



SHRIRAM *City*

MONEY WHEN YOU NEED IT MOST

SHRIRAM CITY UNION FINANCE LIMITED

27th ANNUAL REPORT 2013

**WHENEVER YOU SEE A SUCCESSFUL BUSINESS,
SOMEONE ONCE MADE A COURAGEOUS DECISION**

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FORWARD LOOKING STATEMENT

In this annual report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed 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 plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', '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 realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected.

Readers should bear 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.

CORPORATE INFORMATION

CHAIRMAN

Sri Arun Duggal
(Non Executive, Non Independent)

MANAGING DIRECTORS:

Sri R Duruvasan - (w.e.f June 6, 2012)
(Executive, Non Independent)

Sri G S Sundararajan - (w.e.f November 1, 2012)
(Executive, Non Independent)

Sri R Kannan - (Upto June 5, 2012)
(Executive, Non Independent)

Directors :
Sri S Krishnamurthy
(Non Executive, Independent)

Smt. Lakshmi Pranesh
(Non Executive, Independent)

Sri V Murali
(Non Executive, Independent)

Sri Puneet Bhatia
(Non Executive, Non Independent)

Sri Pranab Prakash Pattanayak
(Non Executive, Independent)

Sri Ranvir Dewan
(Non Executive, Non Independent)

Sri Sunil Varma
(Non Executive, Independent)

Sri Vipin Kapur
(Non Executive, Independent)

COMPANY SECRETARY:

Sri C R Dash

AUDITORS :

Pijush Gupta & Co.
Chartered Accountants
P-199, C.I.T. Road, Scheme IV - M
Kolkata - 700 010

SHARE TRANSFER AGENTS:

Integrated Enterprises (India) Limited
2nd Floor, Kences Towers,
No. 1, Ramakrishnan Street
Off North Usman Road, T. Nagar
Chennai - 600 017
Ph : +91 44 2814 0801 - 2814 0803

REGISTERED OFFICE :

123, Angappa Naicken Street
Chennai - 600 001
Ph : +91 44 2534 1431

SECRETARIAL OFFICE :

144, Santhome High Road
Mylapore, Chennai - 600 004
Ph : +91 44 4392 5300
Fax: +91 44 4392 5430

ADMINISTRATIVE OFFICE :

No. 221, Royapettah High Road
Mylapore, Chennai - 600 004
Ph : +91 44 4391 5300
Fax : +91 44 4391 5351

CORPORATE INFORMATION

LISTED AT :

 BSE Limited

 National Stock Exchange of India Ltd.

 Madras Stock Exchange Ltd.

BANKS :

 Allahabad Bank

 Andhra Bank

 Axis Bank Limited

 Bank of Baroda

 Bank of India

 Bank of Maharashtra

 Canara Bank

 Central Bank of India

 Citi Bank

 City Union Bank Limited

 Corporation Bank

 DBS Bank Limited

 Dena Bank

 Federal Bank

 HDFC Bank Limited

 HSBC Limited

 ICICI Bank Limited

 IDBI Bank Limited

 Indian Bank

 Indian Overseas Bank

 Indusind Bank Limited

 ING Vysya Bank Limited

 Jammu & Kashmir Bank Limited

 Karur Vysya Bank

 Kotak Mahindra Bank Limited

 Oriental Bank of Commerce

 Punjab National Bank

 State Bank of Bikaner & Jaipur

 State Bank of India

 State Bank of Mauritius Limited

 State Bank of Mysore

 State Bank of Patiala

 State Bank of Travancore

 Syndicate Bank

 Tamilnad Mercantile Bank Limited.

 The South Indian Bank Limited

 UCO Bank

 Union Bank of India

 United Bank of India

 Vijaya Bank

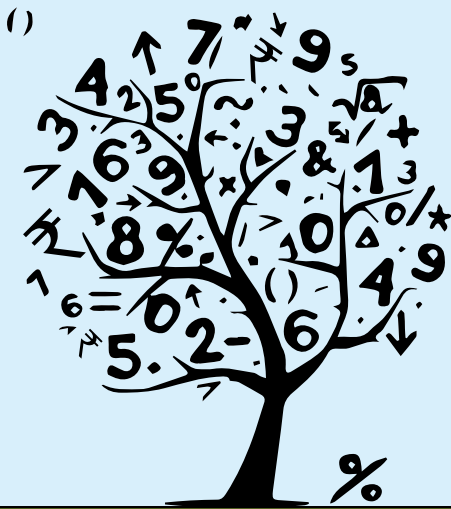
 Yes Bank Limited

INSTITUTIONS :

 Citicorp Finance (India) Limited

 Small Industries Development Bank
 of India Limited (SIDBI)

MILESTONES: SHRIRAM CITY UNION FINANCE LIMITED



Shriram Housing Finance Limited completes one year of successful operation

Shriram City Celebrates its Silver Jubilee

Shriram City Net Worth touches ₹ 1000 Crore

Launches Loan against Gold

Launches Small Enterprise Finance

Listed on National Stock Exchange

Listed on Bombay Stock Exchange

Shriram City established

2013

2011

2010

2008

2007

2006

2005

2003

1986

Launches housing finance subsidiary – Shriram Housing Finance Limited

May 2008 – 2nd Preferential Allotment of equity shares to Private Equity Investors @ ₹ 400/-per share

Dec 2006 – 1st Preferential Allotment of equity shares to Private Equity Investors @ ₹ 160/-per share

Focus on Retail Financing

PEOPLE FIRST

At Shriram City, People first is of paramount importance to its employees. It allows employees to succeed in their respective roles thereby contributing to the organization's success.

NUTURING TALENT

For Shriram City nurturing talent concept means managing and developing employees to achieve business goals. This includes training; employee coaching; staff mentoring; and job enrichment to stretch employees with new responsibilities tasks. Nurturing talent focuses on every employee as they all have a bearing on business performance.

EMPOWERMENT

Empowerment of employees at Shriram City refers to complete transfer of power to take decisions on the operating roles of each employee within an overall broad framework. This value enables the employee to understand that this comes with responsibility.

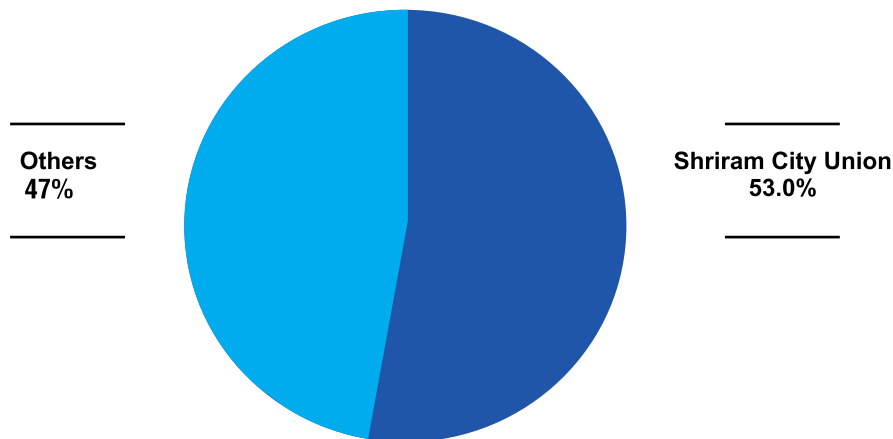
SENSE OF BELONGING

Sense of Belonging is the experience of personal involvement in all the activities at Shriram City by the customers and employees thereby making them feel being an integral part of the organisation.

TRANSPARENCY

Transparency at Shriram City means openness to employees and all other stakeholders, and also sharing business policies to improve decision making and operations. While it does maximise communication with the customers, for the employees this value translates into zero fear of failure.

Total MSME Loan Market by Disbursals : India, FY 2011



Note : All figures are rounded. Source: Frost & Sullivan analysis.

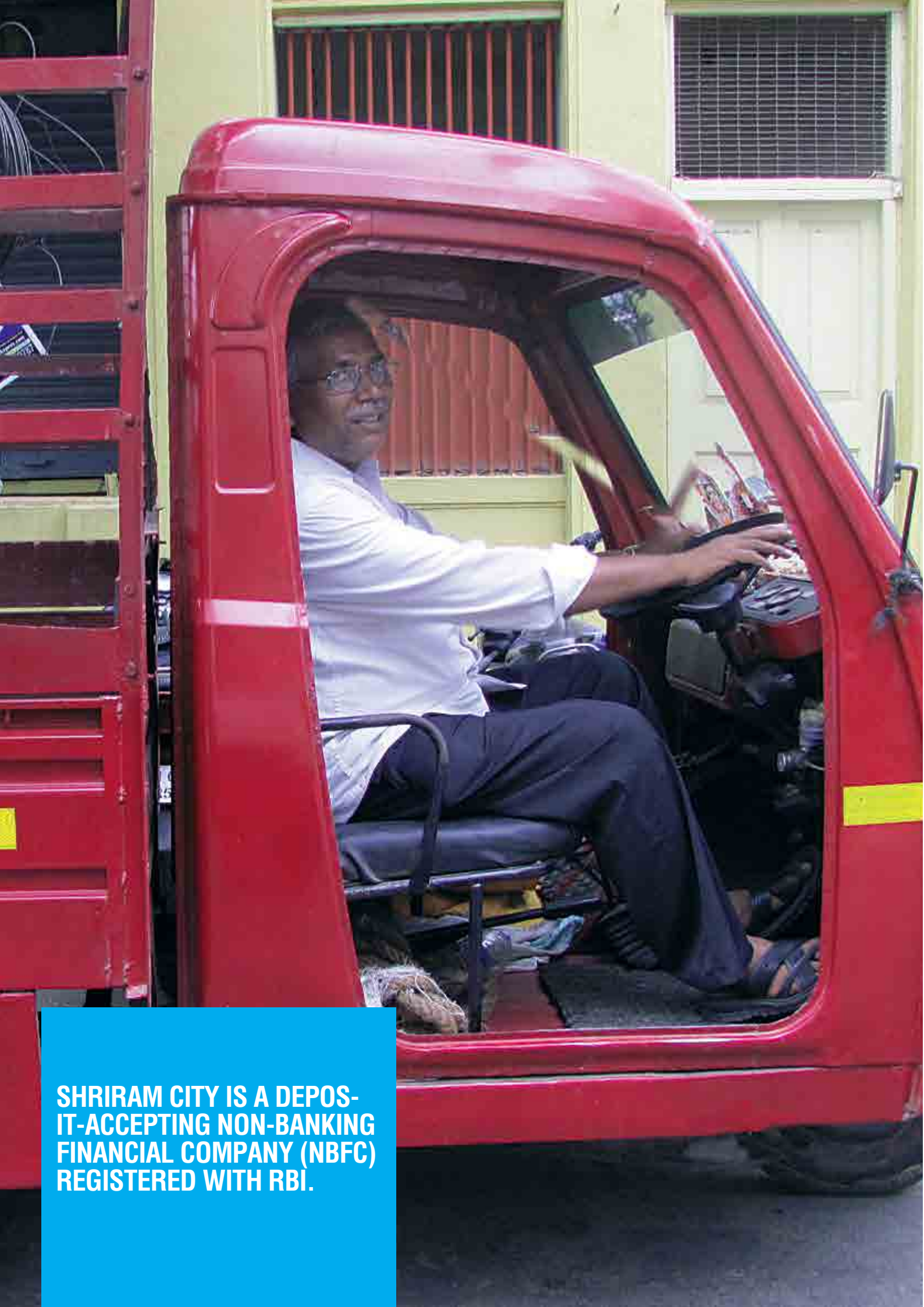
THE SHRIRAM GROUP HAS BEEN IN EXISTENCE FOR NEARLY FOUR DECADES, DURING WHICH PERIOD THE GROUP HAS FORAYED INTO VARIOUS BUSINESSES WITH ONE UNDERLYING PHILOSOPHY, I.E.:
SERVING THE UNDERSERVED.

The group's dominance in the financial service space over the last ten years has predominantly been due to its presence in the credit starved target market.

Shriram City, one of the two listed companies of the group, had since its inception identified its target markets as small business enterprises. The unmet needs of these customers were a huge deterrent for their business growth, which in turn had a snowballing affect on the overall economy. The reluctance of banks to cater to this target market provided a great opportunity for Shriram City to understand this segment and provide appropriate credit and savings products to facilitate their sustenance and growth.

**WE STRIVE TO SERVE THE LARGEST NUMBER
OF COMMON PEOPLE THROUGH QUALITY
NON-BANKING FINANCIAL SERVICES.**





SHRIRAM CITY IS A DEPOSIT-ACCEPTING NON-BANKING FINANCIAL COMPANY (NBFC) REGISTERED WITH RBI.

THE MAIN PROBLEM FACED BY INDIVIDUALS RUNNING SMALL BUSINESSES IS ACCESS TO ADEQUATE & TIMELY FINANCING ON COMPETITIVE TERMS.

They also lack skills on financial decision-making, good management and accounting practices, and access to modern technology. Shriram City is uniquely positioned in its target market of small business enterprises. Over the years Shriram City has developed the capability to assess the needs of this category of customers and provide them with appropriate financial products. Shriram City started offering customized loans to small enterprises finance segment in 2006 and has continually focused on expanding its customer base for this product since then. Shriram City is the largest small enterprise finance company in India in the small loan segment (loans between Rs.1 lakh -10 lakhs) with a dominant share of 95 %.

SHRIRAM CITY'S MISSION IS TO PROVIDE FINANCIAL SOLUTIONS TO INDIVIDUALS RUNNING SMALL BUSINESSES WHO HAVE LESS ACCESS TO ORGANIZED CREDIT. BY OFFERING VARIOUS FINANCIAL PRODUCTS UNDER THE TWO BROAD CATEGORIES - BUSINESS PURPOSE LOANS AND CONSUMER LOANS, SHRIRAM CITY CATERS TO THE FINANCIAL NEEDS OF THIS SEGMENT (BOTH CREDIT & SAVINGS) TO IMPROVE THEIR BUSINESSES SUSTENANCE AND PERSONAL NEEDS.

PRODUCTS

SMALL ENTERPRISE FINANCE:

Shriram City is a dominant player in the Small Enterprise Finance space on a national level, and provides loans ranging from under Rs. 1 Lac to about Rs. 50 Lacs to Microenterprises and owners of small businesses, with the customer profile comprising selfemployed professionals, wholesale/retail dealers, general merchants, manufacturers, hotels/catering services, tour operators etc.

LOANS AGAINST GOLD:

Spot loans are provided at attractive rates of interest. All Gold loan dispensing outlets of Shriram City possess trained appraisers and gold storage facilities with the highest security.

TWO WHEELER LOANS:

Shriram City is a major player in this segment, and finances around 50,000 two wheelers every month. We have a widespread presence in dealer showrooms, and are preferred financiers for leading two wheeler brands.

AUTO FINANCE:

Loans are offered at convenient terms for new and preowned three wheelers and four wheelers (both passenger and commercial vehicles).

PERSONAL FINANCE:

Unsecured personal loans are offered to Shriram City's own customers as well as those of associate companies on affordable and hasslefree terms.

TO BE A VALUE CREATING AND THE PREFERRED
FINANCING PARTNER OF SOCIETY



PRESENCE: BUSINESS OUTLETS

OVER THE LAST 27 YEARS SHRIRAM CITY UNION FINANCE HAS ESTABLISHED A PAN-INDIA PRESENCE, WITH 980 BRANCHES ACROSS INDIA AS OF MARCH 31, 2013.

A

ABOHR
ADDANKI
ADILABAD
ADONI
ADUTHURAI
ADYAR I
ADYAR II
AGRA LUDCD
AHMEDABAD CD
AHMEDNAGAR CHIT CD H
AJMER LUDCD
AKIVEDU
AKOLA
ALANDUR
ALER
ALIGARH
ALLAHABAD LUDCD
ALLEPPEY CD
ALUVA
ALWAL
ALWAR LUDCD
ALWARTHIRUNAGAR
AMALAPURAM
AMARAVATI
AMARAVATHI II
AMBALA LUDCD
AMBASAMUDRAM
AMBATTUR
AMBATTUR II
AMBEDKAR NAGAR LUD
AMBIKAPUR CD
AMBUR
AMBUR II
AMEERPET
AMRITSAR
AMUDALAVALASA
ANAKAPALLI
ANAND BRANCH CD
ANANTHAPUR II
ANANTHAPUR III
ANANTHPUR I
ANCHAL I
ANDIPATY
ANGAMALY
ANNA NAGAR I
ANNA NAGAR II
ANNA NAGAR III
ARAKONAM
ARANI
ARANI II

ARANI III
ARANTHANGI
ARAPALAYAM
ARAPALAYAM II
ARIYALUR
ARIYALUR I
ARMOOR
ARUMBAKKAM
ARUPPUKOTTAI II
ARVI WARDHA WCD
ASHOK NAGAR
ASHWARAOPETA
ATCHUTHAPURAM
ATMAKUR
ATMAKUR
ATTAPUR
ATTUR I
ATTUR II
ATTINGAL CD
AURANGABAD
AURANGABAD CHIT CD H
AVADI
AVADI II
AVANIGADDA
AVINASI
AYANAVARAM
AYYAPNTHANGAL

B

B KOTHAKOTA
BADVEL
BAGALKOT
BALAGHAT CD
BALANAGAR
BALAPUR
BALOTRA
BANAGANEPALLI
BANASWADA GOLD BR
BANDRA WCD
BANGALORE NONCHIT
BANGARUPALYAM
BAPATLA
BARABANKI LUDCD
BARAMATIAMH
BAREILLY LUDCD
BARODA CD
BASHEERBAGH
BASMATHNAGAR PARBHANI WCD
BATLAGUNDU
BATLAGUNDU I
BEEDAURANGABAD WCD

BEEMA NAGAR
BELGAUM
BELLAMPALLY
BELLARY
BESANT NAGAR
BETHANIAPURAM
BETHEMCHERLA
BETUL CD
BHADRACHALAM
BHAINSA
BHANDARA AMH
BHARUCH CD
BHATHINDA
BHAVANI
BHAVNAGAR CD
BHEEMGAL
BHILAI CD
BHILWARA LUDCD
BHIMAVARAM
BHIWANI HARAYANA WCD
BHONGIR
BHOPAL CD
BHUJ WCD
BHUPALAPALLE
BHUSAWALJALGAON WCD
BIDAR
BIJAPUR I
BIKANER LUDCD
BILASPUR CD
BOBBILI
BODHAN
BODINAIKANUR
BODUPPAL
BRAMHAPURI CHANDRAPUR WCD
BUCHIREDDYPALEM
BUDAUN LUDCD

C

CALICUT
CHALISGAON JALGAON WCD
CHALLAPALLI
CHAMARAJ NAGAR
CHAMPAPET
CHANDANAGAR
CHANDIGARH
CHANDRAGIRI
CHANDRAPUR
CHANNAPATNA
CHANNARAYAPATNA
CHATTARPUR CD
CHEEPURUPALLI GOLD BR
CHEMBUR CHIT CD HP

CHENGALPET
CHERIAL
CHERUKUPALLE
CHEVAPETTAI
CHEVAPETTAI II
CHICKBALLAPUR
CHIDAMBARAM
CHIDAMBARAM II
CHIKKADPALLY
CHIKMAGALUR CHIT
CHILAKALURIPET
CHILAKALURIPETA II
CHIMAKURTHY
CHINAWALTAIR
CHINDWARA CD
CHINNA BAZAAR
CHINTALAPUDI
CHIPLUN AMH
CHIRALA
CHITTOOR I
CHITRADURGA
CHITTORGARH WCD
CHITWEL
CHOKKIKULAM
CHOLAVANTHAN
CHOMU JAIPUR WCD
CHOODAVARAM
CHOUTAPPAL
CHROMEPET
COIMBATOREI
COIMBATORE II
CUDDALORE
CUDDALORE
CUDDALORE II
CUDDAPAH
CUDDAPAH II
CUMBUM I
CUMBUM II

D

DADAR CHIT CD HP
DARSI
DAUSALUDCD
DAVANGERE CHITS
DEHRADUN LUDCD
DELHILUDCD
DEVAKOTTAI
DEVARAKONDA
DEWAS CD
DHAMTARI CD
DHARAPURAM
DHARMAPURI

DHARMAPURI II
DHARMAVARAM
DHARWAD I
DHAVALSWARAM
DHONE
DHULE AMH
DILSHAD GARDEN
DILSUKH NAGAR
DINDUGAL
DINDIGUL I
DODDABALLAPUR
DWARAKA NAGAR

E

EAST DELHI BRANCH
EFIZC
ELURU I
ELURU III
ERNAKULAM
ERODE
ERODE II
ERODE III
ETAWA LUDCD

F

FAIZABAD
FARIDABAD
FATEHPUR LUD
FEROZPUR LUDCD
FIVE ROADS

G

GADAG I
GADHINGLAJ KOLHAPUR WCD
GADWAL
GAJAPATHI NAGARAM
GAJUWAKKA
GAJWEL
GANAPAVARAM
GANDHI BAZAR
GANDHI NAGAR
GANDHI PURAM
GANDHIDHAM CD
GANGAVATHI
GANNAVARAM
GEORGE TOWN
GHANPUR
GHATKESAR
GHAZIABAD
GIDDALURU
GINGEE I

PRESENCE: BUSINESS OUTLETS

GINGEE

GOBICHETTIPALLAYAM
 GOBICHETTIPALAYAM II
 GODAVARIKHANI
 GOLIBAR SQUARE WCD
 GONDIA AMH
 GONDIA BRANCH CD
 GOOTY
 GOPALAPATNAM
 GORAKHPUR LUDCD
 GOWRIBIDANUR
 GUDIVADA
 GUDIYATHAM
 GUDIYATHAM I
 GUDIYATHAM II
 GUDUR
 GUDUVANCHERY
 GUGAI
 GULBARGA
 GUMMIDIPOONDI
 GUNA CD
 GUNA ASHOKNAGAR
 GUNTAKAL
 GUNTUR I
 GUNTUR II
 GUNTUR V
 GURAJALA
 GURGAON BRANCH
 GWALIOR CD

H

HABSIGUDA
 HALDWANI
 HALIYA
 HAMIRPUR LUD CD
 HANUMAN JUNCTION
 HANUMANGARH
 HANUMKONDA
 HARDOI LUD
 HARIDWAR DEHRADUN
 HASSAN CHITS
 HAVERI
 HIMAYAT NAGAR
 HIMMATNAGAR CD
 HINDUPUR
 HINGANGHAT WARDHA WCD
 HINGNA ROAD WCD
 HINGOLI PARBHANI WCD
 HISAR LUDCD
 HOSHIARPUR
 HOSPET
 HOSUR
 HOSUR II
 HUBLI
 HUMANABAD
 HUSNABAD
 HUZURABAD
 HUZURNAGAR

I

IBRAHIMPATNAM
 IBRAHIMPATNAM HYD
 ICHALKARANJI KOLHAPUR WCD
 ICHAPURAM
 IEEJA GOLD BRANCH
 ILLUPPUR
 INDIRA NAGAR
 INDORE CD
 INKOLLU

J

J P NAGAR
 JABALPUR CD
 JADCHERLA
 JAGDALPUR CD
 JAGGAHPET
 JAGITYAL
 JAIHINDPURAM
 JAIPUR EF
 JAIPUR II WCD
 JAIPUR III WCD
 JAIPUR LUDCD
 JAISELMERLUD
 JALGAON
 JALLANDHAR
 JALNA
 JAMKHANDI
 JAMMALAMADUGU
 JAMMIKUNTA
 JAMMU LUDCD
 JAMNAGAR CD
 JAMSHEDPUR EF WCD
 JANAGAON
 JANGAREDDY GUDAM
 JAYANAGAR
 JAYANKONDAM
 JAYANKONDAM I
 JEYAKONDAM II
 JETPUR WCD
 JHANSI LUDCD
 JODHPUR LUDCD
 JODHPUR WCD
 JOGIPET
 JUNAGADH CD

K

K K NAGAR
 K K NAGAR II
 K PUDUR II
 KADAPA IV
 KADIRI
 KAIKALURU
 KAITHAL
 KAKINADA I
 KALAVASAL
 KALAYAR KOIL
 KALIKIRI

KALLAKURICHI

KALLAKURICHI II
 KALLUKUZH
 KALLURU II
 KALPAKKAM
 KALPAKKAM II
 KALYANDURG
 KALYANI NAGAR WCD
 KAMAREDDY
 KANAKAPURA
 KANCHANGAD I CD
 KANCHIPURAM
 KANCHIPURAM II
 KANCHIKACHARLA
 KANDUKURU
 KANGARA
 KANGEYAM
 KANIGIRI
 KANKIPADU
 KANNAJU LUD
 KANNUR
 KANPUR LUDCD
 KARAD
 KARAICAL
 KARAICAL II
 KARAIKUDI
 KARAIKUDI I
 KARAMBAKUDI
 KARIMNAGAR I
 KARIMNAGAR II
 KARIMNAGAR III
 KARNAL LUDCD
 KARUR
 KARUR II
 KARWAR
 KASARGODE
 KATNI CD
 KATOL WCD
 KATTAPANA
 KATTUMANAR KOIL
 KATTUR
 KAVALI
 KAVERIPATTINAM
 KAWARDHA CD
 KAYAMKULAM CD
 KAZIPET
 KAZIPET
 KEELKATTALAI
 KEERANUR
 KELAMBAKKAM
 KENGERI
 KHAMGAON AMH
 KHAMMAM I
 KHAMMAM II
 KHAMMAM III
 KHARGHAR PANVEL WCD
 KHARKHANA
 KODADA
 KOLAR

KOLATHUR

KOLHAPUR CHIT CD HP
 KOLHAPUR NON CHIT WCD
 KOLKATA CD
 KOOTHANALLUR I
 KOPPAL
 KORATIPADU
 KORBA CD
 KORUTLA
 KOTA
 KOTA LUDCD
 KOTHAGUDEM
 KOTHAVALASA
 KOTI
 KOTTAKUPPAM
 KOTTAYAM BRANCH
 KOVILPATTI
 KOVILPATTI II
 KOYYALA GUEDEM
 KRISHNAGIRI
 KRISHNAGIRI I
 KRPET
 KUDALRATNAGARI WCD
 KUKATPALLI
 KUMARAPALAYAM
 KUMBAKONAM
 KUMBAKONAM II
 KUNDAPURA CHIT
 KUNIGAL
 KUNNAMKULAM I
 KUNTRATHUR
 KUPPAM
 KURNOOL I
 KURNOOL II
 KURNOOL III
 KURUKSHETRA LUDCD
 KUSHAIGUDA
 KUTTALAM

L

L B NAGAR
 LAKADIKAPOL
 LAKHIMPUR KHERI LUD
 LATUR I AMH
 LAXMI NAGAR
 LINGSUR HP
 LUCKNOW LUDCD
 LUDHIANA

M

M.V.P. COLONY
 MACHERLA
 MACHILIPATNAM
 MADANAPALLE
 MADHAVARAM
 MADHIRA
 MADHURANTHANGAM
 MADHURAWADA
 MADIKERI BRANCH

MADIPAKKAM

MADURAI ANNA NAGAR
 MADURAI I
 MADURAI II
 MADURAI III
 MADURAI IV
 MAHABOOBABAD
 MAHABOONNAGAR
 MAHABOONNAGAR II
 MAHARANIPETA CHIT
 MALEGAON NASIK WCD
 MALIKIPURAM
 MALKAJGIRI
 MALLAPUR
 MALLESWARAM
 MANALI
 MANAMADURAI
 MANAPPARAI
 MANCHERIAL
 MANDAPETA
 MANDILUDCD
 MANDYA
 MANENDRAGARH CD
 MANGALAGIRI
 MANGALORE CHIT I
 MANJERI BRANCH
 MANNARGUDI
 MANNARGUDI II
 MANTHANI
 MANUGURU
 MARGAO
 MARKAPUR
 MARREDPALLY
 MARRIPEDA
 MARTURU
 MATHIKERE
 MATHURA LUDCD
 MEDAK
 MEERUT
 MEHDIPATNAM
 MEHSANA CD
 MELUR
 METPALLY
 METTUPALAYAM
 METTUR
 MIRYALAGUDA II
 MIRYALGUDA
 MIRZAPUR LUD
 MIYAPUR
 MMDA COLONY
 MOGA
 MOHALI WCD
 MOODABIDRI CHIT
 MORBI WCD
 MOTHKUR
 MOUNT ROAD
 MOUNT ROAD II
 MRING
 MULUGU

PRESENCE: BUSINESS OUTLETS

MUMMIDIVARAM
MURADABAD LUDCD
MUSIRI
MUSTAFA NAGAR
MUTHUPET II
MUVATTUPUZHA
MYDUKUR
MYLADUTHURAI CHIT
MYLADUTHURAI II
MYLAPORE
MYLAPORE III
MYLAVARAM
MYSORE I

N

NAGAPATTINAM
NAGAPATTINAM II
NAGARAM
NAGAR II
NAGARKURNOOL GOLD BR
NAGAYALANKA
NAGERKOIL I
NAGOLE
NAGPUR
NAIDUPET
NAKREKAL
NALGONDA
NALGONDA II
NAMAKKAL
NAMAKKAL I
NANDALUR
NANDED AMH
NANDIGAMA
NANDYAL
NANGANALLUR
NANILAM
NARASANNAPET
NARASAPUR
NARASAPUR MEDAK
NARASARAOPET
NARAYANAGUDA
NARAYANAPET
NARSAMPET
NARSIPATNAM CHIT
NASIK CHIT CD HP
NASIK NON CHIT
NAVSARI CD
NEEDAMANGALAM
NEELAKUNDA PALLE
NEELANKARAI
NELLORE I
NELLORE II
NELLORE III
NESAPAKKAM
NEYVELI I
NEYVELI II
NEYYATTINKARA
NIDADAVOLE
NIRMAL

NIZAMABAD I
NIZAMABAD II
NIZAMABAD III
NIZAMPET
NUZVID

O

ODDANCHATHIRAM
OMALUR
ONGOLE
ONGOLE II
OSMANABAD SHOLAPUR WCD
OTTAPALAM

P

P N PUDUR
PADI
PAITHAN AURANGABAD WCD
PAKALA
PALAKARAI
PALAKOL
PALAKONDA
PALAKURTHY
PALAM
PALAMANER
PALANI
PALASA
PALAYAMKOTTAI
PALGHAT
PALI WCD
PALLADUM
PALLIKARANAI
PALLIPALAYAM
PALVANCHA
PALWAL WCD
PAMARRU
PAMIDI
PAMMAL
PANDHARPUR SHOLAPUR WCD
PANIPATKARNAL LUDCD
PANJIM AMH
PANRUTI
PANRUTII
PANVEL I AMH
PAONTA SAHIBDEHRADU
PAPANASAM
PARAMAKUDI
PARAMAKUDI I
PARAMATHIVELUR
PARATWADA AMRAVATI WCD
PARBHANI AMH
PARCHURU
PARIGI
PARKAL
PARVATHIPURAM
PATHANAMTHITTA
PATHANKOT
PATHAPATNAM GOLD BR
PATIALA

PATNAM BAZAAR
PATTUKOTTAI
PATTUKOTTAI I
PEDANANDIPADU
PEDDAPALLY GOLD BR
PEDDAPURAM
PENDURTHI
PENUGONDA I
PENUGONDA II
PERALAM
PERAMBALUR
PERAMBUR
PERAVURANI
PERIYANAICKANPALAYAM
PERUNDURAI
PERUNGUDI
PHIRANGIPURAM
PIDUGURALLA
PILER
PILIBHIT WCD
PIMPRI CHIT CD HP
PITAMPURA
POCHAMPALLE
POLLACHI I
POLLACHI II
PONDYCHERRY I
PONDICHERRY II
PONDYCHERRY III
PONNERI
PONNUR
POONAMALLEE
PORUMAMILLA
PORUR I
PORUR II
PRATAPGARH LUD
PRODDATUR I
PUDUKOTTAI
PUDUKOTTAI I
PULIVENDULA
PULIYAMPATTI
PUNE CHIT CD HP
PUNE DECCAN
PUNGANUR
PURASAWAKKAM
PUSAD YAVATMAL WCD
PUTTUR
PUTTUR CHIT BRANCH

Q

QUILON

R

R.S.PURAM
RAIBAREILLY WCD
RAICHUR
RAIGARH CD
RAILWAY KODURU
RAIPUR CD
RAJAHAMUNDRY I
RAJAHMUNDRY

RAJAHMUNDRY II
RAJAHMUNDRY III
RAJAHMUNDRY IV
RAJAJI NAGAR
RAJAM
RAJAMPETA
RAJAPALAYAM
RAJAPALAYAM II
RAJKOT CD
RAJNANDGAON BRANCH CD
RAJSAMAND LUD
RAJURA CHANDRAPUR WCD
RAM NAGAR
RAMACHANDRAPURAM
RAMANATHAPURAM
RAMANATHAPURAM II
RAMNAD
RAMTEK NAGPUR WCD
RANASTHALAM
RANEENNUR II
RANIPET
RANIPET II
RASIPURAM
RASIPURAM II
RATLAM CD
RATNAGIRI
RAVULAPALEM CHIT
RAYACHOTI
RAYADURGAM
RAYAGADA
RAZOLE
RED HILLS
RENIGUNTA
REPALLE
REWA CD
REWARI LUD
ROHINI
ROHTAKHISAR
RORKEE LUDCD
RORKEE RUDRAPUR LUD

S

S.B.COLONY
SADASIVAPETA
SAGAR CD
SAGAR CHIT
SAHARANPUR LUDCD
SAKARDHARA SQUARE WCD
SALEM I
SALEM II
SALEM III
SALEM IV
SALIBANDA
SALUR
SANATH NAGAR
SANGAGIRI
SANGAMANER
SANGAREDDY
SANGAREDDY II
SANGLI BRANCH

