EQUITAS MICRO FINANCE PRIVATE LIMITED

19th ANNUAL REPORT 2012 – 2013

CORPORATE INFORMATION

Board of Directors

1. **Arun Ramanathan**
   Chairman
2. **Arun Kumar Verma**
   Director
3. **Chitra Chandramouliswaran**
   Director
4. **Desikan R**
   Director
5. **Nanda Y C**
   Director
6. **Paolo Brichetti**
   Nominee Director
7. **Raman N**
   Nominee Director
8. **Sampath P B**
   Director
9. **Shankar V**
   Director
10. **Srinivasan N**
    Director
11. **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

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

Bankers	
Axis Bank Limited	State Bank of India
Bank of America	State Bank of Patiala
Dhanlaxmi Bank Limited	State Bank of Mauritius Limited
HDFC Bank Limited	Syndicate Bank
ICICI Bank Limited	The Federal Bank Limited
IDBI Bank Limited	The Honkong and Shanghai Banking Corporation Limited
Indian Overseas Bank	The Ratnakar Bank Limited
ING Vysya Bank Limited	The South Indian Bank Limited
Kotak Mahindra Bank Limited	**Non-Bank Term Lenders**
Lakshmi Vilas Bank Limited	MV Microfin Private Limited
Oriental Bank of Commerce	Reliance Capital Ltd
Standard Chartered Bank	Small Industries Development Bank of India

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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 2013 (FY 2012-13).

1. Overview

The Company is a wholly owned subsidiary of M/s. Equitas Holdings Private Limited (EHPL).

2. Financial Results

(Rupees in Lakhs)

Particulars	For the Period ended 31st March 2013
Gross income	22,987.00
Less: Total Expenditure	18,920.26
Profit before taxation	4,066.74
Provision for taxation	1,315.55
Profit after taxation	2,751.19

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. Material changes after the Balance Sheet Date (31st March 2013)

There have been no material changes and commitments between the end of FY 2012-13 and the date of this report, affecting the financial position of the Company.

6. RBI Guidelines

The Company has made an application to the Reserve Bank of India on 10th January 2013 for classification as 'Non Banking Financial Company-Micro Finance Institution' (NBFC-MFI) and the same is still awaited. Being a systemically important non-deposit taking NBFC, the Company has complied with all applicable regulations of the Reserve Bank of India. As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that the Company did not accept any public deposits during the year and did not have any public deposits outstanding at the end of the year.

7. Capital Adequacy

The capital adequacy ratio was 27.18% as on 31st March 2013. The Net Owned Funds (NOF) as on that date was Rs. 246.66 Crores. The minimum capital adequacy requirement stipulated for the Company by RBI is 15%

8. Corporate Governance Report

Clause 49 of the standard listing agreement and the Corporate Governance Report under this clause are not applicable to the Company. Notwithstanding this, a report on Corporate Governance is attached and forms part of the Directors' Report.

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

Ms Chitra Chandramouliswaran was appointed as Additional Director with effect from 7th February 2013. Appropriate resolution for her appointment as Director of the Company is being placed for approval of the shareholders at the ensuing Annual General Meeting. The Directors recommend her appointment as Director of the Company.

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

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 re-appointment. The Company has received a letter from them, stating that the appointment, if made, will be within the prescribed limits under Section 224(1B) of the Companies Act, 1956. The Directors recommend 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

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.

During the year, the Company did not have any foreign currency earnings. Foreign currency expenditure of Rs 37,27,189 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. Corporate Social Responsibility

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

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

A Report on CSR activities of the Company is attached and forms part of the Directors' Report.

The Company has constituted a Corporate Social Responsibility Committee to review the social activities of the Company.

Acknowledgement

The Directors gratefully acknowledge the continued support and co-operation received from the Holding Company i.e., Equitas Holdings Private Limited, Chennai. The Directors thank the Financial Institutions and Banks associated with the Company for their support. The Company's employees are instrumental in the Company scaling new heights, year after year. Their commitment and contribution is acknowledged.

For and on behalf of the Board of Directors

Chennai | **Arun Ramanathan**
3rd May 2013 | **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 2013 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 2013.

For and on behalf of the Board of Directors

Arun Ramanathan
Chairman

Chennai,
3rd May 2013

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

Equitas Micro Finance Private Limited (EMFPL) is a NBFC-ND-SI and has applied to RBI for getting registered under NBFC-MFI category from the current classification as Loan Company.

The Company was acquired during the previous year by Equitas Holdings Private Limited as part of the plan to restructure the business in response to the regulatory changes. The name of the Company was changed during the year from Singhivi Investment & Finance Private Limited (SIFPL) to Equitas Micro Finance P Ltd with due approvals from RBI and RoC.

Business environment

After the major crisis the microfinance industry faced during FY 2011 due to the Andhra Pradesh (AP) Ordinance, the industry outside AP has recovered from the impact considerably during the year.

The RBI regulations and self-regulation by the MFI industry have significantly de-risked this sector. The credit bureau initiative undertaken by the industry association has reduced the level of over lending by multiple MFIs to the same MFI customer, thus effectively addressing the risk of a credit bubble.

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 those MFIs which are compliant with RBI guildelines, especially pricing guidelines.

The above developments also paved the way for increased flow of bank credit to the sector especially in the second half of this financial year. The MFI Bill which is awaiting Parliamentary approval when enacted would further strengthen the regulatory framework of the sector.

Company's Operations

In the last two years, the Company reduced its level of disbursements due to higher perceived risks.

With the significant improvement in the overall environment, the Company started growing its loan portfolio and added a few more branches in States outside Tamilnadu.

The Company disbursed Rs. 1149 Crores during the year resulting in the assets under management (AUM) going up from Rs.724 Crores as on March 31, 2012 to Rs. 1135 Crores as on March 31, 2013.

Financial Results

Since the Company had built up infrastructure to handle high volume of operations, the growth during the year resulted in better utilization of staff and other resources leading to lower operating cost and better profitability. The Company posted a net profit after tax of Rs.27.51 Crores for the year ending 31st March 2013. The continued focus on maintaining efficient operations through centralized processes and use of technology is expected to reduce the costs further.

- **Social Initiatives**

In the midst of the uncertainty in the sector, Equitas has continued to demonstrate its commitment to a wide range of social initiatives. The Company has a tie-up with over 800 reputed hospitals spread across 5 States who provide free primary health care treatment. Under the aegis of Equitas Development Initiatives Trust, 49 tuition centres and 5 schools are being run, exclusively focused on children from the low income groups. Its medical camps and skill-development training have covered nearly 16 Lakh members cumulatively.

- **Capital Adequacy**

During the year the capital was enhanced by Rs. 24.95 Crores through issue of further shares to the Holding Company.

As at the end of year, the Capital to Risk Adjusted Assets (CRAR) was at a healthy 27.18% against the regulatory requirement of 15%. The capital adequacy ratio considers both on book and off-book exposures as per the new regulatory requirement.

- **Resources and Treasury**

The Company continues to have mfR2 grading from CRISIL and a long term rating ‘BBB/Stable’ from CRISIL.

The funding for the business is from an optimum mix of equity and debt. The Company continues to follow the policy of diversification of funding sources. The Company has existing relationships with about 25 lenders across Banks, Financial Institution, NBFCs and overseas FII investors, who have sanctioned limits of Rs.1345.50 Crores during the year, and out of which Rs.1030.50 Crores has been availed as on 31st March 2013. It includes Rs.74 Crores of NCDs issued during the year. Rs. 160 Crores of sanctioned loans were yet to be drawn down and for Rs.155 Crores of sanctions the Company loan documentation execution is pending.

According to the Company’s securitization and assignment policy, wherein the off-book assets is capped at 35% of the total assets, the Company during the year completed around Rs. 225 Crores of fund raising through securitization transactions with various banks which are in compliance with the new RBI policy on securitization.

- **Support Process and Information Technology**

The Company operates on a centralised transaction processing model supported by 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 the Company to establish an efficient business model.

The Company has created a model with a very strong back end and a very light front end, enabling rapid scaling up of branch infrastructure but with tight controls exercised from the central office. The Company expects this to play a crucial role in the prevailing scenario where the microfinance companies have to maintain tight control over costs to stay profitable.

- **Human Resources**

The Company has provided a wide range of benefits to its employees including health insurance for all employees and their dependents. In recognition of its employee-friendly HR practices, the Company was ranked among the top 50 Great Places to work in India by The Great Place to Work

Institute India Inc. continuously for the past 3 years and 4th in the financial services industry. The number of employees as at the end of the year was 2402.

- **Risk Management**

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

We had highlighted in the last year's Management Discussion Report that regulatory uncertainty is the dominant risk affecting the Company. This risk has come down considerably during the year after RBI's regulation on microfinance companies. The passing of the proposed Microfinance Bill into an Act will further help to provide a stable regulatory environment

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

Credit Risk

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

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

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

Operational Risk

Risk due to inadequate or failed internal processes, people or systems could cause loss to the Company. Micro finance, given its small ticket size is transaction-intensive. These transactions are handled by large number of employees spread over 286 branches in 94 districts in 5 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 Company has put in multi-layered checks and controls over key client interface processes. While it would be impossible to completely prevent staff from committing frauds, the approach of the Company is to put in place robust controls to identify mis-steps at the earliest to enable corrective actions. Further the Company also constantly upgrades its control processes based on analysis of failed processes. These are further enhanced by constant communication to staff on the Company's values and ethics standards. The Company's robust controls are well reflected in almost negligible instances of breach of control.

The Company has also identified a few critical processes and has put in a rigorous FMEA (Failure Mode Effect Analysis) process to 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 put in place. This will be monitored on an ongoing basis; and strengthened as per the requirements of the Company.

Market Risk

Liquidity Risk: Given the sensitive nature of the sector, bank funding is closely linked to the overall image of the sector as well as the regulatory environment. Any change in these factors could affect the overall liquidity risk for the Company. Also, excess liquidity carried leads to negative carry on the surplus cash as the yield on investment is typically 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 a 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 demand for microcredit, the long-term prospects look good. However, the Company will have to manage the geographic concentration risk and work towards limiting over-borrowing by its members. The Company is pleased to note that RBI is steering microfinance companies to focus on improving efficiencies for delivering returns by capping the margin. Even though the interest and margin cap would impact the returns to the shareholders in the near term, the Company is comfortably placed to provide reasonable returns to shareholders over the medium term by improving operational efficiencies. With prudent regulation in place and with the co-operation of multiple stakeholders, the Company expects steady growth prospects in the long-term.

- **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, **Arun Ramanthan**

3rd May 2013 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 it is not required for an unlisted Company.

CORPORATE GOVERNANCE GUIDELINES

During the year, the Company in line with the Ministry of Corporate Affairs, Government of India's Corporate Governance Voluntary Guidelines 2009 has voluntarily adopted the following guidelines on 24th July 2012, which will ensure the highest standards of ethical and responsible conduct of business. The Board hopes that adoption of these guidelines will translate into a much higher level of stakeholders' confidence that is crucial to ensuring long-term sustainability and value generation by business.

i) Formal appointment letter to be issued to Non-Executive and Independent Directors

ii) Code of conduct for Directors and Senior Management

iii) Certificate of independence to be provided by Independent Directors on an annual basis

iv) Remuneration policy for members of the Board and Key Executives

v) Demarcation of roles and responsibilities of Chairman and Managing Director

vi) Knowledge Management process for Directors related to the Company's sphere of activities

vii) Process for interaction of Independent Directors with Management

viii) Whistle Blower Policy

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

BOARD COMPOSITION

Currently, the Board comprises of 11 Directors. The names and categories of Directors and the number of Directorships are given below:

Name	Nature of Directorship	Other Directorships ($)
NON-EXECUTIVE		
Arun Ramanathan (Chairman)	Independent	6
Arun Kumar Verma	Independent	1
Chitra Chandramouliswaran	Independent	0
Desikan R	Independent	0
Nanda Y C	Independent	5
Paolo Brichetti	Investor Nominee	3
Raman N	SIDBI Nominee	3
Srinivasan N	Independent	4
Sampath P B	Independent	8
Shankar V	Independent	3
EXECUTIVE		
Vasudevan P N (MD)	Promoter	6

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

CHANGES IN BOARD CONSTITUTION

During the year under review, Ms Chitra Chandramouliswaran was appointed as Additional Director of the Company with effect from 7th February 2013. Appropriate resolution for her appointment as Director of the Company is being placed for approval of the shareholders at the ensuing annual general meeting.

BOARD MEETINGS & ATTENDANCE

During 2012-2013, five (5) Board Meetings were held on 8th May 2012, 29th June 2012, 24th July 2012, 6th November 2012 and 7th February 2013. The gap between any two meetings has been less than four months.

