EQUITAS FINANCE PRIVATE LIMITED

19th ANNUAL REPORT 2011-12

CORPORATE INFORMATION

Board of Directors

1. **Kuppuswamy P T**
   Chairman
2. **Bhaskar S**
   Director
3. **Gary Ng Jit Meng**
   Nominee Director
4. **Karthikeyan H**
   Director
5. **Parthasarathy P**
   Director
6. **Vasudevan P N**
   Director
7. **Venkatesh K P**
   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

Brahmayya & Co.
Chartered Accountants
48, Masilamani Road,
Balaji Nagar,
Royapettah,
Chennai 600014
Tel: +91 44 28131128
Fax: +91 44 28131158

BANKERS

Axis Bank Ltd	IDBI Bank Limited
Dhanlaxmi Bank Limited	State Bank of India
HDFC Bank Limited	**Non-Bank Term Lenders**
ICICI Bank Limited	Reliance Capital Ltd

TABLE OF CONTENTS

EQUITAS FINANCE PRIVATE LIMITED

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 2012 (FY12).

1. Overview

The Company is a wholly owned subsidiary of M/s. Equitas Holdings Private Limited (EHPL), previously known as M/s. Equitas Micro Finance India Private Limited.

2. Significance of Name

'Equitas' in Latin means 'equitable', in English which means fair and transparent. All products, processes and actions of the company are measured against this yardstick to ensure that whatever we do is fair to the other person and communicated transparently.

3. Change of Name of the Company

The name of the Company has been changed from M/s. V.A.P. Finance Private Limited to Equitas Finance Private Limited (EFPL) as per fresh Certificate of Incorporation issued by Registrar of Companies, Tamil Nadu dated 12th August 2011.

4. Financial Results

Rs. in Lakhs

Particulars	For the Period ended 31st March 2012
Gross Income	622.97
Less: Total Expenditure	1,911.86
(Loss) before Taxation	(1,288.89)
Provision for Taxation	-
(Loss) after Taxation	**(1,288.89)**

5. Dividend

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

6. Operational highlights

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

7. Material changes after the Balance Sheet Date (31ST March 2012)

There have been no material changes and commitments between the end of FY12 and the date of this report, affecting the financial position of the Company.

8. RBI Guidelines

The Company being a non-deposit taking NBFC 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.

The Company became a systemically important non-deposit taking NBFC during February 2012 and has taken steps to comply with all the regulations of the Reserve Bank of India applicable to systematically important non-deposit taking NBFCs.

9. Capital Adequacy

The capital adequacy ratio was 47.97% as on 31st March 2012. The Net Owned Funds (NOF) as on that date was Rs.45.37 Crores. The minimum capital adequacy requirement stipulated for the company by RBI is 15%.

10. 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.

11. 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.

12. Directors

The following changes took place in the Board of Directors during the year:

Mr. P N Vasudevan, Mr. S Bhaskar, Mr. K P Venkatesh and Mr. Viswanatha Prasad Subbaraman who were appointed as additional directors on 21st March 2011 were regularized in the Eighteenth Annual General Meeting held on 20th June 2011 as directors liable to retire by rotation.

Mr. P T Kuppuswamy was appointed as Additional Director with effect from 1st November 2011 and Mr. K P Venkatesh, Director was appointed as Managing Director of the Company with effect from 1st November 2011.

Mr. Viswanatha Prasad Subbaraman has resigned as Director of the Company with effect from 12th March 2012.

Mr. Gary Jit Meng Ng and Mr. P Parthasarathy were appointed as Additional Directors of the Company with effect from 12th March 2012.

13. 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.

14. Auditors

M/s Brahmayya & Co, Chartered Accountants, Auditors of the Company retire at the forthcoming Annual General Meeting and are eligible for reappointment. The company has received confirmation that their appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

15. 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 or expenditure.

16. Personnel

During the year, there was no employee who was drawing remuneration as laid down by the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, the name and therefore the requirement of furnishing the details pursuant to the same does not arise.

17. Acknowledgement

The Directors wish to thank the bankers, service agencies and other stake holders for their support. The directors also thank the employees for their contribution to the company during the period under review.

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

P T Kuppuswamy
Chairman

Chennai,
27th April, 2012

ANNEXURE TO THE DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

P T Kuppuswamy
Chairman

Chennai,
27th April 2012

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The Company is a NBFC under the Loan Company category of RBI and it became a wholly owned subsidiary of Equitas Holdings Pvt Ltd (Erstwhile Equitas Micro Finance India Pvt Ltd) during March 2011. The name of the company was changed from V.A.P. Finance Private Limited to the current name during the year.

