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OUR DRIVING FORCE...

Au FINANCIERS (INDIA) LIMITED
18th Annual Report 2012-13

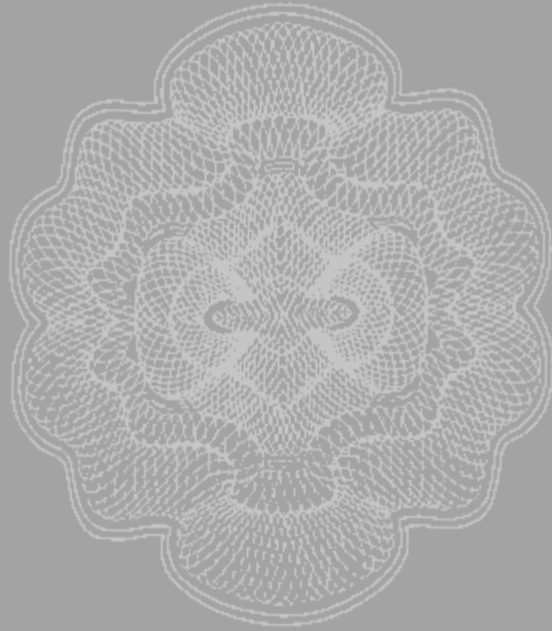
Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take 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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PASSION.

The passion to counter conventional wisdom.

The passion to widen the circle of happiness.

The passion to make every single person part of the entrepreneurial value chain.

The passion to demonstrate that what we think is what we can be.

The passion to prove that there is always a better way to do things.

The passion to prove that ordinary people can do extraordinary things.



THIS IS THE RESULT OF THE PASSION WE BROUGHT TO OUR BUSINESS.

Helped grow our loan book 45.02% even as the national GDP grew a mere 5% percent.

Helped us grow three times the NBFC industry average in a difficult year 2012-13.

Helped us grow from one business to three in a challenging year.

Helped us achieve a commitment of ₹375 crore from reputed FIs in the midst of an economic slowdown.



AT Au FINANCIERS, PASSION IS DEMONSTRATED IN...

...the ability to blend enthusiasm with experience. The Company's average age of 29 years is significantly lower than the industry average.

...the ability to attract unsecured funding from International Financial Institutions even as we are a first generation financing company without the backing of any big corporate group.

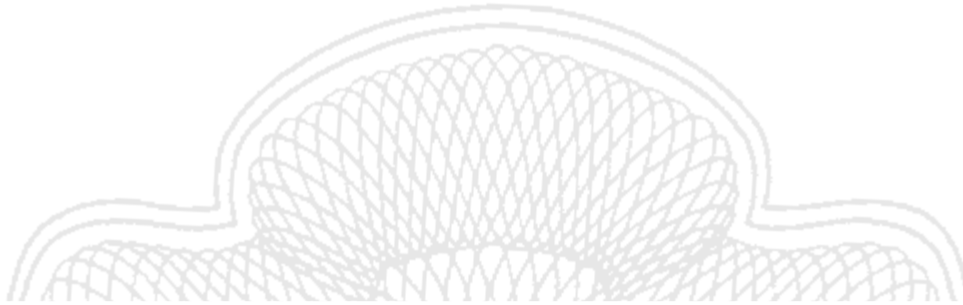
...the ability to attract some of the best professionals from large and visible companies to work with us. The Company's senior management possesses more than 200 person-years of experience in India's NBFC sector.

...the ability to transform from private to organised financing with a credible business model translating into sustainable growth. The Company has grown its book every single year of its presence.

...the ability to extend funding to first time users (FTU) and first time buyers (FTB) in the regions of its presence. The Company generated majority of its 2012-13 business from the financing of individuals otherwise dismissed as un-bankable and beyond organised financing.

...the ability to demonstrate that the financing of un-banked first generation rural, semi-urban entrepreneurs is not only socially advisable but also good business. The Company reported a net NPA of 0.20% of its asset under management in 2012-13, which is well below as compared to the industry average.

...the ability to mobilise equity funding at successive stages of the Company's growth reflected in progressively larger amounts at higher premia.



...the ability to demonstrate growth in the worst global environment. The Company's profit after tax increased from ₹5.18 crore in 2008-09 (the year in which the global slowdown commenced) to ₹80.21 crore in 2012-13 (the year generally considered as the most challenging in the last four years).

...the ability to improve credit rating at the time of an industry-wide decline. The Company reported improved credit rating from 'CRISIL BBB+/Positive' to 'CRISIL A/Stable' (two notches in one shot in June 2012) at a time when there were more downgrades, than even single notch upgrade.

...Au Financiers' team demonstrated its capabilities by promoting two more companies whereas other NBFC's would have preferred to consolidate. The Company promoted a wholly-owned subsidiary company dedicated to housing loans and another associate company focusing on insurance broking business.

CORPORATE IDENTITY

There are many ways to describe Au Financiers. The most relevant is 'rural economy driver'.

Financing the purchase of productive assets.

Inspiring the un-banked under-served thousands to get into business, building pillars of growth as part of a socially inclusive business model.

Providing them with business-strengthening advice.

Transforming hesitant individuals into active entrepreneurs.

Bringing prosperity to individuals, families, communities, regions and country.

Au Financiers (incorporated in 1996) is a non-deposit taking Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI) and promoted by first generation entrepreneur Mr. Sanjay Agarwal. The Company is a prominent vehicle financing player in western and central India with diversified product and service offerings including all kinds of vehicles i.e. commercial vehicles (multi-utility, small, light and heavy), cars, construction equipments, tractors and financing SME loans and housing loans.

Au Financiers floated Au Housing Finance Limited (formerly Au Housing Finance Private Limited), a wholly-owned subsidiary, to offer home loans.

Au Insurance Broking Services Private Limited is an associate company, offering insurance broking services.

The Company's business is driven through 177 branches across the states of Rajasthan, Maharashtra, Punjab, Madhya Pradesh, Gujarat, Goa, Chhattisgarh and Delhi. The Company is headquartered in Jaipur, Rajasthan.

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 un-reached and un-banked 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.

OUR FOUR GUIDING PRINCIPLES

We are guided by four principles – Fair, Flexible, Fast and Friends, which reflects the way we work and nurtures our mission and vision.

Fair

We are fair and transparent in our dealings. Transparency in thoughts, feelings and policies. We understand the requirement of our customers and offer only those products that suffice their needs, making it a win-win situation.

Flexible

We are flexible in our approach and try sincerely to match your needs and expectations. We are open and flexible with our products and schemes. We understand our clients and their concerns and offer the highest levels of flexibility possible.

Fast

We are really fast, as your priority are our priorities. We are quick with our decision making process. Our robust operations and disbursement processes ensure best-in-class turnaround time. We take minimum time for processing applications and disbursement of loans.

Friends

You have got a friend for life. We have nurtured friendly and congenial relationships with our dealers and customers. This unique aspect helps us make new friends and promote kinship across generations.

CORE VALUES

Our foundation lies on the right balance between stakeholders and the management, which is achieved through these values.

Entrepreneurship

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

Personalised touch

Through our behaviour, we endeavour to build relationships which transform their lives by valuing, understanding and articulating individual's needs. We simultaneously respect and value people and uphold human dignity.

Fairness and equality

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

Reliability

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

Nurturing talent

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

Empowerment

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

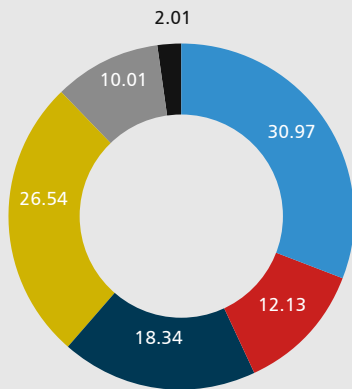
Audacity

We constantly foster individuals for giving open feedback towards processes, products, services to improve practices in the organisation.

OUR EQUITY INVESTORS

Over the years, Au Financiers inspired equity funding from the following globally renowned institutions:

Shareholding pattern as on 31st March, 2013 (percentage)



- **Promoter & Family:** 30.97%
- **IBEF & IBEF-I (advised by Motilal Oswal Private Equity Advisors Private Limited):** 12.13% (private equity arm of Motilal Oswal Financial Services Ltd.)
- **International Finance Corporation:** 18.34% (global development institution and member of the World Bank Group)
- **Redwood Investment Ltd:** 26.54% (affiliated to Warburg Pincus LLC, a leading global private equity firm)
- **Labh Investments Limited:** 10.01% (a subsidiary of Chrys Capital VI, LLC, one of the leading private equity funds of the world)
- **ESOP:** 2.01%





1996

The Company was incorporated as a private limited Company in the state of Rajasthan, initially raising funding from high net worth individuals (HNIs) to provide a gamut of financial assistance in a few districts of Rajasthan.

1999

The Company adopted a fee-based model by acting as an origination partner of private sector banks, thereby diversifying its business activities, and helping banks extend their geographical reach in the vehicle, personal, and home loan segments.

2003

The Company became one of the leading channel business partners of HDFC Bank, originating and servicing vehicle loans with a risk-sharing model. This was an inflection point for the Company, which enabled the Company to scale operations in Rajasthan.

2006

Stepped in Maharashtra by starting operations in Pune.

2008

The Company attracted its first round of private equity of ₹20 crore from IBEF & IBEF-I (funds advised by Motilal Oswal Private Equity Advisors Private Limited). Thereafter, the Company started originating loans under its own book, adopting broadly similar procedures as those followed by the Company when originating loans for HDFC Bank.

KEY FINANCIAL AND CORPORATE HIGHLIGHTS, 2012-13

Performance

- 59.50% growth in Earning Before Tax from ₹73.99 crore in 2011-12 to ₹118.01 crore in 2012-13
- 60.07% growth in profit after tax from ₹50.11 crore in 2011-12 to ₹80.21 crore in 2012-13
- 17.05% growth in disbursement from ₹2,082.91 crore in 2011-12 to ₹2,438.09 crore in 2012-13
- 45.02% growth in assets under management from ₹2,554.36 crore to ₹3,704.32 crore in 2012-13

Strategic

- 5.42% growth in average loan size from ₹3.32 lakh in 2011-12 to ₹3.50 lakh in 2012-13
- Strong capital adequacy ratio of 20.82% as on March 31, 2013
- 333% growth in funds mobilisation from ₹580 crore in FY2011-12 to ₹2,482.06 crore in the form of debt

Operational

- 21.23% growth in branches, strengthening our network to 177 as on March 31, 2013

2009

The Company started operations in Gujarat, third state that it entered after Rajasthan and Maharashtra.

2010

■ The Company mobilised second round of private equity funding of ₹35 crore and ₹20 crore infused by International Finance Corporation (IFC) and Motilal Oswal Private Equity via IBEF and IBEF I, respectively. The promoters also infused ₹5 crore as capital.

■ The Company attained the status of 'Systemically Important Non-Deposit Taking Asset Finance Company'

■ The Company diversified into SME (Business Loans) secured by immovable property, plant, machinery and receivables.

2011

■ The Company raised Tier-II capital of ₹55 crore from large private sector banks including HDFC Bank and ICICI Bank.

■ The Company set up a wholly-owned subsidiary housing finance company i.e. Au Housing Finance Pvt. Ltd. to provide housing finance services.

2012

■ The Company raised its third round of private equity of ₹150 crore from Warburg Pincus and IFC, who reasserted their confidence by investing ₹33 crore again in the Company.

■ Direct Insurance Broking Services were started by Associate Company – Au Insurance Broking Services Pvt. Ltd.

■ The Company's credit rating was

upgraded based on consistent growth in income and profitability, good asset quality and timely infusion of capital at successive intervals from 'CRISIL BBB+/Positive Outlook' to 'CRISIL A/Stable Outlook' i.e. by two notches in June 2012; CARE upgraded the Company's rating from CARE 'A-' to CARE 'A' in August, 2012.

2013

■ The Company achieved another milestone where its relationships with banks, financial institutions and foreign institutional investors increased from one in 2007 to more than 50.

■ The Company received commitment of 5 years unsecured NCDs from FMO, CDC and GuarantCo for ₹330 crore.

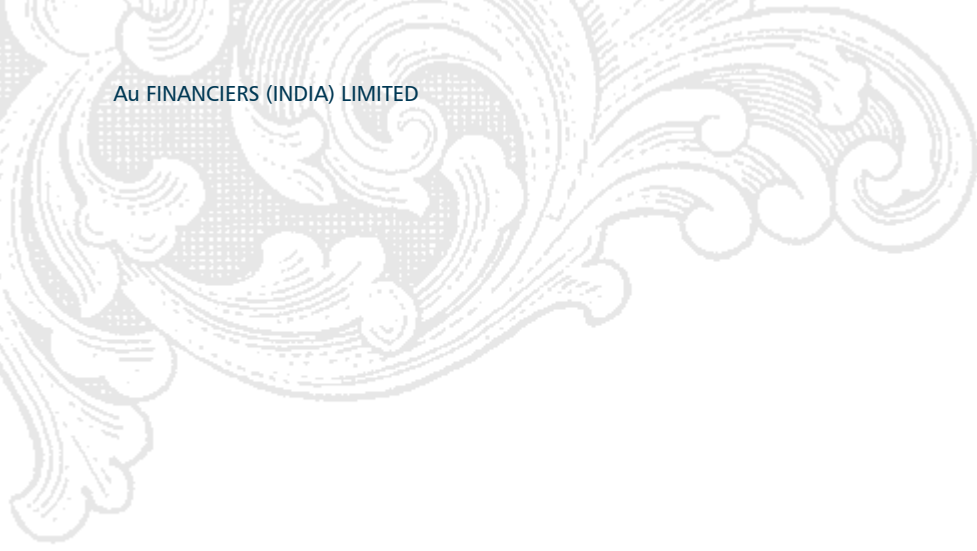
■ Chrys Capital, a leading private equity fund, acquired a 10.01% stake in the Company.

Disbursements by products

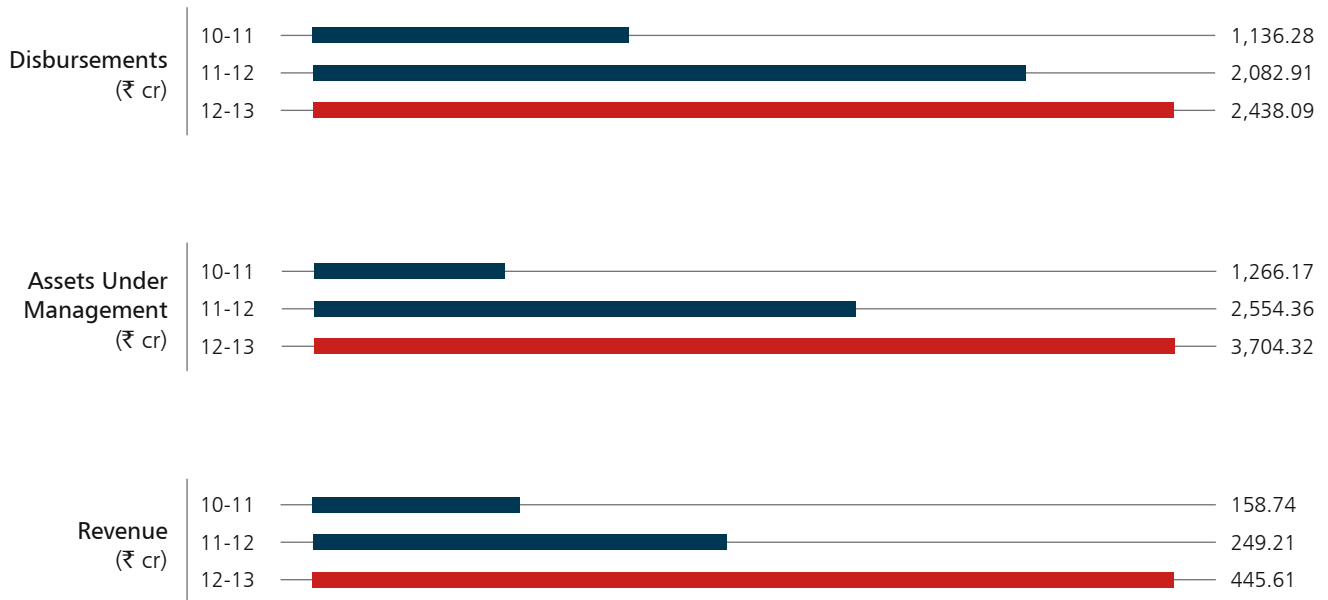
Vehicle	2012-13	2011-12
Multi-utility vehicle	27.36%	25.84%
Small commercial vehicle	20.85%	16.79%
Heavy commercial vehicle	9.09%	18.01%
Light commercial vehicle	5.43%	7.33%
Construction equipment	0.77%	1.01%
3-wheelers	5.79%	5.13%
Cars	16.30%	14.04%
SMEs	14.41%	11.85%
Total	100.00%	100.00%

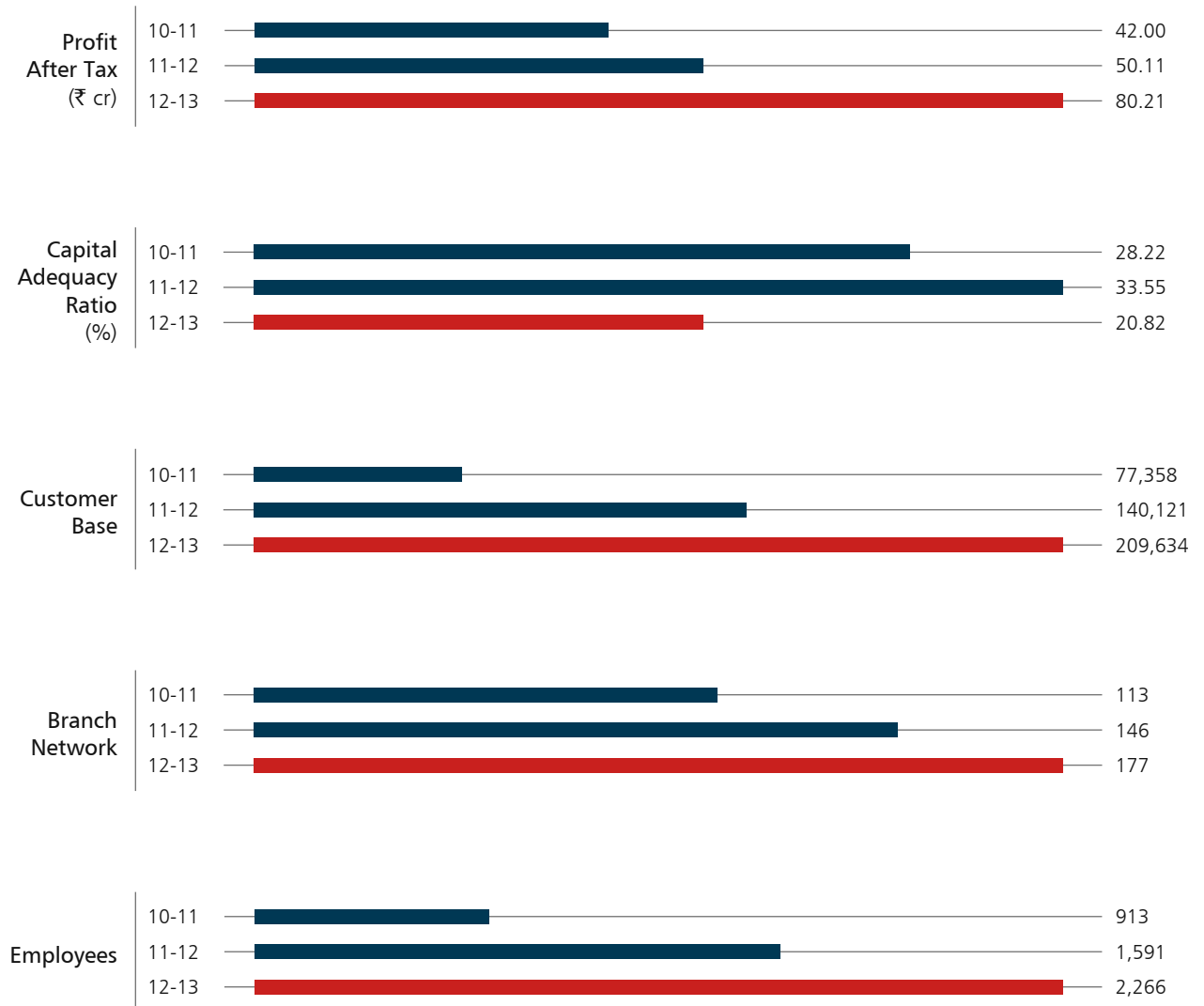
Disbursements by region

State	2012-13	2011-12
Rajasthan	49.87%	51.36%
Maharashtra	23.33%	29.69%
Gujarat	16.18%	14.11%
Punjab	4.24%	1.13%
Madhya Pradesh	4.21%	2.16%
Chattisgarh	0.77%	0.70%
Delhi	0.80%	-
Goa	0.60%	0.84%
Total	100.00%	100.00%



This is how we responded to the most challenging recent years in our industry.
Grew every single year. Across disbursements, assets, customers, revenues and profits.





AT Au FINANCIERS, WE POSSESS
A BUSINESS MODEL THAT CAN BE
SUMMARISED IN JUST THREE WORDS.

GOVERNANCE, GOVERNANCE & GOVERNANCE.

Au Financiers went into business at a time when much of India's rural and semi-urban financing business was largely unorganised. The Company was created with the vision to inspire stakeholder trust through credible action.

Right from inception, Au Financiers conducted its business in a manner to inspire trust from prospective lenders and customers for service, speed, reliability, empathy, commitment and financial integrity. A decade after the Company went into business, the Company enjoys lender respect, industry-leading position in the various pockets of its presence and a strong Balance Sheet. This respect has been derived from a progressive investment in governance irrespective of its size and listing status.

Governance in spirit

At Au Financiers, we believe that governance-driven conduct applies as much to an individual as to a corporate. Corporate Governance entails a framework of ethical conduct that protects the interest of all stakeholders. The Company invested in a governance commitment that extended beyond the letter of the law. The result was that even as the Company was unlisted, a number of its actions were benchmarked with the

governance discipline applicable to listed companies.

For customer benefit

At Au Financiers, our governance has been principally directed towards benefiting customers. We are convinced that if our processes and systems are directed towards the primary interest of the customers, the resulting benefits will generate a virtuous cycle that will make it possible for us to service the diverse and growing needs of our other stakeholders eventually (lenders, employees, community, government and country).

Compliance

At Au Financiers, we recognise that we are in a sensitive business where we manage large funds inflow from commercial banks and financial institutions on the one hand and outflow to customers on the other. The nature of this operation makes it critical to mobilise and deploy funds responsibly. As an extension, the country's NBFC segment is comprehensively regulated by the RBI.



As a responsible corporate citizen, Au Financiers complies with all regulatory requirements.

Responsible citizen

At Au Financiers, while it may appear that we are in the business of cash mobilisation and deployment with a focus on profit generation, the reality is different. We see ourselves as agents of prosperity engaged in the transformation of the under-served, un-reached individuals into successful entrepreneurs through our ability to provide them with timely financing for income generating activities. Au Financiers is also generating employment in rural and semi-urban areas of India for local residents, thereby contributing to inclusive development.

Human governance

At Au Financiers, we believe that all governance is derived from a sense of trust, which translates into an enhanced sense of goodwill and which, in turn, extends into a holistic corporate culture. So even as we are engaged in the financing business where it is imperative to produce documentary evidence of the borrower's ability to pay, we believe that most borrowers can be trusted

to repay, without compromising our documentation discipline and rigorous customer appraisal process.

Board composition

At Au Financiers, we have showcased our governance commitment through our Board composition. Of the seven Board members, two are Independent and three are Investor Nominee Directors. The promoter does not have any relatives on the Board or working in the Company. The CEOs of the two companies engaged in the business of insurance broking and housing finance are competent professionals not related to the promoter in any way, sending out a message to all employees that, in this merit-respecting environment, anyone can rise to the top.

Process-driven

At Au Financiers, we have invested in processes and systems with the objective to eliminate human error in decision-making. The result is the achievement of consistency across functions and locations.

Transparency

At Au Financiers, we pride on our transparency. The result is a willingness to be ready for due diligences by various

stakeholders, present ourselves as 'what we are' and to enhance our disclosures to the expectations of our stakeholders.

Responsibility

At Au Financiers, we acknowledge our responsibilities to our stakeholders – the responsibility to enhance corporate value for our shareowners, the responsibility to use loans with prudence and meet repayment obligations on schedule to our lenders and the responsibility to create ethical business opportunities for original equipment manufacturers.

Targets

At Au Financiers, we believe that most of the appraisal errors in our business are made when aggressive business targets are given out to business managers. So, even as we are driven towards performing and responding to emerging opportunities, our managers are not pressurised to perform at any cost. We outperform the sectoral average by understanding our ground realities, transforming opportunities into results through intrinsic stimulation. At Au Financiers, the motivation to excel comes not as much from a numerical target but from an ethically embedded environment.



“We target to reach a USD 2 billion book by 2017”

Mr. Sanjay Agarwal, Managing Director, reviews the performance of the Company for 2012-13

Q: Were you pleased with the performance of the Company in 2012-13?

A: I am satisfied with the performance. Credit rating agency CRISIL upgraded the long-term credit rating of our Company by two notches from ‘CRISIL BBB+/Positive’ to ‘CRISIL A /Stable’. The substantial increase in our scale of operations while maintaining a strong asset quality and healthy earnings profile which we have shown over the years is noticed and as a result the credit rating of our Company has been upgraded by two notches at one go. The rating was upgraded considering that we improved our

market position and maintained it, without weakening asset quality and profitability.

Further, another global private equity firm – ChrysCapital is now associated with our Company. ChrysCapital is the fourth global group which has made an investment in our Company after Motilal Oswal Private Equity Advisors (MOPE), International Finance Corporation (IFC, World Bank group) and Warburg Pincus. In just a couple of years, the Company’s valuation has increased multifold, if we compare it with March 2010 when IFC first made an investment in our Company.

In more-than-a-decade-long history of this Company, there have been two

inflection points – one, when MOPE came in as a strategic investor in 2008 and second, in 2012 when we set up two new companies. It will interest our readers that both the inflection points have transpired during challenging industry junctures; the year 2008 was the most financially tumultuous one that the world had seen in decades; the last financial year was perhaps the most frustrating from the perspective of getting into new businesses. The fact that we could grow our way out of demanding industry environments and create foundations for sustainable growth are an indication of where we come from and what attributes we possess.

Q: How did the Company respond to the challenging year under review?

A: Principally, there were two ways in which we could have responded to 2012-13 – frozen all incremental decision-making, focused on consolidation and waited for the storm to blow over, or we could have addressed the slowdown head-on, seeking ways in which to expand the business. At Au Financiers, we selected the latter, as a result of which we did not just grow our existing business but embarked on strategic business-strengthening initiatives, the benefits of which will show over the foreseeable future.

Q: What kind of strategic initiatives?

