

Act
different!



Au FINANCIERS (INDIA) LIMITED

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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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In 2012-13 and 2013-14, India recorded two of the slowest growth years in a decade.

Consumer sentiment weakened. Purchases staggered. Downtrading increased. Discounts prevailed.

It would have been reasonable to believe that Au Financiers would report weaker numbers.

On the contrary, the Company increased assets under management by 20 per cent, increased disbursements by 10 per cent and grew profit after tax 15 per cent to ₹92.39 crore.

The Company's contrarian success in this challenging environment can be summarised in just two words.

act different!

Parentage

- The Company was incorporated in 1996 as a non-deposit taking Non-Banking Financial Company (NBFC) categorised as an Asset Finance Company.
- Promoted by first generation entrepreneur Mr. Sanjay Agarwal, the Company is registered under the aegis of the Reserve Bank of India (RBI)
- The Company's wholly-owned subsidiary Au Housing Finance Limited offers home loans; the associate companies Au Insurance Broking Services Private Limited offers insurance broking services and Mpower Micro Finance Private Limited, a Gujarat-based NBFC, is engaged in micro-finance. Mpower addresses the unique financial needs of the people at bottom of the pyramid - an unreached, unserved and unbanked customer segment.

Offerings

The Company is a premier vehicle financing player in Western and Central India offering a variety of financing products and services addressing diverse vehicles (multi-utility, small, light and heavy), cars, construction equipment, tractors, MSMEs, SMEs, Structured Finance and housing loans (through wholly-owned subsidiary Au Housing).

Presence

The Company is headquartered in Jaipur (Rajasthan) and addresses the growing needs of customers through 220 branches across Rajasthan, Maharashtra, Gujarat, Punjab, Madhya Pradesh, Goa, Chhattisgarh, Delhi-NCR, Haryana and Himachal Pradesh.

The Company is a premier vehicle financing player in Western and Central India offering a variety of financing products and services, addressing the financing of diverse vehicles, MSMEs, SMEs and Structured Finance.



Vision

To be the most preferred financial institution with a nationwide presence and provide customised and speedy financial solutions to rural and emerging India thereby guaranteeing trust, confidence, and customer delight.

Mission

At Au Financiers, we strive to lead in providing the best and most trustworthy financial solutions to cater to the entrepreneurial aspirations of the un-reached and un-banked masses of India and be empathetic to their needs. We endeavour to create strong, consistent value for the stakeholders and live up to the trust and confidence reposed in us.



Our principles

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



Fair: We are fair and transparent in our dealings. Transparent 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 live up to the expectations of our clients. We are open and transparent regarding our products and schemes. We understand our clients and their concerns and offer the highest levels of flexibility possible.



Fast: We are fast; the client's priorities are our priorities. We are quick in our decision-making. Our robust operations and disbursement processes ensure a best-in-class turnaround time.



Friends: In Au Financiers, you have 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 create lasting relationships across generations.

Core values

Our aim is to strike the right balance between meeting the needs of stakeholders and the management, which is achieved by pursuing some enduring values.



Entrepreneurship:

We stand by our entrepreneurial aspirations. We inspire individuals, firms, and companies to achieve their dreams.



Personalised touch:

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

The journey

1996

The Company was incorporated as a private limited company in Rajasthan with a limited capital of ₹1 lac by raising funds from high net worth individuals (HNIs) and providing the gamut of financial assistance services in Rajasthan.

1999

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

2003

The Company became one of the leading business partners of HDFC Bank, originating and servicing vehicle loans with a risk-sharing model. This was an inflection point for the Company,

enabling it to scale operations sustainably in Rajasthan.

2006

The Company ventured into Maharashtra through a base in Pune.

2008

- The Company attracted the first round of private equity worth ₹20 crore from IBEF and IBEF-I (funds advised by MOPE Investment Advisors Private Limited).

- The Company originated loans under its own book, adopting broadly similar procedures as those followed by the Company when originating loans for HDFC Bank.

2009

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

2010

- The Company mobilised the second round of private equity funding worth ₹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 growth capital.

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

- The Company diversified by providing loans to micro, small and medium enterprise secured via immoveable properties, plants, machinery and movable assets, stocks and receivables, among others.

2011

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

- The Company set up a wholly-owned



Fairness and equality: We are fair and honest in our thoughts and feelings, and 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 formidable bond of trust.



Nurturing talent: We pursue challenging and rewarding opportunities that nurture personal and professional initiatives in an individual.



Empowerment: We empower individuals to dream, create and experiment to attain leadership qualities through teamwork.



Audacity: We constantly encourage individuals to provide open feedback about our processes, products and services to inculcate best practices within the organisation.

subsidiary housing finance company i.e. Au Housing Finance Limited to provide housing finance services.

2012

- The Company raised the third round of private equity worth ₹150 crore from Warburg Pincus and IFC, who reasserted their confidence by investing an additional ₹33 crore in the Company.
- The Company commenced direct insurance broking services through an associate company – Au Insurance Broking Services Pvt. Ltd.
- The Company's credit rating was upgraded by two notches - from 'CRISIL BBB+/Positive Outlook' to 'CRISIL A/ Stable Outlook' in June 2012 – based on consistent income, robust asset quality and timely capital infusion; CARE upgraded the Company's rating from CARE 'A-' to CARE 'A' in August 2012.

2013

- The Company achieved another milestone by fortifying fund raising relationships with banks, financial institutions and foreign institutional investors – which increased from one in 2007 to more than 50.
- The Company received a five-year commitment for unsecured NCDs from FMO, CDC and Guarant Co. worth ₹330 crore.
- Chrys Capital, a leading private equity fund, acquired a 10.01 per cent stake in the Company.

2014

- The Company entered preferred tie-ups with three major OEMs – Bajaj Auto Limited, Daimler India Commercial Vehicle Private Limited and Atul Auto Limited.

- The Company made a strategic investment of ₹4.5 crore in Mpower Micro Finance Private Limited, a Gujarat-based NBFC carrying out micro-finance. Mpower addresses the unique financial needs of 'bottom-of-the-pyramid' individuals - an un-reached, un-served and un-banked customer segment.
- Au Financiers was featured in *Forbes India* in an article called *14 Hidden Gems*, placing Au Financiers in the elite company of Indian corporates who have done well even during difficult times.
- The Company raised its fourth round of capital equivalent to ₹124.55 crore via a preferential offering of shares to existing shareholders, i.e. promoters, employees and global private equity investors.
- Au Group graduated into the big league by crossing the ₹100 crore mark in net profit in FY 2013-14.

Key highlights of what we achieved in 2013-14

Business performance

- 40 per cent growth in income from ₹440.86 crore in 2012-13 to ₹618.66 crore in 2013-14
- 15 per cent growth in profit after tax from ₹80.21 crore in 2012-13 to ₹92.39 crore in 2013-14
- 10 per cent growth in disbursement from ₹2,438.09 crore in 2012-13 to ₹2,685.04 crore in 2013-14
- 20 per cent growth in assets under management from ₹3,704.32 crore in 2012-13 to ₹4,449.01 crore in 2013-14

Strategic

- Reported 26.36 per cent growth in average loan size from ₹3.46 lac in 2012-13 to ₹4.37 lac in 2013-14 by diversifying asset class

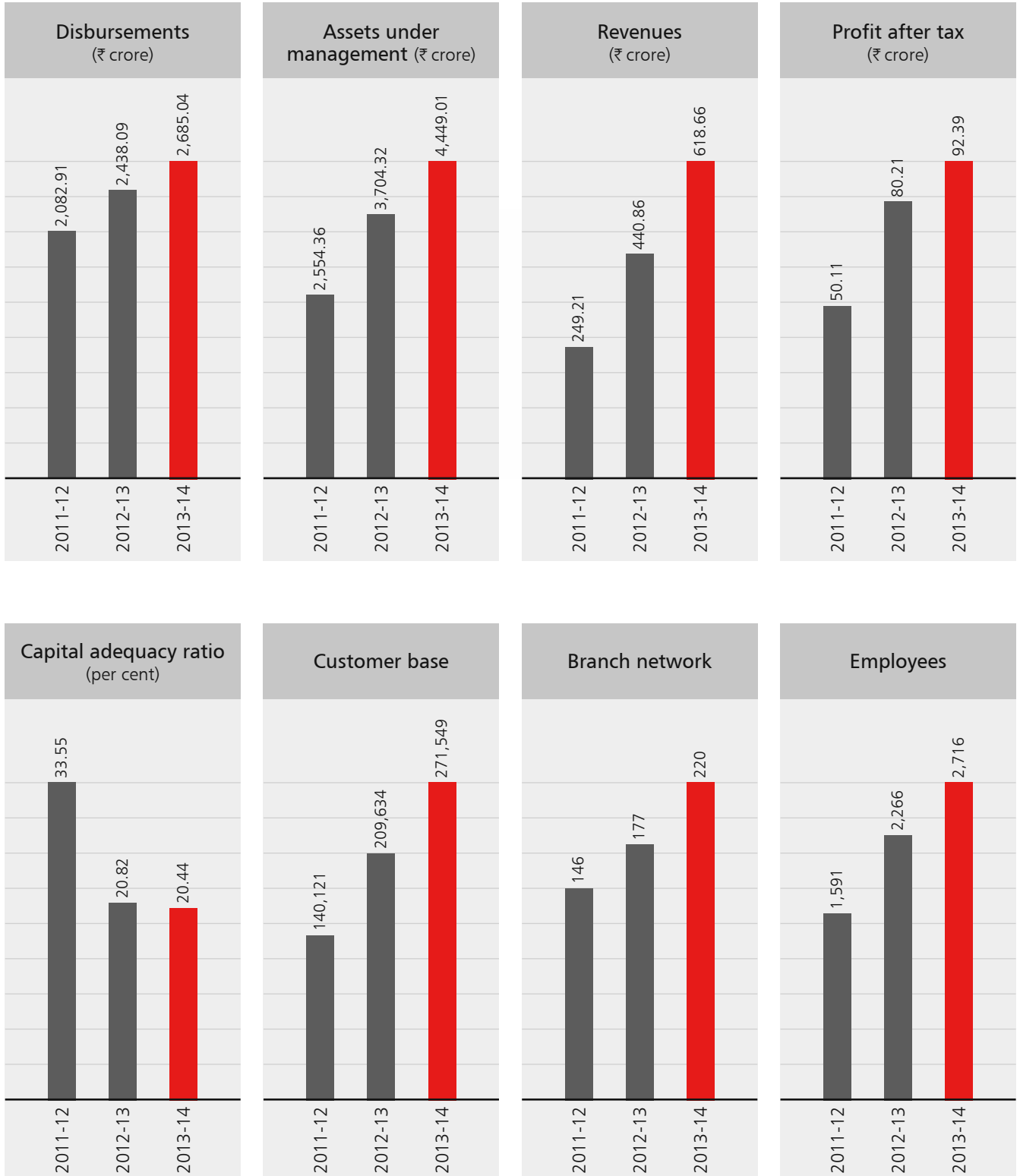
- Reported strong capital adequacy ratio of 20.44 per cent as on March 31, 2014
- Reported strong liquidity position with funds raised worth ₹2,318.30 crore in 2013-14
- Added new product lines, financing to SME (Small and Medium Enterprise) units and small to big sized working capital business loans to manufacturing & services sector, traders, small to medium sized corporates and other business entities
- Added 43 new branches, strengthening our network to 220 as on March 31, 2014

Disbursements by products

Disbursements by products (%)	2012-13	2013-14
Multi-utility vehicle	27	22
Small commercial vehicle	19	16
Heavy commercial vehicle	11	3
Light commercial vehicle	5	4
Three-wheelers	6	5
Cars	16	13
MSMEs	14	19
SME & Structured Finance (SSF)	2	18
Total	100	100

Disbursements by region

State	2012-13 (₹ crore)	2013-14 (₹ crore)	2012-13 (%)	2013-14 (%)
Rajasthan	1,213.59	1,653.83	50	62
Punjab	103.31	81.52	4	3
Maharashtra	569.52	347.21	23	13
Madhya Pradesh	102.63	143.31	4	5
Gujarat	396.15	352.55	16	13
Goa	14.63	6.63	1	0.2
Delhi	19.44	78.68	1	3
Chhattisgarh	18.83	21.31	1	0.8
Total	2,438.09	2,685.04	100	100



Comprehensive responsibility

At Au Financiers, we harbour a sense of responsibility towards our clients, employees, shareholders and the community at large. Over the years, we have carried out these responsibilities diligently, making it possible for Au Financiers to emerge as a conscientious corporate citizen.

At Au Financiers, our overriding goal is to create value for all our stakeholders. As a leading financial services corporate, we provide our clients with customised products and services, we endeavour towards becoming an employer of choice in our sector, we act responsibly in the communities in which we work and focus on generating incremental returns every single year.

Reputation and **responsibility**

Over the years, it has been witnessed that the guidelines which determine the way we conduct our business have become increasingly rigorous. There are norms and standards that govern our sector which have been extensively implemented at Au Financiers as well. This compliance represents our inherent commitment to do everything by the book.



As a responsible citizen, we are also required to enrich the communities where we are present. Since inception, we have made consistent efforts towards the upliftment of local communities through education and the society at large by catalysing social and environmental change. As a corporate, we do not undertake any activity that has an adverse impact on society or the environment.

Standards and **benchmarks**

As a financial services group, we perceive that socially and ethically responsible operations are key towards business sustenance. Moreover, the sector that we work in involves financing and executing transactions or holding assets for individuals who harbour financial, regulatory and reputational risks for a corporate like us. This is because the bulk of customers that we cater to lack any kind of documentation to vindicate their financial worth. However, it is our express intention that we specifically reach this under-served section who have been denied these services.





Culture of **compliance**

As a responsible corporate citizen, we operate within a defined regulatory and legal framework as any non-compliance could damage our reputation. Our management and employees share a responsibility while being compliant with the local, regional and national, regulations, professional codes and best industry practices applicable to our respective businesses. This can be gauged from our superior credit rating and faith reposed in us by marquee private equity investors.



Taking and controlling **risks**

Taking risks is an inextricable part of the financial services business. However, we handle these risks with care. A clearly formulated approach to risk is followed across the entire organisation, which helps ensure that we maintain an optimal risk-return balance. Priority is given to thorough and ongoing staff training in these areas so that our employees can effectively appraise the risks involved before venturing into deals.



Sustainable **growth**

We, at Au Financiers, have built our business around long-term sustainability. The Company believes it will endure as a business corporation only if it recognises that there is adequate value left on the table for its associates, customers and employees. A farsighted approach guides our decision-making, inspiring the Company to extend from established profitable businesses to new ones - from vehicle financing to housing finance to insurance broking services to structured finance and others.



Internal **guidelines**

In some areas, we set stricter limits to our business than called for by the applicable laws or codes of conduct. These restrictions are binding, irrespective of the profitability of a transaction or business relationship at any given instance. Concurrent audits, strict monitoring of every cash transactions along with other organisational precautions reflect our readiness to undertake reasonable efforts to prevent transactions involving regulatory risks, suspicion or doubt.

We are aware, however, that no matter how comprehensive the rules are, it is impossible to prevent undesirable transactions with certainty and that wherever people work there will always be scope for human error. However, it will comfort our stakeholders that we have enacted stringent guidelines with regard to existing or prospective clients thereby shielding us and our clients from any unnecessary risks.

Our competencies



At the corporate level

Resource-efficient: The Company is an established player in the vehicle financing business with an incisive awareness of India's rural and semi-urban markets built up over the span of a decade. Leveraging this knowledge, the Company has grown from strength to strength in the MSME lending, SME lending and structured finance (SSF) and insurance broking spaces, setting up separate verticals and teams for focused working with a sense of ownership and responsibility.

Trust-inspiring: Investments by esteemed financial investors like IBEF and IBEF-I Funds advised by MOPE Investment Advisors Pvt. Limited, International Finance Corporation (IFC, Member - World Bank Group), Warburg

Pincus and Chrys Capital, enhanced our credibility. Further, a rare equity investment by Motilal Oswal Securities Limited in Au Financiers, which does not have its equity listed on any stock exchanges of India, to the tune of ₹18.87 crore via a preferential offer of shares, is a testimony to the Company's professionalism and recognition of its mature business model. Besides, Au Financiers has periodically demonstrated an ability to mobilise capital across challenging economic scenarios. The Company mobilised equity funding on four separate occasions from global private equity fund totaling ₹362.56 crore.

The company we keep: Owing to longstanding associations with leading automotive OEMs, the Company has

been successful in reporting sustainable growth. The Company emerged as a preferred financing partner for automotive OEMs like Maruti Suzuki, Hyundai Motors, Tata Motors, Ashok Leyland, Piaggio and ICML, among others. In FY13-14, the Company emerged as a preferred financier for three more major OEMs – Bajaj Auto Limited, Daimler India Commercial Vehicle Private Limited and Atul Auto Limited.

Widespread reach: With a reach extending across 10 states and 2,71,549 customers, the Company enjoys a network of 220 branches, right down to the grassroots (*tehsils/villages*).

At the fiduciary level

Systemic discipline: Au Financiers has reinforced rigorous procedural regulations across the origination, underwriting and collection functions. Even though the Company's client roster does not feature any large corporate, we have demonstrated the ability to grow our asset book

manifold and maintaining our net NPA considerably lower (0.42 per cent) than the industry average of 1.3 per cent.

Remarkable liquidity: Au Financiers' commendable asset-liability maturity (ALM) with a positive mismatch of 29 per cent on the one year cumulative outflows as on March 31, 2014 was a reflection of the Company's ability

to convert assets to cash and address 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 the assigned/securitised loan portfolio.

At the operational level

Forging strong ties: The Company provides an efficient and effective service with minimal administrative delay. Unlike conventional corporate lenders, Au's team interacts directly with loan applicant and handholds them through the disbursement process, extending credit appraisal from mere documentation and credit history

appraisal to an accurate assessment of individual borrower backgrounds, profiles and aspirations.

Foolproof corroboration: The Company possesses a four-layered credit filtration and verification process, which ensures that each loan is adequately appraised. Moreover, the Company assesses the synergy and practicality between the product, customer profile,

experience, knowledge and intended money use by borrowers.

Empathetic collection: With the in-house collection team using an amicable approach marked by flexibility and understanding during stressed repayment tenures, the Company has created the image of a benefactor, enhancing customer confidence.

Our business model

At Au Financiers, we have demonstrated the ability to transform from a small to an organised financing house through a credible business model, resulting in discernible year-on-year growth.



Funding the underserved

- At Au Financiers, we selected to finance the needs of those individuals who were creditworthy but denied financing by most financiers because of underdeveloped banking facilities in those areas and also due to a 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 pockets and huge ambitions will usually justify the faith of their creditors.
- The Company not only funded thousands of individuals who were overlooked as 'unsafe' but turned them into trusted customers. Au did so by corroborating their backgrounds diligently, guiding them through the process and keeping their interests at the forefront.
- We demonstrated that the financing of un-banked first generation rural and, semi-urban entrepreneurs was no longer taboo but also made eminent sense, reporting a net NPA of 0.42 per cent in terms of assets under management, which was well below the industry average.

Funding for productive assets

- Au's philosophy of financing revolves around the exclusive purchase of productive assets, thereby transforming hesitant individuals into active entrepreneurs.
- The Company recognised that as India prospers, customer needs will diversify from the purchase of productive income-generating assets to housing loans, which are provided by the Company's wholly-owned subsidiary – Au Housing Finance Ltd., insurance broking services through its associate Au Insurance Broking Service Pvt. Ltd. and micro finance through MPower Micro Finance Pvt Ltd.



Inspiring confidence

- At Au Financiers, we created the credibility to inspire some of the biggest global financial giants to infuse capital for us, as a result of which we grew our book across every single year of our existence.
- The presence of PE investors 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 long-term funds.
- We attracted unsecured debt funds from international multilateral financial institutions even as we are a first generation financing corporate. By the virtue of being globally-recognised brands, their associations have helped us draw more such credible names to finance our growth.



Building customer trust

- The Company central operating philosophy revolves around the fact that the Company will exist for the benefit of our customers. It is our sense of trust, which translates into an enhanced sense of goodwill and which, in turn, extends into a holistic corporate culture.
- The Company enjoys a presence across almost every 50 kilometres in Rajasthan, our principal market, and is one of the well-distributed NBFC networks in the state.
- Our loan products are created to address customer conveniences that help our customers earn an honest livelihood. A user-friendly approach is therefore crucial at every stage of customer interaction and especially in terms of collections.
- Loan terms have been adapted to suit customer requirements while providing them with a sense of familiarity and functionality.



Strong governance

- The Company invested in a governance structure that is committed to extend beyond the letter of the law. The result was that even as the Company's equity shares remained unlisted, a number of our actions were benchmarked with a governance discipline that is applicable to listed companies.
- At Au Financiers, our governance was principally directed towards benefiting stakeholders. The management is convinced that if our processes and systems are directed towards this primary goal, growth will most certainly be assured.
- The Company 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.
- We acknowledge the responsibilities we have towards our stakeholders – the responsibility to enhance corporate value for our shareholders, the responsibility to use loans with prudence and meet repayment obligations on schedule for the benefit of our lenders and the responsibility to create business opportunities for original equipment manufacturers ethically.



Enhancing stakeholder value

Everything we do serves the aim of enhancing value for our shareholders, clients and employees.

If we are to ensure our long-term presence in a competitive marketplace, there is only one way to do it and that is to create added value for our shareholders. However, we will only be successful if the growth is sustained. To ensure this, we make sure that we satisfy our clients and they, in turn, regard us as a preferred choice.

Creating shareholder value

Au Financiers aims to be the most respected player in the Indian financial services space through a growing presence in under-penetrated segments, efficient cost management, effective risk control and best-in-class technology.

Economic: Companies endure when they are profitable; the surpluses generate resources to address reinvestments to support growth. We consider economic viability as the bedrock of our sustainability. There is absolutely no doubt that if our business becomes less profitable, our ability to enhance value in a sustainable way for our stakeholder community would be impaired. We reinforced our viability across two decades through the following initiatives:

- An entrepreneurial approach by first generation businessmen with no corporate or institutional pedigree, helping grow the business in the face of competition from large corporates.
- Wide branch network with the ability to reach deeper in the markets.
- Ongoing audit (quarterly) discipline.

The result is that we grew our revenue

at a CAGR of 83.75 per cent over the five years leading to 2013-14.

Employees: A corporate's business is driven by its people. Over the years, the Company invested prudently towards improving sectoral knowledge, employee efficiency and procedural efficacy. The Company attracted the best talent from the industry, reinforced by high retention. Over the years, Au Financiers also enriched employees by creating a responsible career-path, increasing job opportunity and infusing a pride of association. Besides, the Company, subsidiaries and associate companies are prolific recruiters of rural talent including women, helping catalyse local economies.

Customers: In a competitive business environment, customers prefer to work for corporates who can be trusted. Over the years, Au Financiers has created this sense of trust through the following initiatives:

- Focused on employee training across verticals
- Augmented our procedural efficiency without compromising regulatory requirements

- Enhanced customer familiarity by employing from within the local landscape
- Possessed an experienced team to provide knowledge to customers about the importance of financial discipline.

The result is that the Company added 2,44,892 new customers over the last five years, making Au Financiers a leading player in Rajasthan, Maharashtra, Gujarat, Madhya Pradesh, Punjab, Delhi-NCR, Haryana, Chhattisgarh, Goa and Himachal Pradesh.

Society: In line with our vision to be the 'most preferred financial institution', we recognise the need to catalyse social transformation. In view of this, the Company set up an Environmental and Social Risk Management Framework (ESMF) in association with the IFC and SIDBI, which focused on the use of environment-friendly technology.

