

Board of Directors

B.D.Narang

Director

M. Yugandhar

Director

Sanjeev Sehwat

Director

M.S. Ramakrishna

Director

V. Mahesh

Director

Amit Saxena

CEO & Wholtime Director

Company Secretary

Meenal Talesara

Joint Statutory Auditors**BSRR & Co.**

Chartered Accountants

Reliance Humsafar, IV Floor

Road No.11, Banjara Hills

Hyderabad - 500 034, India

Lalith Prasad and Co.

Chartered Accountant

402, Golden Green Apts.

6-3-542/1, Erram Manzil Colony

Punjagutta, Hyderabad - 500 082

Bankers

Andhra Bank

Axis Bank Limited

Bank of Baroda

Bank of India

Bank of Maharashtra

Canara Bank

Central Bank of India

Corporation Bank

Dena Bank

HDFC Bank Limited

IDBI Bank Limited

Indian Overseas Bank

IndusInd Bank Limited

Karur Vysya Bank Limited

Kotak Mahindra Bank Limited

Oriental Bank of Commerce

State Bank of Hyderabad

State Bank of India

State Bank of Maritius

The Jammu & Kashmir Bank Limited

The Lakshmi Vilas Bank Limited

Union Bank of India

Vijaya Bank

Registered Office:

Building No.7, Office No.762

6th Floor, Solitaire Park

Andheri (East), Mumbai - 400 093

Maharashtra

DIRECTORS' REPORT

To the members of

Karvy Financial Services Limited

Your Directors have pleasure in presenting the 13th Annual Report and the audited accounts for the financial year ended March 31, 2014.

FINANCIAL RESULTS

(Amount in Rs.Lakh)

Particulars	2013 – 2014	2012 – 2013
Revenue from Operations	29,401.86	24,128.29
Total Revenue	29,401.86	24,128.29
EBITDA & Financial Expenses	22,060.56	17,685.21
Depreciation/Amortization	247.02	229.14
Financial Expenses	16,295.89	12,295.68
Profit before Tax	5,517.65	5,160.38
Provision for Tax	1,883.01	1,697.33
Profit after Tax	3,634.64	3,463.05

REVIEW OF OPERATIONS:

Your Company has been constantly focused on improving its revenue and maintaining a sustainable growth. This is evident from the financial performance of the Company during the year under review. Your directors are pleased to inform you that, your company was able to counter this slowdown and manage the product mix strategically which helped the Company to grow at a healthy level during the year under review. Your Company registered a growth in revenues of 22% resulting in an increase of 5% in the profit after tax. Your directors are pleased to report that, for the year under review, the company's income stood at Rs. 29,401.86 lakhs, with a profit after tax of Rs. 3,634.64 lakhs, as compared to an income of Rs. 24,128.29 lakhs and a profit after tax of Rs. 3,463.05 lakhs in the previous year.

During the year under review, the company continued to add new products while extending its foot prints to new geographical areas. Your Company's product range continues to be well diversified, and includes secured business loans, securities finance, commodities finance, and gold loans. Your directors are of the opinion that despite challenges ahead, your company would continue to grow well in future.

DIVIDEND:

During the year under review, the Board of Directors has declared an interim dividend on equity and preference shares for the Financial Year 2013-14 as under:

- On Equity Shares**, an interim dividend at the rate of Rs. 2/- per equity share, declared on 14th March, 2014 amounting to Rs. 820.00 lakhs, for the financial year ended 31st March, 2014.
- On Compulsorily Convertible Cumulative Preference Shares**: An interim dividend at the rate of 11% on CCCPS declared on 18th September, 2013, aggregating to Rs 687.50 lakhs and on 14th March, 2014 amounting to Rs. 962.50 lakhs for the financial year ended 31st March, 2014.

The interim dividend on equity shares and the preference shares may please be treated as final dividend. The total outflow on account of dividend stands at Rs. 2,470.00 lakhs (Equity - Rs. 820.00 lakhs and 11 % CCCPS – Rs. 1,650.00 lakhs).

RESERVES AND SURPLUS:

Your directors propose to transfer Rs. 726.93 lakhs to the Statutory Reserve Fund in accordance with the provisions of Section 45-IC of Reserve Bank of India Act, 1934 and retain Rs. 2,343.11 lakhs in the profit and loss account of the company.

A net amount of Rs. 272.60 lakhs was transferred to the General Reserve during the year under review.

OUTLOOK & INITIATIVE:

The general economic conditions across the globe faced multiple challenges during 2013-2014. However, Your directors are confident of another good year of performance for your company. For FY 2014-15, the strategy of your company will be to firmly establish and grow the business lines viz. securities finance, commodities finance, secured business loans, micro enterprise secured business loan, small commercial vehicle and loan against gold. Your directors see high potential and opportunity in the market place and are confident of taking all the businesses to a higher level. The company plans to raise more capital in tune with the growth plans of the company.

LISTING OF DEBENTURES

Your company has issued Secured Redeemable Non Convertible Debentures (Structured Products) under various series on a private placement basis and the total outstanding amount as on 31st March, 2014 stands at Rs. 4,118.00 lakhs. The company's debentures are admitted to dealing on the Bombay Stock Exchange Limited (BSE) in the list of securities of F GROUP - DEBT INSTRUMENTS.

NETWORTH AND CAPITAL ADEQUACY RATIO

The Company's net worth as on March 31, 2014, stood at Rs. 36,308 lakhs. Your Company's Capital to Risk Assets Ratio (CRAR) calculated in line with the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 ("RBI Directions") stood at 20.03 per cent, well above the regulatory minimum of 15 per cent. Your Company's asset size stands at Rs. 1,664.56 crore. The Company has received a certificate from the Joint Statutory Auditors of the Company, BSRR & Co., Chartered Accountants and Lalith Prasad & Co., Chartered Accountants, pursuant to Non Banking Financial Companies Auditors' Report (Reserve Bank) Directions, 2008, confirming compliance of the conditions with respect to Systemically Important Non-Deposit taking Non-Banking Financial Companies.

DIRECTORS' REPORT

CREDIT RATING

Your Company has obtained credit ratings from ICRA for its long term borrowings, short term borrowings and Non Convertible Debentures, which are as under:

Bank Loan Rating:	[ICRS]A+(SO)
Short Term Rating:	[ICRA]A1+(SO)
Secured Redeemable Non Convertible Debentures:	[ICRA]A
Secured Redeemable Non Convertible Debentures (Principal Protected):	PPMLD [ICRA]A

REGULATORY UPDATE

1. FIXED DEPOSITS

Your Company is registered with Reserve Bank of India (RBI), as a non-deposit accepting NBFC ("NBFC-ND") under Section 45-IA of the RBI Act, 1934. During the year, your company has ensured compliance with the NBFC (Non Deposit Accepting or Holding) Companies Prudential norms (Reserve Bank) Directions, 2007 and Section 58A of the Companies Act, 1956, and the rules framed thereunder.

The Company has neither accepted nor renewed any fixed deposits during the year. There are no unclaimed deposits, unclaimed / unpaid interest, refunds due to the deposit holders or to be deposited to the Investor Education and Protection Fund as on March 31, 2014.

2. MONITORING OF FRAUDS

The RBI, vide its circular DNBS.PD.CC. No. 256/03.10.042/2011-12, dated March 2, 2012 has extended the monitoring of frauds in deposit-taking NBFCs to include all NBFCs-ND-SI with effect from March 2, 2012.

Your Company has not identified any case of fraud; however the cases of attempted frauds have been duly placed before the Board for their review in compliance with the said circular.

3. RBI COMPLIANCES

Your Company has complied with all the applicable regulations prescribed by the Reserve Bank of India from time to time.

DIRECTORS

In accordance with provisions of Section 152 of the Companies Act, 2013 and Article 101 of the Articles of Association of the company, Mr. M. Yugandhar and Mr. V. Mahesh, Directors, retire by rotation during the year, and being eligible; have offered themselves for reappointment in the ensuing Annual General Meeting of the company. Your directors recommend their reappointment for your approval.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts for the financial year ended March 31, 2014, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departures;
- the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2014, and of the profit of the Company for the year ended on that date;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors had prepared the annual accounts for the financial year ended March 31, 2014 on a 'going concern' basis.

PERSONNEL

The details of employees drawing remuneration in excess of limits specified under Section 217(2A) of the Companies Act, 1956 during the year are given in an annexure forming part of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The business operations of your company are not energy intensive. However, sufficient measures have been taken to minimize the energy consumption. There are no foreign exchange earnings for the company during the year. However, there has been foreign exchange outgo, the details whereof are as under:

(All Amounts in Rs.)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Business promotion	1,120,199	-
Professional fees	69,656	-
Employee training cost	-	776,630
Total	1,189,855	776,630

DIRECTORS' REPORT

AUDIT COMMITTEE

The Company has duly constituted an Audit Committee in accordance with the provisions of Section 292A of the Companies Act, 1956. The committee comprises of Mr. B.D. Narang, Director, Mr. M. Yugandhar, Director, Mr. M.S. Ramakrishna, Director, Mr. V. Mahesh, Director, Mr. Sanjeev Sehwat, Director, and Mr. Amit Saxena, Whole Time Director & CEO as the members. During financial year 2013-14, the Audit Committee has met two times on 29th April, 2013 and 15th November, 2013 respectively.

CORPORATE GOVERNANCE

The Ministry of Corporate Affairs, Government of India, issued a set of Voluntary Guidelines on Corporate Governance in December 2009. The guidelines provide for good governance practices which may be adopted by the corporates voluntarily. Your Company would make every endeavor to ensure compliance with the guidelines to the extent feasible.

AUDITORS AND AUDITORS' REPORT

BSRR & Co., Chartered Accountants, and Lalith Prasad & Co., Chartered Accountants, joint statutory auditors of the company hold office until the conclusion of the ensuing Annual General Meeting of the company. Your directors recommend the appointment of BSR & Associates LLP, together with Lalith Prasad & Co, Chartered Accountants, as the joint statutory auditors of the company at the ensuing annual general meeting. Your directors hereby inform that BSR & Associates, LLP, Chartered Accountants, is the Indian arm of KPMG and their appointment is in place of BSRR & Co, chartered accountants, who have expressed their unwillingness to be reappointed at the ensuing annual general meeting of the company.