A: Until 2011-12, Au Financiers was our singular company financing new and pre-used vehicles and providing loans to small and medium-sized businesses and housing loans in the rural, semi-urban and urban centres. Our rich experience in these terrains provided us with a keen insight into ground realities. One of the things we realised was that as personal incomes rose in these regions, one of the first things that people did was invest in *pucca* homes for which most felt the need for finance. The other thing we realised was that as families became prosperous, there was a greater need to secure the lives of family members through insurance products. During a challenging 2012-13 when most companies in our position would have preferred to sustain their presence, we

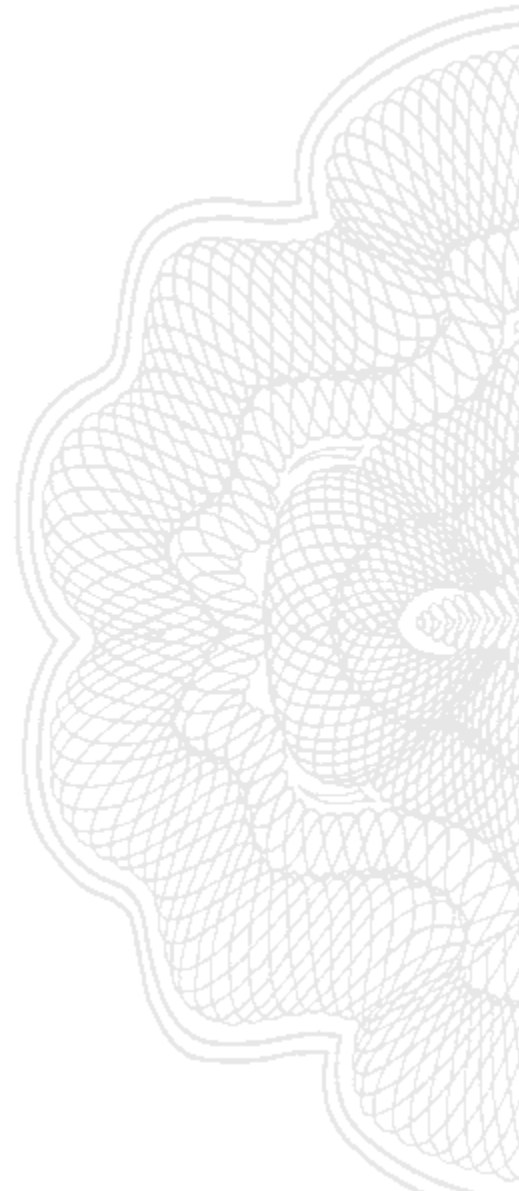
did something different: we floated a separate company to focus on the home financing segment and an associate company carrying out the insurance broking business. We started with an advantage: we possessed a 'bank' of 200,000 existing customers generating attractive cross-sale possibilities. The result is that we didn't just start two new companies during 2012-13; we also ensured that they turned profitable from year one.


Q: What other business-strengthening initiatives transpired during the year under review?

A: During the year under review, we diversified our assets (already explained) and we widened our liability profile. Let me explain: earlier, the majority of our debt fund-raising was derived from term loans and credit limits from leading private and public sector banks of India. During the year under review, we extended & raised funds via following financial instruments – non-convertible debentures, commercial papers from banks, domestic financial institutions, fund houses, foreign institutional investors, among others.

We have added 11 banks, two leading mutual fund companies of India and four world renowned financial institutions namely ResponsAbility AG, FMO, CDC and GuarantCo to our lending group. Not only did this widen our ability to mobilise resources, literally on call, it also made it possible to mobilise funds across different tenures and costs. The result is that we successfully rationalised the proportion of banks in our debt portfolio from

During the year under review, we diversified our assets and we widened our liability profile.





At Au Financiers, we succeeded because we moved with speed to modify ourselves with the ongoing changes

94.90% to 68%; we rationalised the overall funding cost by 130 bps. This broad-basing of our liabilities represents a robust foundation for sustainable growth.

Q: How challenging was the industry scenario during the year under review?

A: The industry scenario was challenging for a number of reasons: the mining industry contracted in 2012-13 following mining bans in Karnataka and Goa resulting in a lower offtake of vehicles all across the country and a decline in haulage rates across circuits. There was a decline in infrastructural investments, which, in turn, affected the offtake (and hence, financing) of haulage vehicles. There was an increase in fuel prices without a corresponding increase in haulage rates. Stock markets were dull and overall investment sentiments were weak so this affected funds mobilisation. As it turned out, India's GDP growth of little over 5% was perhaps the slowest in a decade with trickle-down implications for dependant sectors like ours.

Q: How did the Company respond to this scenario? The Company grew its book 45 % in a difficult year. How was that possible?

A: Here too, there were alternatives: we could have sat back in our offices and dispassionately demanded that our field staff pressurise our customers into

meeting their repayment schedules, or we could have taken a sympathetic view of the realities encountered by our customers – a number of them first-generation entrepreneurs – with the objective to hand-hold them out of the slowdown. We selected the latter approach; we worked closer with our customers, we advised them on route selection, we advised them on cost-cutting and on superior asset deployment. The result was that even as non-performing assets for the broad NBFC sector were over 1%, your Company's Net NPA was a mere 0.20% of its Assets under Management in 2012-13.

At Au Financiers, we succeeded because we moved with speed to modify ourselves with the ongoing changes in the realm of vehicle preference. Earlier, the heavy commercial vehicle segment had grown by 9-10% holding out attractive prospects for financiers like us; in 2012-13, growth in this segment declined to around 3%. As a responsive organisation, we increased our exposure to light commercial vehicles (growing by 20%) and MUVs (growing by 18%) and passenger cars (growing by 8%). The result is reflected in an evolving portfolio mix: the proportion of incremental business from non-HCVs increased by 30% in 2012-13.

This transition was the result of an interesting trend: even as urban demand subsided in India in 2012-13, rural offtake remained robust on



account of fair monsoons, increasing aspirations and consumption under-penetration that appeared to be correcting. The SCV segment (less than 3.5 tonne carrying capacity) capitalised on this reality; the trucks belonging to the aforementioned category are typically used to provide last-mile connectivity to reach products to distant villages. At Au Financiers, we adapted with speed without needing to make drastic changes in our overall strategy.

Q: What is the agenda at the Company for 2013-14?

A: Until the start of last year, there was a singular focus on managing one company and one business. The time has come to draft out five-year goals for the housing and the insurance broking verticals as well. We expect to grow our loan book from ₹3,704.32 crore at the close of 2012-13 to an estimated ₹5,500 crore in 2013-14 and our asset under management to around ₹11,000 crore by 2017 through the creation of leaders at every level and implementing new mobilisation strategies to drive our respective businesses.

We expect to drive this aggressive growth through the following priorities: protect our asset quality, strengthen SME loans and housing loans through cross-sale, and widen our liability diversification to reduce the cost of funds, progressively widen our revenue base, and invest in technology platforms to delegate decision-making down to

the spokes without compromising our asset quality.

Q: Where does corporate optimism come from?

A: As India sees growth becoming more inclusive, there will be a greater need for banks to meet their priority sector lending targets. It will please readers to know that Au Financiers has always focused on an inclusive business model; 68% of the Company's branches are located in Tier-III locations or smaller; the Company derives around 80% of its disbursements from semi-urban and rural areas.

The time has come for a number of commercial banks to engage with rural-focused companies like us, who possess a high asset quality and rigorous credit appraisal capabilities. We expect that these banks will provide funds to us for onward deployment across the rural landscape of Western and Central India, enabling them to achieve their priority sector lending targets and enabling us to expand our market share.

In view of these reasons, I am extremely optimistic of our prospects across the short, medium and long-term.

I am thankful to the Board members, investors and other stakeholders for guiding us and enabling us to ride through rough tides by leveraging their experience helping us strike a balance between the mechanics of the business risks and the financial risks encountered

by the Company. We hope that we will get the opportunity of receiving your guidance time and again. With your support I am confident that we will continue to grow in an accelerated manner and take our business to new heights in terms of size and scale.

I cannot thank every team member enough for their involvement and their willingness to take on the completion of tasks by going beyond their comfort zones. I sincerely acknowledge, appreciate and value the enthusiastic efforts put in by each one of them in supporting the management in making Au what it is today. I am greatly thankful to all for their consistent performance and wholehearted commitment towards the Company's goals.

Also, I take this opportunity to express my thanks to the bankers and other lending institutions for bestowing their trust, confidence, on-going support and the assistance which they have extended to us from time to time.

Thank you all for your contribution to our growth efforts and for your continued co-operation as well.

With best wishes,

Sincerely

Sanjay Agarwal
Managing Director

AT Au FINANCIERS, PASSION IS...

BANKING THE UNDER-SERVED AND UN-REACHED.

It would have been easy sitting in air-conditioned offices, financing the needs of the well-off and seeking security from their comfortable bank statements.

At Au Financiers, we preferred to walk the road less travelled. We selected to finance the needs of those individuals who are creditworthy but not being sufficiently funded by most financiers because of underdeveloped banking facilities in those areas and due to lack of credible documentation that could prove their capability to repay.

We believe that most individuals are trustworthy; if given the opportunity, these first-generation entrepreneurs with small skillsets, will work harder; if shown the way, they will justify the faith of their creditors.


So our Company selected to fund thousands of individuals generally overlooked as 'unsafe'. We trusted; we checked; we corroborated; we protected; we guided and these customers proved us right with the

repayment of their loans in time.

The result is that of the 209,634 cases funded in our existence, a high 78.34% were first-time loan seekers (FTU/FTB). Of the 89.56% of vehicles financed, 27.03% were pre-used resulting in a lower break-even for the borrower. Of the total ₹6,617.13 crore funded since we went into business, 78% was deployed in rural and semi-urban locations.

Even as India's broad NBFC sector suffered a rise in non-performing assets by 100 basis points, the corresponding figure for Au Financiers was as low as 0.20% in a challenging FY 2012-13, even when profitable loans deployment was at its most challenging in years.

Trust pays.



Our Company selected to fund thousands of individuals generally overlooked as 'unsafe'. We trusted; we checked; we corroborated; we protected; we guided and these customers proved us right with the repayment of their loans in time.



AT Au FINANCIERS, PASSION IS ...

EXTENDING FROM ONE BUSINESS TO THREE IN THE WORST OF TIMES.

More than a decade ago, Au Financiers entered a vehicle financing sector that was dominated by large companies backed by industrial groups with access to deep pockets.

So, even as the initial prognosis was that Au Financiers may not be a success, the Company relied on its sense of passion to make a difference.

■ The Company made governance its central operating philosophy; the Company would exist for the customers; infrastructure would be created to enhance customer proximity; loan products would be created to address customer convenience; terms would be adapted to suit customer comfort; lender resources would be treated with respect; branch interiors would be simple enough to provide customers familiarity and functionality.

■ The Company deepened its presence

in the geographies of its preference; the Company now enjoys a presence across almost every 50 kms in Rajasthan, its principal market, one of the most well-distributed NBFC networks in the state.

■ The Company recognised that as India prospers, customer needs will diversify from the purchase of productive income-generating equipment to housing loans that will be provided by its wholly-owned subsidiary while direct insurance broking services will be provided by an associate company.

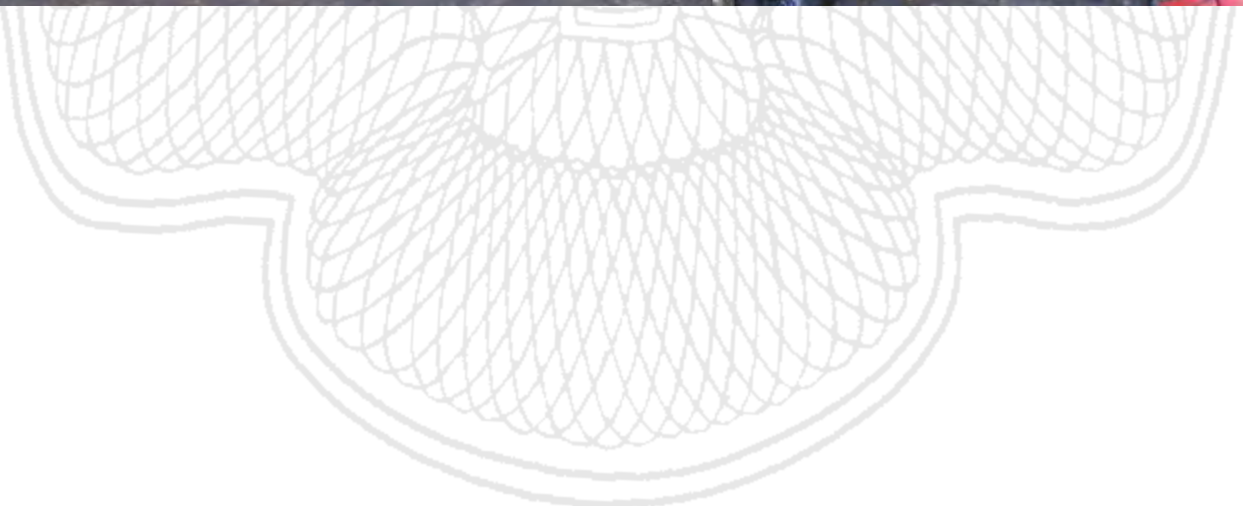
The result is that even as most NBFCs in India selected to consolidate their existing businesses during the most

calamitous downtrends in the history of this country, Au Financiers extended from one business to three.

The Company leveraged its longstanding familiarity and customer insight; the result was that both the Group companies reported profits and achieved break even in 2012-13 in businesses usually marked by a long gestation period.

The result is that Au Financiers is not just a systemically important asset finance company registered with the Reserve Bank of India but also one of the fastest growing NBFCs in India.

Courage supplements.



AT Au FINANCIERS, PASSION IS ...

DOING BETTER WHEN EVERYTHING IS GETTING WORSE.

It would have been easy to report lower growth and ascribe it to a weak economy.

At Au Financiers, we would rather fight the circumstances and improve regardless. This is precisely what we did during a challenging 2012-13: even as observers indicated that the industry would grow around 17-18%, our Company grew revenues by 78.81% and assets under management by 45% to ₹3,704 crore.

These are some of the ways in which we managed to do so:

- Mobilising more resources than ever (₹2511.82 crore) from a widening lender base consisting of banks, financial institutions, mutual funds and

international financial institutions.

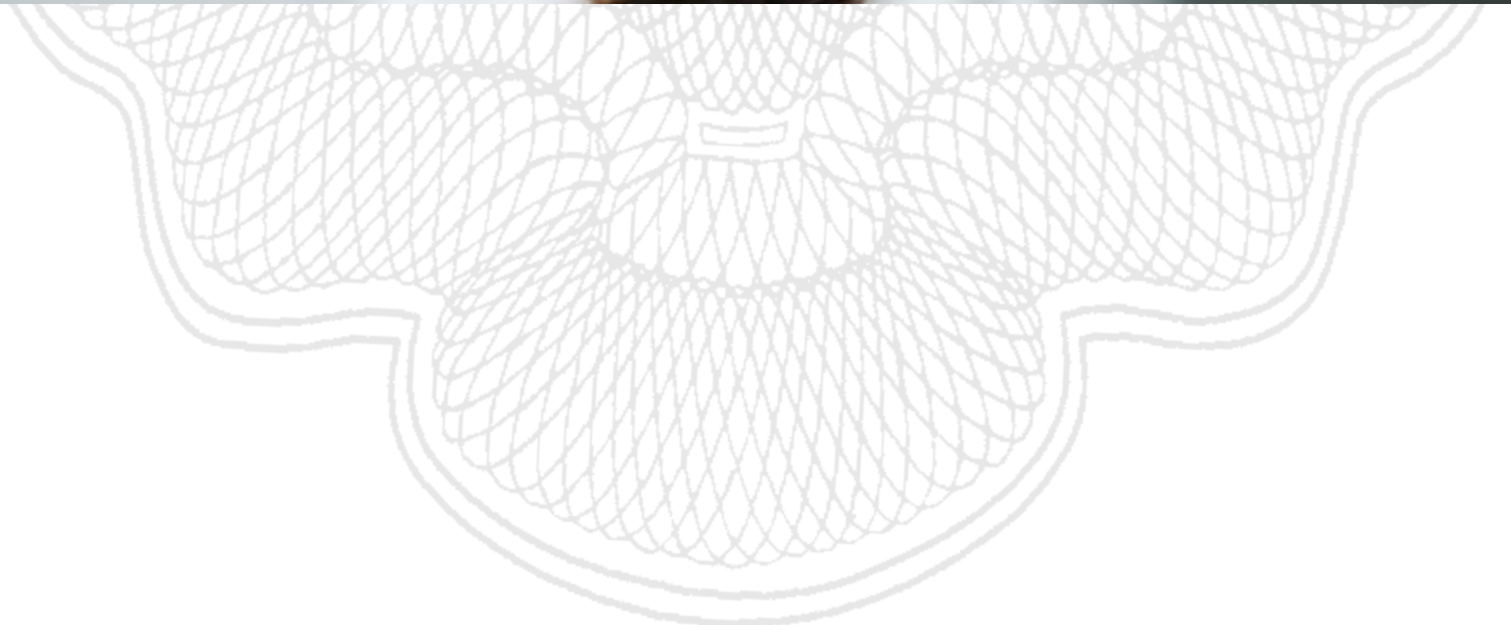
- Deploying more funds than ever (₹2,438.09 crore).
- Investing in IT-driven processes and systems with the objective to keep the turnaround time limited to a few hours, retaining our brand as a responsive organisation
- Protecting our asset quality through stringent appraisal framework and maintaining a strong connect at the ground level with customers.
- Achieving superior credit ratings for long-term debt; the improvement by

two notches (CRISIL BBB+ /Positive to CRISIL A/Stable) and this enabled the Company to mobilise incremental debt at competitive rates.

- Reducing our cost of funds in 2012-13; this will enable the Company to pass benefits on to our customers in the long run.

So even as everyone complained that the year 2012-13 was perhaps the most challenging they had seen in existence, our...

Optimism extends.



AT Au FINANCIERS, PASSION IS...

INSPIRING THE CONFIDENCE OF PROMINENT INTERNATIONAL INVESTORS AND FINANCIERS.

In the business of asset financing, the biggest success driver is the ability to mobilise stable, low cost and credible financing.

At Au Financiers, we created the credibility to inspire some of the biggest financial giants of the world to invest in our Company. Their presence has strengthened our business at various levels: by the virtue of having brought into our business model, they have come in as equity partners providing stable funds for the long-term; by the virtue of being globally-recognised brands, their associations with us have helped draw more such credible names to finance our growth; by the virtue of being large global entities, they have been able to provide us with required capital and loans.

Because of their access to international best practices and due to an

understanding of how things work in the finance sector, these global lenders have been able to bring rich intangible value to the Company's table.

Their role and contribution is most easily showcased in the numbers: the Company was recognised as the best PE-backed financial services company in India in 2012.

Until the first prominent private equity investor had invested in our Company, Au Financiers reported a profit after tax of ₹2.58 crore in FY2007-08. Within short span of five years, the Company reported a profit of ₹80.21 crore, a 31 fold increase in profit after tax.

Credibility enriches.



The Company was recognised as the best PE-backed financial services company in India in 2012.



FROM THE PEN OF INVESTORS



“We have been associated with Au Financiers for the last five years and it has been a privilege and an honor to be part of such an amazing story. It has been heartening to see Sanjay and the team to work towards their dream over the last few years and we remain committed to help them continue to realize their vision in whatever way we can. I am confident that Au Financiers is poised for even bigger success and will emerge as one of the largest and most respected NBFC in India.”

Mr. Raamdeo Agarawal, Joint Managing Director - Motilal Oswal Financial Services Limited



“Au Financiers is an inspiring institution, committed to bringing financial services to those who have not enjoyed such access before. Au’s enthusiastic leadership, client-focused approach, and organization-wide mandate to make a difference have helped create a robust platform for scaling up its business and those of its customers - mainly small and medium sized business owners. We are privileged to be associated with Au.”

Mr. Serge Devieux - Director, South Asia, IFC



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. Warburg Pincus will look 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



Au Financiers is an amazing prospect in financial service space. It has unique business model driven under leadership of Mr. Sanjay Agarwal by passionate and professional team. Company is on high trajectory growth path, expanding it’s businesses with right asset mix serving largely unreached and under-served customer segment.

We feel pride for being associated with Company in its journey of growth and supporting Vision of Management of becoming financial institution with strong visibility and customer acceptance in India.

Mr. Ravindra Bahl, Board Member, Au Financiers

FROM THE PEN OF FOREIGN INSTITUTIONAL INVESTORS



Au Financiers combines creating access to finance for entrepreneurs in rural- and semi-urban areas in low income states with impressive financial results. FMO has strong confidence in Au's management, which has put in place adequate checks and balances but at the same time succeeded in maintaining the entrepreneurial spirit that characterises the Company. We are excited by Au's prospects and are committed to supporting the Company in its inspiring growth trajectory.

Matthijs Egelie, Country Head India and Investment Officer South Asia FIs – FMO



"Au Financiers is an outstanding partner for CDC not only because of its strong growth and profitability but because it targets precisely the type of borrowers that CDC would like to reach: entrepreneurs and small business operators outside of urban centers that can't easily access finance from traditional banks. Au Financiers' innovative lending model demonstrates that it is possible to serve these clients while maintaining outstanding credit quality. Au Financiers has performed impressively since it was founded in 1996 and we are excited to be a part of the next stage of its growth."

Holger Rothenbusch - Managing Director, Debt and Structured Finance - CDC



OUR ENDURING STRENGTHS

Experienced management

The Au Group possesses a deep experience in the vehicle financing business and knowledge of India's rural and semi-urban markets. For business lines that the Company recently entered (SME lending, housing), the Au Group recruited experienced professionals. This knowledge enables the Company to offer products and services according to the specific needs of customers. An associate Company of Au Financiers also started insurance broking services in FY2012-13.

Alliances

Au Financiers emerged as the preferred financing partner for leading automotive OEMs like Maruti Suzuki, Hyundai Motors, Tata Motors, Ashok Leyland, Piaggio and ICML, among others, resulting in better business for them and assured asset quality for the Company.

Asset quality

Au Financiers possesses a large and growing asset book marked by above-average asset quality despite the inherently modest customer profile, a competence derived from systemic discipline across origination, underwriting, and collections. The Company's net NPA of 0.20% was considerably lower than the industry average.

Capital

Au Financiers consistently demonstrated the ability to mobilise capital across good markets and bad; over the five years ending March 2013, the Company raised equity funding on three separate occasions from three major financial institutions, totaling ₹258 crore.



Liquidity

Au Financiers enjoys adequate liquidity, reflected in its positive asset-liability maturity (ALM) mismatch of 53% on its one-year cumulative outflows as on March 31, 2013, a reflection of its comfortable position on short-term debt requirements. The repayment schedule for payouts on assignment/securitisation transactions was replicated in the repayment schedule of the underlying loans, eliminating any ALM mismatch for assigned/securitised loan portfolio.

Investors

Au Financiers enjoyed active support from renowned global and domestic investors like Motilal Oswal Private Equity Advisors Pvt. Ltd., International Finance Corporation (IFC, World Bank Group), Warburg Pincus and Chrys Capital.

Network

The Company had a wide network of 177 branches across eight states, right down to tehsils/villages. Over 68% of Company's branches are in rural and semi-urban locations. The Company's reach extended across eight states and more than 200,000 customers.

Relationship-based model

Unlike conventional corporate lenders, Au's team meets every individual loan applicant and oversees the disbursement process thereafter, extending credit appraisal from mere documentation and credit history to borrower background, profile and aspirations. The Company provides financing with hassle-free documentation through a speedy and transparent process.

Centralised and independent verification

Au Financiers' portfolio quality passes through a four-layered credit filtration and verification process and final head office approval. The Company assesses synergy and viability between the product, customer profile and intended use of money by borrowers.

Robust collection process

Au Financiers has invested in an in-house collection team that uses a friendly approach in recovery marked by flexibility and empathy during times of repayment stress. The Company's structured process includes tele-calling, personal visits, notices and required legal action. The Company has a policy of releasing repossessed vehicles, which enhances confidence in the Company.

BUSINESS DIVISION

1. VEHICLE FINANCING

Parameters	2011-12	2012-13
Total disbursements (₹ crore)	2,082.91	2,438.09
Vehicle finance (₹ crore)	1,836.06	2,086.76
Contribution to total disbursements (%)	88.15	85.59

Financing and refinancing vehicles represent the core business of Au Financiers and a major contributor to revenues.

The Company entered this business through the financing of vehicles in Rajasthan, gradually extending to the financing of all types of commercial vehicles, including multi-utility, small, light and heavy commercial vehicles and cars.

Over the last decade, Au Financiers transitioned from a channel business partner to an established vehicle financing company. The Company's disbursements grew at a compounded annual growth rate (CAGR) of 99% since 2009, with the majority of these assets being generated via financing under its own loan books, while the proportion of channel financing operations started declining from FY 2008-09 onwards.

Au Financiers predominantly caters to the finance requirements of customers

in the rural and semi-urban belts of the eight states it operates in. The clients predominantly operates the assets financed for income generation.

The Company financed the following vehicle types:

- Small commercial vehicles
- Multi-utility vehicles (MUVs)
- Light commercial vehicles (LCVs)
- Three wheeler (loading and passenger vehicles)
- Cars
- Heavy commercial vehicles (HCVs)
- Construction equipment
- Tractors

The Company also offered loans to customers to buy used vehicles (refinance). Of the total portfolio of vehicles, 27.03% of the portfolio comprised refinance (used vehicle finance).

Today, five of ten three-wheelers in Jaipur have been financed by Au Financiers.



The Company provided commercial vehicle financing for the entire range of products manufactured by prominent brands like Mahindra and Mahindra, Tata Motors, Maruti, Piaggio Vehicles, Force Motors, Chevrolet and Toyota among others. This selectivity translated into robust vehicle performance and dependable returns (for borrower and financier).

The Company focused on new vehicle financing and first-time buyers, primarily small transport operators running vehicles on feeder routes. It financed a diversified portfolio (comprising commercial vehicles, utility vehicles, cars and three-wheelers) with wide repayment options (cash/ FPDFC/ RPDC/ ECS), customised loan products and tenures as per customer needs.

Highlights, 2012-13

- During the year under review, the heavy and medium commercial vehicle segment of the vehicle-financing sector under-performed on account of an

unexpected slowdown in the mining, manufacturing and infrastructure sectors. This trough was more than recouped by the small commercial vehicle segment on account of a sustained consumption demand and the vehicle's ability to deliver products right down to consumption pockets. The Company's commercial vehicle segment contributed 85.59% of total disbursements.

- The Company performed better with revenues of ₹445.61 crore in 2012-13, compare to ₹249.21 crore in 2011-12.

- Disbursements increased 17.05% from ₹2,082.91 crore in 2011-12 to ₹2,438.09 crore; average ticket size increased from ₹3.17 lakh in 2011-12 to ₹3.27 lakh; average loan tenure was 36.48 months against 35.78 months in the previous year

- Used vehicle financing comprised 24.71% of total vehicle disbursements as against 30.47% in the previous year

- The Company opened 31 branches, thereby increasing its tally from 146 branches to 177 branches; it expanded its presence from seven states in 2011-12 to eight in 2012-13, including the NCR.

- The Company added 5,793 customers per month on an average during the year under review compared with 5,230 during the previous year

Road ahead

Going ahead, the Company expects to increase this division's business by 20-22%, enhance the proportion of used vehicle financing from 25% in 2012-13 to 33% in 2013-14, mature its relationship with Hyundai Motors through increased financing, grow its Nissan and Honda relationships and open around 50 new branches (Maharashtra, Chhattisgarh, Madhya Pradesh, Punjab, Himachal Pradesh, NCR and Haryana).

BUSINESS DIVISION

2. MICRO, SMALL AND MEDIUM ENTERPRISE (MSME) FINANCING

Parameters	2011-12	2012-13
Total disbursement (₹ crore)	140.12	351.33
Contribution to the total disbursement (%)	6.73%	14.41%
Year-on-year segment growth (%)	123.11%	150.73%

Au Financiers embarked on disbursing secured SME loans from 2009-10 wherein it financed micro and small enterprises in the manufacturing and service sectors or small farmers engaged in agricultural and allied activities.

These loans are mediated towards the sustenance and/or expansion of the customers' businesses, equipment purchase, business expansion, new business startup, technology upgradation, capacity building, working capital requirements and erection of buildings, sheds among others.

The Company focused on defined clusters like equipment manufacturers, dairy farmers and agricultural traders, among others. As a result, it developed the expertise to fund some of these clusters, expanding its local knowledge to enter other markets where similar clusters are present.

The Company addressed the financing needs of small businessmen with limited access to organised bank funding on account of a dearth of income-substantiating documentation. Au Financiers targeted under-served customers in small urban centres and towns marked by a low presence of other NBFCs and banks. The Company created a niche by offering loans categorised by banks as 'difficult to assess' with delinquencies lower than the industry average.

Au Financiers engaged employees

indigenous to the regions of its presence to ensure enhanced customer-based, geographical and cultural familiarity. The Company carries a detailed analysis of the cash flows of prospective borrowers (in terms of purchases, inventory, billing, collection cycles and variability in cash flows) to assess their repayment capability before loan sanctions. As part of a prudent de-risking initiative, the Company takes adequate collateral apart from primary security, mortgage of business property or the residential premises of the proprietor.

The Company acquired and serviced more than 10,000 customers in four years.

Over three years, the Company developed an understanding of legal and technical complications in rural and semi-urban areas through mortgage-backed SME lending with a collateral cover of more than 200%. The Company maintained its high collection efficiency through relationships based business model. Au Financiers helped semi-urban and rural customers to understand and create property title documents through its empanelled network of lawyers, technical agencies and valuers. The result was that the Company's branches sourced business not only from the locations of its presence but also from neighbouring villages in Rajasthan.

