corporate resources.

Our upright Corporate Governance philosophy satisfies not just the letter of the law, but the spirit of it. Our transparent approach towards maintaining a high degree of disclosures enables the stakeholders to have a clear idea regarding the operations of the Company.







The Board has a number of Operational Committees to ensure smooth functioning. On a regular interval, maximum appropriate disclosures, without exposing the strategic interests of the Company, are communicated to the stakeholders in a truthful manner.

We maintain transparency and fulfil our obligations as our corporate culture encourages the growth

of each and every employee. On the other hand, the code of conduct ensures ethical behaviour and timely management of assigned responsibilities, effectively enhancing our performance.

## Scaling ahead

Fast moving and forward thinking Au Financiers has always looked ahead. In today's competitive market scenario, only a scalable business can sustain and attract the right investors. In the past 16 years, we have grown considerably in all aspects, including network, customer base and manpower, while significantly increasing our asset base. This clearly highlights the scalability of Au Financiers. Our carpet coverage includes 7 states with an extensive presence in Rajasthan. We are in the process of

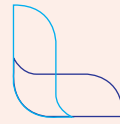
replicating the same success story in other states as well.

In the current fiscal, we have increased our presence to 146 branches across 7 states in Western and Central India. Our strategic approach has enabled us to establish ourselves as the leading NBFC in Rajasthan, with a wide spread network of 70 branches.

Our strategy helped us in further penetration in adjoining geographies by providing a strong field force. Having deeply penetrated into Rajasthan, we have forayed into new states like Madhya Pradesh, Chhattisgarh, Punjab and Goa, ensuring our geographical expansion.

However, our growth focus never diverted us from our core objectives. We have successfully reached more than 15,000 villages and Tehsils, and a

majority of our branches are in the rural and semi-urban areas. This extensive network facilitated the rapid expansion of our customer base by tapping the under-penetrated customers. In the current fiscal, our customer base has grown by 81.26%, thus transforming the lives of 1,40,121 customers.

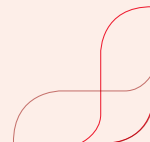


STATE-WISE BRANCH NETWORK (Total Number)



In line with the expansion, we have also grown as a responsible organisation. Today, we have a total manpower of 1,591 people, ensuring smooth operations of our Company.

More importantly, all the qualitative growth factors have a visible impact on our profitability. In FY 2012, we have become a ₹ 2,500 Crores Company, denoting the scalability of Au Financiers.





## Truly sustainable

Sustainability is defined as the capacity to endure. To successfully operate in an unprecedented and competitive market, organisations not only need to evolve, but need to demonstrate sustenance. At Au Financiers, we have effectively maintained sustainable progression. For the past 4 years, we have achieved a CAGR of 88% in Disbursement, 86% in AUM, 99% in networth and 110% in PAT.

Our success story spells the competencies of our well-crafted business strategy.



Our hub - and - spoke model incurs minimal capital expenditure significantly contributing to the bottom line of the Company. It further allows us to compete effectively in the marketplace with a quick turnaround time. We are extremely cautious about our asset quality. We are engaged only in asset backed finance, focusing on income generating assets. We go ahead with the lending process after thoroughly scrutinising the background of our customers, intentions, willingness, viability and proposed use.

The co-borrower concept strengthens the business model. Our four layer filtration process for credit checking includes field investigation and CIBIL check. Our 4 step collection procedure is the cornerstone of our sustainable growth. The effectiveness of these two models has helped us achieve one of the lowest delinquency ratio and NPA level in the industry.




## Being flexible

We deliver simple solutions in a complex world. The reason behind our success is our relentless effort to serve the customers. With plentiful operational players in the industry, we gain customer confidence with a flexible business, processes and products. Our friendly and fair approach further nurtures our relationship with the customers.

The expertise of our management helps us to identify and address the exact customer requirement. Our product portfolio consists of a variety of products

including vehicle loans and small secured business loans. Recent incorporation of our housing finance and insurance broking company will further strengthen our offerings and flexibility.

Moreover, our in-house teams ensure fast and flexible processing across all the business verticals. Our dedicated employees provide customised solutions. Our clearly defined and simple loan application process reduces the turnaround time (TAT), with the aid of in-house credit team



ensuring faster processing of documentations. The relationship based on socially inclusive business sourcing further helps us to maintain our pricing standards. We are not engaged with any brokers or freelancers to reach out to the new customers. We are engaged in direct marketing, leveraging local mediums and tie-ups with manufacturers and dealers. Our collection procedure also provides considerable flexibility, understanding the reason for default. Briefly, all these factors have gradually enhanced customers' confidence over the years, and made Au Financiers what it is today.



# Ensuring confidence



## INVESTORS



### WARBURG PINCUS

“Warburg Pincus’ growth-oriented investment in Au Financiers reflects its recognition of the Company’s high quality leadership team led by Sanjay Agarwal. The Company has built a unique business model which provides a competitive advantage in reaching out to the underserved customers in rural and semi-urban locations. Its recent upgrade in credit rating from CRISIL and growing support from a lender base of over 35 Banks and financial institutions is a result of disciplined approach towards lending and increase in scale and diversity. Warburg Pincus looks forward to helping the Company achieve its vision of becoming a highly respected industry leader.”

**Mr. Vishal Mahadevia**

Board Member, Au Financiers and Co-head and Managing Director, Warburg Pincus India Private Limited





ABOUT AU FINANCIERS

“Au Financiers is today a key Indian financial institution that distinguishes itself, given its inclusion agenda, highly committed management, superior staff and high quality shareholders. Also important is its humble, technology-based and client-centric approach to business.

Au Financiers is an example of IFC’s financial sector strategy since the last 4 years focused on institutions based in low income states, first-generation entrepreneurs committed to excellence and provision of financial services at the base of the pyramid. We are proud to be associated with Au, and are committed to supporting it to its full potential.”

**Ms. Ayaan Adam**

Head of Financial Institutions and Private Equity, International Finance Corporation (IFC), Private Equity Arm of World Bank Group

STATUTORY REPORTS



“Motilal Oswal Private Equity invested in Au Financiers in early 2008. Right from the beginning, we had deep faith in the uniqueness of their business model, superior leadership skills of Sanjay Agrawal, a highly committed senior management and the employee base. Equity investment by Warburg Pincus and IFC Washington in some sense revalidates the faith we have in the Company. We are very excited about the growth prospects of the business in the years to come. We recently made a partial exit from the Company by selling a part of our stake to Warburg Pincus. We wish Sanjay and his team all the very best and are committed to work with other shareholders to help establish Au as a leading NBFC in the country.”

**Mr. Raamdeo Agrawal**

Joint Managing Director, Motilal Oswal Financial Services Ltd.

FINANCIAL STATEMENTS



## Ensuring confidence

### BANKERS & FINANCIAL INSTITUTIONS



"I am impressed with the quality of disclosures in their Annual Report. The growth in business is backed by right and timely equity infusion. The Company has a scalable business model and operates in the niche market segment. It derives considerable mileage from the vast experience of the Board, besides professionals managing the day-to-day affairs of the Company."

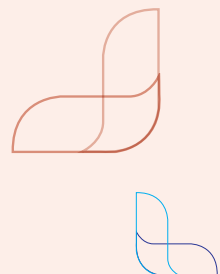
**Mr. S. K. V. Srinivasan**

Executive Director, IDBI Bank Ltd.

"Au Financiers is a fast growing NBFC catering to the needs of the underserved entrepreneurs in the MSME segment. The Company enjoys continuing support from its investors. SIDBI has assisted Au Financiers by providing resource support and shall continue to support it in its journey from strength to strength; wishing all the best."

**Mr. Harsh Kaul**

Chief General Manager, SIDBI



## RATING AGENCIES



“Au Financiers has shown good business growth over the last few years. The Company is well led by Mr. Sanjay Agarwal. It enjoys good asset quality, comfortable liquidity profile and adequate capitalisation. It has been able to attract strong institutional investors.”

### Mr. Rajesh Mokashi

Deputy Managing Director - CARE Ratings

“The Company’s asset quality has remained better than that of several CRISIL-rated large CV financing companies. AUF’s strong systems and processes and good understanding of its borrowing profile are the key drivers behind its healthy asset quality. The Company rigorously follows its sourcing and underwriting practices, including maintaining loan-to-value ratios at origination, lending against vehicle models having predictable resale value and following a co-borrower concept, wherein any loan to a fresh borrower has to be guaranteed by a co-borrower (existing client in most cases). To minimise early delinquencies and frauds, the Company has devised an incentive system for its sales force, which is closely linked to the collection performance within the first six months of origination. CRISIL believes that AUF will continue to meet its targeted growth, while maintaining healthy asset quality over the medium term. AUF has strengthened its management structure over the last few years by hiring professionals with good industry experience to manage the current diversification of its portfolio and operations.”

**(Excerpt from CRISIL Rating Rationale dated 1st June, 2012)**



# Product portfolio

## VEHICLE LOANS

- Offers loans for vehicles like heavy and light commercial vehicles, multi-utility vehicles, small utility vehicles, tractors and three wheelers, including new and second-hand vehicles as well as refinancing
- Loans are secured through exclusive hypothecation
- Distribution tie-up with major automobile manufacturers such as Mahindra & Mahindra, Tata Motors, Piaggio Vehicles, Force Motors, Maruti Suzuki, Chevrolet and Toyota, to further facilitate the process



## SMALL SECURED BUSINESS LOANS

- Offers loans to micro and small manufacturers and service enterprises, mini units and agriculture based SMEs for equipment purchase, business expansion, new business start-up, technology up-gradation, working capital requirements, erection of building and sheds, etc.
- Asset backed financing through collateral security (residential and commercial property qualifying for mortgage through deposit of title deeds), apart from the primary security of the underlying asset financed

## HOUSING FINANCE

- Offers loans for purchase, construction and renovation/extension of house etc.



# Awards and recognition

## BEST PE BACKED FINANCIAL SERVICES COMPANY

Bestowed as the best 'PE- Backed Financial Services Company' in the debut edition of VCCircle Awards 2012 held on 14th February, 2012. The award recognises and celebrates the impact of private equity and venture capital on Indian businesses. The ceremony brought together India's top-performing venture capital and private equity companies as well as investors, lawyers and investment bankers.



## NOMINATION IN FT/IFC SUSTAINABLE FINANCE AWARDS

In the current fiscal, we have been nominated for several awards for our achievement in financing at the base of the pyramid. Of the 37 entries received by FT/IFC from 19 countries, 7 entries were shortlisted for the final round. We were the only Indian company amongst of the nominated entries.

## FEATURED AS IFC'S FLAGSHIP COMPANY IN INDIA FOR FINANCING BOTTOM OF THE PYRAMID

IFC had organised the very first global financial markets meeting in India in April 2011. Here, Au Financiers was featured as IFC's Flagship Company in India. We were extremely delighted to get an opportunity to present 'Au Story of Growth, its Impact, Vision and Mission' in the meet.



## SIDBI (SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA) AWARD FOR ENVIRONMENT & SOCIAL-RISK MANAGEMENT FRAMEWORK

Selection for Environment & Social-Risk Management Framework aligned lending testifies our efforts, implemented in association with International Finance Corporation (IFC) and SIDBI for ensuring effective Social and Environmental management practices in all our activities, products, services and business operations.

# Social and Environmental Risk Management System

Our Company continually endeavours to ensure effective Social & Environmental (S&E) management practices in all our activities, products, services and business operations. Voluntarily in our operations, we have imbibed and implemented social and environmental best practices of our investor, International Finance Corporation (IFC, World Bank Group). These commitments ensure that we are always ahead of the next as it encompasses the customers, employees, shareholders, suppliers and society as a whole.

We have established an activity framework in the form of Social & Environment Management System. This integrates the social and environmental responsibility principles in our business operations and further consolidates the essential mechanisms to analyse S&E risks and adopt astute decisions granting finance operations.

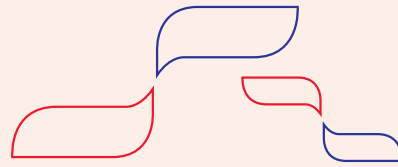
Our commitment encompasses:

- ▮ We shall not undertake any activity directly/indirectly having a negative effect on social and environment aspect
- ▮ Our credit and marketing team is provided training to make them aware of and to ensure that activities having a negative effect directly/indirectly on social and environment are not financed by the Company
- ▮ We shall take an undertaking from the customer that he shall not use the vehicle or the finance for SME directly/indirectly for purposes having a negative effect on social and environment aspect



In the Small Road Transport Operators segment, our Company finances only those vehicles which duly comply with applicable emission norms of the country and have the requisite fitness certificates, tax clearance certificates and other permits, if any applicable. For past few years, we are also committed to financing green vehicles by funding environment friendly CNG and LPG vehicles with efficient technology, greater fuel efficiency, and lower emissions. We have already disbursed ₹ 50.91 Crores. We have forayed into Environmental and Social Risk Management Framework (ESMF) from September 2010, in association with SIDBI. Our thrust towards MSE lending picked up in real terms after partnering with IFC-World Bank-SIDBI and we intend to carve a niche in this domain. We remain committed to continue ESMF beyond WB-SIDBI credit facility and shall endeavour to integrate these best practices in our lending mechanism.

We are also providing Small and Medium Enterprises Loans (SME) which result in improving the social and environmental conditions of the borrowers from rural areas. Our financing has motivated and facilitated entrepreneurship in the society by encouraging



them to set up their own business units. Our easy finance mechanism in rural areas introduced new scopes and possibilities for the unbanked population of India. It has helped shifting their earnings from a half yearly cycle to a monthly or 45 days cycle by encouraging them to get into manufacturing and service micro enterprises, besides their main activity (agricultural farming).



As a matter of social and environmental concern in SME financing, we oversee the following before granting approval for financing:

- ✔ Establishments have required permissions if applicable from the Government and environment office to run the activity
- ✔ Compliant with the labour standards and doesn't employ person below age of 18 years
- ✔ Providing necessary safety equipments to workers to perform the activity required
- ✔ Not engaged in hazardous chemicals business in any form and all measures are taken for prevention of contamination and the emission of hazardous waste

These achievements have been coupled with social commitments through Pratham Shiksha Charitable Trust (committed to educate children from backward and low income group), Akshay Patra (helping underprivileged children by providing them with a healthy, balanced meal) and Umang Foundation (an organisation committed to participate in blood donation camps, clothes collection drives, pledging their support to eye care and eye donations, helping in promoting education by donating books, stationery, etc. to students). Today our strong team of 1,591 people as on 31st March, 2012, with around 20% professionals makes us a NBFC to be reckoned with.





# Business presence



## RAJASTHAN

- |                       |                       |                   |                    |
|-----------------------|-----------------------|-------------------|--------------------|
| 1) Ajmer              | 21) Sardar Shahar     | 41) Jalore        | 61) Dantaramgarh   |
| 2) Beawar             | 22) Sanganagar        | 42) Pali          | 62) Tonk           |
| 3) Kishangarh         | 23) New Sanganer Road | 43) Pokaran       | 63) Sawai Madhopur |
| 4) Kuchamancity       | 24) Chomu             | 44) Sumerpur      | 64) Deoli          |
| 5) Merta              | 25) Bassi             | 45) Barmer        | 65) Kekri          |
| 6) Vijaynagar         | 26) Ramesh Marg       | 46) Kota          | 66) Udaipur        |
| 7) Alwar              | 27) Chaksu            | 47) Baran         | 67) Abu Road       |
| 8) Bhiwadi            | 28) Dausa             | 48) Bundi         | 68) Banswara       |
| 9) Bhilwara           | 29) Bandikui          | 49) Jhalawar      | 69) Dungerpur      |
| 10) Bhilwara-Bijoliya | 30) Dudu              | 50) Nagour        | 70) Sirohi         |
| 11) Chittorgarh       | 31) Jobner            | 51) Shahpura      |                    |
| 12) Pratap Garh       | 32) Renwal            | 52) Kotputli      |                    |
| 13) Rajsamand         | 33) Transport Nagar   | 53) Neem Ka Thana |                    |
| 14) Bikaner           | 34) Vki               | 54) Thoi          |                    |
| 15) Bikaner-II        | 35) Ringus            | 55) Behror        |                    |
| 16) Bikaner-Sujangarh | 36) Shrimadhapur      | 56) Paota         |                    |
| 17) Churu             | 37) Khatushyam Ji     | 57) Sikar         |                    |
| 18) Dungargarh        | 38) Jodhpur           | 58) Fatehpur      |                    |
| 19) Hanumangarh       | 39) Balotra           | 59) Udaipurwati   |                    |
| 20) Loonkansar        | 40) Jaisalmer         | 60) Jhunjhunu     |                    |



## GUJARAT

- |                  |                  |              |             |
|------------------|------------------|--------------|-------------|
| 1) Ahmedabad     | 10) Nadiad       | 19) Palanpur | 28) Surat   |
| 2) Gandhinagar   | 11) Gandhidham   | 20) Deodar   | 29) Vapi    |
| 3) Surendranagar | 12) Bhuj         | 21) Dhanera  | 30) Navsari |
| 4) Kalol         | 13) Himmat Nagar | 22) Tharad   |             |
| 5) Narol         | 14) Idar         | 23) Deesa    |             |
| 6) Bavla         | 15) Modasa       | 24) Rajkot   |             |
| 7) Baroda        | 16) Mehasana     | 25) Jamnagar |             |
| 8) Anand         | 17) Patan        | 26) Morbi    |             |
| 9) Godhra        | 18) Vishnagar    | 27) Junagadh |             |



## MAHARASHTRA

- |               |               |                  |              |
|---------------|---------------|------------------|--------------|
| 1) Ahmednagar | 9) Chandrapur | 17) Wardha       | 25) Thane    |
| 2) Shrirampur | 10) Kolahpur  | 18) Nanded       | 26) Belapur  |
| 3) Sangamner  | 11) Sangli    | 19) Nasik        | 27) Borivali |
| 4) Akola      | 12) Ratnagiri | 20) Pune         | 28) Boisar   |
| 5) Amrawati   | 13) Kankavali | 21) Baramati     | 29) Yawatmal |
| 6) Aurangabad | 14) Satara    | 22) Pimpri       |              |
| 7) Jalna      | 15) Nagpur    | 23) Narainaangon |              |
| 8) Jalgaon    | 16) Gondia    | 24) Solapur      |              |





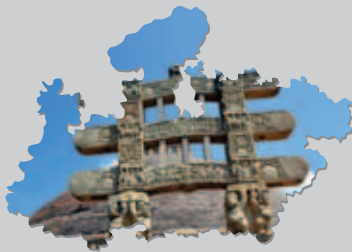
**GOA**

- 1) Madgaon
- 2) Porvorim



**PUNJAB**

- 1) Abohar
- 2) Bhatinda
- 3) Firozpur
- 4) Moga
- 5) Muktsar
- 6) Ludhiana
- 7) Patiala
- 8) Chandigarh



**MADHYA PRADESH**

- 1) Neemuch
- 2) Jabalpur
- 3) Ratlam
- 4) Mandsaur
- 5) Indore
- 6) Satna



**CHATTISGARH**

- 1) Raipur



# Board of Directors



## 1. Mr. Sanjay Agarwal, Promoter and Managing Director

- Plays a pivotal role in the financing strategy, corporate planning and risk management
- 17 years of expertise in finance, legal, credit and risk analysis
- Chartered Accountant and a Member of Rajasthan Finance Companies Association.



## 2. Mr. Uttam Tibrewal, Executive Director

- Responsible for business development, human resource and developing strategic relationships
- 16 years of experience in retail marketing, finance and operations
- A Commerce graduate, associated with Au Financiers since 2003



## 3. Mr. M. Venugopalan, Independent Director

- Rich expertise of four-and-a-half decade
- Former Chairman and MD, Bank of India, MD and CEO, Federal Bank and Executive Director, Union Bank of India
- Currently on Board of LICHFL Asset Management Co., Shreyas Shipping & Logistic Ltd., L&T Finance Holding Ltd., Neighborhood Agri-Business Solutions Pvt. Ltd., Vishwa Infrastructures & Services Pvt. Ltd., IL&FS Environmental Infrastructure & Service Ltd, KDDL Ltd.
- Commerce graduate, a Gold Medalist from Kerala University and a CAIIB



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

- Chairman of the Audit Committee of Au Financiers
- More than 20 years of experience in finance and accounting. Previously, worked as the CFO of Future Group and senior employee of RPG Group and Rajan Raheja Group
- Currently, CEO of Future Ventures India Limited
- Chartered Accountant and a Company Secretary



**5. Mr. Vishal Kashyap Mahadevia, Nominee Director on behalf of Redwood Investment Ltd (Warburg Pincus)**

- MD of Warburg Pincus, focuses on the firm's investment activities in India
- On Board of Alliance Tire, Continental Warehousing, Gangavaram Port, IMC Limited and QuEST Global Services
- Previous employers include Greenbriar Equity Group, Three Cities Research Inc (a New York-based private equity fund), and McKinsey & Company
- B.S. in Economics with a concentration in Finance and a B.S. in Electrical Engineering from the University of Pennsylvania



**6. Mr. Vishal Kumar Gupta, Nominee Director on behalf of IBEF and IBEF I Funds advised by Motilal Oswal Private Equity Advisors Private Limited**

- 12 years of experience in business planning, joint ventures, mergers and acquisitions, fund raising through private equity and stock markets, corporate governance and treasury management
- Represents IBEF on the board of the Company and a principal in MOPE. Previous employers include UBS Investment Bank, Moody's Investors Services and HDFC Limited
- Bachelor of Engineering degree from Aligarh Muslim University and MBA from the University of Chicago

# Senior Management



**1. Mr. Deepak Jain, Chief Financial Officer**

Chartered Accountant by qualification, associated with the Company since 1999, responsible for overall control on Finance, Operation and Accounts functions.



