

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 and Credit ("the Company"), which comprise the Balance Sheet as at March 31, 2014, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date;



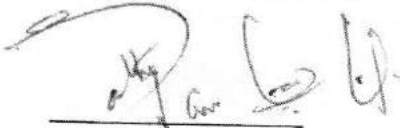
Report on Other Legal and Regulatory Requirements

1. This report does not contain a statement on the matters specified in paragraph 4 and 5 of the Companies (Auditors' 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 and Statement of Profit and Loss and dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet and Statement of Profit and Loss comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For Haribhakti & Co.

Chartered Accountants

Firm Registration No. 103523W



C.S. Sathyanarayanan

Partner

Membership No. 028328

Coimbatore

May 10, 2014



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 31.03.2014 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.336/03.02.004/2013-14, dated 01.07.2013
- II) The Board of Directors of the Association has passed a resolution for the non-acceptance of any public deposit on 27th March 2014.
- 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, 2014
- 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



C.S.Sathyanarayanan

Partner

Membership No.028328

Coimbatore

May 10,2014.



CERTIFICATE

To the Board of Directors of Indian Association for Savings and Credit,

We have been requested by Indian Association for Savings and Credit ("the Company"), having its registered office at 1101, Ambrosia Raheja Acropolis 2, Building No.2B, Mahalakshmi Road, Mumbai, to issue a certificate under Rule 4(a) of the 'Companies (Disqualification of directors under section 274(1)(g) of the Companies Act, 1956) Rules 2003' as to whether any directors of the Company is disqualified under section 274(1)(g) of the Companies Act, 1956.

The following documents have been furnished by the Company:

- a) List of Directors during the period covered by Auditor's Report.
- b) Register of Directors maintained under section 303(1) of the Companies Act, 1956.
- c) Copy of the Form 32 filed by the Company.
- d) Copy of Form DD-A filed by the Company.
- e) Written representation from the management.

Based on the above documents and information and explanation provided to us, we have performed the following procedures:

- a) Verified form 32 filed by the Company with the List of Directors.
- b) Verified the information provided by the management from the information contained in the register maintained under section 303(1) of the Companies Act, 1956.
- c) Verified the contents of Form DD-A with the information given by all directors.

We have performed our procedures in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI").



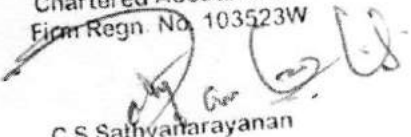
HARIBHAKTI & CO.

Chartered Accountants

Based on the procedures performed by us as stated above and according to the information, explanations and written representation provided to us, we certify that none of the directors of the company as on March 31, 2014 are disqualified for appointment as a director in the Company in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

This certificate is issued under Rule 4(a) of the 'Companies (Disqualification of directors under section 274(1)(g) of the Companies Act, 1956) Rules 2003'. This Certificate may not be useful for any other purpose. Haribhakti & Co. shall not be liable to the Company or to any other concerned, for any claims, liabilities or expenses relating to this assignment, except to the extent of fees relating to this assignment

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


C S Sathyanarayanan
Partner
Membership No. 028328



Date: 10-05-2014

Place: Coimbatore

INDIAN ASSOCIATION FOR SAVINGS AND CREDIT
(Registered under Section 25 of the Companies Act, 1956)
Balance Sheet as at 31st March 2014

(Amount in ₹)

PARTICULARS	Note No.	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	60,00,000	60,00,000
Reserves and Surplus	2	2,47,18,276	1,89,51,088
Non-Current Liabilities			
Long-Term Borrowings	3	2,73,28,767	3,20,02,908
Other Long Term Liabilities	4	3,78,766	1,99,726
Current Liabilities			
Other Current Liabilities	5	3,55,03,464	6,97,23,086
Total		9,39,29,273	12,68,76,808
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets			
Tangible Assets	6	37,00,798	24,01,442
Intangible Assets		5,87,296	8,21,001
Deferred Tax Asset	7	9,70,185	38,27,600
Long-Term Loans and Advances	8	1,28,49,641	1,53,62,636
Current Assets			
Cash and Cash Equivalents	9	6,76,65,772	3,64,12,222
Short-Term Loans and Advances	10	17,79,288	6,53,55,896
Other Current Assets	11	63,76,293	26,96,011
Total		9,39,29,273	12,68,76,808

