EQUITAS HOLDINGS PRIVATE LIMITED
4th ANNUAL REPORT 2011 - 2012

CORPORATE INFORMATION

Board of Directors	Registered Office
1. **Rangachary N** Chairman 2. **Arun Ramanathan** Director 3. **Gary Ng Jit Meng** Nominee Director 4. **Kuppuswamy P T** Director 5. **Nanda Y C** Director 6. **Paolo Brichetti** Nominee Director 7. **Rajaraman P V** Director 8. **Raman N** Nominee Director 9. **Sampath P B** Director 10. **Shankar V** Director 11. **Srinivasan N** Director 12. **Viswanatha Prasad Subbaraman** Nominee Director 13. **Vasudevan P N** Managing Director	4th Floor, Temple Tower, 672, Anna Salai, Nandanam, Chennai - 600 035 Tel: +91 44 4299 5000 Fax: +91 44 4299 5050 Email: corporate@equitas.in Website: www.equitas.in **Auditors** Deloitte Haskins & Sells 8th Floor, ASV'N, Ramana Towers, 52, Venkatnarayana Road T.Nagar, Chennai 600017 Tel: +91 44 6688 5000 Fax: +91 44 6688 5100

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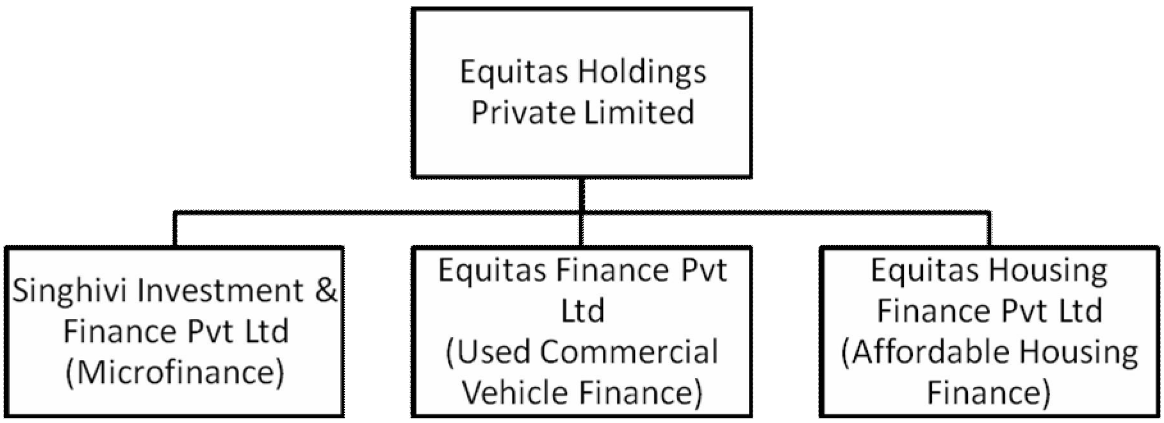
EQUITAS HOLDINGS PRIVATE LIMITED

FROM THE CHAIRMAN'S DESK

Dear Members,

For the third consecutive year, as I sit down to write to you, I cannot help but reminisce on how eventful this year too has turned out to be. This past year has been marked by the evolving regulatory framework in the microfinance sector, the nascent steps taken by our new businesses in vehicle & housing finance and a corporate restructuring exercise of the group. We started this year as a single rose and at the end of the year, I feel, that we have developed a rose garden.

The company has demerged the micro finance assets and related liabilities to its wholly owned subsidiary company M/s. Singhivi Investment & Finance Private Limited through a Scheme of Arrangement (Demerger) sanctioned by the High Court of Judicature at Madras. Subsequent to demerger, the Company ceases to be a NBFC Loan Company and falls under the classification of Core Investment Company. The company has changed its name from Equitas Micro Finance India Private Limited to Equitas Holdings Private Limited. We now have the following corporate structure with all three subsidiaries being wholly owned:



***Microfinance*: Regulatory Evolution Validates Our Model**

Prior to the crisis in micro finance in Andhra Pradesh in Oct 2010, RBI regulated the NBFC players in the microfinance sector at par with any other NBFCs. However, soon after the crisis, RBI had constituted a sub-committee under Shri Malegam to propose regulations for NBFC MFIs and RBI has since notified regulations, broadly in line with the committee's recommendations.

Malegam Committee Echoes Equitas Model!

The Malegam Committee conducted wide-ranging discussions with all stakeholders; and the Company also had an opportunity to present its model to the Committee. It is heartening to note that the comprehensive suggestions spread over 12 key factors, proposed by the Malegam Committee were a complete reflection of the Responsible Model of Micro Finance pursued by Equitas right since its inception from 2007. RBI has accepted the Committee recommendations and through its 2nd Dec 2011 notification created a specific category of NBFCs called NBFC-MFIs. This move towards regulatory clarity portends well for the sector's stability as well as the ability to serve the low-income group clients in a sustainable manner.

The negative backlash against MFIs had largely centred around three counts: usurious lending rates, over lending by multiple MFIs to same borrower and coercive recovery practices. I take pride in stating that Equitas has been setting benchmarks in Responsible Lending on these three key issues and which, now the Regulations are beginning to echo:

Usurious lending rate: When Equitas commenced business in 2007, other MFIs charged between 35 – 45%. However Equitas pioneered the unique concept that the cost of growth should be borne by investors and not clients. Thus a steady state operating cost of 7.5% was projected which was used to arrive at lending rate rather than the actual operating cost. Thus, the first lending rate by the company in 2007 was 25.5% all inclusive reducing balance rate at a time when the market rates were between 35 – 45%. This moderated stance on setting interest rates was also coupled with Equitas' voluntary cap on Return on Equity at 25% in line with the RoE of leading public sector banks. This again is unique amongst MFIs globally.

Curbing multiple borrowing: Within 2 months of commencing business, Equitas engaged MFIs operating in Tamilnadu towards working together on curbing multiple borrowing. And within 10 months of commencing operations, back in 2008, Equitas took the lead in forming a committee of all-India MFIs towards building a common credit bureau database. Since then, consistent improvements have occurred. All NBFC MFIs took an equity stake in Alpha, which became a shareholder of a credit bureau. And today, there is a strong and vibrant credit bureau functioning for the sector with the entire data of all members of MFIN (association of NBFC-MFIs) in it. This entire exercise is a unique feature in the financial sector; and could not have been possible without the leadership of industry stalwarts led by Shri Vijay Mahajan, President of MFIN. Our efforts in this area have been recognised.

Coercive recovery practices: Coercive recovery practices may normally arise only when a borrower has taken loans beyond her repayment capacity. Equitas' efforts to curtail over-lending have helped create an environment conducive to fair recovery practices. Equitas has voluntarily adopted internal guidelines on multiple lending right from inception; and also worked towards establishing a credit bureau across the sector. While there may be instances of individuals involving coercive recovery practices, MFIs have generally trained their employees well to ensure borrowers are treated well. At Equitas, detailed process manuals and guidelines have been issued to train the staff and only after staff is certified they are allowed to interact with clients.

Customer Friendly Repayment Practice (CFRP):

The company has to balance the company's interest of ensuring financial discipline amongst its members with the need of its members that the company be empathetic during times of stress. This is done through the CFRP policy. This policy recognises that clients may fail to repay the loan either due to temporary or permanent inability to repay. In case of temporary issues, the policy allows the branch staff to extend short term holiday to help the client tide over her financial difficulties while in case of long term incapacity the branch can waive the whole or a part of the remaining principal outstanding depending on the nature of the problem. However if the clients' non-repayment is purely due to an unwillingness to pay, the company takes recourse to the normal judicial process available to it. The

CFRP policy has benefited over 1500 members; and the support provided to borrowers under this policy is to the tune of Rs 42 Lakhs.

Margin cap:

The Malegam Committee innovatively proposed a margin cap of 12% (i.e. the difference between the borrowing cost and lending rate of an MFI) to encourage NBFC MFIs to focus on improving operational efficiencies. Now that this cap has become enforceable, MFIs have little choice but to focus on reducing their operating expenses. This is a game-changer in the microfinance sector; and will prove to be a defining period for many of the players in the sector.

Equitas priced its very first loan at 25.5% based on a target operating expense of 7.5% And thus, does not have to change its model in any way to suit the new regulations.

Social Initiatives – Another feather in Equitas' cap

At this juncture, it will be appropriate to highlight the social initiatives undertaken by the company. Equitas' clear focus on social initiatives is borne out by the fact that within 2 months of its inception, Equitas Development Initiatives Trust (EDIT) was formed. Under the able guidance of our Trustees Smt CK Gariyali (IAS – Retd), Shri MB Nirmal (Founder Exnora), Shri SP Mathur (IPS – Retd), Smt Vijayalakshmi (Educationist) and Shri P N Vasudevan, our Trust has rolled out initiatives on the following fronts:

a) **Education**: The Trust operates 4 schools and around 50 tuition centres to provide high quality education to over 4200 children from low-income households.

b) **Health**: In partnership with local health service providers, the Trust has conducted health camps across Equitas branch network for the benefit of borrowers' households. These camps range from general medical check-up or eye check-up to cancer detection camps; and have so far benefited over 8.15 lakh members.

c) **Vocational training**: The Trust conducts short and focused training modules to impart skill development & vocational training to its members; to enable them to augment their income. These programs have benefited more than 2.5 lakh members.

d) **Rehabilitation of pavement dwellers**: Through its Bird's Nest program, the company has rehabilitated 93 families previously living on the pavements of Chennai. This program has been supported by funding from Unitus Inc.

By benefiting more than 1 million members through its social initiatives, Equitas has set another benchmark in terms of holistic approach to clients and their families and has emerged a pioneer in this field.

Vehicle finance & Housing Finance**: New Engines of Growth**

Equitas' vehicle finance, which focuses on financing purchase of used commercial vehicle is enabling first time buyers and drivers to turn owners. We have till now supported over 3500 clients with a total disbursement of about Rs. 100 Crores through 60 branches in 5 States.

Equitas Housing Finance provides long term housing loans to the self-employed people who are unable to access the same from mainstream financial service providers. Disbursement during the year is about Rs. 9 Crores and has benefited over 150 persons enabling them to own their own homes.

While still at a nascent stage, Equitas' vehicle & housing finance businesses are set to help build a well-diversified portfolio. The used commercial vehicle finance market has only a few players and together with the company's senior management's experience in this market, Equitas is expected great strides in this sector. Housing finance for the self-employed segment presents a large nascent and untested opportunity. While the growth of this business would be relatively slow, the Institutional intelligence on income appraisal of self employed segment is expected to serve as a strong USP and differentiator for the company in this space.

Equitas B2B trading: As part of its endeavour to reach the needy and its social obligation to its clientele, the company had experimented by buying vegetables in aggregate and supplying the same to its micro finance clients who are vendors of vegetables. It was expected that our ability to aggregate would help us offer immediate value to our clients. However due to poor performance of the pilot, the company has ceased this operation and is studying other options.

Equitas: The Way Ahead

The Government of India has introduced the Microfinance Bill in Parliament and once passed, this will further strengthen the regulatory framework by including NGO MFIs within the ambit of microfinance-specific regulations. While we expect a stable regulatory regime to help the sector, the real game-changer would be focus on efficiency towards achieving op-ex levels of 7-7.5% and clear positioning as a holistic support service provider rather than a lender alone. Even before the Company was formed, Equitas had identified these two clear levers and has worked towards these objectives since inception. Equitas has developed and implemented a unique responsible lending framework and has also provided an Ecosystem of not-for-profit services designed to either increase the income or reduce the expenses or facilitate long-term investments of the microfinance borrowers. Continued focus on this approach will help the company emerge as a leading and differentiated model – a model which competitors may seek to emulate and even regulators may seek out as the ideal MFI model.

While on the subject, I will briefly like to touch on a debated subject – the deemed conflicts between self help group (SHG) programmes launched in some States and the micro finance business. It has been argued that MFI business was after all commercial – whatever be the rates of interest offered. It is argued that the structure of the business prima facie converts the MFI into a commercial model dictated and governed by profit motives of its owners and cannot prima facie claim to be a financial inclusion instrument or a social institution as a SHG. While the basic structure of these two institutions remain the same, membership of the institutions being drawn from women members of a household, diversified membership, a spirit of cooperation and help that brings the members of the group together – there is still an unexpressed feeling that MFI's charges are considered very high as compared to a SHG. An additional criticism is about the recovery process that a MFI sets up at the time of failure of repayments.

While I do not at this stage like to enter into an animated discussion on this issue, it remains to be recognised that there is enough space for both SHGs and MFIs to operate in the area of financial inclusion. It is not required that SHG and MFI be treated as adversaries and in constant conflict. Both models have their benefits and drawbacks and if the actions of these Institutions are fair, transparent and responsible, surely they can both serve the common needs of the members of the low-income segment of the population which Banks find difficult to service directly.

I must mention at this stage that when we established Equitas in 2007 and set up our business, we felt the need to be as close to our clientele as possible, serve them in many ways that were socially and economically relevant, act as transparent, responsive and responsible Institution to secure a better life for our clients. I am proud to say that our fundamentals have not changed despite set back in certain geographical areas. We want an Equitasian customer to be holistically served in the most responsible manner possible and the feeling that we have achieved this goal is what has made us unique. It is a matter of great pride to note that the new set of regulations brought in by RBI for the NBFC-MFI sector last year is very similar to the model of Responsible Lending that we, at Equitas have practiced right from our inception in 2007.

We therefore, owe a debt of immense gratitude to our customers, our employees, investors and other stakeholders who have allowed us to practise what we think is right, the financial institutions who have stood by us, regulators and statutory authorities, State Governments and the Centre to practice what we think is the right approach in a dynamic and responsible field of operation. To all these person and bodies and organisations, on behalf of the entire Equitas family and my own behalf, I say “thanks”.

During the course of the year, the company has been fortunate to secure the services of some very committed and distinguished persons to serve on its board and has appointed four new directors to its board – Shri Arun Ramanathan IAS (former Finance Secretary, Government of India), Shri YC Nanda (former Chairman, NABARD), Shri PV Rajaraman (former Finance Secretary & Development Commissioner, Tamilnadu Government) and Shri PT Kuppuswamy (former Chairman & CEO , Karur Vysya Bank). With the addition of these persons, the company’s focus on governance and customer-centricity will be further strengthened.

As exciting as the past few years have been, the future seems just as exciting for Equitas. Keeping aside the operational strengths of the company, I believe its sense of purpose and unique philosophy of “Fair & Transparent” will serve it well in the long run!

N Rangachary
Chairman

Chennai, 9th May 2012

DIRECTORS' REPORT TO MEMBERS

Your directors have pleasure in presenting the fifth annual report together with the audited accounts of the company for the financial year ended 31st March 2012.

1. Scheme of arrangement

The Company had been registered as a NBFC Loan Company engaged in the business of extending micro credit to households which are otherwise excluded from mainstream financial channels.

To meet the regulatory requirement, whereby a NBFC-MFI is required to maintain 85% of its total assets in micro finance portfolio and assets, the Company demerged the micro finance assets and related liabilities to its wholly owned subsidiary company M/s. Singhivi Investment & Finance Private Limited through a Scheme of Arrangement (Demerger) sanctioned by the High Court of Judicature at Madras.

Subsequent to demerger, the Company ceased to be a NBFC Loan Company and falls under the classification of Core Investment Company. Since the Company is a "non systemically important core investment company", it would not require a Certificate of Registration from Reserve Bank of India. Accordingly the Company has applied to RBI for cancellation of Certificate of Registration as NBFC.

More details about the Scheme of Arrangement are given in the annexed Management Discussion and Analysis Report.

2. Significance of the Name

'Equitas' in Latin means 'equitable', in English which means fair and transparent. All products, processes and actions of the Company and its subsidiaries are measured against this yardstick to ensure that whatever we do is fair to the other person and communicated transparently. We have already created new global benchmarks in the industry in terms of being both fair and transparent with our customers.

3. Change of name of the Company

To reflect the nature of activity, the name of the Company has been changed from Equitas Micro Finance India Private Limited to Equitas Holdings Private Limited as per fresh Certificate of Incorporation issued by Registrar of Companies, Tamil Nadu dated 29th February 2012.

4. Financial Results

Rs. in Lakhs

Particulars	Year ended 31st March 2012
Gross Income	154.53
Net Profit / (Loss) after Tax	(643.32)

5. Dividend

The Company has incurred a loss during the year and hence the Directors do not recommend any dividend for the year.

6. Operational Highlights

From 1st April 2011 till the effective date of demerger i.e. 21st January 2012 the Company was carrying on micro finance business on behalf of its subsidiary, M/s. Singhivi Investment & Finance Private Limited.

Subsequent to demerger, the Company is a Core Investment Company making investments in group companies. In addition, the Company extends loan to group companies and provide guarantees for the loans provided to group companies.

The details of operations of the subsidiaries are given in the annexed Management Discussion and Analysis Report.

7. Subsidiaries

Following are the subsidiaries of the Company.

(Rs. In Lakhs)

Sl No	Name of the Subsidiary	Nature of Business	Date of becoming subsidiary	Gross Income	Profit / Loss
1	Singhivi Investment & Finance Pvt Ltd	Micro Finance	07th July 2011	19,138.48	1,824.17
2	Equitas Finance Pvt Ltd	Commercial Vehicle Finance	21st March 2011	622.97	(1,288.89)
3	Equitas Housing Finance Pvt Ltd	Housing Finance	14th May 2010	127.44	(461.30)
4	Equitas B2B Trading Pvt Ltd	Wholesale of Vegetable & Fruits	19th May 2010	71.68	(78.02)

As required under the provisions of Section 212 of the Companies Act, 1956, a statement of the holding company's interest in the subsidiary companies is attached and forms part of this report.

The annual reports of the aforesaid subsidiaries are appended and form part of this annual report.

8. Corporate Governance Rating

The company is committed to highest level of corporate governance. With a view to constantly improve the governance practices by benchmarking with the best companies; the company went in for an assessment of its corporate governance practices and value creation rating from CRISIL. The company was rated "GVC level 3' in a scale of 1 to 8 (1 representing the best). It is worth mentioning that your Company is only one of 8 corporates in India to have such a governance rating from CRISIL.