The company has received the consent and the required certificate from BSR & Associates LLP, Chartered Accountants, and Lalith Prasad & Co, Chartered Accountants, in accordance with the provisions of Section 141 and other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014

The observations and comments given by Auditors in their report read together with notes to Accounts are self explanatory and hence do not call for any further comments under Section 217 of the Companies Act, 1956.

ACKNOWLEDGEMENTS

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, regulatory bodies and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

For **KARVY FINANCIAL SERVICES LIMITED**

Sd/-
B.D.NARANG
Director
DIN: 00038052

Sd/-
AMIT SAXENA
CEO & Wholetime Director
DIN: 05248652

Place: Mumbai
Date: 13-05-2014

ANNEXURE TO DIRECTORS REPORT FOR THE YEAR ENDED 31st MARCH, 2014

Statement of employees pursuant to Section 217(2A) of the Companies Act, 1956.

REMUNERATION OF RS. 60.00 LAKHS AND ABOVE PER ANNUM									
S.No.	Name	DOB	Age	Qualification	Designation	Date of Commencement of employment	Experience No. of years	Paid CTC FY 12-13 (In Rupees)*	Last Employment
1	AMIT SAXENA	02/07/1973	40	B.E., MBA	Wholetime Director & CEO	27/05/2008	20	2 44 56 455	CITI FINANCIAL CONSUMER FINANCE INDIA LTD.

* Paid CTC during the year

For **KARVY FINANCIAL SERVICES LIMITED**

Sd/-
B.D.NARANG
Director
DIN: 00038052

Sd/-
AMIT SAXENA
CEO & Wholetime Director
DIN: 05248652

Place: Mumbai
Date: 13-05-2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KARVY FINANCIAL SERVICES LIMITED

To the Members of
Karvy Financial Services Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Karvy Financial Services Limited, ('the Company'), which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information ('collectively referred to as the 'financial statements').

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, the financial performance and the 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 and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- ii. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii. 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 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we enclose 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 purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Act; and
 - e) on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

for **B S R R & Co**
Chartered Accountants
Firm's Registration Number: 130791W

Sd/-
Sriram Mahalingam
Partner
Membership No. 049642

Mumbai
13 May 2014

for **Lalith Prasad and Co**
Chartered Accountant
Firm's Registration Number: 008089S

Sd/-
S. Lalith Prasad
Proprietor
Membership No. 023665

Mumbai
13 May 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in our report of even date to the Members of Karvy Financial Services Limited ('the Company') on the financial statements for the year ended 31 March 2014. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified every year except assets at branches which are verified in a phased manner over a period of two years. In accordance with this programme certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) No fixed assets were disposed off during the year. Accordingly, paragraph 4(i)(c) of the Order is not applicable to the Company.
- (ii) The Company is a Non Banking Finance Company not accepting or holding public deposit and primarily engaged in asset financing. Accordingly it does not hold any physical inventories in the normal course of the business other than commodities which are held as underlying security in relation to the loans and advances provided as commodity finance. Such commodities held at the balance sheet date have been physically verified by the management.
- (iii) (a) The Company has granted loan to two companies covered in the register maintained under Section 301 of the Companies Act, 1956 ('Act'). The maximum amount outstanding during the year was Rs. 519,943,138 and the year-end balance of such loans was Nil.
- (b) In our opinion, the rate of interest and other terms and conditions on which the loan has been granted to the company listed in the register maintained under Section 301 of the Act are not, prima facie, prejudicial to the interest of the Company.
- (c) In the case of loan granted to the company listed in the register maintained under Section 301, the borrower has been regular in repaying the principal amounts as stipulated and in the payment of interest.
- (d) In the case of loan granted to company listed in the register maintained under Section 301 of the Act, the borrower has repaid the principal and interest payable and accordingly paragraph 4(iii) (d) of the order is not applicable to the Company.
- (e) The Company has taken loans from 4 companies covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was Rs. 219,362,284 and the year-end balance of such loans was Rs. 59,810,896.
- (f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies listed in the register maintained under Section 301 of the Act are not, prima facie, prejudicial to the interest of the company.
- (g) In the case of loans taken from companies listed in the register maintained under Section 301 of the Act, the Company has been regular in repaying the principal amounts as stipulated and in the payment of interest.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain services received are for the specialised requirements of the Company and certain items of fixed assets purchased are of special nature for which suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets, and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (v)(a) above and exceeding the value of Rs 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except certain services availed by the Company which are for the Company's specialised requirement for which suitable alternative sources are not available to obtain comparable quotations. However, on the basis of information and explanation provided the same appears reasonable.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
- (viii) The Central Government of India has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act for any of the services rendered by the Company.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Service tax, and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Investor education and protection fund, Wealth tax, Customs duty, Sales tax and Excise duty.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service tax and other material statutory dues were in arrears as at 31 March 2014 for a period more than six months from the date they became payable.

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

- (b) According to the information and explanations given to us, there are no material dues of Income tax and Service tax which have not been deposited with the appropriate authorities on account of any dispute. As explained to us, the Company did not have any dues on account of Investor education and protection fund, Customs duty, Sales tax, Wealth tax and Excise duty.
- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers, financial institutions or any debenture holders.
- (xii) In our opinion, the Company has maintained adequate records in cases where it has granted loans and advances on the basis of security by way of pledge of shares and other securities. In case of any fall in the market value of the securities, the Company obtains additional collateral security to cover the shortfall in the value of the security. The Company has not granted any loans and advances against pledge of debentures.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society.
- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (xvii) The Company is a Non-Banking Financial Company ('NBFC') and in terms of the Guidelines of Reserve Bank of India on Asset Liability Management ("ALM") System for NBFCs, the Company carries out an analysis of its assets and liabilities on the basis of their residual maturity and repricing patterns. Our examination of the ALM analysis indicates that, the maturity gaps observed in the asset liability management exercise are within the limits prescribed by Reserve Bank of India.
- (xviii) The Company has not made any preferential allotment of shares to companies, firms and parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) According to the information and explanations given to us, the Company has created charge in respect of debentures issued during the year.
- (xx) The Company has not raised any money by public issues
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **BSRR & Co**
Chartered Accountants
Firm's Registration Number: 130791W

Sd/-
Sriram Mahalingam
Partner
Membership No. 049642

Mumbai
13 May 2014

for **Lalith Prasad and Co**
Chartered Accountant
Firm's Registration Number: 008089S

Sd/-
S. Lalith Prasad
Proprietor
Membership No. 023665

Mumbai
13 May 2014

KARVY FINANCIAL SERVICES LIMITED

BALANCE SHEET AS AT 31 MARCH 2014

(All amounts in Indian rupees, except share data and where otherwise stated)

	Note	As At 31 March 2014	As At 31 March 2013
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	1,91,00,00,000	1,91,00,00,000
Reserves and surplus	2.2	1,72,07,58,197	1,64,62,72,186
		3,63,07,58,197	3,55,62,72,186
Non-current liabilities			
Long-term borrowings	2.3	7,82,86,46,237	6,82,36,22,188
Other long term liabilities	2.4	1,10,77,295	1,62,48,118
Long-term provisions	2.5	4,00,03,306	2,31,80,121
		7,87,97,26,838	6,86,30,50,427
Current liabilities			
Short-term borrowings	2.6	3,04,42,30,336	2,90,81,80,335
Trade payables	2.7	4,70,99,452	58,87,437
Other current liabilities	2.8	3,26,65,01,816	2,41,33,44,271
Short-term provisions	2.9	2,16,39,604	3,95,35,302
		6,37,94,71,208	5,36,69,47,345
Total		17,88,99,56,243	15,78,62,69,958
ASSETS			
Non-current assets			
Fixed assets			
- Tangible assets	2.10	6,12,36,327	6,07,18,154
- Intangible assets	2.11	2,70,14,871	3,13,32,584
- Intangible assets under development	2.12	14,61,500	49,26,047
Non-current investments	2.13	6,60,42,910	7,59,08,307
Deferred tax asset, net	2.31	1,38,26,798	90,24,418
Long-term loans and advances	2.14	12,50,83,27,722	7,24,73,73,619
Other non-current assets	2.15	10,21,197	-
		12,67,89,31,325	7,42,92,83,129
Current assets			
Current investments	2.16	98,65,397	-
Cash and bank balance	2.17	19,76,93,100	2,23,59,380
Short-term loans and advances	2.18	4,39,82,64,625	7,72,16,03,259
Other current assets	2.19	60,52,01,796	61,30,24,190
		5,21,10,24,918	8,35,69,86,829
Total		17,88,99,56,243	15,78,62,69,958
Significant accounting policies	1		
Notes to the financial statements	2		

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

As per our report of even date attached

 for **B S R R & Co**

Chartered accountants

Firm's registration no. 130791W

Sd/-

Sriram Mahalingam

Partner

Membership No. 049642

 for **Lalith Prasad and Co**

Chartered accountant

Firm's registration no. 008089S

Sd/-

S. Lalith Prasad

Proprietor

Membership No. 023665

 for **Karvy Financial Services Limited**

Sd/-

Amit Saxena

CEO and Whole Time Director

DIN: 05248652

Sd/-

B.D. Narang

Director

DIN: 00038052

Sd/-

M. Yugandhar

Director

DIN: 00012265

Sd/-

V. Mahesh

Director

DIN: 00800219

Sd/-

Meenal Talesara

Company Secretary

M.No.: A22658

Place : Mumbai

Date: 13 May 2014

Place : Mumbai

Date: 13 May 2014

Place : Mumbai

Date: 13 May 2014

KARVY FINANCIAL SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in Indian rupees, except share data and where otherwise stated)