Name	No. of meetings	
	Held	Attended
NON-EXECUTIVE		
Arun Ramanathan (Chairman)	5	3

Name	No. of meetings	
	Held	Attended
Arun Kumar Verma	5	4
Chitra Chandramouliswaran#	1	1
Desikan R	5	4
Nanda Y C	5	5
Srinivasan N	5	2
Sampath P B	5	5
Shankar V	5	3
Paolo Brichetti	5	3
Raman N	5	3
EXECUTIVE		
Vasudevan P N (MD)	5	5

 # Ms Chitra Chandramouliswaran was appointed as Additional Director of the Company with effect from 7th February 2013.

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 ahead of the list mandated by the statute.

COMMITTEES OF THE BOARD

The Company at present has 5 (five) Committees of Board viz., Audit & Risk Management Committee, Business Committee, Remuneration & Nomination Committee, Resourcing Committee and Corporate Social Responsibility Committee & 1 (one) Board constituted Committee viz., Asset & Liability Management Committee. The Board is responsible for constituting, assigning and co-opting the members of the Committee. The Board fixes the terms of reference of Committees and also delegate powers from time to time. The minutes of the meetings of the Committee are circulated to the Board for its information and confirmation.

AUDIT & RISK MANAGEMENT COMMITTEE

Composition

The Audit & Risk Management Committee is chaired by an Independent Director and majority of the members constitute Independent Directors.

1. Mr Sampath P B , Chairman
2. Mr Arun Kumar Verma
3. Mr Nanda Y C
4. Mr Paolo Brichetti
5. Mr Shankar V

Meetings & Attendance

The Committee held seven (7) meetings during the year on 23rd April 2012, 8th May 2012, 29th June 2012, 24th July 2012, 6th November 2012, 6th December 2012 and 7th February 2013.

Name	No. of meetings	
	Held	Attended
P B Sampath, Chairman	7	7
Arun Kumar Verma*	3	3
Y C Nanda	7	7
Paolo Brichetti	7	4
V Shankar	7	6

**Mr Arun Kumar Verma was inducted in the Audit & Risk Management Committee in the Board meeting held on 24th July 2012.*

Terms of Reference

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the audit fees 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.

10. Credit and Portfolio Risk Management

11. Operational and Process Risk Management

12. Laying down guidelines on KYC norms

13. Review on quarterly basis the securitization /bilateral assignment transactions and investment activities of the Company.

14. Annual review of the Company's Policies framed pursuant to RBI Guidelines and suggest changes, if any required to the Board for adoption.

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 is chaired by an Independent Director and majority of the members constitute Independent Directors.

1. Mr Srinivasan N, Chairman
2. Mr Desikan R
3. Mr Nanda Y C
4. Mr Paolo Brichetti
5. Mr Shankar V
6. Mr Vasudevan P N

Meetings & Attendance

The Committee held 2 (two) meetings during the year on 6th November 2012 and 7th February 2013.

Name	No. of meetings	
	Held	Attended
Srinivasan N, Chairman	2	1
Desikan R	2	1
Nanda Y C	2	2
Paolo Brichetti	2	1
Shankar V	2	2
Vasudevan P N	2	2

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
4. Business strategy and product review from time to time

REMUNERATION & NOMINATION COMMITTEE

Composition

The Remuneration & Nomination Committee is chaired by an Independent Director and majority of the members constitute Independent Directors.

1. Mr Nanda Y C, Chairman
2. Mr Arun Kumar Verma
3. Mr Paolo Brichetti
4. Mr Sampath P B
5. Mr Srinivasan N

Meetings & Attendance

The Committee held four (4) meetings during the year on 8th May 2012, 24th July 2012, 6th November 2012 and 7th February 2013.

Name	No. of meetings	
	Held	Attended
Nanda Y C, Chairman	4	4
Arun Kumar Verma*	2	2
Paolo Brichetti	4	3
Sampath P B	4	3
Srinivasan N	4	2

**Mr Arun Kumar Verma was inducted in the Remuneration & Nomination Committee in the Board meeting held on 24th July 2012.*

Terms of reference

1. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
2. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for Directorships;
3. to assess the independence of Independent Non-Executive Directors;
4. to review the results of the Board performance evaluation process that relate to the composition of the Board;
5. to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

6. to recommend remuneration payable to Non-executive Directors of the Company from time to time.
7. Annual appraisal of the performance of the Managing Director and fixing his terms of remuneration.
8. Annual appraisal of the Senior Management team reporting to the Managing Director.

RESOURCING COMMITTEE

Composition

The Resourcing Committee is chaired by an Independent Director and majority of the members are Independent Directors.

1. Mr Shankar V, Chairman
2. Mr Desikan R
3. Mr Sampath P B
4. Mr Vasudevan P N

Meetings & Attendance

The Committee held fifteen (15) meetings during the year on 26th July 2012, 27th July 2012, 16th August 2012, 27th August 2012, 17th September 2012, 12th October 2012, 30th October 2012, 17th November 2012, 30th November 2012, 3rd January 2013, 19th February 2013, 13th March 2013, 20th March 2013, 26th March 2013 & 28th March 2013.

Name	No. of meetings	
	Held	Attended
Shankar V , Chairman	15	12
Desikan R	15	13
Sampath P B	15	13
Vasudevan PN	15	14

Terms of reference

1. to approve borrowings from various persons including banks, institutions, holding / group companies, corporates, etc. on such terms and conditions as to repayment, interest rate or otherwise as it thinks fit up to an aggregate sum of Rs 1500 crores outstanding at any one time, such limit to be exclusive of any money borrowed by or on behalf of the Company otherwise than by virtue of this resolution.
2. to approve establishment of current and other accounts with various banks upon such terms and conditions as may be agreed upon with the said bank.

3. to approve changes in persons authorized to operate current and other accounts and their signing limits for operating such accounts.

4. to approve closure of current and other accounts of the Company established with various banks.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition

The Corporate Social Responsibility Committee of the Board was constituted on 7th February 2013 and the Committee consists of all Independent Directors.

1. Mr Desikan R, Chairman
2. Mr Nanda Y C
3. Mr Shankar V

Terms of reference

1. Review the Mission of the Organisation from time to time and ensure it stays aligned to changing contexts of the Organisation.

2. Ensure alignment of the Business goals and objectives of the Company in line with the Mission of the Organisation.

3. Bring to bear specific focus on certain excluded segments of client community and set benchmarks for the same.

4. Review all the social activities of the Company and suggest to the Board of Trustees suitable measures for enhancing the efficacy of these activities.

5. Deploy such tools of measurement as may be relevant and available from time to time to study the impact of the Social Performance activities of the Company and benchmark the same with other MFIs in India and around the world.

6. Disseminate information related to the Social Performance of the Organisation in such manner as deemed appropriate.

7. Review the amount spent on social activities and advise the Board and the Trustees on its efficacies.

ASSET & LIABILITY MANAGEMENT COMMITTEE (ALCO)

Composition

The Asset & Liability Management Committee was reconstituted on 7th February 2013 as per the guidelines issued by the RBI in this regard for systematically important NBFCs. The Committee currently consists of:

1. Mr Vasudevan P N, Managing Director–Chairman
2. Mr Bhaskar S, Chief Operating Officer
3. Mr Raghavan H K N, Business Head
4. Mr Murthy V S, Head- Operations
5. Mr Suchindran V G , Head- Treasury
6. Mr Mahalingam H, Chief Technology Officer
7. Mr Sethupathy S, Head-Centralised Processing Centre
8. Mr Shankar S, Head-Operations Risk

The Committee meets once in a month.

Terms of Reference

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

1. Liquidity Risk Management
2. Management of market (interest rate) risk
3. Funding and capital planning
4. Pricing, profit planning and growth projections
5. Forecasting and analyzing 'what if scenario' and preparation of contingency plans.
6. To approve and revise the actual interest rates to be charged from customers for different products from time to time applying the interest rate model and also in line with such regulations as may be in force from time to time.
7. Lay down policies on preserving documents as well as discarding old documents.
8. Review of operational risk.
9. Lay down KYC policy within the overall guidelines laid down by the Board as well as review the same from time to time and also monitor KYC training to staff.

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

REMUNERATION OF DIRECTORS

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

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 2013
	Board	Committee	
Mr Arun Ramanathan	30,000	Nil	Nil
Mr Arun Kumar Verma	40,000	25,000	Nil
Ms Chitra Chandramouliswaran	10,000	Nil	Nil
Mr Desikan R	40,000	70,000	Nil
Mr Nanda Y C	50,000	65,000	Nil
Mr Paolo Brichetti	30,000	40,000	Nil
Mr Raman N	30,000	Nil	Nil
Mr Sampath P B	50,000	1,15,000	Nil
Mr Shankar V	30,000	1,00,000	Nil
Mr Srinivasan N	20,000	15,000	Nil
Mr Vasudevan P N	Nil	Nil	Nil

Following is the remuneration payable to the Non-Executive Directors for the Financial Year ended 31st March 2013:

Name	Remuneration (Amout in Rs.)
Mr Arun Ramanathan	779,374
Mr Arun Kumar Verma	350,718
Ms Chitra Chandramouliswaran	54,556
Mr Desikan R	389,687
Mr Nanda Y C	389,687
Mr Paolo Brichetti	389,687
Mr Raman N	389,687
Mr Sampath P B	584,530
Mr Shankar V	389,687
Mr Srinivasan N	389,687
Total	**4,107,300**

The remuneration paid to Mr P N Vasudevan, Managing Director during the Financial Year 1st April 2012 to 31st March 2013 is as follows:

Particulars	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
Salary	45,60,000	45,60,000
PF Employer contribution	2,30,400	2,30,400
Reimbursement of Medical Expenditure	26,319	21,074
Perquisite value for car	28,800	31,500
Total	**48,55,519**	**48,42,974**

Note: Payment for health insurance cover is not considered since the same is paid collectively for all the employees as per Company policy. Payment for term insurance of Rs. 58,938/- (previous year Rs.52,454/-) is not included in the above.

GENERAL BODY MEETINGS

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

Date	Time	Venue
11th June 2012 (AGM)	10.30 A.M.	4th Floor, Temple Tower, 672, Anna Salai, Nandanam, Chennai 600035
29th January 2013 (EGM)	10.00 A.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.

CODE OF CONDUCT

The Board at its meeting held on 24th July 2012 laid down a code of conduct for all Directors and Senior Management of the Company. All Directors and Senior Management Personnel have affirmed compliance with the code for the Financial Year ended 31st March 2013.

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.

FAIR PRACTICES CODE

The Company has adopted the Fair Practices Code pursuant to the RBI guidelines issued in this regard, which is displayed on the Company's website.

WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower Policy pursuant to which the employees and the vendors of the Company can raise their concerns relating to unethical and improper practices or any other wrongful conduct in the Company or amongst its employees. Details of complaints received and the action taken are reviewed by the Audit & Risk Management Committee.

TRAINING OF BOARD MEMBERS

All new Non-Executive Directors inducted into the Board are given a day's orientation which includes half-a-day field visit. The Company also arranges inter-active session with the industry experts to enable the Directors to update themselves.

REGULAR UPDATES

The Company sends a monthly newsletter to the Board Members and other stakeholders and keeps them updated on the happenings in the Company.

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 2013

Category	# Shares	%
Equitas Holdings P Limited (Indian Holding Company)	198,749,999	100%
S Bhaskar (Nominee of Equitas Holdings P Limited)	1	-
Total	198,750,000	100%

Address for Correspondence

Company Secretary
Equitas Micro Finance 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, 3rd May, 2013

Arun Ramanathan
Chairman

CEO / CFO Certificate

The Board of Directors

Equitas Micro Finance 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 2013 and that to the best of our knowledge and belief:

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

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

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

3. We accept responsibility for establishing and maintaining internal controls for Financial Reporting.

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

Chennai, 3rd May 2013.

REPORT ON CSR ACTIVITIES OF THE COMPANY

The mission statement of Equitas is to improve quality of life by increasing total household asset value of those who are not effectively serviced by the formal financial sector by providing transparent and trustworthy access to financial and other relevant products and services by deploying cutting edge technology and forming partnerships and alliances.

