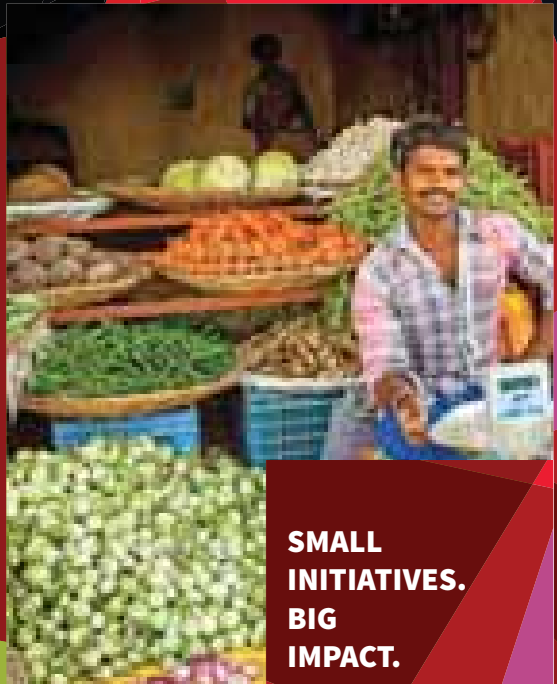


SMALL IS THE NEW BIG



**SMALL
LOANS.
BIG
OUTREACH.**



**SMALL
INITIATIVES.
BIG
IMPACT.**



**SMALL STEPS.
BIG SHIFT.**



**SMALL
ASPIRATIONS.
BIG
OPPORTUNITY.**

ENDURANCE LEADS TO **ACHIEVEMENT**

'RBI IN-PRINCIPLE APPROVAL FOR SMALL FINANCE BANK'

**The moment was created on September 16, 2015 - 6.00 pm
B-11 E, Behind CEG Apartment, Near Tata Showroom, Industrial
Area, Malviya Nagar-302017**

**WE THANK THE RESERVE BANK OF INDIA, SHAREHOLDERS,
BOARD MEMBERS, OUR BANKERS, FINANCIAL INSTITUTIONS, ALL
OUR EMPLOYEES AND OTHER STAKEHOLDERS.**



Forward-looking statements

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.

READ INSIDE

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Financial Statements

Standalone	122
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₹ 5,619.23 cr

DISBURSEMENT

₹ 8,221.29 cr

ASSETS UNDER MANAGEMENT (AUM)

₹ 1,015.48 cr

REVENUE

As on March 31, 2016

THANK YOU

for your support & enabling us to
get in-principle approval from RBI for

SMALL FINANCE
BANK



AU FINANCIERS (INDIA) LIMITED



AT A TIME WHEN GLOBAL GROWTH IS STILL SLUGGISH AND FRAGILE TO HEADWINDS, INDIA REMAINS ONE OF THE MOST ATTRACTIVE ECONOMIES OF THE WORLD. OUR GOVERNMENT IS FOCUSING ON KEY REFORMS TO DRIVE THE US\$ 2 TRILLION ECONOMY ON A HIGHER GROWTH TRAJECTORY.

There is considerable optimism; but there are roadblocks too. The country's financial architecture is still not robust enough to support its long-term growth agenda. Private investment in India has still not picked up pace; and many companies are grappling with over-leveraged balance sheets.

In such a difficult market scenario, most NBFC players have witnessed de-growth in businesses, higher delinquencies and muted numbers.

At Au FINANCIERS, we have stood our ground against macro challenges and performed encouragingly by implementing small, but critical initiatives that resulted in big outcomes.

We had foreseen industry trends and aligned our strategies accordingly.

During FY 2015-16, we undertook multiple customer-connect and branding initiatives to widen our customer base and visibility.

We enhanced our operational efficiencies by appropriate leverage of technology that brought integration between the field force and the branch network.

We strengthened our governance architecture for round-the-year monitoring of operational and financial performance, better vulnerability mapping and mitigation of potential risks.

We upgraded our HR practices to sharpen people skills and build future leadership.

FOR OVER TWO DECADES, WE HAVE EMPOWERED THE UNBANKED AND UNDER-BANKED SEGMENTS OF THE POPULATION AND CONTRIBUTED TO THE NATIONAL AGENDA FOR FINANCIAL INCLUSION.

AND THIS YEAR, IT IS HEARTENING TO REPORT THAT WE RECEIVED AN 'IN-PRINCIPLE APPROVAL' FROM THE RESERVE BANK OF INDIA FOR CONVERTING INTO SMALL FINANCE BANK.

AS WE PREPARE OURSELVES FOR THE ROLE AND RESPONSIBILITIES OF A SMALL FINANCE BANK, WE ARE TOUCHED BY THE GOOD WISHES OF ALL OUR CUSTOMERS AND STAKEHOLDERS, WHO HAVE SUPPORTED US IN OUR JOURNEY.

OUR SMALL STEPS IN THE RIGHT DIRECTION HAVE INDEED PROVED TO BE A FORCE MULTIPLIER IN EMPOWERING LIVES.

WE WILL CONTINUE TO FOLLOW OUR STRATEGY OF INVESTING IN THE SMALLEST ASPIRATION OF MILLIONS THROUGH OUR BALANCING ACTS.

BECAUSE WE BELIEVE SMALL IS THE NEW BIG.

SMALL STEPS CAN HAVE FAR-REACHING RESULTS

RURAL PENETRATION

85%

LOAN BOOK CLASSIFIED AS PRIORITY SECTOR LENDING (PSL)

49%

BRANCHES LOCATED IN RURAL AND SEMI-URBAN AREAS

75%

CUSTOMER ARE FUNDED FOR LOAN TICKET SIZE OF BELOW ₹ 25 LACS

BUILDING RELATIONSHIPS

5,072

HUMAN RESOURCE

4.35 + Lacs

CUSTOMER BASE

60 +

BANKS AND FINANCIAL INSTITUTE PARTNERS

291

BRANCHES ACROSS 10 STATES

17.10%

CAPITAL ADEQUACY RATIO

Data as on March 31, 2016

BIG IMPACT AT THE BOTTOM OF THE PYRAMID

Yes, that has been our overriding objective, ever since we instigated our journey two decades ago. And we have been consistently engaging with India’s under served and unbanked population to offer them diverse financial solutions; and drive the national mandate of inclusive growth.

Our achievements are the outcome of the entrepreneurship of Mr. Sanjay Agarwal; and a highly experienced and competent management team. Au FINANCIERS, incorporated in 1996 is a non-deposit taking Systematically Important NBFC and categorised as an asset finance company under the aegis of Reserve Bank of India.

OUR 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.

OUR 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 unreached and unbanked masses of India and be empathetic to their needs. We endeavour to create strong, consistent value for stakeholders; and live up to the trust and confidence reposed in us.

FOUR PRINCIPLE DRIVERS

Au FINANCIERS follows four principles, which reflect the way it functions and realises objectives.



Fair

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



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 Business Associates and customers. This unique aspect helps us make new friends and create lasting relationships across generations.

AU DHARMA - OUR VALUE ENABLERS



OFFERINGS



Vehicle Loans

Clientele

- First time users/ buyers
- Small road transport operators
- Self-employed individuals

Loan Amount

Ticket size

Up to ₹ 25 Lacs (average Ticket Size ₹ 3.5 Lacs)

Purpose

Income / Revenue generation



Micro, Small & Medium Enterprises Loans (MSMEs)

Clientele

- Micro and small manufacturer
- Micro and small service enterprise
- Retail trade
- Agriculture-based SME activities

Loan Amount

Ticket size

Up to ₹ 25 Lacs (average Ticket Size ₹ 10 Lacs)

Purpose

Income / Revenue generation



SME and Structured Finance

Clientele

- Manufacturing, trading and service units
- Small/Medium-sized NBFCs
- Small builders for the development of affordable units

Loan Amount

Ticket size

₹ 25 Lacs - ₹ 20 Cr (average Ticket Size ₹ 2.5 Cr)

Purpose

- Business expansion
- Working capital



Insurance

In addition to a comprehensive portfolio of loan products, we also offer a wide variety of general insurance products through our associate company. We are transparent in our approach and provide precise and research-backed information to customers.

We aim to reach out to the country's large uninsured and underinsured masses through our insurance services. Besides, we work on gaps in the present insurance services verticals including risk management, claims assistance and claims consultancy.

Product-wise AUM as on March 31, 2016

₹ 4,174.48 cr

VEHICLE LOANS

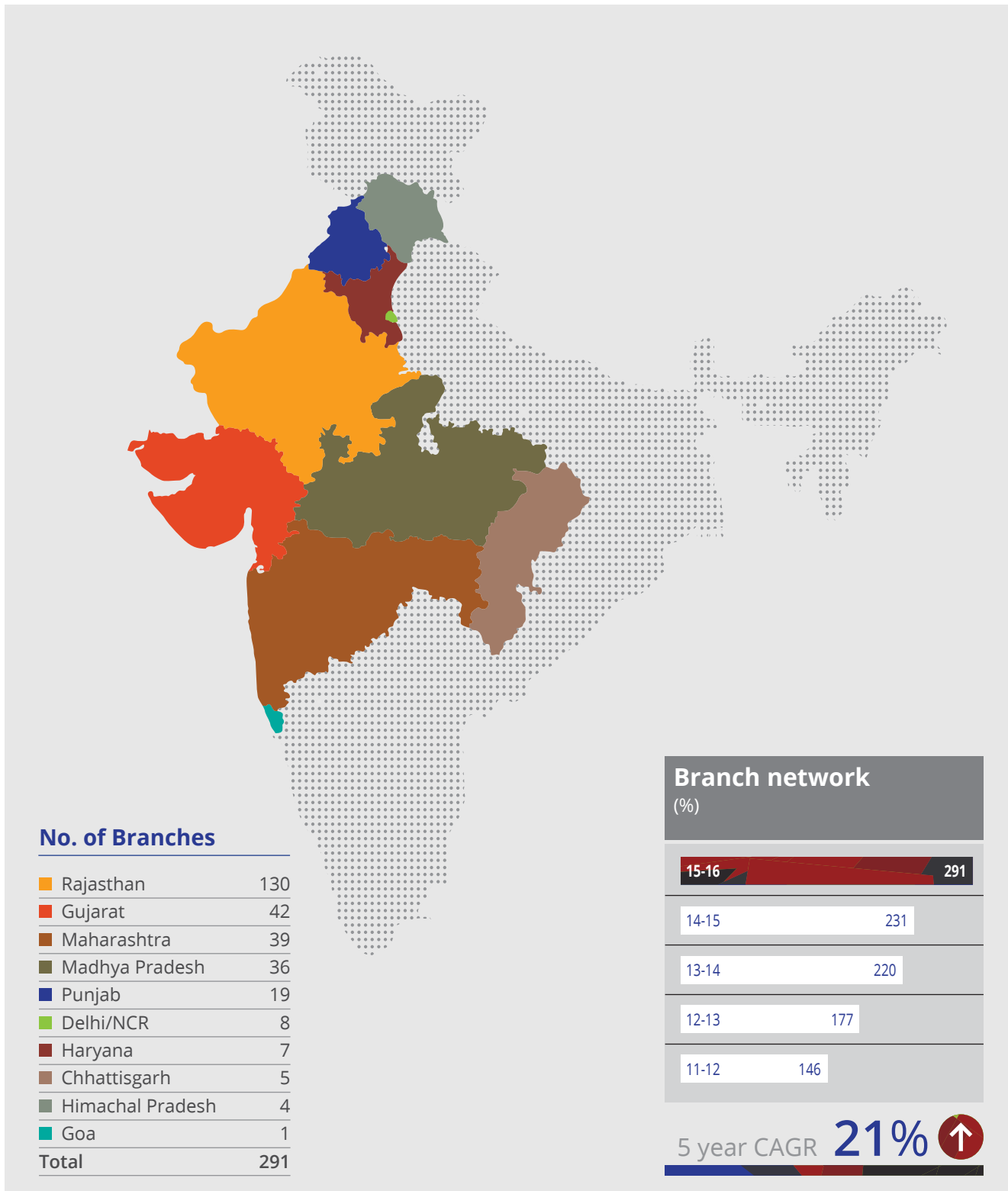
₹ 2,217.60 cr

MSME LOANS

₹ 1,829.20 cr

SME AND STRUCTURED FINANCE

OUR STRATEGIC PRESENCE



KEY PERFORMANCE INDICATORS

Total Income (₹ in Cr)	
15-16	1,015.48
14-15	706.31
13-14	618.66
12-13	440.86
11-12	249.21

5 year CAGR **45%** ↑

Operating Profit Before Tax (₹ in Cr)	
15-16	371.01
14-15	275.48
13-14	218.21
12-13	145.06
11-12	83.16

5 year CAGR **39%** ↑

Net Worth (₹ in Cr)	
15-16	991.07
14-15	796.19
13-14	632.19
12-13	461.14
11-12	391.88

5 year CAGR **44%** ↑

Profit After Tax (₹ in Cr)	
15-16	211.62
14-15	140.23
13-14	92.39
12-13	80.21
11-12	50.11

5 year CAGR **38%** ↑

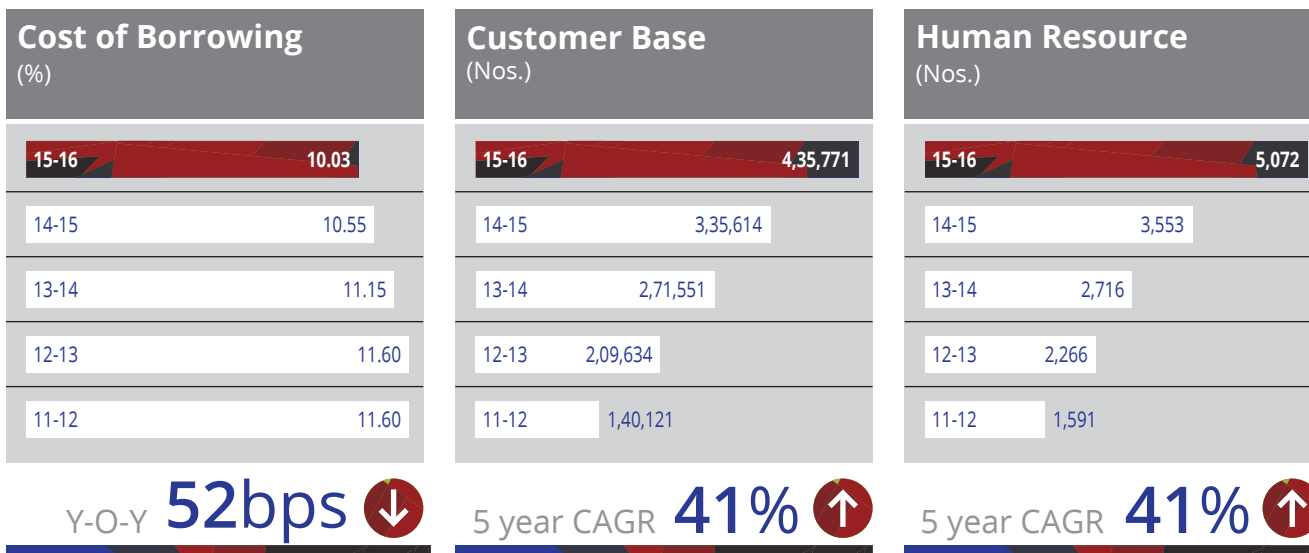
Disbursement (₹ in Cr)	
15-16	5,619.23
14-15	3,377.50
13-14	2,685.04
12-13	2,438.11
11-12	2,082.91

5 year CAGR **38%** ↑

Assets under Management (AUM) (₹ in Cr)	
15-16	8,221.29
14-15	5,567.71
13-14	4,449.01
12-13	3,704.32
11-12	2,554.35

5 year CAGR **45%** ↑

Au FINANCIERS is one of the fastest growing NBFCs in the country, consistently delivering strong operational and financials. Our consistent development and successive growth have been recognised by reputed credit rating agencies, including Brickwork, India Ratings and Research and ICRA.



Note: CAGR = Compounded Annual Growth Rate

OUR CREDITWORTHINESS

Our consistent development and successive growth have been recognised by reputed credit rating agencies, including BrickWork, India Rating and Research and ICRA.

Credit Rating Agency	2012	2013	2014	2015	2016
Brickwork Ratings Pvt. Ltd.	-	-	-	-	BWR AA-/Stable
India Ratings & Research Pvt. Ltd.	-	-	IND A+	IND A+/Stable	IND A+/Stable
ICRA Ltd.	ICRA A/Stable	-	ICRA A/Stable	ICRA A+/Stable	ICRA A+/Stable

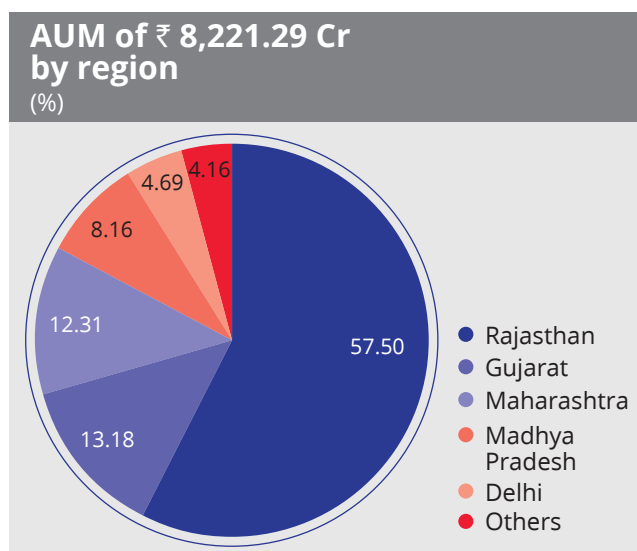
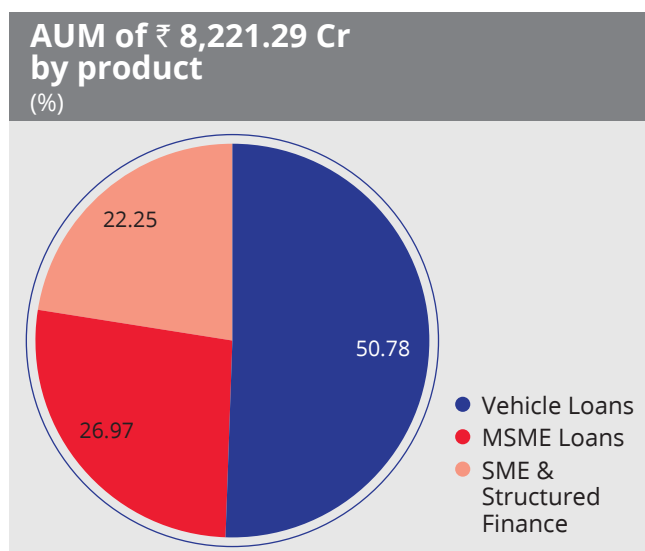
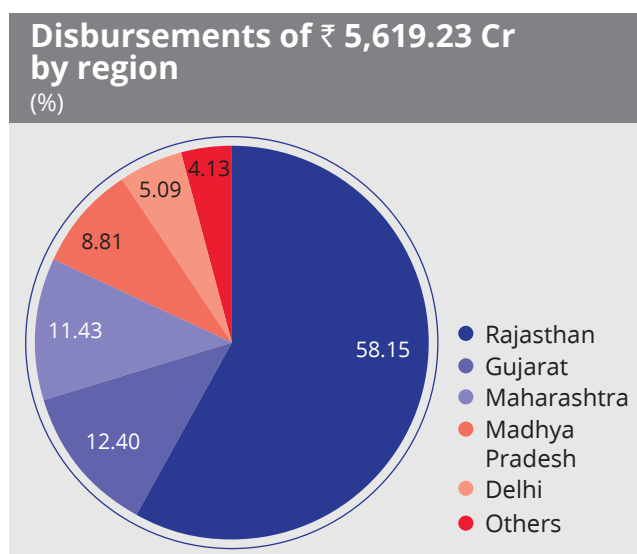
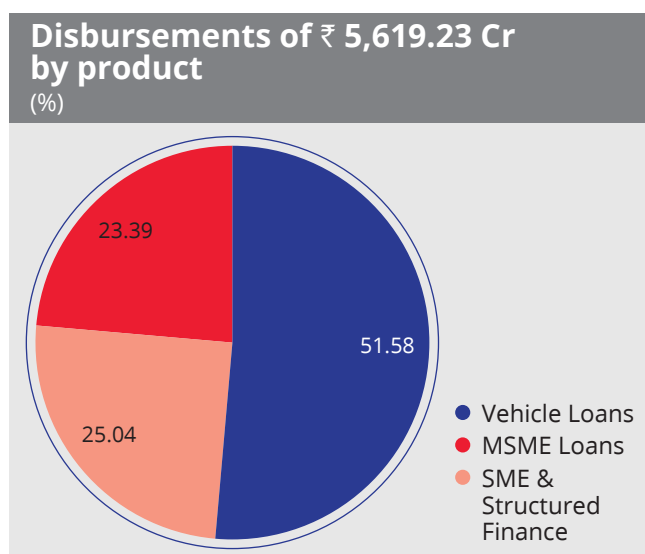
Rating details

Instruments	As on March 31, 2015	As on March 31, 2016
Long-Term Rating	-	BWR AA-/Stable
	IND A+/Stable	IND A+/Stable
	ICRA A+/Stable	ICRA A+/Stable
Short-Term Debt (Including Commercial Paper)	IND A1+	IND A1+
Short-Term Debt	-	ICRA A1+

Key Ratios

	2011-12	2012-13	2013-14	2014-15	2015-16
Return on Equity (%)	30.18	20.25	20.05	21.93	27.40
Capital Adequacy Ratio (CRAR) (%)	33.55	20.82	20.44	18.54	17.10
Return on Net worth (%)	2.62	2.56	2.27	2.70	2.98

PRODUCT-WISE AND REGION-WISE BUSINESS MIX FOR FY 2015-16



GROUP PERFORMANCE AT A GLANCE

OUR GROUP STRUCTURE

Au FINANCIERS (INDIA) LIMITED



Au HOUSING FINANCE LIMITED

Subsidiary
(Registered with NHB as HFC in 2011)

Providing housing loans, primarily across the un-served, unreached and under served markets



INDEX MONEY LIMITED

Wholly owned subsidiary
Providing financial consultancy services



Au INSURANCE BROKING SERVICES PVT. LTD.

Au FINANCIERS holds 26% stake (Registered with IRDA in 2012)

Providing transparent and reliable insurance broking services for all types of life insurance, general insurance and risk management solutions



M POWER MICRO FINANCE PVT. LTD.

Au FINANCIERS holds 38.53% stake (Registered as NBFC-MFI)

Providing microfinance loans to the unbanked population

*Data as on March 31, 2016

CONSOLIDATED FINANCIAL HIGHLIGHTS OF Au GROUP

Total Income (₹ in Cr)

15-16 1,214

14-15 815

13-14 675

Y-O-Y **49.00%** ↑

Profit After Tax (PAT) (₹ in Cr)

15-16 247

14-15 163

13-14 101

Y-O-Y **51.53%** ↑

Net Worth (₹ in Cr)

15-16 1,054

14-15 824

13-14 639

Y-O-Y **27.91%** ↑

Disbursement (₹ in Cr)

15-16 6,634

14-15 3,899

13-14 2,964

Y-O-Y **70.14%** ↑

Assets under Management (AUM) (₹ in Cr)

15-16 9,903

14-15 6,413

13-14 4,863

Y-O-Y **54.42%** ↑

Human Resource (Nos.)

15-16 6,602

14-15 4,425

13-14 3,252

Y-O-Y **49.20%** ↑

SMALL ACHIEVEMENTS ADD UP

1996

Incorporated as a private limited company in Rajasthan with a limited capital of ₹ 1 Lac by raising funds from high net worth individuals (HNWIs) and providing a wide range of financial assistance services in Rajasthan.

1999

- Adopted a fee-based model, acting as an origination partner for private sector banks.
- Diversified business and helped banks extend their geographical reach in the vehicular, personal, and home loan segments.

2003

Became one of the leading business partners of HDFC Bank, originating and servicing vehicle loans through a risk-sharing model. This was an inflection point for us, enabling scale operations to sustain growth in Rajasthan.

2006

Ventured into Maharashtra with Pune as our base.

2008

- Attracted the first round of private equity worth ₹ 20 Cr from IBEF and IBEF-I (funds advised by MOPE Investment Advisors Private Limited).
- Originated loans under its own book, adopting broadly similar procedures as those followed by the Company when originating loans for HDFC Bank.

2009

Forayed into Gujarat – the third state where the Company started its operations.

2010

- Mobilised the second round of private equity funding worth ₹ 35 Cr and ₹ 20 Cr, infused by International Finance Corporation (IFC) and Motilal Oswal Private Equity via IBEF and IBEF-I, respectively. The promoters also infused ₹ 5 Cr as growth capital.
- Attained the status of 'Systemically Important Non-Deposit Taking Asset Finance Company' in Rajasthan.
- Diversified our portfolio by providing loans to micro, small and medium enterprises.

2011

- Raised Tier-II capital worth ₹ 55 Cr from large private sector banks including HDFC Bank and ICICI Bank.
- Set-up a wholly-owned subsidiary housing finance company – Au HOUSING FINANCE LIMITED to provide housing finance services.

2012

- Raised the third round of private equity worth ₹ 150 Cr and ₹ 33 Cr from Warburg Pincus and IFC, respectively. They reasserted their confidence in the Company's future prospects.
- Commenced direct insurance broking services through an associate company – Au INSURANCE BROKING SERVICES PVT. LTD.

2013

- Achieved a milestone by fortifying fund raising relationships with banks, financial institutions and foreign institutional investors – from one in 2007 to over 50 in 2013.
- Received a five-year commitment for unsecured NCDs from FMO, CDC and Guarant Co. worth ₹ 220 Cr.
- ChryCapital, a leading private equity fund, acquired a 10.01% stake in the Company.

2015

- Assigned a long-term rating of IND A+ / STABLE and a short-term rating of IND A1+ by India Ratings.
- Selected among the five entries in the 'Financial Services' category at the VC Circle Awards, 2015.
- Mr. Sanjay Agarwal, Managing Director, was one of the finalists chosen for the 16th Ernst & Young Entrepreneur of the Year Award, 2014.

2016

- After 20 Years of Perseverance, dedicated working, we feel honoured on having received 'in-principle approval' for forming Small Finance Bank from the Apex Bank – THE RESERVE BANK OF INDIA.
- Assigned a long-term Credit Ratings of BWR AA-/Stable from Brickwork Ratings.
- NABARD & SIDBI extended refinance assistance of ₹ 500 Cr for promotion of rural and agricultural development.

2014

- Built tie-ups with three major OEMs – Bajaj Auto Limited, Daimler India Commercial Vehicle Private Limited and Atul Auto Limited.
- Strategically invested in M POWER MICRO FINANCE PRIVATE LIMITED, acquiring a 38.53% stake in the Gujarat-based NBFC engaged in micro-finance.
- Featured in Forbes India placing it in the elite company of Indian corporates who have done well during difficult times.
- Raised fourth round of capital, equivalent to ₹ 124.55 Cr via a preferential offering of shares to existing shareholders, i.e. promoters, employees and global private equity investors.
- The Au Group crossed the ₹ 100 Cr net profit mark in FY 2013-14.
- Ourea Holdings Limited and Kedaara Capital Alternate Investment acquired 9.98% stake in the Company through secondary sale transaction from existing investors.
- Expanded business to Haryana and Himachal Pradesh.



Actions speaks more than words

We believe in reaching customers, whatever the location or the social layers. We believe in being a help-hand for self-employment, affordable housing and easy financing.

At Au, we have always believed in bonding relationships and creating happiness together. With foremost service advising, suggesting ideal options, serving customers making right decisions and assuring sense of self-accomplishment to our customer, Au has gained faith of the customers and proved "Actions speaks more than Words".

Our desire is to serve those segments of society which have been left ignorant and could not develop because of societal constraints. Our unremitting endeavours in spreading our business presence, diversifying product lines to meet our customer needs strategically entering and spreading into multiple locations and changing the financial future of rural household, has marked a positive impact on economic development and a greater brand recall.

DRIVING A BIG AGENDA

We help customers choose from a wide spectrum of financing options to turn their aspirations into achievements. Our competitive strengths enable us to reach out to people, who languish at the periphery of formal channels of finance in India. Here we enumerate some of the capabilities that drive our growth trajectory.



Strong customer relationship

We provide easy finance with hassle-free documentation through a speedy and transparent process. Our team meets loan applicants and oversees the entire disbursement process to further strengthen the relationship. We have extended credit appraisal from mere documentation to accurate assessment of individual borrowers – their backgrounds, profiles and aspirations.



Local knowledge

Our team has a profound knowledge about India's semi-urban and rural markets. Our team understands the preferences of respective geographies and accordingly acts upon them. This has enabled us to penetrate deeper into potential markets.



Stringent credit verification process

At Au FINANCIERS, each case goes through a four-layered credit filtration and verification process, followed by final approval. Besides, we also analyse the relevance of any product according to customer profiles.



Robust collection process

Our in-house collections team uses a polite and friendly approach while recovery. Our structured process includes tele-calling, personal visits, notices and also legal actions, if required. We have maintained a low level of delinquency through our strong collection efficiency.



Widespread presence

We have a wide network of 291 branches across 10 states, comprising urban as well as rural India. We are spread across states of northern, western and central India. Our small regional officers help us identify our customers and connect with them to provide customised services.



Comprehensive offerings

We are widening our reach, and diversifying our product portfolio to various forms of secured financing. We hope to include the entire spectrum of financial products under our umbrella.



In step with national priority

The Reserve Bank of India has brought a significant change in the country's banking landscape through its recent 'in-principle approval' to 10 entities to set-up small finance banks. Small Finance Banks will deliver basic financing services to unserved and under served sections of people. We hope to play a proactive role in the government's efforts to stimulate the rural economy.



Investor support

We enjoy active support from renowned global and domestic investors, including IBEF and IBEF-I, advised by Motilal Oswal Private Equity Advisors Pvt. Ltd., International Finance Corporation (IFC, World Bank Group), Redwood Investments Limited, advised by Warburg Pincus and Labh Investments Limited, advised by Chrys Capital and Ourea Holdings Limited, advised by Kedaara Capital Managers Ltd.



Preferred partner

Over the years, we have emerged as one of the most preferred financing partners for leading automotive OEMs including Maruti Suzuki, Tata Motors and Hyundai, Piaggio Vehicles, Ashok Leyland, Bajaj Auto, Demlar India Commercial Vehicles Limited, Atul Auto Limited and Chevrolet. This has not only strengthened the business, but also assured our asset quality.



Brand Visibility

Our marketing and branding endeavours revolve, making more and more people aware about the brand and our products and services. We undertake multiple above-the-line, below-the-line and digital marketing drives to grow our brand.

MESSAGE FROM THE MANAGING DIRECTOR

₹ **1,214** cr

CONSOLIDATED INCOME IN FY 2015-16
From ₹ 815 Cr in FY 2014-15

₹ **247** cr

CONSOLIDATED PAT IN FY 2015-16
From ₹ 163 Cr in FY 2014-15

Dear Stakeholders,

At the outset of my speech, I will take a trip down memory lane and share with you, memories of our journey, which started two decades ago. When we began operations in 1996, we thought of building an institution with passion and dedication. We put our heart and soul to the endeavour. As a non-deposit taking NBFC, we have dealt with several challenges with positivity and enthusiasm. The result was growing scale; and we emerged as a Systemically Important NBFC and Asset Financing NBFC under the aegis of the Reserve Bank of India (RBI) in 2010.



During FY 2015-16, we witnessed the most memorable day of our journey. On September 16, 2015, RBI, being one of the most prestigious and globally-respected regulatory bodies, awarded us 'in-principle approval' to set-up a **'Small Finance Bank.'**

Taking the liberty of a cricket analogy where passion emanating from **'Gully Cricket'** and you work harder and aspire to own a **'Test Cap'** and on obtaining 'in-principle approval' from RBI, resounds such sense of accomplishment for us.

The RBI in its 'in-principle approval' stated certain conditions to be fulfilled prior getting a green signal for the incorporation of a small finance bank. We believe that it is our responsibility to honour the confidence pledged on us.

In regulatory transition, stake sale in Au HOUSING FINANCE LIMITED and the conversion of Au FINANCIERS into an Indian-owned and controlled company were the major milestones for us to be achieved. We are pleased to inform you that stake sale in Au HOUSING FINANCE LIMITED (AuH) completed successfully at a remarkably encouraging enterprise valuation of 4.75 times of the Company's net worth in FY 2015-16. I would like to appreciate efforts of the entire team of Au HOUSING FINANCE, led by its dynamic CEO, Mr. Sushil Kumar Agarwal.

This stake sale enabled Au FINANCIERS to double its net worth to around ₹ **1,600 Cr.** Besides, the Company's capitalisation at the right time would help in its successful

transition, making it a future-ready technologically sophisticated bank.

We are also happy to inform that the conversion of Au FINANCIERS into an Indian-owned and controlled company is at the verge of completion.

Simultaneously, we undertook multiple initiatives to build a robust operating model for the bank. To continue our efforts on innovating low cost and technology-driven operating model, we have appointed Accenture as our technology partner. It advises us on our technology and operations, along with liability and asset growth. Aon Hewitt has been selected as our HR partner and Ogilvy and Mather has been appointed for creating a logo for 'Brand Positioning & Strategy'. Also, a strong credit, risk, audit and compliance architecture is underway.

Au FINANCIERS will undergo a complete transformation into a much robust enterprise with its focus on people, processes, branch positioning, infrastructure, best-in-class technology, customised products, brand and upcoming branches in rural India.

The primary responsibilities of small finance banks will comprise – taking small deposits and disbursing loans, mutual funds, insurance products, and other simple third-party financial products. We would execute regulatory intent for small finance banks, and from commencement of the business, we would undertake acceptance of deposits and lending to unserved and under served

We are pleased to inform you that stake sale in Au HOUSING FINANCE LIMITED (AuH) completed successfully at a remarkably encouraging enterprise valuation of 4.75 times of the Company's net worth (during FY 2015-16).

sections. Such sections include small business units, small and marginal farmers, micro and small industries and unorganised sector entities with 75% of bank credit to priority sector. Providing loans below the ticket size of ₹ 25 Lacs would continue to remain our primary focus area.

Given our years of experience with rural, semi-urban and urban (low Income) segments, we intimately understand their needs and how to aid them sustainably. Despite the relative difficulty of underwriting these segments, we understand how to effectively assess their creditworthiness through our **'Touch and Feel'** approach and localised workforce. We believe Au FINANCIERS' Small Finance Bank can leverage its deep customer understanding to serve them holistically across all their financial needs.

Supporting our vision, National Bank of Agriculture and Rural Development (NABARD) being an apex rural development bank and Small Industrial Development Bank of India (SIDBI) apex institution for promoting finance for small

We are witnessing impressive growth in all four product segments including vehicle, MSME, housing and SME and structured finance. FY 2015-16 can be reckoned as **'Golden Year in Au's History'**, wherein despite being a transition year from NBFC to small finance bank, we reported growth across parameters including – asset growth, asset quality, revenue and bottom-line growth.

businesses in India granted us lines of credit to the tune of ₹ 550 Cr to lend in rural areas and for small businesses. We are thankful to these institutions for this support.

The country's economic outlook

Since the last 1.5 years, we have been witnessing positive trends in India. Against the backdrop of the country's robust macroeconomic scenario, it has emerged as one of the world's fastest growing major economy.

In my opinion, political stability along with the Government's pro-reform policy measures brought in a wave of positivity and motivation in the economy, supported by strong domestic demand and to discuss how business opportunities would shape up in future in India is 'Waste of Time'.

The Government rightly recognised that the semi-urban and rural India needs a 'big push' for the economy to realise its full potential. It is because India is still predominantly rural, although it is urbanising at a rapid pace. At a time, when volatility and fragile growth has become the new normal for the global economy, India stands out as a lighthouse of stability and an outpost of opportunity. The Union Budget 2016-17 emphasised on financial sector and has allocated a cumulative amount of ₹ 87,765 Cr for rural uplift. It includes ₹ 38,500 Cr for the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and ₹ 19,000 Cr for the Pradhan Mantri Gram Sadak Yojna. Besides, the introduction of JAM Trinity (Jan Dhan Yojana – Aadhaar – Mobile Number Trinity) has enabled direct subsidy transfers.

On the other side to strengthen the sector introduction of Bankruptcy Law intended for specialised resolution mechanism to deal with bankruptcy situations in banks, insurance companies and financial sector entities. Faster credit assessment linked to E-KYC, amendment in the Companies Act, 2013 for fast incorporation of companies to promote entrepreneurship are right steps forward. Also, **'Make in India'** concept initiated by Gol would provide a boost to young entrepreneurs and MSME sector.

Looking back FY 2015-16

We are witnessing impressive growth in all four product segments including vehicle, MSME, housing and SME and structured finance. FY 2015-16 can be reckoned as **'Golden Year in Au's History'**, wherein despite being a transition year from NBFC to small finance bank, we reported growth across parameters including – asset growth, asset quality, revenue and bottom-line growth, under the able leadership of Mr. Uttam Tibrewal, Executive Director. Enterprise valuation has soared in the last 1.5 years driven by Au Management's growth aspiration.

Our consolidated revenue grew by 49%, from ₹ 815.27 Cr in FY 2014-15 to ₹ 1,214.10 Cr in FY 2015-16 owing to business growth across all product offerings. Our consolidated net profit increased by 51%, from ₹ 163.07 Cr in FY 2014-15 to ₹ 246.53 Cr in FY 2015-16.

Standalone performance was also quite encouraging, and during FY 2015-16, our revenues touched ₹ 1,015.48 Cr, registering a growth of

44% over the last year. Asset under Management (AUM) increased to ₹ 8,221.29 Cr in FY 2015-16 from ₹ 5,567.71 Cr in FY 2014-15, registering a growth of **48%**; and asset quality remained quite impressive, wherein gross NPA reduced from **0.95%** to **0.88%**.

Vehicle loan: Amid tough market conditions, our vehicle finance vertical registered a disbursement growth of 68% over that of the previous year. We increased our focus on tractor financing, which registered good volumes.

Micro, small and medium enterprise (MSME): Our MSME vertical saw moderate growth with 77% disbursement growth over the previous year. For this vertical, we have created a dedicated collections team to strengthen efficiencies. With our learning of this products segment, we envisage more customised offerings are needed to be offered, going forward.

Small and medium enterprises (SME) and structured finance: Disbursement of SME and SF grew by 55% over the previous year. This vertical forms an important part of our portfolio, and we focused on improving its quality. We are consistently working on strengthening our credit assessment processes and improving turnaround time (TAT).

Customer connect: Our strong team of tele-callers are consistently generating new businesses, along with focusing on customer retention and online client servicing. The Company has been progressive in its approach in tapping the unbanked and underprivileged area. Gaining

trust and confidence of customers through fair and transparent dealings have remained fundamental to customer acquisition and retention.

Marque programmes: We run **Dost Banaye Dost programme, Samridhi Kendra programme** and **Employee Business Referrals Programme (EBRP)** for business development. We also undertake several lead generation programmes, which help in improving our business volumes.

Brand visibility: We encourage the promotion of our products and publicise them through various ways – moving vehicles, radio, newspaper, event sponsorships, wall printing and short advertisements in multiplexes, among others.

Information technology: Technology is one of the Company's key focus areas to deliver superior customer experience. We invested in modernising our information technology architecture across the value chain, resulting in improved business processes. In line with our policy of continuous evolution, we are strengthening our architecture to provide our feet-on-street field officers with remote applications and processing capabilities through mobile hand-held devices. We aim to internally build an IT architecture and an environment to empower people to use technology. It should be flexible, scalable and yet cost-effective. Externally, it must be easy to use and enhance customer convenience.

Risk management: With our learning on retail business, it requires Detail Oriented working and we have been able to build

an organisational culture where risk management and credit assessment procedures are based upon guiding principles of detailing, faster TAT & decisioning, productivity and consistency. This enables us to build a right business model in years to come. We are consistently streamlining our processes, improving our practices, subsequently resulting in strong governance, leading to efficient performance.

Human resource

We believe and acknowledge the fact that employees play a key role in achieving great heights as an organisation. We are working continuously to ingrain best human practices, focused on strong employee relationships. Besides, we emphasised on building a culture of cohesiveness and synergised working. We believe, employees must be made aware of the significant role they play in the Company's development, at every step.

During the last 1.5 years, we roped in requisite talent and filled in important positions like Chief Technology Officer, Chief Risk Officer – Mortgages, Chief Distribution Officer, Chief People Officer and Chief Business Banking. Some senior positions are being filled as we transit to banking platform.

This is a transition period for us; and we would expect more contribution from our dedicated workforce. Employee feedback is important to us; and we encourage our people to share their valuable input with the management; and participate in the organisation's holistic development.

The future holds significant potential for us at Au FINANCIERS. “As a Small Finance Bank it aims to be the preferred trusted Bank for integrated and tailored solutions for the under served ecosystem, with a technology-led model for superior service and low-cost reach, supported by a robust IT, risk and HR platform.”

Social intervention

At Au FINANCIERS, community development is integral to our sustainability strategy. We try to contribute to the socioeconomic wellbeing of marginalised sections through our consistent efforts in the realms of education, healthcare and community development. We collaborate with multiple non-governmental organisations like Akshaya Patra, Banasthali Vidyapith, Rajasthan Netrahin Kalyan Sangh and JK Lon Hospital, among others to drive our social outreach programmes.

Way forward

The future holds significant potential for us at Au FINANCIERS. “As a Small Finance Bank it aims to be the preferred trusted Bank for integrated and tailored solutions for the under served ecosystem, with a technology-led model for superior service and low-cost reach, supported by a robust IT, risk and HR platform.” Also, in the coming year, we aim to:

- Complete the transformation into a small finance bank;
- Focus on low-cost technology, and enhancing customer convenience and engagement;
- Geographical expansion with a focus on deep unbanked areas;
- Align product mix, based on geography and customer segment;

- Elevate our governance and compliance standards consistently;
- Maintain efficiency and cost effectiveness in our operations as we transit into a bigger platform.

Acknowledgement

I would like to thank our valued stakeholders including investors, Board members, customers, dealers, bankers, regulators, employees and business partners for their consistent support and cooperation. We believe ‘Small is the New Big’; and we will continue to undertake small but meaningful initiatives to create a bigger socioeconomic impact, going forward.

Sincerely,
Sanjay Agarwal

EXECUTIVE DIRECTOR'S INSIGHT

IN LENDING BUSINESS,
SPOTTING OPPORTUNITIES
AHEAD OF TIME AND
KNOWING WHAT TO FINANCE
IS EQUALLY IMPORTANT TO
WHAT NOT TO FINANCE



When other players were focusing on growth in numbers in vehicle finance in FY 2011-12 and thereafter, we viewed subdued economic indicators and visualised its percolating negative impact well in advance with sluggish demand for Heavy & Medium Commercial Vehicles.

We deliberated questioning ourselves, visualised what was on the way for Vehicle Finance Industry and utilised evolving opportunity by focusing on MSME customers where the credit gap was big and future was optimistic seeing Government of India and RBI focused to provide required stimulus.

Where others were focusing on increasing Vehicle Finance Business, we increased our focus on MSME sector and strategically, we did not grow our Vehicle Finance book for FY 2012-13 and FY 2013-14. We kept patience, strengthened credit norms, became more focused and decided to finance only vehicles which had bright future in Indian markets in coming years.

We also built and strengthened our Housing Finance Business through subsidiary, to tap the huge opportunity in Affordable Housing Sector given our strong presence in rural and semi-urban areas.

Later in FY 2012-13, we analysed that vehicle sector was in bad shape including used vehicle finance business which was badly hit by economic slowdown, hence we built separate products lines of SME & Structured Finance to ensure that we continue to grow and generate good returns for our stakeholders.

Our strategies have always been backed by strong execution led by our Business Leaders which reinforced Au's growth story and we progressed in terms of balance sheet size, asset quality, manpower, disbursements, branch network, and outcome was that our profits grew at 5 year CAGR of 38%.

Last year was one of the most celebrated year in Au History, where all product verticals i.e. Vehicle, MSME and SME and Structured Finance registered impressive growth in disbursements with excellent asset quality.


At present, we are operating from 291 branches across 10 states, primarily in Rajasthan, Gujarat and Maharashtra and we are financing MSME loans from 185 branches. We believe that replicating our strategies while spreading to Madhya Pradesh and Delhi will provide us with greater opportunities to grow as there are humongous opportunities. We would continue to put our strategies in execution in coming times.

September 16, 2015 was one of the most memorable day of our lives and I congratulate the entire Au Team on receipt of 'in-principle approval' for Small Finance Bank from RBI. Looking forward, we would continue to serve under served, unbanked customer segment as we transit to small finance bank with introduction of more products.

We are focusing on development of world-class IT architecture and best infrastructure for branches for transition to Small Finance Bank platform.

Let's Shine Together

With Regards,
Mr. Uttam Tibrewal
Executive Director

A red tractor with a plow attachment is shown in a field. The tractor has a white label that reads "1035 DI". A small dog is sitting on the plow. The background shows green trees and a clear sky.

We rise by lifting others – fulfilling others' dreams

Having aspirations is nice but fulfilling them is exhilarating. At Au, our focus is on fulfilling the smallest dreams of people, because that's what makes us happy.

Mr. Suresh Kumar Man, a farmer belonging to Shahpura (Rajasthan), used primitive methods of farming. Due to the wastage of time and money in using old methods, he could not generate enough income for his family's survival. To upgrade his methods, he approached various banks and financial companies for assistance. It was Au that promptly responded to his problem and offered him a loan to buy a tractor, which saved his time and money. We have been able to empower him and currently, his monthly savings is approx. ₹ 60,000. According to Mr. Man, "The support and assistance that I got from Au has not only improved my farming capabilities, but also enriched my life." He has achieved exceptional success by switching to improved methods of farming. Now he is determined to reach new heights with our support. And we are always willing to support people like Mr. Man – people who are passionate to look for new possibilities.



ए यू फाइनेंसर्स ने ना केवल मेरी आर्थिक सहायता की है, बल्कि मेरे जीवन को समृद्ध बनाया है, जिससे मेरी खेती करने की तकनीक एवं क्षमताओं में सुधार हुआ है।

- सुरेश कुमार मन

SMALL ASPIRATIONS. BIG OPPORTUNITY.

India accounts for about a fifth of the global population without access to formal channels of finance. Despite initiatives to promote financial inclusion, the scenario is still dismal. Lack of adequate documentation and financial literacy are major roadblocks. As per the data released by Income Tax department for the Assessment Year 2012-13, only 2.87 Cr (2.29% of total population) have filed their IT returns, in which effective tax payers were 1.25 Cr (1% of the total population) only.

Au FINANCIERS had identified under served, under-banked customer segment for providing access to finance since its beginning in 1996 and has been addressing the needs of this segment over the last 20 years.

It is recognition of our commitment to further financial inclusion in the semi-urban and rural markets that The Reserve Bank of India has given us 'in-principle approval' to convert ourselves into a Small Finance Bank so that we can provide complete gamut of banking products and services to our customers. Our mandate is to contribute towards inclusive economic development by catering to modest aspirations of a young India that need careful handholding. It is these aspirations that will fuel India's economy towards higher growth trajectories.

The RBI has granted 'in-principle approval' to 10 entities to set-up small finance bank and out of that eight are microfinance providers, one a local area bank and one a non-banking finance company i.e., Au FINANCIERS (INDIA) LIMITED. It

is noteworthy that Au FINANCIERS (INDIA) LIMITED is the only NBFC Asset Finance Company (AFC). RBI rules stipulate that small finance banks will primarily undertake basic banking activities like accepting deposits and lend to "unserved and under served sections including small business units, small and marginal farmers, micro and small industries and unorganised sector entities".

As per the "Guidelines for Licensing of 'Small Finance Banks' in the Private Sector" dated November 27, 2014, "small finance banks can play an important role in the supply of credit to micro and small enterprises, agriculture and banking services in unbanked and under-banked regions in the country".

Mandates for Small Finance Banks

Small Finance Banks will be given scheduled bank status after commencement of their operations subject to RBI approval.

Small Finance Banks are subject to all the prudential norms and regulations of RBI as applicable to

existing commercial banks including requirement of maintenance of SLR and CRR. In addition, minimum capital adequacy ratio (CRAR) of 15% of Risk Weighted Assets is to be maintained on a continuous basis. It is noteworthy that Au FINANCIERS is well capitalised and would maintain CRAR in excess of the regulatory requirements.

Au FINANCIERS - Best suitable in its class

We are best suitable to become a small finance bank with fundamental blocks in place, aligned to RBI guidelines. We are a reputed Non-Banking Finance Companies (NBFCs) with more than 20 years of industry prominence serving largely in rural and semi-urban regions.

Moreover, we have business relationship with HDFC Bank since 2003. It has provided us with significant insights and understanding of the banking business including governance, transparency, risk management, process, operations and pricing, among others.

Mandate for SFB By RBI	Position of Au FINANCIERS
To extend 75% of its Adjusted Net Bank Credit (ANBC) to the sectors eligible for classification as priority sector lending (PSL) by RBI.	Over 85% of our Loan portfolio complies with PSL requirement.
At least 50% of its loan portfolio should constitute loans and advances of size up to ₹ 25 Lacs.	75% of our loan portfolio during FY 2015-16 constitutes of loans and advances of size up to ₹ 25 Lacs.
The minimum paid-up equity capital for small finance banks shall be ₹ 100 Cr.	Our net worth is way above this requirement.
Reach to deep penetration areas.	Serving unbanked and under-banked geographies.

Retail focus in unexplored segment: We are retail-focused and into secured lending business, catering to unbanked and under-banked sections, comprising the lower middle class segment. We believe there lies a big opportunity for us in Retail Loans sector: firstly, our learning curve of 20 years of secured financing in rural areas; secondly, our huge market scope; thirdly, credit detailing is essential and all these would enhance our size and thinking horizon on growth matrix in coming years.






Customer base of the Company: Au FINANCIERS have a strong customer base of more than 4 Lacs customers and about 10 Lacs customers including co-borrowers and guarantors.

Visionary promoter and dynamic and experienced team: Au FINANCIERS is promoted by a visionary promoter, Mr. Sanjay Agarwal. The Company was built

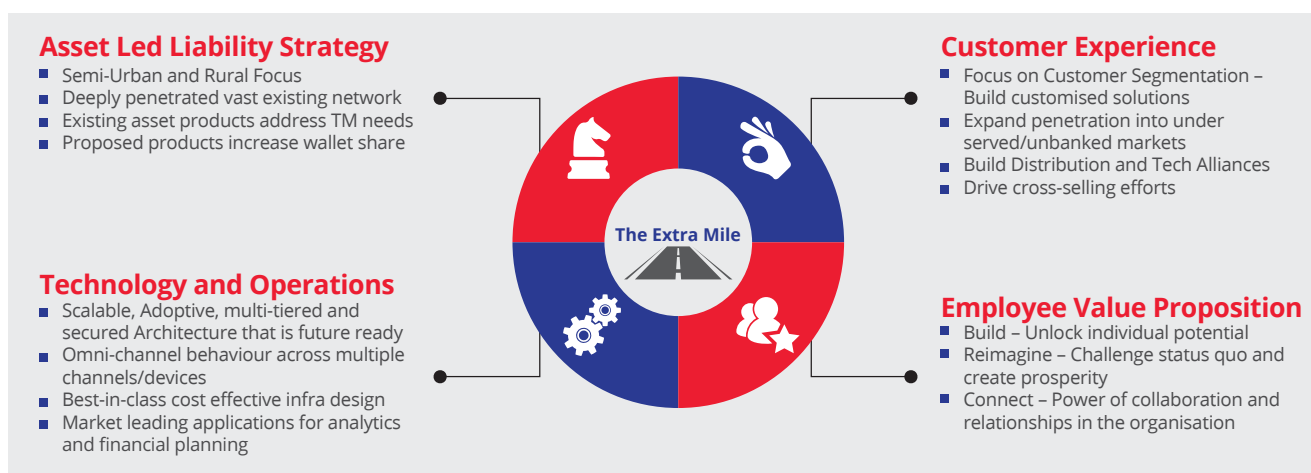
with some core values, comprising value for customers, support to business leaders and transparency, among others. At present, the promoters own 28.43% of the Company's stake meeting the criteria stipulated in the 'in-principle approval' from RBI. We have a young, dynamic and passionate team of professionals comprising Chartered Accountants, Company Secretaries and Management Graduates, among others.

Marquee sponsorship: We enjoy active support from renowned global and domestic investors, including IBEF and IBEF-I, advised by Motilal Oswal Private Equity Advisors Pvt. Ltd., International Finance Corporation (IFC, World Bank Group), Redwood Investments Limited, advised by Warburg Pincus and Labh Investments Limited, advised ChrysCapital and Ourea Holdings Limited, advised by Kedaara Capital Managers Ltd.

STRATEGY ON CONVERSION FROM NBFC TO BANKING PLATFORM

Business Drivers	NBFC (Asset Finance Company)	Small Finance Bank
 <p>Products</p>	<ul style="list-style-type: none"> Vehicle Finance MSME Finance SME and Structured Finance (SSF) Distribution of financial products 	<p>Along with existing products, we will add new product suite:</p> <ul style="list-style-type: none"> Overdraft/ cash credit facilities Agri term loans Housing loans Consumer durables, personal loan and gold loans Current account, savings account and term deposit Financial distribution (corporate agency for insurance, mutual funds, etc.)
 <p>Geography</p>	<p>10 states (Rajasthan, Gujarat, Maharashtra, Goa, Madhya Pradesh, Haryana, Punjab, Delhi, Himachal Pradesh and Chhattisgarh)</p>	<ul style="list-style-type: none"> Focus on existing geographies with deeper penetration Contiguous expansion ensures familiarity of markets and effective and efficient implementation
 <p>Customers</p>	<p>Lower and middle income (LMI)</p>	<p>Customer segment remains same.</p>
 <p>Team</p>	<p>Young and passionate team with:</p> <ul style="list-style-type: none"> Localised approach Relationship building Speedy service Low TAT 	<ul style="list-style-type: none"> Same team composition and mindset Strengthen key positions in treasury, compliance and liabilities Sr. Officials joining from Banking Industry for faster and smooth transition
 <p>Liability</p>	<ul style="list-style-type: none"> Confidence of 60+ lending institutions Securitisation and assignment Tier-II capital 	<ul style="list-style-type: none"> Term deposits and bulk deposits Securitisation, assignment and inter-bank participation certificate Certificate of Deposit (CD) Refinancing and inter-bank borrowing Foreign currency borrowings, PDI, borrowings from multilaterals, and so on Current Account and Savings Account (CASA) Remittances, cash management services for SMEs and Government schemes Fixed deposit and recurring deposit

KEY DIFFERENTIATORS OF AU SMALL FINANCE BANK



Our Partners in Transformation

We have appointed leading consultants to assist us on the big transformation.



Accenture India Private Limited

i) Technology consulting and project management for technology transformation

Overview:

We partnered with Accenture to develop the IT Strategy & roadmap and enterprise architecture including IT policies & manuals and banking policies required to launch our banking operations. This engagement was undertaken to help us meet strategic IT imperatives including developing world-class technology baseline and standards, to augment our business requirements.

Approach & Outcome:

The artefacts were developed by leveraging industry experience in both teams, identifying and addressing business feedback and establishing our target enterprise state aspirations for the new bank.

Over the course of a three month partnership, Accenture helped define the enterprise architecture including business and technology architecture, IT Roadmap, best-fit technology solutions amongst others.

ii) Operation and liability built up and asset built up

Overview:

We partnered with Accenture to develop critical business processes, product roadmap and manuals and banking policies required to launch our banking operations. This engagement was undertaken to help us meet strategic business imperatives including developing world-class banking practices and standards, auditability with regulators and also to ensure that technology design is reflective of the business processes and product components.