SANGRUR LUDCD
SANKARANKOIL II
SANTHOSH NAGAR
SARAVANAMPATTI
SATANA NASIK WCD
SATARA
SATHYAMANGALAM
SATNA CD
SATTENAPALLI
SATTHUR
SATTUPALLI
SATYAVEDU
SECUNDERABAD I
SEDAM
SELAİYUR
SELAİYUR II
SEMBANARKOIL
SEONI CD
SHAD NAGAR
SHAHADA DHULE WCD
SHAHAPUR
SHAHDOL COLL CENTRE CD
SHAHJAHANPUR LUD
SHAMSHABAD
SHIMLA
SHIMOGA II CHIT
SHIVAJI NAGAR
SHIVAM
SHOLAPUR
SHOLINGANALLUR
SHRIRAMPUR WCD
SIDDIPET
SILLOD AURANGABAD WCD
SINDHANUR I
SINGANALLUR
SINGARAYAKONDA
SIRCILLA
SIRKAZHI
SIRPURKAGAZNAGAR
SIRSI CHIT I
SIRUGUPPA
SITAPUR LUD
SIVAGANGAI
SIVAKASI
SIVAKASI II
SOLAN
SOMPETA
SOUTH DELHIWCD
SRI KALAHASTI
SRIGANGA NAGARLUDCD
SRIKAKULAM I
SRIKAKULAM II
SRIPERUMPUDUR
SRIRANGAM I
SRIVILLIPUTHUR
SULLIA
SULLURPET
SULTANPUR LUD
SULTHAN BATHERRY
SUNDUPALLE

PRESENCE: BUSINESS OUTLETS

SURAT CD
SURYAPET

T

T. NAGAR
T.NAGAR II
T. NAGAR III
T.DASARAHALLY
TADEPALLIGUDEM
TADEPATRI
TAMBARAM
TAMBARAM II
TAMBARAM III
TANUKU
TEKKALI
TENALI
TENKASI
TENKASII
THALLASSERY
THANE CHIT CD HP
THANJAVUR
THANJAVUR II
THANJAVUR III
THARAMANGALAM
THENI
THENI II
THILLAI NAGAR
THINDIVANAM II
THIRUCHENGODE
THIRUKAZHUKUNDRAM
THIRUKOVILUR
THIRUNAGAR
THIRUNINDRAVUR
THIRUPPUR II
THIRUTHURAIPOONDI
THIRUVALLUR
THIRUVALLUR II
THIRUVANMIYUR
THIRUVANNAMALAI
THIRUVANNAMALAI II
THIRUVANNAMALAI III
THIRUVNNAMALAI IV
THIRUVARUR
THIRUVARUR I
THIRUVERUMBUR
THIRUVERUMBUR II
THIRUVOTIYUR
THIRUVOTTIYUR II
THITTAKUDI II
THORRUR
THURAIYUR
THURAIYUR II
TINDIVANAM I
TIPTUR
TIRPATTUR III
TIRUCHENDUR II
TIRUMALGIRI
TIRUNELVELI
TIRUNELVELI I

TIRUPATI I
TIRUPATHI II
TIRUPATTUR II
TIRUPPUR
TIRUPPUR I
TIRUR
TIRUVARUR
TIRUVURU
TITAKUDI
TONDAIRPET
TONK LUDCD
TRICHUR
TRICHYI
TRICHY II
TRIVANDRUM
TUMKUR
TUNI
TUTICORIN
TUTICORIN II

U

UDAIPUR EF LUD
UDAIPUR LUDCD
UDUMALAI PET
UDUPI
UJJAIN CD
ULUNDURPET
UMRED NAGPUR WCD
UNNAO LUD CD
URAVAKONDA
UTHIRAMERUR
UTTAM NAGAR

V

V KOTA
VADAKARA
VADALLUR
VADAVALLI
VADAVELLI II
VAIJAPUR AURANGABAD WCD
VALIGONDA
VALLIYUR
VANASTHALIPURAM
VAPI CD
VAPI NON CHIT WCD
VARANASI LUDCD
VASHI CHIT CD HP
VEDARANYAM
VELACHERRY
VELLAKOVIL
VELLORE
VELLORE II
VELLORE III
VEMPALLE
VEMULAVADA
VENKATAGIRI
VERAVAL WCD
VIJAYA NAGAR
VIJAYAWADA I

VIJAYAWADA II
VIJAYAWADA III
VIJAYAWADA IV
VIJAYAWADA V
VIJAYAWADA VI
VIKARABAD
VILLIVAKKAM
VILLUPURAM
VILLUPURAM II
VINJAMUR
VINUKONDA
VIRALIMALAI
VIRUDACHALAM
VIRUDACHALAM I
VIRUDHUNAGAR
VIRUDHUNAGAR I
VIRUGAMBAKKAM
VISSANNAPET
VIZAG I TOWN
VIZAG N.A.D
VIZIANAGARAM I
VIZIANAGARAM II
VIZIANAGARAM III
VUYYUR

W

WAI SATARA WCD
WAIDHAN CD
WALUJ AURANGABAD WCD
WANAPARTHY
WANDAWASI
WARANGAL I
WARANGAL II
WARANGAL III
WARANGAL IV
WARDHA
WARDHANNAPET
WARORA CHANDRAPUR WCD
WARUD AMRAVATI WCD
WASHIM WCD
WCD PALANPUR
WCD PORBANDAR
WCD SURENDRANAGAR
WCD VIDISHA
WEST MAMBALAM
WILSON GARDEN
WORAIYUR I
WORAIYUR II
WYRA III

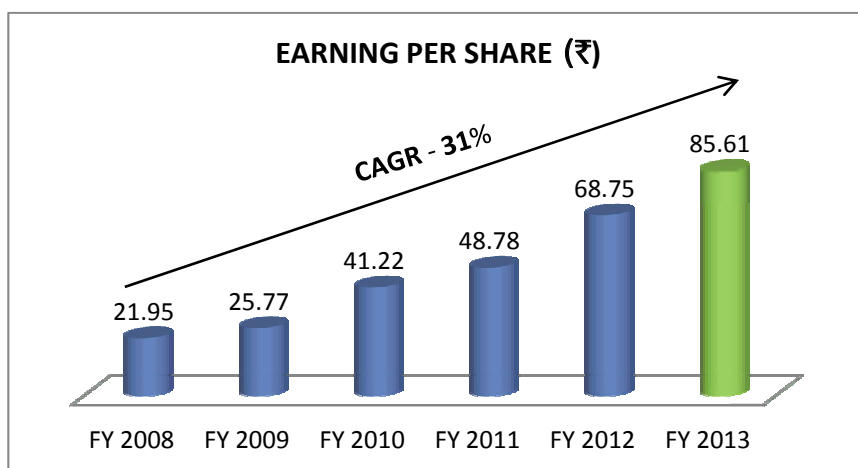
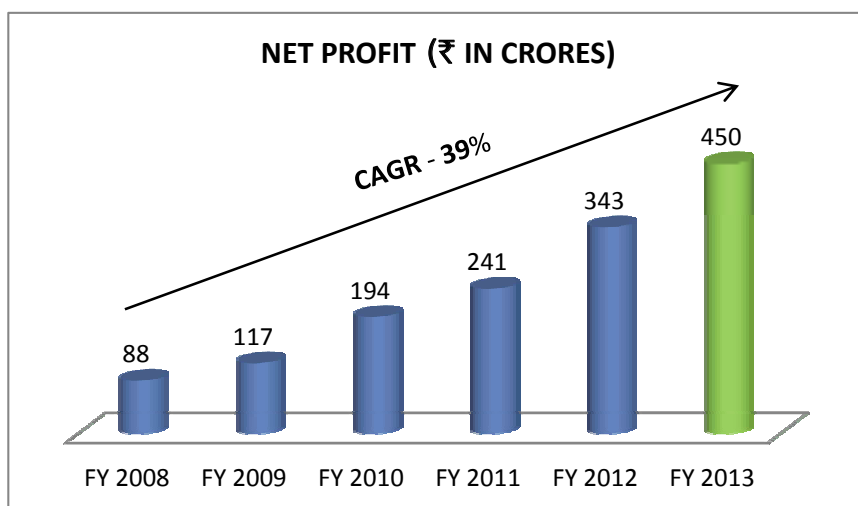
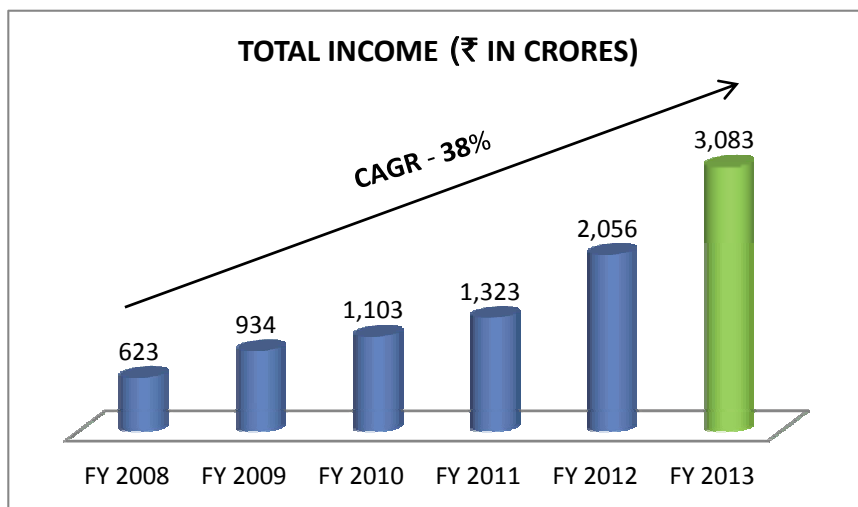
Y

YALAMANCHILI
YAMUNANAGAR LUDCD
YAVATMAL
YELAHANKA
YELLANDU
YEMMIGANUR
YEOLA NASIK WCD

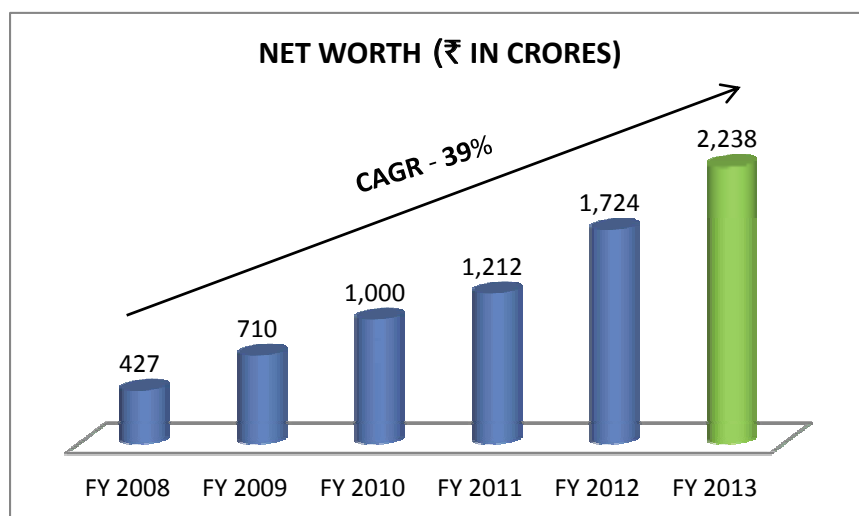
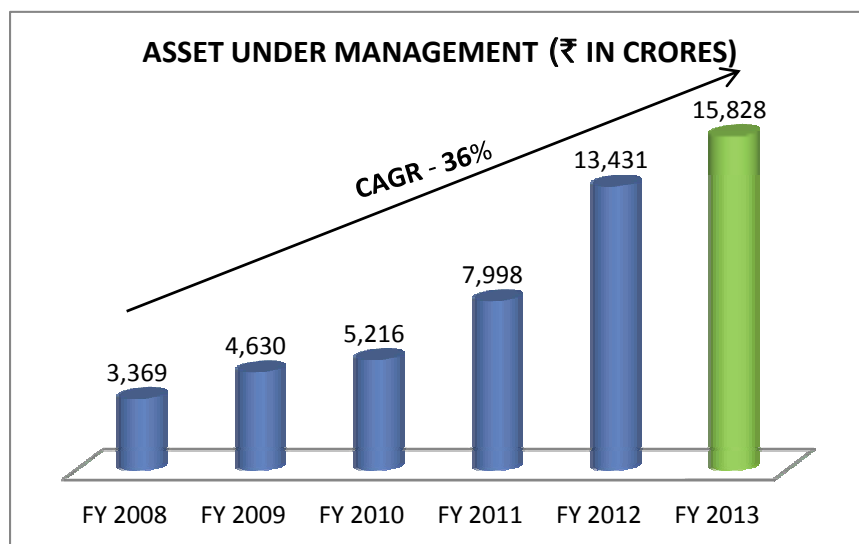
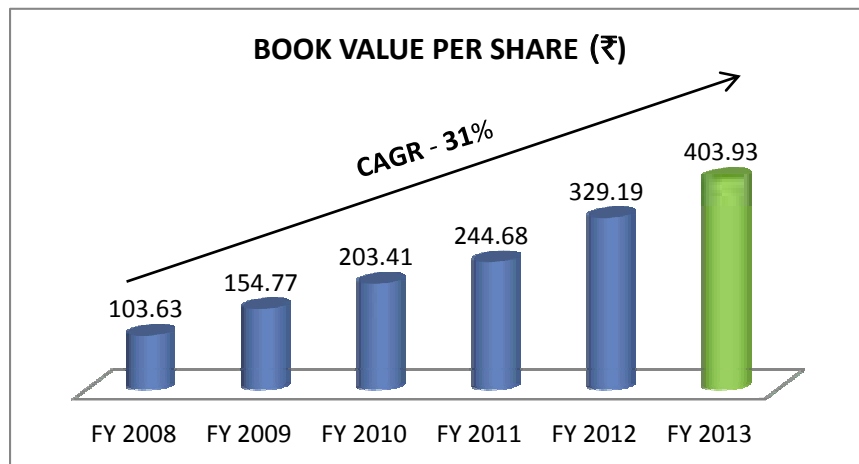
Z

ZAHERABAD

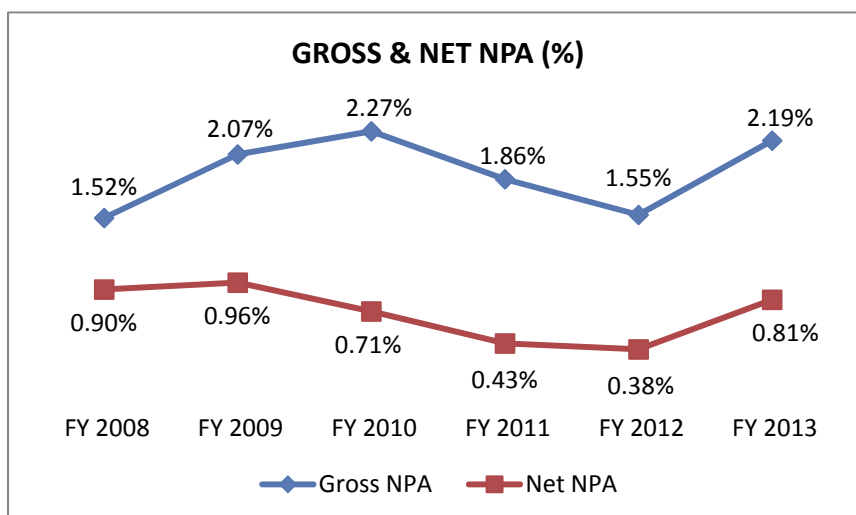
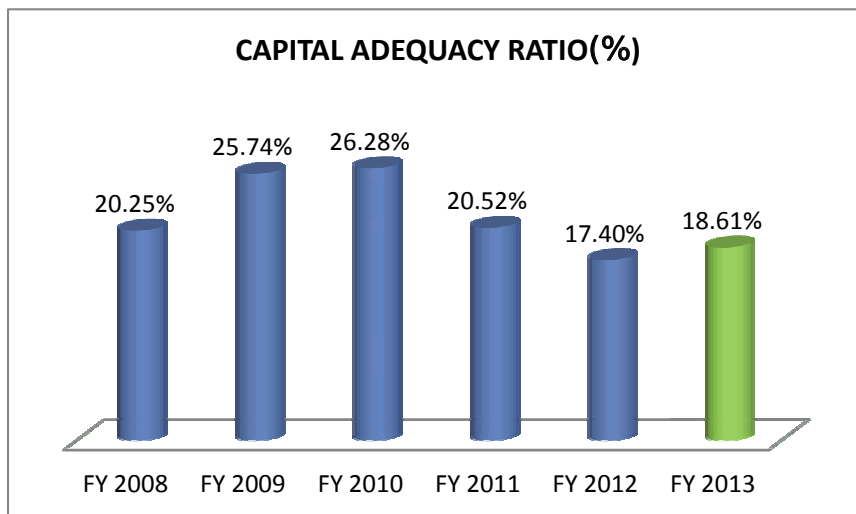
PERFORMANCE



PERFORMANCE



PERFORMANCE



(I) “PROMOTER GROUP” AS DEFINED UNDER REGULATION 2(1)(i) OF SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS), REGULATIONS, 2011 (SAST REGULATIONS 2011) AS UNDER :

1. Shriram Capital Limited, 2. Shriram Ownership Trust, 3. Shriram Financial Ventures (Chennai) Private Limited

(II) THE PERSONS ACTING IN CONCERT (PAC), AS DEFINED IN THE SAST REGULATIONS 2011 FOR THE PURPOSE OF REGULATION 10 OF SAST REGULATIONS, 2011:

1. Shriram Transport Finance Company Limited, 2. Shriram Asset Management Company Limited, 3. Shriram Life Insurance Co. Limited, 4. Shriram General Insurance Company Limited, 5. Shriram Credit Company Limited, 6. Bharat Re-insurance Brokers Private Limited, 7. Shriram Overseas Investments Private Limited, 8. Shriram Investments Holdings Limited, 9. Bharat Investments Pte Ltd, Singapore, 10. Shriram Fortune Solutions Limited, 11. Shriram Wealth Advisors Limited, 12. Shriram Insight Share Brokers Limited, 13. Shriram Financial Products Solutions (Chennai) Private Limited, 14. Shriram Housing Finance Limited, 15. Insight Commodities and Futures Private Limited, 16. Shriram Automall India Limited, 17. Shriram Equipment Finance Company Limited, 18. TPG India Investments I, INC, 19. Sanlam Emerging Markets (Mauritius) Limited, 20. Shriram Insurance Broking Company Limited

All the entities mentioned above are PACs for not less than three years except the entity at Sl. No. 3 of (I) and Sl. No. 13, 14, 19 and 20 of (II) which are PACs for less than three years.

None of the above mentioned entities hold any shares in the company except the entity at Sl. No. 1 of (I)

The above disclosure is made for the purpose of Regulation 10 of SAST, Regulations 2011.



STANDING (L-R):

Sri V. Murali, Sri Ranvir Dewan, Sri Vipin Kapur, Sri Puneet Bhatia, Sri G.S. Sundararajan, Sri R. Duruvasan

SEATED (L-R):

Sri S. Krishnamurthy, Smt. Lakshmi Pranesh, Sri Arun Duggal, Sri Sunil Varma, Sri Pranab Prakash Pattanayak

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 27th Annual Report of the Company together with the audited statements of the Company for the year ended March 31, 2013.

I. RESULTS OF OPERATION

The summary of financial performance of the Company for the year ended on March 31, 2013 is mentioned below.

PARTICULARS	₹ in Crores	
	YEAR ENDED MARCH 31, 2013	2012
Profit before depreciation and taxation	690.06	537.88
Less: Depreciation	24.41	13.71
Profit before tax	665.65	524.16
Less: Provision for taxation	216.04	181.63
Profit after tax	449.62	342.53
Add: Profit brought forward from previous year	512.73	361.12
Profit available for appropriation	962.34	703.65
APPROPRIATIONS:		
Transfer to general reserve	44.98	34.30
Transfer to statutory reserve	89.95	68.60
Transfer to debenture redemption reserve	33.76	49.14
Dividend on equity shares of ₹ 10/- each fully paid-up Year 2012-13 : Interim ₹ 2.50, Final ₹ 6.00 Year 2011-12 : Interim ₹ 2.50, Final ₹ 4.00	46.41	33.46
Corporate dividend tax	7.79	5.43
Balance carried to balance sheet	739.46	512.73
EARNING PER SHARE BEFORE EXCEPTIONAL ITEMS		
Basic (₹ not annualized)	85.61	68.75
Diluted (₹ not annualized)	83.00	68.22

DIRECTORS' REPORT

II. APPROPRIATIONS AND TRANSFER TO RESERVE

(a) Transfer to Reserve: Transfer of profits to different reserves is mandated by different regulations. Accordingly, transfer to different reserve has been made as stated above.

(b) Declaration of Dividend: The Board of Directors pay/declare interim and final dividend based on the financials of the Company. The dividend pay out for the year under review has been formulated as per aspirations of the shareholders and to pay a sustainable dividend linked to long term growth of the Company. The final dividend recommended by the Board is subject to declaration by the members of the Company. Your directors are pleased to recommend final dividend as mentioned below for the year ended March 31, 2013 to those members, whose name appear on the register of members as on the record date. The dividend paid for the year ended March 31, 2012 are also stated below.

Dividend on equity shares of ₹10 each	Number of Shares	Per share (₹)	Amount (₹ in crores)	Tax (₹ In crores)	Total outflow (₹ in crores)	Date of payment
Interim (FY-13)	5,25,31,701	2.50	13.16*	2.13	15.29	Nov. 26, 2012
Proposed final	5,54,16,300	6.00	33.25	5.65	38.90	—
Total		8.50	46.41	7.79	54.19	—
Interim(FY-12)	4,97,60,859	2.50	12.51*	2.03	14.54	Nov. 23, 2011
Final (FY-12)	5,23,67,209	4.00	20.95	3.40	24.35	Aug. 17, 2012
Total		6.50	33.46	5.43	38.89	—

* includes a part of final dividend

Section 205C of the Companies Act, 1956 read with Investor Education and Protection Fund (Awareness and Protection of Investors) Rules 2001 requires the companies to transfer dividend that has remained unclaimed for a period of seven years from the date of its declaration from unpaid dividend account to Investor Education and Protection Fund (IEPF). Accordingly, during the financial year an amount of ₹ 0.01 crores (Previous year ₹ 0.01 crores) were transferred to IEPF. An amount of ₹ 0.38 crores (previous year ₹ 0.31 crores) is lying in unpaid equity dividend account of the Company. Shareholders are informed that there will be no claim lie on the Company on account of dividend after the dividend is transferred to IEPF.

III. BUSINESS SCENARIO AND BUSINESS OPPORTUNITIES

NBFCs have been playing an important role in macroeconomic perspective as well as strengthening Indian financial systems. NBFCs have turned out to be engines of growth and are integral part of the Indian financial system, enhancing competition and diversification in the financial sector and are recognized as complementary to banking system. According to the Economic Survey 2010-11, it has been reported that NBFCs as a whole account for 11.2 per cent of assets of the total financial system. With the growing emphasis on financial inclusion, NBFCs would be regarded as important financial intermediaries particularly for the small-scale and retail sectors. Your Company specialises in retail asset backed lending and has been extending credit to retail customers in under-served areas and to unbanked customers. Your Company is best placed for the same. The importance of NBFCs is much discussed by various committees appointed by RBI in the past and RBI has been modifying its regulatory and supervising policies from time to time to keep pace with the changes in the system. The year ahead is expected to be good for NBFCs due to emphasis on financial inclusion resulting in revival of credit demand, lowering of funding cost and easing of regulations.

DIRECTORS' REPORT

IV. OPERATIONS

The total disbursement of loans under different products during the year was ₹ 17411.71 crores compared to ₹ 13898.00 crores during the previous year registering a growth of 25% percent at ₹ 3513.71 crores as compared to ₹ 6034 crores in the previous year. During the year under review, the Company continued extending its foot prints to new geographical areas and maintained its market leadership. Income from operations for the year under consideration grew by 50.75% percent to ₹ 3071.47 crores as against ₹ 2037.48 crores for the previous year and the same resulted in a profit before tax of ₹ 665.65 crores for the year under review, compared to ₹ 524.16 crores during the previous year. As at March 31, 2013 the assets under management stood at ₹ 15,828.14 crores.

V. FINANCE

The Funding source for the Company comprised of debentures, fixed deposits, borrowings from banks and financial institutions by way of term loans/working capital loans and commercial papers. Borrowing from banks/institutions and by way of debentures/sub-ordinated debts/deposits constituted 71.26% and 28.74% respectively of the total borrowings of the company.

RESOURCES MOBILISED (INCLUDING FIXED DEPOSITS)

	₹ in Crores	
During the year ended March 31,	2013	2012
Deposits	0.11	(0.33)
Privately placed non convertible debentures	319.77	506.61
Subordinated debt	170.09	303.02
Commercial papers	100.00	(225.00)
Listed non convertible debentures	402.77	838.77
Term loans	2,004.42	982.38
Working Capital and Other loans	109.48	(111.15)
Equity Capital and premium thereon	167.66	144.96
Total	3,274.29	2,439.27

As at March 31, 2013, 32 deposits amounting to ₹ 0.08 crores had matured for payment and were due to be claimed or renewed. Subsequent follow-up for repayments/renewals resulted in the number reducing to 29 deposits amounting to ₹ 0.07 crores. There are no deposits which had matured and claimed but not paid by the Company. Steps are continuously taken to arrange for repayment/renewal of these unclaimed deposits.

DIRECTORS' REPORT

VI. PUBLIC ISSUE OF DEBENTURES

The Company made a public issue of Secured Non Convertible Debentures (NCDs) of face value of ₹ 1,000 each aggregating upto ₹ 250.00 crores with an option to retain over subscription up to ₹ 250.00 crores for issuance of additional NCDs aggregating to a total up to ₹ 500.00 crores. Despite tough market conditions, the issue was over subscribed. The Company retained additional subscription and allotted NCDs for ₹ 433.60 crores. The proceeds of the issue were utilised for the purpose for which the issue was made as mentioned in the prospectus dated August 31, 2012. The utilization of the proceeds of public issue was placed before audit committee and was reported in quarterly declaration of financial results and was reported to stock exchanges duly certified by the statutory auditors of the Company.

VII. CREDIT RATING

The Company has obtained credit ratings from CRISIL, CARE and India Rating and Research Private Limited (IRRL) formerly known as FITCH, for its long term borrowings, short term borrowings and fixed deposits. There has been no change in rating during this year than previous year. As on March 31, 2013, the ratings stood as under:

INSTRUMENT/ CREDIT RATING AGENCY	CARE	IRRL	CRISIL
Non convertible debentures - secured	CARE AA	IND AA-/POSITIVE	CRISIL AA-/STABLE
Subordinated debt bonds	CARE AA	—	CRISIL AA-/STABLE
Term deposits	CARE AA (FD)	IND tAA-	FAA/STABLE
Short term loans	CARE A1+	IND A1+	CRISIL A1+
Bank loan rating		IND AA-	

VIII. SHARE CAPITAL

Shriram Capital Limited ("SCL") was allotted 59,00,000 warrants on preferential basis on March 27, 2012 with the approval of members. SCL had the option to convert each warrant into one equity share within 18 months of the allotment of warrants. SCL exercised its option of converting 28,50,000 warrants into equal number of equity shares by paying requisite amount of money and were allotted 28,50,000 equity shares of ₹ 10 each on March 28, 2013. The utilization of the proceeds is reported in note no 27 of the notes to accounts forming part of this report.

IX. EMPLOYEE STOCK OPTION SCHEME (ESOS)

The Company has implemented Employees Stock Options Scheme 2006 ("Scheme") approved by the members at the Extra Ordinary General Meeting held on October 30, 2006 in accordance with the Securities & Exchange Board of India (Employees Stock Option Scheme & Employees Stock Purchase Scheme) Guidelines, 1999. The remuneration & compensation committee constituted in accordance with the SEBI Guidelines administers and monitors the Scheme. The issuance of equity shares in exercise of the options does not affect the statement of profit and loss of the Company for the year under consideration as the exercise is made at market price prevailing on the date of the grant. The applicable tax is borne by the option holder. The ESOP Scheme 2013 as approved by the Board shall be implemented immediately on approval of members of the Company. The ESOP schemes amply benefit the employees of the Company and benefit the Company in bettering its performance.

During the year under review, the Company allotted 1,99,131 fully paid up equity shares of the face value of ₹ 10.00 each to its employees on exercise of stock options by them under the Scheme.

The required disclosures under Clause 12 of SEBI Guidelines as on March 31, 2013 are set out in Annexure to this report.

The Company has received a certificate from the auditors of the Company certifying that the Scheme is implemented in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and is in accordance with the resolution of the members passed at their general meeting. The same report of the auditors of the Company is attached to this report.

DIRECTORS' REPORT

X. HUMAN RESOURCE

We strongly believe that our employees are vital assets and their development are vital. The Company provides tremendous learning and development opportunities to employees starting from induction. Human resource management process is set to attract and retain high calibre employees. The ESOP Scheme of the Company has been instrumental in retaining employees and the same has impacted positively on the Company's performance. The Company added 15,336 (Net) employees during the year taking total number of Employees to 18,642 as at the end of this year.

XI. SUBSIDIARY AND CONSOLIDATED FINANCIAL STATEMENTS

The Company has got one subsidiary i.e. Shriram Housing Finance Ltd ("SHFL") registered with National Housing Bank for doing home loans business.

The Board of Directors by way of a resolution passed at its meeting held on May 20, 2013 has given consent for not attaching the Balance Sheet, Statement of profit and loss and other documents of the subsidiary to the Balance Sheet of the Company as per Section 212 of the Companies Act, 1956 read with General Circular No.2/2011 (51/12/2007-CL-III dated February 8, 2011) of the Ministry of Corporate Affairs (MCA), Govt of India. A statement of consolidated financials of the Company with that of the subsidiary prepared in compliance with accounting standards and listing agreements with stock exchanges is attached to this annual report.

The annual accounts, annual reports and the related detailed information of the subsidiary shall be made available to the share holders of the Company and the subsidiary company seeking such information at any point of time. The annual accounts of the subsidiary shall be kept at the Registered Office of the Company and at the Registered Office of the subsidiary company for inspection by any shareholder. The Company shall furnish hard copy of the detail of the accounts of the subsidiary to any shareholder on demand. The annual accounts of the subsidiary shall be available on the web site of the Company (www.shriramcity.in)

XII. RESERVE BANK OF INDIA (RBI) GUIDELINES

NBFCs are regulated by RBI. Regulatory frame work has been increasing over few years and is likely to be tightened further. Increasing regulatory coverage for the sector will result in greater transparency and would further strengthen the sector, thereby enhancing the confidence of stake holders. These regulatory changes will pose challenges to the sector. However, the Company would be quick to positively respond to the changes.

The Company continues to comply with all applicable regulations of RBI from time to time. Capital to Risk (Weighted) Assets Ratio (CRAR) of the Company as at March 31, 2013 stood at 18.61% of the aggregate risk weighted assets on the balance sheet and risk adjusted value of the off balance sheet items, totalling to ₹ 14118.36 crores.

XIII. CORPORATE GOVERNANCE

The Company continues to adhere to high standard of corporate governance.

As required under clause 49 of the listing agreement entered into with stock exchanges, a report on corporate governance forming part of this report together with the certificate from the auditors of the Company, confirming the compliance with the corporate governance are attached to this report.

As required by Clause 49 (IV) (F) of the listing Agreement with stock exchanges, the Management Discussion Analysis on the business of the Company forming part of this report is attached.

As per Clause 49 of the listing agreement, a certificate, duly signed by the Managing Director and Chief Financial Officer on the financial statements of the Company for the year ended March 31, 2013, was submitted to the Board of Directors at their meeting held on May 20, 2013. The same certificate is attached to the report on corporate governance. The relevant provisions of the voluntary guidelines are adopted in the areas deemed appropriate.

DIRECTORS' REPORT

XIV. CORPORATE SOCIAL RESPONSIBILITY

Social welfare and community development are at the top of the Company's philosophy. The Company endeavours to empower underprivileged and weaker section of the community through various initiatives.

XV. RECOGNITIONS

"Padma Bhushan"

The Directors are pleased to report that Sri R Thyagarajan, Founder Chairman of Shriram Group has been conferred with the prestigious 'Padma Bhushan' award for the year 2012 in the field of "Trade and Industry" by the Hon'ble President of India in a grand function held at Rashtrapati Bhawan on April 5, 2013

XVI. DIRECTORATE

Sri R. Kannan resigned as Managing Director and Director of the Company with effect from June 5, 2012. The Board places on record its appreciation for the leadership and immense contribution by Sri R Kannan in building strong foundation for the business of the Company that helped the Company to post impressive results.

Sri R Duruvasan was appointed as a Managing Director and Chief Executive Officer of the Company with effect from June 6, 2012. The Board welcomes him to the Board of the Company.

Sri G S Sundararajan, Director was appointed by the Board of Directors of the Company as the Managing Director of the Company with effect from November 1, 2012. The Board welcomes him to the Board of the Company.

Sri S Venkatakrishnan, resigned as the Director of the Company with effect from August 21, 2012. The Board records its deep sense of appreciation for the contribution, guidance and support extended by Sri S Venkatakrishnan to the Company.

As per provisions of the Companies Act, 1956 and articles of association of the Company, Smt. Lakshmi Pranesh and Sri S Krishnamurthy retire by rotation at the ensuing Annual General Meeting. Both of them being eligible, offer themselves for reappointment.

Sri Vipen Kapur and Sri Pranab Prakash Pattanayak were appointed as additional directors of the Company. As per the provisions of Section 260 of the Companies Act, 1956, Sri Vipen Kapur and Sri Pranab Prakash Pattanayak hold office upto the date of the ensuing AGM of the Company. The Company has received notice from two members separately proposing Sri Vipen Kapur and Sri Pranab Prakash Pattanayak respectively as candidates for the office of director. Brief profile and directorship details of both the directors are furnished to the members along with this report. Necessary resolutions with regard to the above are included in the Notice of the ensuing AGM.

XVII. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 with respect to Directors' responsibility statement, the Directors of the Company hereby confirm that :

- i. in the preparation of annual accounts for the year ended on March 31, 2013 the applicable accounting standards have been followed and proper explanations have been made in notes to accounts for material departures;
- ii. the accounting policies have been selected and applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2013 and statement of the profit and loss of the Company for the year ended on that date;
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- (iv) the annual accounts have been prepared on a going concern basis.

