

INDEPENDENT AUDITORS' REPORT**To the Members of Indian Association for Savings & Credit****Report on the Financial Statements**

We have audited the accompanying financial statements of Indian Association for Savings & Credit ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013; and
- (b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date.

Other offices:

Ahmedabad • Bengaluru • Chennai • Hyderabad • Jaipur • Kolkata • Mumbai • New Delhi • Pune • Vadodra



REPORT UNDER NBFC AUDITORS' REPORT (RBI) DIRECTION 1998**TO THE BOARD OF DIRECTORS OF INDIAN ASSOCIATION FOR SAVINGS & CREDIT**

We have audited the attached Balance sheet of Indian Association for Savings & Credit as at 31.03.2013 under the Companies Act, 1956 and enclose our report thereon.

As required by the Non - Banking Finance Companies Auditors' Report (Reserve Bank) Directions, 1998, we further report as follows:

- I) The Association is exempt from obtaining the Certificate of Registration from Reserve Bank of India by Virtue of compliance with the conditions laid down in Reserve Bank of India's Notification No: DNBS 138/CGM (VSNM)-2000 dated 13th January, 2000, referred to in the Master Circular No.DNBS.PD.CC.No.282/03.02.004/2012-13, dated 02.07.2012
- II) The Board of Directors of the Association has passed a resolution for the non-acceptance of any public deposit on 17th December 2012.
- III) As per the Compliance certificate received from a practicing company secretary, the company has not accepted any Public deposits during the year ended 31st March, 2013
- IV) As the Association has not accepted public deposit, the NBFC Prudential Norms (RBI) directions 1998 (Notification No. DFC.119/DG (SPT) - 98 dated 31.01.1998) are not applicable to it.



For Haribhakti & Co.
Chartered Accountants
Firm Registration No.103523W

A handwritten signature in blue ink, appearing to read "C.S. Sathyanarayanan".

C.S.Sathyanarayanan
Partner

Membership No.028328

Coimbatore

June 12,2013.

Report on Other Legal and Regulatory Requirements

1. This report does not contain a statement on the matters specified in paragraphs 4 and 5 of the Companies (Auditor's Report) Order, 2003 ("the order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the company.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



For Haribhakti & Co.
Chartered Accountants
Firm Registration No.103523W

A handwritten signature in blue ink, appearing to read "C.S. Sathyanarayanan".

C.S.Sathyanarayanan
Partner

Membership No.028328

Coimbatore

June 12,2013.

INDIAN ASSOCIATION FOR SAVINGS AND CREDIT
(Registered under Section 25 of the Companies Act, 1956)
Balance Sheet as at 31st March 2013

(Amount in ₹)

PARTICULARS	Note No.	As at 31st March, 2013	As at 31st March, 2012
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	60,00,000	60,00,000
Reserves and Surplus	3	1,89,51,088	2,53,94,809
Non-Current Liabilities			
Long-Term Borrowings	4	3,20,02,908	3,96,08,958
Other Long Term Liabilities	5	1,99,726	15,39,258
Current Liabilities			
Other Current Liabilities	6	7,02,23,086	12,50,73,133
Total		12,73,76,808	19,76,16,158
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	7	24,01,442	30,13,439
Intangible Assets		8,21,001	7,53,562
Deferred Tax Asset	8	38,27,600	9,38,962
Long-Term Loans and Advances	9	1,58,62,636	72,16,081
Current Assets			
Cash and Cash Equivalents	10	3,64,12,222	5,05,07,191
Short-Term Loans and Advances	11	6,53,55,896	13,23,25,600
Other Current Assets	12	26,96,011	28,61,324
Total		12,73,76,808	19,76,16,158

Summary of Significant Accounting Policies

1

The accompanying notes 2 to 29 are an integral part of the financial statements

Vide our report of date attached
For Haribhakti & Co.
Chartered Accountants
Firm Registration No. 103523W



(Handwritten signature)

C S SATHYANARAYANAN
Partner
Membership No. 028328

For and Behalf of the Board of Directors

(Handwritten signature)

Director

(Handwritten signature)

Director

Place : Coimbatore

Date : 12-06-2013

INDIAN ASSOCIATION FOR SAVINGS AND CREDIT
(Registered under Section 25 of the Companies Act, 1956)
Statement of Profit & Loss for the year ended 31st March 2013

(Amount in ₹)