9. Material changes after the Balance Sheet Date (31st March 2012)

There have been no material changes and commitments between the end of the accounting year and the date of this report, affecting the financial position of the Company.

10. RBI Guidelines

Subsequent to demerger, the Company is a non systemically important Core Investment Company not requiring Certificate of Registration from RBI. The Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 will not be applicable to the Company any more.

11. ESOP and Right to subscribe to Future Shares

An Employees Stock Option Scheme titled "UPDB Employees Stock Option Scheme, 2007" was approved by the Board of Directors on 15th December 2007 and subsequently was also approved by the Shareholders on 17th December 2007. The Scheme is for a total of 5,620,000 Equity Shares of Rs.10 each, and the Remuneration and Nomination Committee (formerly known as Compensation Committee) was constituted to administer the scheme. As at 31st March 2012, 7,088,425 options were granted to eligible employees and 1,793,300 options were added back to the pool owing to the eligible employees ceasing to be employees of the company and also on account of release of options based on performance criteria. The balance options available in the pool as at 31st March 2012 are 535,402.

The details pertaining to the scheme as on 31st March 2012 are given below:

a) Options granted: 7,088,425
b) The pricing formula: The exercise price of the option is based on the intrinsic value of the share.
c) Options vested: 2,441,839
d) Options exercised: 811,112
e) The total number of shares arising as a result of exercise of option: 811,112
f) Total number of Options in force: 4,273,486

The company had entered into an agreement on 4th February 2008 with Mr. P N Vasudevan, Managing Director for subscribing to a total of 2,000,000 Equity Shares of the Company over a period of 3 years, partly based on duration of employment and partly based on performance. Mr. P N Vasudevan was entitled to subscribe to 533,333 equity shares of Rs.10 each for the year ended 31st March 2009 and to 627,000 equity shares of Rs.10 each for the year ended 31st March 2010; he has exercised the preferential offer and subscribed to 1,160,333 Equity Shares of Rs.10 each which has been approved and alloted by the Board at its meeting held on 30th July 2010. For the third year ended 31st March 2011, Mr Vasudevan was entitled to subscribe to 340,000 equity shares of Rs.10 each which are outstanding as on date to be exercised by Mr P N Vasudevan, MD.

12. Corporate Governance Report

Clause 49 of the standard listing agreement and the corporate governance report under this clause are not applicable to the company. Notwithstanding this, a report on corporate governance is attached and forms part of the directors' report.

13. Management Discussion and Analysis

The management discussion and analysis report, highlighting the important aspects of the business is attached and forms part of this report.

14. Directors

During the Financial year ended 31st March 2012, the following changes took place in the constitution of the Board.

- Mr. Natarajan Raman was appointed as a Nominee Director on behalf of SIDBI in place of Mr. Namgial Singh with effect from 11th August 2011.
- Mr. Y C Nanda was appointed as an additional director with effect from 9th August 2011.
- Mr. P V Rajaraman, Mr. P T Kuppuswamy and Mr. Arun Ramanathan were appointed as additional directors of the company with effect from 2nd November 2011.

The Board places on record its deep appreciation for the contributions made by Mr. Namgial as director of the Company.

Mr. V Shankar, Director and Mr. N Srinivasan, Director are retiring at the forthcoming annual general meeting and being eligible, offer themselves for re-appointment.

15. Directors' Responsibility Statement

The directors' responsibility statement as required under Section 217(2AA) of the Companies Act, 1956 reporting the compliance with the accounting standards, is attached and forms part of the directors' report.

16. Auditors

Deloitte Haskins & Sells, Chartered Accountants, auditors of the company retire at the forthcoming annual general meeting and are eligible for reappointment. The company has received confirmation that their appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

17. Information as per Section 217(1) (e) of the Companies Act, 1956.

The company has no activity relating to consumption of energy or technology absorption. Foreign currency expenditure amounting to Rs.475,000 were incurred during the period under review. The company does not have any foreign currency earnings.

18. Personnel

During the year, there were no employees who were in receipt of remuneration as per the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

19. Corporate Social Responsibility

The Company has established a not-for-profit trust named Equitas Development Initiatives Trust (EDIT). The following eminent personalities from a cross section of the society serve as the trustees:

- Dr. C K Gariyali, IAS (Retd)
- Mr. S P Mathur IPS (Retd)
- Mr. M B Nirmal, Founder Exnora International
- Ms. T V Jayalakshmi, Educationist
- Mr. P N Vasudevan, M.D. Equitas Holdings Private Limited

EDIT runs four schools named Equitas Gurukul and Shikshas (Tuition Centres) for providing quality education to children from the under-privileged segment of the society besides providing training on various livelihood development skills. The quality of education imparted at the schools has been appreciated by the members of the public.

Acknowledgement

The Directors wish to thank the customers, bankers, shareholders and other service agencies for their support. The directors also thank the employees for their contribution to the company's operations during the period under review.

For and on behalf of the Board of Directors

N Rangachary
Chairman

Chennai, 9th May 2012

ATTACHMENT TO THE DIRECTORS REPORT

(Statement pursuant to Section 212 (1) (e) of the Companies Act, 1956, relating to the Subsidiary Companies)

(Rs. in Lakhs)

Name of the Subsidiary Company	**Equitas Housing Finance Private Limited**	**Equitas B2B Trading Private Limited**	**Equitas Finance Private Limited (formerly known as V.A.P Finance Private Limited)**	**Singhivi Investment & Finance Private Ltd**
Financial Year of the subsidiary ended on	31st March 2012	31st March 2012	31st March 2012	31st March 2012
Date from which it became subsidiary	14th May 2010	19th May 2010	21st March 2011	7th July 2011
Shares of subsidiary company held on the above date and extent of holding	20,000,000 equity shares of Rs. 10/- each at par	2,000,000 equity shares of Rs. 10/- each at par	60,550,000 equity shares of Rs.10/- each at par	180,266,200 equity shares of Rs.10/- each at par
	100 %	100 %	100 %	100%
Net aggregate amount of profits/ (losses) of the subsidiary not dealt with in the holding company's accounts				
a) For the Financial Year of the Subsidiary Company	Rs.(461.30)	Rs.(78.02)	Rs.(1288.90)	Rs.1824.17
b) For the Previous financial years since it become a subsidiary	Rs.(44.20)	Rs.(87.31)	Rs. (21.96)	-
Net aggregate amount of profits/ (losses) of the subsidiary dealt with in the holding company's account s by way of dividends on the shares held in subsidiary Company				
a. For the Financial Year of the Subsidiary Company	–	–	–	–
b. For the Previous financial years since it become a subsidiary	–	–	–	–

For and on behalf of the Board of Directors

N Rangachary
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief, and according to the information and explanations obtained by them, your Directors confirm the following in terms of Section 217(2AA) of the Companies Act, 1956:

- that in preparation of the financial statements the generally accepted accounting principles (GAAP) of India and applicable accounting standards issued by Institute of Chartered Accountants of India have been followed.
- that appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 have been taken for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. To ensure this, the company has established internal control systems, consistent with its size and nature of operations, subject to the inherent limitations that should be recognized in weighing the assurance provided by any such system of internal controls. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems.
- that they have prepared annual accounts on a going concern basis.

For and on behalf of the Board of Directors

N Rangachary
Chairman

Chennai, 9th May 2012

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

Equitas Holdings Private Limited is the holding company of the Equitas group of companies. This is the company's fifth annual report to its shareholders.

The Company (previously known as Equitas Micro Finance India Private Limited) which was a nonbanking finance company (NBFC) engaged in microfinance business, de-merged its microfinance business into its wholly owned subsidiary, Singhivi Investment & Finance Private Limited during the year. The de-merger through a scheme of arrangement approved by the Madras High Court (the scheme), was effected to comply with the revised regulations applicable to microfinance companies which requires NBFCs carrying on microfinance business to deploy not less than 85% of its net assets in the microfinance business.

The demerger which came into effect from 21st January 2012 pursuant to the court order is applicable from 1st April 2011, the appointed date of demerger as specified in the scheme. Thus the company carried on the business of microfinance on behalf of Singhivi Investment & Finance Private Limited till the effective date as per the scheme. After de-merger, the company becomes an investment company holding investments in the subsidiary companies and falling within the definition of core Investment Company as per the RBI regulations.

The company after the demerger, apart from holding investments in its subsidiary companies, was providing loans to its subsidiaries and providing guarantees on behalf of its subsidiaries.

The company through its wholly owned subsidiaries is engaged in the following businesses:

Singhivi Investment & Finance Pvt Ltd	Microfinance
Equitas Finance Pvt Ltd	Used commercial vehicle finance
Equitas Housing Finance Pvt Ltd	Housing finance
Equitas B2B Trading Private Limited	Wholesale trading in fruits and vegetables*

* *started on a pilot scale and since dis-continued its operations during the year due to non-viability from a demand aggregation perspective*.

Rationale for demerger

The Company which was engaged in microfinance business, to address the concentration risk arising from single line of unsecured lending business evaluated options for diversification based on the prevailing market scenario and the management's ability to manage the diversified businesses. Based on this evaluation, the company had identified housing finance and used commercial vehicle finance for diversification.

The Company had set up Equitas Housing Finance Private Limited as a subsidiary during the year ending 31st March 2011 to carry out housing finance and acquired an existing NBFC, V A P Finance Private Limited during the same year to carry out used commercial vehicle finance.

To meet the new regulatory requirements which require the microfinance companies to deploy a minimum of 85% of its assets in microfinance business to qualify for priority sector lending from banks, the company acquired another NBFC during the year under review which became a wholly owned subsidiary from 7th July 2011 and demerged the microfinance business through a scheme of arrangement. As a consideration for transfer of business, SIFPL issued equity shares of Rs.10 each at par amounting to Rs.150 Crores. Subsequent to demerger, the company invested further sum of ` 25 Crores to further strengthen the capital of SIFPL.

During the year the company invested Rs.14 Crores in EHFPL and Rs.55 Crores in EFPL.

The Company's exposure in the subsidiaries as on 31st March 2012 is as follows:

(Rs. in Crores)

Name of the Subsidiary	Share Capital held as on 31.3 2012
SIFPL	180.27
EFPL	60.55
EHFPL	20.00
B2B	2.00

The company is also the author of Equitas Development Initiatives Trust.

Conformance to overall corporate philosophy

The Company continues to remain focused on the overall corporate philosophy of providing financial and non-financial access to under-served and under-banked areas and customers in a fair & transparent manner. The operations of the various subsidiaries are discussed in the following paragraphs

Singhivi Investment & Finance Private Limited (SIFPL)

Business environment

After the major crises the microfinance industry faced during FY 2010-11 due to the Andhra Pradesh (AP) Ordinance, the industry outside AP slowly recovered from the impact during the later part of the year. In the earlier part of the year the banks shied away from lending to the industry due to the lack of regulatory clarity and heightened risk perception.

Malegam committee report and the RBI guidelines issued thereon on 3rd May 2011 and 2nd December 2011 provided the much needed regulatory clarity recognition and direction to the microfinance sector. These regulations addressed a number of factors that contributed to the crises. The regulations helped to reduce the risks in the sector and banks and other fund providers re-started lending during the later part of the year.

Some of the major aspects of the regulations are:

1. Cap of interest rates at 26%. Also a margin cap of 12% at the portfolio level between cost of funds and lending rate.

2. Minimum of 85% of the net assets to be in microfinance assets.
3. Minimum of 75% of loans given should be for income generating purposes only.
4. Maximum amount MFIs can lend to a customer set at Rs.50,000.
5. Not more than 2 MFIs should lend to a borrower.
6. Credit bureau to be established to curtail over-borrowing by customers

The regulatory changes are welcome to us and it addresses all the key concerns of the stakeholders. The regulations will help in an orderly and healthy growth of the MFIs. The company's existing policies are very much in line with these regulations and the company is in the process of getting registered with RBI as NBFC-MFI.

Company's Operations

In response to the developments in the sector, the company aimed at consolidating its operations and diversifying to other states gradually. The change in company's branch network is illustrated in the table below:

Geography	No of Branches	
	As on 31st March 2012	**As on 31st March 2011**
In Tamil Nadu and Puducherry	169	174
In Andhra Pradesh	1	12
In other states	95	107
Total	**265**	**293**

In view of the regulatory uncertainty, the company deliberately scaled down its operations in the early part of the year and the assets under management (AUM) came down from Rs.794 Crores as on 31st March 2011 to Rs.647 Crores in October 2011. After the regulatory clarificatory changes, the company started lending again and the gross loan portfolio grew back to Rs.724 Crores as on 31st March 2012.

It may be mentioned here that while the entire sector was facing difficulty due to bank's reluctance to lend, the Company had surplus funds and was probably the only MFI in the country to have prepaid to Bankers during the height of the crisis.

- **Financial Results**

Since the company had built up infrastructure to handle high volume of operations, de-growth during the year resulted in under-utilization of staff and other resources leading to lower profitability.

The company has extended micro credit to around 11.93 Lakhs clients and has a loan outstanding of Rs.724 Crores (including managed assets) by 31st March 2012.

The Company posted a net profit of about Rs.18.24 Crores for the year ending 31st March 2012. The reduction in the lending portfolio due to lower disbursements and consequent underutilization of resources affected its profitability. This has been partially offset by the focus on maintaining efficient operations through centralized processes and use of technology.

- **Social Initiatives**

In the midst of the uncertainty in the sector, Equitas has continued to demonstrate its commitment to its wide range of social initiatives. Its medical camps and skill-based training schemes have covered 10 Lakh members, which is a record by any MFI in India. Under the aegis of Equitas Development Initiatives Trust, 49 tuition centres and 4 schools for our members are functioning.

The goodwill generated by these social initiatives is expected to strengthen further the strong relationship that the Company has developed with its clients.

- **Capital Adequacy**

As at the end of year, the Capital to Risk Adjusted Assets (CRAR) was at a healthy 31.35% against the regulatory requirement of 15%. The capital adequacy ratio considers both on book and off-book exposures as per the new regulatory requirement.

- **Resources and Treasury**

The funding for the business is from an optimum mix of equity and debt. The company continues to follow the policy of diversification of funding sources as well as the diversification of instruments used for the same. The company has existing relationship with about 22 lenders across Banks, Financial Institution and NBFCs, who have sanctioned limits of Rs.276 Crores during the year and Rs.306 Crores has been availed till 31st March 2012 including un-drawn sanctions of previous year.

During the year, Company adopted a securitization and assignment policy wherein it has decided to cap the off-book assets at 35% of the total assets. The company during the year completed around Rs. 203 Crores of fund raising through bilateral assignments with various banks.

During the year, the Company has also raised Rs.50 Crores of Non-Convertible Debentures for 8 year tenure which was converted into a subordinated debt post the de-merger.

- **Support Process and Information Technology**

The Company operates on a centralized transaction processing model supported by Temenos core banking system. During the year the focus on technology continued with enhancement in automation of transactions at branch level to further improve efficiency and control. The various process improvements have enabled the company to establish an efficient business model. The company expects this to play a crucial role in the prevailing scenario where the microfinance companies have to maintain tight control over costs to be sustainable.

- **Human Resources**

The company has provided a wide range of benefits to its employees including health insurance for all employees and their dependents. In recognition of its employee-friendly HR practices, the Company was ranked 21st among the top 100 Great Places to Work in India for the year 2011-12 by The Great Place to Work Institute India Inc. The company was further ranked first amongst all the 480 corporates in Recruitment, Induction and Training.

The number of employees as at the end of the year was 2,211.

- **Risk Management**

The Company has a board approved risk management policy and the board periodically reviews the risks faced by the company and the practices followed to manage them.

We had highlighted in the last years management discussion that regulatory uncertainty is the dominant risk affecting the company. This risk has comedown considerably during the year after RBI s regulation on microfinance companies. The passing of the proposed microfinance bill into an Act will further help to provide a stable and steady regulatory environment. As an NBFC, the company is exposed to credit risk, liquidity risk, interest rate risk and operating risks.

The Company has invested in people, processes and technology to effectively mitigate these risks.

- **Credit Risk**

Risk of non-repayment of loans by customers is one of the primary risks faced by the company. The joint liability framework provides the basic risk mitigation where the other members in the group take an active role in credit screening and monitoring credit behaviour of other customers apart from providing credit guarantee.

Non-payment may be triggered by either excessive borrowing by clients due to multiple MFIs offering loans or also due to natural calamities such as floods etc.

The Company considers all other borrowings of clients, need for funds for productive purposes and repayment capability before extending loan which is further reinforced through group guarantees. In addition, with the full rollout of the credit bureau initiative, over-borrowing is being curtailed. Towards this purpose, the company has been an active participant at industry level initiatives, as part of MFIN (Micro Finance Institutions Network). The company has also adopted an MFIN Code of Conduct promoting responsible lending by MFIs.

- **Operational Risk**

Risk due to inadequate or failed internal processes, people or systems could cause loss to the company. Micro finance, given its small ticket size is transaction-intensive. These transactions are handled by large number of employees spread over branches. Further both disbursement and collections from members are done by way of cash, increasing the operational risk. Under the circumstances it becomes critical to have sound risk management practices.

The company has put in multi-layered checks and controls over key client interface processes. While it would be impossible to prevent staff from committing frauds, the approach of the company is to put in place robust controls to identify missteps at the earliest to enable corrective actions. Further the company also constantly upgrades its control processes based on analysis of failed processes. The company's robust controls are well reflected in almost negligible instances of breach of control.

The Company has also identified a few critical processes and has put in a rigorous FMEA (Failure Mode Effect Analysis) process to focus on such key processes and ensure enough safeguards are in place to prevent failures. In order to improve the resilience of the company's operational framework, a basic disaster recovery plan is put in place. This will be monitored on an ongoing basis; and strengthened as per the requirements of the business.