Summary of Significant Accounting Policies

17

The accompanying notes 1 to 27 are an integral part of the financial statements

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



C S SATHYANARAYANAN
Partner
Membership No. 028328

For and on behalf of the Board of Directors

R. Balaji
Director

Jaswan Singh
Director

Place : Coimbatore
Date : 10-05-2014

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 2014

(Amount in ₹)

PARTICULARS	Note No.	2013-14	2012-13
I. Revenue from Operations	12	5,73,46,851	3,68,19,576
II. Other Income	13	25,99,574	24,78,175
III. Total Revenue (I + II)		5,99,46,425	3,92,97,751
IV. Expenses:			
Employee Benefit Expenses	14	2,69,39,765	1,73,90,250
Finance Costs	15	61,45,496	1,70,39,784
Other expenses	16	1,67,62,465	1,29,13,247
Depreciation and Amortization Expense	6	14,74,096	10,26,502
Total Expenses		5,13,21,822	4,83,69,783
V. Profit/(Loss) before Tax (III - IV)		86,24,603	(90,72,032)
VI. Tax Expense:			
(1) Current tax		16,32,200	-
(2) Deferred Tax Asset reversed/created		28,57,415	28,88,638
(3) MAT Credit		(16,32,200)	-
(4) Taxation for earlier years		-	(2,60,327)
VII. Profit/(Loss) for the Period (V - VI)		57,67,188	(64,43,721)
VIII Earnings Per Equity Share of face value ₹10 each - Basic & Diluted	27	9.61	(10.74)

Summary of Significant Accounting Policies

17

The accompanying notes 1 to 27 are an integral part of the financial statements

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

For and on behalf of the Board of Directors

C.S. SATHYANARAYANAN
Partner
Membership No. 028328



[Handwritten Signature]

Director

[Handwritten Signature]

Director

Place : Coimbatore
Date : 10-05-2014

EQUITY AND LIABILITIES

SHAREHOLDERS' FUNDS

Note No.1 SHARE CAPITAL

Share capital	As at 31.03.2014		As at 31.03.2013	
	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 31.03.2014		As at 31.03.2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Suryoday Micro Finance Pvt Limited	2,93,936	48.99%	5,99,930	99.99%
New Opportunity Consultancy Pvt Ltd	3,05,934	50.99%	-	-
	5,99,870	99.98%	5,99,930	99.99%

c) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Equity Shares	Equity Shares			
	As at 31.03.2014		As at 31.03.2013	
	In Numbers	Amount in ₹	In Numbers	Amount in ₹
Shares outstanding at the beginning of the Year	6,00,000	60,00,000	6,00,000	60,00,000
Shares issued during the Year	-	-	-	-
Shares bought back during the Year	-	-	-	-
Shares outstanding at the end of the Year	6,00,000	60,00,000	6,00,000	60,00,000

Note No.2 RESERVES & SURPLUS

Reserves and Surplus	As at 31.03.2014	As at 31.03.2013
	Amount in ₹	Amount in ₹
Surplus in the Statement of Profit & Loss		
Opening balance	1,89,51,088	2,53,94,809
Add : Net profit/(Loss) transferred from Statement of Profit and Loss	57,67,188	(64,43,721)
	2,47,18,276	1,89,51,088

Note No.3 LONG TERM BORROWINGS

Long Term Borrowings	Non - current portion		Current Maturities	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Secured				
Debtenture				
20,00,000 - 6.5% Secured Non - Convertible Debtentures of ₹ 10 each	-	-	-	2,00,00,000
Loans from Banks & Financial Institutions	-	38,89,446	4,34,277	1,56,43,789
Unsecured				
Loans & Advances from Related parties - Shareholders	95,00,000	69,43,925	1,33,33,334	97,20,131
Loans from Financial Institutions	1,78,28,767	2,11,69,537	31,17,672	61,40,650
	2,73,28,767	3,20,02,908	1,68,85,283	5,15,04,570
Amount disclosed under the head "Other Current Liabilities - Current maturities of Long term debts (Refer Note No. 5)	-	-	(1,68,85,283)	(5,15,04,570)
	2,73,28,767	3,20,02,908	-	-

i) Term Loans from Canfin Homes Limited are secured by way of hypothecation of book debts and receivables. The loans are repayable in 4 monthly instalments respectively. The interest is payable on monthly basis and the rate of interest is in the range of 15% to 17% per annum.

ii) Unsecured Loan from Suryoday Micro Finance Pvt Ltd are repayable in 12 monthly instalments. The interest is payable on monthly basis and the rate of interest is 17% per annum.

iii) Unsecured Loans from HDFC are repayable with variable maturity terms ranging between 15 to 98 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.

iv) Unsecured Loans from New Opportunity Consultancy P Ltd. is repayable as one bullet payment in June'15, August'15 and September'15 respectively and the rate of interest is 18%.