	Note	For the year ended 31 March 2014	For the year ended 31 March 2013
Revenue			
Revenue from operations	2.20	2,94,01,86,003	2,41,28,29,350
Total Revenue		2,94,01,86,003	2,41,28,29,350
Expenses			
Operating expenses	2.21	17,06,60,425	15,33,26,350
Employee benefits	2.22	32,47,00,040	28,33,19,585
Finance costs	2.23	1,62,95,89,290	1,22,95,68,184
Depreciation and amortisation	2.24	2,47,02,326	2,29,14,027
Other expenses	2.25	23,87,69,301	20,76,62,763
Total Expense		2,38,84,21,382	1,89,67,90,909
Profit before tax		55,17,64,621	51,60,38,441
Tax expenses :			
- Current tax		19,31,03,339	17,78,43,280
- Deferred tax		(48,02,379)	(81,10,111)
Profit for the Period		36,34,63,661	34,63,05,272
Earnings per equity share [nominal value of share Rs. 10 (previous year: Rs. 10)]	2.35		
Basic		4.16	6.07
Diluted		4.16	6.07
Significant accounting policies	1		
Notes to the financial statements	2		

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

As per our report of even date attached

 for **B S R R & Co**

Chartered accountants

Firm's registration no. 130791W

Sd/-

Sriram Mahalingam
Partner

Membership No. 049642

 for **Lalith Prasad and Co**

Chartered accountant

Firm's registration no. 008089S

Sd/-

S. Lalith Prasad
Proprietor

Membership No. 023665

 for **Karvy Financial Services Limited**

Sd/-

Amit Saxena
CEO and Whole Time Director

DIN: 05248652

Sd/-

B.D. Narang
Director

DIN: 00038052

Sd/-

M. Yugandhar
Director

DIN: 00012265

Sd/-

V. Mahesh
Director

DIN: 00800219

Sd/-

Meenal Talesara
Company Secretary

M.No.: A22658

Place : Mumbai

Date: 13 May 2014

Place : Mumbai

Date: 13 May 2014

Place : Mumbai

Date: 13 May 2014

KARVY FINANCIAL SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in Indian rupees, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Cash flows from operating activities		
Net profit before tax	55,17,64,621	51,60,38,441
Adjustments:		
- Depreciation and amortisation	2,47,02,326	2,29,14,027
- Provision against standard assets and non performing assets	29,81,897	1,39,33,575
Operating cash flows before working capital changes	57,94,48,844	55,28,86,043
(Increase) / decrease in inventories	-	3,10,32,584
(Increase)/ decrease in loans and advances	(1,94,46,99,892)	(5,59,70,73,266)
(Increase) / decrease in other current assets	78,22,394	(37,91,19,301)
Increase / (decrease) in liabilities	26,13,07,697	(2,24,64,110)
Cash generated from operations	(1,09,61,20,957)	(5,41,47,38,050)
Income taxes paid	(19,95,11,846)	(15,62,51,272)
Net cash flow used in operating activities (A)	(1,29,56,32,803)	(5,57,09,89,322)
Cash flows from investing activities		
Purchase of fixed assets (tangible and intangible fixed assets, Intangible assets under development)	(1,03,53,817)	(4,28,35,171)
Proceeds from sale of fixed assets	-	70,28,600
Investments in bank deposits (having original maturity of more than three months)	(70,123)	(10,44,978)
Net cash used by investing activities (B)	(1,04,23,940)	(3,68,51,549)
Cash flows from financing activities		
Proceeds from issue of compulsorily convertible cumulative preference shares	-	75,00,00,000
Dividend paid on equity shares	(8,20,00,000)	(8,20,00,000)
Dividend distribution tax on dividend on equity shares	(1,39,35,900)	(1,33,02,450)
Distribution of preference dividend	(16,70,34,246)	(8,25,00,000)
Dividend distribution tax on dividend on preference shares	(2,83,71,756)	(1,33,83,563)
Share issue expenses	-	(4,50,00,000)
Proceeds from borrowings - secured	3,08,40,00,000	6,01,57,46,510
Proceeds from borrowings - unsecured	11,52,02,69,860	8,61,57,40,779
Repayment of borrowings - secured	(1,84,55,86,530)	(1,18,42,81,114)
Repayment of borrowings - unsecured	(10,98,49,99,891)	(8,40,00,00,228)
Net cash from financing activities (C)	1,48,23,41,537	5,56,10,19,934
Net (decrease)/ increase in cash and cash equivalents (A + B + C)	17,62,84,794	(4,68,20,937)
Cash and cash equivalents at beginning of the year (Refer note 2.17)	2,08,14,402	6,76,35,339
Cash and cash equivalents at end of the year (Refer note 2.17)	19,70,99,196	2,08,14,402
Significant accounting policies	1	
Notes to the financial statements	2	

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

As per our report of even date attached

 for **B S R R & Co**

Chartered accountants

Firm's registration no. 130791W

Sd/-

Sriram Mahalingam
Partner

Membership No. 049642

 for **Lalith Prasad and Co**

Chartered accountant

Firm's registration no. 008089S

Sd/-

S. Lalith Prasad
Proprietor

Membership No. 023665

 for **Karvy Financial Services Limited**

Sd/-

Amit Saxena
CEO and Whole Time Director

DIN: 05248652

Sd/-

B.D. Narang
Director

DIN: 00038052

Sd/-

M. Yugandhar
Director

DIN: 00012265

Sd/-

V. Mahesh
Director

DIN: 00800219

Sd/-

Meenal Talesara
Company Secretary

M.No.: A22658

Place : Mumbai

Date: 13 May 2014

Place : Mumbai

Date: 13 May 2014

Place : Mumbai

Date: 13 May 2014

KARVY FINANCIAL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in Indian rupees, except share data where otherwise stated)

Company overview

Karvy Financial Services Limited (the "Company" or "KFSL") was incorporated on 18 October 2001. The Company is registered with Reserve Bank of India to carry out the business of Non Banking Financial Company not accepting or holding public deposits. The Company is primarily engaged in the business of lending against property, gold and securities.

1. Significant accounting policies

Basis of preparation of financial statements

These financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards ("AS") prescribed in the Companies (Accounting Standards) Rules, 2006, issued by the Central Government, the relevant provisions of the Companies Act, 1956 ('the Act') and/or the Companies Act, 2013 as appropriate, the relevant guidelines of Reserve Bank of India ('RBI') to the extent applicable to a Non Banking Finance Company not accepting or holding public deposits and other accounting principles generally accepted in India to the extent applicable. The financial statements are presented in Indian Rupees rounded off to the nearest rupee.

Use of estimates

The preparation of financial statements in conformity with Generally accepted accounting principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

Current – non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for atleast 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the company does not have an unconditional right to defer settlement of the liability for atleast 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle

Company has ascertained its operating cycle as 12 months that is the time between the acquisition of assets for processing and their realization in cash or cash equivalents.

Revenue recognition

- Interest income on loan portfolio is recognised in the statement of profit and loss on accrual basis taking into account the amount outstanding and the rate applicable except in the case of non-performing assets ("NPA's") where it is recognised, upon realization, as per RBI guidelines.
- Fee income including loan processing fee and other fee are accounted for upfront as and when it become due as per the terms of contract entered into with the customer.
- Interest on fixed deposits and debt securities are accrued on the time proportion basis, taking into account the amount outstanding and interest rate applicable.
- Profit / loss on sale of stock in trade and derivative instruments are recognised at the time of sale.

KARVY FINANCIAL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Continued)

(All amounts in Indian rupees, except share data where otherwise stated)

Provisioning policy for Loan Portfolio

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

Fixed assets and depreciation

Tangible fixed assets

Tangible fixed assets are carried at cost of acquisition less accumulated depreciation. The cost of tangible fixed assets comprises the purchase price, taxes, duties, freight (net of rebates and discounts) and any other directly attributable costs of bringing the assets to their working condition for their intended use. Borrowing costs directly attributable to acquisition of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

The cost of tangible fixed assets acquired but not ready for their intended use as at the balance sheet date are disclosed as capital work-in-progress.

Depreciation on tangible fixed assets are provided under Straight Line Method as per the rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 as in the opinion of the management these rates reflects the estimated useful life of these assets.

Depreciation is calculated on a pro-rata basis from / up to the date the assets are purchased / sold. Individual assets costing less than Rs. 5,000 are depreciated fully in the year of purchase.

Intangible fixed assets

Intangible fixed assets are carried at cost of acquisition less amortization. Intangible assets that are acquired by the Company are measured initially at cost. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

Product process handling software primarily comprises of software used in the business of lending against property, gold and securities and are amortised over their estimated useful life of 5 years.

Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that any assets forming part of its cash generating units may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the reassessed recoverable amount subject to a maximum of depreciated historical cost.

Stock in trade

Stock in trade comprises of the securities acquired with the intention of short term holdings. Stock in trade is valued at lower of cost or market value. In case of mutual funds, net asset value is considered as market value.

Benchmark linked debentures

The Company has issued certain secured redeemable non-convertible debentures, the return of which is linked to performance of specified indices/ commodities over the period of the debenture. Such debentures have a component of an embedded derivative which is fair valued at year end. The resultant net unrealised loss or gain on the fair valuation of these embedded derivatives is recognised in the Statement of profit and loss. The debt component of such debentures is measured at amortised cost using yield to maturity basis.

Investments

Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost or fair value. The comparison of cost and fair value is done separately in respect of each category of investments i.e., Equity shares, preference shares, debt securities etc.

Long term investments are carried at cost less any other temporary diminution in value, determined separately for each individual investment.

Profit or loss on sale of investments is determined on the basis of weighted average carrying amount of investments disposed off.