Approach & Outcome:

The artefacts were developed by leveraging industry experience in both teams, identifying and addressing customer and employee feedback and establishing our target state aspirations for the new bank.

Over the course of a three month partnership, Accenture helped in:

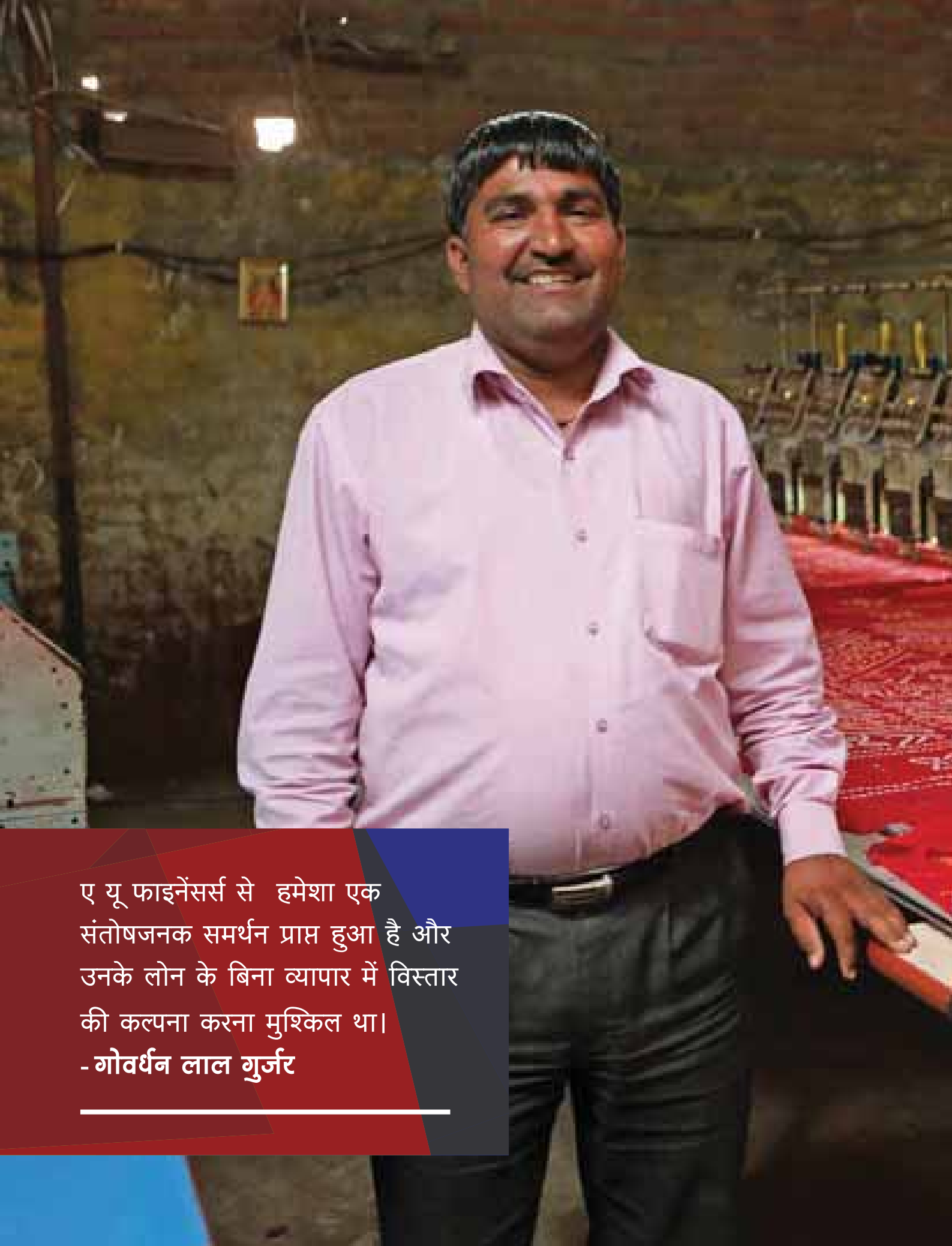
- Defining and designing 150+ business processes required to launch banking operations.
- Developing product roadmaps and 24 product manuals across 50+ product variants for the target asset and liabilities product portfolio.
- Documenting 12 key banking policy documents required for the bank to operate.



AON Services India Private Limited


Human Resource

Building of organisational structure and Human Resource strategies.



ए यू फाइनेंसर्स से हमेशा एक संतोषजनक समर्थन प्राप्त हुआ है और उनके लोन के बिना व्यापार में विस्तार की कल्पना करना मुश्किल था।

- गोवर्धन लाल गुर्जर



Coming together
is a beginning.
Keeping together
is progress.
Working together
is success.

Customer confidence has to be earned and the first step towards it is to understand their unsatisfied needs. Au FINANCIERS helps in bridging the gap between desires to accomplish and accomplishing the desires.

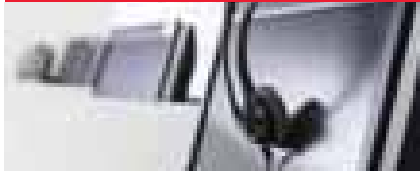
Mr. Goverdhan Lal Gujar aged about 38 years, is a businessman originally hailing from Shahpura. He can be best described as a man who has emerged as a successful person from the worst financial conditions. He is associated with Au since 2012 and has expanded and diversified his business in these past four (4) years. In this journey, he has established a strong and diversified business base. Presently, he owns a factory promoting 'Sanganeri printing', with wooden furnishing as the second line of business Mr. Goverdhan is working at. With the recent financial support from Au he has now initiated in expanding into transportation business also. "I have always received a satisfactory support from Au and such expansion without their support would never have been possible," he said. He believes in continuously moving forward and aiming for much higher targets in life. His success story and looking forward has been an inspiration for all.

SMALL LOANS. BIG OUTREACH.

Over the last two decades, we have catered to the small needs of unbanked and under-banked segments of society. We have reached out to millions of them. Today, we have created a robust customer-centric model through our wide network of branches and leverage of reliable technology.

We are undertaking multiple customer connect and branding initiatives to widen our customer base and brand visibility.

PROACTIVE TELE-CALLING



We have a separate tele-calling for vehicle finance, MSME, SME & Structured Finance and Insurance businesses for focused selling approach. The tele-calling department generates business and captures data from existing customers, business directories, door-to-door data and inputs from marketing and sales executives. The tele-calling team focused on the retention of customers, generation of new referred customers, product cross-sale and enduring customer connect through welcome calls, birthday greetings and anniversary wishes.



100+

TELE-CALLING MEMBERS FOR ALL PRODUCTS OFFERED



Dost Banaye Dost Programme

This is a referral programme for existing customers, who can earn incentives for every case referred. Existing Au customers can refer anyone and earn cash incentives.



Samridhi Kendra Programme

Through this programme we provide critical financial solutions under one roof through the franchise sales model. This programme will help the organisation grow faster, without having its own fixed cost brick-and-mortar model. Au Samridhi Mitra (Friend) is appointed, who acts as a business channel and generates leads.



Employee Business Referrals Programme (EBRP)

Under this programme an employee tells his/her family and friends about our products or services. This is an internal mobile app for lead generation by employees – monetary rewards are provided on conversion. This involves non sales employees in business acquisition process enhancing the earning potential for employees. On the other side, this also provides opportunity for other product sales force to cross-sell product to same customer.



Online sales

We have tie-up with reputed websites like Bank Bazar, Car Dekho.com, Deal for Loan, Paisa Bazar and Best Deal.



Au-Parichay initiative



Promotion and branding

We undertook extensive promotion and publicity through:

- Special moving vehicles.
- Media (radio FM and newspaper advertisements).
- Joint marketing activities with OEMs.
- Events sponsorship.
- Wall printing across different highways and Jaipur and Mumbai Airports.
- Short advertisements in multiplexes.
- Relationships with panchayat samitis and local opinion makers.



Customer loyalty programme

We have a customer loyalty programme called 'Special Platinum Customers'. Through this programme we offer plenty of benefits.



Au-Sarthi initiative



Unique marketing activities assisting lead generation

- **Au-Chai Chaupal:** Meetings at tea stalls to identify potential customer requirements and data collection. Branding by providing Au tea cups and creating an impactful platform.
- **Au-Sarthi:** CSR initiative with an aim for data collection by providing road safety training programme to different drivers.
- **Au-Winger:** Data collection programme where a vehicle moves in local markets and surrounding areas.
- **Au-Samarth:** Guerrilla marketing resulting in unified approach, regular communication, market mapping and primary data sourcing.
- **Au-Parichay:** Meeting sessions for creating distribution model – mementos given to potential customers for branding.



Au-Samridhi initiative



Growth is inevitable, when there is a reliable partner

At Au, we aim to bring a glimpse of smile on the face of our customers by gifting them a life of dignity.

Mr. Pawan Kumar Gupta and his family is into the business of manufacturing and production of spices for the last 25 years. He always dreamt of expanding his business, taking it to new limits. Au has partnered him in his entire journey by providing adequate financial support. The loan from Au helped him extend his business area and adopt advanced technologies to upgrade the manufacturing process. Today, he has set-up many plants equipped with superior-quality machines for processing, cleaning and grinding of spices. His products are supplied to various hotels and dhabas of Rajasthan. "The consistent support that I have received from Au is incomparable. It has helped me to amplify my business and reach to new heights of success," Mr. Gupta said. Our small efforts to help others attain their goals have helped us occupy their hearts.



मेरे व्यापार और मुझे सफलता की नई ऊंचाइयों तक पहुँचने में ए यू का महत्वपूर्ण योगदान है। जो समर्थन ए यू द्वारा प्राप्त हुआ है, वो अतुलनीय है।

- पवन कुमार गुप्ता

SMALL INITIATIVES. BIG IMPACT.

Corporate governance for us reflects our commitment to ethical values in business; and it is aimed at enhancing our organisation's wealth-generating capacity through strategic dialogue with all those who have a stake in our growth and sustainability. These engagement initiatives, conducted throughout the year, may appear to be little steps; but they are cumulatively vital to gain and retain the trust of our stakeholders.



During FY 2015-16, we undertook multiple initiatives to create a strong and dynamic governance architecture.

Audit Committee

- Advise on appointment, resignation or dismissal of external and internal auditors, audit fees, monitor annually the performance and effectiveness and to promote co-ordination between the internal and external auditors.
- To satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

Asset & Liability Management Committee (ALCO)

- Manages asset liability gap and funding and capital planning.
- Strategies actions to mitigate the risk associated and report its findings to the Audit Committee.

Corporate Governance Committee

The Committee provides views on good corporate governance and reviews organisational performance throughout the year.

Nominations & Remuneration Committee

It determines and decides the

broad policy and framework for appointment & remuneration of Directors and top managerial personnel as per the applicable provisions of the Companies Act, 2013 and terms of the agreed policy.

Credit and Risk Management Committee

- The Committee is constituted to ensure that the Company has in place at all times a Credit and Risk Management policy.
- Credit policy implementation, monitoring of Credit risks and control of frauds.

Corporate Social Responsibility Committee

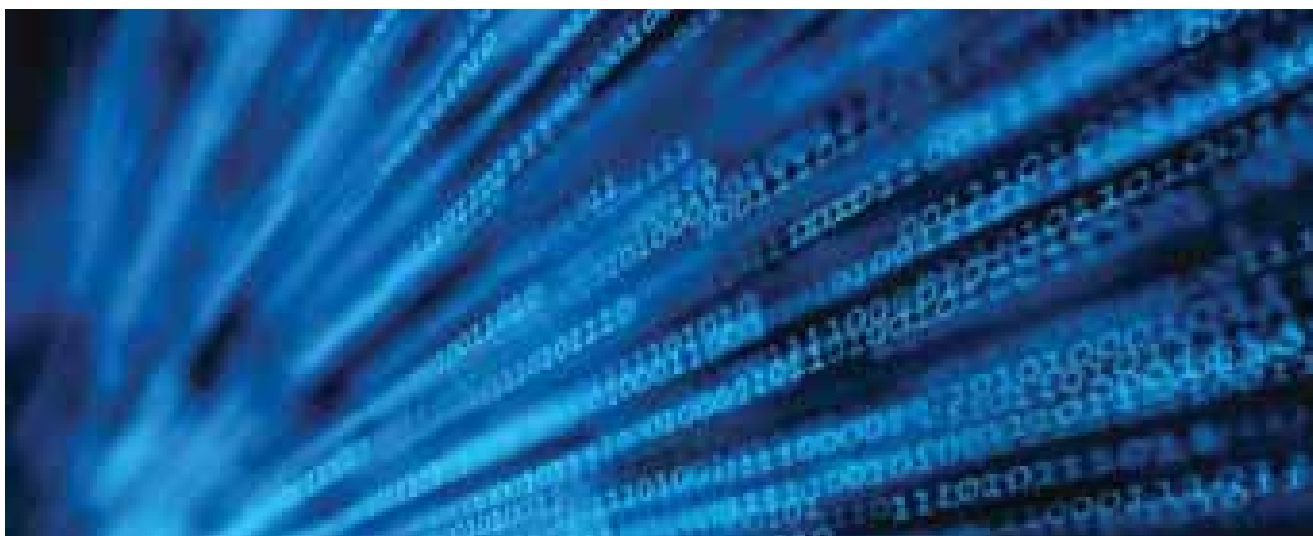
Formulate, monitor and recommend to the Board, a Corporate Social Responsibility policy and recommend the amount of expenditure to be incurred on the Corporate Social Responsibility activities in line with compliance of the Companies Act, 2013.

Executive Committee

The Committee functions according to the Borrowing framework defining the role and the power of the committee, including borrowing limits depending on cost of funds and quantum of liabilities raised by the Company and investment in mutual funds, FD, etc.

SMALL STEPS. BIG SHIFT.

In our overall canvas of business operations, information technology (IT) addresses key challenges and ushers in small, incremental changes. These changes facilitate integration and seamlessness from the origination of a loan cycle to its closure. Integration accelerates decision-making and enhances transparency in business operations. It also helps generate real-time critical data, which can be used for the present and archived for future reference.



We are consistently upgrading our systems and processes. We are also providing our employees with latest technological devices to execute their jobs in an efficient and effective manner. This is subsequently helping achieve more customer satisfaction.

Current core lending application – OMNIFIN

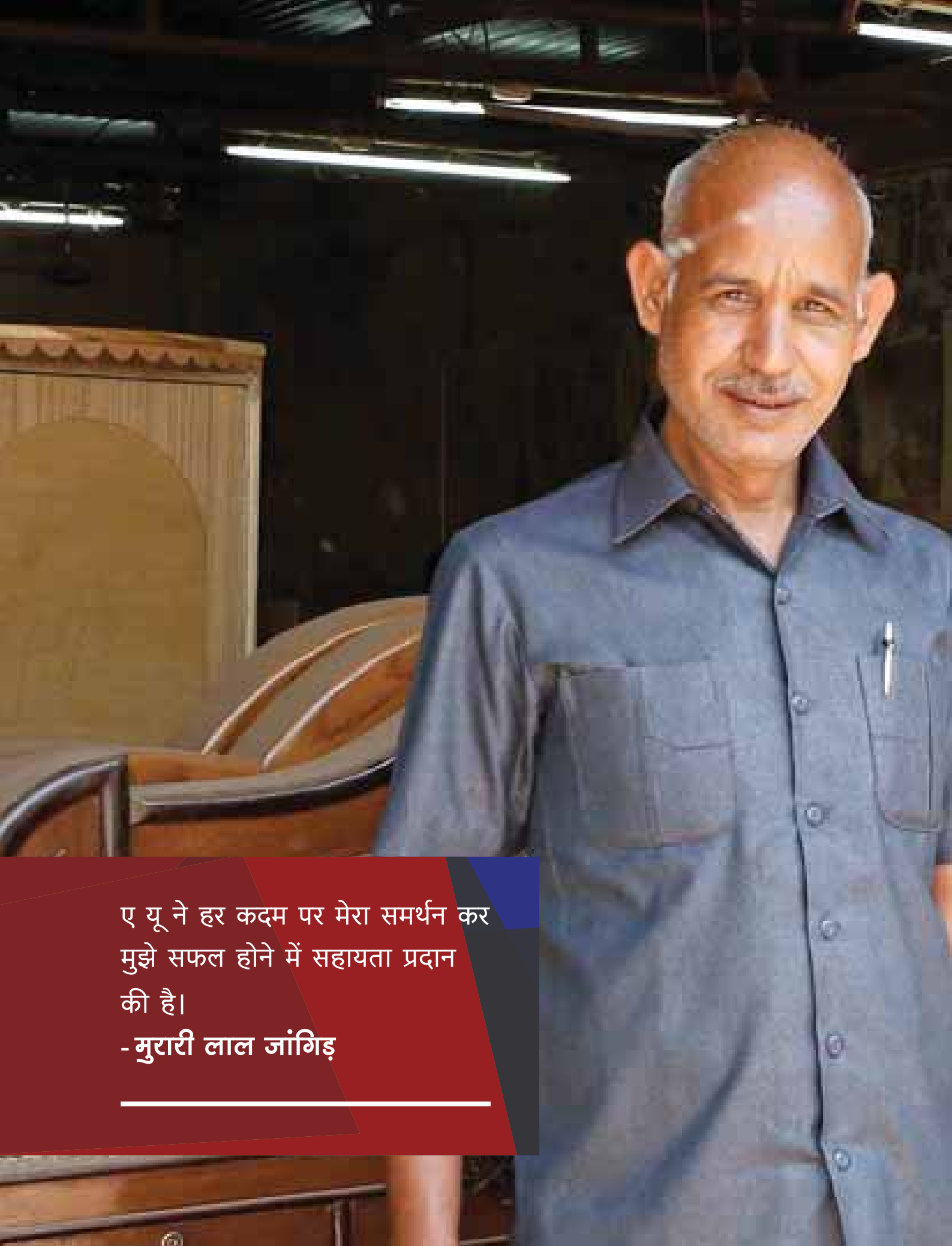
Driving factors of end-to-end loan management

- Anywhere customer service.
- Loan approvals based on loan amounts.
- Entity-level financial accounting and reporting application.

- Role-based employees access rights.
- In-built audit mechanism through maker/ author option.
- To satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.

Technology partners

To meet the changing technology needs as part of 'Setting Up A New Small Finance Bank', we appointed Accenture Services Pvt. Ltd. (Accenture) as the consultant to advise the Bank on Technology Consulting and Advisory services wherein Accenture would help advise in laying the foundation of new generation IT set-up.

A man with a mustache, wearing a blue button-down shirt, stands in a workshop. He is smiling slightly. The background shows wooden furniture and industrial lighting.

ए यू ने हर कदम पर मेरा समर्थन कर
मुझे सफल होने में सहायता प्रदान
की है।

- मुरारी लाल जांगिड़



A pledge to bring pleasure in every life

At Au, we try to nurture customer relationships with responsibility to evoke a sense of belongingness.

Mr. Murari Lal Jangid, a resident of Jaipur wanted to set-up a furniture business. He approached Au for financial assistance and we offered him a loan of ₹ 80 Lacs. At present, he is an established businessman and supplies furniture to showrooms across India. Part of this loan helped him to invest in commercial vehicle, used for transportation of furniture. The loan further supported him to buy two plots, where his workforce currently designs furniture. Today, he has expanded his business by utilising the loan amount in purchasing high-quality of raw materials and roping in skilled and talented labour. Mr. Jangid believes, "Au has always been there with me, supported me at every step and helped me achieve this success in life." His growth story is exceptional, and we feel proud for being his partner of progress.

BUSINESS DIVISION REVIEW

At Au FINANCIERS, we cater to the financial requirements of people through our diversified product portfolio. We aim to fulfil customer aspirations through the below business divisions.

		
<p>Vehicle Loans</p>	<p>Micro, Small & Medium Enterprises (MSME) Loans</p>	<p>SME and Structured Finance</p>

Our customer-centric approach encompasses:

- | | | |
|----------------------|-----------------------------------|-------------------------------|
| PERSONALISED TOUCH | QUICK CREDIT DECISIONS | HAND-HOLDING FOR THE CUSTOMER |
| BESPOKE SERVICE | SPEEDY APPROVAL AND DISBURSEMENT | TOP-MOST TRANSPARENCY |
| SIMPLE DOCUMENTATION | EASY AND FLEXIBLE REPAYMENT TERMS | |



Vehicle Loans



We have been financing and refinancing vehicles for over 15 years and the Vehicle Finance division represents our core business. We entered into this business through financing three-wheelers in Rajasthan, followed by various other vehicles mainly LCVs and MUVs. Gradually, we started offering refinancing options to customers to buy used cars. Increased focus on used vehicle finance with 34% of overall vehicle finance business has led to maintaining IRR at good levels and as mitigation to risk.

We provide finance to a diversified portfolio of vehicles comprising light commercial vehicles (LCVs), multi-utility vehicles (MUVs), small commercial vehicles, three-wheelers (loading and passenger vehicles), cars and tractors. We help rural and semi-rural entrepreneurs in fulfilling their dreams of owning a financed vehicle.

We finance vehicles of reputed OEM brands like, Tata Motors, Maruti, Piaggio Vehicles, Hyundai, Ashok Leyland, Bajaj Auto, Demlar India Commercial Vehicles Limited, Atul Auto Limited and Chevrolet, among others.

Our focus areas comprise

- First-time users/ buyers.
- Self-employed individuals.
- Small road transport operators.

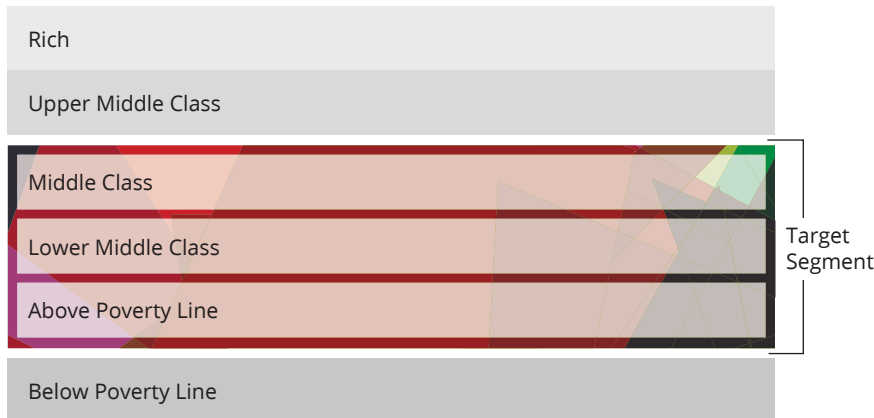
Key highlights, FY 2015-16

- We entered into the tractor segment, which witnessed significant traction.
- Passenger utility segment grew over 67%, which was primarily achieved from used vehicle segment.
- We worked (together with Ola and Uber) to promote and make available organised and easy finance facility to all drivers for purchase of passenger cars

enabling increase in number of prospective customers and also leading to increasing refinance cases being served.

- We tied-up with reputed OEMs such as Maruti True Value, Mahindra First Choice and Hyundai Advantage for the used vehicle segment.
- Our well organised distribution system through dealers and existing and new branches contributed towards growth.
- Our tele-marketing services also helped generate substantial business.

Our target segment



Target Customer Segment

SELF-EMPLOYED INDIVIDUALS

FIRST TIME USERS/BUYERS

SMALL ROAD TRANSPORT OPERATORS

Road ahead

- We are expanding our branches and have started financing two-wheelers to ensure higher volumes and margins.
- We are increasing our bandwidth in terms of internal team across domains enabling to generate and process higher business volumes.
- We will elevate the role of technology in our processes to enhance turnaround time and better customer service.
- We aim to build a judicious business mix across products and geographies.



Disbursement

2014-15
₹ **1,726.10** cr

2015-16
₹ **2,898.19** cr

Y-o-Y growth

2014-15
2.90%

2015-16
67.90%

Average loan size

2014-15
₹ **3.14** Lacs

2015-16
₹ **3.37** Lacs



Micro, small and medium enterprise (MSME) loans



Around six years back, we started offering secured loans for financing MSMEs in manufacturing and service sectors. Besides, we also provided loans to small farmers engaged in agricultural and allied activities.

These loans help the specific customers in sustaining and expanding their small businesses; purchasing equipment; upgrading technology; and financing working capital, among others. These loans are also aimed to support start-ups. Our average ticket size is around ₹ 9 Lacs.

Our efficient team comprises lawyers, technical agencies and valuers to add value to our growth

graph. We have also established separate legal and collection teams to lower delinquencies, compared to the industry average.

Key highlights, FY 2015-16

- We expanded our reach in the states of Chhattisgarh and Haryana.
- Online business tracking system: We have created an in-house online case and business tracking mechanism. All the work-in-progress cases are tracked through this software. All credit and sales team can view their updated status of work-in-progress cases and track them for maintaining TAT and timely closure of the case.
- Separate collection vertical: Although collection responsibility lies with business team, we are also gradually creating collection vertical as well.
- Customer service team ensured flawless service to existing customers and added more customers through customer referrals.

Disbursement

2014-15

₹ 744.45 cr

2015-16

₹ 1,314.26 cr

Y-o-Y growth

2014-15

43.97%

2015-16

76.54%

Average loan size

2014-15

₹ 8.60 Lacs

2015-16

₹ 10.00 Lacs



Small and medium enterprises (SME) and structured finance (SSF)



We analysed that the financial requirements of businesses vary according to their size and nature of business. Recognising this, we forayed into the SME & Structured Finance segment during FY 2013-14 to offer loans with a ticket size of over ₹ 25 Lacs. Subsequently, we started funding businesses run by experienced professionals, who need money for expansion. We have sub-verticals with separate credit and sales teams to help make the system more efficient.

Our focus areas comprise:

- SME, Traders, Wholesalers, Distributors, Retailers, and Self-employed Professionals – Education and Healthcare.
- Registered NBFC engaged in asset financing (Auto, Mortgages).
- Registered Housing Finance Companies focused on semi-urban/urban funding.
- G+2/row houses builders with good track records in proven markets such as Jaipur and other Tier-II markets based on in-depth research.
- Developers in Tier-II & III cities and CAT B developers Tier-I cities in affordable housing segment.

Key highlights, FY 2015-16

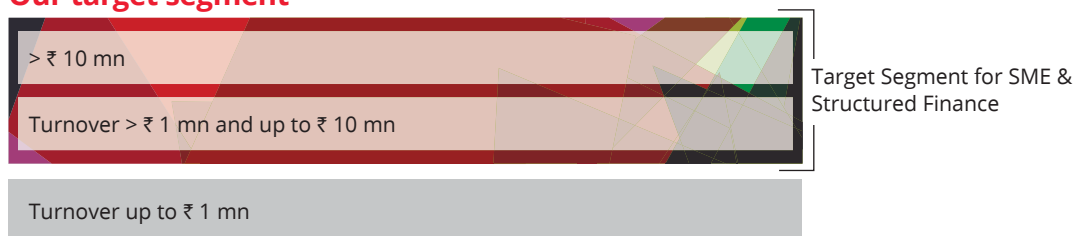
- Portfolio profiling: As a tool of portfolio monitoring we have done profiling of customers booked during the period April 2014 to January 2016. We have also identified better performing profiles and worst performing profiles. This learning is also shared with the front-end team.
- Periodic review of portfolio and its delinquency are monitored by business, credit, risk and collection team at all levels.
- Periodic Vendor Review: Technical and legal vendors are

empanelled by industry reference and screening process. Periodic Review of vendors on their performance on the basis of knowledge, quality of reports and TAT. Feedback and learning being shared with vendors by internal credit and technical team.

- Independent Field Investigation (FI): The FI report format is comprehensive that cover business, residence and collateral visit by independent in-house FI person. And credit team ensures that all the facts and findings as per the FI report being considered in decision-making process.

- Risk Containment Unit (RCU): A separate RCU team is in place for verification of customer's KYC/Financial documents in selective cases.
- Training and development: Various training and development programme and sessions are conducted periodically such as 'Developing the Leader in You', 'Training on credit underwriting, collateral appraisal & motivation', for DOs and credit officers.
- Strengthened business verification process with introduction of independent field investigation.
- Strengthened legal and technical vendor management.

Our target segment



Road ahead

- We are developing internal technical team for acquiring local market intelligence in different state market dynamisms.
- Strengthen our internal technical processes for making them more effective.
- Focus on an overall improvement in operational efficiency and business volume.

Disbursement

2014-15
₹ **906.95** cr

2015-16
₹ **1,406.78** cr

Y-o-Y growth

2014-15
84.90%

2015-16
55.11%

Average loan size

2014-15
₹ **230.95** Lacs

2015-16
₹ **217.56** Lacs

BUSINESS ENABLERS

CREDIT RISK MANAGEMENT

We have built a strong risk management framework, recognising the relevance of risk in our business. There are various risk management policies and processes in place to help our people take significant measures to mitigate risks. We have customised our policies to cater particular requirements according to specific geographies. Besides, we consistently update our policies to stay on course, and help customers get maximum benefits in the contemporary marketplace.



We are consistently streamlining our processes through our risk management framework. This is helping us improve our practices, subsequently resulting in strong governance, leading to efficient performance.

We have a Credit and Risk Management Committee in place, which keeps the Board updated about the developments taking place owing to the implementation of risk management. Besides,

Credit management is crucial to our business since a major portion of our customers are from unorganised segment and primarily first-time buyers. They lack documents and their balance sheets do not provide the exact picture of their business. Credit management assures the asset quality and profitability. For each business segment, we have a separate credit team, encompassing vehicle, MSME, SME & Structured Finance verticals. The

Credit management team evaluates business needs, identifies the expansion plans and analyses the loanee's ability to repay the loan.

We follow a four-layered system to strengthen the assessment process. The system includes visits by credit officers, relationship officers as well as business officers to analyse the customer's business and collateral quality.

Our legal team plays an important role in case of MSME and SME & Structured Finance loans. The centralised legal team as well as legal teams across various branches start enquiries as soon as the credit log is completed. The process fastens the loan disbursal. The credit manager is authorised to appraise and approve small ticket loans.

Our key drivers of robust assessment, especially considering no formal documentation and customer segment are:

- Touch and Feel with strong customer connect – in-house sourcing, operations and collections.
- Contiguous expansion allowing understanding the market and customer requirements.
- Localised sale force – understands the customer base and can filter potentially stress cases.
- Strong understanding of the vehicle (new and used) pricing in different states.
- Relationship with the market participants to ensure referral of applicants.
- Credit Information Bureau check.
- Physical asset verification.

Key highlights, FY 2015-16

- Formed dedicated risk management team of professionals with decent experience in risk, legal and technical evaluation.
- We ascertained risks in our product, policies and organisational structure and provide with the solutions aligned to the Company's vision, mission and ideology.

- We assessed the delinquency trends and revised policies based on analysis.
- Identified the portfolio concentration geographically, business segment-wise by analysing the different businesses and their behavioural trend with NBFCs/Banks.
- Finalised annual monitoring process for high value cases.
- Risk trend observed on the basis of existing book based on the profiling approach – MSME and SME & Structured Finance.
- Monitoring of the cases booked under new MSME products.
- Legal and technical vendor reviews/analysis.
- We have also made live the CRM and BIMS systems for enhancing the end-to-end tracking and monitoring mechanisms.

Road ahead

- High expectations of delivery from proposed Banking Software which is focused on ease of business principle.
- Enhance training schedules to be prepared and implemented in respective divisions at all the levels.
- Revisit the existing policy and process and getting the team in-line with the defined policy and process.
- Monitoring tools over the existing AUM to implemented especially in SSF.
- Implement end-use monitoring mechanism.

BUSINESS ENABLERS

TREASURY AND FINANCE

At Au FINANCIERS, our core business comprises borrowing and lending. Therefore, a stable treasury management system is crucial to ensure sufficient liquidity to various business segments. Besides, it also minimises risks and allows smooth flow of funds, subsequently maintaining capital efficiency. As money is the only raw material for an NBFC there cannot be any deficit in capital. For the past five years we haven't seen any liquidity crunch in the Company due to our strategic planning.

Our proficient treasury management system provides adequate funds at the lowest cost according to business requirements. The treasury department sources funds from long-term and short-term financial instruments – from banks, financial institutions and capital markets. The sources comprise term loans, bonds, NCDs, cash credit, commercial papers, and securitisation and assignment of contracts. We have extended our relationship with 60 banks and financial institutions. The treasury and finance team reports to the Assets and Liability Management Committee. It submits its reports and ALM position to the committee, which is subsequently forwarded to the Board.

The treasury department's five primary functions include:

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

Key highlights, FY 2015-16

- We reduced borrowing cost from banks to 10.03% in FY 2015-16 (10.55% in FY 2014-15).
- We increased working capital limit enabling uninterrupted business operations.
- Capital adequacy ratio stood at 17.10% beyond regulatory requirement of 15%.
- We have reinforced our relationship across banks, mutual funds, insurance companies, and strengthened our borrowing portfolio not only in terms of bank-line but also capital market.
- We have received BWR AA-/Stable rating from Brickwork owing to good performance, good asset quality and asset management.
- We ensured a prudent mix of short-term and long-term borrowings.

Road ahead

- Once we become a small bank, we plan to have CASA and term deposits, gradually enhancing our portfolio.
- We intend to further reduce our borrowing cost, diversify source of borrowing, augment Tier-I and Tier-II capital and increase NIM.

Credit Ratings

Brickwork

**BWR
AA-/Stable**

India Ratings & Research

**IND
A+/Stable**

ICRA

**ICRA
A+/Stable**

BUSINESS ENABLERS

COLLECTIONS MANAGEMENT

Efficient collections management is integral to us as it protects the net margin by ensuring regular cash inflow and minimising defaults. We have built a well-structured collection process to prevent asset-liability mismatch that could adversely impact profitability. We also emphasised on speeding up the entire process.

The focus was on maintaining consistent communication with customers to understand their problems and consequently resolve them. We regularly inform customers about their payment schedules through messages as well as our web-based voice calling system. We ensured regular reminders for impending liability well before the installment due date.

Besides, we regularly monitor the utilisation of assets to ensure if they are properly utilised.

We are even strengthening our collections process by adding more competent people in the team. The collection officers are given certain targets, depending on the account-to-collector ratio. We also have a legal team that intervenes only if it is necessary.

Collection architecture

Collection Control Room

- Centrally manage allocations.
- General daily performance MISs.
- Incentive, Repossession Updates Payments.
- Use of analytics for optimum allocation of cases to be allotted to the collection team.

Tele-calling

- SMS, recorded call and voice calling.
- Centralised team of 70+ callers.
- Current and Bucket 1 & 2 customers are called.
- Specific script based on delinquency and profile.

Key highlights, FY 2015-16

- Company has superior Collection Efficiency and it has improved with the time with better co-ordination, use of technology and synergy with other departments.

- We have reported asset quality above the industry average, our gross NPA stood at 0.88%.
- Strengthened customer connect through multiple visits and calls, increasing collection efficiency.
- We have put more focus on strengthening our relationships with customers to ensure a seamless collections process.
- We have automated the entire system through consistent technical upgradation enabling improved TAT.

Road ahead

- We will put more focus on strengthening our relationship with customers by improving our communication process.

BUSINESS ENABLERS

OPERATIONS

The loan operations function is crucial for the seamless management of the entire loan cycle – right from sourcing the loan, processing and disbursement to post-services issues, including closure of loan. The function analyses operational processes and procedures to identify areas for improvement. It is responsible in developing and implementing processes and procedures that improve the loan disbursement process.

At Au FINANCIERS, we have two modes of operations – branch and central level. The branches are primarily responsible for establishing initial customer-connect and subsequently, all customer queries are addressed at the branch level. Our efficient workforce and strong infrastructure take care of any problem from the customer end.

We are investing in specialised processes to make the system stronger. The entire business and customer operations are subject to concurrent audits. Besides, we have a quality-check mechanism to ensure that transactions are done within specific turnaround time, maintaining defined quality parameters.

To reinforce control mechanism, we have automated our processes. We have invested in robust software and all our transactions are now process-driven instead of person-driven. This has enhanced customer satisfaction.

Key highlights, FY 2015-16

- We have introduced the Customer Relationship Management (CRM) software to elevate our customer service level enabling regular monitoring of customer queries and resolve the issues instantly.
- We have also introduced several customer help desks in our branches to specifically resolve customer queries in a proactive manner, thereby saving time.
- We have a grievance mechanism in place which helps us evaluate unfair practices and work on the same.

- Our dedicated call centre resolves customer queries, and these calls are recorded to improve our service and elevate the quality.
- Our customers can go and deposit EMI in any of the branch and get his/her statement from any branch. The customer gets a daily SMS, which mentions the account balance in his/her account.

Road ahead

- The focus will remain on maintaining customer-connect because customer experience is the primary differentiator.
- We are also empowering our people with technology by providing them with hand-held devices.

BUSINESS ENABLERS

INTELLECTUAL CAPITAL

At Au FINANCIERS, our focus has always been to consistently bring talent on board as a dynamic and dependable team is any organisation's biggest resource. We consistently upgrade their skills to support our growth strategy. We rely on the expertise of our employees for success across our business functions.

Recruitment

We focused on strengthening our workforce by recruiting quality people, who can add value to the entire system. We tried to hire local people with relevant experience in this business, having adequate knowledge about various geographies, their native people and culture. We recruited people using various platforms like job portals, media advertisements, and campus placements. Although we do not have a well-structured campus hiring programme, we are in discussion with some institutes to strengthen this practice.

Investment in people is primary to us, along with creating value for them. Our Human Resource (including outsourced staff) base has increased by 45% and stands at 5,062 as on March 31, 2016.

Training and development

Training is a consistent process in our organisation because the skill-set of people should be sharpened to remain at the forefront of opportunities. The employees were trained aligned to their position

and job responsibilities. We focus on three areas through our training programmes – Leadership development, behavioural development and functional development. Over the years, we have arranged a functional training programme called Gurukul where we give 7-10 days training on every product.

Employee motivation

ESOP is one of the most significant measures that we have taken to motivate our workforce. We have provided stock options to employees. We arranged foreign trips for our employees based on their overall performance.

HR programmes, FY 2015-16

- Like every year, we organised our flagship programme Fiesta, where we find a combination of with work and culture.
- In the sports domain, we celebrated sports day and organised cricket tournament and marathon. Besides, we have formed a sports committee to encourage young sportsmen in the organisation.

- We celebrate various festivals in our organisation to strengthen employee engagement.
- We started a programme called 'Rubaru', where the MD interacts with employees to build a culture of learning, two way interaction and inviting ideas.
- We also organised another monthly programme called 'Dil ki Baat', which is a two-hour interactive session with the head of HR and is a monthly activity.

Road ahead

- We aim to execute HR transformation in line with our transformation to a bank.
- We plan to build the Company's culture of nurturing talent, working and succeeding together.

THE BOARD



1. Mr. Sanjay Agarwal

Promoter and Managing Director

2. Mr. Uttam Tibrewal

Executive Director

3. Mr. Mannil Venugopalan

Independent Director

4. Mr. Krishan Kant Rathi

Independent Director

5. Ms. Jyoti Narang

Independent Director

6. Mr. Vishal Mahadevia

Investor Nominee Director
(on behalf of Redwood
Investment Ltd.)

7. Mr. Ravindra Bahl

Investor Nominee Director
(on behalf of Labh Investments
Limited)

8. Mr. Nishant Sharma

Investor Nominee Director
(on behalf of Ourea Holdings
Limited)

1. Mr. Sanjay Agarwal

Promoter and Managing Director

- Mr. Sanjay Agarwal is a merit-holder Chartered Accountant and a first-generation entrepreneur.
- With over 21 years of experience in the realm of financial and credit-risk management and strategic planning, he is responsible for the overall management of the Company.
- He personally supervises and manages most functions and departments: finance and treasury, collections, legal, compliances, human resources and risk management, among others.
- His leadership and guidance has taken the Company to greater heights 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
(Whole Time Director)

- Mr. Uttam Tibrewal is a commerce graduate from Delhi University and is associated with Au FINANCIERS (INDIA) LIMITED since 2003.

- He has extensive experience of over 20 years in the retail sector and vast experience in the Finance industry.
- As the Company's Whole time Executive Director, he handles the marketing and business development functions.
- He is also responsible for developing strategic business relationships for transport finance and MSME 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 medallist from Kerala University and a CAIIB.
- He has over 46 years of experience in Finance and Banking industry.
- He has been associated with the Company as an Independent Director since August, 2011.
- He is the former CEO & Managing Director of Federal Bank, Chairman & Managing Director of Bank of India and Executive Director of Union Bank of India.
- He has a track record of driving positive change in three commercial banks, bringing in transformational changes; his endeavour has resulted in elevating the standards of those banks in efficiency and adaptability.

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).
- He has over 28 years of professional experience in Finance and accounting functions.
- He has been a Director with the Company since 2008.
- He is also the Chairman (elected) of the Company's Audit Committee, Corporate Governance Committee, Nomination and Remuneration Committee.
- Prior to this, he has held top positions with reputed companies, where he was responsible for strategic planning, mergers and acquisitions, treasury management and corporate governance.
- Previously, he was the CFO of Future Group, and also worked with the RPG Group and Rajan Raheja Group at senior positions.

5. Ms. Jyoti Narang

Independent Director

- Ms. Jyoti Narang is an MBA in finance and a BA in economics from Lady Shriram College, University of Delhi.
- She joined the Board as an Independent Director in March, 2015.
- She has 37 years of experience in the business and service industry with expertise in consumer lifestyles, managing human capital and assessing the impact of technology on distribution and operations.
- She has held the post of Chief Operating Officer at Taj Hotels, Resorts and Palaces.
- Prior to this, she has held top positions at various companies like Northern India Hotels Limited, PIEM Hotels and Taj Leisure Hotels, among others.

6. Mr. Vishal Mahadevia

Investor Nominee Director (on behalf of Redwood Investment Ltd.)

- Mr. Vishal Mahadevia has a B.S. degree in economics with a specialisation in finance and a B.S. degree in Electrical Engineering from the University of Pennsylvania.
- He represents Redwood Investment Ltd. (advised by Warburg Pincus LLC) on the Board as the Investor Nominee Director.
- He joined the Board subsequent to the investment made by Redwood Investment Ltd. (advised by Warburg Pincus LLC) in the Company in March, 2012.

- Mr. Mahadevia is a Managing Director and Co-Head of India Operations at Warburg Pincus LLC and focuses on its 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, he worked with Three Cities Research, a New York-based private equity fund, and as a consultant with McKinsey & Company.

7. Mr. Ravindra Bahl

Investor Nominee Director (on behalf of Labh Investments Limited)

- Mr. Ravindra Bahl holds an MBA from the Indian Institute of Management, Calcutta and a BA in English Literature from Calcutta University.
- He is an Investor Nominee Director representing Labh Investments Limited on the Board of the Company.
- He joined ChrysCapital Advisors in August, 2001 and oversees their financial services sector.
- He has 38 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.

8. Mr. Nishant Sharma

Investor Nominee Director (on behalf of Ourea Holdings Limited)

- Mr. Nishant Sharma is based in Mumbai and has extensive investing experience across healthcare, financial services and business services and technology.
- He is an MBA from Harvard Business School, and a B. Tech/M. Tech in Biochemical Engineering and Biotechnology from Indian Institute of Technology, Delhi.
- He brings over 10 years of experience, encompassing the full life cycle of private equity in India.
- He is a Managing Director and Co-Founder of Kedaara Capital Advisers LLP, a private equity fund focused on India.
- Kedaara partners entrepreneurs and management teams to build enduring value in growth-oriented businesses and supports them to achieve their potential. It also provides solution-oriented capital combining deep strategic & operational expertise in focused sectors, consultative approach and global connectivity to deliver superior returns.
- Previously, Mr. Sharma was at General Atlantic and one of the core members of the India investment team.
- He worked at McKinsey and Company from 2001 to 2003 in their India office. Besides, he worked with the Bill & Melinda Gates Foundation as a Programme Associate in setting up the largest HIV/AIDS prevention programme in India.

LEADERSHIP PROFILE



Mr. Deepak Jain
Chief Financial Officer

- Mr. Deepak Jain is a Chartered Accountant and possesses an experience spanning more than 18 years.
- He is associated with Au since 1999 and appointed as CFO of the Company in 2010.
- He is responsible for overall control of financial, treasury, operations and accounting functions, IT, audit, compliance and oversees the Company's SME & Structured Finance business vertical.



Mr. Manoj Tibrewal
Chief Operating Officer

- Mr. Manoj Tibrewal is a Company Secretary by qualification and has a rich experience of over 20 years in corporate law and secretarial practices, retail finance, team building, and human resource management.
- He has been associated with the Company since 2009 and promoted as COO of the Company in 2015.
- He directs, administers, and coordinates the internal operational activities of the Company in accordance with the established policies, goals, and objectives.
- Besides, he oversees activities of human resource management, and infrastructure.



Mr. Rishi Dhariwal
Chief Risk Officer

- Mr. Rishi Dhariwal is an MBA from IIM Ahmedabad with 24 years of experience in the areas of relationship management, strategy, credit and risk management.
- Earlier, he was associated with organisations such as Citibank, the Institute for Financial Management and Research and GE Capital Transportation Financial Services Limited.
- He has been associated with the Company since 2013 and is responsible for the overall risk management framework and its systematic implementation.



Mr. Manmohan Parnami
Company Secretary

- Mr. Manmohan Parnami is Company Secretary having an experience of 12 years in the field of Corporate Laws, Compliance and Financial Regulations before joining Au FINANCIERS, he was associated with Japanese MNC of Honda Group and ICICI Prudential Insurance Co. Ltd.

TOUCHING LIVES AND SPREADING SMILE

At Au FINANCIERS, we try to contribute to the economic and social wellbeing of communities through our dedicated CSR initiatives. We try to touch the lives of marginalised communities as a part of our all-embracing sustainability strategy. Our initiatives help solve some of the persistent challenges in the areas of education, healthcare and community development.

We have contributed ₹ 2.39 Cr on overall CSR activities and will continue to do so in the future.

We reviewed the social priorities and accordingly took relevant initiatives to help the society prosper. Our aim has always been to strike a proper balance between our business objectives and social priorities.

Au FINANCIERS' SOCIAL COMMITMENTS



EDUCATION



HEALTHCARE



COMMUNITY DEVELOPMENT



EMPOWERING THROUGH EDUCATION



Contributing to Akshaya Patra

We also contribute to Akshaya Patra, an NGO that provides mid-day meals to children. Through this initiative, we ensure a healthy and balanced meal to underprivileged children. It subsequently encourages them to continue their education, thereby reducing dropout rate. Therefore, this initiative has helped us address two critical issues – hunger and illiteracy.

Collaborating with Marwar Muslim Educational & Welfare Society

We have partnered with the Marwar Muslim Educational & Welfare Society to promote education among the society's marginalised sections by providing them a platform to perform and excel.

Joining hands with Pratham Shiksha

We have joined hands with Pratham Shiksha charitable trust to improve the quality of education in schools through our coordinated efforts. We took the responsibility of providing education, food and clothes to poor children and help them become self-dependent citizens of future India.



Partnering with Friends of Tribals Society

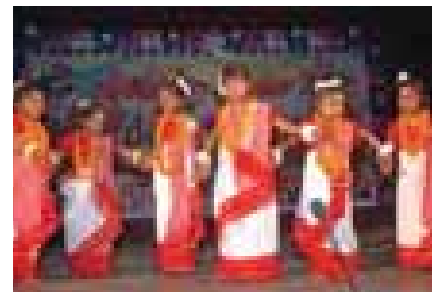
We have partnered with a non-government, voluntary organisation called Friends of Tribals Society (FTS) to help uplift rural people, including tribal population. The organisation provides basic education to rural children to educate and empower them.

Associating with Arsha Vidya Tirtha

We contributed to a charitable trust, Arsha Vidya Tirtha to support the Right to Education to children living in tribal areas. We are not only involved in spreading education, but also ensure basic amenities in rural schools like proper infrastructure for education, computer and chairs, among others.

Helping Netraheen Kalyan Sangh

We took a step forward to help Rajasthan Netraheen Kalyan Sangh, an NGO based out of Jaipur. We assisted them in building a hygienic infrastructure and also promoted education by distributing computers to some bright children, among other initiatives.





PRESERVING HEALTH



Providing safe drinking water

Recognising the importance of safe water to protect human health, we installed 35 water coolers and purifiers across Jaipur and its adjoining areas.

Cooperating with Indian Cancer Society

We have associated with Indian Cancer Society, a national anti-cancer association in our country.

The society takes care of poor cancer patients by providing food, medicines, transport, prostheses, colostomy bags, counselling services, social welfare and job placement services.

Protecting vision

During the year, we organised an eye camps and also an eye operation camp, which helped protect the vision of a number of people.



ENCOURAGING COMMUNITY DEVELOPMENT



Uniting with Muskaan Foundation

We joined our hands with Muskaan Foundation to provide driver's training. We conducted 45 workshops under the guidance of Muskaan Foundation to impart training related to road safety measures and road accidents.

Putting smile to faces

We organised a programme at the Louis Braille Drishtiheen Vikas Sansthan, where people of the organisation participated in various creative programmes.



Enhancing skill

We organised a skill development programme in fashion designing to upgrade the skills of people and make them more attuned to match the present scenario.

OUR LOCATIONAL SPREAD



RAJASTHAN

1	ABU ROAD	34	CHOHTAN	66	KHETRI	99	RENWAL
2	AJMER	35	CHOMU	67	KISHANGARH	100	REODAR
3	AJMER-II	36	CHURU	68	KISHANGARH-BASS	101	RINGUS
4	ALWAR	37	DANTARAMGARH	69	KOTA	102	SAGWARA
5	ANUPGARH	38	DAUSA	70	KOTA-II	103	SAHWA
6	APNA AUTO-JPR	39	DEEDWANA	71	KOTPUTLI	104	SALUMBER
7	ASHIND	40	DEGANA	72	KUCHAMAN CITY	105	SANGOD
8	BAGRU-JPR	41	DEOLI	73	LAKHERI	106	SARDAR SHAHAR
9	BALESAR	42	DUDU	74	LOONKARANSAR	107	SARWAR
10	BALOTRA	43	DUNGARPUR	75	MERTA	108	SAWAIMADHOPUR
11	BANDIKUI	44	ELECTRONIC MARKET-JPR	76	NAGOUR	109	SHAHPURA
12	BANSUR	45	FATEHNAGAR	77	NASIRABAD	110	SHRI GANGANAGAR
13	BANSWARA	46	FATEHPUR	78	NAWA	111	SIKAR
14	BARAN	47	GANGAPUR	79	NAWALGARH	112	SIKAR-II
15	BARMER	48	GHATWARI	80	NEEM KA THANA	113	SIROHI
16	BASSI	49	GOPALPURA-JPR	81	NOHAR	114	SRI DUNGARGARH
17	BEAWAR	50	GOTAN	82	NOKHA	115	SRI KOLAYAT
18	BEGUN	51	HANUMANGARH	83	OSIAN	116	SRI VIJAYNAGAR
19	BEHROR	52	JALORE	84	PALI	117	SRIMADHOPUR
20	BHANKROTA	53	JALSU	85	PALLU	118	SUJANGARH
21	BHILWARA	54	JAMWA RAMGARH	86	PAOTA	119	SUMERPUR
22	BHINDER	55	JHALAWAR	87	PARBATSAR	120	SUNNY PARADISE-JPR
23	BHINMAL	56	JHUNJHUNU	88	PHAGI	121	SURATGARH
24	BIDASAR	57	JOBNER	89	PHALODI	122	TARANAGAR
25	BIJAY NAGAR	58	JODHPUR	90	PIPAR	123	THANAGAZI
26	BIJOLIYA	59	JODHPUR-II	91	POKARAN	124	THOI
27	BIKANER	60	KEKRI	92	PRATAPGARH	125	TONK
28	BIKANER-II	61	KHANDELA	93	PRATAP NAGAR-JPR	126	TRANSPORT NAGAR-JPR
29	BUNDI	62	KHATUSHYAMJI	94	RAISINGH NAGAR	127	UDAIPUR
30	CHAKSU	63	KHEJROLI	95	RAJSAMAND	128	UDAIPURWATI
31	CHHABRA			96	RAMGANJMANDI	129	VAISHALI NAGAR-JPR
32	CHIRAWA			97	RATANGARH	130	VKI-JPR
33	CHITTORGARH			98	RAWATSAR		



GUJARAT

1	AHMEDABAD SATELLITE
2	AHMEDABAD SG
3	ANAND
4	BARODA
5	BARODA-II
6	BAVLA
7	BAYAD
8	BHARUCH
9	BHAVNAGAR
10	BHUJ

11	BODELI
12	BORSAD
13	DAHOD
14	DEESA
15	DEODAR
16	DHANERA
17	GANDHIDHAM
18	GANDHINAGAR
19	GODHRA
20	HIMMAT NAGAR
21	IDAR

22	JAMNAGAR
23	JETPUR
24	JUNAGADH
25	KALOL
26	KATHLAL
27	LUNAWADA
28	MEHASANA
29	MODASA
30	MORBI
31	NADIAD
32	NARODA

33	NAROL
34	NAVSARI
35	PALANPUR
36	PATAN
37	RAJKOT
38	SURAT
39	SURAT-II
40	SURENDRANAGAR
41	THARAD
42	VAPI



MAHARASHTRA

1	AHMEDNAGAR
2	AKOLA
3	AMRAWATI
4	AURANGABAD
5	BARAMATI
6	BELAPUR
7	BKC
8	BOISAR
9	BORIVALI
10	BORIVALI-II

11	CHANDRAPUR
12	CHIPLUN
13	DHULE
14	GONDIA
15	JALGAON
16	JALNA
17	KALYAN
18	KANKAVALI
19	KOLHAPUR
20	LATUR

21	NAGPUR
22	NANDED
23	NARAINGAON
24	NASIK
25	PANDHARPUR
26	PIMPRI
27	PUNE
28	RATNAGIRI
29	SANGAMNER
30	SANGLI

31	SATARA
32	SHRIRAMPUR
33	SOLAPUR
34	THANE
35	VASAI
36	WADKHAL
37	WANI
38	WARDHA
39	YAVATMAL



PUNJAB

1	ABOHAR
2	BARNALA
3	BATHINDA
4	CHANDIGARH
5	FARIDKOT

6	FAZILKA
7	FEROZPUR
8	HOSHIARPUR
9	JALANDHAR
10	KHANNA

11	LUDHIANA
12	MANSA
13	MOGA
14	MOHALI
15	MUKTSAR

16	NAKODAR
17	NAWANSHAHR
18	PATIALA
19	SANGRUR



MADHYA PRADESH

1	AALOT	10	CHHINDWARA	19	KHANDWA	28	RAISEN
2	AGAR MALWA	11	DEVAS	20	KHARGONE	29	RATLAM
3	ASHTA	12	DHAR	21	KHATEGAON	30	REWA
4	BADWANI	13	GANJ BASODA	22	MANDLA	31	SATNA
5	BARAILY	14	HOSHANGABAD	23	MANDSAUR	32	SHAMGARH
6	BETUL	15	INDORE	24	NASRULLAGANJ	33	SHUJALPUR
7	BHOPAL	16	INDORE-II	25	NEEMUCH	34	TIKAMGARH
8	BIAORA	17	JABALPUR	26	PANDURNA	35	UJJAIN
9	CHHATARPUR	18	KATNI	27	PITHAMPUR	36	VIDISHA



DELHI

1	DELHI-NSP	3	FARIDABAD	5	LAXMI NAGAR	7	RAJENDRA PLACE DELHI
2	DWARKA MOR	4	GURGAON	6	PATAUDI	8	SOUTH DELHI



HARYANA

1	AMBALA CANTT	4	KARNAL
2	BHIWADI-DHARUHEDA	5	NARNAUL
3	HISAR	6	REWARI
		7	SIRSA



GOA

1	MARGAO
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CHHATTISGARH

1	BHILAI	4	KORBA
2	BILASPUR	5	RAIPUR
3	DHAMTARI		



HIMACHAL PRADESH

1	BADDI	3	SOLAN
2	SHIMLA	4	UNA

OUR BANKERS AND FINANCIAL INSTITUTIONS

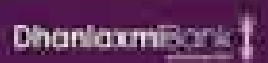
DEVELOPMENT FINANCIAL INSTITUTIONS



PUBLIC BANKS



PRIVATE BANKS



FOREIGN FINANCIAL INSTITUTIONS / MULTILATERALS



MUTUAL FUNDS



LIFE INSURANCE COMPANIES



OTHER FINANCIAL INSTITUTIONS



CORPORATE INFORMATION

Board of Directors

- 1. Mr. Sanjay Agarwal**
Promoter & Managing Director
- 2. Mr. Uttam Tibrewal**
Executive Director
(Whole Time Director)
- 3. Mr. Mannil Venugopalan**
Independent Director
(Non-Executive)
- 4. Mr. Krishan Kant Rathi**
Independent Director
(Non-Executive)
- 5. Ms. Jyoti Narang**
Independent Director
(Non-Executive)
- 6. Mr. Vishal Kashyap Mahadevia**
Investor Nominee Director
(Non-Executive)
- 7. Mr. Ravindra Bahl**
Investor Nominee Director
(Non-Executive)
- 8. Mr. Nishant Sharma**
Investor Nominee Director
(Non-Executive)

Chief Financial Officer

Mr. Deepak Jain

Company Secretary and Compliance Officer

Mr. Manmohan Parnami

Registered Office

19-A, Dhuleshwar Garden, Ajmer Road, Jaipur - 302 001, Rajasthan
Website: www.aufin.in
CIN: U36911RJ1996PLC011381

Corporate Office

D-313, 3rd Floor, Kanakia Zillion, Junction of CST Road and L.B.S. Marg, Kurla (West), Mumbai - 400 070, Maharashtra

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

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BOARD'S REPORT

To,
The Members,
Au FINANCIERS (INDIA) LIMITED ("Company")

Your Directors are pleased to present the 21st Annual Report on the performance of your Company for the financial year ended March 31, 2016 along with Audited Financial Statements including Consolidated Financial Statements, Auditor's Report and Secretarial Auditor's Report.