	PARTICULARS	Note No.	Year ended 31st March, 2013	Year ended 31st March, 2012
I.	Revenue from Operations	13	3,68,19,576	7,23,60,625
II.	Other Income	14	24,78,175	14,13,796
III.	Total Revenue (I + II)		3,92,97,751	7,37,74,421
IV.	Expenses:			
	Employee Benefit Expenses	15	1,73,90,250	1,97,54,152
	Finance Costs	16	1,70,39,784	2,54,20,042
	Other expenses	17	1,29,13,248	1,53,52,504
	Depreciation and Amortization Expense	7	10,26,502	15,05,641
	Total Expenses		4,83,69,783	6,20,32,339
V.	Profit/(Loss) before Tax (III - IV)		(90,72,032)	1,17,42,082
VI.	Tax Expense:			
	(1) Current tax		-	(39,71,000)
	(2) Deferred Tax Asset		28,88,638	1,86,857
	(3) Taxation for earlier years		(2,60,327)	-
VII.	Profit/(Loss) for the Period (V - VI)		(64,43,721)	79,57,939
VIII	Earnings Per Equity Share of face value ₹10 each (Refer note No.29)			
	Basic & Diluted		(10.74)	13.26

Summary of Significant Accounting Policies 1

The accompanying notes 2 to 29 are an integral part of the financial statements

Vide our report of date attached

For Haribhakti & Co.
Chartered Accountants
Firm Registration No. 103523W



(Signature)

C S SATHYANARAYANAN
Partner
Membership No. 028328

For and Behalf of the Board of Directors

(Signature)

Director

(Signature)

Director

Place : Coimbatore
Date : 12-06-2013

EQUITY AND LIABILITIES

SHAREHOLDER'S FUNDS

Note No.2 SHARE CAPITAL

Share capital	As at 31.03.2013		As at 31.03.2012	
	In Numbers	Amount in ₹	In Numbers	Amount in ₹
Authorised				
30,00,000 Equity Shares of ₹ 10/- each	30,00,000	3,00,00,000	30,00,000	3,00,00,000
Issued, Subscribed and Paid up				
6,00,000 Equity Shares of ₹ 10/- Each	6,00,000	60,00,000	6,00,000	60,00,000
		60,00,000		60,00,000

a) Terms/Rights attached to equity shares :

The company has only one class of equity shares having a par value of ₹ 10 per share. Each equity shareholder is entitled to one vote per share.

b) Details of Shareholders holding more than 5% shares in the company :

Name of the shareholder	Equity Shares			
	As at 31.03.2013		As at 31.03.2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Suryoday Micro Finance Pvt Limited	5,99,930	99.99%	-	-
HDFC Ltd	-	-	2,99,930	49.99%
Palmyrah Workers Development Society	-	-	3,00,000	50.00%
	5,99,930	99.99%	5,99,930	99.99%

Note No.3 RESERVES & SURPLUS

Reserves and Surplus	As at 31.03.2013	As at 31.03.2012
	Amount in ₹	Amount in ₹
Surplus in the Statement of Profit & Loss		
Opening balance	2,53,94,809	1,74,36,870
Add : Net profit/(Loss) transferred from Statement of Profit and Loss	(64,43,721)	79,57,939
	1,89,51,088	2,53,94,809

Note No.4 LONG TERM BORROWINGS

Long Term Borrowings	Non - current portion		Current Maturities	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Secured				
Debenture	-	-	2,00,00,000	2,00,00,000
Loans from bank and financial institutions	38,89,446	1,71,52,485	1,56,43,789	8,68,63,818
Unsecured				
Loans and advances from Related Parties	2,81,13,462	2,24,56,473	1,58,60,781	84,02,016
	3,20,02,908	3,96,08,958	5,15,04,570	11,52,65,834
Amount disclosed under the head "Other Current Liabilities - Current maturities of Long term debts (Refer Note No. 6)	-	-	(5,15,04,570)	(11,52,65,834)
	3,20,02,908	3,96,08,958	-	-

i) Debentures represents 20,00,000 secured Non - convertible 6.5% debentures of ₹ 10 each issued for cash at par to Housing Development Finance Corporation Limited. These debentures are secured by a mortgage of Land owned by the company at Lonavala. The debentures are redeemable on 30.04.2013.

ii) Term loan from Gruh finance are secured by way of hypothecation of standard book debts and fixed deposits to the extent of 8% of the loan amount to be held till the date of currency of the loan. The loans are repayable in 5 & 17 monthly equated instalments respectively. The interest is payable on monthly basis and the rate of interest is in the range of 13% to 16% per annum.

iii) Term Loans from Canfin Homes Limited are secured by way of hypothecation of book debts and receivables. The loans are repayable in 17 & 22 monthly instalments respectively. The interest is payable on monthly basis and the rate of interest is in the range of 22% to 25% per annum.



iv) Unsecured Term Loans from Suryoday Micro Finance Pvt Ltd are repayable in 6 & 7 equated quarterly instalments respectively. The interest is payable on quarterly basis and the rate of interest is 17% per annum.

v) Unsecured Term Loans from HDFC are repayable with variable maturity terms ranging between 30 to 180 months respectively. The interest is payable on monthly basis and the rate of interest is in the range of 7.5% to 9% per annum.