- **Market Risk**

Liquidity Risk: Given the sensitive nature of the sector, the banks' funding is closely linked to the overall image of the sector as well as the regulatory environment. Any change in these factors could affect the overall liquidity risk for the company.

ALM Risk: The Company ensures matched funding without any adverse mismatch in structural liquidity. The interest rate sensitivity is higher due to mix of floating rate borrowings and fixed rate borrowings when compared to fixed rate for lending. The company tries to use off-book transactions like securitization / bilateral assignments as a means of locking in interest rates.

Leverage: The Company adopts a conservative policy related to leveraging capital. Along these lines, the company considers the entire managed assets (including securitization and bilateral assignment of portfolios) for maintaining sufficient capital adequacy. Further the company follows a policy of limiting securitization and bilateral assignments to 35% of total managed assets.

Outlook: On the growth-side, with a continuing underlying demand for microcredit, the long-term prospects look good. However, the company will have to manage the geographic concentration risk and work towards limiting over-borrowing by its members. The company is pleased to note that RBI is steering microfinance companies to focus on improving efficiencies for delivering returns by capping the margin. Even though the interest and margin cap would impact the returns to the shareholders in the near term, the company expects to generate reasonable returns based on its efficiency model. With prudent regulation in place and with the co-operation of multiple stakeholders, the company expects steady growth prospects in the long-term.

Equitas Finance Private Limited (EFPL)

The Company is a NBFC under the Loan Company category of RBI and it became a wholly owned subsidiary in March 2011. The name of the company was changed from V.A.P. Finance Private Limited to the current name during the year. The Company adopts a conservative policy related to leveraging capital. Along these lines, the company considers the entire managed assets (including securitization and bilateral assignment of portfolios) for maintaining sufficient capital adequacy.

In line with the India Growth Story, the steadily expanding economy is driving demand for new commercial vehicles industry. The growth in this sector has been supported by adequate formal financing opportunities. The market for Pre-owned Commercial Vehicles, in contrast, is driven by aspiration of drivers to upgrade to owners. The typical customer is a Small Truck Operator (STO) owning less than 5 trucks or FTUs (First Time User) and without any access to formal banking services. Since the cost of new Commercial Vehicles is much higher than what STOs can afford, they have been buying older second hand Commercial Vehicles. The financing to pre-owned segment has been largely dominated by private financiers in the unorganised segment. Lack of financial support coupled with lack of banking culture has contributed to the high-risk perception of the segment. As a result, the STOs & FTUs have been largely limited to borrowing from private financiers.

Apart from a few very strong players in the used commercial vehicle finance industry, the key competition is from the un-organized and private financiers segment.

Equitas has commenced operations in this used vehicle segment in June 2011. The USP that Equitas is trying to build in this space are:

- **Understanding the markets:**

Deep understanding of this segment of clients since the whole organisation is focused only on this segment. This is aided by the fact that the management team as well as most of the organization comes with deep understanding and long experience in these markets

- **Risk Management:**

Significant part of this client segment repays the installments in cash. Cash management is an important risk. The company's vast experience in managing cash collections from the Micro Finance clients comes in handy. The company has introduced a mobile receipting system at the field level which eliminates most of the possible risks connected with cash collections.

For other operational risks such as existence and valuation of the vehicle being financed and getting endorsement in the R.C. Book etc, the Company has put in elaborate checks at different levels and by different people including sales, credit and risk. Also where applicable, outside agencies' services are utilized for reconfirming acceptable risk parameters.

Credit Risk: Since the clients do not possess sufficient documents showing their income, assessment of the person's ability to repay needs to be done based on thorough understanding of the client's 'on-the-field' operations. A viability report is prepared for each client indicating potential earnings capacity v/s repayment and other expenses obligations before credit decisions are made.

- **Relationship with clients:**

The cash flow of clients in this category is typically dependent on the one or two vehicles they own and any minor disturbance including accidents could affect their cash flow and ability to service the loan on time. The market practice is for the financier to repossess the vehicles after overdues cross 60 to 90 days, with little effort made to differentiate between intent and ability to repay.

- **Equitas' unique CFRP:**

Equitas has redefined its approach in this crucial aspect of client relationship. The Customer Friendly Repayment Practice (CFRP) has set standards of client relationship when the client is passing through times of stress. The CFRP policy supports the Branch staff in giving short term installment holidays to tide over emergency cash flow problems. Also in appropriate cases, where vehicle meets with accidents, the Branch staff can also provide emergency loans to help bring the vehicle back on the road. Also laying it down as a clearly articulated policy ensures that it is disseminated uniformly across the company and uniform standards of behavior are applied with all clients. We expect to create a new and different level of client relationship which when spread in the market through word of mouth, could create an USP for the organization which would be difficult to replace in short term by anyone else.

- **Financial Results**

During the year, the company expanded rapidly by setting up 62 branches in all the states where it had already had a presence in the microfinance business namely Tamil Nadu, Pondicherry, Andhra Pradesh, Maharashtra, Madhya Pradesh, Gujarat & Rajasthan . The geographic diversification is seen as a key element of the company's risk diversification plan.

The company during the year focused on putting in place a robust infrastructure and gradually increased the disbursements in the later part of the year, the company made a total disbursements of about Rs.100 Crores to 3,100 customers. This enabled the company to close the year with a loan outstanding of about Rs.92 Crores. The company posted a net loss of about Rs. 12.89 Crores for the year ending 31st March 2012 due to the initial set up costs.

With good infrastructure and systems in place the operations could be scaled up without further major investments and achieve breakeven soon.

The company's portfolio has a good mix of heavy commercials vehicles (HCVs), light commercial vehicles (LCVs) and Mini LCVs (MCVs) as below with average age of vehicles funded at around 6 years and Loan to value (LTV) at a healthy 73%.

- **Capital and Capital Adequacy**

The holding company infused additional equity capital of Rs. 55 Crores during the year. As at the end of year, the Capital to Risk Adjusted Assets (CRAR) was at 47.97%.

- **Resources and Treasury**

The funding for the business is from an optimum mix of equity and debt. . The company commenced the relationship with State Bank of India sanctioning the first loan of Rs. 25 Crores and consenting to be the lead bank of the consortium. The company is in discussions with various banks to meet the future funding requirements. During the year, the company also availed funds from a NBFC.

- **Human Resources**

The company has provided a wide range of benefits to its employees including health insurance for all employees and their dependents. The company also provided opportunities to the employees in the Group to move across business verticals through the Career Enhancement Program (CEP) and the existing employees of microfinance business in Andhra Pradesh benefited out of the programme. The number of employees as at the end of the year was 510.

- **Outlook and challenges**

The Non-Banking Financial Companies (NBFCs) are increasingly playing a critical role in making financial services accessible to wider set of India's population and, thus, emerging as significant players in the retail finance space. The company has chosen a market segment which has a large market size with few organized players. With trained and committed team and sound systems and processes and customer friendly practices, the company is confident of achieving healthy growth

Equitas Housing Finance Private Limited (EFPL)

The Company is a Housing Finance Company (HFC) registered with NHB. The company received the license to commence business in January 2011.

Affordable housing is the focus of many stakeholders be it the Governments, regulators, builders and society at large. The demand for houses in the affordable category (which typically means houses priced between Rs.3 Lakhs to Rs. 25 Lakhs) is expected to be large. However for too long, there has been no focus on this market segment by any of the stakeholders, thus leaving a high pent up demand. As this segment becomes main stream, it is expected that supply could go up significantly, fuelling need for follow on facilities including financial services.

However this segment of clients are generally from the self-employed businessmen segment, thus making remote credit assessment, based on documents, difficult. This calls for a very close relationship with such clients. Given the large numbers expected, maintaining close relations with such large number of clients would tend to increase delivery cost. In view of this, the main-stream banks have so far kept away from this, except a few branch led initiatives of some of the PSU banks. Key risks envisaged in this business include lack of any existing financing model for this segment of clients, not sufficient repayment track record, difficulty in assessing true income levels of clients, ability to access long term debt (especially for start-ups) and the constraints one would face in trying to use eviction methods in such communities, in case of default. Housing Finance companies which can address these concerns effectively and stay focused on helping this segment of the population realize their life time ambition, could potentially be looking at playing a sustainable role in this segment.

Equitas approach:

We commenced this business in the month of July 2011. Our focus is on the self employed business people who are typically in the trading or services sector. Such people, whose business is in the informal sector, are unable to raise long term home loans from the banking sector. Equitas is able to use its specialized and customized credit evaluation process to enable such people own their dream home.

As this is a relatively new industry segment, there is not much competition from established players. However, there are quite a few new entrants into the sector and the competition may increase over the medium to long term.

- **Financial Results**

During the year, the company set up 9 branches in Tamil Nadu.

During the year, the company made 100 sanctions for a total value of Rs.12 Crores and loan outstanding of Rs.9 Crores by 31st March 2012.

Being the first year of operation, the company incurred set up costs for branch and information technology infrastructure apart from recruitment and training costs. The company posted a net loss of Rs. 4.5 Crores for the year ending 31st March 2012.

- **Capital**

The holding company infused additional equity capital of Rs. 14 Crores during the year taking the total paid up capital to Rs. 20 Crores.

- **Resources and Treasury**

The initial funding for the business is from equity. The company has approached National Housing Bank for availing re-finance which would help to fund the growth.

- **Human Resources**

The company has provided a wide range of benefits to its employees including health insurance for all employees and their dependents. The company also provided employees to move across business verticals through the Career Enhancement Program (CEP) and the existing employees of microfinance business in Tamil Nadu benefited out of the programme. The number of employees as at the end of the year was 69.

- **Risk Management**

As a HFC, the key risk apart from credit risk and interest rate risk is the liquidity risk. The company has a policy of pricing its home loans at a spread of 3.5% over its cost of funds. Further the rates offered to clients would be only floating rates and the rates would be reset on a quarterly basis based on interest rate movements, thus taking care of interest rate risk.

The company has invested in people, processes and technology to effectively mitigate risks including technical, legal and credit risk assessment posed by the market environment and by its borrowers.

- **Outlook and challenges**

The company have studied the operating models of various competitors besides its own experience of the past year and even though sourcing has been a challenge and we have had a mid-course correction, we expect that our current pattern of sourcing should settle down to enable us to pursue growth. Being a new sector the Company would tread cautiously as it seeks to establish itself in this space.

Equitas Holdings Pvt Ltd (stand alone financials)

After the demerger of microfinance operations, the company has become an investment company. Its source of income is from interest earnings from loans to subsidiaries and from investment of surplus funds if any. The expenses are mainly corporate and board related expenses.

During the year the company made provision for dimunition in the value of its investments in Equitas B2B Trading P Ltd as it had discontinued the operations.

The company also charged off the deferred tax assets amounting to Rs.4.81 Crores to Profit and loss account since the deferred tax benefit will be availed only by the subsidiary post demerger of micro finance business. SIFPL has accounted for this benefit in its accounts through increase in its reserves.(more details available in financial statements)

The above one time charges to profit and loss account resulted in the company reporting a loss of Rs.6.43 Crores for the year.

- **Cautionary Statement**

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectation may be 'forward looking' within the meaning of applicable laws and regulations. Actual results might differ materially from those expressed or implied.

For and on behalf of the Board of Directors

Chennai,
9th May 2012

N Rangachary
Chairman

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the commitment of an organization to follow ethics, fair practices and transparency in all its dealings with its various stakeholders such as Customers, Employees, Investors, Government and the Society at large. Sound corporate governance is the result of external marketplace commitment and legislation plus a healthy board culture which directs the policies and philosophy of the organization. Your Company is committed to good Corporate Governance in all its activities and processes.

CORPORATE GOVERNANCE PHILOSOPHY

Equitas Holdings Private Limited's (Equitas) philosophy on corporate governance envisages adherence to the highest levels of transparency, accountability and fairness, in all areas of its operations and in all interactions with its stakeholders. The Board shall work to ensure the success and continuity of the Company's business through the appointment of qualified management and through on-going monitoring to assure the Company's activities are conducted in a responsible, ethical and transparent manner.

CORPORATE GOVERNANCE GUIDELINES

During the year, the Company in line with the Ministry of Corporate Affairs, Government of India's Corporate Governance Voluntary Guidelines 2009 has voluntarily adopted following guidelines which will ensure the highest standards of ethical and responsible conduct of business. The Board hopes that adoption of these guidelines will translate into a much higher level of stakeholders' confidence that is crucial to ensuring long-term sustainability and value generation by business.

i) Formal appointment letter to be issued to Non Executive and Independent directors
ii) Code of conduct for directors and senior management
iii) Certificate of independence to be provided by independent directors on an annual basis
iv) Policy for evaluation of performance of non-executive Board members
v) Remuneration policy for members of the Board and Key Executives
vi) Demarcation of roles and responsibilities of Chairman and Managing Director
vii) Knowledge Management process for Directors related to the company's sphere of activities
viii) Process for interaction of independent directors with management
ix) Whistle Blower Policy

These policies ensure that the Board will have the necessary authority and processes in place to review and evaluate our operations when required. Further, these policies allow the Board to make decisions that are independent of the Management.

BOARD OF DIRECTORS

In terms of the Corporate Governance philosophy all statutory and other significant material information is placed before the Board of Directors to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the Shareholders. The Board of Directors currently consists of thirteen members. Other than the Managing Director, all the other members of the Board are non-executive directors, including eight who are independent directors.

During the financial year ended 31st March 2012, seven (7) Board Meetings were held on 13th May 2011, 25th May 2011, 9th August 2011, 6th September 2011, 2nd November 2011, 23rd January 2012 and 30th January 2012 and not more than four months elapsed between any two meetings.

Particulars of the Directors' attendance to the Board /Committee Meetings and particulars of their other company directorships are given below:

Name	Nature of Directorship	Attendance		Other Directorships $
		Board	Committee	
Rangachary N	Independent & Non-Executive - Chairman	6/7	NA	11
Sampath P B	Independent & Non-Executive	7/7	12/12	8
Shankar V	Independent & Non-Executive	4/7	10/12	4
Srinivasan N	Independent & Non-Executive	4/7	12/13	4
Viswanatha Prasad Subbaraman	Non-Executive & Nominee of Caspian Fund	5/7	6/6	5
Gary Jit Meng Ng	Non-Executive & Nominee of Lumen Investment Holdings Ltd	3/7	6/7	3
Paolo Brichetti	Non-Executive & Nominee of MVH S.p.A	4/7	5/6	5
Nanda Y C @	Independent & Non-Executive	4/5	1/5	6
Namgial Singh#	Non-Executive & Nominee of SIDBI	1/3	0/2	-
Raman N #	Non-Executive & Nominee of SIDBI	2/4	0/1	3
Arun Ramanathan*	Independent & Non- Executive	2/3	4/5	7
Kuppuswamy P T*	Independent & Non-Executive	2/3	5/6	1
Rajaraman P V*	Independent & Non-Executive	1/3	2/2	2
Vasudevan P N	Executive – Managing Director	7/7	8/8	6

$ Excluding Alternate Directorships and Directorships of Foreign Companies, wherever applicable.

* Mr Arun Ramanathan, Mr. P T Kuppuswamy and Mr. P V Rajaraman were appointed as Additional Directors of the Company with effect from 2nd November 2011.

Mr. Namgial Singh, Nominee Director of SIDBI was replaced by Mr N Raman New Nominee with effect from 11th August 2011.

@ Mr Y C Nanda has been appointed as Additional Director of the company with effect from 9th August 2011.

CHANGES IN BOARD CONSTITUTION

During the financial year ended 31st March 2012, the following changes took place in the constitution of the Board.

Mr Natarajan Raman was appointed as a Nominee Director on behalf of SIDBI in place of Mr Namgial Singh with effect from 11th August 2011.

Mr Y C Nanda was appointed as an additional director with effect from 9th August 2011.

Mr P V Rajaraman, Mr P T Kuppuswamy and Mr Arun Ramanathan were appointed as additional directors of the company with effect from 2Nd November 2011

COMMITTEES OF THE BOARD

The Board at present has 6 Committees, viz., Audit & Risk Management Committee, Remuneration & Nomination Committee, Resourcing Committee, Business Committee, Governance Committee and Asset Liability & Risk Management Committee. The Board is responsible for constituting, assigning and co-opting the members of the committee. The Board fixes the terms of reference of committees and also delegate powers from time to time. The minutes of the meetings of the committee are circulated to the Board for its information and confirmation.

AUDIT & RISK MANAGEMENT COMMITTEE

Composition & Meetings

The Audit & Risk Management Committee currently consists of the following members:

1. Mr P B Sampath, Chairman
2. Mr Gary Jit Meng Ng
3. Mr Kuppuswamy P T
4. Mr Shankar V
5. Mr Srinivasan N

The Audit & Risk Management Committee of the Board met five times during the financial year on 12th May 2011, 15th June 2011, 9th August 2011, 2nd November 2011 and 30th January 2012.

Terms of Reference

The role of the Audit & Risk Management Committee, among others will include:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the audit fees

3. Reviewing, with the management, the quarterly and annual financial statements before submission to the board for approval, with particular reference to:

a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
b. Changes, if any, in accounting policies and practices and reasons for the same.
c. Major accounting entries involving estimates based on the exercise of judgment by management
d. Significant adjustments made in the financial statements arising out of audit findings
e. Compliance with accounting and other legal requirements relating to financial statements
f. Disclosure of any related party transactions
g. Qualifications in the draft audit report.

4. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
5. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
6. Discussion with internal auditors of any significant findings and follow up there on.
7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
8. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
9. Laying down and review of procedures relating to risk assessment & risk minimization to ensure that executive management controls risk through means of a properly defined framework.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;

REMUNERATION & NOMINATION COMMITTEE

Composition & Meetings

The Remuneration & Nomination Committee consists of the following members:

1. Mr Paolo Brichetti, Chairman
2. Mr Rajaraman P V
3. Mr Srinivasan N
4. Mr Viswanatha Prasad Subbaraman

The Remuneration & Compensation Committee of the Board met four times during the year on 13th May 2011, 8th August 2011, 2nd November 2011 and 30th January 2011.