STANDALONE FINANCIAL RESULTS

The Summarized Financial Performance of your Company, Standalone basis, for the Financial Year ended 2015-16 is as follows:

KEY PERFORMANCE HIGHLIGHTS - STANDALONE Au FINANCIERS (INDIA) LIMITED

- The total income achieved by your Company during FY 2015-16 was ₹ **1015.48 Cr** registering growth of **44%** over the total income of ₹ **706.31 Cr** earned during FY 2014-15.
- Profit before tax and Profit after tax stood at ₹ **322.65 Cr** and ₹ **211.62 Cr** for FY 2015-16, respectively, against ₹ **208.38 Cr** and ₹ **140.23 Cr** for FY 2014-15, respectively. Profit after tax showed a growth of **51%** over that of FY 2014-15.

FINANCIAL RESULTS - STANDALONE Au FINANCIERS (INDIA) LIMITED

Particulars	₹ in Cr)	
	2015-16	2014-15
TOTAL INCOME	1,015.48	706.31
Total Expenditure	684.31	491.42
Profit Before Depreciation & Tax	331.17	214.89
Depreciation	8.52	6.52
Current Tax	115.08	75.66
Deferred Tax	(3.80)	(5.48)
Adjustment of tax relating to earlier periods	(0.25)	(2.04)
Profit after Tax	211.62	140.23
Transfer to Statutory Reserve	42.32	28.05
EPS:-		
Basic	48.01	32.03
Diluted	47.70	32.03

CONSOLIDATED FINANCIAL RESULTS - Au GROUP

Your Company's outstanding performance on standalone basis was equally driven and supported by its subsidiaries and associate Companies and the summary of Consolidated Financial Results is presented below:

KEY PERFORMANCE HIGHLIGHTS

- The total income achieved by your Company on Consolidated basis during the FY 2015-16 was

₹ **1214.10 Cr** registering growth of **49%** over the total income of ₹ **815.27 Cr** earned during FY 2014-15.

- Profit before tax and after tax on consolidated basis was ₹ **373.25 Cr** and ₹ **246.54 Cr** for FY 2015-16, as against ₹ **240.88 Cr** and ₹ **163.08 Cr** for FY 2014-15, respectively. Consolidated profit before tax increased by **55%** over the previous year 2014-15, whereas profit after tax registered a growth of **51%** over that of FY 2014-15.

Consolidated Financial Results

Particulars	₹ in Cr)	
	2015-16	2014-15
TOTAL INCOME	1214.10	815.27
Total Expenditure	831.05	566.87
Profit Before Depreciation & Tax	383.05	248.41
Depreciation	9.80	7.53
Current Tax	131.36	85.45
Deferred Tax	(2.94)	(4.69)
Adjustment of tax relating to earlier periods	(0.23)	(2.00)
Share of profit of Associate	1.48	0.96
Profit after Tax	246.54	163.08

OTHER OPERATIONAL PERFORMANCE HIGHLIGHTS

Disbursements

Your Company achieved a disbursement figure of ₹ **5,619 Cr** compared to ₹ **3,378 Cr**. The demand for products offered by your Company remained healthy during the year, with growth predominantly in rural and semi urban areas, this became possible with commitment on offering a bouquet of loan products to a wide spectrum of customers with expansion of business to newer geographies and increased penetration. Customer connect schemes, referral schemes and distribution vertical supported the vision of achieving numbers beyond what were envisaged at start of FY 2015-16.

Assets Under Management

During the period under review, the net loan book size grew from ₹ **5,568 Cr** to ₹ **8,221 Cr** reflecting a growth of **48%**.

Non-performing Assets

The amount of gross Non-Performing Assets (NPA) as at March 31, 2016 was ₹ **74 Cr** vis-à-vis ₹ **55 Cr** as at March 31, 2015 which was **0.88%** of loan portfolio in current year against **0.95%** for previous year. Despite steep increase in loan book with 48% in last year, NPA has not increased.

Lending Operations

The demand for products offered by your Company remained healthy during the year, with growth predominantly in rural and semi urban areas. Commitment towards offering a bouquet of loan products to a wide spectrum of customers was maintained; instead a growth of 66% of loan disbursed was witnessed.

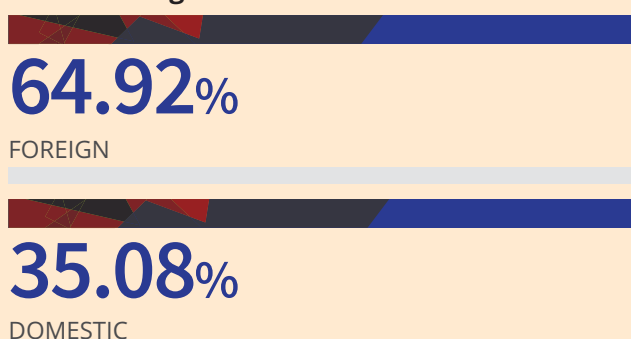
Appropriations to Reserves

Your Company proposes to transfer ₹ **42.32 Cr** i.e., 20% of the net profits to statutory reserve, created under Section 45 IC of the Reserve Bank of India Act, 1934.

Share Capital

During the period under review there was no change in share capital of your Company and no new shares were issued during the year.

Shareholding Pattern*



*Data as on 31st March, 2016

■ **Related Party & Contracts**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. All such Related Party Transactions details were placed before the Audit committee for approval, wherever applicable. Approval from Audit Committee was obtained for the Related Party Transactions.

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed **Form AOC-2**, is appended as **Annexure II** to the Board's report.

■ **Dividend**

Your Company is aiming to expand and transform into a small finance bank, owing to the development and expansion plans of the Company, your Directors

have not proposed any dividend for the year ended March 31, 2016. Your Board believes that it will be prudent for the Company to conserve resources as we are transiting into Small Finance Bank platform.

■ **Loans & Guarantees**

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements provided in this Annual Report and with respect to disclosure. Further, pursuant to Section 186(11)(a) of the Companies Act, 2013 (the 'Act') read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, the loan made, guarantee given or security provided in the ordinary course of business by a Non-Banking Financial Company (NBFC) registered with Reserve Bank of India (RBI) are exempt from the applicability of provisions of Section 186 of the Act.

DEPOSITS

Your Company is a non-deposit taking NBFC, and thus has not accepted any public deposits during the FY 2015-16.

	Particulars	Status
a	Accepted during the year	Not Applicable as no deposits were accepted by the Company.
b	Remained unpaid or unclaimed as at the end of the year	Not Applicable
c	Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved- (i) At the beginning of the year (ii) Maximum during the year (iii) At the end of the year	Not Applicable
d	The details of deposits which are not in compliance with the requirements of Chapter V of the Act	Not Applicable because no deposits were accepted by the Company

BUSINESS & OPERATIONS

■ **Company's Strategy & Transformation**

The business has grown well on the back of its business model built on the fundamental creed of client centricity and customized products, close connect, flexibility, deeper reach into rural/ semi urban geographies and execution efficiency with timely disbursement.

The Indian market is huge and offers ample scope for immense growth and long-term economic prospects, positive demographics, rising income levels etc. therefore, committed young and dynamic team of Au FINANCIERS (INDIA) LIMITED is poised to grow leaps and bounds to mark its substantial presence in the financial services space.

In view of the same, your Company made an application to Reserve Bank of India to set up Small Finance Bank in February, 2015 with an object to expand its business in rural and semi urban areas and cater its services via banking products. Reserve Bank of India granted 'in-principle approval' to your Company to set up Small Finance Bank via approval dated October 07, 2015. The 'in-principle approval' granted is valid for 18 months to enable to comply with the requirements under the guidelines and fulfill other conditions as may be stipulated by the RBI. On being satisfied that the applicants have complied with the requisite conditions, the RBI would consider granting them license for commencement of banking business under the banking regulations Act, 1949. For meeting the aforesaid, your Company is strategically working for complying all the requirements and conditions as stipulated by the apex bank of India, for converting it into '**Small Finance Bank**'.

Small Finance Bank platform to the Company shall be a logical step in further strengthening the trust of our customers and servicing their needs comprehensively through integrated financial solution to meet their personal banking and business requirement. We will continue to innovate on our low-cost, technology-driven operating model and strong risk architecture, which allows us to serve customers in under-banked geographies efficiently. Our superior service and firm presence will allow us to aid Government schemes of financial inclusion, including direct benefit transfer and promoting small ticket and regular saving vehicles in unbanked & under banked districts.

- **Change in Nature of Business, if any**
There was no change in nature of business during the FY 2015-16; your Company has continued to carry on its lending operations.
- **Areas of Operations Subsidiaries & Associates (including major change with Subsidiaries & associates in reference to RBI Guidelines)**
A statement containing the salient features of the financial statement of our subsidiaries in the prescribed format **AOC-1** is appended as

Annexure I. The statement also provides the details of performance and financial positions of each of its subsidiaries & associates. As on March 31, 2016, your Company has following subsidiaries & associates:

Au HOUSING FINANCE LIMITED

Au HOUSING FINANCE LIMITED is a subsidiary of your Company as on March 31, 2016 and is a registered National Housing Bank ("NHB"), primarily engaged in the business of housing Finance Activities, addressing lower income households (unserved and unreached segment) in rural and semi urban areas. Au HOUSING FINANCE LIMITED uses unique appraisal methodology to assess these customers individually and financing solution is customized to the customer's housing finance needs. Major housing financing products of the company are as follows:

- House purchase loan
- House construction loan
- House renovation, extension loan
- Plot cum construction loan

It is reported 68% growth in profit after tax amounting to ₹ 32.06 Cr in FY 2015-16, against ₹ 19.08 Cr in FY 2014-15. Au HOUSING FINANCE LIMITED made preferential offer of shares under section 62 read with section 42 of Companies Act, 2013 for 4,666,667 shares to Au FINANCIERS (INDIA) LIMITED for subscription amount of ₹ 700,000,050 during FY 2015-16 and Au HOUSING FINANCE also made preferential offer of 8,00,000 shares to Mr. Sushil Kumar Agarwal, Whole Time Director and CEO of AU HOUSING FINANCE LIMITED, which were duly subscribed and paid.

INDEX MONEY LIMITED

Index Money Limited, (IML) is a public limited company and a subsidiary of your Company as on March 31, 2016 and is engaged in business of financial consultancy. Considering the increasing demand of funds by the corporate, small business entities, IML continues to provide debt syndication services to small business entities.

The Company is in the process of divesting stake in Index Money Limited and Au Housing Finance Ltd, which will be completed before the filing of application for the final Banking License as per approval received from RBI.

Au INSURANCE BROKING SERVICES PRIVATE LIMITED

Au INSURANCE BROKING SERVICES PRIVATE LIMITED, an Associate Company of Au FINANCIERS (INDIA) LIMITED as per definition of section 2(6) of Companies Act, 2013 and during the period under review, has reported growth in profit after tax amounting to ₹ 2.05 Cr in FY 2015-16, against ₹ 1.96 Cr in FY 2014-15.

M POWER MICRO FINANCE PRIVATE LIMITED

Microfinance has occupied center stage as a promising conduit for extending financial services to unbanked sections of masses with over 60,000 customers. M POWER MICRO FINANCE PRIVATE LIMITED is an Associate Company of Au FINANCIERS (INDIA) LIMITED as per definition of section 2(6) of Companies Act, 2013. During the period under review, it has reported growth in profit after tax amounting to ₹ 2.52 Cr in FY 2015-16, against ₹ 1.17 Cr in FY 2014-15.

NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR

During the year under review, no company have become or ceased to become subsidiary, joint venture or associate of your Company.

TREASURY & FINANCE

■ Mobilization of Funds

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

■ Credit Ratings

As on March 31, 2016 credit ratings granted to your Company is as follows:

Sl. No.	Credit Rating Agency	Instruments	Upgraded/Assigned Ratings as on March 31, 2016
1	BrickWork	Long-Term Rating	BWR AA-/Stable
2	ICRA	Long-Term Rating	ICRA A+/Stable
		Short Term Debt	ICRA A1+
3	India Ratings & Research	Long-Term Rating	IND A+/Stable
		Short-Term Debt (Including Commercial Paper)	IND A1+

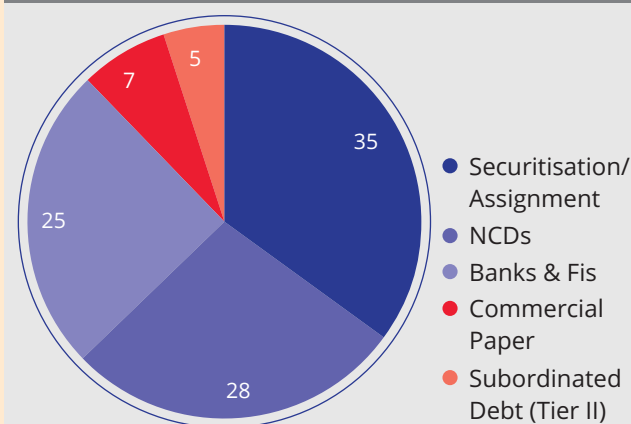
lines, New Loans sanction in hand. During the year, your Company further focused on bringing reduction in its cost of borrowings by raising funds through short term instruments like Commercial Papers, WCDL and further reduction in rate of interest on existing lines of credit from banks. Same is represented herein:

Borrowing mix as on March, 2016

Product	₹ in Cr	%
Banks & Fis	1,833	25
NCDs	2,075	28
Commercial Paper	520	7
Subordinated Debt (Tier II)	355	5
Securitization/Assignment	2,600	35
Total	7,383	

Diversified Debt Profile

(%)



■ **Capital Adequacy Ratio**

The present Capital Adequacy Ratio (CRAR) of your Company is maintained at 17.10%, which is higher to the minimum requirement as prescribed by the RBI. Such high rate of CRAR defines that your Company is able to maintain the capacity to meet the time liabilities and other risks such as credit risk, operational risk.

CORPORATE GOVERNANCE

■ **Board & Committees Brief and Composition**

Duty of the Board of Directors of your Company is to oversee the management and operations of the Company. The Board is scheduled to meet at least once a quarter, and each quarterly meeting of the Board generally include a business and finance update. On an ongoing basis during the year, the Board monitors the Company's performance against its annual financial plan.

Committees of the Company as per the requirement of Companies Act, 2013 and RBI Regulations, as on March 31, 2016 are as follows:

- Audit Committee
- Nominations & Remuneration Committee
- Corporate Governance Committee
- Asset & liability Management Committee
- Credit & Risk Management Committee
- Corporate Social Responsibility Committee
- Executive Committee

The composition, number of meeting held during the year, the scope of work of the respective committees have been reiterated in the report on corporate governance, forming part of this Annual Report.

■ **Board Meetings**

There were 10 (ten) meetings of the Board held during the year. Detailed information is given in the Report on Corporate Governance, forming part of this Annual Report.

■ **Declaration by Independent Directors**

A declaration under section 149(6) & (7) of the Companies Act, 2013 has been obtained from each of the Independent Director.

■ **Directors**

The composition of the Board of your Company is in conformity with the provisions of the Companies Act, 2013 as amended from time to time and has a well-structured Board with a balanced mix of Executive and Non-Executive Directors comprising Eight Directors - 6(Six) Non-Executive and 2(Two) Executive Director. The Executive and Non-Executive Directors are competent and knowledgeable personalities possessing required skills and competencies.

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. Vishal Mahadevia, Nominee Director, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for reappointment.

The Board recommends his re-appointment for consideration of the Shareholders approval pursuant to applicable provisions of the Companies Act, 2013. Also, Mr. Nishant Sharma who was appointed as an additional director on 22nd December, 2014 was regularized in the last Annual General Meeting held on July 13, 2015 with requisite majority.

None of the Directors of the Company are disqualified from being appointed as Directors as specified under Section 164(2) of the Companies Act, 2013, read with its applicable rules.

■ **Policies Regarding Appointment & Remuneration**

With an ambition to become one of the most preferred financiers and to outperform its peers with an ambition to remain front runner in delivering best financial solutions, the Company has devised policy to pay adequate remuneration to its Directors and Key Managerial Personnel (KMP) to align the remuneration structure with best industry practices and appropriate risk rewards matrix.

The Nomination & Remuneration Committee has put in place the policy on board diversity for appointment & remuneration of directors taking into consideration qualification and wide experience of the directors in fields of banking, finance, regulatory, administration, legal, commercial vehicle segment apart from compliance of legal requirements of the Company.

REGULATORY COMPLIANCES

■ RBI Guidelines

The Company continues to comply with the applicable regulations and guidelines of RBI as applicable to a Non-Banking Non Deposit Taking Systemically Important Asset Finance Company ('NBFC-ND-SI-AFC'). The Company continues to comply with all requirements prescribed by RBI, from time to time.

■ Companies Act, 2013

Pursuant to applicable provisions of the Companies Act, 2013 read with the respective rules formed there under, your Company complied with all the compliance requirements and the detail of compliances in respect of Section 134 of Companies Act, 2013 are enumerated in this report.

Extract of Annual Return

The extract of annual return as provided under sub-section (3) of section 92 of the Companies Act, 2013, in the prescribed Form **MGT-9** is annexed to this Report as **Annexure IV**.

Conservation of Energy and Technology Absorption

The disclosures to be made under sub-section (3) (m) of Section 134 of the Companies Act, 2013 read with Rule (8)(3) of the Companies (Accounts) Rules, 2014 by your Company are explained as under:

Conservation of Energy

Your Company has adopted social environment management system and installed LCD monitors, LED lights wherever possible at branches to conserve energy, and with low cost, highly technology lean operations model, your Company has installed control over system of branches to keep control of usage of power.

Technology Absorption

Your Company has implemented social media, cutting-edge technologies like virtualization and continue to invest in the best-in-class IT systems with the objective to make IT systems as business enabler and tool for improving efficiency and speed its operations.

Foreign Exchange Earnings and Outgo

The foreign exchange earnings and the foreign exchange outgo of the Company is furnished in Notes to the accounts and significant policies for FY 2015-16.

Management Discussion and Analysis Statement

Management Discussion and Analysis on the business of the Company is attached to this Report.

POLICIES & FRAMEWORK

■ Risk Management Policies

Your Company has a Board approved Integrated Risk Management Policy, which has laid down framework for identifying, assessing, measuring various elements of risk involved in the business and formulation of procedures and systems for mitigating such risks. Risk Management Committee of the Board has overall responsibility for overseeing the Company's risk management activities approving measurement methodologies and appropriate risk management procedures across the organization. Risk Management Committee periodically reviews and updates the Board about various risks related to your Company. Further, your Company is focusing on Technology & Innovation to leverage its huge customer base and it looks forward to strengthen the Risk Management Framework of the Company with increasing complexities in view of diversification of product and external factors affecting the business of the Company.

■ Corporate Social Responsibility

Your Board has constituted a Corporate Social Responsibility committee in accordance with requirement of Section 135 of Companies Act, 2013. Details of CSR Committee are available in the report on Corporate Governance. CSR Committee has formulated and recommended a CSR policy, which

has been approved by the Board and periodically reviewed. Your Company's CSR policy is committed towards CSR activities as envisaged in Schedule VII of the Companies Act, 2013. The details of CSR policy of the Company are available on the website of the Company at www.aufin.in.

The Annual Report on CSR activities as required under Companies (CSR Policy) Rules 2014, which is attached to this report as **Annexure V**.

- **Vigil, Whistle Blower Mechanism & Anti Bribery and Corruption Policy**

The Company has formulated and established a Vigil Mechanism Framework to enable directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct. This policy promotes open and fearless environment of direct communication by employees to management of the Company. Further, this policy seeks to provide necessary safeguards for protection of employees from reprisals or victimization, for whistle blowing in good faith. The Policy neither releases employees, customers and/or vendors from their duty of confidentiality in the course of their work, nor is it a route for taking up a grievance about personal situation. The Vigil Mechanism & whistle blower policy has been uploaded on the website of the Company i.e. www.aufin.in.

Anti Bribery Policy mechanism is in place to ensure that no bribe and corrupt practices are carried out by the Company or its employees and associates, and report on the same being submitted to the Board.

- **Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.**

The Company is committed to provide a safe and conducive work environment to its employees and has formulated 'Policy for Prevention of Sexual Harassment' to prohibit, prevent or deter any acts of sexual harassment at workplace and to provide the procedure for the redressal of complaints pertaining

to sexual harassment, thereby providing a safe and healthy work environment. During the year under review, no case of sexual harassment was reported.

- **Performance Evaluation**

Board evaluation is the most effective way to ensure the Board members understand their duties and to adopt effective good governance practices. To be effective, boardroom appraisals need to have specific, clearly defined steps and practices, and a special commitment from the Board. Your Company believes in evaluating the performance of individual directors constituting the Board as a whole and its committees from time to time on annual basis. Evaluation mechanism is based on independent assessment of performance of Directors and Board as a whole and its committees. Evaluation sheets are circulated to members highlighting the key points and thereafter filled evaluation sheets received from directors are placed before the members of Nomination and Remuneration Committee, Independent Directors, and the Board of Directors of the Company for evaluating performances.

- **Meetings of Independent Directors**

The Independent Directors met once during the year under review. The meeting was conducted in an informal manner without the presence of the Executive Directors, the Non-Executive Non-Independent Directors, or any other Management Personnel.

- **Internal Financial Controls and their Adequacy**

The Companies Act, 2013 has introduced a reasonably advanced reporting concept for auditors i.e., Internal Financial Control (IFC). Auditors of the Company are required to report on adequacy and operating effectiveness of Internal Financial Controls of the Company with reports on financial statements prepared under Section 143.

The Company as per the requirement of section 134 (5)(e) has adopted the policies and procedures to ensure orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection

of frauds and errors, accuracy and completeness of accounting records, timely preparation of reliable financial information.

During the year under review, the Statutory Auditors and the Secretarial Auditor have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under section 143(12) of the Companies Act, 2013, details of which needs to be mentioned in this Report.

AUDITORS & AUDITORS' REPORT:

■ Statutory Auditor

In terms of Sections 139 and 141 of the Companies Act, 2013, read with Companies (Audit and Auditors) Rules, 2014, the appointment of Statutory Auditors is to be ratified every year, via approval of the members at the Annual General Meeting. For auditing the Annual Accounts of the Company for FY 2016-17, ratification of auditors is proposed at this Annual General Meeting of the Company. A certificate under Section 141 of the Companies Act, 2013, is received from the M/s S. R. BATLIBOI & ASSOCIATES. LLP, Chartered Accountants, who are proposed to be appointed in place of M/s S. R. BATLIBOI & CO. LLP, existing auditors and proposed audit firm fulfils the criteria, prescribed in the said section to the effect that their appointment, if made, would be within the prescribed limits under Section 141 of the Act and that, they are not disqualified for such appointment within the meaning of Section 141 of the Act and the Company, and it is proposed to appoint M/s S.R. BATLIBOI & ASSOCIATES LLP in place of M/s S. R. BATLIBOI & CO. LLP.

■ Reports & Qualifications, if any

The notes on the financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

■ Secretarial Auditor

Pursuant to Section 204 of the Companies Act 2013, your Company had appointed M/s V. M. Associates, Practising Company Secretaries, Jaipur as its Secretarial Auditor to conduct the secretarial

audit of the Company for FY 2015-16. Your Directors recommended and approved their appointment as the Secretarial Auditors of the Company for FY 2016-17.

■ Reports & Qualifications, if any

The Company provided all assistance and facilities to the Secretarial Auditor for conducting their audit for FY 2015-16. The Secretarial Audit Report as specified in Section 204 of Companies Act, 2013 in Form **MR-3**, which is annexed to this report as **Annexure VI**. There are no qualifications or adverse remarks in the Secretarial Audit Report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND THE COMPANY'S OPERATIONS IN FUTURE.

No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

HUMAN RESOURCES

The Company aims to align HR practices, policies and processes with business objectives, goals, to motivate people for higher performance and build a competitive working environment. The Company strongly believes that its employees are the most important asset base and all measures introduced by the Company is aimed at providing employee satisfaction, enabling them to deliver better results year over year. With increase in growth and size, it was inevitable for the Company to increase ability to hire manpower faster, so the Company started hiring employees from external manpower services companies to ensure that growth envisaged by management can be achieved on consistent basis. Employee relations remained cordial and the work atmosphere remained congenial during the year.

EMPLOYEE STOCK OPTION PLAN

Your Company provides its employees a platform for participating in important decision making and instilling long-term commitment towards future growth of the Company by way of rewarding them through Stock Options. The Employee Stock Option Plans are administered by the Nomination & Remuneration

Committee of the Board, and the Committee reports to the Board.

Name of ESOP Scheme	No. of Shares under the Scheme	Status
EMPLOYEES STOCK OPTION SCHEME, 2011 (Au ESOP 2011)	6,43,042	Completed
EMPLOYEES STOCK OPTION PLAN 2015 PLAN - A	6,39,343	In Progress
EMPLOYEES STOCK OPTION PLAN 2015 PLAN - B	8,22,199	In Progress
TOTAL NO. OF SHARES	21,04,584	

PARTICULAR OF EMPLOYEES

The particulars of employees pursuant to sub Rule 2 & 3 of Rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 has been annexed and is forming part of Board's report.

INVESTOR RELATIONS

To communicate details of performance, important developments and exchange of information, any investor can write at investorrelations@aufin.in and for other enquiries, investors can visit the Company's website www.aufin.in.

Your Company ensures that critical information about the Company is available to all the investors by hosting all such information on the Company's website.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under clause (c) of sub-section (3) of section 134 of the Companies Act, 2013 directors, to the best of their knowledge and belief, state that -

- in the preparation of the annual accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;

- the directors had 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 at the end of the financial year and of the profit and loss of the Company for that period;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the Company's assets and for preventing and detecting fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

Your Company would like to acknowledge the role of all its stakeholders - shareholders, borrowers, depositors, key partners and lenders for their continued support to the Company.

The directors appreciate the guidance received from various regulatory authorities including RBI, SEBI, MCA, Registrar of Companies the stock exchanges and the depositories.

Your directors place on record their appreciation of the hard work and dedication of all the employees of the Company.

For and on behalf of the Board of Directors
For Au FINANCIERS (INDIA) LIMITED

Place: Jaipur
Date: May 27, 2016
CIN: U36911RJ1996PLC011381

Sd/-
Sanjay Agarwal
Managing Director
DIN: 00009526

Sd/-
Uttam Tibrewal
Executive Director
DIN: 01024940

Disclosures of employees pursuant to Sub Rule 2 & 3 of rule 5 of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, as in force

Sl. No.	Name of Employee	Remuneration (Amount ₹ in Lacs)	Designation	Nature of employment (Contractual/ Otherwise)	Qualifications and experience of the employee;	Date of commencement of employment	The age of such employee	The last employment held by such employee before joining the Company	The percentage of equity shares held by the employee in the Company within the meaning of clause (iii) of sub-rule (2) above; and	Whether any such employee is a relative of any director or manager of the Company and if so, name of such director or manager
1	Mr. Sanjay Agarwal	322.73	Managing Director	Confirmed	FCA, B. Com, 21 Years	Appointed as Managing Director since February 14, 2008 and was re-appointed for a further period of 5 years by the Shareholders of the Company with effect from August 26, 2013.	45	NA	14.98%	NO
2	Mr. Uttam Tibrewal	171.44	Whole time Director	Confirmed	B. Com, 20 Years	Appointed as Whole Time Director since February 14, 2008 and was re-appointed for a further period of 5 years by the Shareholders of the Company with effect from August 26, 2013.	45	NA	0.67%	NO
3	Mr. Deepak Jain	127.24	Chief Financial Officer	Confirmed	FCA, 18 Years	May 17, 2010	42	NA	0.37%	NO
4	Mr. Manoj Tibrewal	105.37	Chief Operating Officer	Confirmed	CS, 20 Years	February 1, 2009	46	NA	0.57%	NO
5	Mr. Rishi Dhariwal	79.17	Chief Risk Officer	Confirmed	BE(Mechanical),MBA (IIM,Ahmedabad), 24 years	November 15, 2013	46	Citibank	NIL	NO

ANNEXURE-I

FORM AOC- 1

(Pursuant to first proviso to Sub-Section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the Financial statement of Subsidiaries / associate companies/ joint ventures

Part "A" : Subsidiaries

Particulars	(₹ in Lacs)	
	Name 1	Name 2
Name of the Subsidiary	Au HOUSING FINANCE LIMITED	INDEX MONEY LIMITED
Reporting Period for the Subsidiary concerned, if different from the holding company's reporting period.	NA	NA
Reporting currency and exchange rate as on the last date of the relevant financial year in case of foreign subsidiaries.	NA	NA
Share Capital	3,838.33	172.45
Reserves & Surplus	16,471.95	374.26
Total Assets	171,341.03	548.55
Total Liabilities	171,341.03	548.55
Investments	-	545.95
Turnover/Income	19,697.81	177.01
Profit before taxation	4,885.67	174.29
Provision for taxation	1,679.27	37.06
Profit after Taxation	3,206.40	137.23
Proposed Dividend	-	-
% of Shareholding	98%	100%

Notes:

- Name of Subsidiaries which are yet to commence operations
There are no subsidiaries of the Company which are yet to commence their business.
- Names of Subsidiaries which have been liquidated or sold during the year.
There are no subsidiaries of the Company which have been liquidated or sold during the year.

Part B: Associates and Joint Ventures

(Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures)

Particulars	(₹ in Lacs)	
	Name 1	Name 2
Name of Associates/ Joint ventures	Au INSURANCE BROKING SERVICES PRIVATE LIMITED	MPOWER MICRO FINANCE PRIVATE LIMITED
1. Latest audited Balance sheet Date	31.03.2016	31.03.2016
2. Shares of Associate held by the Company on the year end		
i. No. of Equity shares held	195000	4500000
ii. Amount of investment in Associates in ₹	1950000	45000000
iii. Extend of Holding %	26.00%	38.53%
3. Description of how there is significant influence	This is an associate company within the definition under section 2 (6) of Companies Act, 2013 of Au FINANCIERS (INDIA) LTD.	This is an associate company within the definition under section 2 (6) of Companies Act, 2013 of Au FINANCIERS (INDIA) LTD. Au FINANCIERS is a strategic investor in Mpower Micro Finance Private Ltd.
4. Reason why the associate/ joint venture is not consolidated	NA	NA
5. Net worth attributable to shareholding as per latest audited Balance Sheet {(Net Worth= Share Capital + Reserve & Surplus - DTA/(DTL))* % of Holding}	131.45	556.63
6. Profit / Loss for the year		
i. Considered in consolidation	53.31	94.77
ii. Not Considered in Consolidation	151.72	156.47
1. Names of associates or joint ventures which are yet to commence operations (NOT APPLICABLE)		
2. Names of associates or joint ventures which have been liquidated or sold during the year (NOT APPLICABLE)		

Note: i) The financial statements have been audited by firm of chartered accountants other than S.R. Batliboi & Co. LLP

As per our report of even date
 For S.R. Batliboi & Co. LLP
 ICAI Firm Registration No.: 301003E/E300005
 Chartered Accountants

For and on behalf of the Board of Directors
 For Au FINANCIERS (INDIA) LTD.

Sd/-
per Viren H. Mehta
 Partner
 Membership No. 048749

Sd/-
Sanjay Agarwal
 Managing Director

Sd/-
Uttam Tibrewal
 Executive Director

Sd/-
Deepak Jain
 Chief Financial Officer

Place: Jaipur
 Date: May 27, 2016

Sd/-
Manmohan Parnami
 Company Secretary

ANNEXURE-II

Particulars of contracts or arrangements with related parties referred to in Sub-Section (1) of Section 188 in Form AOC-2

S. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any (₹ in Lacs)
1	Au HOUSING FINANCE LIMITED	Infrastructure Sharing Agreement	Duration of agreement will be for a one year, term can be extended with the mutual consent of parties	<p>a) The office spaces of the branch network of the Holding Company in the Branch Offices shall be used for the purpose of the carrying on respective business activities by each party.</p> <p>b) The Subsidiary shall be entitled to use the utilities in the Branch Offices with the Holding Company.</p> <p>c) Towards contribution in expenses of office spaces of Branch Offices and Facilities, the Subsidiary Company shall pay the Holding Company the amount equal to 5% to 10% of expenses</p> <p>d) Payment shall be made to Au FINANCIERS (INDIA) LIMITED no monthly basis. Au FINANCIERS (INDIA) LIMITED of the amounts due under this Agreement on Monthly basis.</p> <p>e) All other relevant terms will be required to abide by the parties.</p>	April 1, 2012	Nil Outstanding

S. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any (₹ in Lacs)
2	M POWER MICRO FINANCE PRIVATE LIMITED	Enterprises under significant influence – Associate Company	Ongoing till the requirement subsists	The Company granted loans to M Power Micro Finance Private Limited for their business requirements and for fulfilment of its working capital needs. The loan so granted in the FY 15-16 falls within the ambit of sub section 11 of section 186 of Companies Act, 2013, read with its applicable rules.	NA	Nil loan is outstanding (Outstanding balance under portfolio buyout was 1,821 as March 31, 2016)
3	Mr. Sanjay Agarwal – Managing Director	Rent Agreement		Rent agreement with Mr. Sanjay Agarwal 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.	May 23, 2014	Nil

ANNEXURE-III

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Requirements	Disclosure										
1	Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.	Mr. Sanjay Agarwal, MD 182X* Mr. Uttam Tibrewal, WTD 97X* Remuneration includes Bonus of KMP mentioned above*										
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary, if any, in the financial year.	<table border="1"> <thead> <tr> <th>Name & Designation of KMP</th> <th>Increase%/ (Decrease)%</th> </tr> </thead> <tbody> <tr> <td>Mr. Sanjay Agarwal, MD*</td> <td>259.23</td> </tr> <tr> <td>Mr. Uttam Tibrewal, WTD*</td> <td>45.56</td> </tr> <tr> <td>Mr. Deepak Jain, CFO*</td> <td>46.88</td> </tr> <tr> <td>Mr. Manmohan Parnami, CS*</td> <td>7.43</td> </tr> </tbody> </table> <p><i>*The figures for FY15-16 have been inclusive of Bonus figures for the previous year 14-15 in above calculations for KMP's remuneration while calculating percentage increase/(decrease). If Bonus figure would not have been considered the Increase in remuneration of Key Managerial Person (KMP) would have been 27.97% for Mr. Sanjay Agarwal, 7.92% for Mr. Uttam Tibrewal, 13.13% for Mr. Deepak Jain and 5.92% for Mr. Manmohan Parnami for the FY 2015-16.</i></p>	Name & Designation of KMP	Increase%/ (Decrease)%	Mr. Sanjay Agarwal, MD*	259.23	Mr. Uttam Tibrewal, WTD*	45.56	Mr. Deepak Jain, CFO*	46.88	Mr. Manmohan Parnami, CS*	7.43
Name & Designation of KMP	Increase%/ (Decrease)%											
Mr. Sanjay Agarwal, MD*	259.23											
Mr. Uttam Tibrewal, WTD*	45.56											
Mr. Deepak Jain, CFO*	46.88											
Mr. Manmohan Parnami, CS*	7.43											
3	The percentage increase in the median remuneration of employees in the financial year.	There has been increase of 1.33% in median remuneration of employees. (The employees have been taken as on year end and there has been decrease in no. of employees of 391 during FY15-16 over FY14-15 and median has been calculated taking employees on comparable basis and annualized remuneration arrived considering employees as on year end worked for whole year. The Company hired staff from manpower services Companies in FY 2015-16 resulting which there was decrease in nos. of total employees on the rolls of Company as on March 31, 2016 vis-à-vis as on March 31, 2015).										
4	The number of permanent employees on the rolls of company as on March 31, 2016.	There were 3,162 employees as on March 31, 2016.										
5	The explanation on the relationship between average increase in remuneration and Company performance	Factors considered while recommending increase in the remuneration were: (a) Financial performance of the Company (b) Peer Analysis (c) Industry Benchmarking and consideration towards inflation (d) Variable compensation is decided on an individual performance, rating and other parameters.										
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.	For the FY 2015-16, KMPs were paid 3.09% of the net profit for the year and Company reported excellent financial performance with 50.90% growth in Profits in FY15-16 over previous year which has been result of strong disciplined led execution and implementation of strategies, expansion in geographies & reach.										

Sr. No.	Requirements	Disclosure										
7	Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year;	Not applicable as Company shares are not listed.										
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	<p>There was average percentile increase of 51.98% in FY15-16 over FY14-15 for employees other than in managerial capacity. For, managerial personnel, There were increase of 101.42% in remuneration of managerial personnel on overall basis in Financial Year 2015-16 over previous year.</p> <p>Note: (KMP's remuneration have been taken as recorded in Audited Financial Statements of the Company and if managerial personnel remuneration is being calculated on comparable basis taking into effect of bonus amount and annualized calculation then total remuneration of managerial personnel of FY14-15 vis-à-vis FY15-16 remained unaffected in total)</p>										
9	Comparison of each remuneration of Key Managerial personnel against the performance of the Company:	<p>Comparison of each remuneration of Key Managerial Personnel (KMP) against the performance of the Company:</p> <table border="1" data-bbox="691 1127 1455 1286"> <thead> <tr> <th data-bbox="691 1127 1023 1154">Particulars</th> <th data-bbox="1070 1127 1342 1154">% of Net Profit for FY15-16</th> </tr> </thead> <tbody> <tr> <td data-bbox="691 1160 922 1187">Mr. Sanjay Agarwal, MD</td> <td data-bbox="1070 1160 1129 1187">1.53%</td> </tr> <tr> <td data-bbox="691 1193 938 1220">Mr. Uttam Tibrewal, WTD</td> <td data-bbox="1070 1193 1129 1220">0.81%</td> </tr> <tr> <td data-bbox="691 1226 895 1253">Mr. Deepak Jain, CFO</td> <td data-bbox="1070 1226 1129 1253">0.60%</td> </tr> <tr> <td data-bbox="691 1259 970 1286">Mr. Manmohan Parnami, CS</td> <td data-bbox="1070 1259 1129 1286">0.15%</td> </tr> </tbody> </table> <p>Note: The % of KMP has been ascertained over the Net Profit After Tax for the F.Y. 2015-16 and the element of bonus was included in of calculation of KMP remuneration.</p>	Particulars	% of Net Profit for FY15-16	Mr. Sanjay Agarwal, MD	1.53%	Mr. Uttam Tibrewal, WTD	0.81%	Mr. Deepak Jain, CFO	0.60%	Mr. Manmohan Parnami, CS	0.15%
Particulars	% of Net Profit for FY15-16											
Mr. Sanjay Agarwal, MD	1.53%											
Mr. Uttam Tibrewal, WTD	0.81%											
Mr. Deepak Jain, CFO	0.60%											
Mr. Manmohan Parnami, CS	0.15%											
10	The key parameters for any variable component of remuneration availed by the directors.	The overall performance of Company including financial performance, profitability, asset quality, growth of Asset under management and other relevant parameters are considered for deciding the variable remuneration component.										
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year; and	There was no employee in the Company who was in receipt of remuneration in excess of highest paid director during the year.										
12	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes, it is confirmed.										

General Note:

for KMP's remuneration figures have been arrived as recorded in Audited financial statements of the Company. Calculations above have been made on comparable and annualized basis wherever applicable.

ANNEXURE-IV

FORM NO. MGT-9

As on the financial year ended on March 31, 2016
{Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014}

I. Registration and Other Details

CIN	U36911RJ1996PLC011381
Registration Date	10th January, 1996
Name of the Company	Au FINANCIERS (INDIA) LIMITED
Category	Public Company, Company limited by shares
Sub-Category of the Company	NBFC-ND-SI-AFC, Registered with RBI
Address of the Registered office and contact Details	19-A, Dhuleshwar Garden, Ajmer Road, Jaipur-302001, Rajasthan Phone no. 0141-4110060 Website: www.aufin.in
Whether listed company	YES
	(Privately Placed Debentures are listed at WDM segment of National Stock Exchange & Bombay Stock Exchange)
Name, Address and Contact details of Registrar and Transfer Agent	Link Intime India Head Office Address: C-13 Pannalal Silk Mills Compound LBS Marg Bhandup (W) Mumbai: 400078, Maharashtra, India. Link Intime India Phone Number: (022) 25963838 Link Intime India Website: www.intimespectrum.com

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the Company shall be stated

Sr. No.	Name and description of main products/ services	NIC Code of the Product/service	% to total turnover of the Company
1.	Financial Services	64920	100

III. Particulars of Holding, Subsidiary and Associate Company

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	AU HOUSING FINANCE LIMITED	U65922RJ2011PLC034297	Subsidiary	97.92	Section 2(87) of Companies Act, 2013
2	INDEX MONEY LIMITED	U67190MH2008PLC180893	Subsidiary	100	Section 2(87) of Companies Act, 2013
3	AU INSURANCE BROKING SERVICES PRIVATE LIMITED	U67200RJ2010PTC030778	Associate	26	Section 2(6) of Companies Act, 2013
4	MPOWER MICRO FINANCE PRIVATE LIMITED	U65999MH2009PTC197149	Associate	38.53	Section 2(6) of Companies Act, 2013

IV. Share Holding Pattern (Equity share capital breakup as percentage of Total equity)
i. Category wise shareholding

Category of Share holders	No. of Shares held at the beginning of the year*		No. of Shares held at the end of the year*		% of Change During in FY 2015-16
	Demat	Physical	Demat	Physical	
A. PROMOTERS					
(1) Indian					
a) Individual/HUF	1,05,30,276	20,00,000	1,25,30,276	28.43	28.43
b) Central Govt	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-
e) Banks / FI	-	-	-	-	-
f) Any Other....	-	-	-	-	-
Sub-total (A)(1)	1,05,30,276	20,00,000	1,25,30,276	28.43	28.43
(2) Foreign					
a) NRIs –Individuals	-	-	-	-	0
b) Other –Individuals	-	-	-	-	0
c) Bodies Corp.	-	-	-	-	0
d) Banks / FI	-	-	-	-	0
e) Any Other	-	-	-	-	0
Sub-total A.(A)(2):-	-	-	-	-	0
TOTAL SHAREHOLDING OF PROMOTER (A)= (A)(1)+(A)(2)	1,05,30,276	20,00,000	1,25,30,276	28.43	28.43
B. PUBLIC SHAREHOLDING					
1. Institutions					
a) Mutual Funds	-	-	-	-	-
b) Banks / FI	-	-	-	-	-
c) Central Govt	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-
e) Venture Capital Fund	8,01,542	100	8,01,642	1.82	1.82
f) Insurance Companies	-	-	-	-	-
g) FIs	60,47,875	-	60,47,875	13.72	13.72
h) Foreign Venture Capital Funds	-	-	-	-	-
i) Trust	2,01,814	-	2,01,814	0.46	0.43
Sub-total(B)(1):-	70,51,331	100	70,51,331	16.00	15.97
2. Non Institutions					
a) Bodies Corp.	-	-	-	-	-
i) Indian	11,23,710	-	11,23,710	2.55	2.55
ii) Overseas	2,25,68,460	-	2,25,68,460	51.20	51.20

Category of Share holders	No. of Shares held at the beginning of the year*		No. of Shares held at the end of the year*		% of Change During in FY 2015-16
	Demat	Physical	Demat	Physical	
b) Individual	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 Lac	96,937	-	96,937	-	0.22
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lac	7,10,038	7,10,038	720,945	-	1.64
c) Other (specify)	-	-	-	-	-
Sub-total (B)(2):-	2,44,99,145	- 2,44,99,145	2,45,10,052	- 2,45,10,052	55.60
TOTAL PUBLIC SHAREHOLDING (B)=(B)(1)+ (B)(2)	100 3,15,50,376	100 3,15,50,476	3,15,50,476	- 3,15,50,476	71.57
C. SHARES HELD BY CUSTODIAN FOR GDRs & ADRs	-	-	-	-	-
Grand Total (A+B+C)	4,20,80,652	20,00,100 4,40,80,752	4,40,80,752	- 4,40,80,752	100.00

*Note: All Above shares having face value of ₹ 10 each.

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year		No. of Shares held at the end of the year*		% Change in the Shareholding during the year
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company	
1	Sanjay Agarwal	66,01,789	14.98	66,01,789	14.98	-
2	Jyoti Agarwal	23,63,712	5.36	23,63,712	5.36	-
3	Shakuntala Agarwal	22,74,326	5.16	22,74,326	5.16	-
4	Chiranjee Lal Agarwal	12,90,449	2.93	12,90,449	2.93	-
	TOTAL	1,25,30,276	28.43	1,25,30,276	28.43	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change)*

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Promoters' Shareholding at the beginning of the year	-	-	-	-
2	Add:	-	-	-	-
3	Less:	-	-	-	-
4	Promoter's Shareholding At the End of the year	-	-	-	-

*Note: There was no change in the shareholdings of promoters during the year under review.

(iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)*:

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	REDWOOD INVESTMENT LTD (at the beginning of the year and end of the year)	1,19,34,699	27.07	1,19,34,699	27.07
2	INTERNATIONAL FINANCE CORPORATION (IFC) (at the beginning of the year and end of the year)	60,47,875	13.72	60,47,875	13.72
3	LABH INVESTMENTS LIMITED (at the beginning of the year and end of the year)	45,00,169	10.21	45,00,169	10.21
4	OUREA HOLDINGS LIMITED (at the beginning of the year and end of the year)	42,22,927	9.58	42,22,927	9.58
5	INDIA BUSINESS EXCELLENCE FUND - I (at the beginning of the year and end of the year)	19,10,665	4.33	19,10,665	4.33
6	IL&FS TRUST COMPANY LIMITED (at the beginning of the year and end of the year)	8,01,642	1.82	8,01,642	1.82
7	MYS HOLDINGS PRIVATE LIMITED (at the beginning of the year and end of the year)	5,76,744	1.31	5,76,744	1.31
8	MOTILAL OSWAL SECURITIES LIMITED (at the beginning of the year and end of the year)	5,46,966	1.24	5,46,966	1.24
9	MANOJ TIBREWAL (at the beginning of the year and end of the year)	2,50,000	0.57	2,50,000	0.57
10	Kedaara Capital/Alternative Investment Fund - Kedaara Capital AIF 1 (at the beginning of the year)	1,77,073	0.40	1,77,073	0.40

*Note: There was no change in the shareholding of pattern of top ten shareholders during the year under review.

(v) Shareholding of Directors and Key Managerial Personnel#:

Sl. No.	For Each of the Director and KMP Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Sanjay Agarwal (Managing Director)	6,601,789	14.98	6,601,789	14.98
	Increase / (Decrease) during the year at the end of the year	-	-	-	-
2	Uttam Tibrewal (Whole time Director)	6,601,789 294,965	14.98 0.67	6,601,789 294,965	14.98 0.67
	Increase / (Decrease) during the year at the end of the year	-	-	-	-
3	Deepak Jain (Chief Financial Officer)	294,965 165,073	0.67 0.37	294,965 165,073	0.67 0.37
	Increase / (Decrease) during the year at the end of the year	-	-	-	-
4	Manmohan Parmami (Company Secretary)	165,073 4,814	0.37 0.01	165,073 4,814	0.37 0.01
	Increase / (Decrease) during the year at the end of the year	-	-	-	-
		4,814	0.01	4,814	0.01

#Note: There were no change in the Directors and Key Managerial Personnel's holding during the year under review.

V. Indebtedness**Indebtedness of the Company including interest outstanding/accrued but not due for payment:**

Indebtedness	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	198564.67	89266.32	0	287830.99
ii) Interest due but not paid	222.04	0	0	222.04
iii) Interest accrued but not due	4996.14	717.54	0	5713.68
Changes in Indebtedness during the financial year	0	0	0	0
Addition	266846.65	268959.47	0	535806.12
Repayment	96629.63	248766.32	0	345395.95
Indebtedness at the end of the financial year				
i) Principal Amount	368802.09	109459.47	0	478261.56
ii) Interest due but not paid	260.09	0	0	260.09
iii) Interest accrued but not due	11944.9	1574.59	0	13519.49
TOTAL (i+ii+iii)	381007.09	111034.06	-	492041.14

VI) Remuneration of Directors and Key Managerial Personnel
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manger	Total Amount
			(₹ in Lacs)
1	Gross salary	Mr. Sanjay Agarwal (MD)	171.44
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	322.73	494.17
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
(c)	Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	■ as % of profit	-	-
	■ others specify	-	-
5	Others please specify	-	-
	TOTAL (A)	322.73	171.44
	Ceiling as per the Act (being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)		494.17

*As recorded in Audited Financial Statements of the Company.

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors	Total amount	
			(₹ in Lacs)	
		Krishan Kant Rathi	Mannil Venugopalan	Jyoti Narang
1	Independent Directors			
	■ For attending board committee meetings	3.60	3.20	3.20
	■ Commission	6.40	6.80	6.80
	■ Others, Please specify			
	TOTAL (1)	10.00	10.00	10.00
		Name of Directors		
		Ravindra Bahl	Nishant Sharma	Vishal Mahadevia
2	Other Non-Executive Directors	0.00	0.00	0.00
	■ For attending board committee meetings			
	■ Commission			
	■ Others, Please specify			
	TOTAL (2)	0.00	0.00	0.00
	TOTAL (B)=(1)+(2)			
	Total Managerial Remuneration			
	Ceiling as per the Act:			
	(being 10% of the net profits of the Company calculated as per Section 198 of the Companies Act, 2013)			

* The Company paid an amount of ₹ 24.07 Lacs, including service tax, towards sitting fees and commission to Independent Directors (Mr. Krishan Kant Rathi and Mr. Mannil Venugopalan, and Ms. Jyoti Narang) for the year 2015-16.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Deepak Jain (CFO)	Manmohan Parnami (Company Secretary)	
1	Gross Salary	127.24	31.80	159.04
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961			
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	■ as % of profit			
	■ others specify			
5	Others please specify	-	-	-
	TOTAL	127.24	31.80	159.04

Note: As recorded in Audited Financial Statements of the Company.

VII) Penalties/Punishment/Compounding of Offences:

There were neither any Penalties levied on the Company nor any punishment was granted and no compounding of offences was carried out during the year under Companies Act, 2013 and RBI.

Type	Section of the Companies Act	Brief description	Details of penalty / punishment / compounding fees imposed	Authority {RD/ NCLT/ COURT}	Appeal made, if any
COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

ANNEXURE-V

Annual Report on Corporate Social (CSR) Activities

1. A BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS OR PROGRAMS PROPOSED TO BE UNDERTAKEN AND A REFERENCE TO THE WEB-LINK TO THE CSR POLICY AND PROJECTS OR PROGRAMS

The objective of the CSR policy ("Policy") of the Company is to lay down guidelines for proper execution of CSR activities of the Company so as to support the sustainable development of the society. The CSR activities, projects and programmes undertaken by Au FINANCIERS (INDIA) LIMITED ("Company") shall be those as approved by the CSR committee and are covered under the area as set out in Schedule VII of the Companies Act, 2013. The Company is doing CSR expenditure in promoting education, healthcare and sanitation. All the efforts of Company are focused towards significant and considerable impact on the lives of physically challenged, economically and socially underprivileged community of the country by supporting initiatives aimed at creating conditions suitable for sustainable livelihood in these communities. The Company aims to promote literacy among the disadvantaged, economically underprivileged and physically challenged people, and also includes awareness as well as capacity building and skill building in various sectors of

the economy. The Company promotes initiatives that preserve, restore and enhance environment, ecological balance, and natural resources. It undertakes measures to eradicate hunger, poverty and malnutrition as well as to improve sanitation, health and hygiene. Details of the CSR policy on the website of the Company at www.aufin.in

2. THE COMPOSITION OF THE CSR COMMITTEE

Mr. Krishan Kant Rathi	Independent Director & Chairman
Mr. Vishal Mahadevia	Independent Director & Member
Mr. Sanjay Agarwal	Member

3. AVERAGE NET PROFIT OF THE COMPANY FOR LAST THREE FINANCIAL YEARS

153.68 Cr

4. PRESCRIBED CSR EXPENDITURE (TWO PER CENT OF THE AMOUNT AS IN ITEM 3 ABOVE)

₹ 4.65 Cr (inclusive of ₹ 1.58 Cr for the F.Y. 2014-15)

5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR

- Total amount to be spent for the financial year: - ₹ 4.65 Cr
- Amount unspent, if any: ₹ 2.26 Cr

c) Manner in which the amount spent during the financial year is detailed below -

							(₹ in Lacs)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the state district where projects or programs undertaken	Amount outlay (budget) projects or program wise (in Lacs)	Amount spent on the projects or programs Sub heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
1.	Promoting Health Care	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and amking available safe drinking water (covered under clause No. (i))	(Ajit Grah, Jaipur and Shahpura inState of Rajasthan)	14.31	14.31	14.31	Direct Contribution
2.	Promoting Health Care	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and amking available safe drinking water (covered under clause No. (i))	(Jaipur in State of Rajasthan)	51.19	51.19	51.19	Implementing Agency*
3.	Promotion of Education	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects (covered under clause (ii))	(Jaipur and Shahpura in State of Rajasthan)	2.14	2.14	2.14	Direct Contribution
4.	Promotion of Education	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects (covered under clause (ii))	(Jaipur and Jodhpur in State of Rajasthan)	115.76	115.76	115.76	Implementing Agency

							(₹ in Lacs)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the state district where projects or programs undertaken	Amount outlay (budget) projects or program wise (in Lacs)	Amount spent on the projects or programs Sub heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing Agency
5.	Protection of Art and Culture	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts (covered under clause (v))	(Jaipur in State of Rajasthan)	12.00	12.00	12.00	Implementing Agency
6.	Protection of Art and Culture	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts (covered under clause (v))	(Jaipur in State of Rajasthan)	30.00	30.00	30.00	Implementing Agency
7.	Promotion of Sports Training	Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports (covered under clause (vii))	(Jaipur in State of Rajasthan)	13.85	13.85	13.85	Direct Contribution
TOTAL				239.25	239.25	239.25	

*Details of Implementing Agencies

■ Akshaya Patra Foundation

The Akshaya Patra Foundation is a not-for-profit organization headquartered in Bangalore, India striving to fight issues like hunger and malnutrition in India. By implementing its very popular Mid-Day Meal Scheme in the Government schools and

Government aided schools, Akshaya Patra aims not only to fight hunger but also to bring children to school as a step towards their bright future.