The Company also focuses on specific need areas (mid-day meal and education) to improve the lives of the underprivileged.



act different. Diversity

In the financing sector, the conventional response for companies was to specialise in one segment (say vehicles), create a brand and build scale. At **Au Financiers**, we chose to act different. We selected to diversify.

Even as we entered the business through the financing of vehicles, we selected to widen our product basket (MSME loans, SME and Structured Finance (SSF)) for some valid reasons.

One, we perceived that rural India – where we are principally located – was under-serviced for a variety of products with long-term potential.

Two, a number of these products represented the core needs of an aspirational India.

Three, the progressive diversification would insulate the Company from a temporary weakness in one segment and reduce our product concentration risk.

Gradually, Au Financiers widened its product basket; vehicle financing, which accounted for 99 per cent of disbursements in 2008-09, was moderated to 62 per cent of disbursements in 2013-14; within vehicle financing, the proportion of the economy-sensitive commercial vehicles (HCVs) decreased during the year from 11 per cent to 3 per cent of overall disbursements; the proportion of a relatively insulated segment (MUVs and SCVs) increased from 55 per cent to 60 per cent of vehicle disbursements.

The result: Au Financiers has grown from one business segment to many; even as the vehicle finance business declined 18 per cent across the country, overall, Au's total disbursements grew by 10 per cent.

Business segment	2012-13 (₹ in crore)	2013-14 (₹ in crore)
New vehicle finance	1,431.72	1,245.80
Used vehicle finance	602.34	431.66
MSMEs	351.35	516.78
SSF	52.68	490.79

The bottomline is that Au Financiers evolved from a vehicle financing company to a financier with diverse interests.

Acting different works.

act different. Enrich

In the financing sector, the conventional response was to recruit during industry uptrends and rationalise during industry declines. At **Au Financiers**, we chose to act different. We selected to recruit, train and retain across all market cycles – boom or bust.

The Company recognised that in a business that addressed rural first-time entrepreneurs, what was required was the right mindset. The Company reinforced this mindset through the following initiatives:

- Recruited experienced achievers to head our business segments
- Recruited from the terrains of our presence, consequently acquiring a sense of familiarity among existing and intending customers
- Matched profiles with qualifications and job

functions resulting in enhanced effectiveness

- Recruited different people for different verticals, enhancing specialisation
- Reduced the number of people per vertical, enhancing responsibility
- Encouraged representatives to customise offerings, meeting customer needs and economic realities

The bottomline is that Au Financiers transformed an employee mentality into an entrepreneurial mindset.

Acting different liberates.





Au Financiers recruited from the terrains of its presence, consequently acquiring a sense of familiarity among existing and intending customers.

act different. Concentrate

In the financing sector, the conventional response was for companies to spread themselves across the national landscape to widen their geographic risk. At **Au Financiers**, we chose to act different. We selected to concentrate on creating a brand image that was distinctly different from our sectoral peers in the regions where we operate.

The Company recognised that in a business propelled by trust, the driving force was the widespread presence of the brand. When an individual saw Au Financiers' presence in contiguous towns, it enhanced confidence; when a consumer saw Au Financiers' hoardings every few hundred metres on the highway, it enhanced assurance; when a consumer chanced upon a favourable word-of-mouth about Au Financiers, it reinforced trust.

In view of this, Au Financiers selected to grow its presence in Rajasthan ever since entering the financing business in 1996. We widened our footprint across the contiguous markets of Maharashtra, Gujarat, Madhya Pradesh, Punjab, Delhi-NCR, Haryana, Chhattisgarh, Goa and Himachal Pradesh.

Even as the conventional response of most financiers had been to locate

themselves in convenient urban locations where walk-ins were quicker but margins thinner, Au Financiers did the reverse: instead we selected to carve out a presence in rural and semi-urban locations where we largely addressed the needs of first-time customers.

The result is that 10 per cent of Au Financiers reported an increase in business in a weak 2013-14; the Company was not required to reduce branches to rationalise overheads. On the contrary, Au Financiers grew from 177 to 220 branches during the year under review, laying the ground work for the next round of growth.

The bottomline is that Au Financiers has demonstrated that creating new customers, rather than servicing existing ones, can actually be a robust business model.

Acting different reinforces.



act different. Capitalize

In the financing sector, the conventional strategy lay in sourcing loans from commercial banks and lending to growth-driven entrepreneurs for a mark-up. At **Au Financiers**, we chose to act different. We capitalised on the direct assignment route to mobilise funds from commercial banks.

We recognised that we needed to grow our disbursements without stressing our Balance Sheet.

We successfully sold ₹536.18 crore (POS) worth of assets of our vehicle and MSME financing book to a leading PSU banks. While this provided the bank an opportunity to fulfill its priority sector lending requirements, it also helped Au Financiers mobilise ₹1,053 crore (direct assignment and securitisation put together) for onward deployment and reduce risks to which our vehicle finance and MSME portfolio were exposed.

The result: Au Financiers strengthened gearing (from 5.34 to 3.33) and access to funds in a resource-starved economy with a sense of hands-on preparedness in expectation of an impending economic rebound.

The bottomline is that Au Financiers reinforced its financial structure even as the performance of the overall sector weakened.

Acting different strengthens.





act different. Economise

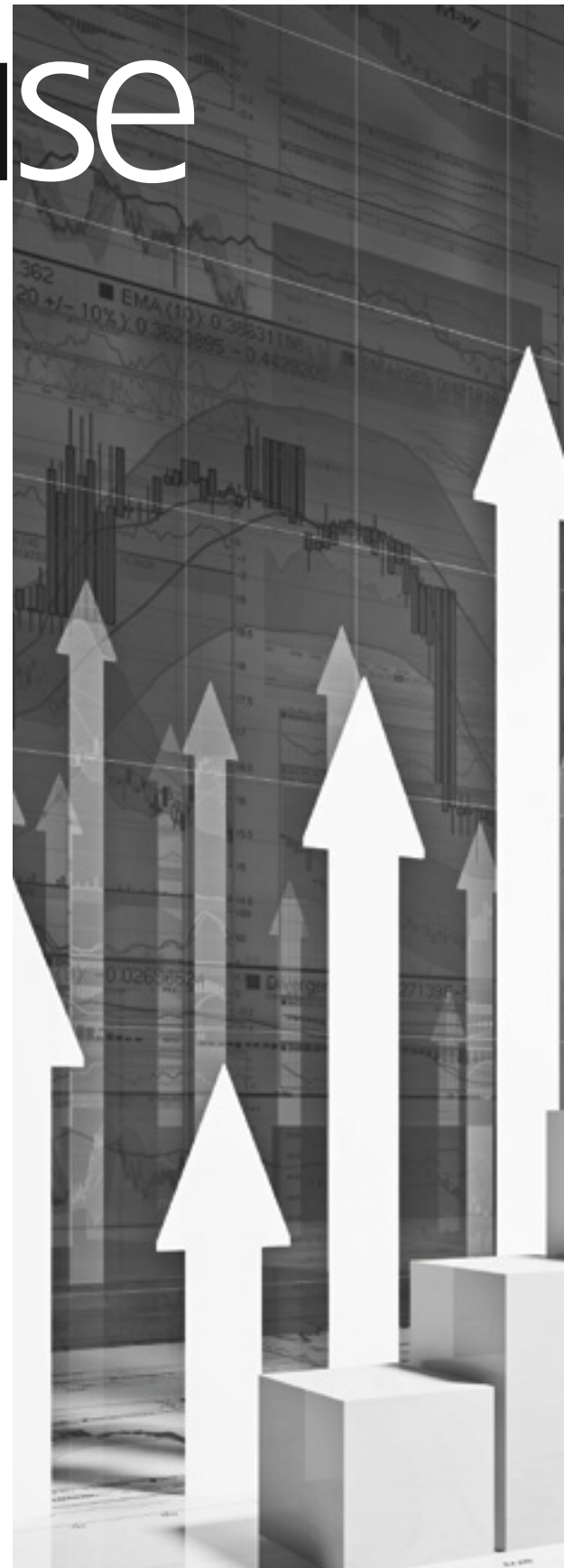
In the financing sector, the conventional strategy has always been to pass through the costs of a mobilised loan – generally at a fixed rate, based on the country's prevailing prime lending rate - from a commercial bank to the borrower. At **Au Financiers**, we chose to act different. We embarked on various initiatives to moderate loan costs during an economic trough and enhance our competitiveness.

We leveraged our priority sector presence and the strength of our Balance Sheet to mobilise funds at cheaper rates. We diversified funding sources towards financial products like commercial papers and bonds which helped moderate our borrowing costs. We inspired in Motilal Oswal Securities the confidence to invest in our unlisted equity an aggregate ₹18.87 crore, strengthening our valuation. The

Company reduced funding costs by 50 bps even as bank lending rates increased by 50 bps during a challenging 2013-14.

The bottomline is that Au Financiers has demonstrated strong fundamentals in good markets and bad, reinforcing the power of the Au brand among our stakeholders.

Acting different insulates.





We leveraged our priority sector presence and the strength of our Balance Sheet to mobilise funds at competitive rates.





act different.

Empathise

In the financing sector, the conventional response is to invoke the rules of a transaction irrespective of market realities. At **Au Financiers**, we chose to act different. We demonstrated a sense of empathy while trying to understand customer limitations during a challenging year.

The Company recognised that in a business where a number of rural first-time entrepreneurs were being challenged by a slowdown hitherto unseen, the solution lay in helping them comprehend realities and strengthen their businesses than demanding immediate repayment. The Company reinforced this sentiment through the following initiatives:

- Declared 2014 as the 'Customer Year', underlining our initiatives to interface responsibly with our customers
- Adopted the position of being a purveyor of customer trust, willing to consider compelling reasons for delayed repayment

- Identified the reasons behind specific customer repayment delays, providing comfort-enhancing assurances that vehicles would not be repossessed in the event of default (while encouraging periodic lumpsum payments)
- Advised customers on profitable routes where they could run their vehicles

The result: Au Financiers reported net non-performing assets of 0.42 per cent in 2013-14, which was well below the prevailing industry standard of 1.3 per cent.

The bottomline is that Au Financiers consistently evolved transactions into enduring relationships.

Acting different inspires.

Review by the Managing Director



The year 2013-14 was perhaps the most challenging ever for our business.

In 2013, global growth remained largely unchanged. As per IMF estimates, global GDP growth was estimated at 3% in 2013 against 3.1% in 2012. The year under review was marked by rising interest rates, flat business volume growth and increasing operating costs.

Also, India's growth slackened through FY13 and FY14. As estimated, GDP growth in 2013-14 is pegged at 4.9%, the second successive year of sub-5% growth with stagnated industrial growth, stalled infrastructure projects and subdued corporate investments contributing to the slowdown.

Growth in challenging circumstances

At a time when most of our sectoral peers would have been relieved to have escaped the brunt of the slowdown with a marginal decline in numbers, Au Financiers achieved the unexpected: the Company reported a 10% increase in disbursements, a 20% growth in assets under management and a 15% improvement in our profit after tax.

At the close of the financial year

under review, we reported 0.42% of net non-performing assets which was considerably below the industry figure of 1.3%, a critical index of our performance. So while it would be fair to state that Au Financiers was not insulated from the impact of the economic slowdown, we were reasonably protected.

The reason behind the outperformance of Au Financiers during a challenging economic environment was the strength and adaptability of our operating model. Some salient features of our response to the prevailing slowdown are encapsulated below:

One, we took a contrarian view of the performance of the vehicle financing sector as early as mid-2012-13 when the world at large was still moderately optimistic. We perceived a weakening of the Indian currency, we foresaw a consequent increase in fuel rates, we anticipated a deterioration of the Indian economy and as a result consciously prepared for the contraction that eventually transpired in one of the areas of our presence - financing of heavy commercial vehicles. Consequently, we planned hands-on to diversify in appropriate asset classes and insulate ourselves from a concentration

risk. We continued to maintain our strong presence in the vehicle finance segment by aligning ourselves with stringent norms at a time when some of our competitors chose to withdraw from vehicle financing in FY13-14.

Two, we didn't just think different; we acted different. The result is that Au Financiers emphasised on fostering a culture of execution excellence. A number of things that we achieved in the last few years were not the result of our lateral genius derived from staying in an ivory tower of comfort; they were the result of practical responsiveness in exigent circumstances. For long we were perceived as an HCV-financing company who supposedly found it easier to write out large loans for a relatively small batch of customers. Once we perceived that the economic slowdown would intensify, we reconfigured our portfolio towards multi-utility vehicles, small/light commercial vehicles and loans for MSMEs and SMEs. Besides, once we perceived a challenging external environment and sub-optimal returns from the vehicle financing business, we evolved speedily to position ourselves as a reliable financier (across different businesses) and increased our share in the comparatively attractive product MSME and SME segments.

Three, we didn't play to protect during the difficult year under review; we played to win. The result is that even as most companies would have selected to consolidate the number of branches, we focused on growing them; even as a number of companies were inclined to shrink their presence through retrenchment, we focused on enhancing people productivity and job rotation from one department to the other besides engaging personnel in cross-vertical functions, depending on their experience and expertise in specific functional areas.

Four, we hired senior people from the industry for our different business verticals (vehicle finance, loans to MSMEs and SMEs) enhancing execution capability, performance delivery, and accountability.

Five, the Company a preferential issue by issuing equity shares at a premium to its existing investors and other domestic investors. The issue was subscribed among others, by Motilal Oswal Securities Limited, India's leading financial services company, reflecting the trust and the confidence reposed in us.

Six, we didn't come up with the conventional excuse that nothing works in a difficult market. Instead, we strengthened our organisation through product diversification, portfolio restructuring, capital infusion, cost rationalisation and strategic clarity (qualitative preservation over quantitative growth). Also, the Company managed to reduce its cost of borrowing in a rising interest rate scenario. The Company conducted crucial restructuring

exercises at the ground-level to produce the desired results.

Seven, we improved the quality of our market interface; we empowered the people representing us in the marketplace to participate in strategic decision-making and the result is that the Company evolved from a singular focus on vehicle financing to a wider portfolio spread in line with the aspirational requirements of India's rural under-served millions.

The result is that even as we increased disbursements and assets under management, we protected the quality of our book with the objective to be the quickest off the block when the economy rebounds.

Eight, we focused on diversification of funding sources and reduce our reliance on bank funds and usher operational efficiency through a strict adherence to budgets. We rendered a better quality of service to our customers. The executives working with the Company understood the customer mindset and provided relevant advice.

The result is that we forged strong relationships with more than 50 lenders – banks, FIs, FIIIs, multilateral development financial institutions, insurance companies and mutual funds, raising money through capital market instruments like commercial papers and bonds. Hence, the Company was able to reduce its cost of borrowings substantially.

Outlook

I am optimistic about our prospects for a number of pertinent reasons.

At Au Financiers, we established robust funding lines from commercial banks, reinforced our Balance Sheet with low-cost funds, strengthened our gearing from 5.34 to 3.33 following the infusion of equity in 2013-14, deepened our distribution across the markets of our presence and equipped ourselves for an economic upturns as and when it happens. We reinforced this with a strong risk understanding translating into a quality order book.

Au Financiers is in the right place at the right time with the right products. When the Indian economy revives – we expect this to happen in 2014-15 following the rupee regaining its strength, inflation moderating and an increased focus by the government on infrastructural growth – we will be able to address unmet needs emanating from suburban and rural India.

The result is that we expect to grow our disbursements from ₹2,685.04 crore in 2013-14 to a projected ₹8,000 crore by 2016-17 and expect to grow our loan book to ₹12,000 crore by 2017-18.

Why I am hopeful of achieving these numbers is because we have emerged as one of the most remarkable success stories in a dynamic and demanding industry through our ability to 'act different'.

Sincerely,

Sanjay Agarwal
Managing Director

BUSINESS SEGMENTS

Vehicle financing

1,677.46

Disbursements
(₹ in crore)

62

Contribution (%) to the total
disbursements

3.10

Average loan size
(₹ in lacs)

Overview

The bulk of the Company's business operations revolves around financing or refinancing of vehicles. The Company went into the business by lending money for buying three-wheelers in rural Rajasthan; gradually, we ventured into all categories of commercial vehicular financing. Presently, half of all three-wheelers in Jaipur are financed by Au Financiers. The Company also offers loans to customers to buy used vehicles (refinance).

For the past 15 years, the Company helped grassroots entrepreneurs realise their dreams by financing their vehicles. Au Financiers predominantly catered to the financial requirements of customers in the rural and semi-urban belts of the ten states we operate in.

The Company financed the following vehicle types:

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

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 credible client list ensured that the Company financed vehicles of some of the most prestigious corporates, translating into dependable returns (for borrower and financier) in the long-term.

The Company also focused on new vehicle financing and first-time buyers, primarily small transport operators running vehicles on feeder routes. We provided finance to 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 around customer needs.

The year 2013-14

■ During the year under review, the Company minimised its exposure to the heavy and medium commercial vehicle sector, which had witnessed a slowdown. The Company's heavy commercial vehicle segment contributed 3 per cent of total disbursements.

■ The Company tied up with new manufacturers in the MUV segment as well as the passenger cars segment, depending upon product demand.

■ The Company commenced various dealer schemes in sync with dealer aspirations, generating a higher disbursement. The Company not only forged dealerships but also tied up with OEMs for the used vehicle segment. Nearly 25.73 per cent of vehicle disbursements were on account of used vehicle financing (30 per cent in the previous year).

■ The Company's disbursements increased by 10 per cent from ₹2,438.09 crore in 2012-13 to ₹2,685.04 crore in 2013-14; average ticket size for vehicle loan decreased from ₹3.46 lac in 2012-13 to ₹3.10 lac; average loan tenure was 39.23 months.

■ The Company opened 43 new branches during the year under review; total branches increased from 177 branches in 2012-13 to 220 branches in 2013-14.

Road ahead

Going ahead, the Company expects to grow the vehicle financing segment by 19 per cent with a focus on used vehicles.

BUSINESS SEGMENTS

Micro, small and medium enterprise (MSME) loans



516.78

Disbursements
(₹ in crore)

47

y-o-y growth (%)

The Company developed a keen understanding of businessmen with restricted access to organised funding on account of inadequate documentation.

Overview

Even as recently as five years ago, Au Financiers chose to be identified as a corporate with focused interests only in the business of vehicle financing. Then something happened: customers began to seek help from the Company for financing other requirements and escape from local moneylenders and the related cycle of indebtedness.

In 2009-10, Au Financiers began to disburse secured loans for financing MSMEs in the manufacturing and service sectors or small farmers engaged in agricultural and allied activities. These loans helped sustain and/or expand fledgling businesses, ease equipment purchase, fuel business expansion, foster startups, upgrade technology, build capacity, finance working capital

requirements and erect buildings or sheds, among others.

The Company identified key clusters to execute the next step, which required a logistical knowledge of the local markets. The Company developed a keen understanding of businessmen with restricted access to organised funding on account of inadequate documentation. Au Financiers targeted under-served customers in small urban centres and towns marked by a dearth of other NBFCs and banks. The Company offered loans to those dismissed as 'difficult to assess' and yet reported delinquencies lower than the industry average.

Besides, Au Financiers selected to engage employees indigenous to the regions of our presence. This customer-

based, geographical and cultural familiarity strengthened the Company's ability to responsibly appraise customers.

The result: extensive pre-sanction research was conducted for insights into the cash flow of prospective borrowers (in terms of purchases, inventory, billing, collection cycles and variability in cash flows) to assess their repayment capability. As part of a far-sighted de-risking measure, we protected ourselves through adequate collateral apart from

the primary security deposit (either in the form of mortgage of business property or the residential premises of the proprietor) and registration of Immovable property with CERSAI further strengthens the Company's security interest of MSME Loans.

Over the last three years, the Company developed an understanding of legal and technical complications in rural and semi-urban areas through mortgage-backed MSMEs lending with a collateral cover of 250 per cent. The Company

maintained a high collection efficiency through a business model driven by strong relationships. Au Financiers helped semi-urban and rural customers understand and create property title documents through a comprehensive and one-stop network of lawyers, technical agencies and valuers.

The year, 2013-14

■ During the year under review, we expanded our share in the MSME segment by extending our portfolio of products and services. It started with a unidimensional venture of funding small ticket MSMEs. The Company recruited talented personnel to work in these verticals.

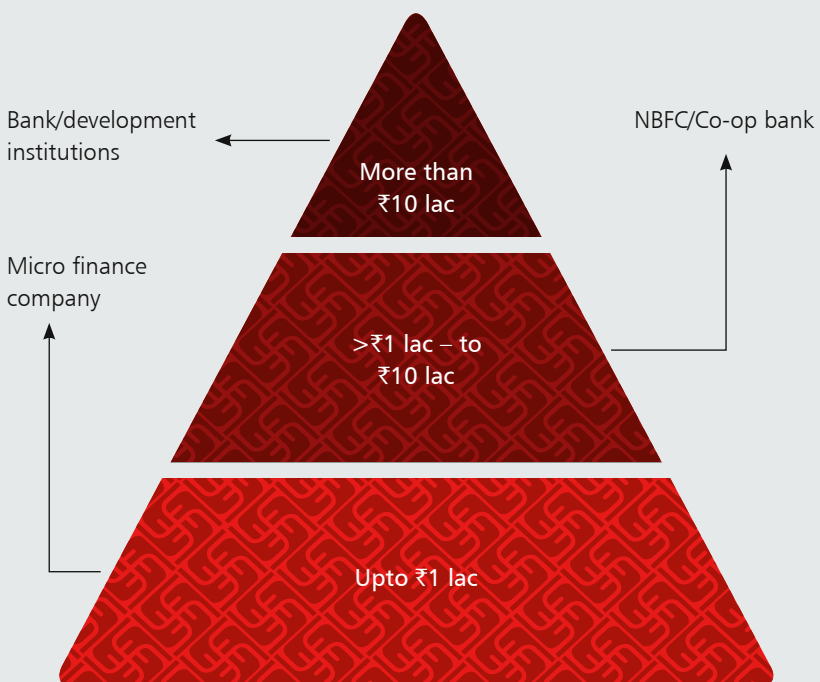
■ In the four years of existence, this segment reported an outstanding loan book worth ₹900 crore (more than 60 per cent growth over the previous year). The endeavour has been to sustain momentum without compromising product quality. The Company matured to a point of having an in-depth business understanding marked by the ability to customise products as per customer requirements.

■ Vehicle financing accounted for 70 per cent of the loan book, while MSME accounted for 20 per cent. It is expected that the business from newer segments will scale in the next fiscal.

Road ahead

Going ahead, the Company expects to report attractive growth without compromising asset quality. With additional market and logistical knowledge, we intend to expand our offerings.

Bridging the gap in India's MSME space



- Organised working
- Corporate entity
- Organised financials
- Cash flow analysis
- Projects-specific loans

- Unorganised working
- Individual entity
- Cash basis accounting
- Composite loan requirements

- No financials
- General need of funds

BUSINESS SEGMENTS

SME and Structured finance



490.80

Disbursements
(₹ in crore)

The Company hired competent professionals to manage this work in the new vertical, SSF accounted for 18 per cent of the total disbursements for the year ending March 31, 2014.

Overview

As a financial institution, Au Financiers assessed that every business is different in terms of size, nature and financing requirements. Hence, Au Financiers started looking at credible, strong businesses being run by experienced professionals looking for finance to expand their businesses, which had good security cover, were backed by good cash flows and earned a reasonable return for our business.