Terms of reference

1. Administration and superintendence in connection with the Scheme under the broad policy and framework laid down by the Company and/or by the Board of Directors.
2. Formulate from time to time specific parameters relating to the Scheme, including,
    i. The quantum of Options to be granted under the Scheme to a particular Eligible employee or to a category or group of Eligible employees and in aggregate;
    ii. Determination of eligibility conditions and selection of Eligible employees to whom Options may from time to time be granted hereunder;
    iii. The Vesting Period and the Exercise Period within which the eligible employee should exercise the Options and those Options would lapse on failure to exercise the Options within the exercise period;
    iv. The conditions under which Options vested in Eligible employee may lapse in case of termination of employment for misconduct;
    v. The specified time period within which the Eligible employee shall exercise the vested Options in the event of termination or resignation of an Eligible employee;
    vi. The right of an Eligible employee to exercise all the Options vested in him at one time or at various points of time within the Exercise Period;
    vii. The procedure for making a fair and reasonable adjustment to the number of Options and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, etc;
    viii. Make rules by which all options including non-vested options vest immediately in case of sale, transfer or takeover of the company or amalgamation of the Company with any other company, etc. and provide for rules related to exercise period under such circumstances.
    ix. Make rules related to performance based vesting of such part of the options granted to eligible employees as the Committee may decide.
    x. To prescribe, amend and rescind rules and regulations relating to the Scheme;
    xi. To construe, clarify and interpret the terms of the Scheme and Options granted pursuant to the Scheme;
3. Fixing and revision of remuneration payable to the Managing and Whole-time directors of the Company from time to time.
4. To recommend to the Board changes in the Board members including Committees thereof.

RESOURCING COMMITTEE

Composition and Meetings

The Resourcing Committee currently consists of the following members:

1. Mr Kuppuswamy P T, Chairman
2. Mr Arun Ramanathan
3. Mr Nanda Y C
4. Mr Sampath P B
5. Mr Vasudevan P N

The Resourcing Committee of the Board met six times during the year on 7th September 2011, 17th September 2011, 29th November 2011, 5th January 2012, 4th February 2012 and 14th March 2012.

Terms of reference

1. Extend guarantee to banks and other lenders who lend monies to any of the subsidiaries of the Company such that the total amount guaranteed does not exceed at any time outstanding, Rs. 1500 Crores.

2. Open and close current and other accounts of the Company with various banks.

3. Operate such current and other accounts, authorize officials and authorized persons to operate such accounts on behalf of the company, vary such instructions on authorization from time to time and do all such things and deeds as may be required to open, maintain, operate and close current and other accounts of the company with Banks.

BUSINESS COMMITTEE

Composition & Meetings

The Business committee currently consists of:

1. Mr Viswanatha Prasad Subbaraman, Chairman
2. Mr Gary Jit Meng Ng
3. Mr Kuppuswamy P T
4. Mr Nanda Y C
5. Mr Paolo Brichetti
6. Mr Shankar V
7. Mr Vasudevan P N

The Business Committee met twice during the year on 8th August 2011 and 24th November 2011.

Terms of Reference

The Business Committee has been authorized to review and submit its recommendations to the Board in the following matters:

1. Annual Business Plans
2. Revision in Annual Business Plans
3. New Business Initiatives proposed to be undertaken by the Company

GOVERNANCE COMMITTEE

Composition & Meetings

The Governance Committee currently consists of the following members:

1. Mr Rajaraman P V, Chairman
2. Mr Arun Ramanathan
3. Mr Raman N
4. Mr Srinivasan N

The Governance Committee of the Board met four times during the financial year on 12th May 2011, 9th August 2011, 2nd November 2011 and 30th January 2012.

Terms of Reference

The Governance Committee has been authorized to review and submit its recommendations to the Board in the following matters:

1. To study the report issued by CRISIL on the Governance rating as well as the Guidelines on Corporate Governance and Corporate Social Responsibility issued by Ministry of Corporate Affairs, SEBI and other authorities.
2. To Study the best practices and benchmarks of leading Indian corporate as well as international best practices.
3. To recommend to the Board the draft set of governance guidelines to achieve the highest level of governance at par with global benchmarks.
4. Based on approval by the Board, to oversee the implementation of the same, both at the Board level and Management level.

ASSET LIABILITY & RISK MANAGEMENT COMMITTEE (ALCO)

Composition & Meetings

Apart from the Committees of the Board, Asset Liability & Risk Management Committee was constituted as per the guidelines issued by the RBI in this regard for systematically important NBFCs. The Committee currently consists of:

1. Mr Vasudevan P N, Managing Director
2. Mr Bhaskar S, Chief Operating Officer
3. Mr Mahalingam H, Chief Technology Officer
4. Mr Raghavan H K N, National Business Head
5. Mr Sethupathy S, Head- Operations
6. Mr Shankar S, Head-Operational Risk
7. Mr Suchindran V G, Head – Treasury & Risk
8. Mr Venkatesh K P, Group President - Operations

The Committee meets regularly twice every month.

Terms of Reference

The terms of reference of the Asset Liability & Risk Management Committee include:

1. Liquidity risk management
2. Management of market (interest rate) risk
3. Funding and capital planning
4. Pricing, profit planning and growth projections
5. Credit and portfolio risk management
6. Setting credit norms for various lending products of the company
7. Operational and process risk management
8. Laying down guidelines on KYC norms
9. To approve and revise the actual interest rates to be charged from customers for different products from time to time applying the interest rate model.

The Committee reviews the asset liability management reports to be submitted periodically to RBI.

REMUNERATION OF DIRECTORS

All directors except the Managing Director are paid a sitting fee of Rs 10,000/- for attending every meeting of the Board and Rs 5,000/- for every meeting of the Committees thereof. No sitting fee is payable to members of the Asset Liability & Risk Management Committee.

The details of remuneration of Non-Executive Directors other than sitting fees, for the financial year ended 31st March 2012 are:

(**Amount in Rs.)**

Name of Director	Remuneration
Mr Rangachary N	350,000
Mr Arun Ramanathan	105,000
Mr Gary Jit Meng Ng	175,000
Mr Nanda Y C	166,000
Mr Paolo Brichetti	175,000
Mr Sampath P B	262,000
Mr Shankar V	175,000
Mr Srinivasan N	241,000
Nominees of SIDBI (Mr Namgial Singh & Mr Raman N)	175,000
Mr Viswanatha Prasad Subbaraman	175,000

Subsequent to demerger of micro finance business to Singhivi Investment & Finance P Ltd, Mr P N Vasudevan has been appointed as Managing Director of Singhivi Investment & Finance P Ltd and his remuneration for the year ended March 2012 was paid by Singhivi Investment & Finance P Ltd.

The details of sitting fees paid to directors and the shares held by them in the Company are as follows:

(Amount in Rs.)

Name	**Sitting fees**		**No. of equity shares held in the Company**
	Board	**Committee**	
Mr N Rangachary, Chairman	60,000	Nil	Nil
Mr Arun Ramanathan	20,000	20,000	Nil
Mr Gary Jit Meng Ng	30,000	30,000	Nil
Mr Kuppuswamy P T	20,000	25000	Nil
Mr Nanda Y C	40,000	5000	Nil
Mr Paolo Brichetti	40,000	25000	Nil
Mr Rajaraman P V	10,000	10,000	Nil
Nominees of SIDBI (Mr Namgial Singh & Mr Raman N)	30,000	Nil	Nil
Mr Sampath P B	70,000	60,000	Nil
Mr Shankar V	40,000	50,000	Nil
Mr Srinivasan N	40,000	60,000	Nil
Mr Viswanatha Prasad Subbaraman	50,000	30,000	Nil
Mr Vasudevan P N, MD	Nil	Nil	26,37,333

GENERAL BODY MEETINGS

During the year ended 31st March 2012, one (1) Annual General Meeting and 2 (two) Extraordinary General Meetings were held as per details given below:

Date	**Time**	**Venue**
22nd June 2011 (4th AGM)	10.30 A.M	4th Floor, Temple Tower, 672, Anna Salai, Nandanam, Chennai 600035
27th October 2011	11.00 A.M	4th Floor, Temple Tower, 672, Anna Salai, Nandanam, Chennai 600035
30th January 2012	4.00 P.M	4th Floor, Temple Tower, 672, Anna Salai, Nandanam, Chennai - 600035

All the proposed resolutions, including special resolutions, were passed by the shareholders as set out in their respective Notices.

CEO/CFO CERTIFICATION

CEO and CFO have given a certificate to the Board as per the format given in clause 49 of the listing agreement of Mumbai Stock Exchange.

CODE OF CONDUCT

The Company has formulated and adopted a code of conduct for the Board of Directors and Senior Management. Equitas's Code of Conduct is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct.

DISCLOSURES

The particulars of transactions between the Company and its related parties, as defined in Accounting Standard 18, are set out in the financial statements.

GENERAL SHAREHOLDER INFORMATION

Financial year: April 1st to March 31st

Shareholding pattern as on 31st March 2012

Category	# Shares	%
Promoter Group	2637333	5.94%
Individual Investors	2346375	5.28%
Indian Companies	9,50,000	2.14%
Foreign Companies	3,53,99,182	79.68%
Employees	10,36,737	2.33%
Financial Institutions	20,59,277	4.63%
Total	**4,44,28,904**	**100.00%**

Address for Correspondence

Company Secretary
Equitas Holdings Private Limited
4th Floor, Temple Tower,
672, Anna Salai, Nandanam
Chennai 600035
Tel : (044) 42995010
Fax: (044) 42995050
E-mail: corporate@equitas.in
Web: www.equitas.in

For and on behalf of the Board of Directors

Chennai, 9th May, 2012

N Rangachary
Chairman

9th May 2012

CEO / CFO Certificate

The Board of Directors
Equitas Holdings Private Limited

This is to certify that:

1. We have reviewed financial statements and the cash flow statement for the year ended 31st March 2012 and that to the best of our knowledge and belief:

    a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

    b. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent or illegal.

3. We accept responsibility for establishing and maintaining internal controls for financial reporting.

Mr P N Vasudevan **MD/CEO**	**Mr S Bhaskar** **COO/CFO**

Place: Chennai

AUDITORS' REPORT

To the Members of Equitas Holdings Private Limited

(formerly known as Equitas Micro Finance India Private Limited)

1. We have audited the attached Balance Sheet of **EQUITAS HOLDINGS PRIVATE LIMITED** (formerly known as Equitas Micro Finance India Private Limited) (the Company) as at 31 March 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. Without qualifying our report, we invite attention to Note 28 to the Financial Statements regarding the transfer of the assets and liabilities of the Micro Finance Undertaking of the Company as at 1 April 2011 to Singhivi Investment & Finance Private Limited ("SIFPL"), a Subsidiary of the Company, pursuant to the Scheme of Arrangement between the Company and SIFPL, which has been approved by the Honourable High Court of Judicature at Madras vide Order dated 11 January 2012.

4. As required by the Companies (Auditor's Report) Order, 2003 (CARO), issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

5. Further to our comments in the paragraph 3 above and the Annexure referred to in paragraph 4 above, we report as follows:

   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as it 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 dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

e. in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 2012;

(ii) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

6. On the basis of the written representations received from the Directors as at 31 March 2012 taken on record by the Board of Directors, none of the Directors of the Company is disqualified as at 31 March 2012, from being appointed as a Director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**
Chartered Accountants

Registration No. 008072S
B. Ramaratnam
Partner
Membership No. 21209

CHENNAI, 9 May 2012

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 4 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/result during the year, clauses 4(ii), 4(viii), 4(x), 4(xi), 4(xii), 4(xiii), 4(xiv), 4(xvi), 4(xviii), 4(xix) and 4(xx) of CARO are not applicable to the Company.

(ii) In respect of its fixed assets:

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The Company has disposed off a substantial part of the fixed assets during the year pursuant to the Scheme of Arrangement, as stated in the Note 28 to the Financial Statements, However such disposal, has in our opinion, not affected the going concern status of the Company.

(iii) (A) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

a. The Company has granted loans aggregating Rs. 460,000,000 to two parties during the year. At the year-end, the outstanding balances of such loans aggregated Rs. 160,000,000 from one party and the maximum amount involved during the year was Rs. 250,000,000 from one party.

b. The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.

c. The receipts of principal amounts and interest have been regular / as per stipulations.

d. There are no overdue amounts at the year end, on this account.

(B) The Company has not taken any loan, secured or unsecured from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the rendering of services and we have not observed any major weaknesses in such internal control system. The Company does not purchase inventory nor does it sell any goods in the ordinary course of its business.

(v) In respect of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

(a) The particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that needed to be entered in the Register maintained under the said Section have been so entered.

(b) Where each of such transactions is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are, *prima facie,* reasonable having regard to the prevailing market prices at the relevant time.

(vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.

(vii) In our opinion, the internal audit function carried out during the year by an external agency appointed by the Management have been commensurate with the size of the Company and the nature of its business.

(viii) According to the information and explanations given to us in respect of Statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Income Tax, Wealth Tax and other material statutory dues applicable to it with the appropriate authorities during the year.

(b) There were no undisputed amounts payable in respect of Income Tax, Wealth Tax and other material statutory dues in arrears as at 31 March 2012 for a period of more than six months from the date they became payable.

(c) There are no disputed matters relating to Income Tax as at the year end.

(ix) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not, *prima facie,* prejudicial to the interests of the Company.

(x) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have not been used during the year for long term investment.

(xi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
Registration No. 008072S
B. Ramaratnam
Partner
Membership No. 21209

CHENNAI, 9 May 2012

EQUITAS HOLDINGS PRIVATE LIMITED

Balance Sheet as at 31 March 2012

Particulars	Note No.	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	444,289,040	444,250,490
Reserves and Surplus	4	2,531,930,212	2,596,201,145
		2,976,219,252	**3,040,451,635**
Share Application Money Pending Allotment	5	73,660	23,760
Non-Current Liabilities			
Long Term Borrowings	6	-	1,866,669,570
Other Long Term Liabilities	7	-	9,363,308
Long Term Provisions	8	-	29,581,585
		-	**1,905,614,463**
Current Liabilities			
Trade Payables	9	4,383,382	65,611,810
Other Current Liabilities	10	384,134	4,422,951,884
Short Term Provisions	11	509,740	257,779,093
		5,277,256	**4,746,342,787**
TOTAL		**2,981,570,168**	**9,692,432,645**
ASSETS			
Non-Current Assets			
Fixed Assets			
- Tangible Assets	12.1	149,156,326	186,463,729
- Intangible Assets	12.2	-	31,681,665
- Capital work in Progress		569,201	1,176,516
		149,725,527	219,321,910
Non-Current Investments	13	2,614,052,300	137,129,000
Deferred Tax Assets (Net)	14	-	48,134,275

Long Term Receivables Under Financing Activities	**15**	-	1,455,613,752
Long Term Loans and Advances	**16**	37,085,989	270,866,780
Other Non-Current Assets	**17**	-	24,017,614
		2,800,863,816	**2,155,083,331**
Current Assets			
Short Term Receivables Under Financing Activities	**18**	-	4,812,329,265
Cash and Cash Equivalents	**19**	17,049,138	2,480,342,880
Short Term Loans and Advances	**20**	161,372,962	98,483,853
Other Current Assets	**21**	2,284,252	146,193,316
		180,706,352	**7,537,349,314**
TOTAL		**2,981,570,168**	**9,692,432,645**

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the **Board of Directors**

B. Ramaratnam
Partner
Place : Chennai
Date : 9 May 2012

N Rangachary
Chairman

P N Vasudevan
Managing Director
& Company Secretary

S Bhaskar
Chief Operating Officer &
Chief Financial Officer
Place : Chennai
Date : 9 May 2012

P B Sampath
Chairman -Audit committee

EQUITAS HOLDINGS PRIVATE LIMITED

Statement of Profit and Loss for the Year Ended 31 March 2012

Particulars	Note No.	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
INCOME			
Revenue from Operations	**22**	3,582,476	2,277,341,084
Other Income	**23**	11,870,689	104,142,684
		15,453,165	**2,381,483,768**
EXPENSES			
Employee Benefits Expense	**24**	-	439,371,767
Finance Costs	**25**	-	688,280,951
Prompt Payment Rebate		-	148,442,128
Diminution in Value of Investments		16,800,000	-
Provisions & Write Offs	**26**	-	276,887,259
Depreciation and Amortisation Expense	**12.3**	2,649,080	47,951,732
Other Expenses	**27**	7,301,793	325,535,818
		26,750,873	**1,926,469,655**
(Loss) / Profit Before Tax		**(11,297,708)**	**455,014,113**
Tax Expense			
Income Tax		4,900,000	170,460,000
Deferred Tax	**14**		
- Adjustments Pursuant to Scheme of Arrangement		48,117,923	-
- Others		16,352	(19,838,220)
(Loss) / Profit After Tax		**(64,331,983)**	**304,392,333**
Earnings Per Equity Share of Rs. 10 Each			
- Basic		(1.45)	6.98
- Diluted		(1.45)	6.54

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the **Board of Directors**

B. Ramaratnam
Partner
Place : Chennai
Date : 9 May 2012

N Rangachary
Chairman

P N Vasudevan
Managing Director
& Company Secretary

S Bhaskar
Chief Operating Officer &
Chief Financial Officer
Place : Chennai
Date : 9 May 2012