Highlights, 2012-13

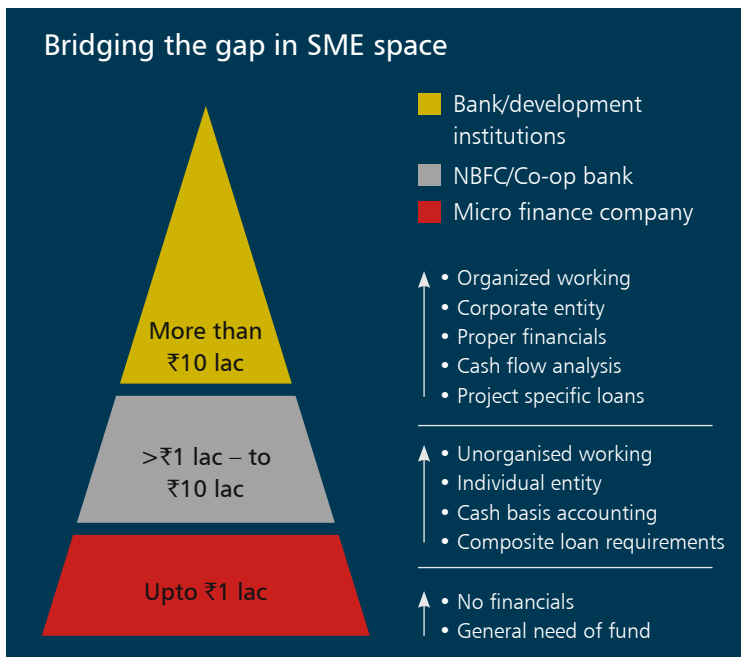
- Disbursements increased by 150.73% from ₹140.12 crore in 2011-12 to ₹351.33 crore in 2012-13.
- Average loan size increased from ₹5.18 lakh in 2011-12 to ₹6.12 lakh in 2012-13.
- Medical equipment financing was added to this segment.
- Healthy NIM from this business was maintained.

Road ahead

Going ahead, the Company targets 100% disbursement growth from this division in 2013-14 covering more than 110 branches. It plans to focus on equipment financing through tie-ups with equipment manufacturers (professional and medical equipment) and addition of more products with the objective to create a ₹3,000 crore loan book in the next five years.

Profile of customers for SME business segments

Segment	Class	Customer profile
Manufacturing	Micro	Truck/tractor body manufacturer
		Fabrication units
		Steel furniture manufacturer
	Small	Imitation jewellery manufacturer
		Auto ancillary units
		Agriculture equipment manufacturer
		Brick making units
		Ceramic powder grinding units
		Electric device manufacturer
		IT vendor services for hardware and software
Service	Micro	Workshop - Agri equipment/vehicles
		Carpenter and furniture works
		Retail trade
	Small	Diesel pump services
		Restaurant
		Construction activities
		Medical clinic and hospitals
		Digital photo labs
Tiny	Micro	Service transporter
		Bangle manufacturer
		Tailoring units
Agriculture and allied activities	Small/Micro	Artisan works
		Small oil mills
		Flour mills
		Dairy and dairy products

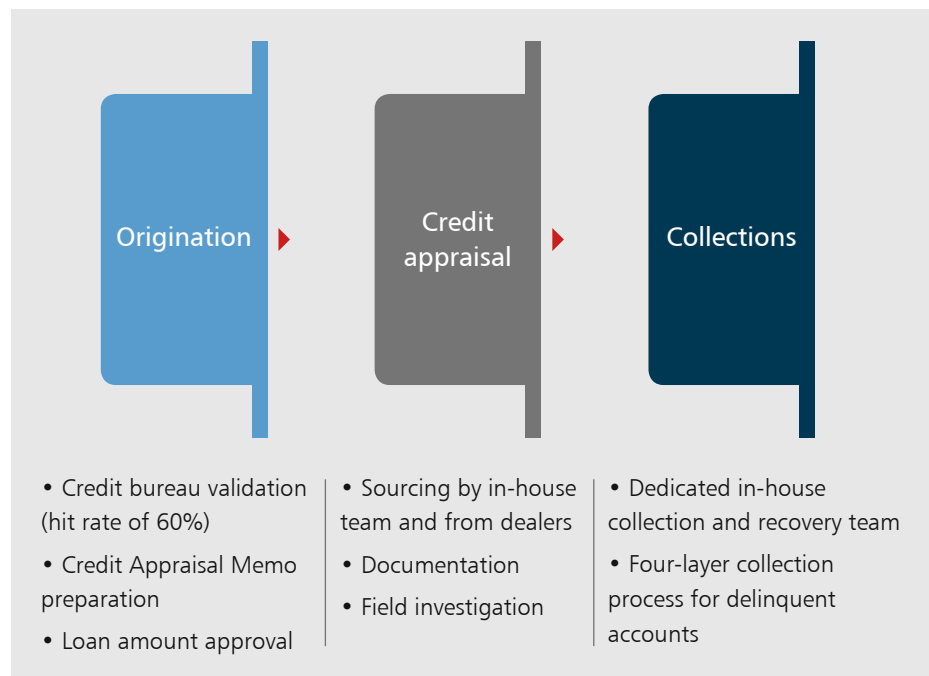


BUSINESS DRIVERS

1. ORIGINATION, CREDIT MANAGEMENT AND COLLECTIONS MANAGEMENT

In the business of financing, success is derived from the ability to identify customers, appraise creditworthiness and collect outstandings on schedule.

Au Financiers invested in defined origination, credit and collection policies/processes, resulting in a healthy portfolio. The Company commissioned strong in-house functional teams to implement policies laid down by the executive management and the Board of Directors.



BUSINESS DRIVERS

2. TREASURY MANAGEMENT

The finance and treasury department of the Company comprises qualified financial personnel and highly-seasoned treasury management professionals who manage the overall liquidity position, fund planning and management functions of the Company.

The treasury sets the momentum necessary to raise funds via activities and establishing relationships with new banks, financial institutions, fund houses (Mutual Funds) and FIIs among others and also setting up an operational and control framework for routine fundraising operations for the Company.

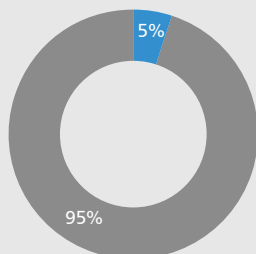
The head of treasury reports directly to the Asset and Liability Management (ALM) Committee of the Company which is supervised by the Board.

The four core functions of the treasury department are:

- Liquidity planning and control
- Management of interest risks
- Procurement of finance and financial investments
- Relationships with banks, FI's, FII's, mutual funds, insurance companies and rating agencies

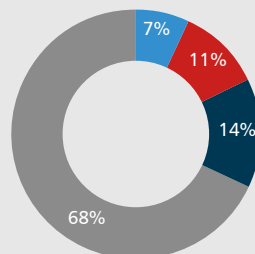
Diversification in Resource Profile

Resource profile, FY 11-12



As on 31st March, 2012

Resource profile, FY 12-13



As on 31st March, 2013

- | | |
|-----------------------------------|----------------------------------|
| ■ Domestic Financial Institutions | ■ Foreign Financial Institutions |
| ■ Mutual Funds | ■ Bank' share |



BUSINESS DRIVERS

3. MARKETING AND SALES

Au Financiers entered the business of vehicle financing from Rajasthan, marked by the absence of DSAs, agents and freelance sourcing, making it imperative for dealers to generate first-hand leads.

The Company established sound relationships with major automobile dealers in Rajasthan, gaining their progressive confidence. The result is that Au emerged as a preferred partner for major automobile manufacturers like Maruti Suzuki, Tata Motors, Ashok Leyland, Piaggio, ICML and Hyundai Motors, among others.

Over the years, the Company acquired an expertise in commercial vehicle financing and now enjoys a substantial market share (three-wheelers to trucks) in Rajasthan.

What makes Au Financiers a successful company is that much of its growth is driven bottom-up: the system is incentivised from executives to regional sales managers of dealerships, which helps procure fresh sourcing and first-

hand leads. Once the dealer relationship is established, the Company places a marketing executive at the dealership level to convert leads into customers with speed and transparency.

Sales promotion

The Company undertook extensive promotion and publicity through special moving vehicles, media (radio FM and newspaper advertisements), joint marketing activities with manufacturers and dealers, events sponsorship and relationships with *panchayat samitis* and local opinion makers.

Tele-calling support

The Company launched a centralised tele-calling department to generate business, capturing data from existing customers, business directories, door-

to-door data and inputs from marketing and sales executives. The tele-calling team focused on the retention of customers, generation of new referred customers, product cross-sale and enduring customer connect through welcome calls, birthday greetings and anniversary wishes.

Customer orientation

The Company conducts customer awareness programmes that educate customers on finance, insurance and vocational programmes through posters, special running mobile vans and other media. The Company engages with customers on special occasions, engages with them through tele-calling and SMS alerts on their EMI dates.



What makes Au Financiers a successful company is that much of its growth is driven bottom-up.

BUSINESS DRIVERS

4. INFORMATION TECHNOLOGY

Au Financiers has consistently kept up with the latest advancements in the realm of information technology.

As a means to the aforementioned end the Company has made timely investments to upgrade its technology platform and systems. During the year the Company took new initiatives to harness information technology in running the business and has successfully implemented the latest three tier architecture designed software enabling end-to-end solutions for carrying out the lending and accounting operations of the Company.

The resultant benefits of new software platform are following:

- Automation of credit appraisal system
- Implementation of rules and policies within the system
- Deviation and exception tracking
- Internal review (de-dupe)
- Decentralisation and delegation of authorities

- Maker-and-checker system, resulting in the almost complete elimination of human error

- Setting of systems-driven processes

- Branch-wise profitability

The implementation of this software will not just enhance customer experience but also overall efficiencies pertaining to the business operations. The new system got substantially implemented and now most of the Company's products are being serviced through the new platform. The new platform is adding procedural efficiencies, reducing turnaround time (TAT) control and is scalable enough to support the increasing business volumes. This system enables the senior management to access operational data as and when required. This new software takes care of the end-to-end operational issues of the Company's lending processes, right

from the management of the customer database to the tracking of each phase of payment schedule until maturity.

The Company has in place a back-up policy designed to protect the data in the organisation to make sure it is not lost and can be recovered in the event of an equipment failure, intentional destruction, disaster or natural calamities. The IT team constantly maintains daily back-ups of system databases and servers. The back-up is a support system and an informational reservoir for the IT facilities in the Company.

As a policy, the IT department of the Company is installing energy-efficient peripherals and cutting-edge IT equipment across all the locations of the Company's presence with a motive of encouraging the use of green and efficient technology.



BUSINESS DRIVERS

5. OPERATIONS

Au Financiers' two modes of operations comprise branch and central operations.

The branch establishes and maintains the customer connect, backed by a systems-based infrastructure.

Operations policy document

The Company has instituted a policy document accessible to each employee with prescribed processes laid down in terms of transaction workflow, resulting in operational clarity. For instance, a disbursement transaction should ideally take the same time irrespective of whether a customer is based in Pune or Indore, resulting in procedural uniformity (and deviation matrices defined by the relevant authority).

Features

- The operations are subject to routine

audit (concurrent, internal, quality and external) which checks if the transaction has been conducted within defined parameters and turnaround time. The finding from each audit is reported to the management and direct regulatory authority.

- The processes are automated, arresting deviations and shrinking TAT.
- The transactions are process-driven, strengthening control and customer experience.
- A monthly funds management system ensures optimal use.
- Training and refresher courses as well as induction programmes enhance competence levels.

■ An active communication process (SMS, mails, emails and phone calls) makes all engagement personalized.

Achievements, 2012-13

- The Company strengthened its customer connect
- It standardised TAT across different states, raising it to one of the best national standards
- It created a uniform customer experience across all its branches

Outlook

Going ahead, the Company intends to strengthen customer focus and service through prudent decentralization supported by 100% automation





CORPORATE SOCIAL RESPONSIBILITY



The Corporate Social Responsibility initiatives of the Company are undertaken under the banner of (F)RIENDS. One of the guiding principles based on which we conduct our business, is simply not talking the talk but walking the walk as well. We try our utmost to be:

- Friends to the customers
- Friends to the society at large
- Friends to the environment

Creating an impact by implementing social and environmental management systems

We have established an 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 for ourselves in this domain with such similar initiatives.

We also understand that the SRTO and small and medium-sized enterprises (SMEs) are among the most important sectors of India's economy. Owing to their labour intensive operations, they provide employment opportunities for millions of individuals and have contributed largely towards the overall economic development of the nation.

Yet, impact of the SRTO on the society and the environment is required to be assessed and controlled in a manner beneficial to society.

The Company ensures that necessary mechanisms are in place to analyse social and environmental risks as well as to take prudent decisions as far as granting financial endowments to our clients are concerned. As a means to this aforementioned end we carry out the following checks:

- We as a Company do not undertake any activity directly/indirectly which has an adverse impact on social and environmental scheme of things;

- Our credit and marketing team take care to not to finance directly/indirectly towards purposes which has an adverse impact on social and environmental scheme of things.

Keeping in mind the social and environmental concerns in SME financing, our Company gathers the following information about the borrowers:

- The Company makes sure that it gets the required permissions, if applicable, from the relevant governmental and environmental authorities to undertake a particular activity.
- Establishment complies with the labour standards and doesn't employ person below age of 18.
- Establishment provides necessary safety equipments to employees to perform the activity required.
- Assessing and examining all projects proposed for their direct financing from a socio-environmental point of view



and the customer's commitment and capacity to prevent, reduce, mitigate and manage the possible negative impacts on society or the environment

■ Establishment is not engaged in Hazardous chemicals business in any form and all measures are taken for prevention of contamination and the emission of hazardous waste.

Financing of 3 wheeler with LPG/CNG kit is another "green initiative" by the Company as a result of focus on supporting vision of Government of India to reduce emission of green house gases.

Financial Support to Institutions

Since the inception years, Company has made consistent efforts towards social upliftment of local communities and society at large and to promote positive social and environmental change. Your Company support empowerment of underprivileged and

marginalized sections of society and constantly encourages social initiatives with a special focus on education and livelihood support.

Company is supporting and contributes to "Akshaya Patra" an NGO providing services to under-privileged children in India working with a vision that "No child in our country should be hungry. And hunger should not be an obstacle for education." Akshaya Patra provides Mid-meal to more than 1.4 Million under-privileged children every day in India. Their Mission is to feed 5 million children daily by 2020.

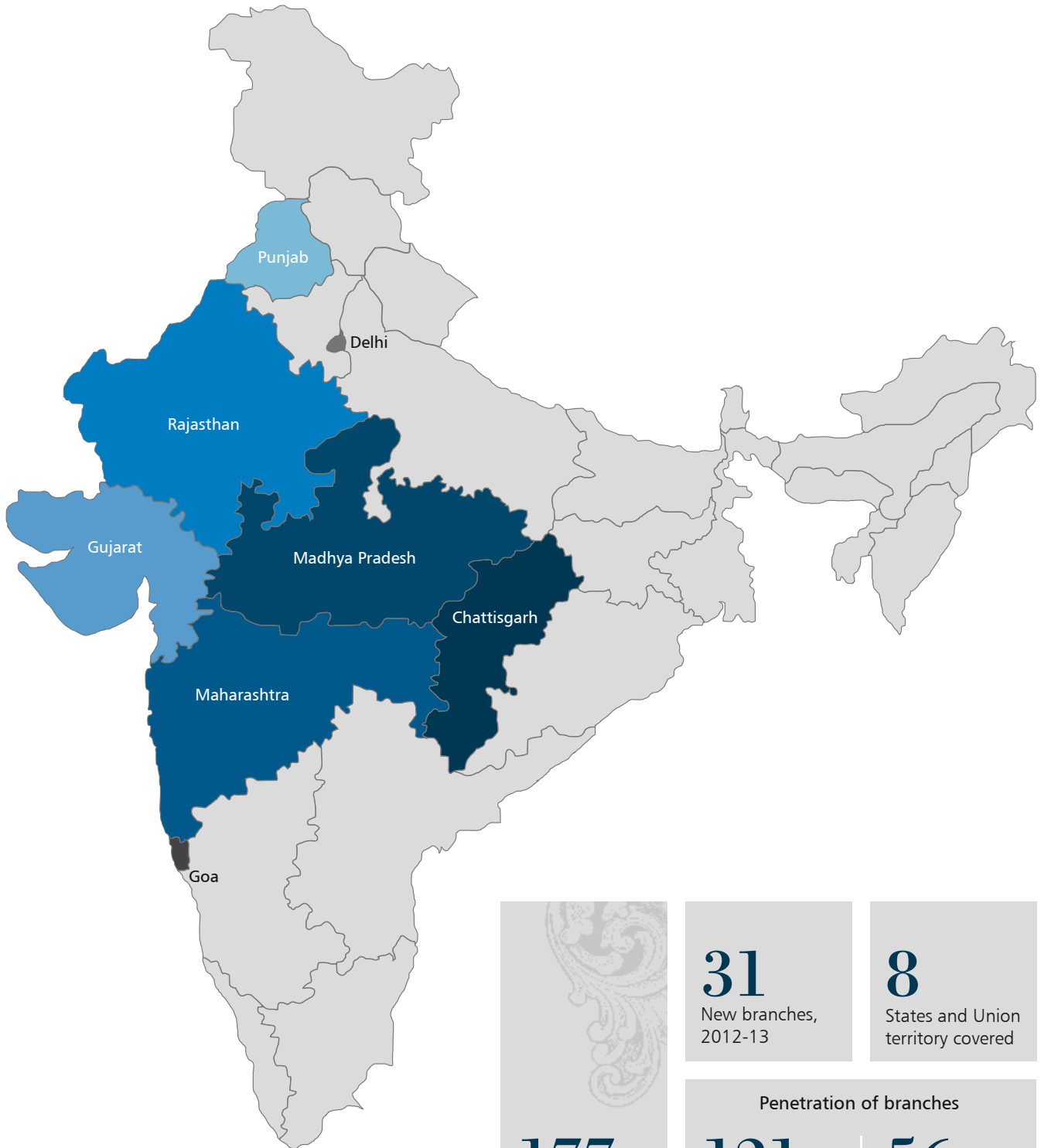
Many of underprivileged children in India are out of school and into child labour in order to earn a single meal in a day. The surest way to break out of the cycle of poverty is through education. Akshaya Patra is helping underprivileged children by providing them with a healthy, balanced meal that they would otherwise have to work for. The meal is an incentive for them to

continue their education. It helps reduce the dropout rate to an enormous extent and increases classroom attendance.

Also, your Company is providing financial assistance for operating School in the Jaipur District to "Pratham Shiksha Charitable Trust" an organization committed to promote and support basic education for underprivileged children from backward and low income segment. Pratham Shiksha works by collecting funds through personal and corporate contributions, and canalizing them to support efforts in poor society which are in line with its mission.



BUSINESS PRESENCE



31

New branches,
2012-13

8

States and Union
territory covered

177

Total
branches

Penetration of branches

121

Rural and
semi-urban

56

Urban

RAJASTHAN

1) Abu Road	15) Bhiwadi	29) Deoli	43) Kekri	57) Neem Ka thana	71) Sri Ganganagar
2) Ajmer	16) Bijainagar	30) Dudu	44) Khanpur	58) Nohar	72) Sikar
3) Alwar	17) Bijolia	31) Dungarpur	45) Khatushyam ji	59) Nokha	73) Sirohi
4) Anupgarh	18) Bikaner	32) Fatehnagar	46) Khejroli	60) Pali	74) Sri Dungargarh
5) Apna Auto	19) Bikaner II	33) Fatehpur	47) Kishangarh	61) Paota	75) Sri madhopur
6) Balotra	20) Bikaner-II	34) Hanumangarh	48) Kishangarh-Bass	62) Phagi	76) Sujangarh
7) Bandikui	21) Bundi	35) Jaipur	49) Kota	63) Pokaran	77) Sumerpur
8) Banswara	22) Chaksu	36) Jaisalmer	50) Kotputli	64) Pratapgarh	78) Suratgarh
9) Baran	23) Chhabra	37) Jaitaran	51) Kuchaman City	65) Rajsamand	79) Thoi
10) Barmer	24) Chittorgarh	38) Jalore	52) Lakheri	66) Renwal	80) Tonk
11) Bassi	25) Chomu	39) Jhalawar	53) Lunkaransar	67) Ringus	81) transport nagar
12) Beawar	26) Churu	40) Jhunjhunu	54) Merta	68) Sardarshahar	82) Udaipur
13) Behror	27) Dantaramgarh	41) Jobner	55) Nagaur	69) Sawaimadhapur	83) Udaipurwati
14) Bhilwara	28) Dausa	42) Jodhpur	56) Nasirabad	70) Shahpura	84) VKI

GUJARAT

1) Ahmedabad	8) Borsad	15) Godhra	22) Lunawada	29) Palanpur	36) Vapi
2) Anand	9) Dahod	16) Himmat Nagar	23) Mehsana	30) Patan	37) Vastral
3) Baroda	10) Deesa	17) Idar	24) Modasa	31) R.O Ahmedabad	38) Visnagar
4) Bavla	11) Deodar	18) Jamnagar	25) Morbi	32) Rajkot	
5) Bharuch	12) Dhanera	19) Junagadh	26) Nadiad	33) Surat	
6) Bhavnagar	13) Gandhidham	20) Kalol	27) Narol	34) Surendranagar	
7) Bhuj	14) Gandhinagar	21) Kathlal	28) Navsari	35) Tharad	

MAHARASHTRA

1) Ahmednagar	7) Boisar	13) Jalna	19) Narayangaon	25) Sangli	31) Yavatmal
2) Akola	8) Borivali	14) Kankavli	20) Nashik	26) Satara	
3) Amravati	9) Chandrapur	15) Kolahpur	21) Pimpri	27) Shrirampur	
4) Aurangabad	10) Dhule	16) Latur	22) Pune	28) Solapur	
5) Baramati	11) Gondia	17) Nagpur	23) Ratnagiri	29) Thane	
6) Belapur	12) Jalgaon	18) Nanded	24) Sangamner	30) Wardha	

GOA

1) Margao	2) Porvorim
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PUNJAB

1) Abohar	3) Chandigarh	5) Jalandhar	7) Moga	9) Patiala
2) Bathinda	4) Ferozepur	6) Ludhiana	8) Muktsar	10) Sangrur

MADHYA PRADESH

1) Bhopal	3) Indore	5) Mandasaur	7) Ratlam
2) Chhindwara	4) Jabalpur	6) Neemuch	8) Satna

CHATTISGARH

1) Bilaspur	2) Raipur
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DELHI

1) Delhi	2) Gurgaon
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BOARD OF DIRECTORS



1 MR. SANJAY AGARWAL
PROMOTER & MANAGING DIRECTOR

Mr. Sanjay Agarwal is a merit-holder chartered accountant and a first generation entrepreneur. He possesses an experience spanning more than 17 years in the realm of financial and credit - risk management and strategic planning and is responsible for the overall management of the Company. He personally supervises and manages all functions and departments' viz. finance and treasury, collections, legal, compliances, and human resources among others. Under his leadership and guidance, the Company has taken great strides in terms of disbursements, profitability and performance.

His dynamic vision, strategic focus, and entrepreneurial skills continue to guide the growth of the Company's businesses across demanding markets and competitive scenarios. He is also vice president of the Rajasthan Finance Companies Association.

2 MR. UTTAM TIBREWAL
EXECUTIVE DIRECTOR

Mr. Uttam Tibrewal is a commerce graduate from the Delhi University and



is associated with Au Financiers since 2003. He has an extensive experience in the retail sector with more than a decade long experience in the finance industry. Designated as the Whole-time Executive Director of Company, he is a handling the marketing and business development functions of the Company and is also responsible for developing strategic business relationships for the vehicle and SME business verticals.

His focus areas comprise business development, strategic market analysis, delivery and service quality assurance and mentoring and motivating teams.

3 MR. MANNIL VENUGOPALAN
INDEPENDENT DIRECTOR

Mr. Mannil Venugopalan is a commerce graduate, a gold medalist from Kerala University and a CAIIB. He is associated with the Company as an Independent Director since August, 2011. He has career record spanning four and a half decades in the banking sector and has touched diverse geographies in leadership capacities in India and abroad. He is the former CEO & Managing Director of Federal Bank. He has also provided his leadership credentials as the Chairman &



Managing Director of Bank of India and as Executive Director of Union Bank of India. As an Independent Director, he advises the Boards of various companies.

Mr. Venugopalan is a well-recognised and accomplished commercial banker with domestic and international experience across the realms of corporate finance, foreign exchange, resource management and strategic planning for large public and private sector banks. He has a track record of driving change in commercial banks, bringing in transformational changes which has resulted in his banks being adjudged the leading banks in the country in terms of efficiency and adaptability to the rapidly changing business environment.

4 MR. KRISHAN KANT RATHI
INDEPENDENT DIRECTOR

Mr. Krishan Kant Rathi holds a bachelor's degree in commerce and is a qualified chartered accountant (CA) and company secretary (CS) with more than 25 years of professional experience in finance and accounting functions. He has been holding the position of an Director in the Company





since 2008. He is also the Chairman of the Audit Committee as well as the Corporate Governance, Nominations and Remuneration Committee of the Company.

He has previously held top positions with companies where he was responsible for strategic planning, mergers and acquisitions, treasury management and corporate governance. Previously, he has worked as the CFO of Future Group and had done assignments for RPG Group and Rajan Raheja Group occupying senior positions. Mr. Rathi serves as the Chief Executive Officer of Future Ventures India Ltd.

5 MR. VISHAL MAHADEVIA
INVESTOR NOMINEE DIRECTOR (on behalf of Redwood Investment Ltd (Warburg Pincus))

Mr. Vishal Mahadevia has joined Au Financiers as the Investor Nominee Director subsequent to the investment made by Warburg Pincus in the Company and is representing them on Board of the Company. He received a B.S. degree in Economics with a specialisation in Finance and a B.S. degree in Electrical Engineering from



the University of Pennsylvania. Mr. Mahadevia is a Managing Director and Co-Head of India Operations at Warburg Pincus LLC and focuses on the firm's investment activities in India.

Previously, he was a principal at Greenbriar Equity Group, a fund focused on private equity investments in the transportation sector. Prior to that, Mr. Mahadevia worked at Three Cities Research, a New York-based private equity fund, and as a consultant with McKinsey & Company.

6 MR. VISHAL KUMAR GUPTA
INVESTOR NOMINEE DIRECTOR (on behalf of IBEF (a fund of Motilal Oswal Private Equity))

Mr. Vishal Kumar Gupta is an MBA from the University of Chicago and also has a bachelor's degree in mechanical engineering from Aligarh Muslim University. He has over 13 years of experience in fund management, investment banking, business planning, joint ventures, mergers and acquisitions, credit rating and corporate development. Mr. Gupta serves as an Investor Nominees Director representing India Business Excellence Fund (IBEF) a fund of Motilal Oswal Private Equity



(MOPE) on Board of our Company. Previous employers include UBS Investment Bank, Moody's Investors Services and HDFC Limited.

7 MR. RAVINDRA BAHL
INVESTOR NOMINEE DIRECTOR (on behalf of Labh Investments Limited (ChrysCapital))

Mr. Ravindra Bahl holds an MBA degree from the Indian Institute of Management, Calcutta and a BA in English literature from Calcutta University and is an Investor Nominee Director representing ChrysCapital on the Board of our Company. He joined Chryscapital Advisors in August 2001 and oversees their financial services sector. He has 35 years of experience in the financial services sector and has spent most of his career working with Citibank as the country head for Indonesia and the head of consumer banking in India. Mr. Bahl was also a member of the global corporate property group that constituted the top-250 Citibank leaders around the globe. After leaving Citibank in 1997, he built and managed the Indian operations for eFunds, a leading U.S. transaction processing company.

SENIOR MANAGEMENT



A Chartered Accountant by qualification, he possesses an experience spanning more than 17 years. Associated with the Company since 1999, he is responsible for overall control of finance, operation and accounts functions.

MR. DEEPAK JAIN
CHIEF FINANCIAL OFFICER



A Chartered Accountant, ICWA, and CS with 16 years of experience in finance and treasury functions. He has worked with renowned organisations such as JP Morgan, ICICI Prudential, Reliance Retail, Deutsche Bank among others.