Products

- SMEs loans (ticket size of more than ₹25 lac)
- Working capital business loans

The year, 2013-14

During the year under review, we

expanded our share in structured finance by extending our portfolio of products and services. It started with a unidimensional venture of funding small ticket MSMEs and progressively diverged into new segments of financing SMEs loans (with a ticket size more than ₹25 lac). The Company hired competent professionals to manage this work in the new vertical, SSF accounted for 18 per cent of the total disbursements for the year ending March 31, 2014.

Road ahead

The Company is adequately liquid and with focused credit and business teams in place, an overall improvement in operational efficiency and business volume is expected.

BUSINESS DRIVERS

Credit management

238

Average applications
per day

68

Rural/semi-urban customer
exposure (%) as on
March 31, 2014

Overview

The success of any NBFC depends on prudent risk-taking. At Au Financiers, this aspect is critical as a majority of the customers either belong to the unorganised segment or are first-time users.

It is of utmost importance to assess credibility in the absence of income substantiating documents. Au takes into account the experience of the loan applicant in dealing with assets, ability to earn and repay the financier out of the asset.

The Company assesses the customer's ability and intention to pay. The ability to pay can be easily measured on the basis of how much a person can earn out of the assets even as there are no fixed parameters as such. Au assesses the customer's profile at multiple levels including neighbourhood verification.

The year, 2013-14

- The Company graduated to a technology platform called Omnifin, which recorded the information for the customer from lead generation to loan closure. This structured approach facilitated an insight into the workflow, creating accountability across all levels.

- This system made it possible for the turnaround time to be periodically monitored by accessing information available online.
- The Company invested in training the sales and credit teams for a better assessment of loan applicants. There is a need for the sales and marketing team to think uniformly and be in sync to get applications passed seamlessly through credit filters.
- The Company developed a case-based training programme for the sales and credit teams to ensure a uniform understanding of credit parameters and assessment of deals.
- The team undertook a periodic monitoring of portfolios leading to corrective action. Owing to rich experience, the Company anticipated a prolonged slowdown in the M&HCV segment and ensured minimal exposure.

Road ahead

While the economy is not expected to turn around in the first half of FY15, the Company's efforts will be directed towards consolidating our market position and maintaining portfolio quality.

The Company developed a case-based training programme for the sales and credit teams to ensure a uniform understanding of credit parameters and assessment of deals.

BUSINESS DRIVERS

Operations

228Team size as on
March 31, 2014

Overview

This segment plays a decisive role across the loan life cycle, as a result of which documentation is of mission-critical importance to the operations department.

Au Financiers has two modes of operations – branch and central. At the branch-level, the onus lies in establishing the initial customer connect, thereafter, anything and everything that a customer needs is addressed instantaneously at the branch-level. The Company has adequate manpower and system-based infrastructure to address customer queries.

The entire business and customer operations are subject to concurrent audits. The quality-check mechanism ensures that transactions are done within the defined quality parameters and within the specified turnaround time.

The processes are completely automated, for which the Company invested in robust software, developed and certified by competent authorities. All transactions are process-driven and not person-driven, reinforcing control mechanism and enhancing customer delight.

The year, 2013-14

■ It was a year of transition for the Company as we invested in a cutting-edge web-based software called Omnifin. The software captures the entire life cycle of the customer from the point of origination of the loan to its closure. The transition from a mail-based working culture to online structured software will not only help track the customer loan cycle but also enhance accountability. As the physical file transfer takes time, this helps maintain records, while reducing turnaround time.

This software was customised as per the needs of the Company, giving it the desired accessibility and operational ease. This integrated software covered the entire process from the call centre (where leads are generated) to the sales department (where leads are converted to loans) to the credit department (where loans are appraised) to the operations team (which documents and ensures loan servicing) and finally to the collection team (which recovers dues from customers).

■ To enhance control and productivity, the Company initiated the printing of money receipts through systems allowing information access on a real-time basis.

■ On the cash collection side, the Company enjoyed tie-ups with several banks, where the collection staff deposited the money collected, reducing the risk of carrying cash and

ensuring that money was deposited quicker into the Company's books.

■ The Company built a scanning project across all branches (pilot phase). With this project coming 'live', the Company will be able to scan the documents of customers and upload the same onto the server, which can be retrieved as and when needed. This digitisation of the documents will result in operational ease, reducing transit time.

Road ahead

The aim of the organisation is to reach customers faster against the conventional idea of customers coming to the financiers themselves. In view of this, the Company is expected to create an online service portal where all client-specific and loan-specific information will be made available and can be retrieved using the customer log-in identity number. The Company will also come up with SMS services that will update customers in loan-specific requirements. A mobile app is also expected to be launched in the next fiscal.

The other big agenda for the next fiscal is to reduce the turnaround time for which various initiatives were taken during the year under review.

BUSINESS DRIVERS

Treasury

Overview

The function of the treasury lies in sustaining growth and influencing profitability. As the core business of the Company is borrowing and lending, inadequate funds availability can impede the organisation's ability to respond to opportunities. High-cost funds can also affect the Company's ability to provide competitive financial solutions to the customers. A proactive treasury department is therefore of strategic importance.

The Company's efficient treasury management makes it possible to provide adequate funds at the lowest cost whenever required by the business. The Company's core treasury function focuses on the procurement of low-cost funds through short-term and long-term financial instruments from the banking sector, financial institutions and debt capital markets. These sources include term loans, cash credit, commercial papers, bonds, NCDs and securitisation and assignment of contracts.

The Company also enjoys support from

deep-pocket PE investors like MOPE, International Finance Corporation, Chrys Capital and Warbug Pincus, which speaks about the brand that Au Financiers has built.

The Chief Treasury Officer reports directly to the Managing Director as well as the Asset and Liability Management (ALM) Committee, which is supervised by the Board. The five core functions of the treasury department comprise:

- Liquidity planning and control
- Management of interest risks
- Funds planning and asset liability management
- Diversify fund raising sources and products.
- Relationships with banks, FIs, FIIIs, mutual funds, insurance companies and rating agencies

The year, 2013-14

■ The Company reinforced banking relationships in an economic scenario marked by rising NPAs. The Company

balanced funding sources to create a perfect mix of fixed as well as variable interest loans.

- The Company mobilised ₹160 crore through the issue of bonds (comprising issuance of non-convertible debentures worth ₹125 crore, raised ₹35 crore through Tier-II bonds) and also raised Tier-II capital worth ₹10 crore via unsecured long-term subordinate debt to meet funding needs and mitigate the risk of being dependent on only one fund source (banks). We focused on borrowing through short-term money in exchange for lower interest rates.
- The Company received a first-time long-term funding from an insurance company, which helped build respect for the Company among the investor community.
- The Company emphasised securitisation and assignment of the loan asset portfolio to banks and institutions for better capital management and it also mitigated asset-liability mismatch risk to large extent.

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



- The Company maintained a capital adequacy ratio of 20.44 per cent, which was higher than the statutory requirement of 15 per cent for NBFCs.
- As a result of ongoing initiatives, the Company's average borrowing cost reduced by 50 bps in fiscal 2013-14, even as the national interest rate grew by 50 bps during the year.
- On the NIM front, the Company reduced borrowing costs as a result of

sourcing funds diversification, while on the lending side, the Company altered the product mix with the introduction of new high-yielding products resulting in an improvement in net interest margins during the year.

Road ahead

Going ahead, the Company expects to reduce borrowing costs, proceed for a credit re-rating and diversify funding sources (looking for PF funds).

The Company's efficient treasury management makes it possible to provide adequate funds at the lowest cost whenever required by the business.

BUSINESS DRIVERS

Collections **management**

Overview

At Au Finance, collection efficiency is critical as over 50 per cent of the total collection is in the form of cash and a majority of them emanating from outside the city limits.

Inefficient collection can lead to an asset-liability mismatch, reducing profitability. To prevent such a situation, the Company developed a clearly structured collection process backed by legal support.

At Au Financiers, the strategy has been to stay connected with each of the customers to understand their problems and resolve them quickly. Secondly, the number of cases held by each executive is limited with an internal benchmark of maximum and minimum cases to be handled.

On the customer front, the Company invested in a web-based voice

calling system and an SMS system to enhance customer awareness regarding repayment schedules. The Company ensured regular reminders for impending liability well before the installment due date, backed by constant follow-ups on defaulting customers through site visits, tele-calling and legal reminders. Assets were regularly tracked to ensure that they were profitably utilised.

The year, 2013-14

- The Company created a central collection control centre, which interacted with the collection team on a regular basis to check and review their performance vis-à-vis the targets set. This also helped in resolving employee-related issues based on their feedback.
- As the collection executives were unable to check their e-mails on a daily basis, the Company introduced SMS-

based reminders on their collections schedule and targets.

- The Company delegated responsibility, which helped foster leadership at the branch-level, resulting in improved efficiency.
- The legal team, which was centrally located in Jaipur, is now being commissioned at the hub level.

Road ahead

Going ahead, technology implementation will be crucial towards improving productivity and collection efficiency. With the extensive use of the printed receipt system, there will be better monitoring owing to real-time information being reflected in the system.

At Au Financiers, the strategy has been to stay connected with each of the customers to understand their problems and resolve them quickly.



BUSINESS ENABLERS

Intellectual capital

2,716

Number of employees

25

Average age (years) of the employees

450

Employee addition in 2013-14

The prime objective of the human resource function at Au Financiers is employee development. To achieve success and profitability, we leveraged our greatest asset - intellectual capital.

Recruitment

The Company hired quality manpower, focusing on their career growth. The Company adopted the employee referral method while hiring manpower. This scheme focused on recruiting on the basis of employee referrals, which resulted in a better understanding of the Company's philosophy and business model by the new joiners, leading to superior performance and higher retention. Over 65 per cent of our employees were derived from referrals. During the year under review, the Company recruited from reputed sources viz. Institute of Chartered Accountants of India and Institute of Company Secretaries of India. The Company recruited staff from the geographies of our presence ensuring that we were able to gauge local customer aspirations better. The year was transformational year as professionals qualified from IIMs, IITs and those with diversified knowledge and relevant finance and transportation sector experiences joined the Company.

Training and development

People with different levels of experience and academic backgrounds became a part of Au Financiers. As a part of our long-term vision, we consistently invested in employee training, helping grow the team's learning curve most employees underwent 20 hours of training during the year. The new recruits underwent induction training where they were briefed on Au's corporate philosophy, strategy and business model.

Employee motivation

The Company organised contests for employees where they were sent on foreign tours based on their tenure and performance. This proved to be an effective motivational technique for the sales, collection team and dealers. The Company organised events and arranged for quarterly tours including inter-branch cricket tournaments to enhance camaraderie.

Communication strategy

Quarterly open house sessions were conducted where the management interacted with employees to discuss relevant issues and share knowledge. There was a clear communication strategy within the organisation where the superiors could be easily approached by subordinates.

The year, 2013-14

- For employee recognition, the Company created an awards platform for employees across parameters like leadership, ownership, performance and adaptability to change, among others.
- The Company appointed a regional HR manager at branches, a function restricted earlier to headquarters only.
- A hub HR concept was developed comprising an employee count of more than 100 members for faster employee grievance handling.
- During the year under review, the Company added experienced industry professionals, enriching its intellectual pool
- An online self-review system was commissioned where employees could review their monthly performance online, further reviewed by the superior on any later date.

Road ahead

Going ahead, the Company plans to create a structured training calendar. The Company plans to identify talent based on individual potential and performance. The Company also plans to conduct training programmes in collaboration with external experienced professionals with an enhanced focus on employee retention

BUSINESS ENABLERS

Information technology

15

Team size as on
March 31, 2014

655.78

Investment (₹ in lacs) in
IT infrastructure as on
March 31, 2014

The Company's 'Go Green' initiative focused on green office spaces, reducing resource consumption; minimising the carbon footprint.

Overview

For an organisation operating in multiple businesses across diverse locations and working from multiple offices/branches, IT is not just another support service but a critical element determining overall business efficiency.

The Company continuously upgraded IT systems in line with business requirements. The Company put in place a back-up system designed to protect and recover in the event of equipment failure, intentional destruction, disaster or natural calamities. The IT team constantly maintained a daily back-up of system databases and servers.

In the short-term, the Company plans to assess how technology can enhance growth without adversely affecting the environment.

The Company's objective is to continuously improve technology to sustain our business. The Company's focus is on enhancing the growth and the productivity of employees and how technology can benefit internal and external stakeholders.

The year, 2013-14

■ IT plays a critical role in enhancing employee productivity. The Company focused on training users in new

software. With reliable and state-of-the-art hardware and software in place, the Company maintains IT infrastructure dependability.

- The Company focused on the 'Go Green' mission, under which it is reducing the use of paper, saving power and reducing e-waste.
- The entire loan process is woven around a systematised software where all information about the case can be attained
- The Company is in the process of implementing mobile-handled devices for field officers.
- The Company started an auto-generated cash receipt printing system at all branches to avoid manual intervention, saving a huge quantity of paper.
- The Company initiated the document scanning process creating better accountability and saving logistic costs.
- An in-house centralised help desk team addressed IT issues across branches. For any complaints, the control team remotely addressed the issue. With this help desk in place, there was a better monitoring of complaints and in case of a non-redressal of complaints, the system provided alerts.

Road ahead

Going ahead, the Company will focus on the use of green technology, reducing paper use and enhancing systems automation. The Company will focus on the enhanced use of renewable energy at the branches to reduce power costs. The Company's server virtualisation will reduce e-waste, power cost and hardware costs. The Company will focus on the use of mobile and tablet devices. The Company also plans to shift the disaster recovery data site to another geographic location.

A GPS and navigation system is expected to be started in the next fiscal for the field staff which will help in tracking and updating employees in terms of their work schedule to enhance their accountability.



Enhance confidence on Au Financiers

Our investors speak of their association with the Company



“We have been associated with Au Financiers for the last six years. It has been a phenomenal journey to back a young first generation entrepreneur who has exhibited great leadership skills and organisation building capabilities. We cemented our relationship taking a direct stake in the Company. We are looking forward to be associated with one of the most exciting stories in the NBFC space in the years to come. We wish Sanjay and his team all the very best.”



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



“Au Financiers has demonstrated leadership and resilience in building new business in areas including housing finance and small and medium enterprise finance while continuing to strengthen its traditional business in new geographies. This is exemplary at a time when market conditions have been tough. IFC has continued to support Au Financiers over the long term as the institution builds a strong, committed and empowered professional team to provide financial services to those who have not enjoyed such an access before.”



Mr. Giri Jadeja
Associate Director, Financial
Institutions Group, South
Asia, IFC



“Au Financiers management team, led by Sanjay Agarwal, has demonstrated its ability to expand the Company’s reach in underserved markets, introduce new products, and provide outstanding performance despite a tough macroeconomic environment. Warburg Pincus looks forward to continuing its partnership with Au Financiers and 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



“Company has built a unique business model which provides a competitive advantage in reaching out to the underserved customers in rural and semi-urban areas. Its recent successful preferential issue and growing support from a lender base of over 50 banks and financial institutions is the result of a disciplined approach in sourcing funds with speed and lending with responsibility. Au Financiers has not only gained scale in the last few years but also achieved diversity in its asset class. We wish Sanjay and his team all the very best and are committed to work with other shareholders to help establish Au as a leading NBFC in the country.”



Mr. Ravindra Bahl
Board Member, Au Financiers

Corporate social responsibility

Overview

Au Financiers believes in lending support to the society in which it operates. The Company, over the years, has taken proactive steps by contributing to society in areas of need - education and healthcare. These needs when fulfilled would eventually lead towards the development of the youth and the country at large.

Keeping the above aspects in mind, the Company focuses on two critical aspects of society – universal education and healthcare. The Company, with a workforce of 2,716 employees (as on March 31, 2014) spread across the country, dedicated itself in implementing hands-on measures for the benefit of society. The Company ensures to adapt and change its business practices by aligning them with societal expectations.

Education and healthcare for all represents our focus areas – a responsibility we share with all our stakeholders.

Environmental and social risk management framework

The Company possessed an established environmental and social risk management framework, operational since March 2010, in association with the IFC. The following are the initiatives taken by the Company to support its CSR activities:

- Au does not undertake any activity directly/indirectly, which has any adverse social and environmental impact
- Our credit and marketing teams take care to not to finance directly/indirectly towards purposes which have an adverse social and environmental impact
- Keeping in mind social and environmental concerns in the realm of SME financing, the Company gathers the following information about its borrowers:
 - Guarantees that it gets the required permissions, if applicable,

from the relevant governmental and environmental authorities before undertaking a particular activity

- Provides safety equipment to its employees to perform required activities
- Ensures that it does not use hazardous chemicals in any form and all necessary measures are undertaken to prevent contamination during the disposal of hazardous waste materials
- Undertake activities that preserve local ecologies; the Company as a part of its 'green initiative' finances LPG/CNG kits, thereby supporting the government's vision of reducing GHG emissions

CSR initiatives

The Company has partnered with several organisations to execute its mission of serving society. The initiatives in this regard includes:

Promoting education and awareness for a better future

Akshaya Patra Foundation

The surest way to break out of the

The Company is focused on two key areas - health and education.





cycle of poverty is through education. Education can significantly improve the quality of life of a family for generations to come. When even the basic needs, such as food are not met, education gets pushed down the priority list.

The Akshaya Patra Foundation is helping underprivileged children by providing them with a healthy balanced diet that they would otherwise have to work for. The meal is an incentive for them to continue their education. Through this programme the Akshaya Patra Foundation aims at countering two critical issues simultaneously – hunger and illiteracy. The strategic partnership of the Company with Akshaya Patra has made it possible to raise a generation of hunger-free, educated and nourished Indians.

Pratham Shiksha Charitable Trust

Au Financiers and Pratham Shiksha Charitable Trust joined hands to carry out combined efforts to fulfil the following objectives:

- Encourage and maintain a good and transparent working environment in the school
- Improve the quality of education on a consistent basis
- Become a complete facility provider for children in terms of education, food and clothes

Friends Of Tribals Society

Au Financiers collaborated with the Friends of Tribals Society (FTS), a non-government, voluntary organisation towards the upliftment of the indigenous population who live a life of deprivation in rural India. FTS provides basic education to their children and intimates them about issues like healthcare, development and empowerment among others. It believes that literacy is the key to progress. FTS was founded in 1989 in Kolkata and has 27 chapters all over India.

Arsh Vidhya Tirth

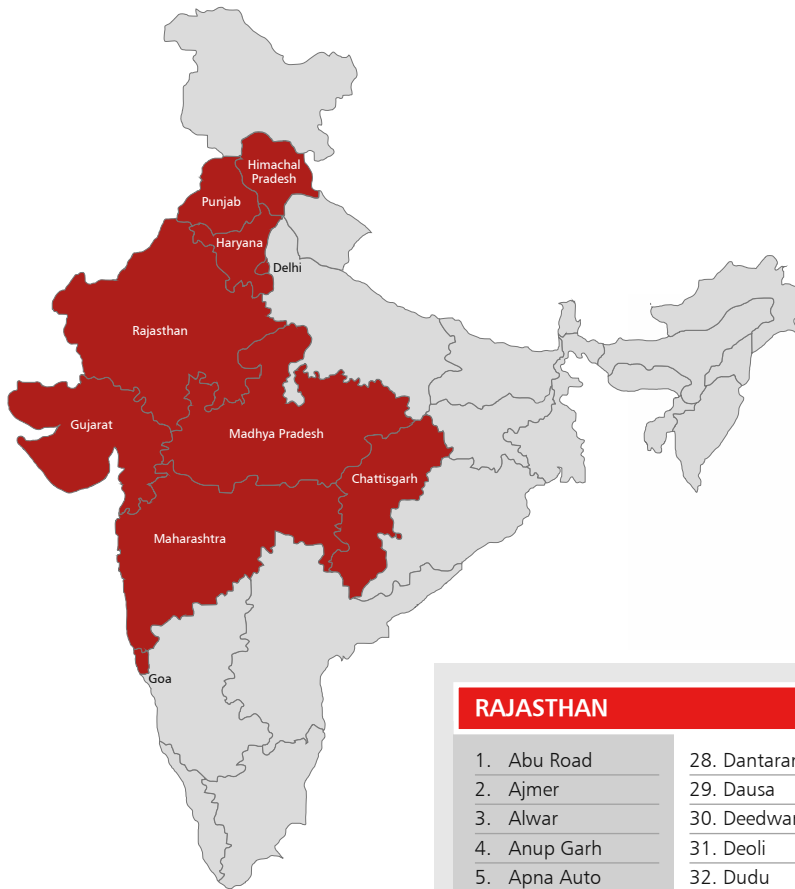
The Company believes that the future

of the Indian society relies on our youth who should be educated to fulfil their needs. The Company contributed to the Arsh Vidhya Tirth, a public charitable trust set up by professional and service-minded individuals to impart education to underprivileged children from remote areas. Au Financiers provides basic amenities like proper infrastructure for education, computers and furniture, among others, to these schools.

Improving the health of Indians

The Company supports the Indian Cancer Society, which undertakes comprehensive care of economically disadvantaged cancer patients of our country by providing food, medicines, transport, prosthetics, colostomy bags, counselling services, social welfare and job placement services. It also offers cancer patients the chance to be self-employed, particularly those who hail from rural areas.