DIRECTORS' REPORT

XVIII. AUDIT AND AUDITORS

The Auditors of the company M/s Pijush Gupta & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting (AGM) and have confirmed their eligibility and willingness to accept the office, if re-appointed. Necessary resolution for their re-appointment is proposed at the ensuing AGM. The report of the auditor on financial statements referred to in auditor's report are self explanatory and do not require further comments.

XIX. PARTICULARS OF EMPLOYEES

Information in accordance with the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, form a part of this report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956 this report and accounts are being sent to all the members of the Company and others entitled there to, excluding the aforesaid information. Any member interested in obtaining such particulars may write to the Company Secretary at the secretarial office of the Company and the same will be sent by post.

XX. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 for the year ended on March 31, 2013 are as under:

A. Conservation of Energy :The operations of the Company are not energy intensive. However, adequate measures, including additional investments, wherever required have been taken to reduce energy consumption.

B. The Company has not absorbed any technology

C. There were no foreign exchange earnings .

D. There was an outgo of foreign exchange equivalent to ₹ 27.60 lacs.

XXI. ACKNOWLEDGEMENT

The Board of directors place on record their gratitude for the guidance and cooperation extended by Reserve Bank of India and other statutory authorities. The Board takes this opportunity to express their sincere appreciation for the excellent co-operation and assistance received from the banks and financial Institutions .The Board is thankful to the auditors of the Company. The Board is pleased to record its appreciation for the enthusiasm, commitment, dedicated efforts of the employees of the Company at all levels. The Board is also deeply grateful for the continued confidence and faith reposed on the Company by the shareholders, depositors, debenture holders and debt holders.

For and on behalf of the Board of Directors

Place: Chennai

Date: May 20, 2013

Arun Duggal

Chairman

ANNEXURE FORMING A PART OF THE DIRECTORS' REPORT, 2012 - 13

Disclosure pursuant to the provisions of Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 as at March 31, 2013.

PARTICULARS		SCUF Employees Stock Option Scheme, 2006
a)	Options granted	13,55,000 equity shares of ₹ 10/- each
b)	The pricing formula	₹ 35/- per option
c)	Options vested	13,55,000
d)	Options exercised	11,66,340
e)	The total number of shares arising as a result of exercise of option	11,66,340
f)	Options lapsed	Nil
g)	Variation of terms of options	Nil
h)	Money realised by exercise of options	₹ 4,08,21,900
i)	Total number of options in force	1,88,660
j)	Director and employee wise details of options granted to:	
	i) Director(s) including Managing Director and Senior Management Personnel	None
	ii) Any other employee who receives a grant of option amounting to 5% or more of option granted	Nil
	iii) identified employees who were granted option equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil
	k) Diluted earnings per share (EPS) pursuant to issue of Shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'	₹ 68.22

ANNEXURE FORMING A PART OF THE DIRECTORS' REPORT, 2012 - 13

k)	i) Method of calculation of employee compensation cost	Intrinsic value method
	ii) Difference between the employee compensation cost so calculated at (i) above and the employee compensation cost that shall have been recognised if it had used the fair value of the Options	<p>Employee Compensation cost</p> <p>As per Fair Value method (Using Black Scholes Model) ₹ 30.82 crores</p> <p>As per Intrinsic Value method ₹ 30.69 crores</p> <p>Difference in cost ₹ 0.13 crores</p>
	iii) The impact of this difference on profits and on EPS of the Company	<p>As per Fair Value method NIL (Using Black Scholes Model)</p> <p>As per Intrinsic Value method NIL</p> <p>Impact on Profit NIL</p> <p>Impact on Diluted EPS NIL</p>
l)	Weighted average exercise price	₹ 35.00
	Weighted average fair value	₹ 227.42
m)	Fair value of options based on Black Scholes methodology	
	Assumption risk free rate	7.67 %
	Expected life of options (in years)	5
	Expected volatility (based on Monthly Volatility of the Company's stock price on the NSE)	55.36%
	Expected Dividends per share	₹ 3.00
	Closing market price of share at NSE on date of option granted	₹ 261.45

PIJUSH GUPTA & CO
CHARTERED ACCOUNTANTS

P199, C.I.T.ROAD ,SCHEME IVM, KOLKATA –700 010

This is to certify that the 'SCUF Employees Stock Options Scheme 2006' of Shriram City Union Finance Ltd has been implemented in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 and the resolution passed by the Company at its Extraordinary General Meeting held on October 30, 2006 wherein the aforesaid scheme was approved by the shareholders.

This certificate is issued under Clause 14.1 of the aforesaid Guidelines.

Place: Chennai
Date : May 20, 2013

For **Pijush Gupta & Co.**
Firm Registration No :309015E
Chartered Accountants

Pijush Kumar Gupta
Partner
Membership No. 015139

MANAGEMENT DISCUSSION AND ANALYSIS

MACROECONOMIC ENVIRONMENT:

India's economy is estimated to have grown at just over 5% in 2012-13, according to figures put out by the Ministry of Finance in its Economic Survey. This is the slowest growth witnessed in a decade. The slow pace of growth has resulted from multiple challenges, some of them being poor infrastructure, low growth in agriculture and industrial activities, and the gap between energy supply and demand. The high Current Account Deficit – which touched an alltime high of 6.7 per cent in October-December 2012 quarter – did not help. And while Wholesale Price Inflation has declined in recent months, Consumer Price Inflation remains in double digits.

However, it is widely believed that India's longterm growth story is credible, and the Government is taking steps to deal with the fiscal issues. Subject to certain pending legislation being passed and structural reforms being carried out as far as investments are concerned, the Indian economy could get back to exhibiting more robust levels of growth.

THE MSME SECTOR CONTRIBUTES TO 45% OF INDIA'S MANUFACTURING OUTPUT AND 40% OF EXPORTS – THE BIGGEST SHARE AFTER AGRICULTURE, AND MAKES UP 8% OF THE GDP.

THE MSME MARKET:

India currently has ~2.6 Crore MSME units (comprising 95% of all industrial units in the country), employing ~60 Lac persons.

The MSME sector contributes to 45% of India's manufacturing output and 40% of exports – the biggest share after agriculture, and makes up 8% of the GDP. MSMEs have traditionally faced the twin challenges of inadequate credit and delayed access to quality credit. Funding from unorganized/informal sources is available, but is unreliable and expensive. While the exposure by commercial banks to the MSME sector during the period FY2006 to FY2011 grew at a CAGR of 24%, loans advanced by NBFCs to this sector in the period FY2007 to FY2012 grew at 35% CAGR.

Only 7% of MSMEs seek external sources of credit, the rest managing with selffinancing or with funding from informal sources. MSMEs have a total finance demand of Rs. 32.5 trillion, of which only 36% is widely considered as addressable by financial institutions. The remaining 64%, ordinarily considered unviable because of inadequate/poor credit profiles, preference for debt from informal sources, reliance on selffinancing etc. presents a rich potential for NBFCs if adequate safeguards can be built in to protect asset quality.

We therefore see our company and other NBFCs playing a vital role in addressing the financing needs of the MSME segment. Shriram City was the pioneer in financing MSMEs, having entered the sector in FY 2006. Given the potential present, we hope to continue a healthy rate of growth in this area, in the process addressing the Government's strategy for financial inclusion.

As a strategy for its Enterprise Finance business, Shriram City concentrates on ticket sizes comprising Very Small Loans (sub Rs. 1 Lac), Small Loans (Rs. 1 Lac – Rs. 10 Lacs) and Medium Loans (Rs. 10 Lacs – Rs. 50 Lacs), with the bulk of its MSME book constituting Small Loans, where we have a dominant market share of ~42%.

A slowdown in the economy, as is being seen in recent times, while affecting major industries such as power, coal, steel, infrastructure, automotive etc. largely leaves Micro enterprises untouched (in comparison to Small and Medium enterprises).

Shriram City for the most part caters to the Micro enterprises segment. Our research indicates that in the event of the GDP growing between 4% 5%, the MSME sector should see a longterm growth of between 15% - 20%.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF PERFORMANCE FOR 2012-13:

Financials:

The year saw Shriram City sustain its performance, registering a year-on-year growth of 51% in Income from Operations which stood at Rs. 3071 Crores, and 31% in Profit after Tax, which was Rs. 450 Crores.

Assets under Management as at 31st March 2013 stood at Rs. 15,828 Crores, of which the off-books component was 15.1%.

The Company disbursed loans worth Rs. 17412 Crores during the year.

Borrowing Profile:

Total borrowings for the year stood at Rs. 12727 Crores of which borrowings from banks constituted 58%, retail borrowings 24% and market borrowings and public issue of NCDs 9% each.

Capital Adequacy Ratio:

As at March 2013, the Capital Adequacy Ratio was 18.95%, of which Tier I capital constituted 14.91%.

INTERNAL AUDITS AND CONTROL:

A three-layered approach to the internal audit function has for long assisted in an independent appraisal of business and has helped evolve suggestions for improvement in business processes on a sustained basis. The internal audit function works in tandem with Management Audit and the Audit Committee.

TECHNOLOGY:

Access to real time information is essential to maintaining asset quality, and the Company has been making consistent efforts to adopt, upgrade and implement state-of-the-art technology towards ensuring such access.

RISK MANAGEMENT:

While risk is an inevitable fallout of the lending business, Shriram City is driven by a management philosophy that believes in clearly specifying risk policies and tolerance limits, and developing a strong risk management framework to proactively identify, communicate and manage material risks. At Shriram City, managing business risks is ingrained into management as well corporate governance practices and assists in improved decision making. Managing risk effectively also helps in achieving the desired outcome, while fixing responsibility and accountability.

The Company's risk management policy helps it in the following ways:

- Evolving far-reaching plans and improved decision-making;
- More accurate identification and management of opportunities and threats;
- Optimizing the allocation of resources;
- More effective incident management, resulting in reduced loss and cost of risk;
- Greater reposing of faith and trust by stakeholders;
- Efficient allocation of responsibility and authority amongst the workforce;
- Timely compliance with extant regulations;
- Improved corporate governance;
- A better understanding of risk across the organization, aided by more effective communication channels.

Annexure to the Directors' Report for the year ended on March 31, 2013

REPORT ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is aimed at :

- a) Enhancing long term shareholder value through
 - > Assisting the top management in taking sound business decisions; and
 - > Prudent financial management.
- (b) Achieving transparency and professionalism in all decisions and activities of the Company.
- (c) Achieving excellence in Corporate Governance by
 - > Conforming to the prevalent guidelines on Corporate Governance and excelling in it, wherever possible.
 - > Reviewing periodically the existing systems and controls for further improvements.

1. BOARD OF DIRECTORS

Size & Composition

The Board of Directors of the Company consists of optimum combination of Executive, Non Executive & Independent Directors to ensure independent functioning of the Board. All independent Directors meet the criteria of independence as defined in Clause 49 IA (iii) of the listing agreement with stock exchanges.

The present strength of the Board is 11, consisting of a Non Executive and Non Independent Chairman, two Managing Directors and 9 Non Executive Directors. The Board of Directors of the Company consists of professionals from varied disciplines. The Board Members possess the skill, experience and expertise required to guide the Company.

Annexure to the Directors' Report for the year ended on March 31, 2013

The Composition of Board of Directors is as under :

S.No	NAME OF THE DIRECTOR	CATEGORY OF DIRECTORSHIPS		POSITION
		(EXECUTIVE/ NON EXECUTIVE)	(INDEPENDENT/ NON INDEPENDENT)	
1	Sri Arun Duggal	Non Executive	Non Independent	Chairman
2	Sri R Kannan	Executive	Non Independent	Managing Director
3	Sri R Duruvasan	Executive	Non Independent	Managing Director
4	Sri G S Sundararajan	Executive	Non Independent	Managing Director
5	Sri S Krishnamurthy	Non Executive	Independent	Director
6	Smt Lakshmi Pranesh	Non Executive	Independent	Director
7	Sri V Murali	Non Executive	Independent	Director
8	Sri Puneet Bhatia	Non Executive	Non Independent	Director
9	Sri Ranvir Dewan	Non Executive	Non Independent	Director
10	Sri Sunil Varma	Non Executive	Independent	Director
11	Sri S Venkatakrishnan	Non Executive	Non Independent	Director
12	Sri Vipen Kapur	Non Executive	Independent	Director
13	Sri Pranab Prakash Pattanayak	Non Executive	Independent	Director

Sri R. Kannan resigned from the position of Managing Director and Director w.e.f. June 5, 2012

Sri R. Duruvasan was appointed as an additional director and Managing Director w.e.f. June 6, 2012

Sri S Venkatakrishnan resigned from the Board w.e.f August 21, 2012

Sri G S Sundararajan was appointed as Managing Director w.e.f from November 1, 2012

Sri Pranab Prakash Pattanayak was appointed as an additional director w.e.f. October 31, 2012

None of the Directors hold any equity shares/warrants in the Company. All the Directors have made declaration about their category of directorships in the Company at the time of their appointment and annually. All such declarations are/were placed before the Board of Directors. No director on Board is related to the other in terms of 'relative' defined under Companies Act, 1956.

Annexure to the Directors' Report for the year ended on March 31, 2013

1.1 Board process

The Board meets at least once a quarter to review the performance and financial results. Apart from this, additional Board meetings are held by giving appropriate notice to address the specific needs of the Company. The maximum time gap between two meetings does not exceed four months. The Board meetings are generally scheduled well in advance. The notice and agenda of each Board Meeting are given in writing to each director well in advance of the meeting. In special and exceptional circumstances, additional or supplementary item(s) are permitted. Where it is not practicable to attach any document to the agenda, the same are tabled at the meeting. In cases of business exigencies or urgent matters, resolutions are passed by circulation. The information as per the requirement of corporate governance norms are made available to the Board including the information as mentioned in Annexure - 1A to Clause 49 of the listing agreement. The Board is also free to recommend inclusion of any matter for discussion in consultation with the Chairman.

All the deliberations and decision occurring in every meeting of the Board and its Committees are minuted. The minutes are confirmed and signed in the immediately succeeding Board / Committee meeting.

Important decisions taken at the Board Meetings/Committee Meetings are communicated to concerned departments of the Company and action taken reports on decisions/minutes of previous meetings are placed at the succeeding meetings of the Board/Committee for noting.

The Company's process for Board meetings are followed for committee meetings as far as it is practicable. The minutes of the proceedings of the committee meetings are placed before the Board meeting for perusal and notings.

1.2 Functioning of the board

The Board of Directors is the apex body constituted by share holders for overseeing the overall functioning of the Company. The Board provides strategic direction to the Company, evaluates the same and ensures long term interest of the share holders. The day to day management of the affairs of the Company is entrusted with the senior management personnel, which is headed by the Managing Directors, who function under the overall supervision, direction and control of the Board of Directors of the Company. The Board meets to discuss, review and decide upon the matters such as policy formulation, setting up of goals, appraisal of performances with the goals and control functions. Some of the powers of the Board have also been delegated to Committee/s of Directors. The Board thus exercises close control over the functioning of the Company with a view to enhance the shareholder value. The Board periodically reviews the compliance reports of all applicable laws by the Company as well as steps taken by the Company to rectify instances of non compliance.

Annexure to the Directors' Report for the year ended on March 31, 2013

1.3 Board meetings and attendance of directors

Four meetings of the Board of Directors were held during the year ending March 31, 2013 - on May 18, 2012, July 27, 2012, October 31, 2012 and January 29, 2013 and the maximum gap between the two board meeting did not exceed four months.

The attendance of Directors at Board Meetings, last Annual General Meeting (AGM) /Extraordinary General Meeting (EGM) and the number of directorship, membership/chairmanship held by them on the board/committees of the board of other Companies are as under :

S. No.	Name of the Director	Position	No. of Board Meetings Held	Board Meetings Attended	AGM held on July 27, 2012	EGM HELD on March 24, 2012	No of director-ships held in other companies	Membership and Chair-manship of the Commit-tees of the Board of other companies	
								Membership	Chairman
1	Sri Arun Duggal	Chairman	4	4	Present	Not Present	13	2	3
2	Sri R Kannan	Managing Director	4	1	—	Present	—	—	—
3	Sri R Duruvasan	Managing Director	4	3	Present	—	1	—	—
4	Sri G S Sundararajan	Managing Director	4	4	Present	Present	7	—	1
5	Sri S Krishnamurthy	Director	4	4	Present	Present	3	2	1
6	Smt Lakshmi Pranesh	Director	4	2	Not Present	Present	—	—	—
7	Sri V Murali	Director	4	4	Present	Present	4	1	1
8	Sri Puneet Bhatia	Director	4	2	Not Present	Not Present	6	—	—
9	Sri Ranvir Dewan	Director	4	2	Present	Not Present	6	1	—
10	Sri Sunil Varma	Director	4	4	Present	Not Present	3	1	2
11	Sri Vipen Kapur	Director	4	4	Present	Present	1	—	—
12	Sri Pranab Prakash Pattanayak	Director	4	2	Not Present	Not Present	1	1	—
13	Sri S Venkatakrishnan	Director	4	2	Present	Present	—	—	—

Annexure to the Directors' Report for the year ended on March 31, 2013

Sri R. Kannan resigned from the position of Managing Director and Director w.e.f. June 5, 2012

Sri R. Duruvasan was appointed as an additional director and Managing Director w.e.f. June 6, 2012

Sri S Venkatakrishnan resigned from the Board w.e.f. August 21, 2012

Sri G S Sundararajan was appointed as Managing Director w.e.f. from November 1, 2012

Sri Pranab Prakash Pattanayak was appointed as an additional director w.e.f. October 31, 2012

The total number of directorships of directors mentioned above includes their directorships in private

limited companies, section 25 companies and foreign companies, if any and excludes their directorships in the Company. The memberships/ chairmanships in audit committee and shareholders'/investors' grievance committee in public limited companies (excluding the Company) are mentioned above .

None of the directors of the Board is a member of more than 10 Committees and Chairman of more than 5 Committees as per Clause 49 (I) (C) (ii) of the listing agreement with stock exchanges. All the directors have made requisite disclosures regarding Committee positions occupied by them in other Companies.

1.4 Code of conduct for directors and senior management

The Board has laid down Code of Conduct ('Code') for the members of the Board and for designated senior management personnel as required under Clause 49 (I) (D) of the listing agreement with stock exchanges. The codes have been posted on the web site of the Company at www.shriramcity.in. All the Board members and the designated senior management personnel have annually affirmed compliance with the Code. A declaration to this effect signed by the Managing Director and CEO is attached to this Report.

Annexure to the Directors' Report for the year ended on March 31, 2013

1.5 Remuneration of Directors

Non Executive Independent Directors get sitting fees for each of the meeting of the Board of Directors (₹ 15,000 for each Board Meeting attended) / Committees (₹ 10,000/for each Committee Meeting) attended . No other remuneration is paid to the directors.

The details of sitting fees / remuneration paid to the directors for the year ended March 31, 2013 are given below:

Sl. No	Name of the Director	Category	Position	Sitting fees for attending meetings ₹	Salary, allowances & Perquisites ₹	Total ₹
1.	Sri Arun Duggal	Non Executive, NonIndependent	Chairman—	—	—	—
2.	Sri R Kannan	Executive, Non Independent	Managing Director	—	—	—
3.	Sri R Duruvasan	Executive, Non Independent	Managing Director	—	35,65,000/-	35,65,000/-
4.	Sri G S Sundararajan	Executive, Non Independent	Managing Director	—	—	—
5.	Sri S Krishnamurthy	Non Executive, Independent	Director	1,80,000/-	—	1,80,000/-
6.	Smt Lakshmi Pranesh	Non Executive, Independent	Director	60,000/-	—	60,000/-
7.	Sri V Murali	Non Executive, Independent	Director	90,000/-	—	90,000/-
8.	Sri Puneet Bhatia	Non Executive, Non Independent	Director	—	—	—
9.	Sri Ranvir Dewan	Non Executive Non Independent	Director	—	—	—
10.	Sri Sunil Varma	Non Executive, Independent	Director	1,00,000/-	—	1,00,000/-
11.	Sri Vipen Kapur	Non Executive, Independent	Director	75,000/-	—	75,000/-
12.	Sri Pranab Prakash Pattanayak	Non Executive, Independent	Director	30,000/-	—	30,000/-
13.	Sri S Venkatakrishnan	Non Executive, Non Independent	Director	—	—	—

Sri R.Kannan resigned from the position of Managing Director and Director w.e.f. June 5, 2012

Sri R. Duruvasan was appointed as an additional director and Managing Director w.e.f. June 6, 2012

Sri S Venkatakrishnan resigned from the Board w.e.f August 21, 2012

Sri G S Sundararajan was appointed as Managing Director w.e.f from November 1, 2012

Sri Pranab Prakash Pattanayak was appointed as an additional director w.e.f. October 31, 2012

Annexure to the Directors' Report for the year ended on March 31, 2013

2. COMMITTEES OF THE BOARD

The Company has Board level committees - Audit Committee, Shareholder's/Investors' Grievance Committee, Remuneration and Compensation Committee, Asset Liability Management Committee, Banking & Finance Committee, Debenture Allotment Committee, Debt Allotment Committee, Debt Issuance Committee, Equity Allotment Committee, ESOP Allotment Committee, Share Transfer Committee and Financial Results Review Committee.

All decisions pertaining to the constitution of the committees, appointment of members, fixing the terms of reference are taken by the Board as per guidelines set out in clause 49 (II) of the listing agreement with stock exchanges. Details on the role and composition of committees, number of meetings held during the year 2012-13 and related attendance are provided below.

3. AUDIT COMMITTEE

The Audit Committee has been constituted as per section 292 A of the Companies Act, 1956 and the guidelines set out in clause 49(II) of the listing agreement with stock exchanges.

3.1 Brief description of the terms of reference

To oversee the financial reporting process and ensure proper disclosure, review, the financial statements,

To recommend appointment and reappointment of auditors including their remuneration, to have pre and post audit discussion with statutory auditors and review their performance,

To review the appointment, removal and terms of remuneration of the internal auditors and review their performance

Reviewing internal audit function, reports, coverage and frequency of internal audit and discussing with internal auditors on any significant findings,

To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors, if any,

To review the functioning of the whistle blower mechanism,

To have management discussion and analysis of financial condition and results of operations,

To review significant related party transactions,

Any other function assigned by the Board from time to time

Annexure to the Directors' Report for the year ended on March 31, 2013

3.2 Composition & Attendance

The Committee met 4 times during the financial year on May 18, 2012, July 26, 2012, October 31, 2012 and January 29, 2013.

Name of the Director	Position	Category	No of meetings held	No. of meetings attended
Sri Sunil Varma	Chairman	Non Executive, Independent	4	4
Sri S Krishnamurthy	Member	Non Executive, Independent	4	4
Smt Lakshmi Pranesh	Member	Non Executive, Independent	4	3
Sri Ranvir Dewan	Member	Non Executive, Non Independent	4	2
Sri S Venkatakrishnan	Member	Non Executive, Non Independent	4	2

Sri S Venkatakrishnan resigned as Member the Audit Committee w.e.f. August 21, 2012

The Company Secretary of the Company is the Secretary of the Committee.

Annexure to the Directors' Report for the year ended on March 31, 2013

4. REMUNERATION AND COMPENSATION COMMITTEE

4.1 Brief description of terms of reference :

Entire gamut of remuneration packages to working directors and employees stock option scheme and review of related policies and practices.

4.2 Composition and attendance:

The Committee met 4 times during the financial year on May 18, 2012, July 26, 2012, October 31, 2012 and January 29, 2013. The composition of the Committee and their attendance are as under:

Name of the Director	Position	Category	No of meetings held	No. of meetings attended
Sri Vipen Kapur	Chairman	Non Executive , Independent	4	3
Sri S Krishnamurthy	Member	Non Executive, Independent	4	4
Sri V Murali	Member	Non Executive, Independent	4	3

Sri V Murali was appointed as the Member of the Committee w.e.f. June 6, 2012

The Remuneration and Compensation Committee at its meeting held on May 30, 2009 formed a sub committee named 'Employee Stock Option Scheme Allotment Committee'. The sub committee presently comprises of Sri G S Sundararajan as the Chairman and Smt. Subhasri Sriram and Sri C R Dash as Members and empowered the Sub Committee to consider allotment of shares under Company's Employees Stock Option Scheme to those employees who exercise the options. The Committee met on May 4, 2012, May 31, 2012, June 30, 2012, July 31, 2012, September 12, 2012, October 9, 2012, November 2, 2012, December 5, 2012, January 5, 2013, February 5, 2013, March 8, 2013 and March 30, 2013 during the financial year. The minutes of the Employee Stock Option Scheme allotment committee are placed before the meeting of Remuneration and Compensation Committee.

During the year ended March 31, 2013, 1,99,131 options were allotted to the employees in exercise of their Options

5. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

5.1 Brief description of terms of reference :

- > Redressal of shareholders', investors', Debenture holders, Debt Holders, grievances, if any,
- > Consideration of customers complaints, facilitating better investor/customer services and relations, review of unclaimed dividends/deposits/debentures/sub ordinate debt and related action,
- > Address matters relating to Depositories ,Registrar and Transfer Agents, Monitor the Code of Conduct for Insider Trading pursuant to SEBI (Prohibition of Insider Trading) Regulations , 1992

5.2 Composition & Attendance :

The Committee had met 4 times during the financial year on May 18, 2012, July 26, 2012, October 31, 2012 and January 29, 2013. The composition of the committee and the attendance are as under.

Name of the Director	Position	Category	No of meetings held	No of meetings attended
Sri G S Sundararajan	Chairman	Executive, Non Independent	4	2
Sri S Venkatakrishnan	Chairman	Non Executive, Non Independent	4	2
Sri R Kannan	Member	Executive, Non Independent	4	1
Sri R Duruvasan	Member	Executive, Non Independent	4	3
Sri S Krishnamurthy	Member	Non Executive, Independent	4	4

Sri R.Kannan resigned as a Member of the Committee w.e.f. June 5, 2012

Sri R.Duruvasan was appointed as a member of the Committee w.e.f. June 6, 2012

Sri S Venkatakrishnan resigned as the Chairman of the Committee w.e.f August 21, 2012

Sri C R Dash, Company Secretary of the Company is the Compliance Officer. The Company received 1 complaint from a shareholder during the year ended on March 31, 2013. This complaint was resolved and no complaint was pending as on March 31, 2013.

Annexure to the Directors' Report for the year ended on March 31, 2013

6. BANKING & FINANCE COMMITTEE

6.1 Brief description of terms of reference

The Committee is formed to monitor mobilisation of resources, authorisation for banking transactions, activities related to banking and borrowing power within the specified limits and to ensure efficient and timely decisions on the matters related to banking and borrowing.

6.2 Composition and attendance:

The Committee met 45 times during the financial year. The composition of the committee and their attendance are as under .

Name of the Director	Position	Category	No of meetings held	No of meetings attended
Sri G S Sundararajan	Chairman	Executive, Non Independent	45	37
Sri S Venkatakrishnan	Chairman	Non Executive, Non Independent	45	16
Sri R Kannan	Member	Executive, Non Independent	45	6
Sri R Duruvasan	Member	Executive, Non Independent	45	29
Smt Subhasri Sriram	Member	Executive Director & Chief Financial Officer	45	39

Sri R. Kannan resigned as a Member of the Committee w.e.f. June 5, 2012

Sri G S Sundararajan was appointed as a Member of the Committee w.e.f. June 6, 2012

Smt Subhasri Sriram was appointed as a Member of the Committee w.e.f. June 6, 2012

Sri S Venkatakrishnan resigned as the Chairman of the Committee w.e.f August 21, 2012

Sri G S Sundararajan was appointed as the Chairman of the Committee w.e.f. August 21, 2012

7. FINANCIAL RESULTS REVIEW COMMITTEE

This Committee was constituted by the Board of Directors of the Company on August 17, 2007, under Clause 41 of the Listing Agreement. The Committee is responsible for approving the quarterly financial results when the Board of Directors does not meet. No meetings were held for the Committee during the financial year.

8. ASSET LIABILITY MANAGEMENT COMMITTEE

8.1 Brief terms of reference

The Asset-Liability Management Committee(ALCO) assists the Board of Directors in balance sheet planning from risk-return perspective including strategic management of interest rate risk, liquidity risks , market risk , fund planning ,capital planning, profit planning, growth projection , analysis and forecasting of future business environment and contingency plans.

During the year under review, the Committee met 4 times on April 30, 2012, July 30, 2012, October 31, 2012 and January 29, 2013

8.2 COMPOSITION & ATTENDANCE

Name of the Director	Position	Category	No of meetings held	No. of meetings Attended
Sri R Kannan	Chairman	Executive, Non Independent	4	1
Sri R Duruvasan	Chairman	Executive, Non Independent	4	3
Smt. Subhasri Sriram	Member	Executive Director and Chief Financial Officer	4	4
Sri R Chandrasekar	Member	Executive Director	4	4

Sri R Kannan resigned as the Chairman of the Committee w.e.f. June 5, 2012

Sri R Duruvasan was appointed as the Chairman of the Committee w.e.f. June 6, 2012

9. MONITORING OF SUBSIDIARY COMPANY

The Company has got one non listed non material subsidiary company. The subsidiary company is managed by it's Board of Directors. Since, the subsidiary company is not a material non listed subsidiary, the Company is not required to nominate one of it's independent directors on the Board of the subsidiary. The Company monitors the subsidiary by the following means :

- The financial statements, in particular the investments made by the subsidiary company are reviewed by the audit committee of the Company.
- All the minutes of the Board meetings of the subsidiary company are placed before the Company's board regularly.
- A statement containing all the significant transactions and arrangements entered into by the subsidiary company is placed before Board of the Company.

Annexure to the Directors' Report for the year ended on March 31, 2013

10. SHARE HOLDER INFORMATION AND DISCLOSURES

10.1 Corporate

The Company was incorporated on March 27, 1986 as Shriram Hire- Purchase Finance Private Limited with Registrar of Companies, Tamil Nadu, Chennai and got fresh certificate of incorporation consequent to change of name to Shriram City Union Finance Limited with effect from April 10, 1990. The Company made an initial public offering in December, 1994. The corporate identification number (CIN) allotted to the Company by Ministry of Corporate Affairs (MCA) is L65191TN1986PLC012840.

10.2 Appointment and reappointment of directors

One third of the Directors retire by rotation and if eligible seek reappointment at AGM of the shareholders of the Company. At the ensuing AGM, Smt. Lakshmi Pranesh and Sri S Krishnamurthy will retire. The Board has recommended the reappointment of both the retiring directors. The Board has also recommended the appointment of Sri Vipin Kapur and Sri Pranab Prakash Pattanayak, additional directors to be appointed as director liable to retire by rotation. The detailed profiles of all these directors as required under clause 49 (IV) (G) of the listing agreement with stock exchanges are attached to this report.

Annexure to the Directors' Report for the year ended on March 31, 2013

10.3 General body meetings

The date, time and venue of last three Annual General Meetings (AGMs) held and special resolutions passed there at along with the details of the Extraordinary General Meeting (EGM) held during the year ended March 31, 2013 are as under.

Year ended March 31	AGM/EGM	Location	Date	Time	Special Resolutions passed
2010	24th AGM	Narada Gana Sabha (Mini Hall) No 314 (Old No 254) T T K Road, Alwarpet, Chennai 600 018	July 30, 2010	11.00am	Nil
2011	25th AGM	Narada Gana Sabha (Mini Hall) No 314 (Old No 254) T T K Road, Alwarpet, Chennai 600 018	July 28, 2011	11.00 am	Nil
2012	EGM	Sri Krishna Gana Sabha (Mini Hall), No 20, Maharajapuram Santhanam Salai, T.Nagar, Chennai 600 017	March 24, 2012	11.00 am	*As below
2012	26th AGM	Narada Gana Sabha (Mini Hall) No 314 (Old No 254) T T K Road, Alwarpet, Chennai 600 018	July 27, 2012	10.00 am	*As below
2012	Court Convened Meeting of the Equity shareholders	Sri Krishna Gana Sabha (Main Hall), No 20, Maharajapuram Santhanam Salai, T.Nagar, Chennai 600 017	March 25, 2013	11.00 am	**As below
2012	Court Convened Meeting of the Secured Creditors	Sri Krishna Gana Sabha(Main Hall), No 20, Maharajapuram Santhanam Salai, T.Nagar, Chennai 600 017	March 25, 2013	12.30 pm	**As below

During the year ended March 31, 2013, no special resolution was passed through postal ballot. No special resolution is proposed to be conducted through postal ballot at the ensuing AGM.

*Special resolutions for alteration of articles of association of the Company for increase in authorised capital and issue of equity shares and warrants on preferential basis to Shriram Capital Ltd were passed in the said EGM. An ordinary resolution for increase in authorised capital was also passed in the said EGM.

**Court Convened Meeting of the Equity Shareholders and Secured Creditors were convened for passing the Composite Scheme of Arrangement under Sections 391 to 394 and Sections 100 to 103 of the Companies Act, 1956

Annexure to the Directors' Report for the year ended on March 31, 2013

10.4 Materially significant related party transactions

During the year under consideration, there were no materially significant related party transactions entered into, which were in potential conflict with the interest of the Company at large. The details of related party transactions are presented in note no. 25 of the notes to accounts forming part of the annual report.

10.5 Accounting treatment

The Company follows the accounting treatment as prescribed in accounting standard and the details of same appears in notes to accounts section of this annual report.

10.6 Risk management

This annual report has got a detailed chapter on management discussion and analysis on risk management.

10.7 Proceeds of the public issue and preferential issue

During the year ended March 31, 2013, the Company made a public issue of secured non convertible debentures (NCD) of face value of ₹ 1,000 each aggregating upto ₹ 250 crores with an option to retain over subscription upto ₹ 250 crores for issuance of additional NCDs aggregating to a total upto ₹ 500 crores. The Company retained the additional subscription and allotted NCDs for ₹ 4,33,60,14,000.00. The Company received a request from Shriram Capital Limited proposing to exercise its option of converting 28,50,000 warrants into equal number of equity shares out of the 59,00,000 warrants allotted to them on March 27, 2012. The Company accepted the same and issued, allotted 28,50,000 equity shares of ₹ 10 each on March 28, 2013. The utilisation of the proceeds of public issue was placed before audit committee, reported in quarterly declaration of financial results and have been reported to stock exchanges duly certified by the statutory auditors of the Company. The utilisation statement is reported in note no. 27 of the notes to accounts forming part of this report.