MR. KAPISH JAIN
CHIEF TREASURY OFFICER



A Company Secretary by qualification, he joined the Company in 2008. He is an expert in the development of marketing functions, team build-up and business expansion in new territories. He had successfully run the business as DSA of Citi before his association with Au Financiers.

MR. MANOJ TIBREWAL
VICE PRESIDENT MARKETING



A graduate with more than 30 years of experience with a specialisation in the fields of advertisement and infrastructural development. In the past, he has handled the marketing of consumer durables, strategic marketing and market research initiatives that drive brand awareness for companies.

MR. SUBHASH TIBREWAL
VICE PRESIDENT - BRANDING
& INFRASTRUCTURE



A Chartered Accountant with 14 years of experience with renowned organisations such as Onicra, ICICI Bank Ltd., Friend Capital Finance Pvt. Ltd., he has a rich experience in the field of finance and operations.

MR. ABHISHEK TIWARI
ASSISTANT VICE PRESIDENT –
OPERATIONS



A graduate by qualification, he has an experience of 13 years working with IndusInd Bank. He is responsible for the supervision of collection management and legal functions of the Company.

MR. INDRAJEET KUMAR
ASSISTANT VICE PRESIDENT – RISK
AND COLLECTION MANAGEMENT



A Chartered Accountant with a vast experience of nine years in managing financial functions, accounts, taxation and reporting. Before, joining Au, he has served at renowned organisations, such as Religare Enterprises Ltd.

**MR. VIJENDRA SINGH
SHEKHAWAT**
CHIEF ACCOUNTS OFFICER



A Chartered Accountant and commerce graduate having vast experience of nine years in the areas of accounts, operations, MIS, business planning and budgetary control. Associated with Au financiers since the last four years, he is assigned with the responsibility of overseeing the risk function of the Company, after a successful stint of handling the account function of the Company.

MR. VIMAL JAIN
CHIEF RISK OFFICER



Company Secretary and Law Graduate, he has an enormous experience of nine years in the fields of finance, treasury and compliance. Associated with the Company since 2008, he is responsible for overseeing the compliance function of the Au Group. He was earlier responsible for fund raising and looking into the treasury function of the Company.

**MR. MANMOHAN
PARNAMI**
COMPANY SECRETARY AND
COMPLIANCE OFFICER



A Chartered Accountant by qualification, having an experience of five years in the area of internal audit function. He has been associated with the Company since 2009 and responsible for supervising the internal control function of the Company.

MR. YOGESH SONI
ASSISTANT VICE PRESIDENT -
AUDIT

CORPORATE INFORMATION

Board of Directors

Mr. Sanjay Agarwal	Managing Director
Mr. Uttam Tibrewal	Executive Director
Mr. Krishan Kant Rathi	Independent Director (Non-Executive)
Mr. Mannil Venugopalan	Independent Director (Non-Executive)
Mr. Vishal Kumar Gupta	Investor Nominee Director (Non-Executive)
Mr. Vishal Kashyap Mahadevia	Investor Nominee Director (Non-Executive)
Mr. Ravindra Bahl	Investor Nominee Director (Non-Executive)

Chief Financial Officer

Mr. Deepak Jain

Company Secretary and Compliance Officer

Mr. Manmohan Parnami

Statutory Auditors

M/s. S. R. Batliboi & Co. LLP (formerly M/s. S. R. Batliboi & Co.)
Chartered Accountants,
The Ruby, 12th Floor,
29 Senapati Bapat Marg,
Dadar (W), Mumbai - 400 028
Maharashtra

Registered Office

19 – A, Dhuleshwar Garden,
Ajmer Road, Jaipur – 302 001
Rajasthan

Corporate Office

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

LIST OF BANKERS AND FINANCIAL INSTITUTIONS

S. No.	Name of Banks
1	HDFC Bank Limited
2	ICICI Bank Limited
3	IDBI Bank Limited
4	State Bank of India
5	State Bank of Patiala
6	State Bank of Bikaner & Jaipur
7	State Bank of Hyderabad
8	State Bank of Travancore
9	State Bank of Mysore
10	Bank of Maharashtra
11	Central Bank of India
12	Corporation Bank
13	Development Bank of Singapore Limited
14	Development Credit Bank Limited
15	Dhanlaxmi Bank
16	Andhra Bank
17	Axis Bank Limited
18	Bank of Baroda
19	Bank of India
20	Indian Bank
21	Indian Overseas Bank
22	IndusInd Bank Limited
23	Jammu & Kashmir Bank Limited
24	Karur Vysya Bank Limited
25	Kotak Mahindra Bank Limited
26	Oriental Bank of Commerce
27	Punjab National Bank

S. No.	Name of Banks
28	South Indian Bank Limited
29	Syndicate Bank
30	The Ratnakar Bank Limited
31	Union Bank of India
32	United Bank of India
33	Yes Bank Limited
34	ING Vysya Bank Limited
35	Allahabad Bank
36	Vijaya Bank
37	Dena Bank
38	UCO Bank
39	Karnataka Bank Limited
40	Canara Bank

S. No.	Name of Financial Institutions
41	Aditya Birla Finance Limited
42	HDFC Limited
43	Small Industries Development Bank of India
44	Indostar Capital Finance Private Limited
45	Tata Capital Financial Services Limited

S. No.	Name of International Financial Institutions
46	FMO
47	CDC (UK)
48	GuarantCo
49	ResponsAbility Social Investments AG

BANKERS AND FINANCIAL INSTITUTIONS







DIRECTORS' REPORT

To
the Shareholders
Au FINANCIERS (INDIA) LIMITED

Your Company's Directors are pleased to present the Eighteenth Annual Report on the business and operations of your Company together with the Audited Statement of Accounts and the Auditor's Report for the financial year ended 31st March, 2013.

Financial Results

The summarised financial performance of the Company for the year ended as at 31st March, 2013 is summarised below:

(₹ in lac)

Particulars	2012-13	2011-12
Total Income	44,561.44	24,921.18
Total Expenditure	32,469.17	17,349.94
Profit Before Depreciation and Tax	12,092.27	7,571.24
Depreciation	291.06	172.49
Prior Period Adjustments	378.72	0.00
Tax Expense:-		
Current Tax	3,573.98	2,368.47
Deferred Tax	(179.86)	19.40
Adjustment of tax relating to earlier periods	7.74	0.00
Profit after Tax	8,020.63	5,010.88
Transfer to Statutory Reserve	1,604.13	1002.18
Profit brought forward	9,032.55	5023.85
Balance carried over to Balance Sheet	15,449.05	9,032.55
EPS:-		
Basic	20.90	29.43
Diluted	17.56	15.47

Review of Operations

Your Company continued to display a healthier performance than its peers, achieving steady growth in constrained market conditions and a tightening regulatory environment. During the financial year 2012-13, there was a decline in investments in infrastructure, mining and manufacturing sector which, in turn, affected the offtake (and hence, financing) of transport vehicles. There was a slowdown in the overall industry segments which contributed to the low growth rate of the economy. Your Company responded well to market conditions by increasing exposure to light commercial vehicles, MUVs and passenger cars, which evolved the portfolio mix. The Company also diversified its resource profile, reducing its fund costs and successfully raising funds from FIs under the NCD route. The Company also made its maiden commercial paper issue in 2012-13.

During the year under review, the Company achieved a disbursement figure of ₹2,438.09 crore compared to ₹2,082.90 crore in 2011-12, registering a marginal growth of 17.05%. The total revenues earned during the year under review were ₹445.61 crore with a growth of 78.81%; Profit after Tax grew 60.10% to ₹80.21 crore.

The Company's total Assets under Management (AUM) increased 45.02% from ₹2,554.36 crore as on 31st March 2012 to ₹3,704.32 crore as on 31st March, 2013. Your Company is now operating from eight states including the NCR and increased its branch network by 31 from 146 at the beginning of the year to 177 branches at the year-end.

Management Discussion and Analysis - Business Overview

A detailed business review on the operations and financial position of the Company is appended in the Management Discussion and Analysis Section of this Annual Report.

Transfer to Reserves

Your Company transferred ₹16.04 crore i.e. 20% of its net profit to statutory reserves as required under the provisions of Section 45 IC of The Reserve Bank of India Act, 1934.

Dividend

Due to commercial expediency and owing to the development and expansion plans, your Directors have not proposed any dividend for the year ended 31st March, 2013. Your Board believes that it will be prudent for the Company to conserve

resources and plough back profits generated. Hence, your Directors are not recommending any dividend for the year under review. As a result of business focus, your Company expects to sustain growth over the foreseeable future.

Share Capital

During the year under review:

- A. Pursuant to shareholders' resolutions dated 17th July 2012, the authorised share capital of the Company was re-classified by shifting un-issued portions of the preference share capital to equity share capital. Consequent to such reclassification, the authorised share capital of the Company is ₹97,00,00,000/- (Rupees ninety seven crore only) divided into 7,81,50,000 (Rupees seven crore eighty one lac and fifty thousand) Equity Shares of ₹10/- each (Rupees ten only) and 18,85,000 (Rupees eighteen lac eighty five thousand) compulsory convertible preference shares of ₹100/- each (Rupees one hundred only).
- B. On the same date i.e. on 17th July, 2012; 74,20,271 compulsory convertible preference shares having a face value of ₹100/- each ('CCPS'), issued by the Company from time to time, were converted into 2,20,98,224 Equity Shares of ₹10/- each at a conversion price as applicable to that particular series of CCPS more particularly detailed below:
 - (i) Allotment of 48,76,275 Equity Shares of ₹10 each, at a premium of ₹16.66 per share, pursuant to conversion of 13,00,000 (thirteen lac) compulsory convertible preference shares (Series 2008) of ₹100 each amounting to ₹13,00,00,000 (Rupees thirteen crore only)
 - (ii) Allotment of 80,79,233 Equity Shares of ₹10/- each, at a premium of ₹50.65/- per share, pursuant to conversion of 48,99,990 (Rupees forty eight lac ninety nine thousand nine hundred and ninety) compulsory convertible preference shares (Series 2010) of ₹100/- each amounting to ₹48,99,99,000 (Rupees forty eight crore ninety nine lac ninety nine thousand only)
 - (iii) Allotment of 91,42,716 Equity Shares of ₹10 each, at a premium of ₹3.35 per share, pursuant to conversion of ₹12,20,281 (Rupees twelve lac twenty thousand two hundred and eighty one) compulsory convertible preference shares (Series 2012) of ₹100/- each amounting to ₹12,20,28,100 (Rupees twelve crore twenty lac twenty eight thousand one hundred only)

C. During the period under review, all the CCPS were converted into Equity Shares as briefed above and hence the preference share paid-up capital got extinguished. At present, the total issued and paid-up share capital (equity) of the Company is ₹40,47,06,250/- (Rupees forty crore forty seven lac six thousand two hundred and fifty only).

Public Limited Company

Your Company was incorporated as a Private Limited Company on 10th January, 1996 under the provisions of the Companies Act, 1956. Exactly after 17 years, shareholders of the Company have approved the conversion of the Company into a Public Limited Company in the Extra Ordinary General Meeting (EOGM) held on 10th January, 2013. Consequent to such conversion, the name of Company has been changed from Au FINANCIERS (INDIA) PRIVATE LIMITED to Au FINANCIERS (INDIA) LIMITED.

The Company has received a fresh certificate of incorporation consequent upon change of name and conversion to public limited company from the Registrar of Companies, Rajasthan ('ROC') with the name Au FINANCIERS (INDIA) LIMITED.

Reserve Bank of India ('RBI') has also issued a fresh certificate of registration (Certificate No. B – 10.00139) dated 1st March, 2013 in lieu of earlier registration certificate issued 3rd August 2010.

Conversion of the Company into public limited is testimony of our sustainable growth and robust performance. Under the able guidance of our investors, bankers and a very strong management team your Company's performance was in line with the expectations of the stakeholders.

Resource Mobilisation

During the year under report and as per business requirements, your Company raised funds at competitive rates, mainly by way of rupee term loans from banks and the private placement of debentures. More cost-effective sources of borrowings such as commercial papers were also utilised, which resulted in a controlled increase in the fund costs.

Loans from Banks

In view of RBI guidelines on securitisation issued on 7th May, 2012 and as a part of its asset liability management, your Company endeavoured to diversify its resource base to achieve

an appropriate maturity structure and minimise the weighted average cost of borrowed funds. During the year under review, fresh term loans and cash credit limit of ₹1,661.82 crore were sanctioned from banks and financial institutions, taking the total term loan outstanding to ₹1,039.62 crore.

Non-Convertible Debentures (NCD)

▶ **Secured debentures:** During the year, the Company issued secured redeemable non-convertible debt instruments aggregating ₹420.00 crore. Such instruments were issued on a private placement basis in the nature of debentures.

▶ **Unsecured debentures:** Your Company also raised ₹390.00 crore through the private placement of unsecured redeemable non-convertible debentures, of which ₹70.00 crore are in the nature of subordinated debt issued during the year to augment the Tier-II capital of your Company. Some ₹100.00 crore of unsecured funding was raised from Axis Bank Limited and another ₹220.00 crore from multilateral institutions viz. FMO - a Dutch development bank, CDC Group Plc - a UK based Development Finance Institution and GuarantCo - an infrastructure focused institution.

Commercial papers

As a new product of funding/resource mobilisation, the Company placed its debut issue of Commercial Papers during the period under report. Credit Rating and Information Services of India Limited (CRISIL) has rated the Commercial Papers (CP) issued of the Company and has assigned the rating of CRISIL A1 having validity period of twelve months. During the year your Company issued CPs to the extent of ₹210.00 crore in tranches and placed them at the competitive rates of interest. As at 31st March 2013, Commercial Papers of face value of ₹85.00 crore were outstanding.

The total outstanding debt of the Company as at March 31, 2013 was ₹2,482.07 crore. The Company has been regular in servicing its debt obligations and there were no defaults as at March 31, 2013.

Securitisation / Assignment of loan portfolio

During the year, your Company securitised / assigned pool of vehicle, SME loans to the extent of ₹1,023.17 crore. These assets were de-recognised in the books of the Company.

Credit Rating

The credit ratings assigned to the Company as on March 31, 2013 are as follows:

Credit Rating Agency	Instruments	Ratings
CRISIL	Subordinated debt	CRISIL A / Stable
	Non-convertible debentures	CRISIL A / Stable & CRISIL A1
	Long-term facilities	CRISIL A / Stable
	Short-term debt (including commercial paper)	CRISIL A1
CARE	Non-convertible debentures	CARE A
	Subordinated debt	CARE A -
	Long-term facilities	CARE A

Directors

In accordance with the provisions of Section 255, 256 of the Companies Act, 1956 and the Articles of Association of the Company; Mr. Krishan Kant Rathi and Mr. Vishal Kumar Gupta are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment. The Board recommends their reappointment for consideration of the shareholders approval.

Mr. Ravindra Bahl was appointed as an Additional Director on the Board of Company w.e.f. 28th March, 2013 under the provisions of Section 260 of the Companies Act, 1956 and pursuant to the Articles of Association of the Company his term of office expires at the ensuing Annual General Meeting and being eligible offer himself for reappointment as Director. The Company has received notice under Section 257 of the Companies Act, 1956 proposing his candidature as Director. The Board therefore recommends the appointment of Mr. Ravindra Bahl as Director in the ensuing Annual General meeting of the Company.

Mr. Sanjay Agarwal and Mr. Uttam Tibrewal were appointed as the Managing Director and Whole-time Director respectively of the Company for a period of 5 (five) years with effect from February 14, 2008. The Board of Directors in its meeting have recommended their re-appointment as the Managing Director and Whole Time Director of the Company for a further period of 5 (five) years with effect from February 14, 2013.

The Board recommends the above reappointments pursuant to applicable provisions of the Companies Act, 1956. Resolutions seeking your approval on said items along with the terms and conditions are included in the Notice convening the Annual General Meeting.

None of the Directors of the Company are disqualified from being appointed as Directors as specified under Section 274 of the Companies Act, 1956.

Subsidiary Companies

As at 31st March, 2013, your Company has following two subsidiaries:

A. Au HOUSING FINANCE LIMITED

Au HOUSING FINANCE LIMITED is a wholly-owned subsidiary of Au Financiers (India) Limited and was incorporated with a view to provide finance for housing needs of people and focusing on affordable housing finance in rural, semi-urban areas and to explore the huge untapped housing finance market by leveraging a wide network of branches and strong customer connect. The financial year 2012-13 was the first full year of operations in the existence of Au Housing Finance Limited and reported a surplus in the very first year of its existence.

Au Housing Finance is currently operating from 25 locations in four states - 16 locations in the state of Rajasthan, 4 locations in Gujarat, 3 locations in Maharashtra and 2 locations in Madhya Pradesh for its housing business where

Au Financiers has an experience over a considerable period of time. Au Housing shall expand its operations in other states going forward where Au Financiers has gained experience in financing for the needs of un-served, un-reached customer segments in the rural and semi-urban areas.

Au Housing has assigned its first long-term credit rating from CRISIL as 'BBB+/ Stable' (for ₹100.00 crore) in August, 2012, which was further enhanced by CRISIL from 100.00 crore to ₹175.00 crore in February, 2013.

B. Index Money Limited

INDEX MONEY LIMITED, (IML) a public limited company and a subsidiary of our company is engaged in business of financial consultancy. Considering the increasing demand of funds by the corporate, IML is considering providing debt syndication facilities to such business entities. Debt syndication encompasses funding activities for diverse business requirements of corporations. This is to assist Corporates to leverage on debt as an instrument to raise capital through structured financial products for various requirements like expansions, working capital and in structuring and syndicating funds for acquisitions.

Associate Group Company -Au Insurance Broking Services Private Limited

Au INSURANCE BROKING SERVICES PRIVATE LIMITED is an associate concern of our Company and is providing insurance broking services. It has received license to act as a direct broker for the Insurance Regulatory & Development Authority (IRDA) in May, 2012. The objective 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 Ministry of Corporate Affairs has, vide General Circular No. 2/2011 dated 8th February, 2011, granted general exemption for not attaching the annual accounts of the subsidiary companies with the annual accounts of the holding company.

Pursuant to the said Circular, the Board of Directors of your Company in their meeting held on 30th May, 2013 has given their consent, for not attaching the Annual Accounts of the Subsidiary Companies with that of the Holding Company. Accordingly, Balance Sheet, Profit and Loss Account, Directors' Report and Auditors' Report of the Subsidiary Companies and other documents required to be attached under Section 212(1) of the Companies Act, 1956 to the Balance Sheet of the Company, shall not be attached. However, these documents

shall be made available upon request by any member of the Company interested in obtaining the same and shall also be kept for inspection at the Registered Office of your Company and that of the subsidiary companies concerned. Further, the financial data of the Subsidiary Companies has been furnished along with the statement pursuant to Section 212 of the Companies Act, 1956 forming part of this Annual Report.

Compliances of RBI Guidelines

The Company continues to comply with all the applicable regulations and guidelines of the Reserve Bank of India as applicable to a Non Banking Non Deposit Taking Systemically Important Asset Finance Company ('NBFC-ND-SI-AFC'). As a prudent practice, your Company makes accelerated provisioning for Non-Performing Assets (NPAs) than that required by RBI for NBFCs.

Board of the Company in their meeting held dated 16th March, 2013 have approved and made necessary changes in its Fair Practices Code in line with the circular dated February 18, 2013 of Reserve Bank of India. Revised Fair Practices Code has also been published on the website of the Company.

Capital Adequacy

Your Company maintained a Capital to Risk-Weighted Assets Ratio (CRAR) of 20.82% as on 31st March 2013 against a minimum 15% as per regulatory requirements specified by the Reserve Bank of India which we believe provides an adequate cushion to withstand business risks and is above the minimum requirement as stipulated by the RBI.

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 ₹1.04 crore as foreign expense during FY 2012-13.

The particulars regarding expenditure in foreign exchange are given in notes to the accounts and significant policies for FY 2012-13.

Employees

Your Company believes in providing a conducive and challenging work environment for nurturing potential, encouraging performance and retaining talents at all levels. At the end of March 2013 the Company had 2,266 employees as against 1,591 as at March 2012.

During the past one year, your Company has laid significant emphasis on Human Resources Development and several policies including Learning while Earning programme and mediclaim policies, to name a few, which were implemented for the welfare of employees of the Company. We have been devoting substantial resources on building a skilled workforce that has an innate capability to take advantages of opportunities presented to serve ever increasing customer base. 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 Directors place on record the appreciation of effort and dedication of the employees in achieving good results during the year under review.

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 lac 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	42	Managing Director	183.12	FCA, B.Com 17 Years	Director since 22nd January, 2003. Appointed as Managing Director since 14th February, 2008	–
2	Mr. Uttam Tibrewal	42	Whole Time Director	119.45	B.Com 16 Years	Director Since 22nd January, 2005. Appointed as -Whole Time (Executive) Director since 14th February, 2008	–
3	Mr. Manoj Tibrewal	43	Vice President - Marketing	79.84	CS 16 Years	1st February, 2009	–
4	Mr. Deepak Jain	39	Chief Financial Officer	71.77	FCA 15 Years	17th May, 2010	–

Auditors

M/s. S. R. BATLIBOI & Co. LLP, (Firm Registration Number 301003E) (formerly M/s S. R. Batliboi & Co.) Chartered Accountants, the Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. They have confirmed that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Act and that, they are not disqualified for such appointment within the meaning of Section 226 of the Act. 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. The proposal for their reappointment is included in the notice for Annual General Meeting sent herewith.

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, 2013 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

Corporate Governance is attainment of the highest level of transparency, accountability and equity in all spheres of operations, interactions with the shareholders, employees, government and others. Since the Equity Shares of your Company are not listed on any Stock Exchange(s), the code of Corporate Governance as provided under Clause 49 of the Listing Agreement would not apply to the company.

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

Information Technology

Your Company believes that information technology is the backbone of any industry in the contemporary world. The Company has taken it as a tool to improve productivity, efficiency and reliability. As such, customised software have been developed and implemented at offices of the Company. The Company has migrated towards an advanced version of the data management software.

Corporate Social Responsibility

Your company has always endeavoured to address social concerns and work to the benefit of the local communities. We have been undertaking various socioeconomic, educational and health initiatives which focus on the welfare of the economically and deprived sections of society. As a socially responsible corporate, your Company facilitates programmes and gives direct assistance to individuals, societies and other charitable organisations.

Acknowledgements

The Board acknowledges with gratitude the cooperation, assistance, guidance and support provided to your Company by its bankers, financial institutions, shareholders, regulatory bodies and other business constituents. The achievements of an organisation are reflective of the efforts put in by the people who work for the Company. The Directors take this as an opportunity to place on record its appreciation to the contribution made by the employees, executives, officers, staff and the senior management team of the Company for successful operations during the year. Their enthusiasm and unstinting efforts enabled the Company to emerge as one of the leading companies in its industry sector.

Your Directors are thankful to the shareholders and investors for their continued patronage.

For and on behalf of the Board of Directors

Date: May 30, 2013	Sd/- Sanjay Agarwal Managing Director	Sd/- Uttam Tibrewal Executive Director
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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 conduct our business. The Company's corporate governance philosophy is based on the following principles:

- ▶ Corporate governance standards should go beyond the letter of 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.

Your Company, through its Board and Committees, endeavours to strike and deliver the highest governing standards for the benefit of its stakeholders

Shareholders

The Company investors are of the finest pedigree like Motilal Oswal Private Equity, International Finance Corporation (IFC, World Bank Group), Warburg Pincus, Chrys Capital and the Company provides MIS to investors on timely basis about operational performances, new developments including specific events if any which have or likely to have material impact on the operations of the Company. This has helped the Company to seek guidance from experienced professionals towards improving governance system, strategy, and policy-making and in setting up of processes.

Governance Board of Directors

The Board of Directors and their Committees are vested with extensive rights and responsibilities to guide the Company's management in the right direction to meet the performance expected by its stakeholders. The Board of Directors along with its Committees provides leadership and guidance to the Company's management for credit, risk, asset and liability management and other business areas.

Composition of Board

As At 31st March, 2013, the Board consists of seven (7) Directors with optimum mix of Executive, Non-Executive and Independent Directors. The Chairman of the Board is an Independent Non-Executive Director.

During the year ended March 31 2013, Mr. Mannil Venugopalan and Mr. Vishal Kashyap Mahadevia were regularised as Directors in the previous Annual general Meeting of shareholders held dated 26th September, 2012. Also, Mr. Ravindra Bahl has been appointed as Additional Director on Board w. e. f. 28th March, 2013. Mr. Ravindra Bahl is representing Labh Investments Limited on the Board of the Company.

None of the Directors of the Board hold Directorship in more than 15 public companies. All the Directors make the necessary annual disclosures regarding their directorships and committee positions and intimate the changes to the Company as and when they take place.

Board Meetings

The Board meets at least once in a quarter to consider among other businesses, quarterly performance of the Company and financial results. To enable the Board to discharge its

responsibilities effectively and take informed decisions, necessary information is made available to the Board. Meetings are governed by a structured agenda which is circulated well in advance to the Board members. The items in the agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board. The Board is also kept informed of major events/items and approvals taken wherever necessary. The Managing Director at the Board Meetings keeps the Board apprised of the overall performance of the Company. The agenda papers are circulated at least seven days prior to the Board meeting.

The Board met eleven (11) times during the financial year 2012-13. 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 2013 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 (in public companies)
Mr. Sanjay Agarwal	Managing Director (Non-Independent Executive Director)	11	11	2
Mr. Uttam Tibrewal	Whole Time Director (Non-Independent Executive Director)	11	9	1
Mr. Vishal Kumar Gupta	Investor Director (Non-Executive Director)	11	10	3
Mr. Krishan Kant Rathi	Director (Independent Non- Executive Director)	11	3	9
Mr. Mannil Venugopalan	Director (Independent Non- Executive Director)	11	4	7
Mr. Vishal Mahadevia	Investor Director (Non-Executive Director)	11	10	4
Mr. Ravindra Bahl*	Additional Director (Non- Executive Director)	NIL	NIL	NIL

* appointed as Additional Director on Board of the Company w. e. f. 28th March, 2013.

Committees of Board and Management:

The Company has constituted a set of independent, qualified and focused committees of the Board constituting Directors of the Company and expert senior management personnel to support the board in discharging its responsibilities. These Board Committees have specific terms of reference/scope to focus effectively on the issues and ensure expedient resolution of diverse matters. The Committees operate as empowered agents of the Board as per their charter/terms of reference.

There are four committees constituted by the board - Audit Committee, Corporate Governance, Nominations and remuneration Committee, Asset Liability Management and Credit/Risk Management Committee (ALCO) and the Executive Committee.

Audit Committee

As on 31st March, 2013 the Audit Committee comprises of four members, viz. Mr. Sanjay Agarwal -Managing Director of the Company, Mr. Vishal Kumar Gupta (Non Independent Non Executive Investor Director), Mr. Krishan Kant Rathi and Mr. Mannil Venugopalan (Independent Non Executive Directors). Mr. Krishan Kant Rathi being Independent Director on Board of the Company is appointed as the Chairman of the Audit Committee.

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/reappointment 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 four times during the year under review on 22nd May 2012, 3rd September, 2012, 30th October, 2012 and 28th January 2013. 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. Krishan Kant Rathi	Chairman	4	3
Mr. Mannil Venugopalan	Member	4	3
Mr. Vishal Kumar Gupta	Member	4	4
Mr. Sanjay Agarwal	Member	4	4

Mr. Vishal Kashyap Mahadevia has been included as a member of Audit Committee from 30th May, 2013.

Asset Liability Management and Credit/Risk 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 - Credit/Risk and Collections and Mr. Sushil Kumar Agarwal - Business Head – SME are the members of the ALCO Committee. Mr. Sanjay Agarwal is Chairman of this Committee. The Committee is responsible for keeping a watch on the asset liability gaps if any. The Committee also evaluates the credit, liquidity, business and other risks and strategises actions to mitigate the risk associated and report its findings to the Board.