Business presence



220

Total branches,
2013-14

10

States and union
territory covered

Penetration of branches

154

Rural and
semi-urban

66

Urban

RAJASTHAN

- | | | | |
|-----------------|-------------------|---------------------------------------|----------------------------------|
| 1. Abu Road | 28. Dantaramgarh | 55. Kishangarh-Bass | 79. Ratangarh |
| 2. Ajmer | 29. Dausa | 56. Kota | 80. Rawatsar |
| 3. Alwar | 30. Deedwana | 57. Kotputli | 81. Renwal |
| 4. Anup Garh | 31. Deoli | 58. Kuchaman City | 82. Reodar |
| 5. Apna Auto | 32. Dudu | 59. Lakheri | 83. Ringus |
| 6. Balotra | 33. Dungarpur | 60. Loonkaransar | 84. Sagwada |
| 7. Bandikui | 34. Fatehnagar | 61. Maharaja
Apartment
- Jaipur | 85. Salumber |
| 8. Bansur | 35. Fatehpur | 62. Merta | 86. Sardar Shahar |
| 9. Banswara | 36. Ghatwari | 63. Nagour | 87. Sawaimadhopur |
| 10. Baran | 37. Gotan | 64. Nasirabad | 88. Shahpura |
| 11. Barmer | 38. Hanumangarh | 65. Nawa | 89. Sri Ganganagar |
| 12. Bassi | 39. Jaipur Branch | 66. Nawalgarh | 90. Sikar |
| 13. Beawar | 40. Jaisalmer | 67. Neem Ka Thana | 91. Sirohi |
| 14. Behror | 41. Jaitaran | 68. Nohar | 92. Sri Dungargarh |
| 15. Bhilwara | 42. Jalore | 69. Nokha | 93. Sri Madhopur |
| 16. Bhinmal | 43. Jalsu | 70. Pali | 94. Sujangarh |
| 17. Bhiwadi | 44. Jamwa Ramgarh | 71. Paota | 95. Sumerpur |
| 18. Bijay Nagar | 45. Jhalawar | 72. Phagi | 96. Surat Garh |
| 19. Bijolia | 46. Jhunjhunu | 73. Phalodi | 97. Taranagar |
| 20. Bikaner | 47. Jobner | 74. Pokaran | 98. Thoi |
| 21. Bikaner-II | 48. Jodhpur | 75. Pratap Nagar
- Jaipur | 99. Tonk |
| 22. Bundi | 49. Kekri | 76. Pratapgarh | 100. Transport Nagar
- Jaipur |
| 23. Chaksu | 50. Khanpur | 77. Rajsamand | 101. Udaipur |
| 24. Chhabra | 51. Khatushyam Ji | 78. Ramganjmandi | 102. Udaipur-2 |
| 25. Chittorgarh | 52. Khejroli | | 103. Udaipurwati |
| 26. Chomu | 53. Khetri | | 104. VKI - Jaipur |
| 27. Churu | 54. Kishangarh | | |

GUJARAT

1. Ahmedabad
2. Ahmedabad-R.O
3. Anand
4. Baroda
5. Bavla
6. Bayad
7. Bharuch

8. Bhavnagar
9. Bhuj
10. Bodeli
11. Borsad
12. Dahod
13. Deesa
14. Deodar

15. Dhanera
16. Gandhidham
17. Gandhinagar
18. Godhra
19. Himmat Nagar
20. Idar
21. Jamnagar

22. Junagadh
23. Kalol
24. Kathlal
25. Lunawada
26. Mehsana
27. Modasa
28. Nadiad

29. Naroda
30. Narol
31. Navsari
32. Padra
33. Palanpur
34. Patan
35. Rajkot

36. Surat
37. Surat-2
38. Surendranagar
39. Tharad
40. Vapi

MAHARASHTRA

1. Ahmednagar
2. Akola
3. Amravati
4. Aurangabad
5. Baramati
6. Belapur
7. Boisar

8. Borivali
9. Borivali (SME)
10. Chakan
11. Chandrapur
12. Chiplun
13. Dhule
14. Gondia

15. Hadapsar
16. Jalgaon
17. Jalna
18. Kankavali
19. Kolahpur
20. Latur
21. Nagpur

22. Nanded
23. Naraingaoon
24. Nasik
25. Pandharpur
26. Pimpri
27. Pune
28. Pune (SME)

29. Ratnagiri
30. Sangamner
31. Sangli
32. Satara
33. Shrirampur
34. Solapur
35. Thane

36. Thane (SME)
37. Wadkhal
38. Wani
39. Wardha
40. Yavatmal

PUNJAB

1. Abohar
2. Bathinda
3. Chandigarh

4. Ferozpur
5. Hoshiarpur
6. Jalandhar

7. Khanna
8. Ludhiana
9. Mansa

10. Moga
11. Muktsar
12. Patiala

13. Rupnagar
14. Sangrur

MADHYA PRADESH

1. Bhopal
2. Chhindwara

3. Devas
4. Hoshangabad

5. Indore
6. Jabalpur

7. Mandsaur
8. Neemuch

9. Ratlam
10. Satna

11. Ujjain
12. Vidisha

DELHI - NCR

1. Delhi NSP

2. Faridabad

3. Gurgaon

4. Karol Bagh

5. Laxmi Nagar

HARYANA

1. Narnaul

GOA

1. Margao

CHATTISGARH

1. Bilaspur

2. Raipur

HIMACHAL PRADESH

1. Baddi

Board of Directors



Mr. Sanjay Agarwal
Promoter & Managing Director



Mr. Uttam Tibrewal
Executive - Whole Time Director



Mr. Mannil Venugopalan
Independent Director



Mr. Krishan Kant Rathi
Independent Director



Mr. Vishal Mahadevia
Investor Nominee Director



Mr. Vishal Kumar Gupta
Investor Nominee Director



Mr. Ravindra Bahl
Investor Nominee Director

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 18 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 handles the marketing and business

development functions of the Company and is also responsible for developing strategic business relationships for the vehicle, MSME and SSF 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 positive change in commercial banks, which has resulted in those banks being adjudged as the leading ones 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 26 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 been involved with the 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 joined Au Financiers as the Investor Nominee Director subsequent to the investment made by Warburg Pincus in the Company and represents them on the 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 14 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 36 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 US transaction processing company.

Senior management



Deepak Jain *Chief Financial Officer*

A Chartered Accountant by qualification, he possesses an experience spanning more than 18 years. Associated with the Company since 1999, he is responsible for overall control of financial, operations and accounting functions.



“For me Au is a place to perform and excel at my job. The Company provides me with the best working culture and an opportunity to showcase my talents and learn something new every single day thereby enabling me to achieve my own and organisational goals in an effective and efficient manner.”



Manoj Tibrewal *Executive Vice President*

A Company Secretary by qualification, he has been part of the Company since 2008. He has rich experience over 17 years in retail finance, building teams, managing human resources and motivating people which are his forte. In the past, he successfully ran the business as the DSA of CITI Bank before joining Au Financiers.



“For me Au is an exciting place to work because it has a young, energetic and progressive management team which reposes a great amount of trust in its employees and also provides a transparent work environment to perform to the best of our abilities. Here, every employee feels like an entrepreneur.”



Arvind Hali *CEO - MSME & SSF*

A BE and an MBA, Mr. Hali possesses 18 years of versatile experience with some of the biggest names in the banking and finance sector such as GE Countrywide, Standard Chartered Bank, Reliance Capital Ltd. and Dhanlaxmi Bank Ltd. among others.



“Au presents me with an opportunity to learn about a different India and contribute to the growth of the MSMEs, which I believe is the backbone of the Indian economy.”





Rishi Dhariwal *Senior Vice President - National Credit Manager - Vehicle*

An MBA from IIM Ahmedabad with 22 years of experience in the areas of relationship management, strategy, credit and risk management. Earlier associated with organisations such as CITI Bank, the Institute for Financial Management and Research and GE Capital Transportation Financial Services Limited.



“I was attracted to the entrepreneurial and professional culture at Au Financiers. The whole team is extremely dedicated and hardworking. The Company provides a challenging environment by expecting us to come up with new ideas in the otherwise insipid business of vehicle financing. There is a constant drive to do things in a better and more efficient way.”



Kapish Jain *Vice President - Chief Treasury Officer*

A Chartered Accountant and Company Secretary with 17 years of experience in the finance and treasury functions. He has worked with renowned organisations such as JP Morgan, ICICI Prudential and Reliance Retail, among others.



“For me, Au is a first-choice employer, because of its positive environment, the can-do attitude of people and humility of organisation.”





Subhash Tibrewal *Vice President - Branding And Infrastructure*

A graduate with more than 31 years of experience with a specialisation in the fields of advertisement and infrastructural development. In the past, he handled the marketing of consumer durables, strategic marketing and market research initiatives, driving brand awareness for the companies he has worked for.



“Au is an exciting place to work. It has provided me with the freedom to build the Au Brand. I feel proud to be a part of this inspirational journey.”



Naveen Vashisht *Vice President - Used & Refinance - Vehicle*

A post graduate in marketing and sales management, with a rich experience spanning 22 years in such diverse fields like sales & marketing, strategy planning, business development, assets management, profit centre operations, product development, channel management, financial planning, credit control, risk management and human resources. Earlier he was associated with Equitas Finance Limited, Development Credit Bank and Cholamandalam Investment and Finance Limited.



“I believe this organisation has a core value system based on transparent and ethical practices. The Company inspires me with the feeling that I can make a strong difference with my expertise and hence be a part of its success story.”



Pankaj Sharma *Vice President - National Sales Manager - MSME*

An MBA (Finance), with an experience of around 15 years in the consumer finance industry. Associated with Au Financiers for the past three years, he bears the responsibility of leading the MSME financing business, having successfully handled the credit function of the Company. Before joining Au, he worked with renowned organisations such as Money Line Credit Ltd. and DSP Merrill Lynch Capital Limited, among others.



“The management reposed the confidence to learn something new, understand the business and then raise the bar for myself and the Company.”





Vivek Tripathi *Vice President - SSF*

An M.Tech and an IIM graduate with 12 years of experience. Earlier associated with employers such as ICICI Bank and Reliance Capital. His areas of specialisation include corporate finance, trade finance, mortgage and construction finance.



“Au believes in value creation for all stakeholders including customers, shareholders and employees. Au has given me an opportunity to be part of an unbelievable journey to accomplish my entrepreneurial ambitions.”



Vijendra Shekhawat *Vice President - Chief Accounts & Operations Officer*

A Chartered Accountant with a vast experience of 10 years in managing financial, accounting, taxation and reporting functions. Before joining Au, he served at renowned organisations like Religare Enterprises Ltd.



“I admire Au because of its open and professional corporate culture where I am able to use my experience and expertise fully.”





Manmohan Parnami *Deputy Vice President- Company Secretary*

Company Secretary and Law Graduate, he has an experience of 10 years in the fields of finance, treasury and compliance. Associated with the Company since 2008, he is responsible for overseeing the compliance function at the Au Group. He was earlier responsible for the fundraising and treasury functions of the Company.



“Au is an amazing place to work at. It always motivates one to adapt, evolve and visualise things better. And this helps shape the future of the organisation in line with our own futures.”



Vimal Jain *Deputy Vice President – Risk Management and Budgeting*

A Chartered Accountant and Commerce graduate having a vast experience of 10 years in the areas of accounts, operations, MIS, business planning and budgetary control. Associated with Au Financiers for 4 years, he is assigned with the responsibility of overseeing the risk management function of the Company after a successful stint in handling the accounting responsibilities of the Company.



“The Company provides a continuous learning environment and the opportunity to take responsibility. This inspires an individual to grow and add value to the organisation as well.”



Mr. Yogesh Soni *Assistant Vice President - Audit*

A Chartered Accountant by qualification, having an experience of 6 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.



“Because I am allowed to grow and show my potential. I feel like I am part of a family, not a company.”



Empowering rural India

Microfinance has occupied centre stage as a promising conduit for extending financial services to unbanked sections. Au Financiers took a step towards empowering and enriching rural India by investing in Mpower Micro Finance Private Limited.

Winning stories of customers at the bottom of the pyramid

Presently working in Gujarat, the growth plans of Mpower will further help Au Financiers to strengthen its presence in the rural segment and financing the women of India.

Mrs. Geeta Ben Jayanti Bhai Sodha

Geeta *ben* runs a grocery shop with her husband in the Chauhanpura area of Kheda District. Her husband is a tailor. She established a small grocery shop in the local market to support her family by generating extra income. Even though she saw the opportunity and realised the benefits of expansion, she did not have the money to do so. She sought help from Mpower and availed a business loan for ₹16,000.

Geeta *ben* is now successfully running her shop and is now able to earn and save better.



Mrs. Balu Ben Bachhu Bhai

Balu *ben* and her husband make and sell wooden baskets and bats to earn money. Balu *ben*, besides raising her children and doing her daily household work, helped her husband in making baskets and bats.

Balu *ben* got to know about microfinance loans and availed a loan for ₹12,000 to expand her business. Balu *ben* says, "the dreams of our family came true, as Mpower trusted us to help achieve our family dreams"



Corporate information

Board of Directors

Mr. Sanjay Agarwal

Managing Director

Mr. Uttam Tibrewal

Executive - Whole Time 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

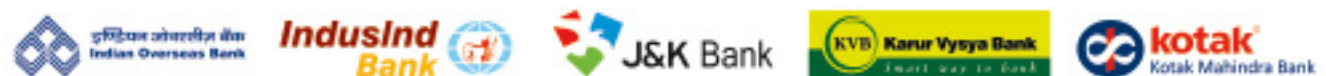
S. No.	Name of Banks
1	HDFC Bank Limited
2	ICICI Bank Limited
3	Bank of India
4	State Bank of India
5	IDBI Bank Limited
6	Central Bank of India
7	State Bank of Patiala
8	State Bank of Bikaner & Jaipur
9	State Bank of Hyderabad
10	State Bank of Travancore
11	State Bank of Mysore
12	Allahabad Bank
13	Yes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

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

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

S. No.	Name of International Financial Institutions
47	FMO
48	CDC (UK)
49	GuarantCo
50	ResponsAbility Social Investments AG
51	International Finance Corporation, Member - World Bank Group

Bankers and Financial institutions





Directors' Report

To
The Shareholders
Au FINANCIERS (INDIA) LIMITED

Your Company's Directors are pleased to present the Nineteenth 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, 2014.

Financial Results

The summarized financial performance of the Company for the year ended as at 31st March, 2014 is summarized below:

Particulars	(₹ in Lacs)	
	2013-14	2012-13
Total Income	61,865.98	44,085.84
Total Expenditure	48,026.45	32,284.61
Profit Before Depreciation & Tax	14,169.11	12,092.29
Depreciation	329.58	291.06
Prior Period Adjustments	0.00	378.72
Tax Expense:		
Current Tax	4,939.33	3573.98
Deferred Tax	(468.92)	(179.86)
Adjustment of tax relating to earlier periods	129.87	7.74
Profit after Tax	9,239.25	8,020.65
Transfer to Statutory Reserve	1,847.85	1,604.13
Profit brought forward	15,449.07	9,032.55
Balance carried over to Balance Sheet	22,840.47	15,449.07
EPS:-		
Basic	22.15	20.90
Diluted	22.15	17.56

Milestones and Growth Trajectory

The Company raised capital amounting to ₹124.55 crore in fourth round of fund raising under preferential offer of shares to existing shareholders, i.e. promoters, shareholders and investors (International Finance Corporation, Warburg Pincus, Chrys Capital) after similar moves by raising Equity in 2008, 2010 and 2012. The current round of investment reflects continuous confidence and trust reposed by the investors in growth story of the Company. In this round, Motilal Oswal Securities Limited, a Leading Financial Services Group also participated in the preferential offer of shares and invested ₹18.87 crore in the Company.

The company on its path to success achieved another milestone during the year by acquiring a Equity stake in M Power Micro Finance Private Limited, Gujarat based non deposit taking non banking finance company, registered with Reserve Bank of India. The total investment so made was to the tune of ₹4.50 crore. The company believes that the investment is in line with the company's commitment to serve unreachd / under-served segments of rural and semi-urban regions of India.

Review of Operations

Looking at the macro economy level, the challenges of the previous financial year in terms of low GDP growth, sticky inflation, sluggish Index of Industrial Production, slowdown in the investment cycle and a widening current account deficit continued during the financial year 2013-14.

During the year under review, weak Business environment & further contraction of industrial activities, slow development in infrastructure sector continued to constrain growth. Credit growth for NBFCs slowed to around 9%. There was De-growth in commercial vehicle segment. Delinquencies in the CV and CE segments rose. Relatively stable asset classes including car/ auto and loan against property (LAP) also shown a rising trend in delinquencies. Retail credit growth for NBFCs has slowed considerably with a sluggish economy and high interest rates adversely affecting demand for credit, especially in the asset financing segments.

In spite of all the adverse indications from the economy, affecting barely all the sectors, your company continued to display better performance than its peers and achieved steady growth in constraining market conditions and tightening

regulatory environment. Your Company responded well to the market conditions by increasing diversification of its product lines this year. The result is reflected in an evolving portfolio mix. Company also kept focus on diversifying its resource profile, and reduction of cost of funds.

Despite tough macro-economic conditions and negative growth rates in sales of new M&HCV, the business of the Company was not impacted due to the Company's continued focus on financing of pre-owned commercial vehicles, thrust on financing small ticket revenue generating vehicles, rural market penetration, customer relationships. Despite tight liquidity conditions, the Company continued to focus on diversifying its resource profile and successfully raised finance from multilateral financial institutions, insurance companies and mutual funds through issue of non-convertible debentures and commercial papers, it was possible on account of buildup of good track record of debt servicing, & continued investors' confidence.

During the year under review the company registered disbursement figure of ₹2685.04 crore as compared to ₹2438.09 crore in the preceding Financial Year 2012-13 registering a growth of 10% over previous year. The total revenues earned during the year were ₹618.66 crore with a growth of 40% over the previous year and the Profit after Tax grew by 15% attaining a figure of ₹92.39 crore.

The company's total Assets under Management (AUM) increased by ₹744.69 crore from ₹3704.32 crore as on 31st March 2013 to ₹4449.01 crore as on 31st March, 2014. Your company has increased its branch network by 43 branches during the year under review from 177 branches at beginning of year to 220 branches as at year end.

Diversification

During the year under review, the proportionate share of MSME & SME business increased diversifying its asset class further to insulate business from concentration risk. Company also developed separate vertical SMEs & Structured Finance to meet the financing needs of SME (Small and Medium Enterprise) units and small to big sized working capital business loans to manufacturing & services sector, traders, small to medium sized corporates and other business entities. Company appointed talented professionals with suitable qualifications and relevant industry experience to grow SSF Business.

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 has transferred ₹18.48 crore i.e. 20% of the net profits amounting to Statutory Reserve 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 of the Company, your Directors have not proposed any dividend for the year ended 31st March, 2014. Your Board believes that it will be prudent for the Company to conserve resources and there is need of ploughing back in the Company of the generated profits during the year to augment the future growth of the company. Hence, your directors are not recommending any dividend for the year under review.

With firm commitment and sustained efforts, your company expects to maintain sustained growth in years to come.

Share Capital

During the year under review:-

A. The company issued Equity Shares at premium to its investors and other resident Shareholders, by way of preferential issue under Companies Act, 1956/Companies Act, 2013. Motilal Oswal Securities Ltd., India's leading financial services company, has also invested in the issue. This has become 4th round of capital infusion, reflecting trust and confidence, investors have reposed in the company. The total paid up equity share capital of the company as on 31st March, 2014, has increased to ₹42.96 crore.

Resource Mobilization

During the year under report and as per business requirement, your Company raised funds at lower cost, mainly by way of rupee Term Loans from Banks and private placement of Debentures with comfortable liquidity position, undrawn cash credit lines, New Loans sanction in hand, during the year Company further focused on bringing reduction in its cost of

borrowings by raising funds through short term instruments like Commercial Papers, WCDL etc. & further reduction in rate of interest on existing lines of credit from Banks.

Loans From Banks

In view of RBI guidelines on securitization issued on 7th May, 2012 and as a part of its asset liability management, your Company endeavored to diversify its resource base in order to achieve an appropriate maturity structure and to minimize the weighted average cost of borrowed funds. During the year under review, fresh Term Loans of ₹285 crore were raised from the banks and financial institutions, taking the total term loan outstanding to ₹808.73 crore. As on March 31, 2014, the Company had outstanding borrowing of ₹2,129.50 crore with banks & financial institutions.

Non-Convertible Debentures (NCD)

- **Secured debentures:** During the year, the Company issued Secured Redeemable Non-Convertible Debt Instruments aggregating to ₹125 crore. Such instruments were issued on private placement basis and are in the nature of Debentures.
- **Unsecured Debentures:** Your Company also raised ₹35.00 crore through private placement of Unsecured Redeemable Non-Convertible Debentures which are in the nature of subordinated debt issued during the year to augment the Tier II capital of your Company.

Commercial Paper

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 from Banks, Mutual Funds, thereby diversifying its investor's class as well as bringing down borrowing cost through this instrument at competitive rates in line with industry and prevailing market rates.

Securitisation / Assignment of Loan portfolio

During the year, your Company Securitised / Assigned loans (POS) to the extent of ₹1142.52 crore. Securitised / Assigned assets have been de-recognized in the books of the Company. All assignment & securitisation transactions were carried out in line with RBI guidelines on securitisation of standard assets.

Credit Rating

The Credit Ratings enjoyed by the Company as on March 31, 2014 is as follows:

Credit Rating Agency	Instruments	Ratings
CRISIL	Subordinated Debt	CRISIL A/Stable
	Non-Convertible Debentures	CRISIL A/Stable
	Long-Term Rating	CRISIL A/Stable
	Short-Term Debt (Including Commercial Paper)	CRISIL A1
CARE	Non-Convertible Debentures	CARE A
	Subordinated Debt	CARE A
	Long-Term Rating	CARE A
ICRA	Subordinated Debt	ICRA A

Directors

In accordance with the provisions of sub section (6) of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company; Mr. Uttam Tibrewal, Whole Time Director, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. The Board recommends his re-appointment for consideration of the Shareholders approval.

The Board recommends the above reappointment pursuant to applicable provisions of the Companies Act, 2013.

None of the Directors of the Company are disqualified from being appointed as Directors as specified under Section 164 of the Companies Act, 2013.

Subsidiary Companies

As at 31st March, 2014, 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 un-tapped Housing Finance market by leveraging wide network of branches and strong customer connect.

The number of branches of the company increased this year from 25 locations to 35 locations in the state of Rajasthan (18 Locations), Gujarat (5 Locations), Maharashtra (6 Locations), and Madhya Pradesh (4 Locations) and one each in Haryana and Delhi states, for its housing business with plans to scale up its operations to newer geographies in Financial Year 2014-15.

There has been credit rating upgrade of Au Housing finance limited (wholly owned subsidiary) which is testimony of its consistent performance, growth and good asset quality.

Rating Agency	Rating Type	Last Rating	Upgraded Rating
CRISIL	Long Term Rating	CRISIL BBB+/ Stable	CRISIL A-/ Stable
CRISIL	Short Term Rating	CRISIL A2+	CRISIL A1

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 continues to provide debt syndication facilities to such business entities. Debt Syndication encompasses funding activities for diverse business requirements of corporations.

Mr. Uttam Tibrewal, Whole Time Director of the company has been appointed as Additional Director by the Board of Directors of Index of Money Limited, in their meeting held on 30th January, 2014. Mr. Ajay Sankhla ceased to be Director from its Board, with effect from 30th January, 2014.

Associate Company - Au Insurance Broking Services Private Limited

Au INSURANCE BROKING SERVICES PRIVATE LIMITED, an associate concern of our Company, has added three more branches this year. The company aims to achieve expansion in the FY 14-15, through leveraging various opportunities and digitizing the whole operations for better customer service.

Associate Company - Mpower Micro Finance Pvt. Ltd.

Microfinance has occupied centre stage as a promising conduit for extending financial services to unbanked sections of population. Au took a step towards empowering and enriching Rural India by investing ₹4.5 crores in Mpower Micro Finance Private Limited taking equity stake in the Company.

Compliances of RBI Guidelines

The Company continues to comply with all the applicable regulations & 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. The company has submitted returns with RBI on timely basis.

Capital Adequacy

Your Company maintained a Capital to Risk-Weighted Assets Ratio (CRAR) of 20.44% as on 31st March 2014 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. Your company was in comfortable position with tier I capital of 17.45% against regulatory norm stipulated by RBI for tier I capital.

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 ₹17.13 lacs as foreign exchange during FY2013-14.

The particulars regarding expenditure in foreign exchange are given in notes to the accounts & significant policies for FY2013-14.

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 2014 the company had 2716 employees as against 2266 as at March 2013, indicating an increase in manpower by 450 employees at various locations and levels.

This year the Company hired people at senior positions having relevant industry experience and qualification to strengthen vehicle finance business & to build and grow MSMEs and SSF verticals. The Company recruited people from prestigious institutes like ICAI, ICSI, besides recruiting from other reputed Business Schools. The Company recruited staff from the geographies of our presence ensuring that we were able to gauge local customer aspirations in a better manner. People with different levels of experience and academic backgrounds became a part of Au Financiers. As a part of our long-term vision, we consistently invested in employee training, helping grow the team's learning curve.

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 lacs or more:

Sr. No	Name of Employee	Age	Designation	Gross Remuneration ₹ in Lacs	Qualification/ Experience	Date of Commencement of Employment	Previous Employment
1	Mr. Sanjay Agarwal	43	Managing Director	189.04	FCA, B.Com 18 Years	Director since 22nd January, 2003. Appointed as Managing Director since 14th February, 2008 and was re-appointed for a further period of 5 years in the year 2013	-
2	Mr. Uttam Tibrewal	43	Whole time Director	134.42	B.Com 17 Years	Director Since 22nd January, 2005. Appointed as Whole Time (Executive) Director since 14th February, 2008 and was re-appointed for a further period of 5 years in the year 2013	-
3	Mr. Manoj Tibrewal	44	Executive Vice President	76.72	CS 17 Years	1st February, 2009	-
4	Mr. Deepak Jain	40	Chief Financial Officer	89.60	FCA 16 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 re-appointment. They have confirmed that their appointment, if made, would be within the prescribed limits under Section 141 of the Companies Act, 2013, and that, they are not disqualified for such appointment within the meaning of Section 141 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 re-appointment 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. In terms of para (ix)(a) of the annexure to the Report on Legal and other Regulatory Matters forming part of Auditors' Report, the company has taken note of the observation contained in para (ix)(a) of the annexure to the Report on Legal and other Regulatory Matters forming part of Auditors' Report. The Board of Directors of the company wish to place on record the submission that the delay in few cases in depositing the amount of professional tax, service tax and sales tax with the concerned authorities, took place inadvertently with no deliberate intention on the part of the company to delay the payment. However as an abundant precaution, the company shall take due care in future by strengthening its internal controls and meticulously adhering to timelines, thereby ensuring compliance.