10.8 Details of non compliance and penalties, strictures imposed, if any

There have been no instances of non compliance by the Company on any matter relating to capital market during last three years and hence no penalties, strictures have been imposed on the Company by stock exchanges or SEBI or any other statutory authority.

10.9 Whistle blower policy

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting unethical behavior. The Company has adopted a whistle blower policy and has established the necessary mechanism in line with clause 49 of the listing agreement with the stock exchanges, for employees to report concerns about unethical behaviour. No person has been denied access to the audit committee.

10.10 Audit of Reconciliation of share capital

SEBI has mandated audit of share capital under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 read with SEBI Circular No. D&CC/FITTC/Cir16/2002 dated December 31, 2002 and SEBI Circular No. CIR/MRID/DP/30/2010 dated September 06, 2010. Accordingly audit for reconciliation of share capital admitted with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Ltd (CDSL) with the total issued and listed capital has been carried out on a quarterly basis during the year ended on March 31, 2013 by a Practicing Company Secretary appointed by the committee of the Board. The audit has confirmed that the total issued/ paid up capital is in agreement with the aggregate total number of shares in physical form and total number of dematerialised shares with NSDL and CDSL.

Annexure to the Directors' Report for the year ended on March 31, 2013

10.11 Means of communication

The audited financial results, the quarterly results and halfyearly results of the Company were published in English ('Business Line') and Tamil newspaper ('Makkal Kural') within 48 hours of conclusion of the Board or Committee Meetings at which the financial results were approved. The results are also displayed at Company's website www.shriramcity.in. The Company's web site www.shriramcity.in contains a separate section "INVESTOR", where shareholder information is available. The annual report of the Company is also available in the same section of the web site of the Company and is in downloadable form. The Annual Report of the Company containing stand alone financial statements, consolidated financial statements, auditor's report thereon and other important information are circulated to members and others entitled thereto. The investor complaints are processed in centralized web based complaints redressal system controlled by SEBI and is known as SEBI Complaint redress system (SCORES). The company has designated an email id sect@shriramcity.in, exclusively for investor servicing. As required under Clause 52 of the listing agreement with stock exchanges, the information about corporate governance, shareholding pattern, financial results etc. are available in the web site of CFDS viz www.corpfiling.co.in. The Company has also been filing the information related to corporate governance, shareholding pattern, and results in the website of NEAPS (National Electronic Application Processing System) viz www.connect2nse.com.

10.12 Details of twenty seventh AGM

a. Date and Time	July 25, 2013 (Thursday) at 10 a m
b. Venue	Narada Gana Sabha (Mini Hall) No 314 (Old No 254) T T K Road, Alwarpet, Chennai - 600 018
c. Book Closure	July 19, 2013 (Friday) – July 25, 2013 (Thursday) (both days inclusive)
d. Dividend	An interim dividend of ₹ 2.5 per equity share was declared by the board of directors at its meeting held on October 31, 2012 and the payments thereof were effected on November 26, 2012. The payment of final dividend upon declaration by shareholders at the AGM, will be made on or after July 30, 2013 to those members, whose name appear on the Register of members as on the date (date being July 17, 2013).

10.13 Financial year

April 1, 2013 to March 31, 2014

10.14 Details of listing on stock exchanges

Name of the Stock Exchange	Stock Code (equity shares)
Madras Stock Exchange Limited (MSE)	SRIRACITUN
BSE Limited (BSE)	532498
National Stock Exchange of India Limited(NSE)	SHRIRAMCIT
Demat ISIN Number in NSDL & CDSL	INE722A01011

Annexure to the Directors' Report for the year ended on March 31, 2013

10.15 Details of debentures listed on stock exchanges

The debentures of the Company of face value of ₹ 1,000 each offered for subscription to public under Prospectus dated August 1, 2011 and August 31, 2012 are listed on both NSE and BSE. The ISIN details of the same are as under :

Option/ Series	ISIN	Coupon rate	Scrip Code in NSE	Scrip Code in BSE	Date of Allotment	Date of Maturity	Put and Call Option	Remarks
I	INE722A07208	11.60%	N1	934820	August 26, 2011	August 25, 2016	Exercisable at the end of 48 months from the date of allotment	
I	INE722A07224	11.85%	N2	934822	August 26, 2011	August 25, 2016	Exercisable at the end of 48 months from the date of allotment	
I	INE722A07216	12.10%	N3	934821	August 26, 2011	August 25, 2016	Exercisable at the end of 48 months from the date of allotment	
II	INE722A07232	11.50%	N4	934823	August 26, 2011	August 25, 2014	Not Applicable	
II	INE722A07257	11.60%	N5	934825	August 26, 2011	August 25, 2014	Not Applicable	
II	INE722A07240	11.85%	N6	934824	August 26, 2011	August 25, 2014	Not Applicable	
1	INE722A07414	10.60%	N7	934857	October 6, 2012	October 6, 2015	Not Applicable	Additional Incentive @ 0.90% p.a. to individual NCD holders as on any record date
2	INE722A07422	10.75%	N8	934858	October 6, 2012	October 6, 2017	Not Applicable	Additional Incentive @ 1.00% p.a. to individual NCD holders as on any record date
3	INE722A07430		N9	934859	October 6, 2012	October 6, 2015	Not Applicable	NCD holders who are individuals as on any record date gets ₹ 1386.20 p.a. per NCD (Effective yield 11.50%). NCD Holders who are Non-Individ- uals as on any record date gets ₹ 1352.90 p.a. per NCD (Effective yield 10.60%). Subject to applicable tax deducted at source, if any.
4	INE722A07448		NA	934860	October 6, 2012	October 6, 2017	Not Applicable	NCD holders who are individuals as on any record date gets ₹ 1743.33 p.a. per NCD (Effective yield 11.75%). NCD Holders who are Non-Individ- uals as on any record date gets ₹ 1666.65 p.a. per NCD (Effective yield 10.75%). Subject to applicable tax deducted at source, if any.

The Company has paid annual listing fees for the financial year 2012-13 to BSE, MSE and NSE on time.

Annexure to the Directors' Report for the year ended on March 31, 2013

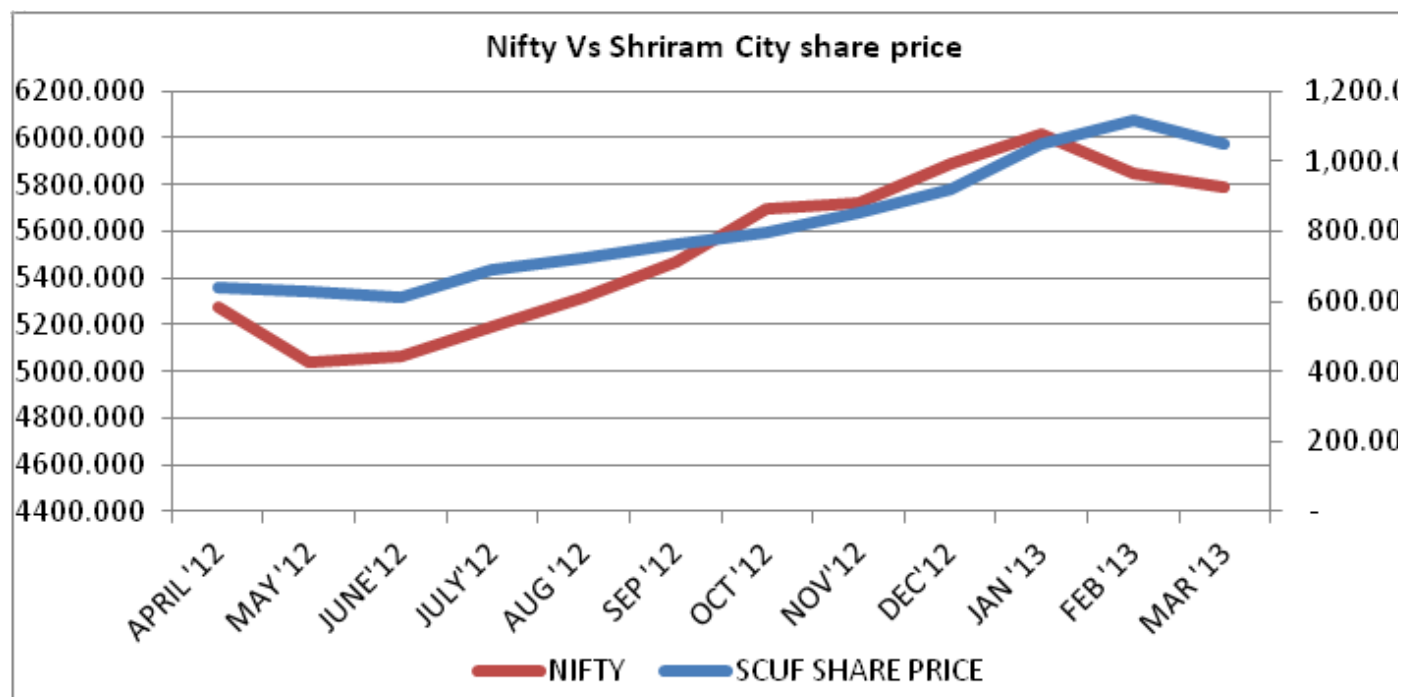
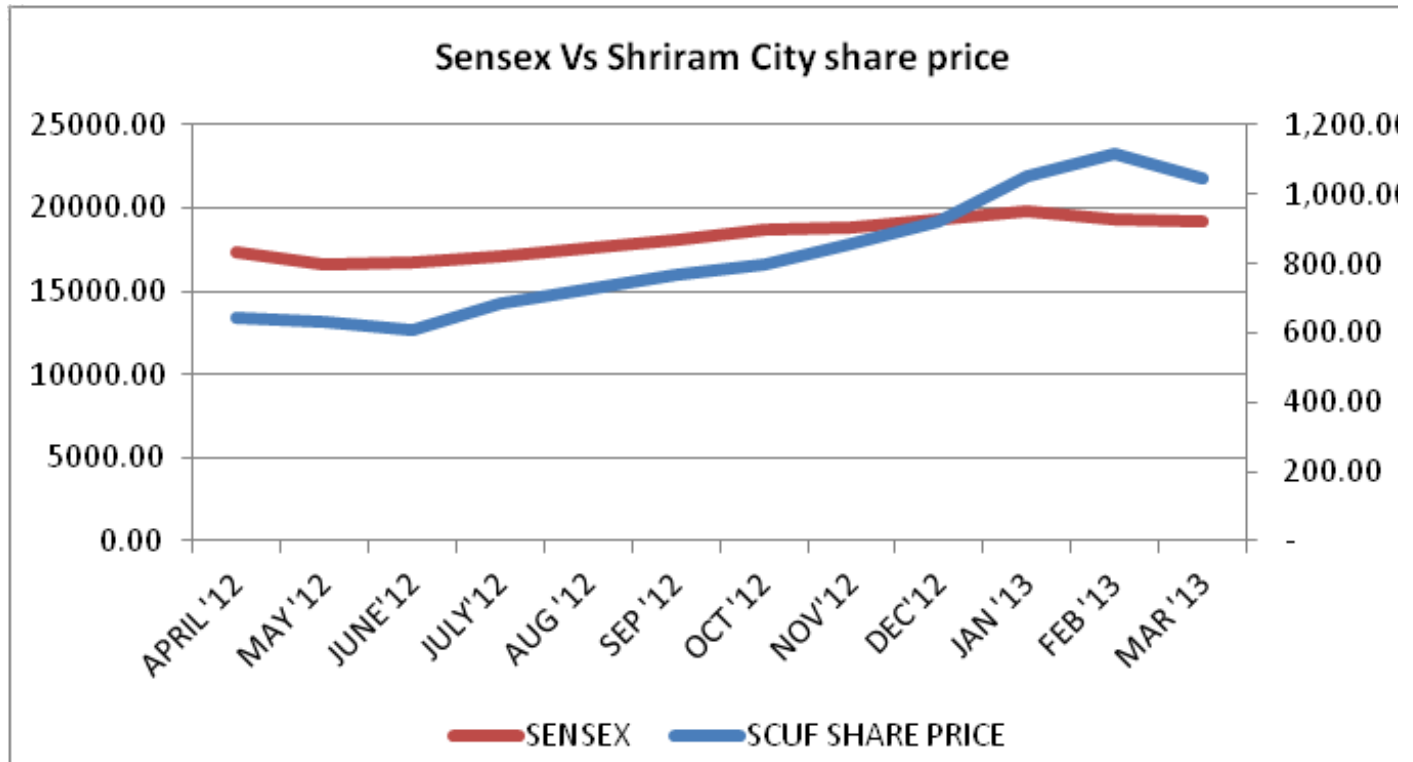
10.16 Stock market price data

The high and low market price and volume of shares traded during each month of the financial year ended March 31, 2013 are given below.

Month	BSE (for the month)			NSE (for the month)		
	Share prices (In ₹ per share)		No of shares traded	Share prices (In ₹ per share)		No of shares traded
	High	Low		High	Low	
April 12	664.70	625.30	2,028	655.00	619.40	43270
May 12	663.00	605.00	2,567	650.05	601.05	40593
June 12	630.00	590.00	4,388	630.05	590.10	51452
July 12	748.00	627.05	34,162	750.20	628.90	261781
August 12	759.65	690.00	18,718	753.65	698.40	69526
Sep 12	780.35	750.05	51,871	780.30	750.00	173616
Oct 12	812.65	779.45	35,970	818.10	779.25	303846
Nov 12	933.15	776.25	10,407	924.15	778.20	146428
Dec 12	980.65	863.95	21,960	981.25	860.70	152098
Jan 13	1,115.40	988.75	43,229	1109.00	987.70	482731
Feb 13	1,161.95	1,074.90	49,677	1158.10	1079.15	120397
Mar 13	1,076.00	1,011.00	32,815	1082.60	1011.55	68414

Annexure to the Directors' Report for the year ended on March 31, 2013

10.17 Share price performance in comparison to broad based indices (BSE Sensex , NSE Nifty)



Annexure to the Directors' Report for the year ended on March 31, 2013

10.18 Registrar and Transfer Agents (RTA) for equity shares and debentures held in dematerialised form

Integrated Enterprises (India) Limited

II Floor, Kences Towers, No 1, Ramakrishna Street North Usman Road, T Nagar,

Chennai - 600 017, Ph : 044 - 2814 0801 - 03, Fax no: 044 - 28142479

Email id : corpseiv@integratedindia.in and scuf@integratedindia.in

10.19 Trustees for debentures

Public Issue of debentures (2011)

IDBI Trusteeship Services Limited,

Asian Building, Ground Floor, 17, R Kamani Marg, Ballard Estate, Mumbai 400 001

Ph No:022 - 40807000, Email id : itsl@idbitrustee.com

Debentures issued to Public (Public Issue 2012), Institutions and retail

GDA Trusteeship Limited,

Survey No. 94/95 Plot No 851, Near Dr. Kurtkoti Hospital,

Opposite Kothrud Bus Depot, Bhusari Colony (Right), Paud Road, Pune - 411 038

Ph No: 020 - 25280081, Email id: dt@gdatrustee.com

10.20 Share transfer system:

Transfer of shares existing in dematerialised form are done through the depositories with no involvement of the Company. Transfer of shares existing in physical form are processed and duly endorsed share certificates are issued within stipulated time subject to documents lodged being valid. The transfer documents can be lodged with RTA at the above mentioned address for transfer of shares existing in physical form. The Board of Directors of the Company has delegated the authority to approve transfer, transmission etc of shares of the Company to the share transfer committee. As stipulated under clause 47 (c) of the listing agreement with stock exchanges, the Company obtains a half yearly certificate of compliance for share transfer formalities from a company secretary in practice and files a copy of the said certificate with stock exchanges. There are no deviations reported in the said certificate issued during the year 2012 - 13.

10.21 DISTRIBUTION OF SHAREHOLDING AS AT MARCH 31, 2013

No. of equity shares held	Shareholders		Shares	
	Number	%	Number	%
Upto 500	4659	89.15	499152	0.90
501 - 1000	304	5.82	213760	0.39
1001 - 2000	113	2.16	160266	0.29
2001 - 3000	32	0.61	82914	0.15
3001 - 4000	10	0.19	34501	0.06
4001 - 5000	12	0.23	54316	0.10
5001 - 10000	22	0.42	150690	0.27
10001 and above	74	1.42	54220741	97.84
Total	5225	100.00	55416340	100.00

10.22 Shareholding pattern (in %) as at March 31, 2013

Promoters	Banks	NRIs	Mutual Funds	Foreign Companies	FII	Trusts	Public	Total
57.31	0.18	0.08	4.16	6.63	25.21	4.04	2.39	100.00

Annexure to the Directors' Report for the year ended on March 31, 2013

10.23. Dematerialisation of shares and liquidity

The Company's shares are tradable compulsorily in dematerialised form and are available for trading on both the depositories in India viz. NSDL and CDSL. The connectivity with NSDL and CDSL is established through the RTA. As on March 31, 2013, 5,50,85,784 nos of equity shares (99.40 % of the shares), exist in dematerialised form. The Company's shares are liquid and are actively traded in both NSE and BSE.

10.24 Outstanding GDR/ADR/Convertible warrants, conversion date and impact on equity

The Company has not issued any GDRs / ADRs. 59,00,000 warrants were allotted to Shriram Capital Limited on March 27, 2012 on preferential basis at a subscription price of not less than ₹ 143/- for each Warrant conferring an option to the holder to subscribe to one equity share per warrant at an exercise price of ₹ 570/- per warrant, being a price higher than the price determined as per Regulation 76(1) of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The warrants shall be converted into equity shares within a period not exceeding 18 months from the date of their allotment at the option of the holder and the said warrants are locked in for a period of 18 months from the date of their allotment. Shriram Capital Limited exercised its option for converting 28,50,000 warrants into 28,50,000 equity shares of ₹ 10 each fully paid up. Due to such exercise of option by Shriram Capital Limited there are 30,50,000 warrants outstanding as on March 31, 2013. The Company has also granted stock options to the eligible employees of the Company under Employees Stock Option Scheme, 2006. The details of the scheme are set out under annexure to Directors' Report.

10.25 Location

The company is in the business of Non Banking Finance and operates through various offices in India. The list of locations are mentioned in this Annual Report.

10.26 ADDRESS FOR CORRESPONDENCE

Registered Office :123, Angappa Naicken Street, Chennai 600 001, Ph: 044 - 25341431

Secretarial Office :144, Santhome High Road, Mylapore, Chennai 600 004.Ph : 044 43925300 Email : sect@shriramcity.in

10.27 Calendar for the financial year 2013 – 2014 (tentative)

Annual General Meeting	September, 2014
Unaudited results for the quarter ending June 30, 2013	Last week of July, 2013
Unaudited results for the quarter/ half - year ending September 30, 2013	Last week of October, 2013
Unaudited results for the quarter ending December 31, 2013	Last week of January, 2014
Audited results for the year ending March 31, 2014	Last week of June 2014

10.28 Adoption of mandatory and non mandatory requirements under clause 49 and Annexure I D to the said clause

The Company has complied with all mandatory requirements as per clause 49 of the listing agreement with stock exchanges and has adopted the following non mandatory requirements as mentioned in Annexure I D of the said clause.

- (i) Remuneration committee : The Company has constituted a remuneration committee.
- (ii) Shareholders rights :The communication with shareholders are made as mentioned above as "means of communication" (point no.10.11 of this report).
- (iii) Audit qualification :The Company is in the regime of unqualified financial statements.
- (iv) Training of the Board :The members of the Board are provided with necessary documents, reports, information to familiarise them with the Company's procedures and practices. Periodic presentations are made at Board and Committee meetings on business, performance, risks, strategies updates of the Company. Quarterly updates on statutory compliances are also made.
- (v) Whistle blower policy :The Company has implemented whistle blower policy.

11. CEO and CFO certification

The Chief Executive Officer (CEO) and Managing Director (MD) and Chief Financial Officer (CFO) of the Company give annual certification on financial reporting and internal control to the Board in terms of Clause 49 (V) of the listing agreement with stock exchanges. The said certificate is attached to this report. The MD and CFO also give quarterly certificate on financial results, while placing the quarterly financial results before the Board of Directors in terms of clause 41 of the listing agreement with stock exchanges. .

12. COMPLIANCE CERTIFICATE FROM THE AUDITORS REGARDING CORPORATE GOVERNANCE BY THE COMPANY

Certificate from the auditors of the Company, M/s Pijush Gupta & Co, Chartered Accountants confirming compliance with the conditions of corporate governance as stipulated under clause-49 of the listing agreement with stock exchanges is attached to this report.

13. Profile of the directors retiring by rotation opting to be reappointed at the ensuing Annual General Meeting pursuant to clause 49 IV (g) of the listing agreement

Smt. Lakshmi Pranesh

Ms. Lakshmi Pranesh holds B.Sc and M.Sc (Mathematics) degrees from the University of Madras, securing the Fischer medal for Mathematics. She joined the Indian Administrative Service in 1968 and held posts like sub collector, Director of Social Welfare, Director of Employment and Training, Joint Secretary to Government (Finance department), Additional Secretary to Government (Rural Development Department), Chairman - Teachers' recruitment Board, Chairman Handicrafts Development Corporation Secretary to Government of Tamil Nadu in the departments of Chief Minister's Nutritious Noon Meal Programme, Personnel and Administrative Reforms, Labour and Employment, Social welfare, Food and Civil Supplies

She was the chief secretary to the Government of Tamil Nadu (2002-05)

She was ex-officio Chairman of the Tamil Nadu Civil Supplies Corporation, Overseas Manpower Corporation and Women's Economic Development Corporation.

She has served as Government nominated director in many corporations in the public sector like the Tamil Nadu Industrial Development Corporation, Small Industries Development Corporation, Police Housing Corporation and Agro Industries Corporation

She participated in many international conferences dealing with subjects like rural development, gender equity, micro-credit, disaster management and labour welfare.

Presently, she does not hold directorship in any other company.

Sri S. Krishnamurthy

Mr. S Krishnamurthy holds a Masters degree in Labor Management and a Post-Graduate Diploma in Industrial Relations & Personnel Management (IR&PM), besides a Bachelor's Degree in General Law. He is also a certified Associate of the Indian Institute of Bankers. Mr. Krishnamurthy is a senior Banker with extensive experience of over 4 decades with the Reserve Bank of India and Commercial Banks.

He was the Chairman and CEO of Tamilnadu Mercantile Bank, Tuticorin for over 5 years and served as General Manager (Vigilance & Inspection/Audit) with Indian Overseas Bank, Chennai for 5 years. He was Banking Ombudsman, Chennai for around two years.

He serves on the Board of Kerala Ayurveda Ltd. (Chairman - Audit Committee), Take Solutions Ltd (Member - Audit Committee), Shriram EPC Ltd. (Member - Audit Committee), and Shriram Mutual Fund (Board of Trustees).

Annexure to the Directors' Report for the year ended on March 31, 2013

14. Profile of the directors proposed for appointment as directors at the ensuing Annual General Meeting pursuant to clause 49 IV (g) of the listing agreement

Sri Vipen Kapur

Mr. Vipen Kapur holds a Bachelor's degree in Commerce from the University of Madras and became an Associate of the Institute of Bankers.

He has wide experience in the International Banking . He served in Grindlays Bank (now Standard Chartered Bank) with specializations in Corporate Banking and Finance. He was Vice President and Head of the New Delhi Branch of Bank of America and gained experience in dealing with large Indian and multinational borrowers. He served two Middle East banks including an affiliate of Chase Manhattan Bank (now JP Morgan Chase) in Corporate Banking and Syndications.

Mr. Vipen Kapur was the COO at Al Rushaid Group, overseeing various joint ventures, real estate operations, trading activities and international investments. He also served with the Sinar Mas Group of Indonesia as Group Managing Director. He was the President and CEO of New Quest Corporation Pvt. Ltd., the parent company of the Ballarpur Group and was responsible for business rationalization and new ventures.

He is presently Managing Director of Golden Agri Resources (India) Pvt. Ltd.

Sri Pranab Prakash Pattanayak

Mr. Pranab Prakash Pattanayak holds post graduate degree in Economics. He has 37 years of experience in Banking and Financial services sector. Prior to retirement, he was the Managing Director of State Bank of Mysore from 2006 to 2009. He had also held the office of the Managing Director of State Bank of Travancore. He served as the Dy Managing Director and Chief Credit Officer of State Bank of India. During his thirty seven years of service in five banks of the State Bank, he held senior management positions, both in India and abroad, in areas like commercial banking, project finance, international banking, funds & treasury operations. He was also the Dy. M.D. and head of SBI Global IT Centre, Belapur.

During his tenure at State Bank of India, Singapore, as Manager Credit and operations, he handled the bank's funding operations, forex settlements, asset liability management, trade finance and regulatory compliance.

He served as Director of SBI Factors Ltd., SBI DFHI Ltd., and C- Edge Technologies Ltd.

Currently Mr. Pattanayak is an independent director on the Board of India Infoline AMC Ltd. He is a member of the rating committee of Credit Analysis and Research Limited.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

I hereby confirm that the Company has obtained from all the members of the Board and designated senior management employees of the Company affirmation that they have complied with code of conduct of the Company during the year ended March 31 ,2013.

Hyderabad
May 20, 2013

R. Duruvasan
Managing Director

CEO / CFO CERTIFICATION

To
The Board of Directors
Shriram City Union Finance Limited
Chennai

We, R. Duruvasan, Managing Director and Chief Executive Officer and Subhasri Sriram, Executive Director and Chief Financial Officer of Shriram City Union Finance Limited to the best of our knowledge and belief, certify that

- (i) we have reviewed the Balance Sheet as at March 31, 2013 and Statement of Profit and Loss for the year ending on same date, Cash Flow statement as on the same, notes there to (together known as financial statements) and Directors' report.
- (ii) these financial statements do not contain any materially untrue statement or omit any material fact or they contain statements that might be misleading.
- (iii) these financial statements and other financial information included in this report present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (iv) there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (v) we accept responsibility for establishing and maintaining internal controls for financial reporting.
- (vi) we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting.
- (vii) there are no deficiencies in the design or operation of internal controls which are to be disclosed to the auditors and/or to the audit committee.
- (viii) we have indicated to the auditors of the Company and the audit committee that there were
 - (a) no significant changes in internal control over financial reporting during the year covered by this report;
 - (b) no significant changes in accounting policy has been made during the year covered by this report;
 - (c) no significant instances of fraud detected during the year ending March 31, 2013.

R. Duruvasan
Managing Director and Chief Executive Officer

Subhasri Sriram
Executive Director and Chief Financial Officer

Hyderabad
May 20, 2013

PIJUSH GUPTA & CO
CHARTERED ACCOUNTANTS
P-199, C.I.T.ROAD ,SCHEME IV-M, KOLKATA –700 010

To
The Members of
Shriram City Union Finance Limited

We have examined the compliance of conditions of Corporate Governance by **Shriram City Union Finance Ltd** (“the Company”) for the year ended on March 31, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges .

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examinations was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Pijush Gupta & Co.

Firm Registration No :309015E
Chartered Accountants

Place: Hyderabad
Date : May 20, 2013

Pijush Kumar Gupta
Membership No. 015139
Partner

AUDITOR'S REPORT

PIJUSH GUPTA & CO
CHARTERED ACCOUNTANTS
P-199, C.I.T.ROAD, SCHEME IV-M, KOLKATA –700 010

INDEPENDENT AUDITOR'S REPORT

To the Members of
SHRIRAM CITY UNION FINANCE LIMITED

We have audited the accompanying financial statements of SHRIRAM CITY UNION FINANCE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and the Cash Flow Statement respectively for the year then ended and a summary of significant accounting policies and other explanatory information incorporated in the Schedules and Notes to Accounts.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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 of the financial statements that give a true view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Profit and Loss Account, of the profit/loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2005 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
 - 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 Act.

For Pijush Gupta & Co.
Firm Registration No: 309015E
Chartered Accountants

Pijush Kumar Gupta
Partner
Membership No: 015139

Place: Hyderabad
Date: May 20, 2013

ANNEXURE TO AUDITOR'S REPORT

Re: SHRIRAM CITY UNION FINANCE LIMITED ("the company")
Financial Year Ended March 31, 2013

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) According to the information and explanations given to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such physical verification.

(c) There was no disposal of substantial part of its fixed assets during the year.
- II. The Company is engaged in financing activities which does not involve maintenance of any inventory.
- III. As per the information and explanations given to us the Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 (the Act).
- IV. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of fixed assets. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas. There is no sale of goods or service or purchase of inventory.
- V. According to the information and explanations provided by the management there are no contracts or arrangements referred to in Section 301 of the Act, the particulars of which need to be entered into the register maintained under the said Section.
- VI. In respect of deposits accepted, in our opinion and according to the information and explanations given to us, the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under, to the extent applicable, have been complied with. According to the information and explanation given to us, no order has been passed by the Company Law Board, the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal in this regard in respect of the Company.
- VII. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- VIII. According to the information and explanations given to us the Central Government has not prescribed maintenance of cost records for the Company under Section 209(1)(d) of the Act.
- IX. (a) According to the information and explanations provided to us, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, service tax, income tax, and other material statutory dues applicable to it and there are no dues payable in respect of Employees' State Insurance, Investor Education and Protection Fund, Excise duty, Custom Duty and Sales Tax, Cess and any other statutory dues with appropriate authorities.

ANNEXURE TO AUDITOR'S REPORT

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues were outstanding at the year-end for a period of more than six months from the date they became payable.

(c) On the basis of information and explanations given to us and the relevant documents produced before us, the following dues have not been deposited on account of dispute –

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Years to which the amount relates	Pending with
Income Tax Act	1) Income tax on demands against disallowance of certain expenses, including ESOP, Provision for Bad Debts, Royalty, Transfer to Reserve Funds etc.	5718.28	Assessment Year 2010-11	C.I.T. (Appeal)
	2) Penalty against amount transferred to Reserve Funds.	1106.48	Assessment Year 2008-09	C.I.T. (Appeal)
	3) Income tax on demands against income from Securitisations and disallowance u/s 40(a) (ia); earlier assessment order reopened.	3918.88	Assessment Year 2007-08	C.I.T. (Appeal)

- X. The Company has no accumulated losses at the end of financial year and has not incurred cash losses in the current and immediately preceding financial year.
- XI. Based on our audit procedures and as per information and explanations given by the management, it appears that the Company has not defaulted in the repayment of dues to banks, financial institutions or debenture holders.
- XII. From our examination of books and records and according to the information and explanations given to us, it appears that adequate documents and records are maintained in cases where Company has granted loans and advances on the basis of security by way of pledge of shares and other securities.
- XIII. In our opinion the company is not a chit fund or a nidhi/mutual benefit fund/society.

ANNEXURE TO AUDITOR'S REPORT

- XIV. In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities and debentures and other investments.
- XV. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- XVI. In our opinion and to the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained other than funds temporarily parked pending utilization of the funds for the intended use.
- XVII. According to the information and explanations given to us, and on overall examination of the books and records of the company and considering the nature of the business and activity being carried on, we report that no funds raised on short term basis have been used for long term investment.
- XVIII. The company, during the year has not made any preferential allotment of equity shares and convertible warrants to parties and companies covered in the registrar maintained under section 301 the Act.
- XIX. According to the information and explanations given to us, during the period, the Company has created charge in respect of secured debentures issued.
- XX. The company has disclosed the end use of money raised by public issues in the Notes to accounts and the same has been verified by us
- XXI. Based upon the audit procedures performed for the purpose of reporting true and fair view of the financial statements and as per the information and explanations given by the management, we report that no material fraud on or by the company has been noticed or reported during the course of our audit.

For Pijush Gupta & Co.
Firm Registration No: 309015E
Chartered Accountants

Place: Hyderabad
Date: May 20, 2013

Pijush Kumar Gupta
Partner
Membership No: 015139

FINANCIAL STATEMENTS (STANDALONE)

₹ in lacs

Balance Sheet as at March 31,	Notes	2013	2012
I. Equity and Liabilities			
1. Shareholders' funds			
(a) Share capital	3	5,541.63	5,236.72
(b) Reserves and surplus	4	2,15,374.34	1,59,822.32
(c) Money received against share warrants		4,361.50	8,437.00
		2,25,277.47	1,73,496.04
2. Non-current liabilities			
(a) Long-term borrowings	5	8,27,591.75	6,31,400.98
(b) Other long-term liabilities	6	40,054.18	44,591.61
(c) Long-term provisions	7	1,988.51	1,024.94
		8,69,634.44	6,77,017.53
3. Current liabilities			
(a) Short-term borrowings	8	1,60,228.56	1,23,781.03
(b) Other current liabilities	6	3,53,946.92	2,82,728.73
(c) Short-term provisions	7	9,584.33	7,829.34
		5,23,759.81	4,14,339.10
Total		16,18,671.72	12,64,852.67
II. ASSETS			
1. Non-current assets			
(a) Fixed assets:			
(i) Tangible assets	9	8,715.59	5,124.03
(ii) Intangible assets	9	121.11	130.28
(b) Non-current investments	10	7,301.45	1,781.45
(c) Deferred tax assets	11	1,882.98	1,314.44
(d) Long-term loans and advances	12	3,36,583.26	2,49,575.13
(e) Other non-current assets	13	23,985.68	36,908.80
		3,78,590.07	2,94,834.13
2. Current assets			
(a) Cash and bank balances	14	2,17,746.04	1,15,649.90
(b) Short-term loans and advances	12	9,98,959.20	8,22,512.52
(c) Other current assets	13	23,376.41	31,856.12
		12,40,081.65	9,70,018.54
Total		16,18,671.72	12,64,852.67
Summary of significant accounting policies	2.1		
Other notes to accounts	1, 2 & 22 to 36		

The notes referred to above form an integral part of the financial statements.

As per our report even date

For Pijush Gupta & Co.