Since 2000, the organization has worked towards reaching more children with wholesome food on every single school day. Today Akshaya Patra is the

world's largest (not-for-profit run) mid-day meal programme serving wholesome food to over 1.4 million children from 10,845 schools across 10 states in India.

- **Pratham Sikhsha Charitable Trust**

The trust believes that lack of education is the root of several problems afflicting Indian society. It is a serious impediment to development and improvement in quality of life. The organization directs its efforts towards meaningful and sustainable improvements instead of temporary relief. It aims to enable and empower people to improve their lives and conditions. Therefore projects and activities supported by Pratham Shiksha are focused on planned human and social development instead of random charity.

Pratham Shiksha together with The Company aims to make an incredible difference in the area of promoting education by providing:

- a good and honest academic environment in schools,
- enriched and consistent quality of education on dependable basis,
- a complete provider of basic facilities to children like education, food and clothing.

- **Rajasthan Netraheen Kalyan Sangh**

Rajasthan Netraheen Kalyan Sangh is a leading non-government and non-profitable organization in Jaipur (Rajasthan) registered under Rajasthan Registration of Societies Act, 1958 which is working for and with visually impaired persons since the year 1990 by providing them skills for being erudite, seeking reverential jobs, starting self-employment, and to live inclusively in the society with dignity.

In the long history of more than 44 flourishing years, the society proudly served a large number of blind and visually impaired people of Rajasthan & India. A number of people who used to be a part of RNKS are now reputable Government or Private Employees, entrepreneurs, engineers, etc. Due to our pledge, we

are committed to serve the community mates with the same zeal and determination that protracted since past 44 years and more.

- **School for Blind in Jaipur**

With a strong conviction of "Today's students are tomorrow's leaders", the society runs a primary school for blind in Jaipur that imparts best education to children and attempts for the overall development more than 75 students who are trained under the guidance of prompt administration and proficient teachers.

The society also runs a module called "Library at the doorstep of the blind persons".

The Company took a self-driven step to help the society in terms of building a hygienic infrastructure for the children and also hand in hand working for the promotion of education among the students thereby ensuring a secured life for them.

- **Marwar Muslim Educational and Welfare Society**

Marwar Muslim Educational and Welfare Society, Jodhpur was given Mualana Abul Kalam Azad Literacy Award on 21.03.2005 at New Delhi by Government of India. The Society is a welfare society running 32 educational & welfare institutions for both of boys and girls. The society is continuously stepping forward and achieving its target in the field of education as well as realizing to consequences, many welfare programmes to serve the society.

Since Company wishes to target illiterate society, the Company has contributed during F.Y. 2015-16 to the organization with intent to promote education among the weaker section of the society by providing a platform to perform, achieve and excel.

- **Louis Braille Drishtiheen Vikas Sansthan**

Louis-Braille Drishtiheen Vikas Sansthan is a non-government social service organization based in Jaipur, Rajasthan, established in the year 1981 on the birth date and in the loving memory of Sir Louis Braille, Father of Literacy for the Blind.

The organization works to provide service to the visually impaired and disabled with emphasis on women, socially backward and weaker sections of society by imparting education and vocational training. It aims at building a balance between need of modern / urban and rural blind & creating network with other organizations working in the field of all disabilities.

To support a fact that every individual should be given a chance to visually impaired and disabled persons, the Company contributed during the F.Y. 2015-16.

- **Yogesh Sheshik Punarwas Awas Shodh Sansthan**
 Yogesh Sheshik Punarwas Awas Shodh Sansthan is an institution in Tonk, Rajasthan where Company contributed for upliftment of the children of the society by promoting education, special education and other trainings like sports among them and thereby encouraging them to become a part of the main stream generation.

The activity proposed by the Company at the schools also includes Development of Bathrooms for children and other sanctioned activities.

- **Contribution to Sahaj Marg Spirituality Foundation for Chennai Fund Disaster Relief**
 The Sahaj Marg Spirituality Foundation, or SMSF, is a non-profit charitable trust dedicated to fulfilling civic and social responsibilities. The Foundation is responsible for conducting programmes in the fields of spiritual training, education and research. The Foundation offers medical aid to the ones in need by providing a 24*7 ambulance facility on demand basis. To support the cause, Company earlier contributed to the foundation with an Ambulance.

The city of Chennai was severely affected by the flood disaster in the month of November this year. Many people lost their homes and were deprived of the food facilities. Company contributed to this organization to aid the affected people together with serving for other needs of the people in large.

- **Organizing eye checkup camps at various location in the Jaipur city and nearby areas**
 Several camps for eye checkup on monthly basis are organized by Company for promoting health and preventive care of the people.

- **Contribution to Muskaan Foundation for Road Safety Orientation Workshop For Drivers**
 Muskaan Foundation for Road Safety is a registered not-for-profit trust committed to building a culture of safety on roads through Awareness, Education, Training and Advocacy. It was registered as a charitable Trust in the year 2001. As road safety is a shared responsibility, the NGO uses an integrated, community-centric approach to the complex issue of road safety.

Muskaan runs a robust Road Safety Orientation Training program for different segments of corporates, drivers of commercial and private vehicles, teachers and faculty members of educational institutions and the community at large.

Company has joined hands with Muskaan Foundation (a trust registered in the year 2001) to provide Drivers training in the city and contributed during the F.Y. 2015-16. Free workshops were conducted by the Company under the guidance of Muskaan Foundation to impart training related to road safety measures and road accidents to the drivers.

Company together with Muskaan has organized around 45 workshops in Jaipur training 2000 drivers approximately.

- **Skill Development Programme organized at Chaksu (town), Jaipur District with association with HECARDS**
 Encouraging the youth and women is an important step towards achieving sustainable development of the society.

To support the cause, Company joined hands with Human Educational Cultural Art & Rural Development Society and contributed during F.Y. 2015-16 to promote Skill Development training among the women of the society.

The First batch of the training programme (pilot phase) has been stated in Chaksu, a town in Jaipur District involving 25 women.

■ **Contribution to Shree Raj Jankalyan Trust**

Company has contributed amount to the trust to promote the vocational training. The trust is engaged in the activities carried out under these types of social cause.

**Partnering in Right Cause with:
International Finance Corporation (IFC)**

To ensure sustainability and social and environmental risk management, Company in partnership with International Finance Corporation (IFC) - one of its global investor, made a framework called Social & Environmental Management Standard for regulating and evaluating the customers served by the Company in terms of the risk associated with the business carried by the borrower and to ensure that the Company do not finance directly or indirectly to the industries/individuals having adverse social & environmental impact.

The Company shall not undertake any project or activity to the detriment of the nation's interests, or those that will have any adverse impact on the social and cultural life patterns of its citizens. Company shall conduct its business affairs in accordance with the economic, development, objectives and priorities of the nation's government, and shall strive to make a positive contribution to the achievement of such goals at the national and regional level, as appropriate.

The Company's overarching aspiration is to create significant and sustainable societal value, inspired by a vision to sub serve a larger national purpose and abide by the strong value of trusteeship, is manifest in Company's CSR initiatives that embrace the most elementary prerequisites of the society it operates in.

To engage in affirmative action interventions such as skill building and vocational training, to enhance employability and generate livelihoods for persons from disadvantaged sections of society.

6. Details of CSR spent during the financial year and in case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

The Company's objectives have been to play a larger role in India's sustainable development and bring in an optimal social impact. Towards this end, it identified the following areas where it would be spending the monies. Last Year, the Company adopted two Prone Strategy, one to increase quantum of CSR expenditure to be incurred directly and secondly increase its capacity in building infrastructure for carrying out CSR expenditure in more planned way with the help of implementing agencies but there is increase in CSR obligations on the Company, so targeted CSR expenditure could not be incurred completely.

We believe that above two prone strategy where we will be able to rope in more implementing partners in coming year and increase our direct contribution, we will be able to carry out CSR in meaningful and impacting local area.

During the year ended March 31, 2016, the Company spent 2.39 Cr on the above projects. These projects will gain momentum and scale up going forward. The Company is in continuous process of evaluating more avenues for CSR expenditure which can have a qualitative longer-term impact on societal issues.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

CSR Committee hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and CSR Policy of the Company.

ANNEXURE-VI

Form No. MR-3 SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**To,
The Members,
Au FINANCIERS (INDIA) LIMITED
19-A Dhuleshwar Garden, Ajmer Road,
Jaipur – 302 001.**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Au FINANCIERS (INDIA) LIMITED** (hereinafter called “**the Company**”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 (‘Audit Period’) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the

extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; **(Not applicable to the Company during the Audit Period)**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **(Not applicable to the Company during the Audit Period)**
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable to the Company during the Audit Period)**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the Company during the Audit Period)**
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and as amended from time to time;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the Audit Period);**
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable to the Company during the Audit Period);**

- (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not applicable to the Company during the Audit Period)**; and
 - (j) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) Rules, Regulations and Guidelines issued by the Reserve Bank of India as are applicable to Non-Deposit taking NBFC which are specifically applicable to the Company. As confirmed by the Management, following other laws are specifically applicable to the Company for which the Company has taken reports/certificates from designated professionals for its due compliances under the said laws:
- (a) The Reserve Bank of India Act, 1934.
 - (b) Non-Banking Financial Companies (Non-Deposit Accepting or Holding) Prudential Norms (Reserve Bank) Directions, 2007.
 - (c) Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008.
 - (d) Reserve Bank of India Guidelines on raising money through Private Placement of NCDs by NBFCs.
 - (e) Guidelines on Corporate Governance issued by Reserve Bank of India for NBFCs.
 - (f) Notification of Reserve Bank of India on Future approach towards monitoring of Frauds in NBFCs.
 - (g) Reserve Bank of India "Know your Customer" (KYC) Guidelines – Anti-Money Laundering Standards – Prevention of Money Laundering Act, 2002-Obligations of NBFC.
 - (h) Guideline on Fair Practices Code for NBFCs.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India;
- ii. The Listing Agreements entered into by the Company with BSE Ltd and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper composition of Executive Directors, Non-Executive Directors and Independent Directors. The other changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has:

- a. Received 'in-principle approval' from Reserve Bank of India for setting-up as a Small Finance Bank;
- b. Duly passed the resolutions under section 180(1)(a) and 180(1)(c) of the Companies Act, 2013, read with its applicable rules, as amended;
- c. Issued Redeemable Non-convertible Debentures on private placement basis in multiple tranches.

For **V.M. & Associates**
Company Secretaries

Sd/-
CS Manoj Maheshwari
Partner

Place: Jaipur
Date: May 27, 2016

FCS 3355
C P No. : 1971

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Corporate Governance is the system of rules, practices and processes by which a Company is directed and run. It is about commitment to values, ethical business conduct, and contribution towards social causes and about considering all stakeholders' interest in the conduct of its business. Timely and accurate disclosure of information regarding the financial position of the Company, its performance and ownership forms core part of the corporate governance. We believe that success of organization is highly dependent upon the financial performance and sound Corporate Governance practices are crucial building blocks of functioning of organization for enhancing and retaining investors' trust and Long-term sustainability. Sound Corporate Governance is pre requisite to sustain in the Competitive environment emerging globally and is also a tool to enhance economic efficiency and growth.

Over the last few years, there have been several changes in the way Corporates run their operations, One there have been tighter regulatory regime, significantly enhancing responsibilities for the board of directors, Independent directors and the growing presence of shareholders' activism leading to building of environment of self-governance. Secondly, the cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility, etc. serve as the means for implementing the philosophy of corporate governance in letter and spirit.

With Corporates' growing size, self-monitoring, upgradation in intensity & implementation of corporate governance norms is essential for long term success of Corporates and it further increases with complexities of the organizational structure that supports such growth.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Au FINANCIERS (INDIA) LIMITED ("Company") believes in nurturing long-term relationships and cheering an open dialogue with all its key constituents and to be an admired and inspirational financial institution, creating sustainable value for all our stakeholders. Company's Philosophy of Corporate Governance is

always aimed at value creation, keeping interest of all stakeholders protected in most inclusive way. Company also understands and respects its fiduciary role and responsibility towards its shareholders, customers, employees and bankers, developmental financial institutions and strives hard to meet their expectations. Company's focused and consistent efforts are made to ensure that the principles of good Corporate Governance are followed in true spirit while conducting its business. The Company continuously focuses on upgrading its governance practices and systems to effectively meet the new challenges faced by the Company.

STEPS TAKEN BY COMPANY FOR GOOD CORPORATE GOVERNANCE:

- Involvement and enthusiastic participation of Board of Directors and Committee's thereof;
- Appropriate and timely checks through audits, conducted by independent Auditors at various levels to ensure healthy governance practices;
- Board Evaluation, Policy on Remuneration for KMP's, Board and other Senior Officials;
- Implementation of Internal financial control over financial reporting;
- Separation of committee into Corporate Governance Committee and Nomination & Remuneration Committee;
- Codes and Policies that govern the sound governance in the Company;
- Transparent and timely disclosures that ensure compliance with applicable statutory requirements;
- Shareholder's empowerment that is crucial to create shareholders' value.

Company is focused on to adhere with basic codes standards, simultaneously providing flexibility and accommodates new approaches and ideas that could be beneficial for the long-term interests of stakeholders. Good Corporate Governance

is now being recognized as a key risk management tool and a tool for socio-economic development to enhance economic efficiency, growth and stakeholder confidence and Company manages to be committed to values, ethics and contribution towards Social cause.

BOARD OF DIRECTORS

■ Composition

The Board of Directors of the Company is the body which exercises executive powers and through which Company acts. They play the primary role as the trustees to safeguard and enhance stakeholders' value through its effective decisions and supervision.

The composition of the Board of your Company is in conformity with the provisions of the Companies Act, 2013 as amended from time to time and has a well structured Board with a balanced mix of Executive and Non-Executive Directors comprised of Eight Directors — 6 (Six) Non-Executive and 2 (Two) Executive Director. The Executive and Non-Executive Directors are competent and knowledgeable personalities possessing required skills and competencies.

The management of the Company is entrusted with the management team comprising of Senior Executives and headed by the Managing Director who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long term objectives of enhancing stakeholders' value are met.

■ Independent Directors

The Independent Directors have confirmed that they meet the criteria as mentioned under section 149 (6) of the Companies Act, 2013. The Independent Directors take part in the proceedings of the Board and Committee meetings which enables qualitative decision-making. They receive sitting fees for attending the meetings and do not have any other material or pecuniary relationship or transaction

with the Company, its promoters, its Directors, management, subsidiaries or associates.

The independent directors bring to your Company a wide range of experience, knowledge and judgment as they draw on their varied proficiencies in economics, agricultural financing, micro, small & medium scale manufacturing & service enterprises, housing, management, accountancy, law, public policy, and corporate strategy.

This wide knowledge of both, their field of expertise and boardroom practices helps foster varied, unbiased, independent and experienced perspectives. The Company benefits immensely from their inputs in achieving its strategic direction.

■ Meetings of the Board

The meetings of the Board of Directors are generally scheduled well in advance and the notice of each board meeting is given to each director. The board meets at least once a quarter to review the quarterly performance and financial results of your Company and with the gap between any two meetings has been less than one hundred and twenty days. The Company Secretary prepares a detailed agenda for the meetings which along with the board papers, agenda and other explanatory notes are circulated to the directors well in advance. The members of the board are also free to recommend inclusion of any matter in the agenda for discussion. Senior management is invited to attend the board meetings so as to provide additional inputs to the items being discussed by the board.

The minutes of each board/committee meeting are recorded in the minute book of the Company.

During the year under review, the board met 10 (Ten) times. The meetings were held on April 29, 2015; May 15, 2015; May 27, 2015; August 10, 2015; August 21, 2015; September 14, 2015; September 30, 2015; October 8, 2015; October 28, 2015; January 22, 2016. These Meetings were well attended by directors.

The attendance of the directors at the above-mentioned board meetings and the 20th Annual General Meeting held on July 13, 2015, are listed below:

Name of Directors	Category	Attendance Particulars**		Total no. of Directorships of Public Companies
		Number of Board Meetings (Attended/ Held)	Last AGM	
Sanjay Agarwal DIN:00009526	Managing Director (Executive)	10/10	Yes	3
Uttam Tibrewal DIN: 01024940	Whole Time Director (Executive)	10/10	Yes	3
Mannil Venugopalan DIN: 00255575	Director (Independent Non Executive)	6/10	No	10
Krishan Kant Rathi DIN: 00040094	Director (Independent Non Executive)	7/10	No	6
Jyoti Ishwar Chandra Narang DIN: 00351187	Director (Independent Non Executive)	5/10	No	4
Vishal Kashyap Mahadevia DIN: 01035771	Nominee Director (Non Executive)	5/10	No	5
Ravindra Bahl DIN: 00123047	Nominee Director (Non Executive)	4/10	No	1
Nishant Sharma* DIN: 03117012	Nominee Director (Non Executive)	9/10	No	1

* Nishant Sharma was appointed as additional Director on December 22, 2014 and was regularized in 20th Annual general Meeting of the Company held on July 13, 2015.

** Leave of absence was granted to the concerned directors who could not attend the respective board meetings.

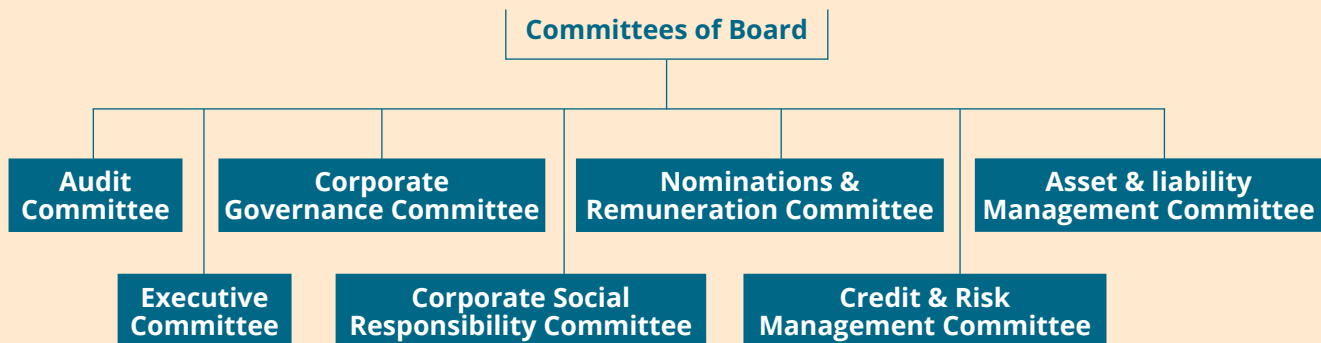
MEETING OF INDEPENDENT DIRECTORS

As stipulated by the Code of Independent Directors under the Companies Act, 2013, a separate Meeting of Independent Directors was held during the year on October 28, 2015 to review the performance of Non-Independent Directors and the Board as whole, taking into account the views of Non-Independent Directors. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties. The meeting was conducted informally to enable Independent Directors to discuss matters relating to Company's affairs and put forth their views without the presence of Non-Independent Directors and members of the Management.

COMMITTEES OF BOARD

The structure of a Board and the planning of the Board's work are key elements to effective governance. Establishing Committee(s) is one way of managing the work of the Board, thereby strengthening the Board's governance role. All decisions pertaining to the Constitution of committees, appointment of members in different committees and fixing of terms of reference for the committees are taken by the Board of Directors. These committees prepare the ground work for decision-making and report the same to the board at the subsequent meetings. The Committees deliberates and decides on the issues falling within their terms of reference.

Committees of the Company are as per the requirement of Companies Act, 2013 and RBI Regulations, as on March 31, 2016 are as follows:



AUDIT COMMITTEE

The terms of reference of the committee inter alia include overseeing the Company's financial reporting process and disclosures of financial information. The responsibilities of the committee inter alia are to review with the management, the consolidated and standalone quarterly/annual financial statements prior to recommending the same to the board for its approval.

ROLE AND POWERS OF AUDIT COMMITTEE

- To advise the board of directors of the Company on the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors and any questions of resignation or dismissal of the external auditors;
- To discuss with the external auditors, before the audit begins, the nature and scope of the audit;
- To discuss with the external auditors problems and reservations arising from the interim and final audits, including a review of the management letter incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management where necessary);
- To consider and advise the board of directors of the Company on the appointment and terms of engagement of the internal audit service (and the head of internal audit, if applicable), the audit fee, the provision of any non-audit services by the

internal auditors and any questions of resignation or dismissal of the internal auditors;

- To review the internal auditors' audit risk assessment and strategy;
- To consider major findings of internal audit reviews and management's response; and to promote co-ordination between the internal and external auditors;
- The committee will ensure that the resources made available for internal audit are sufficient to meet the institution's needs (or make a recommendation to the board of directors of the Company as appropriate);
- To keep under review the effectiveness of the risk management, control and governance arrangements;
- To review the external auditors' management letter, the internal auditors' quarterly, semi-annual and annual report, and management responses;
- To monitor the implementation of agreed audit-based recommendations, from whatever source;
- To oversee the institution's policy on fraud and irregularity, if any, formulated from time to time, including being notified of any significant action taken under that policy;

- To receive reports from internal audit, external audit and any other sources in connection with the management and quality assurance of data submitted to investors, funding bodies and other external parties;
- To monitor annually the performance and effectiveness of external and internal auditors, including any matters affecting their objectivity, and to make recommendations to the board of directors of the Company concerning their reappointment, where appropriate;
- The recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Examination of the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- Committee must ensure that information system audit of internal systems and processes are conducted at least twice year;
- And such other matters as board may prescribe.

The Audit Committee met 5 (Five) times during the last financial year on following dates, May 27, 2015; August 10, 2015; October 8, 2015; October 28, 2015; January 22, 2016 respectively, to discuss the relevant matters falling under the ambit of their work.

COMPOSITION OF COMMITTEE

The Composition of Audit Committee is in pursuance of Section 177 of Companies Act, 2013. Name of Committee Members, their Designation and their attendance in the meetings is as follows:

Name of Member	Designation	Attendance in the Meetings (Attended/ Held)
Mr. Krishan Kant Rathi	Elected Chairman (Independent Director)	5/5
Mr. Mannil Venugopalan	Member (Independent Director)	5/5
Ms. Jyoti Narang	Member (Independent Director)	5/5
Mr. Vishal Mahadevia	Member (Nominee director)	5/5
Mr. Nishant Sharma	Member (Nominee Director)	4/5

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee was incorporated in the Board meeting of January 22, 2016. Earlier this Committee performed its function under the name of Corporate Governance Nominations & Remuneration Committee. On January 22, 2016 with prior approval of Board member this committee was bifurcated to enhance its scope of Work.

ROLE AND POWERS OF CORPORATE GOVERNANCE COMMITTEE

- Advise the board on all aspects of corporate governance and to recommend the adoption of best practices as appropriate for the Company;
- Determine, agree and develop the Company's general policy on corporate governance in accordance with the applicable code of corporate governance;
- To review the performance on good corporate governance in the reference to the guidelines of leading companies based on structure, duties and responsibilities and consider and suggest subject to change related to rules and regulations of the board of directors and sub-committees to amend continuously;

- Ensure that disclosures are made in the annual report in compliance with applicable provisions;
- Report any breach of the code to the board of directors for action to be taken as applicable;
- Review any statements on ethical standards or requirements for the Company and assist in developing such standards and requirements related to corporate governance.

COMPOSITION OF COMMITTEE

Name	Designation
Mr. Krishan Kant Rathi	Elected Chairman (Independent Director)
Mr. Sanjay Agarwal	Member(Managing Director)
Mr. Vishal Mahadevia	Member (Nominee Director)
Mr. Ravindra Bahl	Member (Nominee Director)
Mr. Mannil Venugopalan	Member (Independent Director)
Ms. Jyoti Narang	Member (Independent Director)

NOMINATION & REMUNERATION COMMITTEE

Nomination & Remuneration Committee was reconstituted on January 22, 2016 via approval of Board members. Earlier this Committee performed its function under the name of Corporate Governance, Nominations & Remuneration Committee. On January 22, 2016 Board of members bifurcated this Committee to enhance its scope of Work.

ROLE AND POWERS OF NOMINATION & REMUNERATION COMMITTEE

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Devising a policy of Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and evaluation of

- Director’s performance in compliance of Banking regulation Act, 1949 and Co. Act, 2013;
- Fixing and revision of remuneration payable to the Managing and whole-time Directors and other Directors of the Company from time to time in compliance of Banking regulation Act, 1949 and Co. Act, 2013;
- Administration and superintendence in connection with the employees stock option scheme (the Scheme) under the broad policy and framework laid down by the Company and/or by the Board of Directors;
- Formulate from time to time specific parameters relating to the Scheme, including,
 - i. The quantum of options to be granted under the Scheme to a particular eligible employee or to category or group of eligible employees and in aggregate;
 - ii. Determination of eligibility conditions and selection of eligible employees to whom options may from time to time be granted hereunder;
 - iii. The vesting period and the exercise period within which the eligible employee should exercise the options and those options would lapse on failure to exercise the options within the exercise period;
 - iv. The conditions under which options vested in eligible employee may lapse in case of termination of employment for misconduct;
 - v. The specified time period within which the eligible employee shall exercise the vested options in the event of termination or resignation of an eligible employee;
 - vi. The right of an eligible employee to exercise all the options vested in him at one time or at various points of time within the exercise period;

- vii. The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, warrant exercising etc;
- viii. Make rules by which all options including non-vested options vest immediately in case of sale, transfer or takeover of the Company or amalgamation of the Company with any other company, etc. and provide for rules related to exercise period under such circumstances;
- ix. Make rules related to performance based vesting of such part of the options granted to eligible employees as the Committee may decide;
- x. To prescribe, amend and rescind rules and regulations relating to the Scheme;
- xi. To construe, clarify and interpret the terms of the scheme and options granted pursuant to the Scheme.

COMPOSITION OF COMMITTEE

Name	Designation
Mr. Krishan Kant Rathi	Elected Chairman (Independent Director)
Mr. Sanjay Agarwal	Member (Managing Director)
Mr. Vishal Mahadevia	Member (Nominee Director)
Mr. Ravindra Bahl	Member (Nominee Director)
Mr. Mannil Venugopalan	Member (Independent Director)
Ms. Jyoti Narang	Member (Independent Director)

THE COMPOSITION OF COMMITTEE ITS MEMBERS, THEIR DESIGNATION & ATTENDANCE IN THE MEETING IS AS FOLLOWS:

Name	Designation	Attendance in the Meetings (Attended/ Held)
Mr. Krishan Kant Rathi	Elected Chairman (Independent Director)	3/3
Mr. Sanjay Agarwal	Member (Managing Director)	3/3
Mr. Vishal Mahadevia	Member (Nominee Director)	3/3
Mr. Ravindra Bahl	Member (Nominee Director)	1/3
Mr. Mannil Venugopalan	Member (Independent Director)	3/3
Ms. Jyoti Narang	Member (Independent Director)	3/3

Note: As stated above, Corporate Governance, Nomination and Remuneration committee in the meeting of board of Directors held on January 22, 2016 was bifurcated into Corporate Governance Committee and Nomination and Remuneration Committee. Pre bifurcation the Committee met 3 (Three) times during the year on May 27, 2015; August 10, 2015; January 22, 2016 to discuss the relevant matters falling under the ambit of their work. Post bifurcation no meeting of Corporate Governance committee and Nomination and Remuneration committee was held.

ASSET & LIABILITY MANAGEMENT COMMITTEE (ALCO)

This Committee is assigned to evaluate the credit, liquidity, business and other risks and strategies actions to mitigate the risk associated and report its findings to the Board. The Committee is also responsible for keeping a watch on the asset liability gaps, if any.

ROLE AND POWERS OF ALCO

- **The scope of functions of ALCO are as follows:**
 - i. Liquidity risk management;
 - ii. Management of market risks;
 - iii. Funding and capital planning;
 - iv. Forecasting and analysing 'what if scenario' and preparation of contingency plans;

- To keep under review the effectiveness of the asset liability management, control and governance arrangements, and in particular to review the management responses.
- To ensure that all significant mismatches have been properly investigated and that the appropriate officer, have been informed.
- The ALCO shall annually review and approve the risk management policy and associated frameworks, processes and practices of the Company.
- The ALCO shall review and reassess the adequacy of this charter annually and recommend any proposed changes to the board for approval

The ALCO met 4 (four) times during the financial Year on following dates **May 25, 2015; August 8, 2015; October 26, 2015; January 21, 2016** to discuss the relevant matters falling under the ambit of their work.

COMPOSITION OF COMMITTEE

Name of Committee members, their designation & their attendances in the meetings areas follows:

Name	Designation	Designation Attendance in the meetings (Attended/ Held)
Mr. Sanjay Agarwal	Elected Chairman (Managing director)	4/4
Mr. Deepak Jain	Member (Chief Financial Officer)	4/4
Mr. Vimal Jain	Member (DVP-Risk & Budgetary Control)	4/4
Mr. Hemant Sethia	Member (DVP Finance & Treasury)	3/4

EXECUTIVE COMMITTEE

Executive Committee plays a key role in the working of the Company defines the role and the powers of the committee, including borrowing limits depending on the cost of funds and quantum of liabilities to be raised by the Company.

ROLE AND POWERS OF EXECUTIVE COMMITTEE

- Review the rationality of use of powers granted to it, and to review the management feedback.
- Oversee the institution's policy for on lending to customers and of rising of funds.
- Satisfy it that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.
- Decide on operational issues including detailed scope of reference

The Committee met 45 (Forty Five) times during the financial year, as and when required.

COMPOSITION OF COMMITTEE

Name of Committee members, their designation & their attendances in the meetings areas follows:

Name	Designation	Designation Attendance in the meetings (Attended/ Held)
Mr. Deepak Jain	Elected Chairman (Chief Financial Officer)	45/45
Mr. Sanjay Agarwal	Member (Managing Director)	45/45
Mr. Hemant Sethia	Member (DVP Finance & Treasury)	45/45
Mr. Yogesh Jain	Member (DVP Finance & Treasury)	45/45

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board constituted its CSR Committee in line with the requirements of the Section 135 of the Companies Act, 2013, read with its applicable rules. The Committee was constituted to approve and recommend to Board about the areas on which the Company can spend, towards CSR activities as required under the said Act.

ROLE AND POWERS OF CSR COMMITTEE

- Recommend the amount of expenditure to be incurred on such activities;
- Monitor the CSR policy of the Company from time to time;
- Based on the recommendations of the CSR committee, the board to approve the CSR policy for the Company and ensure that the activities as included in CSR policy are undertaken by the Company;

The Meetings of the CSR Committee were held 2 (Two) times during the year respectively on May 27, 2015 & January 22, 2016.

COMPOSITION OF COMMITTEE

The composition of CSR Committee is in pursuance of Section 135 of Companies Act, 2013. Name of Committee members, their designation & their attendances in the meeting s areas follows:

Name	Designation	Attendance in the Meetings (Attended/ Held)
Mr. Krishan Kant Rathi	Elected Chairman (Independent Director)	2/2
Mr. Sanjay Agarwal	Member (Managing Director)	2/2
Mr. Vishal Mahadevia	Member (Nominee director)	2/2

CREDIT & RISK MANAGEMENT COMMITTEE

The committee was formed to supervise, guide, review and Identify current and emerging risks, developing risk assessment and measurement systems, establishing policies, practices and other control mechanisms to manage risks, developing risk tolerance limits for Senior Management and board approval, monitoring positions against approved risk tolerance limits, reporting results of risk monitoring to senior management and to the Board.

ROLE AND POWERS OF CREDIT AND RISK MANAGEMENT COMMITTEE

- The credit and risk management committee shall annually review and approve the risk management policy and associated frameworks, processes and practices of the Company;
- The credit and risk management committee shall ensure that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities;
- The credit and risk management committee shall evaluate significant risk exposures of the Company and assess management's actions to mitigate the exposures in a timely manner. This includes one-off initiatives, and ongoing activities such as business continuity planning and disaster recovery planning and testing;
- The credit and risk management committee will coordinate its activities with the audit committee in instances where there is any overlap with audit activities. For example, internal or external audit issue relating to risk management policy or practice;

- Credit & risk management policy should also address exposure to credit risk, interest rate risk, liquidity risk, price risk, transaction risk, compliance risk, strategic risk, reputation risk and asset management risk that conforms to regulatory requirements and risk management best practices;
- Credit & risk management policy should also address exposure to credit risk, interest rate risk, liquidity risk, price risk, transaction risk, compliance risk, strategic risk, reputation risk and asset management risk that conforms to regulatory requirements and risk management best practices;
- Review and discuss risk tolerance levels and metrics taking into consideration the strength of the Company's capital, adequacy of retained earnings, and overall quality of risk management, measurement and reporting systems;
- Oversee the Company's risk framework and controls, and monitor the activities of the enterprise risk categories;
- 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;
- Monitor and coordinate the compliance with the provisions of all agreements with the regulatory bodies/third parties.

Meeting of Credit & risk Management Committee was held 3 (Three) times in year respectively on May 25, 2015; October 26, 2015; January 21, 2016

COMPOSITION OF COMMITTEE

Name of Committee members, their designation & their attendances in the meetings areas follows:

Name of Member	Designation	Attendance in the Meetings (Attended/ Held)
Mr. Sanjay Agarwal	Managing Director	2/3
Mr. Uttam Tibrewal	Whole Time Director	2/3
Mr. Rishi Dhariwal	Chief Risk Officer	2/3
Mr. Deepak Jain	Chief Financial Officer	2/3
Mr. Vimal Jain	DVP-Risk & Budgetary Control)	3/3
Mr. Vijendra Shekhawat	Chief Accounts & Operations Officer	3/3

GENERAL SHAREHOLDER INFORMATION

The details of the location and time of the last three AGM are given below:

Year	Date & Time	Venue	Special Resolutions Passed
2012-13	August 26, 2013 12:00 P.M.	Registered Office: 19 - A, Dhuleshwar Garden, Ajmer Road, Jaipur	1. Payment of commission to the Non-Executive Directors of the Company for a period of Five Years.
2013-14	August 6, 2014 11.30 A.M.	Registered Office: 19 - A, Dhuleshwar Garden, Ajmer Road, Jaipur	1. To borrow money in excess of paid up capital and free reserves of the Company u/s Section 180(1)(c) and to sell, lease or otherwise dispose of the assets of the Company for such borrowings u/s Section 180(1)(a) of the Companies Act, 2013; 2. To take on lease property situated at 301/302, Atharwa Plaza, 3rd Floor, Opp. Shankar Maharaj Nath Mandir, Pune, Satara Road, Dhanakwadi, Pune-411043, belonging to Mr. Sanjay Agarwal, Managing Director of the Company; 3. 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.
2014-15	July 13, 2015 3.00 P.M.	Registered Office: 19 - A, Dhuleshwar Garden, Ajmer Road, Jaipur	1. Authorization To borrow money in excess of paid up capital and free reserves of the Company u/s Section 180(1)(c) 2. Authorization to sell, lease or otherwise dispose of the assets of the Company for such borrowings u/s Section 180(1)(a) of the Companies Act, 2013; 3. Alteration of Existing Articles of Association of the Company.

- **Financial Year** - April 1 to March 31

- **Annual General Meeting**

Day, Date & Time: Wednesday, August 31, 2016, 11 am

Venue: Au FINANCIERS (INDIA) LIMITED

'Flexible Room' B-11 E, Behind of CEG Apartment, Near Tata Showroom, Industrial Area, Malviya Nagar-302017 (Rajasthan)

- **Compliance Officer**

Mr. Manmohan Parnami, Company Secretary of the Company is Compliance Officer for complying with requirements of Companies Act, 2013, Regulator, Listing Agreements with Stock Exchanges and other applicable laws and Act.

- **Performance Evaluation of Board, its Committees and Directors**

Board Evaluation is the most effective way to ensure Board members understand their duties and to adopt effective good governance practices. To be effective, boardroom appraisals need to have specific, clearly defined steps and practices, and a special commitment from the Board. Your company believes in evaluating the performance of individual directors constituting the board, board as a whole and its committees from time to time on annual basis. Company is timely circulating the evaluation sheet to all the directors for deliberation and evaluation of the performances of directors, board as a whole and its committees. Filled evaluation sheets received from directors are placed before the members of Nomination and Remuneration Committee, Independent Directors, and the Board of Directors of the Company for evaluating the performances.

■ **SEBI Complaints Redress System (SCORES)**

The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status. There were no Complaints received during the financial year 2015-16.

■ **Debenture Trustees**

IDBI Trusteeship Services Ltd.
Regd. Office: Asian Building, Ground Floor,
17, R Kamanr Marg, Ballard Estate.
Mumbai 400001

■ **Registrar and Share Transfer Agent**

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

■ **Dematerialization of Shares**

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). As on March 31, 2016, 100% shares of company are in dematerialize form.

■ **Listing and ICDR Regulations 2015**

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 from time to time 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 to the said Exchanges.

Your company fulfils the criteria and requirements of Securities & Exchange Board of India (Issue Of Capital And Disclosure Requirements) Regulations, 2009 as amended from time to time, Securities & Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015, and other regulations issued by SEBI from time to time.

■ **Address for Correspondence**

Company Secretary,
Au FINANCIERS (INDIA) LIMITED
19-A, Dhuleshwar Garden, Ajmer Road,
Jaipur – 302 001
Tel: +91-141-4110060/61
Fax: +91-141-4110090
Email: manmohan.parnami@aufin.in

For and on behalf of the Board of Directors
Au FINANCIERS (INDIA) LIMITED

Sd/-
Sanjay Agarwal
Managing Director

Sd/-
Uttam Tibrewal
Executive Director

Place: Jaipur
Date: May 27, 2016

MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN ECONOMY

During FY 2015-16, India reported a 7.6% GDP growth, making it one of the fastest growing major economies in the world. The government's positive policy initiatives, low interest rates, declining fiscal deficit and moderating inflation have helped the Indian economy restore its growth trend. The government is aggressively implementing reforms in the agricultural, manufacturing and services sectors to stay on an attractive growth trajectory.

The government's efforts to improve ease of doing business and relaxation in FDI norms is yielding results. FDI into the country has increased by 37% after the launch of 'Make in India' programme in the 17-month period from October 2014 to February 2016 (Source: Government of India Report).

Indian GDP growth

Sectors	FY 2013-14	FY 2014-15	FY 2015-16
Agriculture, forestry & fishing	3.7	1.1	1.1
Industry	4.5	5.9	6.1
Services	9.1	10.6	10.9
GDP at market prices	6.9	7.4	7.6

(Source: Advance CSO Estimates)

Overview of NBFC sector

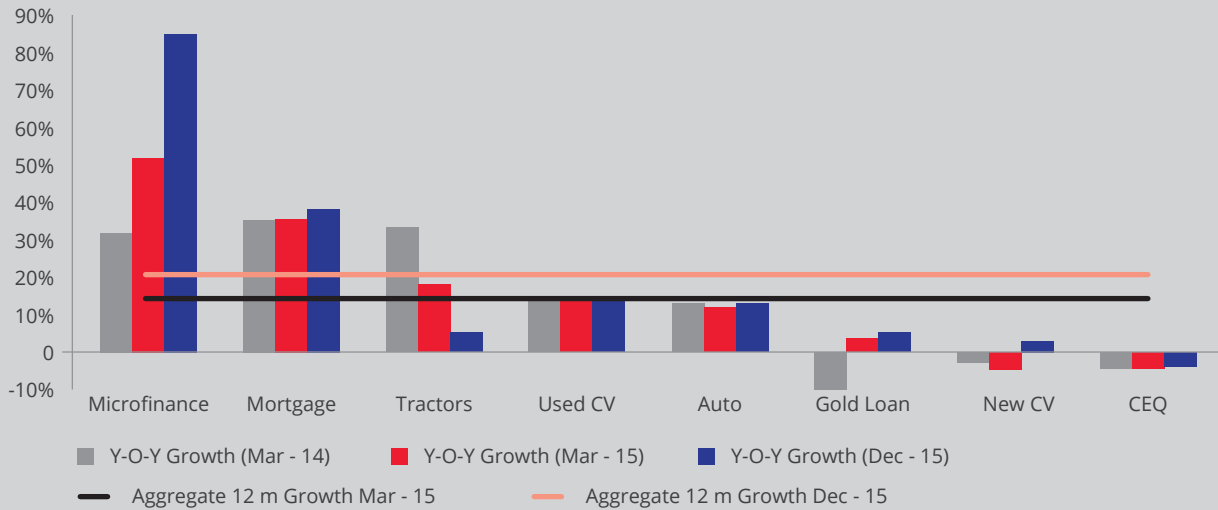
India has a diversified financial sector undergoing rapid expansion. New entities are entering into the market, while existing financial services firms are also witnessing strong growth. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The banking regulator has allowed new entities such as payments banks to be created recently thereby adding to the types of entities operating in the sector. However, the financial sector in India is predominantly a banking sector with commercial banks accounting for more than 64% of the total assets held by the financial system.

India has a diversified financial sector undergoing rapid expansion. New entities are entering into the market, while existing financial services firms are also witnessing strong growth. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The banking regulator has allowed new entities such as payments banks to be created recently thereby adding to the types of entities operating in the sector.

Retail credit of NBFCs stood at ₹ 4.7 trillion as on December 31, 2015, reporting a yoy growth of ~18.8% vis-à-vis 14.5% in FY 2014-15 and 9.5% in FY 2013-14. Retail credit growth has picked up since FY 2014-15, particularly in the microfinance, gold loan and mortgage segments. Besides, NBFC credit to the new vehicle loan segment has witnessed some easing of downward pressures, contributing to higher growth in FY 2015-16.

NBFCs to gather momentum in the CV segment, and given the anticipated pick-up in the overall business environment, grow by 18-20% in FY 2015-16 and further by 19-22% in FY 2016-17, as against 14.5% in FY 2014-15. However, the segments that could see muted growth include tractors as lenders remain cautious in light of the weak rainfalls over the past three crop cycles. Besides, credit off-take in the construction equipment (CE) segment is also expected to pick up only gradually in FY 2016-17 when the steps initiated by the Government of India (GOI) to boost infrastructure activity start bearing results. (Source: ICRA)

NBFC Credit Growth Across Segments



Source: ICRA research estimates; company information

Recent trends

The recent introduction of payment banks, small finance banks, and proposed bill payment service providers will deconstruct the banking value chain in India. This opens up strategic opportunities for NBFCs to partner with asset management companies, and payment banks to create complete financial offering for customers including savings, investments, transactions and borrowings. This 'best of breed' banking model could be better than the bundled offer of traditional banks. NBFCs will need to take the initiative to put the coalitions together. The Reserve Bank of India's (RBI's) pro-innovation and pro-competition policy stance should support the NBFC sector to fill the gaps left by banks in serving demand.

Outlook

The financial services industry is highly associated with the overall economic growth. The improving GDP is therefore expected to further drive the financial services industry. Improved rural economy and higher job creation would increase consumption demand, thereby supporting economic growth.

Going forward, firms with a diversified business model and a consistent strategy are most likely to gain from the improving prospects of the industry. There is a necessity for players to implement a holistic approach on going digital and integrating business strategy with all constituents of their operating model ecosystem to create a remarkable customer experience. Opportunities arising out of upturn in macro-economic environment, financial inclusion and favourable demographics augur well for our businesses. Our customer base will continue to drive the demand for financial services and provide impetus for sustainable and long-term growth.

Indian Automobile industry

India is well positioned to cater to domestic demand, while leveraging export opportunities. A predicted increase in the country's working-age population is likely to help stimulate the growing market for private vehicles. Rising affordability, growing prosperity and easier accessibility to finance are expected to positively impact the four-wheelers market. However, two-wheelers will remain the preferred choice for a large section of people.

MSME in India has the potential to increase the share of contribution to GDP from the 8% in FY 2011-12 to about 15% by the year 2020.

India's automobile industry is expected to become the world's third largest by 2016. The industry accounts for 7.1% of the country's GDP.

The industry produced 23,960,940 vehicles, including passenger vehicles, commercial vehicles, three-wheelers, two-wheelers and quadricycle during April-March, 2016 vis-à-vis 23,358,047 vehicles during the same time of the previous year. Therefore, it registered a marginal growth of 2.58% over the last year.

During April-March, 2016, overall automobile exports grew by 1.91%. Passenger vehicles, commercial vehicles, three-wheelers and two-wheelers registered a growth of 5.24%, 16.97%, (-)0.78% and 0.97%, respectively, in April-March 2016 over April-March 2015. (Source: SIAM)

Vehicle loan Segment

The overall vehicle loan segment registered an 11.51% growth in April-March 2016, compared to the same period last year. Medium & Heavy Commercial Vehicles (M&HCVs) registered a 29.91% growth and Light Commercial Vehicles (LCVs) grew marginally by 0.30% during April-March 2016 over the same period last year (Source: SIAM).

The recovery was driven by the continuation of healthy replacement-led demand in case of M&HCV (trucks), renewal and fleet expansion by various SRTUs as well as some pick-up in demand from mining and construction-driven sectors. Besides, the implementation of BS-IV emission norms benefited the industry. It has become mandatory across North India and some other nearby regions since October 2015. The year also witnessed the

implementation of Anti-Lock Braking Systems in M&HCVs and Uniform Bus Body Code in buses. These initiatives generated some pre-buying during the year.

Passenger Vehicle Segment

The sales of passenger vehicles grew by 7.24% during April-March 2016 over the same period last year. Within the passenger vehicles segment, passenger cars, utility vehicles and vans grew by 7.87%, 6.25% and 3.58%, respectively, during April-March 2016 over the same period last year (Source: SIAM).

The domestic passenger vehicle industry has remained mixed over last few months and utility vehicle segment witnessed strong double digit growth in the backdrop of new launches.

Tractors

Tractor volumes continue to be sluggish with the industry showing little signs of any recovery so far. The demand in the market continues to be marred by weak farm sentiments owing to stressed farm incomes. This was on account of a modest increase in MSPs of various crops as well as crop failures for the second consecutive year owing to weak south-west monsoon. Additionally, a slow pick up in infrastructure activities has constrained demand arising for haulage purposes. Although the domestic demand has remained weak, demand from the US, nearby markets and some parts of Africa has led to a moderate growth in export volumes; albeit on a small base.

Growth drivers

- An increase in the working population and higher affordability in India, has significantly boosted the demand of four-wheelers. Used cars also witnessed a surge in demand, and has been a key driver for the industry's growth
- The average ownership period has fallen in India, leading to frequent reoccurrence of loan requirement
- Advancement in data utilisation and technology has reduced risks of automobile finance providers
- Improvement in Internet and mobile banking technology has increased user accessibility to information like financing options

Indian MSME sector

There are approximately 46 million Micro, Small and Medium Enterprise (MSME) sector enterprises across various industries, employing 106 million people. Overall, the MSME sector accounts for 45% of Indian industrial output and 40% of exports. While the sector is primarily unorganised (approximately 94%), informal and unregistered, initiatives are underway to register more enterprises. MSME in India has the potential to increase the share of contribution to GDP from the 8% in FY 2011-12 to about 15% by the year 2020.

MSMEs can contribute significantly to employment generation and development of the Indian economy. This sector is one of the key drivers for India's transition from an agrarian to an industrialised economy. MSMEs account for a large share of industrial units.

Growth drivers

- The Government of India has introduced several policies as well as regulatory and institutional initiatives to MSMEs with finance options. These include credit support mechanisms administered by government institutions, among others
- Increase in number of SMEs is creating more demand for finance
- Stringent rules of formal lenders and traditional institutions, make it difficult to secure loans, making the sector more attractive

SME and Structured Finance

The number of SMEs is growing at a rapid pace owing to a strong emphasis on entrepreneurship in India. However, to cater to the country's growing needs, timely and adequate access to financial services and credit is essential for SMEs. According to government estimates, only 4% of 57.7 million small business units in India have access to institutional finance, leaving many to rely on informal lenders. A number of start-ups are also stepping in to provide debt financing and working capital loans to these enterprises. Venture and private equity are also participating in the process.

Growth drivers

- Increase in number of SMEs is increasing the demand for finance

- The launch of 'Start Up India' has encouraged the entrepreneurial spirit of the country. With this, there is a growing demand for SME and structured loans
- Small builders face difficulties in availing finance options, and hence, structured debt from NBFCs offers a viable option

Small Finance Bank

The Reserve bank of India granted small finance bank licences to 10 entities out of 72 applicants. Au FINANCIERS was one among those 10 entities. Small finance banks shall primarily undertake basic banking activities of acceptance of deposits and lending to unserved and under served sections including small business units, small and marginal farmers, micro and small industries and unorganised sector entities.

Criteria for becoming a small finance bank

- **Eligible promoters:** Resident individuals/professionals with 10 years of experience in banking and finance; and companies and societies owned and controlled by residents will be eligible to set up small finance banks. Existing NBFCs, Micro Finance Institutions (MFIs), and Local Area Banks (LABs) that are owned and controlled by residents can also opt for conversion into small finance banks.
- **Capital requirement:** The minimum paid-up equity capital is ₹ 100 Cr.
- **Foreign shareholding:** The foreign shareholding in small finance bank would be as per the Foreign Direct Investment (FDI) policy for private sector banks as amended from time to time.
- **Prudential norms:** Small finance banks will be subject to all prudential norms and regulations of RBI as applicable to existing commercial banks, including requirement of maintenance of Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR). Small finance banks will be required to extend 75% of its Adjusted Net Bank Credit (ANBC) to the sectors eligible for classification as priority sector lending (PSL) by RBI. At least 50% of its loan portfolio should constitute loans and advances of up to ₹ 25 Lacs.
- **Transition path:** If a small finance bank aspires to transit into a universal bank, such transition will not be automatic, but would be subject to fulfilling minimum paid-up capital/net worth requirement as

Close to 49% of our branches are located in rural and semi-urban areas.

applicable to universal banks; its satisfactory track record of performance as a small finance bank and the outcome of RBI's due diligence exercise.

Au FINANCIERS (INDIA) LIMITED

Au FINANCIERS was incorporated in 1996 as a non-deposit taking, non-banking finance company (NBFC) under the provisions of the Companies Act, 1956. It was promoted by a first-generation entrepreneur and chartered accountant, Mr Sanjay Agarwal.

Au FINANCIERS has always tried to align its business strategy with the consistently changing economic conditions. It has gained prominence by leveraging the emerging market opportunities and financing diversified asset classes. With a widespread product portfolio encompassing vehicle loans, MSME and SME & Structured Finance, the Company is set to penetrate deeper into potential markets to cater to more unbanked and under served sections. Au FINANCIERS is ready to strengthen its growth graph in the coming years.

The Company has started transforming and strengthening its infrastructure, manpower, IT, governance and branch culture, post approval from RBI for setting up small finance bank, on September 16, 2016.

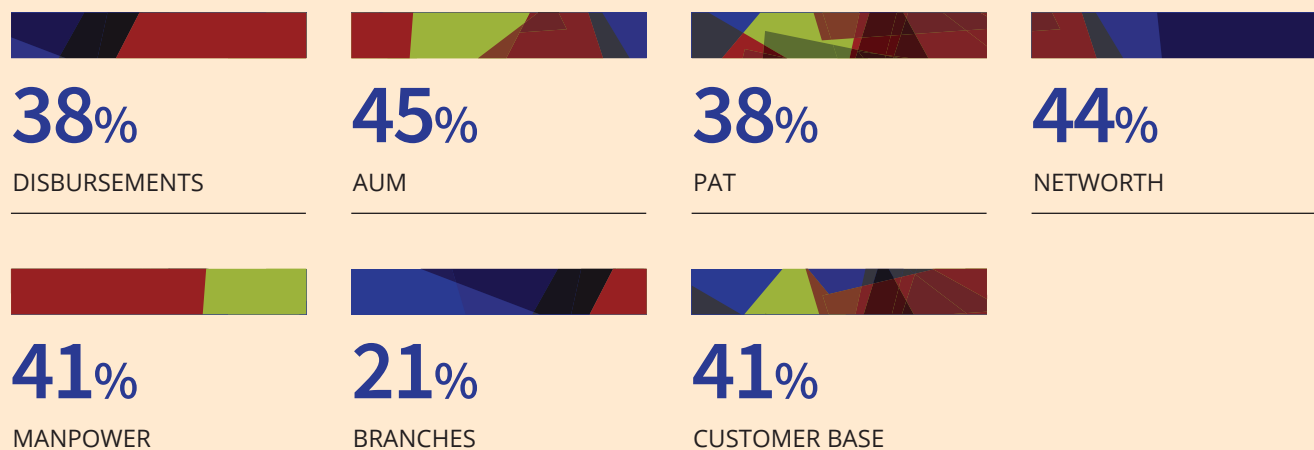
With this big transformation the Company will:

- Become a highly-consistent, scalable, visible and trusted platform
- Improve its risk management
- Extend customer relationship and services
- Create single platform for all financial services
- Penetrate into deeper markets
- Stimulate the workforce to contribute more

Core strengths

- Wide range of offerings like transport financing, micro, small, medium enterprises loans, housing loans and insurance broking services.
- Contiguous state-led operations strategy in Rajasthan, Maharashtra, Gujarat, Madhya Pradesh, Punjab, Chhattisgarh, Delhi/NCR, Haryana, Himachal Pradesh, Goa.
- Close to 49% of our branches are located in rural and semi-urban areas.
- Over 85% of our loan book is classified as priority sector lending (PSL).
- Over 75% of our customers are with loans of ticket size less than ₹ 25 Lacs.
- Asset under Management of ₹ 8,221 Cr as on March 31, 2016.

Sustainable growth trajectory



5-year CAGR (period FY 2010-11 to FY 2015-16)

Operational excellence

The Company with its apt distribution strategy, expansion of branches, increase in sales force, deeper penetration into rural areas, increase in the number of products, strong connect with business partners including dealers and suitable branding tie ups, have helped to increase in disbursements in its respective products on y-o-y basis.

Product segments performance trend

Products	Disbursement by products					(in %)
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	
Vehicle Loans	78.58	80.97	62.47	51.11	51.58	
MSME	11.85	14.14	19.26	22.04	23.39	
SME & Structured Finance	9.57	4.89	18.27	26.85	25.04	
Total	100.00	100.00	100.00	100.00	100.00	

The Company over the period has reduced its reliance on one product line i.e. vehicle financing to MSME and SME & Structured Finance, therefore, mitigating the risks.

Vehicle Loan

Au FINANCIERS finances and refines commercial vehicles. It entered into this business through financing three-wheelers in Rajasthan. Today, the Company provides finance to a diversified portfolio of vehicles comprising light commercial vehicles (LCVs), multi-utility vehicles (MUVs), small commercial vehicles, three-wheelers (loading and passenger vehicles), cars and tractors. It helps rural and semi-rural entrepreneurs in fulfilling their dreams of owning a financed vehicle.

The Company strategically decided to not to grow its business during 2013-14, considering higher delinquencies and weak demand for new as well as second-hand vehicles. In FY 2015-16 the vehicle finance business grew with positivity by adding new products and expanding to newer geographies.

Vehicle Financing

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Disbursement (₹ in Cr)	1,836.06	2,038.13	1,677.46	1,726.10	2,898.19
Proportional of total disbursement (in %)	97.48%	85.85%	62.47%	51.00%	51.58%
Average loan size (₹ In Lacs)	3.17	3.19	3.10	3.14	3.37

Micro, small and medium enterprise (MSME) loans

Au FINANCIERS offers secured loans for financing MSMEs in manufacturing and service sectors. Besides, the Company provides loans to small farmers engaged in agricultural and allied activities. These loans help specific customers in sustaining and expanding their

small businesses; purchasing equipment; upgrading technology; and financing working capital, among others. These loans are also aimed to support start-ups. The Company's average ticket size for these loans is around ₹ 10 Lacs.