**2. Mr. Manoj Tibrewal, Business Head, Maharashtra, MP and Chhattisgarh**

Company Secretary by Qualification, joined in 2008, responsible for development of all functions, with enormous skills in team management.



**3. Mr. Sushil Kumar Agarwal, Business Head, SME and Housing Finance**

Chartered Accountant and Company Secretary by qualification, having a vast experience of 9 years, served ICICI Bank Ltd. as National Head - Credit Risk for Business Banking Group (SEG).



**4. Mr. Indrajeet Kumar, Assistant Vice President - Risk**

Vast experience of 13 years in IndusInd Bank, responsible for supervision of operations, credit and risk management of the Company.



**5. Mr. Ashok Kumar Goyal, Business Head - Insurance**

Chartered Accountant by qualification, with affluent experience of 23 years with National Insurance Company (Public Sector Undertaking)



**6. Mr. Kapish Jain, Vice-President - Finance and Treasury**

Chartered Accountant, ICWA, CS with 15 years of experience in Finance and Treasury. He worked with renowned organisations such as JP Morgan, ICICI Prudential, Reliance Retail, Deutsche Bank etc.

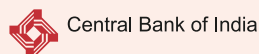
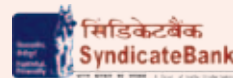


**7. Mr. Abhishek Tiwari, Assistant Vice President - Operations**

Chartered Accountant with 13 years of experience with renowned organisations such as Onicra, ICICI Bank Ltd., Friend Capital Finance Pvt. Ltd., with rich experience in the field of finance and operations.



# Bankers & Financial Institutions



# Corporate Information



## Board of Directors

### Mr. Sanjay Agarwal

Managing Director

### Mr. Uttam Tibrewal

Executive Director

### Mr. Vishal Kashyap Mahadevia

Nominee Director

### Mr. Vishal Kumar Gupta

Nominee Director

### Mr. Krishan Kant Rathi

Independent Director

### Mr. M. Venugopalan

Independent 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 office

19 - A, Dhuleshwar Garden,  
Ajmer Road, Jaipur - 302001  
Rajasthan

## Corporate office

Suite 603, 6th Floor, MMTc House,  
C-22, Bandra Kurla Complex,  
Behind Reserve Bank of India,  
Bandra (East), Mumbai 400 051  
Maharashtra

## Bankers

HDFC Bank  
IDBI Bank  
ICICI Bank  
State Bank of Patiala  
State Bank of Bikaner & Jaipur  
State Bank of India  
Axis Bank  
Bank of India  
Corporation Bank  
Oriental Bank of Commerce  
The Jammu & Kashmir Bank  
State Bank of Hyderabad  
State Bank of Mysore  
Ratnakar Bank  
Dhanlaxmi Bank  
IndusInd Bank  
ING Vysya Bank  
Development Bank of Singapore  
Central Bank of India  
Andhra Bank  
Indian Bank  
Syndicate Bank  
Punjab National Bank  
Development Credit Bank  
South Indian Bank  
Kotak Mahindra Bank  
YES Bank  
State Bank of Travancore  
Indian Overseas Bank  
Bank of Maharashtra  
Karur Vysya Bank

## Financial Institutions

SIDBI  
Aditya Birla Finance Ltd.  
Indostar Capital Finance Pvt. Ltd.





The Management Team and the Members of the Board

# Directors' Report

To

The Shareholders of

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

Your Directors are pleased to present the Seventeenth Annual Report of your Company together with the Audited Statement of Accounts and the Auditor's Report for the financial year ended 31st March, 2012. The summarised financial results for the year ended as at 31st March, 2012 are as under:

### **FINANCIAL RESULTS**

Particulars	(₹ in Lacs)	
	2011-12	2010-11
Total Income	25340.62	15874.33
Total Expenditure	17769.39	9458.89
Profit Before Depreciation & Tax	7571.24	6415.44
Depreciation	172.49	104.41
Prior Period Adjustments	0.00	0.00
Tax Expense		
Current Tax/Wealth Tax	2368.47	2305.39
Deferred Tax	19.40	(194.84)
Profit after Tax	5010.88	4200.49
Transfer to Statutory Reserve	1002.18	840.10
Profit brought forward	5019.25	1658.87
Balance carried over to Balance Sheet	9027.96	5019.25
EPS		
Basic	29.43	29.82
Diluted	15.47	13.64



## REVIEW OF OPERATIONS

Keeping with the trend, during the year under review the Company has achieved an ever highest disbursement figure of ₹ 2,08,290.70 Lacs as compared to ₹ 1,13,627.55 Lacs in the preceding Financial Year 2010-11 with a growth of 83.70% over previous year. The total income posted a strong growth of 59.64% to reach ₹ 25,340.62 Lacs while profit after tax rose by 19.30% to ₹ 5,010.88 Lacs. The Company's total assets under management (AUM) increased by 101.80% from ₹ 1,26,617.08 Lacs as on 31st March 2011 to ₹ 2,55,435.83 Lacs as on 31st March, 2012. The Company continues to expand its geographical coverage and has added 33 branches to its network including operations in the state of Chhattisgarh and ended the year with a network of 146 branches as against 113 branches at the beginning of the year.

## BUSINESS OVERVIEW

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

## SHARE CAPITAL

During the year under review:-

- A. Pursuant to shareholders' Resolution dated 20th February 2012, the Authorised share capital of the Company was re-classified by shifting unissued portion of Preference Share Capital to Equity Shares Capital (of ₹ 5 Crores) - 5,00,000 (Five Lacs) Preference Shares of ₹ 100/- each re-classified into 50,00,000 (Fifty Lacs) Equity Shares of ₹ 10/- each. Consequent to such reclassification, the Authorised share capital of the Company is ₹ 97,00,00,000/- (Rupees Ninety Seven Crores Only) divided into 2,20,00,000 (Two Crores and Twenty Lacs) Equity Shares of ₹ 10/- each (Rupees Ten only) and 75,00,000 (Seventy Five Lacs) Compulsory Convertible Preference Shares of ₹ 100/- each (Rupees One Hundred Only).
- B. On the same date, the issued and paid-up equity share capital of the Company was increased by the issue and allotment of 18,13,709 Equity shares of ₹ 10/- each, at a premium of ₹ 50.65/- per share, pursuant to conversion of 11,00,000 (Eleven Lacs) Compulsory Convertible Preference Shares of ₹ 100/- each amounting to ₹ 11,00,00,000 (Rupees Eleven Crores Only).
- C. On 10th March, 2012, Company issued and allotted 122 Equity Shares at a price of ₹ 200.21/- per share inclusive of share premium of ₹ 190.21/- per share to Redwood Investment Ltd (100 share) and to International Finance Corporation (22 share) in terms of the Share Subscription Agreement dated 28th February, 2012 entered into by the Company, the Sponsors and the investors.
- D. 12,20,281 Compulsory Convertible Preference Shares of ₹ 100/- each were also allotted at a premium of ₹ 1,400/- per share to Redwood Investment Ltd (9,99,986 shares) and International Finance Corporation (2,20,295 shares).
- E. Issued and paid-up equity share capital of the Company has been increased to ₹ 18,37,24,010/- (Rupees Eighteen Crores Thirty Seven Lacs Twenty Four Thousand and Ten) and the issued and paid-up Preference Share Capital has been increased to ₹ 74,20,27,100/- (Rupees Seventy Four Crores Twenty Lacs Twenty Seven Thousand and One Hundred); thereby totaling to issued and paid-up capital of ₹ 92,57,51,110/- (Rupees Ninety Two Crores Fifty Seven Lacs Fifty One Thousand One Hundred and Ten).

## DEBENTURES (TIER II CAPITAL)

Company has raised Subordinate Non Convertible Debentures (NCD's) as Tier II Capital for ₹ 20 Crores from Dhanlaxmi Bank Ltd. during the year and NCD's placed with Dhanlaxmi Bank is listed with National Stock Exchange of India Ltd.



**Consequent to the increase in the net worth, your Company maintained a CRAR of 33.55% as on 31st March, 2012 against a minimum regulatory requirement of 15%**

### **DIVIDEND**

In the view of large business expansion plans and to increase the revenue, your Directors 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, 2012.

### **DIRECTORS**

Mr. Mannil Venugopalan and Mr. Vishal Kashyap Mahadevia were appointed as Additional Directors on the Board of Company w. e. f. 27th August, 2011 and 10th March, 2012 respectively under section 260 of the Companies Act, 1956 and subject to the Articles of Association of the Company and their term of office expires at the ensuing Annual General Meeting and being eligible offer themselves for reappointment as Directors.

The Company has received notices under section 257 of the Companies Act, 1956 proposing their candidature for the office of the Directors. The Board therefore recommends the appointment of Mr. Mannil Venugopalan and Mr. Vishal Kashyap Mahadevia as directors in the ensuing Annual General Meeting of the Company.

### **SUBSIDIARY COMPANIES**

As at 31st March, 2012, your Company has following subsidiaries and a group Company:-

#### **A. Au Housing Finance Private Limited**

Au HOUSING FINANCE PRIVATE LIMITED is a 100% subsidiary of Au Financiers (India) Private Limited and was incorporated with a view to provide finance for housing needs of people and focusing on affordable housing finance in rural and semi-urban areas and to explore the huge un-tapped Housing Finance market by leveraging our wide network of branches and strong customer connect. Au Housing Finance Private Limited received Housing Finance

Company license from National Housing Bank (NHB) in August, 2011 and has formally started operations from March, 2012.

Au Housing Finance is currently operating in 3 states namely Rajasthan, Gujarat & Maharashtra for its housing finance business where Au Financiers has vintage and experience of a considerable period. Au Housing shall expand its operation to other states going forward where Au Financiers will have gained experience in financing to the needs of unserved, unreached customer segment business in rural and semi urban areas.

During the year, Au Housing has increased its Authorised Share capital to ₹ 27,25,00,000/- (Rupees Twenty Seven Crores Twenty Five Lacs Only) and has consequently amended the share capital clause of the memorandum of Association of the Company. Articles of Association were also amended to incorporate the inter se rights and obligations of the shareholders of the Company as applicable to the Subsidiary Company in accordance with the terms of the SHA executed on 28th February, 2012.

Downstream investment of ₹ 25,00,00,000/- (Rupees Twenty Five Crores Only) was made in the Housing Finance subsidiary in March, 2012 the total capital as on date is ₹ 27,25,00,000/- (Rupees Twenty Seven Crores Twenty Five Lacs Only).

#### **B. Index Money Limited**

INDEX MONEY LIMITED, a public limited company and a subsidiary of our Company is engaged in business of financial consultancy.

Company has redeemed its Preference Shareholding in subsidiary Index Money Limited of 5,00,000, 4% Redeemable Preference Shares of the face value of ₹ 10/- each aggregating to ₹ 50,00,000/- (Rupees Fifty

Lacs) and had infused fresh capital into the Company to the extent of ₹ 50,00,000 by subscribing to equity shares to comply with the minimum capitalisation requirements under the FDI Policy.

During the year, Index Money Limited has altered its charter documents viz. its Memorandum of Association with respect to its Main Object Clause and the Articles of Association to incorporate the inter se rights and obligations of the shareholders of the Company as applicable to the Subsidiary Company in accordance with the terms of the SHA executed on 28th February, 2012.

### **C. Au Insurance Broking Services Private Limited**

Au Insurance Broking Services Private Limited is an Insurance Broking Company. 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.

Au Insurance Broking Services Private Limited has received license to act as Direct Broker from Insurance Regulatory & Development Authority (IRDA) in May, 2012.

### **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 33.55% as on 31st March, 2012 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**

Further during the year under review, the Company has not earned but has incurred ₹ 5.01 Lacs as foreign exchange on travelling & training during FY 2011-12.

The particulars regarding expenditure and earnings in foreign exchange are given in notes to the accounts & significant policies for FY 2011-12.

### **EMPLOYEES**

Your Company has almost doubled its manpower since last year and is hiring people in all its business segments based on the business plans and needs of each of the operating divisions. As of March 2012, the total manpower strength of your Company has gone up to 1591 employees.

Your Directors place on record the appreciation of effort and dedication of the employees in achieving good results during the year under review. In line with its policy, your Company continues to place great emphasis on training programmes for all-round development of the staff at all levels. Your Company has been actively concentrating on development of human resources, which is a prime asset for its substantial growth.

### 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	41	Managing Director	154.45	FCA, B.Com 16 Years	Director since 22nd January, 2003. Appointed as Managing Director since 14th February, 2008	-
2	Mr. Uttam Tibrewal	41	Whole time Director	103.71	B.Com 15 Years	Director Since 22nd January, 2005. Appointed as -Whole Time (Executive) Director since 14th February, 2008	-
3	Mr. Manoj Tibrewal	42	Business Head - Maharashtra	65.05	CS 16 Years	1st February, 2009	-

### 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. Board members hereby propose to appoint M/s S. R. Batliboi & Co., Chartered Accountants as the Statutory Auditors for 2012-13 subject to approval of shareholders. They have confirmed that their 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.

Your Directors recommend their appointment as the Statutory Auditors of the Company.

### 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.

### DIRECTORS' 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, 2012 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; and
- (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 our Company.

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

### **ACKNOWLEDGEMENTS**

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their appreciation for the commitment displayed by all the executives, officers, staff and the Senior Management team, in performance of the Company during the year.

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

**Sanjay Agarwal**  
Managing Director

**Uttam Tibrewal**  
Executive Director

Date: September 3, 2012  
Place: Jaipur



Together we lead: Success day of agreement signing with investors

# Management Discussion and Analysis

## GLOBAL ECONOMIC SCENARIO

The global economic prospects are gradually moving towards slow growth recovery after facing a series of setback in 2011. The year was marked by the uprisings in Middle East and North Africa (MENA), catastrophic Tsunami in Japan and the reigning sovereign crisis in the Eurozone. Despite challenges, there are signs of moderate global recovery primarily on the back of moderate growth in USA during the second half of 2011 and pursuance of more effective policies in the Euro area.

The global economic growth is to be around 3.5% in 2012, powered by the emerging markets. The advanced markets are likely to witness 1.5% growth in 2012 and 2% in 2013, while the emerging markets are anticipated to grow to 5.75% in 2012, compared to 6.25% in 2011 and accelerate to 6% again in 2013.

*(Source: Global Economic Outlook, January 2012)*

## INDIAN ECONOMIC SCENARIO

The Indian economy has undergone a volatile phase in 2011. The nation registered a GDP growth of 6.5% in 2012, compared to GDP growth of 8.4% (average over the last five years). The prime reasons for the sluggish economic growth was largely attributed to the global factors; especially the negative developments in Eurozone which overweighed the slow US recovery, affecting the overall investor sentiment and thus resulting in a slowdown. However domestic factors have contributed significantly as well. Among these are the tight monetary policies owing to persistent headline inflation, slowing investment and industrial activity, infrastructure constraints, liquidity crunch (fiscal deficit 5.9%) and lack of strong political will to implement decisions.

### Growth of the key sectors

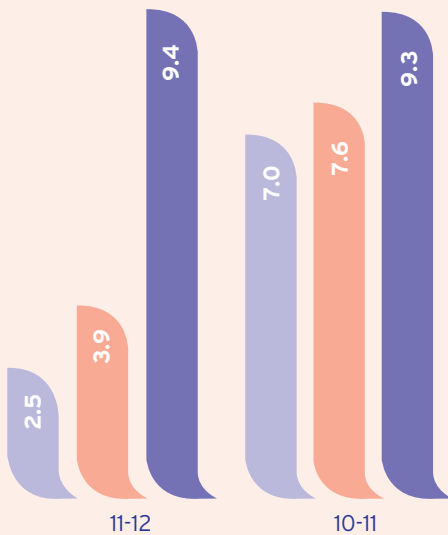
The slowdown largely affected the agriculture and allied activities as only 2.5% growth was witnessed during the year after registering a healthy growth of 7.0% in the previous fiscal.

Despite good monsoons, the low growth could be attributable to the base effect. Due to high inflation and interest rates, industrial growth drastically reduced to 3.9% compared to 7.6% last year. Mining and quarrying industry witnessed a contraction, owing to restricted iron ore production, weak coal output and declined production of natural gas. However, the services sector continued to be the growth driver of the economy, expanding by 9.4% through the year as compared to 9.3% last year.

### SECTOR-WISE GROWTH RATES

(%)

- Agriculture
- Industry
- Services



### Inflation

The high inflation continued to be a matter of concern. In the first half of the current fiscal, it surpassed the margin of 10%. Overall food inflation

rose to 10.74% in May 2012, as compared to 8.3% in 2012. Further, hikes in global commodity petrol price resulted in increased expenses, which in turn enhanced the prices of overall goods.

### Monetary policy and trade deficit

Reserve Bank of India (RBI) has already undertaken sharp measures to tighten the monetary policy stance, in order to control inflation on the back of a compressed aggregate demand. This resulted in higher interest rates, further deceleration growth. Higher interest payment on external debt and higher borrowing costs impacted the entire economy. The trade deficit stood at US\$ 85.8 billion in the first half of the year. This huge deficit was primarily due to hiked international commodity price of crude, gold and silver and depreciation of the Rupee. Sluggish growth of the industry led to lower tax collections and due to spiralling of fuel and fertiliser subsidy, the expenditures of the government significantly shot up. Total expenditures in the first nine months of FY 2012 were 13.9% as against the budgeted 4.9% for the entire year.

### Foreign exchange reserve

The foreign exchange reserves witnessed fluctuation throughout the year. The reserves increased by US\$ 6.7 billion and reached an all time high of US\$ 322 billion during the first half of the year (August 2011). The depreciation of the Rupee reduced the growth pace in the latter half, as RBI intervened to stem the slide which led to a decline in the foreign exchange reserves. Forex reserves stood at US\$ 289 billion as on June 15th 2012, which is around US\$ 5 billion lower than it was on March 31st 2012. On the other hand, the portfolio investments (FII's, ADRs and GDRs) have been extremely volatile and decreased to a mere US\$ 1.3 billion in the first half of 2011-12 as compared to US\$ 23.8 billion in the first half of the previous fiscal.

### Currency depreciation

Indian rupee has been falling drastically since the beginning of the current fiscal, from ₹ 50.57 to all time



## The volume of CV including trucks, buses and light cargo vehicles posted growth of 22% on y-o-y basis. The volume of sales of CVs in the Chinese and US markets also remained low at 10% and 13%

low of ₹ 57.37/US\$ on June, 2012. The fall exhibited annualised volatility of 10.5%, further affecting the investors' sentiment. The capital inflows in terms of foreign direct investment rose by US\$ 12.3 billion during the first half of the current fiscal as compared to US\$ 7 billion in the corresponding period of last year.

### INDIAN FINANCIAL MARKETS

India's financial markets have exhibited a strong growth momentum driven by robust economic demand, consumption and savings rate over the past years. The year 2011 surely posed multiple challenges on growth and asset quality and tested the stability of the financial system.

With increased penetration, the Indian NBFCs have emerged as a vital player, especially in India's retail finance space. The NBFCs primarily fill in the gaps in the supply of financial services which were not generally provided by the banking sector, and also to complement the banking sector in meeting the financing requirements of the evolving economy. Over the years NBFCs have grown sizably both in terms of their numbers as well as the volume of business transactions. The number of NBFCs increased from just 7,063 in 1981 to 12,049 in 2011. In fiscal 2012, NBFCs captured 45% of India's retail finance market.