Firm Registration No: 309015E

Chartered Accountants

Pijush Kumar Gupta

Partner

Membership no: 015139

Place: Hyderabad

Date: May 20, 2013

For and on behalf of the Board of Directors of
Shriram City Union Finance Limited

R. Duruvasan
Managing Director

G. S. Sundararajan
Managing Director

C R Dash
Company Secretary

FINANCIAL STATEMENTS (STANDALONE)

₹ in lacs

Statement of Profit and Loss for the year ended March 31,	Notes	2013	2012
Revenue from operations	15	3,07,147.29	2,03,747.82
Other income	16	1,154.10	1,893.61
Total Revenue		3,08,301.39	2,05,641.43
Expenses			
Employee benefits expense	17	22,394.27	9,236.77
Finance costs	18	1,41,047.51	92,858.01
Depreciation and amortisation expense	9	2,440.50	1,371.34
Other expenses	19	37,451.59	31,924.25
Provisions & write offs	20	38,402.50	17,834.75
Total expenses		2,41,736.37	1,53,225.12
Profit before tax		66,565.02	52,416.31
Tax expense:			
- Current tax		22,172.06	16,898.55
- Deferred tax		(568.54)	267.22
- Tax of earlier years		-	997.42
Total tax expense		21,603.52	18,163.19
Profit after tax from continuing operations		44,961.50	34,253.12
Earnings per equity share of par value ₹10/- each	21		
Basic (₹)		85.61	68.75
Diluted (₹)		83.00	68.22
Summary of significant accounting policies	2.1		
Other notes to accounts	1, 2 & 22 to 36		

The notes referred to above form an integral part of the financial statements.

As per our report even date

For Pijush Gupta & Co.

Firm Registration No: 309015E

Chartered Accountants

Pijush Kumar Gupta

Partner

Membership no: 015139

Place: Hyderabad

Date: May 20, 2013

For and on behalf of the Board of Directors of
Shriram City Union Finance Limited

R.Duruvasan
Managing Director

G.S.Sundararajan
Managing Director

C R Dash
Company Secretary

FINANCIAL STATEMENTS (STANDALONE)

	₹ in lacs	
Cash flow statement for the year ended March 31,	2013	2012
Cash flow from Operating activities		
Net profit before taxation	66,565.02	52,416.31
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	2,440.50	1,371.34
Loss on sale of fixed assets	8.92	3.52
Employees stock option compensation cost	-	191.82
Amortisation of Public issue expenses for non-convertible debentures	378.11	162.05
Provision for non performing assets and bad debts written off	37,775.41	16,889.81
Contingent provision on standard assets	627.09	944.94
Provision for hedging contracts	-	(772.49)
Provision for diminution in the value of investments	1.77	-
Provision for gratuity	802.48	63.55
Provision for leave benefits	40.39	25.08
Net gain on sale of current investments	(719.47)	(134.74)
Interest income on current and long term investments and interest income on fixed deposits	(406.29)	(1,140.59)
Dividend Income	-	(596.67)
Operating profit before working capital changes	1,07,513.93	69,423.93
Movement in Working capital:		
(Increase) / decrease in assets under financing activities	(2,95,290.38)	(3,95,959.82)
(Increase) / decrease in Short-term loans and advances	(2,339.11)	(577.32)
(Increase) / decrease in Long-term loans and advances	(3,600.73)	(1,103.15)
(Increase) / decrease in other current assets	8,680.33	(17,025.15)
(Increase) / decrease in other non-current assets	5,234.10	(14,915.23)
Increase / (decrease) in other current liabilities	71,218.19	82,112.41
Increase / (decrease) in other non-current liabilities	(4,537.43)	12,767.22
Cash generated from operations	(1,13,121.10)	(2,65,277.11)
Direct taxes paid (net of refund)	(22,380.80)	(16,862.29)
Net Cash flow from/(used in) operating activities (A)	(1,35,501.90)	(2,82,139.40)
Cash flow from investing activities		
Investment in fixed deposits (having maturity of more than 3 months)	(237.50)	51.00
Investment in margin money deposits	(13,168.81)	(21,747.88)
Purchase of fixed and intangible assets	(6,044.21)	(3,686.08)
Proceeds from sale of fixed assets	12.41	1.33
Purchase of investments	-	-
Investment in subsidiary company	(5,520.00)	(1,230.00)
Proceeds from sale of investments (net)	719.47	134.74
Interest received on current and long term investments and interest on fixed deposits	406.29	1,140.59
Dividend received	-	596.67
Net cash flow from/(used in) investing activities (B)	(23,832.35)	(24,739.63)
Cash flow from financing activities		
Proceeds from issue of equity share capital including securities premium	12,239.19	21,732.61
Increase / (decrease) of long-term borrowings	1,96,190.77	2,18,034.98
Increase / (decrease) of short-term borrowings	36,447.53	(33,615.06)
Public issue expenses for non-convertible debentures paid	(704.71)	(1,268.28)
Dividend paid	(3,410.44)	(2,985.09)
Tax on dividend	(553.26)	(484.25)
Net Cash flow from/(used in) financing activities (C)	2,40,209.08	2,01,414.91
Net increase / (decrease) in cash and cash equivalents (A+B+C)	80,874.83	(1,05,464.12)
Cash and cash equivalents at the beginning of the year	95,588.62	2,01,052.74
Cash and cash equivalents at the end of the year	1,76,463.45	95,588.62

FINANCIAL STATEMENTS (STANDALONE)

Component of cash and cash equivalents	₹ in lacs	
	For the year ended March 31, 2013	2012
Cash on hand	6,127.61	7,520.43
Balances with banks:		
Current accounts	36,707.42	31,514.92
Unpaid dividend accounts	38.42	30.77
Deposits with maturity of less than 3 months	1,33,590.00	56,522.50
Total Cash and cash equivalents	1,76,463.45	95,588.62

Summary of significant accounting policies 2.1
Other notes to accounts 1, 2 &
22 to 36

The notes referred to above form an integral part of the financial statements.

As per our report even date

For Pijush Gupta & Co.

Firm Registration No: 309015E

Chartered Accountants

For and on behalf of the Board of Directors of
Shriram City Union Finance Limited

R.Duruvasan
Managing Director

G.S.Sundararajan
Managing Director

Pijush Kumar Gupta

Partner

Membership no: 015139

Place: Hyderabad

Date: May 20, 2013

C R Dash
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

1. Corporate information

Shriram City Union Finance Limited (the company) is a public company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Bombay Stock Exchange Ltd. (BSE), National Stock Exchange of India Ltd. (NSE) and Madras Stock Exchange Ltd. (MSE). The company is a Deposit Accepting Non Banking Finance Company (NBFC) registered with Reserve Bank of India (RBI). The company operates in India.

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 the Companies (Accounting Standards) Rules, 2006 as amended, the relevant provisions of the Companies Act, 1956 and the guidelines issued by RBI as applicable to NBFCs. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year, except the changes in accounting policy mentioned in the paragraphs below.

2.1 Summary of significant accounting policies

a. Current / Non-current classification of assets / liabilities

Pursuant to applicability of Revised Schedule VI on presentation of financial statements for 2011-12; the Company has classified all its assets / liabilities into current / non-current portion based on the time frame of 12 months from the date of financial statements. Accordingly, assets/liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as noncurrent.

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the date of the financial statements and results of operations during the reporting year-end. Although these estimates are based on the management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to the accounting estimates are recognised prospectively in current and future years.

c. Tangible fixed assets

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

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

d. Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

e. Depreciation on tangible fixed assets

Depreciation on fixed assets is provided on Straight Line Method (SLM) by using the rates arrived at based on the useful lives estimated by the management, which are greater than or equal to the rates prescribed under the Schedule XIV to the Companies Act, 1956.

Leasehold improvements are amortised on SLM over the primary period of lease subject to a maximum of 60 months. All fixed assets individually costing Rs 5,000 or less are fully depreciated in the year of installation. Depreciation on assets acquired /sold during the year is recognised on a prorata basis in the Statement of Profit and Loss till the date of sale or from the date of acquisition.

f. Depreciation on intangible assets

Amortisation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful life of the intangible asset. The company has used the following rate to; provide depreciation on the intangible assets.

	Rates (SLM)
Computer software	33.33%

Amortisation on assets acquired/sold during the year is recognised on prorata basis in the Statement of Profit and Loss till the date of sale or from the date of acquisition.

g. Impairment of assets

The company assesses at each balance sheet date if there is an indication of impairment of any asset. If any indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is greater of net selling price and value in use of the asset. Where the carrying amount of an asset is more than its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.. The value in use is the estimated future cash flows discounted to their present value at pre-tax discount rate, which reflects current market assessment of the time value of money and risk specific to the asset.

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

An assessment is made at each Balance Sheet date about existence or decrease of previously recognised impairment losses. If such indication exists, the company estimates the asset's recoverable amount. A previously recognised impairment loss is increased or reversed depending on the changes in the circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

h. Capital advances

Capital advances are advances given for procurement of fixed assets. Company does not expect to realise them in cash and over a period, these advances get converted into fixed assets, which are non-current, by nature. Therefore, irrespective of when the fixed assets are expected to be received such advances are disclosed under "long-term loans and advances".

i. Borrowing costs

Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary and other borrowing costs are charged to till the date of sale or from the date of acquisition in the year in which they are incurred.

j. Investments

Investments 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 non-current investments.

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

k. Provision/write off of assets

Non performing loans are written off / provided for, as per estimates of management, subject to the minimum provision required as per Non- Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Provision on standard assets is made as required under Reserve Bank of India (RBI) notification No. DNBS.222/CGM (US-2011) dated January 17, 2011.

l. Loans

Loans are stated at the amount advanced including finance charges accrued and expenses recoverable, as reduced by the amounts received up to the date of balance sheet and loans securitised.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

m. Leases

Where the Company is the lessor

Assets given on operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, 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.

n. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The revenue recognition are as under:

- (i) Income from financing activities is recognised on the basis of internal rate of return.
- (ii) Additional finance charges / additional interest are treated to accrue on realisation due to uncertainty of its realisation.
- (iii) Gain arising on securitization/direct assignment of assets is recognised over the tenure of agreements as per guideline on securitisation of standard assets issued by RBI. Loss or expenditure in respect of securitisation / assignment, if any, is recognised upfront.
- (iv) The prudential norms for income recognition prescribed under Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007 are followed.
- (v) Income from services is recognised as per the terms of the contract on accrual basis.
- (vi) Interest Income on deposit accounts with banks is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (vii) Dividend is recognised as income when right to receive payment is established by the date of balance sheet.
- (viii) Profit/loss on sale of investments is recognised at the time of actual sale / redemption.

o. Foreign currency translation

Foreign currency transactions and balances

Initial recognition : Foreign currency transactions are recorded in Indian rupee, by applying to the foreign currency amount the exchange rate between the Indian rupee and the foreign currency at the date of the transaction.

Conversion : Foreign currency monetary items are retranslated to Indian rupees by using the exchange rate prevailing at the Balance Sheet date.

Exchange differences : All exchange differences are dealt with in the Statement of Profit and Loss.

p. Income taxes

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. 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 realised 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 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 it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

q. Segment reporting

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole. The segments are identified based on the nature of product & market served. The income /expenses which are not allocated to any reportable segments are reported as un allocable segment.

r. Employee stock compensation cost

The measurement and disclosure of the employee share based payment plans is done in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments issued by The Institute of Chartered Accountants of India (ICAI). The company measures cost relating to employees stock option by intrinsic value method. Compensation expenses is amortised on straight-line method over the period of vesting of options.

s. Retirement and other employee benefits**Provident fund**

All the employees of the Company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future Provident Fund benefits other than its annual contribution and recognises such contributions as an expense in the year it is incurred.

Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated year mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date.

Leave benefits

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

t. Earnings per share (EPS)

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year 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.

u. Expenses on deposits / debentures

Expenses for private placement of debentures/subordinated debts/deposits are charged to Statement of Profit and Loss in the year in which they are incurred.

Expenses incurred on public issue of debentures other than brokerage are charged off on straight-line basis over the weighted average tenor of the underlying debentures. The brokerage incurred on issue of debenture is treated as expenditure in the year in which it is incurred.

v. Provisions

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 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 balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

w. Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments. Cash equivalents are short term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash-in-hand, cash at bank, cheque in hand, remittances in transit and short term investments with an original maturity period of three months or less.

x. Derivative instruments

In accordance with the ICAI guidelines and on principle of prudence, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of Profit and Loss. However, net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

y. Contingent liabilities

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, which are beyond the control of the company. A contingent liability also includes 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 where, a liability cannot be measured reliably. The company does not recognise a contingent liability in the accounts but discloses its existence in the financial statements.

3. Share capital

Particulars	₹ in lacs	
	As at March 31, 2013	2012
Authorised		
10,00,00,000 (March 31, 2012: 10,00,00,000) equity shares of ₹10/- each	10,000.00	10,000.00
40,00,000 (March 31, 2012: 40,00,000) cumulative redeemable preference shares of ₹100/- each	4,000.00	4,000.00
	14,000.00	14,000.00
Issued, subscribed and fully paid-up		
Equity shares		
5,54,16,340 (March 31, 2012: 5,23,67,209) shares of ₹10/- each	5,541.63	5,236.72
Total Issued, Subscribed and fully Paid-up share capital	5,541.63	5,236.72

3.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number	₹ in lacs	Number	₹ in lacs
At the beginning of the year	5,23,67,209	5,236.72	4,95,36,877	4,953.69
Issued during the year - ESOP [Refer note-23]	1,99,131	19.91	5,30,332	53.03
Issued during the year - Preferential Issue	-	-	23,00,000	230.00
Conversion of warrants [Refer note- 3.4]	28,50,000	285.00	-	-
Outstanding at the end of the year	5,54,16,340	5,541.63	5,23,67,209	5,236.72

3.2 Terms / rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of the equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2013, the amount of dividend per equity share recognised as distributions to equity shareholders is ₹8.50 (March 31, 2012: ₹6.50 including interim dividend) including interim dividend.

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.

3.3 Details of shareholders holding more than 5% shares in the company

Name of the shareholders	As at March 31, 2013		As at March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity share of ₹10 each fully paid				
Shriram Enterprise Holding Pvt. Ltd.	-	-	1,79,21,462	34.22
Shriram Retail Holding Pvt. Ltd.	2,66,10,571	48.02	85,56,201	16.34
Shriram Capital Ltd.	51,50,000	9.29	23,00,000	4.39
Norwest Venture Partners X FII-Mauritius	42,17,511	7.61	43,42,179	8.29
Van Gogh Ltd.	-	-	66,25,000	12.65
IDBI Trusteeship Services Ltd.	22,36,174	4.04	37,00,054	7.07

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

3.4 Shares reserved for issue under option:

(i) For details of share reserved for issue under the employees stock option scheme (ESOP) [Refer note 23]

(ii) Preferential issue of share warrants:

During 2011-12, 59,00,000 warrants were issued /allotted to Shriram Capital Limited at a subscription price of not less than ₹143/- for each warrant conferring an option to the holder to subscribe to one equity share per warrant at the exercise price of ₹570/- per warrant being a price higher than the price determined as per Regulation 76(1) Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The warrants are convertible within a period not exceeding 18 months from the date of allotment.

During the year, 28,50,000 warrants have been converted to equity shares, out of the total 59,00,000 warrants issued / allotted.

3.5 The company issued 13,55,000 equity shares (March 31, 2012: 13,55,000) during the period of five years immediately preceding the reporting date on exercise of options granted under ESOP, wherein a part of the consideration was received in form of employee service.

3.6 Preferential allotment of equity shares :

During 2011-12, 23,00,000 equity shares of the company were issued/allotted to Shriram Capital Limited for cash at a subscription price of ₹570.00 per equity share (includes a premium of ₹560.00 per equity share) being the price higher than the price determined under chapter VII of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.(Refer note 3.1)

There was no preferential issue during the financial year 2012-13.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

4. Reserves & surplus

Particulars	₹ in lacs	
	As at March 31,	
	2013	2012
Capital reserves	1,400.00	1,400.00
Capital redemption reserve	2,328.98	2,328.98
Securities premium		
Opening balance	65,010.65	50,797.13
Add : securities premium credited during the year	16,460.71	14,213.52
Closing balance	81,471.36	65,010.65
Debenture redemption reserve		
Opening balance	4,914.00	-
Add: transfer from Statement of Profit and Loss	5,833.40	4,914.00
Less: write back to Statement of Profit and Loss FY 2011-12	2,457.00	-
Closing balance	8,290.40	4,914.00
Stock options outstanding		
Employee stock option outstanding	427.22	878.15
Less: transfer to deferred employee compensation outstanding	-	-
Closing balance	427.22	878.15
Statutory reserve (in pursuant to section 45-IC of the RBI act, 1934)		
Opening balance	22,820.00	15,960.00
Add: transfer from Statement of Profit and Loss	8,995.00	6,860.00
Closing balance	31,815.00	22,820.00
General reserve		
Opening balance	11,197.90	7,767.90
Add: transfer from Statement of Profit and Loss	4,497.50	3,430.00
Closing balance	15,695.40	11,197.90
Surplus in the Statement of Profit and Loss		
Opening balance	51,272.64	36,112.31
Add: net profit for the year	44,961.50	34,253.12
Less: Appropriations		
- Interim dividends	(1,315.75)	(1,251.30)
- Tax on interim dividend	(213.45)	(202.99)
- Proposed final equity dividend	(3,324.98)	(2,094.69)
- Tax on proposed equity dividend	(565.08)	(339.81)
- Transfer to statutory reserves (in pursuant to section 45-IC of the RBI act, 1934)	(8,995.00)	(6,860.00)
- Transfer to general reserve	(4,497.50)	(3,430.00)
- Transfer to debenture redemption reserve	(3,376.40)	(4,914.00)
Net surplus in the Statement of Profit and Loss	73,945.98	51,272.64
Total	2,15,374.34	1,59,822.32

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

5. Long-term borrowings

Particulars	₹ in lacs			
	Non-current portion		Current maturities	
	As at March 31,		As at March 31,	
	2013	2012	2013	2012
Secured				
Privately placed redeemable non-convertible debentures (Retail) [refer note 5.1 A (i)]	1,51,182.95	1,32,134.87	86,748.59	73,820.06
Privately placed non-convertible debentures (Institutional) [refer note 5.1 A (ii) (a & b)]	45,950.00	58,726.67	24,426.67	14,733.33
Public issue of redeemable non-convertible debentures [refer note 5.1 A (iii) (a & b)]	1,18,360.14	75,000.00	-	-
Term loan from banks [refer note 5.1 B (i)]	3,85,500.00	2,74,356.88	1,49,356.88	1,09,558.27
Term loan from financial institutions [refer note 5.1 B (ii)]	39,500.00	16,500.00	11,000.00	-
Total secured long-term borrowing	7,40,493.09	5,56,718.42	2,71,532.14	1,98,111.66
Unsecured				
Fixed deposits [refer note 5.2 A]	6.42	8.71	26.81	13.50
Subordinated debts [refer note 5.2 B]	87,092.24	74,673.85	13,490.97	8,900.16
Total unsecured long-term borrowing	87,098.66	74,682.56	13,517.78	8,913.66
Amount disclosed under the head "other current liabilities"[Refer note-6]	-	-	(2,85,049.92)	(2,07,025.32)
Total	8,27,591.75	6,31,400.98	-	-

5.1 Secured loans - Long term borrowings

A. Secured redeemable non convertible debenture

(i) Privately placed secured redeemable non convertible debentures of (NCDs) ₹1000/- each - Unquoted (Retail)

Terms of repayment as at March 31, 2013

					₹ in lacs
Redeemable at par within	Rate of interest				Total
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14%	
Over 60 months	-	-	-	-	-
48-60 months	8.12	1,561.35	321.36	-	1,890.83
36-48 months	20.86	2,597.88	241.48	1.12	2,861.34
24-36 months	1,501.01	63,809.17	-	292.28	65,602.46
12-24 months	9,633.32	71,076.54	3.10	115.36	80,828.32
Total non-current portion	11,163.31	1,39,044.94	565.94	408.76	1,51,182.95
12 months	57,453.17	28,613.99	571.07	110.36	86,748.59
Total current maturities	57,453.17	28,613.99	571.07	110.36	86,748.59
Grand Total	68,616.48	1,67,658.93	1,137.01	519.12	2,37,931.54

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Terms of repayment as at March 31, 2012

Redeemable at par within	Rate of interest				Total
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14%	
Over 60 months	-	-	321.36	-	321.36
48-60 months	11.72	1,616.20	241.48	1.12	1,870.52
36-48 months	620.49	1,339.37	-	292.28	2,252.14
24-36 months	1,511.71	68,577.25	3.10	115.36	70,207.42
12-24 months	28,045.27	28,756.66	571.14	110.36	57,483.43
Total non-current portion	30,189.19	1,00,289.48	1,137.08	519.12	1,32,134.87
12 months	47,129.83	25,680.74	833.21	176.28	73,820.06
Total current maturities	47,129.83	25,680.74	833.21	176.28	73,820.06
Grand Total	77,319.02	1,25,970.22	1,970.29	695.40	2,05,954.93

Nature of security

The redemption of principal amount of secured redeemable non-convertible debentures with all interest there on are secured by a legal mortgage on the specified immovable property and by way of charge on the company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

These secured redeemable non-convertible debentures are redeemable at par over a period of 12 months to 160 months from the date of allotment depending on the terms of the agreement.

Secured redeemable non-convertible debentures may be bought back subject to applicable statutory and /or regulatory requirements, upon the terms and conditions as may be decided by the company. The company may grant loan against the security of SNCDs upon the terms and conditions as may be decided by the company and subject to applicable statutory and /or regulatory requirements.

(ii) Privately placed redeemable non-convertible debenture (Institutional)

a. Privately placed redeemable non-convertible debenture (NCDs) of ₹1,00,000/- each - quoted

Rate of Interest	₹ in lacs				Redeemable at par on
	Non-current portion		Current maturities		
	As at March 31,		As at March 31,		
	2013	2012	2013	2012	
10.75%	1,800.00	3,000.00	-	-	07-Oct-14
10.75%	2,100.00	5,600.00	-	-	30-Sep-14
10.75%		-	-	1,400.00	30-Mar-12
10.75%	-	-	600.00	-	30-Apr-13
10.75%	-	-	1,400.00	-	30-Sep-13
10.75%	-	-	600.00	-	30-Oct-13
10.75%	-	-	2,100.00	-	30-Mar-14
Total	3,900.00	8,600.00	4,700.00	1,400.00	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

b. Privately Placed Redeemable Non-Convertible Debenture (NCDs) of ₹10,00,000/- each - quoted ₹ in lacs

Rate of Interest	Non-current portion		Current maturities		Redeemable at par on
	As at March 31,		As at March 31,		
	2013	2012	2013	2012	
10.60%	1,000.00	1,000.00	-	-	13-Dec-17
10.60%	1,500.00	1,500.00	-	-	13-Dec-17
10.75%	2,150.00	-	-	-	12-Jul-17
10.75%	1,000.00	-	-	-	26-Jul-17
9.00%	27,500.00	27,500.00	-	-	30-Mar-17
10.75%	500.00	500.00	-	-	04-Feb-21
10.50%	2,000.00	2,000.00	-	-	23-Nov-17
10.65%	1,000.00	-	-	-	23-May-15
10.65%	1,000.00	1,000.00	-	-	03-Feb-15
11.00%	1,500.00	1,500.00	-	-	01-Dec-14
10.61%	2,900.00	2,900.00	-	-	02-Jun-14
10.60%	-	680.00	680.00	-	17-Feb-14
10.30%	-	1,000.00	1,000.00	-	20-Jan-14
10.95%	-	1,800.00	1,800.00	-	25-Oct-13
10.60%	-	500.00	500.00	-	09-Aug-13
10.50%	-	-	5,000.00	-	12-Jul-13
10.50%	-	-	2,500.00	-	19-Jul-13
10.96%	-	2,500.00	2,500.00	-	23-May-13
10.85%	-	1,100.00	1,100.00	-	18-Apr-13
10.96%	-	1,730.00	1,730.00	-	03-Apr-13
7.82%	-	2,916.67	2,916.67	-	22-Apr-13
9.00%	-	-	-	7,500.00	05-Jan-13
7.82%	-	-	-	2,916.67	22-Oct-12
7.82%	-	-	-	2,916.66	22-Apr-12
Total	42,050.00	50,126.67	19,726.67	13,333.33	

Nature of security

The redemption of principal amount of secured redeemable non-convertible debentures with all interest there on are secured by a legal mortgage on the specified immovable property and by way of charge on the company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

Secured redeemable non-convertible debentures may be bought back subject to applicable statutory and /or regulatory requirements, upon the terms and conditions as may be decided by the company.

(iii) Public issue of secured redeemable non convertible debentures ((NCDs)of ₹1000/- each - quoted

a. Issued in 2011

as issued in 2011

Option Detail	Rate of Interest	₹ in lacs		Redeemable at par on	Put and call option
		As at March 31,			
		2013	2012		
Option I	11.60%	5,429.05	5,429.05	25-Aug-16	25-Aug-15
	12.10%	43,653.65	43,653.65	25-Aug-16	25-Aug-15
	11.85%	12,125.30	12,125.30	25-Aug-16	25-Aug-15
Option II	11.50%	9,570.95	9,570.95	25-Aug-14	-
	11.85%	1,346.35	1,346.35	25-Aug-14	-
	11.60%	2,874.70	2,874.70	25-Aug-14	-
Total		75,000.00	75,000.00		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

Nature of security

The repayment of secured redeemable non-convertible debentures of ₹1,000/- each at face value on maturity together with interest thereon are secured by mortgage of immovable property and by way of charge on the company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

Secured redeemable non-convertible debentures may be bought back subject to applicable statutory and /or regulatory requirements, upon the terms and conditions as may be decided by the company.

b. Issued in 2012

Option Detail	Rate of Interest	₹ in lacs		Redeemable at par on	Redeemable at premium on
		As at March 31, 2013	2012		
Option I	10.60%	29,697.71	-	06-Oct-15	-
	10.60%	2,546.08	-	-	06-Oct-15
Option II	10.75%	7,646.19	-	06-Oct-17	-
	10.75%	3,470.16	-	-	06-Oct-17
Total		43,360.14	-		

Nature of security

The repayment of secured redeemable non-convertible debentures of ₹1,000/- each at face value on maturity together with interest thereon are secured by mortgage of immovable property and by way of charge on the company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

B. Term loan

(i) Term loan from bank

Terms of repayment as at March 31, 2013

Tenor	Rate of interest	Repayment Details	₹ in lacs	
			Non-Current portion	Current Maturities
36-48 months	10.75% to 11.25%	1 to 48 instalments of bullet, half yearly and yearly frequency	61,500.00	5,000.00
24-36 months	10.80% to 11.75%	1 to 36 instalments of bullet & quarterly frequency	2,29,000.00	15,625.00
12-24 months	10.70% to 11.00%	1 to 24 instalments of bullet, monthly, quarterly and half yearly frequency	95,000.00	5,000.00
Up to 12 months	9.25% to 12.00%	1 to 12 instalments of bullet, Quarterly & half yearly frequency	-	1,23,731.88
Total			3,85,500.00	1,49,356.88

Terms of repayment as at March 31, 2012

Tenor	Rate of interest	Repayment Details	₹ in lacs	
			Non-Current portion	Current Maturities
36-48 months	11.15% to 12%	1 to 48 instalments of bullet, half yearly and yearly frequency	50,625.00	6,875.00
24-36 months	10.75% to 11.50%	1 to 36 instalments of bullet & quarterly frequency	1,00,000.00	-
12-24 months	9.25% to 12.25%	1 to 24 instalments of bullet, monthly, quarterly and half yearly frequency	1,23,731.88	22,000.00
Up to 12 months	8.20% to 12.25%	1 to 12 instalments of bullet, Quarterly & half yearly frequency	-	80,683.27
Grand Total			2,74,356.88	1,09,558.27

Nature of Security

Term loans from banks are secured by an exclusive charge by way of hypothecation of specific assets under financing.

(ii) Term loan from Institutions

Terms of repayment as at March 31, 2013

Tenor	Rate of interest	Repayment Details	₹ in lacs	
			Non-Current portion	Current Maturities
48-60 months	11.75%	1 to 60 instalments of yearly frequency	39,500.00	4,500.00
Up to 12 months	10.00% to 11.10%	Bullet payment on maturity	-	6,500.00
Total			39,500.00	11,000.00

Terms of repayment as at March 31, 2012

Tenor	Rate of interest	Repayment Details	₹ in lacs	
			Non-Current portion	Current Maturities
Over 60 months	11.75%	1 to 60 instalments of yearly frequency	10,000.00	-
12-24 months	10.00%	Bullet payment on maturity	6,500.00	-
Total			16,500.00	-

Nature of security

Term Loans from institutions are secured by an exclusive charge by way of hypothecation of specific assets under financing.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

5.2 Unsecured loan - Long term borrowings

A. Fixed deposits of ₹1000/- each - unquoted

Terms of repayment as at March 31, 2013

Redeemable at par within	Rate of interest				Total
	>=6% <8%	>=8% <10%	>=10% <12%	>=12%	
24-36 months	0.20	-	-	-	0.20
12-24 months	3.73	2.49	-	-	6.22
Total non-current portion	3.93	2.49	-	-	6.42
12 months	26.51	0.30	-	-	26.81
Total current maturities	26.51	0.30	-	-	26.81
Grand Total	30.44	2.79	-	-	33.23

Terms of repayment as at March 31, 2012

Redeemable at par within	Rate of interest				Total
	>=6% <8%	>=8% <10%	>=10% <12%	>=12%	
48-60 months	0.20	-	-	-	0.20
36-48 months	-	-	-	-	-
24-36 months	3.15	2.49	-	-	5.64
12-24 months	2.57	0.30	-	-	2.87
Total non-current portion	5.92	2.79	-	-	8.71
12 months	6.31	7.07	0.12	-	13.50
Total current maturities	6.31	7.07	0.12	-	13.50
Grand Total	12.23	9.86	0.12	-	22.21

B. Privately placed subordinated debts

The company has issued subordinated debt bonds with coupon rate of 7% to 15% per annum, which are redeemable over a period of 60 months to 88 months.

Terms of repayment as at March 31, 2013

(i) Privately placed subordinated debts of ₹1,000/- each - unquoted

Particulars	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
Over 60 months	9.03	24,088.86	-	24,097.89
48-60 months	1,230.54	8,490.89	-	9,721.43
36-48 months	56.17	2,443.60	-	2,499.77
24-36 months	-	8,731.43	55.61	8,787.04
12-24 months	-	3,763.80	7,687.31	11,451.11
Total non-current portion	1,295.74	47,518.58	7,742.92	56,557.24
12 months	-	10,574.89	2,916.08	13,490.97
Total current maturities	-	10,574.89	2,916.08	13,490.97
Grand Total	1,295.74	58,093.47	10,659.00	70,048.21

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(ii) Privately placed subordinated debts of ₹1,00,000/- each - quoted

₹ in lacs

Redeemable at par within	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
Over 60 months	-	23,035.00	-	23,035.00
Total non-current portion	-	23,035.00	-	23,035.00

(iii) Privately placed subordinated debts of ₹10,00,000/- each - quoted

₹ in lacs

Redeemable at par within	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
Over 60 months	-	7,500.00	-	7,500.00
	-	7,500.00	-	7,500.00

Terms of repayment as at March 31, 2012

(i) Privately placed subordinated debts of ₹1,000/- each - unquoted

₹ in lacs

Redeemable at par within	Rate of interest				Total
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14%	
Over 60 months	1,239.57	14,170.39	-	-	15,409.96
48-60 months	56.17	2,443.60	-	-	2,499.77
36-48 months	-	8,731.43	55.61	-	8,787.04
24-36 months	-	3,763.80	7,687.31	-	11,451.11
12-24 months	-	10,574.89	2,916.08	-	13,490.97
Total non-current portion	1,295.74	39,684.11	10,659.00	-	51,638.85
12 months	-	8,719.49	180.34	0.33	8,900.16
Total current maturities	-	8,719.49	180.34	0.33	8,900.16
Grand Total	1,295.74	48,403.60	10,839.34	0.33	60,539.01

(ii) Privately placed subordinated debts of ₹1,00,000/- each - quoted

₹ in lacs

Redeemable at par within	Rate of interest				Total
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14%	
Over 60 months	-	23,035.00	-	-	23,035.00
Total non-current portion	-	23,035.00	-	-	23,035.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

6. Other liabilities

Particulars	₹ in lacs			
	Long-term		Short-term	
	As at March 31,		As at March 31,	
	2013	2012	2013	2012
Current maturities of long-term borrowings [Refer note: 5]	-	-	2,85,049.92	2,07,025.32
Interest accrued but not due on borrowings	26,604.56	23,469.00	21,557.52	16,934.34
Application money on redeemable non convertible debentures	483.56	421.05	-	-
Application money on redeemable subordinate debts	96.41	217.26	-	-
Unclaimed dividends*	-	-	38.42	30.77
Unclaimed matured deposits and interest accrued thereon*	-	-	8.34	14.51
Unclaimed matured debentures and interest accrued thereon*	-	-	4,760.06	5,260.72
Unclaimed matured Subordinate debts and interest accrued thereon*	-	-	1,456.35	553.05
Temporary credit balance in bank accounts	-	-	12,081.48	13,485.59
Tax deducted at source	-	-	579.01	356.69
Statutory due pertaining to employees	-	-	210.39	39.88
Service tax - contested #	-	-	1,553.08	1,553.08
Securitisation deferred income (income received in advance)	12,664.11	19,321.32	20,907.71	33,326.76
Retention and other	205.54	1,162.98	5,744.64	4,148.02
Total	40,054.18	44,591.61	3,53,946.92	2,82,728.73

As regards the recovery of Service tax on lease and hire purchase transactions, the Hon'ble Supreme Court vide its order dated October 26, 2010 has directed the competent authority under the Finance act, 1994 to decide the matter in accordance with the law laid down.

*Accrued interest is up to the date of maturity. Amounts shall be credited to Investor Education & Protection Fund to the extend unclaimed as and when due.