P B Sampath
Chairman -Audit committee

EQUITAS HOLDINGS PRIVATE LIMITED

Cash Flow Statement for the Year Ended 31 March 2012

Particulars	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
A. Cash Flow from Operating Activities		
(Loss) / Profit Before Tax	(11,297,708)	455,014,113
Adjustments for:		
Depreciation and Amortisation Expense	2,649,080	47,951,732
Diminution in Value of Investments	16,800,000	-
Wealth Tax	350,000	500,000
Provision for Standard Receivables Under Financing Activities (Net)	-	18,151,618
Provision for Sub-standard and Doubtful Receivables Under Financing Activities (Net)	-	14,506,438
Provision for Credit Enhancements on Assets De-Recognised (Net)	-	5,033,682
Loss Assets Written Off	-	239,195,521
Provision for Prompt Payment Rebate (Net)	-	60,349,451
Provision for Doubtful Advances	-	2,384,271
Finance Costs	-	688,280,951
Interest Income on Deposits with Banks / Others	(11,332,274)	(70,054,600)
Gain from Securitisation / Assignment of Receivables	-	(234,976,031)
Gain on Sale of Current Investments (Net)	(538,371)	(30,198,333)
Gain on Sale of Fixed Assets (Net)	-	(72,424)
Operating (Loss) / Profit before Changes in Working Capital	**(3,369,273)**	**1,196,066,389**
Adjustments for Changes in Working Capital		
Receivables Under Financing Activities	-	(2,173,884,676)
Other Assets	(2,260,656)	(148,215,463)
Other Loans and Advances	(164,996,304)	(60,472,050)
Bank Deposits under Lien	-	(37,871,185)
Bilateral Assignments and Securitisation of Assets (Net)	-	731,938,811
Liabilities and Provisions	(2,710,888)	74,627,780
Cash Used In Operations	**(173,337,121)**	**(417,810,394)**
Finance Costs Paid	-	(668,818,112)
Interest Income on Deposits	15,244,466	53,605,681
Direct Taxes Paid	(5,806,496)	(201,658,930)
Net Cash Flow Used in Operations	**(163,899,151)**	**(1,234,681,755)**

B. Cash Flow from Investing Activities		
Capital Expenditure	(31,378,882)	(149,439,722)
Proceeds from Sale of Fixed Assets	442,600	560,949
Purchase of Long Term Investments	(995,723,300)	(135,129,000)
Purchase of Current Investments	(110,000,000)	(9,623,025,325)
Proceeds from Sale of Current Investments	110,538,371	9,653,223,658
Net Cash Used in Investing Activities	**(1,026,121,211)**	**(253,809,440)**
C. Cash Flow from Financing Activities		
Proceeds from Fresh Issue of Equity Share Capital	75,840	19,203,354
Share Application Money Received	73,660	23,760
Long Term Borrowings Taken	-	5,377,000,000
Long Term Borrowings Repaid	-	(3,776,259,641)
Net Cash Flow From Financing Activities	**149,500**	**1,619,967,473**
Net (Decrease) / Increase in Cash and Cash Equivalents (A) + (B) + (C)	**(1,189,870,862)**	**131,476,278**
Cash and Cash Equivalents at the Beginning of the Year	2,111,676,185	1,980,199,907
Cash and Cash Balance in the nature of Cash and Equivalents adjusted Pursuant to Scheme of Arrangement (Refer Note (ii) below)	(904,756,185)	-
Cash and Cash Equivalents at the End of the Year	**17,049,138**	**2,111,676,185**
Notes:		
(i) The reconciliation to the Cash and Cash Equivalents as given in Note 19 is as follows:		
Cash and Cash Equivalents as per Note 19	17,049,138	2,480,342,880
Less: Lien Marked Deposits	-	368,666,695
Cash and Cash Equivalents as at the End of the Year	**17,049,138**	**2,111,676,185**
(ii) Pursuant to the Scheme of Arrangement, the Company has been allotted 150,000,000 fully paid up Equity Shares of Rs. 10 each at par from Singhivi Investment & Finance Private Limited (SIFPL) as consideration for the transfer of the Micro Finance Undertaking. The movement in the Assets and Liabilities in the Cash Flow Statement is after considering the following Assets and Liabilities transferred by the Company pursuant to the Scheme of Arrangement:		
Assets		
Fixed Assets	102,184,316	
Investment	2,000,000	
Receivables Under Financing Activities	6,267,943,017	
Other Current Assets	303,311,377	

Other Loans and Advances	199,255,802	
Cash and Bank Balances (includes Rs. 368,666,695 Deposits Under Lien)	1,273,422,880	
	8,148,117,392	
Liabilities		
Borrowings	5,918,708,049	
Other Current Liabilities	442,576,525	
Provisions	286,832,818	
	6,648,117,392	
Investment in Equity Shares of SIFPL	**1,500,000,000**	

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells For and on behalf of the **Board of Directors**
Chartered Accountants

B. Ramaratnam
Partner
Place : Chennai
Date : 9 May 2012

N Rangachary
Chairman

P N Vasudevan
Managing Director
& Company Secretary

S Bhaskar
Chief Operating Officer &
Chief Financial Officer
Place : Chennai
Date : 9 May 2012

P B Sampath
Chairman -Audit committee

EQUITAS HOLDINGS PRIVATE LIMITED

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2012

1 CORPORATE INFORMATION

The Company was incorporated on 22 June 2007. On 7 July 2011, the equity shares of Singhivi Investment & Finance Private Limited ("Singhivi" of "SIFPL") were acquired by the Company. Pursuant to the Scheme of Arrangement between the Company and SIFPL, the assets and liabilities of the Micro Finance Undertaking of the Company have been transferred to Singhivi during the year w.e.f 1 April 2011. Refer Note 28.

Consequent to the above transfer of the Micro Finance Undertaking, the Company is now an investment company holding shares of its subsidiaries. The Company also provides financial support to its subsidiaries by way of unsecured loans, guarantees, etc.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) / The Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention.

2.2 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Cash and Cash Equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Depreciation

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under:

Tangible Assets:

Buildings - 20 Years
Computer Equipments - 3 Years
Furniture and Fixtures - 3 Years
Office Equipments - 3 Years
Vehicles - 4 Years

Leasehold Improvements are depreciated over the primary lease period or 3 years whichever is lower. Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalisation.

Intangible assets are amortised over their estimated useful life as follows:
Software - Lower of license period or 3 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation method is revised to reflect the changed pattern.

2.6 Revenue recognition

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

(a) Interest Income on Loans granted is recognised under the internal rate of return method. Income on Non-performing Assets is recognized only when realized and any interest accrued until the asset became an NPA and remaining overdue is de-recognized by reversing the interest income.

(b) Loan Processing Fee is recognized over the life of the loan on a straight line basis.

(c) In respect of the receivables securitised / assigned, gains arising thereon are amortised over the life of the related receivables. In case of any loss the same is recognised in the Statement of Profit and Loss immediately.

(d) Interest Income on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(e) All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

2.7 Tangible Fixed Assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of a tangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses.

2.8 Intangible Assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.9 Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.10 Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plan:

The Company's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans:

For defined benefit plans in the form of gratuity which is not funded, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under : (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.11 Deferred Employee Stock Compensation Cost

Deferred employee stock compensation cost for stock options is recognised as per the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to the employee stock options using the intrinsic value method. The compensation cost, if any, is amortised uniformly over the vesting period of the options.

2.12 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

2.13 Earnings per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.14 Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

2.15 Impairment of Assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.16 Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.17 Classification and Provisions of Loan Portfolio

(a) Loans are classified and provided for as per the Company's Policy and Management's estimates, subject to the minimum classification and provisioning norms as per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, duly taking into account the requirements of Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011.

Classification of Loans

Asset Classification	Period of Overdue
Standard Assets	Not Overdue and Overdue for less than 30 days
Non Performing Assets (NPA)	
Sub-Standard Assets	Overdue for 30 days and more but less than 90 days
Doubtful Assets	Overdue for 90 days and more
Loss Assets	Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by the Reserve Bank of India.

"Overdue" refers to interest and / or principal and / or installment remaining unpaid from the day it became receivable.

(b) **Provisioning Norms for Loans - Followed by the Company**

Asset Classification	Provisioning Percentage used by the Company
Standard Assets	1.25%
Non Performing Assets (NPA)	
Sub-Standard Assets	
Overdue for 30 days and more but less than 60 days	10%
Overdue for 60 days and more but less than 90 days	25%
Doubtful Assets	
Doubtful Assets – Overdue for 90 days and more but less than 120 days	50%
Doubtful Assets – Overdue for 120 days and more	100%
Loss Assets	100%

(c) **Provisioning Norms for Loans - As Per RBI Guidelines** *(Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007)*

Asset Classification	Provisioning Percentage as per RBI
Standard Assets	0.25%
Non Performing Assets (NPA)	
Sub-Standard Assets	
Overdue for 6 Months and more but less than 24 Months	10%
Doubtful Assets (Unsecured)	
Doubtful Assets – Overdue for more than 24 Months	100%
Loss Assets	100%

(d) Under exceptional circumstances, Management may renegotiate loans by rescheduling repayment terms for customers who have defaulted in repayment but who appear willing and able to repay their loans under a longer term agreement. Rescheduled Standard Assets are classified / provided for as Sub-Standard Assets as per (b) above which classification / provisioning is retained for a period of 1 year of satisfactory performance. Rescheduled Non Performing Assets are not upgraded but are retained at the original classification / provisioning for a period of 1 year of satisfactory performance.

2.18 Provision for Credit Enhancements on Assets De-Recognised

Provision for Credit Enhancements on Assets De-Recognised is made based on Management estimates @ 1.25% of the outstanding amount of assets de-recognised from the books of the Company as at the balance sheet date.

3. Share Capital

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number of shares	**Rs.**	**Number of shares**	**Rs.**
(a) **Authorised**				
Equity shares of Rs. 10 each	63,500,000	635,000,000	53,500,000	535,000,000
Compulsorily Convertible Preference Shares of Rs.10 each	10,000,000	100,000,000	10,000,000	100,000,000
	73,500,000	**735,000,000**	**63,500,000**	**635,000,000**
(b) **Issued, Subscribed and Fully Paid-up**				
Equity shares of Rs. 10 each	44,428,904	444,289,040	44,425,049	444,250,490
	44,428,904	**444,289,040**	**44,425,049**	**444,250,490**

3.1 As at 31 March 2012, the total foreign investment in the Company has exceeded 75% of the Paid-up Share Capital of the Company. Consequently, the non-resident shareholders of the Company are required to bring in a total minimum amount of USD 50,000,000 (including an up-front amount of USD 7,500,000) of Foreign Direct Investment (FDI) within the stipulated time. As at 31 March 2012, the non-resident shareholders of the Company have directly brought in USD 48,960,560 (including the up-front amount of USD 7,500,000) of FDI towards Share Capital and Securities Premium of the Company. The Company is confident that the balance amount of USD 1,039,440 of FDI will be brought in by its current / prospective non-resident shareholders within the time limit prescribed / available as per the applicable RBI Regulations.

The Department of Economic Affairs (FIPB) has provided the Approval for Foreign Collaboration for the Company to convert into a NBFC-Core Investment Company vide approval dated 19 January 2012, subject to the compliance of the FDI policies by the Company and its wholly owned subsidiaries engaged in NBFC Activities, as applicable to Non Banking Finance Companies.

3.2 Reconciliation of Shares Outstanding at the beginning and at the end of the Year

Particulars	31 March 2012		31 March 2011	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
At the Beginning of the Year	44,425,049	444,250,490	42,461,779	424,617,790
Issued during the Year	3,855	38,550	1,963,270	19,632,700
Outstanding at the End of the Year	**44,428,904**	**444,289,040**	**44,425,049**	**444,250,490**

Note:

(a) During the year ended 31 March 2012, the Company allotted Nil (Previous Year - 1,160,333) Equity Shares of Rs. 10 each at par to the Managing Director of the Company in accordance with the agreement dated 4 February 2008.

(b) During the year ended 31 March 2012, the Company allotted 3,855 (Previous Year – 802,937) Equity Shares of Rs. 10 each to eligible employees pursuant to exercise of options under the Employee Stock Options Scheme.

3.3 Details of Shareholders holding more than 5% Shares in the Company

Particulars	31 March 2012		31 March 2011	
	No. of Shares	% Holding	No. of Shares	% Holding
Equity Shares of Rs. 10 each				
Lumen Investment Holdings Limited	7,523,940	16.93%	7,523,940	16.94%
India Financial Inclusion Fund	6,585,695	14.82%	6,585,695	14.82%
Microventures Spa	6,111,550	13.76%	6,111,550	13.76%
Sequoia Capital India Investments III	4,280,287	9.63%	4,280,287	9.63%
Canaan VIII Mauritius	3,085,499	6.94%	3,085,499	6.95%
P N Vasudevan	2,637,333	5.94%	2,637,333	5.94%

3.4 Disclosure of Rights

The Company has only one class of equity shares having a par value of Rs. 10. Each holder is entitled to one vote per equity share. Dividends are paid in Indian Rupees. Dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders at the Annual General Meeting, except in the case of interim dividend. Repayment of capital will be in proportion to the number of equity shares held.

3.5 Preferential Offer of Equity Shares to Managing Director

The Company had entered into an agreement dated 4 February 2008 with the Managing Director of the Company for giving him an option to subscribe to a total of 2,000,000 Equity Shares of the Company over a period of 3 years at Par (660,000 Equity Shares for years 1 and 2 respectively and 680,000 Equity Shares for year 3). The Shares can be purchased partly based on the duration of employment and partly based on performance.

During the year ended 31 March 2012, the Remuneration and Nomination Committee, at its meeting held on 13 May 2011, revised the terms of the agreement and has approved the offer of 340,000 Equity Shares as against the eligible 680,000 Equity Shares for the third year as per the original agreement. Hence, the outstanding number of Shares pending to be exercised as at 31 March 2012 pursuant to the above agreement is 340,000 Equity Shares.

3.6 Employee Stock Option Scheme

(a) On 17 December 2007, the Company established an Employees Stock Option Scheme. Under the plan, the Company is authorized to issue upto 5,620,000 Equity Shares of Rs. 10 each to eligible employees of the Company and its Subsidiaries. Employees covered by the plan are granted an option to purchase shares of the Company subject to the requirements of vesting. A Remuneration and Nomination Committee constituted by the Board of Directors of the Company administers the plan.

As at 31 March 2012, 4,273,486 (As at 31 March 2011 - 4,154,991) (net of forfeitures) options were outstanding which were granted at various exercise prices. The following are the outstanding options as at 31 March 2012:

Particulars	Grant 1	Grant 2	Grant 3	Grant4	Grant5	Grant 6	Grant 7	Grant 8	Grant 9
Date of Grant	26-Feb-08	9-Jun-08	1-Nov-08	22-Apr-09	28-Oct-09	26-Apr-10	27-Oct-10	13-May-11	2-Nov-11
Exercise Price Per Option (Rs)	10	12	32	36	80	100	120	120	120
Total Options granted and outstanding as at 31 March 2011	1,126,230	145,045	294,420	449,596	357,350	793,750	988,600	-	-
Add: Options Granted during the Year	-	-	-	-	-	-	-	442,200	475,025
Less: Options Forfeited / Lapsed during the Year	43,860	13,647	42,370	38,797	68,787	176,725	243,439	88,800	78,450
Options Exercised during the Year	1,080	-	2,775	-	-	-	-	-	-
Options Outstanding as at 31 March 2012									
- Vested (Refer Note below)	689,590	102,538	193,375	237,099	158,163	170,635	199,232	-	-
- Yet to Vest	391,700	28,860	55,900	173,700	130,400	446,390	545,929	353,400	396,575

Note:

Includes 1,981 (Previous Year - 1,485) options vested, for which the Company has received Share Application Money, which is pending allotment of Equity Shares as at 31 March 2012. Refer Note 5.

(b) The fair value of options used to compute Proforma net profit and earnings per Equity Share have been estimated on the date of the grant using Black-Scholes model by an external firm of Chartered Accountants.

The key assumptions used in Black-Scholes model for calculating fair value as on the date of the grant are:

Variables	Date of Grant								
	26-Feb-08	**9-Jun-08**	**1-Nov-08**	**22-Apr-09**	**28-Oct-09**	**26-Apr-10**	**27-Oct-10**	**13-May-11**	**2-Nov-11**
Risk Free Interest Rate	8.50%	8.75% to 9%	9.75%	8.25%	6.75% to 7%	6.50% to 7.25%	7.25% to 7.50%	7.9% to 8.05%	8.40% to 8.65%
Expected Life	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	2.58 to 5.58 yrs	2.58 to 5.58 yrs
Expected Volatility	43% to 45%	43% to 45%	41% to 47%	42% to 44%	37% to 44%	37% to 40%	35% to 40%	38% to 41%	38% to 40%
Dividend Yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
Price of the underlying Share at the time of the Option Grant (Rs.)	10.00	12.00	32.00	36.00	80.00	100.00	120.00	120.00	120.00
Fair Value of the Option (Rs.)									
1st Stage	0.63	3.14	12.17	8.24	6.24	20.26	26.09	28.24	28.02
2nd Stage	0.81	3.91	15.20	9.54	7.69	25.01	32.50	34.97	36.59
3rd Stage	1.00	4.02	17.27	11.54	11.33	30.26	39.18	41.38	42.77
4th Stage	1.32	4.70	18.36	13.69	16.14	36.81	47.53	48.34	48.58

(c) Had compensation cost for the stock options granted under the Scheme been determined based on the fair value approach, the Company's net (loss) / profit and earnings per share would have been as per the Proforma amounts indicated below:

Particulars	For the Year Ended 31 March 2011 Rs.	For the Year Ended 31 March 2011 Rs.
Net (Loss) / Profit (as reported)	(64,331,983)	304,392,333
Add: Stock Based Employee Compensation Expense included in Net (Loss) / Profit	-	-
Less: Stock Based Compensation Expense Determined under Fair Value based Method (Proforma)	23,200,145	20,009,348
Net (Loss) / Profit (Proforma)	**(87,532,128)**	284,382,985

Particulars	For the Year Ended 31 March 2011 Rs.	For the Year Ended 31 March 2011 Rs.
Basic Earnings per Share of Rs. 10 each (as reported)	(1.45)	6.98
Basic Earnings per Share of Rs. 10 each (Proforma)	(1.97)	6.52
Diluted Earnings per Share of Rs. 10 each (as reported)	(1.45)	6.54
Diluted Earnings per Share of Rs. 10 each (Proforma)	(1.97)	6.11

	Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
4	**Reserves and Surplus**		
4.1	**Securities Premium Account**		
	Opening Balance	2,060,806,825	2,060,686,171
	Add: Additions during the Year	61,050	120,654
	Less: Utilisation during the Year	-	-
	Closing Balance	**2,060,867,875**	**2,060,806,825**
	Note:		
	Additions to Securities Premium Account represents:		
	Premium on allotment of Nil (Previous Year 2,027) Equity Shares of Rs. 10 each to employees under the ESOP Scheme at a premium of Rs. 2 per Share.	-	4,054
	Premium on allotment of 2,775 (Previous Year 5,300) Equity Shares of Rs. 10 each to employees under the ESOP Scheme at a premium of Rs. 22 per Share.	61,050	116,600
4.2	**Statutory Reserve** (Refer Note 47)		
	Opening Balance	111,111,000	50,211,000
	Add: Amount Transferred during the Year	-	60,900,000
	Closing Balance	**111,111,000**	**111,111,000**
4.3	**Surplus in the Statement of Profit and Loss**		
	Opening Balance	424,283,320	180,790,987
	Add: (Loss) / Profit for the Year	(64,331,983)	304,392,333
	Less: Appropriations		
	-Transfer to Statutory Reserve (Refer Note 47)	-	60,900,000
	Net Surplus in the Statement of Profit and Loss	**359,951,337**	**424,283,320**
		2,531,930,212	**2,596,201,145**

5 Share Application Money Pending Allotment

Pursuant to the Employee Stock Option (ESOP) Scheme as indicated under Note 3.6, the Company has received the Share Application Money of Rs. 73,660 (As at 31 March 2011 - Rs. 23,760) from employees towards subscription of 3,781 (As at 31 March 2011 - 1,485) Equity Shares of Rs. 10 each at various exercise prices, which were granted to employees under the ESOP Scheme. Pending allotment, the amount received from the employees have been shown as “Share Application Money Pending Allotment” as at 31 March 2012.

