EQUITAS HOLDINGS PRIVATE LIMITED

7th ANNUAL REPORT 2013 – 2014

CORPORATE INFORMATION

Board of Directors

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. **Sharma V K**
   Additional Director
10. **Srinivasan N**
    Director
11. **Srinivasan Nagarajan**
    Nominee Director
12. **Viswanatha Prasad Subbaraman**
    Nominee Director
13. **Vasudevan P N**
    Managing Director

Registered Office

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

Statutory 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

Banker

Axis Bank Limited

HDFC Bank Limited

ICICI Bank Limited

State Bank of India

The Hongkong and shanghai Banking Corporation Ltd

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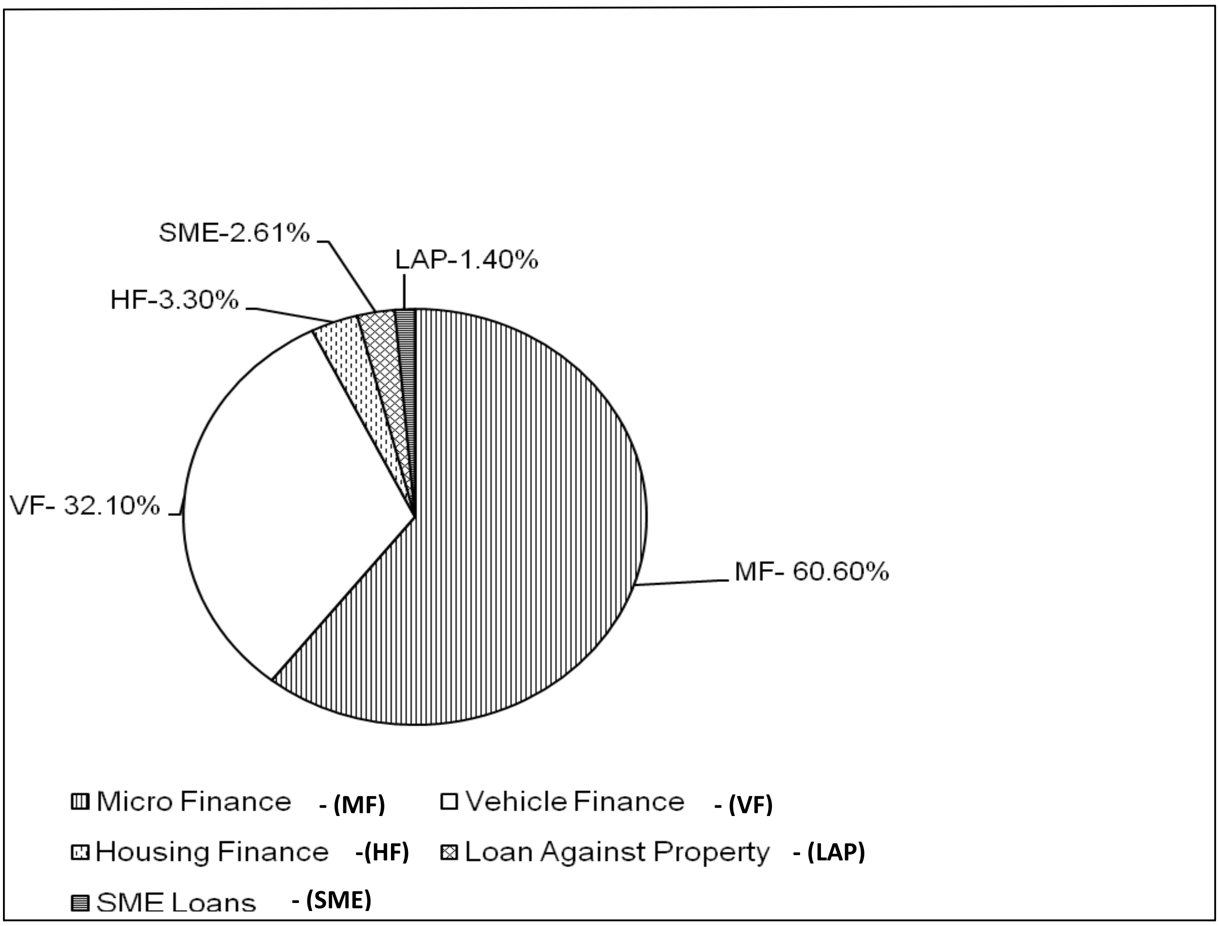
EQUITAS HOLDINGS PRIVATE LIMITED

Financials Highlights (Consolidated)

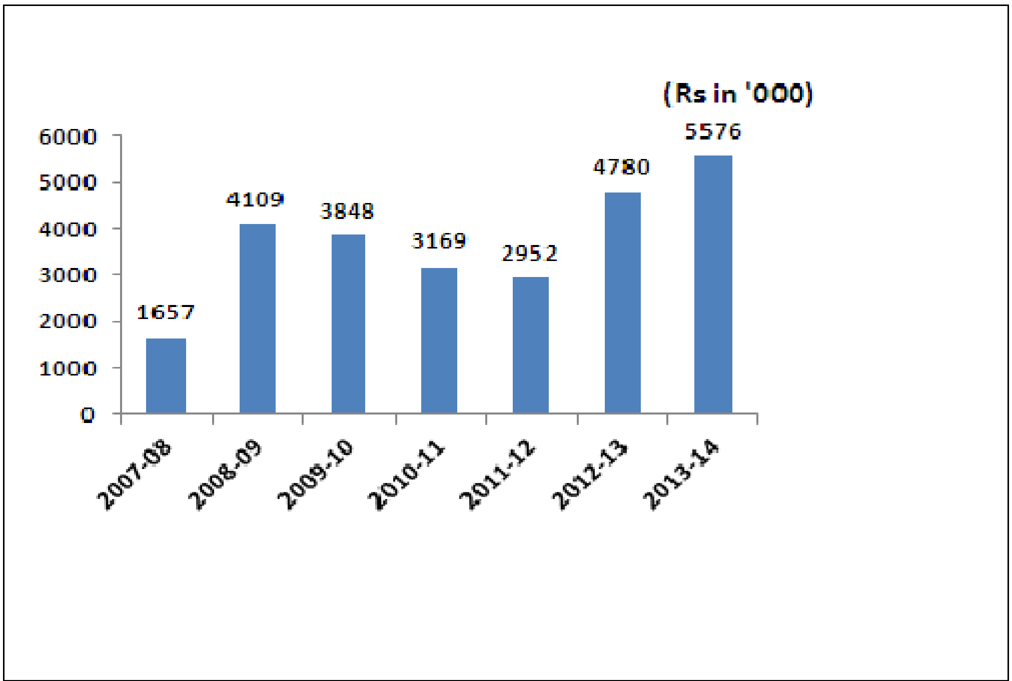
Rs in Crs

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Income	0.75	34.97	124.10	238.15	200.78	283.17	483.52
Profit After Tax	(1.97)	2.21	22.87	30.44	(4.79)	32.69	74.16
Shareholders ' Funds	11.60	112.67	271.69	304.05	301.66	472.14	741.68
ShareCapital-Equity	10.90	32.26	42.46	44.43	44.43	57.76	72.62
Reserves and Surplus	0.70	80.41	229.22	259.62	257.23	414.38	669.06
Borrowings	6.75	183.69	431.80	591.87	563.79	1,274.37	1,849.16
Loans Outstanding (AUM)	16.74	288.01	605.28	793.85	823.85	1,484.11	2,480.26
Book Value per Share (Rs)	10.64	34.92	63.98	68.44	67.90	81.74	102.13
Earning per Share (Rs)	(4.44)	1.40	6.92	6.98	(1.08)	6.45	11.95

Loan Portfolio Breakup (Consolidated)



Assets per Employee (Consolidated)



Branch Network		
Operating Subsidiary	**No of States**	**No of Branches**
Equitas Micro Finance Private Ltd	7	318
Equitas Finance Private Ltd	9	52
Equitas Housing Finance Private Ltd	4	3

FROM THE CHAIRMAN'S DESK

Dear Members,

On behalf of the Board, I am proud to place in your hands, the performance of the 'Equitas' Group. The performance has been professional and committed, as we had promised from the beginning. As I sit to write this small note for you, my mind goes back to early July 2007 when the Founders, imbued by a desire to extend benefits to the low income people (the phrase Financial Inclusion was still to become a catch-phrase in those days), planned their activities and launched the Micro Finance unit. We stood committed then, as we continue to be today, to a regime of transparency and accountability, to professional competence which could be harnessed to public benefit and finally, to a system of delivery that would be quick and responsive. And the Fairness and Transparency plank of the Company is not an empty and cliché but has been demonstrated consistently through our various policies and resultant actions over and over again.

This ambitious desire to create the Best in Class and sustainable Institution guided us all through these years and are still guiding us in our activities as you will see from what follows.

Performance:

I am glad to inform you that we closed the year with a group portfolio of around Rs 2500 crore, (a growth of about 67% over previous year), of which around 40% consisted of secured loans. We have well left behind the Andhra Pradesh microfinance crisis of 2010 when we were a single-product company. We are now firmly in the path of transforming ourselves into a group of multi-product companies. The secured loans consist largely of used commercial vehicle (used CV) loans. During the year under review, we have also introduced a few new products such as micro SME and micro Housing Finance loans addressing the needs of low income segments and Mortgage Loans for the mass segment.

This transformation has been enabled by Equitas' growth model powered by the following key drivers:

1. **Strong belief in shared values –** Equitas has invested in imbibing its corporate philosophy of fairness and transparency in every interaction with its diverse stakeholders. Across its business lines, Equitas deals with clients from the financially excluded segments, who do not have sufficient access to financial service providers. This places the clients in a vulnerable position compared to the service provider. To address this issue and ensure that Equitas does not take advantage of such situation, Equitas clearly demonstrates its philosophy of fairness and transparency at all stages to its borrowers. Many features, built into our product design and service delivery, even from early days, ensure that borrowers are always dealt with on an extremely clean and fair basis.

   You would indeed feel proud to know that your Company's business conduct and product norms including key aspects like pricing, have become the basis for the regulatory framework introduced by RBI many years after Equitas set these standards.

On a scale of 1 to 8, CRISIL has assigned its 'CRISIL GVC Level 2' rating on Corporate Governance to Equitas. There are only six other corporate entities in India (viz., Bharti Airtel Limited, HDFC Bank Limited, Housing Development Finance Corporation Limited, Infosys Limited, Mahindra & Mahindra Limited and Hero Motocorp Limited) who are Level 1 rated, Equitas along with Indian Farmers Fertilizer Cooperative Ltd (IFFCO) has been rated at Level 2, the seventh best Corporate Governance rated Corporate in the country. We are proud that all our stakeholders and especially our vast clientele have enabled us to reach this level.

2. **Huge market demand –** The overarching theme across all our products is financial inclusion. By definition, the demand for financial services from the financially excluded segments is very large. The estimated total market demand for microfinance, micro-SME and micro-Home loans for the low income groups (popularly called the Missing Middle), SME loans for the mass market and affordable housing sector, on a rough estimate, is about Rs 35 lakh crore (Source: Planning Commission estimate on SME loans and Monitor Group estimate on affordable housing sector), which is more than half of the entire banking sector's loan outstanding as on date. Equitas' ability to deploy tailor-made models for each of the borrower segments will be key to ensuring sustainable services to these groups.

3. **Responsiveness to market conditions** – As a multi-product group, it is essential that Equitas stays tuned to the market conditions for each product and responds quickly to address business concerns. In FY 13-14, Equitas demonstrated this in several ways. It sensed a big vacuum for micro SME and micro Housing Finance loans and has introduced appropriate products. This opportunity has the potential to enable Equitas serve a large number of clients, improving financial inclusion while also growing a strong and healthy portfolio in the next few years. In used CV finance, Equitas overcame the negative market sentiments and maintained a good control on collections, even as it multiplied its portfolio size. Also, Equitas responded to the different needs of Housing Finance & Loan against Property customers and has created separate field units to address these requirements.

4. **Technology support –** Rapid scalability of its businesses has been enabled by its upfront investment in innovative technology solutions. Equitas revolutionized the microfinance process by establishing a centralized back-office and by introducing pre-printed stickers for handling repayments from customers. In a similar vein, Equitas has introduced mobile-based collections systems in its other products, which enable quick visibility and risk control on cash collections across the country. The current launch of a Tablet based front end information gathering at the field level is expected to take our efficiencies and controls to the next level.

5. **Commitment to Social Initiatives –** As all of you are aware, we have always stood committed to the economic and social development of the society around us. We have taken a number of initiatives in this regard, spread over the fields of education, medical relief, skill training etc. During the last seven years, Equitas has played a significant role in this area, as base statistics given below will demonstrate. Equitas took a voluntary decision of contributing 5% of its profits to Equitas Development Initiatives Trust right from inception, as against the statutory 2% requirement now prescribed. Within seven years of its existence, the Company operates five schools through its Trust, for children belonging to low-income households besides undertaking what is arguably the largest medical services programme by any Corporate in India.

Social Initiative*	FY 13-14	Cumulative
Health Camp	7,17,704	20,35,520
Skill Development	48,584	323,759
Food Security	60,407	105,222
Telemedicine	4,662	11,469
Health Helpline	1,758	16,813
Job Placements for unemployed youth	7,695	17,440

*Values mentioned represent number of beneficiaries for each initiative.

The journey ahead: Towards extending financial inclusion, RBI has recently issued preliminary bank licences to Bandhan and IDFC. RBI has also indicated that it may provide bank licenses 'on tap'. Equitas welcomes the introduction of new banks. However the introduction of a few banks may not be sufficient for achieving financial inclusion. We believe that well-governed and diversified NBFCs such as Equitas can play a pivotal role in improving financial inclusion. We will continue to watch this space of regulatory initiatives and determine which format of regulatory structure is best suited for Equitas to enable it to continue to effectively service its chosen client segments.

We hope to continue to position Equitas as a benchmark company in India on fairness and transparency and an efficient and responsive organization which will take us to greater pastures. In fulfilling this hope, I am confident of continuing support from my colleagues on the Boards of the Company and our Group Companies – who have demonstrably proved their commitment to the cause of the Group, their vast knowledge and experience in these areas and above all, to serve our basic philosophy in a very apt manner. To them and to all the employees of the Group who have practiced our philosophy in their daily life, I send my warmest thanks and regards. To all our brethren, I will like to pledge once again the commitment of the Equitas family to be a responsible, responsive and forward looking organization, built on sound ethical business principles.

I wish all of you a Great Year ahead.

God Bless You.

N Rangachary
Chairman

DIRECTORS' REPORT

TO THE MEMBERS

The Directors have pleasure in presenting the Annual Report together with the audited Accounts of the Company for the period ended 31st March 2014 (FY 2013-14).

The financial statements (and documents required to be attached thereto), Auditor's Reports and Directors' Report in respect of the financial year ended 31st March 2014 has been prepared in accordance with General Circular No.08/2014 dated 04th April 2014, Ministry of Corporate Affairs, Government of India.

1. Overview

The Company is a non-systemically important Core Investment Company and has been exempted from registration under Section 45 IA of RBI Act, 1934.

2. Financial Results (Rupees in Lakhs)

Particulars	**For the Period ended 31st March 2014**
Gross income	288.46
Less: Total Expenditure	160.41
Profit before taxation	128.05
Provision for taxation	97.67
Profit after taxation	30.38

3. Dividend

The Directors do not recommend any dividend for the year.

4. Operational highlights

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

5. 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 FY 2013-14	Profit/Loss FY 2013-14
1	Equitas Micro Finance Pvt Ltd	Micro Finance	07th July 2011	34162.02	5654.83
2	Equitas Finance Pvt Ltd	Commercial Vehicle Finance	21st March 2011	13168.34	1579.43
3	Equitas Housing Finance Pvt Ltd	Housing Finance	14th May 2010	1313.84	149.21
4	Equitas B2B Trading Pvt Ltd	Wholesale of Vegetable & Fruits	19th May 2010	3.22	1.72

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 Consolidated Financial Statements, drawn up in accordance with the applicable Accounting Standards, form part of the Annual Report. In accordance with the general exemption granted by the Central Government under Section 212(8) of the Companies Act, 1956 in February 2011, the Balance Sheet, Profit and Loss Statement, Report of the Board of Directors and Report of the Auditors of the Subsidiary Companies, are not attached to the Balance Sheet of the Company. The financial information relating to all the Subsidiary Companies, in the aggregate, has been disclosed in the Consolidated Financial Statements, as required. Further, the Annual Accounts of the Subsidiary Companies and related detailed information will be available for inspection by the members, at the Registered Office of the Company and will also be made available to the members upon request.

6. Material changes after the Balance Sheet Date (31st March 2014)

There have been no material changes and commitments between the end of FY 2013-14 and the date of this report, affecting the financial position of the Company.

7. Corporate Governance Rating

EQUITAS has been assigned 'CRISIL GVC Level 2' rating by the CRISIL. This Governance and Value Creation (GVC) rating indicates very high capability of the Company to create wealth for all its stakeholders while adopting sound corporate governance practices.

8. Corporate Governance Report

Clause 49 of the standard listing agreement which includes the Corporate Governance Report does not apply to the Company. Notwithstanding this, a report on Corporate Governance is attached and forms part of the Directors' Report.

9. 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.

10. Directors

10.1 During the Financial year ended 31st March 2014, Mr V K Sharma was appointed as Additional Director with effect from 2nd August 2013 and Mr Nagarajan Srinivasan was nominated as Investor Director by the CDC Group PLC with effect from 18th December 2013. The Directors recommend appointment of Mr V K Sharma as Director of the Company. Appropriate resolution for appointment of Mr V K Sharma as Director of the Company is being placed for approval of the shareholders at the ensuing Annual General Meeting.

10.2 Mr P T Kuppuswamy and Mr Arun Ramanathan, retire by rotation this year, and being eligible, offer themselves for reappointment. The Directors recommend their re-appointment as Directors of the Company. Appropriate resolutions for their re-appointment are being placed for approval of the shareholders at the ensuing Annual General Meeting.

11. 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.

12. Auditors

M/s 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 a letter from them, stating that they satisfy the criteria provided in Section 141 of the Companies Act, 2013 and the appointment, if made, will be in accordance with the conditions prescribed under the Companies (Audit and Auditors) Rules, 2014. The Directors recommend the re-appointment of M/s Deloitte Haskins & Sells, Chartered Accountants, as Auditors of the Company for the period from the conclusion of the ensuing annual general meeting till the conclusion of the next Annual General Meeting.

13. Information as per Section 217(1) (E) of the Companies Act, 1956

13.1 Since the Company does not own any manufacturing facility, the requirement of disclosure of particulars relating to conservation of energy and technology absorption in terms of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is not applicable.

13.2 During the year, the Company did not have any foreign currency earnings. Foreign currency expenditure of Rs 1,30,000/- was incurred by the Company.

14. 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.

15. ESOP and Right to subscribe to Future Shares

An Employees Stock Option Scheme titled UPDB Employees Stock Option Scheme, 2007 was implemented by the Company on 17th December 2007 wherein 56,20,000 stock options were transferred to the ESOS pool for issue to the employees of the Company, each option on conversion entitled to one equity share of Rs 10/-. Subsequently a new Scheme, named and styled as Equitas Employees Stock Option Scheme, 2012 ("new scheme") was implemented wherein additional 10,00,000 stock options were transferred to the ESOS pool for issue to the employees of the Company.

As at 31st March 2014, 9,137,275 options were granted to eligible employees and 3,770,254 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 2014 are 1,252,979.

The details pertaining to the scheme as on 31st March 2014 are given below:

a) Options granted: 9,137,275

b) The pricing formula: The exercise price of the option is based on the intrinsic value of the share.

c) Options vested: 3,615,187

d) Options exercised: 1,834,704

e) The total number of shares arising as a result of exercise of option: 1,834,704

f) Total number of Options in force: 3,532,317

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 allotted by the Board at its meeting held on 30th July 2010. For the third year ended 31st March 2011, Mr P N Vasudevan was entitled to subscribe to 340,000 equity shares of Rs.10/- each which was subscribed by him during March 2014.

Acknowledgement

The Directors gratefully acknowledge the excellent relationship with the Boards of the Subsidiary Companies and their continued support for the various activities. The Directors thank the Financial Institutions and Banks associated with the Company for their support. The Directors also thank the employees of the Company and the Subsidiaries for their commitment and contribution towards the growth of the Company.