In line with this mission statement, Equitas has developed a wide range of ecosystem initiatives towards improving the quality of life of its members. A snapshot of the Equitas Ecosystem is provided herewith and all such initiatives are run on not for profit basis:

CSR- Health, Skill Development, Placement Services:

1. **Primary Health Care**: Our primary health care medical camps done free has benefited 528333 members during the year and cumulatively reached 1317816 members so far which is a record in the MFI sector globally – done by CSR Division

2. **Secondary Health Care**: Our tie up with large number of hospitals helps our clients get treated for serious illness at a discount to normal cost, during the year the savings to 1084 members was around 41.27 lakhs – done by CSR Division

3. **Telemedicine**: Equitas strongly believes that Telemedicine is the future in health sector, capable of taking quality health care facilities like diagnosis, treatment and prevention of diseases to underserved rural and urban slums beyond the walls of the hospital in a cost effective model- A Pilot has been launched in partnership with Apollo Telemedicine centre in 3 centres at Chennai. 6807 members benefitted from this facility-done by CSR Division

4. **Health helpline**: Members call this line for serious illness and the operator guides them to network hospitals nearly 15055 members benefitted from this facility- done by CSR division

5. **Health Camps in Vehicle Finance Branches**: We conduct health camps in Transport Nagars to screen truck drivers & cleaners for general health, eye and also educate them on AID's awareness, during the year we were able to screen 4427 beneficiaries- done by CSR Division

6. **Livelihood support**: We have given skill development training (vocational training-Equitas Gyan kendra) to 20547 members during the year and trained 275175 members on a cumulative basis so far which is also a global record – done by CSR Division

7. **Placement Services:** In another proactive step, Equitas conducts job fairs for members' unemployed children to enable employment opportunities and help them with job placements; through this initiative, Equitas was able to facilitate job placement for 1782 unemployed youth during the year and for 9745 on a cumulative basis - done by CSR Division

CSR- Facilitate Long term Investment in Education :

1. **Schools**: We run five regular schools called Equitas Gurukul, 1700 members children study in Trichy and Dindigul, Salem, Sivakasi & Coimbatore – run by Equitas Trust

CSR-Beyond microfinance – Socially Disadvantaged Segment:

1. **Ultra Poor Programme**: (**Equitas Birds Nest**) We commenced a programme in 2010 for Rehabilitation of Pavement Dwellers in Chennai and identified 100 families in the first phase. We have moved 102 families into houses and hand held them for initial 6 months and they have now started paying rent on their own. Most families have attained self sustenance status through a host of interventions from Equitas. Many have received Voters ID for the first time in their lives, some have applied for ration cards – run by Equitas Trust

2. **Persons with Disability**: We have financially supported 688 physically challenged members during the year and on a cumulative basis facilitated 6125 Persons with Disability (of whom 577 are blind) in setting up some livelihood activity so that they can stand on their own feet

Food Security- Demand Side Aggregation

Retail: We run a chain of stores (run by Equitas Dhanyakosha India – a Section 25 Company) where our clients can buy groceries. Benefit of aggregation is passed on to them. They also get a card from us with a limit loaded in it which acts just like a credit card. During the current year 43089 members used the facility and obtained a savings of 6-10 % over MRP.

SNAP SHOT OF THE PERFORMANCE DURING 2012-2013 AND CUMULATIVE

CSR Activity	Q1	Q2	Q3	Q4	For the Year 2012-2013	Cumulative
No of Eye-camp Participants (A)	48837	48262	43420	63193	203712	641477
No of free spectacles	1705	1787	2326	3053	8871	48799
No of free cataract operations	626	887	1776	3118	6407	18893
Other Medical camps (B)	57571	76729	81180	99019	314499	676339
Total (Eye camps + Med Camps) (A)+(B)	106408	124991	134722	162212	528333	1317816
Participants in skill Training Programs	5334	5815	2524	6874	20547	275175
Placements for Unemployed children	316	229	351	886	1782	9745
No of members benefited in VF Camps	NIL	2347	1293	787	4427	4427

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EQUITAS MICRO FINANCE PRIVATE LIMITED
(formerly known as Singhivi Investment & Finance Private Limited)

Report on the Financial Statements

1. We have audited the accompanying financial statements of **EQUITAS MICRO FINANCE PRIVATE LIMITED** (formerly known as Singhivi Investment & Finance Private Limited) ("the Company"), which comprise the Balance Sheet as at 31 March 2013, 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 Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act") 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 2013;

    (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 referred to in Section 211(3C) of the Act.

    (e) On the basis of the written representations received from the directors as at 31 March 2013 taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2013 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, 3 May 2013

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(x), 4(xii), 4(xiii), 4(xiv), 4(xviii) 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 programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. Having regard to the size of the operations and nature of assets of the Company and on the basis of explanations received, in our opinion, the differences found on physical verification were not significant and were properly dealt with in the books of account.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

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

a. The Company has granted loans (includes Inter Corporate Deposits) aggregating Rs. 801,700,000 to two parties during the year. At the year end, the outstanding balances of such loans aggregated Rs. 20,833,568 (one party) (excluding interest accrued but not due) and the maximum amount involved during the year was Rs. 307,112,678 (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 were no overdue amounts at the year end, on this account.

(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 functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

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

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service 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 Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax, Cess and other material statutory dues in arrears as at 31 March 2013 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.

(ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

(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 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, the term loans availed by the Company have, *prima facie,* been applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.

(xii) According to the information and explanations given to us, and on the basis of maturity profile of the assets and liabilities with a residual maturity of one year, as given in the Asset Liability Management in Note 40.3 of the Financial Statement, liabilities maturing in the next one year are not in excess of the assets of similar maturity.

(xiii) In our opinion and according to the information and explanations given to us, during the period covered by our audit report, the Company has issued 740 redeemable, non-convertible debentures of Rs. 1,000,000 each. The Company has created security in respect of the debentures issued.

(xiv) 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 though there have been a few cases of irregularities amounting to Rs. 488,184 (Refer Note 42 of the Financial Statements) detected and appropriately dealt with by the Management.

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

B. Ramaratnam
Partner
Membership No. 21209

CHENNAI, 3 May 2013

Equitas Micro Finance Private Limited

(formerly known as Singhivi Investment & Finance Private Limited)

Balance Sheet as at 31 March 2013

Particulars	Note No	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	1,987,500,000	1,802,662,000
Reserves and Surplus	4	561,478,520	221,666,424
		2,548,978,520	**2,024,328,424**
Non-Current Liabilities			
Long Term Borrowings	5	6,271,414,726	2,813,348,263
Other Long Term Liabilities	6	44,449,683	100,048,339
Long Term Provisions	7	57,027,291	39,817,804
		6,372,891,700	**2,953,214,406**
Current Liabilities			
Short Term Borrowings	8	99,799,253	500,000,000
Trade Payables	9	64,251,118	60,374,427
Other Current Liabilities	10	4,875,133,335	2,374,284,122
Short Term Provisions	11	147,385,398	276,351,799
		5,186,569,104	**3,211,010,348**
TOTAL		**14,108,439,324**	**8,188,553,178**
ASSETS			
Non-Current Assets			
Fixed Assets			
- Tangible Assets	12.1	25,735,223	44,374,807
- Intangible Assets	12.2	6,174,387	17,472,846
		31,909,610	61,847,653
Non-Current Investments	13	36,012,093	2,000,000
Deferred Tax Assets (Net)	14	76,194,928	62,149,558
Long Term Receivables Under Financing Activities	15	2,638,698,579	1,462,466,692
Long Term Loans and Advances	16	195,623,699	210,645,366
Other Non-Current Assets	17	454,482,490	495,312,652
		3,432,921,399	**2,294,421,921**
Current Assets			
Current Investments	18	39,473,348	-
Short Term Receivables Under Financing Activities	19	6,004,571,508	3,698,436,129
Cash and Cash Equivalents	20	3,926,257,627	1,684,401,083
Short Term Loans and Advances	21	320,248,821	248,743,423
Other Current Assets	22	384,966,621	262,550,622
		10,675,517,925	**5,894,131,257**
TOTAL		**14,108,439,324**	**8,188,553,178**
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 : 3 May 2013

Arun Ramanathan
Chairman

P N Vasudevan
Managing Director

Y C Nanda
Director

S.Bhaskar
Chief Operating Officer &
Chief Financial Officer
Place : Chennai
Date : 3 May 2013

Jayashree S Iyer
Company Secretary

Equitas Micro Finance Private Limited

(formerly known as Singhivi Investment & Finance Private Limited)

Statement of Profit and Loss for the Year Ended 31 March 2013

Particulars	Note No	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
Revenue from Operations	23	2,279,848,639	1,908,130,990
Other Income	24	18,851,491	5,717,217
		2,298,700,130	**1,913,848,207**
EXPENSES			
Employee Benefits Expense	25	533,419,132	484,028,521
Finance Costs	26	949,393,839	627,091,862
Prompt Payment Rebate		10,342,607	122,244,896
Provisions and Write Offs	27	59,926,996	58,049,053
Depreciation and Amortisation Expense	12.3	44,053,563	54,105,051
Other Expenses	28	294,890,367	290,180,203
		1,892,026,504	**1,635,699,586**
Profit Before Tax		**406,673,626**	**278,148,621**
Tax Expense			
Current Tax		145,600,200	118,700,000
Deferred Tax	14	(14,045,370)	(22,967,983)
Profit After Tax		**275,118,796**	**182,416,604**
Earnings Per Equity Share of Rs. 10 each			
- Basic and Diluted	35	1.52	1.16
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 : 3 May 2013

Arun Ramanathan
Chairman

P N Vasudevan
Managing Director

Y C Nanda
Director

S.Bhaskar
Chief Operating Officer &
Chief Financial Officer
Place : Chennai
Date : 3 May 2013

Jayashree S Iyer
Company Secretary

Equitas Micro Finance Private Limited
(formerly known as Singhivi Investment & Finance Private Limited)

Cash Flow Statement for the Year Ended 31 March 2013

Particulars	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
A. Cash Flow from Operating Activities		
Profit Before Tax	406,673,626	278,148,621
Adjustments for:		
Depreciation and Amortisation Expense	44,053,563	54,105,051
Contingent Provision for Standard Receivables under Financing Activities (Net)	44,349,713	(14,170,420)
Provision for Sub-standard and Doubtful Receivables under Financing Activities (Net)	3,098,076	47,092,415
Provision for Credit Enhancements on Assets De-Recognised (Net)	8,153,398	5,096,861
Loss Assets Written Off (Net)	4,325,809	5,859,777
Provision for Prompt Payment Rebate (Net)	10,342,607	122,244,896
Provision for Doubtful Loans / Insurance Claims	1,964,650	1,160,091
Finance Costs	949,393,839	627,091,862
Interest Income on Deposits with Banks / Others	(76,817,339)	(66,966,995)
Interest Income on Pass Through Certificates	(2,205,838)	-
Interest Income on Loans / Deposits to Related parties	(17,043,127)	(3,127,071)
Gain from Securitisation / Assignment of Receivables (Net)	(233,786,934)	(227,786,904)
Gain on Sale of Current Investments (Net)	(37,218,479)	(52,762,934)
Gain on Sale of Fixed Assets (Net)	-	(315,734)
Operating Profit before Changes in Working Capital	**1,105,283,564**	**775,669,516**
Changes in Working Capital:		
Adjustments for (increase)/decrease in operating assets:		
Long Term Receivables Under Financing Activities	(1,176,231,887)	3,344,002,796
Long Term Loans and Advances	14,672,412	18,646,459
Short Term Receivables Under Financing Activities	(2,376,750,288)	(2,242,822,377)
Short Term Loans and Advances	(71,505,398)	(151,374,836)
Other Current Assets	(58,636,243)	104,446,968
Bilateral Assignment and Securitisation of Assets (Net)	233,094,914	252,496,538
Adjustments for increase / (decrease) in operating liabilities:		
Other Long Term Liabilities	(5,885,489)	21,869,801
Long Term Provisions	6,525,328	12,085,355
Trade Payables	3,876,691	(5,255,383)
Other Current Liabilities	138,490,913	(164,221,093)
Short Term Provisions	(116,542,135)	(144,407,123)
Cash Flow (Used in) / From Operations	**(2,303,607,618)**	**1,821,136,621**
Finance Costs Paid	(892,681,998)	(587,782,232)
Direct Taxes Paid	(148,610,396)	(117,302,233)
Net Cash Flow (Used in) / From Operations	**(3,344,900,012)**	**1,116,052,156**

Particulars	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
B. Cash Flow from Investing Activities		
Capital Expenditure	(14,931,745)	(15,040,996)
Proceeds from Sale of Fixed Assets	816,225	1,591,976
Bank Deposits (Net) (having original maturity of more than 3 months)	(1,199,576,697)	(199,636,608)
Interest Income on Deposits	61,156,157	28,093,141
Investment in Pass Through Certificates	(73,485,441)	-
Purchase of Current Investments	(7,856,781,521)	(11,450,937,102)
Proceeds from Sale of Current Investments	7,894,000,000	11,503,700,036
Net Cash Flow (Used in) / From Investing Activities	**(1,188,803,022)**	**(132,229,553)**
C. Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	249,531,300	300,000,000
Long Term Borrowings Taken	7,985,763,761	3,060,000,000
Long Term Borrowings Repaid	(2,271,621,433)	(4,209,276,077)
Short Term Borrowings (Repaid) / Taken (Net)	(400,200,747)	500,000,000
Net Cash From / (Used) in Financing Activities	**5,563,472,881**	**(349,276,077)**
Net Increase in Cash and Cash Equivalents (A)+(B)+(C)	**1,029,769,847**	**634,546,526**
Cash and Cash Equivalents at the Beginning of the Year	1,540,077,780	775,069
Add: Cash and Bank Balance in the nature of Cash and Cash Equivalents received Pursuant to Scheme of Arrangement (Refer Note (ii) below)	-	904,756,185
Cash and Cash Equivalents at the End of the Year	**2,569,847,627**	**1,540,077,780**
Notes:		
(i) The reconciliation to the Cash and Cash Equivalents as given in Note 20 is as follows:		
Cash and Cash Equivalents as per Note 20	3,926,257,627	1,684,401,083
Less: Deposits with Original Maturity over a period of 3 months	895,000,000	200,000
Less: Lien Marked Deposits	461,410,000	144,123,303
Cash and Cash Equivalents as at the End of the Year	**2,569,847,627**	**1,540,077,780**