MSME Loans

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Disbursement (₹ in Cr)	246.85	344.67	517.07	744.45	1314.26
y-o-y growth (in %)	-	39.63%	50.02%	43.97%	76.54%
Average loan size (₹ in Lacs)	5.15	6.36	6.75	8.60	10.00

Small and medium enterprises and structured finance

The Company offered SME and SF segment loans with a ticket size of over ₹ 25 Lacs. Subsequently, it started funding businesses run by experienced professionals, who need money for expansion. The Company has sub-verticals with separate credit and sales teams to

help make the system more efficient. The Company's construction finance business is subdivided into retail construction finance and strategic construction finance segments. It offers loans to small builders, as well as large housing projects.

SME and Structured finance

	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Disbursement (₹ in Cr)	119.28	490.50	906.95	1406.78
Contribution to total disbursement (in %)	5%	18.07%	26.85%	25.04%
Average loan size (₹ in Lacs)	61.75	196.77	230.95	217.56

Elevating customer centricity with increasing customer count

Customers are important stakeholders for any organisation who drive business growth. The Company has reached out to more than 4.35 Lac customers. The growing customer count is helping the Company to build a credit history for cross-sell. During the year, Au FINANCIERS focused training its employees to cater to specific customer needs. This helped enhance the trust of customers. Besides, the Company has started recruiting local people to strengthen customer connect and enhance customer familiarity. The Company has also laid focus on educating customers in financial discipline and supporting them in bad times. It advises CV customers on profitable routes; provides assurance on non-re-possession of vehicles in the event of default, even while encouraging periodic lump sum payments. It is remarkable to note that number of co-borrowers and guarantors put together, the Company has a wide customer base of 9 Lacs.

The Company finances the growing needs of customers who are creditworthy but denied loans by bigger financial institutions due to a documentation dearth that could have validated their repayment capability. The Company is convinced that if these first-generation entrepreneurs are supported, they would justify creditor faith. It aims to have an Au branch in every 50 kilometres in Rajasthan, the Company's principal market. The Company offers customised loan terms depending on specific customer requirement.

Over the years, Au FINANCIERS has believed in one philosophy – 'start small, consolidate and then build big'.

Geographical expansion and gradual product diversification

Au FINANCIERS' presence throughout India has resulted in significant competitive advantage. The Company's geographical coverage is governed by the following features:

- Continued focus on rural areas since inception;
- Understanding of local credit needs;
- Less documentation;

- Different credit norms for different products to ensure return trade-off;
- Over 20 years of learnings have allowed the Company to mature through economic cycles;
- Geographical expansion and diversification in products;
- Financing for income generating capabilities and not for mere consumption;

The geographical expansion and y-o-y growth marked by the Company has been remarkable, which helped it grow in the competitive scenario.

Branches

(Nos.)

15-16	291
14-15	231
13-14	220
12-13	177
11-12	146

Customer base

(Nos.)

15-16	435,771
14-15	335,614
13-14	271,551
12-13	209,634
11-12	140,121

Au FINANCIERS was assigned a long-term rating of IND A+ / STABLE by India Ratings. Besides, India Ratings assigned a short-term rating of IND A1+ and ICRA upgraded its short-term rating to ICRA A1+. Also, Brickwork assigned a long-term rating of BWR AA -/Stable.

Au FINANCIERS has quickly ramped up its SME lending and housing portfolio resulting in balanced mix of products. Over a period of time, the Company enhanced its portfolio, diversified the risks and expanded its area of operations. The gradual progression in its portfolio has turned to be beneficial for the Company and has helped it become one of the biggest players.

Maintaining quality loan portfolio

The Company lays emphasis on financing income-generating activities and assets. This has a direct bearing on the quality of the Company's loan portfolio, both by reference to repayment (as the asset or activity financed should generate sufficient revenue and cash flow for customers to service the loan) and recovery (as the asset financed typically forms the security for the loan disbursed by the Company). The Company believes that one of its major strengths is the quality of its asset portfolio. For each of its businesses, the Company has established a strong credit check and asset valuation framework to evaluate and monitor credit risk.

The Company has an established collection system, which allows it to manage recoveries efficiently and minimise its losses, thereby preserving the value of its assets. The recovery process is tailored specifically to each business line and is not outsourced. This allows the Company to directly control the recovery process. The Company demonstrated a track record of quality growth with six-year AUM CAGR of ~72% and Net NPA ~0.4%.

Gross NPA

(%)

15-16	0.88
14-15	0.95
13-14	1.73
12-13	0.64
11-12	0.21

Finance and treasury

The Company's ability to secure reliable and steady sources of capital allows it to grow and fund its businesses in line with the business strategy and customer requirements.

Credit Rating

Au FINANCIERS was assigned a long-term rating of IND A+ / STABLE by India Ratings. Besides, India Ratings assigned a short-term rating of IND A1+ and ICRA upgraded its short-term rating to ICRA A1+ and long-term rating to IND A+/Stable. Also, Brickwork assigned a long-term rating of BWR AA -/Stable.

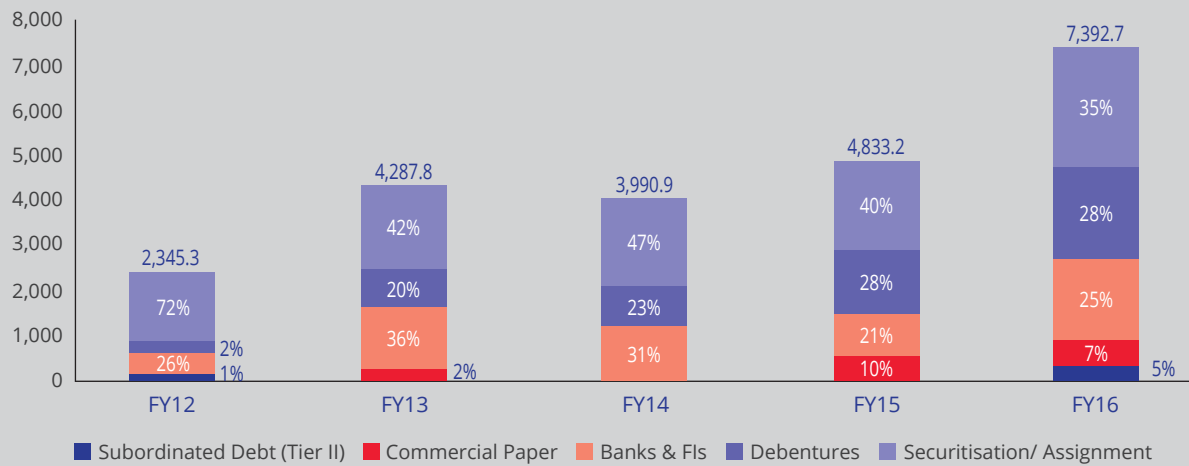
This unanimous upward revision validated the integrity of the Company's Balance Sheet as well as its earning capability. This in turn, the enhanced credit rating strengthened low-cost fund mobilisation.

Diversified Debt Profile

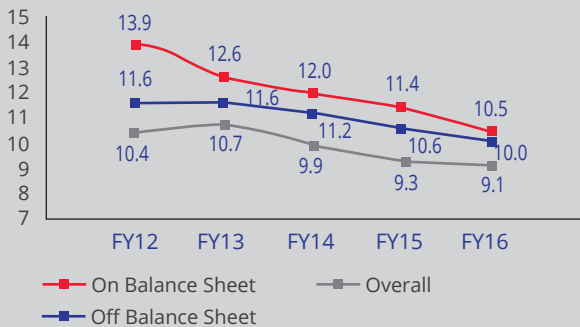
The Company diversified its resource profile; and with gradual rating upgrades, it has been able to reduce its cost of borrowings and enhance its competitive strengths.

The Company widened its sourcing mix comprising commercial paper, working capital demand loan, bonds and NCDs to address emerging requirements. Through these initiatives, the Company moderated its overall cost of funds, thereby strengthening viability.

Diversified fund sources (₹ in Cr)



Reducing cost of funds (%)

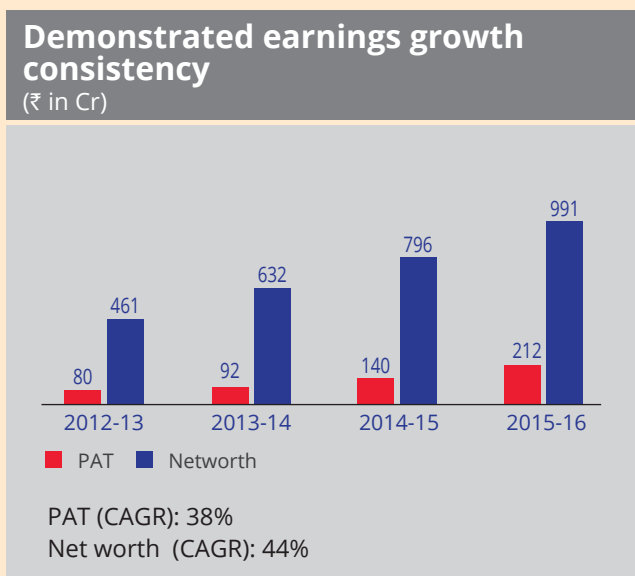


Strong capital raising ability

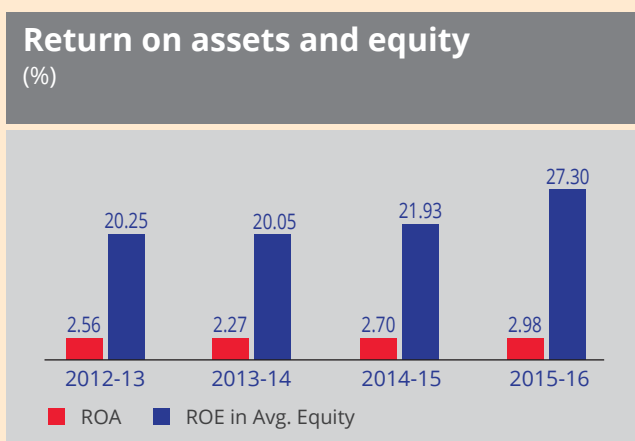
The Company has a track record of successfully raising capital from various sources. It regularly issues secured, redeemable and non-convertible debentures to institutional investors on a private placement basis to access capital for finance business. The Company has diversified its resource pool by supplementing its borrowings from banks & financial institutions with issuance of NCDs & CPs. The Company has also raised capital by selling its receivables to banks. Its diverse funding relationships are leading to lower borrowing costs.

Finance review

In the last five years, the Company's net profit and network has seen consistent growth owing to customer and geographic expansion.



ROA & ROE: Return on assets increased to 2.98% in FY 2015-16, compared to 2.70% in the previous fiscal. The return on equity was 27.30% as against 21.93% in previous financial year.



The Company's focus is on achieving a healthy return on equity on a sustainable basis to deliver attractive returns to all stakeholders. Secured and diversified business is resulting in significantly superior RoAEs (~2x).

Key elements of Profit and Loss Account (consolidated)

In accordance with the accounting standards prescribed by the Institute of Chartered Accountants of India, the consolidated financial statements comprise the individual financial statements of the Company together with its subsidiaries, which are consolidated on a line-by-line basis and its associates, which are accounted on the equity method.

HUMAN RESOURCES

The Company recognises people as its most valuable asset and it has built an open, transparent and meritocratic culture to nurture this asset. Au FINANCIERS has always been a strong merit-based organisation that has recruited, developed, assessed, rewarded and promoted individuals based on their professional and leadership abilities. It firmly believes in providing an environment that motivates the talent of employees. The Company hires individuals who are not just technically competent but are also culturally aligned to the best-in-class resourcing practices.

TECHNOLOGY LANDSCAPE

The Company is transforming into a small finance bank and the technology team will play a pivotal role in the entire process. It will ensure sustenance of the current infrastructure and at the same time, initiate the work towards becoming a bank. The technology landscape is set to change considerably given the need and the opportunity to build a digitally-enabled bank. This moment provides a wonderful opportunity to merge the new-age technology innovations with the age-old business of banking. From end-point devices to servers to network components; necessary enhancement has been made to ensure smooth operations.

The entire origination engine has been designed and adopted by the Company to provide customer familiarity and functionality. Besides, the Company has web-based voice-calling and SMS system to inform customers about repayment dates and notify collections staff on schedules, among others.

Cautionary statement

Statements in the Management Discussion and Analysis, describing the Company's objectives, outlook, opportunities and expectations may constitute 'Forward Looking Statements' within the meaning of applicable laws and regulations. Actual results may differ from those expressed or implied expectations or projections, among others. Several factors make a significant difference to the Company's operations including the government regulations, taxation and economic scenario affecting demand and supply, natural calamity and other such factors over which the Company does not have any direct control.

Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To
The Members of Au FINANCIERS (INDIA) LIMITED

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Au FINANCIERS (INDIA) LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2016, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We

conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:
- (a) We have sought and 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 it 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 aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 2 to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 35 to the standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. BATLIBOI & CO. LLP**
 ICAI Firm's Registration Number:
 301003E/E300005
Chartered Accountants

Sd/-
per Viren H. Mehta
Partner

Mumbai
 May 27, 2016

Membership Number: 048749

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) (a) The Company has granted loan to a company covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the loan are not prejudicial to the Company's interest.
- (b) The loan granted by the Company was repayable on demand. We are informed that the loan was repaid during the year when demanded by the Company, and thus, there has been no default on the part of the company to whom the money has been lent. The payment of interest has been regular.
- (c) There was no amount overdue in respect of loan granted to the company covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount under dispute (₹)	Amount paid (₹)	Period to which its relates	Forum where dispute is pending
Rajasthan Value Added Tax, 2003	Value Added Tax	1,389,000 #	- #	Financial years 2008-09 to 2011-12	Rajasthan Tax Board, Ajmer
Chapter V of the Finance Act, 1994	Service Tax	120,962,101*	9,072,158 **	April 2008 – September 2013	Central Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	7,145,520	5,280,190	Financial years 2009-10 to 2012-13	Income Tax Appellate Tribunal; CIT (A) for FY 2012-13

Represents amount of penalty, fully covered by bank guarantee furnished

* Excluding interest and penalty, as applicable.

** The Company has paid this amount under protest.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank, debenture holders or government.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer, hence not commented upon.

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of section 197, read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

For **S.R. BATLIBOI & CO. LLP**
ICAI Firm's Registration Number:
301003E/E300005
Chartered Accountants

Sd/-
per Viren H. Mehta
Partner

Mumbai
May 27, 2016

Membership Number: 048749

ANNEXURE

Referred to in paragraph 2(f) under the heading “Report on other legal and regulatory requirements” of our report of even date

Report on Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

To the Members of Au FINANCIERS (INDIA) LIMITED

We have audited the internal financial controls over financial reporting of Au FINANCIERS (INDIA) LIMITED (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of

India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made

only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. BATLIBOI & CO. LLP
ICAI Firm's Registration Number:
301003E/E300005
Chartered Accountants

Sd/-
per Viren H. Mehta
Partner

Mumbai
May 27, 2016

Membership Number: 048749

BALANCE SHEET

as at March 31, 2016

(₹ in Lacs)			
	Note No.	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4,408.08	4,408.08
Reserves and surplus	4	96,535.43	76,667.55
		100,943.51	81,075.63
Non-current liabilities			
Long-term borrowings	5	281,085.17	157,956.65
Other long-term liabilities	6	5,673.40	4,310.25
Long-term provisions	7	4,444.30	3,869.62
		291,202.87	166,136.52
Current liabilities			
Short-term borrowings	8	100,657.55	97,263.58
Other current liabilities	9	134,448.27	57,320.88
Short-term provisions	7	2,169.80	1,737.39
		237,275.62	156,321.85
TOTAL		629,422.00	403,534.00
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	2,246.13	1,722.59
Intangible assets	11	174.47	128.79
Capital work-in-progress		39.14	46.58
Non-current investments	12	5,934.24	11,265.25
Deferred tax assets (net)	13	1,836.19	1,456.37
Receivable under financing activity	14	378,045.48	224,816.32
Long-term loans and advances	15	885.15	1,175.35
Other non-current assets	16	644.81	543.51
		389,805.61	241,154.76
Current assets			
Current investments	12	17,222.66	2,718.70
Cash and bank balances	17	12,343.36	20,292.29
Receivable under financing activity	14	203,210.87	135,020.35
Short-term loans and advances	18	2,101.44	1,386.55
Other current assets	19	4,738.06	2,961.35
		239,616.39	162,379.24
TOTAL		629,422.00	403,534.00
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

ICAI Firm Registration No.: 301003E/E300005

Chartered Accountants

Sd/-
per Viren H. Mehta

Partner

Membership No. 048749

Place: Mumbai

Date: May 27, 2016

Sd/-
Sanjay Agarwal
Managing Director

Sd/-
Manmohan Parnami
Company Secretary

Sd/-
Uttam Tibrewal
Executive Director

Place: Jaipur

Date: May 27, 2016

For and on behalf of the Board of Directors

For Au FINANCIERS (INDIA) LIMITED

Sd/-
Deepak Jain
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

	Note No.	Year ended March 31, 2016	Year ended March 31, 2015
(₹ in Lacs)			
INCOME			
Revenue from operations	20	101,046.37	70,392.03
Other income	21	501.80	238.87
TOTAL REVENUE (I)		101,548.17	70,630.90
EXPENSES			
Employee benefit expenses	22	15,772.67	9,451.58
Finance costs	23	39,525.21	28,197.27
Depreciation and amortization expense	10/11	852.09	651.51
Other expenses	24	9,149.32	5,433.99
Provisions and write offs	25	3,984.04	6,059.05
TOTAL EXPENSES (II)		69,283.33	49,793.40
PROFIT BEFORE TAX (III)= (I)-(II)		32,264.84	20,837.50
Tax expenses:			
Current tax	26	11,507.83	7,565.80
Deferred tax	26	(379.83)	(547.86)
Tax relating to earlier periods	26	(25.11)	(203.90)
TOTAL TAX EXPENSES (IV)		11,102.89	6,814.04
PROFIT AFTER TAX (III)-(IV)		21,161.95	14,023.46
Earnings per equity share			
Basic (₹)	27	48.01	32.03
Diluted (₹)		47.70	32.03
Nominal 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

ICAI Firm Registration No.: 301003E/E300005

Chartered Accountants

Sd/-
per Viren H. Mehta
Partner
Membership No. 048749

Place: Mumbai
Date: May 27, 2016

Sd/-
Sanjay Agarwal
Managing Director

Sd/-
Manmohan Parnami
Company Secretary

Sd/-
Uttam Tibrewal
Executive Director

Place: Jaipur
Date: May 27, 2016

For and on behalf of the Board of Directors

For Au FINANCIERS (INDIA) LIMITED

Sd/-
Deepak Jain
Chief Financial Officer

CASH FLOW STATEMENT

as at March 31, 2016

(₹ in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax as per statement of profit and loss	32,264.84	20,837.50
Add/(Less) :		
Depreciation and amortization expense	852.09	651.51
Loss/(Profit) on sale of Fixed Assets	(6.11)	(0.96)
Profit on sale of investments	(143.27)	(25.44)
Contingent provision against standard assets	839.69	253.01
Provision for non-performing assets	(228.40)	1,021.81
Provision on old assigned cases	(27.18)	(97.85)
Provision for employee benefits	236.39	71.86
Employee stock option expenditure	207.78	-
Operating profit before working capital changes	33,995.83	22,711.44
Movement in working capital		
Decrease / (increase) in Receivable under financing activity	(221,419.68)	(102,469.48)
Decrease / (increase) in Short term loans and advances	(714.89)	1,997.48
Decrease / (increase) in Long-term loans and advances	4.23	486.38
Decrease / (increase) in Other non-current assets	(101.28)	(90.35)
Decrease / (increase) in Other current assets	(1,776.71)	87.50
(Decrease) / increase in Other long-term liabilities	(459.56)	1,697.55
(Decrease) / increase in Other current liabilities	77,127.39	482.12
Cash generated from/(used in) operations	(113,344.67)	(75,097.36)
Direct taxes paid	(10,213.65)	(5,981.98)
Wealth tax paid	(1.68)	(1.58)
Net cash flow from/ (used in) operating activities (A)	(123,560.00)	(81,080.92)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(112.89)	(90.26)
Purchase of fixed assets	(1,311.48)	(874.92)
Sale of fixed assets	16.54	9.73
Investments in subsidiaries	(7,000.00)	(3,000.00)
Decrease / (increase) in deposits with original maturity of more than 3 months	7,200.85	1,287.40
Purchase of mutual fund units and PTCs	(176,369.32)	(38,279.59)

CASH FLOW STATEMENT

as at March 31, 2016

(₹ in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
Sale of mutual fund units and PTCs	174,339.64	38,676.87
Net cash flow from/ (used in) investing activities (B)	(3,236.66)	(2,270.77)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from long term borrowing	123,128.53	30,610.77
Net proceeds from short term borrowing	3,394.01	50,416.81
Issue of Equity Shares	-	3,852.48
Debentures issue expenses	(473.96)	(285.06)
Net cash flow from/ (used in) financing activities (C)	126,048.58	84,595.00
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(748.08)	1,243.31
Cash and cash equivalents at the beginning of the year	3,689.09	2,445.78
Cash and cash equivalents at the end of the year	2,941.01	3,689.09
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on hand	1,564.42	2,188.86
Balance with franking machine *	88.92	33.03
Balance with banks		
In current accounts	952.59	1,159.20
In deposit account	335.08	308.00
Total cash and cash equivalents (Refer note no. 17)	2,941.01	3,689.09

* 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

ICAI Firm Registration No.: 301003E/E300005

Chartered Accountants

Sd/-
per Viren H. Mehta

Partner

Membership No. 048749

Place: Mumbai

Date: May 27, 2016

Sd/-

Sanjay Agarwal

Managing Director

Sd/-

Manmohan Parnami

Company Secretary

Sd/-

Uttam Tibrewal

Executive Director

Place: Jaipur

Date: May 27, 2016

For and on behalf of the Board of Directors

For Au FINANCIERS (INDIA) LIMITED

Sd/-

Deepak Jain

Chief Financial Officer

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

1 Corporate information

Au FINANCIERS (INDIA) LIMITED ('the Company') is a public 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 ('RBI') to operate as a non deposit accepting Non Banking Financial Company (NBFC-ND) on November 7, 2000 vide certificate of registration no. B-10-00139.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the RBI as applicable to a Systemically Important Non-Banking Financial Company ('NBFC-ND-SI'). The financial statements have been prepared on an accrual basis and under the historical cost convention except as detailed in 2.1 (c) below.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except for the changes described in 2.1 (a) below.

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

2.1 Summary of significant accounting policies

(a) Change in accounting policy and estimates

- (i) With effect from April 1, 2015, the Company has adopted accounting of overdue interest on 'realization' basis. As a result of such change in the recognition of overdue interest, the profit for the current period is lower by ₹ 3061.43 Lacs

(net of the corresponding impact on NPA identification and provisioning).

- (ii) With effect from April 1, 2015, the Company has revised its estimates of provisioning for loan portfolio, in line with the requirements of the RBI Notification No. DNBR. 009/CGM (CDS) -2015 dated March 27, 2015 and revised its estimate of provisioning for loans over due for a period between 180 to 365 days. As a result of such change, the profit for the current period is lower by ₹ 296.29 lacs (including the effect of income reversal on non-performing assets).

(b) 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.

(c) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

(i) Income from financing activities

- (a) Interest Income is recognised on a time proportion accrual basis taking into account the amount outstanding and the interest rate implicit in the underlying agreements. Income or any other charges on non-performing assets or on repossessed assets sold during the year are recognised only when realized. Any such

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

income recognized and remaining unrealized, before the asset became non-performing or before sale of such repossessed asset, is reversed. Overdue interest is recognised on realisation basis.

- (b) Loan origination income i.e. processing fee and other charges collected upfront are recognised at the inception of the loan.
- (c) All other charges such as cheque return charges, legal charges, seizing charges, etc. are recognised on realisation basis.
- (ii) **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 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 of assets is recognised over the tenure of securities issued by SPV as per guidelines on securitisation of standard assets issued by RBI. Income from excess interest spread is accounted for net of losses when redeemed in cash. Expenditure in respect of securitisation (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 arising on direct assignment is recognised over the tenure of agreement on accrual basis.

(iii) **Income from deposits:**

Interest income on deposits with banks and other financial institutions is recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.

(iv) **Income from investment:**

- (i) Dividend is recognised as income when right to receive dividend is established by the date of balance sheet.
- (ii) Interest income on investment is recognised on accrual basis.

(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.

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 recognised in the statement of profit and loss when the asset is derecognised.

- (i a) **Depreciation on tangible fixed assets :-**
Depreciation on fixed assets is provided on written down value method at the

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

rates and manner prescribed under the Schedule II to the Companies Act, 2013

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

Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of profit and loss from/upto 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.

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 recognised in the statement of profit and loss when the asset is derecognised.

(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 recognised 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 recognised 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. The tax rates and tax laws used to compute the amount are those that

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in statement of Profit and Loss.

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 recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised 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 recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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 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 in accordance with Section 52 of the Act to the extent of balance available in such premium account.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

(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 recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

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

(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, 2015 issued vide Notification No. DNBR. 009/ CGM (CDS) -2015 dated March 27, 2015 ("the NBFC-ND-SI Prudential Norms)

(l) Provisions, contingent liabilities

A provision is recognised 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.

(ii) As per Company's policy, loans with principal or interest overdue for more than 5 months are considered as non performing loans and provided at following rates :

Customers with 5 month to less than 6 months overdue : provision @ 10% of outstanding amount

Customers with 6 month to less than 12 months overdue : provision @ 40% of outstanding amount

Customers with 12 months and above overdue : written off @100%

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 recognised 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 recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

(iii) Provision on standard assets is made @ 0.30% pursuant to the NBFC-ND-SI Prudential Norms.

(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

(iv) Provision for delinquencies and servicing costs on assets securitised/assigned before introduction of RBI guidelines on Direct Assignment dated August 21, 2012

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

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, short-term deposits 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 recognised 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 recognised as an income/expense in the statement of profit and loss over the life of the contract. Exchange difference on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change.

(p) Share based payments

In case of stock option plan, measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India as applicable for equity-settled share based payments.

The cost of equity-settled transactions is measured using the intrinsic value method and recognised, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

	(₹ in Lacs)	
	As at March 31, 2016	As at March 31, 2015
NOTE 3 SHARE CAPITAL		
Authorized shares		
78,150,000 Equity Shares of ₹ 10/- each (P.Y. 78,150,000 Shares)	7,815.00	7,815.00
1,885,000 Compulsorily Convertible Preference Shares of ₹ 100/- each (P.Y. 1,885,000 Shares)	1,885.00	1,885.00
	9,700.00	9,700.00
Issued Capital		
44,093,813 (P.Y. 44,093,813) Equity Shares of ₹ 10/- each	4,409.38	4,409.38
Total Issued Share Capital	4,409.38	4,409.38
Subscribed Capital		
44,080,752 (P.Y. 44,080,752) Equity Shares of ₹ 10/- each	4,408.08	4,408.08
Total Subscribed Capital	4,408.08	4,408.08
Issued, subscribed and paid-up shares		
Paid-up Capital		
Fully Paid-Up:		
44,080,752 (P.Y. 44,080,752) Equity Shares of ₹ 10/- each	4,408.08	4,408.08
Total issued, subscribed and fully paid-up share capital	4,408.08	4,408.08

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

Equity Shares

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	₹ In lacs	No. of Shares	₹ In lacs
At the beginning of the year	44,080,752	4,408.08	43,254,395	4,325.44
Add: Shares issued during the year	-	-	826,357	82.64
Outstanding at the end of the year	44,080,752	4,408.08	44,080,752	4,408.08

(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, 2016

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

Equity shares

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% Holding	No. of Shares	% Holding
Redwood Investment Ltd	11,934,699	27.07	11,934,699	27.07
Sanjay Agarwal	6,601,789	14.98	6,601,789	14.98
International Finance Corporation	6,047,875	13.72	6,047,875	13.72
Labh Investments Limited	4,500,169	10.21	4,500,169	10.21
Ourea Holdings Limited	4,222,927	9.58	4,222,927	9.58
Jyoti Agarwal	2,363,712	5.36	2,363,712	5.36
Shakuntala Agarwal	2,274,326	5.16	2,274,326	5.16

- (d) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 33.

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.

(₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
NOTE 4. RESERVES AND SURPLUS		
Statutory Reserve u/s 45- IC of RBI Act, 1934		
Balance as per last Balance Sheet	8,516.96	5,712.27
Add: Transfer during the year *	4,232.39	2,804.69
Closing Balance	12,749.35	8,516.96
Securities premium account		
Balance as per last financial statements	34,107.56	31,278.35
Add: Addition on allotment of equity shares	-	3,740.81
	34,107.56	35,019.16
Less: Amount (net of tax) applied during the year		
Debentures issue expenses	309.93	188.17
Premium payable on Redemption of Debentures	1,191.92	723.43
Closing Balance	32,605.71	34,107.56
Employee Stock Option Outstanding		
Balance as per last Balance Sheet	-	-
Add: Compensation of options granted during the year	207.78	-
Closing Balance	207.78	-
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	34,043.03	22,840.47
Less: Depreciation adjustments as per schedule II of the Companies Act 2013	-	(16.21)
Profit for the year	21,161.95	14,023.46

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

	(₹ in Lacs)	
	As at March 31, 2016	As at March 31, 2015
	55,204.98	36,847.72
Less: Transferred to Statutory Reserve u/s 45-IC of RBI Act 1934	4,232.39	2,804.69
Closing Balance	50,972.59	34,043.03
Total reserves and surplus	96,535.43	76,667.55

* 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

	(₹ in Lacs)			
	As at March 31, 2016		As at March 31, 2015	
	Non-current	Current	Non-current	Current
NOTE 5. LONG-TERM BORROWINGS				
Secured				
Redeemable Non - Convertible Debentures (refer note 5.1 (a))	137,250.00	48,250.00	91,000.00	8,250.00
Term loans				
(i) Term loan from banks				
Andhra Bank	2,777.78	303.12	-	1,047.62
Axis Bank Limited	-	-	-	416.67
Bank of Baroda	-	400.00	400.00	720.00
Bank of India	-	-	-	368.00
Bank of Maharashtra	-	937.50	937.50	1,250.00
Central Bank of India	-	1,111.11	1,111.11	1,333.33
Development Credit Bank	-	-	-	19.97
ICICI Bank Limited	-	-	-	833.33
IDBI Bank Limited	3,756.00	2,496.00	-	1,333.00
Indian Bank	-	1,190.48	1,190.48	1,428.57
Indian Overseas Bank	-	382.75	384.72	471.43
Karnataka Bank	2,250.00	338.27	88.27	352.90
Kotak Mahindra Bank	1,687.50	-	-	-
Oriental Bank of Commerce	3,749.97	1,250.00	-	808.98
State Bank of Bikaner & Jaipur	4,444.44	1,131.32	575.77	1,094.73
State Bank of Hyderabad	1,714.29	523.77	238.06	750.01
State Bank of India	12,224.00	5,948.00	3,340.00	2,256.00
State Bank of Patiala	-	1,876.44	1,874.94	2,880.91
State Bank of Travancore	-	458.09	510.17	625.00
The Jammu And Kashmir Bank Limited	-	265.55	265.61	625.00
The Ratnakar Bank Limited	2,613.64	1,742.42	-	-

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

	(₹ in Lacs)			
	As at March 31, 2016		As at March 31, 2015	
	Non- current	Current	Non- current	Current
Union Bank of India	-	960.87	961.67	1,440.00
United Bank of India	-	475.71	476.15	714.29
	35,217.62	21,791.40	12,354.45	20,769.74
(ii) Term loan from financial institutions				
Small Industries Development Bank of India	28,500.00	7,020.20	5,520.20	2,599.20
National Bank for Agriculture & Rural Development (NABARD)	16,666.67	3,333.33	-	-
	45,166.67	10,353.53	5,520.20	2,599.20
(iii) Term loan from non-banking financial companies				
Aditya Birla Finance Limited	-	-	-	79.17
Bajaj Finance	3,684.21	1,052.63	-	-
HDFC Limited	10,000.00	-	10,000.00	-
Tata Capital Financial Services Limited	-	-	-	375.00
	13,684.21	1,052.63	10,000.00	454.17
(iv) Term loan from insurance company				
SBI Life insurance company limited	5,625.00	1,500.00	-	-
	5,625.00	1,500.00	-	-
(v) Auto loan from banks				
HDFC Bank Limited	141.67	60.99	71.72	27.63
	141.67	60.99	71.72	27.63
(vi) Auto loan from Non Banking Financial Companies				
Daimler Financial Services India Private Limited	-	10.28	10.28	10.05
	-	10.28	10.28	10.05
Total term loans	99,835.17	34,768.83	27,956.65	23,860.79
Total secured borrowings	237,085.17	83,018.83	118,956.65	32,110.79
Unsecured				
Redeemable Non - Convertible Debentures (Sub-ordinated debts) (refer note 5.1(b))	29,000.00	2,000.00	14,500.00	-
Redeemable Non - Convertible Debentures (refer note 5.1(b))	11,000.00	11,000.00	22,000.00	-
Term loans				
(i) Banks (Sub-ordinated debts)				
ICICI Bank Limited	4,000.00	500.00	2,500.00	500.00
Total term loans	4,000.00	500.00	2,500.00	500.00
Total unsecured borrowings	44,000.00	13,500.00	39,000.00	500.00
Amount disclosed under the head "other current liabilities" (refer note no. 9)	-	(96,518.83)	-	(32,610.79)
	281,085.17	-	157,956.65	-

Secured borrowings are secured by hypothecation of loans under financing activity. Personal guarantees by directors and shareholders of the Company have been given for borrowing amount of ₹ 84,948.33 lacs at March 31, 2016 (P.Y 41,697.42 lacs). Borrowings to the extent of ₹ 109,362.48 lacs at March 31, 2016 (PY 27,428.93 lacs) are secured by pledge of the Company's shares held by the directors and pledge of property of Company and its directors, 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, 2016

5.1 (A) DETAIL OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES AS AT MARCH 31, 2016

Sr. No.	ISIN No.	Date of allotment	Date of redemption	Call Option	Put Option	Nominal value per debenture	Nos.	Rate of interest p.a.	Total amount	Non-current maturity for FY 2015-16	Current maturity for FY 2015-16	Non-current maturity for FY 2014-15	Current maturity for FY 2014-15	Terms of redemption
1	INE949L07014	Jun 01, 2012	May 31, 2021	Option has been exercised on May 29, 2015		10,000,000	45	13.00%	4,500.00	-	-	4,500.00	-	Redeemed at Par
2	INE949L07022	Jul 05, 2012	Nov 04, 2015	N.A.	Option redeemable after Sep 2014	10,000,000	25	12.25%	2,500.00	-	-	-	2,500.00	Redeemable at Par
3	INE949L07030	Jul 05, 2012	Jan 04, 2016	N.A.	Option redeemable after Oct 2014	10,000,000	25	12.25%	2,500.00	-	-	-	2,500.00	Redeemable at Par
4	INE949L07048	Jul 05, 2012	Mar 04, 2016	N.A.	Option redeemable after Nov 2014	10,000,000	25	12.25%	2,500.00	-	-	-	2,500.00	Redeemable at Par
5	INE949L07055	Jul 05, 2012	May 04, 2016	N.A.	Option redeemable after Dec 2014	10,000,000	25	12.25%	2,500.00	-	2,500.00	-	2,500.00	Redeemable at Par
6	INE949L07063	Jul 05, 2012	Jul 04, 2016	N.A.	Option redeemable after January 2015	10,000,000	25	12.25%	2,500.00	-	2,500.00	-	2,500.00	Redeemable at Par
7	INE949L07071	Jul 05, 2012	Sep 04, 2016	N.A.	Option redeemable after Feb 2015	10,000,000	25	12.25%	2,500.00	-	2,500.00	-	2,500.00	Redeemable at Par
8	INE949L07089	Jul 05, 2012	Nov 04, 2016	N.A.	Option redeemable after Mar 2015	10,000,000	25	12.25%	2,500.00	-	2,500.00	-	2,500.00	Redeemable at Par
9	INE949L07097	Jul 05, 2012	Jan 04, 2017	N.A.	Option redeemable after Apr 2015	10,000,000	25	12.25%	2,500.00	-	2,500.00	-	2,500.00	Redeemable at Par
10	INE949L07121	Jan 24, 2013	May 24, 2016	N.A.	Option redeemable after Mar 2015	1,000,000	125	11.95%	1,250.00	-	1,250.00	-	1,250.00	Redeemable at Par
11	INE949L07139	Jan 24, 2013	Jul 24, 2016	N.A.	Option redeemable after Apr 2015	1,000,000	125	11.95%	1,250.00	-	1,250.00	-	1,250.00	Redeemable at Par
12	INE949L07147	Jan 24, 2013	Sep 24, 2016	N.A.	Option redeemable after May 2015	1,000,000	125	11.95%	1,250.00	-	1,250.00	-	1,250.00	Redeemable at Par
13	INE949L07154	Jan 24, 2013	Nov 24, 2016	N.A.	Option redeemable after Jun 2015	1,000,000	125	11.95%	1,250.00	-	1,250.00	-	1,250.00	Redeemable at Par
14	INE949L07162	Jan 24, 2013	Jan 24, 2017	N.A.	Option redeemable after Jul 2015	1,000,000	125	11.95%	1,250.00	-	1,250.00	-	1,250.00	Redeemable at Par
15	INE949L07170	Jan 24, 2013	Mar 24, 2017	N.A.	Option redeemable after Aug 2015	1,000,000	125	11.95%	1,250.00	-	1,250.00	-	1,250.00	Redeemable at Par
16	INE949L07188	Jan 24, 2013	May 24, 2017	N.A.	Option redeemable after Sep 2015	1,000,000	125	11.95%	1,250.00	1,250.00	-	-	1,250.00	Redeemable at Par
17	INE949L07196	Jan 24, 2013	Jul 24, 2017	N.A.	Option redeemable after Oct 2015	1,000,000	125	11.95%	1,250.00	1,250.00	-	-	1,250.00	Redeemable at Par

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

Sr. No.	ISIN No.	Date of allotment	Date of redemption	Call Option	Put Option	Nominal value per debenture	Nos.	Rate of Interest p.a.	Total amount	Non-current maturity for FY 2015-16	Current maturity for FY 2015-16	Non-current maturity for FY 2014-15	Current maturity for FY 2014-15	Terms of redemption
18	INE949L07204	Mar 06, 2013	Mar 06, 2016	N.A.	N.A.	1,000,000	75	12.20%	750.00	-	-	-	750.00	Redeemable at Par
19	INE949L07204	Mar 06, 2013	Mar 06, 2017	N.A.	N.A.	1,000,000	75	12.20%	750.00	-	750.00	750.00	-	Redeemable at Par
20	INE949L07204	Mar 06, 2013	Mar 06, 2018	N.A.	N.A.	1,000,000	100	12.20%	1,000.00	1,000.00	-	1,000.00	-	Redeemable at Par
21	INE949L07212	Jun 27, 2013	Jun 27, 2016	N.A.	N.A.	1,000,000	250	11.10%	2,500.00	-	2,500.00	2,500.00	-	Redeemable at Par
22	INE949L07220	Nov 08, 2013	May 08, 2016	Option redeemable as on	Option redeemable as on	1,000,000	500	11.95%	5,000.00	-	5,000.00	5,000.00	-	Redeemable at Par, If Option is Exercise then in Call Redeemable at Premium & in Put Redeemable at Discount
				as on	as on									
				May 8, 2014, Nov 7, 2014, Feb 6, 2015, Nov 7, 2014, May 8, 2015, Aug 7, 2015, Nov 6, 2015, May 8, 2015, Feb 5, 2016	May 8, 2014, Nov 7, 2014, Feb 6, 2015, Nov 7, 2014, May 8, 2015, Aug 7, 2015, Nov 6, 2015, May 8, 2015, Feb 5, 2016									
23	INE949L07238	Mar 28, 2014	Apr 24, 2017	N.A.	N.A.	1,000,000	500	11.47%	5,000.00	5,000.00	-	5,000.00	-	Redeemable at Par
24	INE949L07246	Apr 29, 2014	Apr 28, 2016	N.A.	N.A.	1,000,000	1,000	11.47%	10,000.00	-	10,000.00	10,000.00	-	Redeemable at Par
25	INE949L07253	Jun 12, 2014	May 28, 2017	N.A.	N.A.	1,000,000	1,475	10.90%	14,750.00	14,750.00	-	14,750.00	-	Redeemable at Par
26	INE949L07279	Aug 08, 2014	Aug 08, 2019	N.A.	N.A.	1,000,000	1,500	10.75%	15,000.00	15,000.00	-	15,000.00	-	Redeemable at Par
27	INE949L07287	Feb 16, 2015	Dec 23, 2016	N.A.	N.A.	1,000,000	1,000	10.75%	10,000.00	-	10,000.00	10,000.00	-	Redeemable at Par
28	INE949L07295	Apr 30, 2015	Mar 08, 2018	N.A.	N.A.	1,000,000	500	10.50%	5,000.00	5,000.00	-	-	-	Redeemable at Par
29	INE949L07303	May 08, 2015	Apr 26, 2018	N.A.	N.A.	1,000,000	350	10.50%	3,500.00	3,500.00	-	-	-	Redeemable at Par

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

Sr. No.	ISIN No.	Date of allotment	Date of redemption	Call Option	Put Option	Nominal value per debenture	Nos.	Rate of Interest p.a.	Total amount	Current maturity for FY 2015-16	Non-current maturity for FY 2014-15	Current maturity for FY 2014-15	Terms of redemption
										for FY 2015-16	for FY 2014-15		
30	INE949L07311	May 08, 2015	Jun 13, 2018	N.A.	N.A.	1,000,000	350	10.50%	3,500.00	3,500.00	-	-	Redeemable at Par
31	INE949L07329	May 21, 2015	May 21, 2020	N.A.	N.A.	1,000,000	2,000	10.00%	20,000.00	20,000.00	-	-	Redeemable at Par
32	INE949L07337	Jun 26, 2015	Jun 26, 2020	N.A.	N.A.	1,000,000	3,000	9.85%	30,000.00	30,000.00	-	-	Redeemable at Par
33	INE949L07345	Aug 11, 2015	Aug 10, 2018	Option redeemable as on Aug 8, 2016 and Aug 11, 2017	Option redeemable as on Aug 8, 2016 and Aug 11, 2017	1,000,000	1,000	10.50%	10,000.00	10,000.00	-	-	Redeemable at Par
34	INE949L07352	Aug 19, 2015	Jun 25, 2018	N.A.	N.A.	1,000,000	500	10.50%	5,000.00	5,000.00	-	-	Redeemable at Par
35	INE949L07360	Aug 25, 2015	Jul 16, 2018	N.A.	N.A.	1,000,000	200	10.50%	2,000.00	2,000.00	-	-	Redeemable at Par
36	INE949L07378	Aug 25, 2015	Aug 24, 2018	N.A.	N.A.	1,000,000	250	10.50%	2,500.00	2,500.00	-	-	Redeemable at Par
37	INE949L07386	Sep 09, 2015	Apr 19, 2019	N.A.	N.A.	1,000,000	1,250	10.50%	12,500.00	12,500.00	-	-	Redeemable at Par
38	INE949L07394	Sep 22, 2015	Sep 21, 2018	N.A.	N.A.	1,000,000	250	10.25%	2,500.00	2,500.00	-	-	Redeemable at Par
39	INE949L07402	Sep 22, 2015	Sep 20, 2019	N.A.	N.A.	1,000,000	250	10.25%	2,500.00	2,500.00	-	-	Redeemable at Par
									TOTAL	137,250.00	48,250.00	91,000.00	8,250.00

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

5.1 (B) DETAIL OF UNSECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES & SUB-ORDINATED DEBTS AS AT MARCH 31, 2016

Sr. No.	ISIN No.	Date of allotment	Date of redemption	Call Option	Put Option	Nominal value per debenture	Nos.	Rate of Interest p.a.	Total amount	FY 2015-16		FY 2014-15		Terms of redemption
										Non-current maturity for	Current maturity for	Non-current maturity for	Current maturity for	
1	INE949L08061	Jan 30, 2013	Jul 30, 2018	N.A.	N.A.	1,000,000	100	12.75%	1,000,000	1,000,000	-	1,000,000	-	Redeemable at Par
2	INE949L08079	Mar 18, 2013	Sep 18, 2018	N.A.	N.A.	1,000,000	100	12.75%	1,000,000	1,000,000	-	1,000,000	-	Redeemable at Par
3	INE949L08095	Jun 05, 2013	Mar 05, 2019	N.A.	N.A.	1,000,000	100	13.00%	1,000,000	1,000,000	-	1,000,000	-	Redeemable at Par
4	INE949L08038	Jul 20, 2012	Feb 20, 2018	N.A.	N.A.	1,000,000	250	12.50%	2,500,000	2,500,000	-	2,500,000	-	Redeemable at Par
5	INE949L08012	Mar 25, 2011	Mar 24, 2018	N.A.	N.A.	1,000,000	200	15.00%	2,000,000	2,000,000	-	2,000,000	-	Redeemable at Par
6	INE949L08129	Sep 04, 2013	Sep 30, 2020	N.A.	N.A.	1,000,000	100	12.41%	1,000,000	1,000,000	-	1,000,000	-	Redeemable at Par
7	INE949L08145	Sep 30, 2015	Apr 02, 2021	N.A.	N.A.	1,000,000	700	12.25%	7,000,000	7,000,000	-	-	-	Redeemable at Par
8	INE949L08111	Aug 27, 2013	Jul 03, 2019	N.A.	N.A.	1,000,000	50	12.50%	500,000	500,000	-	500,000	-	Redeemable at Par
9	INE949L08137	Nov 19, 2013	Sep 19, 2019	N.A.	N.A.	1,000,000	100	13.00%	1,000,000	1,000,000	-	1,000,000	-	Redeemable at Par
10	INE949L08020	May 28, 2011	Nov 28, 2016	N.A.	N.A.	1,000,000	200	14.40%	2,000,000	-	2,000,000	2,000,000	-	Redeemable at Par
11	INE949L08046	Jul 27, 2012	Jun 27, 2018	N.A.	N.A.	1,000,000	250	13.50%	2,500,000	2,500,000	-	2,500,000	-	Redeemable at Par
12	INE949L08087	Mar 25, 2013	Jun 25, 2016	N.A.	N.A.	1,000,000	275	12.35%	2,750,000	-	2,750,000	2,750,000	-	Redeemable at Par
13	INE949L08087	Mar 25, 2013	Sep 25, 2016	N.A.	N.A.	1,000,000	275	12.35%	2,750,000	-	2,750,000	2,750,000	-	Redeemable at Par
14	INE949L08087	Mar 25, 2013	Dec 25, 2016	N.A.	N.A.	1,000,000	275	12.35%	2,750,000	-	2,750,000	2,750,000	-	Redeemable at Par
15	INE949L08087	Mar 25, 2013	Mar 25, 2017	N.A.	N.A.	1,000,000	275	12.35%	2,750,000	-	2,750,000	2,750,000	-	Redeemable at Par
16	INE949L08087	Mar 25, 2013	Jun 25, 2017	N.A.	N.A.	1,000,000	275	12.35%	2,750,000	2,750,000	-	2,750,000	-	Redeemable at Par
17	INE949L08087	Mar 25, 2013	Sep 25, 2017	N.A.	N.A.	1,000,000	275	12.35%	2,750,000	2,750,000	-	2,750,000	-	Redeemable at Par
18	INE949L08087	Mar 25, 2013	Dec 25, 2017	N.A.	N.A.	1,000,000	275	12.35%	2,750,000	2,750,000	-	2,750,000	-	Redeemable at Par
19	INE949L08087	Mar 25, 2013	Mar 25, 2018	N.A.	N.A.	1,000,000	275	12.35%	2,750,000	2,750,000	-	2,750,000	-	Redeemable at Par
20	INE949L08152	Nov 04, 2015	May 04, 2021	N.A.	N.A.	1,000,000	750	11.75%	7,500,000	7,500,000	-	-	-	Redeemable at Par
21	INE949L08160	Nov 19, 2015	May 19, 2021	N.A.	N.A.	1,000,000	200	11.65%	2,000,000	2,000,000	-	-	-	Redeemable at Par
									Total	40,000,000	13,000,000	36,500,000	-	

(₹ in Lacs)

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

5.2 TERMS OF PRINCIPAL REPAYMENT OF LONG TERM BORROWINGS AS AT MARCH 31, 2016

(₹ 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												
Upto 3 years	10% to 12%	47	4,408.05	36	6,369.64	-	-	-	-	-	-	10,777.69
3 to 5 years	10% to 12%	610	18,733.12	894	17,575.88	190	7,890.63	2	111.11	-	-	44,310.74
5 to 7 Years	8% to 12%	6	250.00	24	1,000.00	27	2,000.00	6	250.00	-	-	3,500.00
	12% to 14%	-	-	3	500.00	-	-	-	-	-	-	500.00
Quarterly repayment												
3 to 5 years	8% to 12%	22	8,044.32	56	24,680.93	47	21,102.80	3	1,500.00	-	-	55,328.05
	12% to 14%	4	11,000.00	4	11,000.00	-	-	-	-	-	-	22,000.00
Half Yearly Repayment												
Upto 3 yrs	8% to 12%	1	3,333.33	4	13,333.33	1	3,333.33	-	-	-	-	19,999.99
Annual repayment												
Upto 3 years	8% to 12%	17	20.43	1	1,687.50	-	-	-	-	-	-	1,707.93
3 to 5 years	12% to 14%	1	750.00	1	1,000.00	-	-	-	-	-	-	1,750.00
5 to 7 Years	14% to 18%	1	500.00	1	500.00	-	-	-	-	-	-	1,000.00
Bullet repayment												
Upto 3 yrs	8% to 12%	11	27,479.60	8	47,750.00	-	-	-	-	-	-	75,229.60
3 to 5 years	8% to 12%	6	7,500.00	4	8,500.00	5	80,000.00	-	-	-	-	96,000.00
	12% to 14%	5	12,500.00	-	-	-	-	-	-	-	-	12,500.00
5 to 7 Years	8% to 12%	-	-	-	-	-	-	3	11,500.00	-	-	11,500.00
	12% to 14%	-	-	5	8,000.00	4	2,500.00	1	7,000.00	-	-	17,500.00
	14% to 18%	1	2,000.00	1	2,000.00	-	-	-	-	-	-	4,000.00
TOTAL			96,518.85		143,897.28		116,826.76		20,361.11			377,604.00

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

5.2 TERMS OF PRINCIPAL REPAYMENT OF LONG TERM BORROWINGS AS AT MARCH 31, 2015

(₹ 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												
Upto 3 years	10% to 12%	62	1,414.71	22	100.18	-	-	-	-	-	-	1,514.89
	12% to 14%	13	1,780.17	-	-	-	-	-	-	-	-	1,780.17
3 to 5 years	10% to 12%	268	7,311.42	406	7,122.89	87	915.00	-	-	-	-	15,349.31
	12% to 14%	105	9,854.68	92	30,616.94	-	-	-	-	-	-	40,471.62
5 to 7 Years	12% to 14%	-	-	3	500.00	3	1,000.00	-	-	-	-	1,500.00
Quarterly repayment												
Up to 3 Years	12% to 14%	7	1,208.33	-	-	-	-	-	-	-	-	1,208.33
3 to 5 years	10% to 12%	-	-	4	2,994.42	8	7,005.58	-	-	-	-	10,000.00
	12% to 14%	9	2,291.67	5	1,203.11	-	-	-	-	-	-	3,494.78
Half Yearly Repayment												
Upto 3 yrs	10% to 12%	-	-	-	-	-	-	-	-	-	-	-
Annual repayment												
3 to 5 years	12% to 14%	1	750.00	2	1,750.00	-	-	-	-	-	-	2,500.00
5 to 7 Years	14% to 18%	1	500.00	2	1,000.00	-	-	-	-	-	-	1,500.00
Bullet repayment												
Upto 3 yrs	10% to 12%	-	-	6	47,250.00	-	-	-	-	-	-	47,250.00
	12% to 14%	-	-	-	-	-	-	-	-	-	-	-
3 to 5 years	10% to 12%	-	-	8	10,000.00	1	15,000.00	-	-	-	-	25,000.00
	12% to 14%	3	7,500.00	5	12,500.00	-	-	-	-	-	-	20,000.00
5 to 7 Years	12% to 14%	-	-	1	2,500.00	7	7,000.00	2	5,500.00	-	-	15,000.00
	14% to 18%	-	-	2	4,000.00	-	-	-	-	-	-	4,000.00
7 to 9 Years	12% to 14%	-	-	-	-	-	-	-	-	-	-	-
TOTAL			32,610.98		121,537.54		30,920.58		5,500.00			190,569.10

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

(₹ in Lacs)

	As at March 31, 2016		As at March 31, 2015	
	Non-current	Current	Non-current	Current
NOTE 6. OTHER LONG-TERM LIABILITIES				
Security deposits from borrowers	1,506.51	1,003.56	1,558.80	517.01
Security deposits under assignment transactions and dealers	-	36.09	-	39.43
Security deposit from employees for vehicles provided	27.12	-	19.13	-
Interest accrued but not due on borrowings (include premium on debenture)	4,139.77	9,379.71	2,732.32	2,981.36
Amount disclosed under the head "other current liabilities" (refer note 9)	-	(10,419.36)	-	(3,537.80)
	5,673.40	-	4,310.25	-

(₹ in Lacs)

	As at March 31, 2016		As at March 31, 2015	
	Non-current	Current	Non-current	Current
NOTE 7. PROVISIONS				
Provision for employees benefits				
Leave availment	138.18	8.71	73.86	17.31
Gratuity	457.98	5.88	279.25	3.94
	596.16	14.59	353.11	21.25
Other provisions				
Estimated loss on old assignments	2.02	1.95	5.67	25.48
Contingent provisions against standard assets	1,111.89	622.47	548.21	346.47
Provision on non- performing assets	2,734.23	-	2,962.63	-
Income tax (net of advance tax)	-	1,530.79	-	1,342.51
Wealth tax	-	-	-	1.68
	3,848.14	2,155.21	3,516.51	1,716.14
	4,444.30	2,169.80	3,869.62	1,737.39

(₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
	NOTE 8. SHORT-TERM BORROWINGS	
Secured		
(i) Working capital facilities from banks repayable on demands		
Allahabad Bank	-	44.57
Andhra Bank	4,859.31	1,516.34
Axis Bank	9,185.47	-
Bank of India	4,957.86	-
Central Bank of India	25.25	3,379.29
Corporation Bank	-	14.01
HDFC Bank Limited	17,861.11	13,708.10

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

	(₹ in Lacs)	
	As at March 31, 2016	As at March 31, 2015
ICICI Bank Limited	138.27	390.60
IDBI Bank Limited	29.06	3,595.55
Indian Bank	5.73	2,302.02
Indusind Bank Limited	-	4,182.58
Ing Vysya Bank	-	99.40
Kotak Mahindra Bank	1,622.61	1,137.80
Punjab National Bank	2,521.09	4,900.75
State Bank of Bikaner & Jaipur	2.80	4,521.58
State Bank of Hyderabad	3,482.37	1,735.46
State Bank of India	-	80.23
State Bank of Mysore	2,499.62	3,500.00
State Bank of Patiala	9.67	888.97
State Bank of Travancore	1,484.09	1,500.00
The Ratnakar Bank Limited	13.78	-
	48,698.09	47,497.25
	48,698.09	47,497.25
Unsecured		
(i) Commercial paper from banks		
HDFC Bank Limited	7,401.69	9,874.81
	7,401.69	9,874.81
(ii) Commercial paper from Mutual Funds		
Bajaj Allianz Mutual Fund	2,353.86	-
Deutsche Mutual Fund	-	4,895.00
HDFC Liquid Fund	-	14,334.49
HSBC Mutual Fund	2,449.36	-
Kotak Mutual Fund	19,983.54	9,842.03
Reliance Mutual Fund	-	981.58
Religare Mutual Fund	9,934.20	4,936.03
UTI Mutual Fund	9,836.81	4,902.39
	44,557.77	39,891.52
	51,959.46	49,766.33
	100,657.55	97,263.58

All working capital facilities from banks are repayable on demand and are secured by hypothecation of loans under financing activity. Personal guarantees by directors and shareholders of the Company have been given for borrowing amount of ₹ 36,234.18 lacs at March 31, 2016. Borrowings to the extent of ₹ 17,895.90 lacs are secured by pledge of the Company's shares held by the directors and pledge of property of Company and its directors, and margin money deposits. Interest rate on Short borrowing ranges between 8% to 12% (PY: 8% to 12%)

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

	As at March 31, 2016	As at March 31, 2015
(₹ in Lacs)		
NOTE 9. OTHER CURRENT LIABILITIES		
a. Current maturities of long-term borrowings		
Secured		
Debentures (refer note 5)	48,250.00	8,250.00
Term loan from banks (refer note 5)	21,791.40	20,769.74
Term loan from financial institutions (refer note 5)	10,353.53	2,599.20
Term loan from non-banking financial companies (refer note 5)	1,052.63	454.17
Term loan from insurance company (refer note 5)	1,500.00	-
Auto loan from banks (refer note 5)	60.99	27.63
Auto loan from non-banking financial companies (refer note 5)	10.28	10.05
	83,018.83	32,110.79
Unsecured		
Debentures (refer note 5)	13,000.00	-
Term loan From Banks (refer note 5)	500.00	500.00
	13,500.00	500.00
Total Current maturities of long-term borrowings	96,518.83	32,610.79
b. Interest accrued but not due on borrowings (include premium on debenture) (refer note 6)	9,379.71	2,981.36
	9,379.71	2,981.36
c. Interest accrued and due on borrowings	260.09	222.04
	260.09	222.04
d. Other payables*		
Margin money refundable/adjustable against disbursement	190.71	159.48
Payable to dealers/manufacturers	1,103.47	498.09
Due to assignees towards collections from assigned/securitized assets	17,946.42	15,404.67
Security deposit from borrowers (refer note 6)	1,003.56	517.01
Security deposits under assignment transactions and dealers (refer note 6)	36.09	39.43
Book overdrafts	2,586.33	2,164.64
Statutory liabilities	156.46	187.14
Employee benefits payable	3,395.76	1,220.61
Other current liabilities	1,870.84	1,315.62
	28,289.64	21,506.69
	134,448.27	57,320.88

* Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

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, 2016, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

NOTE 10. TANGIBLE ASSETS

	Leasehold Land	Freehold Land	Buildings	Furniture and fixtures	Office equipment	Vehicles	Total	WIP
Cost								
As at March 31, 2014	303.46	243.54	258.43	592.30	746.17	379.52	2,523.42	
Additions	-	-	-	209.04	404.26	138.59	751.89	
Deductions	-	-	-	(0.61)	(0.43)	(24.22)	(25.26)	
As at March 31, 2015	303.46	243.54	258.43	800.73	1,150.00	493.89	3,250.05	46.32
Additions	-	-	-	315.13	823.57	179.89	1,318.59	
Deductions	-	-	-	(0.86)	(4.54)	(37.52)	(42.92)	
As at March 31, 2016	303.46	243.54	258.43	1,115.00	1,969.03	636.26	4,525.72	39.14
Depreciation								
As at March 31, 2014	10.44	-	48.09	260.18	405.71	193.83	918.25	
Charge for the year	3.48	-	10.23	169.52	339.93	86.33	609.49	
Other adjustments	-	-	-	0.15	16.06	-	16.21	
Deductions	-	-	-	(0.51)	(0.09)	(15.89)	(16.49)	
As at March 31, 2015	13.92	-	58.32	429.34	761.61	264.27	1,527.46	
Charge for the year	3.48	-	9.76	190.39	474.73	106.26	784.62	
Deductions	-	-	-	(0.81)	(3.13)	(28.55)	(32.49)	
As at March 31, 2016	17.40	-	68.08	618.92	1,233.21	341.98	2,279.59	
Net Block								
As at March 31, 2015	289.54	243.54	200.11	371.39	388.39	229.62	1,722.59	46.32
As at March 31, 2016	286.06	243.54	190.35	496.08	735.82	294.28	2,246.13	39.14

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

	(₹ in Lacs)	
	Software	WIP
NOTE 11. INTANGIBLE ASSETS		
Cost		
As at March 31, 2014	144.64	-
Additions	90.00	0.26
Deductions	-	
As at March 31, 2015	234.64	0.26
Additions	113.15	-
Deductions	-	-
As at March 31, 2016	347.79	-
Depreciation		
As at March 31, 2014	63.83	-
Charge for the year	42.02	
Deductions	-	
As at March 31, 2015	105.85	-
Charge for the year	67.47	
Deductions	-	-
As at March 31, 2016	173.32	-
Net Block		
As At March 31, 2015	128.79	0.26
As at March 31, 2016	174.47	-

	Face value (In ₹)	As at March 31, 2016		As at March 31, 2015	
		Non- current	Current	Non- current	Current
NOTE 12. INVESTMENTS					
Non-trade investments (valued at cost unless stated otherwise)					
Unquoted equity instruments					
Investment in subsidiaries					
Au Housing Finance Limited*					
3,809,850 Equity shares (P.Y. 32,916,667) fully paid up (non current)	10	1,492.68	13,232.32	7,725.00	-
33,773,484 Equity shares (P.Y. Nil) fully paid up (current)					
Index Money Limited					
1,724,490 Equity shares (P.Y.: 1,724,490) fully paid up	10	-	309.50	309.50	-
		1,492.68	13,541.82	8,034.50	-
Investment in associates					
Au Insurance Broking Services Private Limited					
195,000 Equity shares (P.Y.: 195,000) fully paid up	10	19.50	-	19.50	-

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

(₹ in Lacs)

	Face value (In ₹)	As at March 31, 2016		As at March 31, 2015	
		Non-current	Current	Non-current	Current
M Power Micro Finance Private Limited					
4,500,000 Equity shares (P.Y.: 4,500,000) fully paid up	10	-	450.00	450.00	-
		19.50	450.00	469.50	-
Investment in securities portfolio managed by HDFC Asset Management Company Limited		-	-	-	8.84
Investment in pass through certificates (PTCs)		4,422.06	3,230.84	2,761.25	2,709.86
		5,934.24	17,222.66	11,265.25	2,718.70
Aggregate Value of Unquoted Investments					
Cost		5,934.24	17,222.66	11,265.25	2,718.70

*The Company has entered into a Share Purchase Agreement and Shareholders Agreement dated February 05, 2016 for a partial sale of its investment in subsidiary, Au Housing Finance Limited. Pending the fulfillment of certain conditions precedent to the sale as at March 31, 2016, such investment has been disclosed as "current investment", as the same are expected to be fulfilled in the subsequent financial year.