### Business segments served by NBFCs

- Automobile industry
- Small and Medium Enterprises (SME)
- Housing finance industry
- Consumer credit market

### INDIAN AUTOMOBILE INDUSTRY

#### Commercial Vehicle (CV) market

India's excellent performance in terms of sales of CV during the year is praiseworthy.

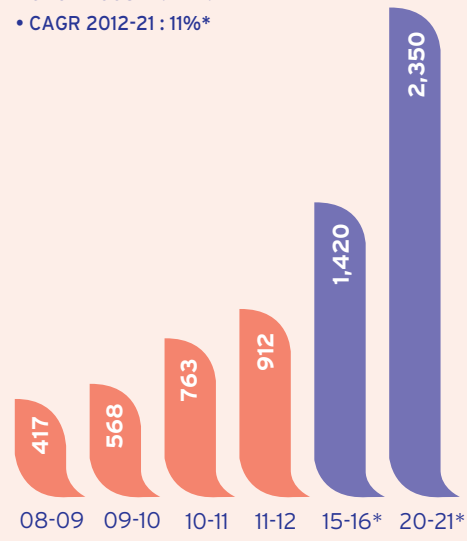
The volume of CV including trucks, buses and light cargo vehicles posted growth of 22% on y-o-y basis. The volume of sales of CVs in the Chinese and US markets also remained low at 10% and 13% respectively. Higher investment in infrastructure by government and increasing housing construction business have surged the demand for CVs.

(Source: The Economic Times)

As per the SIAM, the CV market is expected to witness robust growth and grow at a CAGR of 11% over 2012-21. Given the industry nature, growth of the highly financed (97-98%) CV sector will drive the India's NBFCs.

### GROWTH PROSPECT OF INDIAN COMMERCIAL VEHICLES (In '000 units)

- CAGR 2008-12: 22%
- CAGR 2012-21 : 11%\*



\* Estimated

(Source: Automotive Component Manufacturers Association of India - ACMA)



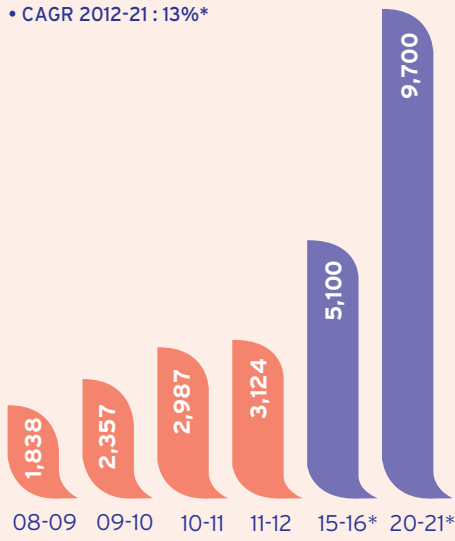
### Passenger Cars (PC) market

The PC industry witnessed a moderate growth of 4.7% in FY12. The growth levels remained subdued due to economic uncertainties, accompanied by hike in fuel prices, and escalating inflation. Rising interest rates, steep and steady rise in input costs, unregulated price hike in raw materials, depreciation of rupee and labour unrest have been the prime reasons for the drop in volumes of PC in 2011.

Going ahead this segment is expected to show stable growth in production, induced by lower interest rates, reduction in car prices, and a decline in excise duty. The production of PCs is expected to maintain a CAGR of 13% from 2012-21. Finance penetration in the segment ranges around 65-70%, while the loan to value ranges between 72% and 77%. The growing momentum is expected to further boost the NBFC sector.

#### GROWTH PROSPECT OF INDIAN PASSENGER VEHICLES (In '000 units)

- CAGR 2008-12 : 14%
- CAGR 2012-21 : 13%\*



\* Estimated

(Source: Automotive Component Manufacturers Association of India - ACMA)

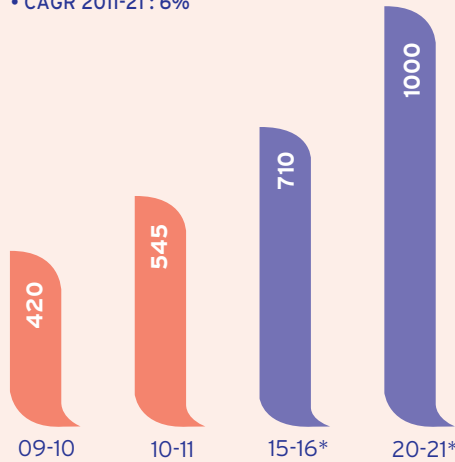
### Tractor industry

The tractor industry is likely to register volume growth of 10-11% for the year FY12. Favourable structural and cyclical factors have fuelled the demand of tractors. Cyclical factors contributed to the healthy demand side economics include good south-west monsoons supporting farm output, robust rural liquidity sustained by higher minimum support price (MSP) for crops and double digit food inflation, besides adequate credit availability driven by NBFCs and private banks. Structural factors that supported tractor volumes include scarcity of farm labour in light of alternate employment opportunities; steady replacement demand and growing non-agricultural use of tractors.

The domestic tractor industry is in the phase of capacity addition. The demand may project slow growth on a short-term basis. Nevertheless, over the long-term, the Indian tractor industry is estimated to grow at 8-9% and on a CAGR basis it is estimated to grow at 6% over 2011-21.

#### GROWTH PROSPECT OF INDIAN TRACTOR INDUSTRY (In '000 units)

- CAGR 2011-21 : 6%



\* Estimated

(Source: Automotive Component Manufacturers Association of India - ACMA)



## AUM of the Company projected a y-o-y growth of 102% in the current fiscal, growing from 1,266 Crores in FY 2011 to ₹ 2,554 Crores in FY 2012

### INDIAN SMES

Indian SMEs have played a pivotal role in the economic developments, particularly in the emerging markets. Currently, Indian SMEs generate around 1.3 million jobs every year, employing about 60 million people. Yet, only 5.18% of the SMEs have access to institutional financing, a major opportunity for penetration of SME financing in India.

(Source: YES Bank Report)

### INDIAN HOUSING FINANCE INDUSTRY

Indian mortgage finance market accounts for 7% of GDP and has been able to maintain steady growth rate despite headwinds in the operating environment. It constitutes almost 50% of the total credit in India. Over a period of time, India's housing mortgage industry has truly evolved by overcoming several challenges.

Mortgages as a percentage of GDP in India is just 9% compared to 20% in China, 26% in Korea, 81% in the US and 88% in UK, indicating huge potential for growth in India (Source: HDFC Report). The next level of growth will be witnessed in the rural areas where the NBFCs are aggressively reaching out to the under-privileged spectrum of the society. It is anticipated that the market share of the sector would witness higher penetration in the coming years, growing from 13.1% in FY12 to 16.8% in FY14 and 15.6% in FY15.

(Source: Mind Power Solutions, November 2011)

### COMPANY OVERVIEW

Incorporated in 1996, Au Financiers (India) Private Limited is one of India's leading NBFC, catering to vehicle financing, SME financing and housing finance demands of rural and semi-urban India. The Company has a well-connected network of branches in Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Chhattisgarh, Goa and Punjab with more than 1,591 employees.

### Operational overview

#### Origination of Loans

- Total disbursement in FY 2012 stands at ₹ 2,082.91 Crores, as compared to ₹ 1,136.28 Crores, registering a growth of 83%.
- The disbursement in Rajasthan has increased by 46.59% to ₹ 1,069.87 Crores in FY 2012, from ₹ 729.85 Crores in FY 2011.
- New vehicle financing and refinancing has registered y-o-y growth of 63.92% and 96.69% respectively in the current fiscal.
- Multi utility vehicle, the primary revenue generator for the Company, witnessed a yoy growth of 90%.
- The Company attained 62,763 new contracts in the current fiscal.

#### Asset Under Management (AUM)

- AUM of the Company registered a y-o-y growth of 102% in the current fiscal, growing from 1,266 Crores in FY 2011 to ₹ 2,554.36 Crores in FY 2012.
- The On books and Off books AUM of the Company registered a y-o-y growth of 96.28% and 104.39% respectively in FY 2012.

#### Quality of portfolio

- The Company's asset quality significantly improved leveraging origination of good quality loans. The quality of its asset is further reflected in the Company's lowest delinquency ratios in the industry at 0.26% 180+DPD on total AUM basis.
- The gross NPA to total assets stands at 0.25% and the net NPA to total assets stands at 0.08% in FY 2012.

#### Other operational data

- Number of customer contracts registered a growth of 81.26%, increasing from 77,358 on 2011 to 1,40,121 on 2012.
- Number of branches increased from 113 in 2011 to 146 as on 31st March 2012.

### Credit Rating

- CRISIL Rating**  
 In June 2012, the long term credit rating of the Company was upgraded by two notches to CRISIL A/Stable from CRISIL BBB+/Positive for long term obligations. The short term rating of the Company was reaffirmed at A1 for short term obligation.
- CARE Rating**  
 In August 2012, the long term credit rating of the Company was upgraded by one notch to CARE A from CARE A- for long term obligations.

### New initiatives

- The Company expanded its business to housing finance, due to significant growth opportunities with Government's focus on housing development of rural and semi-urban belt. To benefit from the opportunities, Au Financiers formed a wholly owned subsidiary, Au Housing Finance Private Limited. It is in the process to tie-up with National Housing Bank to capitalise on the growth opportunities.
- Au Financiers expanded its portfolio to insurance business and invested in Au Insurance Broking Services Private Limited. The insurance broking license has been obtained from IRDA by Au Insurance Broking Services Private Limited.

### Financial overview

#### P&L analysis

- The tangible net worth of the Company witnessed a rapid growth of 146%, growing from ₹ 159 Crores in FY 2011 to ₹ 392 Crores in FY 2012.
- Income from operation increased by 60%, from ₹ 159 Crores in FY 2011 to ₹ 253 Crores in FY 2012. The growth can be attributed to robust growth in disbursements and AUM.
- Operational cost increased by 88%, due to the increased number of branches and manpower. Nevertheless, Profit after Tax of the Company increased by 19%, from ₹ 42 Crores in FY 2011 to ₹ 50 Crores in FY 2012.

### Product-wise disbursement of the Company

(₹ in Crores)		
Products	2011-12	2010-11
Heavy Commercial Vehicle	375.24	261.49
Light Commercial Vehicle	152.50	115.65
Small Commercial Vehicle	348.12	192.63
Multi-utility Vehicle	539.82	283.03
Construction Equipment	20.82	8.45
3-wheelers	107.15	67.20
Car	292.41	127.12
SME	151.17	80.67
HOUSING	95.69	8.42
<b>TOTAL</b>	<b>2082.91</b>	<b>1136.27</b>

### Region-wise disbursement of the Company

(₹ in Crores)		
Particulars	2011-12	2010-11
Rajasthan	1069.87	729.85
Maharashtra	618.41	293.76
Gujarat	293.98	111.85
Others	100.65	0.70
<b>TOTAL</b>	<b>2082.91</b>	<b>1136.27</b>

### Capital Adequacy Ratio (CAR)

- Capital Adequacy Ratio (CAR) stands at 33.55% as on 31st March, 2012 which was way above the regulatory requirement of 15% for CAR.

### OPPORTUNITIES

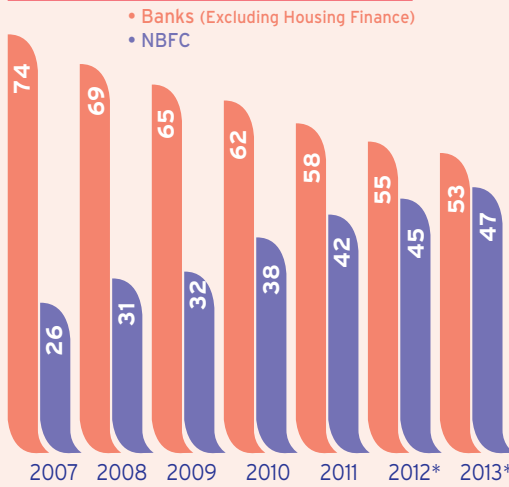
NBFCs have turned out to be engines of growth and are integral part of the Indian financial system, enhancing competition and diversification in the financial space. With a dip in inflation, easing monetary policy stance and falling wholesale borrowing rates, Indian NBFCs withhold considerable growth prospects. Revival in the economic activity boosting credit demand and improving asset quality will benefit NBFCs immensely.

The regulatory issues except the priority sector status, is unlikely to have a material impact on the companies in this sector. The market share and AUM of the NBFCs are certainly poised for growth.



## The Government of India has enhanced provisions under rural housing fund from ₹ 3,000 Crores to ₹ 4,000 Crores to catalyse the growth of affordable housing projects

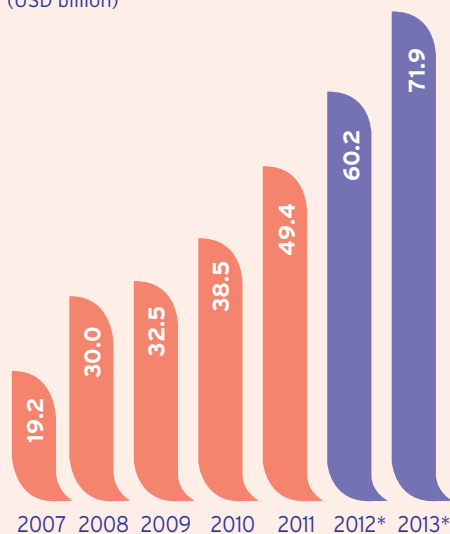
### MARKET SHARE OF BANKS AND NBFCs IN RETAIL FINANCE (%)



\* Estimate (Source: CRISIL)

### GROWTH IN AUM OF RETAIL NBFCs

(USD billion)



\* Estimate (Source: CRISIL)

Concisely, the overall business environment of the sector projects a healthy growth opportunity. Au Financiers is well placed to leverage the following growth opportunities of the industry.

#### GROWTH OPPORTUNITIES

##### Macro headwinds to ease

After increasing the repo rate for 13 times in last 19 months, for the first time in three years RBI has reduced the repo rate by 50bps to 8%, thus indicating more liquidity in the system. It is also estimated that by 2013 inflationary pressures would ease to 5-6% with economy gaining traction would also boost the NBFC sector.

##### Poised to tap the rural demand

The NBFCs have built scale franchises and considerably enhanced the loan origination and risk management system. By adopting the methods of financial inclusion the NBFCs are able to reach the larger rural mass. They are strategically positioned to tap the rising rural demand led by rising food prices, high minimum support prices and rising government expenditure on rural projects and employment-generating schemes.

##### Incremental gross savings

It is expected that the national gross savings will reach USD 1,455 billion mark in 2016 from USD 539 billion in 2010. Currently 90% of the savings are invested with banks and only 10% with NBFCs. Going ahead as a consequence of innovation and customised offerings the savings will shift to the other asset classes. India's HNWI wealth is likely to grow at a CAGR of 12% and will reach approx USD 49 billion by 2015.

##### Strong market penetration

NBFCs have significantly ventured into the untapped rural and semi-urban markets, substituting the credit extended by the unrecognised sector, accelerating financial inclusion.

**Increased operating efficiency**

Rapid technological enhancement and process upgradation have significantly increased the sectoral efficiency by almost 30-40%.

**Innovative products**

The sector provides an array of customised offerings, including innovative products and flexible payment options for the customers.

**Diversified product portfolio**

With a sharp focus on the secured asset class Indian NBFCs have considerably enhanced their product portfolio to target a larger customer base resulting in improved asset quality of the sector, with a significant decline in the gross Non-performing assets (NPAs).

**Government initiatives**

The Government of India has enhanced provisions under rural housing fund from ₹ 3,000 Crores to

₹ 4,000 Crores to catalyse the growth of affordable housing projects. It has also extended the scheme of 1 % interest subvention on housing loan on loan up to ₹ 15 Lacs, limiting the costing of the house to ₹ 25 Lacs. It has enhanced the limit of indirect finance under priority sector from ₹ 5 Lacs to ₹ 10 Lacs.

**KEY CHALLENGES**

- The NBFCs are exposed to high credit risk as compared to banks, as the sector finances the underprivileged category.
- Stringent regulatory guidelines may affect the industry adversely. Funding costs might rise based on the guidelines on securitisation and direct assignment of loan receivables by RBI.
- Increased competition, especially from the new entrants and product portfolio expansion of private sector banks equally pose challenges to the sector.

**RISK MANAGEMENT**

The Company has clearly identified the risk management objectives which helps the Company in mitigating the risks through incessant risk management initiatives. The Company’s approach to identifying, assessing, and managing risks is formalised through an in depth process of market research, collection of updated industry information and data and research intelligence.

Risk Factor	Risk Mitigants
CREDIT RISK	Standardised Credit policy which includes: <ul style="list-style-type: none"> <li>• Efficient client selection and assessment criteria</li> <li>• Conservative assessment of cash flows</li> <li>• Lending only against established and viable asset</li> <li>• Conservative Loan to Value ratios, being about average 70%-75% for the last three years</li> <li>• Almost all the loans are backed by co-borrower or guarantor</li> </ul>
LIQUIDITY & INTEREST RATE RISK	<ul style="list-style-type: none"> <li>• Effective governance framework</li> <li>• Judicious lending</li> <li>• Banking relationship with more than 35 banks &amp; financial institutions and a clean debt servicing record in turn improving overall ratings.</li> <li>• Borrowing from different avenues like NCD and other non-banks.</li> <li>• Classification of loan portfolio as priority sector, which helps to raise loans at a lesser rate of interest.</li> </ul>



Risk Factor	Risk Mitigants
OPERATION RISK	<ul style="list-style-type: none"> <li>• Logically aligned operations across functional area &amp; geography</li> <li>• Clearly defined risk parameters &amp; checks</li> <li>• Proper delegation &amp; exception matrix</li> <li>• Well defined risk control framework and lean organisational structure to detect frauds and errors.</li> <li>• Regular training and awareness programs</li> <li>• Effective internal control and audit system</li> </ul>
REGULATORY RISK	<ul style="list-style-type: none"> <li>• Adequate capitalisation to maintain a healthy CAR.</li> <li>• Zero Tolerance to regulatory issues and timely address with involvement of senior management.</li> <li>• Close tracking of regulatory development through regular connect with RBI and other relevant agencies.</li> <li>• Presence of separate cell which proactively analyses regulatory announcements, their implications &amp; dissemination of the same across the organisation.</li> </ul>

### BUSINESS OUTLOOK

Over the years, the Company has significantly utilised the market opportunities by increasing its business presence and manpower. Au Financiers have always undertaken strategic decisions that have benefitted the organisation. The focus is not just limited to increasing its geographical presence but it plans to capture the market share of one particular state, and then move ahead to the next phase of expansion. This prudent move has enabled the Company to evolve, effectively manage operational costs and grow tremendously.

Our enduring relationships with Banks, customers and investors enabled us to grow sustainably. On the other hand, foray in housing finance and insurance business will provide us additional growth impetus. Au Financiers intend to continue its growth story leveraging the aforementioned factors.

### 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 compliance with regulatory norms and operational efficiency. 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 online integrated tailor-made software, all the information related to disbursement and EMI payments are fed online. It also has a well-developed MIS and accounting system and database to manage the information related to potential and existing borrowers.

#### **HUMAN RESOURCE**

The Company values its workforce and believes its human capital maintain 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.



Inking of Shareholder's Agreement with the Investors at *The Leela*, New Delhi

# 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:

- 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 OF DIRECTORS**

### **Composition of Board**

The Board of Directors and their Committees are vested with such powers as to guide the Company's management in the correct and proper direction to meet the performance demanded by the stakeholders.



At present, the Board consists of six directors with optimum mix of executive, non-executive and independent directors.

With a view to Broad base the Board and to induct experienced professionals to handle the management of the Company, Mr. Mannil Venugopalan and Mr. Vishal Kashyap Mahadevia were appointed as additional, Non Executive Director on Board w. e. f. 27th August, 2011 and 10th March, 2012 respectively. Mr. Mahadevia is representing Redwood Investment Ltd (an affiliate company of Warburg Pincus LLC) on Board of the Company.

None of the Directors of the Board hold Directorship in more than 15 public Companies, a member of more than 10 Board Committees and Chairman of more than 5 Board Committees across all Companies in

which they are Directors. All the Directors make the necessary annual disclosure regarding their directorships and Committee positions and intimate the changes to the Company as and when they take place.

### BOARD MEETINGS

The Board met Nineteen (19) times during the financial year 2011-12. Notices of the meetings with agenda along with necessary details were sent to the directors in time.

The names and categories of the Directors, their attendance at Board meetings as also directorships held by them in other companies as on 31st March 2012 are given below.