(ii) During the previous year, pursuant to the Scheme of Arrangement, the Company has allotted 150,000,000 fully paid up Equity Shares of Rs. 10 each at par to Equitas Holdings Private Limited as consideration for the transfer of the Micro Finance Undertaking. The movement in the Assets and Liabilities in the Cash Flow Statement is after considering the following Assets and Liabilities transferred to the Company pursuant to the Scheme of Arrangement:		
Assets		
Fixed Assets	-	102,184,316
Investments	-	2,000,000
Receivables Under Financing Activities	-	6,267,943,017
Loans and Advances	-	199,255,802
Cash and Bank Balances (includes Rs. Nil (Previous Year : Rs. 368,666,695 Deposits Under Lien)	-	1,273,422,880
Other Current Assets	-	303,311,377
	-	**8,148,117,392**
Liabilities		
Borrowings	-	(5,918,708,049)
Trade Payables	-	(65,611,810)
Other Current Liabilities	-	(376,964,715)
Provisions	-	(286,832,818)
	-	**(6,648,117,392)**
Issue of Share Capital	**-**	**1,500,000,000**
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 : 3 May 2013

Arun Ramanathan
Chairman

P N Vasudevan
Managing Director

Y C Nanda
Director

S.Bhaskar
Chief Operating Officer &
Chief Financial Officer
Place : Chennai
Date : 3 May 2013

Jayashree S Iyer
Company Secretary

Equitas Micro Finance Private Limited
(formerly known as Singhivi Investment & Finance Private Limited)

Notes Forming Part of the Financial Statements for the Year Ended 31 March 2013

1. CORPORATE INFORMATION

Singhivi Investment & Finance Private Limited ("SIFPL") was incorporated on 7 July 1994. On 7 July 2011, the equity shares of SIFPL were acquired by Equitas Holdings Private Limited (EHPL), consequently the Company became a wholly owned subsidiary of EHPL from that date. Pursuant to the Scheme of Arrangement between EHPL and SIFPL, the assets and liabilities of the Micro Finance Undertaking of EHPL have been transferred to SIFPL during the previous year w.e.f 1 April 2011. Also Refer Note 29.

The name of the Company has been changed to Equitas Micro Finance Private Limited ("the Company" or "EMFPL") with effect from 14 February 2013. Also Refer Note 44.

The Company is engaged in extending micro credit to economically active persons. The Company generally provides small value collateral free loans upto Rs. 20,000 for a tenor of one to two years with fortnightly / monthly repayment. The Company broadly follows the Grameen model with suitable adaptations using the Joint Liability Groups (JLG) framework, where each member of the group guarantees the loan repayment of the other members of the group. All transactions are conducted in the group meetings organised every fortnight / month near the habitats of the members.

The Company also provides individual loans to the existing borrowers ranging between Rs. 3,000 to Rs. 20,000 as additional loans like gold loans, educational loans, kirana loans etc.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

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

The Company is a Systemically Important Non-deposit taking Non-Banking Finance Company (NBFC-ND-SI). The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for Systemically Important Non-deposit taking Non-Banking Finance Companies (NBFC-ND-SI) or more stringent norms as indicated in Note 2.19.

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 the estimated useful life of the assets, whichever is higher. The useful life of the assets are as follows:

Tangible Assets:

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.

2.6 Revenue Recognition

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

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

2.7 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 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.

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

<u>Initial recognition</u>

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

<u>Measurement at the balance sheet date</u>

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 Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plan:

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

Defined benefit plans:

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

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits:

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

2.12 Borrowing Costs

Borrowing costs include interest, ancillary costs that the Company incurs 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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 Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

2.17 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.

2.18 Provisions and Contingencies

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

2.19 Classification and Provisions of Loan Portfolio

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

Classification of Loans

Asset Classification	Period of Overdue
Standard Assets	Not Overdue 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 - Followed by the Company**

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

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

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

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

2.20 Provision for Credit Enhancements on Assets De-Recognised

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

2.21 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.

Particulars	As at 31 March 2013		As at 31 March 2012	
	No. of Shares	**Rs.**	**No. of Shares**	**Rs.**
3 Share Capital				
(a) **Authorised**				
Equity shares of Rs.10 each	**210,000,000**	**2,100,000,000**	**210,000,000**	**2,100,000,000**
(b) **Issued, Subscribed and Fully Paid-up**				
Equity shares of Rs. 10 each	198,750,000	1,987,500,000	180,266,200	1,802,662,000
	198,750,000	**1,987,500,000**	**180,266,200**	**1,802,662,000**

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

Particulars	31 March 2013		31 March 2012	
	No. of Shares	**Amount in Rs.**	**No. of Shares**	**Amount in Rs.**
At the Beginning of the Year	180,266,200	1,802,662,000	266,200	2,662,000
Issued during the Year	18,483,800	184,838,000	180,000,000	1,800,000,000
Outstanding at the End of the Year	**198,750,000**	**1,987,500,000**	**180,266,200**	**1,802,662,000**

Note

(a) On 18 March 2013, the Company has allotted 18,483,800 Equity Shares of Rs. 10 each fully paid up at a premium of Rs. 3.5 per Share to Equitas Holdings Private Limited.

3.2 Details of Shares held by the Holding Company

Particulars	As at 31 March 2013 No. of Shares	As at 31 March 2012 No. of Shares
Equitas Holdings Private Limited, the Holding Company (including shares held by its nominee)	198,750,000	180,266,200

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

Particulars	As at 31 March 2013		As at 31 March 2012	
	No. of Shares	% Holding	No. of Shares	% Holding
Equity Shares of Rs. 10 each Equitas Holdings Private Limited (including shares held by its nominee)	198,750,000	100%	180,266,200	100%

3.4 Disclosure of Rights

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

Repayment of capital will be in proportion to the number of equity shares held.

3.5 Employee Stock Option

Under the Employee Stock Option Scheme (ESOS) - 2012 of the Holding Company, Equitas Holdings Private Limited, which has replaced the existing Employee Stock Option Scheme 2007, 3,139,307 options (As at 31 March 2012 - 3,699,773 options) of the Holding Company granted to some of the employees of the Company are outstanding as at 31 March 2013. As the administrator of the Employee Stock Option Scheme, the Holding Company has informed the Company that there are no costs to be transferred to the Company with respect to the options granted and outstanding as at 31 March 2013.

3.6 Issue of Shares without Payment being received in Cash

Pursuant to the Scheme of Arrangement, on 21 January 2012 the Company had allotted 150,000,000 fully paid up equity shares of Rs. 10 each without payment being received in cash to Equitas Holdings Private Limited (EHPL) as consideration for the transfer of assets and liabilities of the Micro Finance Undertaking of EHPL. Refer Note 29.

	Particulars	31 March 2013 Rs.	31 March 2012 Rs.
4	**Reserves and Surplus**		
4.1	**Securities Premium Account**		
	Opening Balance	-	-
	Add: Premium on Shares issued during the Year (Refer Note 3.1(a))	64,693,300	-
	Less: Utilisation during the Year	-	-
	Closing Balance	**64,693,300**	**-**
4.2	**Statutory Reserve** (Refer Note 48)		
	Opening Balance	36,560,000	60,000
	Add: Amount Transferred during the Year from Surplus in the Statement of Profit and Loss	55,100,000	36,500,000
	Closing Balance	**91,660,000**	**36,560,000**
4.3	**General Reserve**		
	Opening Balance	39,185,942	-
	Add: Additions (Refer Note 14(a))	-	39,185,942
	Closing Balance	**39,185,942**	**39,185,942**
4.4	**Surplus in the Statement of Profit and Loss**		
	Opening Balance	145,920,482	3,878
	Add: Profit for the Year	275,118,796	182,416,604
	Less: Appropriations		
	- Transfer to Statutory Reserve (Refer Note 48)	55,100,000	36,500,000
	Net Surplus in the Statement of Profit and Loss	**365,939,278**	**145,920,482**
		561,478,520	**221,666,424**

		Particulars	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
5		**Long Term Borrowings**		
	(a)	Redeemable Non-Convertible Debentures - (Refer Note 5.1)		
		Secured	740,000,000	-
		Unsecured - Subordinated Debt	500,000,000	500,000,000
	(b)	Term Loans – Secured		
		From Banks - (Refer Note 5.2)	4,485,913,972	1,772,409,217
		From Other Parties - (Refer Note 5.3)	545,500,754	540,939,046
			6,271,414,726	**2,813,348,263**

5.1 Details of Debentures issued by the Company

a. 280 13.60% Secured, Redeemable, Transferable, Non-Convertible Debentures of Rs. 1,000,000 each through Private Placement for an aggregate amount of Rs. 280,000,000 are redeemable at par on 10 Jan 2017 and interest is payable on a half yearly basis.
b. 460 13.40% Secured, Redeemable, Transferable, Non-Convertible Debentures of Rs. 1,000,000 each through Private Placement for an aggregate amount of Rs. 460,000,000 are redeemable at par on 11 April 2019 and interest is payable on a yearly basis.
c. The Secured Non-Convertible Debentures are secured by hypothecation of specified Receivables under Financing Activities.
d. 500 14.04% Unsecured, Subordinated, Redeemable, Transferable, Non-Convertible Debentures of Rs. 1,000,000 each through Private Placement for an aggregate amount of Rs. 500,000,000 are redeemable at par on 1 June 2019 and interest is payable on a half yearly basis.
e. The above Non-Convertible Debentures are listed on BSE Limited (Bombay Stock Exchange). Further, the Company has entered into an agreement with IDBI Trusteeship Services Limited to act as Debentures Trustees for the Debentures.
f. The Company has not defaulted in the repayment of dues to Debenture holders.

5.2 Details of Term Loans from Banks – Secured

(a) The loans are secured by hypothecation of specified Receivables under Financing Activities and Lien on specified Fixed Deposits with Banks (Refer Note 17 & 20).
(b) The Company has not defaulted in the repayment of dues to banks.
(c) As per the terms of agreement entered into by the Company for some of the Borrowings, the Company should not declare / pay dividend to the Shareholders without the express consent from the Banks in case of overdue to the Banks in loan installments / interest payments.
(d) The details of interest rate, tenor, repayment terms of the Term Loans from Banks are as follows:

S.No.	Tenor (in Months)	Interest Rate (%)	No. of Installments outstanding as on 31 March 2013	Loan Amount as at 31 March 2013 Rs.	Loan Amount as at 31 March 2012 Rs.
1	24	15.00	-	-	23,809,523
2	24	14.25	-	-	71,431,511
3	24 (Refer Note (iii) below)	14.25	-	-	399,982,300
4	24	13.50	-	-	55,339,976
5	35	14.25	-	-	26,448,188
6	24	13.00	5	71,428,575	185,714,286
7	24	11.75	4	120,000,000	240,000,000
8	24	13.20	3	85,685,142	200,000,000
9	24	14.00	23	78,260,860	150,000,000
10	24	14.00	7	68,568,000	120,000,000
11	63	14.00	32	253,968,246	349,206,342
12	60	13.50	16	888,888,890	1,000,000,000
13	35	13.50	20	156,306,765	250,000,000

14	24	13.00	8	57,142,000	100,000,000
15	24	13.25	6	171,451,386	-
16	24	13.00	7	300,000,000	-
17	24	14.00	6	187,500,000	-
18	24	14.00	8	100,000,000	-
19	24	12.75	21	85,000,000	-
20	24	14.00	22	250,000,000	-
21	27	13.50	24	250,000,000	-
22	27	13.50	24	250,000,000	-
23	24	13.70	24	250,000,000	-
24	24	13.75	7	100,000,000	-
25	24	13.50	7	300,000,000	-
26	60	13.00	18	500,000,000	-
27	60	13.25	18	500,000,000	-
28	24	13.25	6	500,000,000	-
29	24	13.50	6	50,000,000	-
30	24	13.25	6	428,459,774	-
31	24	13.75	30	562,211,827	-
32	24	13.50	4	125,000,000	-
33	24	13.00	1	500,000,000	-
34	24	13.75	21	400,000,000	-
35	24	13.50	6	300,000,000	-
36	24	13.25	7	150,000,000	-
	Total			**8,039,871,465**	**3,171,932,126**
	Less : Current Maturities of Long-Term Borrowings (Refer Note 10)			(3,553,957,493)	(1,399,522,909)
	Long Term Borrowings from Banks			**4,485,913,972**	**1,772,409,217**

Notes:

(i) Interest rates are on floating rate basis and is payable on monthly basis. The interest rates disclosed above represents the rate of interest as at 31 March 2013. The repayment of principal portion is on monthly, quarterly, annually and bullet basis.