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

Your Company believes that sound Corporate Governance is essential for enhancing long-term shareholder value and retaining investor trust. Governance is moulded in the culture of your Company that is built upon core values, beliefs and ethics. Your Company has an active, experienced and well-informed Board, necessary to ensure the highest principles of corporate conduct.

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.

Corporate Social Responsibility

Your company has always endeavored to address social concerns and work to the benefit of the local communities. The company has been undertaking various socio-economic, 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 programs and gives direct assistance to individuals, societies and other charitable organizations.

Acknowledgements

The Board acknowledges with gratitude the co-operation, assistance, guidance and support provided to your Company by its bankers, financial institutions, shareholders, regulatory bodies and other business constituents. The results of an organization are greatly 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 company 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

Sanjay Agarwal
Managing Director

Uttam Tibrewal
Executive - Whole Time Director

Date: May 23, 2014

Place: Jaipur

Corporate Governance Report

Corporate Governance Philosophy

Your Company believes that sound Corporate Governance is essential for enhancing long-term shareholder value and retaining investor's trust. Culture of your Company is built upon transparency, core values, beliefs and ethics and this is foundation for building of strong Governance System of the Company. Your Company has an active, experienced and well-informed Board, necessary to ensure the highest principles of corporate conduct.

Your Company is committed to transparency in all its dealings and conducts its business with integrity and fairness. Your Company has established robust business practices and procedures to ensure that it remains fully compliant with all mandated regulations and achieves business excellence to enhance and retain trust and goodwill of its investors, business partners, employees and meet societal expectations as well.

The Company's corporate governance philosophy is based on the following principles:

- Enhancing long term Shareholder value through assisting the top management in taking sound business decisions and Prudent financial management.
- Achieving transparency and professionalism in all decisions and activities of the Company.
- Achieving excellence in Corporate Governance by Conforming to the prevalent guidelines on Corporate Governance, and excelling in, wherever possible.
- Reviewing periodically the existing systems and controls for further improvements.
- Communicate externally, in a truthful manner, about how the Company is run internally.
- 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, endeavors to strike and deliver the highest governing standards for the benefit of its stakeholders.

Shareholders

It has been the privilege to share that Company raised capital amounting to ₹124.55 crore in fourth round of fund raising under preferential offer of shares from existing shareholders, i.e. promoters, shareholders and investors (International Finance Corporation - Member World Bank Group, Warburg Pincus, Chrys Capital) after similar moves by raising Equity in 2008, 2010 and 2012. Motilal Oswal Securities Limited, a Leading Financial Services Group also participated in the preferential offer of shares and invested ₹18.87 crore in form of equity capital in the Company. The company investors are globally renowned investors with investment in India's leading corporate giants. Keeping Investor's informed, Company provides MIS and other relevant information as required by the investors, on timely basis particularly information relating to 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.

Board of Directors

The Board of Directors of the Company consists of professionals from varied disciplines. The day to day management of the affairs of the Company is entrusted with the senior management personnel, headed by the Managing Director, who functions under the overall supervision, direction and control of the Board of Directors of the Company.

The Board meets regularly to discuss, review and decide upon the matters such as policy formulation, setting up of goals, appraisal of performances with the goals and control functions, etc. Some of the powers of the Board have also been delegated to Committee(s), which monitors the day-to-day affairs relating to operational matters. The Board thus exercises close control over the overall functioning of the Company with a view to enhance the Shareholder value.

Composition of Board

As at 31st March, 2014, the Board consists of seven (7) Directors with optimum mix of Executive, Non-Executive and Independent Directors. The Chairman of the Board is elected by the members of the Board from amongst themselves.

During the year ended 31st March, 2014, Mr. Sanjay Agarwal as Managing Director, Mr. Uttam Tibrewal as Whole-time Director were reappointed for 5 years and Mr. Ravindra Bahl being Additional Director was regularized as Non Executive, Nominee Director at the previous Annual General Meeting of shareholders held dated 26th August, 2013.

None of the Directors of the Board hold Directorship in more than 15 public companies, as on 31st March, 2014. 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

During the year under review, four meetings of the Board of Directors were held on May 30, 2013, August 27, 2013, November 12, 2013, and January 30, 2014. The maximum gap between any two meetings was not more than four months.

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. The agenda papers along with the explanatory notes for Board Meetings are sent in advance to the Directors. In some instances, documents are tabled at the meetings and presentations are also made by the respective executives on the matters related to them at the Board or Committee Meetings.

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 Board met (4) times in the financial year 2013-2014. 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 2014 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) as on 31st March, 2014
Mr. Sanjay Agarwal	Managing Director (Non-Independent Executive Director)	4	3	2
Mr. Uttam Tibrewal	Whole Time Director (Non-Independent Executive Director)	4	4	2
Mr. Vishal Kumar Gupta*	Investor Nominee Director (Non-Executive Director)	4	4	3
Mr. Krishan Kant Rathi	Director (Independent Non-Executive Director)	4	3	9
Mr. Mannil Venugopalan	Director (Independent Non-Executive Director)	4	3	7
Mr. Vishal Mahadevia	Investor Nominee Director (Non-Executive Director)	4	4	4
Mr. Ravindra Bahl	Investor Nominee Director (Non-Executive Director)	4	4	0

*Mr. Vishal Kumar Gupta participated in one Meeting through Video-conferencing.

Committees of Board & 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 (ALCO) and Company also formed a separate Committee to look after Credit & Risk Management function of the Company, this Company is called as "Credit & Risk Management Committee".

Audit Committee

As on 31st March, 2014, the Audit Committee comprises of five members, viz. Mr. Sanjay Agarwal -Managing Director of the Company, Mr. Vishal Kumar Gupta (Non Independent Non Executive Investor Director), Mr. Krishan Kant Rathi, Mr. Mannil Venugopalan (Independent Non-Executive Directors) and Mr. Vishal Mahadevia(Non-Executive Director). 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 30th May, 2013, 27th August, 2013, 12th November, 2013 and 30th January, 2014. The composition and attendance record of the members of the Audit committee meetings are as

follows.

Name of Member	Category	Meetings held During the tenure of Member in the Year	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	3
Mr. Vishal Mahadevia (w.e.f. 27th August, 2013)	Member	3	3

Asset Liability Management Committee (ALCO)

The Committee is responsible for assisting the Board of Directors in Balance Sheet planning from risk-return perspective including the strategic management of interest and liquidity risk. Its function includes-

- Liquidity risk management
- Management of market risks
- Funding and capital planning
- Profit planning and growth projection
- Forecasting and analysing future business environment

The Committee consists of the senior management executives of the Company. Mr. Sanjay Agarwal - Managing Director, Mr. Deepak Jain - Chief Financial Officer, Mr. Vimal Jain - Dy. Vice President- Risk and Mr. Kapish Jain - Chief Treasury Officer are the members of the ALCO Committee. Mr. Sushil Kumar Agarwal and Mr. Indrajeet Kumar, ceased to be members of the Committee during the year. Mr. Sanjay Agarwal is Chairman of this Committee. The Committee reports its findings to the Board.

The ALCO Committee met four times during the year under review on 30th May, 2013, 27nd August, 2013, 12th November, 2013 and 30th January, 2014. The composition and attendance record of the members of the committee meetings

are as follows:

Name of Member	Category	Meetings held During the tenure of Member in the Year	Meetings Attended
Mr. Sanjay Agarwal	Chairman	4	3
Mr. Deepak Jain	Member	4	4
Mr. Vimal Jain	Member	4	3
Mr. Kapish Jain	Member	4	2
Mr. Sushil Kumar Agarwal (ceased w.e.f., 27th August, 2013)	Member	1	-
Mr. Indrajeet Kumar (ceased w.e.f., 27th August, 2013)	Member	1	-

Credit & Risk Management Committee:

In compliance to Reserve Bank of India ("RBI") circular no. DNBS.PD/CC 94/03.10.042/2006-07 dated 8th May, 2007, the company constituted an Asset Liability and Risk Management Committee (ALCO) to monitor the asset liability gap and oversee and mitigate the risk concerns of the company.

A separate committee for Risk Management, a Committee under the title "Credit & Risk Management Committee" was constituted on 12th Nov-2013 with the approval of Board for the purpose of overseeing the credit and risk management function of the Company.

The Committee is responsible for devising credit policy and to monitor, review & update credit policy & risk framework of the Company, promote effective management of all risk categories, and foster the establishment and maintenance of an effective risk management culture through out the Company. The Committee provides a comprehensive assessment of the Company's risk factors. The Committee reports regularly to the Board of Directors of the Company. The Board ensures that the Committee has adequate resources and authority to discharge its responsibilities.

Brief Terms of Reference of the Committee are as follows:

- Oversee the Company's risk framework and controls, and monitor the activities of the enterprise risks;

- Review the Loan portfolio stress tests and Risk Assessments;
- Inform the Board of the status of risk exposures and risk management processes in the Company;
- Review reports that monitor compliance with the risk parameters established by regulation or Company policy. Measure the adequacy of risk monitoring, testing and governance;
- Review on an annual basis a risk assessment that identifies and evaluates all material risks;
- Provide oversight to ensure that the risk management monitoring and reporting functions in the Company are independent of business line or risk-taking processes;
- Discuss and evaluate the Company's risk exposures in light of current market conditions, established risk limits, operating performance, regulatory climate, and other relevant factors;
- Review new products or services prior to implementation;
- Monitor and coordinate the compliance with the provisions of all agreements with the regulatory bodies/third parties.

The composition of the committee along with the details of the meetings held and attended by the members of the committee during the year, is given below:-

The composition of the committee along with the details of the meetings held and attended by the members of the committee during the year is given below:-

Name of Member	Category	Meetings held During the tenure of Member in the Year	Meetings Attended
Mr. Sanjay Agarwal - Managing Director	Chairman	1	-
Mr. Uttam Tibrewal - Whole Time Director	Member	1	-
Mr. Rishi Dhariwal	Member	1	1
Mr. Deepak Jain	Member	1	1
Mr. Abhishek Tiwari*	Member	1	1
Mr. Vimal Jain	Member	1	1

*Mr. Vijendra Singh Shekhawat, Chief Account Officer was elected as Member of committee in place of Mr. Abhishek Tiwari w.e.f. from 23rd May, 2014.

Corporate Governance, Nominations & Remuneration Committee:

The success of an organisation in achieving good performance and good governing practice depends on its ability to attract and retain quality individuals with requisite knowledge and excellence as Executive Directors. With this objective, the Board and the Remuneration/Compensation Committee decide on the remuneration to be paid to the Executive Directors. While deciding on the remuneration to Directors, the Board and the Remuneration/Compensation Committee considers the performance of the Company, the current trends in the industry, the qualifications of the appointee, his experience, level of responsibility, past performance and other relevant factors.

The Committee comprise of 4 members namely Mr. Sanjay Agarwal -Managing Director, Mr. Krishan Kant Rathi - Independent Director, Mr. Ravindra Bahl - Non-Executive Director and Mr. Vishal Mahadevia -Non Executive Director of the Company.

Mr. Vishal Kumar Gupta, ceased to be member of the Committee during the year. Mr. Krishan Kant Rathi is holding the place of Chairman of the Committee. Mr. Ravindra Bahl has been inducted in the committee during the year as a non-executive member. The committee identifies, screen and review candidates for executive director, non-executive director and independent director positions, consistent with qualifications and criteria approved by the Board.

During the year under review, the Corporate Governance, Nominations and Remuneration Committee met four times on 30th May, 2013, 27nd August, 2013, 12th November, 2013 and 30th January, 2014. The composition and attendance record of the members of the committee meetings are as follows:

Name of Member	Category	Meetings held During the tenure of Member in the Year	Meetings Attended
Mr. Krishan Kant Rathi	Chairman	4	3
Mr. Vishal Kumar Gupta (ceased w.e.f., 27th August, 2013)	Member	1	1
Mr. Sanjay Agarwal	Member	4	3
Mr. Vishal Mahadevia	Member	4	4
Mr. Ravindra Bahl (appointed w.e.f., 27th August, 2013)	Member	3	3

Executive Committee

The Executive Committee comprises of senior Executives of the Company having expertise in treasury and functions relating to banking relationships. The Committee performs its role according to the Borrowing framework including borrowing limits depending on the cost of funds and quantum of liabilities to be raised by the Company. The framework is defined and approved by the Board of Directors of the company followed by its esteemed Shareholders. The Committee takes 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 – Whole Time Director, Mr. Deepak Jain – Chief Financial Officer and Mr. Yogesh Jain –Sr. Manager (Finance) of the Company are members of the Executive Committee. Mr. Uttam Tibrewal ceased from the membership of the Committee during the year and Mr. Yogesh Jain was appointed as a member of the Committee.

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

Name of Member	Category	Meetings held During the tenure of Member in the Year	Meetings Attended
Mr. Sanjay Agarwal	Chairman	22	21
Mr. Uttam Tibrewal (ceased w.e.f. 01st February, 2014)	Member	12	8
Mr. Deepak Jain	Member	22	22
Mr. Yogesh Jain (w.e.f. 01st February, 2014)	Member	10	10

Registrar and Share Transfer Agent (RTA)

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 dematerialize the shares by forwarding the physical share certificates along-with 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 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, 2014, 94.08% of the company's shares are held in dematerialized form. The ISIN that have been activated in NSDL/CDSL are appended hereunder:

ISIN for Equity Share: INE949L01017*

ISIN for Party paid up Equity Share: IN9949L01015** (Issued during the Year)

* ISIN for Fully paid up Equity Share

** The Company made an offer of shares under preferential offer for 36,23,188 equity shares having face value of ₹10 and security premium of ₹335 per share. and for ISIN IN9949L01015 ₹5 out of ₹10 face value per equity share & ₹167.50 of security premium out of total security premium of ₹335 per equity share were paid up.

CIN No.U36911RJ1996PLC011381

Details of RTA:

LINK INTIME INDIA PRIVATE LIMITED
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai – 400 078

Shareholding Pattern as on 31st March, 2014

Shareholder's category	Total No. of Shares held	% of Shareholding
Promoters (A)	13,091,171	30.27%
Investors (B)	29,315,619	67.77%
Other resident shareholders (C)	847,565	1.96%
Grand Total (A+B+C)	43,254,395	100.00%

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.

Debenture Trustees:

IDBI Trusteeship Services Ltd.

Regd. Off: Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate
Mumbai 400001

General Body Meetings

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

For The Financial Year	Date & Time	Venue	Special Resolutions Passed
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	NIL
2012-13	26th Aug, 2013 12:00 P.M.	Registered Office: 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur	Payment of commission to the Non-Executive Directors of the Company for a period of five years.

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 upto financial year 2013-14, 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 – 302 001
Tel: +91-141-4110005
Fax: +91-141-2368815
Email: manmohan.parnami@aufin.in

For and on behalf of the Board of Directors

Date: 23rd May, 2014

Place: Jaipur

Sanjay Agarwal
Managing Director

Uttam Tibrewal
Executive - Whole Time Director

Management discussion and analysis

Economic Scenario

Indian economy

The Indian economy experienced its worst slowdown in a decade in 2013-14 on the back of global headwinds, domestic macroeconomic imbalances and fiscal policy reversals. GDP growth in 2013-14 was pegged at 4.9 % compared with 4.5 % in 2012-13 (Source: CSO) Overall growth in the Index of Industrial Production (IIP) declined by 0.1 % during FY 2013-14 vis-à-vis an expansion of 1.1 % in 2012-13. Exports and imports declined by 3.2 % and 2.1 % respectively, in US dollar terms, during March 2014 over March 2013. The WPI inflation for all commodities for the month of March 2014 increased to 5.70 % from 4.68 % in the previous month.

With huge planned infrastructural investments in the realm of railways, consequent expansion of the service sector India is likely to grow by 5.6 % in 2014-15 against a projected growth of less than 5 % in the current fiscal. The global economy in 2014 appears to be in a better shape than what it was in 2012 and 2013 with exports also showing a fast recovery. (Source: Report India Ratings)

Industry overview

Non-Banking Financial Companies (NBFCs) emerged as an important segment of the Indian financial system, primarily catering to the credit requirements of the unorganised sector (wholesale and retail traders, small-scale industries, service providers and small local borrowers). Most NBFCs were engaged in vehicle financing, equipment lease finance, personal loans, working capital loans, consumer loans, housing loans as well as loans against shares and investments, among others.

The NBFC sector in past has been recognised as an accessory to the banking sector following the arrival of, customised products, customer-oriented services, and simplified procedure. Today, NBFC Sector is well regulated and bigger NBFCs are adequately capitalised with cutting-edge technology, they have built a transparent system to provide financial product with speed. With stringent regulation requiring compulsory filling of customer data as per Credit Information Companies (regulation) Act 2005 and registering of immovable assets

under collaterals with CERSAI, strengthened credit assessment for financing companies. On the back of these developments, NBFC's are expected to play a vital role in bridging the demand and supply gap in the retail sector as well as meet credit demand for wholesale, infrastructure and other sectors.

Performance: NBFCs reported 9% retail credit growth in FY2014 as against the 19% in FY2013. Credit disbursed by the sector grew only by 5% during the first nine months of 2013-14 as against 15% during the same period in the previous year, this decline attributed to de-growth in the commercial vehicle, construction equipment and gold loan segments. On the asset quality front, the policy of classifying retail loans as delinquent or non-performing after 180 days past the due date peaked at 3.90% in FY13-14 and which are expected to further peak out at 4.20% in FY14-15. As per a rating agency report, the bigger NBFC's are adequately capitalised and have shown resilience in times of stress without impairing Tier-I capital.

Challenges: For NBFCs, credit cost as %age of average advances stood at around 2% as against 1.70% in FY2013. While sectoral delinquency could increase, lifetime losses of retail-focused NBFCs are expected to remain manageable considering the secured nature of most asset classes. At a consolidated level, retail-focused NBFCs are expected to possess an adequate buffer given a provisioning cover of around 42%. With the RBI introducing liquidity tightening measures in July 2013, the cost of NBFC funds increased by 50 basis points between August-October 2013. Following October 2013, banks moderated their incremental lending rates for NBFCs to pre-July 2013 levels as a result of which the incremental cost of bank funding for NBFCs declined to around 11% in FY2014. NBFC's concentrating one asset class, were less insulated against specific sectoral declines. To advance, NBFC's have to further improve their technology platforms with speed and efficiency and thereby pave the way for future growth.

Outlook: Networth in relation to the managed assets of retail-focused NBFCs remained at a stable 15.5% as of December 2013. In the CV segment (31% of the total retail credit of NBFCs as of December 31, 2013) asset quality declined as a result of the pressure faced by the economy. Pressures on freight

availability, route viability and delay in receivables impacted cash flows of CV operators as a result of which delinquency rates rose considerably between March to December 2013. The slowdown in economy also reduced daily labourers commuting from rural areas to cities through LCVs and MUVs which had an adverse impacted on LCV/MUM offtake.

Delinquencies are increasing in key business areas, but unless this is accompanied by a sharp erosion of collateral, the high risk-adjusted margins should be able to absorb the jump in credit costs.

Automobile industry

A combination of factors –global slowdown, high interest rates and increased fuel prices - affected Indian automobile offtake.

Commercial vehicles: The domestic commercial vehicle industry passed through one of its longest down cycles. Having witnessed a decline of 2% in 2012-13, industry volumes contracted by 20.20% in 2013-14. This was marked by a slowing economy, sluggish industry activity, surplus trucking capacity and weak operator viability. Correspondingly, M&HCV demand fell for 24 consecutive months with industry volumes staying at 40% of the peak (3,50,000 units) achieved in 2011-12. The slowing economy also had trickledown impact on LCV demand which contracted by 17.6% while M&HCVs registered negative growth at 25.33 %. Three-wheelers sales declined by 10.90 % in FY2013-14 over the same period last year.

Passenger vehicles: The Indian passenger vehicle industry recorded a decline in sales by a 6.10% this year with the car segment registering negative growth for first time in last 12 years. This decline in volumes came on the back of a moderate expansion in industry volumes by 5.1% and 2.2% in 2011-12 and 2012-13, respectively. The sluggishness in passenger vehicle demand in the last three years was the result of inflation, high interest rates and rising fuel prices. This consequently led to offering of prolonged discounts, sale service offers and extended warranties by OEMs. Passenger vehicle, passenger car, utility vehicle and van sales dropped by 4.65 %, 5.01 % and 19.58 %, respectively during FY2013-14.

In February 2014, the excise duty on small cars was reduced from 12% to 8%, while for mid and large-sized cars; this was brought down from 24% to 20% and 27% to 24%, respectively. The excise duty cut is applicable only till June 30, 2014 which could lead to a marginal sales advancement. Around 40% of the industry's sales are attributable to replacement demand, a segment of buyers who may choose to prepone purchases to capitalise on reduced PV prices. However, the excise duty cut may not give a significant fillip to either first-time buyers or to those looking to purchase an additional vehicle till disposable income growth recovers and the GDP growth rate picks up.

The Indian passenger vehicle industry's demand volumes declined by 6% in 2013-14 but is expected to grow by 2-3% in 2014-15. The industry operating margins are likely to remain under pressure with weak volumes and reduced pricing power.

MSME sector

The MSME sector is an important pillar of Indian economy as it contributes greatly to the growth of the Indian economy with a vast network of around 30 million units, creating employment of about 70 million, manufacturing more than 6,000 products, contributing about 45% to manufacturing output and about 40% of exports, directly and indirectly. This sector even assumes greater importance now as the country moves towards a faster and inclusive growth agenda.

Although MSMEs contribute significantly to the overall economic growth of the country, they face certain disadvantages related to availability of adequate and timely credit, performance history, income substantiating documents; collateral requirements, among others. In light of the difficulties being faced by the sector, NBFCs are better placed to provide easy access to finance to MSMEs, compared to other lenders.

In India, 92 % of MSMEs lack access to formal sector finance, with a credit gap of 56% at present. While there is an estimated demand of ₹2,803,628 crore, the supply of finance stands at ₹1,038,948 crore, reflecting more opportunities for NBFC's, going forward. (Source: The Hindu)

Internal control systems

We have in place an adequate internal control mechanism with well-defined processes to prevent revenue loss and/or misappropriation of funds and other assets of the Company. The internal audit function is vested with the responsibility of reviewing and reporting whether various functions and process owners exhibit adequate compliance discipline in their respective operations and while taking decisions. Both on-site and off-site audits for functions are conducted periodically by the internal audit functions, covering sales, credit, operations, collection, IT, treasury, accounts, legal and HR among other aspects. The Board of the Company has constituted an Audit Committee, which is headed by a Non-Executive Independent Director. The Audit Committee periodically reviews internal audit reports and brings to the notice of the Board any significant procedural deviations. There is concurrent audit system in place for keeping track of cash/cheque transaction, monitoring of receipts on a daily basis.

Customer relationship management

We believe that speed, convenience and transparency are essential for building customer confidence and Au is working hard on ushering in a number of technology initiatives in the coming years to make ourselves more customer-centric.