(₹ in Lacs)

	As at March 31, 2016		As at March 31, 2015	
	Non-current	Current	Non-current	Current
NOTE 12.1 INVESTMENT DETAIL				
Value of Investment				
Gross Value of Investment	5,934.24	17,222.66	11,265.25	2,718.70
In India	5,934.24	17,222.66	11,265.25	2,718.70
Outside India,	-	-	-	-
Provision for Depreciation	-	-	-	-
In India	-	-	-	-
Outside India,	-	-	-	-
Net Value of Investment	5,934.24	17,222.66	11,265.25	2,718.70
In India	5,934.24	17,222.66	11,265.25	2,718.70
Outside India,	-	-	-	-
Movement of provisions held towards depreciation on investment				
Opening Balance	-	-	-	-
Add: Provisions made during the year	-	-	-	-
Less: Write Off/Write Back Excess provision during the year	-	-	-	-
Closing Balance	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

	(₹ in Lacs)	
	As at March 31, 2016	As at March 31, 2015
NOTE 13. DEFERRED TAX ASSETS (NET)		
Deferred tax liability		
Unamortized resource mobilization expenses	130.84	143.33
Gross deferred tax liability	130.84	143.33
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	234.03	162.83
Impact of difference between tax depreciation and depreciation charged for financial reporting	168.56	91.15
Provision for doubtful debts and advances	1,564.44	1,345.72
GROSS DEFERRED TAX ASSET	1,967.03	1,599.70
Net deferred tax asset	1,836.19	1,456.37

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.

	(₹ in Lacs)			
	As at March 31, 2016		As at March 31, 2015	
	Non-current	Current	Non-current	Current
NOTE 14. RECEIVABLE UNDER FINANCING ACTIVITY				
Secured				
Loans under financing activity				
-Considered good	361,759.42	185,181.01	212,498.46	123,599.37
-Considered doubtful	7,458.08	-	5,577.25	-
Loans placed towards minimum retention requirement (MRR) for direct assignment transactions				
-Considered good	8,827.98	5,568.27	6,740.61	4,661.55
	378,045.48	190,749.28	224,816.32	128,260.92
Unsecured				
Loans under financing activity				
-Considered good	-	1,002.52	-	468.83
-Considered doubtful	-	-	-	-
Trade advances to dealers - Considered good	-	11,459.07	-	6,290.60
	-	12,461.59	-	6,759.43
	378,045.48	203,210.87	224,816.32	135,020.35

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

NOTE 15. LONG-TERM LOANS AND ADVANCES

	(₹ in Lacs)			
	As at March 31, 2016		As at March 31, 2015	
	Non-current	Current	Non-current	Current
Unsecured considered good				
Security deposits (refer note 18)	251.53	65.05	193.59	48.05
Indirect taxes - deposited under protest	90.72	-	75.00	-
Prepaid expenses (refer note 18)	230.80	212.53	308.70	245.46
Advance tax (net of Provision) of previous years	303.10	-	589.06	-
Security deposits with NBFC's/Financial institutions	9.00	-	9.00	-
Amount disclosed under the head "short-term loans and advances" (refer note 18)	-	(277.58)	-	(293.51)
	885.15	-	1,175.35	-

	(₹ in Lacs)	
	As at March 31, 2016	As at March 31, 2015
NOTE 16. OTHER NON-CURRENT ASSETS		
Deposits with banks (refer note 17)	644.81	543.51
(Deposits with original maturity for more than 12 months)		
	644.81	543.51

	(₹ in Lacs)			
	As at March 31, 2016		As at March 31, 2015	
	Current	Non-current	Current	Non-current
NOTE 17. CASH AND BANK BALANCES				
Cash and cash equivalents				
Balances with banks:				
– On current accounts	952.59	-	1,159.20	-
– Deposits with original maturity of less than three months (refer note 17.1)	335.08	-	308.00	-
Stamps/franking balance	88.92	-	33.03	-
Cash on hand	1,564.42	-	2,188.86	-
	2,941.01	-	3,689.09	-
Other bank balances				
– Deposits with original maturity for more than 3 months but less than 12 months (refer note 17.1)	1,978.05	-	4,593.75	-
– Deposits with original maturity for more than 12 months (refer note 17.1)	7,424.30	644.81	12,009.45	543.51
Amount disclosed under the head "other non-current assets" (refer note 16)	-	(644.81)	-	(543.51)
	12,343.36	-	20,292.29	-

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

NOTE 17.1

Deposits include ₹ 7,642.89 lacs as cash collateral for assignment/securitization, ₹ 1,070.04 lacs as cash collateral for bank guarantees under assignment/securitization transactions, ₹ 15.14 lacs as cash collateral for other bank guarantees, ₹ 739.00 lacs as cash collateral for working capital/term loan facilities from banks repayable on demand and ₹ 32.00 lacs as cash collateral for channel financing business.

	(₹ in Lacs)	
	As at March 31, 2016	As at March 31, 2015
NOTE 18. SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Prepaid expenses (refer note 15)	212.53	245.46
Advances to suppliers/service providers	855.28	245.91
Advances to staff	163.15	218.16
Security deposits (refer note 15)	65.05	48.05
Recoverable in cash or in kind or for value to be received		
-Considered good	795.13	628.97
-Considered doubtful	58.19	-
	2,149.33	1,386.55
Provision for doubtful advances	47.89	-
	2,101.44	1,386.55

	(₹ in Lacs)	
	As at March 31, 2016	As at March 31, 2015
NOTE 19. OTHER CURRENT ASSETS		
Interest accrued but not due on loans to borrowers	4,280.51	2,123.47
Charges recoverable from borrowers	354.93	677.61
Interest accrued but not due on deposit with banks and others	102.47	150.71
Other current asset	0.15	9.56
	4,738.06	2,961.35

	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
NOTE 20. REVENUE FROM OPERATIONS		
Interest income and other charges on :		
Loan portfolio	92,516.57	62,676.93
Securitisation and direct assignment	7,533.77	6,101.19
Channel finance business	0.37	12.72
Bank deposits placed as collateral	995.66	1,601.19
	101,046.37	70,392.03

NOTE 20.1

Interest from loans includes "overdue interest" on loans charged in case of defaults by borrowers, which has been recorded on realisation basis effective from April 01, 2015.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

(₹ in Lacs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
NOTE 20.2 INFORMATION OF ASSIGNMENT/SECURITISATION ACTIVITY AS AN ORIGINATOR :		
Total number of Loan assets assigned / securitized Nos.	60,793	48,560
Total book value of the Loan assets assigned/securitized	181,746	1,26,594
Sales consideration received for the assigned/securitized assets	181,746	1,26,594
Income recognised in the statement of profit and loss (including income on MRR)	17,401	12,576

Information with respect to outstanding guarantees and cash collaterals as at March 31, 2016

(₹ in Lacs)

Particulars	At PAR		At PREMIUM	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Outstanding credit enhancement in the form of corporate guarantees	-	500.00	1,144.74	2,329.97
Outstanding credit enhancement in the form of bank guarantees	8,408.17	12,861.95	-	-
Outstanding cash collaterals in the form of fixed deposit receipts	7,164.38	13,234.06	91.95	840.65
Pledge of bank term deposits against bank guarantees under assignment activity (Note no. 17.1)	1,070.04	2,154.76	-	-
Liquidity facility outstanding	381.40	213.54	-	-

Disclosure as per RBI guidelines for securitisation transactions

(₹ in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
No. of SPVs Sponsored by the NBFC for securitisation transactions Nos.	20	17
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC as on the date of the balance sheet	118,161	92,351
Total amount of exposures retained by the NBFC to comply with minimum retention requirement (MRR) as on the date of balance sheet		
a) Off balance sheet exposures		
First Loss	-	-
Others	-	-
b) On balance sheet exposures		
First Loss	-	-
Others	7,653	5,471
Amount of exposures to securitisation transaction other than MRR		
a) Off balance sheet exposures		
I) Exposure to own securitisations		
First Loss	-	-
Others	7,908	6,684
II) Exposure to Third party securitisations		
First Loss	-	-
Others	-	-

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

Particulars	(₹ in Lacs)	
	As at March 31, 2016	As at March 31, 2015
b) On balance sheet exposures		
I) Exposure to own securitisations		
First Loss	6,914	7,440
Others	-	-
II) Exposure to Third party securitisations		
First Loss	-	-
Others	-	-

NOTE 20.3 Income from channel finance business and service charges from borrowers is inclusive of service tax.

	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
NOTE 21. OTHER INCOME		
Income received on investments	13.63	25.44
Provisions no longer required, written back	193.17	71.42
Miscellaneous income	295.00	142.01
	501.80	238.87

	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
NOTE 22. EMPLOYEE BENEFIT EXPENSES		
Salaries and other benefits	14,424.13	8,779.12
Directors remuneration	492.81	207.62
Contribution to provident and other funds	421.49	311.27
Stock option expenditure	207.78	-
Staff welfare expenses	226.46	153.57
	15,772.67	9,451.58

NOTE 22.1 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 ₹ 328.92 Lacs (P.Y. ₹ 224.01 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.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

b) Defined benefit plans

Gratuity

The Company operates defined gratuity plans, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The Company has not created any fund for payment of gratuity.

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

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Current service cost	154.86	96.52
Interest cost on benefit obligation	22.65	16.51
Expected return on plan assets	0.00	-
Net actuarial (gain)/loss recognized in the year	10.65	(7.32)
Net benefit expense	188.16	105.71

Balance sheet

Benefit asset/liability

	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Present value of defined benefit obligation	463.85	283.19
Fair value of plan assets	-	-
Plan asset / (liability)	463.85	283.19

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

	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Opening defined benefit obligation	283.19	183.45
Current service cost	154.86	96.52
Interest cost	22.65	16.51
Benefit Paid During the Year	(7.50)	(5.97)
Actuarial (gain)/loss on obligation	10.65	(7.32)
Closing defined benefit obligation	463.85	283.19

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

	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Discount rate	8.00%	8.00%
Salary escalation rate	7.50%	7.00%
Withdrawal rate	1.00%	1.00%

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

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

Amounts for the current and previous four periods are as follows:

	(₹ in Lacs)				
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Defined benefit obligation	463.85	283.19	183.25	121.81	64.97
Plan assets	-	-	-	-	-
Surplus / (deficit)	463.85	283.19	183.25	121.81	64.97
Experience adjustments on plan liabilities	10.65	(7.32)	(12.84)	(0.04)	(0.56)
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 booked ₹ 55.72 Lacs (P.Y. reversal of ₹ 28.07 Lacs) in the books of accounts for the year.

NOTE 23. FINANCE COST

	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Interest expense (refer note 23.1)	38,004.50	27,086.41
Other borrowing costs (refer note 23.2)	1,520.71	1,110.86
	39,525.21	28,197.27

NOTE 23.1 INTEREST EXPENSE INCLUDE INTEREST ON

Subordinated debentures	3,391.50	2,397.86
Term loans/cash credit facilities/commercial Papers	15,016.17	12,952.30
Direct/Indirect taxes	2.38	86.21
Non-convertible debentures	19,330.10	11,442.48
Others	264.35	207.56
	38,004.50	27,086.41

NOTE 23.2 OTHER BORROWING COSTS INCLUDE

Resource mobilisation expenses	1,346.38	920.07
Bank charges and commission	174.33	190.79
	1,520.71	1,110.86

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
NOTE 24. OTHER EXPENSES		
Advertisement and publicity	321.35	95.46
Business promotion	159.23	121.32
Commission and brokerage	1,935.35	1,004.80
Communication	317.90	202.57
Director sitting fee	40.08	16.28
Donations and CSR	250.88	59.91
Electricity and water	212.80	140.26
Fee and subscription	45.77	35.94
Field investigation and credit control	27.47	24.35
Insurance	33.27	30.72
Legal and professional fee	724.54	763.19
Loss on sale of repossessed assets	496.47	616.88
Sponsorship fees	4.28	-
Manpower supply cost	1,380.07	-
Office expenses	185.79	133.14
Postage and courier	99.89	73.77
Printing and stationery	72.41	68.08
Rates and taxes	8.13	6.02
Rent (refer note 24.1)	658.63	488.39
Repair and maintenance - others	132.64	136.23
Repossession expenses	519.02	310.48
Swachh Bharat Cess	11.58	-
Traveling and conveyance	1,407.00	1,017.53
Valuation and RTO	35.02	31.21
Vat expenses	19.71	17.62
Auditor's remuneration		
-Audit fees	47.04	35.34
-Tax audit fees	3.00	4.50
	9,149.32	5,433.99

NOTE 24.1

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, 2016

NOTE 25. PROVISIONS AND WRITE OFF

	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
A. Provisions as at March 31, 2016		
Provision on old assigned cases	3.97	31.15
Provision on non performing assets	2,734.23	2,962.63
Provision for other doubtful loans and advances	47.89	-
Contingent provision against standard assets	1,734.37	894.68
	4,520.46	3,888.46
B. Provisions as at March 31, 2015		
Provision on old assigned cases	31.15	129.00
Provision on non performing assets	2,962.63	1,940.82
Provision for other doubtful loans and advances	-	-
Contingent provision against standard assets	894.68	641.67
	3,888.46	2,711.49
Net provision made during the year (A-B)	632.00	1,176.97
C. Write off during the year (net of recoveries)		
Loan assets write off	5,025.15	4,665.22
Loss on settlement with borrowers	11.76	1,204.16
Recovery against loans written off	(1,684.87)	(987.30)
Write off during the year (net)	3,352.04	4,882.08
	3,984.04	6,059.05

NOTE 25.1 PROVISIONS AND CONTINGENCIES

	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Break up of Provisions and Contingencies shown in Statement of Profit and Loss		
Provisions for depreciation on Investment	-	-
Provision towards NPA	(228.40)	1,021.81
Provision for Standard Assets	839.69	253.01
Provision for income tax and deferred tax	11,102.89	6,814.04
Other Provision and Contingencies	2,257.10	574.02
i) Provision on old assigned cases	(27.18)	(97.85)
ii) Provision for leave availment	55.72	(28.08)
iii) Provision for gratuity	180.67	99.95
iv) Provision for bonus	2,000.00	600.00
v) Provision for other doubtful loans and advances	47.89	-

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

NOTE 25.2 MOVEMENT OF NPA

Particulars	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Net NPAs to Net Advances (%)	0.80%	0.71%
Movement of NPAs (Gross)		
(a) Opening balance	5,530.84	3,881.65
(b) Additions during the year	6,493.35	5,336.30
(c) Reductions during the year (including loans written off)	(4,609.71)	(3,687.11)
(d) Closing balance	7,414.48	5,530.84
Movement of Net NPAs		
(a) Opening balance	2,568.21	1,940.83
(b) Additions during the year	4,277.54	2,516.51
(c) Reductions during the year	(2,165.49)	(1,889.13)
(d) Closing balance	4,680.26	2,568.21
Movement of provisions for NPAs		
(a) Opening balance	2,962.63	1,940.82
(b) Provisions made during the year	2,215.81	2,819.79
(c) Write-off / write-back of excess provisions	(2,444.22)	(1,797.98)
(d) Closing balance	2,734.22	2,962.63

NOTE 25.3 SECTOR WISE NPA'S

Sector	% of NPAs to total Advances in that sector	
	Year ended March 31, 2016	Year ended March 31, 2015*
Agriculture and allied activities	2.04%	2.76%
Auto loans	2.37%	2.95%
Corporate borrowers	0.00%	0.00%
MSME**	0.79%	0.49%
Services	0.00%	0.00%
Unsecured personal loans	0.00%	0.00%
Other personal loans	0.00%	0.00%

*The ratios for previous year have been restated to conform to current year's computation.

** Represent loans given for income producing activities to enterprises other than corporates, irrespective of ticket size.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

(₹ in Lacs)

	Year ended March 31, 2016	Year ended March 31, 2015
NOTE 26. TAX EXPENSES		
Current tax	11,507.83	7,565.80
Deferred tax	(379.83)	(547.86)
Adjustment of tax relating to earlier periods	(25.11)	(203.90)
Total tax expenses	11,102.89	6,814.04

(₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
NOTE 27. EARNING PER SHARE		
Profit/ (loss) after tax (₹ In lacs)	21,161.95	14,023.46
Net profit for calculation of basic EPS (₹ In lacs)	21,161.95	14,023.46
Net profit as above (₹ In lacs)	21,161.95	14,023.46
Net profit/ (loss) for calculation of diluted EPS (₹ In lacs)	21,161.95	14,023.46
Weighted average number of equity shares in calculating basic EPS (In nos.)	44,080,752	43,786,861
Effect of dilution:		
Stock option granted to employees	284,060	-
Weighted average number of equity shares in calculating diluted EPS (In nos.)	44,364,812	43,786,861
Earning per share		
Basic (In ₹)	48.01	32.03
Diluted (In ₹)	47.70	32.03
Nominal value per share (In ₹)	10.00	10.00

NOTE 28. 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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Other related parties with whom transactions have been 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 Mr. Deepak Jain, Chief Financial Officer Mr. Manmohan Parnami, Company Secretary
Relatives of key management personnel	Mr. Subhash Tibrewal brother of Mr. Uttam Tibrewal (upto Financial year ended March 31, 2015)

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

a. Loans given and repayment there of

Name of related party	Year ended	Loans given	Repayment of loans given	Interest Received	(₹ in Lacs)
					Amount owed by related parties
Subsidiaries					
Au HOUSING FINANCE LIMITED	Mar 31, 2016	11,945.00	11,945.00	12.61	-
	Mar 31, 2015	33,814.46	34,459.46	103.72	-
INDEX MONEY LIMITED	Mar 31, 2016	-	-	-	-
	Mar 31, 2015	12.00	12.00	-	-
Associates					
M POWER MICRO FINANCE PRIVATE LIMITED	Mar 31, 2016	5,623.65	6,630.27	25.34	-
	Mar 31, 2015	2,250.00	1,250.00	11.82	1006.61

Loans given to related parties are repayable on demand. These loans carry interest @ of 12% to 17% p.a.

b. Remuneration to key managerial personnel

	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Mr. Sanjay Agarwal, Managing Director	322.73	89.84
Mr. Uttam Tibrewal, Executive Director	171.44	117.78
Mr. Deepak Jain, Chief Financial Officer	127.24	86.63
Mr. Manmohan Parnami, Company Secretary	31.80	29.10
TOTAL	653.21	323.35

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

c. Other transactions

Name of related party	Nature of related party	Nature of transactions	(₹ in Lacs)					
			FY 2015-16			FY 2014-15		
			Amount received during the year	Amount paid during the year	Outstanding balance at the end of the year	Amount received during the year	Amount paid during the year	Outstanding balance at the end of the year
Au HOUSING FINANCE LIMITED	Subsidiary company	Investment (Shares)	-	7,000.00	-	-	3,000.00	-
Au HOUSING FINANCE LIMITED	Subsidiary company	Reimbursement of expenses	159.63	21.80	-	129.57	40.33	-
Au HOUSING FINANCE LIMITED	Subsidiary company	Reimbursement of Statutory payments	180.85	-	-	103.58	-	-

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

(₹ in Lacs)

Name of related party	Nature of related party	Nature of transactions	FY 2015-16			FY 2014-15		
			Amount received during the year	Amount paid during the year	Outstanding balance at the end of the year	Amount received during the year	Amount paid during the year	Outstanding balance at the end of the year
INDEX MONEY LIMITED	Subsidiary company	Reimbursement of expenses	-	-	-	0.02	-	-
INDEX MONEY LIMITED	Subsidiary company	Reimbursement of Statutory payments	17.90	-	-	4.02	-	-
INDEX MONEY LIMITED	Subsidiary company	Advisory fee collected	-	0.13	-	-	4.04	-
Au INSURANCE BROKING SERVICES PRIVATE LIMITED	Associate company	Reimbursement of expenses	9.07	2.72	-	23.50	-	-
Au INSURANCE BROKING SERVICES PRIVATE LIMITED	Associate company	Reimbursement of statutory payments	46.36	-	-	37.13	-	-
M POWER MICRO FINANCE PRIVATE LIMITED	Associate company	Buyout of loan portfolio under direct assignment agreement	-	2,499.85	-	-	-	-
M POWER MICRO FINANCE PRIVATE LIMITED	Associate company	Amount received towards collections made from purchased loan portfolio	688.75	-	-	-	-	-
M POWER MICRO FINANCE PRIVATE LIMITED	Associate company	Service fees paid	-	1.55	-	-	-	-
Mr. Sanjay Agarwal	Managing Director	Rent	-	7.75	-	-	7.14	-
Mr. Subhash Tibrewal	Relative of KMP's	Salary and Bonus	-	-	-	-	20.66	-

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

Name of related party	Nature of related party	Nature of transactions	Year ended March 31, 2016	Year ended March 31, 2015
Au HOUSING FINANCE LIMITED	Subsidiary company	Corporate guarantee	34,417.20	33,132.68
Mr. Sanjay Agarwal	Managing Director	Personal guarantee on behalf of Company	102,299.22	60,164.39
Mr. Sanjay Agarwal and Mr. Uttam Tibrewal	Managing Director & Executive Director	Personal guarantee on behalf of Company	5,520.20	10,683.36
Mr. Sanjay Agarwal & Mrs. Jyoti Agarwal	Managing Director & Shareholder	Personal guarantee on behalf of Company	13,363.09	17,164.88
Mr. Sanjay Agarwal	Managing Director	Equity shares pledged	-	380.88
Mr. Sanjay Agarwal	Managing Director	Property pledged	-	4,928.55

(₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
NOTE 29. CAPITAL AND OTHER COMMITMENTS:		
Estimated amount of contracts remaining to be executed on capital accounts not provided for :		
Tangible assets	-	16.83
Intangible assets	142.50	0.39
Loan sanctioned but not disbursed	948.41	1,393.24
	1,090.91	1,410.46

(₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
NOTE 30. CONTINGENT LIABILITY NOT PROVIDED FOR:		
Credit enhancements provided by the Company towards asset assignment / securitisation (including cash collaterals, principal and interest subordination)	16,227.85	24,023.00
Corporate Guarantees/Corporate Undertakings in case of Channel business activity	57.18	597.35
Corporate Guarantees on borrowings taken by subsidiary company (Au HOUSING FINANCE LIMITED)	34,417.20	33,132.68
Claims against the Company not acknowledged as debts *	187.61	225.96
Value added tax	13.89	13.89
Income tax demand #	71.46	65.58
Service tax \$	2,051.42	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 totaling ₹ 187.61 lacs (P.Y. ₹ 225.96 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 ₹ 9.50 Lacs, ₹ 27.35 lacs, ₹ 18.65 Lacs and ₹ 15.95 Lacs from the Indian tax authorities for payment of tax of financial year 2009-10, 2010-11, 2011-12 and 2012-13 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)/ Income Tax Appeals Tribunal (ITAT) and is pending for disposal. The Company has deposited the demand but has not recognized the provision pending disposal of appeal.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

\$ Service tax demand of ₹ 1209.62 lacs (up to September 2013) and show cause notice for ₹ 837.92 lacs (for the period from October 2013 to March 2015) received from the Service Tax authorities. Company has appealed to commissioner – Service Tax in this matter and Commissioner has given the decision in favor of department. Now Company has contested to appeal before the Custom Excise and Service Tax Appellate Tribunal (CESTAT) at Delhi for the demand up to September 2013 and contested to appeal before the Commissionerate of central excise Jaipur against the notice for the period from October 2013 to March 2015. Company has deposited ₹ 90.72 lacs against appeal to CESTAT. The tax demand is mainly on collection agency service on portfolio assigned/secured to banks/financial institution/non-banking financial institutions.

NOTE 31. THE COMPANY OPERATES IN A SINGLE REPORTABLE SEGMENT I.E. LENDING TO BORROWERS, WHICH HAVE SIMILAR RISKS AND RETURNS FOR THE PURPOSE OF AS 17 ON 'SEGMENT REPORTING' SPECIFIED UNDER SECTION 133 OF THE COMPANIES ACT 2013, READ WITH RULE 7 OF THE COMPANIES (ACCOUNTS) RULES, 2014. THE COMPANY OPERATES IN A SINGLE GEOGRAPHICAL SEGMENT I.E. DOMESTIC.

NOTE 32. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

Particulars	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Fee and Subscription	1.25	-
Resource Mobilization Expenses	6.40	-
Debentures Issue Expenses	16.75	-
Appraisal/Processing fee	-	104.11

NOTE 33. STOCK OPTIONS

During the year ended March 31, 2016, the following stock option grants were in operation:

Particulars	Plan A	Plan B
Date of grant	August 31, 2015	August 31, 2015
Date of Board / Compensation Committee approval	August 10, 2015	August 10, 2015
Number of Options granted	571,403	462,141
Method of settlement	Equity	Equity
Graded vesting period:		
One year from the date of approval of the stock plan at general meeting or on the date of proposed initial public offer of Company`s equity shares (currently estimated September 30, 2017) whichever is later	20%	20%
On expiry of one year from the 1st vesting date	30%	30%
On expiry of two years from the 1st vesting date	50%	50%
Exercise period	4 years from the 1st vesting date	
Vesting conditions	Continuous service	
Weighted average remaining contractual life (years)	5.5	5.5
Weighted average exercise price per option (₹)	60.65	200.21
Weighted average fair value of options (₹)	192.15	127.86

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

Reconciliation of options:

Particulars	March 31, 2016	
	Plan A	Plan B
Reconciliation of options:		
Options outstanding at the beginning of the year	-	-
Granted during the year	571,403	462,141
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year	571,403	462,141
Exercisable at the end of the year	-	-

Details of stock options granted during the year:

Plan A & B: The weighted average fair value of stock options granted during the year was ₹ 192.15 (Plan A) and ₹ 127.86 (plan B). The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Plan A			Plan B		
	Tranche vesting in FY 2017-18	Tranche vesting in FY 2018-19	Tranche vesting in FY 2019-20	Tranche vesting in FY 2017-18	Tranche vesting in FY 2018-19	Tranche vesting in FY 2019-20
Share price on the date of grant (₹)	232.20	232.20	232.20	232.20	232.20	232.20
Exercise price (₹)	60.65	60.65	60.65	200.21	200.21	200.21
Expected volatility (%)	47.90%	47.90%	47.90%	47.90%	47.90%	47.90%
Life of the options granted (years)	4.1	4.6	5.1	4.1	4.6	5.1
Risk-free interest rate (%)	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%
Expected dividend rate (%)	0%	0%	0%	0%	0%	0%
Fair value of the option (₹)	189.60	191.60	193.50	120.20	126.40	131.80

The Company measures the cost of ESOP using the intrinsic value method. Had the Company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

Particulars	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Profit after tax as reported	21,161.95	14,023.46
Add: ESOP cost using intrinsic value method (net of tax)	135.87	-
Less: ESOP cost using fair value method (net of tax)	202.42	-
Profit after tax (adjusted)	21,095.40	14,023.46
Earnings Per Share		
Basic		
- As reported	48.01	32.03
- Adjusted for ESOP cost using fair value method	47.86	32.03
Diluted		
- As reported	47.70	32.03
- Adjusted for ESOP cost using fair value method	47.47	32.03

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

Particulars	(₹ in Lacs)	
	As at March 31, 2016	As at March 31, 2015
Stock options outstanding (gross)	1,128.08	-
Deferred compensation cost outstanding	920.30	-
Stock options outstanding (net)	207.78	-

NOTE 34. DISCLOSURE AS PER RBI GUIDELINES:-

(A) Capital adequacy ratio

Particulars	(₹ in Lacs)	
	As at March 31, 2016	As at March 31, 2015
CRAR (%)	17.10%	18.54%
CRAR - Tier I capital (%)	13.66%	17.07%
CRAR - Tier II capital (%)	3.44%	1.47%
Amount of subordinated debt raised as Tier-II Capital (₹ in lacs)	35,500.00	17,500.00
Amount raised by issue of Perpetual Debt Instruments	-	-

(B) Exposures to Real Estate Sector

Category	(₹ in Lacs)	
	As at March 31, 2016	As at March 31, 2015
(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;	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;	73,142.82	49,184.93
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).	20,356.69	9563.78

Of the loans given against the mortgage of any real estate, only those loans have been classified as an exposure to commercial real estate, the prospects for repayment in respect of which depend primarily on the cash flows generated by such mortgaged asset (including the recovery in the event of default).

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

(C) Asset Liability Management

Maturity pattern of certain items of assets and liabilities as on March 31, 2016

Particulars	(₹ in Lacs)								Total
	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	
Advances*	24,069.14	12,042.40	12,365.07	39,662.86	115,071.40	198,535.96	87,754.02	89,021.27	578,522.12
Investments	256.03	285.72	14,276.70	848.02	1,556.19	3,705.42	681.96	1,546.86	23,156.90
Borrowings From Banks* *	12,559.88	31,056.33	20,077.80	28,803.42	104,678.96	143,897.28	116,826.77	20,361.11	478,261.55
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

*Represent advances under financing activity and Net of Provision on NPA.

**includes financial institutions and other parties.

Maturity pattern of certain items of assets and liabilities as on March 31, 2015

Particulars	(₹ in Lacs)								Total
	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	
Advances*	19,420.51	15,497.30	16,574.29	27,604.79	57,367.89	133,257.35	50,423.71	38,172.63	358,318.47
Investments	240.15	249.33	244.42	699.69	1,285.12	2,469.19	269.10	8,526.96	13,983.96
Borrowings From Banks* *	2,837.20	22,525.40	22,872.47	6,148.10	75,713.25	121,874.97	30,581.70	5,500.00	288,053.09
Foreign Currency Assets	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-

*Represent advances under financing activity and Net of Provision on NPA.

**includes financial institutions and other parties.

(D) Instances of fraud for the year ended March 31, 2016

Nature of fraud	(₹ in Lacs)			
	No. of cases	Amount of fraud	Recovery	Amount written-off
- Cash embezzlement	-	-	-	-
- Loans given against fictitious documents furnished by customers	6	205.80	3.34	202.46

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

Instances of fraud for the year ended March 31, 2015:

Nature of fraud	No. of cases	Amount of fraud	Recovery	(₹ in Lacs)
				Amount written-off
- Cash embezzlement	-	-	-	-
- Loans given against fictitious documents furnished by customers	2	10.50	0.08	10.42

(E) Customer Complaints

Particular	No. of cases as at March 31, 2016	No. of cases as at March 31, 2015
No. of complaints pending at the beginning of the year	1	-
No. of complaints received during the year	20	56
No. of complaints redressed during the year	21	55
No. of complaints pending at the end of the year	-	1

(F) Derivatives

- (i) The Company has no transactions / open unhedged exposure in derivatives in the current and previous year.
- (ii) The Company has no unhedged foreign currency exposure as on March 31, 2016 (March 31, 2015: Nil).

(G) Details of financial assets sold to securitisation / reconstruction Company for asset reconstruction:

The Company has not sold financial assets to Securitisation / Reconstruction companies for asset reconstruction in the current and previous year.

(H) Details of non-performing financial assets purchased / sold

The Company has not purchased / sold non-performing financial assets in the current and previous year.

(I) Exposure to Capital Market

The Company has no exposure to capital market directly or indirectly in the current and previous year.

(J) Details of financing of parent Company products

This disclosure is not applicable as the Company is the holding Company.

(K) Unsecured Advances – Refer note 14

(L) Registration obtained from other financial sector regulators:

The Company is registered with following other financial sector regulators (Financial regulators as described by Ministry of Finance):

- (i) Financial Intelligence Unit (FIU), MOF, Delhi, India
- (ii) Registration obtained under Foreign Assets Tax Compliance Act

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

(M) Disclosure of penalties imposed by RBI and other regulators:

No Penalties were imposed by RBI and other regulators during current and previous year.

(N) Draw down from Reserves:

There has been no draw down from reserves during the year ended March 31, 2016 (previous year: Nil) other than those disclosed under Note 4.

(O) Concentration of Advances, Exposures and NPAs

Particular	(₹ in Lacs)	
	As at March 31, 2016	As at March 31, 2015
Concentration of Advances		
Total advances to twenty largest borrowers	51,008.56	40,785.46
(%) of advances to twenty largest borrowers to total advances	8.78%	11.22%
Concentration of Exposures		
Total exposure to twenty largest borrowers/customers	64,042.67	47,880.38
(%) of exposure to twenty largest borrowers/customers to total exposure	10.65%	12.89%
Concentration of NPAs		
Total exposure to top four NPA accounts	245.70	82.69

(P) Ratings assigned by credit rating agencies and migration of ratings during the year:

Deposits Instrument	Name of the rating agency	Date of rating assigned / reviewed	Rating assigned	Valid up to	(₹ In Lacs)
					Rating Amount
Bank Loan Rating (Long term facilities)	CRISIL Ratings	April 10, 2016	CRISIL A / Positive	Note-1	197,000.00
	ICRA Ratings	March 16, 2016	ICRA A+ / Stable	Note-1	72,500.00
	INDIA Ratings	March 23, 2016	IND A+ / Stable	Note-1	74,500.00
	CARE Ratings	December, 30, 2015	CARE A+	Note-1	110,000.00
Issuer Rating	Brickworks Ratings	February 01, 2016	BWR AA- / Stable	Note-1	20,000.00
Long-term Debt (NCD)	CRISIL Ratings	April 10, 2016	CRISIL A / Positive	Note-1	102,000.00
	CRISIL Ratings	April 10, 2016	CRISIL A / Positive, CRISIL A1+	Note-1	5,000.00
	ICRA Ratings	October 19, 2015	ICRA A+ / Stable	Note-1	30,000.00
	INDIA Ratings	August 27, 2015	IND A+ / Stable	Note-1	135,000.00

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

Deposits Instrument	Name of the rating agency	Date of rating assigned / reviewed	Rating assigned	Valid up to	(₹ In Lacs)
					Rating Amount
Long-term Debt (Sub debt)	CRISIL Ratings	April 10, 2016	CRISIL A / Positive	Note-1	14,500.00
	CARE Ratings	December 30, 2015	CARE A+	Note-1	2,000.00
	ICRA Ratings	October 14, 2015	ICRA A+ / Stable	Note-1	5,000.00
	INDIA Ratings	September 29, 2015	IND A+ / Stable	Note-1	15,000.00
Short-term Debt (Commercial Paper /Non Convertible Debenture)	CRISIL Ratings	April 10, 2016	CRISIL A1+	Note-1	50,000.00
	INDIA Ratings	December 09, 2015	IND A1+	Note-1	100,000.00

* CRISIL rating upgraded on April 10, 2016 from "CRISIL A / Stable" to "CRISIL A / Positive"

Note-1: The Rating is subject to annual surveillance till final repayment / redemption of rated facilities.

Name of transaction	Date of Transaction	Transaction Structure DA/PTC	Amount	Rating	(₹ In Lacs)
DA with Corporation Bank	Mar 20, 2012	Direct Assignment (DA)	5,000.00	Care AAA(SO)	
Arora Trust	Feb 01, 2013	Securitization (PTC)	2,813.00	CRISIL AAA (SO)/ CRISIL A (SO)	
ISLT - VII	Sep 13, 2013	Securitization (PTC)	7,549.00	CRISIL AAA(SO)	
ISLT - VIII	Dec 18, 2013	Securitization (PTC)	19,807.00	CRISIL AA(SO)	
ISLT - IX	Dec 31, 2013	Securitization (PTC)	7,172.00	CRISIL AAA(SO)	
ISLT - X	Mar 20, 2014	Securitization (PTC)	12,821.00	CRISIL AA(SO)	
ISLT - XI	Mar 29, 2014	Securitization (PTC)	13,285.00	CRISIL A(SO)	
ISLT - XII	Oct 16, 2014	Securitization (PTC)	14,491.00	CRISIL A+(SO)	
ISLT - XIII	Dec 26, 2014	Securitization (PTC)	8,058.00	IND AA(SO)	
ISLT - XIV	Feb 07, 2015	Securitization (PTC)	8,412.00	IND A(SO)	
ISLT - XV	Mar 26, 2015	Securitization (PTC)	5,953.00	IND AA(SO)	
ISLT - XVI	Mar 31, 2015	Securitization (PTC)	8,572.00	IND A(SO)	
ISLT - XVII	Jun 12, 2015	Securitization (PTC)	10,901.00	IND A(SO)	
ISLT - XIX	Sep 29, 2015	Securitization (PTC)	11,232.00	IND A(SO)	
ISLT - XVIII	Aug 20, 2015	Securitization (PTC)	8,035.00	IND AA(SO)	
ISLT - XX	Nov 26, 2015	Securitization (PTC)	8,897.00	IND AA(SO)	
ISLT - XXI	Dec 23, 2015	Securitization (PTC)	10,796.00	IND A(SO)	
ISLT - XXIII	Feb 06, 2016	Securitization (PTC)	8,130.00	IND A(SO)	
ISLT - XXII	Feb 29, 2016	Securitization (PTC)	9,955.00	IND AAA (SO)	
ISLT - XXV	Mar 31, 2016	Securitization (PTC)	17,594.00	IND A(SO)	
ISLT - XXIV	Mar 30, 2016	Securitization (PTC)	4,708.00	IND AA (SO)	

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2016

NOTE 35. LITIGATION

The Company has certain litigations pending with the income tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provision is required and disclosed the contingent liabilities where applicable, in its financial statements. Refer note 30 for items disclosed as contingent liabilities

NOTE 36.

At the year end, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

NOTE 37.

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

Additional statutory information pursuant to Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Name of related party Subsidiary/Controlled Subsidiary/ Associates	As at March 31, 2016		As at March 31, 2015	
	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	-
Au Housing Finance Private Limited	Nil	3,250.00	Nil	3,525.00
M Power Micro Finance Private Limited	Nil	1,000.48	1,000.00	1,000.00

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

For and on behalf of the Board of Directors

For Au FINANCIERS (INDIA) LIMITED

Sd/-
Sanjay Agarwal
Managing Director

Sd/-
Uttam Tibrewal
Executive Director

Sd/-
Deepak Jain
Chief Financial Officer

Sd/-
Manmohan Parnami
Company Secretary

Place: Jaipur
Date: May 27, 2016

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)

(₹ In Lacs)

Particulars	As on March 31, 2016	
LIABILITIES SIDE		
1. Loans and advances availed by the non banking financial company inclusive of interest accrued but not paid	Amount Outstanding	Amount overdue
(a) Debentures : Secured	196,938.38	
: Unsecured	54,574.59	
(Other then falling within the meaning of public deposits*)		
(b) Deferred Credits		
(c) Term Loans	139,868.66	
(d) Inter-corporate loans and borrowing		
(e) Commercial Paper	51,959.46	
(f) Other Loans (specify nature) : -		
Cash Credit Limit	46,179.64	
Working Capital Terms Loans	2,520.40	
<i>*Please see Note 1 below</i>		
ASSETS SIDE		
	Amount Outstanding	
2. Break-up of Loans and Advances including bills receivables (other then those included in (4) below)		
(a) Secured		568,794.76
(b) Unsecured		12,461.59
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		10.30
(b) Loans other then (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		13,991.82

(₹ In Lacs)

Particulars	As on March 31, 2016		
(b) Preference	-	-	-
(ii) Debentures and bonds	-	-	-
(iii) Units of mutual funds	-	-	-
(iv) Government Securities	-	-	-
(v) Other (investment under securitisation)	-	-	3,230.84
Long-Term investments			
1. Quoted			
(i) Shares : (a) Equity	-	-	-
(b) Preference	-	-	-
(ii) Debentures and bonds	-	-	-
(iii) Units of mutual funds	-	-	-
(iv) Government Securities	-	-	-
(v) Other (please specify)	-	-	-
2. Unquoted			
(i) Shares : (a) Equity	-	-	1,512.18
(b) Preference	-	-	-
(ii) Debentures and bonds	-	-	-
(iii) Units of mutual funds	-	-	-
(iv) Government Securities	-	-	-
(v) Other (investment under securitisation)	-	-	4,422.06
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	568,794.76	12,461.59	581,256.35
TOTAL	568,794.76	12,461.59	581,256.35
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			15,034.50
(b) Companies in the same group/associates			469.50
(c) Other related parties			-
2. Other then related parties		7,652.90	7,652.90
TOTAL	-	7,652.90	23,156.90
** As per Accounting Standard of ICAI (please see Note 3)			

(₹ In Lacs)

Particulars	As on March 31, 2016		
	Amount		
7 Other information			
Particulars			
(i) Gross Non-Performing Assets			
(a) Related parties			-
(b) Other then related parties			7,414.48
(ii) Net Non-Performing Assets			
(a) Related parties			-
(b) Other then related parties			4,680.24
(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 breakup/ fair value/ NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long-term or current in (4) above.

INDEPENDENT AUDITOR'S REPORT

To
The Members of Au FINANCIERS (INDIA) LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Au FINANCIERS (INDIA) LIMITED (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates, comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting

principles generally accepted in India of the consolidated state of affairs of the Group and its associates as at March 31, 2016, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group's companies and its associates incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies and associate companies incorporated in India, refer to our separate report in "Annexure" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associates – Refer Note 36 to the consolidated financial statements.
 - ii. The Group and its associates did not have any material foreseeable losses in long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associates incorporated in India.

Other Matters

- (a) The consolidated financial statements include the Company's share of net profit of ₹ 9,476,952 for the year ended March 31, 2016, as considered in the consolidated financial statements, in respect of one associate, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate company, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid associate company, is based solely on the report(s) of such other auditors.

- (b) We report that, as required by regulation 29(6) of the Insurance Regulatory and Development Authority (Insurance Brokers) Regulations, 2003 ("IRDA Regulation"), Au INSURANCE BROKING SERVICES PRIVATE LIMITED, an associate company has obtained certificate from an independent Chartered Accountant confirming compliance with various regulation of the IRDA Regulations with specific reference to regulation 9, 11, 12, 13 and 25 for the year ended March 31, 2016. Based on said certificates, we confirm that the Company has complied with various regulations for the year ended March 31, 2016 as mentioned in these certificates. For the purpose of our reporting, we have relied on above mentioned certificates obtained by the Company and have not performed any additional procedures in this regard.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

For **S.R. BATLIBOI & CO. LLP**
ICAI Firm's Registration Number:
301003E/E300005
Chartered Accountants

Sd/-
per Viren H. Mehta
Partner

Mumbai
May 27, 2016

Membership Number: 048749

ANNEXURE

Referred to in paragraph (f) under the heading “Report on other legal and regulatory requirements” of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

In conjunction with our audit of the consolidated financial statements of Au FINANCIERS (INDIA) LIMITED as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Au FINANCIERS (INDIA) LIMITED (hereinafter referred to as the “Holding Company”) and its subsidiary and associate companies, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary and associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed

to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets

of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its subsidiary and associate companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to two subsidiary companies and two associate companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and associate companies incorporated in India.

For S.R. BATLIBOI & CO. LLP
ICAI Firm's Registration Number:
301003E/E300005
Chartered Accountants

Sd/-
per Viren H. Mehta
Partner

Mumbai
May 27, 2016

Membership Number: 048749

CONSOLIDATED BALANCE SHEET

as at March 31, 2016

		(₹ in Lacs)	
	Note No.	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	4,408.08	4,408.08
Reserves and surplus	5	102,247.06	79,350.94
		106,655.14	83,759.02
MINORITY INTEREST			
		423.31	-
Non-current liabilities			
Long-term borrowings	6	400,721.77	210,344.26
Other long-term liabilities	7	6,713.04	4,723.50
Long-term provisions	8	5,418.63	4,332.47
		412,853.44	219,400.23
Current liabilities			
Short-term borrowings	9	112,202.47	106,612.76
Other current liabilities	10	158,995.27	70,742.45
Short-term provisions	8	2,151.59	1,758.18
		273,349.33	179,113.39
TOTAL		793,281.22	482,272.64
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	2,808.16	2,260.78
Intangible assets	12	176.61	133.41
Capital work-in-progress		39.14	46.58
Goodwill on Consolidation		52.95	52.95
Non-current investments	13	4,556.65	3,342.17
Deferred tax assets (net)	14	1,645.43	1,351.97
Receivable under financing activity	15	518,225.10	303,787.41
Long-term loans and advances	16	921.45	1,198.12
Other non-current assets	17	644.81	543.51
		529,070.30	312,716.90
Current assets			
Current investments	13	4,371.20	3,109.78
Cash and bank balances	18	43,015.65	22,459.46
Receivable under financing activity	15	208,481.41	138,876.01
Short-term loans and advances	19	2,219.16	1,403.32
Other current assets	20	6,123.50	3,707.17
		264,210.92	169,555.74
TOTAL		793,281.22	482,272.64
Summary of significant accounting policies	3.2		

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

As per our report of even date

For S.R. Batliboi & Co. LLP

ICAI Firm Registration No.: 301003E/E300005

Chartered Accountants

Sd/-
per Viren H. Mehta
Partner
Membership No. 048749

Place: Mumbai
Date: May 27, 2016

Sd/-
Sanjay Agarwal
Managing Director

Sd/-
Manmohan Parnami
Company Secretary

Sd/-
Uttam Tibrewal
Executive Director

Place: Jaipur
Date: May 27, 2016

For and on behalf of the Board of Directors

For Au FINANCIERS (INDIA) LIMITED

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

for the year ended March 31, 2016

	Note No.	Year ended March 31, 2016	Year ended March 31, 2015
(₹ in Lacs)			
INCOME			
Revenue from operations	21	120,629.22	81,271.01
Other income	22	781.16	256.19
Total Revenue (I)		121,410.38	81,527.20
EXPENSES			
Employee benefit expenses	23	19,168.88	11,197.09
Finance costs	24	49,200.81	33,368.42
Depreciation and amortization expense	11/12	980.46	752.96
Other expenses	25	10,283.68	5,827.38
Provisions and write offs	26	4,451.70	6,293.65
Total expenses (II)		84,085.53	57,439.50
Profit before tax (III)= (I)-(II)		37,324.85	24,087.70
Tax expenses:			
Current tax	27	13,135.75	8,545.03
Deferred tax	27	(293.48)	(468.86)
Tax relating to earlier periods	27	(23.06)	(200.22)
Total tax expenses (IV)		12,819.21	7,875.95
Profit after tax (III)-(IV)		24,505.64	16,211.75
Add: Share of Profit of Associate		148.08	95.99
Net profit after taxes and Share of Profit of Associate		24,653.72	16,307.74
Earnings per equity share	28		
Basic (₹)		55.93	37.24
Diluted (₹)		55.57	37.24
Nominal value per share (₹)		10.00	10.00
Summary of significant accounting policies	3.2		

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

As per our report of even date

For S.R. Batliboi & Co. LLP

ICAI Firm Registration No.: 301003E/E300005

Chartered Accountants

Sd/-
per Viren H. Mehta
Partner
Membership No. 048749

Place: Mumbai
Date: May 27, 2016

Sd/-
Sanjay Agarwal
Managing Director

Sd/-
Manmohan Parnami
Company Secretary

Sd/-
Uttam Tibrewal
Executive Director

Place: Jaipur
Date: May 27, 2016

For and on behalf of the Board of Directors

For Au FINANCIERS (INDIA) LIMITED

Sd/-
Deepak Jain
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2016

(₹ in Lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax as per statement of consolidated profit and loss	37,324.85	24,087.70
Add/(Less) :		
Depreciation and amortization expense	980.46	752.96
Loss/(Profit) on sale of fixed assets	(6.11)	(0.96)
Profit on sale of investments	(630.84)	(35.09)
Contingent provision against standard assets	1,090.52	421.83
Provision for contingencies	109.46	-
Provision for non-performing assets	(121.03)	1,087.59
Provision on old assigned cases	(27.18)	(97.85)
Provision for employee benefits	284.03	87.11
Employee stock option expenditure	207.78	-
Operating profit before working capital changes	39,211.94	26,303.29
Movement in working capital		
Decrease / (increase) in Receivable under financing activity	(284,043.14)	(144,673.79)
Decrease / (increase) in Short term loans and advances	(815.83)	1,995.31
Decrease / (increase) in Long-term loans and advances	(14.14)	481.62
Decrease / (increase) in Other non-current assets	(101.30)	(90.35)
Decrease / (increase) in Other current assets	(2,416.31)	(291.15)
(Decrease) / increase in Other long-term liabilities	(457.68)	3,225.86
(Decrease) / increase in Other current liabilities	88,252.89	8,008.25
Cash generated from/(used in) operations	(160,383.57)	(105,040.96)
Direct taxes paid	(11,652.51)	(7,451.23)
Wealth tax paid	(1.68)	(1.58)
Net cash flow from/ (used in) operating activities (A)	(172,037.76)	(112,493.77)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(113.04)	(90.26)
Purchase of fixed assets	(1,461.06)	(977.52)
Sale of fixed assets	16.54	9.74
Decrease / (increase) in deposits with original maturity of more than 3 months	7,250.85	1,237.40
Purchase of mutual fund units and PTCs	(176,497.87)	(38,549.14)
Sale of mutual fund units and PTCs	174,800.89	38,686.52
Net cash flow from/ (used in) investing activities (B)	3,996.31	316.74

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2016

Particulars	(₹ in Lacs)	
	As at March 31, 2016	As at March 31, 2015
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from long term borrowing	190,377.52	112,149.22
Net proceeds from short term borrowing	5,589.73	514.77
Issue of Equity Shares	400.00	3,852.48
Debentures issue expenses	(518.76)	(1,216.85)
Net cash flow from/ (used in) in financing activities (C)	195,848.49	115,299.62
Net increase/(decrease) in cash and cash equivalents (A + B + C)	27,807.04	3,122.59
Cash and cash equivalents at the beginning of the year	5,806.27	2,683.68
Cash and cash equivalents at the end of the year	33,613.31	5,806.27
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash on hand	1,657.49	2,251.86
Balance with franking machine *	93.98	35.03
Balance with banks		
In current accounts	24,526.76	2,211.38
In deposit account	7,335.08	1,308.00
TOTAL CASH AND CASH EQUIVALENTS (REFER NOTE NO. 18)	33,613.31	5,806.27

* 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
ICAI Firm Registration No.: 301003E/E300005
Chartered Accountants

Sd/-
per Viren H. Mehta
Partner
Membership No. 048749

Place: Mumbai
Date: May 27, 2016

Sd/-
Sanjay Agarwal
Managing Director

Sd/-
Manmohan Parnami
Company Secretary

Sd/-
Uttam Tibrewal
Executive Director

Place: Jaipur
Date: May 27, 2016

For and on behalf of the Board of Directors
For Au FINANCIERS (INDIA) LIMITED

Sd/-
Deepak Jain
Chief Financial Officer

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

1 Corporate information

Au FINANCIERS (INDIA) LIMITED ('the Company') is a public 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 ('RBI') to operate as a non deposit accepting Non Banking Financial Company (NBFC-ND) on November 7, 2000 vide certificate of registration no. B-10-00139.