(ii) In addition to the hypothecation of specified Receivables under financing activities, the above Long Term loans from Banks amounting to Rs. 4,808,637,924 (Previous Year - Rs. 3,171,932,126) (including the Current Maturities of Long Term Borrowings) are guaranteed by Equitas Holdings Private Limited.

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

5.3 Details of Term Loans from Others Parties – Secured

(a) The loans are secured by hypothecation of specified Receivables under Financing Activities and Lien on specified Inter-Corporate Deposits (Refer Note 16 & 21).

(b) The Company has not defaulted in the repayment relating to Term Loans from other parties.

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

S. No.	Tenor (in Months)	Interest Rate (%)	No. of Installments outstanding as on 31 March 2013	Loan Amount as at 31 March 2013 Rs.	Loan Amount as at 31 March 2012 Rs.
1	24	12.60	-	-	75,000,000
2	36	13.50	2	41,768,813	94,236,246
3	48	12.50	-	-	5,000,000
4	48	13.50	12	19,200,000	38,400,000
5	48	12.50	15	62,499,970	190,000,000
6	61	11.75	30	496,330,800	694,863,600
7	20	14.75	3	100,000,000	-
8	24	13.75	21	125,000,000	-
9	24	14.60	17	213,923,778	
10	24	14.60	20	144,979,474	
				1,203,702,835	**1,097,499,846**
	Less : Current Maturities of Long-Term Borrowings (Refer Note 10)			(658,202,081)	(556,560,800)
	Long Term Borrowings from Other Parties			**545,500,754**	**540,939,046**

Note:

(i) Interest rates are on both fixed / floating rate basis and is payable on monthly basis. The interest rates disclosed above represents the rate of interest as at 31 March 2013. The repayment of principal portion is on monthly and quarterly basis.

(ii) In addition to the hypothecation of specified Receivables under financing activities, the above Long Term loans from other parties amounting to Rs. 978,702,835 (Previous Year - Rs. 1,097,499,846) (including the Current Maturities of Long Term Borrowings) are guaranteed by Equitas Holdings Private Limited.

Particulars	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
6 Other Long Term Liabilities		
Unamortised Income		
- Processing Fee	25,347,620	31,233,109
- Interest Strip Retained on Assignment of Receivables	-	68,815,230
- Interest Strip Retained on Securitisation of Receivables	19,102,063	-
	44,449,683	**100,048,339**

Particulars	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
7 Long Term Provisions		
Provision - Employee Benefits		
Provision for Gratuity	18,610,683	12,085,355
Provision - Others		
Contingent Provision for Standard Receivables under Financing Activities	32,979,310	18,277,897

Provision for Sub-standard and Doubtful Receivables under Financing Activities	142,714	100,024
Provision for Credit Enhancements on Assets De-Recognised	5,294,584	9,354,528
	57,027,291	**39,817,804**

Particulars	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
8 Short Term Borrowings		
Short Term Borrowings from Bank – Secured	-	500,000,000
Cash Credit from Bank - Secured	99,799,253	-
	99,799,253	**500,000,000**

8.1 Details of Term Loans from Bank – Secured

(a) The Loan is secured by hypothecation of specified Receivables under Financing Activities.

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

(c) The details of interest rate, tenor, repayment terms of the Short Term Borrowings are as follows:

S. No.	Tenor	Interest Rate	Repayment Terms	Loan Amount as at 31 March 2013 Rs	Loan Amount as at 31 March 2012 Rs.
1	12 Months	14.00%	Principal on Maturity, Interest Monthly	-	500,000,000
2	12 Months	13.70%	Repayable on demand	99,799,253	-
				99,799,253	**500,000,000**

Particulars	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
9 Trade Payables		
Trade Payables - Other than Acceptances(Refer Note 36)	64,251,118	60,374,427
	64,251,118	**60,374,427**

Particulars	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
10 Other Current Liabilities		
Current Maturities of Long Term Borrowings (Refer Note below)		
- From Banks - Secured	3,553,957,493	1,399,522,909
- From Other Parties - Secured	658,202,081	556,560,800

Security Deposits Received	2,400,000	-
Advances Installments from Borrowers	867,305	7,545,018
Interest Accrued But Not Due on Borrowings	96,021,471	39,309,630
Unamortised Income		
- Processing Fee	77,897,656	17,310,038
- Gain on Assignment of Receivables	-	692,020
- Interest Strip Retained on Assignment of Receivables	45,662,550	174,818,449
- Interest Strip Retained on Securitisation of Receivables	179,418,513	-
Statutory Remittances (PF, ESI, TDS etc.)	12,192,447	8,756,304
Amount Payable to Assignees for Assets De-recognised	115,091,967	169,768,954
Amount Payable to Special Purpose Vehicle for Assets De-recognised	133,421,852	-
	4,875,133,335	**2,374,284,122**

Note:
Refer Notes 5.2 and 5.3 for details of security, interest rate, tenor and repayment terms.

	Particulars	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
11	**Short Term Provisions**		
	Provision - Employee Benefits		
	Provision for Compensated Absences	41,686,500	27,116,011
	Provision for Gratuity	682,457	35,392
	Provision - Others		
	Contingent Provision for Standard Receivables under Financing Activities	75,024,926	45,376,626
	Provision for Sub-standard and Doubtful Receivables under Financing Activities	1,148,272	64,381,986
	Provision for Credit Enhancements on Assets De-Recognised	28,843,243	16,629,901
	Provision for Prompt Payment Rebate	-	121,417,082
	Provision for Tax (Net of Advance Tax of Rs. Nil (Previous Year Rs. 117,306,151)	-	1,394,801
		147,385,398	**276,351,799**

12 Fixed Assets

12.1 Tangible Assets - Owned

Particulars	Gross Block					Depreciation					Net Block	
	Balance as at 1 April 2012 Rs.	Acquisitions through Scheme of Arrangement Rs.	Additions Rs.	Disposals Rs.	Balance as at 31 March 2013 Rs.	Balance as at 1 April 2012 Rs.	Acquisitions through Scheme of Arrangement 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.
Leasehold Improvements	22,083,102	-	907,368	-	22,990,470	16,266,694	-	4,488,824	-	20,755,518	2,234,952	5,816,408
(Previous year)	-	*(20,211,323)*	*(2,950,800)*	*(1,079,021)*	*(22,083,102)*	-	*(11,584,054)*	*(5,441,275)*	*(758,635)*	*(16,266,694)*	*(5,816,408)*	-
Computer Equipments	84,873,367	-	8,067,865	1,085,878	91,855,354	55,976,101	-	19,917,792	1,056,913	74,836,980	17,018,374	28,897,266
(Previous year)	-	*(83,056,015)*	*(3,740,330)*	*(1,922,978)*	*(84,873,367)*	-	*(31,292,284)*	*(25,850,425)*	*(1,166,608)*	*(55,976,101)*	*(28,897,266)*	-
Furniture and Fixtures	18,273,695	-	2,188,176	346,815	20,115,056	15,875,016	-	3,305,118	346,815	18,833,319	1,281,737	2,398,679
(Previous year)	*(1,051)*	*(16,711,314)*	*(1,945,447)*	*(384,117)*	*(18,273,695)*	*(190)*	*(13,016,099)*	*(3,156,974)*	*(298,247)*	*(15,875,016)*	*(2,398,679)*	*(861)*
Office Equipments	12,879,966	-	2,684,025	373,352	15,190,639	8,457,741	-	3,114,101	369,857	11,201,985	3,988,654	4,422,225
(Previous year)	*(3,221)*	*(9,774,747)*	*(3,342,700)*	*(240,702)*	*(12,879,966)*	*(448)*	*(5,647,603)*	*(2,936,776)*	*(127,086)*	*(8,457,741)*	*(4,422,225)*	*(2,773)*
Vehicles	4,011,574	-	-	1,338,772	2,672,802	1,171,345	-	844,958	555,007	1,461,296	1,211,506	2,840,229
(Previous year)	-	*(2,578,105)*	*(1,433,469)*	-	*(4,011,574)*	-	*(288,813)*	*(882,532)*	-	*(1,171,345)*	*(2,840,229)*	-
Total	**142,121,704**	**-**	**13,847,434**	**3,144,817**	**152,824,321**	**97,746,897**	**-**	**31,670,793**	**2,328,592**	**127,089,098**	**25,735,223**	**44,374,807**
(Previous Year)	***(4,272)***	***(132,331,504)***	***(13,412,746)***	***(3,626,818)***	***(142,121,704)***	***(638)***	***(61,828,853)***	***(38,267,982)***	***(2,350,576)***	***(97,746,897)***	***(44,374,807)***	***(3,634)***

12.2 Intangible Assets

Particulars	Gross Block					Amortisation					Net Block	
	As at 1 April 2012 Rs.	Acquisitions through Scheme of Arrangement Rs.	Additions Rs.	Disposals Rs.	As at 31 March 2013 Rs.	As at 1 April 2012 Rs.	Acquisitions through Scheme of Arrangement Rs.	For the year Rs.	Eliminated on Disposal of Assets Rs.	As at 31 March 2013 Rs.	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
Computer Software	52,558,387	-	1,084,311	3,080,556	50,562,142	35,085,541	-	12,382,770	3,080,556	44,387,755	6,174,387	17,472,846
(Previous year)	-	*(50,930,137)*	*(1,628,250)*	-	*(52,558,387)*	-	*(19,248,472)*	*(15,837,069)*	-	*(35,085,541)*	*(17,472,846)*	-
Total	**52,558,387**	**-**	**1,084,311**	**3,080,556**	**50,562,142**	**35,085,541**	**-**	**12,382,770**	**3,080,556**	**44,387,755**	**6,174,387**	**17,472,846**
(Previous Year)	**-**	***(50,930,137)***	***(1,628,250)***	**-**	***(52,558,387)***	**-**	***(19,248,472)***	***(15,837,069)***	**-**	***(35,085,541)***	***(17,472,846)***	**-**

12.3 Depreciation and Amortisation Expense for the Year

Particulars	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
Depreciation for the year on tangible assets as per Note 12.1	31,670,793	38,267,982
Amortisation for the year on intangible assets as per Note 12.2	12,382,770	15,837,069
	44,053,563	**54,105,051**

	Particulars	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
13	**Non-Current Investments - Trade - Unquoted, at Cost**		
	Investment in Equity Shares		
	Alpha Micro Finance Consultants Private Limited 200,000 (As at 31 March 2012 - 200,000) Equity Shares of Rs. 10 each fully paid	2,000,000	2,000,000
	Investment Others		
	3400 11% Pass Through Certificates of Series A2 Equitas Microloans Pool ABL - February 2013	34,012,093	-
		36,012,093	**2,000,000**
	Aggregate amount of unquoted investments - Cost	36,012,093	2,000,000

14 Deferred Tax

The Deferred Tax Asset of Rs. 76,194,928 as at 31 March 2013 has arisen on account of the following:

Particulars	As at 31 March 2012 Rs.	Credit / (Charged) Rs.	As at 31 March 2013 Rs.
Deferred Tax Assets			
Difference between depreciation as per Books of Account and Income Tax Act, 1961	(419,833)	5,161,417	4,741,584
Contingent Provision for Standard Assets under Financing Activities	20,652,710	16,057,930	36,710,640
Provision for Sub-Standard and Doubtful Receivables under Financing Activities	20,921,188	(20,482,382)	438,806
Provision for Credit Enhancements on Assets De-Recognized	8,430,648	3,172,799	11,603,447
Employee Benefits	10,758,020	8,860,320	19,618,340
Others	1,806,825	1,275,286	3,082,111
Deferred Tax Asset / (Liability)	**62,149,558**	**14,045,370**	**76,194,928**

Note:

During the previous year ended 31 March 2012, the Company had accounted Deferred Tax Asset amounting to Rs. 39,185,942 as on 1 April 2011 with respect to certain assets and liabilities transferred from Equitas Holdings Private Limited to the Company pursuant to the Scheme of Arrangement (Refer Note 29) and the same was accounted as a credit to the General Reserve Account during the previous year.