For and on behalf of the Board of Directors

Chennai	**P N Vasudevan**	**N Rangachary**
9th May 2014	**Managing Director**	**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, the Directors confirm the following in terms of Section 217(2AA) of the Companies Act, 1956:

- that in preparation of the Financial Statements for the Financial Year ended 31st March 2014 the Generally Accepted Accounting Principles (GAAP) of India and applicable Accounting Standards issued by Institute of Chartered Accountants of India have been followed;
- 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;
- that the Annual Accounts have been prepared on a going concern basis for the Financial Year ended 31st March 2014.

For and on behalf of the Board of Directors

Chennai	**P N Vasudevan**	**N Rangachary**
9th May 2014	**Managing Director**	**Chairman**

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**	**Equitas Micro Finance Pvt Ltd (formerly known as Singhivi Investment & Finance Private Ltd)**
Financial Year of the subsidiary ended on	31st March 2014	31st March 2014	31st March 2014	31st March 2014
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	40,000,000 equity shares having face value of Rs. 10/- each	2,000,000 equity shares having face value of Rs. 10/- each	240,700,000 equity shares having face value of Rs.10/- each	198,750,000 equity shares having face value of Rs.10/- each
	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.149.21	Rs.1.72	Rs.1579.43	Rs.5654.83
b) For the Previous financial years since it became a subsidiary	Rs.(434.73)	Rs.(165.58)	Rs.(933.06)	Rs.4575.35
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 became a subsidiary	–	–	–	–

For and on behalf of the Board of Directors

Chennai
9th May 2014

P N Vasudevan
Managing Director

N Rangachary
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

Introduction

Equitas Holdings Private Limited (EHPL) is the Holding Company of the Equitas group of companies. This is the Company's seventh annual report to its shareholders.

EHPL is an Investment Company holding investments in the subsidiary companies and falling within the definition of Core Investment Company – non Systematically Important (CIC – non SI) as per the RBI regulations.

Apart from holding investments in its subsidiary companies, EHPL provides loans to its subsidiaries and corporate guarantees for the subsidiary companies' borrowings.

The Company's wholly owned subsidiaries are engaged in the following businesses:

Name of the Subsidiary	Business
Equitas Micro Finance Private Limited (EMFPL)	Microfinance
Equitas Finance Private Limited (EFPL)	Used commercial vehicle finance, Loan against property and SME financing.
Equitas Housing Finance Private Limited (EHFPL)	Housing Finance & Loan against Property
Equitas B2B Trading Private Limited (B2B)	Wholesale trading in fruits and vegetables*

**started on a pilot scale but dis-continued operations due to non-viability .*

During the year, the Company raised Rs. 199.53 Crore of additional equity capital. CDC Group Plc and FMO invested Rs.156.78 Crore and the balance amount was invested by some of the existing investors.

The Company made further investment of Rs 124.94 Crore in its subsidiary company Equitas Finance Private Limited during the year to strengthen its capital base. This Investment was made at a premium of Rs 4 per share. With the above, the Company's total investments in the subsidiaries are as follows:

Name of the Company	Investment (Rs. Crore) as on 31.3. 2014	Investment (Rs. Crore) as on 31.3. 2013
EMFPL	205.53	205.53
EFPL	285.45	160.51
EHFPL	40.00	40.00
B2B	2.00	2.00

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

The Company's subsidiaries are primarily focused on providing finance to this under-banked MSME segment. The size of the opportunity is regarded to be large for any company that deploys the right model to access and assess the target segment. The unmet working capital needs of the MSME sector is estimated by the Planning Commission to be over Rs 10 Lakh Crores annually. The Company's subsidiaries seek to address this unmet demand by offering products focused on the target segment's specific requirements. Currently, the products offered include microfinance, used commercial vehicle finance and housing & mortgage loans.

Abridged Statement of Profit and Loss (Consolidated)			Rs in Lakhs
Particulars	**2013-14**	**2012-13**	Growth %
Revenue			
Revenue from Operations	48,242.79	28,214.65	70.98
Other Income	112.17	105.01	6.82
Total Revenues	48,354.96	28,319.66	70.75
Expenses			
Employee benefits expenses	10,030.84	7,804.49	28.53
Finance Costs	18,952.02	10,762.83	76.09
Depreciation and Amortization expenses	619.54	696.11	-11.00
Loan provision and write offs	1,838.89	891.06	106.37
Other Expenses	5,530.99	4,101.60	34.85
Total Expenses	**36,972.27**	**24,256.10**	52.42
PBT	**11,382.68**	**4,063.56**	180.12
Tax Expenses	3,967.11	794.14	399.55
PAT	**7,415.57**	**3,269.42**	126.82
Basic EPS (Rs.)	11.95	6.45	85.17

Equitas Holdings Private Limited (standalone financials)

The 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 as well as cost allocation on account of use of infrastructure of subsidiaries and salary cost of employees.

The Company made a profit after tax of Rs.30.38 Lakhs for the year.

Summary of outlook for subsidiaries

The Company expects to increase the share of secured loans in the next few years. The diversification will be driven by the growth of the used commercial vehicle finance and housing finance & LAP businesses, while the relationship with microfinance members will also be leveraged to extend individual property-based loans to this segment as well.

The operations of the various subsidiaries are discussed in the following paragraphs:

Equitas Micro Finance Private Limited (EMFPL)

Introduction

EMFPL is a wholly owned subsidiary of Equitas Holdings Private Limited. During the year the EMFPL was reclassified as a NBFC-MFI-SI from its earlier classification as Loan Company by RBI.

Business environment:

After the major crises the microfinance industry faced during FY 2011 due to the Andhra Pradesh (AP) ordinance, the industry outside AP started recovering during FY 2013.During the year under review the industry performed well which is reflected in the credit rating upgrades of many large MFIs.

The RBI regulations and the MFI industry self-regulation have significantly de-risked this sector. The credit bureau initiative supported by the industry association has enabled the industry to conform to the RBI's direction that there shall not be more than two MFI loans to a single borrower. This has helped significantly in addressing the concern of over lending to the same customer creating stress at the client level and a bubble at the sector level. While multiple lending from MFIs is avoided by this measure, this does not avoid debts being incurred from other sources by the borrower. If RBI mandates that all loans by different institutions should be captured by credit bureaus, customer interests will be better served.

During the year the RBI announced the reduction in the interest margin of large MFIs from 12% to 10% which will be effective from April 1, 2014.This will require MFIs to improve their efficiencies to stay profitable. EMFPL is taking all necessary efficiency and productivity related steps to ensure compliance with the reduced margin cap.

The new priority sector lending guidelines to banks recognize the role played by MFIs in reaching out to the un-banked segments of the society by extending priority sector classification to banks' lending to MFIs.

The above developments have also paved the way for increased flow of bank credit to the sector. The MFI bill which is awaiting Parliamentary approval when enacted would further strengthen the regulatory framework of the sector.

EMFPL's Operations

With the significant improvement in the overall environment, EMFPL started growing its loan portfolio and added 41 branches in States outside Tamilnadu.

EMFPL disbursed Rs. 1505 crore during the year resulting in the assets under management (AUM) going up from Rs.1135 crore as on March 31, 2013 to Rs. 1502 crore as on March 31, 2014.

EMFPL identified and launched a number of initiatives to improve staff and branch productivity through a business process review. These initiatives would help to optimize the cost of operation.

- **Financial Results**

Since the Company had built up infrastructure to handle high volume operations, growth during the year resulted in better utilization of staff and other resources leading to lower operating costs and improved profitability. The Company posted a net profit after tax of Rs. 56.55 Crore for the year ending 31st March 2014 compared to Rs 27.51 Crore for the previous year. The company kept the interest below the cap stipulated by RBI and the margin was also well within the limits of RBI.

- **Social Welfare Initiatives**

Equitas has continued to demonstrate its commitment to its wide range of social welfare initiatives. Its medical camps and skill-development training has covered nearly 23.59 Lakh members cumulatively. Under the aegis of Equitas Development Initiatives Trust, 6 tuition centres and 5 schools for the members of the Company are being operated. The school in Karur is being constructed and will start its first academic session in the year 2014-15.

During the year the Company has rolled out a number of educational initiatives such as talent examinations and drawing / painting competition and 1097 students benefited. A report on the CSR activities of the Company during the Financial Year 2013-14 is presented separately.

- **Capital Adequacy**

As at the end of year, the Capital to Risk Adjusted Assets (CRAR) was at a healthy 22.91% 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**

EMFPL's credit ratings were upgraded during the year. Microfinance grading from CRISIL was upgraded to mfR1 from mfR2 by CRISIL. Crisil also upgraded the long term rating to 'BBB+ from BBB and assigned short term rating of A2+.

The funding for the business is from an optimal mix of equity and debt. EMFPL continues to follow the policy of diversification of funding sources. The Company has existing relationships with about 29 lenders across banks, financial institutions, NBFCs and overseas FII investors, who have sanctioned limits of Rs. 698 Crore during the year, and out of which Rs.653 crore has been availed as on 31st March 2014. It includes Rs. 50 crore of NCDs issued during the year. Rs. 45 crore of sanctioned loans were yet to be drawn down.

As per the Company's Securitization and Assignment Policy, off-book assets are capped at 35% of the total assets. The Company during the year completed around Rs. 311 crore through securitization transactions with various banks.

Support Process and Information Technology

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

- **Human Resources**

The Company has provided a wide range of benefits to its employees including health insurance for all employees and their parents and dependents. In recognition of its employee-friendly HR practices, the Company was ranked among the top 50 Great Places to Work in India by The Great Place to Work Institute India Inc. and 4th in the financial services industry in the Year 2013. The number of employees as at the end of the year was 3054.

- **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.

Regulatory uncertainty has been a dominant risk faced by EMFPL as well as the microfinance sector. This risk has reduced during the last two years following the RBI's regulations for NBFC-MFIs. The Company hopes that the Microfinance Bill will be enacted and provide a stable regulatory environment covering also non-NBFC-MFIs under the regulatory supervision.

As a NBFC, the Company is exposed to credit, liquidity, interest rate and operating risks. The Company has invested in people, processes, governance and technology to effectively mitigate these risks.

Credit Risk

EMFPL 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 has been effectively curtailed. Towards this purpose, EMFPL has been an active participant at industry level initiatives, as part of MFIN (Micro Finance Institutions Network). EMFPL has also adopted an MFIN Code of Conduct promoting responsible lending by MFIs. The Company also follows a conservative provisioning policy which is more stringent than RBI norms applicable to MFIs.

Operational Risk

Risk due to inadequate or failed internal processes, people or systems could cause loss to EMFPL. Micro finance, given its small ticket size is transaction-intensive. These transactions are handled by large number of employees spread over 323 branches in 109 districts in 6 states and 1 union territory. 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 EMFPL has put in multi-layered checks and controls over key client interface processes. The Company also constantly upgrades its control processes based on analysis of failed processes, well reflected in almost negligible instances of breach of control. The control parameters of the Company are generally held as benchmarks in the MFI sector globally. During the year EMFPL commenced disbursements by electronic funds transfer as an option to customers by encouraging customers to open bank accounts.

The EMFPL has also identified a few critical processes and has put in a rigorous FMEA (Failure Mode Effect Analysis) process to ring fence potential process failures and limit damages. In order to improve the resilience of the Company's operational framework, a basic disaster recovery plan is in place. This is monitored on a continuous basis by the Audit and Risk Management Committee. Further surprise stress tests are conducted to assess readiness of the Company to handle crisis.

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 position of the Company. Also, excess liquidity carried leads to negative carry on the surplus cash as the yield on short term investment is always lower than borrowing cost.

*ALM Risk**:*** The Company ensures matched funding without any adverse mis-match 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 and challenges:**

On the growth-side, with underlying unslaked demand for microcredit, long-term prospects look good. However, the Company will have to manage 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 margins. The Company, right from inception, had its own internal pricing policy which put a cap on lending rate which is very much in line with subsequent regulatory prescriptions. The Company has always focused on efficiency and productivity to generate sustainable returns to shareholders rather than charging higher rates from its borrowers. In view of this, the Company is confident that it would be able to generate sustainable returns to shareholders. With prudent regulation in place and with the co-operation of multiple stakeholders, the Company is optimistic about growth prospects in the long-term.

Equitas Finance Private Limited (EFPL):

Introduction

EFPL is a NBFC-ND-SI registered with RBI under the Asset Finance Company category. Equitas Finance P Ltd, provides asset based financing to the segment of customers who do not have adequate access to finance from formal financial system. EFPL provides finance for acquiring used commercial vehicles to small truck operators. During the current year with a view to enhance the product range, EFPL started SME financing and providing loan against property to self employed customer segments.

Trends in the market

With the slowdown in the economy, the new vehicle sales during the past year were the lowest in 10 years. However, the market for pre-owned CVs, in contrast was not unduly affected. The typical customer for a pre-owned commercial vehicle is a Small Truck Operator (STO) owning less than 5 trucks or first time users (FTUs) and without any access to formal banking services. Since the cost of new CVs is much higher than what STOs can afford, they have been buying older second hand CVs. Given the small asset base and low income generation capabilities of such profile of clients, they need constant hand holding and monitoring, putting stress on operating cost for NBFCs funding such profile of clients.

The pre-owned CV finance sector is largely catered to by the unorganized sector as the industry consists largely of STOs. CV financing in India is largely based on the profile of the borrowers and not solely on the asset class/quality.

Apart from the very few very strong players in the used commercial vehicle finance industry, the key competition is from the un-organized and private financiers segment. The total market size of the CV financing segment is estimated at Rs.1,80,000 Crore and the share of un-organized segment in the used CV financing segment is in the region of 65% to 70%.

Equitas has been able to grow well in the last year in this used vehicle segment due to the unique position that Equitas is trying to build in this space, which 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.

- **Credit and operational risk management:**

Credit Risk: Assessing the repayment capability of clients is a major challenge in this category. This is largely because of very low asset and income of the borrowers. Field level assessment of the applicant’s knowledge of the transport market, load availability and financial viability of the proposed asset purchase is done by field staff as well as independent team of credit officers. A viability report is prepared for each client before credit decisions are taken.

Operational Risk: A majority of clients in this segment lack proper banking habits and hence end up paying back the instalments by way of cash, creating resultant operational risks. The experience of running micro finance with 100% cash collections and a strong risk management which has effectively managed the field level risks has been leveraged to bring about similar high quality operational processes. Mobile based receipting technology at the field level has enhanced controls significantly and reduced operational risk.

Endorsement of the Company's name in the Registration Certificate (RC Book) of the vehicle is of paramount importance to establish the security in favour of the company. These are tracked closely.

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 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. 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. The Company expects to create a new and different level of client relationship which when spread in the market through word of mouth, could create an unique selling proposition (USP) for the organization which would be difficult to replace in short term by anyone else.

- **Risk Management**

Apart from credit and operating risk which are covered in the preceding paragraphs, the company faces financial risks namely liquidity risk and interest rate risks. Timely mobilization of debt funds is critical for achieving planned growth and profitability. The company's lending is on a fixed rate basis whereas the borrowing comprises of both fixed and floating rate basis.

The company leverages the relationship of the group with various lenders to raise debt funds and it has a robust asset liability management process which monitors and responds to the liquidity and interest rate risks.

- **Operational and Financial Results**

During the year, the Company expanded rapidly by increasing the network to 98 branches in 8 states and 1 union territory and in many of the states the Equitas Group already had a presence in the microfinance business namely Tamil Nadu, Pondicherry, Maharashtra, Madhya Pradesh, Gujarat, Karnataka, and Rajasthan. The geographic diversification is seen as a key element of the Company's risk diversification plan.

The Company's portfolio has a good mix of heavy commercial vehicles (HCVs), light commercial vehicles (LCVs) and mini LCVs (MCVs) with average age of vehicles funded at around 6 years and Loan to value (LTV) at a healthy 72%.

Type of Commercial Vehicles	Average Loan to Value %
HCV	71.41%
LCV	71.49%
Mini LCVs	71.91%
Average	**71.60%**

EFPL during the year increased the monthly disbursements from Rs 36.40 cr during the month of April 13 to Rs 114.33 cr in the month of March 14 and achieved a total disbursements of Rs. 819.43 Crore to 20,587 customers. This enabled the Company to close the year with a loan outstanding of Rs 889.06 Crore. The Company posted a net profit after tax of Rs.15.79 Crore for the year and recorded a cumulative breakeven during the year and carries forward a surplus of Rs 5.10 Crore in the P&L account..

During the year, the Company strengthened used vehicle dealer network and referral channels to augment direct sourcing of new customers to improve productivity. Apart from adding new branches EFPL introduced the concept of hub and spoke to increase the reach by leveraging the groups branch network with EFPL branch acting as hub and the other group company's braches acting as spoke.EFPL extended the customer segment to include medium to large fleet operators as a strategic segment. It also started funding for new small vehicles like Tata Ace. Also, it expanded the product category to include high-end tourist vehicles like Toyota Innova as part of the new MUV product segment. The various efforts taken during the year are expected to help in scaling up the operations in the coming year without further major investments

EFPL which introduced 2 new products viz., Loan Against Property (LAP) and Micro, Small & Medium Enterprise (MSME) Loans during the previous year saw a good growth in these segments during the year.

Capital and Capital Adequacy

The Holding Company infused additional equity capital of Rs. 124.94 Crore during the year. As at the end of year, the Capital to Risk Adjusted Assets (CRAR) was at 32.78%.

- **Resources and Treasury**

The funding for the business is from a mix of equity and debt. The consortium led by State Bank of India enhanced their facilities to Rs. 391 Crore from Rs. 290 Crore. SBI and 12 banks have sanctioned working capital limits to the Company under consortium arrangement. During the year, the Company also rasied funds through private placement of non convertible debentures from foreign institutional investors. The company also raised term loans from a NBFC. Also, during the year, the Company was able to avail Working Capital Demand Loans (WCDL) limit of Rs.38 Crore from existing consortium banks at a much lower cost compared to the cash credit limits which banks provide under working capital arrangement. Apart from the above, the company concluded its first securitization transaction during the year. The company raised Rs 50 Crore through this route.

EFPLs credit rating improved during the year with CARE upgrading rating the company's long term debt from BBB to BBB+. In the month of April 14, India Ratings (an associate of FITCH rating) rated the long term debt programme A-. The company also has a rating of BBB from CRISIL and BBB- from ICRA.

- **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 employees 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 1283.

- **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, sound systems and processes and customer friendly practices, the Company is confident of achieving healthy growth over the next few years.

Equitas Housing Finance Private Limited (EHFPL)

Introduction

EHFPL is a wholly owned subsidiary of EHPL and registered with National Housing Bank (NHB). EHFPL started its operations in June 2011, and 2013-14 is the third year of operations.

Despite a high interest rate environment in the beginning of FY 2013-14, the demand for home loans remained robust. This was predominantly on account of rising disposable incomes and continued fiscal incentives on housing.

Affordable housing continues to be the focus of many stakeholders be it the Governments, regulators, builders and society at large.

- **Equitas Approach**

Equitas identified the segment of clients from the self-employed non professional category for funding in the affordable housing segment. As this is a relatively new industry segment, there is not much competition from Banks and other established HFCs. However, there are quite a few new players in this sector and the competition may increase over the medium to long-term.

In the last year, the company launched a pilot for funding the housing requirements of the top end clients of the Micro finance customers of Equitas received a very good response. During the year, the company rolled out this initiative in Tamil Nadu and Maharashtra in 198 branches of the Micro finance Company. This has benefitted over 1000 borrowers. This initiative aimed at meeting the requirements of low income segments. During the financial year 2014-15, the Company proposed to launch this initiative in Gujarat, Madhya Pradesh and Rajasthan, adding up another 100 branches of Micro Finance.

There are also many Government policy support provided for loans to this segment such as the 5% interest subsidy scheme (Rajiv Rinn Yojana) and Credit Risk Guarantee Fund for the low income housing by the National Housing Bank. The Company has entered into an MOU with NHB for 5% interest Subsidy for the low income urban housing in October 2013 and also another MOU with the

Credit Risk Guarantee Fund Trust under the NHB in May 2013. The Company would be working closely with the Regulator to try and reach these benefits to the ultimate beneficiaries.

- **Lending operations**

During the year, the Company opened 6 branches in Maharashtra and Gujarat thus entering to the Western parts of the Country apart from Tamil Nadu and Karnataka. The total number of branches operational as on 31/3/2014 was 12.