2 Basis of preparation

The consolidated financial statements relates to Au FINANCIERS (INDIA) LIMITED ("the Company"), its subsidiary companies and associates. The Company, its subsidiary companies and associates together constitute the Group. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the RBI as applicable to a Systemically Important Non-Banking Financial Company ('NBFC-ND-SI'). The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention except as detailed in 3.2 (c) below. The accounting policies adopted in the preparation of consolidated financial statements are consistent with those of previous year except for the changes described in 3.2 (a) below. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. The Company has ascertained its operating cycle as 12 months for the above purpose.

3 Principles of Consolidation

(a) The financial statements of the subsidiary companies and the associates used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2016 and are prepared based

on the accounting policies consistent with those used by the Company except for the differences disclosed in the financial statement.

- (b) The financial statements of the Group have been prepared in accordance with the AS-21- 'Consolidated financial statements' and AS-23- 'Accounting for Investments in Associates' in consolidated financial statements.
- (c) The consolidated financial statements have been prepared on the following basis :
 - i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions have been fully eliminated except where losses are realised.
 - ii) The consolidated financial statements include the share of profit / loss of the associate companies which has been accounted as per the "Equity method" and accordingly, the share of profit / loss of the associate companies (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments. An associate is an enterprises in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor.
 - iii) The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognised as 'goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

under the head 'Reserves and Surplus' in the consolidated financial statements.

- iv) Minority interest, if any, in the net assets of consolidated subsidiaries consists of the amount of equity attributable to

the minority shareholders at the dates on which investments are made by the company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

3.1 Information on Subsidiaries and Associates

(a) Following Subsidiary Companies are considered in the consolidated financial statements:

Name of the Company	Country of Incorporation	Proportion of ownership interest	
		As at March 31, 2016	As at March 31, 2015
Au HOUSING FINANCE LIMITED	India	97.92%	100.00%
INDEX MONEY LIMITED	India	100%	100.00%

(b) The details of Associate company are as follows:

Name of the Company	Country of Incorporation	Proportion of ownership interest	
		As at March 31, 2016	As at March 31, 2015
Au INSURANCE BROKING SERVICE PRIVATE LIMITED	India	26.00%	26.00%
M POWER MICRO FINANCE PRIVATE LIMITED	India	38.53%	38.53%

3.2 Summary of significant accounting policies

(a) Change in accounting policy and estimates

- (i) With effect from April 1, 2015, the Company has adopted accounting of overdue interest on 'realization' basis. As a result of such change in the recognition of overdue interest, the profit for the current period is lower by ₹ 3,061.43 Lacs (net of the corresponding impact on NPA identification and provisioning).
- (ii) With effect from April 1, 2015, the Company has revised its estimates of provisioning for loan portfolio, in line with the requirements of the RBI Notification No. DNBR. 009/CGM (CDS) - 2015 dated March 27, 2015 and revised its estimate of provisioning for loans over due for a period between 180 to 365 days. As a result of such change, the profit for the current period is lower by ₹ 296.29 Lacs (including the effect of income reversal on non-performing assets).

(b) 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.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

(i) **Income from financing activities**

(a) Interest Income is recognised on a time proportion accrual basis taking into account the amount outstanding and the interest rate implicit in the underlying agreements. Income or any other charges on non-performing assets or on repossessed assets sold during the year are recognised only when realized. Any such income recognized and remaining unrealized, before the asset became non-performing or before sale of such repossessed asset, is reversed. Overdue interest is recognised on realisation basis.

(b) Loan origination income i.e. processing fee and other charges collected upfront are recognised at the inception of the loan.

(c) All other charges such as cheque return charges, legal charges, seizing charges, etc. are recognised on realisation basis.

(ii) **Income from assignment/securitization**

(a) For assignment transactions entered into 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 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 of assets is recognised over the tenure of securities issued by SPV as per guidelines on securitisation of standard assets issued by RBI. Income from excess interest spread is accounted for net of losses when redeemed in cash. Expenditure in respect of securitisation (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 arising on direct assignment is recognised over the tenure of agreement on accrual basis.

(iii) **Income from deposits**

Interest income on deposits with banks and other financial institutions is recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.

(iv) **Income from investment**

(i) Dividend is recognised as income when right to receive the dividend is established by the date of balance sheet.

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

(v) **Finance Advisory Services**

Revenue from "Finance Advisory Services" is recognized upon final conclusion of the specific financing activity carried out for the customer / client.

(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.

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 recognised in the statement of consolidated profit and loss when the asset is derecognised.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

(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 II to the Companies Act, 2013

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

Depreciation on assets acquired/sold during the year is recognised on a pro-rata basis to the statement of consolidated profit and loss from/upto 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.

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 derecognised.

(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 recognised 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 recognised in the statement of consolidated profit and loss as and when incurred.

(f) Taxes on Income

Tax expenses comprises of current income tax and deferred tax.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in statement of consolidated Profit and Loss.

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 recognised directly in equity is recognised in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised 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 recognised only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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 consolidated 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 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 in accordance with Section 52 of the Act to the extent of balance available in such premium account.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

(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 recognised as an expense in the statement of consolidated profit and loss on a straight-line basis over the lease term.

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

(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, 2015 issued vide Notification No. DNBR. 009/ CGM (CDS) -2015 dated March 27, 2015 ("the NBFC-ND-SI Prudential Norms)

(ii) As per Company's policy, loans with principal or interest overdue for more than 5 months are considered as non performing loans and provided at following rates :

Customers with 5 month to less than 6 months Overdue	: provision @ 10% of outstanding amount
Customers with 6 month to less than 12 months Overdue	: provision @ 40% of outstanding amount
Customers with 12 months and above Overdue	: written off @ 100%

(iii) Provision on standard assets is made @ 0.30% pursuant to the NBFC-ND-SI Prudential Norms.

(iv) Provision for delinquencies and servicing costs on assets securitised/assigned before introduction of RBI guidelines on Direct Assignment dated August 21, 2012 is made at following rates, which are based

(v) Housing loans and other loans are classified as per the Housing Finance Companies (NHB) Directions, 2010 ("the NHB Directions"), into performing and non-performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets and provision made based on criteria stipulated by the NHB Directions. Additional provisions are made against specific non-performing assets over and above as stated in the NHB Directions, if in the opinion of the management higher provision is necessary.

(vi) The Group maintains general provision to cover potential credit losses, which are inherent in any loan portfolio but not identified, In accordance with 'the NHB Directions'.

(vii) The Company also makes an additional provision to meet unforeseen contingencies. Excess provision over and above provisioning requirement for standard and non-performing assets is carried under "Provision for Contingencies".

(l) Provisions, contingent liabilities

A provision is recognised 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

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 recognised 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 recognised 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, short-term deposits 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 arise 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 recognised 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 recognised as an income/expense in the statement of consolidated profit and loss over the life of the contract. Exchange difference on such contracts are recognised in the statement of consolidated profit and loss in the period in which the exchange rates change.

(p) Share based payments

In case of stock option plan, measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India as applicable for equity-settled share based payments. The Cost of equity settled transactions is measured using the intrinsic value method and recognised, together with a corresponding increase in the "Stock options outstanding

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

account” in reserves. The Cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that

will ultimately vest. The expense or credit recognised in the statement of consolidated profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

(₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
NOTE 4. SHARE CAPITAL		
Authorized shares		
78,150,000 Equity Shares of ₹ 10/- each (P.Y. 78,150,000 Shares)	7,815.00	7,815.00
1,885,000 Compulsorily Convertible Preference Shares of ₹ 100/- each (P.Y. 1,885,000 Shares)	1,885.00	1,885.00
	9,700.00	9,700.00
Issued Capital		
44,093,813 (P.Y. 44,093,813) Equity Shares of ₹ 10/- each	4,409.38	4,409.38
Total Issued Share Capital	4,409.38	4,409.38
Subscribed Capital		
44,080,752 (P.Y. 44,080,752) Equity Shares of ₹ 10/- each	4,408.08	4,408.08
Total Subscribed Capital	4,408.08	4,408.08
Issued, subscribed and paid-up shares		
Paid-up Capital		
Fully Paid-Up:		
44,080,752 (P.Y. 44,080,752) Equity Shares of ₹ 10/- each	4,408.08	4,408.08
Total issued, subscribed and fully paid-up share capital	4,408.08	4,408.08

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

Equity Shares

	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	₹ in Lacs	No. of Shares	₹ in Lacs
At the beginning of the year	44,080,752	4,408.08	43,254,395	4,325.44
Add: Shares issued during the year	-	-	826,357	82.64
Outstanding at the end of the year	44,080,752	4,408.08	44,080,752	4,408.08

(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 CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

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

Equity shares

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares	% holding	No. of Shares	% holding
Redwood Investment Ltd	11,934,699	27.07	11,934,699	27.07
Sanjay Agarwal	6,601,789	14.98	6,601,789	14.98
International Finance Corporation	6,047,875	13.72	6,047,875	13.72
Labh Investments Limited	4,500,169	10.21	4,500,169	10.21
Ourea Holdings Limited	4,222,927	9.58	4,222,927	9.58
Jyoti Agarwal	2,363,712	5.36	2,363,712	5.36
Shakuntala Agarwal	2,274,326	5.16	2,274,326	5.16

- d) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 34.

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.

(₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
NOTE 5. RESERVES AND SURPLUS		
Statutory Reserve u/s 45- IC of RBI Act, 1934		
Balance as per last Balance Sheet	8,516.96	5,712.27
Add: Transfer during the year *	4,232.39	2,804.69
Closing Balance	12,749.35	8,516.96
Special reserve u/s 29C of The National Housing Bank Act, 1987 read with 36 (1) (viii) of income tax Act. 1961		
Balance as per last Balance Sheet	743.01	262.80
Add: Transfer during the year **	774.84	480.21
Closing Balance	1,517.85	743.01
Securities premium account		
Balance as per last financial statements	33,799.56	31,275.60
Add: Addition on allotment of equity shares	-	3,740.81
	33,799.56	35,016.41
Less: Amount (net of tax) applied during the year		
Debenture issue expenses	750.15	218.42
Premium payable on Redemption of Debentures	1,191.92	992.35
Share Issue Expenses	-	6.08
Closing Balance	31,857.49	33,799.56

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

(₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
Employee Stock Option Outstanding		
Balance as per last Balance Sheet	-	-
Add: Compensation of options granted during the year	207.78	-
Closing Balance	207.78	-
Surplus/ (deficit) in the statement of consolidated profit and loss		
Balance as per last financial statements	36,286.41	23,365.06
Less: Depreciation adjustments as per schedule II of the Companies Act 2013	-	(16.22)
Add: Profit for the year	24,653.72	16,307.74
	60,940.13	39,656.58
Less: Transferred to Statutory Reserve u/s 45-IC of RBI Act 1934	4,232.39	2,804.69
Less: Special Reserve u/s 29C of The National Housing Bank Act, 1987	774.84	480.21
Less: Creation of Deferred Tax Liability on Special Reserve maintained by Housing Finance Companies under Section 36(1) (viii) of the Income Tax Act, 1961 ***	-	85.27
Less: Reserve attributable to minority stakeholder	23.31	-
Closing Balance	55,909.59	36,286.41
Capital Redemption Reserve		
Balance as per last financial statements	5.00	5.00
Transfer from Surplus during the year	-	-
Closing Balance	5.00	5.00
Total reserves and surplus	102,247.06	79,350.94

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

**Section 29C (i) of The National Housing Bank Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer. The Company has transferred an amount of ₹ 774.84 Lacs (previous year ₹ 480.21 Lacs) to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for special reserve u/s 29C of NHB Act 1987.

***According to NHB's Circular No. NHB(ND)/DRS/Policy Circular No. 65/2014-15 dated August 22, 2014 issued in supercession of their earlier Circular No. NHB(ND)/DRS/Policy No. 62/2014, If the expenditure due to the creation of DTL on Special Reserve as at March 31, 2014 has not been fully charged to the Statement of Profit and Loss, HFCs may adjust the same directly from the Reserves over a period of 3 years starting with the current financial year, in a phased manner in the ratio of 25:25:50, in case if it prefers so, based on prudence. However, the Company has adjusted the entire amount of ₹ 85.27 Lacs of DTL on Special Reserve as at March 31, 2014 from Reserve and Surplus in P.Y. 2014-15.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

(₹ in Lacs)

	As at March 31, 2016		As at March 31, 2015	
	Non-current	Current	Non-current	Current
NOTE 6. LONG-TERM BORROWINGS				
Secured				
Redeemable Non - Convertible Debentures (refer note 6.1 (a))	165,750.00	48,250.00	106,000.00	8,250.00
Term loans				
(i) Term loan from banks				
Andhra Bank	6,682.69	757.18	1,858.97	1,432.23
Axis Bank Limited	-	-	-	416.67
Bank of Baroda	1,316.00	784.00	2,100.00	1,104.00
Bank of India	3,017.31	800.00	2,942.04	939.50
Bank of Maharashtra	-	937.50	937.50	1,250.00
Central Bank of India	-	1,111.11	1,111.11	1,333.33
Corporation bank	1,057.61	384.00	1,443.99	384.00
Dena Bank	6,619.01	379.63	986.11	13.89
Development Credit Bank	1,562.50	583.33	1,583.33	436.63
HDFC Bank	2,773.19	736.62	766.67	733.33
ICICI Bank Limited	1,973.21	767.86	2,032.74	1,482.02
IDBI Bank Limited	14,408.83	3,670.09	1,826.92	1,717.62
IDFC	5,000.00	-	-	-
Indian Bank	-	1,190.48	1,190.48	1,428.57
Indian Overseas Bank	-	382.75	384.72	471.43
IndusInd Bank Limited	1,000.00	250.00	1,250.00	250.00
Karnataka Bank	4,611.10	477.15	88.27	352.92
Kotak Mahindra Bank	1,687.50	-	-	-
Oriental Bank of Commerce	9,721.83	1,777.78	687.50	871.48
State Bank of Bikaner and Jaipur	5,662.36	1,515.94	2,178.33	1,479.34
State Bank of Hyderabad	5,158.77	1,033.49	2,192.88	1,134.63
State Bank of India	18,110.81	7,286.00	5,565.00	3,456.00
State Bank of Mysore	1,500.00	500.00	999.96	500.00
State Bank of Patiala	3,794.71	2,184.12	2,977.50	3,188.59
State Bank of Travancore	-	458.09	510.17	625.00
The Jammu And Kashmir Bank Limited	-	265.55	265.61	625.00
The Ratnakar Bank Limited	5,255.30	2,742.42	1,675.00	600.00
UCO Bank	1,892.00	384.00	308.00	192.00
Union Bank of India	-	960.87	961.67	1,440.00
United Bank of India	-	475.72	476.15	714.29
Yes Bank	6,712.03	1,009.49	2,721.52	759.49
	109,516.76	33,805.17	42,022.14	29,331.96
(ii) Term loan from financial institutions				
Small Industries Development Bank of India	28,500.00	7,020.20	5,520.20	2,599.20
National bank for Agriculture and Rural Development (NABARD)	16,666.67	3,333.33	-	-
Indiabulls Financial Services Limited	62.06	54.76	116.82	48.12
	45,228.73	10,408.29	5,637.02	2,647.32

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

(₹ in Lacs)

	As at March 31, 2016		As at March 31, 2015	
	Non-current	Current	Non-current	Current
(iii) Term loan from non-banking financial companies				
Aditya Birla Finance Limited	-	-	-	79.17
Bajaj Finance	3,684.21	1,052.63	-	-
HDFC Limited	10,000.00	-	10,000.00	-
Tata Capital Financial Services Limited	2,549.55	800.00	650.00	575.00
	16,233.76	1,852.63	10,650.00	654.17
(iv) Auto loan from banks				
HDFC Bank Limited	163.64	70.54	84.23	31.82
	163.64	70.54	84.23	31.82
(v) Auto loan from non-banking financial companies				
Daimler Financial Services India Private Limited	-	10.28	10.28	10.05
	-	10.28	10.28	10.05
(vi) Term Loan from NHB				
NHB Refinance Assistance	11,203.88	886.77	3,940.59	387.84
	11,203.88	886.77	3,940.59	387.84
(vii) Term loan from insurance company				
SBI Life insurance company limited	5,625.00	1,500.00	-	-
	5,625.00	1,500.00	-	-
Total term loans	187,971.77	48,533.68	62,344.26	33,063.16
Total secured borrowings	353,721.77	96,783.68	168,344.26	41,313.16
Unsecured				
Redeemable Non - Convertible Debentures (Sub-ordinated debts) (refer note 6.1 (b))	29,000.00	2,000.00	14,500.00	-
Redeemable Non - Convertible Debentures (refer note 6.1 (b))	11,000.00	11,000.00	22,000.00	-
Term loans				
(i) Banks (Sub-ordinated debts)				
ICICI Bank Limited	7,000.00	500.00	5,500.00	500.00
Total term loans	7,000.00	500.00	5,500.00	500.00
Total unsecured borrowings	47,000.00	13,500.00	42,000.00	500.00
Amount disclosed under the head "other current liabilities" (refer note no. 10)		(110,283.68)		(41,813.16)
	400,721.77	-	210,344.26	-

Secured borrowings are secured by hypothecation of loans under financing activity. Personnel guarantees by directors and shareholders of the Company have been given for borrowing amount of ₹ 115,441.35 Lacs at March 31, 2016 (P.Y. 59,702.64 Lacs). Borrowings to the extent of ₹ 109,362.48 Lacs at March 31, 2016 (P.Y. 27,428.93 Lacs) are secured by pledge of the Company's shares held by the directors and pledge of property of Company and its directors, and margin money deposits. Auto loans from banks are secured by hypothecation of Company's vehicles. The term loans of Au HOUSING FINANCE LIMITED are guaranteed by corporate guarantee of Au FINANCIERS (INDIA) LTD (holding company) to the extent of ₹ 34,363.73 Lacs (P.Y. ₹ 32,734.11 Lacs).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

6.1 (A) DETAIL OF SECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES AS AT MARCH 31, 2016

Sr. No.	ISIN No.	Date of allotment	Date of redemption	Call Option	Put Option	Nominal value per debenture (in ₹)	Nos.	Rate of Interest p.a.	Total amount	Non-current maturity for FY 2015-16	Current maturity for FY 2015-16	Non-current maturity for FY 2014-15	Current maturity for FY 2014-15	Terms of redemption
1	INE949L07014	Jun 01, 2012	May 31, 2021	Option has been exercised on May 29, 2015	-	10,000,000	45	13.00%	4,500.00	-	-	4,500.00	-	Redeemable at Par
2	INE949L07022	Jul 05, 2012	Nov 04, 2015	N.A.	Option redeemable after Sep 2014	10,000,000	25	12.25%	2,500.00	-	-	-	2,500.00	Redeemable at Par
3	INE949L07030	Jul 05, 2012	Jan 04, 2016	N.A.	Option redeemable after Oct 2014	10,000,000	25	12.25%	2,500.00	-	-	-	2,500.00	Redeemable at Par
4	INE949L07048	Jul 05, 2012	Mar 04, 2016	N.A.	Option redeemable after Nov 2014	10,000,000	25	12.25%	2,500.00	-	-	-	2,500.00	Redeemable at Par
5	INE949L07055	Jul 05, 2012	May 04, 2016	N.A.	Option redeemable after Dec 2014	10,000,000	25	12.25%	2,500.00	-	2,500.00	-	2,500.00	Redeemable at Par
6	INE949L07063	Jul 05, 2012	Jul 04, 2016	N.A.	Option redeemable after Jan 2015	10,000,000	25	12.25%	2,500.00	-	2,500.00	-	2,500.00	Redeemable at Par
7	INE949L07071	Jul 05, 2012	Sep 04, 2016	N.A.	Option redeemable after Feb 2015	10,000,000	25	12.25%	2,500.00	-	2,500.00	-	2,500.00	Redeemable at Par
8	INE949L07089	Jul 05, 2012	Nov 04, 2016	N.A.	Option redeemable after Mar 2015	10,000,000	25	12.25%	2,500.00	-	2,500.00	-	2,500.00	Redeemable at Par
9	INE949L07097	Jul 05, 2012	Jan 04, 2017	N.A.	Option redeemable after Apr 2015	10,000,000	25	12.25%	2,500.00	-	2,500.00	-	2,500.00	Redeemable at Par
10	INE949L07121	Jan 24, 2013	May 24, 2016	N.A.	Option redeemable after Mar 2015	1,000,000	125	11.95%	1,250.00	-	1,250.00	-	1,250.00	Redeemable at Par
11	INE949L07139	Jan 24, 2013	Jul 24, 2016	N.A.	Option redeemable after Apr 2015	1,000,000	125	11.95%	1,250.00	-	1,250.00	-	1,250.00	Redeemable at Par
12	INE949L07147	Jan 24, 2013	Sep 24, 2016	N.A.	Option redeemable after May 2015	1,000,000	125	11.95%	1,250.00	-	1,250.00	-	1,250.00	Redeemable at Par
13	INE949L07154	Jan 24, 2013	Nov 24, 2016	N.A.	Option redeemable after Jun 2015	1,000,000	125	11.95%	1,250.00	-	1,250.00	-	1,250.00	Redeemable at Par
14	INE949L07162	Jan 24, 2013	Jan 24, 2017	N.A.	Option redeemable after Jul 2015	1,000,000	125	11.95%	1,250.00	-	1,250.00	-	1,250.00	Redeemable at Par
15	INE949L07170	Jan 24, 2013	Mar 24, 2017	N.A.	Option redeemable after Aug 2015	1,000,000	125	11.95%	1,250.00	-	1,250.00	-	1,250.00	Redeemable at Par
16	INE949L07188	Jan 24, 2013	May 24, 2017	N.A.	Option redeemable after Sep 2015	1,000,000	125	11.95%	1,250.00	1,250.00	-	-	1,250.00	Redeemable at Par
17	INE949L07196	Jan 24, 2013	Jul 24, 2017	N.A.	Option redeemable after Oct 2015	1,000,000	125	11.95%	1,250.00	1,250.00	-	-	1,250.00	Redeemable at Par

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

Sr. No.	ISIN No.	Date of allotment	Date of redemption	Call Option	Put Option	Nominal value per debenture (in ₹)	Nos.	Rate of Interest p.a.	Total amount	Non-current maturity for FY 2015-16	Current maturity for FY 2015-16	Non-current maturity for FY 2014-15	Current maturity for FY 2014-15	Terms of redemption
18	INE949L07204	Mar 06, 2013	Mar 06, 2016	N.A.	N.A.	1,000,000	75	12.20%	750.00	-	-	-	750.00	Redeemable at Par
19	INE949L07204	Mar 06, 2013	Mar 06, 2017	N.A.	N.A.	1,000,000	75	12.20%	750.00	-	750.00	750.00	-	Redeemable at Par
20	INE949L07204	Mar 06, 2013	Mar 06, 2018	N.A.	N.A.	1,000,000	100	12.20%	1,000.00	1,000.00	-	1,000.00	-	Redeemable at Par
21	INE949L07212	Jun 27, 2013	Jun 27, 2016	N.A.	N.A.	1,000,000	250	11.10%	2,500.00	-	2,500.00	2,500.00	-	Redeemable at Par
22	INE949L07220	Nov 08, 2013	May 08, 2016	Option redeemable as on May 8, 2014, Nov 7, 2014, Feb 6, 2014, Nov 7, 2015, May 8, 2015, 2014, Feb 6, Aug 7, 2015, Nov 6, 2015, May 8, 2015, Feb 5, 2016	Option redeemable as on May 8, 2014, Nov 7, 2014, Feb 6, 2014, Nov 7, 2015, May 8, 2015, 2014, Feb 6, Aug 7, 2015, Nov 6, 2015, May 8, 2015, Feb 5, 2016	1,000,000	500	11.95%	5,000.00	-	5,000.00	5,000.00	-	Redeemable at Par, if Option is Exercise then in Call Redeemable at Premium & in Put Redeemable at Discount
23	INE949L07238	Mar 28, 2014	Apr 24, 2017	N.A.	N.A.	1,000,000	500	11.47%	5,000.00	5,000.00	-	5,000.00	-	Redeemable at Par
24	INE949L07246	Apr 29, 2014	Apr 28, 2016	N.A.	N.A.	1,000,000	1,000	11.47%	10,000.00	-	10,000.00	10,000.00	-	Redeemable at Par
25	INE949L07253	Jun 12, 2014	May 28, 2017	N.A.	N.A.	1,000,000	1,475	10.90%	14,750.00	14,750.00	-	14,750.00	-	Redeemable at Par
26	INE949L07279	Aug 08, 2014	Aug 08, 2019	N.A.	Option redeemable as on Aug 8, 2016	1,000,000	1,500	10.75%	15,000.00	15,000.00	-	15,000.00	-	Redeemable at Par
27	INE949L07287	Feb 16, 2015	Dec 23, 2016	N.A.	N.A.	1,000,000	1,000	10.75%	10,000.00	-	10,000.00	10,000.00	-	Redeemable at Par
28	INE949L07295	Apr 30, 2015	Mar 08, 2018	N.A.	N.A.	1,000,000	500	10.50%	5,000.00	5,000.00	-	5,000.00	-	Redeemable at Par
29	INE949L07303	May 08, 2015	Apr 26, 2018	N.A.	N.A.	1,000,000	350	10.50%	3,500.00	3,500.00	-	3,500.00	-	Redeemable at Par
30	INE949L07311	May 08, 2015	Jun 13, 2018	N.A.	N.A.	1,000,000	350	10.50%	3,500.00	3,500.00	-	3,500.00	-	Redeemable at Par
31	INE949L07329	May 21, 2015	May 21, 2020	N.A.	N.A.	1,000,000	2,000	10.00%	20,000.00	20,000.00	-	20,000.00	-	Redeemable at Par
32	INE949L07337	Jun 26, 2015	Jun 26, 2020	N.A.	N.A.	1,000,000	3,000	9.85%	30,000.00	30,000.00	-	30,000.00	-	Redeemable at Par

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

Sr. No.	ISIN No.	Date of allotment	Date of redemption	Call Option	Put Option	Nominal value per debenture (in ₹)	Nos.	Rate of Interest p.a.	Total amount	Maturity			Terms of redemption	
										Non-current maturity for FY 2015-16	Current maturity for FY 2015-16	Non-current maturity for FY 2014-15		Current maturity for FY 2014-15
33	INE949L07345	Aug 11, 2015	Aug 10, 2018	Option redeemable as on Aug 8, 2016 and Aug 11, 2017	Option redeemable as on Aug 8, 2016 and Aug 11, 2017	1,000,000	1,000	10.50%	10,000.00	10,000.00	-	-	-	Redeemable at Par
34	INE949L07352	Aug 19, 2015	Jun 25, 2018	N.A.	N.A.	1,000,000	500	10.50%	5,000.00	5,000.00	-	-	-	Redeemable at Par
35	INE949L07360	Aug 25, 2015	Jul 16, 2018	N.A.	N.A.	1,000,000	200	10.50%	2,000.00	2,000.00	-	-	-	Redeemable at Par
36	INE949L07378	Aug 25, 2015	Aug 24, 2018	N.A.	N.A.	1,000,000	250	10.50%	2,500.00	2,500.00	-	-	-	Redeemable at Par
37	INE949L07386	Sep 09, 2015	Apr 19, 2019	N.A.	N.A.	1,000,000	1,250	10.50%	12,500.00	12,500.00	-	-	-	Redeemable at Par
38	INE949L07394	Sep 22, 2015	Sep 21, 2018	N.A.	N.A.	1,000,000	250	10.25%	2,500.00	2,500.00	-	-	-	Redeemable at Par
39	INE949L07402	Sep 22, 2015	Sep 20, 2019	N.A.	N.A.	1,000,000	250	10.25%	2,500.00	2,500.00	-	-	-	Redeemable at Par
40	INE216P07019	Jul 18, 2014	Jul 18, 2017	N.A.	N.A.	500,000	1,000	Zero Coupon	5,000.00	5,000.00	-	5,000.00	-	Redeemable at premium
41	INE216P07027	Sep 11, 2014	Sep 11, 2017	N.A.	N.A.	500,000	1,000	11.57%	5,000.00	5,000.00	-	5,000.00	-	Redeemable at par
42	INE216P07035	Feb 20, 2015	Feb 20, 2018	N.A.	N.A.	500,000	500	11.20%	2,500.00	2,500.00	-	2,500.00	-	Redeemable at par
43	INE216P07043	Feb 20, 2015	Feb 20, 2020	N.A.	N.A.	500,000	500	11.20%	2,500.00	2,500.00	-	2,500.00	-	Redeemable at par
44	INE216P07050	May 08, 2015	Apr 26, 2018	N.A.	N.A.	1,000,000	400	10.80%	4,000.00	4,000.00	-	-	-	Redeemable at par
45	INE216P07068	May 26, 2015	Jun 13, 2018	N.A.	N.A.	1,000,000	350	10.80%	3,500.00	3,500.00	-	-	-	Redeemable at par
46	INE216P07076	Jul 15, 2015	Jun 20, 2018	N.A.	N.A.	1,000,000	100	10.70%	1,000.00	1,000.00	-	-	-	Redeemable at par
47	INE216P07084	Jul 15, 2015	Dec 27, 2018	N.A.	N.A.	1,000,000	200	10.70%	2,000.00	2,000.00	-	-	-	Redeemable at par
48	INE216P07092	Jul 31, 2015	Dec 31, 2018	N.A.	N.A.	1,000,000	300	10.70%	3,000.00	3,000.00	-	-	-	Redeemable at par
									TOTAL	165,750.00	48,250.00	106,000.00	8,250.00	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

6.1 (B) DETAIL OF UNSECURED REDEEMABLE NON-CONVERTIBLE DEBENTURES & SUB-ORDINATED DEBTS AS AT MARCH 31, 2016

(₹ in Lacs)

Sr. No.	ISIN No.	Date of allotment	Date of redemption	Call Option	Put Option	Nominal value per debenture (in ₹)	Nos.	Rate of Interest p.a.	Total amount	Non-current maturity for FY 2015-16	Current maturity for FY 2015-16	Non-current maturity for FY 2014-15	Current maturity for FY 2014-15	Terms of redemption
1	INE949L08061	Jan 30, 2013	Jul 30, 2018	N.A.	N.A.	1,000,000	100	12.75%	1,000.00	1,000.00	-	1,000.00	-	Redeemable at Par
2	INE949L08079	Mar 18, 2013	Sep 18, 2018	N.A.	N.A.	1,000,000	100	12.75%	1,000.00	1,000.00	-	1,000.00	-	Redeemable at Par
3	INE949L08095	Jun 05, 2013	Mar 05, 2019	N.A.	N.A.	1,000,000	100	13.00%	1,000.00	1,000.00	-	1,000.00	-	Redeemable at Par
4	INE949L08038	Jul 20, 2012	Feb 20, 2018	N.A.	N.A.	1,000,000	250	12.50%	2,500.00	2,500.00	-	2,500.00	-	Redeemable at Par
5	INE949L08012	Mar 25, 2011	Mar 24, 2018	N.A.	N.A.	1,000,000	200	15.00%	2,000.00	2,000.00	-	2,000.00	-	Redeemable at Par
6	INE949L08129	Sep 04, 2013	Sep 30, 2020	N.A.	N.A.	1,000,000	100	12.41%	1,000.00	1,000.00	-	1,000.00	-	Redeemable at Par
7	INE949L08145	Sep 30, 2015	Apr 02, 2021	N.A.	N.A.	1,000,000	700	12.25%	7,000.00	7,000.00	-	-	-	Redeemable at Par
8	INE949L08111	Aug 27, 2013	Jul 03, 2019	N.A.	N.A.	1,000,000	50	12.50%	500.00	500.00	-	500.00	-	Redeemable at Par
9	INE949L08137	Nov 19, 2013	Sep 19, 2019	N.A.	N.A.	1,000,000	100	13.00%	1,000.00	1,000.00	-	1,000.00	-	Redeemable at Par
10	INE949L08020	May 28, 2011	Nov 28, 2016	N.A.	N.A.	1,000,000	200	14.40%	2,000.00	-	2,000.00	2,000.00	-	Redeemable at Par
11	INE949L08046	Jul 27, 2012	Jun 27, 2018	N.A.	N.A.	1,000,000	250	13.50%	2,500.00	2,500.00	-	2,500.00	-	Redeemable at Par
12	INE949L08087	Mar 25, 2013	Jun 25, 2016	N.A.	N.A.	1,000,000	275	12.35%	2,750.00	-	2,750.00	2,750.00	-	Redeemable at Par
13	INE949L08087	Mar 25, 2013	Sep 25, 2016	N.A.	N.A.	1,000,000	275	12.35%	2,750.00	-	2,750.00	2,750.00	-	Redeemable at Par
14	INE949L08087	Mar 25, 2013	Dec 25, 2016	N.A.	N.A.	1,000,000	275	12.35%	2,750.00	-	2,750.00	2,750.00	-	Redeemable at Par
15	INE949L08087	Mar 25, 2013	Mar 25, 2017	N.A.	N.A.	1,000,000	275	12.35%	2,750.00	-	2,750.00	2,750.00	-	Redeemable at Par
16	INE949L08087	Mar 25, 2013	Jun 25, 2017	N.A.	N.A.	1,000,000	275	12.35%	2,750.00	2,750.00	-	2,750.00	-	Redeemable at Par
17	INE949L08087	Mar 25, 2013	Sep 25, 2017	N.A.	N.A.	1,000,000	275	12.35%	2,750.00	2,750.00	-	2,750.00	-	Redeemable at Par
18	INE949L08087	Mar 25, 2013	Dec 25, 2017	N.A.	N.A.	1,000,000	275	12.35%	2,750.00	2,750.00	-	2,750.00	-	Redeemable at Par
19	INE949L08087	Mar 25, 2013	Mar 25, 2018	N.A.	N.A.	1,000,000	275	12.35%	2,750.00	2,750.00	-	2,750.00	-	Redeemable at Par
20	INE949L08152	Nov 04, 2015	May 04, 2021	N.A.	N.A.	1,000,000	750	11.75%	7,500.00	7,500.00	-	-	-	Redeemable at Par
21	INE949L08160	Nov 19, 2015	May 19, 2021	N.A.	N.A.	1,000,000	200	11.65%	2,000.00	2,000.00	-	-	-	Redeemable at Par
TOTAL									40,000.00	13,000.00	36,500.00	-	-	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

6.2 TERMS OF PRINCIPAL REPAYMENT OF LONG TERM BORROWINGS AS AT MARCH 31, 2016

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 Above		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Monthly Repayment												
Upto 3 years	10% to 12%	47	4,408.05	36	6,369.64	-	-	-	-	-	-	10,777.69
3 to 5 years	10% to 12%	706	21,379.30	1,060	21,747.03	245	9,931.14	2	111.11	-	-	53,168.58
	12% to 14%	12	300.00	10	250.00	-	-	-	-	-	-	550.00
5 to above	8% to 12%	136	4,805.36	336	12,650.22	291	12,224.17	126	5,956.99	200	8,813.72	44,450.46
	12% to 14%	36	814.25	51	2,081.05	7	443.04	-	-	-	-	3,338.34
Quarterly Repayment												
Upto 3 Years	10% to 12%	4	500.00	5	625.00	-	-	-	-	-	-	1,125.00
3 to 5 years	8% to 12%	39	9,552.65	96	28,447.60	66	23,323.18	3	1,500.00	-	-	62,823.43
	12% to 14%	4	11,000.00	4	11,000.00	-	-	-	-	-	-	22,000.00
5 to above	8% to 9%	23	750.58	64	2,371.91	64	2,371.91	64	2,371.91	154	3,757.53	11,623.84
	9% to 10%	18	558.43	56	2,792.95	55	2,757.24	46	2,171.24	99	2,895.51	11,175.37
	10% to 12%	30	1,631.72	72	3,669.76	67	3,188.97	25	1,100.25	10	694.54	10,285.24
Half Yearly Repayment												
Upto 3 Years	8% to 12%	1	3,333.31	4	13,333.33	1	3,333.33	-	-	-	-	19,999.97
Annual Repayment												
Upto 3 Years	8% to 12%	17	20.43	1	1,687.50	-	-	-	-	-	-	1,707.93
3 to 5 years	12% to 14%	1	750.00	1	1,000.00	-	-	-	-	-	-	1,750.00
5 to 7 Years	8% to 10%	-	-	-	-	2	1,000.00	2	1,000.00	3	3,000.00	5,000.00
	10% to 12%	1	500.00	2	1,000.00	1	500.00	-	-	-	-	2,000.00
	14% to 18%	1	500.00	1	500.00	-	-	-	-	-	-	1,000.00
Bullet Repayment												
Upto 3 Years	8% to 12%	11	27,479.60	8	47,750.00	-	-	-	-	-	-	75,229.60
3 to 5 years	8% to 12%	6	7,500.00	12	34,500.00	6	82,500.00	-	-	-	-	124,500.00
	12% to 14%	5	12,500.00	-	-	-	-	-	-	-	-	12,500.00
5 to 7 Years	8% to 12%	-	-	-	-	3	1,500.00	3	11,500.00	-	-	13,000.00
	12% to 14%	-	-	5	8,000.00	7	4,000.00	1	7,000.00	-	-	19,000.00
	14% to 18%	1	2,000.00	1	2,000.00	-	-	-	-	-	-	4,000.00
TOTAL			110,283.68		201,775.99		147,072.98		32,711.50		19,161.30	511,005.45

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

Terms of principal repayment of long term borrowings as at March 31, 2015

(₹ 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 Above		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Monthly Repayment												
Upto 3 years	10% to 12%	62	1,414.71	22	100.18	-	-	-	-	-	-	1,514.89
	12% to 14%	13	1,780.17	-	-	-	-	-	-	-	-	1,780.17
3 to 5 years	10% to 12%	304	7,615.42	478	7,731.22	120	1,442.70	-	-	-	-	16,789.34
	12% to 14%	129	11,354.68	136	33,391.94	-	-	-	-	-	-	44,746.62
5 to above	10% to 12%	42	1,708.45	94	2,946.46	72	1,871.80	34	672.01	-	-	7,198.72
	12% to 14%	96	2,652.53	193	5,820.46	139	5,769.36	31	995.12	-	-	15,237.47
Quarterly Repayment												
Upto 3 years	12% to 14%	9	1,568.33	-	-	-	-	-	-	-	-	1,568.33
3 to 5 years	10% to 12%	10	616.66	28	4,561.09	19	7,672.25	-	-	-	-	12,850.00
	12% to 14%	9	2,291.67	5	1,203.11	-	-	-	-	-	-	3,494.78
5 to above	9% to 10%	6	195.00	16	520.00	16	520.00	16	520.00	23	686.00	2,441.00
	10% to 12%	28	981.54	80	2,883.28	69	2,320.79	52	1,431.57	17	340.96	7,958.14
	12% to 14%	4	384.00	8	768.00	7	676.00	-	-	-	-	1,828.00
Half Yearly Repayment												
Upto 3 years	10% to 12%	-	-	-	-	-	-	-	-	-	-	-
Annual Repayment												
3 to 5 years	12% to 14%	1	750.00	2	1,750.00	-	-	-	-	-	-	2,500.00
5 to 7 Years	10% to 12%	1	500.00	2	999.96	-	-	-	-	-	-	1,499.96
	14% to 18%	1	500.00	2	1,000.00	-	-	-	-	-	-	1,500.00
Bullet Repayment												
Upto 3 years	10% to 12%	-	-	6	47,250.00	-	-	-	-	-	-	47,250.00
	12% to 14%	-	-	-	-	-	-	-	-	-	-	-
3 to 5 years	10% to 12%	-	-	8	10,000.00	1	15,000.00	-	-	-	-	25,000.00
	12% to 14%	3	7,500.00	5	12,500.00	-	-	-	-	-	-	20,000.00
5 to 7 Years	12% to 14%	-	-	1	2,500.00	7	7,000.00	2	5,500.00	-	-	15,000.00
	14% to 18%	-	-	2	4,000.00	-	-	-	-	-	-	4,000.00
At the end of tenure												
Above 3 years	11% to 13.50%	-	-	3	12,500.00	4	4,000.00	3	1,500.00	-	-	18,000.00
TOTAL			41,813.16		152,425.70		46,272.90		10,618.70			1,026.96 252,157.42

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

(₹ in Lacs)

	As at March 31, 2016		As at March 31, 2015	
	Non-current	Current	Non-current	Current
NOTE 7. OTHER LONG-TERM LIABILITIES				
Security deposits from borrowers	1,506.51	1,003.56	1,558.80	517.01
Security deposits under assignment transactions and dealers	-	36.09	-	39.43
Security deposit from employees for vehicles provided	34.87	-	24.99	-
Interest accrued but not due on borrowings (include premium on debentures)	5,171.66	10,915.58	3,139.71	3,362.89
Amount disclosed under the head "other current liabilities" (refer note 10)	-	(11,955.23)	-	(3,919.33)
	6,713.04	-	4,723.50	-

(₹ in Lacs)

	As at March 31, 2016		As at March 31, 2015	
	Non-current	Current	Non-current	Current
NOTE 8. PROVISIONS				
Provision for employees benefits				
Leave availment	166.55	13.97	86.81	19.99
Gratuity	524.13	8.71	317.01	5.52
	690.68	22.68	403.82	25.51
Other provisions				
Estimated loss on old assignments	2.02	1.95	5.67	25.48
Contingent provisions against standard assets	1,695.16	622.47	880.64	346.47
Provision on non-performing assets	2,921.31	-	3,042.34	-
Provisions on Contingencies	109.46	-	-	-
Income tax (net of advance tax)	-	1,504.49	-	1,359.04
Wealth tax	-	-	-	1.68
	4,727.95	2,128.91	3,928.65	1,732.67
	5,418.63	2,151.59	4,332.47	1,758.18

(₹ in Lacs)

	As at March 31, 2016		As at March 31, 2015	
NOTE 9. SHORT-TERM BORROWINGS				
Secured				
(i) Working capital facilities from banks repayable on demands				
Allahabad Bank	-	-	-	44.57
Andhra Bank	4,859.31	-	-	1,516.34
Axis Bank	9,185.47	-	-	-
Bank of India	4,957.86	-	-	-
Central Bank of India	25.25	-	-	3,379.29
Corporation Bank	-	-	-	14.01
HDFC Bank Limited	29,404.19	-	-	19,884.10

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

	(₹ in Lacs)	
	As at March 31, 2016	As at March 31, 2015
ICICI Bank Limited	138.27	390.74
IDBI Bank Limited	29.06	3,883.87
Indian Bank	5.73	2,302.02
Indusind Bank Limited	-	4,182.58
Ing Vysya Bank	-	99.40
Karur Vysya Bank	1.84	-
Kotak Mahindra Bank	1,622.61	1,137.80
Punjab National Bank	2,521.09	4,900.75
State Bank of Bikaner and Jaipur	2.80	4,521.58
State Bank of Hyderabad	3,482.37	1,735.46
State Bank of India	-	80.23
State Bank of Mysore	2,499.62	3,500.00
State Bank of Patiala	9.67	888.97
State Bank of Travancore	1,484.09	1,500.00
The Ratnakar Bank Limited	13.78	500.00
	60,243.01	54,461.71
Unsecured		
(i) Commercial paper from banks		
HDFC Bank Limited	7,401.69	9,874.81
	7,401.69	9,874.81
(ii) Commercial paper from Mutual Funds		
Bajaj Allianz Mutual Fund	2,353.86	-
Deutsche Mutual Fund	-	7,279.72
HDFC Liquid Fund	-	14,334.49
HSBC Mutual Fund	2,449.36	-
Kotak Mutual Fund	19,983.54	9,842.03
Reliance Mutual Fund	-	981.58
Religare Mutual Fund	9,934.20	4,936.03
UTI Mutual Fund	9,836.81	4,902.39
	44,557.77	42,276.24
	51,959.46	52,151.05
	112,202.47	106,612.76

All working capital facilities from banks are repayable on demand and are secured by hypothecation of loans under financing activity. Personnel guarantees by directors and shareholders of the Company have been given for borrowing amount of ₹ 37,234.18 Lacs at March 31, 2016. Borrowings to the extent of ₹ 17,895.90 Lacs are secured by pledge of the Company's shares held by the directors and pledge of property of Company and its directors, and margin money deposits and all cash credit of Au HOUSING FINANCE LIMITED are further guaranteed by corporate guarantee of Au FINANCIERS (INDIA) LTD (Holding company). Interest rate on Short borrowing ranges between 8% to 12% (PY:8% to 12%)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

	As at March 31, 2016	As at March 31, 2015
(₹ in Lacs)		
NOTE 10. OTHER CURRENT LIABILITIES		
a. Current maturities of long-term borrowings		
Secured		
Debentures (refer note 6)	48,250.00	8,250.00
Term loan from banks (refer note 6)	33,805.17	29,331.96
Term loan from financial institutions (refer note 6)	10,408.29	2,647.32
Term loan from non-banking financial companies (refer note 6)	1,852.63	654.17
Term loan from Insurance Company (refer note 6)	1,500.00	-
Term loan from NHB (refer note 6)	886.77	387.84
Auto loan from banks (refer note 6)	70.54	31.82
Auto loan from non-banking financial companies (refer note 6)	10.28	10.05
	96,783.68	41,313.16
Unsecured		
Debentures (refer note 6)	13,000.00	-
Term loan From Banks (refer note 6)	500.00	500.00
	13,500.00	500.00
Total Current maturities of long-term borrowings	110,283.68	41,813.16
b. Interest accrued but not due on borrowings (include premium on debentures) (refer note 7)	10,915.58	3,362.89
	10,915.58	3,362.89
c. Interest accrued and due on borrowings	393.28	334.03
	393.28	334.03
d. Other payables*		
Margin money refundable/adjustable against disbursement	190.71	159.48
Payable to dealers/manufacturers	1,103.47	498.09
Due to assignees towards collections from assigned/secured assets	18,791.24	15,474.89
Security deposit from borrowers (refer note 7)	1,003.56	517.01
Security deposits under assignment transactions and dealers (refer note 7)	36.09	39.43
Book overdrafts	9,496.40	5,236.27
Statutory liabilities	213.98	227.05
Employee benefits payable	3,911.76	1,423.13
Other current liabilities	2,655.52	1,657.02
	37,402.73	25,232.37
	158,995.27	70,742.45

* Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

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, 2016, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

NOTE 11. TANGIBLE ASSETS

	Leasehold Land	Freehold Land	Buildings	Furniture and fixtures	Office equipment	Vehicles	Total	WIP
Cost								
As at March 31, 2014	303.46	243.54	703.91	661.09	808.40	379.52	3,099.92	
Additions	-	-	0.24	231.83	458.29	167.20	857.56	
Deductions	-	-	-	(0.61)	(0.43)	(24.22)	(25.26)	
As at March 31, 2015	303.46	243.54	704.15	892.31	1,266.26	522.50	3,932.22	46.32
Additions	-	-	-	345.86	916.69	205.62	1,468.17	
Deductions	-	-	-	(0.86)	(4.54)	(37.52)	(42.92)	
As at March 31, 2016	303.46	243.54	704.15	1,237.31	2,178.41	690.60	5,357.47	39.14
Depreciation								
As at March 31, 2014	10.44	-	72.22	268.19	418.71	193.83	963.39	
Charge for the year	3.48	-	30.75	192.54	389.84	91.70	708.31	
Other adjustments	-	-	-	0.15	16.08	-	16.23	
Deductions	-	-	-	(0.51)	(0.09)	(15.89)	(16.49)	
As at March 31, 2015	13.92	-	102.97	460.37	824.54	269.64	1,671.44	
Charge for the year	3.48	-	29.28	217.67	540.95	118.98	910.36	
Deductions	-	-	-	(0.81)	(3.13)	(28.55)	(32.49)	
As at March 31, 2016	17.40	-	132.25	677.23	1,362.36	360.07	2,549.31	
Net Block								
As at March 31, 2015	289.54	243.54	601.18	431.94	441.72	252.86	2,260.78	46.32
As at March 31, 2016	286.06	243.54	571.90	560.08	816.05	330.53	2,808.16	39.14

(₹ in Lacs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

	Software	WIP
	(₹ in Lacs)	
NOTE 12. INTANGIBLE ASSETS:		
Cost		
As at March 31, 2014	155.14	-
Additions	90.00	0.26
Deductions	-	-
As at March 31, 2015	245.14	0.26
Additions	113.30	-
Deductions	-	-
As at March 31, 2016	358.44	-
Depreciation		
As at March 31, 2014	67.08	-
Charge for the year	44.65	-
Deductions	-	-
As at March 31, 2015	111.73	-
Charge for the year	70.10	-
Deductions	-	-
As at March 31, 2016	181.83	-
Net Block		
As at March 31, 2015	133.41	0.26
As at March 31, 2016	176.61	-

	Face value (In ₹)	As at March 31, 2016		As at March 31, 2015	
		Non-current	Current	Non-current	Current
NOTE 13. INVESTMENTS					
Non-trade investments (valued at cost unless stated otherwise) Unquoted equity instruments					
Investment in associates					
Au INSURANCE BROKING SERVICES PRIVATE LIMITED	10	19.50	-	19.50	-
195,000 Equity shares (P.Y.: 195,000) fully paid up (includes ₹ 48,034/- Representing of goodwill)					
Add: Accumulated Share of Profit & (Loss)		115.09	-	61.78	-
M POWER MICRO FINANCE PRIVATE LIMITED	10	-	450.00	450.00	-
4,500,000 Equity shares (P.Y.: 4,500,000) fully paid up (includes ₹ 7,105,582/- Representing of goodwill)					
Add: Accumulated Share of Profit & (Loss)		-	144.41	49.64	-
		134.59	594.41	580.92	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

(₹ in Lacs)

	Face value (In ₹)	As at March 31, 2016		As at March 31, 2015	
		Non-current	Current	Non-current	Current
Investment in pass through certificates (PTCs)		4,422.06	3,230.84	2,761.25	2,709.86
Investment in securities portfolio managed by HDFC Asset Management Company Limited		-	-	-	8.84
Investment in liquid mutual funds					
Reliance liquid fund - Treasury plan		-	-	-	391.08
Reliance liquid fund - Short term fund		-	545.95	-	-
		4,556.65	4,371.20	3,342.17	3,109.78
Aggregate Value of Unquoted Investments					
Cost (excluding investment in associates)		4,422.06	3,776.79	2,761.25	3,109.78
Aggregate Value of Unquoted Investment in associates					
Value as per equity method		134.59	594.41	580.92	-

(₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
NOTE 14. DEFERRED TAX ASSETS (NET)		
Deferred tax liability		
Impact of difference between tax depreciation and depreciation charged for the financial reporting	-	-
Unamortized resource mobilization expenses	(130.84)	(143.33)
Provision for special reserve u/s 29C of NHB Act.	(525.30)	(257.14)
Gross deferred tax liability	(656.14)	(400.47)
Deferred tax asset		
Impact of expenditure charged to the statement of consolidated profit and loss in the current year but allowed for tax purposes on payment basis	264.09	172.94
Impact of difference between tax depreciation and depreciation charged for the consolidated financial reporting	168.56	91.15
Provision for doubtful debts and advances	1,868.92	1,488.35
Gross deferred tax asset	2,301.57	1,752.44
Net deferred tax asset	1,645.43	1,351.97

Deferred tax assets and deferred tax liabilities have been offset wherever the Group 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

(₹ in Lacs)

	As at March 31, 2016		As at March 31, 2015	
	Non-current	Current	Non-current	Current
NOTE 15. RECEIVABLE UNDER FINANCING ACTIVITY				
Secured				
Loans under financing activity				
-Considered good	474,351.42	189,210.54	282,446.94	127,081.27
-Considered doubtful	8,207.03	-	5,992.23	-
Loans placed towards minimum retention requirement (MRR) for direct assignment transactions				
-Considered good	11,092.77	5,807.03	6,885.92	4,678.71
-Considered doubtful	0.51	-	-	-
Other Loans				
-Considered good	24,518.60	1,002.25	8,444.53	356.60
-Considered doubtful	54.77	-	17.79	-
	518,225.10	196,019.82	303,787.41	132,116.58
Unsecured				
Loans under financing activity				
-Considered good	-	1,002.52	-	468.83
-Considered doubtful	-	-	-	-
Trade advances to dealers - Considered good	-	11,459.07	-	6,290.60
	-	12,461.59	-	6,759.43
	518,225.10	208,481.41	303,787.41	138,876.01

(₹ in Lacs)

	As at March 31, 2016		As at March 31, 2015	
	Non-current	Current	Non-current	Current
NOTE 16. LONG-TERM LOANS AND ADVANCES				
Unsecured considered good				
Security deposits (refer note 19)	284.36	73.67	211.04	52.30
Indirect taxes - deposited under protest	90.72	-	75.00	-
Prepaid expenses (refer note 19)	231.31	213.77	308.70	245.46
Security deposits with NBFC's/Financial institutions	9.00	-	9.00	-
Advances to suppliers/service providers	0.53	47.77	-	4.06
Advance to staff (refer note 19)	2.43	12.33	0.47	6.11
Advance tax (net of Provision) of previous years	303.10	-	593.91	-
Amount disclosed under the head "short-term loans and advances" (refer note 19)	-	(347.54)	-	(307.93)
	921.45	-	1,198.12	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

(₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
NOTE 17. OTHER NON-CURRENT ASSETS		
Deposits with banks (refer note 18)	644.81	543.51
(Deposits with original maturity for more than 12 months)		
	644.81	543.51

(₹ in Lacs)

	As at March 31, 2016		As at March 31, 2015	
	Current	Non-current	Current	Non-current
NOTE 18. CASH AND BANK BALANCES				
Cash and cash equivalents				
Balances with banks:				
- On current accounts	24,526.76	-	2,211.38	-
- Deposits with original maturity of less than three months (refer note 18.1)	7,335.08	-	1,308.00	-
Stamps/franking balance	93.98	-	35.03	-
Cash on hand	1,657.49	-	2,251.86	-
	33,613.31	-	5,806.27	-
Other bank balances				
- Deposits with original maturity for more than 3 months but less than 12 months (refer note 18.1)	1,978.04	-	4,593.74	-
- Deposits with original maturity for more than 12 months (refer note 18.1)	7,424.30	644.81	12,059.45	543.51
Amount disclosed under the head "other non-current assets" (refer note 17)	-	(644.81)	-	(543.51)
	43,015.65	-	22,459.46	-

NOTE 18.1

Deposits include ₹ 7,642.89 Lacs as cash collateral for assignment/securitization, ₹ 1,070.04 Lacs as cash collateral for bank guarantees under assignment/securitization transactions, ₹ 15.14 Lacs as cash collateral for other bank guarantees, ₹ 739.00 Lacs as cash collateral for working capital/term loan facilities from banks repayable on demand and ₹ 32.00 Lacs as cash collateral for channel financing business.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

(₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
NOTE 19. SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good		
Prepaid expenses (refer note 16)	213.77	245.46
Advances to suppliers/service providers	903.05	249.97
Advances to staff (refer note 16)	175.48	224.27
Security deposits (refer note 16)	73.67	52.30
Recoverable in cash or in kind or for value to be received	-	-
- Considered good	842.89	631.32
- Considered doubtful	58.19	-
	2,267.05	1,403.32
Provision for doubtful advances	47.89	-
	2,219.16	1,403.32

(₹ in Lacs)

	Year ended March 31, 2016	Year ended March 31, 2015
NOTE 20. OTHER CURRENT ASSETS		
Interest accrued but not due on loans to borrowers	5,391.16	2,637.70
Charges recoverable from borrowers	627.61	870.72
Interest accrued but not due on deposit with banks and others	104.58	153.37
Other current asset	0.15	45.38
	6,123.50	3,707.17

(₹ in Lacs)

	Year ended March 31, 2016	Year ended March 31, 2015
NOTE 21. REVENUE FROM OPERATIONS		
Interest income and other charges on :		
Loan portfolio	111,940.99	73,201.83
Securitisation and direct assignment	7,533.77	6,101.19
Finance advisory services	150.37	351.30
Channel finance business	0.37	12.72
Bank deposits placed as collateral	1,003.72	1,603.97
	120,629.22	81,271.01

NOTE 21.1

Interest from loans includes "overdue interest" on loans charged in case of defaults by borrowers, which has been recorded on realisation basis effective from April 01, 2015.