Employee benefits

Defined contribution plans

The Company makes specified monthly contribution towards employee provident fund to Government administered provident fund scheme, which is a defined contribution scheme. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefits plan

The Company provides for gratuity, a defined benefit retirement plan covering eligible employees. Gratuity is covered under a scheme administered by the Canara HSBC

KARVY FINANCIAL SERVICES LIMITED**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (Continued)**

(All amounts in Indian rupees, except share data where otherwise stated)

Oriental Bank of Commerce Life Insurance Co Limited (Group Gratuity scheme) and the contributions made by the company to the scheme are recognised in Statement of Profit and Loss. The liability recognised in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the Balance Sheet date less the fair value of plan assets. The calculation of the Company's obligation under the plan is performed annually by qualified independent actuary using the projected unit credit method.

Actuarial gains and losses arising during the year are immediately recognised in the Statement of Profit and Loss.

Compensated absences

Compensated absences, is a long-term employee benefit, and accrued based on an actuarial valuation done as per projected unit credit method as at the Balance Sheet date, carried out by an independent actuary.

Actuarial gains and losses arising during the year are immediately recognised in the Statement of Profit and Loss.

Operating leases

Lease payments for assets taken on operating lease are charged in the Statement of profit and loss on a straight-line basis over the lease term.

Income Tax

Income tax expense comprises current tax and deferred tax.

Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

Deferred tax

Deferred tax charge or benefit reflects the tax effects of timing differences between accounting income and taxable income for the year. The deferred tax charge or benefit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Earnings per share

Basic earnings per share ("EPS") is computed by dividing the net profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed to have been converted as of the beginning of the year, unless they have been issued at a later date.

Borrowing costs

Borrowing cost includes interest and other cost including, amortization of ancillary borrowing costs. Interest on borrowings is expensed in the period to which they relate. Ancillary costs incurred in connection with the terms of borrowing are amortised over the tenure of the borrowing on straight line basis.

Provisions and contingent liabilities

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liability do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

A contract is considered as onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the company recognises any impairment loss on the assets associated with that contract.

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2014	As at 31 March 2013
2.1 Share capital		
Authorised		
55,000,000 (Previous year: 55,000,000) Equity shares of Rs.10 each	55,00,00,000	55,00,00,000
150,000,000 (Previous year: 150,000,000) 11% Compulsorily convertible cumulative preference shares ('CCCPS') of Rs.10 each	1,50,00,00,000	1,50,00,00,000
	<u>2,05,00,00,000</u>	<u>2,05,00,00,000</u>
Issued, subscribed and paid-up:		
41,000,000 (Previous year: 41,000,000) Equity shares of Rs. 10 each, fully paid-up.	41,00,00,000	41,00,00,000
150,000,000 (previous year: 150,000,000) 11% Compulsorily convertible cumulative preference shares of Rs 10 each, fully paid up	1,50,00,00,000	1,50,00,00,000
	<u>1,91,00,00,000</u>	<u>1,91,00,00,000</u>

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2014	As at 31 March 2013
--	------------------------	------------------------

2.1 Share capital (Continued)
The reconciliation of shares outstanding at the beginning and at the end of the reporting period:

Particulars	Number of Shares	Amount	Number of Shares	Amount
Equity shares				
At the commencement of the year	4,10,00,000	41,00,00,000	4,10,00,000	41,00,00,000
Issued during the year	-	-	-	-
At the end of the year	4,10,00,000	41,00,00,000	4,10,00,000	41,00,00,000
CCCPS				
At the commencement of the year	15,00,00,000	1,50,00,00,000	7,50,00,000	75,00,00,000
Issued during the year *	-	-	7,50,00,000	75,00,00,000
At the end of the year	15,00,00,000	1,50,00,00,000	15,00,00,000	1,50,00,00,000

The rights, preferences and restrictions attached to equity shares.

The Company has single class equity shares having a par value of Rs. 10 per equity share. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held. Upon show of hands, every Member present in person and holding any equity share capital therein, shall have one vote, in respect of such capital, on every resolution placed before the company.

The rights, preferences and restrictions attached to CCCPS

150,000,000 11% CCCPS of Rs. 10 each issued at par to Karvy Holdings Limited (a subsidiary of Karvy Stock Broking Limited, the holding company) and Karvy Realty Limited. These preference shares are convertible into equity shares of Rs.10 each in the ratio of 5:1 at quarterly intervals starting from 31 May 2014 and ending on 31 August 2015. Preference share holders carry a preferential right as to dividend over equity shareholders. Where dividend on Cumulative Preference Shares is not declared for a financial year, the entitlement thereto is carried forward. In the event of liquidation, preference share holders have preferential right over equity share holders to be repaid to the extent of Capital paid up and dividend in arrears of such shares.

Shares held by holding/ ultimate holding and/ or their subsidiaries/ associates

	Number of Shares	Amount	Number of Shares	Amount
Equity Shares of Rs. 10 each fully paid up held by				
Karvy Stock Broking Limited - Holding Company	2,70,00,000	27,00,00,000	2,70,00,000	27,00,00,000
Karvy Comtrade Limited (subsidiary of Karvy Stock Broking Limited)	1,10,00,000	11,00,00,000	1,10,00,000	11,00,00,000
Karvy Holdings Limited (subsidiary of Karvy Stock Broking Limited)	30,00,000	3,00,00,000	30,00,000	3,00,00,000
	4,10,00,000	41,00,00,000	4,10,00,000	41,00,00,000
CCCPS of Rs. 10 each fully paid up held by				
Karvy Holdings Limited (Subsidiary of Karvy Stock Broking Limited)	7,50,00,000	75,00,00,000	15,00,00,000	1,50,00,00,000
Karvy Realty (India) Limited (Subsidiary of Karvy Stock Broking Limited)	7,50,00,000	75,00,00,000	-	-

The details of shareholder holding more than 5% equity shares is set below:

Name of the shareholder	Number of Shares	% of Holding	Number of Shares	% of Holding
Karvy Stock Broking Limited	2,70,00,000	65.85%	2,70,00,000	65.85%
Karvy Comtrade Limited	1,10,00,000	26.83%	1,10,00,000	26.83%
Karvy Holdings Limited	30,00,000	7.32%	30,00,000	7.32%

The details of shareholder holding more than 5% of the 11% CCCPS is set below:

Name of the shareholder	Number of Shares	% of Holding	Number of Shares	% of Holding
Karvy Holdings Limited	7,50,00,000	50.00%	15,00,00,000	100.00%
Karvy Realty (India) Limited	7,50,00,000	50.00%	-	-

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2014	As at 31 March 2013
2.2 Reserves and surplus		
Securities premium account		
At the commencement of the year	1,19,50,00,000	1,24,00,00,000
Add: premium received	-	-
Less: amount utilised towards share issue expenses	-	4,50,00,000
	<u>1,19,50,00,000</u>	<u>1,19,50,00,000</u>
Statutory reserve (created under Section 45-1C of RBI Act, 1934)		
At the commencement of the year	14,54,85,839	7,62,24,785
Add: amount transferred	7,26,92,732	6,92,61,054
	<u>21,81,78,571</u>	<u>14,54,85,839</u>
General reserve		
At the commencement of the year	4,60,08,956	2,00,36,061
Add: amount transferred from Surplus	2,72,59,775	2,59,72,895
	<u>7,32,68,731</u>	<u>4,60,08,956</u>
Surplus (Profit and loss balance)		
At the commencement of the year	25,97,77,391	20,22,56,333
Add: profit for the year	36,34,63,661	34,63,05,272
Less: Appropriations		
Transfer to statutory reserve	7,26,92,732	6,92,61,054
Dividend on Equity Shares paid for the year	8,20,00,000	8,20,00,000
Dividend distribution tax on equity shares	1,39,35,900	1,33,02,450
Dividend on CCCPS	16,50,00,000	8,25,00,000
Dividend distribution tax on CCCPS	2,80,41,750	1,33,83,563
Proposed dividend on CCCPS	-	20,34,246
Tax on proposed dividend on CCCPS as above	-	3,30,006
Transfer to general reserve	2,72,59,775	2,59,72,895
	<u>23,43,10,895</u>	<u>25,97,77,391</u>
Total	<u><u>1,72,07,58,197</u></u>	<u><u>1,64,62,72,186</u></u>

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2014	As at 31 March 2013
2.3 Long-term borrowings		
Secured redeemable non-convertible debentures (Refer note 2.38)	8,14,00,000	32,78,00,000
Term loans		
Secured		
from banks (Refer note 2.39)	6,86,41,93,838	6,24,58,22,188
Unsecured		
from banks (Refer note 2.41)	49,79,99,938	-
from other party (Refer note 2.42)	38,50,52,461	25,00,00,000
	7,82,86,46,237	6,82,36,22,188
2.4 Other long-term liabilities		
Interest accrued but not due on borrowings	1,10,77,295	1,62,48,118
	1,10,77,295	1,62,48,118
2.5 Long-term provisions		
Provision for employee benefits		
- Gratuity (Refer note 2.45)	37,75,891	29,55,820
- Compensated absences	51,74,520	7,20,640
Other provisions		
- Contingent provisions against standard assets (Refer note 2.29)	3,10,52,895	1,89,31,790
- Provision for non performing assets (Refer note 2.29)	-	5,71,871
	4,00,03,306	2,31,80,121