The Loan approvals during the year were Rs 61 crore as compared to Rs 42 crore in the last year. The cumulative loan approvals since the inception of the company were Rs 115 crore. Loan disbursements during the year were Rs 61 crore as against Rs 39 crore in the previous year. The cumulative loan disbursements stood at Rs 108 crore.

The loans outstanding at the end of the current year were Rs 93.74 crore as against Rs 44.64 crore of previous year.

- **Financial results**

The Company posted a net profit after tax of Rs 149.21 lakhs during the current year as against the net profit after tax of Rs 70.76 lakhs in the previous year.

The totals assets of the company was at Rs 108.59 crore and crossed the Rs 100 crore mark.

- **Capital and Capital Adequacy**

The paid-up capital of the company was Rs 40 crore as at the end of year, the Capital to Risk Adjusted Assets (CRAR) was at 61.24% at the end of the financial year.

- **Resources and Treasury**

During the year the Company made fresh borrowings in the form of term loans of Rs 22 crore from Kotak Mahindra Bank, Federal Bank and Dhanlaxmi Bank. The company also received a sanction for Rs 10 crore by way of Refinance Facilities from National Housing Bank in March 2014. The tenure of this facility is upto 15 years. This will help the Company in reducing its costs of borrowing which in turn can be passed on to the borrowers. .During the year, CRISIL reaffirmed the rating for the long-term bank loan facilities as “BBB-/Stable which represents ‘moderate safety’.

- **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 employees to move across business verticals within the Group, through the Career Enhancement Program (CEP). The number of employees as at the end of the year was 111.

- **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.

As an HFC, the key risk apart from credit and interest rate risk is the liquidity risk. The Company has moved to a Dual Rate Home Loans in February 2013. Under this product, the interest on the home loan is fixed for an initial defined period of 3 years from the date of disbursement and thereafter, it automatically converts to an adjustable rate home loan product, linked to the lending rate of the Company.

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

- **Outlook and challenges**

The Company has studied the operating models of various competitors besides Company's experience of the past year and even though sourcing has been a challenge the Company has had a mid-course correction and expects that the current pattern of sourcing should enable the Company to achieve rapid growth.

- **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	**P N Vasudevan**	**N Rangachary**
9th May 2014	**Managing Director**	**Chairman**

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

The Company's 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 which are pre-requisites for attaining sustainable growth in this competitive corporate world. Obeying the law, both in letter and in spirit, is the foundation on which the Company's ethical standards are built. The Company's corporate governance philosophy has been further strengthened by voluntarily adopting Corporate Governance Guidelines even though not statutorily required for an unlisted company.

CORPORATE GOVERNANCE RATINGS

Equitas has been recognized for its voluntary compliance with the highest levels of corporate governance. CRISIL has provided a Governance & Value Creation Rating of GVC-2 to Equitas with only 6 other corporate entities viz., Bharti Airtel Limited, HDFC Bank Limited, Housing Development Finance Corporation Limited, Infosys Limited, Mahindra & Mahindra Limited and Hero Motocorp Limited at a higher level in India. Equitas is the highest rated among the unlisted companies in India.

BOARD COMPOSITION

Currently, the Board comprises of 13 Directors. The names and categories of Directors and the number of Directorships are given below:

Name	Nature of Directorship	Other Directorships ($)
NON-EXECUTIVE		
Rangachary N (Chairman)	Professional Non-Executive	11
Arun Ramanathan	Professional Non-Executive	8
Gary Jit Meng Ng	Investor Nominee	4
Kuppuswamy P T	Professional Non-Executive	2
Nanda Y C	Professional Non-Executive	5
Paolo Brichetti	Investor Nominee	2
Rajaraman P V	Professional Non-Executive	1
Raman N	SIDBI Nominee	3
Srinivasan N	Professional Non-Executive	2
Subbaraman V P	Investor Nominee	5
Srinivasan Nagarajan	Investor Nominee	2
Sharma V K	Professional Non-Executive	2
EXECUTIVE		
Vasudevan P N (Managing Director)	Founder	6

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

CHANGES IN BOARD CONSTITUTION

During the year under review, Mr V K Sharma was appointed as Additional Director with effect from 2nd August 2013 and Mr Nagarajan Srinivasan was nominated as Investor Director by the CDC Group PLC with effect from 18th December 2013.

BOARD MEETINGS & ATTENDANCE

During 2013-2014, five (5) Board Meetings were held on 4th May 2013, 02nd August 2013, 15th November 2013, 18th December 2013 and 07th February 2014. The gap between any two meetings has been less than four months.

Name	No of Meetings	
	Held	**Attended**
NON-EXECUTIVE		
Rangachary N (Chairman)	5	4
Arun Ramanathan	5	5
Gary Jit Meng Ng	5	4
Kuppuswamy PT	5	4
Nanda Y C	5	4
Paolo Brichetti	5	3
Rajaraman P V	5	5
Raman N	5	4
Srinivasan N	5	4
Viswanatha Prasad Subbaraman	5	3
Sharma V K*	4	3
Nagarajan Srinivasan*	2	1
EXECUTIVE		
Vasudevan P N (Managing Director)	5	5

**Mr V K Sharma and Mr Nagarajan Srinivasan joined the Board on 2nd August 2013 and 18th December 2013 respectively.*

INFORMATION SUPPLIED TO THE BOARD

In advance of each meeting, the Board is presented with relevant information on various matters related to the working of the Company, especially those that require deliberation at the highest level. Presentations are also made to the Board by different functional heads on important matters from time to time. Directors have separate and independent access to officers of the Company. In addition to items which are required to be placed before the Board for its noting and/or approval, information is provided on various significant items. In terms of quality and importance, the information supplied by management to the Board of the Company is far beyond that mandated by the statute.

COMMITTEES OF THE BOARD

The Board at present has five (5) Committees viz., Audit & Risk Management Committee, Business Committee, Remuneration & Nomination Committee, Resourcing Committee and Governance 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 placed before the Board for its information and confirmation.

AUDIT & RISK MANAGEMENT COMMITTEE

Composition

The Audit & Risk Management Committee is chaired by a Non-Executive Director. All the members are Non-Executive Directors.

1. Mr Kuppuswamy P T , Chairman
2. Mr Gary Jit Meng Ng
3. Mr Nanda Y C
4. Mr Srinivasan N

Meetings & Attendance

The committee held four (4) meetings during the year on 05th May 2013, 02nd August 2013, 15th November 2013 and 07th February 2014.

Name	No. of meetings	
	Held	Attended
Kuppuswamy P T, Chairman	4	3
Gary Jit Meng Ng	4	4
Nanda Y C	4	4
Srinivasan N	4	3

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 for the same.

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 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 & Risk Management 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 & risk management 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;

BUSINESS COMMITTEE

Composition

The Business Committee comprises of five (5) Non-Executive Directors including three (3) Investor Director and one (1) Managing Director.

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 Vasudevan P N

Meetings & Attendance

The committee held three (3) meetings during the year on 2nd August 2013, 15th November 2013 and 20th January 2014.

Name	No. of meetings	
	Held	Attended
Viswanatha Prasad Subbaraman, Chairman	3	3
Gary Jit Meng Ng	3	3
Kuppuswamy P T	3	2
Nanda Y C	3	3
Paolo Brichetti	3	3
Vasudevan P N	3	3

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

REMUNERATION & NOMINATION COMMITTEE

Composition

The Remuneration & Nomination Committee comprises of four (4) Non-Executive Directors including two (2) Investor Directors.

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

Meetings & Attendance

The Committee held four (4) meetings during the year 04th May 2013, 02nd August 2013, 15th November 2013 and 07th February 2014.

Name	No. of meetings	
	Held	**Attended**
Paolo Brichetti, Chairman	4	3
Rajaraman P V	4	4
Srinivasan N	4	3
Viswanatha Prasad Subbaraman	4	3

Terms of reference

1. Administration and superintendence in connection with the Employees Stock Option Scheme (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

The Resourcing Committee comprises of two (2) Non-Executive Directors and one (1) Managing Director.

1. Mr Kuppuswamy P T , Chairman
2. Mr Arun Ramanathan
3. Mr Vasudevan P N, MD

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.3500 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.

GOVERNANCE COMMITTEE

Composition

The Governance Committee comprises of 4 (four) Non-Executive Directors including 1 (one) Nominee Director.

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

Meetings & Attendance

The Committee held 2 (two) meetings during the year on 04th May 2013 and 15th November 2013.

Name	No. of meetings	
	Held	Attended
Rajaraman P V, Chairman	2	2
Arun Ramanathan	2	2
Raman N	2	2
Srinivasan N	2	1

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.

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.

The sitting fees paid to Directors along with their shareholdings in the Company are as under:

Name	Sitting fees (Rs)		No. of equity shares held on 31st March 2014
	Board	Committee	
Mr Rangachary N	40,000	Nil	Nil
Mr Arun Ramanathan	50,000	10,000	Nil
Ms Gary Jit Meng Ng	40,000	35,000	Nil
Mr Kuppuswamy P T	40,000	25,000	Nil
Mr Nanda Y C	40,000	35,000	Nil
Mr Paolo Brichetti	30,000	30,000	Nil
Mr Rajaraman P V	50,000	30,000	Nil
Mr Raman N	40,000	10,000	Nil
Mr Srinivasan N	40,000	35,000	Nil
Mr Viswanatha Prasad Subbaraman	30,000	30,000	Nil
Mr Vinod Kumar Sharma	30,000	-	Nil
Mr Nagarajan Srinivasan (Investor Director)	10,000	-	Nil
Mr Vasudevan P N	Nil	Nil	2,637,333

Following is the remuneration payable to the Non-Executive Director for the Financial Year ended 31st March 2014. Other Non-Executive Directors who hold directorship in the Subsidiary Company as well have been paid remuneration by the respective Subsidiary Companies.

Mr N Rangachary	Rs.1,200,000.00
Mr V K Sharma	Rs. 330,137.00
Mr Nagarajan Srinivasan	Rs 141,096.00

GENERAL BODY MEETINGS

During the year ended 31st March 2014, one (1) Annual General Meeting and two (2) Extraordinary General Meeting were held as per details given below:

Date	Time	Venue
1st July 2013 (AGM)	12.30 P.M.	4th Floor, Temple Tower, 672, Anna Salai, Nandanam, Chennai 600035
6th September 2013 (EGM)	10.00 A.M.	4th Floor, Temple Tower, 672, Anna Salai, Nandanam, Chennai 600035
27th December 2013 (EGM)	4.30 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.

CODE OF CONDUCT

As per the Company's policy on Code of Conduct for Directors and Senior Management, all Directors and Senior Management Personnel have affirmed compliance with the code for 2013-14.

WHISTLE BLOWER POLICY

The Company has adopted the Whistle Blower Policy pursuant to which employees and vendors of the Company can raise their concerns on unethical and improper practices or any other wrongful conduct in the Company or of its employees. None of the personnel has been denied access to the Audit & Risk Management Committee.

TRAINING OF BOARD MEMBERS

All new Non-Executive Directors inducted into the Board are given an orientation which includes half-a-day field visit. The Company also facilitates the continual education requirements of the Directors by arranging inter-active session with the industry experts. During the year the following programmes were organized for the benefit of Directors.

- Interactive session on financial inclusion with specific reference to rural India with Mr. Nachiket Mor, former Deputy Managing Director of ICICI Bank
- Session on "Governance & Sustained Value Creation" by Mr. S. Ramadorai, Vice Chairman, Tata Consultancy Services
- Presentation on "Companies Act, 2013" by M/s. Deloitte Haskins & Sells.

REGULAR UPDATES

The Company keeps the Board and other stakeholders updated on the happenings of the Company by sending a monthly newsletter.

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 2014

Category	No of shares	%
Founder – P N Vasudevan	2,637,333	**3.63**
Individual Investors	321,375	**0.44**
Indian Companies	950,000	**1.31**
Foreign Companies/Bodies	65,083,367	**89.62**
Employees	1,220,467	**1.68**
Employees' ESOP Trust	349,918	**0.48**
Financial Institutions	2,059,277	**2.84**
Total	**72,621,737**	**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

For and on behalf of the Board of Directors

Chennai
9th May 2014

P N Vasudevan
Managing Director

N Rangachary
Chairman

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 Financial Year ended 31st March 2014 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
Group CFO

Chennai
9th May 2014

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF
EQUITAS HOLDINGS PRIVATE LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **EQUITAS HOLDINGS PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15 / 2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to

design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

    (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;

    (ii) in the case of the Statement of Profit and Loss, of the profit 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.

Report on Other Legal and Regulatory Requirements

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

7. As required under provisions of Section 227(3) of the Act, we report that:

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

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as 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 comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15 / 2013 dated 13 September 2013 of the Ministry of Corporate Affairs).

(e) On the basis of the written representations received from the directors as at 31 March 2014 taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 008072S

B. Ramaratnam
Partner
Membership No. 21209

CHENNAI, 9 May 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 6 of our report of even date)

(i) Having regard to the nature of the Company's business/activities/results during the year, clauses 4(ii), 4(viii), 4(xi), 4(xii), 4(xiii), 4(xiv), 4(xvi), 4(xix) and 4(xx) of the Order 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 regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company has not disposed off any fixed assets during the year.

(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. 1,125,000,000 to two parties during the year. At the year-end, the outstanding balances of such loans granted aggregated to Rs. 680,000,000 (two parties) (excluding interest accrued but not due) and the maximum amount involved during the year was Rs. 760,000,000 (two parties).

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

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

d. There is no overdue amount in excess of Rs. 1 lakh remaining outstanding at the year-end.

(B) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register 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 during the course of our audit 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 (excluding loans reported in paragraph (iii) above) 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 a firm of Chartered Accountants appointed by the Management has 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, Cess 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, Cess and other material statutory dues in arrears as at 31 March 2014 for a period of more than six months from the date they became payable.

(c) There are no disputed matters relating to Income Tax, Wealth Tax and Service Tax at the year end. Also refer Note 24(b) to the Financial Statements.

(ix) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(x) 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.

(xi) 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, we report that funds raised on short-term basis have, *prima facie,* not been used during the year for long-term investment.

(xii) During the year the Company has not made any preferential allotment of shares to the parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

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

For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No. 008072S

B. Ramaratnam
Partner
Membership No. 21209

CHENNAI, 9 May 2014

EQUITAS HOLDINGS PRIVATE LIMITED

Balance Sheet as at 31 March 2014

Particulars	Note No.	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	**3**	726,217,370	577,639,320
Reserves and Surplus	**4**	5,591,804,335	3,783,472,710
		6,318,021,705	**4,361,112,030**
Share Application Money Pending Allotment	**5**	3,400,000	-
Current Liabilities			
Trade Payables	**6**	2,818,201	1,757,231
Other Current Liabilities	**7**	1,634,573	1,750,749
Short Term Provisions	**8**	368,753	350,000
		4,821,527	**3,857,980**
TOTAL		**6,326,243,232**	**4,364,970,010**
ASSETS			
Non-Current Assets			
Fixed Assets	**9**		
- Tangible Assets	**9.1**	183,357,009	164,294,747
- Intangible Assets	**9.2**	14,345	21,836
- Capital work in Progress	**9.3**	25,690,307	5,052,629
		209,061,661	169,369,212
Non-Current Investments	**10**	5,312,953,600	4,063,593,600
Long Term Loans and Advances	**11**	710,964,012	31,605,130
		6,232,979,273	**4,264,567,942**
Current Assets			
Cash and Cash Equivalents	**12**	90,960,853	50,150,261
Short Term Loans and Advances	**13**	1,730,914	50,251,807
Other Current Assets	**14**	572,192	-
		93,263,959	**100,402,068**
TOTAL		**6,326,243,232**	**4,364,970,010**
See accompanying notes forming part of the financial statements			

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
B. Ramaratnam
Partner
Place : Chennai
Date : 9 May 2014

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

N Rangachary
Chairman

P N Vasudevan
Managing Director &
Company Secretary

S Bhaskar
Group Chief Financial Officer
Place : Chennai
Date : 9 May 2014

P T Kuppuswamy
Director

EQUITAS HOLDINGS PRIVATE LIMITED

Statement of Profit and Loss for the Year Ended 31 March 2014

Particulars	Note No.	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
REVENUE			
Revenue from Operations	**15**	28,845,824	26,846,694
Other Income	**16**	48	48
		28,845,872	**26,846,742**
EXPENSES			
Depreciation and Amortisation Expense	**9**	4,727,925	3,468,148
Other Expenses	**17**	11,313,405	6,007,048
		16,041,330	**9,475,196**
Profit Before Tax		**12,804,542**	**17,371,546**
Tax Expense			
Income Tax			
- Current Tax		8,064,000	6,800,000
- Relating to Prior Years		1,702,476	3,578,459
Net Tax Expense		9,766,476	10,378,459
Profit After Tax for the year		**3,038,066**	**6,993,087**
Earnings Per Equity Share of Rs. 10 Each fully paid up	**22**		
- Basic		0.05	0.14
- Diluted		0.05	0.13
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 2014

N Rangachary
Chairman

P N Vasudevan
Managing Director &
Company Secretary

S Bhaskar
Group Chief Financial Officer
Place : Chennai
Date : 9 May 2014

P T Kuppuswamy
Director

Cash Flow Statement for the Year Ended 31 March 2014

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
A. Cash Flow from Operating Activities		
Profit Before Tax	12,804,542	17,371,546
Adjustments for:		
Depreciation and Amortisation Expense	4,727,925	3,468,148
Wealth Tax	350,000	171,507
Interest Income on Loans to Related Parties	(21,683,359)	(11,725,333)
Interest Income on Deposits with Banks	(2,664,144)	(3,635,479)
Gain on Sale of Current Investments (Net)	(4,498,321)	(11,485,882)
Operating Loss before Changes in Working Capital	**(10,963,357)**	**(5,835,493)**
Adjustments for (increase) / decrease in operating assets:		
Long Term Loans and Advances	(679,942,675)	-
Other Current Assets	-	2,260,656
Short Term Loans and Advances	48,520,893	111,121,155
Adjustments for increase / (decrease) in operating liabilities:		
Trade Payables	1,060,970	(2,626,151)
Other Current Liabilities	(32,618)	(15,769)
Cash Flow (Used In)/From Operations	**(641,356,787)**	**104,904,398**
Interest Income on Loans to Related Parties	21,683,359	11,725,333
Interest Income on Deposits with Banks	2,091,952	3,659,075
Gain on Sale of Current Investments (Net)	4,498,321	11,485,882
Direct Taxes Paid	(9,738,930)	(7,333,300)
Net Cash Flow (Used in) / From Operations	**(622,822,085)**	**124,441,388**
B. Cash Flow from Investing Activities		
Capital Expenditure including Capital Advances	(44,278,932)	(19,624,996)
Purchase of Long Term Investments	(1,249,360,000)	(1,449,541,300)
Purchase of Current Investments	(1,183,810,000)	(2,618,176,835)
Proceeds from Sale of Current Investments	1,183,810,000	2,618,176,835
Bank Deposits (Net) (lien marked)	(75,000,000)	15,357,000
Net Cash (Used in) Investing Activities	**(1,368,638,932)**	**(1,453,809,296)**

C. Cash Flow from Financing Activities		
Proceeds from Fresh Issue of Equity Share Capital, including securities premium	1,995,327,838	1,406,350,656
Share Application Money Received	3,400,000	-
Share Issue Expenses	(41,456,229)	(28,524,625)
Net Cash Flow From Financing Activities	**1,957,271,609**	**1,377,826,031**
Net (Decrease) / Increase in Cash and Cash Equivalents (A) + (B) + (C)	**(34,189,408)**	**48,458,123**
Cash and Cash Equivalents at the Beginning of the Year	50,150,261	1,692,138
Cash and Cash Equivalents at the End of the Year	**15,960,853**	**50,150,261**
Note:		
(i) The reconciliation to the Cash and Cash Equivalents as given in Note 12 is as follows:		
Cash and Cash Equivalents as per Note 12	90,960,853	50,150,261
Less: Deposits (lien marked)	75,000,000	
Cash and Cash Equivalents (as defined in AS 3 Cash Flow Statement) as at the End of the Year	**15,960,853**	**50,150,261**

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 2014

N Rangachary
Chairman

P N Vasudevan
Managing Director &
Company Secretary

S Bhaskar
Group Chief Financial Officer
Place : Chennai
Date : 9 May 2014

P T Kuppuswamy
Director

EQUITAS HOLDINGS PRIVATE LIMITED

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2014

1. CORPORATE INFORMATION

Equitas Holdings Private Limited ("the Company") was incorporated on 22 June 2007. On 7 July 2011, the equity shares of Equitas Micro Finance Private Limited ("EMFPL") (formerly known as Singhivi Investment & Finance Private Limited) were acquired by the Company. Pursuant to the Scheme of Arrangement between the Company and EMFPL, the assets and liabilities of the Micro Finance Undertaking of the Company were transferred to EMFPL during the year 2011-12, w.e.f 1 April 2011.