The ALCO Committee met four times during the year under review on 22nd May 2012, 30th August, 2012, 30th October, 2012 and 28th January 2013. The composition and attendance record of the members of the committee meetings are as follows:

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

Corporate Governance, Nominations and Remuneration Committee

The Corporate Governance, Nominations and Remuneration Committee comprise of 4 members namely Mr. Sanjay Agarwal - Managing Director, Mr. Krishan Kant Rathi - Independent Director and Mr. Vishal Kumar Gupta - Non-Executive Director and Mr. Vishal Kashyap Mahadevia - Non Executive Director of the Company. Mr. Krishan Kant Rathi is holding the place of Chairman of the Committee. Mr. Vishal Mahadevia has been inducted in the committee during the year as a non executive member. The committee has implied powers of Corporate Governance Committee, Nominations 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 and framework for remuneration of top managerial personnel within the terms of the agreed policy.

During the year under review, the Corporate Governance, Nominations and Remuneration Committee met three times on 3rd September, 2012, 30th October, 2012 and 28th January 2013. The composition and attendance record of the members of the committee meetings are as follows:

Name of Member	Category	Meetings held	Meetings attended
Mr. Krishan Kant Rathi	Chairman	3	2
Mr. Vishal Kumar Gupta	Member	3	3
Mr. Sanjay Agarwal	Member	3	3
Mr. Vishal Kashyap Mahadevia	Member	3	3

Executive Committee

During the year under review, Board of Directors in their meeting held dated 22nd May, 2012 has constituted a committee of Board called the Executive Committee that acts in accordance with Borrowing Policy of Company. The Executive Committee functions according to the Borrowing framework defining the role and the powers of the committee, including borrowing limits depending on the cost of funds and quantum of liabilities to be raised by the Company. The Committee is constituted to take best advantage of borrowing options made available to the company from time to time and enable quick decision making at the operating level. Mr. Sanjay Agarwal – managing Director, Mr. Uttam Tibrewal – Executive Director and Mr. Deepak Jain – Chief Financial Officer of the Company are members of the Executive Committee.

The composition and attendance record of the members of the committee meetings are as follows:

Name of Member	Category	Meetings Held	Meetings Attended
Mr. Sanjay Agarwal	Chairman	26	26
Mr. Uttam Tibrewal	Member	26	25
Mr. Deepak Jain	Member	26	26

Registrar and Share Transfer Agent:

The Equity Shares of our Company have been admitted with both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Company has appointed M/s LINK INTIME INDIA PRIVATE LIMITED as the connectivity agent to provide electronic connectivity interface with NSDL/CDSL for securities of the company. With this, shares of the company are available for Dematerialization.

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) or Central Depository Services (India) Limited (CDSL) and thereafter, submit the physical share certificates along with the DRF through your Depository Participant.

As on 31st March, 2013, 95.06% of the company's shares are held in dematerialised form. The ISIN that have been activated in NSDL/CDSL are appended hereunder:

ISIN for Equity Share: **INE949L01017**

Details of RTA:

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

Listing

At present, Equity Shares of the Company are not listed on any Stock Exchange(s). However, the Non-Convertible Debentures (Secured/Unsecured) issued by the Company are listed on the Wholesale Debt Market (WDM) segment of the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE) ('Stock Exchanges') in terms of the issue conditions as applicable and the Company has paid the requisite listing fees in full.

General Body Meetings

Details relating to last three Annual General Meetings of the Company are as below:

For the Financial year	Date and Time	Venue	Special Resolutions Passed
2009-10	2nd Aug, 2010 11:00 A.M.	Registered Office: 19 – A, Dhuleshwar Garden, Ajmer Road, Jaipur	NIL
2010-11	27th June, 2011 11:00 A.M.	Registered Office: 19 – A, Dhuleshwar Garden, Ajmer Road, Jaipur	Amendment of Articles of Association by way of inclusion of new Article 42 (b) in place of existing Article 42 (b) regarding affixation of Common Seal of the Company
2011-12	26th Sept, 2012 11:30 A.M.	Registered Office: 19 – A, Dhuleshwar Garden, Ajmer Road, Jaipur - 302001	NIL

Financial Statements of Subsidiary Companies

Government of India, Ministry of Corporate Affairs (MCA) vide its circular dated 8 February, 2011 has exempted certain companies under section 212(8) of the Companies Act, 1956 from attaching the annual reports of the subsidiary companies to the company's accounts in view of the presentation of consolidated financial statements of the subsidiaries in the annual report. As the company is covered under the exemption in view of it publishing the consolidated financial statements, it has not attached the financial statements of the subsidiary companies to the annual report. However, the annual accounts of the subsidiary companies and the related detailed information will be made available to the holding and subsidiary companies'

investors seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any investor in the head office of the company and its respective subsidiary companies.

Address for Correspondence

The Company Secretary,
Au FINANCIERS (INDIA) LIMITED
19-A, Dhuleshwar Garden, Ajmer Road,
Jaipur - 302001
Tel: +91-141-4110060
Fax: +91-141-2368815
Email: manmohan.parnami@aufin.in

For and on behalf of the Board of Directors

Date: May 30, 2013
Place: Mumbai

Sd/-
Sanjay Agarwal
Managing Director

Sd/-
Uttam Tibrewal
Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO ECONOMIC ENVIRONMENT

Global Scenario:

European Central Bank reduced risks in the Euro zone by providing sufficient monetary support to distressed economies, a commendable effort. US economy is consolidating its fiscal position and has grown for 15 consecutive quarters (*Source: US Commerce Department*). China, India, Japan and other Asian countries are driving growth in Region; although the rate of growth is not significant. Japan's master plan for structural reforms is expected to boost economic growth in the coming years. Overall, there is a need for consistent vigilance on the part of global policy makers to build strong policies for resilience against financial vulnerabilities.

Indian economy overview

During 2012-13, India is expected to grow at 5%, the slowest in a decade on account of weak services, consumption, exports and agricultural growth. The economy (US\$1.89 trillion, around ₹ 100 trillion) could see growth decelerating by almost half from 9.6% in 2006-07. GDP growth is expected to rise to 6.5% in 2014-15 on the back of an expected improvement in global outlook and increase in exports (*Source: Asian Development Bank*).

Industry overview

NBFC overview

India's banking, financial services and insurance industry (BFSI) is large, diverse and providing credit and liquidity to the national system. Over the years, NBFCs complemented the banking sector and financial institutions in meeting the credit needs of the growing economy.

NBFCs account for 11.2% of the assets of the total financial system. With a growing importance assigned to financial

inclusion, NBFCs have come to be regarded as critical financial intermediaries particularly for the small-scale and retail sectors.

NBFCs have been increasingly recognised as complementary to India's banking system. Even as the country's banking sector is highly regulated, simplified sanction procedures, timeliness in meeting credit needs and low operational costs resulted in NBFCs gaining an edge. The result was that since the Nineties, the compounded annual growth rate of NBFCs was 40% compared to a banking growth of only 22%. NBFCs have reported an impressive 28% growth compounded over the last decade.

NBFCs pioneering retail asset-backed lending, lending against securities and microfinance while extending credit to retail customers in under-served areas on the one hand and to unbanked customers on the other.

There are more than 12,000 NBFCs in India; 600 constitute more than 90% of the total assets under management.

NBFC performance

- ▶ NBFCs have not been insulated from the operating environment and have seen a slowdown in growth and an increase in delinquencies. However, rise in delinquencies and credit costs for NBFCs have been on expected lines.
- ▶ NBFC retail credit grew at a moderate rate of 15% during the nine months of FY 2012-13 to ₹3.3 trillion as on December 31, 2012. The growth has been significantly lower than 32% and 34% witnessed during FY 2011-12 and FY 2010-11 respectively.
- ▶ Asset quality indicators of the retail focused NBFCs after witnessing an improving trend over the period 2009-2012, started deteriorating in FY2012-13 on account of the weak operating environment, with Gross NPA percent

increasing from 1.6% in March 2012 to 2.2% in December 2012.

- ▶ Provisioning coverage for NBFCs is at ~55% and the solvency levels (net NPA as percentage of net worth) of the sector remained comfortable at 3.8%. (Source: ICRA)

NBFC growth drivers

- ▶ **Better macro-economic fundamentals:** With financial reforms, less volatility in inflation and lowering of wholesale borrowing rates, India's NBFC landscape is likely to improve.
- ▶ **Reduced bank credit to industries:** Bank credit to industries decelerated to 17.2% in July 2012, compared to 21.2% in July 2011. The conservative and risk-averse approach of banks is making them lend less credit to industries, creating a significant business opportunity for NBFCs (Source: RBI)
- ▶ **Innovative and diversified product portfolio:** Product innovation, customised and flexible repayment options and cross-channel sales present better growth opportunities for NBFCs.

NBFC opportunities

- ▶ The NBFC-ND-SI lending segment registered a 20% CAGR over the last few years, indicating scope and business potential
- ▶ With some NBFCs having established a niche with specialised funding solutions, there is a significant opportunity to capture the growing financing needs of Indian companies.
- ▶ A multi-sector and diversified approach of specialised and niche credit institutions, enable broader exposure across a diverse set of industries reducing sector-specific demand risk.

NBFC challenges

A key challenge faced by NBFCs was the ability to respond to dynamic market conditions and provide a wide-ranging product offering with stringent due diligence. The ability of credit institutions to compete in the market effectively will depend upon their capability to raise low-cost funds. Some other challenges:

- ▶ A sluggish economy can affect growth
- ▶ An economic slowdown can enhance credit costs
- ▶ Tight liquidity conditions can increase the cost of funds
- ▶ Regulation and development need to combine to provide the right growth environment

NBFC outlook

The outlook for the lending business is growing, considering rising credit demand on the back of economic growth. Providing customised funding solutions can help credit

institutions withstand competition from banks and financial institutions. Sound credit appraisal, customer relationships, stringent process monitoring and product innovation are key differentiators between credit institutions.

Automobile industry

The year 2012-13 was a disappointing one for the Indian automobile industry reflecting in a broad slowdown across segments, brands and terrains.

Commercial vehicle segment: After experiencing a volume growth of over 30% in 2009-10 and 2010-11, the buoyancy in India's CV industry declined since the second half of 2011-12. While domestic CV industry volumes slowed to 18.2% in 2011-12, industry volume growth entered a negative territory in 2012-13 due to the high base of the previous three years. Segment-wise performance was characterised by a wide dispersion in growth rates. While the light commercial vehicle (LCV) segment continued to sustain its momentum with an increase of 14.5% year-on-year in 2012-13, the medium and heavy CV (M&HCV) bore the brunt of slowing industrial activity, weak investment sentiment and significant fleet addition over three years. Within the M&HCV segment, while demand for buses was not affected significantly on account of healthy private off take and improving order inflows from state transport undertakings, a demand contraction in a higher tonnage category of trucks (tipper, tractor trailers and multi-axle vehicles) was the sharpest. These factors caused M&HCV volumes to shrink a sharp 22.8% y-on-y in 2012-13.

Au Financiers responded to market environment and changing customer's preference towards SCV segment and we focused on this segment and Company reported 17% growth in disbursement in 2012-13.

Delinquencies in commercial vehicle loans increase

For the first time in three years (since 2009), delinquencies in commercial vehicle loans increased, with monthly collection ratio of CRISIL-rated CV pools dropping below 96%. This decline in collection efficiency indicates that borrowers are delaying repayments leading to a probable increase in non-performing assets over the next few quarters. The performance of other retail asset classes (housing loans, car loans and microfinance loans) remained stable.

LCVs to continue to see strong growth on back of increasing penetration

Unlike M&HCVs, the demand for LCVs continued to remain strong in volume and capacity tonnage terms (up 12.5% in 11m 2012-13) and also provided cushioning to the cyclicity

that the CV industry witnessed. The demand for LCVs, predominantly driven by small commercial vehicles, was largely driven by non-urban markets as improving road network enabled better connectivity in Tier III-IV cities. Your Company responded to this positively and SCV and MUV disbursements increased compared to previous year, constituting more than 40% of total disbursements of the Company in FY 2012-13.

Notwithstanding the recent growth moderation, demand for LCV/SCVs is expected to remain buoyant over the medium-term as it would need to match the extent of capacity added by M&HCVs trucks over the past few years. The growth will be led by LCV/SCVs, which are increasingly being favored over their three-wheeler counterparts and costlier LCV/SCVs on grounds of better power, maneuverability and cost economics. With modest initial investment, such vehicles offer attractive pay-back and employment opportunities to first-time users. The demand for smaller vehicles is gaining preference on the back of stringent restrictions on the entry of heavy-duty trucks in expanding city limits. As these factors support the demand for SCVs, growth momentum in the LCV sales is expected to continue and forecast at around 13-14% CAGR over FY14-16.

Passenger vehicle segment

The passenger vehicle segment reported a unique trend in the recent financial year where passenger car sales declined 6.69% but sales of utility vehicles grew a remarkable 52.20%. The passenger vehicle segment as a whole grew 2.15% over the corresponding period of the previous year. Three Wheelers sales posted a modest growth of 4.87% in 2012-13.

Reasons for fall in car sales

The rising cost of ownership in terms of fuel prices and maintenance costs impacted car sales, which created a negative sentiment that hit affordable cars offtake the most. The low growth rate of the passenger vehicle segment was unfazed by a cut in interest rates by NBFC's, Public and Pvt. Sector Banks. during FY 2012-13.

Outlook

While the near term outlook on the CV industry appears subdued considering the weakness in underlying demand indicators, long-term prospects continue to be supported by expectation of improvement in economic growth, increasing pace of investments in highway and road infrastructure and structural changes supporting truck demand. Among these, it is believed the following will continue to catalyse the demand for CVs: gradual traction in market share from railways, changing landscape of the logistics industry towards the organised and stricter implementation of emission and anti-overloading norms to support CV demand.

The industry could start seeing an improvement from 2013-14 onwards driven by a pick-up in replacement demand as well as a low-base effect. The sustainability of the demand could remain dependent on the improvement in macro-economic environment and investment sentiment. The domestic M&HCV volumes are expected to expand 8% and LCVs to register a growth of 13-14% in 2013-14.

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 Group'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.

Liquidity risk

Being in the business of borrowing and lending, the Company is open to the risk of liquidity mismatches i.e. delayed inflow of collections of lent money or inability to refinance borrowed money when due. This could lead to potential defaults even if the business is profitable and Au Financiers is solvent.

Risk mitigation

- ▶ Effective Governance framework under ALM committee.
- ▶ Diversified its resource profile with NCD's and Commercial papers.
- ▶ Balance maturity profile through a mix of equity and long term and short term debt & subordinate debt.
- ▶ Matched maturity with long-term funding from banks/ FI's resulting in positive ALM Position
- ▶ Relationship with more than 50 Banks and financial institutions.

Interest rate risk

Au Financiers is exposed to the risk that in the event of either the funding sources being of different maturity than the investing avenues or of funding costs being linked to a different benchmark than the lending rates, there could be a situation of margins either shrinking or even going negative at times. This could erode profitability.

Risk mitigation

- ▶ Reduction in rate of interest after upgrade in long rating of Company
- ▶ Easing liquidity position from 2nd quarter of FY12-13 resulting low interest rate risk
- ▶ Diversifying its resource profile by raising funds through NCD's and CP
- ▶ Assignment of PSL Loans, resulting in availability of funds at competitive rates.

Credit risk

Credit risk is the most basic risk of the lending business - risk of nonpayment whether due to inability or lack of intent to repay. There is an additional risk of recovery of unpaid dues, either from the co-borrower or from the collateral

Risk mitigation

Company mitigates credit risk at multiple levels:

- ▶ Better client selection, stringent assessment of cash flows,
- ▶ Lending against productive use (and hence self liquidating),
- ▶ Lending with co-borrowers (reduces reliance on one borrower for repayment)
- ▶ Collateral backed lending (of the asset being created) and conservative loan to value ratio.
- ▶ Reduction in concentration risk by expanding business to new geographies

Operational risk

Delivering loans and collecting repayments is the key to protecting margins. Au Financiers is exposed to the risk of loopholes in operations associated with complying with lending policies, creation of security on loans, water-tight documentation and accounting/booking of loans - these could impair the ability to proceed against the borrower if the loan repayments are missed/overdue

Risk mitigation

- ▶ Proper legal documentation and KYC norms in place.
- ▶ Clear defined risk parameters and checks
- ▶ Centralised storage of documents in fireproof environment.
- ▶ Recording of transaction in online software for immediate retrieval of information's or reports.
- ▶ Tracking system and follow reports in place.

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.



FINANCIAL SECTION



Independent Auditors' Report

To
The Members of Au Financiers (India) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Au Financiers (India) Limited, which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according

to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) 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;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act; and
 - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For S.R.BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E

Sd/-

per Viren H. Mehta

Partner

Membership Number: 048749

Mumbai.

May 30, 2013

Annexure to Auditors' Report

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date

Re: Au Financiers (India) Limited ("the Company")

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) The Company is a non-banking finance company and therefore, provisions of clause 4(ii) of the Order related to inventory are not applicable.
- (iii) (a) The Company has granted loan to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹2,896.22 lacs and the year-end balance of loans granted to such parties was ₹ Nil.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (d) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the services provided by the Company.
- (ix) (a) The company has generally deposited all undisputed statutory dues including provident fund, income-tax, employees' state insurance, wealth-tax, service tax, cess, professional tax and other material statutory dues regularly with the appropriate authorities except delays in a few cases pertaining to provident fund, service tax, tax deducted at source and professional tax which are not serious in nature. As informed, sales tax, provisions of investor education and protection fund, custom duty and excise duty are currently not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. As informed, provisions of, investor education and protection fund, custom duty and excise duty are currently not applicable to the Company.

- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per 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, banks or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in liquid investments payable on demand.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 1750 and 245 secured non convertible debentures of ₹10 lacs and ₹100 lacs each. The Company has created security or charge in respect of debentures issued, expect for 250 secured non convertible debentures of ₹10 lacs each which have been issued in the month of March 2013. We are informed by the management that the company is taking steps to create security for the debentures issued.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R.BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E

Sd/-
per Viren H. Mehta
Partner

Mumbai.
May 30, 2013

Membership Number: 048749

Auditors' Report

To
The Board of Directors,
Au Financiers (India) Limited
19-A, Dhuleshwar Garden,
Ajmer Road, Jaipur

1. We audited the attached Balance Sheet of Au Financiers (India) Limited as at March 31, 2013 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto and issued our audit opinion dated May 30, 2013 thereon. These financial statements are the responsibility of the Company's management. Our responsibility was to express an opinion on these financial statements based on our audit. Our audit was conducted in the manner specified in paragraph 2 of the said audit report.
2. As required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008, issued by the Reserve Bank of India ('the Bank') and amended from time to time ('the Directions'), based on our audit referred to in paragraph 1 above and based on the information and explanations given to us which to the best of our knowledge and belief were necessary for this purpose, we report hereunder on the matters specified in paragraphs 3 and 4 of the Directions:
 - a. The Company is engaged in the business of a Non-Banking Financial Institution ('NBFI') as defined in section 45-I(a) of the Reserve Bank of India Act, 1934 ('the Act') during the year ended March 31, 2013. The Company is registered with the Bank as an NBFI without accepting public deposits vide Certificate of Registration ('CoR') number B-10.00139 dated August 03, 2010 from the Bank;
 - b. Based on the asset/income pattern as on March 31, 2013 determined by the Management in accordance with the audited financial statements for the year ended as on that date, and with reference to paragraph 15 of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, the Company is entitled to continue to hold such CoR;
 - c. Based on the criteria set forth by the Bank in Company Circular No. DNBS.PD. CC No. 85 / 03.02.089 /2006-07 dated December 6, 2006 for classification of NBFCs, the Company has been correctly classified as Assets Finance Company as defined in Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998 with reference to the business carried on by it during the financial year ended March 31, 2013;
 - d. The Board of Directors has passed a resolution on April 2, 2012 for non-acceptance of any public deposits;
 - e. The Company has not accepted any public deposits during the year ended March 31, 2013;
 - f. The Company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for 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 during the year ended March 31, 2013;
 - g. The capital adequacy ratio as disclosed in the return submitted to the Bank in the Form NBS-7 for the year ended March 31, 2013, has been correctly arrived at and such ratio is in compliance with the minimum Capital to Risk Assets Ratio prescribed by the Bank;
 - h. The Company has furnished to the Bank the annual statement of capital funds, risk assets/exposures and risk asset ratio (Form NBS-7) within the stipulated period. The Company furnished Form NBS-7 for the year ended March 31, 2013 to the Bank on June 27, 2013.
3. We have no responsibility to update this report for events and circumstances occurring after the date of our audit opinion mentioned in paragraph 1, except for the comments on paragraph 2(h) above regarding date of furnishing Form NBS-7 to the Bank.
4. This report is issued solely for reporting on the matters specified in paragraphs 3 and 4 of the Directions, to the Board of Directors and is not to be used or distributed for any other purpose.

For S.R.BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E

Sd/-
per Viren H. Mehta
Partner

Mumbai.
June 28, 2013

Membership Number: 048749

Balance Sheet as at March 31, 2013

(₹ In Lacs)

	Note No.	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4,047.06	9,257.51
Reserves & surplus	4	42,506.09	30,189.94
		46,553.15	39,447.45
Non-current liabilities			
Long-term borrowings	5	146,251.27	24,620.37
Other long-term liabilities	6	1,218.89	1,520.81
Long-term provisions	7	660.58	887.85
		148,130.74	27,029.03
Current liabilities			
Short-term borrowings	8	67,777.60	28,442.66
Trade payables	9	885.36	850.58
Other current liabilities	10	49,033.11	20,445.09
Short-term provisions	7	1,537.96	431.01
		119,234.03	50,169.34
TOTAL		313,917.92	116,645.82
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	1,581.39	1,484.08
Intangible assets	12	81.39	22.70
Capital work-in-progress		13.61	24.16
Non-current investments	13	5,667.22	3,055.00
Deferred tax assets (net)	15	439.58	259.73
Receivable under financing activity	16	119,303.93	56,764.20
Long-term loans and advances	17	684.26	2,007.31
Other non-current assets	18	4,308.88	4,822.55
		132,080.26	68,439.73
Current assets			
Current investments	14	68,201.56	36.28
Trade receivables	19	445.00	177.63
Cash and bank balances	20	37,601.98	16,875.56
Receivable under financing activity	16	70,554.93	29,575.35
Short-term loans and advances	21	2,794.29	591.45
Other current assets	22	2,239.90	949.82
		181,837.66	48,206.09
TOTAL		313,917.92	116,645.82
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our Report of even date

For S.R. Batliboi & Co. LLP

Firm's Registration no.: 301003E

Chartered Accountants

For and on behalf of the Board of Directors

Sd/-
Viren Mehta

Partner

Membership no. 048749

Sd/-
Sanjay Agarwal
(Managing Director)

Sd/-
Uttam Tibrewal
(Executive Director)

Place: Mumbai

Date: May 30, 2013

Sd/-
Deepak Jain
(Chief Financial Officer)

Sd/-
Manmohan Parnami
(Company Secretary)

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

(₹ In Lacs)

	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
CONTINUING OPERATIONS INCOME			
Revenue from operations	23	44,293.43	24,864.29
Other income	24	268.01	56.89
Total income		44,561.44	24,921.18
EXPENSES			
Employee benefits expense	25	5,268.33	3,480.61
Finance costs	26	20,157.78	10,371.59
Depreciation and amortization expense		291.06	172.49
Other expenses	27	4,436.03	2,753.45
Provision and write off	28	2,607.03	744.29
Total expenses		32,760.23	17,522.43
Profit before prior period items and tax		11,801.21	7,398.75
Prior period item		378.72	-
Profit before tax		11,422.49	7,398.75
Tax expenses:			
Current tax	29	3,573.98	2,368.47
Deferred tax	29	(179.86)	19.40
Adjustment of tax relating to earlier periods		7.74	-
Total tax expenses		3,401.86	2,387.87
Profit after tax from continuing operations		8,020.63	5,010.88
Earnings per equity share			
Continuing and total operations			
Basic (₹)	30	20.90	29.43
Diluted (₹)		17.56	15.47
Face value per share (₹)		10.00	10.00
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our Report of even date

For **S.R. Batliboi & Co. LLP**

Firm's Registration no.: 301003E

Chartered Accountants

Sd/-

Viren Mehta

Partner

Membership no. 048749

For and on behalf of the Board of Directors

Sd/-

Sanjay Agarwal

(Managing Director)

Sd/-

Uttam Tibrewal

(Executive Director)

Sd/-

Deepak Jain

(Chief Financial Officer)

Sd/-

Manmohan Parnami

(Company Secretary)

Place: Mumbai

Date: May 30, 2013

Cash Flow statement for the year ended March 31, 2013

(₹ In Lacs)

	As at March 31, 2013		As at March 31, 2012	
1. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax as per statement of profit and loss		11,422.49		7,398.75
Add/(Less) :				
Depreciation/ amortization		291.06		172.49
Adjustment of tax relating to earlier periods		(7.74)		-
Share issue expenses		-		1.22
Employee stock compensation expense		-		4.60
Interest on income tax		10.63		37.61
Wealth tax		1.58		1.26
Loss/(Profit) on sale of fixed assets		(1.28)		(0.43)
Loss from theft of fixed asset		-		0.08
Dividend income		(6.91)		(1.65)
Interest received on debentures		(4.65)		(1.71)
Contingent provision against standard assets		253.20		122.21
Provision for non-performing assets		557.95		134.67
Provision on debtors		9.01		-
Provision on assigned cases		(366.48)		111.99
Provision for employees benefit		434.68		52.83
Operating profit before working capital changes		12,593.54		8,033.92
Adjustment for increase or decrease in				
Decrease / (increase) in Receivable under financing activity	(103,519.33)		(42,892.77)	
Decrease / (increase) in Trade receivables	(276.37)		(34.01)	
Decrease / (increase) in Short term loans and advances	(2,202.85)		(293.13)	
Decrease / (increase) in Long-term loans and advances	1,323.05		(394.27)	
Decrease / (increase) in Other non-current assets	513.66		(10,519.11)	
Decrease / (increase) in – Deposits with original maturity of more than 3 months but less than 12 months	3,004.79		497.68	
Decrease / (increase) in Other current assets	(1,041.33)		(292.85)	
(Decrease) / increase in Other long-term liabilities	(301.92)		997.24	
(Decrease) / increase in Other current liabilities	28,588.00		10,138.47	
(Decrease) / increase in Trade payables	34.77		214.41	
Direct taxes paid	(3,833.34)		(2,808.65)	
Wealth tax paid	(1.26)	(77,712.13)	(0.90)	(45,387.89)
Net cash flow from/ (used in) operating activities (A)		(65,118.59)		(37,353.97)
2. CASH FLOWS FROM INVESTING ACTIVITIES				
Dividend from current investments		6.91		1.65
Purchase of Intangible assets		(70.03)		(10.51)
Purchase of fixed assets		(372.81)		(538.98)
Sale of fixed assets		7.66		1.92
Investments in subsidiaries		-		(2,483.00)
Purchase of other investments		(70,777.50)		2.72
Interest received on debentures		4.65		1.71
Net cash flow from/ (used in) investing activities (B)		(71,201.12)		(3,024.49)

Cash Flow statement for the year ended March 31, 2013

(₹ In Lacs)

	As at March 31, 2013	As at March 31, 2012
3. Cash flows from financing activities		
Net proceeds from borrowings	160,965.85	22,557.17
Issue of equity shares	-	0.01
Issue of preference share	-	1,220.28
Share premium	-	17,084.19
Shares/debenture issue expenses	(914.93)	(79.72)
Net cash flow from/ (used in) in financing activities (C)	160,050.92	40,781.93
Net increase/(decrease) in cash and cash equivalents (A + B + C)	23,731.21	403.47
Cash and cash Equivalents as at the beginning of the year	1,234.51	831.04
Cash and cash equivalents at the end of the year	24,965.72	1,234.51
Components of cash and cash equivalents		
Cash on hand	2,155.05	375.59
Balance with franking machine *	32.79	10.23
Balance with banks		
In current accounts	319.14	175.37
In deposit account	22,458.74	673.32
Less: Bank overdraft	-	-
Total cash and cash equivalents (Refer note no. 20)	24,965.72	1,234.51

The accompanying notes are an integral part of the financial statements.

As per our Report of even date

For **S.R. Batliboi & Co. LLP**

Firm's Registration no.: 301003E

Chartered Accountants

Sd/-

Viren Mehta

Partner

Membership no. 048749

Place: Mumbai

Date: May 30, 2013

For and on behalf of the Board of Directors

Sd/-

Sanjay Agarwal

(Managing Director)

Sd/-

Deepak Jain

(Chief Financial Officer)

Sd/-

Uttam Tibrewal

(Executive Director)

Sd/-

Manmohan Parnami

(Company Secretary)

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

1 CORPORATE INFORMATION

Au Financiers (India) Limited (the company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956.