Note No.5 OTHER LONG TERM LIABILITIES

OTHER LONG TERM LIABILITIES	As at 31.03.2013	As at 31.03.2012
	Amount in ₹	Amount in ₹
Joint Liability Fund (Refer Note No.23)	1,99,726	15,39,258
	1,99,726	15,39,258

Note No.6 OTHER CURRENT LIABILITIES

Other current Liabilities	As at 31.03.2013	As at 31.03.2012
	Amount in ₹	Amount in ₹
Current Maturities of Long Term Debts (Refer Note No: 4)	5,15,04,570	11,52,65,834
Statutory Dues	3,15,105	9,00,074
Provision for Expenses	4,48,187	9,25,869
Joint Liability Fund (Refer Note No.23)	10,34,080	79,69,496
Disbursements in Pipeline	1,59,80,314	-
Other Liabilities	9,40,830	11,860
	7,02,23,086	12,50,73,133

ASSETS

NON CURRENT ASSETS

Note No.8 DEFERRED TAX ASSETS

Deferred tax Assets	As at 31.03.2013	As at 31.03.2012
	Amount in ₹	Amount in ₹
Fixed Assets	1,42,426	1,63,365
Disallowances under the income tax Act	36,85,174	7,75,597
	38,27,600	9,38,962

Note No.9 LONG TERM LOANS AND ADVANCES

Long term Loans and Advances	As at 31.03.2013	As at 31.03.2012
	Amount in ₹	Amount in ₹
Unsecured considered Good		
Loans granted (Refer Note No.21)	99,99,119	56,55,311
Advance Income Tax (Net of provisions)	42,73,044	3,30,725
Security Deposits	15,90,473	12,30,045
	1,58,62,636	72,16,081

CURRENT ASSETS

Note No.10 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents	As at 31.03.2013	As at 31.03.2012
	Amount in ₹	Amount in ₹
Cash and Cash Equivalents		
Cash on Hand	6,61,388	6,20,771
Balance with Banks		
In Current Account	1,89,50,835	78,86,421
In Short term Deposits	73,00,000	2,90,00,000
Other bank balance		
Term Deposits	1,00,000	25,00,000
Margin Deposits #	94,00,000	1,05,00,000
	3,64,12,222	5,05,07,191

Margin Deposit includes deposits of ₹ 54,00,000/- under lien for loans obtained from Gruh Finance Limited and ₹ 40,00,000/- towards financial services agreement entered into with Yes Bank.



Note No.11 SHORT TERM LOANS & ADVANCES

Short term Loans & Advances	As at 31.03.2013	As at 31.03.2012
	Amount in ₹	Amount in ₹
Unsecured		
Loans Granted (Refer Note No.21)		
Considered Good	6,53,55,896	13,23,25,600
Considered Doubtful	5,01,328	23,90,501
	6,58,57,224	13,47,16,101
<u>Less: Provision for Bad Debts & doubtful Debts</u>	5,01,328	23,90,501
	6,53,55,896	13,23,25,600

Provision for Bad and Doubtful Debts

The Company has a prudent policy of reviewing its internal guidelines for determining the provision to be made for bad and doubtful advance on an annual basis. The company provides for doubtful loans in the following manner:

Criteria	Provision Percentage
Loans having outstanding amount with age 91 to 180 days	10%
Loans having outstanding amount with age 181 to 365 days	25%
Loans having outstanding amount above 365 days	50%
Interest accrued and due on the above loans are fully provided for	

Bad & doubtful Debts

The Loans identified as bad and doubtful debts and remain uncollected for 365 days after the expiry of tenure/death of the borrower is fully written off.

Note No.12 OTHER CURRENT ASSETS

Other Current Assets	As at 31.03.2013	As at 31.03.2012
	Amount in ₹	Amount in ₹
Unsecured considered Good		
Commission Receivable	3,38,338	-
Prepaid Expenses	3,75,993	4,30,564
Receivable from Related Parties	3,96,189	-
Advance to Employees	1,02,004	1,43,500
Interest Accrued on Fixed deposits	13,11,846	19,48,390
Gratuity	1,57,610	3,38,870
Other Receivables	14,031	-
	26,96,011	28,61,324



INDIAN ASSOCIATION FOR SAVINGS AND CREDIT

Note No. 13 REVENUE FROM OPERATIONS

(Amount in ₹)

Particulars	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
<u>Revenue from Operations</u>		
Interest Income	3,30,48,738	6,44,50,154
<u>Other operating income</u>		
Admission fees	-	74,070
Centre fees	-	18,108
Loan Processing fees	11,94,850	22,52,158
Training fees/income	-	11,72,000
Commission Income	3,38,338	
Stationery fees	2,81,150	4,74,077
Bad Debts recovered	1,81,466	39,20,058
Provision for Doubtful debts, no longer required written back	17,75,034	-
	3,68,19,576	7,23,60,625