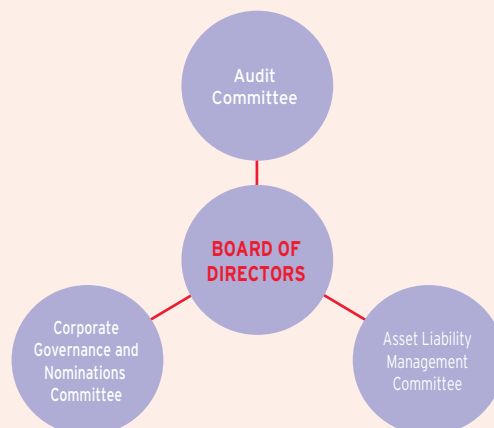
Name of Director	Category of Director	Board Meetings held During the tenure of Director in the Year	Board Meetings Attended	Number of Other Directorship held (Includes Private Companies)
Mr. Sanjay Agarwal	Managing Director	19	19	4
Mr. Uttam Tibrewal	Executive Director	19	19	2
Mr. Vishal Kumar Gupta	Investor Director	19	16	4
Mr. Krishan Kant Rathi	Independent Director	19	14	18
Mr. Mannil Venugopalan*	Additional Director (Independent Director)	11	6	7
Mr. Vishal Kashyap Mahadevia**	Additional Director (Investor Director)	NIL	NIL	5

\* appointed as additional director on Board of the Company w. e. f. 27th August, 2011.

\*\* appointed as additional director on Board of the Company w. e. f. 10th March, 2012.

### COMMITTEES OF BOARD & MANAGEMENT

Company has constituted three independent, qualified and focused committees of the Board constituting Directors of the Company and expert senior management personnel:





### AUDIT COMMITTEE

As on 31st March, 2012 the Audit Committee comprises of four members, viz. Mr. Sanjay Agarwal, Managing Director of the Company, Mr. Vishal Kumar Gupta (Investor Director), Mr. Krishan Kant Rathi, and Mr. Mannil Venugopalan (Independent Directors). Mr. Mannil Venugopalan being Independent Director on Board of the Company is appointed as the Chairman of the Audit Committee after his induction on Board of the Company.

The Accounts and Financial position perused and reviewed by the Audit Committee were thereafter placed before board for their consideration. The committee is authorised to give advice on the appointment/re-appointment of the external

(statutory) auditors, internal auditors and to monitor their performance and effectiveness, the audit fee, implementation of audit-based recommendations and any questions of resignation or dismissal of the external auditors. It reviews with the management of external and internal auditors, the adequacy of internal control systems. Thus, it plays a role of mediator between External Auditors and Board of Directors.

The Audit Committee met five times during the year under review on 2nd May 2011, 21st May 2011, 7th July 2011, 12th November 2011 and 28th January 2012. The composition and attendance record of the members of the Audit committee meetings are as follows.

Name of Member	Category	Audit Committee Meetings held	Audit Committee Meetings Attended
Mr. Mannil Venugopalan	Chairman	1	1
Mr. Krishan Kant Rathi	Member	5	5
Mr. Vishal Kumar Gupta	Member	5	5
Mr. Sanjay Agarwal	Member	5	5

### 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. Mr. Sanjay Agarwal is Chairman of this 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 21st May 2011, 21st September 2011, 12th November 2011 and 28th January 2012.

Name of Member	Category	ALCO Committee Meetings Held	ALCO Committee Meetings Attended
Mr. Sanjay Agarwal	Chairman	4	4
Mr. Deepak Jain	Member	4	4
Mr. Indrajeet Kumar	Member	4	4
Mr. Sushil Kumar Agarwal	Member	4	4

With Shareholder's agreement dated 28th Feb-2012 executed among Promoters, Investors & Company, this Committee shall be renamed as "asset liability management and credit/risk management committee".

### **CORPORATE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE**

The Corporate Governance, Nomination and Remuneration Committee comprise 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/Remuneration 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 determine and decide the broad policy & framework for remuneration of top managerial personnel within the terms of the agreed policy.

During the year under review, the Corporate Governance, Nomination and remuneration Committee met four times on 21st May 2011, 21st September 2011, 12th November 2011 and 28th January 2012.

Name of Member	Category	Corporate Governance & Nomination Committee Meetings Held	Corporate Governance & Nomination Committee Meetings Attended
Mr. Krishan Kant Rathi	Chairman	4	4
Mr. Vishal Kumar Gupta	Member	4	4
Mr. Sanjay Agarwal	Member	4	4

### **REGISTRAR AND SHARE TRANSFER AGENT**

The Equity & Preference Shares of our Company have been admitted with National Securities Depository Limited (NSDL). Company has appointed M/s LINK INTIME INDIA PRIVATE LIMITED as the connectivity agent to provide electronic connectivity interface with NSDL for securities of the Company. With this, shares of the Company are available for Dematerialisation.

Shareholder having a Demat A/c opened with a Depository Participant can dematerialise the shares by forwarding the physical share certificates alongwith the Demat Request Form (DRF) through Depository Participant. If any of shareholders has not opened a Demat account as yet, please do so with any Depository Participant connected to NSDL

(National Securities Depository Services Limited) and thereafter, submit the physical share certificates along with the DRF through your Depository Participant.

The ISIN that have been activated in NSDL are appended hereunder:

ISIN for Equity Share: **INE949L01017**

ISIN for Compulsorily Convertible Preference Share: **INE949L03013 (CCPS2008) INE949L03039 (CCPS 2010)**

#### **Details of RTA:**

LINK INTIME INDIA PRIVATE LIMITED  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai 400078

**LISTING**

The redeemable Non-convertible Debentures (Unsecured) of ₹ 20.00 Crores issued to Dhanlaxmi Bank Limited are listed on the Wholesale Debt Market (WDM) segment of the National Stock Exchange of India Limited (NSE) with effect from 14th July, 2011.

**DEBENTURE TRUSTEE**

IDBI Trusteeship Services Limited has consented to act as the trustee for the issue of redeemable Non-convertible Debentures (Unsecured) issued by the Company to HDFC Bank Limited and Dhanlaxmi Bank Limited:

**IDBI TRUSTEESHIP SERVICES LIMITED**

Asian Building  
17, R. Kamani Marg  
Ballard Estate  
Mumbai - 400 001

**MANAGEMENT DISCUSSION AND ANALYSIS**

Report on Management discussion and analysis has been given separately in this report and forms part of this report.

**ADDRESS FOR CORRESPONDENCE**

The Company Secretary,  
Au FINANCIERS (INDIA) PRIVATE LIMITED  
19-A, Dhuleshwar Garden, Ajmer Road,  
Jaipur - 302001  
Tel: +91-141-3910000  
Fax: +91-141-2368815  
email: manmohan.parnami@aufin.in

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

**Sanjay Agarwal**  
Managing Director

**Uttam Tibrewal**  
Executive Director

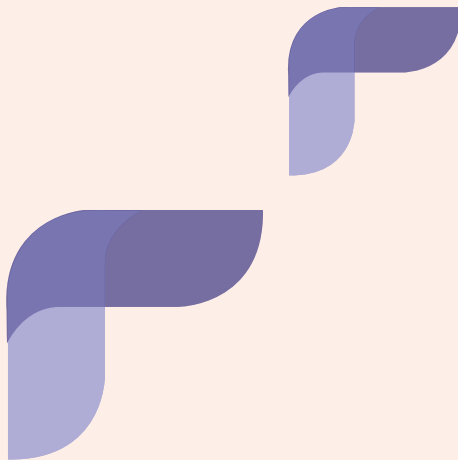
Date: 3rd September, 2012

Place: Jaipur



## Financial Statements

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## 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 2012, the Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2012 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 read 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 2012;
    - b) in the case of the Statement of Profit and Loss, 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*

**(Pranod Patni)**

*Partner*

*Membership No. 70777*

Place : Jaipur

Date : 22nd May 2012

## 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. However, interest free advances given to three subsidiaries aggregating to ₹ 18.24 Lacs which were fully repaid during the year. 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. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and therefore the provisions of Section 58A or Section 58AA or any other relevant provisions of the Act and the rules framed there under are not applicable to the Company. The Company has been categorised as Non-Banking Finance (Non-Deposit Accepting or Holding) Company (NBFC-ND) by the Reserve Bank of India and the Company has complied with the directives issued by Reserve Bank of India applicable in its case. 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



## Annexure I to the Auditors' Report referred to in paragraph 3 of our Report of even date

- tax, custom duty, excise duty and cess which were outstanding as at 31st March, 2012 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 trade in shares, securities, debentures and other investments. The investments made by the Company are held and registered in its own name except as permissible under section 49 of the Act.
  15. The Company has given a corporate guarantee to a bank against a loan by the bank to 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 corporate guarantee are 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 or 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 100 Nos. Equity Shares of ₹ 10 each at a security premium of ₹ 190.21 per share and 999,986 Nos. Compulsorily Convertible Preference Shares of ₹ 100/- each at a security premium of ₹ 1400/- each under a preferential allotment to one party listed in the Register maintained under section 301 of the Act.  
  
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 ensuring the prescribed regulations in this regard. In our opinion, the price of issue of above shares is not prejudicial to the interest of the Company.
  19. The Company had issued Unsecured Redeemable Debentures in the nature of Sub-ordinate Debt (Tier -2 capital) both in the immediately preceding year as well as during the year which has been outstanding as on the balance sheet date. Accordingly, the Company has not created any security or charge 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*

**(Pramod Patni)**

*Partner*

Place : Jaipur  
Date : 22nd May 2012

*Membership No. 70777*



## Annexure I to the Auditors' Report referred to in paragraph 3 of our Report of even date

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, 2012, 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 has 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, 2012.
- 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 31.03.12 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 31.03.12 within the stipulated time.

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

**(Pramod Patni)**  
Partner

Place : Jaipur  
Date : 22nd May 2012

Membership No. 70777



## Balance Sheet as at March 31, 2012

		(₹ In Lacs)	
Particulars	Note No.	As at	As at
		March 31, 2012	March 31, 2011
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
a) Share capital	2.1	9,257.51	8,955.85
b) Reserves & surplus	2.2	30,189.94	7,250.15
<b>2. Non Current Liabilities</b>			
a) Long term borrowings	2.3	24,620.37	14,614.60
b) Other long term liabilities	2.4	1,520.81	523.58
c) Long-term provisions	2.5	887.85	577.61
<b>3. Current Liabilities</b>			
a) Short term borrowings	2.6	28,442.66	15,891.24
b) Trade payables	2.7	850.58	636.18
c) Other current liabilities	2.8	20,445.10	10,306.63
d) Short term provisions	2.5	431.01	536.07
<b>TOTAL</b>		<b>116,645.84</b>	<b>59,291.90</b>
<b>II ASSETS</b>			
<b>1. Non Current Assets</b>			
a) Fixed Assets			
i) Tangible assets	2.9	1,484.08	1,114.58
ii) Intangible assets	2.9	22.70	16.77
b) Non-current investments	2.10	3,090.75	595.38
c) Deferred tax assets (net)	2.11	259.73	279.13
d) Receivable under financing activity	2.12	56,764.19	29,021.40
e) Long term loans and advances	2.13	429.49	35.22
f) Other non current assets	2.14	22,065.60	11,546.49
<b>2. Current Assets</b>			
a) Current investments	2.10	0.53	15.62
b) Trade receivables	2.15	177.63	143.62
c) Cash & bank balances	2.16	1,759.98	1,854.18
d) Receivable under financing activity	2.12	29,575.35	14,425.37
e) Short term loans and advances	2.17	415.80	122.67
f) Other current assets	2.18	600.00	121.46
<b>TOTAL</b>		<b>116,645.84</b>	<b>59,291.90</b>

Summary of significant accounting policies

1

Refer accompanying notes. These notes are an integral part of the financial statements.

As per our report of even date  
For **G.M. Kapadia & Co.**  
Chartered Accountants

For **Au Financiers (India) Private Limited**

**Pramod Patni**  
Partner

**Sanjay Agarwal**  
Managing Director

**Uttam Tibrewal**  
Executive Director

Place: Jaipur  
Date: May 22, 2012

**Deepak Jain**  
Chief Financial Officer

**Manmohan Parnami**  
Company Secretary

# Statement of Profit and Loss

for the year ended March 31, 2012

(₹ In Lacs)			
Particulars	Note No.	Year ended March 31, 2012	Year ended March 31, 2011
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>			
Revenue from operations	2.19	25,283.73	15,807.06
Other income	2.20	56.90	67.28
<b>TOTAL REVENUE</b>		<b>25,340.62</b>	<b>15,874.33</b>
<b>Expenses</b>			
Employee benefits expense	2.21	3,480.61	1,869.38
Finance costs	2.22	10,371.59	4,865.04
Depreciation/amortisation/impairment	2.9	172.49	104.41
Other expenses	2.23	3,323.29	2,052.00
Provision and write off	2.24	593.89	672.48
<b>TOTAL EXPENSES</b>		<b>17,941.88</b>	<b>9,563.30</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>7,398.75</b>	<b>6,311.03</b>
Exceptional items		-	-
Extraordinary items		-	-
<b>Profit before tax</b>		<b>7,398.75</b>	<b>6,311.03</b>
<b>Tax expenses:</b>			
Current tax	2.25	2,368.47	2,305.39
Deferred tax	2.25	19.40	(194.84)
		<b>2,387.87</b>	<b>2,110.55</b>
<b>Profit for the year from continuing operations</b>		<b>5,010.88</b>	<b>4,200.49</b>
Profit from discontinuing operations (after tax)		-	-
<b>Profit for the year</b>		<b>5,010.88</b>	<b>4,200.49</b>
<b>Earnings per equity share</b>			
2.26			
Continuing and Total operations			
Basic (₹)		29.43	29.82
Diluted (₹)		15.47	13.64
Nominal value per share (₹)		10.00	10.00

Significant Accounting Policies

1

Refer accompanying notes. These notes are an integral part of the financial statements.

As per our Report of even date  
For **G.M. Kapadia & Co.**  
Chartered Accountants

For **Au Financiers (India) Private Limited**

**Pramod Patni**  
Partner

**Sanjay Agarwal**  
Managing Director

**Uttam Tibrewal**  
Executive Director

Place: Jaipur  
Date: May 22, 2012

**Deepak Jain**  
Chief Financial Officer

**Manmohan Parnami**  
Company Secretary



## Cash Flow Statement for the year ended March 31, 2012

		(₹ In Lacs)	
Particulars	As at March 31, 2012	As at March 31, 2011	
<b>1 CASH FLOW FROM OPERATING ACTIVITIES</b>			
NET PROFIT BEFORE TAX AS PER PROFIT AND LOSS ACCOUNT	7,398.75	6,311.03	
<b>Add/(Less) :</b>			
Depreciation and amortisation	172.49	104.41	
Share issue expenses	1.22	-	
Employee stock option	4.60	-	
Interest on income tax	37.61	19.23	
Wealth tax	1.26	0.90	
Loss/(Profit) on sale of fixed assets	(0.43)	(1.78)	
Loss from theft on fixed asset	0.08	-	
Dividend from current investments	(1.65)	(0.27)	
Interest received on debentures	(1.71)	(1.94)	
Provision for standard debts/bad and doubtful debts & debtors	368.87	578.36	
Provision for employees benefit	52.83	53.30	
Operating profit before working capital changes	<b>8,033.92</b>	<b>7,063.24</b>	
<b>Add/ (Less) :</b>			
(Increase)/decrease in assets	(54,059.39)	(40,579.92)	
Increase/(decrease) in liabilities	4,741.15	3,800.66	
Direct taxes paid	(2,808.65)	(2,182.54)	
Wealth tax paid	(0.90)	(0.63)	
	<b>(52,127.80)</b>	<b>(38,962.42)</b>	
<b>Net Cash Flow in the cases of Operating Activities (A)</b>	<b>(44,093.88)</b>	<b>(31,899.18)</b>	
<b>2 CASH FLOW FROM INVESTING ACTIVITIES</b>			
<b>Inflow (Outflow) on account of :</b>			
Dividend from current investments	1.65	0.27	
Purchase of fixed assets (Intangible)	(10.51)	(16.81)	
Purchase of fixed assets (tangible)	(538.98)	(570.18)	
Sale of fixed assets	1.92	5.43	
Investments in subsidiaries (increase)/decrease	(2,483.00)	(255.00)	
Investment others (increase)/decrease	2.72	(13.63)	
Interest received on debentures	1.71	1.94	
<b>Net Cash Flow in the cases of Investing Activities (B)</b>	<b>(3,024.50)</b>	<b>(847.98)</b>	

# Cash Flow Statement

for the year ended March 31, 2012

		(₹ In Lacs)	
Particulars		As at March 31, 2012	As at March 31, 2011
<b>3</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Increase/(decrease) in borrowing (current and non current)	29,166.16	25,539.37
	Issue of equity shares	0.01	-
	Issue of preference share	1,220.28	-
	Receipt of call money - preference shares	-	450.00
	Share premium	17,084.19	-
	Shares/debenture issue expenses	(79.72)	-
	<b>Net Cash Flow in the cases of Financing Activities (C)</b>	<b>47,390.91</b>	<b>25,989.37</b>
	<b>Net Increase/(Decrease) in cash and cash equivalents (A+B+C)</b>	<b>272.54</b>	<b>(6,757.79)</b>
	Cash and cash Equivalents as at the beginning of the year	288.65	7,046.45
	Cash and cash equivalents at the end of the year	561.19	288.65

As per our Report of even date  
For G.M. Kapadia & Co.  
Chartered Accountants

Pramod Patni  
Partner

Place: Jaipur  
Date: May 22, 2012

For **Au Financiers (India) Private Limited**

Sanjay Agarwal  
Managing Director

Deepak Jain  
Chief Financial Officer

Uttam Tibrewal  
Executive Director

Manmohan Parnami  
Company Secretary



## Notes on Accounts for the year ended March 31, 2012

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Accounting Convention

The financial statements are prepared under the historical cost convention on accrual basis in accordance with the generally accepted accounting principles in India including Accounting Standards notified by the Government of India, as applicable, and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Company follows prudential norms for income recognition, asset classification and provisioning as per its policy which is subject to minimum provision prescribed by Reserve Bank of India (RBI) for Non-deposit taking Non-Banking Finance Companies (NBFC-ND-SI). (Refer to para 1.11 below).

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to The Companies Act, 1956. The Company has ascertained its operating cycle as 12 months for the above purpose.

#### 1.2 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 recognised in the period in which the results are known or materialise. Significant estimates used by the management in the preparation of these financial statements include provision for employee benefits, estimates of the economic useful life of fixed assets, provisioning for financing assets and receivables, provision for diminution in value of investments, provisioning for taxation etc.

#### 1.3 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, it is unreasonable to expect ultimate collection, revenue recognition is postponed.

##### a. Income from loan

Interest from hypothecation and other Loan transactions is recognised by applying the interest rate implicit in underlying agreements.

##### b. Income from channel finance business

Income in the nature of interest rate differential in IRR in Channel Finance business with a commercial bank, including related incidental charges are recognised on accrual basis.

# Notes on Accounts

for the year ended March 31, 2012

## c. Income from other financing activities

Income from vehicle financing, SME loans and other financing activities is recognised on accrual basis.

## d. Income from assignment

At premium structure

In case of assignment of loan assets and related receivables "at premium" the assets are de-recognised since all the rights, title, future receivables of principal & interest thereof are assigned to the purchaser under the true sale concept. On de-recognition, the difference between the consideration received representing the Net present value of future receivable assigned and the principal loan amount outstanding as per books is recognised 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-recognised as all the rights, title, future receivables principal of 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 of loan assets.

## e. Income from deposits

Interest income from deposits with bank and other financial institutions is recognised at applicable rates.

## f. Income from investment

(i) Dividend on investment is recognised once right to receive is established.

(ii) Interest income on investment is accounted on accrual basis.

g. Unrealised income on classification of underlying assets as non-performing asset, is reversed and subsequent income is recognised only upon actual realisation.

## 1.4 Fixed Assets

### a. Tangible 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, if any, less accumulated depreciation and impairments.

### b. Intangible Assets

Intangible assets comprises of application Software. Intangible assets are recognised only if they are separately identifiable and the Company expects to receive future economic benefits arising out of them. Such assets are stated at cost of acquisition net of cenvat, if any less accumulated amortisation and impairment, if any.

## 1.5 Depreciation and Amortisation

### a. Tangible assets

(i) 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 day basis. Assets individually costing rupees five thousand and below are fully depreciated in the year of purchase.



## Notes on Accounts for the year ended March 31, 2012

(ii) 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.

(iii) Leasehold land is amortised in equal installments over the balance lease period.

### b. Intangible Assets

Intangible assets is amortised on straight line basis over 4 years based on managements estimate of economic benefit from such use.