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2014	As at 31 March 2013
2.6 Short-term borrowings		
Loans repayable on demand		
Secured		
Cash credit from banks (Refer note 2.40)	75,73,19,100	1,07,14,86,498
Working capital demand loan from banks (Refer note 2.40)	-	30,00,00,000
	<u>75,73,19,100</u>	<u>1,37,14,86,498</u>
Unsecured		
From others		
- Working capital demand loan (Refer note 2.42)	15,77,11,236	28,24,93,837
- Commercial papers (Refer note 2.37)	1,50,00,00,000	1,10,00,00,000
Inter corporate deposit		
- From Related Parties* (Refer note 2.36)	5,92,00,000	15,42,00,000
- From others (Refer note 2.43)	57,00,00,000	-
	<u>2,28,69,11,236</u>	<u>1,53,66,93,837</u>
	<u>3,04,42,30,336</u>	<u>2,90,81,80,335</u>
2.7 Trade payables		
Trade payables		
- due to micro and small enterprises (Refer note 2.44)	-	-
- Others	4,70,99,451	58,87,437
	<u>4,70,99,452</u>	<u>58,87,437</u>
2.8 Other current liabilities		
Current maturity of long term debts from banks - secured (Refer note 2.39)	2,37,98,06,736	1,04,42,97,575
Current maturity of long term debts from banks - unsecured (Refer note 2.41)	-	84,79,99,772
Current maturity of secured redeemable non-convertible debentures (Refer note 2.38)	33,04,00,000	18,53,00,000
Book overdraft	45,50,92,076	23,64,23,431
Interest accrued but not due on borrowings	5,17,83,774	5,15,09,502
Other payables		
- Salaries and other liabilities	9,25,487	1,09,626
- Leave travel allowance payable	31,09,257	23,59,679
- Accrued expenses	2,91,59,007	2,45,37,387
- Statutory liabilities	1,41,68,257	1,92,56,003
Capital Creditors	35,925	51,296
Other liabilities	20,21,297	15,00,000
	<u>3,26,65,01,816</u>	<u>2,41,33,44,271</u>
2.9 Short term provisions		
Provision for employee benefits		
- Gratuity (Refer note 2.45)	90,096	-
- Compensated absences	10,66,260	17,11,958
	<u>11,56,356</u>	<u>17,11,958</u>
Other provisions		
- Contingent provisions against standard assets (Refer note 2.29)	1,04,97,519	1,78,60,879
- Provision for non performing assets (Refer note 2.29)	25,44,692	37,48,669
- Provision for proposed dividend on CCCPS and tax thereon	-	23,64,252
- Provision for current tax (net of advance tax)	74,41,037	1,38,49,544
	<u>2,04,83,248</u>	<u>3,78,23,344</u>

KARVY FINANCIAL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in Indian rupees, except share data and where otherwise stated)

2.10 Tangible fixed assets

Description	Original Cost			Depreciation			Net book value	
	As at 1 April 2013	Additions	Deletions	As at 31 March 2014	For the year	Deletions	As at 31 March 2014	As at 31 March 2014
Tangible assets								
Computer and related assets	1,73,62,545	24,55,633	-	1,98,18,178	28,85,916	-	70,45,812	1,32,02,649
Furniture and fixtures	3,40,37,632	10,35,419	-	3,50,73,051	21,72,719	-	41,70,372	3,20,39,979
Office equipment	1,63,99,892	29,90,803	-	1,93,90,695	9,05,048	-	18,29,413	1,54,75,527
Total	6,78,00,069	64,81,855	-	7,42,81,924	59,63,683	-	1,30,45,597	6,07,18,155
Previous year	4,04,84,363	3,52,41,215	79,25,510	6,78,00,068	45,29,563	8,96,910	70,81,914	6,07,18,155

2.11 Intangible fixed assets

Description	Original Cost			Amortisation			Net book value	
	As at 1 April 2013	Additions	Deletions	As at 31 March 2014	For the year	Deletions	As at 31 March 2014	As at 31 March 2013
Product process handling software	7,33,86,585	1,44,20,930	-	8,78,07,515	1,87,38,643	-	6,07,92,644	3,13,32,584
Total	7,33,86,585	1,44,20,930	-	8,78,07,515	1,87,38,643	-	6,07,92,644	3,13,32,584
Previous year	7,19,52,835	14,33,750	-	7,33,86,585	1,83,84,464	-	4,20,54,001	3,13,32,584

2.12 Intangible assets under development

Description	As at 1 April 2013	Additions	Deletions	As at 31 March 2014	As at 31 March 2014
Software development	49,26,047	14,61,500	49,26,047	14,61,500	14,61,500
Total	49,26,047	14,61,500	49,26,047	14,61,500	14,61,500
Previous year	49,26,047	-	-	-	-

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2014	As at 31 March 2013
2.13 Non current investments		
<i>(Valued at cost unless stated otherwise)</i>		
Non-Trade investments (Quoted)		
Investment in equity instruments		
96 Equity shares of Muthoot Finance Limited of Rs. 10 each fully paid up (Previous year : 96 Equity shares)	16,800	16,800
1,726 Equity shares of L&T Finance Holdings Limited of Rs. 10 each fully paid up (Previous year : 1,726 Equity shares)	89,752	89,752
Total (A)	<u>1,06,552</u>	<u>1,06,552</u>
Investments in debt securities (Refer note 2.32)	6,59,36,358	7,58,01,755
Total (B)	<u>6,59,36,358</u>	<u>7,58,01,755</u>
Total (A) + (B)	<u>6,60,42,910</u>	<u>7,59,08,307</u>
Quoted non-current investments		
Aggregate book value	6,60,42,910	7,59,08,307
Aggregate market value	6,57,39,059	7,70,08,000
2.14 Long-term loans and advances		
Secured, considered good		
- Loan portfolio	12,41,61,53,322	7,15,00,70,261
Unsecured, considered good		
Loan portfolio	50,04,579	-
Capital advances	21,23,393	92,07,814
Security deposits	2,74,05,159	2,64,59,722
Other loans and advances		
- Prepaid expenses	5,76,41,269	6,16,35,822
	<u>12,50,83,27,722</u>	<u>7,24,73,73,619</u>
2.15 Other Non-current assets		
Bank deposits (due to mature after 12 months from the reporting date)	10,21,197	-
	<u>10,21,197</u>	<u>-</u>

Bank deposits include Rs. 221,197 (Previous year : Rs. Nil) against bank guarantees issued by banks, which are lien marked with government authorities.

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2014	As at 31 March 2013
2.16 Current investments		
Current portion of long term investments	-	-
Investments in debt securities-Quoted (Refer note 2.33)	98,65,397	-
	<u>98,65,397</u>	<u>-</u>
Quoted current investments		
Aggregate book value	98,65,397	-
Aggregate market value	1,01,38,000	-
2.17 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	3,512	27,792
Balance with banks		
- on current accounts	19,70,95,684	2,07,86,610
Other bank balances		
- Bank deposits with less than 12 months maturity	5,93,904	15,44,978
	<u>19,76,93,100</u>	<u>2,23,59,380</u>
2.18 Short term loan and advances		
Loans and advances to related parties		
(Unsecured, considered good)		
Other advances (Refer note. 2.36)	1,28,04,807	1,16,16,853
To parties other than related parties		
(Secured, considered good)		
Loan portfolio	4,22,44,46,974	7,61,02,02,724
(Unsecured, considered good)		
Other advances	7,11,67,406	3,65,98,438
Service tax receivable	2,51,53,515	1,73,03,157
Prepaid expenses	6,30,47,915	4,43,15,602
Staff advance	16,44,008	15,66,485
	<u>4,39,82,64,625</u>	<u>7,72,16,03,259</u>
2.19 Other current assets		
Interest accrued		
- on loan portfolio	60,28,08,017	61,07,07,211
- on debt securities	23,18,411	23,16,979
- on bank deposits	75,368	-
	<u>60,52,01,796</u>	<u>61,30,24,190</u>

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014

(All amounts in Indian rupees, except share data and where otherwise stated)

	For the year ended 31 March 2014	For the year ended 31 March 2013
2.20 Revenue from operations		
Interest income		
- on loan portfolio	2,80,74,98,841	2,30,96,24,846
- on investments	64,59,447	73,74,382
- on fixed deposits with banks	1,53,944	66,810
Other financial services		
- Fee income	12,23,52,242	9,24,32,369
Other operating income		
- Profit on sale of stock-in-trade - debt securities (net)	-	28,49,265
- Profit/ loss on derivative instruments (net)	37,21,529	4,81,678
	2,94,01,86,003	2,41,28,29,350
2.21 Operating expenses		
Direct selling agent commission	11,68,61,293	8,60,97,743
Business facilitation charges	3,19,77,291	3,66,92,257
Postage and communication	1,16,42,299	1,13,49,333
Contingent provisions against standard assets	47,57,745	1,37,40,865
Non performing assets provision	(17,75,848)	1,92,710
Printing and stationery	71,97,645	52,53,442
	17,06,60,425	15,33,26,350
2.22 Employee benefits		
Salaries, wages and bonus	30,92,00,969	26,66,97,189
Contribution to provident fund and other fund (Refer Note 2.45)	1,14,24,387	1,07,29,681
Staff welfare expenses	40,74,684	58,92,715
	32,47,00,040	28,33,19,585
2.23 Finance costs		
Interest expenses	1,49,56,55,484	1,13,98,31,140
Interest expense on non-convertible debentures	4,61,89,254	3,58,92,590
Other borrowing cost	8,77,44,552	5,38,44,454
	1,62,95,89,290	1,22,95,68,184
2.24 Depreciation and amortisation		
Depreciation of tangible fixed assets	59,63,683	45,29,563
Amortisation of intangible fixed assets	1,87,38,643	1,83,84,464
	2,47,02,326	2,29,14,027
2.25 Other expenses		
Rent (Refer note. 2.30)	4,51,94,642	4,52,48,113
Legal and professional charges	6,99,09,318	3,77,44,456
Auditor remuneration (Refer note 2.27)	30,22,040	15,24,999
Office maintenance	2,89,46,772	2,63,92,103
Rates and taxes	2,82,82,757	3,40,60,272
Business promotion expenses /lead generation	1,63,84,474	1,83,93,913
Repairs and maintenance	1,74,22,852	1,72,76,576
Travelling and conveyance	1,52,55,514	1,41,65,803
Electricity charges	67,70,398	67,24,484
Insurance	63,55,425	54,20,341
Miscellaneous expenses	12,25,109	7,11,703
	23,87,69,301	20,76,62,763

KARVY FINANCIAL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

(All amounts in Indian rupees, except share data and unless otherwise stated)

2.26 Capital commitments and contingent liabilities

- I **Capital Commitment:**
Capital Commitments as at 31 March 2014 Rs. Nil (Previous year: Rs. Nil).
- II. **Contingent Liability:**
Indirect tax matters Rs. Nil (Previous year Rs. Nil)

2.27 Auditors' remuneration:

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Audit Fee	2,300,000	1,500,000
Other Services	550,000	-
Out of pocket expenses	172,040	24,999
Total	3,022,040	1,524,999

2.28 Segmental Reporting

- a) Business segment:
The company is engaged in secured lending business. Accordingly there is no reportable segment to be disclosed as required by Accounting Standard 17 'Segment Reporting'.
- b) Geographical segment:
During the year under report, the Company has engaged in its business primarily within India. The conditions prevailing in India being uniform, no separate geographical disclosure is considered necessary.