Au continues to invest time and money in systems and technologies aimed at refining sales processes, improving procedural efficiency and satisfying customers better.

Some measures, like branch expansion and reaching out to customers through text messages have been implemented. In this regard, mobile technology and sales force automation will hold the key towards roping in more customers in what is an increasingly competitive environment.

Our credit processes are aligned to deliver services quickly to our target customers who are largely first-time buyers and small customers from rural and suburban centres.

Opportunities and Focus

Vehicle finance

A rising population aspiring for luxuries, entry of foreign players and a rising base of earning youth has spurred vehicle offtake over the years. A vehicle today has become a necessity along the lines of food and shelter. However, compared globally, the penetration of vehicles per capita is far lesser in India than in other developed countries and emerging economies with rising disposal incomes. With the arrival of FDI and implementation of economic development measures, it is expected to create a huge market for the NBFC's to serve.

Opportunities

Vehicles have become a necessity and as such vehicle demand is expected to rise further.

FTU and FTB customers require different skills set to make them understand about loan documents, procedures, among other aspects, at their doorsteps.

Access to better financing options increases confidence of the borrower.

Rural and semi urban segments are areas of focus.

Au's forte

NBFCs with customised offerings are better placed in providing easy, affordable and fast financial access to customers.

NBFCs having a close connect with borrowers, co-borrowers, and referral businesses are better positioned to serve customers.

The Company excelled by understanding the mindset of its customers, a skill which cannot be acquired overnight.

The Company reaches out to its customers through a network comprising 220 branches covering more than 600 tehsils and towns.

Financing MSMEs and SSF

MSME finance

MSMEs are a critical driver of India's economic growth accounting for a significant share of industrial production, exports, and national employment. The future growth of MSME's is constrained by limited credit access from the organised sector. Subsequently, the ability of the NBFC sector to reach out, create procedural awareness, bridge customers without income substantiating documentation to organised credit would be crucial.

The Company classifies financing for ticket sizes up to ₹25 lac under the head of MSME and more than ₹25 lac under SSF category because structured finance demands more stringent credit assessment procedures.

SSF

These financial product offering cater to meet the financing needs with a ticket size exceeding the amount of ₹25 lac. The Company undertakes stringent due diligence measures right from credit assessment to disbursement, including profile verification of prospective borrowers, meticulous documentation and constant tracking of borrowers. The following are the existing opportunities vis-à-vis benefits available to the Company in future:

Opportunities	Au's forte
Only a fourth of the demand emanating from the MSME sector is being addressed by the organised sector.	More business opportunities for NBFC's.
Expected increase in number of small and medium enterprises.	More business opportunities for NBFC's.
Classification of MSME and SME units under the provisions of the MSMED Act, 2006, stable labour laws and relaxations offered to MSMEs and SMEs by the government.	Well-set regulatory regime and stable industrial development policies shall help brining sustainable growth for the MSME and the corporate sector, creating more business opportunities for NBFC's.
Concepts such as 'One Person Company' and 'Limited Liability Partnership'.	A significant chunk of the population is keen on setting up their own businesses and this shall further increase entrepreneurship in India.
Increasing disposable incomes with enhanced ability to repay.	More income coupled with enhanced ability to repay propels the demand of consumables which shall ultimately catalyse the demand for products and services offered by MSMEs and SMEs.

Outlook

The Company being an asset-financing NBFC would follow the business model with a strategic emphasis on the retail vehicle financing, MSMEs and SMEs. The onus will be on servicing the priority sector better where loans to borrowers lead to increase in incomes and subsequent expansion of businesses enabling further wealth creation for borrowers and ensuring inclusive growth. The Company invested prudently to create a sustainable retail finance machinery by implementing effective credit policies, procuring best-in-class technologies, employing a committed and young workforce and ensuring compliance with legal and regulatory norms. The Company would continue improving its operating model by offering value-for-money propositions and guaranteeing a better customer experience with the vision of consolidating its position as a leading NBFC with a strong regional presence.

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 ("the Company"), which comprise the Balance Sheet as at March 31, 2014, 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 notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. 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 but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 Companies Act, 1956 ("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, 2014;
- (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 ("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, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R.BATLIBOI & CO. LLP
ICAI Firm Registration No.: 301003E
Chartered Accountants

per Viren H. Mehta

Partner

Membership No. 048749

Mumbai
May 23, 2014

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 ₹4,113 lacs and the year-end balance of loan granted to such parties was ₹645 lacs.
- (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 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, sales tax, service tax, cess, professional tax and other material statutory dues regularly with the appropriate authorities except delays in a few cases pertaining to service tax, sales tax and professional tax. As informed, 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, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty 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.
- (c) According to the records of the Company, the amounts outstanding of sales-tax, service tax and income-tax dues disputed by the Company, are as follows:

Name of Statute	Nature of Statutory Dues	Amount (₹)	Period for which the amount relates	Forum Where Dispute is Pending
Rajasthan Value Added Tax, 2003	VAT Penalty	19,000	2009-10	Pending Appeal
Rajasthan Value Added Tax, 2003	VAT Penalty	1,70,000	2010-11	Pending Appeal
Rajasthan Value Added Tax, 2003	VAT Penalty	8,62,000	2011-12	Pending Appeal
Rajasthan Value Added Tax, 2003	VAT Penalty	3,38,000	2012-13	Pending Appeal
Finance Act, 1994	Service Tax Demand	12,09,62,101	April 2008 – September 2013	Commissioner of Central Excise

- (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 made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company has issued 1,250 secured, redeemable, non-convertible debentures of ₹10 lacs each. The company has created security or charge in respect of debentures issued, except for 500 secured, redeemable, non-convertible debentures of ₹10 lakhs each which have been issued in the month of March 2014. We are informed by the management that the company is taking steps to create security for the debentures issued. The Company has unsecured debentures outstanding during the year, on which no security or charge is required to be created.
- (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
ICAI Firm Registration No.: 301003E
Chartered Accountants

per Viren H. Mehta

Partner

Mumbai
May 23, 2014

Membership No. 048749

Auditors' Report

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

1. We have audited the attached Balance Sheet of Au Financiers (India) Limited as at March 31, 2014 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 23, 2014 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 3 under the heading "Auditor's responsibility" 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-l(a) of the Reserve Bank of India Act, 1934 ('the Act') during the year ended March 31, 2014. 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, 2014 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, 2014;
 - d. The Board of Directors has passed a resolution on May 30, 2013 for non-acceptance of any public deposits;
 - e. The Company has not accepted any public deposits during the year ended March 31, 2014;
 - 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, 2014;
 - 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, 2014, 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, 2014 to the Bank on June 30, 2014.
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.
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
ICAI Firm Registration No.: 301003E
Chartered Accountants

per Viren H. Mehta
Partner

Mumbai
June 30, 2014

Membership No. 048749

Balance Sheet as at March 31, 2014

Particulars	Note No.	(₹ In Lacs)	
		As at March 31, 2014	As at March 31, 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4,296.41	4,047.06
Reserves & surplus	4	59,831.09	42,506.10
		64,127.50	46,553.16
Non-current liabilities			
Long-term borrowings	5	127,345.89	146,251.27
Other long-term liabilities	6	1,497.63	1,218.89
Long-term provisions	7	2,619.26	1,423.37
		131,462.78	148,893.53
Current liabilities			
Short-term borrowings	8	46,846.75	67,777.60
Trade payables	9	1,177.56	885.36
Other current liabilities	10	56,487.78	49,033.11
Short-term provisions	7	1,190.71	775.17
		105,702.80	118,471.24
TOTAL		301,293.08	313,917.93
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	1,605.17	1,581.38
Intangible assets	12	80.81	81.41
Capital work-in-progress		-	13.60
Non-current investments	13	8,736.07	5,667.22
Deferred tax assets (net)	15	908.51	439.59
Receivable under financing activity	16	149,141.26	119,303.93
Long-term loans and advances	17	1,072.67	675.19
Other non-current assets	18	453.15	4,308.88
		161,997.64	132,071.20
Current assets			
Current investments	14	2,619.74	68,201.56
Trade receivables	19	18.02	445.00
Cash and bank balances	20	20,336.38	37,601.98
Receivable under financing activity	16	109,670.38	69,142.96
Short-term loans and advances	21	3,110.46	2,794.29
Other current assets	22	3,540.46	3,660.94
		139,295.44	181,846.73
TOTAL		301,293.08	313,917.93
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

Viren Mehta
Partner
Membership no. 048749

Place: Mumbai
Date: May 23, 2014

For and on behalf of the Board of Directors

Sanjay Agarwal
(Managing Director)

Deepak Jain
(Chief Financial Officer)

Uttam Tibrewal
(Executive Director)

Manmohan Parnami
(Company Secretary)

Statement of Profit and Loss for the year ended March 31, 2014

(₹ In Lacs)

Particulars	Note No.	Year ended March 31, 2014	Year ended March 31, 2013
CONTINUING OPERATIONS INCOME			
Revenue from operations	23	61,067.81	43,788.27
Other income	24	798.17	297.57
Total income		61,865.98	44,085.84
EXPENSES			
Employee benefits expense	25	6,967.74	5,209.53
Finance costs	26	28,893.63	20,157.78
Depreciation and amortization expense		329.58	291.06
Other expenses	27	4,183.41	4,212.47
Provision and write off	28	7,652.09	2,413.77
Total expenses		48,026.45	32,284.61
Profit before prior period items and tax		13,839.53	11,801.23
Prior period item		-	378.72
Profit before tax		13,839.53	11,422.51
Tax expenses:			
Current tax	29	4,939.33	3,573.98
Deferred tax	29	(468.92)	(179.86)
Adjustment of tax relating to earlier periods		129.87	7.74
Total tax expenses		4,600.28	3,401.86
Profit after tax from continuing operations		9,239.25	8,020.65
Earnings per equity share	30		
Continuing and total operations			
Basic (₹)		22.15	20.90
Diluted (₹)		22.15	17.56
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

Viren Mehta
Partner
 Membership no. 048749

Place: Mumbai
 Date: May 23, 2014

For and on behalf of the Board of Directors

Sanjay Agarwal
(Managing Director)

Deepak Jain
(Chief Financial Officer)

Uttam Tibrewal
(Executive Director)

Manmohan Parnami
(Company Secretary)

Cash Flow statement for the year ended March 31, 2014

(₹ In Lacs)

Particulars	As at March 31, 2014		As at March 31, 2013	
1 CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax as per statement of profit and loss		13,839.53		11,422.51
Add/(Less) :				
Depreciation/ amortization		329.58		291.06
Adjustment of tax relating to earlier periods		(129.87)		(7.74)
Interest on income tax		13.87		10.63
Loss/(Profit) on sale of fixed assets		6.11		(1.28)
Profit on sale of investments		(365.34)		(122.88)
Contingent provision against standard assets		173.66		253.20
Provision for non-performing assets		1,178.03		557.95
Provision on assigned cases		(259.47)		(366.48)
Provision for employees benefit		124.80		434.68
Operating profit before working capital changes		14,910.90		12,471.65
Adjustment for increase or decrease in				
Decrease / (increase) in Receivable under financing activity	(70,364.74)		(103,519.33)	
Decrease / (increase) in Trade receivables	426.97		(267.36)	
Decrease / (increase) in Short term loans and advances	(316.17)		(2,202.85)	
Decrease / (increase) in Long-term loans and advances	(397.48)		1,323.05	
Decrease / (increase) in Other non-current assets	3,855.73		513.66	
Decrease / (increase) in – Deposits with original maturity of more than 3 months but less than 12 months	(5,254.33)		3,004.79	
Decrease / (increase) in Other current assets	47.93		(1,041.33)	
(Decrease) / increase in Other long-term liabilities	278.74		(301.92)	
(Decrease) / increase in Other current liabilities	7,454.66		28,588.00	
(Decrease) / increase in Trade payables	292.21		34.77	
Direct taxes paid	(4,484.66)		(3,831.76)	
Wealth tax paid	(1.58)	(68,462.72)	(1.26)	(77,701.54)
Net cash flow from/ (used in) operating activities (A)		(53,551.82)		(65,229.89)
2 CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Intangible assets		(27.48)		(70.03)
Purchase of fixed assets		(327.86)		(372.81)
Sale of fixed assets		10.07		7.66
Investments in subsidiaries		(2,000.00)		-
Investments in Associates		(450.00)		(6.50)
Purchase of Investment (others)		(109,992.08)		(85,786.10)
Proceeds from Sale of Investment (others)		174,959.41		15,017.77
Profit on sale of investments		360.99		120.21
Net cash flow from/ (used in) investing activities (B)		62,533.05		(71,089.80)

Cash Flow statement for the year ended March 31, 2014

(₹ In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
3 CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from borrowings	(39,836.26)	160,965.85
Issue of Equity Shares	8,602.46	-
Shares/debenture issue expenses	(267.37)	(914.93)
Net cash flow from/ (used in) in financing activities (C)	(31,501.17)	160,050.92
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(22,519.94)	23,731.23
Cash and cash Equivalents as at the beginning of the year	24,965.72	1,234.49
Cash and cash equivalents at the end of the year	2,445.78	24,965.72
Components of cash and cash equivalents		
Cash on hand	2,291.53	2,155.05
Balance with franking machine *	26.82	32.79
Balance with banks		
In current accounts	124.06	319.14
In deposit account	3.37	22,458.74
Less: Bank overdraft	-	-
Total cash and cash equivalents (Refer note no. 20)	2,445.78	24,965.72

* The Company can utilize the balance only towards stamping of loan agreements executed with their borrowers.

As per our Report of even date

For S.R. Batliboi & Co. LLP

Firm's Registration no.: 301003E

Chartered Accountants

Viren Mehta

Partner

Membership no. 048749

Place: Mumbai

Date: May 23, 2014

For and on behalf of the Board of Directors

Sanjay Agarwal

(Managing Director)

Uttam Tibrewal

(Executive Director)

Deepak Jain

(Chief Financial Officer)

Manmohan Parnami

(Company Secretary)

Notes to financial statements for the year ended March 31, 2014

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, 2014, the company has adopted the accounting of Cheque bouncing charges, Legal charges, Seizing charges on realization basis w.e.f. October 01, 2013. The income is lower by ₹536 lacs on account of change in the method of recognition of above income on realization basis.

(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 except Cheque

Notes to financial statements for the year ended March 31, 2014

bouncing charges, Legal charges, Seizing charges on a time proportion basis taking in to account the amount outstanding and the applicable interest rate.

(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 lossess. 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.

Notes to financial statements for the year ended March 31, 2014

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.

(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

Notes to financial statements for the year ended March 31, 2014

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.

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) Share/Debenture issue expenses:-

Share/Debenture issue expenses incurred are expensed in the year of issue and redemption premium payable on debentures is expensed over the term of debentures. These are adjusted to the securities premium account as permitted by Section 78(2) of The Companies Act, 1956 to the extent of balance available in such premium account.

(j) 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.

(k) 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 :

Notes to financial statements for the year ended March 31, 2014

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%

(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

(l) 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.

(m) 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.

(n) 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.

(o) 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, 2014**3. SHARE CAPITAL**

(₹ In Lacs)

Particulars	As at	As at
	March 31, 2014	March 31, 2013
Authorized shares		
7,81,50,000 Equity Shares of ₹10/- each (P.Y. 7,81,50,000 Shares)	7,815.00	7,815.00
18,85,000 Compulsorily Convertible Preference Shares of ₹100/- each (P.Y. 18,85,000 Shares)	1,885.00	1,885.00
	9,700.00	9,700.00
Issued Capital		
4,40,93,813 (P.Y. 4,04,70,625) Equity Shares of ₹10/- each	4,409.38	4,047.06
Total Issued Share Capital	4,409.38	4,047.06
Subscribed Capital		
4,32,54,395 (P.Y. 4,04,70,625) Equity Shares of ₹10/- each	4,325.44	4,047.06
Total Subscribed Capital	4,325.44	4,047.06
Issued, subscribed and fully paid-up shares		
Paid-up Capital		
Fully Paid-Up:		
4,26,73,789 (P.Y. 4,04,70,625) Equity Shares of ₹10/- each	4,267.38	4,047.06
Partly Paid-Up:		
5,80,606 (P.Y. Nil) Equity Shares of ₹10/- each, ₹5/- paid up	29.03	-
Total issued, subscribed and fully paid-up share capital	4,296.41	4,047.06

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

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	₹ In lacs	No. of Shares	₹ In lacs
At the beginning of the year	40,470,625	4,047.06	18,372,401	1,837.24
Add: Equity Shares allotted on conversion of Nil (P.Y. 74,20,271) Compulsorily Convertible Preference Shares of ₹100/- each	-	-	22,098,224	2,209.82
Add: Shares issued during the year	2,783,770	278.38	-	-
Outstanding at the end of the year	43,254,395	4,325.44	40,470,625	4,047.06

Compulsorily Convertible Preference Shares

Particulars	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	₹ In lacs	No. of Shares	₹ In lacs
At the beginning of the year	-	-	7,420,271	7,420.27
Add : Issued during the year	-	-	-	-
Less: Converted into Equity Shares	-	-	7,420,271	7,420.27
Outstanding at the end of the year	-	-	-	-

(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, 2014

3. SHARE CAPITAL (contd.)

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

Equity Shares

Name of the Shareholder	As at March 31, 2014		As at March 31, 2013	
	No. of Shares	% Holding	No. of Shares	% Holding
Redwood Investment Ltd	11,934,699	27.59	10,738,958	26.54
International Finance Corporation	7,421,518	17.16	7,421,518	18.34
Sanjay Agarwal	6,601,789	15.26	6,605,649	16.32
Labh Investments Limited	4,500,169	10.40	4,049,296	10.01
India Business Excellence Fund - I	3,210,665	7.42	3,210,665	7.93
Jyoti Agarwal	2,363,712	5.46	2,363,712	5.84
Shakuntala Agarwal	2,274,326	5.26	2,274,326	5.62

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

Particulars	₹ In Lacs	
	As at March 31, 2014	As at March 31, 2013
Statutory Reserve u/s 45- IC of Reserve Bank of India Act, 1934		
Balance as per last Balance Sheet	3,864.42	2,260.29
Add: Transfer during the year *	1,847.85	1,604.13
Closing Balance	5,712.27	3,864.42
Securities premium reserve		
Balance as per last financial statements	23,192.61	18,897.09
Add: Conversion of compulsorily convertible preference share to equity shares	-	5,210.45
Add: Addition on allotment of equity shares	8,353.11	-
	31,545.72	24,107.54
Less: Amount (net of tax) applied during the year		
Debenture issue expenses	179.75	914.93
Debenture redemption premium	87.62	-
Closing Balance	31,278.35	23,192.61
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	15,449.07	9,032.55
Profit for the year	9,239.25	8,020.65
	24,688.32	17,053.20
Less: Transferred to Statutory Reserve u/s 45-IC of Reserve Bank of India Act 1934	1,847.85	1,604.13
Closing Balance	22,840.47	15,449.07
Total reserves and surplus	59,831.09	42,506.10

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

Notes to financial statements for the year ended March 31, 2014**5. LONG-TERM BORROWINGS**

(₹ In Lacs)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Non-current	Current	Non-current	Current
Secured				
Debentures held by:				
(i) Banks				
The Ratnakar Bank Limited	2,500.00	-	2,500.00	-
250 nos. (P.Y. 250) face value ₹10 lacs each				
	2,500.00	-	2,500.00	-
(ii) Multilateral financial institutions				
UTI International Wealth Creator 4	4,500.00	-	4,500.00	-
45 nos. (P.Y. 45) face value ₹100 lacs each				
	4,500.00	-	4,500.00	-
(iii) Mutual funds				
Templeton India Short-Term Income Plan	5,000.00	-	5,000.00	-
50 nos. (P.Y. 50) face value ₹100 lacs each				
Templeton India Income Opportunities Fund (Tiiof)	2,500.00	-	2,500.00	-
25 nos. (P.Y. 25) face value ₹100 lacs each				
Templeton India Corporate Bond Opportunities Fund (Ticbo)	22,500.00	-	22,500.00	-
125 nos. (P.Y. 125) face value ₹100 lacs each				
1000 nos. (P.Y. 1000) face value ₹10 lacs each				
Reliance Regular Savings Fund - Debt Option	5,000.00	5,000.00	5,000.00	-
1000 nos. (P.Y. 500) face value ₹10 lacs each				
HDFC Mutual Funds	5,000.00	-	-	-
500 nos. (P.Y. Nil) face value ₹10 lacs each				
	40,000.00	5,000.00	35,000.00	-
(iv) Others				
HDFC Standard Life Insurance Company Ltd	2,500.00	-	-	-
250 nos. (P.Y. Nil) face value ₹10 lacs each				
	2,500.00	-	-	-
Total debentures	49,500.00	5,000.00	42,000.00	-
Term loans				
(i) Term loan from banks				
Allahabad Bank	-	439.69	-	-
Andhra Bank	1,047.62	1,690.48	2,238.10	1,829.37
Axis Bank Limited	416.67	1,666.67	2,083.33	2,416.67
Bank of Baroda	1,120.00	720.00	840.00	660.00
Bank of India	368.00	624.00	992.00	860.11
Bank of Maharashtra	2,187.50	1,250.00	3,437.50	1,250.00
Central Bank of India	2,444.44	1,333.33	3,777.78	1,222.22
Development Bank of Singapore	166.67	333.33	500.00	333.33

Notes to financial statements for the year ended March 31, 2014

5. LONG-TERM BORROWINGS (contd.)

(₹ In Lacs)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Non-current	Current	Non-current	Current
Development Credit Bank	16.39	146.40	158.01	130.99
ICICI Bank Limited	833.33	833.33	1,666.67	1,055.56
IDBI Bank Limited	1,333.00	3,852.00	5,185.00	3,852.00
Indian Bank	2,619.05	1,428.57	1,428.57	1,071.43
Indian Overseas Bank	899.11	514.28	-	100.00
Karnatka Bank	-	294.12	-	-
Oriental Bank of Commerce	800.68	1,440.00	2,240.00	1,440.00
State Bank of Bikaner & Jaipur	1,670.49	1,248.00	2,918.49	1,248.00
State Bank of Hyderabad	988.07	1,237.99	2,226.17	1,285.73
State Bank of India	2,184.00	1,112.98	7,640.00	1,656.00
State Bank of Patiala	4,755.84	4,428.58	9,184.43	5,023.82
State Bank of Travancore	1,135.17	625.00	1,781.25	593.75
Syndicate Bank Limited	-	55.58	55.70	333.33
The Jammu And Kashmir Bank Limited	1,008.93	2,053.57	1,562.50	625.00
The South Indian Bank Limited	-	-	458.25	500.04
Union Bank of India	2,481.67	1,440.00	3,920.00	1,080.00
United Bank of India	1,190.44	714.29	1,904.76	595.24
	29,667.07	29,482.19	56,198.51	29,162.59
(ii) Term loan from financial institutions				
Small Industries Development Bank of India	8,119.40	2,599.20	10,718.60	1,699.20
	8,119.40	2,599.20	10,718.60	1,699.20
(iii) Term loan from non-banking financial companies				
Aditya Birla Finance Limited	158.33	1,201.98	1,439.48	2,791.67
Tata Capital Financial Services Limited	375.00	500.00	875.00	500.00
	533.33	1,701.98	2,314.48	3,291.67
(iv) Auto loan from banks				
Dhanlaxmi Bank Limited	-	2.10	2.10	5.82
HDFC Bank Limited	5.76	17.71	17.58	18.42
	5.76	19.81	19.68	24.24
(v) Auto loan from Non Banking Finance Companies				
Daimler Financial Services India Private Limited	20.33	8.97	-	-
	20.33	8.97	-	-
Total term loans	38,345.89	33,812.15	69,251.27	34,177.70
Total secured borrowings	87,845.89	38,812.15	111,251.27	34,177.70
Unsecured				
Debentures held by				

Notes to financial statements for the year ended March 31, 2014**5. LONG-TERM BORROWINGS** (contd.)