Particulars		As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
6	**Long Term Borrowings**		
	Term Loans		
	From Banks - Secured	-	730,338,734
	From Other Parties - Secured	-	1,136,330,836
		-	**1,866,669,570**

6.1 Details of Term Loans from Banks - Secured

(a) The loans are secured by hypothecation of specified Receivables under Financing Activities and Lien on specified Fixed Deposits with Banks (Refer Note 19).

(b) The Company has not defaulted in the repayment of dues to banks.

(c) As per the terms of agreement entered into by the Company for some of the Borrowings, the Company should not declare / pay dividend to the Shareholders without the express consent from the Banks in case of overdue to the Banks in loan installments / interest payments.

(d) The details of interest rate, tenor and repayment terms of the Term Loans from Banks are as follows:

S. No.	Tenor	Interest Rate	No. of Installments outstanding (Principal)	Repayment Terms	Loan Amount as at 31 March 2012 Rs.	Loan Amount as at 31 March 2011 Rs.
1	30 months	13.50% (Refer Note (i))	5	Principal Quarterly, Interest Monthly	-	27,777,782
2	24 months	13.50% (Refer Note (i))	3	Principal Quarterly, Interest Monthly	-	56,971,430
3	24 months	12.25% (Refer Note (i))	3	Principal Quarterly, Interest Monthly	-	200,000,000
4	24 months	13.50% (Refer Note (i))	1	Principal Quarterly, Interest Monthly	-	7,142,143
5	24 months	12.5% (Refer Note (i))	4	Principal Quarterly, Interest Monthly	-	50,000,000
6	24 months	13.50%	1	Principal Quarterly, Interest Monthly	-	2,500,000
7	24 months	11.00%	4	Principal Quarterly, Interest Monthly	-	101,000,000
8	24 months	11.75%	6	Principal Quarterly, Interest Monthly	-	174,000,000
9	24 months	14.50% (Refer Note (i))	17	Principal Monthly, Interest Monthly	-	188,092,666
10	24 months	14.50% (Refer Note (i))	13	Principal Monthly, Interest Monthly	-	54,271,354

S. No.	Tenor	Interest Rate	No. of Installments outstanding (Principal)	Repayment Terms	Loan Amount as at 31 March 2012 Rs.	Loan Amount as at 31 March 2011 Rs.
11	24 months	13.00% (Refer Note (i))	12	Principal Monthly, Interest Monthly	-	50,000,007
12	24 months	14.50% (Refer Note (i))	10	Principal Monthly, Interest Monthly	-	8,500,005
13	21 months	13.00% (Refer Note (i))	3	Principal Quarterly, Interest Monthly	-	53,571,433
14	24 months	12.50% (Refer Note (i))	10	Principal Quarterly, Interest Monthly	-	228,571,429
15	17 months	12.50% (Refer Note (i))	15	Principal Monthly, Interest Monthly	-	235,000,000
16	24 months	13.75% (Refer Note (i))	4	Principal Quarterly, Interest Monthly	-	142,859,000
17	24 months	14.75% (Refer Note (i))	1	Principal Quarterly, Interest Monthly	-	21,350,000
18	27 months	14.50% (Refer Note (i))	1	Principal Monthly, Interest Monthly	-	2,083,320
19	24 months	14.00% (Refer Note (i))	2	Principal Quarterly, Interest Monthly	-	28,571,435
20	63 months	13.00% (Refer Note (i))	56	Principal Monthly, Interest Monthly	-	444,444,444
21	24 months	13.00% (Refer Note (i))	5	Principal Quarterly, Interest Monthly	-	357,144,000
22	28 months	12.50% (Refer Note (i))	8	Principal Monthly, Interest Monthly (Refer Note (ii) below)	-	125,000,186
23	29 months	12.50% (Refer Note (i))	15	Principal Monthly, Interest Monthly (Refer Note (ii) below)	-	580,000,000
24	24 months	13.00% (Refer Note (i))	4	Principal Monthly, Interest Monthly	-	57,100,000
25	24 months	12.25% (Refer Note (i))	18	Principal Monthly, Interest Monthly	-	171,428,570
26	35 months	13.75% (Refer Note (i))	19	Principal Monthly, Interest Monthly	-	62,037,092
27	24 months	11.75% (Refer Note (i))	4	Principal Quarterly, Interest Monthly	-	50,000,000
	Total				**-**	**3,479,416,296**
	Less : Current Maturities of Long-Term Borrowings (Refer Note 10)				-	(2,749,077,562)
	Long Term Borrowings from Banks				**-**	**730,338,734**

Note:

(i) Interest rates are on floating rate basis. The interest rates disclosed above represents the rate of interest as at 31 March 2011.

(ii) In addition to the hypothecation of the specified Receivables under financing activities, the other free assets of the Company have also been provided as collateral security.

6.2 Details of Term Loans from Others Parties- Secured

(a) The loans are secured by hypothecation of specified Receivables under Financing Activities and lien on Inter-Corporate Deposits (Refer Notes 16 & 20).

(b) The Company has not defaulted in the repayment of dues to Other Parties.

(c) The details of interest rate, tenor, repayment terms of the Term Loans from other parties are as follows:

S. No.	Tenor	Interest Rate	No. of Installments outstanding	Repayment Terms	Loan Amount as at 31 March 2012 Rs.	Loan Amount as at 31 March 2011 Rs.
1	48 months	14.45% (Refer Note (i) below)	5	Principal Half Yearly, Interest Quarterly	-	100,000,000
2	24 months	11.60%	6	Principal Quarterly, Interest Monthly	-	225,000,000
3	36 months	14.25%	2	Principal Quarterly, Interest Quarterly at Monthly Compounding	-	19,604,198
4	36 months	15.50% (Refer Note (i) below)	3	Principal Quarterly, Interest Quarterly at Monthly Compounding	-	15,137,977
5	36 months	13.00% (Refer Note (i) below)	11	Principal Quarterly, Interest Quarterly at Monthly Compounding	-	171,624,778
6	48 months	12.50%	5	Principal Quarterly, Interest Monthly	-	25,000,000
7	61 months	13.50%	28	Principal Monthly, Interest Monthly	-	172,000,000
8	61 months	12.00%	39	Principal Monthly, Interest Monthly	-	550,000,000
9	61 months	11.75%	34	Principal Monthly, Interest Monthly	-	982,758,400

S. No.	Tenor	Interest Rate	No. of Installments outstanding	Repayment Terms	Loan Amount as at 31 March 2012 Rs.	Loan Amount as at 31 March 2011 Rs.
10	24 months	14.50%	6	Principal Monthly, Interest Monthly	-	12,506,000
11	24 months	13.50%	6	Principal Monthly, Interest Monthly	-	30,000,000
12	24 months	13.25%	15	Principal Monthly, Interest Monthly	-	135,660,400
					-	**2,439,291,753**
	Less : Current Maturities of Long-Term Borrowings (Refer Note 10)				-	(1,302,960,917)
	Long Term Borrowings from Other Parties				**-**	**1,136,330,836**

Note:

(i) Interest rates are on floating rate basis. The interest rates disclosed above represents the rate of interest as at 31 March 2011.

	Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
7	**Other Long Term Liabilities**		
	Unamortised Income		
	- Gain on Securitisation / Assignment of Receivables	-	1,629,932
	- Interest Strip Retained on Assignment of Receivables	-	7,733,376
		-	**9,363,308**

	Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
8	**Long Term Provisions**		
	Provision - Employee Benefits		
	Provision for Gratuity	-	8,014,762
	Provision - Others		
	Provision for Standard Receivables under Financing Activities	-	18,147,026
	Provision for Sub-standard and Doubtful Receivables under Financing Activities	-	550,879
	Provision for Credit Enhancements on Assets De-Recognised	-	2,868,918
		-	**29,581,585**

Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
9 Trade Payables		
Trade Payables - Other than Acceptances	4,383,382	65,611,810
	4,383,382	**65,611,810**

Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
10 Other Current Liabilities		
Current Maturities of Long Term Borrowings (Refer Note (i) below)		
- From Banks - Secured	-	2,749,077,562
- From Other Parties - Secured	-	1,302,960,917
Interest Accrued But Not Due on Borrowings	-	50,226,297
Advances Installments from Customers	-	736,757
Unamortised Income		
- Gain on Securitisation / Assignment of Receivables	-	97,195,964
- Interest Strip Retained on Assignment of Receivables	-	73,856,135
Statutory Remittances (PF, ESI, TDS etc.)	384,134	10,833,316
Amounts Payable to Assignees for Assets De-recognised	-	138,064,936
	384,134	**4,422,951,884**

Note:
(i) Refer Note 6.1 and 6.2 for details of security, interest rate, tenor and repayment details

Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
11 Short Term Provisions		
Provision - Employee Benefits		
Provision for Compensated Absences	-	13,355,872
Provision for Gratuity	-	23,943
Provision - Others		
Provision for Standard Receivables under Financing Activities	-	59,677,917
Provision for Sub-standard and Doubtful Receivables under Financing Activities	-	16,838,716
Provision for Credit Enhancements on Assets De-Recognised	-	18,018,650
Provision for Prompt Payment Rebate	-	149,336,135
Provision for Wealth Tax (Net)	509,740	527,860
	509,740	**257,779,093**

12 Fixed Assets

12.1 Tangible Assets - Owned
(i) Gross Block

Particulars	Gross Block				
	Balance as at 1 April 2011 Rs.	Additions Rs.	Disposals Rs.	Transfer through Scheme of Arrangement Rs.	Balance as at 31 March 2012 Rs.
Land (Refer Note 12.4)					
- Freehold	36,124,709	-	-	-	36,124,709
- Given under Operating Lease	58,306,729	-	-	-	58,306,729
Buildings (Refer Note 12.4) - Given under Operating Lease	21,733,679	36,286,928	-	-	58,020,607
Leasehold Improvements	20,211,323	-	-	20,211,323	-
Computer Equipments	83,056,015	-	-	83,056,015	-
Furniture and Fixtures	16,711,314	-	-	16,711,314	-
Office Equipments	9,774,747	-	-	9,774,747	-
Vehicles	3,478,409		900,304	2,578,105	-
Total	**249,396,925**	**36,286,928**	**900,304**	**132,331,504**	**152,452,045**
Previous Year	125,941,082	125,303,691	1,847,848	-	249,396,925

(ii) Accumulated Depreciation

Particulars	Accumulated Depreciation					Net Block	
	Balance as at 1 April 2011 Rs.	For the year Rs.	Eliminated on Disposal of Assets Rs.	Transfer through Scheme of Arrangement Rs.	Balance as at 31 March 2012 Rs.	Balance as at 31 March 2012 Rs.	Balance as at 31 March 2011 Rs.
Land (Refer Note 12.4)							
- Freehold	-	-	-	-	-	36,124,709	36,124,709
- Given under Operating Lease	-	-	-	-	-	58,306,729	58,306,729
Buildings (Refer Note 12.4) - Given under Operating Lease	815,755	2,479,964	-	-	3,295,719	54,724,888	20,917,924
Leasehold improvements	11,584,054	-	-	11,584,054	-	-	8,627,269
Computer Equipments	31,292,283	-	-	31,292,283	-	-	51,763,732
Furniture and Fixtures	13,016,099	-	-	13,016,099	-	-	3,695,215
Office Equipments	5,647,603	-	-	5,647,603	-	-	4,127,144
Vehicles	577,402	169,116	457,704	288,814	-	-	2,901,007
Total	**62,933,196**	**2,649,080**	**457,704**	**61,828,853**	**3,295,719**	**149,156,326**	**186,463,729**
Previous Year	28,672,169	35,620,350	1,359,323	-	62,933,196	186,463,729	97,268,913

12.2 Intangible Assets

(i) Gross Block

Particulars	Gross Block				
	As at 1 April 2011 Rs.	Additions Rs.	Disposals Rs.	Transfer through Scheme of Arrangement Rs.	As at 31 March 2012 Rs.
Computer Software	50,930,137	-	-	50,930,137	-
Total	**50,930,137**	**-**	**-**	**50,930,137**	**-**
Previous Year	31,476,550	19,453,587	-	-	50,930,137

(ii) Accumulated Amortisation

Particulars	Accumulated Amortisation				Net Block	
	As at 1 April 2011 Rs.	For the year Rs.	Eliminated on disposal of assets Rs.	Transfer through Scheme of Arrangement Rs.	As at 31 March 2012 Rs.	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
Computer Software	19,248,472	-	-	19,248,472	-	-	31,681,665
Total	**19,248,472**	**-**	**-**	**19,248,472**	**-**	**-**	**31,681,665**
Previous Year	6,917,090	12,331,382	**-**	-	19,248,472	31,681,665	24,559,460

12.3 Depreciation and Amortisation Expense for the Year

Particulars	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
Depreciation for the year on tangible assets as per Note 12.1	2,649,080	35,620,350
Amortisation for the year on intangible assets as per Note 12.2	-	12,331,382
	2,649,080	**47,951,732**

12.4 Assets Given under Operating Lease

As at 31 March 2012, the Company had free hold land at 6 locations in Tamil Nadu at a total cost amounting to Rs. 94,431,438.

During the previous year ended 31 March 2011, the Company had completed the construction of buildings in Trichy & Dindigul on the freehold land and capitalized the total cost of Rs. 21,733,679 incurred by the Company towards construction. Further, during the year ended 31 March 2012, the Company has completed the construction of buildings in Coimbatore & Salem, and accordingly, the total cost of Rs. 36,286,928 incurred by the Company for construction has also been capitalized to Buildings.

The Company constructed these buildings primarily for the purpose of leasing them to Equitas Developments Initiatives Trust for running schools, as a part of its Corporate Social Responsibility initiatives. Considering the same, the Company has, effective 1 April 2011, revised the lease terms for existing as well as the new schools and provides the buildings on lease to EDIT at a nominal monthly rent of Re 1 for each of the buildings.

Particulars		As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
13	**Non-Current Investments**		
	Investment in Equity Shares of Subsidiaries (Trade & Unquoted) - at Cost		
	20,000,000 (As at 31 March 2011 - 6,000,000) Equity Shares of Equitas Housing Finance Private Limited of Rs. 10 each Fully Paid up	200,000,000	60,000,000
	2,000,000 Equity Shares of Equitas B2B Trading Private Limited of Rs. 10 each Fully Paid up	20,000,000	20,000,000
	Less: Diminution in Value of Investments (Refer Note 13.1)	(16,800,000)	-
		3,200,000	20,000,000
	60,550,000 Equity Shares of Equitas Finance Private Limited (Formerly known as V.A.P Finance Private Limited) of Rs. 10 each Fully Paid up (As at 31 March 2011 - 555,000 Equity Shares of Rs. 100 each Fully Paid up)	605,129,000	55,129,000
	180,266,200 (As at 31 March 2011 - Nil) Equity Shares of Singhivi Investment & Finance Private Limited (SIFPL) of Rs. 10 each Fully Paid up (Refer Note 13.2)	1,805,723,300	-
	Investment in Equity Share of Other Entities (Trade & Unquoted) - at Cost		
	Nil (As at 31 March 2011 - 200,000) Equity Shares of Alpha Micro Finance Consultants Private Limited (Transferred to Singhivi as part of the Scheme of Arrangement)	-	2,000,000
		2,614,052,300	**137,129,000**
	Note		
	Aggregate Cost of Unquoted Investments (Gross)	2,630,852,300	137,129,000
	Aggregate Cost of Unquoted Investments (Net of Provisions)	2,614,052,300	137,129,000

13.1 Investment in Equitas B2B Trading Private Limited

As at 31 March 2012, the Company has a total investment amounting to Rs. 20,000,000 in Equitas B2B Trading Private Limited, one of the wholly owned subsidiaries of the Company. As per the audited accounts of Equitas B2B Trading Private Limited for the year ended 31 March 2012, the net worth as at 31 March 2012 has substantially eroded and the subsidiary has continued to incur significant cash losses during the year ended 31 March 2012. Further, the subsidiary company has also ceased the existing business operations as at 31 March 2012.

Considering the above, the Management has, on a prudent basis, duly considering the liquid assets of Equitas B2B Trading Private Limited, as at 31 March 2012, estimated and accounted for a provision for diminution in value of investments amounting to Rs. 16,800,000 as the balance amount of Rs. 3,200,000 is fully recoverable / realisable as at 31 March 2012.