## 1.6 Employees Benefits

### a. Short Term Employee's Benefits

Short term employee's benefits are recognised 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 the year end on the basis of an actuarial valuation using the Projected Unit Credit method.

Actuarial Gains and losses are recognised 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.

## 1.7 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.

### Deferred taxes

Deferred tax assets and liabilities are recognised 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 recognised 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 recognised 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.



## Notes on Accounts for the year ended March 31, 2012

### 1.8 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.

### 1.9 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.

### 1.10 Operating Leases

Assets acquired under leases where substantial risks and rewards 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 statement of Profit & Loss.

### 1.11 Provisioning / write off of assets

a. 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.

b. Company's Policy for provisioning / write off:

(i) On standard assets @ 0.25% pursuant to Notification No. DNBS.223/CGM(US)-2011 dated January 17, 2011.

(ii) On non performing assets where underlying security is repossessed and net realisable value of such security is lower than outstanding balance, the difference is fully provided for.

(iii) On other substandard loan assets & accounts :-

(a) Cases with 6 month to less than 12 months default : provision @ 50% of outstanding amount.

(b) Cases with 12 months and above default : written off @100%.

(iv) On future payables in respect of loan assets assigned :

(a) On premium structure : @ 0.75% \*

(b) On at par structure : @ 0.25% \*

\* Including towards future servicing cost

### 1.12 Provisions, contingent liabilities and contingent assets

a. A provision is recognised 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



## Notes on Accounts for the year ended March 31, 2012

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.
- (iii) Contingent Assets are neither recognised, nor disclosed.

### 1.13 Earning Per Share (EPS)

Basic Earning 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.

### 1.14 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 recognised 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.

### 1.15 Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, cheques on hand, remittances in transit, short term Fixed Deposit with an original maturity of three months or less and stamping/franking balance.

# Notes on Accounts

for the year ended March 31, 2012

**2.1 SHARE CAPITAL**

(₹ In Lacs)

Particulars	As at	
	March 31, 2012	March 31, 2011
<b>Details of Authorised, Issued, Subscribed and Paid up Share Capital:</b>		
<b>Authorised</b>		
2,20,00,000 (P.Y. 1,70,00,000) Equity Shares of ₹ 10/- each	2,200.00	1,700.00
75,00,000 (P.Y. 80,00,000) Compulsorily Convertible Preference Shares of ₹ 100/- each	7,500.00	8,000.00
	<b>9,700.00</b>	<b>9,700.00</b>
<b>Issued, Subscribed and Paid up</b>		
1,83,72,401 (P.Y. 1,65,58,570) Equity Shares of ₹ 10/- each	1,837.24	1,655.86
74,20,271 (P.Y. 72,99,990) Compulsorily Convertible Preference Shares of ₹ 100/- each	7,420.27	7,299.99
<b>TOTAL</b>	<b>9,257.51</b>	<b>8,955.85</b>

- a) The Company has two classes of shares referred to as Equity shares having a face value of ₹ 10/- each and Compulsorily Convertible Preference Shares having a face value of ₹ 100/- each.
- (i) Reconciliation of the number of Equity Shares outstanding and the amount of share capital as at March 31, 2012 and March 31, 2011:

(₹ In Lacs)

Particulars	As at		As at	
	March 31, 2012		March 31, 2011	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares at the beginning	16,558,570	1,655.86	13,932,884	1,393.29
Add:				
1. Equity Shares allotted on conversion of 11,00,000 (P.Y. 7,00,000) Compulsorily Convertible Preference Shares of ₹ 100/- each	1,813,709	181.37	2,625,686	262.57
2. Equity Shares allotted on preferential basis for consideration received in cash	122	0.01	-	-
<b>Equity Shares at the end</b>	<b>18,372,401</b>	<b>1,837.24</b>	<b>16,558,570</b>	<b>1,655.86</b>



## Notes on Accounts for the year ended March 31, 2012

- ii) Reconciliation of the number of Compulsorily Convertible Preference Shares outstanding and the amount of share capital as at March 31, 2012 and March 31, 2011 :

Particulars	(₹ In Lacs)			
	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	Amount	No. of Shares	Amount
Compulsorily Convertible Preference Shares at the beginning	7,299,990	7,299.99	7,999,990	7,999.99
Add :				
Compulsorily Convertible Preference Shares issued	1,220,281	1,220.28	-	-
Less:				
Compulsorily Convertible Preference Shares converted into Equity Shares	1,100,000	1,100.00	700,000	700.00
<b>Compulsorily Convertible Preference Shares at the end</b>	<b>7,420,271</b>	<b>7,420.27</b>	<b>7,299,990</b>	<b>7,299.99</b>

- (iii) Details of shareholders holding of Equity shares as at March 31, 2012 and March 31, 2011 :

Name of the shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Sanjay Agarwal *	7,420,059	40.39	6,595,646	39.83
Jyoti Agarwal	2,772,163	15.09	2,772,163	16.74
IL&FS Trust Company Limited (Trustees Of India Business Excellence Fund)	2,559,917	13.93	2,625,786	15.86
Chiranjilal Agarwal	2,290,449	12.47	2,290,449	13.83
Shakuntala Agarwal	2,274,326	12.38	2,274,326	13.74
Redwood Investment Ltd	1,055,265	5.74	-	0.00
India Business Excellence Fund - I	100	0.00	100	0.00
International Finance Corporation	122	0.00	100	0.00
<b>TOTAL</b>	<b>18,372,401</b>	<b>100.00</b>	<b>16,558,570</b>	<b>100.00</b>

\* Includes 6,43,042 Equity shares undertaken to transfer in terms of AU-ESOP 2011 (P.Y. 6,43,042 Equity Shares).

## Notes on Accounts for the year ended March 31, 2012

(iv) Details of shareholders holding of Compulsorily Convertible Preference shares as at March 31, 2012 and March 31, 2011 :

### a) Compulsorily Convertible Preference shares 2008

Name of the shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
India Business Excellence Fund - I	715,754	55.06	1,300,000	100.00
Redwood Investment Ltd	584,246	44.94	-	0.00
<b>TOTAL</b>	<b>1,300,000</b>	<b>100.00</b>	<b>1,300,000</b>	<b>100.00</b>

### b) Compulsorily Convertible Preference shares 2010

Name of the shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
International Finance Corporation	3,499,990	71.43	3,499,990	58.33
India Business Excellence Fund - I	1,400,000	28.57	1,400,000	23.33
Sanjay Agarwal	-	0.00	500,000	8.33
IL&FS Trust Company Limited (Trustees Of India Business Excellence Fund)	-	0.00	600,000	10.00
<b>TOTAL</b>	<b>4,899,990</b>	<b>100.00</b>	<b>5,999,990</b>	<b>100.00</b>

### c) Compulsorily Convertible Preference shares 2012

Name of the shareholder	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	% of Holding	No. of Shares	% of Holding
International Finance Corporation	220,295	18.05	-	0.00
Redwood Investment Ltd	999,986	81.95	-	0.00
<b>TOTAL</b>	<b>1,220,281</b>	<b>100.00</b>	<b>-</b>	<b>0.00</b>

(v) Details of Rights, preferences and restrictions attached to shares:

#### a) Equity Shares

Each holder of equity shares is entitled to one vote per share.

#### b) Preference Shares - (Compulsorily Convertible Preference Shares)

##### (1) 2008 Preference Shares

The Existing Compulsorily Convertible Preference Shares of ₹ 100 each issued in 2008 and in 2009 are 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.



## Notes on Accounts for the year ended March 31, 2012

In partial exercise of the above "Option" by a holder of Compulsorily Convertible Preference Shares during the FY 10-11, an allotment of 26,25,686 equity shares of ₹ 10/- each against conversion of 7,00,000 Nos. Compulsory Convertible Preference Shares of ₹ 100/- each was made. For the remaining Nos. of 13,00,000 Nos. of Compulsory Convertible Preference Shares of ₹ 100 each outstanding as at the close of the current year, upon exercise of "Option" by such date stated above, a total of 48,76,275 Nos. Equity Shares of ₹ 10/- each shall be issued as mutually agreed as per shareholders agreement.

### (2) 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 "base conversion price" in turn is based upon a formula which is further dependent upon the performance of the Company during financial year 2009-10 to 2011-12.

On partial exercise of the above "Option" by holders of 2010 Compulsorily Convertible Preference Shares during the FY 11-12, 18,13,709 Nos. of equity shares of ₹ 10/- each were allotted on conversion of 11,00,000 Nos. Compulsory Convertible Preference Shares of ₹ 100/- each.

For the remaining Nos. of 48,99,990 Nos. of 2010 Compulsory Convertible Preference Shares of ₹ 100 each which were outstanding as at the close of the current year, pending exercise of "Option" by such date stated above by the holders of shares, as mutually agreed upon between the shareholders in terms of share holders agreement a total of 80,79,233 Nos. Equity Shares of ₹ 10/- each shall be issued.

### (3) 2012 Preference Shares

The "2012 Compulsorily Convertible Preference shares" of ₹ 100 each, i.e. 1220281 Convertible Preference Shares of ₹ 100/- each allotted during the year 2011-12, are fully convertible into Equity Shares of the Company of ₹ 10 each at the mandatory conversion date, which shall be no later than Forty Five days after the completion of calculation of the "Aggregate Actual PAT" based on the audited financial statements for the Financial Year 2009-10, 2010-11 and 2011-12. The Base conversion price determined on the basis of formula given Section 5(a) of Annexure 3 "Terms of 2012 Preference Shares" a total of 91,42,716 Nos. of Equity shares will be allotted on Conversion of "2012 Preference Shares".

Holders of 2008 Preference Shares, holders of 2010 Preference Shares and as holders of 2012 Preference Shares, as investors in the Company to have a right to number of votes equal to number of Equity Shares issuable upon conversion of such shares and shall be eligible to vote with Equity Shares on all matters except as specifically provided or as otherwise required by law. If the holders

## Notes on Accounts for the year ended March 31, 2012

of 2008/2010/2012 Preference Shares are at any time restricted by applicable law from exercising votes equal to number of Equity Shares issuable upon their respective conversion, each of the promoters (sponsorer) share holders to vote in accordance with the instructions of the holders of the Preference Shares at a General Meeting or provide proxies without instructions to the holders of the Preference Shares for the purposes of voting at the General Meeting. The obligation of each of the promoters (Sponsors) to vote on the basis of their Equity Shares holding as aforesaid shall be pro-rated in accordance with their respective shareholding in the Company.

### (vi) Repayment of capital and other restrictions

Upon the occurrence of any liquidation event each holder of Equity share entitled to receive on pari-passu basis after repayment to holders of preference share as hereinafter stated.

The holders of the 2008 Preference Shares along with the holders of the Investor 2010 Preference Shares and holders of 2012 Preference Shares be entitled to receive on a pari passu basis, priority and preference over any distribution of any assets or funds to the holders of the Equity Shares, amounts equal to 150% of the Preference Share Subscription Price and all Dividends accrued but unpaid thereon as Liquidation Preference.

### (vii) Stock Option Plan

The Company has to implement an Employee Stock Option Scheme (ESOP) Scheme for the benefit of eligible Employees and in respect to which and in accordance with the terms of shareholders Agreement dated March 24, 2010 allotted 6,43,042 Nos. Equity shares to the managing director of the Company for him to hold such shares under trust for the benefit of eligible employees under the ESOP Scheme. The Company has issued grant letter to the eligible employee post a formal ESOP Scheme being framed and approved by the shareholders for implementation in the Company during the financial year 2011-12.

In addition to the above the Company has further reserved for issue and allotment of 6,39,343 Nos. Equity Shares of ₹ 10/- each within 60 days of allotment of 2012 preference shares under ESOP Scheme for the benefit of eligible employees as per pre determined criteria and which issue and allotment was pending upto the March 31, 2012.

On September 27, 2011, the shareholders of the Company approved Employee Stock Option Plan (Au ESOP 2011) for 12,82,385 equity shares. As per the understanding among the shareholders, initial 6,43,042 shares are to be issued by the Promoter of the Company and no fresh issue is required to be made.

Out of 6,43,042, options for 25,200 and 6,17,842 equity shares of ₹ 10 each were granted by the Company to eligible employees including to the executive director on January 2, 2012 at a price of ₹ 26.65 and ₹ 60.65 respectively. All these options vest over a period ending on June 15, 2012 and have an exercise period of 15 days from the date of vesting. The fair value of the option on a date closure to the date of grant, as determined by a Category Merchant Banker, is ₹ 60.46.



## Notes on Accounts for the year ended March 31, 2012

The necessary particulars are disclosed hereunder:

Particulars	(₹ In Lacs)
	March 31, 2012
Total accounting value of options outstanding (A)	8.52
Deferred Employee compensation expenses	8.52
Less: Amortised	4.60
Net deferred employee compensation expenses (B)	3.92
Employee stock option outstanding (Net of deferred employee compensation expense * (A-B))	4.60

\* Refer to note no. 2.2 and 2.21

The following table summarises the Company's stock option activity:

Particulars		Weighted average exercise price
Outstanding at the beginning of the year	-	-
Granted during the year (Nos.)	643,042	59.32
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year (Nos.)	643,042	59.32
Exercisable at the end of the year	-	-
Method of settlement	Equity	
Weighted average remaining contractual life (Days)	76	
Weighted average Fair value of option granted during the year	1	



# Notes on Accounts

for the year ended March 31, 2012

## 2.2. RESERVES & SURPLUS

(₹ In Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>a. Statutory Reserve u/s 45- IC of RBI Act, 1934</b>		
Balance as per last Balance Sheet	1,258.12	418.02
Add: Transfer during the year *	1,002.18	840.10
<b>TOTAL (a)</b>	<b>2,260.29</b>	<b>1,258.12</b>
<b>b. Securities premium reserve</b>		
Balance as per last Balance Sheet	972.78	535.35
Add: Conversion of compulsorily convertible preference share to equity shares	918.63	437.43
Addition on allotment of equity shares	0.23	-
Addition on issue of new compulsorily convertible preference shares and equity shares	17,083.95	-
	<b>18,975.59</b>	<b>972.78</b>
Less: Amount (net of tax) applied during the year		
Debenture issue expenses	78.50	-
<b>TOTAL (b)</b>	<b>18,897.09</b>	<b>972.78</b>
<b>c. Employee Stock Option Outstanding</b>		
Balance as per last Balance Sheet	-	-
Add: ESOP granted during the year (refer to note 2.1 (ix))	4.60	-
<b>TOTAL (c)</b>	<b>4.60</b>	<b>-</b>
<b>d. Surplus</b>		
Balance as per last Balance Sheet	5,019.25	1,658.87
Add: Net Profit after tax transferred from Statement of Profit and Loss	5,010.88	4,200.49
	<b>10,030.13</b>	<b>5,859.35</b>
Less: Transferred to Statutory Reserve u/s 45-IC of RBI Act 1934	1,002.18	840.10
<b>TOTAL (d)</b>	<b>9,027.96</b>	<b>5,019.25</b>
<b>GRAND TOTAL (a+b+c+d)</b>	<b>30,189.94</b>	<b>7,250.15</b>

\* Represents transfer of twenty percent of net profit after tax in accordance with the provision of Section 45-IC of Reserve Bank of India Act, 1934 (Previous year: Twenty percent).



## Notes on Accounts for the year ended March 31, 2012

### 2.3. LONG TERM BORROWINGS

(₹ In Lacs)

Particulars	As at March 31, 2012		As at March 31, 2011	
	Non-Current	Current	Non-Current	Current
<b>(a) Debentures</b>				
<b>Unsecured</b>				
Tier -2 Capital - Sub-Ordinate Debts				
(i) Dhanlaxmi Bank Limited	2,000.00	-	-	-
-- 200 Redeemable Debentures of ₹ 10.00 Lacs each				
(ii) HDFC Bank Limited	2,000.00	-	2,000.00	-
-- 200 Redeemable Debentures of ₹ 10.00 Lacs each				
<b>TOTAL (a)</b>	<b>4,000.00</b>	<b>-</b>	<b>2,000.00</b>	<b>-</b>
<b>(b) Term Loans</b>				
<b>1. Bank - Secured</b>				
(i) Andhra Bank Limited	138.89	833.33	972.22	833.33
(ii) Axis Bank Limited	750.00	1,500.00	1,750.00	1,000.00
(iii) Bank of India	352.11	1,190.67	802.78	566.67
(iv) Development Bank of Singapore	833.33	166.67	-	-
(v) Development Credit Bank Limited	277.39	117.48	394.87	105.13
(vi) Dhanlaxmi Bank Limited	7.92	5.17	-	-
(vii) HDFC Bank Limited	30.61	14.94	-	-
(viii) ICICI Bank Limited	222.22	666.67	888.89	666.67
(ix) Oriental Bank of Commerce	3,680.00	1,320.00	-	-
(x) South Indian Bank	958.29	500.04	-	-
(xi) State Bank of Bikaner and Jaipur	1,720.00	624.00	-	-
(xii) State Bank of Hyderabad	1,559.52	714.29	809.52	190.48
(xiii) State Bank of Patiala	4,833.25	2,833.37	3,857.10	1,357.17
(xiv) Sydicate Bank Limited	389.04	333.46	722.22	277.78
(xv) IDBI Bank Limited	-	-	-	680.00
<b>TOTAL (b.1)</b>	<b>15,752.57</b>	<b>10,820.08</b>	<b>10,197.60</b>	<b>5,677.23</b>
<b>2. Bank - Unsecured</b>				
Tier -2 Capital - Sub-Ordinate Debts				
(i) ICICI Bank Limited	1,500.00	-	1,500.00	-
<b>TOTAL (b.2)</b>	<b>1,500.00</b>	<b>-</b>	<b>1,500.00</b>	<b>-</b>
<b>3. Other Parties - Secured</b>				
(i) Aditya Birla Finance Limited	-	999.91	-	-
(ii) Small Industries Development Bank of India	3,367.80	549.20	917.00	83.00
<b>TOTAL (b.3)</b>	<b>3,367.80</b>	<b>1,549.11</b>	<b>917.00</b>	<b>83.00</b>
<b>TOTAL (b)</b>	<b>20,620.37</b>	<b>12,369.19</b>	<b>12,614.60</b>	<b>5,760.23</b>
<b>GRAND TOTAL (a+b)</b>	<b>24,620.37</b>	<b>12,369.19</b>	<b>14,614.60</b>	<b>5,760.23</b>

# Notes on Accounts

for the year ended March 31, 2012

## A. Terms and Conditions

### (a) Unsecured Debentures

#### (i) Dhanlaxmi Bank Limited

The 200 Redeemable Debentures of ₹ 10.00 Lacs each has been issued during FY 2011-12. The Debentures is redeemable at par at the end of 5 years and 6 months in one single installment from the date of allotment (May 19, 2011). Interest is payable quarterly at Coupon rate of 14.40% p.a.

#### (ii) HDFC Bank Limited

The 200 Redeemable Debentures of ₹ 10.00 Lacs each has been issued during FY 2010-11. The Debentures is redeemable at par at the end of 7 years from the date of allotment (March 21, 2011). Interest is payable quarterly at Coupon rate of 15.00% p.a.

### (b) Term Loans

#### 1. Bank - Secured

S No	Bank Name	Nature of Security	Repayment terms as at end of the year
(i)	Andhra Bank Limited	Hypothecation of loan assets for which term loan availed.	Repayable in 14 monthly installment of ₹ 69.44 Lacs each.
(ii)	Axis Bank Ltd.		Repayable in 7 quarterly installment of ₹ 250.00 Lacs each.
			Repayable in 12 quarterly installment of ₹ 416.67 Lacs each, subject to full availment of loan.
(iii)	Bank of India		Repayable in 17 monthly installment of ₹ 47.22 Lacs each.
			Repayable in 14 monthly installment of ₹ 52.00 Lacs each and 15th installment of ₹ 12.00 Lacs, subject to full availment of loan.
(iv)	Development Bank of Singapore		Repayable in 6 half yearly installment of ₹ 166.67 Lacs each.
(v)	Development Credit Bank Limited		Repayable in 36 monthly EMI of ₹ 10.97 Lacs each.
(vi)	Dhanlaxmi Bank Limited	Total Nos. of four loans secured by way of Hypothecation on vehicle financed.	Repayable in 28 total monthly installments of ₹ 13.09 Lacs each.
(vii)	HDFC Bank Limited	Total Nos. of eight loans secured by way of Hypothecation on vehicle financed.	Repayable in 33 total monthly installments of ₹ 1.38 Lacs each.