The company is engaged in lending activities. The Company had obtained its license from Reserve Bank of India to operate as a Non Banking Financial Company (NBFC) on November 07th, 2000 vide certificate of registration no. B-10-00139.

2 BASIS OF PREPARATION

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended), the relevant provisions of the Companies Act, 1956 ('the Act') and the relevant provisions of Reserve Bank of India ('RBI') as applicable to Non Banking Financial Companies ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis except interest on non performing assets which is recognized on cash basis as required by the Non-Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended from time to time ('NBFC Prudential Guidelines'). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

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).

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

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.

2.1 Summary of significant accounting policies

(a) Use of estimates:-

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Change in accounting policy:-

During the year ended March 31, 2013, the Company adopted the accounting policy for securitisation/assignment transactions executed after the date of circular as notified by RBI in its circular "Revisions to the Guidelines on Securitisation Transactions" issued on August 21, 2012. For further details relating to this change refer Note 23.4.

(c) Revenue recognition:-

General:

The Company follows the accrual method of accounting for its income. If at the time of raising of claim for income, it is unreasonable to expect ultimate collection, revenue recognition is postponed.

(i) Income from loan :

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

(ii) Income from channel finance business:

Income in the nature of interest rate differential i.e., applying the interest rate implicit in the loan contracts as reduced by Internal Rate of Return (IRR) committed to the bank who records the channel finance business, including related incidental charges are recognized on accrual basis.

(iii) Income from other financing activities :-

Income from vehicle financing, SME loans and other financing activities is recognised on accrual basis on a time proportion basis taking in to account the amount outstanding and the applicable interest rate.

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

(iv) Income from assignment/securitization:

- (a) For assignment transactions done prior to RBI circular no. DNBS.PD.No. 301/3.10.01/2012-13 dated August 21, 2012

In case of assignment of loan assets and related receivables "at premium", 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 recognized upfront as gain or loss on assignment in the year of assignment. In case of assignment of loan assets and related receivables "at par", income 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.

- (b) For transactions done after issuance of RBI circular no. DNBS.PD.No. 301/3.10.01/2012-13 dated August 21, 2012

Gains arising on securitisation/direct assignment of assets is recognised over the tenure of securities issued by SPV/ agreements as per guideline on securitisation of standard assets issued by RBI. Income from excess interest spread is accounted for net of losses. Expenditure in respect of securitisation /direct assignment (except bank guarantee fees for credit enhancement) is recognised upfront. Bank guarantee fees for credit enhancement are amortised over the tenure of the agreements.

Income on MRR portion is recognized as per the guideline on securitisation of standard assets issued by Reserve Bank of India.

(v) Income from deposits:

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

(vi) Income from investment:

- (i) Dividend is recognised as income when right to receive payment is established by the date of balance sheet.
- (ii) Interest income on investment is accounted on accrual basis.
- (iii) Income from Certificate of Deposit is recognised on a time proportion basis taking in to account the amount outstanding and the implicit interest rate.

(d) Tangible/Intangible Fixed Assets, Depreciation/Amortisation and Impairment

(i) Tangible assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(i a) Depreciation on tangible fixed assets :-

Depreciation on fixed assets is provided on written down value method at the rates and manner prescribed under the Schedule XIV to the Companies Act, 1956.

All fixed assets individually costing ₹5,000/- or less are fully depreciated in the year of installation/purchase.

Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss till the date of acquisition/sale.

(i b) Leasehold land :-

Leasehold land is amortized in equal instalments over the balance lease period.

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

(ii) Intangible assets

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The company uses a rebuttable presumption that the useful life of an intangible asset will not exceed Four years from the date when the asset is available for use. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds Four years, the company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(iii) Impairment of assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(e) Retirement and other employee benefits : -

(i) Defined Contribution Plans

The Provident Fund and Employees State Insurance are defined contribution plans and the contribution to the same are charged to the statement of profit and loss during the year in which the services are rendered.

(ii) Defined Benefit Plans

Gratuity is a 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 recognized in the statement of profit and loss as and when incurred.

(iii) Compensated absences

Compensated absences are considered as a long-term employee benefit and is provided for based on an actuarial valuation using Projected Unit Credit method. Actuarial gains and losses are recognized in the statement of profit and loss as and when incurred.

(f) Taxes on Income:-

Tax expenses comprises of current income tax and deferred tax.

Income tax

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred taxes

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

The un-recognised deferred tax assets are re-assessed by the Company at each balance sheet date and are recognised to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying cost of the deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

(g) Investments:-

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

(h) Borrowing cost:-

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(i) Operating Leases:-

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(j) Provisioning / write off of assets:-

(i) Secured / Unsecured loans and receivables are provided for/written off as per Company's policy, as given in sub-para (ii) below, subject to the minimum provision required as per Non Banking Finance (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 1998.

(ii) As per company's policy, loans with principal or interest overdue for more than 6 months are considered as non performing loans and provided at following rates :

Customers with 6 month to less than 12 months default	:	provision @ 50% of outstanding amount
Customers with 12 months and above default	:	written off @100%

For non performing loans where underlying security is repossessed and net realizable value of such security is lower than outstanding balance, the difference is fully provided for.

(iii) Provision on standard assets is made @ 0.25% pursuant to Notification No. DNBS.223/ CGM(US)-2011 dated January 17, 2011.

(iv) Provision for delinquencies and servicing costs on assets securitised/assigned before introduction of RBI guideline on Direct Assignment dated August 21, 2012 is made at following rates, which are based on management estimates developed using the historical data:

On premium structure	:	@ 0.75% of the principal outstanding
On at par structure	:	@ 0.25% of the principal outstanding

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

(k) Provisions, contingent liabilities:-

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

(l) Earning Per Share (EPS):-

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(m) Cash and cash equivalents :-

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less, and stamping/franking balance.

(n) Foreign currency transactions:-

- (i) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- (ii) Foreign currency monetary items are retranslated using the exchange rate prevailing on the close of the financial year.
- (iii) Exchange differences arises on the settlement of monetary items or on reporting the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.
- (iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability. The premium or discount arising at the inception of the forward exchange contract is amortized and recognized as an income/expense in the statement of profit and loss over the life of the contract. Exchange difference on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change.

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

3. SHARE CAPITAL

(₹ In Lacs)

	As at March 31, 2013	As at March 31, 2012
Authorized shares		
7,81,50,000 (P.Y. 2,20,00,000) Equity Shares of ₹10/- each	7,815.00	2,200.00
18,85,000 (P.Y. 75,00,000) Compulsorily Convertible Preference Shares of ₹100/- each	1,885.00	7,500.00
	9,700.00	9,700.00
Issued, subscribed and fully paid-up shares		
4,04,70,625 (P.Y. 1,83,72,401) Equity Shares of ₹10/- each	4,047.06	1,837.24
NIL (P.Y. 74,20,271) Compulsorily Convertible Preference Shares of ₹100/- each	-	7,420.27
Total issued, subscribed and fully paid-up share capital	4,047.06	9,257.51

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity Shares

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	₹ In lacs	No. of Shares	₹ In lacs
At the beginning of the year	18,372,401	1,837.24	16,558,570	1,655.86
Add:				
Equity Shares allotted on conversion of 74,20,271 (P.Y. 11,00,000) Compulsorily Convertible Preference Shares of ₹100/- each	22,098,224	2,209.82	1,813,709	181.37
Issued during the year	-	-	122	0.01
Outstanding at the end of the year	40,470,625	4,047.06	18,372,401	1,837.24

Compulsorily Convertible Preference Shares

	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	₹ In lacs	No. of Shares	₹ In lacs
At the beginning of the year	7,420,271	7,420.27	7,299,990	7,299.99
Add : Issued during the year	-	-	1,220,281	1,220.28
Less: Converted into Equity Shares	7,420,271	7,420.27	1,100,000	1,100.00
Outstanding at the end of the year	-	-	7,420,271	7,420.27

(b) Terms/ rights attached to equity shares

The company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

(c) Details of shareholders holding more than 5% shares in the company

Equity Shares

Name of the shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	% Holding	No. of Shares	% Holding
Redwood Investment Ltd	10,738,958	26.54	1,055,265	5.74
International Finance Corporation	7,421,518	18.34	122	0.00
Sanjay Agarwal	6,605,649	16.32	7,420,059	40.39
Labh Investments Limited	4,049,296	10.01	-	0.00
India Business Excellence Fund - I	3,210,665	7.93	100	0.00
Jyoti Agarwal	2,363,712	5.84	2,772,163	15.09
Shakuntala Agarwal	2,274,326	5.62	2,274,326	12.38

Compulsorily Convertible Preference shares

Name of the shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	% Holding	No. of Shares	% Holding
i) Compulsorily Convertible Preference shares 2008				
India Business Excellence Fund - I	-	-	715,754	55.06
Redwood Investment Ltd	-	-	584,246	44.94
	-	-	1,300,000	100.00
ii) Compulsorily Convertible Preference shares 2010				
International Finance Corporation	-	-	3,499,990	71.43
India Business Excellence Fund - I	-	-	1,400,000	28.57
	-	-	4,899,990	100.00
iii) Compulsorily Convertible Preference shares 2012				
International Finance Corporation	-	-	220,295	18.05
Redwood Investment Ltd	-	-	999,986	81.95
	-	-	1,220,281	100.00

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

4. RESERVES & SURPLUS

(₹ In Lacs)

	As at March 31, 2013	As at March 31, 2012
Statutory Reserve u/s 45- IC of RBI Act, 1934		
Balance as per last Balance Sheet	2,260.30	1,258.12
Add: Transfer during the year *	1,604.13	1,002.18
Closing Balance	3,864.43	2,260.30
Securities premium reserve		
Balance as per last financial statements	18,897.09	972.78
Add: Conversion of compulsorily convertible preference share to equity shares	5,210.45	918.63
Addition on allotment of equity shares	-	0.23
Addition on issue of new compulsorily convertible preference shares and	-	17,083.95

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

4 RESERVES & SURPLUS (contd.)

(₹ In Lacs)

	As at March 31, 2013	As at March 31, 2012
equity shares		-
	24,107.54	18,975.59
Less: Amount (net of tax) applied during the year		
Debenture issue expenses	914.93	78.50
Closing Balance	23,192.61	18,897.09
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	9,032.55	5,023.85
Profit for the year	8,020.63	5,010.88
	17,053.18	10,034.73
Less: Transferred to Statutory Reserve u/s 45-IC of RBI Act 1934	1,604.13	1,002.18
Closing Balance	15,449.05	9,032.55
Total reserves and surplus	42,506.09	30,189.94

* 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).

5. LONG-TERM BORROWINGS

(₹ In Lacs)

	As at March 31, 2013		As at March 31, 2012	
	Non-current	Current	Non-current	Current
Secured				
Debtentures held by:				
(i) Banks				
The Ratnakar Bank Limited	2,500.00	-	-	-
250 nos. (P.Y. nil) face value ₹10 lacs each				
	2,500.00	-	-	-
(ii) Multilateral financial institutions				
UTI International Wealth Creator 4	4,500.00	-	-	-
45 nos. (P.Y. nil) face value ₹100 lacs each				
	4,500.00	-	-	-
(iii) Mutual funds				
Templeton India Short-Term Income Plan	5,000.00	-	-	-
50 nos. (P.Y. nil) face value ₹100 lacs each				
Templeton India Income Opportunities Fund (Tii of)	2,500.00	-	-	-
25 nos. (P.Y. nil) face value ₹100 lacs each				
Templeton India Corporate Bond Opportunities Fund (Ticbo)	22,500.00	-	-	-
125 nos. (P.Y. nil) face value ₹100 lacs each				
1000 nos. (P.Y. nil) face value ₹10 lacs each				
Reliance Regular Savings Fund - Debt Option	5,000.00	-	-	-
500 nos. (P.Y. nil) face value ₹10 lacs each				
	35,000.00	-	-	-
Total debtentures	42,000.00	-	-	-

Notes to financial statements for the year ended March 31, 2013**5. LONG-TERM BORROWINGS** (contd.)

(₹ In Lacs)

	As at March 31, 2013		As at March 31, 2012	
	Non-current	Current	Non-current	Current
Term loans				
(i) Term loan from banks			-	-
Andhra Bank	2,238.10	1,829.37	138.89	833.33
Axis Bank Limited	2,083.33	2,416.67	750.00	1,500.00
Bank of Baroda	840.00	660.00	-	-
Bank of India	992.00	860.11	352.11	1,190.67
Bank of Maharashtra	3,437.50	1,250.00	-	-
Central Bank of India	3,777.78	1,222.22	-	-
Development Bank of Singapore	500.00	333.33	833.33	166.67
Development Credit Bank Limited	158.01	130.99	277.39	117.48
Dhanlaxmi Bank Limited	-	-	7.92	5.17
HDFC Bank Limited	-	-	30.61	14.94
ICICI Bank Limited	1,666.67	1,055.56	222.22	666.67
IDBI Bank Limited	5,185.00	3,852.00	-	-
Indian Bank	1,428.57	1,071.43	-	-
Indian Overseas Bank	-	100.00	-	-
Oriental Bank of Commerce	2,240.00	1,440.00	3,680.00	1,320.00
State Bank of Bikaner & Jaipur	2,918.49	1,248.00	1,720.00	624.00
State Bank of Hyderabad	2,226.17	1,285.73	1,559.52	714.29
State Bank of India	7,640.00	1,656.00	-	-
State Bank of Patiala	9,184.43	5,023.82	4,833.25	2,833.37
State Bank of Travancore	1,781.25	593.75	-	-
Syndicate Bank Limited	55.70	333.33	389.04	333.46
The Jammu And Kashmir Bank Limited	1,562.50	625.00	-	-
The South Indian Bank Limited	458.25	500.04	958.29	500.04
Union Bank of India	3,920.00	1,080.00	-	-
United Bank of India	1,904.76	595.24	-	-
	56,198.51	29,162.59	15,752.57	10,820.09
(ii) Term loan from financial institutions			-	-
Small Industries Development Bank of India	10,718.60	1,699.20	3,367.80	549.20
	10,718.60	1,699.20	3,367.80	549.20
(iii) Term loan from non-banking financial companies				
Aditya Birla Finance Limited	1,439.48	2,791.67	-	999.91
Tata Capital Financial Services Limited	875.00	500.00	-	-
	2,314.48	3,291.67	-	999.91
(iv) Auto loan from banks				
HDFC Bank Limited	17.58	18.42	-	-
Dhanlaxmi Bank Limited	2.10	5.82	-	-
	19.68	24.24	-	-
Total term loans	69,251.27	34,177.70	19,120.37	12,369.20
Total secured borrowings	111,251.27	34,177.70	19,120.37	12,369.20

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

5. LONG-TERM BORROWINGS (contd.)

(₹ In Lacs)

	As at March 31, 2013		As at March 31, 2012	
	Non-current	Current	Non-current	Current
Unsecured				
Debentures held by				
(i) Banks (Sub-ordinate debts)				
Bank of India	1,000.00	-	-	-
100 nos. (P.Y. nil) face value ₹10 lacs each				
Bank of Maharashtra	1,000.00	-	-	-
100 nos. (P.Y. nil) face value ₹10 lacs each				
Dhanlaxmi Bank Limited	4,500.00	-	2,000.00	-
450 nos. (Pvs. Year 200 nos.) face value ₹10 lacs each				
Hdfc Bank Limited	2,000.00	-	2,000.00	-
200 nos. (Pvs. Year 200) face value ₹10 lacs each				
The Ratnakar Bank Limited	2,500.00	-	-	-
250 nos. (P.Y. nil) face value ₹10 lacs each				
	11,000.00	-	4,000.00	-
(ii) Multilateral financial institutions				
Nederlandse Finan-Maatschappij Voor Ontwikkelingsl FMO	22,000.00	-	-	-
2200 nos. (P.Y. nil) face value ₹10 lacs each				
	22,000.00	-	-	-
Total debentures	33,000.00	-	4,000.00	-
Term loans				
(i) Banks (Sub-ordinate debts)				
ICICI Bank Limited	2,000.00	-	1,500.00	-
Total term loans	2,000.00	-	1,500.00	-
Total unsecured borrowings	35,000.00	-	5,500.00	-
Amount disclosed under the head "other current liabilities" (note no. 10)	-	(34,177.70)	-	(12,369.20)
	146,251.27	-	24,620.37	-

Secured borrowings are secured by hypothecation of loans under financing activity. Personnel guarantees by directors of the company has been given for borrowing amount to ₹1,08,824.16 lacs at March 31, 2013. Borrowing to the extent of ₹25,615.01 lacs are secured by pledge of shares of the directors of the company and pledge of property of directors of the company, pledge of property of the company and margin money deposits. Auto loans from banks are secured by hypothecation of Company's vehicles.

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

5.1 Terms of principle repayment of long term borrowings as at March 31, 2013

(₹ In Lacs)

Original maturity of loan	Interest rate (Range)	Due within 1 year		Due 1 to 3 Years		Due 3 to 5 Years		Due 5 to 7 Years		Due 7 to 9 Years		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Monthly Repayment schedule												
Upto 3 years	10% to 12%	166	815.91	127	1,128.02	-	-	-	-	-	-	1,943.93
	12% > to 14%	75	5,121.07	47	3,083.19	-	-	-	-	-	-	8,204.26
3 to 5 years	10% to 12%	12	600.00	24	2,100.00	21	2,300.00	-	-	-	-	5,000.00
	12% > to 14%	277	21,682.38	481	38,019.49	160	12,095.57	12	900.00	-	-	72,697.44
Quarterly repayment schedule												
Upto 3 years	12% > to 14%	23	5,625.00	36	8,375.00	5	1,250.00	-	-	-	-	15,250.00
3 to 5 years	12% > to 14%	-	-	-	-	8	22,000.00	-	-	-	-	22,000.00
Half Yrly Repayment schedule												
Upto 3 yrs	10% to 12%	2	333.34	3	500.00	-	-	-	-	-	-	833.34
Annual repayment schedule												
3 to 5 years	12% > to 14%	-	-	1	750.00	2	1,750.00	-	-	-	-	2,500.00
	14% > to 18%	-	-	1	500.00	2	1,000.00	-	-	-	-	1,500.00
Bullet repayment schedule												
Upto 3 yrs	10% to 12%	-	-	4	12,500.00	1	2,500.00	-	-	-	-	15,000.00
	12% > to 14%	-	-	-	-	2	4,000.00	-	-	-	-	4,000.00
3 to 5 years	10% to 12%	-	-	-	-	8	10,000.00	-	-	-	-	10,000.00
	12% > to 14%	-	-	-	-	5	12,500.00	-	-	-	-	12,500.00
5 to 7 Years	12% > to 14%	-	-	-	-	-	-	3	4,500.00	-	-	4,500.00
7 to 9 Years	12% > to 14%	-	-	-	-	-	-	-	-	1	4,500.00	4,500.00
Total		555	34,177.70	724	66,955.70	214	69,395.57	15	5,400.00	1	4,500.00	180,428.97

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

Terms of principle repayment of long term borrowings as at March 31, 2012

(₹ In Lacs)

Original maturity of loan	Interest rate (Range)	Due within 1 year		Due 1 to 3 Years		Due 3 to 5 Years		Due 5 to 7 Years		Due 7 to 9 Years		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Monthly Repayment schedule												
	10% to 12%	144	20.11	234	38.54							58.65
Upto 3 years	12% > to 14%	78	3,900.08	52	1,944.55							5,844.63
3 to 5 years	12% > to 14%	126	6,782.34	227	11,953.10	68	3,350.86	5	250.00			22,336.30
Quarterly repayment schedule												
Upto 3 years	12% > to 14%	6	1,500.00	3	750.00							2,250.00
Half Yrly Repayment schedule												
Upto 3 yrs	10% to 12%	1	166.67	4	666.67	1	166.66					1,000.00
Annual repayment schedule												
3 to 5 years	14% > to 18%					2	1,000.00	1	500.00			1,500.00
Bullet repayment schedule												
Upto 3 yrs	14% > to 18%					1	2,000.00	1	2,000.00			4,000.00
Total		355	12,369.20	520	15,352.86	72	6,517.52	7	2,750.00	-	-	36,989.58

Notes to financial statements for the year ended March 31, 2013**6. OTHER LONG-TERM LIABILITIES**

(₹ In Lacs)

	As at March 31, 2013		As at March 31, 2012	
	Non-current	Current	Non-current	Current
Security deposits from borrowers	862.77	84.35	313.65	48.48
Security deposits under assignment transactions & dealers	356.12	1,129.08	1,203.97	-
Loss pool refundable to dealer/manufacturers	-	-	3.19	-
Amount disclosed under the head "other current liabilities" (note no. 10)	-	(1,213.43)	-	(48.48)
	1,218.89	-	1,520.81	-

7. PROVISIONS

(₹ In Lacs)

	As at March 31, 2013		As at March 31, 2012	
	Non-current	Current	Non-current	Current
Provision for employees benefits				
Leave availment	86.80	19.09	68.99	9.05
Gratuity	119.83	1.98	63.82	1.16
Bonus	-	350.00	-	-
	206.63	371.07	132.81	10.21
Other provisions				
Estimated loss for assignments	161.37	227.10	408.67	346.28
Contingent provisions against standard assets	292.58	175.42	141.53	73.26
Non-performing advances	-	762.79	204.84	-
Wealth tax	-	1.58	-	1.26
	453.95	1,166.89	755.04	420.80
	660.58	1,537.96	887.85	431.01

8. SHORT-TERM BORROWINGS

(₹ In Lacs)

	As at March 31, 2013	As at March 31, 2012
Secured		
(i) Working capital facilities from banks repayable on demands		
Andhra Bank	2,270.37	-
Axis Bank Limited	187.55	377.71
Bank of India	3,174.91	3,408.57
Central Bank of India	446.58	972.18
Corporation Bank	2,473.54	1,312.55
Dhanlaxmi Bank Limited	1,483.95	34.73
Development Bank of Singapore	-	2,000.00
HDFC Bank Limited	6,563.13	5,199.51
ICICI Bank Limited	2,330.30	266.32

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

8. SHORT-TERM BORROWINGS (contd.)

(₹ In Lacs)

	As at March 31, 2013	As at March 31, 2012
IDBI Bank Limited	343.53	370.49
Indian Bank	3,455.89	530.44
Indusind Bank Limited	1,767.36	1,285.14
Karur Vysya Bank Limited	2,000.00	-
Kotak Mahindra Bank	1,824.66	-
Punjab National Bank	4,950.00	3,361.23
State Bank of Bikaner & Jaipur	3,544.44	-
State Bank of Hyderabad	952.84	427.23
State Bank of India	2,317.32	2,000.00
State Bank of Mysore	2,500.00	2,471.36
State Bank of Patiala	1,324.24	-
The Ratnakar Bank Limited	4,846.25	72.73
	48,756.86	24,090.19
(ii) Term loan from non-banking financial companies		
India Infoline Investment Services Limited	-	3,333.33
	-	3,333.33
	48,756.86	27,423.52
Unsecured		
(i) Debentures held by		
Axis Bank Limited	10,000.00	-
1000 nos. (Pvs. Year nil) face value ₹10 lacs each		
	10,000.00	-
(ii) Commercial paper from banks		
Andhra Bank	2,473.88	-
HDFC Bank Limited	5,970.34	-
	8,444.22	-
(iii) Term loan from banks		
HDFC Bank Limited	576.52	1,019.14
	576.52	1,019.14
	19,020.74	1,019.14
	67,777.60	28,442.66

All working capital facilities from banks are repayable on demand and are secured by hypothecation of loans under financing activity. Personnel guarantees by directors of the company has been given for borrowing amount to ₹43,297.67 lacs at March 31, 2013. Borrowing to the extent of ₹8,896.12 lacs are secured by pledge of shares of the directors of the company and pledge of property of directors of the company, pledge of property of the company and margin money deposits.

Notes to financial statements for the year ended March 31, 2013**9. TRADE PAYABLES**

(₹ In Lacs)

	As at March 31, 2013	As at March 31, 2012
Payable to micro, small and medium enterprises	-	-
Payable to others	885.36	850.58
	885.36	850.58

Dues to micro, small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

For the year ended March 31, 2013, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

10. OTHER CURRENT LIABILITIES

(₹ In Lacs)

	As at March 31, 2013	As at March 31, 2012
a. Current maturities of long-term debts		
Secured		
Term loan from banks (note 5)	29,162.59	10,820.08
Term loan from non-banking financial companies (note 5)	3,291.67	999.91
Term loan from financial institutions (note 5)	1,699.20	549.20
Auto loan from banks (note 5)	24.24	-
	34,177.70	12,369.19
b. Interest Accrued but not due on borrowings	2,474.25	37.47
	2,474.25	37.47
c. Interest Accrued and due on borrowings	601.09	52.83
	601.09	52.83
d. Other payables		
Margin money refundable/adjustable against disbursement	233.37	104.35
Payable to dealers/manufacturers	378.96	320.46
Due to assignees towards collections in derecognised assets	8,850.85	7,138.16
Security deposit from borrowers (note 6)	84.35	48.48
Security deposits under assignment transactions & dealers (note 6)	1,129.08	-
Bank overdrafts	69.43	-
Statutory liabilities	94.89	145.11
Other current liabilities	939.14	229.04
	11,780.07	7,985.60
	49,033.11	20,445.09

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

11. TANGIBLE ASSETS

(₹ In Lacs)

	Leasehold Land	Freehold Land	Buildings	Furniture and fixtures	Office equipment	Vehicles	Total
Cost or valuation							
As at 1 April 2011	213.89	243.54	235.70	230.52	264.04	155.98	1,343.67
Additions	89.57	-	-	146.69	174.08	128.64	538.98
Deductions	-	-	-	-	(0.35)	(1.91)	(2.26)
Other adjustments	-	-	-	-	(36.62)	-	(36.62)
As at 31 March 2012	303.46	243.54	235.70	377.21	401.15	282.71	1,843.77
Additions	-	-	-	126.61	193.20	63.59	383.40
Deductions	-	-	-	-	(0.04)	(11.46)	(11.50)
Other adjustments	-	-	-	(7.37)	5.27	2.10	-
As at 31 March 2013	303.46	243.54	235.70	496.45	599.58	336.94	2,215.67
Depreciation							
As at 1 April 2011	-	-	15.85	32.46	109.30	54.71	212.32
Charge for the year	3.48	-	10.99	46.24	64.26	42.95	167.92
Other adjustments	-	-	-	-	(19.85)	-	(19.85)
Deductions	-	-	-	-	(0.01)	(0.69)	(0.70)
As at 31 March 2012	3.48	-	26.84	78.70	153.70	96.97	359.69
Charge for the year	3.48	-	10.44	96.35	112.47	56.98	279.72
Other adjustments	-	-	-	(3.71)	2.19	1.52	-
Deductions	-	-	-	-	-	(5.13)	(5.13)
As at 31 March 2013	6.96	-	37.28	171.34	268.36	150.34	634.28
Net Block							
As at 31 March 2012	299.98	243.54	208.86	298.51	247.45	185.74	1,484.08
As at 31 March 2013	296.50	243.54	198.42	325.11	331.22	186.60	1,581.39

12. INTANGIBLE ASSETS :

(₹ In Lacs)

	Software's
Cost or valuation	
As at 1 April 2011	-
Additions	10.50
Deductions	-
Other adjustments	36.62
As at 31 March 2012	47.12
Additions	70.03
Deductions	-
Other adjustments	-
As at 31 March 2013	117.15
Depreciation	
As at 1 April 2011	-
Charge for the year	4.57
Other adjustments	19.85
Deductions	-
As at 31 March 2012	24.42
Charge for the year	11.34
Other adjustments	-
Deductions	-
As at 31 March 2013	35.76
Net Block	
As at 31 March 2012	22.70
As at 31 March 2013	81.39

Notes to financial statements for the year ended March 31, 2013**13. NON-CURRENT INVESTMENTS**

(₹ In Lacs)

	Face value (In ₹)	As at March 31, 2013	As at March 31, 2012
Non-trade investments (valued at cost unless stated otherwise)			
Unquoted equity instruments			
Investment in subsidiaries			
Au Housing Finance Limited			
272,50,000 Equity shares (P.Y.: 272,50,000) fully paid up	10	2,725.00	2,725.00
Index Money Limited			
17,24,490 Equity shares (P.Y.: 17,24,490) fully paid up	10	309.50	309.50
		3,034.50	3,034.50
Investment in associates			
Au Insurance Broking Services Private Limited			
1,95,000 Equity shares (P.Y.: 1,30,000) fully paid up	10	19.50	13.00
		19.50	13.00
Investment under PTC		2,605.72	-
		5,659.72	3,047.50
Non-trade investments (valued at cost unless stated otherwise)			
Investments in mutual funds - quoted			
HDFC Debt Fund For Cancer Cure		2.50	2.50
25,000 Units (P.Y.: 25,000 Units)			
SBI Gold Fund		5.00	5.00
52,483.52 Units (P.Y.: 52,483.52)			
		7.50	7.50
		5,667.22	3,055.00
Aggregate Value of Quoted Investments			
Cost		7.50	7.50
Market Value		7.95	7.80
Aggregate Value of Unquoted Investments			
Cost		5,659.72	3,047.50

14. CURRENT INVESTMENTS

(₹ In Lacs)

	As at March 31, 2013	As at March 31, 2012
Unquoted Non-trade investments (valued at cost unless stated otherwise)		
Investment in securities portfolio managed by HDFC Asset Management Company Limited	27.75	36.28
Investment in certificate of deposits	66,655.27	-
Investment under PTC	1,518.54	-
	68,201.56	36.28
Aggregate Value of Unquoted Investments		
Cost	68,201.57	36.28

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

15. DEFERRED TAX ASSETS (NET)

(₹ In Lacs)

	As at March 31, 2013	As at March 31, 2012
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	9.50	15.96
Unamortized resource mobilization expenses	181.76	151.80
Gross deferred tax liability	191.26	167.76
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	77.39	46.40
Provision for doubtful debts and advances	553.45	381.09
Gross deferred tax asset	630.84	427.49
Net deferred tax asset	439.58	259.73

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.