2.29 Standard asset provision and non performing asset provision

a) Provision as at

Asset classification	As at 31 March 2014		As at 31 March 2013	
	Loan portfolio	Provision	Loan portfolio	Provision
Standard Asset	16,620,157,952	41,550,414	14,717,067,587	36,792,669
Sub standard Asset	25,446,923	2,544,692	43,205,398	4,320,540
Total	16,645,604,875	44,095,106	14,760,272,985	41,113,209

b) Movement in provision during the year is given below:

Particulars	Standard asset provision	Sub standard asset provision	Total
Opening balance	36,792,669	4,320,540	41,113,209
Additions/ (reversals), net	4,757,745	(1,775,848)	2,981,897
Closing balance	41,550,414	2,544,692	44,095,106

KARVY FINANCIAL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.30 Leases

The Company has both cancellable and non-cancellable leases. Lease payments relating to non cancellable operating leases amounting to Rs. 17,462,121 (previous year Rs. 17,950,933) and cancellable operating lease amounting to Rs. 27,732,521 (previous year Rs. 27,297,180) has been charged to the Statement of profit and loss (refer Note 2.25).

The total future minimum lease payments under non-cancellable leases are as follows:

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Due within one year	18,351,363	16,799,583
Due between one to five years	25,965,528	40,983,954
Total	44,316,891	57,783,537

2.31 Deferred Taxation

The deferred tax asset, net as at the year end comprises of:

Particulars	As at 31 March, 2014	As at 31 March, 2013
Deferred tax assets		
- Employee benefits	3,605,240	2,015,969
- Provision for outstanding loan portfolio	14,987,928	13,974,380
Total	18,593,168	15,990,349
Deferred tax liability		
Excess of depreciation allowable under income-tax law over depreciation provided in accounts	4,766,370	6,965,931
Total	4,766,370	6,965,931
Deferred tax asset, net	13,826,798	9,024,418

2.32 Non-current investments-debt securities

Sl.No.	Name of the scrip	As at 31 March, 2014		As at 31 March, 2013	
		Numbers	Amount	Numbers	Amount
1	8.84% Power Grid Corporation of India Limited	40	50,873,786	40	50,873,786
2	8.40% ONGC Videsh Limited	-	-	10	9,865,397
3	7.45% State Bank of India	9	9,070,101	9	9,070,101
4	8.80% Rural Electrification Corporation	6	5,992,471	6	5,992,471
		55	65,936,358	65	75,801,755

2.33 Current investments-debt securities

Sl.No.	Name of the scrip	As at 31 March, 2014		As at 31 March, 2013	
		Numbers	Amount	Numbers	Amount
1	8.40% ONGC Videsh Limited	10	9,865,397	-	-
		10	9,865,397	-	-

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.34 Expenditure in foreign currency

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Business promotion	1,120,199	-
Professional fees	69,656	-
Employee training cost	-	776,630
Total	1,189,855	776,630

2.35 Earnings per share

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Earnings		
Profit after tax	363,463,661	346,305,271
Less: Dividend on preference shares and tax thereon	193,041,750	97,459,731
Net profit attributable to equity shareholders for calculation of basic EPS	170,421,911	248,845,540
Add: Dividend and tax thereon on 11% cumulative compulsorily convertible preference shares (CCCPS)	193,041,750	97,459,731
Net profit adjusted for the effects of dilutive potential equity shares for calculation of diluted EPS	363,463,661	346,305,271
Shares		
Number of shares at the beginning of the year	41,000,000	41,000,000
Add: weighted average number of equity shares issued during the year	-	-
Weighted average number of equity shares outstanding during the period for calculation of basic EPS	41,000,000	41,000,000
Effect of dilutive potential equity shares -Compulsorily convertible cumulative preference shares	30,000,000	15,246,575
Weighted average number of equity shares for calculation of diluted EPS	71,000,000	56,246,575
Earnings per share – basic	4.16	6.07
Earnings per share – diluted*	4.16	6.07

* 11% Compulsory Cumulative Convertible Preference Shares are anti dilutive in nature and the same have not been considered for calculating diluted earnings per share.

KARVY FINANCIAL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.36 Related party disclosures

a) Holding Company

Karvy Stock Broking Limited

b) Key Management Personnel

- | | | |
|-------|-------------------------|---|
| (i) | Mr. M. Yugandhar | Director and Director of holding company |
| (ii) | Mr. M.S. Ramakrishna | Director and Director of holding company |
| (iii) | Mr. Amit Saxena | CEO and Whole Time Director (w.e.f 01 April 2012) |
| (iv) | Mr. V. Mahesh | Director |
| (v) | Mr. Bhagwan Dass Narang | Additional Director (w.e.f 31 October 2012) |
| (vi) | Mr. Sanjeev Sehrawat | Additional Director (w.e.f 31 October 2012) |

c) Fellow subsidiary company

- (i) Karvy Comtrade Limited
- (ii) Karvy Insurance Broking Limited
- (iii) Karvy Realty (India) Limited
- (iv) Karvy Data Management Services Limited (KDMSL)
- (v) Karvy Investor Services Limited
- (vi) Karvy Capital Limited
- (vii) Karvy Holdings Limited

d) Enterprises where Key Management Personnel exercise significant Influence

- (i) Karvy Consultants Limited
- (ii) Karvy Computershare Private Limited

KARVY FINANCIAL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.36 Related party disclosures (Continued)

e) Related party transactions and balances:

Sl. No.	Nature of the Transaction	Karvy Consultants Limited		Karvy Comtrade Limited		Karvy Data Management Services Limited		Karvy Computershare Private Limited		Karvy Holdings Limited	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
I	Transactions during the year										
(i)	Inter corporate deposit (ICD) given/ repaid#	-	-	30,000,000	200,000,000	-	-	155,000,000	-	-	-
(ii)	Inter corporate deposit taken/ refunded #	-	-	-	(230,000,000)	-	-	(90,000,000)	(65,000,000)	-	-
(iii)	Issue of CCPS	-	-	-	-	-	-	-	-	-	750,000,000
(iv)	Reimbursement of expenses/ others (net)*	380,400	-	-	-	-	-	-	-	-	-
(v)	Interest income	-	-	-	665,763	-	3,467,809	-	-	-	-
(vi)	Interest cost on ICD	-	-	1,664,384	5,219,881	-	-	10,671,239	5,624,314	-	-
(vii)	Brokerage paid**	-	-	18,178	31,340	-	-	-	-	-	-
(viii)	Loan syndication fee paid	-	-	-	-	-	-	-	-	12,750,000	13,250,000
(ix)	Dividend Paid	-	-	22,000,000	22,000,000	-	-	-	-	173,034,247	88,500,000
II	Balances as on 31 March										
(i)	Inter corporate deposit taken	-	-	-	(30,000,000)	-	-	-	(65,000,000)	-	-
(ii)	Interest accrued but not due	-	-	-	(1,565,427)	-	-	-	(1,225,166)	-	-
(iii)	Other advances	-	-	2,309,239	3,699,991	-	-	-	-	-	-
(iv)	Trade payable	-	-	-	-	-	-	-	-	(12,955,110)	-
(v)	Security deposits	500,000	500,000	-	-	-	-	-	-	-	-

KARVY FINANCIAL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.36 Related party disclosures (Continued)

Sl. No.	Nature of the Transaction	Karvy Stock Broking Limited		Karvy Investor Services Limited		Karvy Capital Limited	
		2014	2013	2014	2013	2014	2013
	Transactions during the year						
(i)	Inter corporate deposit (ICD) given/ Repaid#	520,392,522	376,110,329	-	-	18,000,000	125,000,000
(ii)	Inter corporate deposit taken/ refunded #	30,000,000	520,276,137	-	(59,200,000)	(18,000,000)	(125,000,000)
(iii)	Advances taken/ (repaid)	-	-	-	-	-	-
(iv)	Reimbursement of expenses/ others (net)*	(127,857,172)	(8,7747,395)	-	(515,920)	-	(591,883)
(v)	Share issue expenses	-	-	-	45,000,000	-	-
(vi)	Interest income	7,228,815	14,143,562	-	-	80,815	258,343
(vii)	Interest custom (CD)	499,317	23,016,512	7,979,527	6,355,015	-	-
(viii)	Brokerage paid**	158,399	3,139,019	-	-	-	-
(ix)	Corporate guarantee commission paid**	32,500,000	(68,000,000)	-	-	-	-
(x)	Dividend Paid	54,000,000	54,000,000	-	-	-	-
	Balance as at 31 March						
(i)	Inter corporate deposit taken	-	-	(59,200,000)	(59,200,000)	-	-
(ii)	Other advances	10,495,568	7,916,869	-	-	-	-
(iii)	Interest accrued but not due	-	-	(610,896)	(605,736)	-	-
(iv)	Trade payable	15,455,002	384,832	-	-	-	24,933

f) Managerial Remuneration:

Remuneration paid to Chief Executive Officer and Whole Time Director Rs. 24,456,455 (Previous year: Rs. 22,956,455).

g) Karvy Stock Broking Limited, the holding company has given corporate guarantee for the term loans, cash credit facilities and working capital demand loans availed by the Company from the banks. (Refer note 2.39 and 2.40).

Maximum loan given / taken at any time during the year.

* Reimbursement of expenses includes cost shared towards salaries, infrastructure cost with the holding Company.