Note No. 4 OTHER LONG TERM LIABILITIES

OTHER LONG TERM LIABILITIES		
	As at 31.03.2014	As at 31.03.2013
	Amount in ₹	Amount in ₹
Joint Liability Fund (Refer Note No.23)	80,977	1,99,726
Gratuity	2,97,789	
	3,78,766	1,99,726

Note No. 5 OTHER CURRENT LIABILITIES

Other current Liabilities		
	As at 31.03.2014	As at 31.03.2013
	Amount in ₹	Amount in ₹
Current Maturities of Long Term Debts (Refer Note No: 3)		
Statutory Dues	1,68,85,283	5,15,04,570
Provision for Expenses	11,64,046	3,15,105
Joint Liability Fund (Refer Note No.23)	7,98,105	4,48,187
Disbursement in pipeline	2,16,172	10,34,080
Other Liabilities	1,41,19,523	1,59,80,314
	23,20,334	4,40,830
	3,55,03,464	6,97,23,086

ASSETS

NON CURRENT ASSETS

Note No. 7 DEFERRED TAX ASSETS

Deferred tax Assets		
	As at 31.03.2014	As at 31.03.2013
	Amount in ₹	Amount in ₹
Fixed Assets	2,01,690	1,42,426
Disallowances under the Income tax Act	7,68,495	36,85,174
	9,70,185	38,27,600

Note No. 8 LONG TERM LOANS AND ADVANCES

Long term Loans and Advances		
	As at 31.03.2014	As at 31.03.2013
	Amount in ₹	Amount in ₹
Unsecured considered Good		
Loans granted (Refer Note No.21)		
Advance Income Tax (Net of provisions)	19,76,210	99,99,119
MAT Credit Entitlement	69,67,253	42,73,044
Security Deposits	16,32,200	
	22,73,978	10,90,473
	1,28,49,641	1,53,62,636

CURRENT ASSETS

Note No. 9 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents		
	As at 31.03.2014	As at 31.03.2013
	Amount in ₹	Amount in ₹
Cash and Cash Equivalents		
Cash on Hand		
Balance with Banks	80,717	6,61,388
In Current Account		
In Short term Deposits		
Other bank balance	1,60,85,055	1,89,50,835
Term Deposit		73,00,000
Margin Deposits #		1,00,000
	5,15,00,000	94,00,000
	6,76,65,772	3,64,12,222

Represents security deposit for providing financial services to Yes Bank vide agreement.



Note No. 10 SHORT TERM LOANS & ADVANCES

Short term Loans & Advances	As at 31.03.2014	As at 31.03.2013
	Amount in ₹	Amount in ₹
Unsecured		
Loans Granted (Refer Note No. 21)		
Considered Good	17,79,288	6,53,55,896
Considered Doubtful	4,42,456	5,01,328
	22,21,744	6,58,57,224
Less: Provision for Bad Debts & doubtful Debts	4,42,456	5,01,328
	17,79,288	6,53,55,896

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. 11 OTHER CURRENT ASSETS

Other Current Assets	As at 31.03.2014	As at 31.03.2013
	Amount in ₹	Amount in ₹
Unsecured considered Good		
Commission Receivable	36,51,728	3,38,338
Prepaid Expenses	4,37,906	3,75,993
Advance for Expenses	1,59,448	-
Advance to Employees	2,66,210	1,02,004
Interest Accrued on Fixed deposits	18,07,466	13,11,846
Gratuity	-	1,57,610
Other Receivable (Refer Note No. 26 for dues from related party)	53,535	4,10,220
	63,76,293	26,96,011



INDIAN ASSOCIATION FOR SAVINGS AND CREDIT

Note No. 12 REVENUE FROM OPERATIONS

(Amount in ₹)

Particulars	2013-14	2012-13
Revenue from Operations		
Commission Income	4,14,52,457	3,38,338
Interest Income	90,97,599	3,30,48,738
Other operating income		
Loan Processing fees	-	11,94,850
Membership fees	59,43,500	-
Stationery fees	-	2,81,150
Bad Debts recovered	3,51,967	1,81,466
Provision for Doubtful debts, no longer required written back	5,01,328	17,75,034
	5,73,46,851	3,68,19,576