## Notes on Accounts for the year ended March 31, 2012

### 1. Bank - Secured

S No	Bank Name	Nature of Security	Repayment terms as at end of the year
(viii)	ICICI Bank Limited	Hypothecation of loan assets for which term loan availed.	Repayable in 16 monthly installments of ₹ 27.78 Lacs each.
			Repayable in 16 monthly installments of ₹ 27.78 Lacs each.
(ix)	Oriental Bank of Commerce		Repayable in 41 monthly installments of ₹ 120 Lacs each and 42th installment of ₹ 80.00 Lacs.
(x)	South Indian Bank		Repayable in 35 monthly installments of ₹ 41.67 Lacs each.
(xi)	State Bank of Bikaner and Jaipur		Repayable in 45 monthly installments of ₹ 52.00 Lacs each and 46th installment of ₹ 56.00 Lacs.
(xii)	State Bank of Hyderabad		Repayable in 34 monthly installments of ₹ 23.81 Lacs each.
			Repayable in 41 monthly installments of ₹ 35.71 Lacs each.
(xiii)	State Bank of Patiala	Hypothecation of loan assets for which term loan availed.	Repayable in 11 monthly installments of ₹ 23.81 Lacs each.
			Repayable in 23 monthly installments of ₹ 47.62 Lacs each.
			Repayable in 35 monthly installments of ₹ 71.43 Lacs each.
			Repayable in 40 monthly installments of ₹ 95.24 Lacs each.
		(Total Nos. of 4 term loans are further collaterally secured by pledge of equity shares (20,00,000 equity shares) in the name of Managing Director)	
(xiv)	Sydicate Bank Limited	Hypothecation of loan assets for which term loan availed.	Repayable in 26 monthly installments of ₹ 27.77 Lacs each.

### 2. Bank - Unsecured

#### Tier -2 Capital - Sub-Ordinate Debts

##### (i) ICICI Bank Limited

The unsecured loan repayable in three equal annual installments of ₹ 500.00 Lacs commencing at the expiry of 5 years from the date of first drawdown (March 29, 2011).

## Notes on Accounts for the year ended March 31, 2012

### 3. Other Parties - Secured

S No	Bank/Institution Name	Nature of Security	Repayment terms
(i)	Aditya Birla Finance Limited	1. Hypothecation of outstanding loan assets 2. Pledge of Banks Term Deposit of ₹ 150.00 Lacs as cash collateral.	Repayable in 6 monthly installments of ₹ 166.67 Lacs each.
(ii)	Small Industries Development Bank of India	Hypothecation of loan assets for which term loan availed.	Repayable in 60 monthly installment of ₹ 50.00 Lacs each.

### B. Personal Guarantees against Term Loans

The term loans are further guaranteed by the managing director & the executive director to the extent of ₹ 29,352.81 Lacs (P.Y.: ₹ 17,478.73 Lacs) and ₹ 8,489.91 Lacs (P.Y.: ₹ 3,229.28 Lacs) respectively and by a shareholder of the Company to the extent of ₹ 12,305.33 Lacs (P.Y.: ₹ 7,595.15 Lacs).

### 2.4 OTHER LONG TERM LIABILITIES

(₹ In Lacs)

Particulars	As at March 31, 2012		As at March 31, 2011	
	Non-Current	Current	Non-Current	Current
a) Security deposits from borrowers	313.65	48.48	147.39	21.41
b) Security deposits under assignment transactions & dealers	1,203.97	-	369.36	-
c) Loss pool refundable to dealer/manufacturers	3.19	-	6.83	-
<b>TOTAL</b>	<b>1,520.81</b>	<b>48.48</b>	<b>523.58</b>	<b>21.41</b>

### 2.5. LONG TERM PROVISIONS

(₹ In Lacs)

Particulars	As at March 31, 2012		As at March 31, 2011	
	Non-Current	Current	Non-Current	Current
a) Provision for estimated loss for assignments	408.67	346.28	357.53	275.21
b) Contingent provisions against standard assets	141.54	73.26	66.68	36.13
c) Provision for non performing advances	204.84	-	70.17	-
d) Provision for employees benefits	132.81	10.21	83.23	6.95
e) Provision for direct taxes (net of prepaid taxes)	-	-	-	216.88
f) Provision for wealth tax	-	1.26	-	0.90
<b>TOTAL</b>	<b>887.85</b>	<b>431.01</b>	<b>577.61</b>	<b>536.07</b>



## Notes on Accounts for the year ended March 31, 2012

<b>2.6 SHORT TERM BORROWINGS</b>		(₹ In Lacs)	
<b>Particulars</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>	
<b>(a) Working capital Loan repayable on demand from banks Secured</b>			
(i) Axis Bank Limited	377.71	-	
(ii) Bank of India	3,408.56	646.80	
(iii) Central Bank of India	972.18	1,264.76	
(iv) Corporation Bank Limited	1,312.55	-	
(v) Dhanlaxmi Bank Limited	34.73	102.22	
(vi) HDFC Bank Limited	5,199.51	1,262.00	
(vii) ICICI Bank Limited	266.32	96.46	
(viii) IDBI Bank Limited	370.49	2,489.83	
(ix) Indian Bank Limited	530.44	1,166.32	
(x) Indusind Bank Limited	1,285.14	806.96	
(xi) Punjab National Bank	3,361.23	1,827.56	
(xii) State Bank of Hyderabad	427.23	334.27	
(xiii) State Bank of Mysore	471.36	1,910.71	
(xiv) State Bank of India	-	3,983.34	
(xv) The Ratnakar Bank Limited	72.73	-	
<b>TOTAL (a)</b>	<b>18,090.19</b>	<b>15,891.24</b>	
<b>(b) Other Loans and Advances Secured</b>			
1. Working Capital Term Loan from Banks			
(i) State Bank of India	2,000.00	-	
(ii) State Bank of Mysore	2,000.00	-	
(iii) Development Bank of Singapore	2,000.00	-	
<b>TOTAL (b.1)</b>	<b>6,000.00</b>	<b>-</b>	
2. Term Loan Other Parties			
India Infoline Investment Services Limited	3,333.33	-	
<b>TOTAL (b.2)</b>	<b>3,333.33</b>	<b>-</b>	
<b>Unsecured</b>			
3. Short Term Loan from Bank			
HDFC Bank Limited	1,019.14	-	
<b>TOTAL (b.3)</b>	<b>1,019.14</b>	<b>-</b>	
<b>TOTAL (b)</b>	<b>10,352.47</b>	<b>-</b>	
<b>GRAND TOTAL (a+b)</b>	<b>28,442.66</b>	<b>15,891.24</b>	

# Notes on Accounts

for the year ended March 31, 2012

## A. Nature of security

### a. Working capital Loan repayable on demand from banks

#### HDFC Bank Limited

Secured by way of hypothecation of receivable of loan assets/book debts and further secured by way of First charge on Office Premises of the Company at Jaipur.

#### IDBI Bank Limited

Secured by way of hypothecation of receivable of loan assets/book debts and further secured by way of First charge on leased office premises of the Company at Pune, owned by Managing Director of the Company.

#### State Bank of India and Indian Bank

Secured by way of hypothecation of receivable of loan assets/book debts and further collaterally secured by way of pledge of Bank Term Deposits totalling to ₹ 150 Lacs & ₹ 300 Lacs respectively.

#### Other banks

Secured by way of hypothecation of receivable of loan assets/book debts.

### b. Other Loans and Advances

#### (i) Working Capital Term Loan from Banks

Secured by way of hypothecation of receivable of loan assets/book debts.

#### (ii) Term Loan Other Parties

Secured by way of hypothecation of receivable of loan assets/book debts and further secured against pledge of 83,11,430 Nos. equity shares of the Company comprising of 37,51,430 Nos. of equity shares held by the managing director and 45,60,000 Nos. equity share held by two shareholders of the Company.

## B. Guarantee by directors and others

- a. Working capital Loan (cash credit limits) repayable on demand is guaranteed by the managing director to the extent of ₹ 18,090.19 Lacs (P.Y.: 15,891.24 Lacs) and by a shareholder of the Company to the extent of ₹ 4,307.15 Lacs (P.Y.: 2,245.97 Lacs).
- b. Working Capital Term Loans from Banks is guaranteed by the managing director and the executive director to the extent of ₹ 6,000 Lacs (P.Y.: Nil) and ₹ 2,000 Lacs (P.Y.: Nil) respectively and by a shareholder of the Company to the extent of ₹ 2,000 Lacs.
- c. Loan from Other parties is guaranteed by the managing director and shareholders to the extent of ₹ 3,333.33 Lacs (P.Y.: Nil).



## Notes on Accounts for the year ended March 31, 2012

<b>2.7 TRADE PAYABLES</b>		(₹ In Lacs)	
<b>Particulars</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>	
Payable to Micro , Small and Medium enterprises	-	-	
Payable to others	850.58	636.18	
<b>TOTAL</b>	<b>850.58</b>	<b>636.18</b>	

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.

<b>2.8 OTHER CURRENT LIABILITIES</b>		(₹ In Lacs)	
<b>Particulars</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>	
<b>a. Current Maturities of Long term Debts</b>			
Secured (Refer note 2.3)			
Banks	10,820.08	5,677.23	
Other Parties	1,549.11	83.00	
<b>TOTAL (a)</b>	<b>12,369.19</b>	<b>5,760.23</b>	
<b>b. Interest Accrued but not due on borrowings</b>	37.47	2.24	
<b>TOTAL (b)</b>	<b>37.47</b>	<b>2.24</b>	
<b>c. Interest Accrued and due on borrowings</b>	52.83	79.52	
<b>TOTAL (c)</b>	<b>52.83</b>	<b>79.52</b>	
<b>d. Other Payables</b>			
Margin money refundable/adjustable against disbursement	104.35	52.64	
Payable to dealers/manufacturers	320.46	471.05	
Due to assignees towards collections in derecognised assets	7,138.16	3,772.88	
Security deposit from borrowers	48.48	21.41	
Credit balances in bank current accounts	-	7.51	
Statutory liabilities	145.11	64.43	
Other current liabilities	229.04	74.72	
<b>TOTAL (d)</b>	<b>7,985.61</b>	<b>4,464.65</b>	
<b>GRAND TOTAL (a+b+c+d)</b>	<b>20,445.10</b>	<b>10,306.63</b>	



# Notes on Accounts

for the year ended March 31, 2012

Particulars	GROSS BLOCK						DEPRECIATION/AMORTISATION/IMPAIRMENT				NET BLOCK	
	Balance 1-Apr-11	Addition during the year	Adjustments during the year	Deduction during the year	As on 31-Mar-12	Up to 31-Mar-11	Provided during the year	Adjustments during the year	Deduction	Total Dep.	As at Mar 31, 2012	As on Mar 31, 2011
<b>Tangible Assets :</b>												
Leasehold Land	213.89	89.57	-	-	303.46	-	3.48	-	-	3.48	300.00	213.89
Freehold Land	243.54	-	-	-	243.54	-	-	-	-	-	243.54	243.54
Buildings	235.70	-	-	-	235.70	-	10.99	-	-	26.85	208.85	219.85
Office Equipments	264.04	174.08	(36.62)	0.35	401.15	109.30	64.26	(19.85)	0.01	153.70	247.45	137.97
Vehicles	155.99	128.64	-	1.91	282.73	54.71	42.95	-	0.69	96.97	185.76	101.28
Furniture & Fixtures	230.52	146.69	-	-	377.21	32.46	46.24	-	-	78.70	298.51	198.05
	<b>1,343.68</b>	<b>538.98</b>	<b>(36.62)</b>	<b>2.26</b>	<b>1,843.78</b>	<b>212.33</b>	<b>167.92</b>	<b>(19.85)</b>	<b>0.70</b>	<b>359.70</b>	<b>1,484.10</b>	<b>1,115.02</b>
<b>Intangible Assets :</b>												
Software	-	10.51	36.62	-	47.13	-	4.57	19.85	-	24.43	22.70	16.77
	-	<b>10.51</b>	<b>36.62</b>	-	<b>47.13</b>	-	<b>4.57</b>	<b>19.85</b>	-	<b>24.43</b>	<b>22.70</b>	<b>16.77</b>
<b>GRAND TOTAL</b>	<b>1,343.68</b>	<b>549.50</b>	-	<b>2.26</b>	<b>1,890.91</b>	<b>212.33</b>	<b>172.49</b>	-	<b>0.70</b>	<b>384.12</b>	<b>1,506.80</b>	<b>1,131.79</b>
<b>PREVIOUS YEAR</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>-</b>

## 2.9 FIXED ASSETS AS AT MARCH 31, 2012

(₹ In Lacs)



## Notes on Accounts for the year ended March 31, 2012

### 2.10 NON CURRENT INVESTMENTS

(₹ In Lacs)

Particulars	Face value (In ₹)	As at March 31, 2012	As at March 31, 2011
<b>Long Term Investments - Others - Unquoted (valued at cost unless stated otherwise)</b>			
<b>A. Investments in Equity Instruments</b>			
<b>a) Investments in equity instruments of subsidiaries</b>			
Index Money Limited #			
17,24,490 Equity shares (P.Y.: 12,24,490) fully paid up	10	309.50	259.50
Au Insurance Broking Services Private Limited			
1,30,000 Equity shares (P.Y.: 3,00,000) fully paid up (Includes 200 (P.Y.200) Equity Shares held in the name of nominee directors)	10	13.00	30.00
Au Housing Finance Private Limited			
272,50,000 Equity shares (P.Y.: 22,50,000) fully paid up (Includes 100 (P.Y.100) Equity Shares held in the name of a nominee director)	10	2,725.00	225.00
		<b>3,047.50</b>	<b>514.50</b>
<b>b) Investments in equity instruments of others *</b>			
Nil of Ananta Landmarks Pvt.Ltd. (P.Y. 487)	10	-	0.05
892 of Ansal Hi-Tech Townships Limited (P.Y. 892)	10	0.79	0.79
15 of BCC Infrastructure Pvt.Ltd. (P.Y. 15)	10	0.00	0.00
4 of Godrej Estate Developers Pvt. Ltd. (P.Y. 4)	10	0.73	0.73
34 of Godrej Sea View Properties Pvt.Ltd. (P.Y. 34)	1	0.76	0.76
13 of Kunal Spaces Private Ltd. (P.Y. 13)	10	0.00	0.00
13 of Marvel Omega Buil Class - B (P.Y. Nil)	10	0.00	-
70 of Nitesh Housing Developers Pvt. Ltd. (P.Y. 70)	10	0.25	0.25
55 of Runwal Homes Pvt Ltd (P.Y. 55)	10	0.79	0.79
38 of Total Envirnmnt Projects I P Ltd-(P.Y. 38)	10	0.00	0.00
65 of Vbhc Delhi Pro Class-A, 2011 (P.Y. Nil)	1	0.00	-
65 of Vbhc Mumbai Value Class -A, Equity (P.Y. Nil)	1	0.00	-
6 of VBHC Chennai Value Homes Pvt. Ltd.-(P.Y. 6)	10	0.00	0.00
6 of VBHC Delhi Value Homes Pvt.Ltd.(P.Y. 6)	10	0.00	0.00
15 of VBHDC Bangalore Value Homes Pvt.Ltd. (P.Y. 15)	10	0.00	0.00
		<b>3.34</b>	<b>3.38</b>
<b>TOTAL (A)</b>		<b>3,050.84</b>	<b>517.88</b>
<b>B. Investments in Preference Shares</b>			
<b>a) Investments in Preference Shares of subsidiaries</b>			
Index Money Limited			
Nil Nos. Zero Coupon Redeemable Preference shares (P.Y.: 5,00,000) Fully paid up	10	-	50.00
		<b>-</b>	<b>50.00</b>

# Notes on Accounts

for the year ended March 31, 2012

Particulars	Face value (In ₹)	(₹ In Lacs)	
		As at March 31, 2012	As at March 31, 2011
<b>b) Investments in Preference Shares of others *</b>			
Nil of Ananta Landmarks Pvt Ltd (P.Y. 116)	1000	-	1.16
141 of Arimas Dev. Ltd. Pref Sha (P.Y. Nil)	1	0.00	-
43 of BCC Infrastructure Pvt.Ltd.(P.Y. 43)	10	0.00	0.00
126 of Ekta World Private Ltd.(P.Y. 126)	1	0.00	0.00
Nil of Neo Pharma Pvt.Ltd.(P.Y. 19)	1000	-	0.19
12 of Runwal Township Pvt. Ltd. Class-A (P.Y. Nil)	1	0.00	-
19 of Runwal Township Pvt. Ltd. Class-B (P.Y. Nil)	1	0.00	-
12 of Runwal Township Pvt. Ltd. Class-C (P.Y. Nil)	1	0.50	-
		<b>0.51</b>	<b>1.36</b>
<b>TOTAL (B)</b>		<b>0.51</b>	<b>51.36</b>
<b>C. Investments in Debentures *</b>			
1678 of Almond Infra Pvt. Ltd. (P.Y. Nil)	100	1.68	-
531 of Anand Divine Dev. Pvt. Ltd. (P.Y. Nil)	100	0.53	-
1062 of Anand Divine Dev. Pvt. Ltd. (P.Y. Nil)	100	1.06	-
Nil of ATS Apartments Pvt. Ltd. (P.Y. 361)	100	-	0.36
Nil of ATS Apartments Pvt. Ltd. (P.Y. 340)	100	-	0.34
119 of Ariisto Realtores Private Limited (P.Y. 119)	1000	1.19	1.19
20 of Ariisto Realtors Private Limited-II (P.Y. 20)	1000	0.20	0.20
28 of Ariisto Realtors Private Limited-III (P.Y. 28)	1000	0.28	0.28
70 of Ariisto Realtors Private Limited-IV (P.Y. 70)	1000	0.70	0.70
133 of Arimas Dev. Pvt. Ltd. Class -A, Aug-11 (P.Y. Nil)	100	0.13	-
883 of Arimas Dev. Pvt. Ltd. Class -B, Aug-11 (P.Y. Nil)	100	0.88	-
633 of Arimas Dev. Pvt. Ltd. - Class A (P.Y. 633)	100	0.63	0.63
160 of Atithi Building Commodities Pvt. Ltd. (P.Y. 160 Nos)	1000	1.60	1.60
Nil of Atithi Building Commodities Pvt.Ltd. (P.Y. 21 Nos)	1000	-	0.21
21 of Atithi Building Com Pvt Ltd. 2 (P.Y. Nil)	1000	0.21	-
424 of BCC Infrastructure Pvt.Ltd. (P.Y. 424)	100	0.42	0.42
429 of BCC Infrastructure Pvt.Ltd. Class A (P.Y. 429)	100	0.43	0.43
574 of BCC Infrastructure P.Ltd. Class A Series 3 (P.Y. 574)	100	0.57	0.57
574 of BCC Infrastructure P.Ltd. Class A Series 4 (P.Y. 574)	100	0.57	0.57
685 of Bhaveshwar Properties Private Limited (P.Y. 685)	100	0.69	0.69
685 of Bhaveshwar Properties Private Limited-II (P.Y. 685)	100	0.69	0.69
722 of Dharmesh Con. Pvt. Ltd. Opt. Conv. II (P.Y. Nil)	100	0.72	-
718 of Dharmesh Construction Private Limited (P.Y. 718)	100	0.72	0.72
313 of Ekta Parksville Homes Pvt. Ltd. Class-A, Series-2 (P.Y. Nil)	100	0.31	-
260 of Ekta Parksville Homes Pvt. Ltd. II (P.Y. Nil)	100	0.26	-
206 of Ekta Parksville Homes Pvt. Ltd. III (P.Y. Nil)	100	0.21	-