Particulars		As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
15	**Long Term Receivables Under Financing Activities**		
	(Represents Instalments Due after one year from the reporting date)		
	Micro Finance Loans - Unsecured	2,637,734,069	1,462,466,692
	Gold Loans - Secured	964,510	-
		2,638,698,579	**1,462,466,692**
	Note:		
	Of the above:		
	- Considered Good	2,638,344,799	1,462,231,761
	- Considered Doubtful (Sub-Standard and Doubtful Receivables under Financing Activities as per Company's Provisioning Norms	353,780	234,931
	(Refer Note 7 for Provision for Sub-Standard and Doubtful Receivables under Financing Activities)		

Particulars		As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
16	**Long Term Loans and Advances**		
	Security Deposits (Also Refer Note 37(a))		
	- Unsecured, Considered Good	29,661,260	30,001,110
	Loans to Related Parties (Refer Note 33.2) - Unsecured, Considered Good	48,646,896	36,066,621
	Loans to Employees		
	- Secured, Considered Good	1,233,916	2,049,851
	- Unsecured, Considered Good	1,421,399	1,041,362
	- Considered Doubtful	-	73,474
		2,655,315	3,164,687
	Less : Provision for Doubtful Loans to Employees	-	73,474
		2,655,315	3,091,213
	Inter Corporate Deposits Under Lien (Refer Note below) - Unsecured, Considered Good	77,924,000	99,000,000
	Receivables from Assignees for Assets De-recognised - Unsecured, Considered Good	-	42,486,422
	Receivables from SPV's for Assets De-recognised - Unsecured, Considered Good	35,120,833	-
	Advance Income Tax (Net of Provision for Income Tax Rs. 264,300,000 (Previous Year Rs. Nil))	1,615,395	-
		195,623,699	**210,645,366**

Note:

Inter Corporate Deposits are under lien for the Term Loans obtained by the Company from Small Industries Development Bank of India.

Particulars	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
17 Other Non-Current Assets		
Interest Strip Retained on Assignment of Receivables	-	68,815,230
Interest Strip Retained on Securitisation of Receivables	19,102,063	-
Interest Accrued But Not Due		
- on Deposits with Banks / Others	23,520,066	2,517,422
- on Pass through Certificates	390,361	-
Bank Deposits under Lien having Maturity after 12 months	411,470,000	423,980,000
	454,482,490	**495,312,652**

Note:

(a) Deposit Accounts under Lien represents:

- Rs. 236,470,000 (As at 31 March 2012 - Rs. 386,480,000) placed as collateral with Special Purpose Vehicles (SPV's) / Assigneees towards Assets De-recognised.
- Rs. 175,000,000 (As of 31 March 2012 - Rs. 37,500,000) with respect to the Term Loans obtained by the Company from Banks.

Particulars	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
18 Current Investments		
Current portion of long-term investments (At cost):		
3932 11.40% Pass Through Certificates of Series A2 ZEUS IFMR Capital 2012	39,473,348	-
	39,473,348	**-**

Particulars	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
19 Short Term Receivables Under Financing Activities		
(Represents Instalments Due within one year from the reporting date)		
Micro Finance Loans - Unsecured	6,000,410,642	3,625,658,955
Micro Finance Loans given as Credit Enhancements for Loans De-recognised - Unsecured	-	14,736,168
Installments Due from Borrowers - Unsecured		
- More than Six Months from the date they were due for payment	55,465	52,737,297
- Others	1,518,373	5,303,709
Gold Loans - Secured	2,587,028	-
	6,004,571,508	**3,698,436,129**
Note:		
Of the above:		
- Considered Good	6,002,597,715	3,630,130,102
- Others (Sub-Standard and Doubtful Receivables under Financing Activities as per Company's Provisioning Norms	1,973,793	68,306,027
(Refer Note 11 for Provision for Sub-Standard and Doubtful Receivables under Financing Activities)		

Particulars	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
20 Cash and Cash Equivalents		
Cash on Hand	35,520	4,921
Balances with Banks		
- In Current Accounts	1,919,812,107	1,240,072,859
- In Deposits Accounts - Free of Lien	1,545,000,000	300,200,000
- In Deposits Accounts - Under Lien (Refer Note (b))	461,410,000	144,123,303
Total	**3,926,257,627**	**1,684,401,083**
Notes:		
(a) Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	2,569,847,627	1,540,077,780
(b) Deposit Accounts under Lien represents:		
- Rs. 461,410,000 (As at 31 March 2012 - Rs. 131,623,303) placed as collateral with Assignees towards Assets De-recognised.		
- Rs. Nil (As of 31 March 2012 - Rs. 12,500,000) with respect to the Term Loans obtained by the Company from Banks.		

Particulars	31 March 2013 Rs.	31 March 2012 Rs.
21 Short Term Loans and Advances		
Loans to Related Parties (Refer Note 33.2) - Unsecured, Considered Good	18,916,927	16,618,489
Loans to Employees		
- Secured, Considered Good	2,938,592	4,477,092
- Unsecured, Considered Good	4,891,813	6,347,274
- Unsecured, Considered Doubtful	909,387	864,220
	8,739,792	11,688,586
Less : Provision for Doubtful Loans to Employees	909,387	864,220
	7,830,405	10,824,366
Prepaid Expenses - Unsecured, Considered Good	19,263,567	17,372,802
Balances with Government Authorities -Service Tax Input Credit - Unsecured, Considered Good	2,217,499	4,917,003
Inter Corporate Deposits Under Lien (Refer Note below) - Unsecured, Considered Good	4,000,000	93,250,000
Travel and Other Advances - Unsecured, Considered Good	6,452,836	2,801,074
Receivables from Assignees for Assets De-recognised - Unsecured, Considered Good	234,957,677	102,959,689
Receivables from Special Purpose Vehicles for Assets De-recognised - Unsecured, Considered Good	26,609,910	-
	320,248,821	**248,743,423**

Note:

Inter Corporate Deposits are under lien for the Term Loans obtained by the Company from Small Industries Development Bank of India.

	Particulars	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
22	**Other Current Assets**		
	Gold Coins	14,425	14,425
	Interest Accrued But Not Due		
	- on Receivables under Financing Activities	92,284,279	43,275,183
	- on Loans given to Related Parties	640,860	403,210
	- on Deposits with Banks / Others	53,391,006	39,483,503
	- on Pass through Certificates	1,815,477	-
	Interest Strip Retained on Assignment of Receivables	45,662,550	174,818,449
	Interest Strip Retained on Securitisation of Receivables	179,418,513	-
	Insurance Claims Receivable		
	- Considered Good	11,739,511	4,555,852
	- Considered Doubtful	4,599,625	2,606,668
		16,339,136	7,162,520
	Less : Provision for Doubtful Claims	4,599,625	2,606,668
		11,739,511	4,555,852
		384,966,621	**262,550,622**

	Particulars	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
23	**Revenue from Operations**		
	Interest Income from Loans	1,861,906,405	1,527,660,759
	Processing and Other Fees	60,302,859	11,765,510
	Gain from Securitisation / Assignment of Receivables (Net)	233,786,934	227,786,904
	Other Operating Revenues		
	- Interest Income on Fixed Deposits with Banks / Others	76,817,339	66,966,995
	- Interest Income on Pass Through Certificates	2,205,838	-
	- Loss Assets Recovered	15,185	7,017,468
	- Write Back of Contingent Provision for Standard Receivables Under Financing Activities (Net)	-	14,170,420
	- Gain on Sale of Current Investments in Mutual Funds	37,218,479	52,762,934
	- Grant from International Finance Corporation (Refer Note 23.1)	7,595,600	-
		2,279,848,639	**1,908,130,990**

23.1 The Company has entered into a Grant Agreement dated 28 June 2012 with International Finance Corporation (IFC) to expand access to financial services among low income households in India for which, the Company is eligible to receive a revenue grant of USD 300,000 over a period of 3 years, subject to the Company meeting the 'Performance Indicators' set out in the agreement. During the year, on achievement of the 'Performance Indicators' the Company has received and accounted an amount of USD 140,000 (equivalent Rs. 7,595,600) as Income for the year ended 31 March 2013.

Particulars	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
24 Other Income		
Interest Income		
- on Loans / Deposits to Related Parties	17,043,127	3,127,071
- on Loans to Employees	1,480,569	2,166,263
Net Gain on Sale of Fixed Assets	-	315,734
Miscellaneous Income	327,795	108,149
Total	**18,851,491**	**5,717,217**

Particulars	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
25 Employee Benefits Expense		
Salaries	443,822,055	402,870,983
Contribution to Provident Fund	25,002,600	23,495,135
Gratuity Expenses	7,172,393	4,115,042
Staff Welfare Expenses	57,422,084	53,547,361
	533,419,132	**484,028,521**

Particulars	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
26 Finance Costs		
Interest on Loans	781,718,057	558,465,744
Interest on Debentures	140,377,828	58,660,275
Loan Processing Fees and Other Borrowing Costs	27,297,954	9,965,843
	949,393,839	**627,091,862**

Particulars	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
27 Provisions & Write offs		
Contingent Provision for Standard Receivables Under Financing Activities (Net)	44,349,713	-
Provision for Sub-standard and Doubtful Receivables Under Financing Activities (Net)	3,098,076	47,092,415
Provision for Credit Enhancements on Assets De-Recognised (Net)	8,153,398	5,096,861
Loss Assets Written Off	70,614,909	5,859,777
Release from Provision for Sub-standard and Doubtful Receivables Under Financing Activities	(66,289,100)	-
	4,325,809	5,859,777
	59,926,996	**58,049,053**

Particulars	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
28 Other Expenses		
Rent (Refer Note 34)	29,668,231	27,803,863
Electricity Charges	5,763,737	3,932,520
Rates and Taxes	11,845,004	19,799,017
Insurance	1,392,523	2,024,924
Software & Other Maintenance Expenses	28,791,092	20,872,074
Repairs and Maintenance - Others	7,075,024	2,578,811
Cash Management Charges	28,556,488	25,195,189
Travelling and Conveyance	60,934,904	48,323,507
Communication Expenses	30,412,919	26,088,570
Printing and Stationery	25,996,601	19,976,920
Centre Leader Fees	15,551,345	53,933,071
Advertisement and Business Promotion	3,246,578	3,431,847
Legal and Professional Charges	17,925,796	16,807,325
Non Executive Directors Remuneration and Sitting Fees	4,867,300	97,000
Donations (Refer Note 47)	13,756,000	9,120,000
Auditors' Remuneration (Net of Service Tax)		
- Statutory Audit	1,300,000	1,300,000
- Limited Review	375,000	575,000
- Tax Audit	300,000	300,000
- Certification	415,000	530,000
- Reimbursement of Expenses	3,937	10,639
Provision for Doubtful Employee Loans / Insurance Claims (Net)	1,964,650	1,160,091
Bank Charges	1,605,279	2,084,735
Miscellaneous Expenses	3,142,959	4,235,100
	294,890,367	**290,180,203**

29 Scheme of Arrangement

During the previous year ended 31 March 2012, the Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 entered into between SIFPL and Equitas Holdings Private Limited ("EHPL") had been approved by the Honourable High Court of Judicature at Madras, vide its Order dated 11 January 2012. The parties to the Scheme of Arrangement had filed the certified copy of the said Order with the Registrar of Companies on 21 January 2012. As per the Scheme of Arrangement, the following assets and liabilities of the Micro Finance Undertaking of EHPL had been transferred to the Company with effect from 1 April 2011.

Particulars	Balance as at 1 April 2011 Rs.
Fixed Assets	
- Gross Block	183,261,641
- Accumulated Depreciation and Amortisation	(81,077,325)
Fixed Assets (Net Block)	102,184,316
Investments	2,000,000
Micro Finance Loans	6,199,611,063
Micro Finance Loans given as Credit Enhancement for Loans Assigned	47,087,693
Installments and Other Dues from Borrowers (Unsecured Loan)	21,110,498
Other Loans	133,763
Loan to Equitas Dhanyakosha India	15,235,067
Cash and Bank Balances	1,273,422,880
Other Current Assets	303,311,377
Loans to Investment Division	3,580,553
Loans and Advances	180,440,182
Total Assets - A	**8,148,117,392**
Secured Loan	5,918,708,049
Current Liabilities	442,576,525
Provisions	286,832,818
Total Liabilities - B	**6,648,117,392**
Net (A-B) (Refer Note Below)	**1,500,000,000**

Note:

Pursuant to the Scheme of Arrangement, SIFPL had allotted 150,000,000 fully paid up Equity Shares of Rs. 10 each at par to EHPL as consideration for the transfer assets and liabilities of the Micro Finance Undertaking of EHPL.