13.2 Investment in Singhivi Investment & Finance Private Limited ("SIFPL")

During the year ended 31 March 2012, the details of investments in SIFPL are as follows:

- 266,200 fully paid Equity shares at Rs. 21.50 per share on 7 July 2011.
- 150,000,000 fully paid up Equity Shares of Rs. 10 each at par, pursuant to the Scheme of Arrangement, as consideration for the transfer of the Micro Finance Undertaking of the Company to SIFPL (Refer Note 28).
- 30,000,000 fully paid Equity shares at Rs. 10 per share on 23 March 2012.

14 Deferred Tax

The Deferred Tax Asset of Rs. Nil as at 31 March 2012 has arisen on account of the following:

		Movement during the Year		
Particulars	**As at 31 March 2011 Rs.**	**Adjustment Pursuant to Scheme of Arrangement Refer Note 28) Rs.**	**(Charged) / Credited Rs.**	**As at 31 March 2012 Rs.**
Deferred Tax Assets				
Difference between depreciation as per Books of Account and Income Tax Act, 1961	1,990,510	(1,990,510)	-	-
Provision for Standard Receivables under Financing Activities	25,250,303	(25,250,303)	-	-
Provision for Sub-Standard and Doubtful Receivables under Financing Activities	5,642,054	(5,642,054)	-	-
Provision for Credit Enhancements on Assets De-Recognized	6,776,971	(6,776,971)	-	-
Employee Benefits	6,941,471	(6,941,471)	-	-
Others	1,532,966	(1,516,614)	(16,352)	-
Net Deferred Tax Asset	**48,134,275**	**(48,117,923)**	**(16,352)**	**-**

Note:
The Company has written off deferred tax asset amounting to Rs. 48,117,923 during the year ended 31 March 2012. The deferred tax asset was created during the period up to 31 March 2011 with respect to certain assets and liabilities which were subsequently transferred to SIFPL pursuant to the Scheme of Arrangement.

	Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
15	**Long Term Receivables under Financing Activities - Unsecured**		
	(Represents Installments Due after one year from the reporting date)		
	Micro Finance Loans	-	1,440,877,584
	Micro Finance Loans given as Credit Enhancements for Loans Assigned	-	14,736,168
		-	**1,455,613,752**
	Of the above:		
	- Considered Good	-	1,455,062,873
	- Considered Doubtful (Sub-Standard and Doubtful Receivables under Financing Activities as per Company's Provisioning Norms.)	-	550,879
	(Refer Note 8 for Provision for Sub-Standard and Doubtful Receivables under Financing Activities)		

	Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
16	**Long Term Loans and Advances**		
	Capital Advances - Unsecured, Considered Good	2,329,453	6,630,184
	Security Deposits - Unsecured, Considered Good	302,900	30,970,560
	Loans and Advances to Related Parties (Refer Note 33.2) - Unsecured, Considered Good	-	3,333,332
	Loans and Advances to Employees		
	- Secured, Considered Good	-	2,077,103
	- Unsecured, Considered Good	-	1,690,341
	- Considered Doubtful	-	358,480
		-	4,125,924
	Less : Provision for Doubtful Advances to Employees	-	358,480
		-	3,767,444
	Inter Corporate Deposits Under Lien (Refer Note below) - Unsecured, Considered Good	-	192,250,000
	Advance Tax - (Net of Provisions)	34,453,636	33,915,260
		37,085,989	**270,866,780**
	Note:		
	Inter Corporate deposits under lien for the Term Loans obtained by the Company from Small Industrial Development Bank of India.	-	192,250,000

	Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
17	**Other Non-Current Assets**		
	Interest Accrued But Not Due		
	- on Deposits with Banks / Others	-	16,284,238
	Interest Strip Retained on Assignment of Receivables	-	7,733,376
		-	**24,017,614**

	Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
18	**Short Term Receivables Under Financing Activities**		
	(Represents Installments Due within one year from the reporting date)		
	Micro Finance Loans - Unsecured	-	4,758,733,479
	Micro Finance Loans given as Credit Enhancements for Loans De-recognised - Unsecured	-	32,351,525
	Gold Loans - Secured	-	125,787
	Installments Dues from Borrowers - Secured		
	- More than 6 Months from the date they were due for payment	-	6,201
	- Others	-	1,775
	Installments Dues from Borrowers - Unsecured		
	- More than 6 Months from the date they were due for payment	-	10,122,219
	- Others	-	10,988,279
		-	**4,812,329,265**
	Of the above:		
	- Considered Good	**-**	4,795,490,549
	- Considered Doubtful (Sub-Standard and Doubtful Receivables under Financing Activities as per Company's Provisioning Norms.)	**-**	16,838,716
	(Refer Note 11 for Provision for Sub-Standard and Doubtful Receivables under Financing Activities)		

Particulars		As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
19	**Cash and Cash Equivalents**		
	Cash on Hand	-	-
	Balances with Banks		
	- In Current Accounts	1,692,138	594,756,185
	- In Deposits Accounts - Free of Lien	15,357,000	1,516,920,000
	- In Deposits Accounts - Under Lien (Refer Note (c))	-	368,666,695
		17,049,138	**2,480,342,880**
	Notes:		
(a)	Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	17,049,138	2,111,676,185
(b)	Balances with banks includes Lien Marked Deposits which have a maturity of more than 12 months from the Balance Sheet date	-	166,723,306
(c)	Deposits Accounts under Lien represents		
	- mount of deposits placed as collateral with Assignees towards Assets De-recognised	-	276,383,948
	- mount of deposits with respect to the Term Loans obtained by the Company from Banks	-	92,282,747

Particulars		As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
20	**Short Term Loans and Advances**		
	Loans and Advances to Related Parties (Refer Note 33.2)		
	- Unsecured, Considered Good	161,260,374	11,666,668
	Loans and Advances to Employees		
	- Secured, Considered Good	-	6,408,987
	- Unsecured, Considered Good	-	7,272,820
	- Considered Doubtful	-	268,230
		-	13,950,037
	Less : Provision for Doubtful Advances to Employees	-	268,230
		-	13,681,807
	Prepaid Expenses - Unsecured, Considered Good	-	16,973,189
	Balances with Government Authorities - Service Tax Input Credit - Unsecured, Considered Good	-	12,498,989

	Inter Corporate Deposits Under Lien (Refer Note (i) and (ii) below) - Unsecured, Considered Good	-	37,588,415
	Advances to Vendors / Others - Unsecured, Considered Good	112,588	6,074,785
		161,372,962	**98,483,853**
	Notes:		
(i)	Inter Corporate Deposits under lien for the Term Loans obtained by the Company from Small Industrial Development Bank of India.	-	36,000,000
(ii)	Amount of deposit placed as collateral with Assignee towards Assets De-Recognised	-	1,588,415

	Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
21	**Other Current Assets**		
	Gold Coins	-	25,965
	Interest Accrued But Not Due		
	- on Receivable under Financing Activities	-	37,386,188
	- on Loans given to Related Parties	2,260,656	235,067
	- on Deposits with Banks / Others	23,596	23,712,359
	Interest Strip Retained on Assignment of Receivables	-	79,306,572
	Insurance Claims Receivable		
	- Unsecured, Considered Good	-	5,527,165
	- Unsecured, Considered Doubtful	-	1,757,561
		-	7,284,726
	Less : Provision for Doubtful Claims	-	1,757,561
		-	5,527,165
		2,284,252	**146,193,316**

	Particulars	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
22	**Revenue from Operations**		
	Interest Income from Loans	-	1,986,015,579
	Processing, Membership and Centre Fees	-	38,491,807
	Gain from Securitisation / Assignment of Receivables	-	234,976,031
	Interest Income on Loans to Related Parties	3,582,476	395,341
	Other Operating Revenue		
	- Insurance Administration Charges	-	17,462,326
		3,582,476	**2,277,341,084**

Particulars		For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
23	**Other Income**		
	Interest Income		
	- on Fixed Deposits with Banks / Others	11,332,274	70,054,600
	- on Loans to Employees	-	1,255,650
	Gain on Sale of Fixed Assets (Net)	-	72,424
	Gain on Sale of Current Investments in Mutual Funds (Net)	538,371	30,198,333
	Foreign Currency Exchange Gain (Net)	-	14,953
	Rental Income (Refer Note 12.4)	44	2,444,472
	Miscellaneous Income	-	102,252
		11,870,689	**104,142,684**

Particulars		For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
24	**Employee Benefits Expense**		
	Salaries	-	370,215,616
	Contribution to Provident Fund	-	17,403,043
	Gratuity	-	5,420,483
	Staff Welfare Expenses	-	46,332,625
		-	**439,371,767**

Particulars		For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
25	**Finance Costs**		
	Interest on Loans	-	665,560,162
	Loan Processing Fees	-	22,720,789
		-	**688,280,951**

Particulars		For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
26	**Provisions & Write offs**		
	Provision for Standard Receivables from Financing Activities - (Net)	-	18,151,618
	Provision for Sub-standard and Doubtful Receivables under Financing Activities - (Net)	-	14,506,438
	Provision for Credit Enhancements on Assets De-Recognised - (Net)	-	5,033,682
	Loss Assets Written Off	-	239,195,521
		-	**276,887,259**

Particulars		For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
27	**Other Expenses**		
	Rent (Refer Note 34)	-	31,040,922
	Electricity Charges	-	4,134,647
	Rates and Taxes	873,344	1,580,345
	Insurance	-	8,740,275
	Software Expenses	-	23,792,281
	Repairs and Maintenance - Others	94,900	7,128,864
	Cash Management Charges	-	23,617,032
	Travelling and Conveyance	624,628	39,737,010
	Communication Expenses	-	27,282,185
	Printing and Stationery	5,010	26,014,870
	Centre Leader Fees	-	60,052,860
	Advertisement and Business Promotion	57,195	4,851,259
	Legal and Professional Charges	1,510,108	22,580,909
	Directors' Remuneration and Sitting Fees	3,464,389	5,140,000
	Donations (Refer Note 45)	-	15,219,617
	Auditors' Remuneration (Net of Service Tax, where applicable)		
	- Statutory Audit	500,000	1,300,000
	- Limited Review	-	500,000
	- Tax Audit	-	300,000
	- Others	90,000	30,000
	- Reimbursement of Expenses	-	10,627
	- Service Tax	68,598	-
	Provision for Doubtful Advances	-	2,384,271
	Bank Charges	11,045	14,761,542
	Miscellaneous Expenses	2,576	5,336,302
		7,301,793	**325,535,818**

28 Scheme of Arrangement

(a) The Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 entered into between the Company and SIFPL has been approved by the Honourable High Court of Judicature at Madras, vide its Order dated 11 January 2012. The parties to the Scheme of Arrangement have filed the certified copy of the said Order with the Registrar of Companies on 21 January 2012. As per the Scheme of Arrangement, the assets and liabilities of the Micro Finance Undertaking of the Company has been transferred to SIFPL with effect from 1 April 2011.

The assets and liabilities transferred by the Company pursuant to the Scheme of Arrangement are as follows:

Particulars	Balance as at 1 April 2011 Rs.
Fixed Assets	
- Gross Block	83,261,641
- Accumulated Depreciation	(81,077,325)
Fixed Assets (Net Block)	102,184,316
Investments	2,000,000
Micro Finance Loans	6,199,611,063
Micro Finance Loans given as Credit Enhancement for Loans Assigned	47,087,693
Installments and Other Dues from Borrowers (Unsecured Loan)	21,110,498
Other Loans	133,763
Loan to Equitas Dhanyakosha India	15,235,067
Cash and Bank Balances	1,273,422,880
Other Current Assets	303,311,377
Loans to Investment Division	3,580,553
Loans and Advances	180,440,182
Total Assets - A	**8,148,117,392**
Secured Loans	5,918,708,049
Current Liabilities	442,576,525
Provisions	286,832,818
Total Liabilities - B	**6,648,117,392**
Net (A-B) (Refer Note Below)	**1,500,000,000**

Note:

Pursuant to the Scheme of Arrangement, SIFPL has allotted 150,000,000 fully paid up Equity Shares of Rs. 10 each at par to the Company as consideration for the transfer of the Micro Finance Undertaking (Also Refer Note 13.2).

29 Securitization of Assets

As per the RBI guidelines on Securitization on Standard Assets issued on 6 February 2006, the details of Assets De-recognised by way of Securitisation is as under:

Particulars	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
Total Number of Loan Assets Securitized during the Year	-	105,402
Book Value of Loans Assets Securitized during the Year	-	864,215,236
Sale Consideration Received during the Year	-	985,993,125
Total Gain on account of Securitization to be Amortised over the Life of the Receivables during the Year	-	121,777,889
Gain Recognised in the Statement of Profit and Loss during the Year (including amortization of Unamortised Income)	-	98,506,362
Quantum of Credit Enhancement provided during the Year in the form of Deposits	-	99,980,000

Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
Un-amortised Income as at Year End	-	55,185,550
Quantum of Credit Enhancement as at Year End	-	99,980,000

30 Bilateral Assignment of Receivables

The Company has entered into certain bilateral assignments with Banks / NBFCs and the transactions have been accounted for in accordance with the Accounting Policy of the Company. The details of these assignment transactions are given below:

Particulars	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
Assets De-Recognised during the Year	-	1,056,478,736
Consideration Received during the Year	-	1,123,784,495
Cash Collaterals provided as First Loss and Second Loss Facility during the Year	-	131,623,303
Micro Finance Loans Subordinated as Credit Enhancements for Assets De-Recognised	-	47,087,693
Excess Interest Strip Subordinated as Credit Enhancements for Assets De-Recognised	-	60,891,057
Total Gain on Assignment to be Amortised over the Life of the Receivables (Including Excess Interest Strip Retained)	-	162,636,676
Gain Recognised in the Statement of Profit and Loss during the Year (including amortisation of Unamortised Income)	-	136,469,669

Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
Total Outstanding amount of Assets De-Recognised as at year End	-	1,671,005,473
Un-amortised Income as at year end	-	125,229,857
Cash Collaterals as at year end	-	177,992,363
Micro Finance Loans Subordinated as Credit Enhancements for Assets De-Recognised.	-	47,087,693
Excess Interest Strip Retained Subordinated as Credit Enhancements for Assets De-Recognised as at Year end	-	60,891,057

31 Employee Benefits

31.1 Defined Contribution Plans

The Company makes Provident Fund contribution to defined contribution plan for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. Nil (Previous Year Rs. 17,403,043) towards Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the scheme by the Company are at rates specified in the rules of the scheme.

31.2 Defined Benefit Plans

The Company does not have a funded gratuity scheme for its employees as at 31 March 2011. Gratuity provision has been made based on the actuarial valuation done as at the year end. The details of actuarial valuation as provided by the Independent Actuary is as follows:

Particulars	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
Change in defined benefit obligations during the Year		
Present value of Defined Benefit Obligation at beginning of the Year	8,038,705	2,618,222
Adjustment pursuant to the Scheme of Arrangement (Refer Note 28)	(8,038,705)	-
Current Service Cost		4,722,996
Interest cost		209,458
Benefits Paid	-	-
Actuarial (Gains)/Losses	-	488,029
Present value of Defined Benefit Obligation at End of the Year	**-**	**8,038,705**
Change in Fair Value of Assets during the Year		
Plan Assets at Beginning of the Year	-	-
Expected Return on Plan Assets	-	-

Particulars	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
Actual Company Contributions	-	-
Actuarial Gains	-	-
Plan Assets at End of the Year	**-**	-
Net Liability recognised in the Balance Sheet		
Present Value of Defined Benefit Obligation	-	8,038,705
Fair Value of Plan Assets	-	-
Net Liability Recognized in the Balance Sheet	**-**	**8,038,705**
Cost of Defined Benefit Plan for the Year		
Current Service Cost	-	4,722,996
Interest Cost	-	209,458
Net Actuarial Gains	-	488,029
Net Cost Recognized in the Statement of Profit and Loss	**-**	**5,420,483**
Actual Return on Plan Assets	**-**	**-**

Assumptions		
Discount Rate	-	8.00%
Future Salary Increase (%)	-	5.00%
Mortality Rate	-	LIC 1994-96 rates
Attrition Rate	-	5.00%
Expected Rate of Return on Plan Assets	-	N/A

Notes:

a) The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.

b) Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

c) Experience Adjustments:

Particular	2011-12	2010-11	2009-10	2008-09	2007-08*
Projected Benefit Obligation	-	8,038,705	2,618,222	1,059,224	154,401
Fair Value of Plan Assets	-	-	-	-	-
Surplus/(Deficit)	-	8,038,705	2,618,222	1,059,224	154,401
Experience Adjustments on plan liabilities - (Gains) / Losses	-	488,029	(165,884)	222,605	N/A
Experience Adjustments on plan assets - (Gains) / Losses	-	-	-	-	N/A

* First year of operations for the period 22 June 2007 (Date of Incorporation to 31 March 2008

31.3 Compensated Absences

The key assumptions used in the computation of provision for long term compensated absences as per Actuarial Valuation done by an Independent Actuary are as given below:

Particulars	For the Year Ended 31 March 2012	For the Year Ended 31 March 2011
Assumptions		
Discount Rate	-	8.00%
Future Salary Increase	-	5.00%
Mortality Rate	-	LIC 1994-96 rates
Attrition Rate	-	5.00%

31.4 Pursuant to the Scheme of Arrangement with SIFPL, all the employees of the Company have been transferred to SIFPL. Effective 1 April 2011, there are no employees in the rolls of the Company.

32 Segment Reporting

As indicated in Note 28 above, the Company has transferred its Micro Finance Undertaking to SIFPL effective from 1 April 2011. Consequently, the Company is primarily engaged in the business of Core Investment Operations only. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per AS-17 "Segmental Reporting".