Consequent to the above transfer of the Micro Finance Undertaking, the Company has become " Not a Systematically Important Core Investment Company" (CIC) holding shares of its subsidiaries. The Company also provides financial support to its subsidiaries by way of unsecured loans, guarantees, etc.

The Reserve Bank of India vide its order date 3 December, 2012 has approved the Company’s application for cancellation of certificate of registration No. N-07-00768 dated 13 March, 2008 considering that the Company is Not Systemically Important Core Investment Company and is eligible for exemption from registration under section 45IA of Reserve Bank of India Act, 1934.

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 Section 211(3C) of the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (“the 2013 Act”) in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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 or the rates determined by the management as per estimated useful life of the Company whichever is higher. The useful life of the assets are as follows:

Tangible Assets:
Buildings - 20 Years
Office Equipment - 3 Years

Assets individually costing less than or equal to 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.

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

(c) Dividend income is accounted for when the right to receive it is established.

(d) 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 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

2.10 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.

2.11 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 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

2.13 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.

2.14 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.

2.15 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 are recognised for timing differences of items other than unabosrbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. 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.

2.16 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.

2.17 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 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.

2.18 Share Issue Expenses

Share issue expenses are adjusted against the Securities premium account as permissible under Section 78(2) of the Companies Act, 1956, to the extent balance is available for utilisation in the Securities Premium Account.

Particulars		As at 31 March 2014		As at 31 March 2013	
		Number of shares	Amount in Rs.	Number of shares	Amount in Rs.
3	**Share Capital**				
(a)	**Authorised**				
	Equity shares of Rs. 10 each	93,500,000	935,000,000	63,500,000	635,000,000
	Compulsorily Convertible Preference Shares of Rs.10 each	10,000,000	100,000,000	10,000,000	100,000,000
		103,500,000	**1,035,000,000**	**73,500,000**	**735,000,000**
(b)	**Issued, Subscribed and Fully Paid-up**				
	Equity shares of Rs. 10 each	72,621,737	726,217,370	57,763,932	577,639,320
		72,621,737	**726,217,370**	**57,763,932**	**577,639,320**

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

Particulars	31 March 2014		31 March 2013	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
At the beginning of the Year	57,763,932	577,639,320	44,428,904	444,289,040
Issued during the Year	14,857,805	148,578,050	13,335,028	133,350,280
Outstanding at the End of the Year	**72,621,737**	**726,217,370**	**57,763,932**	**577,639,320**

Note:

(a) In the Extra ordinary general meeting held on 6 September 2013, the members have approved the increase in authorized share capital by Rs, 300,000,000 - from Rs. 735,000,000 to Rs. 1,035,000,000 represented by 93,500,000 Equity shares of Rs. 10 each and 10,000,000 Compulsorily Convertible Preference shares of Rs. 10 each

(b) During the year, Company has alloted 14,056,946 (Previous Year 13,112,295) Equity Shares of Rs. 10 each to Foreign Institutional Investor at a Premium of Rs. 130.85 (Previous year Rs. 96.77) each. Consequently, an amount of Rs.1,839,351,384 (Rs. 1,268,876,788) has been credited to Securities Premium Account. (Refer Note 4.1(b))

(c) During the year, the Company allotted 800,859 (Previous Year 222,733) Equity Shares of Rs. 10 each to eligible employees pursuant to exercise of options under the Employee Stock Options Scheme at applicable premiums (Refer Note 4.1.(a))

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

Particulars	31 March 2014		31 March 2013	
	No. of Shares	% Holding	No. of Shares	% Holding
Equity Shares of Rs. 10 each				
International Finance Corporation	10,289,760	14.17%	8,429,334	14.59%
India Financial Inclusion Fund	8,646,198	11.91%	8,646,198	14.97%
Microventures Spa	8,487,742	11.69%	7,422,779	12.85%
Lumen Investment Holdings Limited	7,523,940	10.36%	7,523,940	13.03%
CDC Group Plc	7,156,001	9.85%	-	-
Sequoia Capital India Investments III	4,280,287	5.89%	4,280,287	7.41%
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	3,975,556	5.47%	-	-
Canann VIII Mauritius	3,085,499	4.25%	3,085,499	5.34%
MicroVentures Investments SCA SICAR	3,026,139	4.17%	3,026,139	5.24%

3.3 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.

3.4 Shares Reserved for Issuance

Refer Note 3.5 with respect to Preferential Offer of Equity Shares to Managing Director and Note 3.6 with respect to Employee Stock Option Scheme.

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, based on the performance of the Company for the financial year 2010-11 had 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. During the year he exercised the option to subscribe for 340,000 equity shares, pursuant to the above agreement and amount received has been disclosed under Note 5- Share Application Money Pending Allottment. As at 31 March 2014, Nil (As at 31 March 2013 - 340,000) Equity Shares are outstanding to be exercised.

3.6 Employee Stock Option Scheme

(a) On 17 December 2007, the Company established an Employees Stock Option Scheme 2007 (ESOP Scheme 2007). 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.

In the previous year, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2012 (ESPO Scheme 2012) effective from 10 November 2012. Under the plan, the Company is authorized to issue upto 1,000,000 Equity Shares of Rs. 10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2007 has been transferred and made available for grant under the new scheme.

As at 31 March 2014, 3,415,970 (As at 31 March 2013 - 4,072,283) (net of forfeitures) options were outstanding, which were granted at various exercise prices. The following are the outstanding options as at 31 March 2014:

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5	Grant 6	Grant 7	Grant 8	Grant 9	Grant 10	Grant 11	Grant 12	Grant 13
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	9-May-12	7-Nov-12	4-May-13	15-Nov-13
Exercise Price Per Option (Rs)	10	12	32	36	80	100	120	120	120	120	120	120	120
Total Options granted and outstanding as at 1 April 2013	1,023,645	86,672	159,730	262,481	209,238	512,490	570,324	268,053	288,275	281,800	409,575	-	-
Add: Options Granted during the Year	-	-	-	-	-	-	-	-	-	-	-	304,900	861,750
Less: Options Forfeited / Lapsed during the Year	-	-	14,070	41,000	31,049	231,952	116,990	66,968	75,874	77,391	145,285	93,850	127,675
Options Exercised during the Year	486,285	70,840	101,165	115,234	21,993	4,854	99	216	173	-	-	-	-
Options Outstanding as at 31 March 2014													
- Vested	537,360	15,832	44,495	106,247	156,196	213,414	350,825	113,669	119,968	54,714	67,765	-	-
- Yet to Vest	-	-	-	-	-	62,270	102,410	87,200	92,260	149,695	196,525	211,050	734,075

(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	9-May-12	7-Nov-12	4-May-13	15-Nov-13
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%	8.01% to 8.25%	7.89% to 8%	7.12% to 7.23%	8.50% to 8.68%
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	2.58 to 5.58 yrs	2.67 to 5.67 yrs	2.67 to 5.67 yrs	2.64 to 5.67 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%	39% to 42%	38% to 42%	33% to 37%	34% to 39%
Dividend Yield	0%	0%	0%	0%	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	120.00	120.00	120.00	120.00
Fair Value of the Option (Rs.)													
1^{st} Stage	0.63	3.14	12.17	8.24	6.24	20.26	26.09	28.24	28.02	9.83	11.61	8.76	13.03
2^{nd} Stage	0.81	3.91	15.20	9.54	7.69	25.01	32.50	34.97	36.59	13.22	14.52	15.21	21.23
3^{rd} Stage	1.00	4.02	17.27	11.54	11.33	30.26	39.18	41.38	42.77	18.01	19.95	18.93	25.58
4^{th} Stage	1.32	4.70	18.36	13.69	16.14	36.81	47.53	48.34	48.58	21.74	23.92	23.98	29.78

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

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
Net Profit / (Loss) as per Statement of Profit and Loss (as reported)	3,038,066	6,993,087
Add: Stock Based Employee Compensation Expense included in Profit before tax	-	-
Less: Stock Based Compensation Expense Determined under Fair Value based Method (Proforma)	11,975,615	14,097,277
Net (Loss) (Proforma)	**(8,937,549)**	**(7,104,190)**

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
Basic Earnings per Share of Rs. 10 each (as reported)	0.05	0.14
Basic Earnings per Share of Rs. 10 each (Proforma)	(0.14)	(0.14)
Diluted Earnings per Share of Rs. 10 each (as reported)	0.05	0.13
Diluted Earnings per Share of Rs. 10 each (Proforma)	(0.14)	(0.14)

	Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
4	**Reserves and Surplus**		
4.1	**Securities Premium Account**		
	Opening Balance	3,305,417,286	2,060,867,875
	Add: Additions during the Year (Refer Note (a) & (b) below)	1,846,749,788	1,273,074,036
	Less: Share Issue Expenses (Refer Note (c) below)	(41,456,229)	(28,524,625)
	Closing Balance	**5,110,710,845**	**3,305,417,286**
	Note:		
(a)	Additions to Securities Premium Account represents:		
	Premium of Rs. 2 per share on allotment of 70,592 Equity shares (Previous Year 37,053 shares) of Rs 10 each to employees under the ESOP scheme	141,184	74,106
	Premium of Rs. 22 per share on allotment of 101,413 Equity shares (Previous Year 68,170 shares) of Rs 10 each to employees under the ESOP scheme	2,231,086	1,499,740
	Premium of Rs. 26 per share on allotment of 115,234 Equity shares (Previous Year 100,367 shares) of Rs 10 each to employees under the ESOP scheme	2,996,084	2,609,542
	Premium of Rs. 70 per share on allotment of 21,993 Equity shares (PY Nil shares) of Rs 10 each to employees under the ESOP scheme	1,539,510	-
	Premium of Rs. 90 per share on allotment of 4,854 Equity shares (Previous Year 121 shares) of Rs 10 each to employees under the ESOP scheme	436,860	10,890
	Premium of Rs. 110 per share on allotment of 488 Equity shares (Previous Year 27 shares) of Rs 10 each to employees under the ESOP scheme	53,680	2,970

(b)	During the year, the Company issued and alloted 14,056,946 equity shares(Previous Year-13,112,295) of Rs. 10 each to Foreign Institutional Investors at a premium of Rs. 130.85. (Previous Year – Rs.96.77).	1,839,351,384	1,268,876,788
(c)	Share issue expenses adjusted to securities premium account represents expenses incurred on professional and legal services in connection with issue of shares in accordance with Section 78 of the Companies Act, 1956.	41,456,229	28,524,625
4.2	**Statutory Reserve** (Refer Note 26)		
	Opening Balance	112,511,000	111,111,000
	Add: Amount Transferred during the Year	607,600	1,400,000
	Closing Balance	**113,118,600**	**112,511,000**
4.3	**Surplus in the Statement of Profit and Loss**		
	Opening Balance	365,544,424	359,951,337
	Add: Profit for the Year	3,038,066	6,993,087
	Less: Appropriations		
	- Transfer to Statutory Reserve	607,600	1,400,000
	Net Surplus in the Statement of Profit and Loss	**367,974,890**	**365,544,424**
		5,591,804,335	**3,783,472,710**

5 Share Application Money Pending Allotment

The Company had received Rs. 3,400,000 from Mr. P N Vasudevan , Managing Director towards the share application money for the exercise under the preferential offer. Pending allotment, the amount received has been shown as " Share application Money pending allotment". Also Refer Note 3.5.

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
6 Trade Payables (Refer Note 23)		
Trade Payables - Other than Acceptances	2,818,201	1,757,231
	2,818,201	**1,757,231**
7 Other Current Liabilities		
Statutory Remittances	335,747	368,365
Payable for Purchase of Fixed Assets	1,298,826	1,382,384
	1,634,573	**1,750,749**
8 Short Term Provisions		
Provision for Wealth Tax	368,753	350,000
	368,753	**350,000**

9 **Fixed Assets**

Current Year:

	Particulars	Gross Block			Accumulated Depreciation and Amortisation			Net Block	
		As at 1 April 2013 Rs.	**Additions Rs.**	**As at 31 March 2014 Rs.**	**As at 1 April 2013 Rs.**	**For the year Rs.**	**As at 31 March 2014 Rs.**	**As at 31 March 2014 Rs.**	**As at 31 March 2013 Rs.**
9.1	**Tangible Assets - Owned**								
	Land - Freehold	94,431,438	-	94,431,438	-	-	-	94,431,438	94,431,438
	Buildings (Refer Note 9.4) - Given under Operating Lease	76,562,080	23,782,696	100,344,776	6,760,693	4,698,951	11,459,644	88,885,132	69,801,387
	Office Equipment	64,460	-	64,460	2,538	21,483	24,021	40,439	61,922
	Sub Total	**171,057,978**	**23,782,696**	**194,840,674**	**6,763,231**	**4,720,434**	**11,483,665**	**183,357,009**	**164,294,747**
9.2	**Intangible Assets - Acquired**								
	Computer Software	22,472		22,472	636	7,491	8,127	14,345	21,836
	Sub-Total	**22,472**	**-**	**22,472**	**636**	**7,491**	**8,127**	**14,345**	**21,836**
	Grand Total	**171,080,450**	**23,782,696**	**194,863,146**	**6,763,867**	**4,727,925**	**11,491,792**	**183,371,354**	**164,316,583**

Previous Year:

	Particulars	Gross Block			Accumulated Depreciation and Amortisation			Net Block	
		As at 1 April 2012 Rs.	Additions Rs.	As at 31 March 2013 Rs.	As at 1 April 2012 Rs.	For the year Rs.	As at 31 March 2013 Rs.	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
9.1	**Tangible Assets - Owned**								
	Land - Freehold	94,431,438	-	94,431,438	-	-	-	94,431,438	94,431,438
	Buildings (Refer Note 9.4) - Given under Operating Lease	58,020,607	18,541,473	76,562,080	3,295,719	3,464,974	6,760,693	69,801,387	54,724,888
	Office Equipment	-	64,460	64,460	-	2,538	2,538	61,922	-
	Sub Total	**152,452,045**	**18,605,933**	**171,057,978**	**3,295,719**	**3,467,512**	**6,763,231**	**164,294,747**	**149,156,326**
9.2	**Intangible Assets - Acquired**								
	Computer Software	-	22,472	22,472	-	636	636	21,836	-
	Sub-Total	**-**	**22,472**	**22,472**	**-**	**636**	**636**	**21,836**	**-**
	Grand Total	**152,452,045**	**18,628,405**	**171,080,450**	**3,295,719**	**3,468,148**	**6,763,867**	**164,316,583**	**149,156,326**

9.3 Capital Work in Progress

The Capital Work in Progress as at 31 March 2014 amounting to Rs. 25,690,307 (Previous Year: Rs. 5,052,629) represents the cost of construction of additional floors at the existing school buildings and new building work which are in progress as at 31 March 2014.

9.4 Building Given under Operating Lease

The Company constructed these buildings primarily for the purpose of leasing them to Equitas Developments Initiatives Trust (EDIT) for running schools, as a part of its Corporate Social Responsibility initiatives. From 1 April 2011, the Company is providing the buildings on lease to EDIT at a nominal monthly rent of Re. 1 for each of the buildings. Accordingly, the nominal rent of Rs. 48 (Previous year Rs. 48) has been received and recognised as Rental Income. (Refer Note 16).

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
10 Non-Current Investments		
Investment in Equity Shares of Subsidiaries (Trade & Unquoted) - at Cost		
40,000,000 (As at 31 March 2013 - 40,000,000) Equity Shares of Equitas Housing Finance Private Limited of Rs. 10 each Fully Paid up	400,000,000	400,000,000
2,000,000 (As at 31 March 2013 - 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 10.1)	(16,800,000)	(16,800,000)
	3,200,000	3,200,000
240,700,000 (As at 31 March 2013 - 151,460,000 Equity Shares of Equitas Finance Private Limited of Rs. 10 each Fully Paid up During the year, the Company has invested 89,240,000 (Previous year 90,910,000) Equity Shares of Rs. 10 each fully paid up at a premium of Rs. 4 per share (Previous year Rs. 1 per share)	2,854,499,000	1,605,139,000
198,750,000 (As at 31 March 2013 - 198,750,000) Equity Shares of Equitas Micro Finance Private Limited of Rs. 10 each Fully Paid up.	2,055,254,600	2,055,254,600
	5,312,953,600	**4,063,593,600**
Note		
Aggregate Cost of Unquoted Investments (Gross)	5,329,753,600	4,080,393,600
Aggregate Cost of Unquoted Investments (Net of Provisions)	5,312,953,600	`4,063,593,600

10.1 Investment in Equitas B2B Trading Private Limited

The Company carries provision for diminution in value of investment in Equitas B2B Trading Private Limited for Rs. 16,800,000. Management is of the view that provision is not required since balance amount of Rs. 3,200,000 is represented by realisable value of assets.

	Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
11	**Long Term Loans and Advances** - Unsecured, Considered Good		
	Capital Advances	-	225,000
	Loans and Advances to Related Parties (Refer Note 20)	680,000,000	-
	Security Deposits	245,575	302,900
	Advance Tax - (Net of Provisions of Rs. 18,686,477 (Previous Year Rs. 335,751,646)	30,718,437	31,077,230
		710,964,012	**31,605,130**

	Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
12	**Cash and Cash Equivalents**		
	Balances with Banks		
	- In Current Accounts	15,960,853	50,150,261
	- In Deposits Accounts - under Lien (Refer Note (b) below)	75,000,000	-
		90,960,853	**50,150,261**
	Notes:		
(a)	Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	15,960,853	50,150,261

(b) Deposits Under Lien

The Company has during the year given Fixed deposits of Rs.75,000,000 as lien to certain banks as security for overdraft facilities sanctioned by the banks to Equitas Dhanyakosha India (EDK), a private limited company registered under Section 25 of Companies Act, 1956, which is engaged in supply of Groceries at subsidised rates to lower income sections of the society. An amount of Rs.63,340,575 is outstanding and payble by EDIT to banks as at 31 March 2014.

Considering the performance of EDK for the year and the future business plans, the Management is confident that EDK will generate sufficient profits to repay their debts and no losses are expected to devolve on the Company.

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
13 Short Term Loans and Advances - Unsecured, Considered Good		
Loans and Advances to Related Parties (Refer Note 20)	-	50,000,000
Other Advances	149,532	251,807
Prepaid Expenses	1,581,382	-
	1,730,914	**50,251,807**

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
14 Other Current Assets		
Interest Accrued But Not Due - on Deposits with Banks	572,192	-
	572,192	**-**

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
15 Revenue from Operations		
Interest Income on Loans to Related Parties	21,683,359	11,725,333
Interest Income on Deposits with Banks	2,664,144	3,635,479
Gain on Sale of Current Investments in Mutual Funds	4,498,321	11,485,882
	28,845,824	**26,846,694**

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
16 Other Income		
Rental Income (Refer Note 9.4 and 21)	48	48
	48	**48**

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
17 Other Expenses		
Rent	133,092	188,615
Management Fees	666,462	645,035
Rates and Taxes	1,950,556	237,042
Insurance	1,963,641	160,806
Repairs and Maintenance - Others	154,312	27,607
Travelling and Conveyance	561,535	307,978
Printing and Stationery	103,439	119,368
Advertisement	26,901	142,472
Legal and Professional Charges	1,497,561	1,224,244
Directors' Remuneration and Sitting Fees	2,551,094	1,640,148
Auditors' Remuneration		
- Statutory Audit	900,000	800,000
- Tax Audit	100,000	100,000
- Others Services	190,000	70,000
- Reimbursement of Expenses	2,500	1,348
- Service Tax	147,393	120,059
Exchange Loss (Net)	-	11,386
Bank Charges	29,037	46,742
Miscellaneous Expenses	335,882	164,198
	11,313,405	**6,007,048**

Note:
Rent, Management fees and Repairs and Maintenance includes common expenses paid to a subsidiary.

18 Employee Benefits

There are no employees in the rolls of the Company.

19 Segment information

The Company is primarily engaged in the business of Core Investment Operations only in India. As such there are no separate reportable segments as per AS-17 "Segment Reporting".