(₹ In Lacs)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Non-current	Current	Non-current	Current
(i) Banks (Sub-ordinate debts)				
Bank of India	1,000.00	-	1,000.00	-
100 nos. (P.Y. 100) face value ₹10 lacs each				
Bank of Maharashtra	1,000.00	-	1,000.00	-
100 nos. (P.Y. 100) face value ₹10 lacs each				
Central Bank of India	1,000.00	-	-	-
100 nos. (P.Y. Nil) face value ₹10 lacs each				
Dhanlaxmi Bank Limited	4,500.00	-	4,500.00	-
450 nos. (P. Y. 450 nos.) face value ₹10 lacs each				
HDFC Bank Limited	3,000.00	-	2,000.00	-
300 nos. (P.Y. 200) face value ₹10 lacs each				
Indian Overseas Bank	500.00	-	-	-
50 nos. (P. Y. Nil) face value ₹10 lacs each				
The Jammu & Kashmir Bank Limited	1,000.00	-	-	-
100 nos. (P.Y. Nil) face value ₹10 lacs each				
The Ratnakar Bank Limited	2,500.00	-	2,500.00	-
250 nos. (P.Y. 250) face value ₹10 lacs each				
	14,500.00	-	11,000.00	-
(ii) Multilateral financial institutions				
Nederlandse Finan-Maatschappij Voor Ontwikkelingsl FMO	22,000.00	-	22,000.00	-
2200 nos. (P.Y. 2200) face value ₹10 lacs each				
	22,000.00	-	22,000.00	-
Total debentures	36,500.00	-	33,000.00	-
Term loans				
(i) Banks (Sub-ordinate debts)				
ICICI Bank Limited	3,000.00	-	2,000.00	-
Total term loans	3,000.00	-	2,000.00	-
Total unsecured borrowings	39,500.00	-	35,000.00	-
Amount disclosed under the head "other current liabilities" (note no. 10)	-	(38,812.15)	-	(34,177.70)
	127,345.89	-	146,251.27	-

Secured borrowings are secured by hypothecation of loans under financing activity. Personnel guarantees by directors and shareholder of the company has been given for borrowing amount to ₹76,369.33 lacs at March 31, 2014. Borrowing to the extent of ₹17,997.53 lacs are secured by pledge of shares of the directors of the company and pledge of property of directors 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, 2014

5.1 Terms of principal repayment of long term borrowings as at March 31, 2014

(₹ 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%	136	322.91	54	26.08	-	-	-	-	-	-	348.99
Upto 3 years	12% > to 14%	63	7,424.04	29	2,906.95	-	-	-	-	-	-	10,330.99
3 to 5 years	10% to 12%	115	9,609.84	106	8,402.51	1	31.10	-	-	-	-	18,043.45
	12% > to 14%	179	11,247.05	271	40,990.56	43	3,072.00	-	-	-	-	55,309.61
5 to 7 Years	12% > to 14%	-	-	-	-	3	500.00	3	1,000.00	-	-	1,500.00
Quarterly repayment schedule												
Upto 3 years	12% > to 14%	8	1,333.33	7	1,208.33	-	-	-	-	-	-	2,541.66
3 to 5 years	12% > to 14%	12	3,541.67	14	3,541.67	-	-	-	-	-	-	7,083.34
Half Yrly Repayment schedule												
Upto 3 yrs	10% to 12%	2	333.33	1	166.67	-	-	-	-	-	-	500.00
Annual repayment schedule												
3 to 5 years	12% > to 14%	-	-	2	1,500.00	1	1,000.00	-	-	-	-	2,500.00
5 to 7 Years	14% > to 18%	-	-	2	1,000.00	1	500.00	-	-	-	-	1,500.00
Bullet repayment schedule												
Upto 3 yrs	10% to 12%	-	-	2	7,500.00	1	5,000.00	-	-	-	-	12,500.00
	12% > to 14%	1	5,000.00	-	-	-	-	-	-	-	-	5,000.00
3 to 5 years	10% to 12%	-	-	6	7,500.00	2	2,500.00	-	-	-	-	10,000.00
	12% > to 14%	-	-	8	20,000.00	-	-	-	-	-	-	20,000.00
5 to 7 Years	12% > to 14%	-	-	-	-	5	8,000.00	3	2,500.00	-	-	10,500.00
	14% > to 18%	-	-	1	2,000.00	1	2,000.00	-	-	-	-	4,000.00
7 to 9 Years	12% > to 14%	-	-	-	-	-	-	-	-	1	4,500.00	4,500.00
Total		516	38,812.17	503	96,742.77	58	22,603.10	6	3,500.00	1	4,500.00	166,158.04

Notes to financial statements for the year ended March 31, 2014

5.1 Terms of principal 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
	14% > to 18%					8	10,000.00	-	-	-	-	10,000.00
3 to 5 years	10% to 12%					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, 2014**6. OTHER LONG-TERM LIABILITIES**

(₹ In Lacs)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Non-current	Current	Non-current	Current
Security deposits from borrowers	1,352.82	265.52	862.77	84.35
Security deposits under assignment transactions & dealers	144.81	1,093.85	356.12	1,129.08
Amount disclosed under the head "other current liabilities" (note no. 10)	-	(1,359.37)	-	(1,213.43)
	1,497.63	-	1,218.89	-

7. PROVISIONS

(₹ In Lacs)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Non-current	Current	Non-current	Current
Provision for employees benefits				
Leave availment	95.64	23.61	86.80	19.09
Gratuity	180.17	3.07	119.83	1.98
Bonus	-	400.00	-	350.00
	275.81	426.68	206.63	371.07
Other provisions				
Estimated loss for assignments	39.48	89.52	161.37	227.10
Contingent provisions against standard assets	363.15	278.52	292.58	175.42
Non-performing advances	1,940.82	-	762.79	-
Income tax	-	394.41	-	-
Wealth tax	-	1.58	-	1.58
	2,343.45	764.03	1,216.74	404.10
	2,619.26	1,190.71	1,423.37	775.17

8. SHORT-TERM BORROWINGS

(₹ In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Secured		
(i) Working capital facilities from banks repayable on demands		
Allahabad Bank	678.35	-
Andhra Bank	2,487.79	2,270.37
Axis Bank Limited	-	187.55
Bank of India	519.77	3,174.91
Central Bank of India	2.13	446.58
Corporation Bank	-	2,473.54
Dhanlaxmi Bank Limited	-	1,483.95
HDFC Bank Limited	9,679.06	6,563.13
ICICI Bank Limited	1,460.30	2,330.30

Notes to financial statements for the year ended March 31, 2014**8. SHORT-TERM BORROWINGS** (contd.)

(₹ In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
IDBI Bank Limited	2,413.18	343.53
Indian Bank	4.78	3,455.89
Indusind Bank Limited	0.64	1,767.36
Karur Vysya Bank Limited	-	2,000.00
Kotak Mahindra Bank	3,002.55	1,824.66
Punjab National Bank	5,366.11	4,950.00
State Bank of Bikaner & Jaipur	4,901.51	3,544.44
State Bank of Hyderabad	959.78	952.84
State Bank of India	1,718.01	2,317.32
State Bank of Mysore	3,461.93	2,500.00
State Bank of Patiala	11.70	1,324.24
State Bank of Travancore	1,409.25	-
The Ratnakar Bank Limited	-	4,846.25
	38,076.84	48,756.86
(ii) Term loan from Banks		
Kotak Mahindra Bank	1,000.00	-
State Bank of India	4,393.37	-
	5,393.37	-
	43,470.21	48,756.86
Unsecured		
(i) Debentures held by		
Axis Bank Limited	-	10,000.00
Nil nos. (P. Y. 1000) face value ₹10 lacs each	-	10,000.00
	-	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	3,376.54	576.52
	3,376.54	576.52
	3,376.54	19,020.74
	46,846.75	67,777.60

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 and shareholder of the company has been given for borrowing amount to ₹34,395.94 lacs at March 31, 2014. Borrowing to the extent of ₹8,826.73 lacs are secured by pledge of shares of the directors and shareholder of the company, 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, 2014

9. TRADE PAYABLES

Particulars	(₹ In Lacs)	
	As at March 31, 2014	As at March 31, 2013
Payable to micro, small and medium enterprises	-	-
Payable to others	1,177.56	885.36
	1,177.56	885.36

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, 2014, 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

Particulars	(₹ In Lacs)	
	As at March 31, 2014	As at March 31, 2013
a. Current maturities of long-term debts		
Secured		
Term loan from banks (note no. 5)	29,482.19	29,162.58
Term loan from financial institutions (note no. 5)	2,599.20	1,699.20
Term loan from non-banking financial companies (note no. 5)	1,701.98	3,291.67
Debentures from mutual funds (note no. 5)	5,000.00	-
Auto loan from banks (note no. 5)	19.81	24.24
Auto loan from non-banking financial companies (note no. 5)	8.97	-
	38,812.15	34,177.69
b. Interest Accrued but not due on borrowings	2,758.42	2,474.26
	2,758.42	2,474.26
c. Interest Accrued and due on borrowings	597.05	601.09
	597.05	601.09
d. Other payables		
Margin money refundable/adjustable against disbursement	1,953.18	233.37
Payable to dealers/manufacturers	13.50	378.96
Due to assignees towards collections in derecognised assets	9,917.84	8,850.85
Security deposit from borrowers (note no. 6)	265.52	84.35
Security deposits under assignment transactions & dealers (note no. 6)	1,093.85	1,129.08
Bank overdrafts	2.92	69.43
Statutory liabilities	76.41	94.89
Other current liabilities	996.94	939.14
	14,320.16	11,780.07
	56,487.78	49,033.11

Notes to financial statements for the year ended March 31, 2014**11. TANGIBLE ASSETS :**

(₹ In Lacs)

Particulars	Leasehold Land	Freehold Land	Buildings	Furniture and fixtures	Office equipment	Vehicles	Total
Cost or valuation							
At 1st April 2012	303.46	243.54	235.70	377.21	401.15	282.73	1,843.79
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 31st March 2013	303.46	243.54	235.70	496.45	599.58	336.96	2,215.69
Additions	-	-	22.73	112.08	152.50	54.16	341.47
Deductions	-	-	-	(16.23)	(5.91)	(11.60)	(33.74)
Other adjustments	-	-	-	-	-	-	-
As at 31st March 2014	303.46	243.54	258.43	592.30	746.17	379.52	2,523.42
Depreciation							
At 1st April 2012	3.48	-	26.85	78.70	153.70	96.97	359.70
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 31st March 2013	6.96	-	37.29	171.34	268.36	150.34	634.29
Charge for the year	3.48	-	10.80	95.22	140.03	51.99	301.52
Other adjustments	-	-	-	-	-	-	-
Deductions	-	-	-	(6.38)	(2.68)	(8.50)	(17.56)
As at 31st March 2014	10.44	-	48.09	260.18	405.71	193.83	918.25
Net Block							
As at 31st March 2013	296.50	243.54	198.41	325.11	331.22	186.62	1,581.40
As at 31st March 2014	293.02	243.54	210.34	332.12	340.46	185.69	1,605.17

12. INTANGIBLE ASSETS :

(₹ In Lacs)

Particulars	Software's
Cost or valuation	
As at 1 April 2011	47.13
Additions	70.03
Deductions	-
Other adjustments	-
As at 31 March 2013	117.16
Additions	27.48
Deductions	-
Other adjustments	-
As at 31 March 2014	144.64
Depreciation	
As at 1 April 2011	24.43
Charge for the year	11.34
Other adjustments	-
Deductions	-
As at 31 March 2013	35.77
Charge for the year	28.06
Other adjustments	-
Deductions	-
As at 31 March 2014	63.83
Net Block	
At 31 March 2013	81.39
At 31 March 2014	80.81

Notes to financial statements for the year ended March 31, 2014

13. NON-CURRENT INVESTMENTS

Particulars	Face value (In ₹)	(₹ In Lacs)	
		As at March 31, 2014	As at March 31, 2013
Non-trade investments (valued at cost unless stated otherwise)			
Unquoted equity instruments			
Investment in subsidiaries			
Au Housing Finance Limited			
2,99,16,667 Equity shares (P.Y.: 272,50,000) fully paid up	10	4,725.00	2,725.00
Index Money Limited			
17,24,490 Equity shares (P.Y.: 17,24,490) fully paid up	10	309.50	309.50
		5,034.50	3,034.50
Investment in associates			
Au Insurance Broking Services Private Limited			
1,95,000 Equity shares (P.Y.: 1,95,000) fully paid up	10	19.50	19.50
M Power Micro Finance Private Limited			
45,00,000 Equity shares (P.Y.: Nil) fully paid up	10	450.00	-
		469.50	19.50
Investment under PTC			
		3,232.07	2,605.72
		8,736.07	5,659.72
Non-trade investments (valued at cost unless stated otherwise)			
Investments in mutual funds - quoted			
HDFC Debt Fund For Cancer Cure			
25,000 Units (P.Y.: 25,000 Units)		-	2.50
SBI Gold Fund			
52,483.52 Units (P.Y.: 52,483.52)		-	5.00
		-	7.50
		8,736.07	5,667.22
Aggregate Value of Quoted Investments			
Cost		-	7.50
Market Value		-	7.95
Aggregate Value of Unquoted Investments			
Cost		8,736.07	5,659.72

14. CURRENT INVESTMENTS

Particulars	(₹ In Lacs)	
	As at March 31, 2014	As at March 31, 2013
Unquoted Non-trade investments (valued at cost unless stated otherwise)		
Investment in securities portfolio managed by HDFC Asset Management Company Limited		
	19.86	27.75
Investment in certificate of deposits		
	-	66,655.27
Investment under PTC		
	2,599.88	1,518.54
	2,619.74	68,201.56
Aggregate Value of Unquoted Investments		
Cost	2,619.74	68,201.56

Notes to financial statements for the year ended March 31, 2014**15. DEFERRED TAX ASSETS (NET)**

(₹ In Lacs)

Particulars	As at	
	March 31, 2014	March 31, 2013
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	(3.07)	9.49
Unamortized resource mobilization expenses	226.28	181.76
Gross deferred tax liability	223.21	191.25
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	102.82	77.39
Disallowance u/s 43B	107.27	-
Provision for doubtful debts and advances	921.63	553.45
Gross deferred tax asset	1,131.72	630.84
Net deferred tax asset	908.51	439.59

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)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Non-current	Current	Non-current	Current
Secured				
Loans under financing activity				
-Considered good	141,149.11	99,054.72	116,588.97	54,566.75
-Considered doubtful	2,970.70	-	939.94	-
Loans placed as minimum retention requirement towards direct assignment transactions				
-Considered good	4,110.51	1,965.55	1,181.52	370.03
	148,230.32	101,020.27	118,710.43	54,936.78
Unsecured				
Loans under financing activity				
-Considered good	-	-	-	137.19
-Considered doubtful	-	-	-	-
Interest accrued but not due	-	-	-	-
Instalments due from borrowers				
-Considered good	-	3,602.99	-	3,963.71
-Considered doubtful	910.94	-	593.50	-
Trade advances to dealers - Considered good	-	5,047.12	-	10,105.28
	910.94	8,650.11	593.50	14,206.18
	149,141.26	109,670.38	119,303.93	69,142.96

Notes to financial statements for the year ended March 31, 2014**17. LONG-TERM LOANS AND ADVANCES**

(₹ In Lacs)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Non-current	Current	Non-current	Current
Unsecured and considered good				
Security deposits (note no. 21)	77.42	87.27	107.75	35.16
Indirect taxes	75.00	-	-	-
Prepaid expenses (note no. 21)	414.25	298.83	358.44	278.67
Security deposits with NBFCs/Financial institutions (note no. 21)	506.00	1,800.34	209.00	-
Amount disclosed under the head "short-term loans and advances" (note no. 21)	-	(2,186.44)	-	(313.83)
	1,072.67	-	675.19	-

18. OTHER NON-CURRENT ASSETS

(₹ In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured and considered good		
Deposits with banks (note no. 20)	453.15	4,308.88
(Deposits with original maturity for more than 12 months)		
	453.15	4,308.88

19. TRADE RECEIVABLES

(₹ In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade receivables		
Unsecured, considered goods	18.02	435.98
Unsecured, considered doubtful	-	18.03
	18.02	454.01
Provision for doubtful receivables	-	(9.01)
	18.02	445.00

Notes to financial statements for the year ended March 31, 2014**20. CASH AND BANK BALANCES**

(₹ In Lacs)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Current	Non-current	Current	Non-current
Cash and cash equivalents				
Balances with banks:				
– On current accounts	124.06	-	319.14	-
– Deposits with original maturity of less than three months (note 20.1)	3.37	-	22,458.74	-
Cash on hand	2,291.53	-	2,155.05	-
	2,418.96	-	24,932.93	-
Other bank balances				
– Deposits with original maturity for more than 12 months (note 20.1)	16,578.68	453.15	-	4,308.88
– Deposits with original maturity for more than 3 months but less than 12 months (note no. 20.1)	1,311.92	-	12,636.26	-
Stamps/franking balance	26.82	-	32.79	-
Amount disclosed under the head “other non-current assets” (note 18)	-	(453.15)	-	(4,308.88)
	20,336.38	-	37,601.98	-

20.1 Deposits include ₹14,225.46 lacs pledged as cash collateral for assignment/securitization, ₹2,649.18 lacs against cash collateral for bank guarantees under assignment/securitization transactions, ₹18.90 lacs against cash collateral for other bank guarantees, ₹685.00 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)

Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured and considered good		
Prepaid expenses (note no. 17)	298.83	278.67
Advances to suppliers/service providers	27.66	153.66
Advances to staff	251.36	210.67
Inter corporate deposit to subsidiary	645.00	-
Security deposits (note no. 17)	87.27	35.16
Interest bearing time deposits placed with NBFCs/Financial institutions (note no. 17)	1,800.34	2,116.13
	3,110.46	2,794.29

22. OTHER CURRENT ASSETS

(₹ In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Interest accrued but not due on loans to borrowers	1,736.76	1,411.97
Charges recoverable from borrowers	871.05	820.63
Recoverable in cash or in kind or for value to be received	196.83	19.27
Direct taxes	549.78	622.33
Interest accrued but not due on deposit with banks and others	186.04	786.74
	3,540.46	3,660.94

Notes to financial statements for the year ended March 31, 2014

23. REVENUE FROM OPERATIONS

(₹ In Lacs)

Particulars	Year ended	Year ended
	March 31, 2014	March 31, 2013
Interest income on :		
Loan portfolio and related charges	51,944.89	34,108.85
Securitisation and direct assignment	6,555.44	7,107.22
Income from channel finance business	159.83	259.98
Interest from bank deposits	2,407.65	2,312.22
	61,067.81	43,788.27

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, 2014 and March 31, 2013:

Particulars		At PAR		At PREMIUM	
		2013-14	2012-13	2013-14	2012-13
Total number of Loan assets assigned/ securitized	Nos.	33,826	35,600	-	-
Total book value of the Loan assets assigned/ securitized #	₹(Lacs)	114,252	102,317	-	-
Sales consideration received for the assigned/ securitized assets	₹(Lacs)	114,252	102,317	-	-

Includes direct assignment of loan portfolio of ₹53,617.73 lacs (Previous year 15,799.17 lacs) 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 outstanding Guarantees and Cash collaterals in respect to securitisation activities as at March 31, 2014

Particulars	At PAR		At PREMIUM	
	2013-14	2012-13	2013-14	2012-13
Outstanding credit enhancement in the form of corporate guarantees	742.00	742.00	4,734.64	12,104.01
Outstanding credit enhancement in the form of bank guarantees	13,633.10	8,777.00	-	969.00
Outstanding cash collaterals in the form of fixed deposit receipts	13,965.24	13,507.73	2,357.56	7,411.56
Pledge of bank term deposits against bank guarantees under assignment activity (Note no. 20)	2,649.18	2,030.60	-	194.20

Notes to financial statements for the year ended March 31, 2014

23. REVENUE FROM OPERATIONS (contd.)

The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

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

Particulars		2013-14	2012-13
No. of SPVs Sponsored by the NBFC for securitisation transactions	Nos.	12	7
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	₹(Lacs)	99,512	70,889
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) 5,550	3,043
*Others		₹(Lacs) 5,832	4,116
Amount of exposures to securitisation transaction other than MRR			
a) Off balance sheet exposures			
I) Exposure to own securitisations			
*First Loss		-	-
*Others		₹(Lacs) 5,112	2,443
II) Exposure to Third party securitisations			
*First Loss		-	-
*Others		-	-
b) On balance sheet exposures			
I) Exposure to own securitisations			
*First Loss		-	-
*Others		₹(Lacs) -	295
II) Exposure to Third party securitisations			
*First Loss		-	-
*Others		-	-

The information on direct assignment (After RBI guidelines dated August 21, 2012) of the Company as an originator in respect of outstanding amount of transactions is given below:

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

Particulars		2013-14	2012-13
No. of SPVs Sponsored by the NBFC for securitisation transactions	Nos.	9	3
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	₹(Lacs)	60,431	15,799
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) -	-
*Others		₹(Lacs) 6,043	1,580

Notes to financial statements for the year ended March 31, 2014

23. REVENUE FROM OPERATIONS (contd.)

Particulars		2013-14	2012-13
Amount of exposures to securitisation transaction other than MRR			
a) Off balance sheet exposures			
I) Exposure to own securitisations			
*First Loss		-	-
*Others	₹(Lacs)	-	-
II) Exposure to Third party securitisations			
*First Loss		-	-
*Others		-	-
b) On balance sheet exposures			
I) Exposure to own securitisations			
*First Loss		-	-
*Others	₹(Lacs)	-	-
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.

24. OTHER INCOME

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Income received on investments	365.34	122.88
Bad debts recovery	216.99	54.75
Sundry's write back	141.71	31.91
Security deposits forfeited	68.32	86.75
Miscellaneous income	5.81	1.28
	798.17	297.57

(₹ In Lacs)

25. EMPLOYEE BENEFITS EXPENSES

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Salaries and other benefits	6,283.04	4,779.22
Directors remuneration	323.45	142.57
Contribution to provident and other funds	236.01	174.39
Staff welfare expenses	125.24	113.35
	6,967.74	5,209.53

(₹ In Lacs)

Notes to financial statements for the year ended March 31, 2014**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 ₹155.27 Lacs (P.Y. ₹108.23 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)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Current service cost	64.23	51.19
Interest cost on benefit obligation	10.05	5.69
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	(12.84)	(0.04)
Net benefit expense	61.44	56.84

Balance sheet**Benefit asset/liability**

(₹ In Lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Present value of defined benefit obligation	(183.24)	(121.81)
Fair value of plan assets	-	-
Plan asset / (liability)	(183.24)	(121.81)

Change in the present value of the defined benefit obligations are as follows

(₹ In Lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Opening defined benefit obligation	121.81	64.97
Current service cost	64.23	51.19
Interest cost	10.05	5.69
Actuarial (gain)/loss on obligation	(12.84)	(0.04)
Closing defined benefit obligation	183.25	121.81

Notes to financial statements for the year ended March 31, 2014**25. EMPLOYEE BENEFITS EXPENSES** (contd.)

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

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Discount rate	9.00%	8.25%
Salary escalation rate	7.00%	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.