7. Provisions

Particulars	₹ in lacs			
	Long-term		Short-term	
	As at March 31,		As at March 31,	
	2013	2012	2013	2012
Provision for Employee benefits:				
Provision for gratuity	1,028.97	250.52	33.40	9.37
Provision for leave benefits	114.45	47.10	5.25	32.21
Other provisions:				
Contingent provision for standard assets	825.39	617.04	2,461.53	2,042.78
Provision for hedging contracts	-	92.35	486.75	394.40
Provision for diminution in the value of investments	19.70	17.93	-	-
Provision for income tax [net of advance income tax]	-	-	2,707.34	2,916.08
Proposed dividend	-	-	3,324.98	2,094.69
Corporate dividend tax	-	-	565.08	339.81
Total	1,988.51	1,024.94	9,584.33	7,829.34

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

8. Short term borrowings

Particulars	₹ in lacs	
	As at March 31, 2013	2012
Secured		
Term loan from banks	10,500.00	-
Term loan from financial institutions	5,000.00	-
Cash credit from bank	61,103.56	56,366.20
Working capital demand loan from banks	73,625.00	65,414.83
	1,50,228.56	1,21,781.03
Unsecured		
Commercial papers	10,000.00	-
Inter Corporate Deposits	-	2,000.00
	10,000.00	2,000.00
Total	1,60,228.56	1,23,781.03

8.1 Term loan from banks

Rate of interest	Repayment Details	₹ in lacs	
		As at March 31, 2013	As at March 31, 2012
10.70%	Bullet payment at the end of 1 year	10,500.00	-
Total		10,500.00	-

Nature of Security

Term Loans from banks are secured by an exclusive charge by way of hypothecation of specific assets under financing.

8.2 Term loan from institutions

Rate of interest	Repayment Details	₹ in lacs	
		As at March 31, 2013	As at March 31, 2012
11.10%	Bullet payment at the end of 1 year	5,000.00	-
Total		5,000.00	-

Nature of Security

Term Loans from institutions are secured by an exclusive charge by way of hypothecation of specific assets under financing.

8.3 Cash credit and working capital demand loans

Nature of Security

Cash credit and working capital demand loan from banks are secured by way of hypothecation of specific movable assets relating to the loans.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

9. Tangible and intangible fixed assets

Particulars	Tangible assets						Total tangible assets	Intangible assets	Total fixed assets
	Land	Building	Plant and machinery	Furniture and fixtures	Vehicles	Leasehold improvements		Computer software	
Gross Block									
As at April 1, 2011	1.76	12.94	1,897.58	1,019.18	29.47	1,300.68	4,261.61	391.82	4,653.43
Additions	0.46	-	1,465.89	924.87	6.67	1,202.70	3,600.59	85.49	3,686.08
Disposals	-	-	4.03	2.00	2.90	-	8.93	-	8.93
As at March 31, 2012	2.22	12.94	3,359.44	1,942.05	33.24	2,503.38	7,853.27	477.31	8,330.58
Additions	-	-	1,885.58	1,219.94	1.95	2,825.11	5,932.58	111.63	6,044.21
Disposals	-	-	22.45	6.75	12.14	13.84	55.18	-	55.18
As at March 31, 2013	2.22	12.94	5,222.57	3,155.24	23.05	5,314.65	13,730.67	588.94	14,319.61
Depreciation									
As at April 1, 2011	-	2.35	667.33	228.25	6.74	619.02	1,523.69	185.33	1,709.02
Charge for the year	-	0.21	417.60	230.84	3.19	557.80	1,209.64	161.70	1,371.34
Disposals	-	-	2.08	0.79	1.22	-	4.09	-	4.09
As at March 31, 2012	-	2.56	1,082.85	458.30	8.71	1,176.82	2,729.24	347.03	3,076.27
Charge for the year	-	0.21	699.07	375.27	2.90	1,242.24	2,319.69	120.80	2,440.49
Disposals	-	-	17.72	2.04	5.10	8.99	33.85	-	33.85
As at March 31, 2013	-	2.77	1,764.20	831.53	6.51	2,410.07	5,015.08	467.83	5,482.91
Net Block									
As at March 31, 2012	2.22	10.38	2,276.59	1,483.75	24.53	1,326.56	5,124.03	130.28	5,254.31
As at March 31, 2013	2.22	10.17	3,458.37	2,323.71	16.54	2,904.58	8,715.59	121.11	8,836.70

₹ in lacs

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

10. Non-current investments

Particulars	₹ in lacs	
	As at March 31, 2013	2012
Long-term investment		
Other than trade		
A. Unquoted equity instruments		
(i) Investment in subsidiary (valued at cost)		
7,00,00,000 (March 31, 2012: 1,48,00,000) Equity shares of ₹10 each fully paid-up in Shriram Housing Finance Ltd.	7,000.00	1,480.00
(ii) Investment in other companies (valued at cost)		
16,32,653 (March 31, 2012: 16,32,653) equity shares of ₹10 each fully paid-up in Highmark Credit Information Services Private Ltd.	200.00	200.00
Total unquoted non-current investment	7,200.00	1,680.00
A. Quoted Investment		
(i) Investment in government securities (valued at cost)		
Quoted		
6.13% GOI Loan 2028 of face value ₹100 lacs (Market value as on March 31, 2013: ₹81.75 lacs and March 31, 2012: ₹83.52 lacs)	101.45	101.45
Total quoted non-current investment	101.45	101.45
Total	7,301.45	1,781.45
Aggregate amount of Quoted Investments (cost of acquisition)	101.45	101.45
Aggregate amount of Unquoted Investments (cost of acquisition)	7,200.00	1,680.00
Aggregate amount of provision for diminution in value of Investments	19.70	17.93

a. In accordance with the Reserve Bank of India circular no. RBI/2006-07/225 DNBS (PD) C.C No.87/03.02.2004/2006-07 dated January 4, 2007, the company has created a floating charge on the statutory liquid assets comprising of investment in government securities being statutory liquid assets to the extent of ₹101.45 Lacs (March 31, 2012: ₹ 101.45 Lacs) in favour of trustees representing the public deposit holders of the company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

11. Deferred tax asset (Net)

Particulars	₹ in lacs	
	As at March 31,	
	2013	2012
Deferred tax liabilities		
Timing difference on account of :		
Fixed assets: Impact of difference between tax depreciation and depreciation and depreciation/amortisation charged for the financial reporting	-	72.50
Deferred expenses incurred for NCD mobilization	464.88	358.91
Gross deferred tax liabilities (A)	464.88	431.41
Deferred tax asset		
Timing difference on account of :		
Fixed assets: Impact of difference between tax depreciation and depreciation and depreciation/amortisation charged for the financial reporting	65.02	-
Provision for service tax	503.90	503.90
Contingent provision against standard assets	1,066.44	862.98
Provision for leave benefits	38.84	25.73
Provision for gratuity	163.66	84.32
Provision for derivative	157.93	157.93
Provision for bonus	222.30	46.10
Estimated disallowances	129.77	64.89
Gross deferred tax Assets (B)	2,347.86	1,745.85
Deferred tax asset (Net)) (B-A)	1,882.98	1,314.44

12. Loans and advances

Particulars	₹ in lacs			
	Long-term		Short-term	
	As at March 31,		As at March 31,	
	2013	2012	2013	2012
Unsecured, considered good				
Capital advances	309.51	719.24	-	-
Security deposits	1,548.06	1,046.55	250.00	300.00
Loans and advances				
Assets under financing activities :				
- Secured, considered good	3,14,605.55	2,27,370.63	9,42,284.89	7,68,852.49
- Doubtful	2,782.33	1,382.21	23,734.27	12,432.95
- Less: provision for non-performing assets	(1,720.53)	(388.90)	(14,039.50)	(9,346.71)
- Unsecured, considered good	15,549.39	19,445.40	42,326.38	48,259.74
- Doubtful	145.49	230.94	2,761.44	2,657.88
- Less: provision for non-performing assets	(145.49)	(230.94)	(2,761.44)	(2,657.88)
Advances recoverable in cash or in kind or for value to be received -Unsecured, considered good	-	-	3,456.66	2,014.05
Investment through PTC	3,508.95	-	946.50	-
Total	3,36,583.26	2,49,575.13	9,98,959.20	8,22,512.52

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

13. Other assets

Particulars	₹ in lacs			
	Non-current		Current	
	As at March 31, 2013	2012	As at March 31, 2013	2012
Bank balances non-current portion [Refer note-14]	9,308.00	17,123.00	-	-
Public issue expenses for non-convertible debentures to the extent not written off or adjusted	954.41	828.43	478.42	277.80
Interest accrued on fixed deposit and other loan and advances	1,151.85	972.10	2,106.53	269.10
Securitisations-receivable	12,571.42	17,985.27	20,238.10	30,475.82
Service tax credit (input) receivable	-	-	40.78	106.76
Prepaid expenses	-	-	512.56	725.30
Other assets	-	-	0.02	1.34
Total	23,985.68	36,908.80	23,376.41	31,856.12

14. Cash and bank balances

Particulars	₹ in lacs			
	Non-current		Current	
	As at March 31, 2013	2012	As at March 31, 2013	2012
Cash and cash equivalents :				
Balances with banks:				
- Current accounts	-	-	36,707.42	31,514.92
- Balance in unpaid dividend accounts	-	-	38.42	30.77
- Bank deposits with maturity of less than 3 months	-	-	1,33,590.00	56,522.50
Cash on hand	-	-	6,127.61	7,520.43
Other bank Balances:				
Bank deposits with original maturity for more than 3 months but less than 12 months	-	-	237.50	-
Margin money deposits	9,308.00	17,123.00	41,045.09	20,061.28
	9,308.00	17,123.00	2,17,746.04	1,15,649.90
Amount disclosed under the head "non-current asset" [Refer note 13]	(9,308.00)	(17,123.00)	-	-
Total	-	-	2,17,746.04	1,15,649.90

Margin money deposit of ₹50,353.09 lacs as at March 31, 2013 (March 31, 2012 ₹37,184.28 lacs) are pledged with banks as margin for securitisation.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

15. Revenue from operation

Particulars	₹ in lacs	
	For the year ended March 31,	
	2013	2012
Interest income from finance and related charges	2,65,714.68	1,75,171.77
Interest income on Securitisation / assignment	34,595.52	26,238.79
Interest on Margin money on securitisation / assignment	4,001.00	1,935.51
Bad debts recovery	2,836.09	401.75
Total	3,07,147.29	2,03,747.82

16. Other income

Particulars	₹ in lacs	
	For the year ended March 31,	
	2013	2012
Dividend Income	-	596.67
Net gain on sale of investments	719.47	134.74
Other non-operating income:		
Interest on deposit with bank	400.16	1,134.46
Interest on government securities	6.13	6.13
Profit on sale of assets	2.19	0.05
Commission	2.15	5.24
Miscellaneous income	24.00	16.32
Total	1,154.10	1,893.61

17. Employee benefits expenses

Particulars	₹ in lacs	
	For the year ended March 31,	
	2013	2012
Salaries and incentives	19,642.31	8,575.91
Contributions to Provident fund	1,742.13	215.51
Gratuity	254.56	69.12
Expense on Employee Stock Option Scheme	-	191.82
Staff welfare expenses	755.27	184.41
Total	22,394.27	9,236.77

18. Finance costs

Particulars	₹ in lacs	
	For the year ended March 31,	
	2013	2012
Interest expense on :		
Debenture	42,906.06	31,999.07
Subordinate debts	12,874.60	8,651.76
Fixed deposits	30.04	6.72
Loans from banks	66,633.17	40,112.97
Loans from institutions and others	4,929.03	1,039.73
Commercial Papers	3,713.53	1,601.26
Borrowing Cost:		
Bank Charges	1,039.02	1,230.54
Processing and other charges	1,130.50	1,879.52
Brokerage	7,791.56	6,336.44
Total	1,41,047.51	92,858.01

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

19. Other expenses

Particulars	₹ in lacs	
	For the year ended March 31,	
	2013	2012
Rent	2,806.63	1,711.12
Power and fuel expenses	577.56	334.73
Repairs & maintenance	1,506.03	981.85
Rates, duties & taxes	612.40	783.68
Printing & stationery	2,048.39	1,523.77
Travelling & conveyance	4,968.62	3,953.79
Advertisement	928.20	924.39
Business promotion expenses	2,992.72	5,394.99
Commission	6,238.15	5,980.18
Sourcing fees and other charges	2,938.63	2,574.22
Royalty	858.05	565.95
Directors' sitting fees	5.71	6.15
Insurance	476.24	322.40
Communication expenses	2,798.39	2,040.92
Payments to the auditor as auditor (refer note no.33)		
(a) audit fees	20.65	17.66
(b) tax audit fees	4.87	3.28
(c) certification and other services	4.68	4.14
Professional charges	4,826.44	2,702.70
Legal & professional fees	944.90	1,076.49
Donations	11.50	-
Public issue expenses for non-convertible debentures	378.11	162.05
Loss on sale of assets	11.11	3.57
Miscellaneous expenses	1,493.61	856.22
Total	37,451.59	31,924.25

20. Provisions & write offs

Particulars	₹ in lacs	
	For the year ended March 31,	
	2013	2012
Provision for non performing assets	6,042.53	2,641.01
Contingent provision for standard assets	627.09	944.94
Bad debts written off	31,732.88	14,248.80
Total	38,402.50	17,834.75

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

21. Earnings per share (EPS)

Particulars	For the year ended March 31,	
	2013	2012
Net profit after tax and share of loss of Associates as per Statement of Profit and Loss (₹ in lacs) (A)	44,961.50	34,253.12
Weighted average number of equity shares for calculating Basic EPS (No. in lacs) (B)	525.18	498.20
Weighted average number of equity shares for calculating Diluted EPS (₹ in lacs) (C)	541.68	502.07
Basic earnings per equity share (in Rupees) (Face value of ₹10/- per share) (A) / (B)	85.61	68.75
Diluted earnings per equity share (in Rupees) (Face value of ₹10/- per share) (A) / (C)	83.00	68.22

Particulars	For the year ended March 31,	
	2013	2012
Weighted average number of equity shares for calculating EPS (No. in lacs)	525.18	498.20
Add : Equity shares arising on conversion of optionally convertible warrants (No. in lacs)	14.67	0.20
Add : Equity shares for no consideration arising on grant of stock options under ESOP (No. in lacs)	1.83	3.67
Weighted average number of equity shares in calculation diluted EPS (No. in lacs)	541.68	502.07

22. Gratuity and other post-employment benefit plans

The Company has an unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.

Consequent to the adoption of revised AS 15 'Employee Benefits' issued under Companies Accounting Standard Rules, 2006, as amended, the following disclosures are made as required by the standard:

Statement of Profit and Loss

Net Employee benefit expenses recognised in the employee cost

Particulars	₹ in lacs	
	Gratuity	
	For the year ended March 31,	
	2013	2012
Current service cost	44.45	30.74
Interest cost on benefit obligation	22.09	16.20
Expected return on plan assets	N.A.	N.A.
Net actuarial (gain) / loss recognised in the year	188.02	22.18
Past service cost	-	-
Net benefit expense	254.56	69.12

Balance sheet

Particulars	₹ in lacs	
	Gratuity	
	As at March 31,	
	2013	2012
Defined benefit obligation	1,062.37	259.89
Fair value of plan assets	N.A.	N.A.
Total	1,062.37	259.89
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(1,062.37)	(259.89)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

₹ in lacs

Particulars	Gratuity	
	As at March 31,	
	2013	2012
Opening defined benefit obligation	259.89	196.34
Interest cost	22.09	16.20
Current service cost	44.45	30.74
Transferred in liabilities	557.94	-
Benefits paid	(10.02)	(5.57)
Actuarial (gains) / losses on obligation	188.02	22.18
Closing defined benefit obligation	1,062.37	259.89

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

₹ in lacs

Particulars	Gratuity	
	As at March 31,	
	2013	2012
Investments with insurer	NA	NA

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Particulars	Gratuity	
	As at March 31,	
	2013	2012
Discount Rate	8.00%	8.50%
Increase in compensation cost	5.00%	5.00%
Employee Turnover	2.00%	2.00%

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

Amounts for the Current and previous three years are as follows:

₹ in lacs

Particulars	As at March 31,			
	2013	2012	2011	2010
Defined benefit obligation	1,062.37	259.89	196.34	155.52
Plan assets	NA	NA	NA	NA
Surplus / (deficit)	(1062.37)	(259.89)	(196.34)	(155.52)
Experience adjustments on plan liabilities	(136.10)	(35.18)	(29.63)	(19.27)
Experience adjustments on plan assets	NA	NA	NA	NA

23. Employee Stock Option Plans

The company provides share-based payment schemes to its employees. During the year ended 31 March 2013, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below:

Date of Shareholder's approval	: October 30 2006
Date of grant	: October 19 2007
Date of Board Approval	: October 19 2007
Number of options granted	: 13,55,000
Method of Settlement (Cash/Equity)	: Equity
Graded vesting period:	
After 1 years of grant date	: 10% of options granted
After 2 years of grant date	: 20% of options granted
After 3 years of grant date	: 30% of options granted
After 4 years of grant date	: 40% of options granted
Exercisable period	: 10 years from vesting date
Vesting Conditions	: on achievement of pre –determined targets

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The details of Series I have been summarized below:

	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	Weighted Average Exercise Price(in ₹)	Number of Shares	Weighted Average Exercise Price (in ₹)
Outstanding at the beginning of the year	3,87,791	35.00	9,18,123	35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	1,99,131	35.00	5,30,332	35.00
Less: Expired during the year	-	-	-	-
Outstanding at the end of the year	1,88,660	35.00	3,87,791	35.00
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	7.55	-	8.55
Weighted average fair value of options granted	-	227.42	-	227.42

The details of exercise price for stock options outstanding at the end of the period are:

As at March 31,	Range of exercise prices(in ₹)	No. of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average Exercise Price(in ₹)
2013	35.00	1,88,660	7.55	35.00
2012	35.00	3,87,791	8.55	35.00

Stock Options granted

The weighted average fair value of stock options granted was Rs.227.42. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2006	2007	2008	2009
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	55.36	55.36	55.36	55.36
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (₹)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	7.70	7.67	7.66	7.67
Expected dividend rate (%)	0.84	0.84	0.84	0.84

The expected volatility was determined based on historical volatility data equal to the NSE volatility rate of Bank Nifty, which is considered as a comparable peer group of the Company. To allow for the effects of early exercise it was assumed that the employees would exercise the options within six months from the date of vesting in view of the exercise price being significantly lower than the market price.

Effect of the employee share-based payment plans on the profit and loss account and on its financial position:

	₹ in lacs	
	As at March 31,	
	2013	2012
Compensation cost pertaining to equity-settled employee share-based payment plan included above	-	191.82
Liability for employee stock options outstanding as at year end	427.22	878.15
Deferred compensation cost	Nil	Nil

Since the company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

In March 2005, the ICAI issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan the grant date in respect of which falls on or after April 1 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note the impact on the reported net profit and earnings per share would be as follows:

	For the year ended March 31,	
	2013	2012
Profit as reported (₹ in lacs)	44,961.50	34,253.12
Add: Employee stock compensation under intrinsic value method (₹ in lacs)	-	191.82
Less: Employee stock compensation under fair value method (₹ in lacs)	-	192.64
Proforma profit (₹ in lacs)	44,961.50	34,252.30
Less Preference Dividend		
Proforma Net Profit for Equity Shareholders	44,961.50	34,252.30
Earnings per share		
Basic (₹.)		
- As reported	85.61	68.75
- Proforma	85.61	68.75
Diluted (₹.)		
- As reported	83.00	68.22
- Proforma	83.00	68.22

24. Segment Information

The company has got a single reportable segment. Therefore, the segment wise reporting has not been given.

25. Related Party Disclosure

(i) Subsidiaries

Shriram Housing Finance Limited (from 9th November 2010) (SHFL)

(ii) Other Related Parties

Enterprises having significant influence over the Company

- Shriram Enterprises Holding Private Limited (SEHPL)
- Shriram Retail Holdings Private Limited (SRHPL)
- Shriram Capital Limited (SCL)
- TPG India Investments I Inc. (TPGI)
- Shriram Ownership Trust (SOT)

(iii) Key Managerial Personnel

- Mr. R Duruvasan, Managing Director
- Mr. G.S.Sundararajan, Managing Director
- Mr. R. Kannan

(iv) Relatives of Key Managerial Personnel

- Mrs. D. Komaleeswari (spouse of Mr. R.Duruvasan)
- Mrs. Nithya Sundararajan (spouse of Mr. G.S.Sundararajan)
- Mrs. Vasanthi Kannan (spouse of Mr. R. Kannan)

	Enterprises having significant influence over the Company				Subsidiaries			Key Managerial Personnel			Total		₹ in lacs
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	
Payments/Expenses													
Royalty to SOT	858.05	565.95	-	-	-	-	-	-	-	-	858.05	565.95	
Data Sourcing Fees to SOT	418.06	367.75	-	-	-	-	-	-	-	-	418.06	367.75	
Service Charges SOT	2,520.57	2,206.48	-	-	-	-	-	-	-	-	2,520.57	2,206.48	
Reimbursement of business promotion expenses, rent and other expenses to SCL	23.58	226.85	-	-	-	-	-	-	-	-	23.58	226.85	
License Fees to SCL	1,449.44	661.80	-	-	-	-	-	-	-	-	1,449.44	661.80	
Gratuity, rent and other expenses to SHFL	-	-	121.79	14.80	-	-	-	-	-	-	121.79	14.80	
Security deposits for rent	-	-	117.38	-	-	-	-	-	-	-	117.38	-	
Equity dividend to SEHPL	-	1,075.29	-	-	-	-	-	-	-	-	-	1,075.29	
Equity dividend to SRHPL	1,729.69	513.37	-	-	-	-	-	-	-	-	1,729.69	513.37	
Investments in Equity shares in SHFL	-	-	5,520.00	1,230.00	-	-	-	-	-	-	5,520.00	1,230.00	
Payment of Salary and Reimbursement of rent and other expenses to R.Duruvasan, Managing Director	-	-	-	-	-	-	35.65	-	-	-	35.65	-	
Receipts													
Reimbursements received from SHFL towards other expenses	-	-	10.22	-	-	-	-	-	-	-	10.22	-	
Balance outstanding as at													
Share Capital held by SEHPL	-	1,792.15	-	-	-	-	-	-	-	-	-	1,792.15	
Share Capital held by SRHPL	2,661.06	855.62	-	-	-	-	-	-	-	-	2,661.06	855.62	
Share Capital held by SCL	515.00	230.00	-	-	-	-	-	-	-	-	515.00	230.00	
Investment in Shares of SHFL	-	-	7,000.00	1,480.00	-	-	-	-	-	-	7,000.00	1,480.00	
Outstanding Expenses SCL	-	-	-	-	-	-	-	-	-	-	-	-	
Outstanding Expenses SOT	888.04	764.63	-	-	-	-	-	-	-	-	888.04	764.63	

26. Contingent liabilities and commitments to the extent not provided for

(i) Contingent liabilities

Income Tax	₹ in lacs	
	As at March 31, 2013	2012
a. Income tax	10,743.64	1,447.80
b. Guarantees issued by the Company	250.00	450.00

The Income tax assessment of the company has been completed upto the Assessment Year 2010-11.

The disputed demand outstanding for the assessment Year 2010-11 is ₹5,718.28 lacs. For assessment year 2008-09, disputed amount on account of penalty proceedings is ₹1106.48 lacs. The assessment has been re-opened for assessment year 2007-08 and the disputed amount outstanding is ₹3,918.88 lacs. The company has filed appeal for all these disputed cases and the same is pending before the Commissioner of Income Tax Appeals, Chennai.

The company has provided NSE with a bank guarantee for ₹ 250.00 lacs from Indus Ind Bank, Nugambakkam, Chennai branch and a deposit of ₹ 250.00 lacs as security deposit both together 1% of total public issue of secured non-convertible debentures of ₹50,000.00 lacs.[Refer note: 27]

(ii) Commitments

(i) As at March 31, 2013 ₹ 118.88 lacs (March 31, 2012: ₹686.76 lacs (net of advances) is the estimated amount of contracts remaining to be executed on capital account.

(ii) The company has got further commitments to invest in the subsidiary company i.e. Shriram Housing Finance Limited as at March 31, 2013 ₹ 9,544.00 (March 31, 2012 ₹ 5,529.55)

27. Utilization of money raised through public issue of debenture and preferential issue of equity shares and warrants

(i) through public issue of debentures [Refer note 5.1 (A)(iii)]

During the year ended March 31, 2013, the company has raised ₹43,360.00 lacs through public issue of secured redeemable non convertible debenture of face value of ₹1000/- each. The proceeds of issue are utilized for the following purpose:

Particulars	₹ in lacs
Repayment of Loans from Banks (Funding of Cash Credit Account)	39,110.00
Repayment of Commercial Paper	4,250.00
Total	43,360.00

During the year ended March 31, 2012, the company has raised ₹75,000 lacs through public issue of secured redeemable non-convertible debenture of face value of ₹1000/- each. The proceeds of issue are utilized for the following purpose:

Particulars	₹ in lacs
Disbursement of loans	11,409.00
Repayment of loans from banks	39,030.00
Repayment of loans (Term loans, Securitisation loans)	24,561.00
Total	75,000.00

(ii) During the year ended March 31, 2012, the company has raised ₹21,547.00 lacs through preferential issue of equity shares and warrants [Refer note- 3.4(ii) & 3.6]

Particulars	₹ in lacs
Fixed deposit placed with banks	21,500.00
Disbursement of loan	47.00
Total	21,547.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

28. Securitisation / Assignment

The Company sells loans through securitisation and direct assignment.

(i) The information on direct assignment activity of the Company as an originator for the year March 31, 2013 and March 31, 2012 are given below:

Particulars	₹ in lacs	
	For the year ended March 31,	
	2013	2012
Total number of assets	637	2,62,044
Total book value of assets (₹ in lacs)	7,405.96	2,00,398.99
Sale consideration received (₹ in lacs)	7,405.96	2,00,398.99
Gain (₹ in lacs)	1,178.57	37,682.48
Outstanding Credit enhancement-Deposit with banks/corporate (₹ in lacs)	31,229.85	31,766.37
Outstanding Credit enhancement – Retained interest on securitisation (₹ in lacs)	-	1,374.98

* Gain on direct assignment deals is amortised over the period of the loan.

(ii) The information on securitisation activity of the Company as an originator for the year March 31, 2013 and March 31, 2012 is given below:

Particulars	₹ in lacs	
	For the year ended March 31,	
	2013	2012
Total number of assets	25,947	45,271.00
Total book value of assets (₹ in lacs)	1,30,998.04	66,543.26
Sale consideration received (₹ in lacs)	1,30,998.04	66,543.26
Gain (₹ in lacs)	15,318.11	17,826.38
Outstanding Credit enhancement-Deposit with banks/corporate (₹ in lacs)	19,123.24	5,417.91
Outstanding Credit enhancement – Retained interest on securitisation (₹ in lacs)	-	-

* Gain on securitisation is amortised over the period of the loan.

29. Derivative Instruments:

The Notional principal amount of derivative transactions outstanding as on March 31 2013, is ₹486.75 lacs, for interest rate swaps is ₹12,500 lacs (March 31 2012 ₹12,500 lacs).

30. Expenditure in foreign currency (cash basis)

	₹ in lacs	
	For the year ended March 31,	
	2013	2012
Advance paid towards legal fees	27.60	-

31. The company had no discontinuing operations during the year ended March 31, 2013 and during the year ended March 31, 2012.

32. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term. Future minimum lease payments under operating leases as on March 31, 2013:

	₹ in lacs
a. Not later than 1 year	-
b. More than 1 year and less than 5 years	224.74
c. Later than 5 years	-

33. In addition to payments made to auditors shown in Note-19, the Company has made a payment of ₹ 8.99 lacs to auditors for services rendered by them in connection with the public issue of non-convertible debentures amortised as "public issue expenses for non-convertible debentures" in accordance with the accounting policy stated under Note 2.1.(v)

34. Based on the intimation received by the company, none of the suppliers have confirmed to be registered under "the Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Therefore, the related information for this purpose stands to be Nil.

35. The ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfilment of conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

36. Previous year figures have been regrouped/rearranged, wherever considered necessary, to conform with current year presentation.

As per our report even date

For Pijush Gupta & Co.

Firm Registration No: 309015E

Chartered Accountants

Pijush Kumar Gupta

Partner

Membership no: 015139

Place: Hyderabad

Date: May 20, 2013

For and on behalf of the Board of Directors of
Shriram City Union Finance Limited

R.Duruvasan
Managing Director

G.S.Sundararajan
Managing Director

C R Dash
Company Secretary

FINANCIAL STATEMENTS (STANDALONE)

As required in terms of Paragraph 13 of Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

₹ in lacs

Particulars			
Liabilities side :		Amount outstanding	Amount overdue
(1) Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	(a) Debenture : Secured	4,55,403.45	4,760.06
	: Unsecured	-	-
	(other than falling within the meaning of public deposits*)	-	-
	(b) Deferred Credits	-	-
	(c) Term Loans	6,03,117.42	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	10,000.00	-
	(f) Public Deposits*	43.23	8.34
	(g) Other Loans - Subordinate Debts	1,24,209.73	1,456.35
	- Cash Credit (including working capital demand loan)	1,35,063.20	-
Total (1)		13,27,837.03	6,224.75
*Please see Note 1 below			
(2) Break-up of (1)(f) above (Outstanding Public deposits inclusive of interest accrued thereon but not paid):	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	43.23	8.34
	Total (2)		
	*Please see Note 1 below # Represent amount unclaimed.		
Assets side :		Amount outstanding	
(3) Break-up of Loans and Advances including bills receivables (other than those included in (4) below):	(a) Secured	12,83,407.04	
	(b) Unsecured	60,782.70	
	Total (3)	13,44,189.74	
(4) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	(i) Lease assets including lease rentals under sundry debtors :		
	(a) Financial lease	-	
	(b) Operating lease	-	
	(ii) Stock on Hire including hire charges under sundry debtors :		
	(a) Assets on hire	-	
	(b) Repossessed Assets	-	
	(iii) Other loans counting towards AFC Activities :		
	(a) Loans where assets have been repossessed	-	
	(b) Loans other than (a) above	-	
	Total (4)		

FINANCIAL STATEMENTS (STANDALONE)

(5)	Break-up of Investments :			
	Current Investments :			
	1. Quoted :			
	(I) Shares : (a) Equity			-
	(b) Preference			-
	(ii) Debenture and Bonds			-
	(iii) Units of mutual funds			-
	(iv) Government Securities			-
	(v) Others (Please specify)			-
	2. Unquoted :			
	(I) Shares: (a) Equity			-
	(b) Preference			-
	(ii) Debentures and Bonds			-
	(iii) Units of mutual funds			-
	(iv) Government Securities			-
	(v) Others (Please specify)			-
	Long Term investments :			-
	1. Quoted :			-
	(I) Shares : (a) Equity			-
	(b) Preference			-
	(ii) Debentures and Bonds			-
	(iii) Units of mutual funds			-
	(iv) Government Securities			101.45
	(v) Others (Please specify)			-
	2. Unquoted :			
	(I) Shares: (a) Equity			7,200.00
	(b) Preference			-
	(ii) Debentures and Bonds			-
	(iii) Units of mutual funds			-
	(iv) Government Securities			-
	(v) Others (Please specify)			-
	Total (4)			7,301.45
(6)	Borrower group-wise classification of assets, financed as in (3) and (4) 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	12,83,407.04	60,782.70	13,44,189.74
	Less: provision	(15,760.03)	(2,906.93)	(18,666.96)
	Total (6)	12,67,647.01	57,875.77	13,25,522.78

FINANCIAL STATEMENTS (STANDALONE)

(7)	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 or fair value or NAV	Book Value(net of provisions)
	1. Related Parties **		
	(a) Subsidiaries	7,000.00	7,000.00
	(b) Companies in the same group	-	-
	(c) Other related parties	-	-
	2. Other than related parties	200.00	200.00
	Government securities	101.45	101.45
	Provision on government securities	(19.70)	(19.70)
	Total (7)	7,281.75	7,281.75
	* Disclosure is made in respect of available information.		
	** As per Accounting Standard of ICAI (Please see Note 3)		
(8)	Other information		
	Particulars	Amount	
(i)	Gross Non-Performing Assets		
	(a) Related parties	-	
	(b) Other than related parties	29,423.53	
(ii)	Net Non-Performing Assets		
	(a) Related parties	-	
	(b) Other than related parties	10,756.58	
(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 the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for calculation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.

For Shriram City Union Finance Limited

Place: Hyderabad
Date : May 20, 2013

R.Duruvasan
Managing Director

G.S.Sundararajan
Managing Director

FINANCIAL STATEMENTS (STANDALONE)

Summary of financial information of subsidiary company for the year ended March 31, 2013
Under section 212 of the Companies Act 1956.