20 Related Party Transactions

20.1 Names of Related Parties and Nature of Relationship

Description of Relationship	As at 31 March 2014	As at 31 March 2013
Subsidiaries	Equitas Housing Finance Private Limited Equitas B2B Trading Private Limited Equitas Finance Private Limited Equitas Micro Finance Private Limited	Equitas Housing Finance Private Limited Equitas B2B Trading Private Limited Equitas Finance Private Limited Equitas Micro 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.

20.2 Transactions with the Related Parties

Transaction	Related Party	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
Income			
Rental Income	Equitas Development Initiative Trust	48	48
Interest on Loans to Related Parties	Equitas Housing Finance Private Limited	4,794,590	1,851,301
	Equitas Finance Private Limited	16,888,769	9,874,032
Recovery of Expenses	Equitas Housing Finance Private Limited	56,348	58,546
	Equitas Finance Private Limited	157,494	204,315
	Equitas Micro Finance Private Limited	362,512	643,112
Expenses			
Reimbursement of Expenses	Equitas Micro Finance Private Limited	2,282,239	6,680,915
	Equitas Development Initiative Trust	3,000	-

Other Transactions

Loans given	Equitas Housing Finance Private Limited	275,000,000	190,000,000
	Equitas Finance Private Limited	850,000,000	552,500,000
Loans recovered	Equitas Housing Finance Private Limited	185,000,000	140,000,000
	Equitas Finance Private Limited	310,000,000	712,500,000
Investment in Equity Shares of Subsidiaries, including premium	Equitas Housing Finance Private Limited	-	200,000,000
	Equitas Finance Private Limited	1,249,360,000	1,000,010,000
	Equitas Micro Finance Private Limited	-	249,531,300

Transaction	Related Party	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
Balance as at Year End			
Receivable	Equitas Housing Finance Private Limited	140,000,000	50,000,000
	Equitas Finance Private Limited	540,000,000	-
Payable	Equitas Micro Finance Private Limited	61,730	-
Corporate Guarantees	Equitas Housing Finance Private Limited	320,000,000	100,000,000
	Equitas Finance Private Limited	5,740,000,000	3,070,000,000
	Equitas Micro Finance Private Limited	7,170,000,000	8,000,000,000

Notes:

(a) The above excludes the sitting fee of Rs. 764,048 (including Service Tax) (Previous Year - Rs. 703,148) and Remuneration of Rs. 1,787,046 (Previous Year Rs. 937,000) 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 2014, there are no further amounts payable to / receivable from them, other than as disclosed above.

21 Operating Leases

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. 48 (Previous Year Rs. 48) as rental income during the year ended 31 March 2014. 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.

Future minimum lease payments :

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
Less than One Year	48	48
More than One Year but less than Five Years	192	192
More than Five years	1,012	1,060

Depreciation of Rs. 4,698,951 (Previous Year Rs. 3,464,974) has been recognised on the leased assets for the year ended 31 March 2014.

22 Earnings Per Share

(a) **Basic**

Particulars	For the Year Ended 31 March 2014	For the Year Ended 31 March 2013
Profit after Tax attributable to Equity Shareholders - in Rs.	3,038,066	6,993,087
Weighted Average Number of Equity Shares	62,053,316	50,676,080
Earnings Per Share (Basic) - in Rs.	0.05	0.14
Face Value Per Share - in Rs.	10	10

(b) **Diluted**

Particulars	For the Year Ended 31 March 2014	For the Year Ended 31 March 2013
Profit after Tax attributable to Equity Shareholders- in Rs.	3,038,066	6,993,087
Weighted Average Number of Equity Shares for Basic EPS	62,053,316	50,676,080
Add: Effect of Warrants and ESOPs which are Dilutive	1,801,776	1,802,229
Weighted Average Number of Equity Shares for Dilutive EPS	63,855,092	52,478,309
Earnings Per Share (Diluted) - in Rs.	0.05	0.13
Face Value Per Share - in Rs.	10	10

23 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 2014 and 31 March 2013 are furnished below:

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
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	-	-

24 Commitments and Contingencies

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
Contingent Liabilities:		
Guarantees (Refer Note (a) below)	13,230,000,000	11,170,000,000
Commitments:		
- Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	23,853,101	17,813,373

Note:

(a) **Guarantees**

The Company has issued Corporate Guarantee amounting to Rs. 13,230,000,000 (As at 31 March 2013 – Rs. 11,170,000,000) for the loans taken by Subsidiary Companies from various banks. The amount of such loans outstanding as at 31 March 2014 is Rs. 8,550,487,732 (As at 31 March 2013 - Rs. 7,947,231,929).

(b) **Others**

The contingent liabilities stated above excludes claims relating to Provident Fund and Cenvat Credit, which were transferred by the Company pursuant to Scheme of Arrangement with EMFPL (Refer Note 1). The proceedings of the dispute are still carried out in the name of the Company. However, EMFPL have agreed to compensate the Company for any losses arising on account of the above contingencies.

25 Expenditure in Foreign Currency (on Accrual basis)

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
Directors Sitting Fees & Remuneration	135,000	125,000
Travelling Expenses	-	102,389
Share Issue Expenses	-	922,415
Total	**135,000**	**1,149,804**

26 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. Accordingly, the Company has transferred an amount of Rs. 607,600 (Previous Year: Rs. 1,400,000), out of the Profit after tax for the year ended 31 March 2014 to Statutory Reserve.

27 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.

28. **Previous Year Figures**

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
Group Chief Financial Officer

P T Kuppuswamy
Director

Place : Chennai
Date : 9 May 2014

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF EQUITAS HOLDINGS PRIVATE LIMITED

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **Equitas Holdings Private Limited** (the "Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting

policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries referred to below in the Emphasis of Matter (Paragraph 7) and Other Matters (Paragraph 8), the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2014;

   (b) In the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and

   (c) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Emphasis of Matter

7. We invite attention to Note 42.1 regarding the impact of revision in provisioning norms and asset classification in one of the subsidiaries, Equitas Finance Private Limited (EFPL) audited by other auditors. Effective 1 April 2013, EFPL has revised its policy on asset classification and provisioning norms for standard and non-performing assets to bring it in line with Reserve Bank of India (RBI) norms. The norms followed by EFPL were more stringent than those prescribed by RBI upto 31 March 2013. Had the asset classification and provisioning norms remained unchanged, the profit before and after tax for the year ended 31 March 2014 would have been lower by Rs. 171,591,852 and Rs. 113,253,075 respectively.

   Our opinion is not qualified in respect of this matter.

Other Matters

8. We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets (net) of Rs. 10,166,112,657 as at 31 March 2014, total revenues of Rs. 1,448,540,233 and net cash outflows amounting to Rs. 70,378,458 for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the reports of the other auditors.

   Our opinion is not qualified in respect of this matter

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Firm Registration No. 008072S

B. Ramaratnam
Partner
Membership No. 21209

CHENNAI, 9 May 2014

Consolidated Balance Sheet as at 31 March 2014

Particulars	Note No.	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	726,217,370	577,639,320
Reserves and Surplus	4	6,690,606,023	4,143,754,558
		7,416,823,393	**4,721,393,878**
Share Application Money Pending Allotment	5	3,400,000	-
Non-Current Liabilities			
Long Term Borrowings	6	6,759,135,944	6,403,942,289
Other Long Term Liabilities	7	87,367,231	44,449,683
Long Term Provisions	8	96,896,759	87,492,721
		6,943,399,934	**6,535,884,693**
Current Liabilities			
Short Term Borrowings	9	3,767,852,826	2,044,460,075
Current Maturities of Long Term Borrowings	10	7,964,625,072	4,295,259,958
Trade Payables	11	139,430,673	92,257,324
Other Current Liabilities	12	1,040,716,529	683,265,533
Short Term Provisions	13	239,982,701	166,730,281
		13,152,607,801	**7,281,973,171**
TOTAL		**27,516,231,128**	**18,539,251,742**
ASSETS			
Non-Current Assets			
Fixed Assets	14		
- Tangible Assets		230,972,284	206,042,067
- Intangible Assets		12,929,181	24,575,411
- Capital work in Progress		27,150,646	5,741,231
		271,052,111	236,358,709
Goodwill on Consolidation		5,350,103	5,350,103
Non-Current Investments	15	2,000,000	36,012,093
Deferred Tax Assets (Net)	16	149,038,645	139,315,825
Long Term Receivables Under Financing Activities	17	10,004,806,467	4,944,899,016
Long Term Loans and Advances	18	200,489,568	239,631,061
Other Non-Current Assets	19	554,408,998	454,482,490
		11,187,145,892	**6,056,049,297**
Current Assets			
Current Investments	20	34,012,093	39,473,348
Short Term Receivables Under Financing Activities	21	11,229,746,970	7,190,008,112
Cash and Cash Equivalents	22	4,147,061,563	4,459,935,222
Short Term Loans and Advances	23	307,233,694	332,069,100
Other Current Assets	24	611,030,916	461,716,663
		16,329,085,236	**12,483,202,445**
TOTAL		**27,516,231,128**	**18,539,251,742**
See accompanying notes forming part of the consolidated financial statements			

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

B. Ramaratnam
Partner
Place: Chennai
Date: 9 May 2014

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

N Rangachary
Chairman

S Bhaskar
Group Chief Financial Officer
Place : Chennai
Date : 9 May 2014

P N Vasudevan
Managing Director & Company Secretary

P T Kuppuswamy
Director

Consolidated Statement of Profit and Loss for the Year Ended 31 March 2014

Particulars	Note No	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
A. CONTINUING OPERATIONS			
Revenue from Operations	**25**	4,824,278,712	2,821,465,313
Other Income	**26**	10,895,976	10,256,393
		4,835,174,688	**2,831,721,706**
EXPENSES			
Employee Benefits Expense	**27**	1,003,083,758	780,449,150
Finance Costs	**28**	1,895,202,307	1,076,283,290
Provisions and Write Offs	**29**	183,888,784	89,106,218
Depreciation and Amortisation Expense	**14.3**	61,919,960	69,560,217
Other Expenses	**30**	553,056,527	409,941,180
		3,697,151,336	**2,425,340,055**
Profit Before Tax		**1,138,023,352**	**406,381,651**
Tax Expense			
Current Tax Expense		408,216,775	152,882,649
MAT Credit Entitlement		(3,559,121)	(482,449)
Short Provision for Tax relating to Prior Years		1,702,476	3,578,459
Net Current Tax Expense	**16**	**406,360,130**	**155,978,659**
Deferred Tax		(9,722,820)	(76,564,857)
Net Tax Expenses		**396,637,310**	**79,413,802**
Profit After Tax From Continuing Operations		**741,386,042**	**326,967,849**
B. DISCONTINUING OPERATIONS	**43**		
Profit / (Loss) Before Tax from Discontinuing Operations		245,420	(25,413)
Tax Expense of Discontinuing Operations		73,558	-
Profit / (Loss) After Tax From Discontinuing Operations		**171,862**	(25,413)
C. TOTAL OPERATIONS			
Profit After Tax		**741,557,904**	**326,942,436**
Earnings Per Equity Share of Rs.10 each Fully Paid up	**36**		
- Basic			
Continuing operations		11.95	6.45
Total operations		11.95	6.45
- Diluted			
Continuing operations		11.61	6.23
Total operations		11.61	6.23
See accompanying notes forming part of the consolidated 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 2014

N Rangachary
Chairman

P N Vasudevan
Managing Director &
Company Secretary

S Bhaskar
Group Chief Financial Officer

P T Kuppuswamy
Director

Place : Chennai
Date : 9 May 2014

Consolidated Cash Flow Statement for the Year Ended 31 March 2014

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
A. Cash Flow from Operating Activities		
Profit Before Tax	1,138,195,214	406,356,238
Adjustments for:		
Depreciation and Amortisation Expense (including Rs. 34,336 (Previous year 50,465) pertaining to Discontinuing Operations)	61,954,296	69,610,682
Contingent Provision for Standard Receivables under Financing Activities (Net)	46,228,042	57,666,030
Provision for Sub-standard and Doubtful Receivables under Financing Activities (Net)	14,898,929	12,051,621
Provision for Credit Enhancements on Assets De-Recognised (Net)	6,764,364	8,153,398
Provision for Repossessed Assets	28,924,154	3,276,487
Loss Assets Written Off (Net)	87,073,295	7,958,682
Provision for Prompt Payment Rebate (Net)	88,624	10,342,607
Provision for Doubtful Loans and Advances / Insurance Claims (Net)	973,598	2,040,772
Finance Costs	1,895,202,307	1,076,283,290
Wealth Tax	-	171,507
Interest Income on Deposits with Banks / Others	(135,956,083)	(83,484,827)
Interest Income on Pass Through Certificates	(2,514,807)	(2,205,838)
Interest Income on Loans / Deposits to Related parties	(7,042,790)	(7,557,648)
Gain from Securitisation / Assignment of Receivables	(282,082,514)	(233,786,934)
Gain on Sale of Current Investments (Net)	(28,813,831)	(50,760,619)
Dividend Income from Current Investments	-	(52,790)
Loss on Sale of Fixed Assets (Net)	163,069	-
Operating Profit before Changes in Working Capital	**2,824,055,867**	**1,276,062,658**
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Long Term Receivables Under Financing Activities	(5,059,907,451)	(2,781,911,075)
Long Term Loans and Advances	51,013,471	11,802,875
Short Term Receivables Under Financing Activities	(4,126,812,153)	(3,267,193,718)
Short Term Loans and Advances	24,352,957	(80,215,936)
Other Current Assets	(163,690,040)	(123,572,504)
Bilateral Assignment and Securitisation of Assets (Net)	288,564,420	278,757,464
Adjustments for increase / (decrease) in operating liabilities:		
Other Long Term Liabilities	11,414,563	(5,885,489)

	Long Term Provisions	(14,402,845)	14,770,922
	Trade Payables	47,173,349	13,199,982
	Other Current Liabilities	193,275,335	(1,957,939,838)
	Short Term Provisions	23,033,957	(112,827,241)
	Cash Flow (Used in) Operations	**(5,901,928,570)**	**(6,734,951,900)**
	Interest Income on Deposits / Other Loans	177,101,093	56,248,083
	Gain on Sale of Current Investments (Net)	28,813,831	50,760,619
	Dividend Income from Current Investments	-	52,790
	Finance Costs Paid	(1,774,991,846)	(1,018,756,767)
	Direct Taxes Paid	(409,213,717)	(160,880,384)
	Net Cash Flow (Used in) Operations	**(7,880,219,209)**	**(7,807,527,559)**
B.	**Cash Flow from Investing Activities**		
	Capital Expenditure on Fixed Asset including capital advances	(100,474,474)	(49,911,402)
	Proceeds from Sale of Fixed Assets	623,547	821,258
	Bank Balances not considered as Cash and Cash Equivalents (Net)	921,085,313	(1,129,212,091)
	Investment in Pass Through Certificates	39,473,348	(73,485,441)
	Purchase of Current Investments	(8,919,189,167)	(10,676,525,262)
	Proceeds from Sale of Current Investments	8,919,189,167	10,676,525,262
	Net Cash Flow From / (Used in) Investing Activities	**860,707,734**	**(1,251,787,676)**
C.	**Cash Flow from Financing Activities**		
	Proceeds from Issue of Share Capital including Premium	1,995,327,838	1,406,350,656
	Share Application Money Received	3,400,000	-
	Long Term Borrowings Taken	8,255,763,761	8,255,763,761
	Long Term Borrowings Repaid	(4,231,204,992)	(506,571,791)
	Short Term Borrowings (Repaid) / Taken (Net)	1,723,392,751	1,405,930,375
	Share Issue Expenses	(41,456,229)	(28,524,625)
	Net Cash Flow From Financing Activities	**7,705,223,129**	**10,532,948,376**
	Net Increase in Cash and Cash Equivalents (A) + (B) + (C)	**685,711,654**	**1,473,633,141**
	Cash and Cash Equivalents at the Beginning of the Year	3,088,693,940	1,615,060,799
	Cash and Cash Equivalents at the End of the Year	**3,774,405,594**	**3,088,693,940**

	Notes:		
(i)	The reconciliation to the Cash and Cash Equivalents as given in Note 22 is as follows:		
	Cash and Cash Equivalents as per Note 22	4,147,061,563	4,459,935,222
	Less: Deposits with Original Maturity over a period of 3 months	3,685,969	909,831,282
	Less: Lien Marked Deposits	368,970,000	461,410,000
	Cash and Cash Equivalents (as defined in AS 3 - Cash Flow Statements) as at the End of the Year	**3,774,405,594**	**3,088,693,940**
(ii)	The Consolidated Cash Flow Statement reflects the combined cash flows pertaining to continuing and discontinuing operations.		
See accompanying notes forming part of the consolidated 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 2014

N Rangachary
Chairman

P N Vasudevan
Managing Director &
Company Secretary

S Bhaskar
Group Chief Financial Officer

P T Kuppuswamy
Director

Place : Chennai
Date : 9 May 2014

Notes Forming Part of the Consolidated Financial Statements for the Year Ended 31 March 2014

1 CORPORATE INFORMATION

1.1 Equitas Holdings Private Limited ("the Company") was incorporated on 22 June 2007. On 7 July 2011, the equity shares of Equitas Micro Finance Private Limited ("EMFPL") (formerly known as Singhivi Investment & Finance Private Limited) were acquired by the Company. Pursuant to the Scheme of Arrangement between the Company and EMFPL, the assets and liabilities of the Micro Finance Undertaking of the Company were transferred to EMFPL during the year 2011-12, w.e.f 1 April 2011.

Consequent to the above transfer of the Micro Finance Undertaking, the Company has become " Not a Systematically Important Core Investment Company" (CIC) holding shares of its subsidiaries. The Company also provides financial support to its subsidiaries by way of unsecured loans, guarantees, etc.

The Reserve Bank of India vide its order date 3 December, 2012 has approved the Company's application for cancellation of certificate of registration No. N-07-00768 dated 13 March, 2008 considering that the Company is Not Systemically Important Core Investment Company and is eligible for exemption from registration under section 45IA of Reserve Bank of India Act, 1934.

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 Section 211(3C) of the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except as disclosed in Note 42.

The Company and some of the Subsidiaries are Non-Banking Finance Companies. These entities follow the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for Non-Banking Finance Company or more stringent norms as indicated in Note 2.22. The Subsiadiary which is a Housing Finance Company follows the guidelines issued by National Housing Bank.

2.2 Principles of Consolidation

The Consolidated Financial Statements relate to Equitas Holdings Private Limited (the Company) and Subsidiary Companies (Collectively referred to as 'the Group').

a) The Financial Statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses, as per Accounting Standard 21 – Consolidated Financial Statements.

b) The Financial Statements of the Subsidiaries used in the Consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March.

c) The excess of Cost to the Company of its Investment in the Subsidiaries over the Company's portion of the Equity is recognised in the Financial Statements as Goodwill. The carrying value of Goodwill is tested for impairment as at the end of each reporting period.

d) The excess of the Company's portion of Equity of the Subsidiaries on the acquisition date over its Cost of Investment is treated as Capital Reserve.

e) Following subsidiary companies have been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Country of Incorporation	% of Voting Power
Equitas Micro Finance Private Limited (EMFPL)	Subsidiary	India	100%
Equitas Finance Private Limited (EFPL)	Subsidiary	India	100%
Equitas Housing Finance Private Limited (EHFPL)	Subsidiary	India	100%
Equitas B2B Trading Private Limited (B2B)	Subsidiary	India	100%

2.3 Use of Estimates

The preparation of the consolidated 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 consolidated 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.

2.4 Inventory

Traded Inventories comprising of vegetables are valued at lower of cost and net realizable value. Cost is determined on the basis of First in First out Basis (FIFO).

Cost includes freight, taxes and duties incurred for bringing the goods to the present location and condition.

As the items traded by B2B are perishable in nature, there are no slow/ non moving items.

2.5 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.

2.6 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 Group are segregated based on the available information.

2.7 Depreciation and Amortisation

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 or the rates determined by the management as per the estimated useful life of the assets, whichever is higher. The useful life of the assets are as follows:

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 remaining primary lease period or 3 years whichever is lower.

Assets individually 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.

2.8 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group 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 a Non-performing Asset and remaining overdue is de-recognized by reversing the interest income.

(b) In case of EMFPL, Loan Processing Fee is recognized over the life of the loan on a straight line basis. In other subsidiaries it is recognized as income in the year in which the loan is sanctioned.

(c) In accordance with the RBI Guidelines on Securitisation Transaction, gains arising from assignment / securitisation are amortised over the life of the underlying portfolio loans. In case of any loss the same is recognised in the Statement of Profit and Loss immediately.