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

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

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

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

- **Understanding the markets:**

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

- **Risk Management:**

Superior risk management systems in place, especially related to cash collections and field level fraud managements. Our experience of running micro finance with 100% cash collections and a strong risk management which has effectively managed the field level risks would be leveraged to bring about similar high quality operational process.

- **Relationship with clients:**

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

Equitas has redefined its approach in this crucial aspect of client relationship. **The Customer Friendly Repayment Practice (CFRP)** has set standards of client relationship when the client is passing through times of stress. Also laying it down as a clearly articulated policy ensures that it is disseminated uniformly across the company and uniform standards of behavior are applied with all clients. We expect to create a new and different level of client relationship which when spread in the market through word of mouth, could create an unique selling proposition (USP) for the organization which would be difficult to replace in short term by anyone else.

- **Operations and Financial Results**

During the year, the company expanded rapidly by setting up 62 branches in all the states where the Equitas Group already had a presence in the microfinance business namely Tamil Nadu, Pondicherry, Andhra Pradesh,

Maharashtra, Madhya Pradesh, Gujarat and Rajasthan. The geographic diversification is seen as a key element of the company's risk diversification plan.

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

Type of Commercial Vehicles	Average Loan to Value %
HCV	74.61%
LCV	72.00%
Mini LCVs	72.15%
Average	**73.33%**

The company during the year focused on putting in place a robust infrastructure and gradually increased the disbursements in the later part of the year the company made total disbursements of ` 98.72 Crores to 3,100 customers. This enabled the company to close the year with a base of with a loan outstanding of ` 92 Crores by 31st March 2012. The company posted a net loss of ` 12.89 Crores for the year ending 31st March 2012 due to the initial set up costs.

With good infrastructure and systems in place, the operations could be scaled up and achieve breakeven soon.

- **Capital and Capital Adequacy**

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

- **Resources and Treasury**

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

- **Human Resources**

The company has provided a wide range of benefits to its employees including health insurance for all employees and their dependents. The company also provided employees opportunity to move across business verticals through the Career Enhancement Program (CEP). The number of employees as at the end of the year was 510.

- **Risk Management**

As an NBFC, the company is exposed to credit risk, liquidity risk interest rate risk and operating risk. The company has invested in people, processes and technology to effectively mitigate risks posed by external environment and by its internal operations. It has in place a strong field risk management team and an effective field operations structure.

- **Outlook and challenges**

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

- **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,
27th April 2012

P.T. Kuppuswamy
Chairman

REPORT ON CORPORATE GOVERNANCE

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

CORPORATE GOVERNANCE PHILOSOPHY

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

BOARD OF DIRECTORS

In terms of the Corporate Governance philosophy all statutory and other significant material information is placed before the Board of Directors to enable it to discharge its responsibility of strategic supervision of the Company as trustees of the Shareholders. The Board of Directors currently consists of six members including 2 independent directors.

During the financial year ended 31st March 2012, Ten (10) Board Meetings were held on 7th May 2011, 21st July 2011, 30th July 2011, 23rd September 2011, 1st November 2011, 24th November 2011, 30th December 2011, 12th January 2012, 27th January 2012 and 12th March 2012 and not more than four months elapsed between any two meetings.

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

Name	Nature of Directorship	Attendance		Other Directorships ($)
		Board	Committee	
P T Kuppuswamy *	Independent & Non-Executive-Chairman	6/6	1	1
Viswanatha Prasad Subbaraman#	Non-Executive & Nominee, Caspian Funds	2/10	-	5
P Parthasarathy***	Independent & Non-Executive	1/1	-	-
Gary Jit Meng Ng***	Non- Executive & Nominee, Lumen Investment Holdings Ltd.	-	-	3
K P Venkatesh **	Executive – Managing Director	10/10	-	-
P N Vasudevan	Executive Director	10/10	-	6
S Bhaskar	Executive Director	10/10	-	1

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

* Mr P T Kuppuswamy was appointed as Additional Director of the Company with effect from 1st November 2011

** Mr K P Venkatesh, Director was appointed as Managing Director of the Company with effect from 1st November 2011

*** Mr Gary Jit Meng Ng and Mr P Parthasarathy were appointed as Additional Directors of the Company with effect from 12th March 2012

Mr Viswanatha Prasad Subbaraman resigned as Director of the Company with effect from 12th March 2012