33 Related Party Transactions

33.1 Names of Related Parties and Nature of Relationship

Description of Relationship	As at 31 March 2012	As at 31 March 2011
Subsidiaries	Equitas Housing Finance Private Limited	Equitas Housing Finance Private Limited
	Equitas B2B Trading Private Limited	Equitas B2B Trading Private Limited
	Equitas Finance Private Limited (Formerly known as V.A.P Finance Private Limited)	VAP Finance Private Limited
	Singhivi Investment & Finance Private Limited	
Key Management Personnel	Mr. P.N.Vasudevan, Managing Director	Mr. P.N.Vasudevan, Managing Director
Entities where the Company has Control	Equitas Development Initiative Trust	Equitas Development Initiative Trust
	Equitas Dhanyakosha India	Equitas Dhanyakosha India

Note: Related party relationships are as identified by the Management.

33.2 Transactions with the Related parties

Transaction	Related Party	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
Income			
Rental Income	Equitas Development Initiative Trust	44	2,444,472
Interest on Loans to Related Parties	Equitas Dhanyakosha India	-	395,342
	Equitas Finance Private Limited	2,796,175	-
	Singhivi Investment & Finance Private Limited (Also Refer Note 28)	786,301	-
Recovery of Expenses	Equitas Development Initiative Trust	-	3,094,749
	Equitas Dhanyakosha India	-	5,855,900
	Equitas B2B Trading Private Limited	-	1,938,645
Reimbursement of Preliminary Expenses	Equitas Housing Finance Private Limited	-	1,108,620
	Equitas B2B Trading Private Limited	-	208,520
Expenses			
Remuneration	Mr. P.N.Vasudevan	-	4,906,760
Donations	Equitas Development Initiative Trust	-	15,219,617
Purchase of Food Items	Equitas Dhanyakosha India	-	980,683
Other Transactions			
Issue of Equity Shares	Mr. P.N.Vasudevan	-	11,603,330
Loans given	Equitas Finance Private Limited	210,000,000	-
	Singhivi Investment & Finance Private Limited	250,000,000	-
	Equitas Dhanyakosha India	-	15,000,000
Loans recovered	Equitas Finance Private Limited	50,000,000	-
	Singhivi Investment & Finance Private Limited	250,000,000	-
Investment in Equity Shares of Subsidiaries	Equitas Housing Finance Private Limited	140,000,000	60,000,000
	Equitas B2B Trading Private Limited	-	20,000,000
	Equitas Finance Private Limited	550,000,000	50,000,000
	Singhivi Investment & Finance Private Limited	1,800,000,000	-
Other Recovery	Equitas Housing Finance Private Limited	-	264,870
	Singhivi Investment & Finance Private Limited	1,260,374	-
Guarantee Given	Singhivi Investment & Finance Private Limited	4,790,000,000	-
	Equitas Finance Private Limited	600,000,000	-
	Equitas Dhanyakosha India	-	25,000,000
Diminution in Value of Investments	Equitas B2B Trading Private Limited	16,800,000	-
Recovered and Paid on behalf of Customers	Equitas Development Initiative Trust	-	3,330,870
Balance as at Year End			
Receivable	Equitas Finance Private Limited	162,260,656	-
	Equitas Dhanyakosha India	-	15,235,067
	Singhivi Investment & Finance Private Limited	1,260,374	-
Payable	Equitas Development Initiative Trust	-	2,219,613

Notes:

(a) The above excludes the sitting fee of Rs. 765,000 (Previous Year - Rs. 640,000) and Remuneration of Rs. 2,699,389 (Previous Year Rs. 4,500,000) paid /payable to Non Whole time Directors.

(b) The Company accounts for costs incurred by or on behalf of related parties based on the actual invoice / debit notes raised and accruals as confirmed by such related parties. The Related parties have confirmed to the management that as at 31 March 2012, there are no further amounts payable to / receivable from them, other than as disclosed above.

(c) Also Refer Note 28 for the details of assets and liabilities acquired by the Company pursuant to the approved Scheme of Arrangement

34 Operating Leases

(a) The Company had operating lease agreements primarily for office space, the lease terms of which are for a period of 2 to 5 years. For the year ended 31 March 2012, an amount of Rs. Nil (Previous Year Rs. 31,040,922) was paid towards lease rentals and other charges for the office space. The future minimum lease payments under operating leases contracted are as follows:

Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
Less than One Year	-	26,634,282
One Year to Five Years	-	30,785,856

(b) The Company has let out its premises at Trichy, Dindigul, Salem and Coimbatore to Equitas Development Initiatives Trust (EDIT) and has accordingly recorded an amount of Rs. 44 (Previous Year - Rs. 2,444,472) as rental income during the year ended 31 March 2012. The original lease term period is for 30 years. The Company effective 1 April 2011, revised the lease terms for existing as well as the new schools and provides the buildings on lease to EDIT at a nominal monthly rent of Re 1 for each of the buildings.

The Company is entitled to receive the following amounts in respect of operating leases:

Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
Less than One Year	48	3,384,000
More than One Year but less than Five Years	192	13,536,000
More than Five years	1,108	82,062,000

35. Earnings per Share

(a) Basic

Particulars	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
(Loss) / Profit after Tax attributable to Equity Shareholders	(64,331,983)	304,392,333
Weighted Average Number of Equity Shares	44,427,163	43,631,001
Earnings Per Share (Basic) - in Rs.	(1.45)	6.98
Face Value Per Share - in Rs.	10	10

(b) Diluted

Particulars	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
(Loss) / Profit after Tax attributable to Equity Shareholders- in Rs.	(64,331,983)	304,392,333
Weighted Average Number of Equity Shares for Basic EPS	44,427,163	43,631,001
Add: Effect of Warrants and ESOPs which are Dilutive	-	2,945,179
Weighted Average Number of Equity Shares for Dilutive EPS	44,427,163	46,576,180
Earnings Per Share (Diluted) - in Rs.	(1.45)	6.54
Face Value Per Share - in Rs.	10	10

36 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Based on and to the extent of information received by the Company from the suppliers during the year regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars for the years ended 31 March 2012 and 31 March 2011 are furnished below:

Particulars	2011-12 Rs.	2010-11 Rs.
Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	179,579
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

37. Commitments and Contingencies

Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
Contingent Liabilities:		
Service Tax under appeal	-	12,585,245
Guarantees (Refer Note (a) below)	5,390,000,000	96,891,240
Commitments:		
- Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	15,221,619	16,369,305

Note

(a) **Guaranteees**

The Company has issued Corporate Guarantee amounting to Rs. 5,390,000,000 (As at 31 March 2011 – Rs. Nil) for the loans taken by Subsidiary Companies from various banks. The amount of such loans outstanding as at 31 March 2012 is Rs. 4,869,470,967.

During the previous year ended 31 March 2011, the Company had issued a Corporate Guarantee on behalf of Equitas Dhanyakosha India (a Private Limited Company registered under Section 25 of the Companies Act, 1956 engaged in supply of Groceries at subsidised rates to the lower income section of the society) for loan taken by EDK amounting to Rs. 25,000,000. These have been withdrawn during the year.

The Company had also furnished Corporate Guarantee for Rs. 71,891,240 towards certain Bilateral Assignments executed by the Company as at 31 March 2011.

38. Loan Portfolio and Provision for Standard and Non Performing Assets

(a) Current Year - Rs. Nil

(b) Previous Year

Asset Classification	Loan Outstanding as at 31 March 2011 (Gross)	Provision as at 31 March 2011	Loan Outstanding as at 31 March 2011 (Net)
Receivables under Financing Activities			
Standard Assets	6,225,607,715	77,824,943	6,147,782,772
Sub-Standard Assets	27,327,879	3,746,285	23,581,594
Doubtful Assets	15,007,423	13,643,310	1,364,113
Total	**6,267,943,017**	**95,214,538**	**6,172,728,479**

39. Changes in Provisions

(a) Current Year

Particulars	As at 31 March 2011	Adjustment pursuant to Scheme of Arrangement (Refer Note (i) below)	Provision for the Year	Utilization/ Reversal	As at 31 March 2012
Provision for Standard Receivables under Financing Activities	77,824,943	(77,824,943)	-	-	-
Provision for Sub-Standard and Doubtful Receivables under Financing Activities	17,389,595	(17,389,595)	-	-	
Provision for Credit Enhancements on Assets De-Recognized	20,887,568	(20,887,568)	-	-	-
Provision for Prompt Payment Rebate	149,336,135	(149,336,135)	-	-	-

Note

(i) Represents provisions transferred to Singhivi Investment & Finance Private Limited pursuant to the Scheme of Arrangement. (Refer Note 28)

(b) Previous Year

(Amount in Rs.)

Particulars	As at 31 March 2010	Additional Provision	Utilization/ Reversal	As at 31 March 2011
Provision for Standard Assets under Financing Activities	59,673,325	21,123,711	2,972,093	77,824,943
Provision for Sub-Standard and Doubtful Receivables under Financing Activities	2,883,157	15,372,474	866,036	17,389,595
Provision for Credit Enhancements on Assets De-Recognized	15,853,886	18,790,638	13,756,956	20,887,568
Provision for Prompt Payment Rebate	88,986,684	64,766,635	4,417,184	149,336,135

40 NBFC – CIC

The Company was a Systemically Important Non-deposit taking Non-Banking Finance Company (NBFC-ND-SI). The Company has received Certificate of Registration dated 13 December 2007 / 13 March 2008 from the Reserve Bank of India to carry on the business of Non Banking Financial Institution without accepting deposits.

During the year ended 31 March 2012, pursuant to the Scheme of Arrangement, the Company has transferred the Micro Finance Undertaking to Singhivi Investment & Finance Private Limited. Subsequent to transfer of Micro Finance undertaking, the Company has made an application to Reserve Bank of India (RBI), for cancellation of its registration obtained as per Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, on 24 February 2012 and is in the process of obtaining confirmation from Reserve Bank of India that the Company is Not a Systematically Important Core Investment Company (CIC-ND-SI) under Core Investment Companies (Reserve Bank) Directions, 2011.

Considering the above, the disclosures pursuant to Reserve Bank of India Notification DNBS.200/CGM (PK) – 2008 dated 1 August 2008 and Notification DNBS.193DG (VL) - 2007 dated February 22, 2007 is not applicable for the year ended 31 March 2012. (Refer Notes 41 & 42)

41 Disclosure Pursuant to Reserve Bank of India Notification DNBS.200/CGM (PK) – 2008 dated 1 August 2008

(a) Previous Year

(i) Capital Adequacy Ratio

Particulars	As at 31 March 2011 Rs.
Tier I Capital	2,910,669,455
Tier II Capital	43,062,769
Total Capital	**2,953,732,224**
Total Risk Assets	**7,444,221,534**
Capital Ratios	
Tier I Capital as a percentage of Total Risk Assets (%)	39.10%
Tier II Capital as a percentage of Total Risk Assets (%)	0.58%
Total Capital (%)	**39.68%**

(ii) Exposure to Real Estate Sector

The Company does not have any direct or indirect exposure to the real estate sector as at 31 March 2011.

(iii) Asset Liability Management

Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2011:

Particulars	1 day to 30 – 31 days (One Month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Borrowings from Banks*	17.02	28.51	39.22	74.70	115.44	57.19	15.86	-	-	-	**347.94**
Market Borrowings	-	-	-	-	-	-	-	-	-	-	**-**
Assets											
Advances (MicroFinance Loans)#	48.01	47.63	35.32	113.66	231.83	143.64	-	-	-	-	**620.09**
Investments	-	-	-	-	-	-	-	-	-	13.71	**13.71**

* The above Borrowings exclude Interest Accrued but Not Due on Borrowings from Banks and also exclude Borrowings from Financial Institutions and Other Non-Bank Lenders.

\# The above Advances exclude Micro Finance Loans Subordinated as Credit Enhancements on Assets De-Recognised.

42 Disclosure Pursuant to Reserve Bank of India Notification DNBS.193DG (VL) - 2007 dated February 22, 2007:

Previous Year

	Particulars	As at 31 March 2011	
		Amount Outstanding Rs.	**Amount Overdue Rs.**
	Liabilities:		
1	***Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:***		
(a)	Debentures		
	- Secured	-	-
	- Unsecured	-	-
	(other than falling within the meaning of public deposits)		
(b)	Deferred Credits	-	-
(c)	Term Loans *	5,968,934,346	-
(d)	Inter-Corporate Loans and Borrowings	-	-
(e)	Commercial Paper	-	-
(f)	Other Loans	-	-

* Includes Interest Accrued but Not Due on Loans amounting to Rs. 50,226,297

	Particulars	Amount Outstanding as on 31 March 2011 Rs.
2	**<u>Assets:</u>** ***Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below] :***	
(a)	Secured	134,401
(b)	Unsecured #	6,305,194,804

The above includes Interest Accrued but Not Due amounting to Rs. 37,386,188 on Loans to Borrowers and excludes Other Loans and Advances (Note 21) which are not in the nature of lending to Borrowers.

	Particulars	Amount Outstanding as on 31 March 2011 Rs.
3	***Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities***	
(i)	Lease Assets including Lease Rentals Accrued and Due:	
	(a) Financial Lease	-
	(b) Operating Lease	-
(ii)	Stock on Hire including Hire Charges under Sundry Debtors:	
	(a) Assets on Hire	-
	(b) Repossessed Assets	-
(iii)	Other Loans counting towards AFC Activities	
	(a) Loans where Assets have been Repossessed	-
	(b) Loans other than (a) above	-

	Break-up of Investments	Amount Outstanding as at 31 March 2011 Rs.
4	***Current Investments***	
I	**Quoted:**	
(i)	Shares: (a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Funds	-
(iv)	Government Securities	-
(v)	Others (please specify)	-

	Break-up of Investments	Amount Outstanding as at 31 March 2011 Rs.
II	**Unquoted:**	
(i)	Shares: (a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Funds	-
(iv)	Government Securities	-
(v)	Others	-
	Long Term Investments	
I	**Quoted:**	
(i)	Shares: (a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Funds	-
(iv)	Government Securities	-
(v)	Others (please specify)	-
II	**Unquoted:**	
(i)	Shares: (a) Equity	137,129,000
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Funds	-
(iv)	Government Securities	-
(v)	Others	-

5	***Borrower Group-wise Classification of Assets Financed as in (2) and (3) above***			
	Category	**As at 31 March 2011** **Amount in Rs. (Net of Provisions)** (Refer Note below)		
		Secured	**Unsecured**	**Total**
1	Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same Group	-	-	-
	(c) Other Related Parties	-	-	-
2	Other than Related Parties	126,113	6,287,813,497	6,287,939,610
	Total	**126,113**	**6,287,813,497**	**6,287,939,610**

Note :

Provisions include Provision for Sub-Standard and Doubtful Receivables under Financing Activities amounting to Rs. 17,389,595 and excludes Provision for Standard Receivables under Financing Activity amounting to Rs. 77,824,943.

6	*Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted) :*		Book Value
	Category	**Market Value / Break up Value or Fair Value or Net Asset Value** (Company's Share)	
1	Related Parties	-	-
(a)	Subsidiaries	117,527,057	135,129,000
(b)	Companies in the Same Group	-	-
(c)	Other Related Parties	-	-
2	Other than Related Parties (Refer Note)	1,986,758	2,000,000
	Total	**119,513,815**	**137,129,000**

Note :

The Company's share of the Net Asset Value of Alpha Micro Finance Consultants Private Limited has been calculated based on the unaudited financial statements of the Company as at 31 March 2011.

7	*Other Information*	Related Parties	Other than Related Parties
(i)	Gross Non-Performing Assets	-	42,335,302
(ii)	Net Non-Performing Assets	-	24,945,707
(iii)	Assets Acquired in Satisfaction of Debt	-	-

43 Expenditure in Foreign Currency

Particulars	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
Software Charges	-	9,442,950
Directors Sitting Fees & Remuneration	475,000	1,161,866
Professional Fees	-	2,160,691
Membership Fees	-	17,961
Others		
Total	**475,000**	**12,783,468**

44 Foreign Currency Exposure

As at 31 March 2012, the Company does not have any outstanding position in respect of any of the derivative products.

The un-hedged foreign currency exposure is as given below:

Particulars	Exposure as at 31 March 2012	Exposure as at 31 March 2011
Sundry Creditors	-	Equivalent INR 1,036,866

45 Donations

The Board of Directors have approved a donation of Rs. Nil (Previous Year – Rs. 15,219,617) to Equitas Development Initiatives Trust computed at the rate of 5% of the Profit after Tax.

46 Loss Assets Written off

During the previous year ended 31 March 2011, the Management has reviewed the recoverability of Micro Finance Loans given to customers located in the State of Andhra Pradesh taking into account the situation prevailing there after the enactment of the Andhra Pradesh Micro Finance Institutions (Regulation of Money Lending) Act, 2010. Based on such review, the Company's outstanding micro finance dues of Rs. 237,767,472 in Andhra Pradesh is considered irrecoverable by the Management and, accordingly, the same has been fully written off in the previous financial year. This amount is included in the Loss Assets Written Off amounting to Rs. 239,195,521.

47 Statutory Reserve

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the Profit after Tax of the Company every year. Accordingly, the Company has transferred an amount of Rs. 60,900,000, out of the Profit after tax for the previous year ended 31 March 2011 to Statutory Reserve.

48 Procedural Matters Pursuant to Scheme of Arrangement

The Company is in the process of completing certain procedural formalities for transfer / change of name with various statutory authorities from the name of 'EHPL' to 'SIFPL' on account of transfer to SIFPL from the Company as part of the Scheme of Arrangement (Refer Note 28).

49 The Board of Directors have reviewed the realizable value of all the current assets of the Company and has confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognised in the financial statements.

50 Previous Period Figures

As indicated in Note 28, the Company has transferred the assets and liabilities relating to the Micro Finance Undertaking to SIFPL as at 1 April 2011 pursuant to the Scheme of Arrangement approved by the Honourable High Court vide Order dated 11 January 2011. Hence, the figures of the current year are not comparable with that of the previous year.

The Revised Schedule VI of the Companies Act, 1956 has become effective from 1 April 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the **Board of Directors**

N Rangachary
Chairman

P N Vasudevan
Managing Director
& Company Secretary

S Bhaskar
Chief Operating Officer &
Chief Financial Officer
Place : Chennai
Date : 9 May 2012

P B Sampath
Chairman -Audit committee