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

(e) Grants are recognised as income on fulfilment of the terms of the Grant Agreement.

(f) Dividend income is accounted for when the right to receive it is established.

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

2.9 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 net of any trade discounts and rebates, 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.

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.

2.10 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.

2.11 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Group are accounted at the exchange rates prevailing on the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items of the Group, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Group are carried at historical cost.

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Group are recognised as income or expense in the Statement of Profit and Loss.

2.12 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.

2.13 Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plan:

The Group'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 and when the services are rendered by the employees.

Defined benefit plans:

For defined benefit plans in the form of gratuity fund, 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, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

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.

2.14 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 Group 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.

2.15 Borrowing Costs

Borrowing costs include interest, ancillary costs that the Group incurrs in connections with the arrangement of borrowings. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss at the time of availment of the Loan.

2.16 Segment reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities.

2.17 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.

2.18 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.

2.19 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 are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Group has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their reliability.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset in the Consolidated Balance Sheet when it is probable that future economic benefit associated with it will flow to the entity.

2.20 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.

2.21 Provisions and Contingencies

A provision is recognised when the Group 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 to the Consolidated Financial Statements.

2.22 Classification and Provisions of Loan Portfolio

(i) EMFPL

(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 Company - Micro Finance Institutions (Reserve Bank) Directions, 2011.

Classification of Loans

Asset Classification	Period of Overdue
Standard Assets	Not Overdue or 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**

Asset Classification	Provisioning Percentage
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 Companies - Micro Finance Institutions (Reserve Bank) Directions, 2011]*

The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of the following:

1% of the outstanding loan portfolio or

50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.

(ii) EFPL

(a) Loans are classified as per the Subsidiary's Policy and Management's estimates, subject to the minimum classification required as per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. For change in Provisioning norms with effect from 1 April 2013 refer note 42.

Classification of Loans

Asset Classification	Period of Overdue
Standard Assets	Not Overdue or Overdue for less than 6 months
Non Performing Assets (NPA)	
Sub-Standard Assets	Overdue for 6 months but less than or equal to 24 months
Doubtful Assets	Overdue more than 24 months
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/ Insurance premium remaining unpaid from the day it became receivable.

(b) **Provisioning Norms for Loans**

Asset Classification	Provisioning Percentage
Standard Assets	
Not Overdue or Overdue for less than 6 months	0.25%
Non Performing Assets (NPA)	
Sub-Standard Assets	
Overdue for 6 months but less than or equal to 24 months	10%
Doubtful Assets	
- un secured portion of loan amount	100%
Secured portion of loan amount	
- Up to one year from the date of doubtful	20%
- from one year to three year	30%
- more than three year	50%
Loss Assets	100%

(iii) EHFPL

(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 classification and provisioning norms prescribed under the Housing Finance Companies (NHB) Directions, 2010.

Classification of Loans

Asset Classification	Period of Overdue
Standard Assets	Not Overdue and Overdue for less than 90 days
Non Performing Assets (NPA)	
Sub-Standard Assets	Overdue for 90 days and more but not exceeding 12 months from 90 days overdue
Doubtful Assets	Remains Sub-standard asset for a period exceeding 12 months
Loss Assets	Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by NHB.

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

(b) **Provisioning Norms for Housing Loans and Non Housing Loans:**

Asset Classification	Provisioning Percentage
Standard Assets	
(i) Commercial Real Estate - Residential Housing	0.75%
(ii) Commercial Real Estate - Other	1.00%
(iii) Other than (i) and (ii) above	0.40%
Non Performing Assets (NPA)	
Sub-Standard Assets	
Overdue for 90 days and more but not exceeding 12 months from 90 days overdue	15%
Doubtful Assets (period for which the asset has been considered as doubtful) - Secured	
Upto One year	25%
One to three years	40%
More than three years	100%
Doubtful Assets - Unsecured	100%
Loss Assets	100%

(iv) 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.

2.23 Provision for Credit Enhancements on Assets De-Recognised

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

Loans	Provisioning Percentage
EMFPL	1.25%
EFPL	0.25%

2.24 Insurance Claims

Insurance claims are accrued for on the basis of claims admitted and to the extent there is no uncertainty in receiving the claims.

2.25 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

2.26 Share Issue Expenses

Share issue expenses are adjusted against the Securities premium account as permissible under Section 78(2) of the Companies Act, 1956, to the extent balance is available for utilisation in the Securities Premium Account.

Particulars	As at 31 March 2014		As at 31 March 2013	
	No. of Shares	Rs.	No. of Shares	Rs.
3.Share Capital				
(a) Authorised				
Equity shares of Rs. 10 each	93,500,000	935,000,000	63,500,000	635,000,000
Compulsorily Convertible Preference Shares of Rs.10 each	10,000,000	100,000,000	10,000,000	100,000,000
	103,500,000	**1,035,000,000**	**73,500,000**	**735,000,000**
(b) Issued, Subscribed and Fully Paid-up				
Equity shares of Rs. 10 each	72,621,737	726,217,370	57,763,932	577,639,320
	72,621,737	**726,217,370**	**57,763,932**	**577,639,320**

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

Particulars	31 March 2014		31 March 2013	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
At the Beginning of the Year	57,763,932	577,639,320	44,428,904	444,289,040
Issued during the Year	14,857,805	148,578,050	13,335,028	133,350,280
Outstanding at the End of the Year	**72,621,737**	**726,217,370**	**57,763,932**	**577,639,320**

(a) In the Extra ordinary general meeting held on 6 September 2013, the members have approved the increase in authorized share capital by Rs, 300,000,000 - from Rs.

735,000,000 to Rs. 1,035,000,000 represented by 93,500,000 Equity shares of Rs. 10 each and 10,000,000 Compulsorily Convertible Preference shares of Rs. 10 each

(b) During the year, Company has alloted 14,056,946 (Previous Year 13,112,295) Equity Shares of Rs. 10 each to Foreign Institutional Investor at a Premium of Rs. 130.85 (Previous year Rs. 96.77) each. Consequently, an amount of Rs.1,839,351,384 (Rs. 1,268,876,788) has been credited to Securities Premium Account. (Refer Note 4.1(b))

(c) During the year, the Company allotted 800,859 (Previous Year 222,733) Equity Shares of Rs. 10 each to eligible employees pursuant to exercise of options under the Employee Stock Options Scheme at applicable premiums (Refer Note 4.1.(a))

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

Particulars	As at 31 March 2014		As at 31 March 2013	
	No. of Shares	% Holding	No. of Shares	% Holding
Equity Shares of Rs. 10 each				
International Finance Corporation	10,289,760	14.17%	8,429,334	14.59%
India Financial Inclusion Fund	8,646,198	11.91%	8,646,198	14.97%
Microventures Spa	8,487,742	11.69%	7,422,779	12.85%
Lumen Investment Holdings Limited	7,523,940	10.36%	7,523,940	13.03%
CDC Group Plc	7,156,001	9.85%	-	-
Sequoia Capital India Investments III	4,280,287	5.89%	4,280,287	7.41%
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	3,975,556	5.47%	-	-
Canann VIII Mauritius	3,085,499	4.25%	3,085,499	5.34%
MicroVentures Investments SCA SICAR	3,026,139	4.17%	3,026,139	5.24%

3.3 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. 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.

3.4 Shares Reserved for Issuance

Refer Note 3.5 with respect to Preferential Offer of Equity Shares to Managing Director and Note 3.6 with respect to Employee Stock Option Scheme.

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, based on the performance of the Company for the financial year 2010-11 had 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. During the year he exercised the option to subscribe for 340,000 equity shares, pursuant to the above agreement and the amount received has been disclosed under Note 5 - Share Application Money Pending Allotment. As at 31 March 2014, Nil (As at 31 March 2013 - 340,000) Equity Shares are outstanding to be exercised.

3.6 Employee Stock Option Scheme

(a) On 17 December 2007, the Company established an Employees Stock Option Scheme 2007 (ESOP Scheme 2007). 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.

In the previous year, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2012 (ESOP Scheme 2012) effective from 10 November 2012. Under the plan, the Company is authorized to issue upto 1,000,000 Equity Shares of Rs. 10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2007 has been transferred and made available for grant under the new scheme.

As at 31 March 2014, 3,415,970 (As at 31 March 2013 - 4,072,283) (net of forfeitures) options were outstanding, which were granted at various exercise prices. The following are the outstanding options as at 31 March 2014:

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant5	Grant 6	Grant 7	Grant 8	Grant 9	Grant 10	Grant 11	Grant 12	Grant 13
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	9-May-12	7-Nov-12	4-May-13	15-Nov-13
Exercise Price Per Option (Rs)	10	12	32	36	80	100	120	120	120	120	120	120	120
Total Options granted and outstanding as at 31 March 2013	1,023,645	86,672	159,730	262,481	209,238	512,490	570,324	268,053	288,275	281,800	409,575	-	-
Add: Options Granted during the Year	-	-	-	-	-	-	-	-	-	-	-	304,900	861,750
Less: Options Forfeited / Lapsed during the Year	-	-	14,070	41,000	31,049	231,952	116,990	66,968	75,874	77,391	145,285	93,850	127,675
Options Exercised during the Year	486,285	70,840	101,165	115,234	21,993	4,854	99	216	173	-	-	-	-
Options Outstanding as at 31 March 2014													
- Vested	537,360	15,832	44,495	106,247	156,196	213,414	350,825	113,669	119,968	54,714	67,765	-	-
- Yet to Vest	-	-	-	-	-	62,270	102,410	87,200	92,260	149,695	196,525	211,050	734,075

(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	9-May-12	7-Nov-12	4-May-13	15-Nov-13
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%	8.01% to 8.25%	7.89% to 8%	7.12% to 7.23%	8.50% to 8.68%
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	2.58 to 5.58 yrs	2.67 to 5.67 yrs	2.67 to 5.67 yrs	2.64 to 5.67 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%	39% to 42%	38% to 42%	33% to 37%	34% to 39%
Dividend Yield	0%	0%	0%	0%	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	120.00	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	9.83	11.61	8.76	13.03
2nd Stage	0.81	3.91	15.20	9.54	7.69	25.01	32.50	34.97	36.59	13.22	14.52	15.21	21.23
3rd Stage	1.00	4.02	17.27	11.54	11.33	30.26	39.18	41.38	42.77	18.01	19.95	18.93	25.58
4th Stage	1.32	4.70	18.36	13.69	16.14	36.81	47.53	48.34	48.58	21.74	23.92	23.98	29.78

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

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
Profit After Tax as per Statement of Profit and Loss (as reported)	741,557,904	326,942,436
Add: Stock Based Employee Compensation Expense included in Net Profit	-	-
Less: Stock Based Compensation Expense Determined under Fair Value based Method (Proforma)	11,975,615	14,097,277
Net Profit (Proforma)	**729,582,289**	**312,845,159**

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
Basic Earnings per Share of Rs. 10 each (as reported)	11.95	6.45
Basic Earnings per Share of Rs. 10 each (Proforma)	11.76	6.17
Diluted Earnings per Share of Rs. 10 each (as reported)	11.61	6.23
Diluted Earnings per Share of Rs. 10 each (Proforma)	11.43	5.96

	Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
4	**Reserves and Surplus**		
4.1	**Securities Premium Account**		
	Opening Balance	3,305,417,286	2,060,867,875
	Add: Additions during the Year (Refer Note (a) & (b) below)	1,846,749,788	1,273,074,036
	Less: Share Issue Expenses (Refer Note (c) below)	(41,456,229)	(28,524,625)
	Closing Balance	**5,110,710,845**	**3,305,417,286**
	Note:		
(a)	Additions to Securities Premium Account represents:		
	Premium of Rs. 2 per share on allotment of 70,592 Equity shares (Previous Year 37,053 shares) of Rs 10 each to employees under the ESOP scheme	141,184	74,106
	Premium of Rs. 22 per share on allotment of 101,413 Equity shares (Previous Year 68,170 shares) of Rs 10 each to employees under the ESOP scheme	2,231,086	1,499,740

	Premium of Rs. 26 per share on allotment of 115,234 Equity shares (Previous Year 100,367 shares) of Rs 10 each to employees under the ESOP scheme	2,996,084	2,609,542
	Premium of Rs. 70 per share on allotment of 21,993 Equity shares (PY Nil shares) of Rs 10 each to employees under the ESOP scheme	1,539,510	-
	Premium of Rs. 90 per share on allotment of 4,854 Equity shares (Previous Year 121 shares) of Rs 10 each to employees under the ESOP scheme	436,860	10,890
	Premium of Rs. 110 per share on allotment of 488 Equity shares (Previous Year 27 shares) of Rs 10 each to employees under the ESOP scheme	53,680	2,970
(b)	During the year, the Company issued and alloted 14,056,946 equity shares (Previous year- 13,112,295) of Rs. 10 each to Foreign Institutional Investors at a premium of Rs. 130.85. (Previous Year- Rs. 96.77)	1,839,351,384	1,268,876,788
(c)	Share issue expenses adjusted to securities premium account represents expenses incurred on professional and legal services in connection with issue of shares in accordance with Section 78 of the Companies Act, 1956.	41,456,229	28,524,625
4.2	**Statutory / Special Reserve** (Refer Note 41)		
	Opening Balance	213,376,081	147,797,243
	Add: Amount Transferred during the Year from Surplus in the Statement of Profit and Loss	148,312,519	65,578,838
	Closing Balance	**361,688,600**	**213,376,081**
4.3	**General Reserve**		
	Opening Balance	39,185,942	39,185,942
	Add: Additions	-	-
	Closing Balance	**39,185,942**	**39,185,942**
4.4	**Surplus in the Statement of Profit and Loss**		
	Opening Balance	585,775,251	324,411,651
	Add: Profit for the Year	741,557,904	326,942,436
	Less: Appropriations		
	- Transfer to Statutory Reserve	148,312,519	65,578,838
	Net Surplus in the Statement of Profit and Loss	**1,179,020,636**	**585,775,249**
		6,690,606,023	**4,143,754,558**

5. Share Application Money Pending Allotment

The Company had received Rs. 3,400,000 from Mr. P N Vasudevan, Managing Director towards the share application money for the exercise under the preferential offer. Pending allotment, the amount received has been shown as " Share application Money pending allotment". Also Refer Note 3.5.

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
6 Long Term Borrowings		
(a) Redeemable Non-Convertible Debentures - (Refer Note 6.1)		
Secured	1,560,000,000	740,000,000
Unsecured - Subordinated Debt	500,000,000	500,000,000
(b) Term Loans - Secured - (Refer Note 6.2)		
From Banks	4,533,392,504	4,575,358,418
From Other Parties	165,743,440	588,583,871
	6,759,135,944	**6,403,942,289**

6.1 Details of Debentures issued by the Group

(a) The Secured Non-Convertible Debentures are secured by hypothecation of specified Receivables under Financing Activities.

(b) The Redeemable Non-Convertible Debentures are listed on BSE Limited (Bombay Stock Exchange). Further, the Group has entered into an agreement with IDBI Trusteeship Services Limited to act as Debentures Trustees for the Debentures

(c) The Group has not defaulted in the repayment of dues to Debenture holders.

6.2 Details of Term Loans from Banks and Other Parties – Secured

(a) The loans are secured by hypothecation of specified Receivables under Financing Activities and Lien on specified Fixed Deposits with Banks and Inter-Corporate Deposits.

(b) The Group has not defaulted in the repayment of dues to banks and other parties.

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
7 Other Long Term Liabilities		
Unamortised Income		
- Processing Fee	36,762,183	25,347,620
- Interest Strip Retained on Securitisation of Receivables	50,605,048	19,102,063
	87,367,231	**44,449,683**

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
8 Long Term Provisions		
Provision - Employee Benefits		
Provision for Gratuity (Refer Note 32.2)	-	29,006,092
Provision for Compensated Absences	18,267,362	3,664,115
Provision - Others		
Contingent Provision for Standard Receivables under Financing Activities	63,316,212	44,901,320
Provision for Sub-standard and Doubtful Receivables under Financing Activities	5,828,540	4,626,610
Provision for Credit Enhancements on Assets De-Recognised	9,484,645	5,294,584
	96,896,759	**87,492,721**

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
9 Short Term Borrowings (Refer Note Below)		
Redeemable Non-Convertible Debentures	250,000,000	-
From Banks - Secured		
Cash Credit	3,039,062,951	1,664,460,075
Working Capital Demand Loan	330,000,000	380,000,000
Bank overdrafts - Unsecured	148,789,875	-
	3,767,852,826	**2,044,460,075**

Note: The Loan is secured by hypothecation of specified Receivables under Financing Activities. Further, there is a Collateral Security in form of first Pari passu charge on hypothecation of other free assets / fixed assets owned by EFPL.

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
10 Current Maturities of Long Term Borrowings		
Redeemable Non-Convertible Debentures	510,000,000	-
Term Loans - Secured - (Refer Note 6.2)		
- From Banks - Secured	6,829,290,744	3,564,513,047
- From Other Parties - Secured	625,334,328	730,746,911
	7,964,625,072	**4,295,259,958**

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
11 Trade Payables		
Trade Payables - Other than Acceptances	139,430,673	92,257,324
	139,430,673	**92,257,324**

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
12 Other Current Liabilities		
Security Deposits Received	-	2,400,000
Payable on purchase of Fixed Assets	3,274,276	2,850,285
Advances Installments from Borrowers	32,112,518	11,113,608
Interest Accrued But Not Due on Borrowings	220,494,486	100,284,025
Unamortised Income		
- Processing Fee	100,602,728	77,897,656
- Interest Strip Retained on Assignment of Receivables	-	45,662,550
- Interest Strip Retained on Securitisation of Receivables	314,284,822	179,418,513

Statutory Remittances (PF, ESI, TDS etc.)	23,356,199	15,125,077
Amount Payable to Assignees for Assets De-recognised	-	115,091,967
Amount Payable to Special Purpose Vehicle for Assets De-recognised	346,591,500	133,421,852
	1,040,716,529	**683,265,533**

	Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
13	**Short Term Provisions**		
	Provision - Employee Benefits		
	Provision for Gratuity (Refer Note 32.2)	-	693,168
	Provision for Compensated Absences	72,705,265	48,889,516
	Provision - Others (Refer Note 39)		
	Contingent Provision for Standard Receivables under Financing Activities	109,118,401	81,305,251
	Provision for Sub-standard and Doubtful Receivables under Financing Activities	20,346,102	6,649,103
	Provision for Credit Enhancements on Assets De-Recognised	31,417,546	28,843,243
	Provision for Taxes	6,395,387	350,000
		239,982,701	**166,730,281**

Fixed Assets

Current Year:

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1 April 2013 Rs.	Additions Rs.	Disposals Rs.	Balance as at 31 March 2014 Rs.	Balance as at 1 April 2013 Rs.	For the year Rs.	Eliminated on Disposal of Assets Rs.	Balance as at 31 March 2014 Rs.	Balance as at 31 March 2014 Rs.	Balance as at 31 March 2013 Rs.
14.1 Tangible Assets - Owned										
Land - Freehold	94,431,438	-	-	94,431,438	-	-	-	-	94,431,438	94,431,438
Buildings- Given under Operating Lease - (Refer Note 14.5)	76,562,080	23,782,696	-	100,344,776	6,760,693	4,698,951	-	11,459,644	*88,885,132*	69,801,387
Leasehold Improvements	28,400,910	2,566,951	36,430	30,931,431	23,573,592	3,978,641	25,148	27,527,085	3,404,346	4,827,318
Computer Equipments	109,446,684	22,371,179	373,251	131,444,612	83,901,646	20,710,772	327,204	104,285,214	*27,159,398*	25,545,038
Furniture and Fixtures	24,269,590	5,577,263	75,826	29,771,027	*22,011,056*	4,844,410	64,776	26,790,690	2,980,337	2,258,534
Office Equipments	22,755,555	9,265,631	576,510	31,444,676	15,469,903	7,414,913	562,294	22,322,522	*9,122,154*	7,285,652
Vehicles	3,460,467	5,092,145	1,119,137	7,433,475	1,567,767	1,291,345	415,116	2,443,996	4,989,479	1,892,700
SubTotal	**359,326,724**	**68,655,865**	**2,181,154**	**425,801,435**	**153,284,657**	**42,939,032**	**1,394,538**	**194,829,151**	**230,972,284**	**206,042,067**
14.2 Intangible Assets										
Computer Software	87,054,060	7,369,034	-	94,423,094	62,478,649	19,015,264	-	81,493,913	12,929,181	24,575,411
SubTotal	**87,054,060**	**7,369,034**	**-**	**94,423,094**	**62,478,649**	**19,015,264**	**-**	**81,493,913**	**12,929,181**	**24,575,411**
Grand Total	**446,380,784**	**76,024,899**	**2,181,154**	**520,224,529**	**215,763,306**	**61,954,296**	**1,394,538**	**276,323,064**	**243,901,465**	**230,617,478**