CHANGES IN BOARD CONSTITUTION

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

- Mr P N Vasudevan, Mr S Bhaskar, Mr K P Venkatesh and Mr Viswanatha Prasad Subbaraman who were appointed as additional directors on 21st March 2011 were regularized in the Eighteenth Annual General Meeting held on 20th June 2011 as directors liable to retire by rotation.
- Mr P T Kuppuswamy was appointed as Additional Director with effect from 1st November 2011 and Mr K P Venkatesh, Director was appointed as Managing Director of the Company with effect from 1st November 2011.
- Mr Gary Jit Meng Ng and Mr P Parthasarathy were appointed as Additional Directors of the Company with effect from 12th March 2012.
- Mr Viswanatha Prasad Subbaraman resigned as Director of the Company with effect from 12th March 2012.

COMMITTEES OF THE BOARD

The Board has currently 3 Committees, namely Resourcing Committee, Audit & Risk Management Committee and Remuneration & Nomination 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 delegates powers to the Committees from time to time. The minutes of the meetings of the Committees are circulated to the Board for its information and confirmation.

RESOURCING COMMITTEE

The Board has constituted Resourcing Committee in its Board Meeting held on 27th January 2012.

Composition and Meetings

The Resourcing Committee currently consists of the following members:

1. Mr Kuppuswamy P T, Chairman
2. Mr Bhaskar S
3. Mr Vasudevan P N
4. Mr Venkatesh K P

The Resourcing Committee of the Board met once during the year on 26th March 2012.

Terms of reference

The terms of reference of Resourcing Committee are as follows:

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 550 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

AUDIT & RISK MANAGEMENT COMMITTEE

The Board has constituted Audit & Risk Management Committee in its Board Meeting held on 27TH April 2012.

Composition and Meetings

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

1. Mr Parthasarathy P, Chairman
2. Mr Karthikeyan H
3. Mr Bhaskar S

Terms of reference

The terms of reference of Audit & Risk Management Committee are as follows:

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 and 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 committee), submitted by management;

3. Management letters / letters of internal control weaknesses issued by the statutory auditors;

4. Internal audit reports relating to internal control weaknesses;

REMUNERATION & NOMINATION COMMITTEE

The Board has constituted Audit & Risk Management Committee in its Board Meeting held on 27th April 2012.

Composition

The Remuneration & Nomination Committee currently consists of the following members:

1. Mr Gary Jit Meng Ng
2. Mr Karthikeyan H
3. Mr Vasudevan P N

Terms of reference

The terms of reference of Remuneration & Nomination Committee are as follows:

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.

ASSET LIABILITY MANAGEMENT COMMITTEE

The Board has constituted Asset Liability Management Committee in its Board Meeting held on 27th April 2012.

Composition and Meetings

The Asset Liability Management Committee (ALCO) currently consists of the following members:

1. Mr Venkatesh K P, Managing Director
2. Mr Bhaskar S, Director
3. Mr Mahalingam H, Chief Technology Officer
4. Mr Nandakumar N, Head - Receivables
5. Mr Naveen Vashist, Business Head
6. Mr Ramesh N, Vice President - Operations
7. Mr Suchindran V G, Head - Treasury & Risk
8. Mr Vasudevan P N, Director

Terms of reference

The terms of reference of ALCO are as follows:

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.

REMUNERATION OF DIRECTORS

All non-executive directors 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 Risk Management Committee.

The details of remuneration of Independent Directors for the financial year ended 31st March 2012, are:

Name of Director	Remuneration Amount in Rs.
Mr P T Kuppuswamy	83,000
Mr P Parthasarathy	5,000
Total	**88,000**

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

Name	Sitting fees (Rs)		No. of equity shares held in the Company
	Board	Committee	
P T Kuppuswamy	60,000	5,000	Nil
Gary Jit Meng Ng	Nil	Nil	Nil
P Parthasarathy	10,000	Nil	Nil
Viswanatha Prasad Subbaraman	20,000	Nil	Nil

GENERAL BODY MEETINGS

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

Date	Time	Venue
20Th June 2011 (18th AGM)	11.00 A.M.	4th Floor, Temple Tower, 672, Anna Salai, Nandanam, Chennai 600035
8th August 2011	10.00 A.M.	4th Floor, Temple Tower, 672, Anna Salai, Nandanam, Chennai 600035
14th January 2012	11.00 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.