S. No.	Particulars of subsidiary company	Shriram Housing Finance Limited	
1	Financial year ended on	March 31, 2013	
2	Capital (₹ in lacs) 9,15,00,000 equity shares of face value of ₹10 each	9,150.00	
3	Holding company's interest in the subsidiary company as at March 31, 2013	6,99,99,994 equity shares of ₹10 each (76.50%)	
4	Net aggregate amount of profit (loss) of the subsidiary company not dealt with in the holding company's account.		
	(i) For the financial year of the subsidiary company	(22.14)	*
	(ii) For the previous financial year of the subsidiary company	(444.79)	*
5	Net aggregate amount of profit (loss) of the subsidiary company dealt with in the holding company's account.		
	(i) For the financial year of the subsidiary company	-	
	(ii) For the previous financial year of the subsidiary company	-	
6	Reserves (₹ in lacs)	4,908.07	*
7	Total Assets (₹ in lacs)	14,383.22	
8	Total liabilities (₹ in lacs)	325.15	
9	Turnover (₹ in lacs)	1,691.79	
10	Profit before taxation (₹ in lacs)	9.24	
11	Provision for taxation (₹ in lacs)	(31.38)	*
12	Profit after taxation (₹ in lacs)	(22.14)	*

* Represents debit balance in Statement of Profit and loss

For Shriram City Union Finance Limited

Place: Hyderabad
Date : May 20, 2013

R.Duruvasan
Managing Director

G.S.Sundararajan
Managing Director

AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

PIJUSH GUPTA & CO
CHARTERED ACCOUNTANTS
P-199, C.I.T.ROAD, SCHEME IV-M, KOLKATA –700 010

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
SHRIRAM CITY UNION FINANCE LIMITED

We have audited the accompanying consolidated financial statements of Shriram City Union Finance Limited ("the Company") and its subsidiary, which comprise the Consolidated Balance Sheet as at March 31, 2013, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated 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 consolidated 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 control relevant to the Company's preparation and presentation 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 management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Place: Hyderabad
Date : May 20, 2013

For Pijush Gupta & Co.
Chartered Accountants
Firm Registration Number: 309015E

Pijush Kumar Gupta
Partner
Membership Number 015139

FINANCIAL STATEMENTS (CONSOLIDATED)

		₹ in lacs	
Consolidated Balance Sheet as at March 31,	Notes	2013	2012
I. Equity and Liabilities			
1. Shareholders' funds			
(a) Share capital	3	5,541.63	5,236.72
(b) Reserves and surplus	4	2,19,024.48	1,59,377.53
(c) Money received against share warrants		4,361.50	8,437.00
		2,28,927.61	1,73,051.25
2. Non-current liabilities			
(a) Long-term borrowings	5	8,27,591.75	6,31,400.98
(b) Other long-term liabilities	6	40,054.18	44,591.61
(c) Long-term provisions	7	2,075.55	1,045.55
		8,69,721.48	6,77,038.14
3. Current liabilities			
(a) Short-term borrowings	8	1,60,228.56	1,23,781.03
(b) Other current liabilities	6	3,54,168.63	2,82,767.59
(c) Short-term provisions	7	9,600.73	7,834.53
		5,23,997.92	4,14,383.15
4. Minority interest		3,407.93	—
Total		16,26,054.94	12,64,472.54
II. ASSETS			
1. Non-current assets			
(a) Fixed assets:			
(i) Tangible assets	9	8,809.97	5,194.75
(ii) Intangible assets	9	200.20	130.59
(b) Non-current investments	10	301.45	301.45
(c) Deferred tax assets	11	1,895.99	1,358.83
(d) Long-term loans and advances	12	3,47,758.49	2,50,108.16
(e) Other non-current assets	13	24,280.19	36,968.56
		3,83,246.29	2,94,062.34
2. Current assets			
(a) Cash and bank balances	14	2,17,912.59	1,16,015.14
(b) Current investments		2,119.32	—
(c) Short-term loans and advances	12	9,99,327.89	8,22,524.22
(d) Other current assets	13	23,448.85	31,870.84
		12,42,808.65	9,70,410.20
Total		16,26,054.94	12,64,472.54
Summary of significant accounting policies	2.1		
Other notes to accounts	1, 2 & 22 to 35		

The notes referred to above form an integral part of the financial statements.

As per our report even date

For and on behalf of the Board of Directors of
Shriram City Union Finance Limited

For Pijush Gupta & Co.

Firm Registration No: 309015E
Chartered Accountants

R. Duruvasan
Managing Director

G. S. Sundararajan
Managing Director

Pijush Kumar Gupta

Partner

Membership no: 015139

C R Dash
Company Secretary

Place: Hyderabad

Date: May 20, 2013

FINANCIAL STATEMENTS (CONSOLIDATED)

		₹ in lacs	
Consolidated Statement of Profit and Loss for the year ended March 31,	Notes	2013	2012
Revenue from Operation	15	3,08,120.06	2,03,783.03
Other Income	16	1,873.12	1,901.58
Total Revenue		3,09,993.18	2,05,684.61
Expenses:			
Employee benefits expense	17	23,019.17	9,416.76
Finance costs	18	1,41,047.51	92,858.01
Depreciation and amortization expense	9	2,493.83	1,377.97
Other expenses	19	38,390.70	32,109.26
Provisions & write offs (net)	20	38,467.71	17,995.48
Total expenses		2,43,418.92	1,53,757.48
Profit before tax		66,574.26	51,927.13
Tax expense:			
- Current tax		22,172.06	16,898.55
- Deferred tax		(537.16)	222.83
- Tax of earlier years		—	997.42
Total tax expense		21,634.90	18,118.80
Profit after tax from continuing operations		44,939.36	33,808.33
Less: Minority Interest		(5.20)	-
		44,944.56	33,808.33
Earnings per equity share:			
Equity shares of par value ₹10/- each	21		
Basic (₹)		85.58	67.86
Diluted (₹)		82.97	67.34
Summary of significant accounting policies	2.1		
Other notes to accounts	1, 2 & 22 to 35		

The notes referred to above form an integral part of the financial statements.

As per our report even date

For and on behalf of the Board of Directors of
Shriram City Union Finance Limited

For Pijush Gupta & Co.

Firm Registration No: 309015E

Chartered Accountants

R.Duruvasan
 Managing Director

G.S.Sundararajan
 Managing Director

Pijush Kumar Gupta

Partner

Membership no: 015139

C R Dash
 Company Secretary

Place: Hyderabad

Date: May 20, 2013

FINANCIAL STATEMENTS (CONSOLIDATED)

	₹ in lacs	
Consolidated Cash flow statement for the year ended March 31,	2013	2012
Cash flow from Operating activities		
Net profit before taxation	66,574.26	51,927.13
Non-cash adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	2,493.83	1,379.49
Loss on sale of fixed assets	8.92	3.52
(Profit)/loss on sale of investments	(61.95)	-
Employees stock option compensation cost	-	191.82
Amortisation of Public issue expenses for non-convertible debentures	378.11	162.05
Provision for non performing assets and bad debts written off	37,775.41	16,889.81
Contingent provision on standard assets	671.30	946.89
Provision for hedging contracts	-	(772.49)
Provision for diminution in the value of investments	1.77	-
Provision for gratuity	814.21	86.88
Provision for leave benefits	42.95	25.60
Provision for lease rental	19.14	-
Net gain on sale of current investments	(719.47)	(134.74)
Interest income on current and long term investments and interest income on fixed deposits	(723.22)	(1,148.05)
Dividend Income	(334.49)	(596.67)
Operating profit before working capital changes	1,06,940.77	68,961.24
Movement in Working capital:		
(Increase) / decrease in assets under financing activities	(2,95,290.38)	(3,95,959.82)
(Increase) / decrease in short-term loans and advances	(2,696.10)	(641.60)
(Increase) / decrease in long-term loans and advances	(14,242.93)	(1,583.60)
(Increase) / decrease in other current assets	8,622.61	(17,039.87)
(Increase) / decrease in other non-current assets	4,999.35	(14,951.23)
Increase / (decrease) in other current liabilities	71,401.04	82,132.60
Increase / (decrease) in other non-current liabilities	(4,537.43)	12,767.22
Cash generated from operations	(1,24,803.07)	(2,66,315.06)
Direct taxes paid (net of refund)	(22,380.80)	(16,862.29)
Net Cash flow from/(used in) operating activities (A)	(1,47,183.87)	(2,83,177.35)
Cash flow from investing activities		
Investment in fixed deposits (having maturity of more than three months)	(237.50)	51.00
Investment in margin money deposits	(13,168.81)	(21,747.88)
Purchase of fixed and intangible assets	(6,199.98)	(3,762.54)
Proceeds from sale of fixed assets	12.41	1.33
Purchase of investments	(2,119.32)	-
Proceeds from sale of investments (net)	719.47	134.74
Interest received on current and long term investments and interest on fixed deposits	723.22	1,148.05
Profit on sale of investments	61.95	-
Dividend received	334.49	596.67
Net cash flow from/(used in) investing activities (B)	(19,874.07)	(23,578.63)
Cash flow from financing activities		
Proceeds from issue of equity share capital including securities premium and share application money	19,764.19	21,732.61
Increase / (decrease) of long-term borrowings	1,96,190.77	2,18,034.98
Increase / (decrease) of short-term borrowings	36,447.53	(33,615.06)
Public issue expenses for non-convertible debentures paid	(704.71)	(1,268.28)
Dividend paid	(3,410.44)	(2,985.09)
Tax on dividend	(553.26)	(484.25)
Net Cash flow from/(used in) financing activities (C)	2,47,734.08	2,01,414.91
Net increase / (decrease) in cash and cash equivalents (A+B+C)	80,676.14	(1,05,341.07)
Cash and cash equivalents at the beginning of the year	95,953.86	2,01,294.93
Cash and cash equivalents at the end of the year	1,76,630.00	95,953.86

FINANCIAL STATEMENTS (CONSOLIDATED)

Component of cash and cash equivalents	₹ in lacs	
	For the year ended March 31,	
	2013	2012
Cash on hand	6,127.68	7,520.52
Balances with banks:		
Current accounts	36,873.90	31,580.07
Unpaid dividend accounts	38.42	30.77
Deposits with maturity of less than 3 months	1,33,590.00	56,822.50
Total Cash and cash equivalents	1,76,630.00	95,953.86

Summary of significant accounting policies

2.1

Other notes to accounts

1, 2, & 22 to 35

The notes referred to above form an integral part of the financial statements.

As per our report even date

For Pijush Gupta & Co.

Firm Registration No: 309015E

Chartered Accountants

For and on behalf of the Board of Directors of
Shriram City Union Finance Limited

R.Duruvasan
 Managing Director

G.S.Sundararajan
 Managing Director

Pijush Kumar Gupta

Partner

Membership no: 015139

Place: Hyderabad

Date: May 20, 2013

C R Dash
 Company Secretary

1. Basis of preparation

The consolidated financial statements relates to **Shriram City Union Finance Limited ('SCUF')** and its subsidiary company constitute Company. The financial statements have been prepared in conformity with generally accepted accounting principles to comply in all material respects with the notified Accounting Standards ('AS') under Companies Accounting Standard Rules, 2006, as amended, the relevant provisions of the Companies Act, 1956 ('the Act') and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a Non Banking Finance Company ('NBFC') and the guidelines issued by National Housing Bank (NHB). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year, except for the change in accounting policy explained below.

2. Basis of consolidation

(i) The financial statements of the subsidiary company used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2013 and are prepared based on the accounting policies consistent with those used by the Company.

(ii) The financial statements of the Group have been prepared in accordance with the Accounting Standard 21- 'Consolidated Financial Statements' and Accounting Standard 23 – 'Accounting for investments in Associates in Consolidated Financial Statements, notified under the Companies (Accounting Standards) Rules, 2006, as amended and other generally accepted accounting principles in India.

(iii) The consolidated financial statements have been prepared on the following basis :

a. The financial statements of the company and its subsidiary company 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.

b. The consolidated financial statements include the share of profit / loss of the associate company which has been accounted as per the 'Equity method', and accordingly, the share of profit / loss of the associate company (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.

c. The excess of cost to the Company of its investments in the subsidiary company over its share of equity of the subsidiary company, at the dates on which the investments in the subsidiary company are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary company as on the date of investment is in excess of cost of investment of the Company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.

d. 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 company and further movements in their share in the equity, subsequent to the dates of investments as stated above.

(iv) The following subsidiary company is considered in the consolidated financial statements:

Name of the company	Country of incorporation	Share of ownership interest as at March,31	
		2013	2012
Shriram Housing Finance Limited	India	73.50%	100%

2.1 Summary of significant accounting policies

a. Current / Non-current classification of assets / liabilities

The Company has classified all its assets / liabilities into current / non-current portion based on the time frame of 12 months from the date of financial statements. Accordingly, assets/liabilities expected to be realised /settled within 12 months from the date of financial statements are classified as current and other assets/ liabilities are classified as non-current.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the date of the financial statements and results of operations during the reporting year-end. Although these estimates are based on the management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to the accounting estimates are recognised prospectively in current and future years.

c. Tangible fixed assets

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

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

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

d. Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

e. Depreciation on tangible fixed assets

Depreciation is provided on Straight Line Method (SLM) by using the rates arrived at based on the useful lives estimated by the management, which are greater than or equal to the rates prescribed under the Schedule XIV to the Companies Act, 1956.

Leasehold improvements are amortised on SLM over the primary period of lease subject to a maximum of 60 months. All fixed assets individually costing Rs 5,000 or less are fully depreciated in the year of installation. Depreciation on assets acquired /sold during the year is recognised on a prorata basis in the Statement of Profit and Loss till the date of sale or from the date of acquisition.

f. Depreciation on intangible assets

Amortisation is provided on Straight Line Method ('SLM'), which reflect the management's estimate of the useful life of the intangible asset.

Rates (SLM)

Computer software	33.33%
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Amortisation on assets acquired/sold during the year is recognised on prorata basis in the Statement of Profit and Loss till the date of sale or from the date of acquisition.

g. Impairment of assets

The company assesses at each balance sheet date if there is an indication of impairment of any asset. If any indication exists, the company estimates the recoverable amount of the asset. The recoverable amount of an asset is greater of net selling price and value in use of the asset. Where the carrying amount of an asset is more than its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The value in use is the estimated future cash flows discounted to their present value at pre-tax discount rate, which reflects current market assessment of the time value of money and risk specific to the asset.

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

An assessment is made at each Balance Sheet date about existence or decrease of previously recognised impairment losses. If such indication exists, the company estimates the asset's recoverable amount. A previously recognised impairment loss is increased or reversed depending on the changes in the circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation, if there was no impairment.

h. Capital advances

Capital advances are advances given for procurement of fixed assets. Company does not expect to realise them in cash and over a period, these advances get converted into fixed assets, which are non-current, by nature. Therefore, irrespective of when the fixed assets are expected to be received such advances are disclosed under Long-Term Loans and Advances.

i. Borrowing costs

Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Ancillary and other borrowing costs are charged to Statement of Profit and Loss in the year in which they are incurred.

j. Investments

Investments 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.

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 recognise 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.

k. Provision/write off of assets

Non-performing loans are written off / provided for, as per estimates of management, subject to the minimum provision required as per Non- Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and under the provisions of National Housing finance Companies (NHB) Directions, 2010.

Provision on standard assets is made as required under Reserve Bank of India (RBI) notification No. DNBS.222/CGM (US-2011) dated January 17, 2011 and NHB notification No. NHB.HFC.DIR.3/CMD/2011.

l. Loans

Loans are stated at the amount advanced including finance charges accrued and expenses recoverable, as reduced by the amounts received up to balance sheet date and loans securitised.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

m. Leases

Where the Company is the lessor

Assets given on operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, 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.

n. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The revenue recognition are as under:

- (i) Income from financing activities is recognised on the basis of internal rate of return.
- (ii) Additional finance charges / additional interest are treated to accrue on realisation due to uncertainty of its realisation.
- (iii) Gain arising on securitization/direct assignment of assets is recognised over the tenure of agreements as per guideline on securitisation of standard assets issued by RBI. Loss or expenditure in respect of securitisation / assignment, if any, is recognised upfront.
- (iv) The Prudential norms for income recognition prescribed under Non-Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007 and National Housing finance Companies (NHB) Directions, 2010 are followed.
- (v) Income from services is recognised as per the terms of the contract on accrual basis.
- (vi) Interest Income on deposit accounts with banks is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- (vii) Dividend is recognised as income when right to receive payment is established by the date of balance sheet.
- (viii) Profit/loss on sale of investments is recognised at the time of actual sale / redemption.
- (ix) Loan processing fees are taken as income upfront.

o. Foreign currency translation

Foreign currency transactions and balances

Initial recognition: Foreign currency transactions are recorded in Indian rupee, by applying to the foreign currency amount the exchange rate between the Indian rupees and the foreign currency at the date of the transaction.

Conversion: Foreign currency monetary items are retranslated to Indian rupees using the exchange rate prevailing at the Balance Sheet date.

Exchange differences: All exchange differences are dealt with in the Statement of Profit and Loss.

p. Income taxes

Tax expense comprises of current tax and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. 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 realised 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 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 it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

q. Segment reporting

The company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole. The segments are identified based on the nature of product & market served. The income /expenses which are not allocated to any reportable segments are reported as unallocable segment.

r. Employee stock compensation cost

The measurement and disclosure of the employee share based payment plans is done in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments issued by The Institute of Chartered Accountants of India (ICAI). The company measures cost relating to employees stock option by intrinsic value method. Compensation expenses is amortised on straight line method over the period of vesting of options.

s. Retirement and other employee benefits**Provident fund**

All the employees of the Company are entitled to receive benefits under the Provident Fund, a defined contribution plan in which both the employee and the Company contribute monthly at a stipulated rate. The Company has no liability for future Provident Fund benefits other than its annual contribution and recognises such contributions as an expense in the year it is incurred.

Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering all employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated year mentioned under 'The Payment of Gratuity Act, 1972'. The Company accounts for liability of future gratuity benefits based on an external actuarial valuation on projected unit credit method carried out for assessing liability as at the reporting date. Actuarial gain / losses are immediately taken to Statement of Profit and Loss and are not deferred.

Leave benefits

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

t. Earning per share (EPS)

Basic earning per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year 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.

u. Expenses on deposits / debentures

Expenses for private placement of debentures/subordinated debts/deposits are charged to Statement of Profit and Loss in the year in which they are incurred.

Expenses incurred on public issue of debentures other than brokerage are charged off on straight line basis over the weighted average tenor of the underlying debentures. The brokerage incurred on issue of debenture is treated as expenditure in the year in which they are incurred.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

v. Provisions

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 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 balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

w. Cash and cash equivalents

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments. Cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash-in-hand, cash at bank, cheque in hand, remittances in transit and short term investments with an original maturity period of 3 months or less.

x. Derivative instruments

In accordance with the ICAI on principle of prudence, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of Profit and Loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

y. Contingent liabilities

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, which are beyond the control of the company. A contingent liability also includes 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 where, a liability cannot be measured reliably. The company does not recognise a contingent liability in the accounts but discloses its existence in the financial statements.

3. Share capital

Particulars	₹ in lacs	
	As at March 31, 2013	2012
Authorised		
10,00,00,000 (March 31, 2012: 10,00,00,000) equity shares of ₹10/- each	10,000.00	10,000.00
40,00,000 (March 31, 2012: 40,00,000) cumulative redeemable preference shares of ₹100/- each	4,000.00	4,000.00
	14,000.00	14,000.00
Issued, subscribed and fully paid-up		
Equity shares		
5,54,16,340 (March 31, 2012: 5,23,67,209) shares of ₹10/- each	5,541.63	5,236.72
Total Issued, Subscribed and fully Paid-up share capital	5,541.63	5,236.72

3.1 Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

Particulars	As at March 31, 2013		As at March 31, 2012	
	Number	₹ in lacs	Number	₹ in lacs
At the beginning of the year	5,23,67,209	5,236.72	4,95,36,877	4,953.69
Issued during the year - ESOP [Refer note-23]	1,99,131	19.91	5,30,332	53.03
Issued during the year - Preferential Issue	-	-	23,00,000	230.00
Conversion of warrants [Refer note- 3.4]	28,50,000	285.00	-	-
Outstanding at the end of the year	5,54,16,340	5,541.63	5,23,67,209	5,236.72

3.2 Terms / rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of the equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2013, the amount of dividend per equity share recognised as distributions to equity shareholders is ₹ 8.50 (March 31, 2012 : ₹6.50 including interim dividend) including interim dividend.

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 FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

3.3 Details of shareholders holding more than 5% shares in the company

Name of the shareholders	As at March 31, 2013		As at March 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity share of ₹10 each fully paid				
Shriram Enterprise Holding Pvt. Ltd.	-	-	1,79,21,462	34.22
Shriram Retail Holding Pvt. Ltd.	2,66,10,571	48.02	85,56,201	16.34
Shriram Capital Ltd.	51,50,000	9.29	23,00,000	4.39
Norwest Venture Partners X FII-Mauritius	42,17,511	7.61	43,42,179	8.29
Van Gogh Ltd.	-	-	66,25,000	12.65
IDBI Trusteeship Services Ltd.	22,36,174	4.04	37,00,054	7.07

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

3.4 Shares reserved for issue under option:

(i) For detail of share reserved for issue under the employees stock option scheme (ESOP) [Refer note 23]

(ii) Preferential issue of share warrants:

During 2011-12, 59,00,000 warrants were issued /allotted to Shriram Capital Limited at a subscription price of ₹143/- for each warrant conferring an option to the holder to subscribe to one equity share per warrant at the exercise price of ₹570/- per warrant being a price higher than the price determined as per Regulation 76(1) Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. The warrants are convertible within a period not exceeding 18 months from the date of allotment.

During the year, 28,50,000 warrants have been converted to equity shares, out of the total 59,00,000 warrants issued/ allotted.

3.5 The company issued 13,55,000 equity shares (March 31, 2012: 13,55,000) during the period of five years immediately preceding the reporting date on exercise of options granted under ESOP, wherein a part of the consideration was received in form of employee service.

3.6 Preferential allotment of equity shares :

During 2011-12, 23,00,000 equity shares of the company were issued/allotted to Shriram Capital Limited for cash at a subscription price of ₹570/- per equity share (includes a premium of ₹560/-per equity share) being the price higher than the price determined under chapter VII of the Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. (Refer note 3.1)

There was no preferential issue during the financial year 2012-13.

4. Reserves & surplus

Particulars	₹ in lacs	
	As at March 31, 2013	2012
Capital reserves	1,400.00	1,400.00
Capital redemption reserve	2,328.98	2,328.98
Securities premium		
Opening balance	65,010.65	50,797.13
Add : securities premium credited during the year	20,572.58	14,213.52
Closing balance	85,583.23	65,010.65
Debenture redemption reserve		
Opening balance	4,914.00	-
Add: transfer from Statement of Profit and Loss	5,833.40	4,914.00
Less: write back to Statement of Profit and Loss FY 2011-12	2,457.00	-
Closing balance	8,290.40	4,914.00
Stock options outstanding		
Employee stock option outstanding	427.22	878.15
Less: transfer to deferred employee compensation outstanding	-	-
Closing balance	427.22	878.15
Statutory reserve (in pursuant to section 45-IC of the RBI act, 1934)		
Opening balance	22,820.00	15,960.00
Add: transfer from Statement of Profit and Loss	8,995.00	6,860.00
Closing balance	31,815.00	22,820.00
General reserve		
Opening balance	11,197.90	7,767.90
Add: transfer from Statement of Profit and Loss	4,497.50	3,430.00
Closing balance	15,695.40	11,197.90
Surplus in the Statement of Profit and Loss		
Opening balance	50,827.85	36,112.31
Add: net profit for the year	44,944.56	33,808.33
Less: Appropriations		
- Interim dividends	(1,315.75)	(1,251.30)
- Tax on interim dividend	(213.45)	(202.99)
- Proposed final equity dividend	(3,324.98)	(2,094.69)
- Tax on proposed equity dividend	(565.08)	(339.81)
- Transfer to statutory reserve (in pursuant to section 45-IC of the RBI act, 1934)	(8,995.00)	(6,860.00)
- Transfer to general reserve	(4,497.50)	(3,430.00)
- Transfer to debenture redemption reserve	(3,376.40)	(4,914.00)
Net surplus in the Statement of Profit and Loss	73,484.25	50,827.85
Total	2,19,024.48	1,59,377.53

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

5. Long-term borrowings

Particulars	₹ in lacs			
	Non-current portion		Current maturities	
	As at March 31,		As at March 31,	
	2013	2012	2013	2012
Secured				
Privately placed redeemable non-convertible debentures (Retail) [refer note 5.1 A (i)]	1,51,182.95	1,32,134.87	86,748.59	73,820.06
Privately placed non-convertible debentures (Institutional) [refer note 5.1 A (ii)]	45,950.00	58,726.67	24,426.67	14,733.33
Public issue of redeemable non-convertible debentures [refer note 5.1 A (iii)]	1,18,360.14	75,000.00	-	-
Term loan from banks [refer note 5.1 B (i)]	3,85,500.00	2,74,356.88	1,49,356.88	1,09,558.27
Term loan from financial institutions [refer note 5.1 B (ii)]	39,500.00	16,500.00	11,000.00	-
Total secured long-term borrowing	7,40,493.09	5,56,718.42	2,71,532.14	1,98,111.66
Unsecured				
Fixed deposits [refer note 5.2 A]	6.42	8.71	26.81	13.50
Subordinated debts [refer note 5.2 B]	87,092.24	74,673.85	13,490.97	8,900.16
Total unsecured long-term borrowing	87,098.66	74,682.56	13,517.78	8,913.66
Amount disclosed under the head "other current liabilities" [refer note-6]	-	-	(2,85,049.92)	(2,07,025.32)
Total	8,27,591.75	6,31,400.98	-	-

5.1 Secured loans - Long term borrowings

A. Secured redeemable non convertible debenture

(i) Privately placed secured redeemable non convertible debentures of (NCDs) ₹1000/- each - Unquoted (Retail)

Terms of repayment as at March 31, 2013

Redeemable at par within	Rate of interest				Total
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14%	
Over 60 months	-	-	-	-	-
48-60 months	8.12	1,561.35	321.36	-	1,890.83
36-48 months	20.86	2,597.88	241.48	1.12	2,861.34
24-36 months	1,501.01	63,809.17	-	292.28	65,602.46
12-24 months	9,633.32	71,076.54	3.10	115.36	80,828.32
Total non-current portion	11,163.31	1,39,044.94	565.94	408.76	1,51,182.95
12 months	57,453.17	28,613.99	571.07	110.36	86,748.59
Total current maturities	57,453.17	28,613.99	571.07	110.36	86,748.59
Grand Total	68,616.48	1,67,658.93	1,137.01	519.12	2,37,931.54

Terms of repayment as at March 31, 2012

₹ in lacs

Redeemable at par within	Rate of interest				Total
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14%	
Over 60 months	-	-	321.36	-	321.36
48-60 months	11.72	1,616.20	241.48	1.12	1,870.52
36-48 months	620.49	1,339.37	-	292.28	2,252.14
24-36 months	1,511.71	68,577.25	3.10	115.36	70,207.42
12-24 months	28,045.27	28,756.66	571.14	110.36	57,483.43
Total non-current portion	30,189.19	1,00,289.48	1,137.08	519.12	1,32,134.87
12 months	47,129.83	25,680.74	833.21	176.28	73,820.06
Total current maturities	47,129.83	25,680.74	833.21	176.28	73,820.06
Grand Total	77,319.02	1,25,970.22	1,970.29	695.40	2,05,954.93

Nature of security

The redemption of principal amount of secured redeemable non-convertible debentures with all interest there on are secured by a legal mortgage on the specified immovable property and by way of charge on the company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

These secured redeemable non-convertible debentures are redeemable at par over a period of 12 months to 160 months from the date of allotment depending on the terms of the agreement.

Secured redeemable non-convertible debentures (SNCD's) may be bought back subject to applicable statutory and /or regulatory requirements, upon the terms and conditions as may be decided by the company. The company may grant loan against the security of SNCDs upon the terms and conditions as may be decided by the company and subject to applicable statutory and /or regulatory requirements.

(ii) Privately placed redeemable non-convertible debenture (Institutional)

a. Privately placed redeemable non-convertible debenture (NCDs) of ₹1,00,000/- each - quoted

₹ in lacs

Rate of Interest	Non-current portion		Current maturities		Redeemable at par on
	As at March 31,		As at March 31,		
	2013	2012	2013	2012	
10.75%	1,800.00	3,000.00	-	-	07-Oct-14
10.75%	2,100.00	5,600.00	-	-	30-Sep-14
10.75%	-	-	-	1,400.00	30-Mar-12
10.75%	-	-	600.00	-	30-Apr-13
10.75%	-	-	1,400.00	-	30-Sep-13
10.75%	-	-	600.00	-	30-Oct-13
10.75%	-	-	2,100.00	-	30-Mar-14
Total	3,900.00	8,600.00	4,700.00	1,400.00	

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

b. Privately Placed Redeemable Non-Convertible Debenture (NCDs) of ₹10,00,000/- each - quoted ₹ in lacs

Rate of Interest	Non-current portion		Current maturities		Redeemable at par on
	As at March 31,		As at March 31,		
	2013	2012	2013	2012	
10.60%	1,000.00	1,000.00	-	-	13-Dec-17
10.60%	1,500.00	1,500.00	-	-	13-Dec-17
10.75%	2,150.00	-	-	-	12-Jul-17
10.75%	1,000.00	-	-	-	26-Jul-17
9.00%	27,500.00	27,500.00	-	-	30-Mar-17
10.75%	500.00	500.00	-	-	04-Feb-21
10.50%	2,000.00	2,000.00	-	-	23-Nov-17
10.65%	1,000.00	-	-	-	23-May-15
10.65%	1,000.00	1,000.00	-	-	03-Feb-15
11.00%	1,500.00	1,500.00	-	-	01-Dec-14
10.61%	2,900.00	2,900.00	-	-	02-Jun-14
10.60%	-	680.00	680.00	-	17-Feb-14
10.30%	-	1,000.00	1,000.00	-	20-Jan-14
10.95%	-	1,800.00	1,800.00	-	25-Oct-13
10.60%	-	500.00	500.00	-	09-Aug-13
10.50%	-	-	5,000.00	-	12-Jul-13
10.50%	-	-	2,500.00	-	19-Jul-13
10.96%	-	2,500.00	2,500.00	-	23-May-13
10.85%	-	1,100.00	1,100.00	-	18-Apr-13
10.96%	-	1,730.00	1,730.00	-	03-Apr-13
7.82%	-	2,916.67	2,916.67	-	22-Apr-13
9.00%	-	-	-	7,500.00	05-Jan-13
7.82%	-	-	-	2,916.67	22-Oct-12
7.82%	-	-	-	2,916.66	22-Apr-12
	42,050.00	50,126.67	19,726.67	13,333.33	

Nature of security

The redemption of principal amount of secured redeemable non-convertible debentures with all interest there on are secured by a legal mortgage on the specified immovable property and by way of charge on the company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

Secured redeemable non-convertible debenture may be bought back subject to applicable statutory and /or regulatory requirements, upon the terms and conditions as may be decided by the company.

(iii) Public issue of secured redeemable non convertible debentures (NCDs) of ₹1000/- each - quoted (2011) ₹ in lacs

Option Detail	Rate of Interest	As at March 31,		Redeemable at par on	Put and call option
		2013	2012		
Option I	11.60%	5,429.05	5,429.05	25-Aug-16	25-Aug-15
	12.10%	43,653.65	43,653.65	25-Aug-16	25-Aug-15
	11.85%	12,125.30	12,125.30	25-Aug-16	25-Aug-15
Option II	11.50%	9,570.95	9,570.95	25-Aug-14	-
	11.85%	1,346.35	1,346.35	25-Aug-14	-
	11.60%	2,874.70	2,874.70	25-Aug-14	-
Total		75,000.00	75,000.00		

Nature of security

The repayment of secured redeemable non-convertible debentures of ₹1,000/- each at face value on maturity together with interest thereon are secured by mortgage of immovable property and by way of charge on the company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

Secured redeemable non-convertible debentures may be bought back subject to applicable statutory and /or regulatory requirements, upon the terms and conditions as may be decided by the company.

(iii) Public issue of secured redeemable non convertible debentures ((NCDs)of ₹1000/- each - quoted (2012)

Option Detail	Rate of Interest	₹ in lacs		Redeemable at par on	Redeemable at premium on
		As at March 31, 2013	2012		
Option I	10.60%	29697.71	-	06-Oct-15	-
	10.60%	2546.08	-	-	06-Oct-15
Option II	10.75%	7646.19	-	06-Oct-17	-
	10.75%	3470.16	-	-	06-Oct-17
Total		43,360.14	-		

Nature of security

The repayment of secured redeemable non-convertible debentures of ₹1,000/- each at face value on maturity together with interest thereon are secured by mortgage of immovable property and by way of charge on the company's specifically identified movable assets such as book debts / loan receivables in favour of the Trustees appointed.

B. Term loan

(i) Term loan from bank

Terms of repayment as at March 31, 2013

Tenor	Rate of interest	Repayment Details	₹ in lacs	
			Non-Current portion	Current Maturities
36-48 months	10.75% to 11.25%	1 to 48 instalments of bullet, half yearly and yearly frequency	61,500.00	5,000.00
24-36 months	10.80% to 11.75%	1 to 36 instalments of bullet & quarterly frequency	2,29,000.00	15,625.00
12-24 months	10.70% to 11.00%	1 to 24 instalments of bullet, monthly, quarterly and half yearly frequency	95,000.00	5,000.00
Upto 12 months	9.25% to 12.00%	1 to 12 instalments of bullet, Quarterly & half yearly frequency	-	1,23,731.88
Total			3,85,500.00	1,49,356.88

Terms of repayment as at March 31, 2012

Tenor	Rate of interest	Repayment Details	₹ in lacs	
			Non-Current portion	Current Maturities
36-48 months	11.15% to 12%	1 to 48 instalments of bullet, half yearly and yearly frequency	50,625.00	6,875.00
24-36 months	10.75% to 11.50%	1 to 36 instalments of bullet & quarterly frequency	1,00,000.00	-
12-24 months	9.25% to 12.25%	1 to 24 instalments of bullet, monthly, quarterly and half yearly frequency	1,23,731.88	22,000.00
Upto 12 months	8.20% to 12.25%	1 to 12 instalments of bullet, Quarterly & half yearly frequency	-	80,683.27
Total			2,74,356.88	1,09,558.27

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(ii) Term loan from Institutions

Terms of repayment as at March 31, 2012

Tenor	Rate of interest	Repayment Details	₹ in lacs	
			Non-Current portion	Current Maturities
48-60 months	11.75%	1 to 60 instalments of yearly frequency	39,500.00	4,500.00
Upto 12 months	10.00% to 11.10%	Bullet payment on maturity	-	6,500.00
Total			39,500.00	11,000.00

Terms of repayment as at March 31, 2012

Tenor	Rate of interest	Repayment Details	₹ in lacs	
			Non-Current portion	Current Maturities
Over 60 months	11.75%	1 to 60 instalments of yearly frequency	10,000.00	-
12-24 months	10.00%	Bullet payment on maturity	6,500.00	-
Total			16,500.00	-

Nature of security

Term loans from institutions are secured by an exclusive charge by way of hypothecation of specific assets under financing.