Amount for the current and previous four periods are as follows

(₹ In Lacs)

Particulars	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined benefit obligation	183.25	121.81	64.97	34.47
Plan assets	-	-	-	-
Surplus / (deficit)	183.25	121.81	64.97	34.47
Experience adjustments on plan liabilities	(12.84)	(0.04)	(0.56)	2.70
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 ₹13.36 Lacs (P.Y. ₹27.85 Lacs) in the books of accounts for the year.

26. FINANCE COST

(₹ In Lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest expense (Note no. 26.1)	27,593.02	18,091.27
Other borrowing costs (Note no. 26.2)	1,300.61	2,066.51
	28,893.63	20,157.78

26.1 Interest expenses includes interest on:

Subordinated debentures	2,169.87	1,355.16
Term loans/cash credit facilities	14,893.16	12,652.77
Direct/Indirect taxes	21.08	15.43
Non-convertible debentures	9,086.62	3,399.96
Others	1,422.29	667.96
	27,593.02	18,091.28

26.2 Other borrowing costs includes

Resource mobilisation expenses	1,082.11	1,841.48
Bank charges & commission	218.50	225.03
	1,300.61	2,066.51

Notes to financial statements for the year ended March 31, 2014**27. OTHER EXPENSES**

(₹ In Lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Advertisement, publicity & recruitment	28.15	33.23
Business promotion	131.24	209.16
Commission and brokerage	847.86	1,033.58
Communication	179.16	165.36
Director sitting fee	12.61	23.09
Donations	23.19	22.74
Electricity and water	112.24	96.75
Fee & subscription	4.35	8.27
Field investigation & credit control	28.37	36.45
Insurance	48.69	21.40
Legal & professional fee	316.37	525.46
Loss on sale of repossessed assets	347.35	196.63
Office expenses	187.08	197.19
Postage & courier	76.38	76.81
Printing & stationery	97.14	133.98
Profit/Loss On Sale Of Fixed Assets	6.11	-
Rates and taxes	72.77	4.79
Rent (note no. 27.1)	498.08	370.65
Repair and maintenance - others	113.09	76.82
Repossession expenses	110.08	111.65
Traveling and conveyance	853.68	817.78
Valuation & RTO	31.78	26.68
Vat Expenses	28.14	-
Auditor's remuneration		
-Audit fees	25.00	20.00
-Tax audit fees	4.50	4.00
	4,183.41	4,212.47

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.

Notes to financial statements for the year ended March 31, 2014

28. PROVISIONS AND WRITE OFF

Particulars	(₹ In Lacs)	
	Year ended March 31, 2014	Year ended March 31, 2013
A. Provisions for the year		
Provision on assigned cases	129.00	388.47
Provision on non performing assets	1,940.82	762.79
Provision on overdue debtors	-	9.01
Contingent provision against standard assets	641.67	468.00
	2,711.49	1,628.27
B. Provisions made last 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
Net Provision made during the year (i)	1,083.22	453.68
C. Write off during the year		
Loan assets write off	4,106.28	837.51
Loss on settlement with borrowers	2,462.59	1,122.58
Write off during the year (ii)	6,568.87	1,960.09
	7,652.09	2,413.77

29. TAX EXPENSES

Particulars	(₹ In Lacs)	
	Year ended March 31, 2014	Year ended March 31, 2013
Current tax	4,939.33	3,573.98
Deferred tax	(468.92)	(179.86)
Total tax expenses	4,470.41	3,394.12

30. EARNING PER SHARE

Particulars	(₹ In Lacs)	
	As at March 31, 2014	As at March 31, 2013
Continuing operations		
Profit/ (loss) after tax (₹ In lacs)	9,239.25	8,020.65
Less: Debentures redemption premium (₹ In lacs)	(87.62)	-
Less: Shares/Debenture issue expenses (₹ In lacs)	(179.75)	(914.93)
Net profit for calculation of basic EPS (₹ In lacs)	8,971.88	7,105.72
Net profit as above (₹ In lacs)	8,971.88	7,105.72
Net profit/ (loss) for calculation of diluted EPS (₹ In lacs)	8,971.88	7,105.72
Weighted average number of equity shares in calculating basic EPS (In nos.)	40,497,951	33,992,515
Effect of dilution:		
Convertible preference shares (In nos.)	-	6,478,110
Weighted average number of equity shares in calculating diluted EPS (In nos.)	40,497,951	40,470,625
Earning per share		
Basic (In ₹)	22.15	20.90
Diluted (In ₹)	22.15	17.56
Face value per share (In ₹)	10.00	10.00

Notes to financial statements for the year ended March 31, 2014**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
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Related parties with whom transactions have taken place during the year

Associates	Au Insurance Broking Services Private Limited M Power Micro Finance 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)

Particulars	Year ended	Loans given	Repayment	Interest due & received	Amount owed by related parties
Subsidiaries					
Au Housing Finance Limited	31-Mar-14	24,289.72	23,644.72	166.00	645.00
	31-Mar-13	11,754.00	11,754.00	69.33	-
Associates					
Au Insurance Broking Services Private Limited	31-Mar-14	-	-	-	-
	31-Mar-13	65.00	65.00	0.11	-
M Power Micro Finance Private Limited	31-Mar-14	200.00	200.00	1.40	-

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)

Particulars	31-Mar-14	31-Mar-13
Mr. Sanjay Agarwal, Managing director	189.04	183.12
Mr. Uttam Tibrewal, Executive director	134.42	119.45
Total	323.46	302.57

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.

Notes to financial statements for the year ended March 31, 2014

31. RELATED PARTY DISCLOSURES (contd.)

c. Other transactions

Name of related party	Nature of related party	Nature of transactions	31-03-2014		31-03-2013			
			Amount received	Amount paid	Outstanding balance	Amount received	Amount paid	Outstanding balance
Mr. Subhash Tibrewal	Relative of KMP's	Salary & Bonus	-	25.34	-	-	20.47	-
Mr. Sanjay Agarwal	Managing director	Rent	-	6.44	-	-	5.81	-
Au Insurance Broking Services Private Limited	Associate company	Reimbursement of expenses	16.23	-	0.35	32.83	-	-
Au Insurance Broking Services Private Limited	Associate company	Reimbursement of Statutory payments	32.67	-	-	19.11	-	-
Index Money Limited	Subsidiary company	Reimbursement of expenses	0.16	-	-	3.27	-	-
Index Money Limited	Subsidiary company	Reimbursement of Statutory payments	34.56	-	-	-	-	-
Index Money Limited	Subsidiary company	Advisory fee collected	-	6.07	-	-	-	-
Au Housing Finance Limited	Subsidiary company	Equity shares	-	2,000.00	-	-	-	-
Au Housing Finance Limited	Subsidiary company	Reimbursement of expenses	52.08	-	2.44	69.44	-	4.31
Au Housing Finance Limited	Subsidiary company	Reimbursement of expenses	-	10.30	-	-	0.31	-
Au Housing Finance Limited	Subsidiary company	Reimbursement of Statutory payments	70.19	-	-	-	-	-

(₹ In lacs)

Name of related party	Nature of related party	Nature of transactions	31-03-2014		31-03-2013	
			Amount involved	Amount involved	Amount involved	Amount involved
Au Housing Finance Limited	Subsidiary company	Corporate guarantee	31,862.08	23,000.00	-	-
Mr. Sanjay Agarwal	Managing director	Personnel guarantee	110,765.28	221,382.00	-	-
Mr. Sanjay Agarwal	Managing director	Equity shares pledged	9,196.10	9,000.00	-	-
Mr. Sanjay Agarwal	Managing director	Property pledged	7,598.18	18,500.00	-	-
Mr. Uttam Tibrewal	Executive director	Personnel guarantee	14,994.49	24,000.00	-	-

Notes to financial statements for the year ended March 31, 2014**32. CAPITAL AND OTHER COMMITMENTS:**

(₹ In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Estimated amount of contracts remaining to be executed on capital accounts not provided for :		
Tangible assets	-	-
Intangible assets	-	15.00
	-	15.00

33. CONTINGENT LIABILITY NOT PROVIDED FOR :

(₹ In Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Credit enhancements provided by the Company towards asset assignment/ securitisation (including cash collaterals, principal and interest subordination)	38,081.72	45,736.10
Corporate Guarantees/Corporate Undertakings in case of Channel business activity	2,577.94	7,348.00
Corporate Guarantees on borrowings taken by it's subsidiary company (AU Housing Finance Limited)	31,862.08	23,000.00
Claims against the company not acknowledged as debts *	93.91	38.94
Loan sanctioned but not disbursed	1,090.95	-
Value added tax	13.89	-
Income tax demand #	45.93	9.07
Service tax demand \$	1,209.61	-

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 ₹93.91 lacs (P.Y. ₹38.94 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 of ₹9.07 Lacs, ₹9.50 Lacs & ₹27.35 Lacs from the Indian tax authorities for payment of additional tax of financial year 2008-09, 2009-10 & 2010-11 respectively upon completion of their tax review. 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.
- \$ Service tax demand of ₹1209.61 lacs from the indian tax authorities for payment of additional tax upto September 2013. Company has paid ₹75 lacs under protest against the said demand. The tax demand are mainly on account of excess interest spread earned by the company on portfolio assigned/secured to banks/financial institution/non banking financial institutions.

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".

35. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

(₹ In Lacs)

Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Travelling	-	10.81
Appraisal/Processing fee	17.13	92.74

Notes to financial statements for the year ended March 31, 2014

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) Capital adequacy ratio

Particulars	As at March 31, 2014	As at March 31, 2013
CRAR (%)	20.44%	20.82%
CRAR - Tier I capital (%)	17.45%	17.12%
CRAR - Tier II capital (%)	2.98%	3.69%

(B) Exposures to Real Estate Sector

Category	As at March 31, 2014	As at March 31, 2013
(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;	17,584.64	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).	5,863.28	Nil

The entire "Loan against property" (LAP) loans given by the company to small and medium enterprises (SME) has been classified as commercial real estate (CRE). The company believes that such disclosure is in line with Reserve Bank of India guidelines for NBFC's.

(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*	5,507.50	4,793.80	3,527.37	11,004.10	64,181.60	96,742.77	22,603.10	8,000.00	216,360.24
Market Borrowings									-
Assets									
Advances**	19,561.88	9,202.31	8,188.44	24,338.95	50,082.30	98,510.46	33,626.82	17,037.23	260,548.39
Investments	175.61	224.67	224.81	671.84	1,322.81	2,962.39	269.68	5,504.00	11,355.81

*includes financial institutions and other parties.

**including accrued interest and trade advance.

Notes to financial statements for the year ended March 31, 2014**36 DISCLOSURE AS PER RBI GUIDELINES:-** (contd.)

(D) Instances of fraud for the year ended March 31, 2014:

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, 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	-	-	-	-

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, 2014		As at March 31, 2013	
	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	-
Au Insurance Broking Services Private Limited	Nil	-	Nil	25.00
Au Housing Finance Limited	645.00	4,110.51	Nil	2,896.23
M Power Micro Finance Private Limited	Nil	201.40	Nil	-
None of the above loans are/were carrying any repayment schedule				

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.

As per our Report of even date
For S.R. Batliboi & Co. LLP
Firm's Registration no.: 301003E
Chartered Accountants

Viren Mehta
Partner
Membership no. 048749

Place: Mumbai
Date: May 23, 2014

For and on behalf of the Board of Directors

Sanjay Agarwal
(Managing Director)

Deepak Jain
(Chief Financial Officer)

Uttam Tibrewal
(Executive Director)

Manmohan Parnami
(Company Secretary)

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 31-03-2014	
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	56,421.08	
	: Unsecured	36,552.11	
	(Other then falling within the meaning of public deposits*)		
	(b) Deferred Credits		
	(c) Term Loans	84,451.45	
	(d) Inter-corporate loans and borrowing		
	(e) Commercial Paper	-	
	(f) Other Loans (specify nature) : -		
	Cash Credit Limit	38,076.84	
	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		249,250.59
	(b) Unsecured		9,561.05
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		-
	(b) Loans other than (a) above		-
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)		-
	2. Unquoted		-
	(i) Shares : (a) Equity		-
	(b) Preference		-
	(ii) Debentures and bonds		-
	(iii) Units of mutual funds		19.86
	(iv) Government Securities		-
	(v) Other (investment under securitisation)		2,599.88
	Long-Term investments		
	1. Quoted		
	(i) Shares : (a) Equity		-

Particulars		(₹ in Lacs)		
	(b) Preference			-
	(ii) Debentures and bonds			-
	(iii) Units of mutual funds			-
	(iv) Government Securities			-
	(v) Other (please specify)			-
2.	Unquoted			
	(i) Shares : (a) Equity			5,504.00
	(b) Preference			-
	(ii) Debentures and bonds			-
	(iii) Units of mutual funds			-
	(iv) Government Securities			-
	(v) Other (investment under securitisation)			3,232.07
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	247,149.54	9,083.95	256,233.50
	Total	247,149.54	9,083.95	256,233.50
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			5,034.50
	(b) Companies in the same group/associates			469.50
	(c) Other related parties			-
2.	Other then related parties		5,851.81	5,851.81
	Total	-	5,851.81	11,355.81
	** 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			7,987.93
ii	Net Non-Performing Assets			
	(a) Related parties			-
	(b) Other then related parties			1,940.82
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 break up/ fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as longterm 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, 2014	March 31, 2014
2 (a) No. of Equity shares of subsidiary company held at the end of the financial year	1,724,490	29,916,667
(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)	106.27	718.21
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)	16.02	188.53

Notice of Annual General Meeting

Notice is hereby given that the Nineteenth Annual General Meeting of the members of Au FINANCIERS (INDIA) LIMITED will be held on Wednesday, 06th day of August, 2014 at the registered office of the Company at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001 (Rajasthan) at 11.30 A.M. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2014 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 (AGM) till the conclusion of the twenty-second AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM) and 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 as Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, M/s. S. R. BATLIBOI & Co. LLP, Chartered Accountants (Firm Registration No: 301003E), be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the twenty-second AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM), at a remuneration as may be determined by the Board of Directors.”

3. To appoint a director in place of Mr. Uttam Tibrewal, Executive & Whole Time Director, who retires by rotation and being eligible offers himself for re-appointment.

Special Business

4. To borrow money in excess of Paid up Capital and Free Reserve of the Company u/s 180(1)(c) and to sell, lease or otherwise dispose of the Assets of the Company for such borrowings u/s 180(1)(a) of the Companies Act, 2013:

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

“RESOLVED THAT pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act 2013, (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 ₹8,000 crore (Rupees Eight Thousand Crore 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 ₹8,000 Crores (Rupees Eight 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 180(1)(a) and other applicable provisions of the Companies Act, 2013 (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 ₹8,000 Crores (Rupees Eight 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."

5. To take on lease property situated at 301/302, Atharwa Plaza, 3rd floor, Opp. Shankar Maharaj Nath Mandir, Pune Satara Road, Dhankawadi, Pune-411043, belonging to Mr. Sanjay Agarwal, Managing Director of the Company.

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

"RESOLVED THAT in terms of sub section (c) of section 188 of the Companies Act, 2013, read with Companies (Meetings of Board and its Powers) Rules, 2014, consent of the members of the company be and is hereby accorded to continue lease of the property situated at office nos. 301/302, Atharwa Plaza, 3rd floor, Opp. Shankar Maharaj Nath Mandir, Pune Satara Road, Dhankawadi, Pune-411043, properties belonging to Mr. Sanjay Agarwal, Managing Director of the company, on monthly lease rent to be paid to Mr. Sanjay Agarwal, Managing Director, as per lease, deed with a provision for revision in lease rent as mentioned in lease deed placed before the Board and need to obtain fresh approval of Board shall arise only in future if the upward revision in rent is higher than as stipulated in lease deed placed or if there is material changes in terms & conditions of lease as stipulated in lease deed executed between the parties."

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) or any of its officers to give effect to the aforesaid resolution.

6. To approve continuation of appointment of Mr. Subhash Tibrewal, Vice President (Branding and Infrastructure) and Brother of Mr. Uttam Tibrewal, Whole Time Director of the company.

"RESOLVED THAT in terms of sub section (f) of section 188 of the Companies Act, 2013, read with Companies (Meetings of Board and its Powers) Rules, 2014 and subject to approval of Shareholders of the Company, consent of the members be and is hereby accorded to the continuation of appointment of Mr. Subhash Tibrewal, Brother of Mr. Uttam Tibrewal, Whole Time Director of the company, as Vice President (Branding and Infrastructure) as per terms of employment placed before the Board with a provision therein to revise the remuneration from time to time, with an upper ceiling of ₹2,50,000/- per month.

RESOLVED FURTHER THAT Mr. Manmohan Parnami, Company Secretary of the Company, be and is hereby authorized to take all such steps as may be necessary including but not restricted to, requisite filings with the authorities as may be applicable, to give effect to this resolution."

By the Order of the Board
For Au Financiers (India) Limited

Place: Jaipur
Date: 23.05.2014

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.

6. Electronic copy of the Annual Report and Notice of Annual General Meeting for the financial year 2013-14 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report and the notice along with Attendance Slip and Proxy Form is being sent in the permitted mode. Members may also note that even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company Secretary at manmohan.parnami@aufin.in

7. The relevant Explanatory Statements pursuant to the section 102(1) of the Companies Act, 2013, in respect of the Special Business under item nos. 4 to 6 as set out above proposed to be transacted at the Annual General Meeting is annexed hereto.

By the Order of the Board
For **Au Financiers (India) Limited**

Place: Jaipur
Date: 23.05.2014

Manmohan Parnami
Company Secretary

Explanatory Statements

Explanatory Statements Pursuant to the Provisions of Section 102(1) of the Companies Act, 2013 setting out the material facts relating to the Special Business under item nos. 4 to 6 of the accompanying Notice dated May 23, 2014.

Item No. 4

The Board of Directors of the Company envisages requirements of funds in future. As per the provisions of Section 180(1)(c) of the Companies Act, 2013, 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 ₹8,000 crore (Rupees Eight Thousand Crore Only) for the purposes of business activities of the Company.

The resolution as set out at item no.4 of the notice is placed for your approval of the aforesaid limits of borrowing by the Board upto an amount not exceeding ₹8,000 crore (Rupees Eight Thousand Crore 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 180 (1) (a) of the Companies Act, 2013, 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 special resolution.

As per Section 180(1)(a) and 180(1)(c) and other applicable provisions of the Companies Act, 2013, approval of the members is sought by way of an special resolution.

Hence, the Board of Directors recommends passing of the enabling resolution mentioned at item No. 4 in the notice.

Your Directors recommend the above resolution for your approval.

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

The Board of Directors recommends the resolution for your approval.

Item No. 5

Your company has taken on lease property situated at 301/302, Atharwa Plaza, 3rd floor, Opp. Shankar Maharaj Nath Mandir, Pune Satara Road, Dhankawadi, Pune-411043, belonging to Mr. Sanjay Agarwal, Managing Director of the company, at a monthly rent as per lease deed placed before the meeting with revision in the same with mutual consent of both the parties. Also the paid up capital of the company is in excess of ₹10 crores.

In terms of the provisions of sub sections (a) to (g) Section 188 of the Companies Act, 2013, read with Companies (Meetings of Board and its Powers) Rules, 2014, any transaction entered into or proposed to be entered into by the company with any of its related parties as defined under sub section 76 of section 2 of the Companies Act, 2013, requires approval of Shareholders by way of passing special resolution in certain prescribed criteria. One of such criterion is cases where a company's paid up capital exceeds ₹10 crore, at any point of time.

Since the aforesaid provisions are applicable to the company, approval of the members is sought by way of special resolution.

Hence, the Board of Directors recommends passing of the enabling resolution mentioned at item No. 5 in the notice.

None of the Directors, except Mr. Sanjay Agarwal, Managing Director of the company, are concerned or interested in the said resolution.

The Board of Directors recommends the resolution for your approval.

Item No. 6

Mr. Subhash Tibrewal, Vice President (Branding and Infrastructure) and Brother of Mr. Uttam Tibrewal, Whole Time

Director of the company is working with the company since 1st April, 2011 and at present drawing a monthly remuneration as per terms of employment placed before the Meeting with a provision therein to revise the remuneration from time to time, with an upper ceiling of ₹2,50,000/- per month.

In terms of the provisions of sub section (f) of Section 188 of the Companies Act, 2013, read with Companies (Meetings of Board and its Powers) Rules, 2014, any related party's appointment to any office or place of profit in the company, requires approval of Shareholders by way of passing special resolution in certain prescribed criteria. One of such criterion is cases where a company's paid up capital exceeds ₹10 crore, at any point of time.

As per sub section 76 of section 2 of the Companies Act, 2013, relative with reference to a company means a Director or his relative. Sub section 77 of the said section, Companies (Specification of definitions details) Rules, 2014 defines relative which includes Brother also.

Since your company's paid up capital exceeds ₹10 crores and Mr. Subhash Tibrewal being brother of Mr. Uttam Tibrewal,

who is also considered as relative within the meaning of sub section 76 of section 2 of the Companies Act, 2013, approval of the members is sought by way of special resolution.

Hence, the Board of Directors recommends passing of the enabling resolution mentioned at item No. 6 in the notice.

None of the Directors, except Mr. Uttam Tibrewal, Whole Time Director of the company, are concerned or interested in the said resolution.

The Board of Directors recommends the resolution for your approval.

By the Order of the Board
For Au Financiers (India) Limited

Place: Jaipur
Date: 23.05.2014

Manmohan Parnami
Company Secretary

Au Financiers (India) Limited

Regd. Office: 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur-302001

CIN : U36911RJ1996PLC011381

Form No. MGT-11 Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s):

Registered Address:

E-mail Id:

Folio No/Client Id:

DP ID:

I/We, being the member(s) of Au Financiers (India) Limited, holding _____ shares of the above named company, hereby appoint

1. Name:..... Address:.....
E-mail ID:..... Signature..... or failing him
2. Name:..... Address:.....
E-mail ID:..... Signature..... or failing him
3. Name:..... Address:.....
E-mail ID:..... Signature.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting/Extraordinary General Meeting of the company, to be held on Wednesday the 06th day of August, 2014 at 11.30 am at the registered office of the Company at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur and at any adjournment thereof in respect of such resolutions as indicated below:-

Resolution No.:1

To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2014 and the Statement of Profit & Loss for the year ended on that date together with the Reports of the Directors and the Auditors thereon.

Resolution No.:2

To appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the twenty-second AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM) and 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.

Resolution No.:3

To appoint a director in place of Mr. Uttam Tibrewal, Executive & Whole Time Director, who retires by rotation and being eligible offers himself for re-appointment.

Resolution No.:4

To borrow money in excess of Paid up Capital and Free Reserve of the Company u/s 180(1)(c) and to sell, lease or otherwise dispose of the Assets of the Company for such borrowings u/s 180(1)(a) of the Companies Act, 2013.

Resolution No.:5

To take on lease property situated at 301/302, Atharwa Plaza, 3rd floor, Opp. Shankar Maharaj Nath Mandir, Pune Satara Road, Dhankawadi, Pune-411043, belonging to Mr. Sanjay Agarwal, Managing Director of the Company.

Resolution No.:6

To approve continuation of appointment of Mr. Subhash Tibrewal, Vice President (Branding and Infrastructure) and Brother of Mr. Uttam Tibrewal, Whole Time Director of the company.

Signed this _____ day of _____ 2014 _____

Signature of shareholder

Signature of Proxy Holder(s)

Affix
Revenue
Stamp

ATTENDANCE SLIP

I hereby record my presence at the ANNUAL GENERAL MEETING of Au FINANCIERS (INDIA) LIMITED on Wednesday, 06TH August, 2014, at 11.30 A.M. at the registered office of the Company at 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur – 302001, Rajasthan, India.

Name:

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

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

Notes:

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