30 Assignment / Securitisation

(a) Bilateral Assignment of Receivables:

The Company has entered into certain bilateral assignments with Banks / NBFCs and the transactions have been accounted for in accordance with the Accounting Policy of the Company (Refer Note 2.6(c)). The details of these assignment transactions are given below:

Particulars	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
Total Number of Loan Assets De-Recognised during the Year	-	196,558
Assets De-Recognised during the Year	-	2,029,931,353
Consideration Received during the Year	-	2,029,931,353
Cash Collaterals provided as First Loss and Second Loss Facility during the Year	-	386,480,000
Micro Finance Loans Subordinated as Credit Enhancements for Assets De-Recognised	-	-
Excess Interest Strip Subordinated as Credit Enhancements for Assets De-Recognised	-	263,600,608
Total Gain on Assignment to be Amortised over the Life of the Receivables during the Year (Including Excess Interest Strip Retained)	-	263,600,608
Gain Recognised in the Statement of Profit and Loss during the Year (including amortization of Unamortised Income)	187,800,560	174,781,755

Particulars	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
Total Outstanding amount of Assets De-recognised as at year end	736,924,339	2,078,754,320
Un-amortised Income as at year end	45,662,550	244,325,699
Cash Collaterals as at year end	386,480,000	518,103,303
Micro Finance Loans Subordinated as Credit Enhancements for Assets De-Recognised	-	14,736,168
Excess Interest Spread Receivable Subordinated as Credit Enhancements for Assets De-Recognised as at year end	280,620,227	389,079,790

(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 2013 Number / Rs.	For the Year Ended 31 March 2012 Number / Rs.
Total Number of Loan Assets Securitized during the Year	239,349	-
Book Value of Loans Assets Securitized during the Year	2,294,313,920	-
Sale Consideration Received during the Year	2,294,313,920	-
Total Gain on account of Securitization to be Amortised over the Life of the Receivables	-	-
Gain Recognised in the Statement of Profit and Loss during the Year (including amortization of Unamortised Income)	45,986,374	53,005,149
Quantum of Credit Enhancement provided during the Year in the form of Deposits	311,400,000	-
Un-amortised Income as at year end	198,520,576	-

(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 21 August 2012

S. No.	Particulars	For the Year Ended 31 March 2013 Number / Rs.	For the Year Ended 31 March 2012 Number / Rs.
1	No of Special Purpose Vehicle's (SPV's) sponsored by the NBFC for securitisation transactions (Nos.)	3	-
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	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	311,400,000	-
	- Others (Investment in Pass through Certificates	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)	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.

31 Employee Benefits

31.1 Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plan for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 25,002,600 (Previous Year: Rs. 23,495,135) towards Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the fund by the Company is at rates specified in the rules of the scheme.

31.2 Defined Benefit Plans

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

Particulars	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
Change in defined benefit obligations during the Year		
Present value of Defined Benefit Obligation at beginning of the Year	12,120,747	-
Present value of Defined Benefit Obligation transferred on account of Scheme of Arrangement (Refer Note 29)	-	8,038,705
Current Service Cost	6,847,503	5,421,904
Interest cost	1,030,263	641,776
Benefits Paid	-	(33,000)
Actuarial (Gains)	(705,373)	(1,948,638)
Present value of Defined Benefit Obligation at End of the Year	**19,293,140**	**12,120,747**
Change in Fair Value of Assets during the Year		
Plan Assets at Beginning of the Year	-	-
Expected Return on Plan Assets	-	-
Actual Company Contributions	-	-
Actuarial Gains	-	-
Plan Assets at End of the Year	-	**-**
Liability Recognised in the Balance Sheet		
Present Value of Defined Benefit Obligation	19,293,140	12,120,747
Fair Value of Plan Assets	-	-
Net Liability Recognised in the Balance Sheet	**19,293,140**	**12,120,747**
Cost of Defined Benefit Plan for the Year		
Current Service Cost	6,847,503	5,421,904
Interest Cost	1,030,263	641,776
Net Actuarial Gains	(705,373)	(1,948,638)
Net Cost Recognized in the Statement of Profit and Loss	**7,172,393**	**4,115,042**
Actual Return on Plan Assets	-	**-**
Assumptions		
Discount Rate (Refer Note (b))	8.50%	8.00%
Future Salary Increase (Refer Note (a))	10.00%	5.00%
Mortality Table	Indian Assured Lives (2006 -08)	LIC 1994-1996 Rates
Attrition rate (Refer Note (a))	20.00%	5.00%

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 Company.

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

c) Experience Adjustments:

Particulars	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
Projected Benefit Obligation	19,293,140	12,120,747
Fair Value of Plan Assets	-	-
Surplus/(Deficit)	(19,293,140)	(12,120,747)
Experience Adjustments on Plan Liabilities - Gains	705,373	(1,948,638)
Experience Adjustments on Plan Assets - Gain	-	-

The Company had only one employee upto the Previous year ended 31 March 2011 and accordingly the provisions of Payment of Gratuity Act, 1972 was not applicable to the Company. Hence, the details of the experience adjustments prior to year ended 31 March 2011 has not been provided.

31.3 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 2013 Rs.	For the Year Ended 31 March 2012 Rs.
Assumptions		
Discount Rate	8.50%	8.00%
Future Salary Increase	10.00%	5.00%
Mortality Rate	Indian Assured Lives (2006 -08)	LIC 1994-1996 Rates
Attrition rate	20.00%	5.00%

32 Segment Reporting

The Company is primarily engaged in the business of Micro Finance in India. All the activities of the Company revolve around the main business. As such there are no separate business and geographic reportable segments as per AS-17 "Segment Reporting".

33 Related Party Transactions

33.1 Names of Related Parties and Nature of Relationship

Description of Relationship	As at 31 March 2013	As at 31 March 2012
Holding Company	Equitas Holdings Private Limited	Equitas Holdings Private Limited
Fellow Subsidiaries	Equitas Finance Private Limited Equitas Housing Finance Private Limited Equitas B2B Trading Private Limited	Equitas Finance Private Limited Equitas Housing Finance Private Limited Equitas B2B Trading Private Limited
Entities where the Holding Company has Control	Equitas Dhanyakosha India	Equitas Dhanyakosha India
	Equitas Development Initiatives Trust	Equitas Development Initiatives Trust
Key Management Personnel	Mr. P.N.Vasudevan, Managing Director	Mr. P.N.Vasudevan, Managing Director

Related party relationships are as identified by the Management.

33.2 Transactions with the Related Parties

Transaction	Related Party	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
Income			
Interest on Loans / Deposit to Related Party	Equitas Finance Private Limited	9,485,479	-
	Equitas Development Initiatives Trust	2,318,604	842,115
	Equitas Dhanyakosha India	5,239,044	2,284,956
Guarantee Commission	Equitas Dhanyakosha India	44,630	97,098
Recovery of Expenses	Equitas Holdings Private Limited	844,057	-
	Equitas Finance Private Limited	36,471,910	33,369,676
	Equitas Housing Finance Private Limited	6,734,296	23,369,299
	Equitas B2B Trading Private Limited	-	156,351
	Equitas Dhanyakosha India	6,056,277	5,595,083
	Equitas Development Initiatives Trust	278,244	2,440,445
Expenses			
Interest Expense	Equitas Holdings Private Limited	-	786,301
Staff Welfare Expenses	Equitas B2B Trading Private Limited	-	23,131
	Equitas Dhanyakosha India	59,292	107,876
Reimbursement of Expenses	Equitas Housing Finance Private Limited	188,461	111,774
	Equitas Holdings Private Limited	81,982	-
	Equitas Finance Private Limited	972,035	-
Remuneration to Key Managerial Personnel	Mr. P.N.Vasudevan	4,815,000	4,815,000
Donation	Equitas Development Initiatives Trust	13,756,000	9,120,000

Transaction	Related Party	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
Other Transactions			
Issue of Equity Shares (including Securities Premium)	Equitas Holdings Private Limited (Refer Note (b) below)	249,531,300	1,800,000,000
Loans Given	Equitas Dhanyakosha India	22,000,000	38,000,000
	Equitas Development Initiatives Trust	11,700,000	13,000,000
Loans Recovered	Equitas Dhanyakosha India	10,035,141	18,469,670
	Equitas Development Initiatives Trust	3,054,286	812,146
Loans Availed	Equitas Holdings Private Limited	-	250,000,000
Loans Repaid	Equitas Holdings Private Limited	-	250,000,000
Inter Corporate Deposit Given	Equitas Finance Private Limited	790,000,000	-
Inter Corporate Deposit Matured	Equitas Holdings Private Limited	790,000,000	786,301
Sale of Fixed Assets	Equitas Housing Finance Private Limited	107,227	90,964
	Equitas Dhanyakosha India	3,494	12,329
	Equitas Finance Private Limited	705,503	822,035
	Equitas Development Initiatives Trust	-	238,411
Purchase of Fixed Assets	Equitas Holdings Private Limited	-	442,599
Transfer of Staff loans to Related parties on account of employee transfer	Equitas Housing Finance Private Limited	50,752	680,876
	Equitas B2B Trading Private Limited	-	87,226
	Equitas Development Initiatives Trust	15,560	7,715
	Equitas Finance Private Limited	546	711,822
Transfer of Staff loans from related parties on account of employee transfers	Equitas Housing Finance Private Limited	-	78,995
Recovered and paid on behalf of Customers	Equitas Development Initiatives Trust	903,660	170,260
Recovered and paid on behalf of the Company	Equitas Holdings Private Limited	6,479,970	-
Balance as at Year End			
Payable	Equitas Development Initiatives Trust	5,156,000	2,320,000
	Equitas Holdings Private Limited	-	1,260,374
Receivable	Equitas Dhanyakosha India	47,297,620	35,148,306
	Equitas Development Initiatives Trust	20,907,063	12,208,155
	Equitas Housing Finance Private Limited	-	2,367,838
	Equitas Finance Private Limited	-	3,364,021
Corporate Guarantee Given Outstanding (Refer Note 49)	Equitas Dhanyakosha India	15,000,000	20,000,000
Corporate Guarantee issued by the holding company	Equitas Holdings Private Limited	8,000,000,000	4,790,000,000

Notes:

(a) The Company 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 2013, there are no further amounts payable to / receivable from them, other than as disclosed above.

(b) During the previous year, assets and liabilities of Micro Finance Undertaking of EHPL was acquired by the Company pursuant to the approved Scheme of Arrangement. Refer Note 29.

34 Operating Leases

The Company 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 2013, an amount of Rs. 29,668,231 (Previous Year Rs. 27,803,863) 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 2013 Rs.	As at 31 March 2012 Rs.
Less than One Year	14,964,683	18,153,803
One Year to Five Years	21,815,248	16,861,967
Later than Five Years	-	-

35 Earnings Per Share

Particulars	For the Year Ended 31 March 2013	For the Year Ended 31 March 2012
Basic and Diluted		
Profit after Tax - in Rs.	275,118,796	182,416,604
Weighted Average Number of Equity Shares (Nos.)	180,975,168	157,807,184
Earnings Per Share (Basic & Diluted) - in Rs.	1.52	1.16
Face Value Per Share - in Rs.	10	10

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

Based on and to the extent of information received by the Company from the suppliers during the year regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars for the years ended 31 March 2013 and 31 March 2012 are furnished below:

Particulars	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
Principal amount remaining unpaid to any supplier as at the end of the accounting year.	9,013	334,792
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.	-	-

Note:

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

37 Commitments and Contingencies

Particulars	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
Contingent Liabilities:		
Provident Fund demand under appeal (Refer Note (a) & (c) below)	18,753,700	18,753,700
Service Tax Input Credit (Refer Note (b) & (c) below)	27,734,761	27,734,761
Corporate Guarantee to related party (Refer Note (d) below)	15,000,000	20,000,000

(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 Company 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. As at 31 March 2013, the appeal is pending.

(b) Service Tax

The Company has received three show cause notices from the Service Tax authorities disallowing the service tax input credit claimed by the Company 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 Company replied to the above show cause notice contesting the claim of the Service Tax authorities. There has been no further progress in this matter.

(c) The contingent liabilities stated in note (a) and (b) above are taken by the Company pursuant to Scheme of Demerger as stated in Note 29. The proceedings of the dispute are still undertaken by the Company in the name of the EHPL. However, the Company have agreed to compensate EHPL for any losses arising on account of the above contingencies.

Further, the above amounts are based on demands raised which the EHPL 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 company's rights for future appeals. No reimbursements are expected.

(d) Corporate Guarantee

The Company has issued a Corporate Guarantee on behalf of Equitas Dhanyakosha India, to Reliance Capital Limited for an amount of Rs. 15,000,000 (As at 31 March 2012 – Rs. 20,000,000). Also Refer Note 49.

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 2013 (Gross)	Provision as at 31 March 2013	Loan Outstanding as at 31 March 2013 (Net)
Receivables under Financing Activities			
Standard Assets	8,640,942,514	108,004,236	8,532,938,278
Sub-Standard Assets	1,079,827	175,247	904,580
Doubtful Assets	1,247,746	1,115,739	132,007
Total	**8,643,270,087**	**109,295,222**	**8,533,974,865**

(b) Previous Year

Amount in Rs.