** Includes brokerage paid on behalf of Clients.

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.37 Commercial paper

a) The Company issued commercial papers at a face value of Rs. 500,000 per Unit. Outstanding balance as at 31 March 2014 is as given below:

SI. No.	Issue Date	Maturity Date	Tenor (in days)	Amount	Unamortized Interest Cost	Outstanding balance
1	4 Dec 2013	4 Dec 2014	365	25,00,00,000	1,67,65,378	23,32,34,622
2	28 Jan 2014	28 Jan 2015	365	25,00,00,000	2,04,98,559	22,95,01,441
3	25 Feb 2014	25 Apr 2014	59	25,00,00,000	21,24,508	24,78,75,492
4	7 Jan 2014	4 Apr 2014	87	25,00,00,000	2,57,162	24,97,42,838
5	24 Mar 2014	20 Jun 2014	88	15,00,00,000	41,44,090	14,58,55,910
6	27 Mar 2014	27 Mar 2015	365	25,00,00,000	2,34,30,328	22,65,69,672
7	27 Mar 2014	25 Jun 2014	90	10,00,00,000	27,69,111	9,72,30,889
Total				1,50,00,00,000	6,99,89,136	1,43,00,10,864

The above commercial papers carry interest rates ranging from 10.50% to 12.90% per annum (p.a)

b) The Company issued commercial papers at a face value of Rs. 500,000 per Unit. Outstanding balance as at 31 March 2013 is as given below:

SI. No.	Issue Date	Maturity Date	Tenor (in days)	Amount	Unamortized Interest Cost	Outstanding balance
1	14-Jun-12	14-Jun-13	365	50,00,00,000	1,205,725	48,794,275
2	22-Feb-13	19-Nov-13	270	200,00,00,000	13,742,476	186,257,524
3	28-Feb-13	29-May-13	90	250,00,00,000	4,910,666	245,089,334
4	25-Mar-13	25-Jun-13	92	250,00,00,000	7,464,755	242,535,245
5	26-Mar-13	30-May-13	65	250,00,00,000	5,423,688	244,576,312
6	28-Mar-13	26-Jun-13	90	100,00,00,000	2,912,533	97,087,467
Total				1,100,00,00,000	35,659,843	1,064,340,157

The above commercial papers carry interest rates ranging from 11.75% to 13.75% p.a.

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.38 Terms of secured redeemable non convertible debentures
Break up of debentures as at 31 March 2014

Sl.No.	Series of issue	Amount	Date of allotment	Date of redemption
1	A-5	5,000,000	15 December 2010	3 April 2014
2	A-6	30,100,000	15 June 2011	1 October 2014
3	A-7	10,000,000	19 September 2011	24 December 2014
4	A-8	24,500,000	13 October 2011	29 January 2015
5	A-9	7,500,000	13 October 2011	29 January 2015
6	A-10	10,000,000	21 November 2011	11 March 2015
7	B-1	8,000,000	15 December 2010	2 April 2014
8	B-2	9,100,000	17 January 2011	5 May 2014
9	B-3	100,000,000	21 December 2010	7 April 2014
10	B-5	5,000,000	17 February 2011	3 June 2014
11	B-10	28,700,000	10 June 2011	25 September 2014
12	B-18	3,500,000	14 March 2012	30 June 2015
13	B-22	10,700,000	25 June 2012	12 October 2015
14	B-21	19,500,000	27 July 2012	30 November 2015
15	B-23	11,500,000	14 August 2012	31 July 2014
16	B-27	8,000,000	26 October 2012	15 October 2014
17	B-28	10,700,000	2 November 2012	30 December 2015
18	B-29	7,000,000	10 December 2012	30 March 2016
19	B-31	7,000,000	13 December 2012	6 March 2015
20	B-32	12,000,000	6 March 2013	30 June 2016
21	B-33	18,000,000	31 May 2013	28 August 2014
22	B-35	48,000,000	6 December 2013	27 February 2015
23	B-36	9,000,000	17 January 2014	11 April 2016
24	B-37	9,000,000	12 March 2014	3 June 2015
	Total	411,800,000		

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.38 Terms of secured redeemable non convertible debentures
Break up of debentures as at 31 March 2013

Sl.No.	Series of issue	Amount	Date of allotment	Date of redemption
1	A-1	4,000,000	16 September 2010	1 January 2014
2	A-2	50,000,000	9 September 2010	23 December 2013
3	A-3	165,00,000	16 November 2010	14 January 2014
4	A-4	18,200,000	15 December 2010	10 March 2014
5	A-5	5,000,000	15 December 2010	3 April 2014
6	A-10	10,000,000	21 November 2011	11 March 2015
7	A-6	30,100,000	15 June 2011	1 October 2014
8	A-7	10,000,000	19 September 2011	24 December 2014
9	A-8	24,500,000	13 October 2011	29 January 2015
10	A-9	7,500,000	13 October 2011	29 January 2015
11	B-1	8,000,000	15 December 2010	2 April 2014
12	B-10	28,700,000	10 June 2011	25 September 2014
13	B-16	10,600,000	14 December 2011	30 May 2013
14	B-18	35,00,000	14 March 2012	30 June 2015
15	B-19	5,000,000	14 March 2012	30 August 2013
16	B-2	9,100,000	17 January 2011	5 May 2014
17	B-20	13,000,000	14 June 2012	30 August 2013
18	B-21	19,500,000	27 July 2012	30 November 2015
19	B-22	10,700,000	25 June 2012	12 October 2015
20	B-23	11,500,000	14 August 2012	31 July 2014
21	B-24	10,100,000	24 August 2012	24 February 2014
22	B-25	9,500,000	24 September 2012	11 December 2013
23	B-27	8,000,000	26 October 2012	15 October 2014
24	B-28	10,700,000	2 November 2012	30 December 2015
25	B-29	7,000,000	10 December 2012	30 March 2016
26	B-3	100,000,000	21 December 2010	7 April 2014
27	B-30	16,000,000	10 December 2012	28 February 2014
28	B-31	7,000,000	13 December 2012	6 March 2015
29	B-32	12,000,000	6 March 2013	30 June 2016
30	B-5	5,000,000	17 February 2011	3 June 2014
31	B-8	32,400,000	20 April 2011	28 June 2013
	Total	513,100,000		

- A It includes current maturities of secured redeemable non-convertible debentures amounting to Rs. 330,400,000 (previous year Rs. 185,300,000) grouped under other current liabilities (Refer note 2.8)
- B The Coupon (interest) on debentures are based on the movement of gold price and S&P CNX Nifty Index as the underlying reference asset price.
- C The debentures along with coupon (interest) are secured by way of floating charge on the loan against share portfolio of the Company, ranking pari passu amongst the debenture Holders along with other lenders

KARVY FINANCIAL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

2.39 Terms of the secured borrowings from banks
a) For the year ended 31 March 2014:

Nature of Facility	Amount Outstanding		Interest rates range	Terms of repayment
	Current	Non-current		
Term Loan*	124,999,700	-	Base rate +2.00 % to 2.85 %	12 quarterly installments
	166,800,000	166,400,000		6 half-yearly installments
	92,307,700	138,461,531		13 quarterly installments
	166,600,000	333,339,773		6 half-yearly installments
	166,600,000	333,361,326		6 half-yearly installments
	150,000,000	274,578,012		7 half-yearly installments
	-	250,032,290		8 quarterly installments
	166,666,000	333,302,180		6 half-yearly installments
	-	698,530,360		4 half-yearly installments
	600,000,000	600,000,000		5 half-yearly installments
	-	499,999,290		4 half-yearly installments
	-	500,000,000		16 quarterly installments
	-	499,853,320		4 half-yearly installments
Term Loan***	100,000,000	49,833,616	10 quarterly installments	
Term Loan**	333,333,336	499,569,419	12 quarterly installments	
Term Loan****	125,000,000	375,000,000	4 half-yearly installments	
	187,500,000	1,311,932,721	16 quarterly installments	
Total	2,379,806,736	6,864,193,838		

b) For the year ended 31 March 2013:

Nature of Facility	Amount Outstanding		Interest rates range	Terms of repayment
	Current	Non-current		
Term Loan*	166,666,800	124,999,700	Base rate +2.00% to 2.85%	12 Quarterly installments
	166,800,000	333,200,000		6 Half-yearly installments
	69,230,775	230,769,225		13 Quarterly installments
	-	499,976,925		6 Half-yearly installments
	-	499,979,864		6 Half-yearly installments
	75,000,000	424,690,557		4 Half-yearly installments
	-	249,998,351		8 Quarterly installments
	-	500,000,000		6 Half-yearly installments
	-	699,252,456		4 Half-yearly installments
	300,000,000	1,200,000,000		5 Half-yearly installments
Term Loan***	100,000,000	149,912,288	12 Quarterly installments	
Term Loan**	166,600,000	833,042,822	12 Quarterly installments	
Term Loan****	-	500,000,000	4 Half-yearly installments	
Total	1,044,297,575	6,245,822,188		

KARVY FINANCIAL SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

(All amounts in Indian rupees, except share data and where otherwise stated)

- * First pari passu charge on the standard assets portfolio receivables pertaining to loan against commodities, loan against property and loan against gold.
- ** First pari passu charge on the receivables pertaining to loan against property and loan against gold.
- *** Hypothecation of the specific current assets including loan receivables and other current assets and after excluding the current assets not eligible to be financed under RBI guidelines.
- **** First pari passu charge on standard assets portfolio of receivables.

(Note: Above mentioned borrowings from banks are secured by corporate guarantee issued by the holding company)

2.40 Terms of the secured cash credits and working capital demand loan from banks (Included in Short term borrowings)

a) For the year ended 31 March 2014:

Nature of facility	Amount Outstanding	Interest rates	Terms of repayment
	Current		
Cash Credit*	96,728,105	Base rate	Repayable
	131,879,029	+1.50% to	on
	243,836,700	2.75%	demand
Cash Credit***	255,818,798		
Cash Credit**	29,056,468		
Total	757,319,100		

b) For the year ended 31 March 2013:

Nature of facility	Amount Outstanding	Interest rates	Terms of repayment
	Current		
Cash Credit*	437,250,115	Base rate	Repayable
	191,925,196	+1.50% to	on
Cash Credit***	252,435,282	2.75%	demand
Cash Credit**	189,875,905		
Total	1,071,486,498		
Working Capital Demand Loan*	300,000,000	12.00%	Repayable on demand
Total	300,000,000		

- * First pari passu charge on the standard assets portfolio receivables pertaining to loan against commodities, loan against property and loan against gold.
- ** Hypothecation of the specific current assets including loan receivables and other current assets and after excluding the current assets not eligible to be financed under RBI guidelines.
- *** First pari passu charge on standard assets portfolio of receivables.