NOTE 21.2

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

(₹ in Lacs)

	Year ended March 31, 2016	Year ended March 31, 2015
NOTE 22. OTHER INCOME		
Income received on investments	290.71	35.09
Provisions no longer required, written back	193.17	71.43
Miscellaneous income	297.28	149.67
	781.16	256.19

(₹ in Lacs)

	Year ended March 31, 2016	Year ended March 31, 2015
NOTE 23. EMPLOYEE BENEFIT EXPENSES		
Salaries and other benefits	17,444.51	10,392.45
Directors remuneration	728.40	259.84
Contribution to provident and other funds	522.16	371.79
Stock option expenditure	207.78	-
Staff welfare expenses	266.03	173.01
	19,168.88	11,197.09

NOTE 23.1 DETAILS OF EMPLOYEES BENEFITS

a) Defined contribution plan

Provident fund

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

The Group recognized ₹ 409.89 Lacs (P.Y. ₹ 268.65 Lacs) for provident fund contributions in the statement of profit and loss. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

b) Defined benefit plans

Gratuity

The Group 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 Group 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

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

	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Current service cost	189.12	117.05
Interest cost on benefit obligation	25.70	18.43
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	3.28	(11.14)
Net benefit expense	218.10	124.34

Balance sheet Benefit asset/liability

	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Present value of defined benefit obligation	532.83	322.53
Fair value of plan assets	-	-
Plan asset / (liability)	532.83	322.53

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

	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Opening defined benefit obligation	322.53	204.16
Current service cost	189.12	117.05
Interest cost	25.70	18.43
Benefit Paid During the Year	(7.80)	(5.97)
Actuarial (gain)/loss on obligation	3.28	(11.14)
Closing defined benefit obligation	532.83	322.53

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

	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Discount rate	8.00%	7.50% - 8.00%
Salary escalation rate	7.00% - 7.50%	7.00%
Withdrawal rate	1.00% - 5.00%	1.00% - 5.00%

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

Amounts for the current and previous four periods are as follows:

	(₹ in Lacs)				
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2014	As at March 31, 2013	As at March 31, 2012
Defined benefit obligation	532.83	322.53	203.96	131.14	64.97
Plan assets	-	-	-	-	-
Surplus / (deficit)	532.83	322.53	203.96	131.14	64.97
Experience adjustments on plan liabilities	3.28	(11.14)	(13.17)	5.75	(0.56)
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 Booked ₹ 73.72 Lacs (P.Y. reversal ₹ 31.46 Lacs) in the books of accounts for the year.

	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
NOTE 24. FINANCE COST		
Interest expense (refer note 24.1)	47,319.76	32,076.69
Other borrowing costs (refer note 24.2)	1,881.05	1,291.73
	49,200.81	33,368.42
NOTE 24.1 INTEREST EXPENSE INCLUDE INTEREST ON		
Subordinated debentures	3,765.20	2,679.90
Term loans/cash credit facilities/commercial papers	21,672.90	17,274.77
Direct/ Indirect taxes	2.38	87.91
Non-convertible debentures	21,622.94	11,824.00
Others	256.34	210.11
	47,319.76	32,076.69
NOTE 24.2 OTHER BORROWING COSTS INCLUDE		
Resource mobilisation expenses	1,674.37	1,087.98
Bank charges and commission	206.68	203.75
	1,881.05	1,291.73

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

(₹ in Lacs)

	Year ended March 31, 2016	Year ended March 31, 2015
NOTE 25. OTHER EXPENSES		
Advertisement and publicity	378.36	102.45
Business promotion	159.23	121.32
Commission and brokerage	1,940.87	1,009.54
Communication	369.36	233.67
Director sitting fee	51.66	22.23
Donations and CSR	259.94	59.91
Electricity and water	252.63	168.82
Fee and subscription	46.15	39.97
Field investigation and credit control	27.47	24.35
Insurance	33.27	30.72
Legal and professional fee	901.29	804.64
Loss on sale of repossessed assets	496.47	616.88
Sponsorship fees	4.28	-
Manpower supply cost	1,693.78	-
Office expenses	213.15	156.41
Postage and courier	121.53	84.91
Printing and stationery	98.43	87.79
Rates and taxes	9.89	8.01
Rent (refer note 25.1)	761.44	555.15
Repair and maintenance - others	165.66	156.28
Repossession expenses	519.02	310.48
Swachh Bharat Cess	11.58	-
Traveling and conveyance	1,646.79	1,133.26
Valuation and RTO	35.02	31.21
Vat expenses	19.71	17.62
Auditor's remuneration		
-Audit fees	59.94	45.24
-Tax audit fees	4.10	5.60
-Other services	2.66	0.92
	10,283.68	5,827.38

NOTE 25.1

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 CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

(₹ in Lacs)

	Year ended March 31, 2016	Year ended March 31, 2015
NOTE 26. PROVISIONS AND WRITE OFFS		
A. Provisions as at March 31, 2016		
Provision on old assigned cases	3.97	31.15
Provision on non performing assets	2,921.31	3,042.34
Provision for other doubtful loans and advances	47.89	-
Contingent provision against standard assets	2,317.63	1,227.11
Provision for contingencies	109.46	-
	5,400.26	4,300.60
B. Provisions as at March 31, 2015		
Provision on old assigned cases	31.15	129.00
Provision on non performing assets	3,042.34	1,954.75
Provision for other doubtful loans and advances	-	-
Contingent provision against standard assets	1,227.11	805.28
Provision for contingencies	-	-
	4,300.60	2,889.03
Net Provision made during the year (A-B)	1,099.66	1,411.57
C. Write off during the year (net of recoveries)		
Loan assets write off	5,025.15	4,665.22
Loss on settlement with borrowers	11.76	1,204.16
Recovery against loans written off	(1,684.87)	(987.30)
Write off during the year (net)	3,352.04	4,882.08
	4,451.70	6,293.65

(₹ in Lacs)

	Year ended March 31, 2016	Year ended March 31, 2015
NOTE 27. TAX EXPENSES		
Current tax	13,135.75	8,545.03
Deferred tax	(293.48)	(468.86)
Adjustment of tax relating to earlier periods	(23.06)	(200.22)
Total tax expenses	12,819.21	7,875.95

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

(₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
NOTE 28. EARNING PER SHARE		
Profit after tax (₹ in Lacs)	24,653.72	16,307.74
Net profit for calculation of basic EPS (₹ in Lacs)	24,653.72	16,307.74
Net profit as above (₹ in Lacs)	24,653.72	16,307.74
Net profit for calculation of diluted EPS (₹ in Lacs)	24,653.72	16,307.74
Weighted average number of equity shares in calculating basic EPS (In nos.)	44,080,752	43,786,861
Effect of dilution:		
Stock option granted to employees (In nos.)	284,060	-
Weighted average number of equity shares in calculating diluted EPS (In nos.)	44,364,812	43,786,861
Earning per share		
Basic (In ₹)	55.93	37.24
Diluted (In ₹)	55.57	37.24
Nominal value per share (In ₹)	10.00	10.00

NOTE 29. RELATED PARTY DISCLOSURES

Names of related parties and related party relationship	
Other 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 Mr. Deepak Jain, Chief Financial Officer Mr. Manmohan Parnami, Company Secretary Mr. Sushil Kumar Agarwal, Whole time director, Au HOUSING FINANCE LIMITED Mr. Ghanshyam Rawat, Chief Financial Officer, Au HOUSING FINANCE LIMITED Mr. Sharad Pathak, Company Secretary, Au HOUSING FINANCE LIMITED Mr. Subhash Tibrewal, Director, INDEX MONEY LIMITED
Relatives of key management personnel	Mr. Subhash Tibrewal brother of Mr. Uttam Tibrewal (upto financial year ended March 31, 2015)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

a. Loans given and repayment there of

					(₹ in Lacs)
Name of related party	Year ended	Loans given	Repayment of loans given	Interest Received	Amount owed by related parties
Associates					
M POWER MICRO FINANCE PRIVATE LIMITED	March 31, 2016	5,623.65	6,630.27	25.34	-
	March 31, 2015	2,250.00	1,250.00	11.82	1,006.61

Loans given to related parties are repayable on demand. These loans carry interest @ of 12% to 17% p.a.

b. Remuneration to key managerial personnel

			(₹ in Lacs)
	Year ended March 31, 2016	Year ended March 31, 2015	
Mr. Sanjay Agarwal, Managing Director	322.73	89.84	
Mr. Uttam Tibrewal, Executive Director	171.44	117.78	
Mr. Deepak Jain, Chief Financial Officer	127.24	86.63	
Mr. Manmohan Parnami, Company Secretary	31.80	29.10	
Mr. Sushil Kumar Agarwal, Whole Time director & CEO	235.82	64.39	
Mr. Sharad Pathak, Company Secretary	5.39	4.06	
Mr. Ghanshyam Rawat, Chief Financial Officer	83.83	68.42	
TOTAL	978.25	460.22	

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 CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

c. Other transactions	Name of related party	Nature of related party	Nature of transactions	FY 2015-16		FY 2014-15	
				Amount received during the year	Amount paid during the year	Amount received during the year	Amount paid during the year
	Au INSURANCE BROKING SERVICES PRIVATE LIMITED	Associate company	Reimbursement of expenses	9.07	2.72	23.50	-
	Au INSURANCE BROKING SERVICES PRIVATE LIMITED	Associate company	Reimbursement of statutory payments	46.36	-	37.13	-
	M POWER MICRO FINANCE PRIVATE LIMITED	Associate company	Buyout of loan portfolio under direct assignment agreement	-	2,499.85	-	-
	M POWER MICRO FINANCE PRIVATE LIMITED	Associate company	Amount received towards collections made from purchased loan portfolio	688.75	-	-	-
	M POWER MICRO FINANCE PRIVATE LIMITED	Associate company	Service fees paid	-	1.55	-	-
	Mr. Sanjay Agarwal	Managing Director	Rent	-	7.75	-	7.14
	Mr. Sushil Kumar Agarwal	Whole Time Director and Chief Executive Officer	Equity shares	400.00	-	-	-
	Mr. Subhash Tibrewal	Relative of KMP's	Salary and Bonus	-	-	-	20.66
	Name of related party	Nature of related party	Nature of transactions	Year ended March 31, 2016		Year ended March 31, 2015	
	Mr. Sanjay Agarwal	Managing Director	Personnel guarantee on behalf of Company	133,822.75		76,057.39	
	Mr. Sanjay Agarwal & Mr. Uttam Tibrewal	Managing Director & Executive Director	Personnel guarantee on behalf of Company	5,520.20		10,683.36	
	Mr. Sanjay Agarwal & Mrs. Jyoti Agarwal	Managing Director & Shareholder	Personnel guarantee on behalf of Company	13,363.09		17,164.88	
	Mr. Sanjay Agarwal	Managing Director	Equity shares pledged	-		380.88	
	Mr. Sanjay Agarwal	Managing Director	Property pledged	-		4,928.55	
	Mr. Sushil Kumar Agarwal	Whole time director	Personnel guarantee	-		166.17	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

(₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
NOTE 30. CAPITAL AND OTHER COMMITMENTS		
Estimated amount of contracts remaining to be executed on capital accounts not provided for :		
Tangible assets	-	16.83
Intangible assets	142.50	0.39
Loan sanctioned but not disbursed	10,827.11	6,402.42
	10,969.61	6,419.64

(₹ in Lacs)

	As at March 31, 2016	As at March 31, 2015
NOTE 31. CONTINGENT LIABILITY NOT PROVIDED FOR		
Credit enhancements provided by the Company towards asset assignment / securitisation (including cash collaterals, principal and interest subordination)	16,227.85	24,023.00
Corporate Guarantees/Corporate Undertakings in case of Channel business activity	57.18	597.35
Claims against the Company not acknowledged as debts *	187.61	225.96
Value added tax	13.89	13.89
Income tax demand #	71.46	65.58
Service tax \$	2,051.42	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 ₹ 187.61 Lacs (P.Y. ₹ 225.96 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 ₹ 9.50 Lacs, ₹ 27.35 Lacs, ₹ 18.65 Lacs and ₹ 15.95 Lacs from the Indian tax authorities for payment of tax of financial year 2009-10, 2010-11, 2011-12 and 2012-13 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)/ Income Tax Appeals Tribunal (ITAT) and is pending for disposal. The Company has deposited the demand but has not recognized the provision pending disposal of appeal.

\$ Service tax demand of ₹ 1209.62 Lacs (up to September 2013) and show cause notice for ₹ 837.92 Lacs (for the period from October 2013 to March 2015) received from the Service Tax authorities. Company has appealed to commissioner – Service Tax in this matter and Commissioner has given the decision in favour of department. Now Company has contested to appeal before the Custom Excise and Service Tax Appellate Tribunal (CESTAT) at Delhi for the demand up to September 2013 and contested to appeal before the Commissionerate of central excise Jaipur against the notice for the period from October 2013 to March 2015. Company has deposited ₹ 90.72 Lacs against appeal to CESTAT. The tax demand is mainly on collection agency service on portfolio assigned/securitized to banks/financial institution/non-banking financial institutions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

NOTE 32.

The Company operates in a single reportable segment i.e. lending to borrowers, which have similar risks and returns for the purpose of AS 17 on 'Segment Reporting' specified under section 133 of the Companies act 2013, read with rule 7 of the companies (Accounts) Rules, 2014. The Company operates in a single geographical segment i.e. domestic.

(₹ in Lacs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
NOTE 33. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)		
Fee and Subscription	1.25	-
Resource Mobilization Expenses	6.40	-
Debentures Issue Expenses	16.75	-
Appraisal/Processing fee	-	104.11

NOTE 34. STOCK OPTIONS

(₹ in Lacs)

Particulars	Plan A	Plan B
During the year ended March 31, 2016, the following stock option grants were in operation:		
Date of grant	August 31, 2015	August 31, 2015
Date of Board / Compensation Committee approval	August 10, 2015	August 10, 2015
Number of Options granted	571,403	462,141
Method of settlement	Equity	Equity
Graded vesting period:		
One year from the date of approval of the stock plan at general meeting or on the date of proposed initial public offer of Company's equity shares (currently estimated September 30, 2017) whichever is later	20%	20%
On expiry of one year from the 1st vesting date	30%	30%
On expiry of two year from the 1st vesting date	50%	50%
Exercise period	4 years from the 1st vesting date	
Vesting conditions	Continuous service	
Weighted average remaining contractual life (years)	5.5	5.5
Weighted average exercise price per option (₹)	60.65	200.21
Weighted average fair value of options (₹)	192.15	127.86

Reconciliation of Options

(₹ in Lacs)

Particulars	March 31, 2016	
	Plan A	Plan B
Options outstanding at the beginning of the year	-	-
Granted during the year	571,403	462,141
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year	571,403	462,141
Exercisable at the end of the year	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

Details of stock options granted during the year:

Plan A & B: The weighted average fair value of stock options granted during the year was ₹ 192.15 (Plan A) and ₹ 127.86 (plan B).

The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Plan A			Plan B		
	Tranche vesting in FY 2017-18	Tranche vesting in FY 2018-19	Tranche vesting in FY 2019-20	Tranche vesting in FY 2017-18	Tranche vesting in FY 2018-19	Tranche vesting in FY 2019-20
Share price on the date of grant (₹)	232.20	232.20	232.20	232.20	232.20	232.20
Exercise price (₹)	60.65	60.65	60.65	200.21	200.21	200.21
Expected volatility (%)	47.90%	47.90%	47.90%	47.90%	47.90%	47.90%
Life of the options granted (years)	4.1	4.6	5.1	4.1	4.6	5.1
Risk-free interest rate (%)	7.80%	7.80%	7.80%	7.80%	7.80%	7.80%
Expected dividend rate (%)	0%	0%	0%	0%	0%	0%
Fair value of the option (₹)	189.60	191.60	193.50	120.20	126.40	131.80

The Company measures the cost of ESOP using the intrinsic value method. Had the Company used the fair value model to determine compensation, its profit after tax and earnings per share as reported would have changed to the amounts indicated below:

Particulars	(₹ in Lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Profit after tax and share of profit of Associate as reported	24,655.69	16,307.74
Add: ESOP cost using intrinsic value method (net of tax)	135.87	-
Less: ESOP cost using fair value method (net of tax)	202.42	-
Profit after tax (adjusted)	24,589.14	16,307.74
Earnings Per Share		
Basic		
- As reported	55.93	37.24
- Adjusted for ESOP cost using fair value method	55.78	37.24
Diluted		
- As reported	55.57	37.24
- Adjusted for ESOP cost using fair value method	55.33	37.24

Particulars	(₹ in Lacs)	
	As at March 31, 2016	As at March 31, 2015
Stock options outstanding (gross)	1,128.08	-
Deferred compensation cost outstanding	920.30	-
Stock options outstanding (net)	207.78	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

NOTE 35.

The Company has entered into a Share Purchase Agreement and Shareholders Agreement dated February 05, 2016 for a partial sale of its investment in subsidiary, Au HOUSING FINANCE LIMITED. Pending the fulfilment of certain conditions precedent to the sale as at March 31, 2016, which are expected to be fulfilled in the subsequent financial year.

NOTE 36. LITIGATION

The Company has certain litigations pending with the income tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provision is required and disclosed the contingent liabilities where applicable, in its financial statements. Refer note 31 for items disclosed as contingent liabilities

NOTE 37.

At the year end, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

NOTE 38.

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

Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary/ Associates

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ in Lacs)	As % of consolidated profit or loss	Amount (₹ in Lacs)
Parent				
Au Financiers (India) Limited	94.27%	100,943.51	85.84%	21,161.94
Subsidiaries				
Indian				
Au Housing Finance Limited	18.97%	20,310.28	13.01%	3,206.40
Index Money Limited	0.51%	546.71	0.55%	137.23
Total Subsidiaries	19.48%	20,856.99	13.56%	3,343.63
Minority Interest in all Subsidiaries	-0.40%	(423.31)	0.00%	-
Associates (Investments as per equity method)				
Indian				
Au Insurance Broking Services Private Limited	0.13%	134.58	0.22%	53.31
M Power Micro Finance Private Limited	0.55%	594.41	0.38%	94.84
Total Associates	0.68%	728.99	0.60%	148.15
Inter-Company Elimination & Consolidated Adjustments	-14.03%	(15,027.74)	0.00%	-
Total	100.00%	107,078.44	100.00%	24,653.72

For and on behalf of the Board of Directors
For Au FINANCIERS (INDIA) LIMITED

Sd/-
Sanjay Agarwal
Managing Director

Sd/-
Uttam Tibrewal
Executive Director

Sd/-
Deepak Jain
Chief Financial Officer

Sd/-
Manmohan Parnami
Company Secretary

Place: Jaipur
Date: May 27, 2016

NOTICE

Notice is hereby given that the Twenty First (21st) Annual General Meeting of the members of **Au FINANCIERS (INDIA) LIMITED** will be held on Wednesday, 31st day of August 2016 at 11.00 AM at Au FINANCIERS (INDIA) LIMITED, Flexible Room, B-11 E, Behind CEG Building, Near Tata Motors Service Station, Malviya Nagar Industrial Area, Malviya Nagar, Jaipur -302017, to transact the following businesses:

ORDINARY BUSINESS

1. To Consider and adopt the Audited Financial Statements and Consolidated Financial Statements of the Company for the Financial Year ended March, 31, 2016 and the reports of Board of Directors and Auditors' thereon.
2. To appoint a director in place of Mr. Vishal Mahadevia (DIN:01035771) who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
3. To consider and approve the appointment of M/S S.R. BATLIBOI & ASSOCIATES LLP in place of M/S S.R. BATLIBOI & CO. LLP for financial year FY 2016-17.

To consider and, if thought fit, the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 139, 141 and other applicable provisions, if any, of the Companies Act, 2013, read with The Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the Rules, Circulars and Guidelines issued by the Reserve Bank of India from time to time and subject to approval from such other regulatory authorities, as may be applicable, M/s. S. R. BATLIBOI & ASSOCIATES. LLP, Chartered Accountants Firm Registration No.: 101049W/E300004, be and are hereby appointed as the Statutory Auditors of the Company in place of Existing Auditors M/S S. R. BATLIBOI & CO. LLP to hold office, from the conclusion of ensuing Annual General Meeting until till the conclusion of the 22nd Annual General Meeting of Company to be held in the calendar year 2017 at a remuneration as may be determined by Board of Directors of the Company."

SPECIAL BUSINESS

4. **AUTHORISATION TO BORROW MONEY IN EXCESS OF PAID UP CAPITAL AND FREE RESERVE OF THE COMPANY**

U/S 180(1)(C) OF THE COMPANIES ACT, 2013:

To consider and, if thought fit, to pass, the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 180(1) (c) and other applicable provisions, if any, of the Companies Act, 2013 read with The Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the relevant provisions of the Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded to 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) for borrowing from time to time as it may think fit, any sum or sums of money not exceeding ₹ 22,000 Cr (Rupees Twenty Two Thousand Crores Only) (including the money already borrowed by the Company) in Indian Rupees or equivalent thereof in any foreign currency(ies) on such terms and conditions as the Board may deem fit, whether the same may be secured or unsecured and if secured, whether domestic or international, whether by way of mortgage, charge or hypothecation, pledge or otherwise in any way whatsoever, on, over or in any respect of all, or any of the company's assets and effects or properties including stock in trade (receivables), deposits or other security notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from the temporary loans obtained from the Company's Bankers in the ordinary course of business) and remaining un-discharged at any given time, exceed the aggregate, for the time being, of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

RESOLVED FURTHER THAT the Board 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 ₹ 22,000 Cr (Rupees Twenty Two 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 in form of debt in the nature of Debentures, Bonds, Commercial Papers and 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.,.

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 matters connected therewith or incidental thereto."

5. AUTHORISATION TO SELL, LEASE OR OTHERWISE DISPOSE OF THE ASSETS OF THE COMPANY FOR BORROWINGS UNDER SECTION 180(1)(a) OF THE COMPANIES ACT, 2013:

To consider and, if thought fit, to pass the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 180(1) (a) and other applicable provisions, if any, of the Companies Act, 2013 read with The Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and provisions of Articles of Association, and all other applicable rules, laws and acts (if any) and subject to all other requisite approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities (if any) consent of the members of the Company be and is hereby accorded to authorize 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) to sell, liquidate, dispose off or to create mortgage and/or charge on all or any of its movable and / or immovable, tangible and/ or intangible properties, or such other assets of the Company 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), together with interest, cost, charges and expenses thereon for amount not exceeding ₹ 22,000 Cr (Rupees Twenty Two 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 to give effect to this resolution and for matter connected therewith or incidental thereto."

6. APPROVAL FOR ALTERATION IN EXISTING ARTICLES OF ASSOCIATION OF THE COMPANY.

To consider and, if thought fit, to pass, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of section 14 and other applicable provisions, if any, of the Companies Act, 2013, read with The Companies (Incorporation) Rules, 2014 (including any statutory modification(s), amendments or re-enactment(s) thereof for the time being in force) and further subject to any other laws and regulations, as may be applicable and pursuant to the Shareholders' Agreement dated February 28, 2012, as amended to till date, entered into between the Company, India Business Excellence Fund, India Business Excellence Fund-I, International Finance Corporation, Redwood Investment Ltd, Labh Investments Limited, MYs Holdings Private Limited and Motilal Oswal Securities Limited, Sponsors (as defined therein), approval of the shareholders be and is hereby accorded to alter the existing Articles of Association of the Company by substituting the existing clause (b) of Article 34, clause (c) of Article 37, clause (d) of Article 37 and clause (c) of Article 54 and replacing it by the new clause (b) of Article 34, clause (c) of Article 37, clause (d) of Article 37 and clause (c) of Article 54 more so particularly as provided in the explanatory statement to this notice and that the altered Articles of Association of the Company (Articles) as per the copy tabled before the meeting and initialled by the Chairman for the purpose of identification be and is hereby adopted.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts,

deeds and things as in its absolute discretion it may think necessary, expedient or desirable; to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/ consent from the government departments, as may be required in this regard.”

7. REVISION IN TERMS OF APPOINTMENT OF MR. SANJAY AGARWAL- MANAGING DIRECTOR (DIN: 00009526)

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:-

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198, 203 and any other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s), amendment(s) or re-enactment(s) thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and Articles of Association of the Company and subject to the approval of Central Government or any other Government authority/ agency/board, if any, approval of the Company be and is hereby accorded for revision in remuneration of Mr. Sanjay Agarwal (DIN: 00009526), Managing Director of the Company, the details of which are given in the Explanatory Statement annexed hereto and are also set out in the agreement to be entered into between the Company and Mr. Sanjay Agarwal, a draft whereof is placed before this Meeting, which (the Agreement) is, hereby specifically sanctioned (brief of such terms and conditions are as set out in the Explanatory Statement annexed to this Notice), with liberty to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to fix the actual amount of remuneration and perquisites payable or to be provided to Mr. Sanjay Agarwal and to alter and vary the terms & conditions of remuneration and / or agreement in such manner as may be agreed to between the Company and Mr. Sanjay Agarwal, within the limits approved by the Members and to the extent the Board may consider appropriate from time to time.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or inadequate profits, the remuneration payable shall be subject to the limits stipulated under Schedule V read with Section 196 and 197 of the Companies Act,2013.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable; to settle any question or doubt that may arise

in relation thereto in order to give effect to the foregoing resolution and to seek such approval/ consent from the government departments, as may be required in this regard.”

8. REVISION IN TERMS OF APPOINTMENT OF Mr. UTTAM TIBREWAL- WHOLE TIME DIRECTOR (DIN:01024940)

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:-

“**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and Articles of Association of the Company and subject to the approval of Central Government or other Government authority/agency/ board, if any, approval of the Company be and is hereby accorded to pay revised remuneration to Mr. Uttam Tibrewal (DIN:01024940) a draft whereof is placed before this Meeting, which (the Agreement) is, hereby specifically sanctioned (brief of such terms and conditions are as set out in the Explanatory Statement annexed to this Notice), with liberty to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to fix the actual amount of remuneration and perquisites payable or to be provided to Mr. Uttam Tibrewal and to alter and vary the terms & conditions of remuneration and / or agreement so as not to exceed the limits specified in Schedule V to the Companies Act, 2013 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force or any amendments and / or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto, as may be agreed to between the Board and Mr. Uttam Tibrewal within the limits approved by the Members and to the extent the Board may consider appropriate from time to time.

RESOLVED FURTHER THAT where in any financial year, the Company has no profits or inadequate profits, the remuneration payable shall be subject to the limits stipulated under Schedule V read with Section 196 and 197 of the Companies Act,2013.

RESOLVED FURTHER THAT the Board or any committee thereof be and is hereby authorized to do all such acts, deeds and things as in its absolute discretion it may think necessary, expedient or desirable; to settle any question

or doubt that may arise in relation thereto in order to give effect to the foregoing resolution and to seek such approval/consent from the government departments, as may be required in this regard.”

PLACE: JAIPUR BY THE ORDER OF THE BOARD
 DATE: May 27, 2016 FOR Au FINANCIERS (INDIA) LIMITED

Sd/-
 MANMOHAN PARNAMI
 COMPANY SECRETARY

NOTES:

1. 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 8 as set out above and proposed to be transacted at the Annual General Meeting is annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE VALID AND EFFECTIVE, MUST BE DULY FILLED, SIGNED, STAMPED AND DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT (48) HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

PURSUANT TO THE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE UNDERLYING RULES VIZ. COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014, A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

Registrar and Transfer Agent (RTA):	Link Intime India Pvt. Ltd
Address:	C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400078

3. **APPOINTMENT OF AUTHORISED REPRESENTATIVES**
 Corporate members intending to send their authorised representatives to attend the Meeting are requested to

send to the Company a certified true copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

4. SHAREHOLDER QUERIES

In case you have any query relating to the enclosed Financial Statements 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.

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

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

7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

8. The register of Contracts Arrangements in which the Directors are interested, maintained under section 189 of Companies Act, 2013 and Register of Directors, KMP and their shareholding under Sec 170 of Companies Act, 2013 will be available for inspection by the members at the AGM.

9. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts.

10. Members desirous of making nomination as permitted under Section 72 of the Companies Act, 2013 in respect of members holding shares in demat form may contact their respective depository participants for such nominations.

11. With a view to using Natural resources, we request Shareholders to update their E-mail addresses, with their depository Participants/Company, to enable Company to send Communications electronically.

12. All the documents referred to in the Notice and explanatory statements and the Register of Directors' Shareholding are open for inspection at the Registered Office of the Company on all working days from 10 AM to 5 PM, except on Holidays, upto the date of Annual General Meeting.

13. A Copy of Audited Standalone and Consolidated Financial Statements along with Board's and Auditor's Report have been enclosed for your easy reference on the Company's website.

The Voting Rights of Shareholders shall be in Proportion to their shares in the Paid up equity Capital of the Company as on August 24, 2016.

14. Mr. Manoj Maheshwari (Membership No.F3355) has been appointed for as the Scrutinizer for to scrutinize the remote e-voting process and polling at the Annual General Meeting in a fair and transparent manner.

15. The Notice of Annual General Meeting and the copies of audited financial statements, Board's report, auditors' report, etc. will also be displayed on the website www.aufin.in of the Company and the other requirements as applicable will be duly complied with. Electronic copy of the Annual Report and Notice of Annual General Meeting for the financial year 2015-16 is being sent to all the members whose email IDs are registered with the Company/Depository Participant(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

16. E-Voting Facility

Pursuant to provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 the Company is pleased to provide members, facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the business may be transacted through E-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL). E -Voting is not mandatory on Au FINANCIERS (INDIA) LIMITED, however company has adopted to implement the same to provide ease of voting to our shareholders through electronic means and to promote good corporate Governance practices.

Procedure and Instructions:

- i. The facility for voting through ballot paper/Poling Paper/ remote e-voting shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- ii. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- iii. The remote e-voting period commences on August 26, 2016 (09:00 A.M.) and ends on August 30, 2016 (5:00 P.M.). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 24, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- iv. The process and manner for remote e-voting are as under:
 - i. Open the attached PDF file "**e-Voting.pdf**" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password. You will not receive this PDF file if you are already registered with NSDL for e-voting
 - ii. Launch internet browser by typing the URL **<https://www.evoting.nsdl.com/>**
 - iii. Click on "Shareholder - Login".
 - iv. Put User ID and password as initial password noted in step (1) above and Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com
 - v. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/characters or combination thereof.
 - vi. Home page of remote "e-Voting" opens. Click on e-Voting: Active Voting Cycles.
 - vii. Select "**EVEN 104517**" of **(Au FINANCEIRS (INDIA) LIMITED)**. Members can cast their vote online from August 26, 2016 (9:00 am) till **August 30, 2016 (5:00 pm)**. **Note: e-Voting shall not be allowed beyond said time.**

- viii. Now you are ready for “e-Voting” as “Cast Vote” page opens.
- ix. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm”, when prompted.
- x. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail (**cs@vmandaonline.com**) with a copy marked to **evoting@nsdl.co.in**.
- v. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- vi. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- vii. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- viii. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. August 24, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or manmohan.parnami@aufin.in
- However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/ Password” option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- ix. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only as mentioned above shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- x. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” or “Poling Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- xi. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- xii. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing.

PLACE: JAIPUR
DATE: May 27, 2016

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

Sd/-
MANMOHAN PARNAMI
COMPANY SECRETARY

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 102(1) OF COMPANIES ACT, 2013

The following Statement sets out all material facts relating to the Special Businesses mentioned in the accompanying Notice:

Item No. 4

The Board of Directors of the Company envisages requirement 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 (FI’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 upto a sum not exceeding ₹ 22,000 Cr (Rupees Twenty Two Thousand Crores 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 ₹ 22,000 Cr (Rupees Twenty Two Thousand Crores Only) or equivalent thereof in any foreign currency(ies).

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 debt securities.

None of the Director, Key Managerial Personnel and their relatives, if any, are deemed to be concerned or interested, financially or otherwise in the proposed resolution.

The Board of Directors recommends the passing of the Special Resolution at Item No. 4 of the Notice to the members of the Company.

Item No. 5

The borrowings / issue of debt 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,

Item No 6

Your company entered into a Shareholders' Agreement (SHA) with its investors, in the year 2012, which got amended subsequently, by way of First Amendment Agreement dated February 16, 2013, Second Amendment Agreement dated April 04, 2014, third Amendment Agreement dated December 22, 2014 and Fourth Amendment Agreement dated July 15, 2015.

In terms of the provisions of the said Agreement as amended to till date, the company was entrusted with the responsibility, to initiate the process of listing of its Equity Shares and complete the process within the timelines given in it.

Since, the company is yet to initiate the desired process, the Board of Directors of the company have accordingly extended the timelines by twelve months, resulting in having impact on various clauses of the existing Articles of Association of the company, requiring suitable amendments to be carried out in the same.

It is to be noted that the above process of altering the regulations of the Articles of Association of company would require the company to pass Special Resolution in terms of Section 14 of the Companies Act, 2013, read with its applicable rules, seeking Shareholders' Approval.

The amendments proposed for approval in the relevant Articles of Association of the Company are as under:-

Clause No.	Existing Clause	Amended Clause
34(b)	<p>"From the Effective Date and until expiry of 56 (fifty six) months thereafter, no Investor shall Transfer any of its Investor Securities to any Competitor. The restriction contained in this Article 34 (b) shall not apply to any Transfer of Equity Shares or Share Equivalents by any of Investors:</p> <p>i. after the consummation of a Listing; or</p> <p>ii. in the event of a Listing Default, it being understood that in case of a Listing Default, the Transfer of all Investor Securities shall be subject to the provisions of Article 14.</p> <p>Subject to compliance with the provisions of Article 54, this Article 14(b) shall not apply to any Transfers by IFC."</p>	<p>"From the Effective Date and until expiry of September 30, 2017 thereafter, no Investor shall Transfer any of its Investor Securities to any Competitor. The restriction contained in this Article 34 (b) shall not apply to any Transfer of Equity Shares or Share Equivalents by any of Investors:</p> <p>(i) after the consummation of a Listing; or</p> <p>(ii) in the event of a Listing Default, it being understood that in case of a Listing Default, the Transfer of all Investor Securities shall be subject to the provisions of Article 14.</p> <p>Subject to compliance with the provisions of Article 54, this Article 14(b) shall not apply to any Transfers by IFC."</p>

37(c)	<p>“Notwithstanding the provisions Article 32 (b) (ii), from the expiry of the twenty ninth (29th) month from the Effective Date till the expiry of the fifty sixth (56th) month from the Effective Date, the Company shall and the Sponsors shall cause the Company to initiate the process of Listing such that the Listing is completed before the expiry of fifty sixth (56th) month from the Effective Date, subject to the following:</p> <p>(i) The Investors shall have the right (but not an obligation) to offer all or a part of their Equity Shares for sale as a part of such Listing; and</p> <p>(ii) The obligation of the Company and/or the Sponsors to complete a Listing shall be fulfilled only if all the Equity Shares offered for sale by the Investors as set out in (i) above are sold through such Listing.”</p>	<p>“Notwithstanding the provisions Article 32 (b) (ii), from the expiry of the twenty ninth (29th) month from the Effective Date till the expiry of September 30, 2017, the Company shall and the Sponsors shall cause the Company to initiate the process of Listing such that the Listing is completed before the expiry of September 30, 2017, subject to the following:</p> <p>(i) The Investors shall have the right (but not an obligation) to offer all or a part of their Equity Shares for sale as a part of such Listing; and</p> <p>(ii) The obligation of the Company and/or the Sponsors to complete a Listing shall be fulfilled only if all the Equity Shares offered for sale by the Investors as set out in (i) above are sold through such Listing.”</p>
37(d)	<p>“In the event:</p> <p>(i) the Company/Sponsors have not been able to initiate a Listing before the expiry of the fifty sixth (56th) month from the Effective Date; or</p> <p>(ii) a Listing has been initiated in accordance with Article 37(b) or (c) above but SEBI Approval has not been received before the expiry of the fifty fourth (54th) month from the Effective Date; or</p> <p>(iii) a Listing has been initiated in accordance with (b) or (c) above and SEBI Approval has been received before the expiry of the fifty fourth (54th) month from the Effective Date but the Listing has not been completed prior to the expiry of the fifty sixth (56th) month from the Effective Date; or</p> <p>(iv) a Listing is initiated and completed before the expiry of the fifty sixth (56th) month from the Effective Date but the condition as set out in (b) (ii) or (c)(ii) above, as the case may be, has not been complied with, (each of the above, a “Listing Default”), then (aa) any of the Investors may Transfer their Equity Shares in the Company to any Person, in accordance with Article 14; (bb) all obligations of the Investors and the rights of the Sponsors under these Articles shall stand terminated forthwith, other than (AA) the inter-se obligations of the Investors; (BB) the rights of the Sponsors under Articles 20-26, Article 36, Article 14-15 and Articles 38-39.”</p>	<p>“In the event:</p> <p>(i) the Company/Sponsors have not been able to initiate a Listing before the expiry of 30th September, 2017; or</p> <p>(i) Listing has been initiated in accordance with Article 37(b) or (c) above but SEBI Approval has not been received before the expiry of July 30, 2017; or</p> <p>(iii) a Listing has been initiated in accordance with (b) or (c) above and SEBI Approval has been received before the expiry of July 30, 2017 but the Listing has not been completed prior to the expiry of September 30, 2017; or</p> <p>(iv) a Listing is initiated and completed before the expiry of September 30, 2017 but the condition as set out in (b)(ii) or (c)(ii) above, as the case may be, has not been complied with, (each of the above, a “Listing Default”), then (aa) any of the Investors may Transfer their Equity Shares in the Company to any Person, in accordance with Article 14; (bb) all obligations of the Investors and the rights of the Sponsors under these Articles shall stand terminated forthwith, other than (AA) the inter-se obligations of the Investors; (BB) the rights of the Sponsors under Articles 20-26, Article 36, Article 14-15 and Articles 38-39.”</p>
54(c)	<p>“In the event IFC Transfers all or any part of the IFC Securities to a Competitor before the expiry of 56 (fifty six) months from the Effective Date, IFC shall only, at the maximum, provide to such Competitor the rights which are equivalent to the rights which would be available to any Non Competing Non-Financial Investor pursuant to sub-Section (f) below, except the rights under Article 43.”</p>	<p>“In the event IFC Transfers all or any part of the IFC Securities to a Competitor before the expiry of September 30, 2017, IFC shall only, at the maximum, provide to such Competitor the rights which are equivalent to the rights which would be available to any Non Competing Non-Financial Investor pursuant to sub-Section (f) below, except the rights under Article 43.”</p>

Hence, The Directors recommend passing of the Special Resolution as set out in Item No. 6 of the Notice.

The Director, Key Managerial Personnel and their relatives, if any, is deemed to be concerned or interested extent to their shareholding and Directorship in the proposed resolution.

A copy of the existing Articles of Association of the Company along with the draft of the proposed amendments, will be available for inspection by the Members at the Registered Office of the Company on all working days from 10 AM to 5 PM, except on Holidays, upto the date of Annual General Meeting.

ITEM NO 7.

Mr. Sanjay Agarwal was appointed as the Managing Director of the Company by Shareholders at the Extraordinary General Meeting held on February 14, 2008 for a period of 5 years. Subsequently he was re-appointed as Managing Director for a period of five years by the Shareholders of the company in their Annual General Meeting held on 26.08.2013, complying with the requirements of the Companies Act, 1956.

The Companies Act, 2013, provides that the total managerial remuneration payable by a public company, to its directors, including managing director and whole-time director, and its manager in respect of any financial year shall not exceed eleven per cent of the net profits of the company for that financial year computed in the manner laid down in section 198.

KEY PERFORMANCE INDICATORS THE COMPANY FOR FINANCIAL YEAR 2015-16

The following are the Key Performance Indicators of the company, as on March 31, 2016, based on audited standalone financial statements:-

Key Performance parameters	FY14-15 (₹ In Cr)	FY15-16 (₹ In Cr)	% increase
Profit After Tax	140	212	51%

Existing remuneration limits be increased from ₹ 5 Cr to ₹ 35 Cr, subject to the condition that it will not exceed 7.50% of Net Profit, calculated in accordance with Section 198 of Companies Act 2013 and as prescribed in the Schedule V to the Companies Act, 2013.

Besides above the following are the material terms of the draft Agreement pertaining to the remuneration of Mr. Sanjay Agarwal as Managing Director:-

Designation: Managing Director

Period: 5 years with effect from February 14, 2013

It is also provides that except with the approval of shareholders the remuneration payable to any one managing director; or whole-time director or manager shall not exceed five per cent of the net profits of the company and if there is more than one such director remuneration shall not exceed ten per cent of the net profits to all such directors and manager taken together.

In consideration of above, The Company has Managing Director and Whole Time Director both and the Board of Directors of the Company have recommended & approved to revise the existing remuneration limit to maximum of 7.50% of the Net Profit, calculated in accordance with Section 198 of Companies Act 2013 payable to Mr. Sanjay Agarwal, Managing Director as may be permissible in terms of the provisions of Schedule V to the Act, as amended to till date, and as may be approved by the Board from time to time.

Mr. Sanjay Agarwal is personally supervising and managing critical functions and departments viz. Finance & Treasury, Collections, Legal, Compliances, Human Resource etc. Under his leadership and guidance, the Company has taken great strides in terms of disbursements, 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 spearheaded the project of Small Finance Bank application and company successfully received in-principle approval from Reserve Bank of India.

Remuneration:

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

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

- (i) Flexible Compensation/Perquisites: In addition to above, the Managing Director shall be entitled to the following allowances, perquisites, benefits, facilities and amenities as set out in Parts A, B and C as applicable subject to limit contained in schedule V and relevant provisions of the Companies Act, 2013, read with its applicable rules.
- (iii) Sitting Fee etc.: No sitting fee shall be paid to Mr. Sanjay Agarwal, for attending the meetings of Board of Directors or any committee thereof.

PART A:

- (i) Housing: Mr. Sanjay Agarwal shall also be entitled to perquisites like furnished / unfurnished accommodation. If the Company does not provide residential accommodation, he will be paid such house allowance as the Board may decide from time to time subject to that the same does not exceed 60% of the basic salary.
- (ii) Medical Reimbursement: Allowance for Expenditure incurred for the Managing Director and his family, subject to a ceiling of one month's basic salary in a year or three months basic salary over a period of three years.
- (iii) Leave Travel Concession: For the self and family once in a year incurred in accordance with the rules specified by the Company
- (iv) Valuation of perquisites shall be done as per the Income-Tax rules, wherever applicable.

PART B:

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

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

PART C:

- (i) Conveyance: Free use of the Company's car with driver. Personal use of car shall be billed by the Company.
- (ii) Reimbursement of Expenses: Apart from the remuneration as aforesaid, Mr. Sanjay Agarwal, shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with the business of the Company.

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

The remuneration by way of salary, perquisites and other allowances payable in the event of loss or inadequacy of profits in any financial year during the aforesaid period shall be the same as specified above however shall be subject to the provisions of Schedule V of the Companies Act, 2013, read with its applicable rules and approval/consent from the Central government be obtained as may be required in this regard.

Other Terms & Conditions:

- (i) Mr. Sanjay Agarwal, Managing Director shall be liable to retire by rotation under the applicable provision of the law, Mr. Sanjay Agarwal will perform the duties and exercise the powers, which from time to time may be assigned to or vested in him by the Board of Directors of the Company and more particularly defined in the Agreement to be entered into with him by the company and this shall be subject to regulatory requirements and approvals if any.
- (ii) The terms & conditions as above including remuneration, may be altered / varied from time to time by Nominations and Remuneration Committee, Board of Directors as it may, in its absolute discretion, deem fit within the maximum amount payable to the appointee in accordance with Schedule V annexed to the Companies Act, 2013 as may be amended from time to time or any other relevant Statutory enactment(s) thereof in this regard subject to that the same does not exceed the ceiling as provided in the said resolution.

The draft of the amended Agreement proposed to be entered into by the Company with Mr. Sanjay Agarwal is available for inspection by the Shareholders at the Registered Office of the Company on all working days from 10 AM to 5 PM, except on Holidays, upto the date of Annual General Meeting.

The above may be treated as an abstract of terms of remuneration under Section 190 of the Act in respect of the Managing Director of the Company.

Except Mr. Sanjay Agarwal, Managing Director and his relatives, to the extent of their shareholding, no other Directors, key

managerial personnel and their relatives, if any, are deemed to be concerned or interested, financial or otherwise in the proposed resolution.

The Board of Directors of the Company recommends passing of the resolution as set out at item no. 7 of the Notice of Annual general Meeting.

ITEM NO. 8

Mr. Uttam Tibrewal was appointed as the Whole Time Director of the Company by Shareholders at the Extraordinary General Meeting of the Members held on February 14, 2008 for a period of 5 years. Subsequently he was re-appointed as Whole Time Director for a period of five years by the Shareholders of the company in their Annual General Meeting held on 26.08.2013, complying with the requirements of the Companies Act, 1956.

The Companies Act, 2013, provides that the total managerial remuneration payable by a public company, to its directors, including managing director and whole-time director, and its manager in respect of any financial year shall not exceed eleven per cent of the net profits of the company for that financial year computed in the manner laid down in section 198.

It is also provides that the remuneration payable to any one managing director; or whole-time director or manager shall not exceed five per cent of the net profits of the company and if there is more than one such director remuneration shall not exceed ten per cent of the net profits to all such directors and manager taken together.

In consideration of above, The Company has Managing Director and Whole Time Director both and the Board of Directors of the Company have recommended & approved to revise the existing remuneration limit to maximum of 2.50% of the Net Profit, calculated in accordance with Section 198 of Companies Act 2013 payable to Mr. Uttam Tibrewal Whole Time Director, as may be permissible in terms of the provisions of Schedule V to the Act, as amended to till date, and as may be approved by the Board from time to time.

Mr. Uttam Tibrewal has been associated with the company since 2003 and has experience of more than 20 years. Currently he is taking care of the marketing and business development functions of the Company and is also responsible for developing strategic business relationships.

KEY PERFORMANCE INDICATORS OF THE COMPANY FOR FINANCIAL YEAR 2015-16

The following are the Key Performance Indicators of the Company, as on March 31, 2016, based on audited standalone financial statements:-

Key Performance parameters	FY14-15 (₹ In Cr)	FY15-16 (₹ In Cr)	% increase
Profit After Tax	140	212	51%

Existing remuneration limits be increased from ₹ 3 Cr to ₹ 10 Cr, subject to the condition that it will not exceed 2.50% of Net Profit, calculated in accordance with Section 198 of Companies Act 2013 and as prescribed in the Schedule V to the Companies Act, 2013.

Besides above the following are the material terms of the draft Agreement pertaining to the remuneration of Mr. Uttam Tibrewal as Whole-time Director are as follows:

Designation : Whole-time Director
Period : 5 years with effect from February 14, 2013

Remuneration :

Salary: Salary shall include Basic Salary, Company's Contribution to provident Fund and Gratuity Fund and an amount by way of commission/Bonus, payable annually in addition to the salary, calculated with reference to the performance of the Company in a particular financial year, at the discretion of and as may be

determined by Nominations and Remuneration Committee and decided by Board of Directors.

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

Flexible Compensation/Perquisites: In addition to above, the Whole Time Director shall be entitled to the following allowances, perquisites, benefits, facilities and amenities as set out in schedule V and relevant provisions of the Companies Act, 2013.

PART A:

Housing: Mr. Uttam Tibrewal shall also be entitled to perquisites like furnished/unfurnished accommodation. If the Company does not provide residential accommodation, he will be paid

such house allowance as the Board may decide from time to time subject to that the same does not exceed 60% of the basic salary.

Medical Reimbursement: Allowance for Expenditure incurred for the Whole-time Director and his family, subject to a ceiling of one month's basic salary in a year or three months basic salary over a period of three years.

Leave Travel Concession: For the self and family once in a year incurred in accordance with the rules specified by the Company

Valuation of perquisites shall be done as per the Income-Tax rules, wherever applicable.

PART B:

Contribution to the Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income-Tax Act, 1961.

Gratuity not exceeding half a month's salary for each completed year of service subject to a maximum limit as specified in The Payment of Gratuity Act, 1972

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

PART C:

Conveyance: Free use of the Company's car with driver. Personal use of car shall be billed by the Company.

Reimbursement of Expenses: Apart from the remuneration as aforesaid, Mr. Uttam Tibrewal, shall also be entitled to reimbursement of such expenses as are genuinely and actually incurred in efficient discharge of his duties in connection with the business of the Company.

Sitting Fee etc.: No sitting fee shall be paid to Mr. Uttam Tibrewal, for attending the meetings of Board of Directors or any committee thereof.

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

The remuneration by way of salary, perquisites and other allowances payable in the event of loss or inadequacy of profits in any financial year during the aforesaid period shall be the same as specified above however shall be subject to the provisions of Schedule V of the Companies Act, 2013, read with its applicable rules and approval/consent from the Central government be obtained as may be required in this regard.

Other Terms & Conditions:

Mr. Uttam Tibrewal, Whole-time Director shall be liable to retire by rotation under the applicable provision of the law, as may be applicable on the company.

Mr. Uttam Tibrewal will perform the duties and exercise the powers, which from time to time may be assigned to or vested in him by the Board of Directors of the Company and more particularly defined in the Agreement to be entered into with him by the company.

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

The above may be treated as an abstract of terms of remuneration under Section 190 of the Act in respect of the Whole Time Director of the Company.

Except Mr. Uttam Tibrewal, Whole Time Director and his relatives to the extent of their shareholding, no other Directors, key managerial personnel and their relatives, if any, are deemed to be concerned or interested, financial or otherwise in the proposed resolution.

The Board of Directors of the Company recommends passing of the resolution as set out at item no. 8 of the Notice of Annual general Meeting.

PLACE: JAIPUR
DATE: May 27, 2016

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

Sd/-
MANMOHAN PARNAMI
COMPANY SECRETARY

ATTENDANCE SLIP

Au FINANCIERS (INDIA) LIMITED

CIN: U36911RJ1996PLC011381

Registered Office: 19-A, Dhuleshwar Garden, Ajmer Road, Jaipur - 302001, Rajasthan

I hereby record my presence at the 21st ANNUAL GENERAL MEETING of Au FINANCIERS (INDIA) LIMITED on Wednesday, 31st day of August 2016 at 11.00 AM at Au FINANCIERS (INDIA) LIMITED, Flexible Room, B-11 E, Behind CEG Building, Near Tata Motors Service Station, Malviya Nagar Industrial Area, Malviya Nagar, Jaipur -302017 (Rajasthan)

Folio No..... DP ID..... Client ID.....

Name of Member.....

Name of Proxy Holder.....

Number of Shares Held.....

Signature of Member/Proxy

Notes: Members/Proxy holders are requested to produce the attendance slip duly signed for admission to the Meeting hall.



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]

CIN : **U36911RJ1996PLC011381**
Name of the Company : **Au FINANCIERS (INDIA) LIMITED**
Registered office : **19-A Dhuleshwar Garden, Ajmer Road, Jaipur-302001, Rajasthan**

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty first Annual General Meeting of the company, to be held on Wednesday, 31st day of August 2016 at 11.00 AM at Au FINANCIERS (INDIA) LIMITED, Flexible Room, B-11 E, Behind CEG Building, Near Tata Motors Service Station, Malviya Nagar Industrial Area, Malviya Nagar, Jaipur -302017 and/or at any adjournment thereof in respect of such resolutions as indicated below:-

S. No	Resolution	For	Against
1.	To Consider and Adopt the Audited Financial Statements and Consolidated Financial Statements of the Company for the Financial Year ended March, 31, 2016 and the reports of Board of Directors and Auditors' thereon.		
2.	To appoint a director in place of Mr. Vishal Mahadevia (DIN:01035771) who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.		

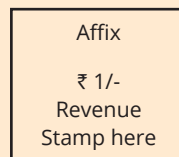


S. No	Resolution	For	Against
3.	To consider and approve the appointment of M/S S.R. BATLIBOI & ASSOCIATES LLP in place of M/S S. R. BATLIBOI & CO. LLP for financial year FY 2016-17.		
4.	Authorisation to borrow money in excess of paid up capital and free reserve of the company u/s 180(1)(c) of the companies act, 2013.		
5.	Authorisation to sell, lease or otherwise dispose of the assets of the company for borrowings under section 180(1)(a) of the companies act, 2013		
6.	Approval for alteration in existing articles of association of the company.		
7.	Revision in Terms of Appointment of Mr. Sanjay Agarwal- Managing Director (DIN: 00009526)		
8.	Revision in Terms of Appointment of Mr. Uttam Tibrewal- Whole Time Director (DIN: 01024940)		

Signed this _____ day of _____ 2016 _____

Signature of shareholder

Signature of Proxy Holder(s)



Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company addressed to the "Company Secretary", not later than 48 hours before the commencement of the Meeting.
2. A person can act as proxy on behalf of Members upto and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent of the total share capital of the Company carrying voting rights, may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.

*** It is optional to put a (√) in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.**

ROUTE MAP OF THE VENUE FOR ANNUAL GENERAL MEETING



 **Au FINANCIERS (INDIA) LIMITED**
Flexible Room,
B-11 E, Behind CEG Building,
Near Tata Motors
Service Station, Malviya Nagar
Industrial Area, Malviya Nagar,
Jaipur - 302 017 (Rajasthan)

Au FINANCIERS (INDIA) LIMITED

Registered Office

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

Corporate Office

D-313, 3rd Floor, Kanakia Zillion, Junction of CST
Road and L.B.S. Marg, Kurla (West),
Mumbai - 400 070, Maharashtra

Website: www.aufin.in | Email: [info@ aufin.in](mailto:info@aufin.in)
Phone No.: 0141 4110060/61
CIN: U36911RJ1996PLC011381