14 Fixed Assets

Previous Year:

Particulars	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1 April 2012 Rs.	Additions Rs.	Disposals Rs.	Balance as at 31 March 2013 Rs.	Balance as at 1 April 2012 Rs.	For the year Rs.	Eliminated on Disposal of Assets Rs.	Balance as at 31 March 2013 Rs.	Balance as at 31 March 2013 Rs.	Balance as at 31 March 2012 Rs.
14.1 Tangible Assets - Owned										
Land - Freehold	94,431,438	-	-	94,431,438	-	-	-	-	94,431,438	94,431,438
Buildings- Given under Operating Lease - Refer Note 13.5	58,020,607	18,541,473	-	76,562,080	3,295,719	3,464,974	-	6,760,693	*69,801,387*	54,724,888
Leasehold Improvements	26,778,971	1,621,939	-	28,400,910	17,198,006	6,375,586	-	23,573,592	4,827,318	9,580,965
Computer Equipments	99,426,617	11,112,105	1,092,038	109,446,684	59,639,031	25,320,659	1,058,044	83,901,646	*25,545,038*	39,787,586
Furniture and Fixtures	21,501,544	3,114,861	346,815	24,269,590	*18,013,691*	4,344,180	346,815	22,011,056	2,258,534	3,487,853
Office Equipments	18,059,157	5,077,400	381,002	22,755,555	9,844,921	6,002,489	377,507	15,469,903	*7,285,652*	8,214,236
Vehicles	4,011,574	787,665	1,338,772	3,460,467	1,171,347	951,423	555,003	1,567,767	1,892,700	2,840,227
Sub Total	**322,229,908**	**40,255,443**	**3,158,627**	**359,326,724**	**109,162,715**	**46,459,311**	**2,337,369**	**153,284,657**	**206,042,067**	**213,067,193**
14.2 Intangible Assets										
Computer Software	79,134,398	11,000,218	3,080,556	87,054,060	42,407,834	23,151,371	3,080,556	62,478,649	24,575,411	36,726,564
SubTotal	**79,134,398**	**11,000,218**	**3,080,556**	**87,054,060**	**42,407,834**	**23,151,371**	**3,080,556**	**62,478,649**	**24,575,411**	**36,726,564**
Grand Total	**401,364,306**	**51,255,661**	**6,239,183**	**446,380,784**	**151,570,549**	**69,610,682**	**5,417,925**	**215,763,306**	**230,617,478**	**249,793,757**

14.3 Depreciation and Amortisation Expense for the Year

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
Depreciation for the year on tangible assets as per Note 14.1	42,939,032	46,459,311
Amortisation for the year on intangible assets as per Note 14.2	19,015,264	23,151,371
Less: Depreciation relating to discontinuing operations	(34,336)	(50,465)
	61,919,960	**69,560,217**

4.4 Capital Work in Progress

The Capital Work in Progress as at 31 March 2014 includes an amount of Rs. 25,690,307 (Previous Year: Rs. 5,052,629) representing the cost of construction of additional floors at the existing school buildings which are in progress as at 31 March 2014.

14.5 Building Given under Operating Lease

The Company constructed these buildings primarily for the purpose of leasing them to Equitas Developments Initiatives Trust (EDIT) for running schools, as a part of its Corporate Social Responsibility initiatives. From 1 April 2011, the Company is providing the buildings on lease to EDIT at a nominal monthly rent of Re. 1 for each of the buildings. Accordingly, the nominal rent of Rs. 48 (Previous year Rs. 48) has been received and recognised as Rental Income. (Refer Note 26).

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
15 Non-Current Investments - Trade - Unquoted, at Cost		
200,000 (As at 31 March 2013 - 200,000) Equity Shares of Alpha Micro Finance Consultants Private Limited	2,000,000	2,000,000
Investment -Others		
3400 11.4% Pass through Certificates of Series A2 Equitas Microloans Pool ABL - Feb 2013	-	34,012,093
	2,000,000	**36,012,093**
Note:		
Aggregate Cost of Unquoted Investments (Gross)	2,000,000	36,012,093

16 Deferred Tax Assets

The Deferred Tax Asset of Rs. 149,038,645 (As at 31 March 2013 - Rs. 139,315,825) has arisen on account of the following:

Particulars	As at 31 March 2013 Rs.	Credit / (Charged) Rs.	As at 31 March 2014 Rs.
Deferred Tax Assets			
Difference between depreciation as per Books of Account and Income Tax Act, 1961	3,527,981	7,028,053	10,556,034
Contingent Provision for Standard Assets under Financing Activities	42,826,229	15,438,305	58,264,534
Provision for Sub-Standard and Doubtful Receivables under Financing Activities	3,832,615	5,051,694	8,884,309
Provision for Credit Enhancements on Assets De-Recognized	11,603,447	4,371,279	15,974,726
Provision for Repossessed Assets	1,113,678	9,831,320	10,944,998
Provision for Employee Benefits	26,767,585	8,728,888	35,496,473
Others	3,221,145	(2,817,469)	403,676
Carry Forward Business Losses and Depreciation of Subsidiaries	46,423,145	(37,909,250)	8,513,895
Deferred Tax Asset	**139,315,825**	**9,722,820**	**149,038,645**

	Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
17	**Long Term Receivables Under Financing Activities** (Represents Installments Due after one year from the reporting date)		
	Micro Finance Loans – Unsecured	3,688,769,085	2,637,734,069
	Micro Finance Loans Subordinated as Credit Enhancements for Assets De-Recognised - Unsecured	49,722,876	-
	Vehicle Finance Loans - Secured	4,535,852,478	1,871,660,675
	Vehicle Finance Loans Subordinated as Credit Enhancements for Assets De-Recognised - Secured	43,981,515	-
	Housing Loans – Secured	786,303,794	376,469,310
	Others Loans - Secured	900,176,719	58,070,452
	Gold Loans - Secured	-	964,510
		10,004,806,467	**4,944,899,016**
	Note:		
	Of the above:		
	- Considered Good	9,957,957,708	4,929,490,918
	- Considered Doubtful (Sub-Standard and Doubtful Receivables)	46,848,759	15,408,098
	(Refer Note 8 for Provision for Sub-Standard and Doubtful Receivables under Financing Activities)		

	Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
18	**Long Term Loans and Advances**		
	Capital Advances - Unsecured, Considered Good	3,689,154	225,000
	Security Deposits (Also Refer Note 37(a))		
	- Unsecured, Considered Good	50,292,050	35,967,230
	- Unsecured, Considered Doubtful	328,500	-
		50,620,550	35,967,230
	Less : Provision for Doubtful Deposits	328,500	-
		50,292,050	35,967,230
	Loans to Related Parties (Refer Note 34.2) - Unsecured, Considered Good	9,450,633	48,646,896
	Others Advances - Unsecured, Considered Good	39,985	54,292
	Loans to Employees		
	- Secured, Considered Good	1,623,397	1,375,116
	- Unsecured, Considered Good	1,799,401	2,099,799
	- Unsecured, Considered Doubtful	76,122	76,122
		3,498,920	3,551,037
	Less : Provision for Doubtful Loans to Employees	76,122	76,122
		3,422,798	3,474,915
	Inter Corporate Deposits Under Lien (Refer Note below) - Unsecured, Considered Good	66,610,000	77,924,000
	Receivables from SPV's for Assets De-recognised - Unsecured, Considered Good	19,385,630	35,120,833
	MAT Credit entitlement	3,559,121	-
	Advance Income Tax (Net)	44,040,197	38,217,895
		200,489,568	**239,631,061**

Note:

Inter Corporate Deposits are under lien for the Term Loans obtained by the EMFPL from other parties.

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
19 Other Non-Current Assets		
Interest Strip Retained on Assignment of Receivables	-	-
Interest Strip Retained on Securitisation of Receivables	31,219,418	19,102,063
Interest Accrued But Not Due		
- on Deposits with Banks / Others	33,829,220	23,520,066
- on Pass through Certificates	390,360	390,361
Bank Deposits under Lien having Maturity after 12 months	488,970,000	411,470,000
	554,408,998	**454,482,490**
Note:		
Bank Deposits under Lien		
- Cash Collateral for Assets De-recognised	388,970,000	236,470,000
- Cash Collateral for Term Loans obtained from Banks	100,000,000	175,000,000

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
20 Current Investments		
Current portion of long-term investments (At cost):		
11% Pass Through Certificates of Series A2 Equitas Microloans Pool ABL - February 2013 - 3400 (As at 31 March 2013 - Nil) Units	34,012,093	-
11.40% Pass Through Certificates of Series A2 ZEUS IFMR Capital 2012) - Nil (As at 31 March 2013 - 3,932) Units	-	39,473,348
	34,012,093	**39,473,348**

Particulars		As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
21	**Short Term Receivables Under Financing Activities** (Represents Installments Due within one year from the reporting date)		
	Micro Finance Loans - Unsecured	8,092,158,739	6,000,410,642
	Micro Finance Loans given as Credit Enhancements for Loans De-recognised - Unsecured	18,133,492	-
	Vehicle Finance Loans - Secured	2,983,119,538	1,173,570,121
	Housing Loans - Secured	31,834,427	8,221,318
	Other Loans - Secured	93,630,885	3,642,865
	Other Loans - Unsecured	3,000,000	
	Installments Dues from Borrowers - Secured		
	- Others	-	2,300
	Installments Due from Borrowers - Unsecured		
	- More than Six Months from the date they were due for payment	5,460,039	55,465
	- Others	2,201,633	1,518,373
	Gold Loans - Secured	208,217	2,587,028
		11,229,746,970	**7,190,008,112**
	Note:		
	Of the above:		
	- Considered Good	11,120,731,051	7,185,168,182
	- Others (Sub-Standard and Doubtful Receivables under Financing Activities as per Group's Provisioning Norms) (Refer Note 13 for Provision for Sub-Standard and Doubtful Receivables under Financing Activities)	109,015,919	4,839,930

Particulars		As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
22	**Cash and Cash Equivalents**		
	Cash on Hand	29,719,815	6,291,933
	Balances with Banks		
	- In Current Accounts	2,494,685,779	2,432,402,007
	- In Deposits Accounts - Free of Lien	1,253,685,969	1,559,831,282
	- In Deposits Accounts - Under Lien (Refer Note (b))	368,970,000	461,410,000
	Total	**4,147,061,563**	**4,459,935,222**
	Notes:		
(a)	Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	3,774,405,594	3,088,693,940
(b)	Deposit Accounts under Lien:		
	- Cash Collateral for Assets De-recognised	236,470,000	461,410,000
	- Cash Collateral for Term Loans obtained from Banks	57,500,000	-
	- Others (Refer Note (d) below)	75,000,000	-
(c)	Deposits of Original Maturity of more than 3 Months	3,685,969	909,831,282

(d) **Deposits Under Lien - Others**

The Company has during the year given Fixed deposits of Rs. 75,000,000 as lien to certain banks as security for overdraft facilities sanctioned by the banks to Equitas Dhanyakosha India (EDK), a private limited company registered under Section 25 of Companies Act, 1956, which is engaged in supply of Groceries at subsidised rates to lower income sections of the society. An amount of Rs. 63,340,575 is outstanding and payable by EDK to banks as at 31 March 2014.

Considering the performance of EDK for the year and the future business plans, the Management is confident that EDK will generate sufficient profits to repay their debts and no losses are expected to devolve on the Company.

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
23 Short Term Loans and Advances		
Loans to Related Parties (Refer Note 34.2) - Unsecured, Considered Good	2,576,585	18,916,927
Loans to Employees		
- Secured, Considered Good	3,400,136	3,556,406
- Unsecured, Considered Good	5,696,816	5,654,025
- Unsecured, Considered Doubtful	1,883,895	909,387
	10,980,847	10,119,818
Less : Provision for Doubtful Loans to Employees	1,883,895	909,387
	9,096,952	9,210,431
Prepaid Expenses - Unsecured, Considered Good	33,986,177	24,658,598
Balances with Government Authorities -Service Tax Input Credit - Unsecured, Considered Good	5,122,754	4,120,285
Inter Corporate Deposits Under Lien (Refer Note below) - Unsecured, Considered Good	17,924,000	4,000,000
Travel and Other Advances - Unsecured, Considered Good	12,204,748	9,112,823
MAT Credit entitlement	-	482,449
Receivables from Assignees for Assets De-recognised - Unsecured, Considered Good	40,574,110	234,957,677
Receivables from Special Purpose Vehicles for Assets De-recognised - Unsecured, Considered Good	185,748,368	26,609,910
	307,233,694	**332,069,100**

Note : Inter Corporate Deposits are under lien for the Term Loans obtained by the EMFPL from other parties.

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
24 Other Current Assets		
Gold Coins	7,212	14,425
Interest Accrued But Not Due		
- on Receivables under Financing Activities	259,179,443	139,403,601
- on Loans given to Related Parties	65,687	640,860
- on Deposits with Banks / Others	13,043,411	53,501,471
- on Pass through Certificates	390,360	1,815,477
Repossessed Assets (Net of Provisions of Rs. 32,200,640 previous year Rs. 3,276,486)	42,232,998	26,787,945

IFC Grant receivable	3,005,000	2,718,921
Interest Accrued and Due on Housing loans	-	13,389
Interest Strip Retained on Assignment of Receivables	-	45,662,550
Interest Strip Retained on Securitisation of Receivables	281,525,996	179,418,513
Insurance Claims Receivable		
- Considered Good	11,580,809	11,739,511
- Considered Doubtful	1,721,238	4,599,625
	13,302,047	16,339,136
Less : Provision for Doubtful Claims	1,721,238	4,599,625
	11,580,809	11,739,511
	611,030,916	**461,716,663**

	Particulars	**For the Year Ended 31 March 2014 Rs.**	**For the Year Ended 31 March 2013 Rs.**
25	**Revenue from Operations**		
	Interest Income from Loans	4,233,054,156	2,312,106,741
	Processing and Other Fees	129,760,267	126,038,574
	Interest spread on Securitisation / Assignment of Receivables	282,082,514	233,786,934
	Other Operating Revenues		
	- Interest Income on Fixed Deposits with Banks / Others	135,956,083	83,484,827
	- Interest Income on Pass Through Certificates	2,514,807	2,205,838
	- Loss Assets Recovered	1,027,454	15,185
	- Write Back of Contingent Provision for Standard Receivables Under Financing Activities (Net)	-	-
	- Gain on Sale of Current Investments in Mutual Funds	28,813,831	50,760,619
	Grant from International Finance Corporation (Refer Note 25.1)	11,069,600	13,066,595
		4,824,278,712	**2,821,465,313**

25.1 The Group has entered into a Grant Agreement with International Finance Corporation (IFC) whereby the Group is eligible to receive a revenue grant of USD 600,000 over a period of 3 to 5 years, subject to the Group meeting the 'Performance Indicators' set out in the agreement. During the year, on achievement of the 'Performance Indicators' the Group has received and accounted an amount of USD 190,000 (equivalent Rs. 11,069,600) (Previous year : USD 240,000 (equivalent Rs. 13,066,595) as Income for the year ended 31 March 2014.

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
26 Other Income		
Interest Income		
- on Loans / Deposits to Related Parties	7,042,790	7,557,648
- on Loans to Employees	1,881,588	1,738,123
Dividend Income from Current Investments	-	52,790
Rental Income (Refer Note 14.5)	48	48
Miscellaneous Income	1,971,550	907,784
Total	**10,895,976**	**10,256,393**

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
27 Employee Benefits Expense		
Salaries	847,188,287	661,646,160
Contribution to Provident Fund	42,305,429	34,506,665
Gratuity Expenses	12,278,141	9,004,148
Staff Welfare	101,311,901	75,292,177
	1,003,083,758	**780,449,150**

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
28 Finance Costs		
Interest on Loans	1,576,855,235	891,064,995
Interest on Debentures	284,055,206	140,377,828
Loan Processing Fees and Other Borrowing Costs	34,291,866	44,840,467
	1,895,202,307	**1,076,283,290**

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
29 Provisions & Write offs		
Contingent Provision for Standard Receivables Under Financing Activities (Net)	46,228,042	57,666,030
Provision for Sub-standard and Doubtful Receivables Under Financing Activities (Net)	14,898,929	12,051,621
Provision for Repossessed Assets	28,924,154	3,276,487
Provision for Credit Enhancements on Assets De-Recognised (Net)	6,764,364	8,153,398
Loss Assets Written Off	153,362,395	74,247,782
Less: Release from Provision for Sub-standard and Doubtful Receivables under Financing Activities	(66,289,100)	(66,289,100)
	87,073,295	7,958,682
	183,888,784	**89,106,218**

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
30 Other Expenses		
Rent		
Office Premises (Refer Note 35(b))	49,151,754	42,045,046
Other Infrastructure	1,078,550	2,043,476
Management Fees	666,462	-
Electricity Charges	9,118,346	8,244,946
Rates and Taxes	30,956,555	20,163,069
Insurance	3,033,828	1,834,859
Software and Other Maintenance Expenses	43,575,938	33,891,337
Repairs and Maintenance - Others	14,459,289	11,412,902
Cash Management Charges	39,655,905	28,556,488
Travelling and Conveyance	130,455,110	93,618,610
Communication Expenses	50,065,696	38,443,413
Printing and Stationery	41,767,265	30,868,063
Centre Leader Fees	50,849	15,551,345
Prompt Payment Rebate	88,624	10,342,607
Advertisement and Business Promotion	4,152,729	3,587,403
Legal and Professional Charges	40,753,315	30,601,647
Brokerage and Commission	33,607,742	3,132,546
Non Executive Directors' Remuneration and Sitting Fees	13,747,423	8,994,640

Donations (Refer Note 40)	28,274,000	13,756,000
Auditors' Remuneration (Net of Service Tax, whererever applicable) - Refer Note below		
- Statutory Audit	3,425,000	2,925,000
- Limited Review	375,000	475,000
- Tax Audit	650,000	525,000
- Certification	640,000	520,000
- Reimbursement of Expenses	18,055	5,285
- Service Tax	147,393	120,059
Employee Loans and Advances / Insurance Claims Written off	2,548,977	-
Less : Release from Provision for Doubtful Employee Loans and Advances / Insurance Claims	(2,548,977)	-
Provision for Doubtful Employee Loans and Advances / Insurance Claims (Net)	973,598	2,040,772
Bank Charges	1,973,176	1,652,021
Exchange Loss (Net)	-	11,386
Loss or Sale of fixed Assets (Net)	163,069	-
Miscellaneous Expenses	10,031,856	4,578,260
	553,056,527	**409,941,180**

Note : The payment of auditor's fees includes amount paid to the Other Auditors of the Subsidiary Companies.