16. RECEIVABLE UNDER FINANCING ACTIVITY

(₹ In Lacs)

	As at March 31, 2013		As at March 31, 2012	
	Non-current	Current	Non-current	Current
Secured				
Loans under financing activity				
-Considered good	116,588.97	54,566.75	56,343.51	23,838.79
-Considered doubtful	939.94	-	266.35	-
Loans placed as minimum retention requirement towards direct assignment transactions				
-Considered good	1,181.52	370.03	-	-
Interest accrued but not due	-	1,411.97	-	635.38
	118,710.43	56,348.75	56,609.86	24,474.17
Unsecured				
Loans under financing activity				
-Considered good	-	137.19	0.33	68.10
-Considered doubtful	-	-	5.84	-
Interest accrued but not due	-	-	-	0.10
Instalments dues from borrowers				
-Considered good	-	3,963.71	-	1,760.25
-Considered doubtful	593.50	-	148.17	-
Trade advances to dealers - Considered good	-	10,105.28	-	3,272.73
	593.50	14,206.18	154.34	5,101.18
	119,303.93	70,554.93	56,764.20	29,575.35

Notes to financial statements for the year ended March 31, 2013**17. LONG-TERM LOANS AND ADVANCES**

(₹ In Lacs)

	As at March 31, 2013		As at March 31, 2012	
	Non-current	Current	Non-current	Current
Unsecured and considered good				
Security deposits (Note 21)	107.75	35.16	57.63	26.57
Direct taxes - refundable	9.07	-	9.07	-
Prepaid expenses (Note 21)	358.44	278.67	338.61	203.08
Security deposits with NBFCs/Financial institutions	209.00	-	1,602.00	-
Amount disclosed under the head "short-term loans and advances" (note no. 21)	-	(313.83)	-	(229.65)
	684.26	-	2,007.31	-

18. OTHER NON-CURRENT ASSETS

(₹ In Lacs)

	As at March 31, 2013	As at March 31, 2012
Unsecured and considered good		
Deposits with banks under term deposits (Note 20)	4,308.88	4,822.55
	4,308.88	4,822.55

19. TRADE RECEIVABLES

(₹ In Lacs)

	As at March 31, 2013	As at March 31, 2012
Trade receivables		
Unsecured, considered goods	435.98	177.63
Unsecured, considered doubtful	18.03	-
	454.01	177.63
Provision for doubtful receivables	(9.01)	-
	445.00	177.63

20. CASH AND BANK BALANCES

(₹ In Lacs)

	As at March 31, 2013		As at March 31, 2012	
	Current	Non-current	Current	Non-current
Cash and cash equivalents				
Balances with banks:				
– On current accounts	319.14	-	175.37	-
– Deposits with original maturity of less than three months (note 20.1)	22,458.74	-	673.32	-
Cash on hand	2,155.05	-	375.59	-
	24,932.93	-	1,224.28	-
Other bank balances				
– Deposits with original maturity for more than 12 months (note 20.1)	-	4,308.88	-	4,822.55
– Deposits with original maturity for more than 3 months but less than 12 months (20.1)	12,636.26	-	15,641.05	-
Stamps/franking balance	32.79	-	10.23	-
Amount disclosed under the head "other non-current assets" (note no. 18)	-	(4,308.88)	-	(4,822.55)
	37,601.98	-	16,875.56	-

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

20. CASH AND BANK BALANCES (contd.)

20.1 Deposits are includes ₹21,045.08 lacs against cash collateral for assignment/securitization, ₹2,224.80 lacs against cash collateral for bank guarantees under assignment/securitization transactions, ₹467.75 lacs against cash collateral for working capital facilities from banks repayable on demand and ₹461.00 lacs against cash collateral for channel financing business.

21. SHORT-TERM LOANS AND ADVANCES

(₹ In Lacs)

	As at March 31, 2013	As at March 31, 2012
Unsecured and considered good		
Prepaid expenses (note 17)	278.67	203.08
Advances to suppliers/service providers	153.66	151.19
Advances to staff	210.67	34.97
Security deposits (note 17)	35.16	26.57
Interest bearing time deposits placed with NBFCs/Financial institutions	2,116.13	175.64
	2,794.29	591.45

22. OTHER CURRENT ASSETS

(₹ In Lacs)

	As at March 31, 2013	As at March 31, 2012
Unsecured and considered good		
Charges recoverable from borrowers	820.63	327.56
Recoverable in cash or in kind or for value to be received	19.27	79.33
Direct taxes refundable	613.26	193.11
Interest accrued but not due on deposit with banks	786.74	349.82
	2,239.90	949.82

23. REVENUE FROM OPERATIONS

(₹ In Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Income from financing activity		
Interest		
Interest from loans	29,976.06	12,687.56
Interest spread on assignment/securitization	7,093.89	6,971.65
Other operating revenue		
Service charges from borrowers (net)	4,708.47	3,328.67
Income from channel finance business	259.98	493.88
Interest from bank deposits placed as collateral	2,255.03	1,382.53
	44,293.43	24,864.29

Notes to financial statements for the year ended March 31, 2013**23. REVENUE FROM OPERATIONS (contd.)**

23.1 Interest from loans includes "overdue interest" on loans (other than NPA) charged in case of defaults by borrowers, which has been recorded on an accrual basis.

23.2 Information of assignment/securitisation activity as an originator during the year ended March 31, 2013 and March 31, 2012 :

Particulars		At PAR method		At PREMIUM method	
		2012-13	2011-12	2012-13	2011-12
Total number of Loan assets assigned/securitized	Nos.	35,600	40,005	-	5,626
Total book value of the Loan assets assigned/securitized #	₹ (Lacs)	102,317	117,345.89	-	18,268.35
Sales consideration received for the assigned/securitized assets	₹ (Lacs)	100,737	117,345.89	-	20,491.37
Income recognised in the statement of profit and loss	₹ (Lacs)	7,093.89	4,873.75	-	2,223.03

Includes direct assignment of loan portfolio of ₹15,799.17 lacs to under guidelines issued by Reserve Bank of India dated August 21, 2012 without any credit enhancement as prescribed in the guidelines.

Additional information with respect to Guarantees & Cash collaterals in respect to above assignment/securitisation activity :

Particulars		At PAR method		At PREMIUM method	
		2012-13	2011-12	2012-13	2011-12
Outstanding credit enhancement in the form of corporate guarantees		742.00	242.00	12,104.01	16,373.23
Outstanding credit enhancement in the form of bank guarantees		8,777.00	6,937.00	969.00	1,342.00
Outstanding cash collaterals in the form of fixed deposit receipts		13,507.73	8,089.63	7,411.56	9,517.09
Pledge of bank term deposits against bank guarantees under assignment activity (Note no. 20)		2,030.60	1,964.20	194.20	146.40

Disclosure as per RBI circular DNBS.PD.No. 301/3.10.01/2012-13 dated August 21, 2012:

		2012-13	2011-12
No. of SPVs Sponsored by the NBFC for securitisation transactions	Nos.	7	-
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	₹ (Lacs)	71,537	-
Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet			
a) Off balance sheet exposures			
*First Loss			
*Others			
b) On balance sheet exposures			
*First Loss	₹ (Lacs)	3,043	-
*Others	₹ (Lacs)	4,117	-
Amount of exposures to securitisation transaction other than MRR			
a) Off balance sheet exposures			
I) Exposure to own securitisations			
*First Loss			
*Others	₹ (Lacs)	2,443	-
II) Exposure to Third party securitisations			
*First Loss			
*Others			

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

Disclosure as per RBI circular DNBS.PD.No. 301/3.10.01/2012-13 dated August 21, 2012:

		2012-13	2011-12
b) On balance sheet exposures			
I) Exposure to own securitisations			
*First Loss			
*Others	₹ (Lacs)	295	-
II) Exposure to Third party securitisations			
*First Loss			
*Others			

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

23.4 Income from assignment transactions done during the year ended March 31, 2013, has been accounted for in the manner prescribed under the revised guidelines issued by the Reserve Bank of India. The income is lower by ₹171.98 lacs on account of change in the method of recognition of income on realization basis, prescribed in the revised guidelines issued by the RBI.

24. OTHER INCOME

(₹ In Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Dividend income	6.91	1.65
Interest on debentures	4.65	1.71
Other non-operating Income (Note 24.1)	90.62	53.53
Interest from bank deposits	57.19	-
Interest on certificate of deposits	108.64	-
	268.01	56.89

24.1

Other non-operating income includes		
Recoveries against write off	54.75	27.41
Sundry's write back	31.91	25.44
	86.66	52.85

25. EMPLOYEE BENEFITS EXPENSES

(₹ In Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Salaries and other benefits	4,838.02	3,011.77
Directors remuneration	142.57	258.16
Contribution to provident and other funds	174.39	118.28
Staff welfare expenses	113.35	87.80
Employee compensation expense account	-	4.60
	5,268.33	3,480.61

Notes to financial statements for the year ended March 31, 2013**25. EMPLOYEE BENEFITS EXPENSES** (contd.)**25.1 Details of employees benefits****a) Defined contribution plan****Provident fund**

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

The Company recognized ₹108.23 Lacs (P.Y. ₹74.59 Lacs) for provident fund contributions in the statement of profit and loss. 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 operates defined gratuity plans, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The Company has not created any fund for payment of gratuity.

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

Statement of profit and loss**Net employee benefit expense recognized in the employee cost**

(₹ In Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Current service cost	51.19	28.13
Interest cost on benefit obligation	5.69	2.93
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	(0.04)	(0.56)
Net benefit expense	56.84	30.50

Balance sheet**Benefit asset/liability**

(₹ In Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Present value of defined benefit obligation	(121.81)	(64.97)
Fair value of plan assets	-	-
Plan asset / (liability)	(121.81)	(64.97)

Changes in the present value of the defined benefit obligation are as follows:

(₹ In Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Opening defined benefit obligation	64.97	34.47
Current service cost	51.19	28.13
Interest cost	5.69	2.93
Actuarial (gain)/loss on obligation	(0.04)	(0.56)
Closing defined benefit obligation	121.81	64.97

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

25. EMPLOYEE BENEFITS EXPENSES (contd.)

The principal assumptions used in determining gratuity benefit obligations for the company's plans are shown below:

	Year ended March 31, 2013	Year ended March 31, 2012
Discount rate	8.25%	8.75%
Salary escalation rate	6.50%	6.50%
Withdrawal rate	1.00%	1.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous four periods are as follows: (₹ In Lacs)

	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010
Defined benefit obligation	121.81	64.97	34.47	15.15
Plan assets	-	-	-	-
Surplus / (deficit)	121.81	64.97	34.47	15.15
Experience adjustments on plan liabilities	(0.04)	(0.56)	2.70	(0.08)
Experience adjustments on plan assets	-	-	-	-

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 ₹27.85 Lacs (P.Y. ₹22.33 Lacs) in the books of accounts for the year.

26. FINANCE COST

(₹ In Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Interest expense (Note 26.1)	18,091.27	8,933.89
Other borrowing costs (Note 26.2)	2,066.51	1,437.70
	20,157.78	10,371.59

26.1

Interest expenses includes interest on:		
Subordinated debentures	1,069.71	570.79
Subordinated term loan	285.44	232.01
Term loans/cash credit facilities	12,652.77	8,021.48
Direct taxes	15.43	37.61
Non-convertible debentures	3,399.96	-
Others	667.96	72.00
	18,091.27	8,933.89

26.2

Other borrowing costs includes:		
Resource mobilisation expenses	1,841.48	1,327.29
Bank charges & commission	225.03	110.41
	2,066.51	1,437.70

Notes to financial statements for the year ended March 31, 2013**27. OTHER EXPENSES**

(₹ In Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Advertisement, publicity & recruitment	33.23	27.08
Business promotion	209.16	167.24
Commission and brokerage	1,033.58	606.90
Communication	165.36	99.53
Director sitting fee	23.09	2.50
Donations	22.74	18.75
Electricity and water	96.75	52.73
Fee & subscription	8.27	50.85
Field investigation & credit control	36.45	33.35
Insurance	21.40	15.37
Legal & professional fee	525.46	267.79
Loss on sale of repossessed assets	196.63	68.12
Office expenses	138.39	226.16
Postage & courier	76.81	66.69
Printing & stationery	133.98	94.78
Rates and taxes	4.79	2.64
Rent (note no. 27.1)	370.65	201.23
Repair and maintenance - others	76.82	28.07
Repairs to buildings	-	15.82
Repossession expenses	111.65	46.67
Stamping fee	226.40	171.63
Traveling and conveyance	817.78	422.01
Valuation & RTO	82.64	56.77
Auditor's remuneration		
-Audit fees	20.00	8.00
-Tax audit fees	4.00	0.75
-Other services	-	2.02
	4,436.03	2,753.45

27.1 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 cancellable generally, range between 11 months and 36 months and are usually renewable by mutual consent on mutually agreeable terms.

28. PROVISIONS AND WRITE OFF

(₹ In Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
A. Provisions for the year		
Provision on assigned cases	388.47	754.95
Provision on non performing assets	762.79	204.84
Provision on overdue debtors	9.01	-
Contingent provision against standard assets	468.00	214.80
	1,628.27	1,174.59

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

28. PROVISIONS AND WRITE OFF (contd.)

(₹ In Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
B. Provisions made last year		
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
	1,174.59	805.71
Net Provision made during the year (i)	453.68	368.88
C. Write off during the year		
Loan assets write off	837.51	225.02
Loss on settlement with borrowers	1,315.84	150.39
Write off during the year (ii)	2,153.35	375.41
	2,607.03	744.29

29. TAX EXPENSES

(₹ In Lacs)

	Year ended March 31, 2013	Year ended March 31, 2012
Current tax	3,573.98	2,368.47
Deferred tax	(179.86)	19.40
Total tax expenses	3,394.12	2,387.87

30. EARNING PER SHARE

(₹ In Lacs)

	As at March 31, 2013	As at March 31, 2012
Continuing operations		
Profit/ (loss) after tax (₹ In lacs)	8,020.64	5,010.88
Less: Shares/Debenture issue expenses (₹ In lacs)	(914.93)	(78.50)
Net profit for calculation of basic EPS (₹ In lacs)	7,105.71	4,932.38
Net profit as above (₹ In lacs)	7,105.71	4,932.38
Net profit/ (loss) for calculation of diluted EPS (₹ In lacs)	7,105.71	4,932.38
Weighted average number of equity shares in calculating basic EPS (In nos.)	33,992,515	16,761,752
Effect of dilution:		
Convertible preference shares (In nos.)	6,478,110	15,115,604
Weighted average number of equity shares in calculating diluted EPS (In nos.)	40,470,625	31,877,356
Earning per share		
Basic (In ₹)	20.90	29.43
Diluted (In ₹)	17.56	15.47
Face value per share (In ₹)	10.00	10.00

Notes to financial statements for the year ended March 31, 2013**31. RELATED PARTY DISCLOSURES****Names of related parties and related party relationship****Related parties where control exists**

Subsidiaries	Au Housing Finance Limited
	Index Money Limited

Related parties with whom transactions have taken place during the year

Associates	Au Insurance Broking Services Private Limited
Key management personnel	Mr. Sanjay Agarwal, Managing director
	Mr. Uttam Tibrewal, Executive director
Relatives of key management personnel	Mr. Subhash Tibrewal brother of Mr. Uttam Tibrewal

a. Loans given and repayment there of

(₹ In Lacs)

	Year ended	Loans given	Repayment	Interest due & received	Amount owed by related parties
Subsidiaries					
Au Housing Finance Limited	31-Mar-13	11,754.00	11,754.00	69.33	
	31-Mar-12	11.70	11.70	-	
Associates					
Au Insurance Broking Service Private Limited	31-Mar-13	65.00	65.00	0.11	
	31-Mar-12	4.79	4.79	-	

Loans given to related parties are repayable on demand. These loans carry interest @ of 15% to 17% p.a.

b. Remuneration to key managerial personnel

(₹ In Lacs)

	March 31, 2013	March 31, 2012
Mr. Sanjay Agarwal, Managing director		
Salary and bonus	183.12	154.45
Mr. Uttam Tibrewal, Executive director		
Salary and bonus	119.45	103.71
Total	302.57	258.16

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

c. Other transactions

- The company has paid ₹20.47 lacs (P.Y. 14.54 lacs) towards salary and bonus to relative of key management personnel.
- The company has paid ₹5.81 lacs (P.Y. 5.37 lacs) to managing director of the company towards rent.
- The company has paid ₹6.50 lacs (P.Y. Nil) to its associate company (Au Insurance Broking Service Private Limited) towards purchase of equity shares.
- The company has received ₹51.94 lacs (P.Y. Nil) from its associate company (Au Insurance Broking Service Private Limited) towards reimbursement of expenses or payment made on behalf of associate company.
- The company has received ₹3.27 lacs (P.Y. Nil) from its subsidiary company (Index Money Limited) towards reimbursement of expenses or payment made on behalf of subsidiary company.
- The company has received ₹69.44 lacs out of ₹73.75 lacs (P.Y. 4.87 lacs) from its subsidiary company (Au Housing Finance Limited) towards reimbursement of expenses or payment made on behalf of subsidiary company. Outstanding balance is ₹4.31 lacs on March 31, 2013.
- The company has paid ₹0.31 lacs (P.Y. Nil) to its subsidiary company (Au Housing Finance Limited) towards reimbursement of expenses.

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

31. RELATED PARTY DISCLOSURES (contd.)

- (viii) The company has given corporate guarantee of ₹23,000 lacs (P.Y. Nil) for term loans and cash credit facilities availed by its subsidiary company (AU Housing Finance Limited).
- (ix) Borrowings from banks and others of ₹2,21,382 lacs (P.Y. 56,776.33 lacs) are guaranteed by the personnel guarantee of managing director of the company.
- (x) Borrowings of ₹9,000 lacs from banks is secured by pledge of equity shares of the managing director of the company.
- (xi) Borrowings ₹18,500 lacs from banks are guaranteed by the property of the managing director of the company.
- (xii) Borrowings from banks and others of ₹24,000 lacs (P.Y. 10,489.91 lacs) are guaranteed by the personnel guarantee of executive director of the company.

32. CAPITAL AND OTHER COMMITMENTS:

(₹ In Lacs)

	As at March 31, 2013	As at March 31, 2012
Estimated amount of contracts remaining to be executed on capital accounts not provided for :		
Tangible assets	-	18.43
Intangible assets	15.00	61.20
	15.00	79.63

33. CONTINGENT LIABILITY NOT PROVIDED FOR :

(₹ In Lacs)

	As at March 31, 2013	As at March 31, 2012
Credit enhancements provided by the Company towards asset assignment / securitisation (including cash collaterals, principal and interest subordination)	45,736.10	44,611.55
Corporate Guarantees/Corporate Undertakings in case of Channel business activity	7,348.00	11,638.00
Corporate Guarantees on borrowings taken by it's subsidiary company (AU Housing Finance Limited)	23,000.00	-
Corporate Guarantees on borrowings taken by a NBFC (Ess kay auto finance private limited)	-	500.00
Claims against the company not acknowledged as debts *	38.94	25.67
Income tax demand **	9.07	9.07

* 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 ₹38.94 lacs (P.Y. ₹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 of financial year 2008-09, upon completion of their tax review for the financial year 2008-09. The tax demands are mainly on account of disallowance 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.

34 The Company is primarily engaged in lending activities. 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".

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

35. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

(₹ In Lacs)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Travelling	10.81	3.95
Appraisal fee	92.74	-

36 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:-

(A) CRAR:-

Particulars	As at March 31, 2013	As at March 31, 2012
CRAR (%)	20.82%	33.55%
CRAR - Tier I capital (%)	17.12%	29.90%
CRAR - Tier II capital (%)	3.69%	3.65%

(B) EXPOSURES TO REAL ESTATE SECTOR

Category	As at March 31, 2013	As at March 31, 2012
(A) Direct Exposure-		
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 lakh 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 securitized exposures-		
(a) Residential	Nil	Nil
(b) Commercial Real Estate.	Nil	Nil
(B) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFC's).	Nil	Nil

(C) 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
Liabilities									
Borrowings From Banks*	8,560.23	9,076.14	2,310.50	8,684.83	76,398.94	66,955.69	69,395.57	9,900.00	251,281.90
Market Borrowings	-	-	-	-	-	-	-	-	-
Assets									
Advances**	15,693.59	9,493.32	4,469.18	14,179.69	26,719.16	86,565.60	24,242.42	8,495.90	189,858.86
Investments	66,775.07	121.50	123.13	378.87	802.99	2,216.93	358.80	3,091.50	73,868.79

*includes financial institutions and other parties.

**including accrued interest and trade advance.

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

36. Disclosure as per RBI guidelines:- (contd.)

(D) Instances of fraud for the year ended March 31, 2013:

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount written-off
Cash embezzlement	-	-	-	-
Loans given against fictitious documents	-	-	-	-
Fraud by external party	-	-	-	-

Instances of fraud for the year ended March 31, 2012:

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount written-off
Cash embezzlement	-	-	-	-
Loans given against fictitious documents	-	-	-	-
Fraud by external party	-	-	-	-

37 SUPPLEMENTARY STATUTORY INFORMATION PURSUANT TO CLAUSE 29 OF THE DEBT LISTING AGREEMENT :

a. Loans and advances in the nature of loans to subsidiaries/associates :

(₹ In Lacs)

Name of related party Subsidiary/Controlled Subsidiary/Associates	As at March 31, 2013		As at March 31, 2012	
	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	-	Nil	1.75
AU Insurance Broking Services Private Limited	Nil	25.00	Nil	4.64
Au Housing Finance Private Limited	Nil	2,896.23	Nil	8.50

38 Figures are rounded off to the nearest rupees in lacs.

39 Previous year figures :

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

The accompanying notes are an integral part of the financial statements.

As per our Report of even date

For S.R. Batliboi & Co. LLP

Firm's Registration no.: 301003E

Chartered Accountants

Sd/-

Viren Mehta

Partner

Membership no. 048749

For and on behalf of the Board of Directors

Sd/-

Sanjay Agarwal

(Managing Director)

Sd/-

Uttam Tibrewal

(Executive Director)

Sd/-

Deepak Jain

(Chief Financial Officer)

Sd/-

Manmohan Parnami

(Company Secretary)

Place: Mumbai

Date: May 30, 2013

Annexure 1

Schedule to the Balance Sheet of a non-deposit taking non-banking financial company
(as required in terms of paragraph 13 of Non-Banking Financial (Non-Depositing Accepting of Holding) Companies
Prudential Norms (Reserve Bank) Directions, 2007)

Particulars		(₹ in Lacs)	
Liabilities side:		As on 31-03-2013	
1	Loans and advances availed by the non banking financial company inclusive of interest accrued but not paid	Amount Out-standing	Amount overdue
	(a) Debentures : Secured	43,824.60	
	: Unsecured	43,525.94	
	(Other then falling within the meaning of public deposits*)		
	(b) Deferred Credits		
	(c) Term Loans	106,726.02	
	(d) Inter-corporate loans and borrowing		
	(e) Commercial Paper	8,444.22	
	(f) Other Loans (specify nature) : -		
	Cash Credit Limit	48,761.13	
	Working Capital Terms Loans		
	*Please see Note 1 below		
	Assets Side :	Amount Outstanding	
2	Break-up of Loans and Advances including bills receivables (other than those included in (4) below)		
	(a) Secured		175,059.18
	(b) Unsecured		14,799.68
3	Break- up of leased Assets and stock on hire and other assets counting towards AFC activities		
	(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		16.18
	(b) Loans other than (a) above		3,855.17
4	Break-up of investments :		-
	Current Investments :		-
	1.Quoted		-
	(i) Shares : (a) Equity		-
	(b) Preference		-
	(ii) Debentures and bonds		-
	(iii) Units of mutual funds		-
	(iv) Government Securities		-
	(v) Other (Certificate of deposits)		66,655.27
	2.Unquoted		-
	(i) Shares : (a) Equity		-
	(b) Preference		-
	(ii) Debentures and bonds		-
	(iii) Units of mutual funds		27.75
	(iv) Government Securities		-
	(v) Other (investment under securitisation)		1,518.54
	Long-Term investments		
	1. Quoted		
	(i) Shares : (a) Equity		-
	(b) Preference		-

Particulars		(₹ in Lacs)		
	(ii) Debentures and bonds			-
	(iii) Units of mutual funds			7.50
	(iv) Government Securities			-
	(v) Other (please specify)			-
	2. Unquoted			
	(i) Shares : (a) Equity			3,054.00
	(b) Preference			-
	(ii) Debentures and bonds			-
	(iii) Units of mutual funds			-
	(iv) Government Securities			-
	(v) Other (investment under securitisation)			2,605.72
5	Borrower group-wise classification of assets financed as in (2) and (3 Above)	-		
	Please see Note 2 below	-		
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	1. Related Parties * *			
	(a) Subsidiaries			
	(b) Companies in the same group			
	(c) Other related parties			
	2. Other than related parties	175,879.81	17,850.40	193,730.21
	Total	175,879.81	17,850.40	193,730.21
6	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):			
	Please see note 3 below			
	Category	Market value/Break up of fair value of NAV		Book value (Net of Provisions)
	1. Related Parties * *			
	(a) Subsidiaries			3,034.50
	(b) Companies in the same group/associates			19.50
	(c) Other related parties			-
	2. Other then related parties		70,815.24	70,814.78
	Total	-	70,815.24	73,868.78
	** As per Accounting Standard of ICAI (please see Note 3)			
7	Other information			
	Particulars	Amount		
i	Gross Non-Performing Assets			
	(a) Related parties			-
	(b) Other then related parties			2,462.54
ii	Net Non-Performing Assets			
	(a) Related parties			-
	(b) Other then related parties			779.65
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 or 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 assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and breau/ 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.