Asset Classification	Loan Outstanding as at 31 March 2012 (Gross)	Provision as at 31 March 2012	Loan Outstanding as at 31 March 2012 (Net)
Receivables under Financing Activities			
Standard Assets	5,092,361,863	63,654,523	5,028,707,340
Sub-Standard Assets	4,066,190	718,751	3,347,439
Doubtful Assets	64,474,768	63,763,259	711,509
Total	**5,160,902,821**	**128,136,533**	**5,032,766,288**

39 Changes in Provisions

(a) Current 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	63,654,523	92,895,458	(48,545,745)	108,004,236
Provision for Sub-Standard and Doubtful Receivables under Financing Activities	64,482,010	3,357,846	(66,548,870)	1,290,986
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)	-
Total	**275,538,044**	**131,522,184**	**(263,627,179)**	**143,433,049**

(b) Previous Year

Amount in Rs.

Particulars	As at 31 March 2011	Adjustment pursuant to Scheme of Arrangement (Refer Note 29)	Provision for the Year	Utilization/ Reversal	As at 31 March 2012
Contingent Provision for Standard Assets under Financing Activities	-	77,824,943	45,779,781	(59,950,201)	63,654,523
Provision for Sub-Standard and Doubtful Receivables under Financing Activities	-	17,389,595	47,092,415	-	64,482,010
Provision for Credit Enhancements on Assets De-Recognised	-	20,887,568	23,240,139	(18,143,278)	25,984,429
Provision for Prompt Payment Rebate	-	149,336,135	-	(27,919,053)	121,417,082
Total	**-**	**265,438,241**	**116,112,335**	**(106,012,532)**	**275,538,044**

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

40.1 Capital Adequacy Ratio

Particulars	As at 31 March 2013 Rs.	As at 31 March 2012 Rs.
Tier I Capital	2,329,607,211	1,944,706,020
Tier II Capital	492,801,417	589,638,952
Total Capital	2,822,408,628	2,534,344,972
Total Risk Assets	10,384,272,874	8,084,563,834
Capital Ratios		
Tier I Capital as a percentage of Total Risk Assets (%)	22.43%	24.05%
Tier II Capital as a percentage of Total Risk Assets (%)	4.75%	7.30%
Total Capital (%)	**27.18%**	**31.35%**

40.2 Exposure to Real Estate Sector

The Company does not have any direct or indirect exposure to the real estate sector as at 31 March 2013 and 31 March 2012.

40.3 **Asset Liability Management**

(a) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2013:

Amount in Rs.

Particulars	1 day to 30 – 31 days (One Month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Borrowings from Banks	98,195,861	397,865,619	194,037,271	1,010,882,274	1,952,775,721	3,930,358,414	555,555,558	-	-	-	**8,139,670,718**
Market Borrowings							280,000,000	960,000,000			**1,240,000,000**
Assets											
Advances (Micro Finance Loans)	532,645,178	551,927,390	487,641,209	1,595,457,195	2,836,900,536	2,638,698,579	-	-	-	-	**8,643,270,087**
Investments	-	-	-	-	39,473,348	34,012,093	-	-	-	2,000,000	**75,485,441**

(b) Maturity Pattern of certain items of Assets and Liabilities as at 31 March 2012:

Amount in Rs.

Particulars	1 day to 30 – 31 days (One Month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Borrowings from Banks	94,403,321	115,210,775	190,451,809	348,890,873	1,150,566,131	1,208,917,153	563,492,064	-		-	**3,671,932,126**
Market Borrowings	-	-	-	-	-	-	-	-	500,000,000	-	**500,000,000**
Assets											
Advances (Micro Finance Loans)	481,124,259	443,394,622	377,709,010	968,621,745	1,427,586,493	1,462,466,692	-	-	-	-	**5,160,902,821**
Investments	-	-	-	-	-	-	-	-	-	2,000,000	**2,000,000**

41 Disclosure Pursuant to paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007):

	Particulars	As at 31 March 2013		As at 31 March 2012	
		Amount Outstanding in Rs.	Amount Overdue in Rs.	Amount Outstanding in Rs.	Amount Overdue in Rs.
	Liabilities:				
1	***Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:***				
(a)	Debentures (Refer Note Below)				
	- Secured	795,570,694	-	-	-
	- Unsecured	523,464,110	-	523,464,110	-
	(other than falling within the meaning of public deposits)	-	-	-	-
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans (Refer Note Below)	9,260,560,967	-	4,785,277,492	-
(d)	Inter-Corporate Loans and Borrowings	-	-	-	-
(e)	Commercial Paper	-	-	-	-
(f)	Cash Credits	99,799,253	-	-	-

Note: Includes Interest Accrued but Not Due on Debentures amounting to Rs. 79,034,804 (Previous Year Rs. 23,464,110) and Term Loans amounting to Rs. 16,986,667 (Previous Year: Rs. 15,845,520), totalling to Rs. 96,021,471 (Previous Year: Rs. 39,309,630) as at 31 March 2013.

	Particulars	Amount Outstanding as at 31 March 2013 in Rs.	Amount Outstanding as at 31 March 2012 in Rs.
	Assets:		
2	***Break-up of Loans and Advances including Bills Receivables [other than those included in (3) below] :***		
(a)	Secured	3,551,538	-
(b)	Unsecured (Refer Note (i) Below)	8,732,002,828	5,204,178,004
3	***Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities***		
(i)	Lease Assets including Lease Rentals Accrued and Due:		
	(a) Financial Lease	-	-
	(b) Operating Lease	-	-
(ii)	Stock on Hire including Hire Charges under Sundry Debtors:		
	(a) Assets on Hire	-	-
	(b) Repossessed Assets	-	-
(iii)	Other Loans counting towards AFC Activities		
	(a) Loans where Assets have been Repossessed	-	-
	(b) Loans other than (a) above	-	-

Note: The above includes interest Accrued but Not Due amounting to Rs. 92,284,279 (Previous Year: Rs. 43,275,183) on Loans to Borrowers and excludes Other Loans and Advances which are not in the nature of Lending.

	Particulars	Amount Outstanding as at 31 March 2013 in Rs.	Amount Outstanding as at 31 March 2012 in Rs.
4	***Break-up of Investments***		
	Current Investments		
I	**Quoted:**		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others (please specify)	-	-
II	**Unquoted:**		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others (please specify)	-	-
	Long Term Investments		
I	**Quoted:**		
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others (please specify)	-	-
II	**Unquoted:**		
(i)	Shares: (a) Equity	2,000,000	2,000,000
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Investment in Pass Through Certificates	73,485,441	-

5	***Borrower Group-wise Classification of Assets Financed as in (2) and (3) above***				
	Category	**As at 31 March 2013** **Amount in Rs.** **(Net of Provisions)** (Refer Note below)		**As at 31 March 2012** **Amount in Rs.** **(Net of Provisions)** (Refer Note below)	
		Secured	**Unsecured**	**Secure d**	**Unsecured**
1	Related Parties				
	(a) Subsidiaries	-	-	-	-
	(b) Companies in the same Group	-	-	-	-
	(c) Other Related Parties	-	-	-	-
2	Other than Related Parties	3,551,538	8,730,711,842	-	5,139,695,994

Note:

Provisions include Provision for Sub-Standard and Doubtful Receivables from Financing Activities amounting to Rs. 1,290,986 (Previous Year: Rs. 64,482,010 and excludes Provision for Standard Receivables from Financing Activities amounting to Rs. 108,004,236, (Previous Year: Rs. 63,654,523).

6	***Investor Group-wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted) :***	**Market Value / Break up Value or Fair Value or Net Asset Value** (Company's Share) as on 31 March 2013	**Book Value as on 31 March 2013**	**Market Value / Break up Value or Fair Value or Net Asset Value** (Company's Share) as on 31 March 2012	**Book Value as on 31 March 2012**
	Category				
1	Related Parties	-	-		-
(a)	Subsidiaries	-	-		-
(b)	Companies in the Same Group	-	-		-
(c)	Other Related Parties	-	-		-
2	Other than Related Parties (Refer Note Below)	75,550,542	75,485,441	2,014,686	2,000,000
	Total	**75,550,542**	**75,485,441**	**2,014,686**	**2,000,000**

		As at 31 March 2013		As at 31 March 2012	
7	*Other Information*	**Related Parties**	**Other than Related Parties**	**Related Parties**	**Other than Related Parties**
(i)	Gross Non-Performing Assets	-	2,327,573	-	68,540,958
(ii)	Net Non-Performing Assets	-	1,036,587	-	4,058,948
(iii)	Assets Acquired in Satisfaction of Debt	-	-	-	-

Note:

The Company's Share of Net Asset Value of Alpha Micro Finance Consultants Private Limited was calculated based on the unaudited financial statements as at 31 March 2013.

42 Disclosures of Fraud Pursuant to Reserve Bank of India Notification DNBS.PD.CC. No. 256 /03.10.042 / 2011-12 dated 2 March 2012:

(a) Current Year

Category	More than Rs. 1 lakh		Less than Rs. 1 lakh	
	Number of Instances	**Amount in Rs.**	**Number of Instances**	**Amount in Rs.**
Embezzlement of cash by Employees	2	426,000	10	62,184
	2	**426,000**	**10**	**62,184**

(b) Previous Year

Category	Less than Rs. 1 lakh	
	Number of Instances	**Amount in Rs.**
Embezzlement of cash by Employees	1	56,150
	1	**56,150**

Note:

Out of the above, an amount of Rs. 195,704 (Previous Year: Rs. 56,150) has been recovered by the Company.

43 Disclosures of Transactions Pursuant to clause 28 of the Debt Listing Agreement with BSE Limited

	Loans and Advances in the nature of Loans	As at 31 March 2013 Rs.		As at 31 March 2012 Rs.	
		Amount Outstanding	Maximum Amount Outstanding during the year	Amount Outstanding	Maximum Amount Outstanding during the year
(a)	**From Holding Company:**				
	- Equitas Holdings Private Limited	-	-	-	250,000,000
(b)	**To Fellow Subsidiaries**				
	- Equitas Finance Private Limited	-	290,000,000	-	-
(c)	**To Associates**				
	- No Associate during the Current Year	-	-	-	-
(d)	**Where there is**				
	- No Repayment Schedule	-	-	-	-
	- Repayment Schedule beyond seven years	-	-	-	-
	- No Interest	-	-	-	-
	- Interest below the rate as specified in section 372A of the Companies Act	-	-	-	-
(e)	**To Firms / Companies in which directors are interested (Other the (a) and (b) above)**				
	- Equitas Development Initiative Trust (excluding Interest Accrued but Not Due)	20,833,568	22,135,245	12,187,854	12,187,854
(f)	**Investments by the Loanee in the Shares of Parent Company and Subsidiary Company**	-	-	-	-

44 NBFC – ND

The Company is a Systemically Important Non-deposit taking Non-Banking Finance Company (NBFC-ND-SI). The Company has received Certificate of Registration dated 12 February 2001 from Reserve Bank of India, revised on 6 March 2013 to effect the change of name, to carry on the business of Non Banking Financial Institution without accepting deposits. The Company is in the process of obtaining registration under the Non-Banking Financial Company - Micro Finance Institution (Reserve Bank) Directions, 2011.

45 Earnings in Foreign Exchange

Particulars	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
Grant from International Finance Corporation	7,595,600	-

46 Expenditure incurred in Foreign Currency (On Accrual Basis)

Particulars	For the Year Ended 31 March 2013 Rs.	For the Year Ended 31 March 2012 Rs.
Membership Fees	7,842	6,896
Software Charges	3,261,966	2,993,145
Directors Sitting Fee	457,381	10,000

47 Donations

The Board of Directors have approved a donation of Rs. 13,756,000 (Previous Year – Rs. 9,120,000) to Equitas Development Initiatives Trust for the year ended 31 March 2013.

48 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 net profit after tax of the Company every year. Accordingly, the Company has transferred an amount of Rs. 55,100,000 (Previous Year – Rs. 36,500,000), out of the net profit after tax for the year ended 31 March 2013 to Statutory Reserve.

49 Loan to Equitas Dhanyakosha India

The Company has given loan to Equitas Dhanyakosha India (EDK), (a Private Limited Company registered under Section 25 of the Companies Act, 1956 engaged in supply of Groceries at subsidised rates to the lower income section of the society as a measure of Goodwill for the customers of the Company) and an amount of Rs. 47,297,620 (Previous Year - Rs. 35,148,306), (including Interest Accrued) is outstanding as at 31 March 2013. Apart from this EDK has availed loans from other lenders amounting to Rs. 5,739,544. The Company has also executed Guarantee of Rs. 15,000,000 to the other lenders.

The net worth of EDK is fully eroded and the Company has incurred cash losses since inception. However, considering the future business plans, the Management is confident that EDK will generate profits to repay its debts and the Company will not incurr any losses on account of same.

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

51 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**

Arun Ramanathan
Chairman

P N Vasudevan
Managing Director

Y C Nanda
Director

S.Bhaskar
Chief Operating Officer &
Chief Financial Officer
Place : Chennai
Date : 3 May 2013

Jayashree S Iyer
Company Secretary