(Note: Above mentioned borrowings from banks are secured by corporate guarantee issued by the holding company)

2.41 Terms of the Long term unsecured borrowings from banks

Rs. 497,999,938 (previous year: Rs. 847,999,772) is secured by fixed deposit made by Karvy Stock Broking Limited, Holding Company. The loan is repayable 2 years from 27 March 2014 at an interest rate of 10.75% p.a.

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.42 Terms of the unsecured borrowings from other parties
a) For the year ended 31 March 2014:

Nature of facility	Amount Outstanding		Interest rates	Terms of repayment
	Short term/ Current Portion	Long term		
Line of credit against shares	157,711,236	-	12.00%	Repayable on demand
	-	15,27,06,461	to	Repayable within 5 years
	-	23,23,46,000	13.00%	Repayable after 3 years
Total	157,711,236	385,052,461		

b) For the year ended 31 March 2013:

Nature of facility	Amount Outstanding		Interest rates	Terms of repayment
	Current Maturity	Long term Maturity		
Line of credit against shares	190,815,563	-	11.75%	Repayable on
	91,678,274	-	to	demand
	-	250,000,000	13.00%	Repayable after 3 years
Total	282,493,837	250,000,000		

2.43 Terms of Inter Corporate Deposits (ICD)(unsecured)
a) For the year ended 31 March 2014:

ICD taken from	Amount outstanding	Terms of repayment	Interest Rates (p.a.)
Related Parties	59,200,000	6 December 2014	13.50% to 15%
Others	570,000,000	20 May 2014	
Total	629,200,000		

b) For the year ended 31 March 2013:

ICD taken from	Amount outstanding	Terms of repayment	Interest Rates (p.a.)
Related Parties	159,200,000	7 December 2013	12.50% to 13.50%
Others	-		
Total	159,200,000		

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.44 Micro, small and medium enterprises :

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2014 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	-	-

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.45 Defined benefit plans

- a) **Gratuity:** The Company makes annual contribution to a gratuity fund administered by trustees and managed by Canara HSBC Oriental Bank of Commerce Life Insurance Co Limited. Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier.

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013	For the year ended 31 March 2012	For the year ended 31 March 2011	For the year ended 31 March 2010
Opening defined benefit obligation	3,485,820	1,692,353	757,356	649,501	-
Current service cost	1,253,283	1,253,914	709,937	335,488	6,49,501
Interest cost	278,866	143,850	60,588	51,960	-
Actuarial (losses) / gain	(619,708)	395,703	394,785	(279,593)	-
Benefits paid	-	-	(230,313)	-	-
Closing defined benefit obligation	4,398,261	3,485,820	1,692,353	757,356	6,49,501

Movement in fair value of planned assets					
Fair value of plan asset at the beginning of year	5,30,000	-	-	-	-
Difference in opening balance	2,274	-	-	-	-
Contributions paid into the plan	-	500,000	-	-	-
Actual return on plan assets	-	30,000	-	-	-
Benefits paid	-	-	-	-	-
Expected return on plan assets	-	-	-	-	-
Actuarial (loss) / gain and others	-	-	-	-	-
Fair value of plan assets at the end of the year	532,274	530,000	-	-	-

Expenses recognised in the statement of profit and loss					
Current service cost	1,253,283	1,253,914	709,937	335,488	6,49,501
Interest cost	278,866	143,850	60,588	51,960	-
Expected return on plan assets	-	(30,000)	-	-	-
Net actuarial gain/ (loss) recognized	(619,708)	395,703	384,785	(279,593)	-
Amount included in employee benefit expenses	912,441	1,763,467	1,165,310	107,855	6,49,501

Amount recognised in balance sheet					
Present value of obligation as at the end of the year	4,398,261	3,485,820	1,692,353	757,356	6,49,501
Fair value of plan assets as at the end of the year	(532,274)	(530,000)	-	-	-

Assumptions					
Discount rate	8.00%	8.00%	8.50%	8.00%	8.00%
Salary escalation rate	4.00%	4.00%	4.00%	4.00%	4.00%
Rate of return on plan assets	9.00%	9.00%	-	-	-
Expected average remaining working lives of employees (years)	27 yrs	28 yrs	28 yrs	28 yrs	27 yrs

Discount rate: The discount rate is based on the prevailing market yields of Indian Government Securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.45 Defined benefit plans (Continued)

Particulars	For the year ended 31 March 2014	For the year ended 31 March 2013
Amount recognized in Statement of Profit and Loss towards		
- provident fund	10,883,076	9,965,814
- employee state insurance	386,246	675,775
- labour welfare fund	155,065	88,092
Total	11,424,387	10,729,681

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.46 A. Open interest in Equity index / Commodity futures as at 31 March 2014:

Sl.No.	Name of future	Series of future	Position	Number of contracts	Number of units involved
1.	Nifty	-	-	-	-
2.	Gold	-	-	-	-

B. Open interest in Equity index / Commodity futures as at 31 March 2013:

Sl.No.	Name of future	Series of future	Position	Number of contracts	Number of units involved
3.	Nifty	25 April 2013	Long	455	22,750
4.	Nifty	30 May 2013	Short	36	1,800
5.	Gold	05 April 2013	Long	28	2,800

C. Mark to Market gains (losses) on equity index/commodity future changed to the statement of profit and loss Rs.3,721,529 (Previous year Rs.481,678).

2.47 As required in terms of Paragraph 10 of Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
a) Capital to Risk Asset ratio (CRAR)

Particulars	2013-14	2012-13
CRAR%	20.03%	22.34%
CRAR-Tier I Capital %	19.79%	22.34%
CRAR-Tier II Capital %	0.24%	-

b) Exposure to Real Estate Sector, both direct and indirect as at 31 March 2013

(Rs. in Lakhs)

Categories	As at 31 March 2014	As at 31 March 2013
I. Direct Exposure		
i. Residential Mortgages (Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented)	88,131	67,025
ii. Commercial Real Estate (Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits)	32,732	19,738
iii. Investments in Mortgage Backed Securities (MBS) and other securitised exposures.	-	-
a) Residential		
b) Commercial Real Estate		

II. Indirect Exposure		
i. (Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

(All amounts in Indian rupees, except share data and where otherwise stated)

c) Maturity pattern of certain items of assets and liabilities

(Rs. in Lakhs)

Particulars 13-14	1 day to 30/ 31 days 1 month	Over 1 month Upto 2 months	Over 2 months Upto 3 months	Over 3 months Upto 6 months	Over 6 months Upto 1 Year	Over 1 Year Upto 3 Years	Over 3 Years Upto 5 Years	Over 5 Years
Borrowings from banks	3,551.62	1,480.44	1,666.33	8,684.17	20,539.62	61,754.08	11,867.85	-
Market borrowings	6,130.00	5,866.00	2,610.00	982.00	10,585.00	3,137.46	1,527.18	-
Advances	11,756.35	1,784.27	1,638.53	8,406.81	24,050.56	55,035.41	15,162.24	48,621.95
Investments	-	-	-	-	98.65	599.44	-	59.92

(Rs. in Lakhs)

Particulars 12-13	1 day to 30/ 31 days 1 month	Over 1 month Upto 2 months	Over 2 months Upto 3 months	Over 3 months Upto 6 months	Over 6 months Upto 1 Year	Over 1 Year Upto 3 Years	Over 3 Years Upto 5 Years	Over 5 Years
Borrowings from banks	4,613.81	1,416.67	4,423.11	2,816.69	21,732.04	47,258.04	15,200.20	-
Market borrowings	400.00	5,431.83	4,384.66	877.59	6,125.59	5658.00	120.00	-
Advances	9,449.44	13,605.69	10,753.05	15,906.54	26,387.31	38,991.73	10,367.90	22,141.07
Investments	-	-	-	-	-	698.09	-	60.99

d) As required under circular RBI / 2011-12/467/ DNBS. CC.PD.No.265/03.10.01/2011-12 dated 21 March 2012 issued by Reserve Bank of India, gold loan as a percentage of such loan to their total assets is 14.29% as on 31 March 2014 (previous year: 22.49%).

e) As required under circular RBI / 2013-14/260/ DNBS. CC.PD.No.356/03.10.01/2013-14 dated 16 September 2013 issued by Reserve Bank of India details of gold auction conducted during the year are as under:

Number of loan account auctioned	Outstanding amount	Value fetched	Sister concern participation in auction
13,010	1,045,774,655	1,056,629,058	None

KARVY FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2014 (CONTINUED)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.48 Previous year's figures

Previous year's figures have been regrouped /reclassified, where necessary to confirm current year's classification.

for BSRR & Co

Chartered accountants

Firm's registration no. 130791W

Sd/-

Sriram Mahalingam

Partner

Membership No. 049642

Place : Mumbai

Date: 13 May 2014

for Lalith Prasad and Co

Chartered accountant

Firm's registration no. 008089S

Sd/-

S. Lalith Prasad

Proprietor

Membership No. 023665

Place : Mumbai

Date: 13 May 2014

for Karvy Financial Services Limited

Sd/-

Amit Saxena

CEO and Whole Time Director

DIN: 05248652

Sd/-

B.D. Narang

Director

DIN: 00038052

Place : Mumbai

Date: 13 May 2014

Sd/-

M. Yugandhar

Director

DIN: 00012265

Sd/-

V. Mahesh

Director

DIN: 00800219

Sd/-

Meenal Talesara

Company Secretary

M.No.: A22658