31 Assignment / Securitisation

(a) Bilateral Assignment of Receivables:

The Group has entered into certain bilateral assignments with Banks / NBFCs and the transactions have been accounted for in accordance with the Accounting Policy of the Group (Refer Note 2.8(c)). The details of these assignment transactions are given below:

Particulars	**For the Year Ended 31 March 2014 Rs.**	**For the Year Ended 31 March 2013 Rs.**
Interest spread recognised in the Statement of Profit and Loss during the Year (including amortization of Unamortised Income)	32,826,465	187,800,560

Particulars	**As at 31 March 2014 Rs.**	**As at 31 March 2013 Rs.**
Total Outstanding amount of Assets De-recognised as at year end	-	736,924,339
Un-amortised Income as at year end	-	45,662,550
Cash Collaterals as at year end	-	386,480,000
Excess Interest Spread Receivable Subordinated as Credit Enhancements for Assets De-Recognised as at year end	-	280,620,227

(b) 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 2014 Rs.	For the Year Ended 31 March 2013 Rs.
Total Number of Loan Assets Securitized during the Year	368,829	239,349
Book Value of Loans Assets Securitized during the Year	3,659,468,666	2,294,313,920
Micro Finance Loans Subordinated as Credit Enhancements for Assets De-Recognised	67,856,368	-
Sale Consideration Received during the Year	3,615,487,151	2,294,313,920
Quantum of Credit Enhancement provided during the Year in the form of Deposits	388,970,000	311,400,000
Un-amortised Income as at year end	364,889,870	198,520,576
Gain Recognised in the Statement of Profit and Loss during the Year (including amortization of Unamortised Income)	249,256,049	45,986,374

(c) Disclosures Pursuant to Reserve Bank of India Guidelines on Securitization Transactions RBI//2012-13/170 DNBS. PD. No. 301/3.10.01/2012-13 dated August 21, 2012

S. No.	Particulars	For the Year Ended 31 March 2014 Number / Rs.	For the Year Ended 31 March 2013 Number / Rs.
1	No of Special Purpose Vehicle's (SPV's) sponsored by the NBFC for securitisation transactions (Nos.)	8	3
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	3,668,826,122	1,966,412,927
3	Total amount of exposures retained by the NBFC to comply with Minimum Retention Ratio (MRR) as on the date of balance sheet		
	a) Off-balance sheet exposures		
	- First loss		-
	- Others		-
	b) On-balance sheet exposures		
	- First loss (Cash Colateral)	625,440,000	311,400,000
	- First loss (Receivables Under Financing Activities)	111,837,883	-
	- Others (Investment in Pass Through Certificates)	34,012,093	73,485,441
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-

	- Others	-	-
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	- First loss	-	-
	- Others (Receivables from SPV's for Assets De-recognised)	152,628,821	61,730,743
	ii) Exposure to third party securitisations		
	- First loss	-	-
	- Others	-	-

Note : The above disclosure is provided based on the certified statement provided by the Trustee of the SPV's who have purchased the Securitised Assets.

32 Employee Benefits

32.1 Defined Contribution Plan

The Group makes Provident Fund contributions to defined contribution plan for qualifying employees. Under the Scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 42,305,429 (Previous Year Rs. 34,506,665) towards Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the fund by the Group is at rates specified in the rules of the scheme.

32.2 Defined Benefit Plans

During the year ended 31 March 2014, the Company and some of its subsidiaries have funded its gratuity scheme for its employees. Gratuity provision has been made based on the actuarial valuation done as at the year end for each of the subsidiary. The details of actuarial valuation as provided by the Independent Actuary is as follows:

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
Change in defined benefit obligations during the Year		
Present value of Defined Benefit Obligation at beginning of the Year	22,779,529	13,775,381
Current Service Cost	11,594,452	8,985,372
Interest cost	3,345,944	1,170,906
Benefits Paid	(1,716,221)	-
Actuarial (Gains)/loss	(2,203,314)	(1,152,130)
Present value of Defined Benefit Obligation at End of the Year	**33,800,390**	**22,779,529**
Change in Fair Value of Assets during the Year		
Plan Assets at Beginning of the Year	-	-
Expected Return on Plan Assets	1,464,143	-
Actual Company Contributions	34,965,664	-
Actuarial Gains/loss	(1,005,202)	-
Plan Assets at End of the Year	35,424,605	-
Liability Recognised in the Balance Sheet		
Present Value of Defined Benefit Obligation	33,800,390	22,779,529
Fair Value of Plan Assets	35,424,605	-
Net Asset/(Liability)Recognised in the Balance Sheet	**1,624,215**	**(22,779,529)**

Cost of Defined Benefit Plan for the Year		
Current Service Cost	11,594,452	8,985,372
Interest Cost	3,345,944	1,170,906
Expected Return on Plan Assets	(1,464,143)	(1,152,130)
Net Actuarial Gains	(1,198,112)	
Net Cost Recognized in the Statement of Profit and Loss	**12,278,141**	**9,004,148**
Actual Return on Plan Assets	1,464,143	-
Assumptions		
Discount Rate (Refer Note (b))	8.50%	8.50%
Future Salary Increase (Refer Note (a))	10.00%	10.00%
Mortality Table	Indian Assured Lives (2006 -08)	Indian Assured Lives (2006 -08)
Attrition rate (Refer Note (a))	20.00%	20.00%

Notes:

a) The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors. Further, the Management revisits the assumptions such as attrition rate, salary escalation etc., taking into account, the business conditions, various external / internal factors affecting the Group.

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) In the absence of the complete details of experience adjustments in the standalone financials statements of the subsidiaries, the details of experience adjustments has not been disclosed.

d) The entire plan assets of the subsidiaries are managed by LIC. The data on plan assets has not been furnished by LIC and hence no disclosures have been made in this regard.

e) Estimated amount of contribution to the funds during the year ended 31 March 2015 as estimated by the management is Rs. 12,500,000.

32.3 Compensated Absences

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

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
Assumptions		
Discount Rate	8.50%	8.50%
Future Salary Increase	10.00%	10.00%
Mortality Rate	Indian Assured Lives (2006 -08)	Indian Assured Lives (2006 -08)
Attrition rate	20.00%	20.00%

33 Segment Reporting

The Group has identified business segments as its primary segment and geographical segments as its secondary segment. Business segments are primarily Micro Finance, Other Finance and Others. Micro Finance consists of Micro Financing. Other Finance consists of Housing Finance and Vehicle Finance. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments. The Group has its business only in India, hence there are no Geographical segments.

Particulars	For the year ended 31 March 2014					For the year ended 31 March 2013				
	Business segments			Elimination	Total	Business segments			Elimination	Total
	Micro Finance	Other Finance	Others			Micro Finance	Other Finance	Others		
External Revenue	3,369,913,388	1,447,202,859	-	-	4,817,116,247	2,279,848,639	526,495,313	-	-	2,806,343,952
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-
Total Revenue	3,369,913,388	1,447,202,859	-	-	4,817,116,247	2,279,848,639	526,495,313	-	-	2,806,343,952
Segment result	850,057,024	264,265,864	(76,425)	21,683,359	1,135,929,822	387,822,135	(18,553,856)	(269,691)	11,725,333	380,723,921
Unallocable Coporate Income					7,162,465					5,635,882
Unallocable expenses (net)					(16,041,329)					7,324,804
Other income (net)					11,217,814					10,256,393
Profit before taxes					1,138,268,772					403,941,000
Tax expense					396,710,868					235,392,461
Profit for the year					741,557,904					168,548,539
Segment assets	17,436,492,990	10,110,225,767	3,799,045	-	27,550,517,802	14,030,629,001	4,101,911,011	3,627,180	113,521,030	18,249,688,222
Unallocable assets					501,000,137					289,661,973
Total assets					27,516,231,128					18,539,350,195
Segment liabilities	14,431,789,950	6,874,497,524	185,542	(1,215,286,808)	20,091,186,208	11,559,460,804	2,304,451,993	185,542	(50,000,000)	13,814,098,339
Unallocable liabilities					8,221,527					3,857,980
Total liabilities					20,099,407,735					13,817,956,319
Other information										
Capital expenditure (allocable)	23,572,014	28,670,189	-	-	52,242,203	15,040,996	53,567,800	547,671	-	69,156,467
Capital expenditure (unallocable)					23,782,696					31,378,882
Depreciation and amortisation (allocable)	29,355,391	27,836,644	-	-	57,192,035	44,053,563	22,038,506	50,465	-	66,142,534
Depreciation and amortisation (unallocable)					4,727,925					3,468,148
Other significant non-cash expenses	-	-	-	-	-	-	-	-	-	-
Other significant non-cash expenses (unallocable)	-	-	-	-	-	-	-	-	-	-

34 Related Party Transactions

34.1 Names of Related Parties and Nature of Relationship

Description of Relationship	As at 31 March 2014	As at 31 March 2013
Entities where the Company has Control	Equitas Dhanyakosha India Equitas Development Initiatives Trust	Equitas Dhanyakosha India Equitas Development Initiatives Trust
Key Management Personnel	Mr. P.N.Vasudevan, Managing Director	Mr. P.N.Vasudevan, Managing Director

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

34.2 Transactions with the Related Parties

Transaction	Related Party	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
Income			
Interest on Loans / Deposit to Related Party	Equitas Development Initiatives Trust	2,128,749	2,318,604
	Equitas Dhanyakosha India	4,914,041	5,239,044
Guarantee Commission	Equitas Dhanyakosha India	18,491	50,144
Rental Income	Equitas Development Initiatives Trust	48	48
Recovery of Expenses	Equitas Dhanyakosha India	746,908	6,056,277
	Equitas Development Initiatives Trust	116,345	278,244
Expenses			
Staff Welfare Expenses	Equitas Dhanyakosha India	117,461	59,292
Remuneration to Key Managerial Personnel	Mr. P.N.Vasudevan	4,859,516	4,815,000
Donation	Equitas Development Initiatives Trust	28,274,000	13,756,000
Reimbursement of Expenses	Equitas Dhanyakosha India	18,165	8,400
Other Transactions			
Loans Given	Equitas Dhanyakosha India	11,000,000	22,000,000
	Equitas Development Initiatives Trust	5,500,000	11,700,000
Loans Recovered	Equitas Dhanyakosha India	57,730,255	10,035,141
	Equitas Development Initiatives Trust	14,314,158	3,054,286
Sale of Fixed Assets	Equitas Dhanyakosha India	-	3,494
Transfer of Staff loans to Related parties on account of employee transfer	Equitas Development Initiatives Trust	-	15,560
Recovered and paid on behalf of Customers	Equitas Development Initiatives Trust	4,858,400	903,660
Balance as at Year End	-		
Payable	Equitas Development Initiatives Trust	7,974,000	5,156,000
Receivable	Equitas Dhanyakosha India	-	47,297,620
	Equitas Development Initiatives Trust	12,092,905	20,907,063

Note: (a) The Group accounts for costs incurred by / on behalf of the Related Parties based on the actual invoices / debit notes raised and accruals as confirmed by such related parties. The

Related Parties have confirmed to the Management that as at 31 March 2014, there are no further amounts payable to / receivable from them, other than as disclosed above.

35 Operating Leases

a) As Lessor

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. 48 (Previous Year - Rs. 48) as rental income during the year ended 31 March 2014. 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.

Future minimum lease payments

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
Less than One Year	48	48
More than One Year but less than Five Years	192	192
More than Five years	1,012	1,060

Depreciation of Rs. 4,698,951 (Previous Year Rs. 3,464,974) has been recognised on the leased assets for the year ended 31 March 2014.

(b) As Lessee

The Group has operating lease agreements primarily for office space, the lease terms of which are for a period of 3 years. For the year ended 31 March 2014, an amount of Rs. 50,230,304 (Previous Year Rs. 44,088,522) was paid towards lease rentals and other charges for the office space. The future minimum lease payments under operating leases are as follows:

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
Less than One Year	29,341,189	14,964,683
One Year to Five Years	21,616,824	21,815,248
Later than Five Years	-	-

36 Earnings Per Share

a) **Basic**

Particulars	For the Year Ended 31 March 2014 Rs.	For the Year Ended 31 March 2013 Rs.
Continuing operations		
Profit after Tax for the year - in Rs.	741,386,042	326,967,849
Weighted Average Number of Equity Shares	62,053,316	50,687,719
Earnings Per Share (Basic) - in Rs.	11.95	6.45
Face Value Per Share - in Rs.	10	10
Total operations		
Profit after Tax for the year - in Rs.	741,557,904	326,942,436
Weighted Average Number of Equity Shares	62,053,316	50,676,080
Earnings Per Share (Basic) - in Rs.	11.95	6.45
Face Value Per Share - in Rs.	10	10

b) **Diluted**

Particulars	For the Year Ended 31 March 2014	For the Year Ended 31 March 2013
Continuing operations		
Profit after Tax attributable to Equity Shareholders - in Rs.	741,386,042	326,967,849
Weighted Average Number of Equity Shares for Basic EPS	62,053,316	50,676,080
Add: Effect of Warrants and ESOPs which are Dilutive	1,801,776	1,802,229
Weighted Average Number of Equity Shares for Dilutive EPS	63,855,092	52,478,309
Earnings Per Share (Diluted) - in Rs.	11.61	6.23
Face Value Per Share - in Rs.	10	10
Total operations		
Profit after Tax attributable to Equity Shareholders - in Rs.	741,557,904	326,942,436
Weighted Average Number of Equity Shares for Basic EPS	62,053,316	50,676,080
Add: Effect of Warrants and ESOPs which are Dilutive	1,801,776	1,802,229
Weighted Average Number of Equity Shares for Dilutive EPS	63,855,092	52,478,309
Earnings Per Share (Diluted) - in Rs.	11.61	6.23
Face Value Per Share - in Rs.	10	10

37 Commitments and Contingencies

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
Contingent Liabilities:		
Income Tax Demand	-	2,411,361
Provident Fund demand under appeal (Refer Note (a) below)	18,753,700	18,753,700
Service Tax Input Credit (Refer Note (b) below)	27,734,761	27,734,761
Corporate Guarantee	-	15,000,000
Commitments:		
- Housing loan sanctioned but not disbursed	74,454,323	70,529,047
- Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	23,853,101	17,813,373

(a) Provident Fund Demand

An Order dated 22 October 2010 has been received from the Regional Provident Fund Commissioner demanding an amount of Rs. 18,753,700 towards provident fund payment on the incentives / allowances paid to the employees for the period February 2009 to September 2010. The Group believes that the claim is untenable and, hence, has preferred an appeal with the Employees' Provident Fund Appellate Tribunal and has obtained a stay against the said Order. As per the stay order received from the Employees' Provident Fund Appellate Tribunal, an amount of Rs. 5,626,110 has been deposited with the Employees' Provident Fund Organisation and included as part of Security Deposits in Note 18 - Long Term Loans and Advances. As at 31 March 2014, the appeal is pending.

(b) Service Tax

The Group has received three show cause notices from the Service Tax authorities disallowing the service tax input credit claimed by the Group during the period 2008-2011 attributable to input services used for providing exempt services to the extent of Rs. 27,734,761. Based on professional advice, the Group replied to the above show cause notice contesting the claim of the Service Tax authorities. There has been no further progress in this matter.

The amount are based on demands raised which the Group is contesting with the concerned authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the Group's rights for future appeals. No reimbursements are expected.

38 Loan Portfolio and Provision for Standard and Non Performing Assets

(a) Current Year

Amount in Rs.

Asset Classification	Loan Outstanding as at 31 March 2014 (Gross)	Provision as at 31 March 2014	Loan Outstanding as at 31 March 2014 (Net)
Receivables under Financing Activities			
Standard Assets	21,078,688,759	172,434,613	20,906,254,146
Sub-Standard Assets	143,963,798	14,715,977	129,247,821
Doubtful Assets	11,900,881	11,458,666	442,215
Total	**21,234,553,437**	**198,609,255**	**21,035,944,182**

(b) Previous Year

Amount in Rs.

Asset Classification	Loan Outstanding as at 31 March 2013 (Gross)	Provision as at 31 March 2013	Loan Outstanding as at 31 March 2013 (Net)
Receivables under Financing Activities			
Standard Assets	12,101,629,286	126,206,571	11,975,422,715
Sub-Standard Assets	21,816,475	4,466,870	17,349,605
Doubtful Assets	11,461,367	6,808,843	4,652,524
Total	**12,134,907,128**	**137,482,284**	**11,997,424,844**

39 Changes in Provisions

(a) Current Year

Amount in Rs.

Particulars	As at 31 March 2013	Provision for the Year	Utilization/ Reversal	As at 31 March 2014
Contingent Provision for Standard Assets under Financing Activities	126,206,571	135,083,370	(88,855,328)	172,434,613
Provision for Sub-Standard and Doubtful Receivables under Financing Activities	11,275,713	25,018,474	(10,119,545)	26,174,642
Provision for Credit Enhancements on Assets De-Recognised	34,137,827	36,130,694	(29,366,330)	40,902,191
Provision for Repossed Assets	3,276,486	32,200,640	(3,276,486)	32,200,640
Total	**174,896,597**	**228,433,178**	**(131,617,689)**	**271,712,086**

(b) Previous Year

Amount in Rs.

Particulars	As at 31 March 2012	Provision for the Year	Utilization/ Reversal	As at 31 March 2013
Contingent Provision for Standard Assets under Financing Activities	68,540,541	110,769,435	(53,103,405)	126,206,571
Provision for Sub-Standard and Doubtful Receivables under Financing Activities	65,513,192	13,342,573	(67,580,052)	11,275,713
Provision for Credit Enhancements on Assets De-Recognised	25,984,429	24,926,273	(16,772,875)	34,137,827
Provision for Prompt Payment Rebate	121,417,082	10,342,607	(131,759,689)	-
Provision for Repossed Assets	-	3,276,486	-	3,276,486
Total	**281,455,244**	**162,657,374**	**(269,216,021)**	**174,896,597**

40 Donations

The Board of Directors of EMFPL have approved a donation of Rs. 28,274,000 (Previous Year Rs. 13,756,000) to Equitas Development Initiatives Trust for the year ended 31 March 2014.

41 Statutory / Special Reserve

The Company and 3 of its subsidiaries are required to create a reserve fund every year. Accordingly, an amount of Rs. 148,312,519 (Previous Year Rs. 65,578,838) has been transferred out of the net profit after tax of these entities for the year ended 31 March 2014 to Statutory / Special Reserve.

42 Change in Accounting Policy

42.1 EFPL

Effective 1 April 2013, the EFPL has revised its policy on asset classification and provisioning norms for standard and non-performing assets to bring it in line with Reserve Bank of India (RBI) norms. The norms followed by the EFPL were more stringent than those prescribed by RBI upto 31 March 2013. Had the asset classification and provisioning norms remained unchanged, the profit before and after tax for the year ended 31 March 2014 would have been lower by Rs. 171,591,852 and Rs. 113,253,075 respectively.

42.2 EHFPL

Effective 1 April 2013, the EHFPL has revised its policy on asset classification and provisioning norms for standard and non-performing assets to bring it in line with National Hosuing Bank (NHB) norms. The norms followed by the Company were more stringent than those prescribed by NHB upto 31 March 2013. Had the asset classification and provisioning norms remained unchanged, the profit before tax for the year ended 31 March 2014 would have been lower by Rs. 1,201,998.

43 Discontinuing Operations

B2B has temporarily discontinued the business of trading in vegetables during the prior years. Accordingly, the income from B2B has been shown as discontinuing operations.

The results of the discontinued business during the year until discontinuation were as under:

Particulars	For the year ended 31 March 2014 Rs.	For the year ended 31 March 2013 Rs.
Other Income	321,845	244,278
Total revenue (A)	**321,845**	**244,278**
Depreciation and Amortisation Expense	567	-
Other Expenses	34,336	50,465
Total expenses (B)	41,522	219,226
	76,425	**269,691**
Profit / (Loss) before Tax (A-B)	**245,420**	**(25,413)**
Tax expense	*73,558*	-
Profit / (Loss) after tax of discontinuing operations	**171,862**	**(25,413)**

Particulars	As at 31 March 2014 Rs.	As at 31 March 2013 Rs.
Carrying amount of assets as at the Balance Sheet date relating to the discontinued business	3,799,044	3,627,182
Carrying amount of liabilities as at the Balance Sheet date relating to the discontinued business	185,542	185,542

Net cash flow attributable to the discontinued business	For the year ended 31 March 2014 Rs.	For the year ended 31 March 2013 Rs.
Cash flows from operating activities	38,685	(64,125)
Cash flows from investing activities	(99,716)	64,503
Cash flows from financing activities	-	-

44 The Board of Directors have reviewed the realisable value of all the assets of the Group (other than Fixed Assets and Non-Current Investment) and have 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.

45 Previous Year Figures

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 Chief Financial Officer

P T Kuppuswamy
Director

Place : Chennai
Date : 9 May 2014

FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31st MARCH 2014

(- as per general exemption under Sec 212 - (8) of the Companies Act, 1956)

Rs. in Lakhs

Particulars	Equitas Micro Finance Private Limited	Equitas Finance Private Limited	Equitas Housing Finance Private Limited	Equitas B2B Private Limited
Share Capital	19,875.00	24,070.00	4,000.00	200.00
Reserves and Surplus	11,269.62	5,098.82	(285.52)	(163.86)
Total Liabilities	144,319.71	61,594.57	7,150.40	1.86
Total Assets (including investment)	175,464.33	90,763.39	10,864.89	37.99
Investments	360.12	-	-	-
Gross Income	34,162.02	13,168.34	1,313.84	3.22
Profit/Loss before tax	8,599.37	2,444.98	207.83	2.45
Provision for tax	2,944.54	865.54	58.62	0.74
Profit after tax	5,654.83	1,579.44	149.21	1.72
Dividend	-	-	-	-