## Notes on Accounts for the year ended March 31, 2012

Particulars	Face value (In ₹)	₹ In Lacs)	
		As at March 31, 2012	As at March 31, 2011
1042 of Ekta Parksville Homes Pvt. Ltd. (P.Y. Nil)	100	1.04	-
315 of Ekta World Private Ltd.Class A Series 1 (P.Y. 315)	100	0.32	0.32
304 of Ekta World Private Ltd.Class A Series 2 (P.Y. 315)	100	0.30	0.30
Nil of Total Environment Buildings Pvt. Ltd. Projects 1 (P.Y. 861)	100	-	0.86
345 of Total Environment Building Pvt.Ltd (P.Y. 345)	100	0.35	0.35
Nil of Total Environment Building Pvt.Ltd. (P.Y. 332)	100	-	0.33
396 of Kunal Spaces Pvt. Ltd. Class A II (P.Y. Nil)	100	0.40	-
393 of Kunal Spaces Private Ltd.Class A (P.Y. 393)	100	0.39	0.39
681 of Marvel Omega Builders (P.Y. Nil)	100	0.68	-
489 of Marvel Realtors and Developers series 1 (P.Y. 489)	100	0.49	0.49
494 of Marvel Realtors and Developers series 2 (P.Y. 494)	100	0.49	0.49
456 of Neelkanth Vinayak Realtors and Developers (P.Y. Nil)	100	0.46	-
1293 of Nilkanth Tech Park Pvt. Ltd. 2011 (P.Y. Nil)	100	1.29	-
388 of Nilkanth Tech Park Pvt. Ltd. 2011 (P.Y. Nil)	100	0.39	-
345 of Nitesh Housing Developers Pvt.Ltd (P.Y. 345)	100	0.35	0.35
96 of Nitesh Housing Developers Pvt. Ltd. (P.Y. 96)	100	0.10	0.10
248 of Nitesh Housing Developers Pvt.Ltd (P.Y. 248)	100	0.25	0.25
167 of Nitesh Housing Developers Pvt.Ltd (P.Y. 167)	100	0.17	0.17
276 of Nitesh Land Holding Pvt.Ltd (P.Y. 276)	100	0.28	0.28
748 of Runwalthowship Pvt. Ltd. Class-B, (P.Y. Nil)	100	0.75	-
2631 of Runwal Township Pvt.Ltd. (P.Y. 2631)	100	2.63	2.63
Nil of Runwal Homes Pvt. Ltd. Class A (P.Y. 1885 Nos)	100	-	1.89
Nil of Runwal Homes Pvt. Ltd. Class B (P.Y. 853)	100	-	0.85
332 of Total Environment Buildings Pvt. Ltd. 3 (P.Y. Nil)	100	0.33	-
399 of Total Environment Building Pvt.Ltd (P.Y. 399 Nos)	100	0.40	0.40
665 of Total Environment Building Pvt.Ltd- (P.Y. 665 Nos)	100	0.67	0.67
1700 of Total Environment Habitat Private Ltd. (P.Y. 1700)	100	1.70	1.70
27 of Total Environment Projects (P.Y. 27 Nos)	100	0.03	0.03
106 of Total Environment Projects-(P.Y. 106)	100	0.11	0.11
462 of Total Environment Projects 1 (P.Y. Nil)	100	0.46	-
365 of Vbhc Delhi Value Homes Pvt. Ltd. Pro 2011 (P.Y. Nil)	100	0.37	-
938 of Vbhc Mumbai Homes P Ltd. (P.Y. Nil)	100	0.94	-
337 of VBHC Bangalore Value Homes Pvt.Ltd. (P.Y. 337)	100	0.34	0.34
428 of VBHC Chennai Valu Homes Pvt.Ltd.Class A (P.Y. 428)	100	0.43	0.43
345 of VBHC Delhi Value Homes Pvt.Ltd. (P.Y. 345)	100	0.35	0.35
<b>TOTAL (C)</b>		<b>31.90</b>	<b>23.64</b>
<b>TOTAL (D) = (A+B+C)</b>		<b>3,083.25</b>	<b>592.88</b>

# Notes on Accounts

for the year ended March 31, 2012

(₹ In Lacs)			
Particulars	Face value (In ₹)	As at March 31, 2012	As at March 31, 2011
<b>E) Investments In Mutual Funds (Others) Quoted</b>			
HDFC Debt Fund For Cancer Cure		2.50	2.50
25000 Units (P.Y.: 25000 Units)			
SBI Gold Fund		5.00	-
52,483.52 Units (P.Y.: Nil)			
<b>TOTAL (E)</b>		<b>7.50</b>	<b>2.50</b>
<b>TOTAL (D+E)</b>		<b>3,090.75</b>	<b>595.38</b>
<b>Aggregate Value of Quoted Investments</b>			
Cost		7.50	2.50
Market Value		7.80	2.51
<b>Aggregate Value of Unquoted Investments</b>			
Cost		3,083.25	592.88

# The Company has invested ₹ 3,09,50,000 in equity shares of a wholly owned subsidiary, Index Money Limited (IML). IML has accumulated losses as per its audited financial statement for the year ended March 31, 2012 of ₹ 1.83 Lacs. The Company is in the process of reviving its advisory business through IML and considering the long term involvement and strategic nature of investments, in the opinion of the management, the decline in book value of such investment is temporary in nature and accordingly, such investment are carried at cost.

\* Investments made under HDFC Real Estate Fund through PMS services of HDFC Asset Management.

\*\* 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.

(₹ In Lacs)			
Particulars		As at March 31, 2012	As at March 31, 2011
<b>Current Investments - At the lower of cost and fair value</b>			
<b>Quoted, Non-trade</b>			
<b>a) Investment in liquid mutual funds</b>			
5,289.472 Units of HDFC CM Treasury Advantage Plan-WD (P.Y. 1,55,755.983 Units)		0.53	15.62
<b>TOTAL</b>		<b>0.53</b>	<b>15.62</b>
<b>Aggregate Value of Quoted Investments</b>			
Cost		0.53	15.62
Market Value		0.53	15.62

\* 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.



## Notes on Accounts for the year ended March 31, 2012

<b>2.11 DEFERRED TAX ASSETS</b>		(₹ In Lacs)	
Particulars	As at		As at
	March 31, 2012		March 31, 2011
a) Provision for bad and doubtful debts/assignments	381.09		261.41
b) Tangible assets	(12.01)		(9.18)
c) Intangible assets	(3.95)		(2.37)
d) Resource mobilisation expenses	(151.80)		-
e) Employee Benefits	46.40		29.26
<b>TOTAL</b>	<b>259.73</b>		<b>279.13</b>

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

<b>2.12 RECEIVABLE UNDER FINANCING ACTIVITY</b>		(₹ In Lacs)			
Particulars	As at March 31, 2012		As at March 31, 2011		
	Non-Current	Current	Non-Current	Current	
	<b>Secured</b>				
a) Loans under financing activity					
-Considered good	56,343.51	23,838.79	28,858.82	11,958.64	
-Considered doubtful **	266.35	-	117.47	-	
	-	-	-	-	
b) Interest accrued but not due	-	635.38	-	293.67	
<b>TOTAL (A)</b>	<b>56,609.85</b>	<b>24,474.16</b>	<b>28,976.28</b>	<b>12,252.31</b>	
<b>Unsecured</b>					
a) Loans under financing activity					
-Considered good	0.33	68.10	19.28	139.97	
-Considered doubtful **	5.84	-	0.40	-	
b) Interest accrued but not due	-	0.10	-	0.86	
c) Installments dues from borrowers					
-Considered good	-	1,760.25	-	685.73	
-Considered doubtful **	148.17	-	25.43	-	
d) Trade Advances to Dealers - Considered good *	-	3,272.73	-	1,346.50	
<b>TOTAL (B)</b>	<b>154.33</b>	<b>5,101.19</b>	<b>45.11</b>	<b>2,173.06</b>	
<b>TOTAL (A+B)</b>	<b>56,764.19</b>	<b>29,575.35</b>	<b>29,021.40</b>	<b>14,425.37</b>	

\* Advance in the course of financing activity and includes interest accrued and due.

\*\* Refer to Note no. 2.5 for provision against loans considered doubtful.

2.12.1 Secured means exposure secured by hypothecation of assets and personnel guarantee.

2.12.2 Refer to note 2.24 for Provisions for Non Performing Assets. No adjustment of such provision has been made in the above value of assets.

2.12.3 Installments due from borrowers represents dues from borrowers in respects of assets de-recognised on account of assignment of receivables.

## Notes on Accounts for the year ended March 31, 2012

2.12.4 Of the above		(₹ In Lacs)	
Particulars	2011-12	2010-11	
Standard	85,919.19	43,328.90	
Sub-Standard	420.35	117.87	
<b>TOTAL</b>	<b>86,339.54</b>	<b>43,446.76</b>	

2.12.5 Secured loans under financing activity includes following value of loan assets recognised under assignment transactions with Company as an assignee.

		(₹ In Lacs)	
Particulars	2011-12	2010-11	
Loan assets (Nos.)	6,724	1,859	
Loan assets value	16,753.60	4,924.46	

2.13 LONG-TERM LOANS AND ADVANCES		(₹ In Lacs)			
Particulars	As at March 31, 2012		As at March 31, 2011		
	Non-Current	Current	Non-Current	Current	
<b>Unsecured and Considered good</b>					
a) Capital advances	24.18	-	7.13	-	
b) Security deposits	57.63	26.57	24.16	24.37	
c) Direct taxes - refundable	9.07	-	-	-	
d) Prepaid expenses *	338.61	203.08	3.93	45.16	
<b>TOTAL</b>	<b>429.49</b>	<b>229.65</b>	<b>35.22</b>	<b>69.53</b>	

\* Includes resource mobilisation expenses pro-rated for period falling after the balance sheet date totaling to ₹ 467.87 Lacs (current & non current) refer to note no. 2.22.4.

2.14 OTHER NON-CURRENT ASSETS		(₹ In Lacs)	
Particulars	As at	As at	
	March 31, 2012	March 31, 2011	
<b>Unsecured and Considered good</b>			
a) Deposits with banks under term deposits * (refer note 2.16)	20,463.60	11,546.49	
b) Deposits with Financial Institutions	1,602.00	-	
<b>TOTAL</b>	<b>22,065.60</b>	<b>11,546.49</b>	

\* Represents term deposits with banks of maturity period of 12 months and more lying as cash collateral for assignment maturing after 12 months.



## Notes on Accounts for the year ended March 31, 2012

<b>2.15 TRADE RECEIVABLES</b>		(₹ In Lacs)	
Particulars	As at		As at
	March 31, 2012		March 31, 2011
<b>Unsecured and Considered good</b>			
Trade Receivables			
Over six months		-	-
Others		177.63	143.62
<b>TOTAL</b>		<b>177.63</b>	<b>143.62</b>

<b>2.16 CASH AND BANK BALANCES</b>		(₹ In Lacs)			
Particulars	As at March 31, 2012		As at March 31, 2011		
	Non-Current	Current	Non-Current	Current	
a) Cash on hand	375.59	-	104.85	-	
b) Balance with banks					
In current accounts	175.37	-	183.80	-	
Stamps/franking balance	10.23	-	-	-	
c) Other bank balances	1,023.14	20,463.60	1,565.53	11,546.49	
d) Deposit with financial institutions	175.64	1,602.00	-	-	
<b>TOTAL</b>	<b>1,759.98</b>	<b>22,065.60</b>	<b>1,854.18</b>	<b>11,546.49</b>	

Other bank balances as of March 31, 2012 includes ₹ 673.32 Lacs towards deposits with banks against cash collateral for assignment maturing within 12 months as also against working capital loans. It also includes interest accrued of ₹ 349.82 Lacs on all fixed deposits.

<b>2.17 SHORT TERM LOANS AND ADVANCES</b>		(₹ In Lacs)	
Particulars	As at		As at
	March 31, 2012		March 31, 2011
<b>Unsecured and Considered good</b>			
a) Prepaid Expenses		203.08	45.16
b) Advances to suppliers/service providers		151.19	20.36
c) Advances to staff		34.97	32.78
d) Security deposits		26.57	24.37
<b>TOTAL</b>		<b>415.80</b>	<b>122.67</b>



## Notes on Accounts for the year ended March 31, 2012

### 2.18 OTHER CURRENT ASSETS

(₹ In Lacs)

Particulars	As at March 31, 2012	As at March 31, 2011
<b>Unsecured and Considered good</b>		
a) Charges recoverable from borrowers	327.56	110.42
b) Recoverable in cash or in kind or for value to be received *	79.33	3.41
c) Direct taxes refundable	7.42	7.63
d) Prepaid taxes (net of provision for direct taxes)	185.69	-
<b>TOTAL</b>	<b>600.00</b>	<b>121.46</b>

\* Includes stock of promotional gift items of ₹ 24.00 Lacs.

### 2.19 REVENUE FROM OPERATIONS

(₹ In Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>a. Income from Financing activity</b>		
(i) Interest		
Interest from loans	12,236.43	5,382.58
Interest spread on assignment on "at par" structure	5,082.52	287.99
Income from assignments "at premium" structure	1,889.12	6,921.36
Other Interest	451.13	163.86
(ii) Other Operating Revenue		
Service charges from borrowers (net)	3,693.92	2,109.22
<b>b. Income from channel finance business</b>	548.08	505.20
<b>c. Interest from bank deposits placed as collateral towards assets derecognised</b>	1,342.02	418.86
<b>d. Interest from other bank deposits</b>	40.50	17.98
<b>TOTAL</b>	<b>25,283.73</b>	<b>15,807.06</b>

2.19.1 Interest from loans includes "overdue interest" on loans (other than NPA) charged in case of defaults by borrowers in timely payment of EMI which includes ₹ 347.92 Lacs relating to period prior to April 01, 2011 and recognised in books of accounts during the year upon change in management estimate about such recoveries based on past experience.

2.19.2 The Company has without recourse sold Loan assets through 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. The income from assignment is net of rebate on pre-closures of loans by borrowers ₹ 125.13 Lacs.



## Notes on Accounts for the year ended March 31, 2012

### 2.19.3 Information of assignment activity as an originator during the year ended March 31, 2012 and March 31, 2011 :

Particulars	Nos./ ₹ (Lacs)	(₹ In Lacs)			
		At PAR method		At PREMIUM method	
		2011-12	2010-11	2011-12	2010-11
Total number of Loan assets assigned	Nos.	40,005	5,957	5,626	21,407
Total book value of the Loan assets assigned	₹ (Lacs)	117,345.89	17,300.52	18,268.35	56,089.07
Sales consideration received for the assigned assets	₹ (Lacs)	117,345.89	17,300.52	20,491.37	62,935.50
Gross gain/income on assignment during the year	₹ (Lacs)	4,873.75	311.50	2,223.03	6,846.43
Provision for delinquency & cost of future servicing of all assigned pools	%	0.25%	0.25%	0.75%	0.75%
	₹ (Lacs)	299.41	51.04	455.54	581.69

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

Particulars	(₹ In Lacs)			
	At PAR method		At PREMIUM method	
	2011-12	2010-11	2011-12	2010-11
Outstanding credit enhancement in the form of corporate guarantees	242.00	111.44	16,373.23	14,717.60
Outstanding credit enhancement in the form of bank guarantees	6,937.00	-	1,342.00	366.00
Outstanding cash collaterals in the form of fixed deposit receipts	10,053.83	1,415.00	9,663.49	9,510.14
Pledge of bank term deposits against bank guarantees under assignment activity	1,964.20	-	146.40	73.20

### 2.19.4 Income from channel finance business and service charges from borrowers is inclusive of service tax.

### 2.20 OTHER INCOME

Particulars	(₹ In Lacs)	
	Year ended	Year ended
	March 31, 2012	March 31, 2011
a) Dividend income	1.65	0.27
b) Interest on debentures	1.71	1.94
c) Other non-operating Income	53.53	65.07
<b>TOTAL</b>	<b>56.90</b>	<b>67.28</b>

## Notes on Accounts for the year ended March 31, 2012

2.20.1 Other non-operating income includes		(₹ In Lacs)	
Particulars	Year ended March 31, 2012	Year ended March 31, 2011	
a) Recoveries against write off	27.41	44.03	
b) Sundry's write back	25.44	21.05	
<b>TOTAL</b>	<b>52.85</b>	<b>65.07</b>	

2.21 EMPLOYEE BENEFITS EXPENSES		(₹ In Lacs)	
Particulars	Year ended March 31, 2012	Year ended March 31, 2011	
a) Salaries and other benefits	3,011.77	1,598.82	
b) Directors remuneration	258.16	162.42	
c) Contribution to provident and other funds	118.28	67.69	
d) Staff welfare expenses	87.80	40.46	
e) Employee compensation expense account (Refer to note 2.1 (viii))	4.60	-	
<b>TOTAL</b>	<b>3,480.61</b>	<b>1,869.38</b>	

### 2.21.1 Details of Employees Benefits

#### a) Defined Contribution Plan Provident Fund

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 recognised ₹ 74.59 Lacs (P.Y. ₹ 41.62 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.

#### b) Defined benefit plans Gratuity

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 created 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.



## Notes on Accounts for the year ended March 31, 2012

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

Particulars	(₹ In Lacs)	
	Year ended March 31, 2012	Year ended March 31, 2011
<b>Changes in the present value of benefit obligation</b>		
Opening present value of obligation	34.47	15.15
Interest cost	2.93	1.25
Current service cost	28.13	15.37
Past service cost	-	-
Benefits paid	-	-
Actuarial (gain)/loss on obligation	(0.56)	2.70
Closing present value of obligation	64.97	34.47
<b>Component of employer's expense</b>		
Current service cost	28.13	15.37
Interest cost	2.93	1.25
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised in the year	(0.56)	2.70
Past service cost	-	-
Expenses recognised in the profit and loss account	30.50	19.32
<b>Movement in the net liability recognised in the balance sheet</b>		
Opening net liability	34.47	15.15
Expenses recognised in the profit and loss account	30.50	19.32
Contributions	-	-
Closing net liability	64.97	34.47
<b>Actuarial assumptions</b>		
Discount rate	8.75%	8.50%
Salary escalation rate	6.50%	6.50%
Withdrawal rate	1.00%	1.00%

### c) 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 ₹ 22.33 Lacs (P.Y. ₹ 33.98 Lacs), in the books of accounts for the year.

# Notes on Accounts

for the year ended March 31, 2012

<b>2.22 FINANCE COST</b>		(₹ In Lacs)	
<b>Particulars</b>	<b>Year ended March 31, 2012</b>	<b>Year ended March 31, 2011</b>	
Interest expense	8,933.89	3,290.97	
Other borrowing costs	1,437.70	1,574.07	
<b>TOTAL</b>	<b>10,371.59</b>	<b>4,865.04</b>	

## 2.22.1 Interest Expenses includes

Subordinated debentures	570.79	8.22
Subordinated debts	232.01	2.05
Term loans/Cash credit facilities	8,021.48	3,243.71
Interest on taxes	37.61	19.23
Others	72.00	17.75
<b>TOTAL</b>	<b>8,933.89</b>	<b>3,290.97</b>

## 2.22.2 Other Borrowing costs includes

Resource mobilisation expenses	1,327.29	1,476.91
Bank charges & commission	110.41	97.16
<b>TOTAL</b>	<b>1,437.70</b>	<b>1,574.07</b>

2.22.3 Borrowing costs capitalised to the respective qualifying assets ₹ NIL. (P. Y. Nil).

2.22.4 Resource mobilisation expenses includes bank guarantee charges which have been booked on prorata basis over the term of the bank guarantee. ₹ 467.87 Lacs has accordingly been recognised as pre-paid which is included under note no. 2.13 and 2.17.

2.22.5 Expense incurred in connection with fresh issue of Debentures as Tier -II Capital, adjusted against security premium account totalling to ₹ 78.50 Lacs (net of taxes) Refer to note no. 2.2.

## Notes on Accounts for the year ended March 31, 2012

### 2.23 OTHER EXPENSES

(₹ In Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Advertisement, publicity & recruitment	27.08	20.77
Business promotion	167.24	118.42
Commission and brokerage	606.90	582.43
Communication	99.53	59.44
Director sitting fee	2.50	2.50
Donations	18.75	14.31
Electricity and water	52.73	29.97
Fee, subscription & management fee	50.85	1.56
Field investigation & credit control	33.35	28.78
Insurance	15.37	11.73
Legal & professional fee	267.79	143.83
Loss on sale of repossessed assets	218.51	33.95
Office expenses	226.16	100.36
Postage & courier	66.69	38.26
Printing & stationery	94.78	60.75
Service tax	419.44	241.10
Rates and taxes	2.64	3.04
Rent (refer note 2.23.1)	201.23	111.86
Repair and maintenance - others	28.07	22.29
Repairs to buildings	15.82	18.96
Repossession expenses	46.67	16.53
Stamping fee	171.63	105.88
Traveling and conveyance	422.01	251.35
Valuation & RTO	56.77	18.78
<b>Auditor's remuneration</b>		
-Audit fees	8.00	8.00
-Tax audit fees	0.75	0.75
-Other services (including for limited review ₹ 0.50 Lacs (P.Y. Nil)	2.02	6.40
<b>TOTAL</b>	<b>3,323.29</b>	<b>2,052.00</b>

2.23.1 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 ₹ 201.23 Lacs (P.Y. ₹ 111.86 Lacs) and debited to Profit and Loss Account.