Note No. 14 OTHER INCOME

Particulars	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
Interest Income on Fixed Deposits	16,58,409	12,21,429
Profit on Sale of Assets	2,16,504	-
Miscellaneous Income	1,14,766	78,076
Excess provision written back	4,88,496	1,14,291
	24,78,175	14,13,796

Note No. 15 EMPLOYEE BENEFIT EXPENSES

Particulars	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
Salaries & Wages	1,38,27,530	1,57,10,389
Contribution to PF and Other Funds	17,72,916	18,69,266
Incentives	9,03,432	5,06,865
Staff Welfare Expenses	8,86,372	16,67,632
	1,73,90,250	1,97,54,152

Note No. 16 FINANCE COST

Particulars	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
Interest Expense	1,69,84,560	2,49,20,042
Other Borrowing Costs	55,224	5,00,000
	1,70,39,784	2,54,20,042



Note No. 17 OTHER EXPENSES

Particulars	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
Travelling & Conveyance	18,41,809	24,83,340
Postage & Telephone	8,46,562	15,02,211
Insurance	2,69,942	10,57,982
Rent	15,19,152	15,84,799
Electricity Charges	2,80,666	4,53,670
Printing and Stationery	4,77,920	5,92,123
Repair & Maintenance		
- Buildings	1,32,636	25,647
- Computers	4,83,318	2,16,008
- Office Equipment	7,357	57,792
- Vehicle	1,24,754	2,03,575
Professional & Legal Expenses	9,02,365	9,98,894
Auditor Remuneration	2,24,720	4,19,670
Rates & taxes	30,674	6,77,071
Service tax paid	1,29,700	3,17,035
Professional Tax	35,828	1,10,640
Brokerage and Incentives	1,38,139	4,98,097
Bank Charges	99,418	2,12,922
Provision for Bad Debts	5,01,328	1,04,010
Bad debts writtenoff	43,03,339	32,36,581
Loss on sale of assets	-	3,742
Miscellaneous Expenses	5,63,621	5,96,695
	1,29,13,248	1,53,52,504

Remuneration to auditors	For the Year Ended 31.03.2013	For the Year Ended 31.03.2012
a. for Statutory Audit	2,00,000	2,00,000
b. for Taxation Matters	-	26,255
c. for Other Services	-	1,47,250
d. Service Tax	24,720	46,165
	2,24,720	4,19,670



INDIAN ASSOCIATION FOR SAVINGS AND CREDIT

Table No.7 - FIXED ASSETS

Particulars	Rate (WDV Basis)	Gross Block				Depreciation				Net Block	
		As on 01.04.2012	Additions	Deletions	As on 31.03.2013	Upto 31.03.2012	For the Year	Withdrawn	Upto 31.03.2013	As on 31.03.2013	As on 31.03.2012
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets											
Land		6,74,000	-	-	6,74,000	-			-	6,74,000	6,74,000
Improvements to Leasehold Building	20.00%	16,24,899	-	-	16,24,899	16,24,899	-	-	16,24,899	-	-
Furniture & Fixtures	18.10%	23,95,776	-	1,98,844	21,96,932	15,78,742	1,46,948	1,49,526	15,76,164	6,20,768	8,17,034
Office Equipments	13.91%	7,10,764	11,662	31,970	6,90,456	3,72,528	47,817	18,700	4,01,645	2,88,811	3,38,236
Vehicles	25.89%	13,70,559	-	-	13,70,559	10,37,003	86,358	-	11,23,361	2,47,198	3,33,556
Computers	40.00%	35,05,033	88,888	3,25,500	32,68,421	26,54,419	3,50,818	3,07,482	26,97,755	5,70,666	8,50,614
Total		1,02,81,031	1,00,550	5,56,314	98,25,267	72,67,591	6,31,941	4,75,708	74,23,824	24,01,442	30,13,440
Intangible Assets											
Computer Software	33.33%	22,59,266	4,62,000	-	27,21,266	15,05,704	3,94,561	-	19,00,265	8,21,001	7,53,562
Total		22,59,266	4,62,000	-	27,21,266	15,05,704	3,94,561	-	19,00,265	8,21,001	7,53,562
Grand Total		1,25,40,297	5,62,550	5,56,314	1,25,46,533	87,73,295	10,26,502	4,75,708	93,24,089	32,22,443	37,67,002
Previous Year		1,25,95,685	1,32,095	1,87,483	1,25,40,297	74,47,396	15,05,641	1,79,741	87,73,295	37,67,002	51,48,289