CEO/CFO CERTIFICATION

MD 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 formulated a Fair Practices Code pursuant to the RBI guidelines issued in this regard to lay down procedures and practices in dealing with the business transactions, namely, Applications for loans and their processing, Loan appraisal and terms/conditions, Disbursement of loans including changes in terms and conditions and handling of customer grievances. The Code came into effect on 27th April 2012.

DISCLOSURES

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

GENERAL SHAREHOLDER INFORMATION

Financial year: April 1st to March 31st

Shareholding pattern as on 31st March 2012

Category	# Shares	%
Holding Company	6,05,49,990	100%
S Bhaskar(Nominee of Equitas Holdings Private Limited)	10	0%
Total	**6,05,50,000**	**100.00%**

For and on behalf of the Board of Directors

Chennai, 27th April, 2012

P T Kuppuswamy
Chairman

CEO CERTIFICATE

The Board of Directors
Equitas Finance Private Limited

This is to certify that:

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

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

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

2. These 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.

K P Venkatesh
Managing Director

S Bhaskar
Authorised Signatory

Place: Chennai
Date : 27th April 2012

AUDITORS' REPORT

To

The Members of Equitas Finance Private Limited

1. We have audited the attached Balance Sheet of Equitas Finance Private Limited (Formerly known as V.A.P. Finance Private Limited), ('the Company') as at March 31, 2012 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

4. Further to our comments in the Annexure referred to above, we report that:

   i. 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;

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors were disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;

b) in the case of the profit and loss account, of the Loss for the year ended on that date; and

c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For Brahmayya & Co.
Chartered Accountants
Firm registration number: 000511S

Place: Chennai
Date:April 27 2012

K.Jitendra Kumar
Partner
Membership No. 201825

(Equitas Finance Private Limited ('the Company')

Annexure to the Auditor's Report referred to in paragraph 3 of our report of even date

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

(b) All fixed assets have been physically verified by the management during the year as per regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) The Company is a Non-Banking Financial Company primarily rendering financial services. Accordingly it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.

(iii) (a) According to the information and explanations given to us, the Company has taken unsecured loans from the Holding Company, which is covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 21,00,00,000/- and the balance at the end of the year was Rs. 16,00,00,000/-. The Company has not taken any loan secured or unsecured from any other party or firm covered in the register maintained under section 301 of the Companies Act, 1956.

(b) In our opinion, the rate of interest and other conditions on which loan has been taken is not, prima facie, prejudicial to the interest of the Company.

(c) In respect of loan taken by the Company, the payment of principal and interest are regular.

(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 sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.

(b) In respect of the transactions made in pursuance of such contracts or arrangements exceeding value Rupees five lakhs entered into during the financial year are reasonable having regard to the prevailing market prices at the relevant time in respect of loan taken and in respect of other transaction, wherever applicable.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) According to the information and explanations provided by the management, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the services of the Company.

(ix) (a) Consequent to the formalities pertaining to the registration of the company with the Provident Fund authorities being completed in March 2012, the remittance of Provident Fund pertaining to the period April 2011 to February 2012 was made in March 2012.

The registration formalities pertaining to Employees' State Insurance were completed in November 2011 and the remittance of Employees' State Insurance pertaining to the period June 2011 to October 2011 was made in November 2011.

Pending registration with the appropriate authorities, the company has not deposited the professional tax.

During the year, the company has been generally regular in depositing the other applicable statutory dues with the authorities.

(b) According to the records of the Company, there are no dues outstanding in respect of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute.

(x) The accumulated losses of the Company are not more than fifty per cent of its net worth at the end of the financial year. The Company has incurred cash loss during the year and also in the immediately preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not issue debentures during the year.

(xx) The Company has not raised any money by public issues and accordingly, provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Brahmayya & Co.
Chartered Accountants
Firm registration number: 000511S

Place: Chennai
Date:April 27 2012

K.Jitendra Kumar
Partner
Membership No. 201825

BALANCE SHEET AS AT 31ST MARCH 2012

(Amount in Rs.)