Annexure 2

Statement pursuant to Section 212 of the Companies Act, 1956

RELATING TO SUBSIDIARY COMPANIES

Name of the subsidiary company		Index Money Limited	Au Housing Finance Limited
1	Financial Year of the subsidiary companies ended on	March 31, 2013	March 31, 2013
2	(a) No. of Equity shares of subsidiary company held at the end of the financial year	1,724,490	27,250,000
	(b) Holding's company interest in percentage	100%	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) Limited		
	(a) Dealt with in the accounts of Au Financiers (India) Limited (₹ In lacs)	NIL	NIL
	(b) Not Dealt with in the accounts of Au Financiers (India) Limited (₹ In lacs)	16.02	188.52
4	Net Aggregate amount of Profit/(losses) for previous financial years of the subsidiary and financial years of the subsidiary since it became subsidiary so far as it concerns the members of Au Financiers (India) Limited		
	(a) Dealt with in the accounts of Au Financiers (India) Limited (₹ In lacs)	NIL	NIL
	(b) Not Dealt with in the accounts of Au Financiers (India) Limited (₹ In lacs)	(1.83)	0.40

Notice of Annual General Meeting

Notice is hereby given that the Eighteenth Annual General Meeting of the members of **Au FINANCIERS (INDIA) LIMITED** will be held on Monday, the 26th day of August, 2013 at the registered office of the Company at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001 (Rajasthan) at 12:00 P.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, 2013 and the Statement of Profit & Loss for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize Board of Directors to fix their remuneration. M/s. S. R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No: 301003E), the retiring Auditors, are eligible for re- appointment.

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

“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s), amendments or re-enactments thereof for the time being in force) M/s. S. R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No: 301003E), the retiring statutory Auditors of the Company, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be determined by the Board of Directors.”

3. To appoint a director in place of Mr. Krishan Kant Rathi, Director, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mr. Vishal Kumar Gupta, Director, who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS

5. **Appointment of Mr. Ravindra Bahl as a Director:**

To consider and, if thought fit, to pass with or without modification(s) 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. Ravindra Bahl who was appointed as an Additional Director with effect from 28th March, 2013 on the Board of the Company in terms of Section 260 of the Companies Act, 1956 and Articles 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 (Nominee) of the company.

RESOLVED FURTHER THAT Mr. Sanjay Agarwal - Managing Director and Mr. Manmohan Parnami - Company Secretary of the Company be and are hereby authorized severally to do all such acts, deeds, matters and things as may be necessary for the appointment of Mr. Ravindra Bahl as Director (Nominee) of the Company and file necessary e-forms with ROC in this regard and take all steps and actions to give effect to the aforesaid resolution.”

6. **Re-Appointment of Mr. Sanjay Agarwal as the Managing Director of the Company for a period of five years with effect from 14th February, 2013:**

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

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 349 and 350 read with schedule XIII and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s), amendments or re-enactments thereof for the time being in force) (the “Act”) and other rules, regulations as may be applicable and the provisions of the Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to the re-appointment of Mr. Sanjay Agarwal as the Managing Director of the Company, for a period of 5 (Five) years with effect

from 14th February 2013, on the terms & conditions including remuneration and perquisites, as are set out in the agreement to be entered into between the Company and Mr. Sanjay Agarwal, a draft whereof is placed before this Meeting, which (the Agreement) is, hereby specifically sanctioned (brief of such terms and conditions are as set out in the Explanatory Statement annexed to this Notice), with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms & conditions of the said re-appointment and / or remuneration and / or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force or any amendments and / or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto, as may be agreed to between the Board and Mr. Sanjay Agarwal.

RESOLVED FURTHER 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), approval of the members of the Company be and is hereby accorded for ratification and confirmation of all acts, deeds and whatsoever done, signed and executed by Mr. Sanjay Agarwal for and on behalf of the Company by virtue of his position as the Managing Director of the Company from 14th February 2013 to 30th May, 2013, including and not limited to the powers and authorities vested in him by the Board of Directors of the Company.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII of the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances, etc. within such prescribed limit and subject to the same does not exceed the ceiling as provided in the said resolution/agreement and the said terms of appointment of Mr. Sanjay Agarwal, be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members/shareholders of the Company in general meeting.

RESOLVED FURTHER THAT where in any financial year ending on or after 31st March, 2013, the Company has no profits or if its profits are inadequate, the Company may pay remuneration by way of salary, perquisites, other allowances, etc. to Mr. Sanjay Agarwal, not exceeding the limits specified under Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT the Board/Committee of Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

7. Re-Appointment of Mr. Uttam Tibrewal as the Whole-time Director designated as Executive Director of the Company for a period of five years with effect from 14th February, 2013:

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

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 349 and 350 read with schedule XIII and other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification(s), amendments or re-enactments thereof for the time being in force) (the "Act") and other rules, regulations as may be applicable and the provisions of the Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to the re-appointment of Mr. Uttam Tibrewal as a Whole-time Director designated as an Executive Director of the Company, for a period of 5 (Five) years with effect from 14th February 2013, on the terms & conditions including remuneration and perquisites, as are set out in the agreement to be entered into between the Company and Mr. Uttam Tibrewal, a draft whereof is placed before this Meeting, which (the Agreement) is, hereby specifically sanctioned (brief of such terms and conditions are as set out in the Explanatory Statement annexed to this Notice), with liberty to the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms & conditions of the said re-appointment and / or remuneration and / or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force or any amendments and / or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto, as may be agreed to between the Board and Mr. Uttam Tibrewal.

RESOLVED FURTHER 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), approval of the members of the Company be and is hereby accorded for ratification and confirmation of all acts, deeds and whatsoever done, signed and executed by Mr. Uttam Tibrewal for and on behalf of the Company by virtue of his position as a Whole-time Director designated as an Executive Director of the Company from 14th February 2013 to 30th May, 2013, including and not limited to the powers and authorities vested in him by the Board of Directors of the Company.

RESOLVED FURTHER THAT in the event of any statutory amendment, modification or relaxation by the Central Government to Schedule XIII of the Companies Act, 1956, the Board of Directors be and is hereby authorized to vary or increase the remuneration including salary, commission, perquisites, allowances, etc. within such prescribed limit and subject to the same does not exceed the ceiling as provided in the said resolution/agreement and the said terms of appointment of Mr. Uttam Tibrewal, be suitably amended to give effect to such modification, relaxation or variation without any further reference to the members/shareholders of the Company in general meeting.

RESOLVED FURTHER THAT where in any financial year ending on or after 31st March, 2013, the Company has no profits or if its profits are inadequate, the Company may pay remuneration by way of salary, perquisites, other allowances, etc. to Mr. Uttam Tibrewal, not exceeding the limits specified under Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT the Board/Committee of Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

8. To borrow money in excess of Paid up Capital and Free Reserve of the Company u/s 293(1)(d) and to sell, lease or otherwise dispose of the Assets of the Company for such borrowings u/s 293 (1)(a) of the Companies Act, 1956:

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

"RESOLVED THAT pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act 1956 (including any amendment thereto or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time as they may think fit, any sum or sums of money not exceeding ₹6,000 Crores (Rupees Six Thousand Crores Only) (including the money already borrowed by the Company) in Indian Rupees or equivalent thereof in any foreign currency(ies) on such terms and conditions as the Board may deem fit, whether the same may be secured or unsecured and if secured, whether domestic or international, whether by way of mortgage, charge or hypothecation, pledge or otherwise in any way whatsoever, on, over or in any respect of all, or any of the company's assets and effects or properties including stock in trade (receivables), deposits or other security notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) and remaining un-discharged at any given time, exceed the aggregate, for the time being, of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter called "the Board" which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) be and is hereby authorized for borrowing from time to time as it may think fit, any sum or sums of money but not exceeding ₹6,000 Crores (Rupees Six Thousand Crores Only) in Indian Rupees or equivalent thereof in any foreign currency(ies) in aggregate (including the monies already borrowed by the Company) and on such terms and conditions as the Board may deem fit, by way of loans or in any other form whatsoever from, or issue of Bonds and/or Debentures or other Securities or Term Loans, Cash Credit facilities or other facilities in form of debt in the nature of Debentures, Commercial Papers and the like from Bank(s), Financial or other Institution(s), Mutual Fund(s), Non-Resident Indians (NRIs), Foreign Institutional Investors (FIIs) or any other person(s), body(ies) corporate, etc., whether shareholder of the Company or not.

RESOLVED FURTHER THAT pursuant to the provisions of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof for the time being in force), the consent of the shareholders be and is hereby accorded to Board of Directors (hereinafter called "the Board" which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) to mortgage and/or charge any of its movable and / or immovable properties wherever situated both present and future or to sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking(s) and to create a mortgage/and or charge, on such terms and conditions at such time(s) and in such form and manner, and with such ranking as to priority as the Board in its absolute discretion thinks fit on the whole or substantially the whole of the Company's any one or more of the undertakings or all of the undertakings of the Company in favor of any bank(s) or body(ies) corporate or person(s), whether shareholders of the Company or not, together with interest, cost, charges and expenses thereon for amount not exceeding ₹6,000 Crores (Rupees Six Thousand Crores Only) at any point of time.

RESOLVED FURTHER THAT the securities to be created by the Company aforesaid may rank exclusive/prior/pari passu/ subsequent with/to the hypothecation/mortgages and/or charges already created or to be created by the company as may be agreed to between the concerned parties.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and to sign all such documents and writings as may be necessary, expedient and incidental thereto including delegating its powers under the resolution to give effect to this resolution and for matter connected therewith or incidental thereto."

9. Payment of commission to the Non-Executive Directors of the Company for a period of Five Years

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

"RESOLVED THAT pursuant to provisions of Sections 198, 309(4) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (the "Act"), and in accordance with Article 22D of Articles of Association of the Company, approval be and is hereby accorded to the payment of commission to the Non Executive Directors of the Company (other than the Managing Director and/or Whole-time Executive Directors) to be determined by the Board of Directors for each Non –executive Director for each financial year over a period of five years from the current financial year ending on March 31, 2014 upto and including financial year of the Company ending on March 31, 2018 to be calculated in accordance with the provisions of Sections 349 and 350 of the Act and distributed between such Directors in such a manner as the Board of Directors may from time to time determine within the maximum limit of 1.00% (One Per cent) of the Net Profits of the Company in addition to the Sitting Fees being paid by the Company for attending the meetings of the Board of Directors or Committee(s) thereof.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary or expedient in this regard".

PLACE: MUMBAI
DATE: 30.05.2013

BY THE ORDER OF THE BOARD
FOR Au FINANCIERS (INDIA) LIMITED

MANMOHAN PARNAMI
COMPANY SECRETARY

Notes

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

The Proxy form to be effective duly completed must reach the Registered Office of the Company not later than forty-eight (48) hours before the time appointed for commencement of the meeting.

2. APPOINTMENT OF AUTHORISED REPRESENTATIVES

No person shall be entitled to attend or vote at the meeting as a duly authorized representative of any body corporate which is a shareholder of the Company, unless a copy of the resolution appointing him/her as a duly authorized representative, certified to be a true copy, shall have been deposited at the Registered Office of the Company not less than forty eight (48) 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 (7) 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.

Members who hold shares in the dematerialized form are requested to write their DP ID and Client ID and those holding shares in physical form are requested to write their folio number in the attendance slip and hand it over at the entrance of the meeting hall.

5. All the documents referred to in the Notice and the Register of Directors' Shareholding are open for inspection at the Registered Office of the Company on all working days during the business hours upto the date of Annual General Meeting. Register of Directors' Shareholding shall be open for inspection upto three days after the Annual General Meeting.

6. The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by the companies and has issued circulars allowing companies to serve all notices and correspondences to shareholders including Balance Sheet, Auditors Report etc. through electronic mode (e-mail). This will ensure prompt receipt of communication, avoid loss in postal transit and reduce paper consumption besides entailing other benefits. In support of this initiative taken by the Ministry, we propose to henceforth send documents like Notices, Balance Sheet and Auditors Report etc. to our shareholders through electronic mode, to the email addresses provided by them and made available to us.

Accordingly, this Annual Report comprising of Notice calling the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report etc. for the Financial Year 2012-13, in electronic form, is being sent to the Members at the email address provided/ updated by you. Please note that you will be entitled to be furnished, free of cost, a copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto, including the Profit and Loss Account and the Auditors' Report, upon receipt of a requisition from you at any time, as a member of the Company.

Members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of their holdings along with details like Name, Folio No. etc.

7. The relevant Explanatory Statements pursuant to the section 173(2) of the Companies Act, 1956 in respect of the Special Business under item nos. 5 to 8 as set out above proposed to be transacted at the Annual General Meeting is annexed hereto.

PLACE: MUMBAI
DATE: 30.05.2013

BY THE ORDER OF THE BOARD
FOR Au FINANCIERS (INDIA) LIMITED

MANMOHAN PARNAMI
COMPANY SECRETARY

Explanatory Statements

Explanatory Statements Pursuant to the Provisions of Section 173(2) of the Companies Act, 1956 setting out the material facts relating to the Special Business under item nos. 5 to 8 of the accompanying Notice dated May 30, 2013.

Item No. 5

Mr. Ravindra Bahl was appointed as an Additional Director on the Board of Company w.e.f. 28th March, 2013 in accordance with the provisions of Section 260 of the Companies Act, 1956 and Articles of Association of the Company.

Pursuant to Section 260 of the Companies Act, 1956 the above Director holds 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 his candidature for appointment as Director (Nominee) of the Company in accordance with the provisions of Section 257 and all other applicable provisions of the Companies Act, 1956.

By virtue of this, Mr. Ravindra Bahl is proposed to be appointed as a Nominee Director on the Board representing Labh Investments Limited and it 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 resolution under Item No. 5 to be passed as an ordinary resolution.

Item No. 6

Mr. Sanjay Agarwal was appointed as the Managing Director of the Company by Shareholders at the Extraordinary General Meeting of the Members held on 14th February, 2008 for a period of 5 (Five) years. His term of office expired on 13th February, 2013, and the Board of Directors at their meeting held on 30th May, 2013, approved the re-appointment of Mr. Sanjay Agarwal as the Managing Director for a further period of 5 (Five) years effective from 14th February, 2013 subject to the approval of the shareholders. The remuneration payable to the Managing Director upon his re-appointment with effect from February 14, 2013, was recommended by the Corporate Governance, Nominations and Remuneration Committee and approved by the Board.

Mr. Sanjay Agarwal, aged 42 years, Promoter of the Company is a merit holder Chartered Accountant from Jaipur. He is a first generation entrepreneur and an all round corporate and retail finance business leader with more than 17 years of experience in financial and credit - risk management and strategic planning. He is conferred with the overall management of the company. He is personally supervising and managing all functions and departments viz. Finance & Treasury, Collections, Legal, Compliances, Human Resource etc. Under his leadership and guidance, the Company has taken great strides in terms of disbursements, profits and performance. His dynamic vision, strategic focus, and entrepreneurial skills continue to guide the growth of the Company's businesses across demanding markets and competitive scenarios.

Your Directors are of the opinion that the re-appointment of Mr. Sanjay Agarwal as the Managing Director of the Company is essential and will be in the best interests of the Company.

The material terms of the draft Agreement pertaining to the re-appointment and remuneration of Mr. Sanjay Agarwal as Managing Director are as follows:

- 1) **Designation** : Managing Director
- 2) **Period** : Five (5) years with effect from 14th February, 2013
- 3) **Remuneration** :

- (i) **Salary:** Salary shall include Basic Salary, Company's Contribution to provident Fund and Gratuity Fund and an amount by way of commission/Bonus, payable annually in addition to the salary, calculated with reference to the performance of the Company in a particular financial year, at the discretion of and as may be determined by the Corporate Governance, Nominations and Remuneration Committee and decided Board of Directors at the end of each financial year

Upto ₹2,25,00,000/- (Rupees Two Crores Twenty Five Lacs only) per annum with authority to the Board to fix the salary from time to time.

The Annual salary and increments will be merit based and will be proposed by the Corporate Governance, Nominations and Remuneration Committee and decided Board of Directors depending on the performance of the Managing Director, the Profitability of the Company and other relevant factors.

- (ii) **Flexible Compensation/Perquisites:** In addition to above, the Managing Director shall be entitled to the following allowances, perquisites, benefits, facilities and amenities as set out in Parts A, B and C as applicable subject to limits contained in schedule XIII and relevant provisions of the Companies Act, 1956.

PART A:

- (i) **Housing:** Mr. Sanjay Agarwal shall also be entitled to perquisites like furnished / unfurnished accommodation. If the Company does not provide residential accommodation, he will be paid such house allowance as the Board may decide from time to time.
- (ii) **Medical Reimbursement:** Allowance for Expenditure incurred for the Managing Director and his family, subject to ceiling as determined in accordance with the policy of company.
- (iii) **Leave Travel Concession:** For the self and family once in a year incurred in accordance with the rules specified by the Company
- (iv) **Valuation of perquisites** shall be done as per the Income-Tax rules, wherever applicable.

PART B:

- (i) Contribution to the Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.
- (ii) Gratuity not exceeding half a month's salary for each completed year of service subject to a maximum limit as specified in The Payment of Gratuity Act, 1972

The items in Part B will not be included in the computation of the ceiling on perquisites.

PART C:

- (i) **Conveyance:** Free use of the Company's car with driver. Personal use of car shall be billed by the Company.
- (ii) **Reimbursement of Expenses:** Apart from the remuneration as aforesaid, Mr. Sanjay Agarwal, shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with the business of the Company.
- (iii) **Sitting Fee etc.:** No sitting fee shall be paid to Mr. Sanjay Agarwal, for attending the meetings of Board of Directors or any committee thereof.

Such other perquisites and allowances/special allowances/entertainment allowances such as club fees, personal accident insurance etc. as per the rules of the company or as may be approved by the Board from time to time.

The remuneration by way of salary, perquisites and other allowances payable in the event of loss or inadequacy of profits in any financial year during the aforesaid period shall be the same as specified above however shall be subject to the provisions of Schedule XIII of the Companies Act, 1956.

Other Terms & Conditions:

- (i) Mr. Sanjay Agarwal, Managing Director shall not be liable to retire by rotation.
- (ii) Mr. Sanjay Agarwal will perform the duties and exercise the powers, which from time to time may be assigned to or vested in him by the Board of Directors of the Company and more particularly defined in the Agreement to be entered into with him by the company.
- (iii) The terms & conditions as above including remuneration, may be altered / varied from time to time by the Corporate Governance, Nominations and Remuneration Committee / Board of Directors as it may, in its absolute discretion, deem fit within the maximum amount payable to the appointee in accordance with Schedule XIII annexed to the Companies Act, 1956 as may be amended from time to time or any other relevant Statutory enactment(s) thereof in this regard subject to that the same does not exceed the ceiling as provided in the said resolution.

The draft of the Agreement proposed to be entered into by the Company with Mr. Sanjay Agarwal is available for inspection by the Shareholders at the Registered Office of the Company on all working days during the business hours upto the date of the ensuing Annual General Meeting.

The above may be treated as an abstract of terms of remuneration under Section 302 of the Act in respect of the Managing Director of the Company.

Except Mr. Sanjay Agarwal being the appointee, no other Director of the Company is concerned or interested in the said resolution.

Your Directors recommend passing of the Ordinary Resolution at Item No. 6 of the Notice.

Item No. 7

Members are informed that as the term of office of Mr. Uttam Tibrewal, Whole-time Director expired on 13th February, 2013, the Board of Directors, at their meeting held on 30th May, 2013, approved the re-appointment of Mr. Uttam Tibrewal as the Whole-time Director of the Company designated as the Executive Director for a further period of Five (5) years w.e.f. 14th February, 2013 subject to the approval of the shareholders.

The terms of reappointment of the Whole-time Director have been finalized by the Corporate Governance, Nominations and Remuneration Committee of the Board of Directors at its meeting held on 30th May 2013. The terms finalized by the Corporate Governance, Nominations and Remuneration Committee and recommended for approval by the Board of Directors are specified in the draft agreement placed before the meeting.

He is associated with the company since 2003 and having experience of more than 15 years. He is handling the marketing and business development function of the Company and is also responsible for developing strategic business relationships.

The Board of Directors of your Company is of the opinion that it is in the interest of the Company to re-appoint Mr. Uttam Tibrewal as the Whole-time Director of the Company to manage the day to day affairs of the Company.

The material terms of the draft Agreement pertaining to the re-appointment and remuneration of Mr. Uttam Tibrewal as Whole-time Director are as follows:

- 1) **Designation** : Whole-time Director designated as Executive Director
- 2) **Period** : Five (5) years with effect from 14th February, 2013
- 3) **Remuneration** :
 - (i) **Salary:** Salary shall include Basic Salary, Company's Contribution to provident Fund and Gratuity Fund and an amount by way of commission/Bonus, payable annually in addition to the salary, calculated with reference to the performance of the Company in a particular financial year, at the discretion of and as may be determined by the Corporate Governance, Nominations and Remuneration Committee and decided Board of Directors at the end of each financial year
Upto 1,75,00,000/- (Rupees One Crore Seventy Five Lacs only) per annum with authority to the Board to fix the salary from time to time.
The Annual salary and increments will be merit based and will be proposed by the Corporate Governance, Nominations and Remuneration Committee and decided Board of Directors depending on the performance of the Managing Director, the Profitability of the Company and other relevant factors.
 - (ii) **Flexible Compensation/Perquisites:** In addition to above, the Managing Director shall be entitled to the following allowances, perquisites, benefits, facilities and amenities as set out in Parts A, B and C as applicable subject limit contained in schedule XIII and relevant provisions of the Companies Act, 1956.

PART A:

- (i) **Housing:** Mr. Uttam Tibrewal shall also be entitled to perquisites like furnished / unfurnished accommodation. If the Company does not provide residential accommodation, he will be paid such house allowance as the Board may decide from time to time.
- (ii) **Medical Reimbursement:** Allowance for Expenditure incurred for the Whole-time Director and his family, subject to a ceiling as determined in accordance with the policy of company.
- (iii) **Leave Travel Concession:** For the self and family once in a year incurred in accordance with the rules specified by the Company
- (iv) **Valuation of perquisites** shall be done as per the Income-Tax rules, wherever applicable.

PART B:

- (i) Contribution to the Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.
- (ii) Gratuity not exceeding half a month's salary for each completed year of service subject to a maximum limit as specified in The Payment of Gratuity Act, 1972

The items in Part B will not be included in the computation of the ceiling on perquisites.

PART C:

- (i) Conveyance: Free use of the Company's car with driver. Personal use of car shall be billed by the Company.
- (ii) Reimbursement of Expenses: Apart from the remuneration as aforesaid, Mr. Uttam Tibrewal, shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with the business of the Company.
- (iii) Sitting Fee etc.: No sitting fee shall be paid to Mr. Uttam Tibrewal, for attending the meetings of Board of Directors or any committee thereof.

Such other perquisites and allowances/special allowances/entertainment allowances such as club fees, personal accident insurance etc. as per the rules of the company or as may be approved by the Board from time to time.

The remuneration by way of salary, perquisites and other allowances payable in the event of loss or inadequacy of profits in any financial year during the aforesaid period shall be the same as specified above however shall be subject to the provisions of Schedule XIII of the Companies Act, 1956.

Other Terms & Conditions:

- (i) Mr. Uttam Tibrewal, Whole-time Director shall not be liable to retire by rotation.
- (ii) Mr. Uttam Tibrewal will perform the duties and exercise the powers, which from time to time may be assigned to or vested in him by the Board of Directors of the Company and more particularly defined in the Agreement to be entered into with him by the company.

The terms & conditions as above including remuneration, may be altered / varied from time to time by the Corporate Governance, Nominations and Remuneration Committee / Board of Directors as it may, in its absolute discretion, deem fit within the maximum amount payable to the appointee in accordance with Schedule XIII annexed to the Companies Act, 1956 as may be amended from time to time or any other relevant Statutory enactment(s) thereof in this regard subject to that the same does not exceed the ceiling as provided in the said resolution.

The draft of the Agreement proposed to be entered into by the Company with Mr. Uttam Tibrewal is available for inspection by the Shareholders at the Registered Office of the Company on all working days during the business hours upto the date of the ensuing Annual General Meeting.

Except Mr. Uttam Tibrewal being the appointee, no other Director of the Company is concerned or interested in the said resolution.

Your Directors recommend passing of the Ordinary Resolution at Item No. 7 of the Notice.

Item No. 8

The Board of Directors of the Company envisages requirements of funds in future. As per the provisions of Section 293(1)(d) of the Companies Act, 1956, the Board can borrow money subject to the condition that the money to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed the aggregate, for the time being, of the paid-up capital and free reserves, that is to say, reserves not set apart for any specific purpose unless the Shareholders have authorized the Board to borrow the monies up to some higher limits.

Hence, it is proposed to empower and authorize the Board of Directors of the Company to borrow money from any Bank(s), Financial Institutions (FIs,), Foreign Institutional Institutions (FII's) Bodies Corporate or Business Associates or other any person or entity etc., in excess of paid up capital and free reserves of the Company by a sum not exceeding ₹6,000 Crores (Rupees Six Thousand Crores Only) for the purposes of business activities of the Company.

The resolution as set out at item no.8 of the notice is placed for your approval of the aforesaid limits of borrowing by the Board upto an amount not exceeding ₹6,000 Crores (Rupees Six Thousand Crores Only) or equivalent thereof in any foreign currency(ies).

With a view to meet fund requirements for the aforesaid purpose, the Company would be required to borrow funds from time to time by way of loans or in any other form whatsoever and / or issue of bonds, debentures or other securities

The said borrowings/ issue of securities may be required to be secured by way of mortgage / charge over all or any part of the movable and / or immovable properties of the Company and as per the provisions of Section 293 (1) (a) of the Companies Act, 1956, the mortgage or charge on all or any part of the movable and /or immovable properties of the Company, may deemed as disposal of the whole, or substantially the whole, of the undertaking of the Company and hence the approval of the shareholders of the Company is required by way of an ordinary resolution.

As per Section 293(1)(a) and 293(1)(d) and other applicable provisions of the Companies Act, 1956, approval of the members is sought by way of an ordinary resolution.

Hence, the Board of Directors recommends passing of the enabling resolution mentioned at item No. 8 in the notice.

Your Directors recommend the above resolution for your approval.

None of the Directors is concerned or interested in the said resolution.

Item No. 9

The Company acknowledges the contribution and efforts made by the Non executive Directors of the company towards the growth of company and governance requirements to be complied by the Company.

It is therefore proposed to pass an enabling resolution to remunerate all the Non-Executive Directors of the Company for payment of commission upto 1.00% of the Net Profits per annum (maximum permissible by the Companies Act, 1956) in the aggregate for a period of Five (5) Years with effect from April 1, 2013.

The quantum of remuneration payable to each Non- Executive Directors and the period for which commission is payable, will be decided by the Board of Directors thereof. This resolution will be effective from April 1, 2013 and will remain in force for a period of five years.

Non-Executive Directors of the Company namely Mr. Mannil Venugopalan, Mr. Krishan Kant Rathi, Mr. Vishal Kumar Gupta, Mr. Vishal Mahadevia and Mr. Ravindra Bahl are deemed to be interested and concerned in this item of business.

The resolution at item no. 9 of the Notice seeks the approval of the Members by way of a Special resolution.

The Board of Directors recommends the resolution for your approval.

PLACE: MUMBAI

DATE: 30.05.2013

BY THE ORDER OF THE BOARD
FOR Au FINANCIERS (INDIA) LIMITED

MANMOHAN PARNAMI
COMPANY SECRETARY

Au FINANCIERS (INDIA) LIMITED

ATTENDANCE SLIP

I hereby record my presence at the EIGHTEENTH ANNUAL GENERAL MEETING of Au FINANCIERS (INDIA) LIMITED on Monday, 26th day of August, 2013 at 12:00 P.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.

TEAR HERE



Au FINANCIERS (INDIA) LIMITED

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 EIGHTEENTH ANNUAL GENERAL MEETING of Au FINANCIERS (INDIA) LIMITED on Monday, 26th day of August, 2013 at 12:00 P.M. at the registered office of the Company at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001, Rajasthan, India.

Signature:

Signed this day of 2013

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.



Unveiling of Issuer Profile of Au Group

Mumbai, December 13, 2012



“Standing from left: Mr. Kapish Jain – Chief Treasury Officer - Au Financiers; Mr. Sanjay Agarwal – Managing Director - Au Financiers; Ms. Ayaan Adam- Head of Financial Institutions and Private Equity, International Finance Corporation (IFC); Mr. Vishal Mahadevia, Board Member, Au Financiers & Co-head and Managing Director, Warburg Pincus India Private Limited; Mr. Raamdeo Agarawal - Joint Managing Director & Co-founder, Motilal Oswal Financial Services; Mr. Deepak S. Parekh – Chairman, HDFC Ltd and Mr. Ramraj Pai – President, CRISIL Ratings”



Au FINANCIERs (INDIA) LIMITED

Registered Office

19 – A, Dhuleshwar Garden,
Ajmer Road, Jaipur – 302 001, Rajasthan

Corporate Office

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

Website: www.aufin.in | Email: info@aufin.in