5.2 Unsecured loan - Long term borrowings

A. Fixed deposits of ₹1000/- each - unquoted

Terms of repayment as at March 31, 2013

Redeemable at par within	Rate of interest			Total
	>=6% <8%	>=8% <10%	>=10% <12%	
24-36 months	0.20	-	-	0.20
12-24 months	3.73	2.49	-	6.22
Total non-current portion	3.93	2.49	-	6.42
12 months	26.51	0.30	-	26.81
Total current maturities	26.51	0.30	-	26.81
Grand Total	30.44	2.79	-	33.23

Terms of repayment as at March 31, 2012

Redeemable at par within	Rate of interest			Total
	>=6% <8%	>=8% <10%	>=10% <12%	
48-60 months	0.20	-	-	0.20
36-48 months	-	-	-	-
24-36 months	3.15	2.49	-	5.64
12-24 months	2.57	0.30	-	2.87
Total non-current portion	5.92	2.79	-	8.71
12 months	6.31	7.07	0.12	13.50
Total current maturities	6.31	7.07	0.12	13.50
Grand Total	12.23	9.86	0.12	22.21

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

B. Privately placed subordinated debts

The company has issued subordinated debt bonds with coupon rate of 7% to 15% per annum, which are redeemable over a period of 60 months to 88 months.

Terms of repayment as at March 31, 2013

(i) Privately placed subordinated debts of ₹1,000/- each - unquoted

₹ in lacs

	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
Over 60 months	9.03	24,088.86	-	24,097.89
48-60 months	1,230.54	8,490.89	-	9,721.43
36-48 months	56.17	2,443.60	-	2,499.77
24-36 months	-	8,731.43	55.61	8,787.04
12-24 months	-	3,763.80	7,687.31	11,451.11
Total non-current portion	1,295.74	47,518.58	7,742.92	56,557.24
12 months	-	10,574.89	2,916.08	13,490.97
Total current maturities	-	10,574.89	2,916.08	13,490.97
Grand Total	1,295.74	58,093.47	10,659.00	70,048.21

(ii) Privately placed subordinated debts of ₹1,00,000/- each - quoted

₹ in lacs

Redeemable at par within	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
Over 60 months	-	23,035.00	-	23,035.00
Total non-current portion	-	23,035.00	-	23,035.00

(iii) Privately placed subordinated debts of ₹10,00,000/- each - quoted

₹ in lacs

Redeemable at par within	Rate of interest			Total
	< 10%	>= 10% < 12%	>= 12% < 14%	
Over 60 months	-	7,500.00	-	7,500.00
Total non-current portion	-	7,500.00	-	7,500.00

Terms of repayment as at March 31, 2012

(i) Privately placed subordinated debts of ₹1,000/- each - unquoted

₹ in lacs

Redeemable at par within	Rate of interest				Total
	< 10%	>= 10% < 12%	>= 12% < 14%	>= 14%	
Over 60 months	1,239.57	14,170.39	-	-	15,409.96
48-60 months	56.17	2,443.60	-	-	2,499.77
36-48 months	-	8,731.43	55.61	-	8,787.04
24-36 months	-	3,763.80	7,687.31	-	11,451.11
12-24 months	-	10,574.89	2,916.08	-	13,490.97
Total non-current portion	1,295.74	39,684.11	10,659.00	-	51,638.85
12 months	-	8,719.49	180.34	0.33	8,900.16
Total current maturities	-	8,719.49	180.34	0.33	8,900.16
Grand Total	1,295.74	48,403.60	10,839.34	0.33	60,539.01

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(ii) Privately placed subordinated debts of ₹1,00,000/- each - quoted

Redeemable at par within	Rate of interest			₹ in lacs
	< 10%	>= 10% < 12%	>= 12% < 14%	Total
Over 60 months	-	23,035.00	-	23,035.00
Total non-current portion	-	23,035.00	-	23,035.00

6. Other liabilities

Particulars as at March 31,	₹ in lacs			
	Long-term		Short-term	
	As at March 31,		As at March 31,	
	2013	2012	2013	2012
Current maturities of long-term borrowings [Refer note: 5]	-	-	2,85,049.92	2,07,025.32
Interest accrued but not due on borrowings	26,604.56	23,469.00	21,557.52	16,934.34
Application money on redeemable non convertible debentures	483.56	421.05	-	-
Application money on redeemable subordinate debts	96.41	217.26	-	-
Unclaimed dividends*	-	-	38.42	30.77
Unclaimed matured deposits and interest accrued thereon*	-	-	8.34	14.51
Unclaimed matured debentures and interest accrued thereon*	-	-	4,760.06	5,260.72
Unclaimed matured Subordinate debts and interest accrued thereon*	-	-	1,456.35	553.05
Temporary credit balance in bank accounts	-	-	12,081.48	13,485.59
Tax deducted at source	-	-	595.12	356.71
Statutory due pertaining to employees	-	-	210.39	39.88
Service tax - contested #	-	-	1,553.08	1,553.08
Securitisation deferred income (income received in advance)	12,664.11	19,321.32	20,907.71	33,326.76
Retention and other	205.54	1,162.98	5,950.24	4,186.86
Total	40,054.18	44,591.61	3,54,168.63	2,82,767.59

As regards the recovery of Service tax on lease and hire purchase transactions, the Hon'ble Supreme Court vide its order dated October 26, 2010 has directed the competent authority under the Finance act, 1994 to decide the matter in accordance with the law laid down.

*Accrued interest is up to the date of maturity. Amounts shall be credited to Investor Education & Protection Fund to the extend unclaimed as and when due.

7. Provisions

₹ in lacs

Particulars as at March 31,	Long-term		Short-term	
	As at March 31,		As at March 31,	
	2013	2012	2013	2012
Provision for Employee benefits:				
Provision for gratuity	1,049.38	268.73	33.40	9.37
Provision for leave benefits	117.25	47.58	5.53	32.25
Provision for bonus and ex-gratia	-	-	14.65	5.12
Other provisions:				
Contingent provision for standard assets	870.08	618.96	2,463.00	2,042.81
Provision for hedging contracts	-	92.35	486.75	394.40
Provision for diminution in the value of investments	19.70	17.93	-	-
Provision for income tax [net of advance income tax]	-	-	2,707.34	2,916.08
Proposed dividend	-	-	3,324.98	2,094.69
Corporate dividend tax	-	-	565.08	339.81
Provision for lease rent	19.14	-	-	-
Total	2,075.55	1,045.55	9,600.73	7,834.53

8. Short term borrowings

₹ in lacs

Particulars	As At March 31,	
	2013	2012
Secured		
Term loan from banks	10,500.00	-
Term loan from financial institutions	5,000.00	-
Cash Credit from bank	61,103.56	56,366.20
Working capital demand loan from bank	73,625.00	65,414.83
	1,50,228.56	1,21,781.03
Unsecured		
Commercial papers	10,000.00	-
Inter Corporate Deposits	-	2,000.00
	10,000.00	2,000.00
Total	1,60,228.56	1,23,781.03

8.1 Term loan from banks

₹ in lacs

Rate of interest	Repayment Details	As at March 31, 2013	As at March 31, 2012
10.70%	Bullet payment at the end of 1 year	10,500.00	-
Total		10,500.00	-

Nature of Security

Term Loans from banks are secured by an exclusive charge by way of hypothecation of specific assets under financing.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

8.2 Term loan from institutions

		₹ in lacs	
Rate of interest	Repayment Details	As at March 31, 2013	As at March 31, 2012
11.10%	Bullet payment at the end of 1 year	5,000.00	-
Total		5,000.00	-

Nature of Security

Term Loans from institutions are secured by an exclusive charge by way of hypothecation of specific assets under financing.

8.3 Cash credit and working capital demand loans

Nature of Security

Cash credit and working capital demand loan from banks are secured by way of hypothecation of specific movable assets relating to the loans.

9. Tangible and intangible fixed assets

Particulars	Tangible assets						Total tangible assets	Intangible assets		Total fixed assets
	Land	Building	Plant and machinery	Furniture and fixtures	Vehicles	Leasehold improvements		Computer software		
Gross Block										
As at April 1, 2011	1.76	12.94	1,900.31	1,019.18	29.47	1,300.68	4,264.34	391.82	4,656.16	
Additions	0.46	-	1,493.69	928.54	6.67	1,247.35	3,676.71	85.83	3,762.54	
Disposals	-	-	4.03	2.00	2.90	-	8.93	-	8.93	
As at March 31, 2012	2.22	12.94	3,389.97	1,945.72	33.24	2,548.03	7,932.12	477.65	8,409.77	
Additions	-	-	1,920.40	1,222.05	1.95	2,832.77	5,977.17	222.81	6,199.98	
Disposals	-	-	22.45	6.75	12.14	13.84	55.18	-	55.18	
As at March 31, 2013	2.22	12.94	5,287.92	3,161.02	23.05	5,366.96	13,854.11	700.46	14,554.57	
Depreciation										
As at April 1, 2011	-	2.35	667.34	228.25	6.74	619.02	1,523.70	185.33	1,709.03	
Charge for the year	-	0.21	419.82	231.03	3.19	563.51	1,217.76	161.73	1,379.49	
Disposals	-	-	2.08	0.79	1.22	-	4.09	-	4.09	
As at March 31, 2012	-	2.56	1,085.08	458.49	8.71	1,182.53	2,737.37	347.06	3,084.43	
Charge for the year	-	0.21	707.80	376.57	2.90	1,253.14	2,340.62	153.20	2,493.82	
Disposals	-	-	17.72	2.04	5.10	8.99	33.85	-	33.85	
As at March 31, 2013	-	2.77	1,775.16	833.02	6.51	2,426.68	5,044.14	500.26	5,544.40	
Net Block										
As at March 31, 2012	2.22	10.38	2,304.89	1,487.23	24.53	1,365.50	5,194.75	130.59	5,325.34	
As at March 31, 2013	2.22	10.17	3,512.76	2,328.00	16.54	2,940.28	8,809.97	200.20	9,010.17	

* Depreciation for the year ended March 31, 2012 includes depreciation amount of ₹1.53 lacs, which has been taken as pre-operative expenses

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

10. Non-current investments

Particulars	₹ in lacs	
	As at March 31, 2013	2012
Long-term investment		
Other than trade		
A. Unquoted equity instruments		
(i) Investment in other companies (valued at cost)		
16,32,653 (March 31, 2012: 16,32,653) equity shares of ₹10 each fully paid-up in Highmark Credit Information Services Private Ltd.	200.00	200.00
Total unquoted non-current investment	200.00	200.00
B. Quoted Investment		
(i) Investment in government securities (valued at cost)		
Quoted		
6.13% GOI Loan 2028 of face value ₹100 lacs (Market value as on March 31, 2013: ₹81.75 lacs and March 31, 2012: ₹83.52 lacs)	101.45	101.45
Total quoted non-current investment	101.45	101.45
Total	301.45	301.45
Aggregate amount of Quoted Investments (cost of acquisition)	101.45	101.45
Aggregate amount of Unquoted Investments (cost of acquisition)	200.00	200.00
Aggregate amount of provision for diminution in value of Investments	19.70	17.93

a. In accordance with the Reserve Bank of India circular no. RBI/2006-07/225 DNBS (PD) C.C No.87/03.02.2004/2006-07 dated January 4, 2007, the company has created a floating charge on the statutory liquid assets comprising of investment in government securities being statutory liquid assets to the extent of ₹101.45 Lacs (March 31, 2012: ₹ 101.45 Lacs) in favour of trustees representing the public deposit holders of the company.

11. Deferred tax asset (Net)

Particulars	₹ in lacs	
	As at March 31, 2013	2012
Deferred tax liabilities		
Timing difference on account of :		
Fixed assets: Impact of difference between tax depreciation and depreciation and depreciation/amortisation charged for the financial reporting	15.94	74.46
Deferred expenses incurred for NCD mobilization	464.88	358.91
Gross deferred tax liabilities (A)	480.82	433.37
Deferred tax asset		
Timing difference on account of :		
Fixed assets: Impact of difference between tax depreciation and depreciation and depreciation/amortization charged for the financial reporting	65.02	-
Provision for service tax	503.90	503.90
Contingent provision against standard assets	1,080.70	863.58
Provision for leave benefits	39.79	25.89
Provision for gratuity	169.97	89.95
Provision for derivative	157.93	157.93
Provision for bonus	223.31	46.89
Preliminary expenditure	0.51	0.67
Lease rent	5.91	-
deferred revenue expenditure	-	38.50
Estimated disallowances	129.77	64.89
Gross deferred tax Assets (B)	2,376.81	1,792.20
Deferred tax asset (Net)) (B-A)	1,895.99	1,358.83

12. Loans and advances

₹ in lacs

Particulars as at March 31,	Long-term		Short-term	
	As at March 31,		As at March 31,	
	2013	2012	2013	2012
Unsecured, considered good				
Capital advances	312.01	771.82	-	-
Security deposits	1,548.06	1,046.55	250.00	300.00
Loans and advances				
Assets under financing activities :				
- Secured, considered good	3,25,778.28	2,27,851.08	9,42,653.58	7,68,864.19
- Doubtful	2,782.33	1,382.21	23,734.27	12,432.95
- Less: provision for non-performing assets	(1,720.53)	(388.90)	(14,039.50)	(9,346.71)
	-	-	-	-
- Unsecured, considered good	15,549.39	19,445.40	42,326.38	48,259.74
- Doubtful	145.49	230.94	2,761.44	2,657.88
- Less: provision for non-performing assets	(145.49)	(230.94)	(2,761.44)	(2,657.88)
	-	-	-	-
Advances recoverable in cash or in kind or for value to be received -Unsecured, considered good	-	-	3,456.66	2,014.05
Investment through PTC	3,508.95	-	946.50	-
Total	3,47,758.49	2,50,108.16	9,99,327.89	8,22,524.22

13. Other assets

₹ in lacs

Particulars as at March 31,	Non-current		Current	
	As at March 31,		As at March 31,	
	2013	2012	2013	2012
Bank balances non-current portion [Refer note-14]	9,308.00	17,123.00	-	-
Public issue expenses for non-convertible debentures to the extent not written off or adjusted	954.41	828.43	478.42	277.80
Interest accrued on fixed deposit and other loan and advances	1,151.85	972.10	2,107.42	271.09
Securitisation-receivable	12,571.42	17,985.27	20,238.10	30,475.82
Service tax credit (input) receivable	-	-	50.48	115.13
TDS receivable	-	-	44.35	1.38
Prepaid expenses	-	-	513.31	725.52
security deposit	294.26	52.76	-	2.76
Fixed deposit with bank Under lien	-	7.00	7.00	-
Other assets	0.25	-	9.77	1.34
Total	24,280.19	36,968.56	23,448.85	31,870.84

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

14. Cash and bank balances

Particulars	₹ in lacs			
	Non-current		Current	
	As at March 31,		As at March 31,	
	2013	2012	2013	2012
Cash and cash equivalents :				
Balances with banks:				
- Current accounts	-	-	36,873.90	31,580.07
- Balance in unpaid dividend accounts	-	-	38.42	30.77
- Bank deposits with maturity of less than 3 months	-	-	1,33,590.00	56,522.50
Cash on hand	-	-	6,127.68	7,520.52
	-	-	-	-
Other bank Balances:				
Bank deposits with original maturity for more than 3 months but less than 12 months	-	-	237.50	300.00
Fixed deposits under lien	-	7.00	7.00	-
Margin money deposits	9,308.00	17,123.00	41,045.09	20,061.28
	9,308.00	17,130.00	2,17,919.59	1,16,015.14
Amount disclosed under the head "non-current asset" [Refer note 13]	(9,308.00)	(17,130.00)	(7.00)	-
Total	-	-	2,17,912.59	1,16,015.14

Margin money deposit of ₹50,353.09 lacs as at March 31, 2013 (March 31, 2012 ₹37,184.28 lacs) are pledged with banks as margin for securitisation.

15. Revenue from operation

Particulars	₹ in lacs	
	For the year ended March 31,	
	2013	2012
Interest income from finance and related charges	2,66,687.45	1,75,206.98
Interest income on Securitisation / assignment	34,595.52	26,238.79
Interest on Margin money on securitisation / assignment	4,001.00	1,935.51
Bad debts recovery	2,836.09	401.75
Total	3,08,120.06	2,03,783.03

16. Other income

Particulars	₹ in lacs	
	For the year ended March 31,	
	2013	2012
Dividend Income	334.49	596.67
Net gain on sale of investments	719.47	134.74
Other non-operating income:		
Interest on deposit with bank	717.09	1,141.92
Interest on government securities	6.13	6.13
Profit on sale of assets	2.19	0.05
Profit on sale of Investments	61.95	-
Commission	2.15	5.24
Miscellaneous income	29.65	16.83
Total	1,873.12	1,901.58

17. Employee benefits expenses

Particulars	₹ in lacs	
	For the year ended March 31,	
	2013	2012
Salaries and incentives	20,221.26	8,726.29
Contributions to Provident fund	1,763.25	219.39
Gratuity	273.57	93.40
Expense on Employee Stock Option Scheme	-	191.82
Staff welfare expenses	761.09	185.86
Total	23,019.17	9,416.76

18. Finance costs

Particulars	₹ in lacs	
	For the year ended March 31,	
	2013	2012
Interest expense on :		
Debentures	42,906.06	31,999.07
Subordinate debts	12,874.60	8,651.76
Fixed deposits	30.04	6.72
Loans from banks	66,633.17	40,112.97
Loans from institutions and others	4,929.03	1,039.73
Commercial papers	3,713.53	1,601.26
Borrowing Cost:		
Bank Charges	1,039.02	1,230.54
Processing and other charges	1,130.50	1,879.52
Brokerage	7,791.56	6,336.44
Total	1,41,047.51	92,858.01

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

19. Other expenses

Particulars	₹ in lacs	
	For the year ended March 31,	
	2013	2012
Rent	3,018.09	1,784.26
Power and fuel expenses	594.41	339.28
Repairs & maintenance	1,524.21	983.14
Rates, duties & taxes	614.29	783.87
Printing & stationery	2,066.43	1,527.24
Travelling & conveyance	5,032.02	3,976.19
Advertisement	969.94	924.39
Business promotion expenses	3,033.57	5,398.06
Commission	6,265.03	5,980.18
Sourcing fees and other charges	2,938.63	2,574.22
Royalty	911.14	565.95
Directors' sitting fees	5.82	6.25
Insurance	482.34	322.40
Communication expenses	2,822.67	2,045.42
Payments to the auditor as		
a. auditor	25.97	18.71
b. for taxation matters	4.87	3.28
c. for other services	4.68	4.14
Professional charges	5,112.98	2,715.27
Legal & professional fees	944.90	1,076.49
Donations	11.50	-
Public issue expenses for non-convertible debentures	378.11	162.05
Loss on sale of assets	11.11	3.57
Loan processing expenses	73.13	1.34
Miscellaneous expenses	1,544.86	913.56
Total	38,390.70	32,109.26

20. Provisions & write offs

Particulars	₹ in lacs	
	For the year ended March 31,	
	2013	2012
Provision for non performing assets	6,086.74	2,642.96
Contingent provision for standard assets	627.09	944.94
Bad debts written off	31,753.88	14,248.80
Preliminary Expenditure & Pre Operative expenditure	-	158.78
Total	38,467.71	17,995.48

21. Earnings per share (EPS)

Particulars	For the year ended March 31,	
	2013	2012
Net profit after tax and share of loss of Associates as per statement of profit and loss (₹ in lacs) (A)	44,944.56	33,808.33
Weighted average number of equity shares for calculating Basic EPS (No. in lacs) (B)	525.18	498.20
Weighted average number of equity shares for calculating Diluted EPS (No. in lacs) (C)	541.68	502.07
Basic earnings per equity share (in Rupees) (Face value of ₹10/- per share) (A) / (B)	85.58	67.86
Diluted earnings per equity share (in Rupees) (Face value of ₹10/- per share) (A) / (C)	82.97	67.34

Particulars	For the year ended March 31,	
	2013	2012
Weighted average number of equity shares for calculating EPS (No. in lacs)	525.18	498.20
Add : Equity shares arising on conversion of optionally convertible warrants (No. in lacs)	14.67	0.20
Add : Equity shares for no consideration arising on grant of stock options under ESOP (No. in lacs)	1.83	3.67
Weighted average number of equity shares in calculation diluted EPS (No. in lacs)	541.68	502.07

22. Gratuity and other post-employment benefit plans

The Company has an unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.

Consequent to the adoption of revised AS 15 'Employee Benefits' issued under Companies Accounting Standard Rules, 2006, as amended, the following disclosures are made as required by the standard:

Statement of profit and loss

Net Employee benefit expenses recognised in the employee cost

Particulars	₹ in lacs	
	Gratuity	
	For the year ended March 31,	
	2013	2012
Current service cost	46.95	33.04
Interest cost on benefit obligation	23.68	16.20
Expected return on plan assets	N.A.	N.A.
Net actuarial (gain) / loss recognised in the year	186.13	38.09
Past service cost	-	-
Net benefit expense	256.76	87.33

Balance sheet

Particulars	₹ in lacs	
	Gratuity	
	As at March 31,	
	2013	2012
Defined benefit obligation	1,082.78	278.10
Fair value of plan assets	N.A.	N.A.
Total	1,082.78	278.10
Less: Unrecognised past service cost	-	-
Plan asset / (liability)	(1,082.78)	(278.10)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

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

Particulars	₹ in lacs	
	Gratuity	
	As at March 31,	
	2013	2012
Opening defined benefit obligation	278.10	196.34
Interest cost	23.68	16.20
Current service cost	46.95	33.04
Transferred in liabilities	557.94	-
Benefits paid	(10.02)	(5.57)
Actuarial (gains) / losses on obligation	186.13	38.09
Closing defined benefit obligation	1,082.78	278.10

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	₹ in lacs	
	Gratuity	
	As at March 31,	
	2013	2012
Investments with insurer	NA	NA

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

Particulars	Gratuity	
	As at March 31,	
	2013	2012
Discount Rate	8.00%	8.50%
Increase in compensation cost	5.00%	5.00%
Employee Turnover	2.00%	2.00%

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

Amounts for the Current and previous three years are as follows:

Particulars	₹ in lacs			
	As at March 31,			
	2013	2012	2011	2010
Defined benefit obligation	1,082.78	278.10	196.34	155.52
Plan assets	NA	NA	NA	NA
Surplus / (deficit)	(1082.78)	(278.10)	(196.34)	(155.52)
Experience adjustments on plan liabilities	(136.10)	(35.18)	(29.63)	(19.27)
Experience adjustments on plan assets	NA	NA	NA	NA

23. Employee Stock Option Plans

The company provides share-based payment schemes to its employees. During the year ended 31 March 2013, an employee stock option plan (ESOP) was in existence. The relevant details of the scheme and the grant are as below:

Date of Shareholder's approval	: October 30 2006
Date of grant	: October 19 2007
Date of Board Approval	: October 19 2007
Number of options granted	: 13,55,000
Method of Settlement (Cash/Equity)	: Equity
Graded vesting period:	
After 1 years of grant date	: 10% of options granted
After 2 years of grant date	: 20% of options granted
After 3 years of grant date	: 30% of options granted
After 4 years of grant date	: 40% of options granted
Exercisable period	: 10 years from vesting date
Vesting Conditions	: on achievement of pre –determined targets

The details of Series I have been summarized below:

	As at March 31, 2013		As at March 31, 2012	
	Number of Shares	Weighted Average Exercise Price(in ₹)	Number of Shares	Weighted Average Exercise Price (in ₹)
Outstanding at the beginning of the year	3,87,791	35.00	9,18,123	35.00
Add: Granted during the year	-	-	-	-
Less: Forfeited during the year	-	-	-	-
Less: Exercised during the year	1,99,131	35.00	5,30,332	35.00
Less: Expired during the year	-	-	-	-
Outstanding at the end of the year	1,88,660	35.00	3,87,791	35.00
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	7.55	-	8.55
Weighted average fair value of options granted	-	227.42	-	227.42

The details of exercise price for stock options outstanding at the end of the period are:

As at March 31,	Range of exercise prices(in ₹)	No. of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average Exercise Price(in ₹)
2013	35.00	1,88,660	7.55	35.00
2012	35.00	3,87,791	8.55	35.00

Stock Options granted

The weighted average fair value of stock options granted was Rs.227.42. The Black Scholes model has been used for computing the weighted average fair value of options considering the following inputs:

	2006	2007	2008	2009
Exercise Price (Rs.)	35.00	35.00	35.00	35.00
Expected Volatility (%)	55.36	55.36	55.36	55.36
Historical Volatility	NA	NA	NA	NA
Life of the options granted (Vesting and exercise period) in years	1.50	2.50	3.50	4.50
Expected dividends per annum (₹)	3.00	3.00	3.00	3.00
Average risk-free interest rate (%)	7.70	7.67	7.66	7.67
Expected dividend rate (%)	0.84	0.84	0.84	0.84

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

The expected volatility was determined based on historical volatility data equal to the NSE volatility rate of Bank Nifty, which is considered as a comparable peer group of the Company. To allow for the effects of early exercise it was assumed that the employees would exercise the options within six months from the date of vesting in view of the exercise price being significantly lower than the market price.

Effect of the employee share-based payment plans on the profit and loss account and on its financial position:

	₹ in lacs	
	As at March 31, 2013	2012
Compensation cost pertaining to equity-settled employee share-based payment plan included above	-	191.82
Liability for employee stock options outstanding as at year end	427.22	878.15
Deferred compensation cost	Nil	Nil

Since the company used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value based method is as follows:

In March 2005, the ICAI issued a guidance note on "Accounting for Employees Share Based Payments" applicable to employee based share plan the grant date in respect of which falls on or after April 1 2005. The said guidance note requires that the proforma disclosures of the impact of the fair value method of accounting of employee stock compensation accounting in the financial statements. Applying the fair value based method defined in the said guidance note the impact on the reported net profit and earnings per share would be as follows:

Particulars	For the year ended March 31,	
	2013	2012
Profit as reported (₹ in lacs)	44,944.56	33,808.33
Add: Employee stock compensation under intrinsic value method (₹ in lacs)	-	191.82
Less: Employee stock compensation under fair value method (₹ in lacs)	-	192.64
Proforma profit (₹ in lacs)	44,944.56	33,807.51
Less Preference Dividend		
Proforma Net Profit for Equity Shareholders	44,944.56	33,807.51
Earnings per share		
Basic (₹.)		
- As reported	85.58	67.86
- Proforma	85.58	67.86
Diluted (₹.)		
- As reported	82.97	67.34
- Proforma	82.97	67.34

24. Related Party Disclosure

(i) Enterprises having significant influence over the Company

- Shriram Enterprises Holding Private Limited (SEHPL)
- Shriram Retail Holdings Private Limited (SRHPL)
- Shriram Capital Limited (SCL)
- TPG India Investments I Inc. (TPGI)
- Shriram Ownership Trust (SOT)

(ii) Key Managerial Personnel

- Mr. R Duruvasan, Managing Director, SCUF
- Mr. G.S.Sundararajan, Managing Director, SCUF
- Mr. R. Kannan, Managing Director, SCUF
- Mr.Sujan Sinha, Managing Director, SHFL

(iv) Relatives of Key Managerial Personnel

- Mrs D. Komaleeswari (spouse of Mr R.Duruvasan)
- Mrs. Nithya Sundararajan (spouse of Mr G.S.Sundararajan)
- Mrs. Vasanthi Kannan (spouse of Mr. R. Kannan)
- Mrs. Sriparna Sinha (spouse of Mr Sujan Sinha)

₹ in lacs

	Enterprises having significant influence over the Company		Key Managerial Personnel		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Payments/Expenses						
Royalty to SOT	858.05	565.95	-	-	858.05	565.95
Data Sourcing Fees to SOT	418.06	367.75	-	-	418.06	367.75
Service Charges SOT	2,520.57	2,206.48	-	-	2,520.57	2,206.48
Reimbursement of business promotion expenses, rent and other expenses to SCL	48.87	361.15	-	-	48.87	361.15
License Fees to SCL	1,449.44	661.80	-	-	1,449.44	661.80
Equity dividend to SEHPL	-	1,075.29	-	-	-	1,075.29
Equity dividend to SRHPL	1,729.69	513.37	-	-	1,729.69	513.37
Payment of Salary and Reimbursement of rent and other expenses to :						
Mr. R Duruvasan, Managing Director, SCUF	-	-	35.65	-	35.65	-
Mr.Sujan Sinha, Managing Director, SHFL	-	-	62.84	24.15	62.84	24.15
Balance outstanding as at						
Share Capital held by SEHPL	-	1,792.15	-	-	-	1,792.15
Share Capital held by SRHPL	2,661.06	855.62	-	-	2,661.06	855.62
Share Capital held by SCL	515.00	230.00	-	-	515.00	230.00
Outstanding Expenses SCL	-	-	-	-	-	-
Outstanding Expenses SOT	888.04	764.63	-	-	888.04	764.63

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

25. Contingent liabilities and commitments to the extent not provided for

(i) Contingent liabilities

Income Tax	₹ in lacs	
	As at March 31, 2013	2012
a. Income tax	10,743.63	1,447.80
b. Guarantees issued by the Company	257.00	457.00
c. Guarantees issued by others	-	-

The Income tax assessment of the company has been completed up to the Assessment Year 2010-11.

The disputed demand outstanding for the assessment Year 2010-11 is ₹5,718.28 lacs. For assessment year 2008-09, disputed amount on account of penalty proceedings is ₹1106.47 lacs. The assessment has been re-opened for assessment year 2007-08 and the disputed amount outstanding is ₹3,918.88 lacs. The company has filed appeal for all these disputed cases and the same is pending before the Commissioner of Income Tax Appeals, Chennai.

The company has provided NSE with a bank guarantee for ₹ 250.00 lacs from Indus Ind bank, Nugambakkam, Chennai branch and a deposit of ₹ 250.00 lacs as security deposit both together 1% of total public issue of secured non-convertible debentures of ₹50,000.00 lacs.[Refer note: 26] , and Bank deposit of ₹ 7.00 lacs lien against corporate credit cards.

Estimated amount of contract remaining to be executed on capital account for interior work net of advance to be paid Rs. ₹ 2.37 lacs (Previous year ₹ 50.00 lacs)

(ii) Commitments

(i) As at March 31, 2013 ₹ 118.88 lacs (March 31, 2012: ₹686.76 lacs (net of advances) is the estimated amount of contracts remaining to be executed on capital account.

26. Utilization of money raised through public issue of debenture and preferential issue of equity shares and warrants

(i) through public issue of debentures [Refer note 5.1 (A)(iii)]

During the year ended March 31, 2013, the company has raised ₹43,360.00 lacs through public issue of secured redeemable non convertible debenture of face value of ₹1000/- each. The proceeds of issue are utilized for the following purpose:

Particulars	₹ in lacs
Repayment of Loans from Banks	39,110.00
Repayment of Commercial Paper	4,250.00
Total	43,360.00

During the year ended March 31, 2012, the company has raised ₹75,000 lacs through public issue of secured redeemable non-convertible debentures of face value of ₹1000/- each. The proceeds of issue are utilized for the following purpose:

Particulars	₹ in lacs
Disbursement of loans	11,409.00
Repayment of loans from banks	39,030.00
Repayment of loans	24,561.00
Total	75,000.00

(ii) During the year ended March 31, 2012, the company has raised ₹21,547.00 lacs through preferential issue of equity shares and warrants [Refer note- 3.4(ii) & 3.6]

Particulars	₹ in lacs
Fixed deposits placed with banks	21,500.00
Disbursement of loan	47.00
Total	21,547.00

27. Securitisation / Assignment

The Company sells loans through securitisation and direct assignment.

(i) The information on direct assignment activity of the Company as an originator for the year March 31, 2013 and March 31, 2012 are given below:

Particulars	For the year ended March 31,	
	2013	2012
Total number of assets	637	2,62,044
Total book value of assets (₹ in lacs)	7,405.96	2,00,398.99
Sale consideration received (₹ in lacs)	7,405.96	2,00,398.99
Gain (₹ in lacs)	1,178.57	37,682.48
Outstanding Credit enhancement-Deposit with banks/corporate (₹ in lacs)	31,229.85	31,766.37
Outstanding Credit enhancement – Retained interest on securitisation (₹ in lacs)	-	1,374.98

* Gain on direct assignment deals is amortised over the period of the loan.

(ii) The information on securitisation activity of the Company as an originator for the year March 31, 2013 and March 31, 2012 is given below:

Particulars	For the year ended March 31,	
	2013	2012
Total number of assets	25,947	45,271
Total book value of assets (₹ in lacs)	1,30,998.04	66,543.26
Sale consideration received (₹ in lacs)	1,30,998.04	66,543.26
Gain (₹ in lacs)	15,318.11	17,826.38
Outstanding Credit enhancement-Deposit with banks/corporate (₹ in lacs)	19,123.24	5,417.91
Outstanding Credit enhancement – Retained interest on securitisation (₹ in lacs)	-	-

* Gain on securitisation is amortised over the period of the loan.

28. Derivative Instruments:

The Notional principal amount of derivative transactions outstanding as on March 31 2013, is ₹486.75 lacs, for interest rate swaps is ₹12,500 lacs (March 31 2012 ₹12,500 lacs).

29. Expenditure in foreign currency

	₹ in lacs	
	For the year ended March 31,	
	2013	2012
Advance paid towards legal fees	27.60	-

31. The company had no discontinuing operations during the year ended March 31, 2013 and during the year ended March 31, 2012.

32. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term. Future minimum lease payments under operating leases as on March 31, 2013:

	₹ in lacs
a. Not later than 1 year	-
b. More than 1 year and less than 5 years	224.74
c. Later than 5 years	-

32. In addition to payments made to auditors shown in Note-19, the Company has made a payment of ₹ 8.99 lacs to auditors for services rendered by them in connection with the public issue of non-convertible debentures amortised as "public issue expenses for non-convertible debentures" in accordance with the accounting policy stated under Note 2.1.(v)

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

33. Based on the intimation received by the company, none of the suppliers have confirmed to be registered under "the Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Therefore, the related information for this purpose stands to be Nil.

34. The ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfilment of conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

35. Previous year figures have been regrouped/rearranged, wherever considered necessary, to conform with current year presentation.

As per our report even date

For Pijush Gupta & Co.

Firm Registration No: 309015E

Chartered Accountants

Pijush Kumar Gupta

Partner

Membership no: 015139

Place: Hyderabad

Date: May 20, 2013

For and on behalf of the Board of Directors of
Shriram City Union Finance Limited

R. Duruvasan
Managing Director

G.S. Sundararajan
Managing Director

C R Dash
Company Secretary



SHRIRAM CITY UNION FINANCE LIMITED
www.shriramcity.in