# Notes on Accounts

for the year ended March 31, 2012

## 2.24 PROVISIONS AND WRITE OFF

(₹ In Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
<b>A. Provisions for the year</b>		
Provision on assigned cases	754.95	632.74
Provision on non performing assets	204.84	70.17
Provision on overdue debtors	-	-
Contingent provision against standard assets	214.80	102.80
	<b>1,174.58</b>	<b>805.72</b>
<b>B. Provisions made last 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>Net Provision made during the year (i)</b>	<b>368.87</b>	<b>578.36</b>
<b>C. Write off during the year</b>		
Loan assets write off	225.02	77.09
Debtors write off	-	17.03
<b>Write off during the year (ii)</b>	<b>225.02</b>	<b>94.12</b>
<b>TOTAL</b>	<b>593.89</b>	<b>672.48</b>

## 2.25 TAX EXPENSES

(₹ In Lacs)

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
Current tax	2,368.47	2,306.29
Deferred tax	19.40	(194.84)
<b>TOTAL</b>	<b>2,387.87</b>	<b>2,111.45</b>

## Notes on Accounts for the year ended March 31, 2012

<b>2.26 EARNING PER SHARE</b>		(₹ In Lacs)	
<b>Particulars</b>	<b>Year ended March 31, 2012</b>	<b>Year ended March 31, 2011</b>	
<b>Basic</b>			
<b>Continuing and Total operations</b>			
Net Profit for the year from continuing and total operations	5,010.88	4,200.49	
Less: Debenture issue expenses transferred to Securities Premium Reserve	78.50	-	
Net Profit attributable to Equity Shareholders	4,932.38	4,200.49	
Weighted average number of equity shares	16,761,752	14,083,951	
Par value per share	10.00	10.00	
Earning per Share - Basic	29.43	29.82	

### Diluted

The diluted earnings per share has been computed by dividing the Net Profit after Tax available for Equity Shareholders by the weighted average number of equity shares, after giving dilutive effect of the preference shares.

<b>Continuing and Total operations</b>			
Net Profit for the year from continuing and total operations	5,010.88	4,200.49	
Less: Debenture issue expenses transferred to Securities Premium Reserve	78.50	-	
Net Profit attributable to Equity Shareholders	4,932.38	4,200.49	
Weighted average number of equity shares for Basic EPS	16,761,752	14,083,951	
Add: Dilutable Effect of Preference Shares	15,115,604	16,714,054	
Weighted average number of equity shares for Diluted EPS	31,877,356	30,798,005	
Par value per share	10.00	10.00	
Earnings per share - Diluted	15.47	13.64	

<b>2.27 CAPITAL AND OTHER COMMITMENTS</b>		(₹ In Lacs)	
<b>Particulars</b>	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>	
Estimated amount of contracts remaining to be executed on capital accounts not provided for :			
Tangible assets	18.43	2.06	
Intangible assets	61.20	5.07	
<b>TOTAL</b>	<b>79.63</b>	<b>7.13</b>	



## Notes on Accounts for the year ended March 31, 2012

### 2.28 CONTINGENT LIABILITY NOT PROVIDED FOR

- (i) Corporate Guarantees/Bank Guarantees/Corporate Undertakings on assignment of Loans assets: ₹ 44,611.55 Lacs (P.Y. 26,120.18 Lacs).
- (ii) Corporate Guarantees/Corporate Undertakings in case of Channel business activity: ₹ 11,638 Lacs (P.Y. ₹ 8,346 Lacs).
- (iii) Other Corporate Guarantees: ₹ 500 Lacs (P.Y.: ₹ 500 Lacs).
- (iv) Claims against the Company not acknowledged as debts ₹ 25.67 Lacs (P.Y. 18.78 Lacs) \*
- (v) Income tax demand ₹ 9.07 Lacs (P.Y.: Nil) \*\*

\* The claims against the Company comprise of :

Claims by borrowers consequent to actions against them by the Company in case of defaults and/ or repossession of secured assets totalling ₹ 25.67 Lacs. The Company has been advised by its legal division that liability is possible, but not probable and according no provision for such liability has been recognised in the financial statements.

\*\* Income tax demand comprise

Demand from the Indian tax authorities for payment of additional tax upon completion of their tax review for the financial year 2008-09. The tax demands are on account of disallowances of expenses which are being contested in appeal before the commissioner of income tax (Appeals) and is pending for disposal. The Company has deposited the demand but has not recognised the provision pending disposal of appeal.

**2.29** The Company is primarily engaged in the business of financing. All the activities of the Company revolve around the main business. Further the Company does not have any separate geographic segment other than India. As such there are no separate reportable segment as per AS-17 "Segment Reporting".

**2.30** 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

Au Housing Finance Private Limited

#### 2. Major equity shareholders

Mr. Sanjay Agarwal

#### 3. Key Management Personnel

Mr. Sanjay Agarwal    Managing Director

Mr. Uttam Tibrewal    Executive Director

## Notes on Accounts

for the year ended March 31, 2012

**4. Enterprises under significant influence of the Key Management Personnel** (with whom there were transactions during the year)

None

**5. Relatives of Key Managerial Personnel** (with whom there were transactions during the year/ previous year)

Mr. Subhash Tibrewal

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

Particulars	(₹ In Lacs)							
	Subsidiary Companies		Key Management Personnel		Enterprises under significant influence		Relative of Key Management Personnel	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>Payments</b>								
Allotment of Equity Shares								
Au Housing Finance Pvt. Ltd.	2,500.00	225.00	-	-	-	-	-	-
Au Insurance Broking Services Pvt. Ltd.	-	30.00	-	-	-	-	-	-
Index Money Limited	50.00		-	-	-	-	-	-
<b>Remuneration paid</b>								
Mr. Sanjay Agarwal	-	-	154.45	88.59	-	-	-	-
Mr. Uttam Tibrewal	-	-	103.71	73.82	-	-	-	-
Mr. Subhash Tibrewal	-	-	-	-	-	-	14.54	-
<b>Rent</b>								
Mr. Sanjay Agarwal	-	-	5.37	4.62	-	-	-	-
<b>Advances Given</b>								
Au Housing Finance Pvt. Ltd.	11.70	-	-	-	-	-	-	-
Au Insurance Broking Services Pvt. Ltd.	4.79	-	-	-	-	-	-	-
Index Money Limited	1.75	-	-	-	-	-	-	-
Mr. Uttam Tibrewal	-	-	-	29.25	-	-	-	-
<b>Receipts</b>								
Redemption of preference shares								
Index Money Limited	50.00	-	-	-	-	-	-	-
Sale of shares of Subsidiary company								
Mr. Sanjay Agarwal	-	-	17.00	-	-	-	-	-

# Notes on Accounts

for the year ended March 31, 2012

Particulars	(₹ In Lacs)							
	Subsidiary Companies		Key Management Personnel		Enterprises under significant influence		Relative of Key Management Personnel	
	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
<b>Call money against Compulsory Convertible Preference Shares Allotment</b>								
Mr. Sanjay Agarwal	-	-	-	450.00	-	-	-	-
<b>Advance Received Back</b>								
Au Housing Finance Pvt. Ltd.	11.70	-	-	-	-	-	-	-
Au Insurance Broking Services Pvt. Ltd.	4.79	-	-	-	-	-	-	-
Index Money Limited	1.75	1.50	-	-	-	-	-	-
Mr. Uttam Tibrewal	-	-	-	29.25	-	-	-	-
<b>Balance Outstanding at the year end</b>								
Receivables	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payables	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Outstanding Balances	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

\* Details of reimbursement of expenses have not been included in above details.

**2.31** Additional Information pursuant to Para 5 (viii) of "General instruction for preparation of statement of profit and loss" of Schedule VI of the Companies Act, 1956 have been given to the extent applicable to the Company:

Particulars	(₹ In Lacs)	
	2011-12	2010-11
CIF Value of Imports	-	-
Expenditure in Foreign Currency		
i) Travelling	3.95	-
ii) Training	-	1.06
Amount remitted in Foreign Currency on account of dividend	-	-
Earnings in Foreign Exchange	-	-
-- FOB value of Exports	-	-
-- Royalty, know-how, professional and consultation fee	-	-
-- Interest and dividend	-	-
-- Other income	-	-

## Notes on Accounts

for the year ended March 31, 2012

### 2.32 DISCLOSURE AS PER RBI GUIDELINES

The disclosure as per RBI Circular No. DNBS (PD). CC No. 125/03.05.02/2008-09 dated August 01, 2008 is as below:-

2.32.1 CRAR:-		(₹ In Lacs)	
Particulars	2011-12	2010-11	
CRAR (%)	33.55%	28.22%	
CRAR - Tier I capital (%)	29.90%	23.00%	
CRAR - Tier II Capital (%)	3.65%	5.22%	

### 2.32.2 Exposures to Real Estate Sector

Category	2011-12	2010-11
<b>(A) Direct Exposure-</b>		
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
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
Investments in Mortgage Backed Securities (MBS) and other securitised exposures-		
(a) Residential	Nil	Nil
(b) Commercial Real Estate.	Nil	Nil
<b>(B) Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFC's).	Nil	Nil

### 2.32.3 Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(₹ In Lacs)

Particulars	1 Day to 31 Days / One Month	Over 1 Month to 2 Month	Over 2 Month to 3 Month	Over 3 Month to 6 Month	Over 6 Month to 1 year	Over 1 year to 3 Years	Over 3 year to 5 Years	Over 5 Years	Total
<b>Liabilities</b>									
Borrowings From Banks	1,344.45	4,552.95	1,790.94	9,256.89	23,866.61	15,352.85	6,517.52	2,750.00	65,432.22
Market Borrowings	-	-	-	-	-	-	-	-	-
<b>Assets</b>									
Advances*	7,398.04	1,932.02	1,948.43	5,936.92	12,359.95	41,548.09	11,118.07	4,098.03	86,339.54
Investments	-	-	-	-	0.53	43.25	-	3,047.50	3,091.28

\* includes financial institutions and other parties.

\* including accrued interest and trade advance.

## Notes on Accounts for the year ended March 31, 2012

### 2.33 SUPPLEMENTRY STATUTORY INFORMATION PURSUANT TO CLAUSE 32 OF THE DEBT LISTING AGREEMENT

**a. Loans and advances in the nature of loans to subsidiaries:** (₹ In Lacs)

Name of related party Subsidiary/ Controlled Subsidiary	As at March 31, 2012		As at March 31, 2011	
	Amount of Loans and advances at the year end	Maximum amount outstanding during the year	Amount of Loans and advances at the year end	Maximum amount outstanding during the year
Index Money Limited	Nil	1.75	-	1.50
Au Insurance Broking Services Private Limited	Nil	4.64	-	-
Au Housing Finance Private Limited	Nil	8.50	-	-

None of the above loans are / were carrying any repayment schedule and interest payment.

**b. Other information (On the basis of assets under management)** (₹ In Lacs)

NPA ratios	As at March 31, 2012	As at March 31, 2011
	(i) Gross NPA	649.45
(ii) % of Gross NPA	0.25%	0.18%
(iii) Net NPA	215.51	71.57
(iv) % of Net NPA	0.08%	0.06%
Return on assets %	2.58%	4.81%

**2.34** Sundry Creditors, Sundry Debtors, Loans & Advances have been taken at their book value are subject to confirmation and reconciliation.

**2.35** In the opinion of the management, Loans and Advances have a realisable 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.

**2.36** Figures are rounded off to the nearest rupees in Lacs.

**2.37** Previous year figures :

Till the year ended March 31, 2011, pre-revised schedule vi of The Companies Act, 1956 was being used for preparation and presentation of the financial statements. During the year ended March 31, 2012, the revised schedule vi notified under The Companies Act, 1956 has become applicable to the Company. Accordingly the Company has reclassified previous years figures to reconfirm to this years classification on adoption revised schedule vi, there has been no significant impact on recognition and measurement principals followed for preparation of financial statements.

## 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)	
<b>Liabilities side:</b>		<b>As on 31-03-2012</b>	
<b>1</b>	<b>Loans and advances availed by the non banking financial company</b>	Amount Out-standing	Amount overdue
	(a) Debentures : Secured		
	: Unsecured	4,000.00	
	(Other than falling within the meaning of public deposits*)		
	(b) Deferred Credits		
	(c) Term Loans	32,989.56	-
	(d) Intercorporate loans and borrowing		
	(e) Commercial Paper		
	(f) Other Loans (specify nature) : -		
	Cash Credit Limit	18,090.19	-
	Working Capital Terms Loans	6,000.00	-
	Short Term Loans	4,352.47	
	*Please see Note 1 below		
<b>Assets Side :</b>		<b>Amount Outstanding</b>	
<b>2</b>	<b>Break-up of Loans and Advances including bills receivables</b>		
	(other than those included in (4) below )		
	(a) Secured		81,084.02
	(b) Unsecured		5,255.52
<b>3</b>	<b>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		12.23
	(b) Loans other than (a) above		86,252.95

## Annexure

		Amount Outstanding		
<b>4</b>	<b>Break-up of investments :</b>			
	<b>Current Investments :</b>			
	<b>1. Quoted</b>			
	(i) Shares : (a) Equity	-		
	(b) Preference	-		
	(ii) Debentures and bonds	-		
	(iii) Units of mutual funds		0.53	
	(iv) Government Securities	-		
	(v) Other (please specify)	-		
	<b>2. Unquoted</b>			
	(i) Shares : (a) Equity	-		
	(b) Preference	-		
	(ii) Debentures and bonds	-		
	(iii) Units of mutual funds			
	(iv) Government Securities	-		
	(v) Other (please specify)	-		
	<b>Long-Term investments</b>			
	<b>1. Quoted</b>			
	(i) Shares : (a) Equity	-		
	(b) Preference	-		
	(ii) Debentures and bonds	-		
	(iii) Units of mutual funds		7.50	
	(iv) Government Securities	-		
(v) Other (please specify)	-			
<b>2. Unquoted</b>				
(i) Shares : (a) Equity		3,050.84		
(b) Preference		0.51		
(ii) Debentures and bonds		31.90		
(iii) Units of mutual funds	-			
(iv) Government Securities	-			
(v) Other (please specify)	-			
<b>5</b>	<b>Borrower group-wise classification of assets financed as in (2) and (3 Above)</b>			
	Please see Note 2 below			
	<b>Category</b>	<b>Amount net of provisions</b>		
		<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	<b>1. Related Parties **</b>			
	(a) Subsidiaries			-
	(b) Companies in the same group			-
	(c) Other related parties			-
	<b>2. Other than related parties</b>	80,959.21	5,175.49	86,134.70
	<b>TOTAL</b>	<b>80,959.21</b>	<b>5,175.49</b>	<b>86,134.70</b>



## Annexure

Category		Market value/Break up of fair value of NAV	Book Value (Net of Provisions)
<b>6</b>	<b>Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):</b> Please see note 3 below		
	<b>1. Related Parties **</b>		
	(a) Subsidiaries		3,047.50
	(b) Companies in the same group		-
	(c) Other related parties		-
	<b>2. Other then related parties</b>	44.08	43.78
<b>TOTAL</b>		<b>-</b>	<b>44.08</b>
	** As per Accounting Standard of ICAI (please see Note 3)		
<b>7</b>	<b>Other information</b>		
	<b>Particulars</b>		<b>Amount</b>
	i Gross Non-Performing Assets		
	(a) Related parties		-
	(b) Other then related parties		649.45
	ii Net Non-Performing Assets		
	(a) Related parties		-
	(b) Other then related parties		215.51
	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.

As per our Report of even date  
For **G.M. Kapadia & Co.**  
Chartered Accountants

For **Au Financiers (India) Private Limited**

**Pramod Patni**  
Partner

**Sanjay Agarwal**  
Managing Director

**Uttam Tibrewal**  
Executive Director

Place: Jaipur  
Date: May 22, 2012

**Deepak Jain**  
Chief Financial Officer

**Manmohan Parnami**  
Company Secretary



## Statement Pursuant to Section 212

of the Companies Act, 1956 Relating to Subsidiary Companies

(₹ in Lacs)				
	<b>Name of the Subsidiary Company</b>	<b>Index Money Limited</b>	<b>Au Insurance Broking Services Pvt. Ltd.</b>	<b>Au Housing Finance Pvt. Ltd.</b>
1	Financial Year of the Subsidiary Companies ended on	March 31, 2012	March 31, 2012	March 31, 2012
2	(a) No. of Equity shares of subsidiary company held at the end of the financial year	1,724,490	130,000	27,250,000
	(b) Holding's company interest in percentage	100%	26%	100%
	(c) No. of Preference shares of subsidiary company held at the end of the financial year			
	(d) Holding's company interest in percentage			
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) Pvt. 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.	(1.83)	(0.65)*	0.40
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) Pvt. 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.	(297.79)	(1.96)*	(3.62)

Note:-

\* pro rated as per share holding change from time to time.

## Notice

**Notice** is hereby given that the Seventeenth Annual General Meeting of the members of Au FINANCIERS (INDIA) PRIVATE LIMITED shall be held on Wednesday the 26th day of September, 2012 at the registered office of the Company at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur - 302001 (Rajasthan) at 11:30 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, 2012 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 appoint M/s. S. R. Batliboi & Co, Chartered Accountants, as the Statutory Auditors of the Company and to fix their remuneration.

### SPECIAL BUSINESS

3. Appointment of Mr. Mannil Venugopalan as Director

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

**"RESOLVED THAT** pursuant to applicable provisions of the Companies Act, 1956 (including any statutory modification(s), amendments or re-enactments thereof for the time being in force) Mr. Mannil Venugopalan who was appointed as an Additional Director with effect from 27th August, 2012 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom a notice has been received from a Member in writing, under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a director of the Company.

**RESOLVED FURTHER THAT** Mr. Manmohan Parnami, Company Secretary of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary for the appointment of Mr. Mannil Venugopalan as Director

of the Company and file necessary e-forms on the website of the Ministry of Corporate Affairs in this regard and take all steps and actions to give effect to the aforesaid resolution."

4. Appointment of Mr. Vishal Mahadevia as Director

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

**"RESOLVED THAT** pursuant to applicable provisions of the Companies Act, 1956 (including any statutory modification(s), amendments or re-enactments thereof for the time being in force) Mr. Vishal Mahadevia who was appointed as an Additional Director with effect from 10th March, 2012 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Article of Association of the Company and who holds office upto the date of this Annual General Meeting, and in respect of whom a notice has been received from a Member in writing, under Section 257 of the Companies Act, 1956, proposing his candidature for the office of a Director, be and is hereby appointed as a director of the Company.

**RESOLVED FURTHER THAT** Mr. Manmohan Parnami, Company Secretary of the Company be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary for the appointment of Mr. Vishal Mahadevia as Director of the Company and file necessary e-forms on the website of the Ministry of Corporate Affairs in this regard and take all steps and actions to give effect to the aforesaid resolution."

By the orders of the Board of Director  
**For Au Financiers (India) Private Limited**

Place: Jaipur  
Date: September 3, 2012

**Manmohan Parnami**  
Company Secretary

## 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 Statements pursuant to the section 173(2) of the Companies Act, 1956 in respect of the Special Businesses set out above is annexed herewith.

By the orders of the Board of Director  
**For Au Financiers (India) Private Limited**

Place: Jaipur  
Date: September 3, 2012

**Manmohan Parnami**  
Company Secretary

## Explanatory Statements

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

#### **ITEM NO. 3 & 4**

Mr. Mannil Venugopalan and Mr. Vishal Mahadevia were appointed as Additional Director on the Board of Company w.e.f. 27th August, 2011 and 10th March, 2012 respectively in accordance with the provisions of Section 260 of the Companies Act, 1956 and Article of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 the above directors hold office up to the date of the ensuing Annual General Meeting. In this regard the Company has received request in writing from a member of the Company proposing their candidature for appointment as Director of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

The Board feels that presence of Mr. Mannil Venugopalan and Mr. Vishal Mahadevia on the Board is desirable and would be beneficial to the Company and hence recommend resolutions for adoption.

None of the Directors, except appointee Director is concerned or interested in the resolutions.

The Board recommends resolutions under Item No. 3 & 4 to be passed as ordinary resolutions.

By the orders of the Board of Director  
**For Au Financiers (India) Private Limited**

Place: Jaipur

Date: September 3, 2012

**Manmohan Parnami**

Company Secretary



## ATTENDANCE SLIP

I hereby record my presence at the SEVENTEENTH ANNUAL GENERAL MEETING of Au FINANCIERS (INDIA) PRIVATE LIMITED on Wednesday, 26th day of September, 2012 at 11.30 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 SEVENTEENTH ANNUAL GENERAL MEETING of Au FINANCIERS (INDIA) PRIVATE LIMITED on Wednesday, 26th day of September, 2012 at 11.30 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 ..... 2012

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





Proud moment for Team Au Financiers: Celebrating the agreement signing event in the presence of respected Mr. Deepak Parekh





**Registered office**

19 - A, Dhuleshwar Garden,  
Ajmer Road, Jaipur - 302001  
Rajasthan

**Corporate office**

Suite 603, 6th Floor, MMTc House,  
C-22, Bandra Kurla Complex,  
Behind Reserve Bank of India,  
Bandra (East), Mumbai 400 051  
Maharashtra