Note No. 13 OTHER INCOME

Particulars	2013-14	2012-13
Interest Income on Margin Deposits	22,49,965	16,58,409
Profit on Sale of Assets	2,75,716	2,16,504
Miscellaneous Income	73,893	1,14,766
Excess provision written back	-	4,88,496
	25,99,574	24,78,175

Note No. 14 EMPLOYEE BENEFIT EXPENSES

Particulars	2013-14	2012-13
Salaries & Wages	2,11,76,476	1,38,27,530
Contribution to PF and Other Funds	28,18,390	17,72,916
Incentives	17,71,536	9,03,432
Staff Welfare Expenses	11,73,363	8,86,372
	2,69,39,765	1,73,90,250

Note No. 15 FINANCE COST

Particulars	2013-14	2012-13
Interest Expense	61,45,496	1,69,84,560
Other Borrowing Costs	-	55,224
	61,45,496	1,70,39,784



Note No. 16 OTHER EXPENSES

Particulars	2013-14	2012-13
Travelling & Conveyance	30,77,147	18,41,809
Postage & Telephone	12,68,694	8,46,562
Insurance	2,77,052	2,69,942
Rent	20,92,948	15,19,152
Electricity Charges	4,48,969	2,80,666
Printing and Stationery	20,14,260	4,77,920
Repair & Maintenance		
- Buildings	5,70,136	1,32,636
- Computers	5,02,726	4,83,318
- Vehicle	2,84,160	1,24,754
- Others	69,857	7,357
Professional & Legal Expenses	13,16,168	9,02,365
Auditor Remuneration	3,48,400	2,24,720
Rates & taxes	1,22,664	66,502
Website Development Charges	27,000	-
Service tax paid	3,29,439	1,29,700
Brokerage and Incentives	14,620	1,38,139
Bank Charges	71,224	99,418
Training Expenses	1,46,579	-
Provision for Bad Debts	4,42,456	5,01,328
Bad debts written off	22,18,136	43,03,339
Miscellaneous Expenses	11,19,830	5,63,621
	1,67,62,465	1,29,13,247

Remuneration to auditors	2013-14	2012-13
a. for Statutory Audit	2,50,000	2,00,000
b. for Taxation Matters	50,000	-
c. for reimbursement of expenses	17,500	-
d. Service Tax	30,900	24,720
	3,48,400	2,24,720



INDIAN ASSOCIATION FOR SAVINGS AND CREDIT												
Note No. 6 - Fixed Assets												
Particulars	Rate (WDV Basis)	Gross Block					Depreciation			Net Block		
		As on 01.04.2013	Additions	Deletions	As on 31.03.2014	Upto 31.03.2013	For the Year	Withdrawn	Upto 31.03.2014	As on 31.03.2014	As on 31.03.2013	
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Tangible Assets												
Land		6,74,000	-	-	6,74,000	-	-	-	-	-	6,74,000	6,74,000
Improvements to Leased Building	20.00%	16,24,899	-	-	16,24,899	16,24,899	-	-	16,24,899	-	-	-
Furniture & Fixtures	18.10%	21,96,932	11,32,367	-	33,29,299	15,76,164	6,47,596	-	22,23,760	-	11,05,539	6,20,768
Office Equipments	13.91%	6,90,456	7,89,654	-	14,80,110	4,01,645	1,29,963	-	5,31,608	-	9,48,502	2,88,811
Vehicles	25.89%	13,70,559	-	5,86,936	7,83,623	11,23,361	44,645	4,87,652	6,80,354	-	1,03,269	2,47,198
Computers	40.00%	32,68,421	6,69,009	-	39,37,430	26,97,755	3,70,187	-	30,67,942	-	8,69,488	5,70,666
Sub - Total		98,25,267	25,91,030	5,86,936	1,18,29,361	74,23,824	11,92,391	4,87,652	81,28,563	37,00,798	24,01,442	
Intangible Assets												
Computer Software	33.33%	27,21,266	48,000	-	27,69,266	19,00,265	2,81,705	-	21,81,970	-	5,87,296	8,21,001
Sub - Total		27,21,266	48,000	-	27,69,266	19,00,265	2,81,705	-	21,81,970	-	5,87,296	8,21,001
Total		1,25,46,533	26,39,030	5,86,936	1,45,98,627	93,24,089	14,74,096	4,87,652	1,03,10,533	42,88,094	32,22,443	
Previous Year		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	