Particulars	Note No	As at 31st March 2012	As at 31st March 2011
Equity and Liabilities			
Share Holders' Funds			
Share Capital	2	605,500,000	55,500,000
Reserves and Surplus	3	(133,711,348)	(4,821,710)
Non Current Liabilities			
Long term Borrowings	4	136,662,014	-
Long Term Provisions	5	9,979,810	-
Current Liabilities			
Short term borrowings	6	298,529,700	-
Other current Liabilities	7	130,748,218	33,090
Short term Provisions	8	3,118,166	-
		1,050,826,560	**50,711,380**
Assets			
Non Current Assets			
Fixed Assets	9		
Tangible Assets		17,197,650	8,571
Intangible Assets		18,045,468	-
Long term Loans and Advances	10	619,179,896	-
Other Non - current Assets	11	3,880,054	43,889
Current Assets			
Cash and Bank balances	12	77,021,944	50,568,270
Short term Loans and Advances	13	303,262,013	52,674
Other Current Assets	14	12,239,536	37,975
Total		**1,050,826,560**	**50,711,380**
Significant Accounting Policies and Notes to Accounts	1 to 32		

As per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants
Registration No.000511S

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

K.Jitendra Kumar
Partner
Membership No.201825

P.T.Kuppuswamy
Chairman

K.P.Venkatesh
Managing Director

S. Bhaskar
Director

B.Anusha
Company Secretary

Place :- Chennai
Date :- 27/04/2012

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31st MARCH 2012

(Amount in Rs.)

Particulars	Note No	For the year ended 31st March 2012	For the year ended 31st March 2011
Revenue			
Revenue from operations	15	62,092,418	159,264
Other Income	16	204,182	-
Total Revenue (A)		**62,296,600**	**159,264**
Expenses			
Finance Cost	17	18,622,281	-
Employee benefits	18	115,314,226	-
Depreciation and Amortization expenses	9	13,390,351	5,290
Other expenses	19	38,270,538	2,328,728
Provision for Standard Assets		4,557,660	-
Provision for Non Performing Assets		1,031,182	-
Total Expenses (B)		**191,186,237**	**2,334,018**
Profit / (Loss) before tax (A-B)		**(128,889,637)**	**(2,174,754)**
Tax Expenses			
Current Tax		-	21,000
Deferred Tax (Refer Note no. 27)		-	-
Profit / (Loss) for the period		**(128,889,637)**	**(2,195,754)**
Earnings per Equity share			
Basic /Diluted(Refer note no 23)		(4.46)	(3.90)
Significant Accounting Policies and Notes to Accounts	1 to 32		

As per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants
Registration No.000511S

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

K.Jitendra Kumar
Partner
Membership No.201825

P.T.Kuppuswamy
Chairman

K.P.Venkatesh
Managing Director

S. Bhaskar
Director

B.Anusha
Company Secretary

Place :- Chennai
Date :- 27/04/2012

Cash Flow Statement For the year ended 31.03.2012

(Amount in Rs.)

Particulars	2011-12	2010-11
Cash Flow from Operating Activities		
Net profit / (Loss) before taxation, and extraordinary item	(128,889,637)	(2,174,754)
Add :-		
Financial Expenses	18,622,281	-
Depreciation and Amortization expenses	13,390,351	5,290
Compensated Absences	7,279,075	-
Provision for Gratuity	1,261,241	-
Provision for Standard Assets	4,557,660	-
Provision for Non Performing Assets	1,031,182	-
Loss from Sale of Asset	7,687	
Less:-		
Profit on sale of Investments	(3,750,678)	-
Interest Income	(3,423,140)	(159,264)
Operating profit before working capital changes	(89,913,979)	(2,328,728)
(Increase) Decrease in Rental Deposits and other deposits	(3,081,850)	-
(Increase) Decrease in Vehicle Loans	(917,057,682)	-
(Increase) Decrease in Interest accrued on loans	(12,187,126)	
(Increase) Decrease in Staff Loans	(937,790)	-
(Increase) Decrease in Other Loans and Advances	(5,424,944)	55,741
Increase (Decrease) Current Liabilities	30,755,113	33,090
Cash generated from operations	(997,848,258)	(2,239,897)
Financial Expenses	(12,913,753)	-
Income Tax paid	(446,998)	-
Net Cash from Operating Activities - A	**(1,011,209,009)**	**(2,239,897)**
Cash Flow from Investing Activities		
Purchase /advance for Fixed Assets	(47,944,131)	-
Purchase of Investments	(1,086,100,000)	-
Sale of Investments	1,089,850,679	-
Interest received	3,408,705	121,289
(Increase) Decrease Fixed Deposits	17,713,000	(49,500,000)
Net Cash from Investing Activities - B	**(23,071,747)**	**(49,378,711)**
Cash Flow from Financing Activities		
Issue of Shares	550,000,000	50,000,000
Receipts of Long Term borrowings	250,000,000	-
Repayment of Long Term borrowings	(20,082,270)	-
Receipts of short term borrowings	348,529,700	-

Particulars	2011-12	2010-11
Repayment of short Term borrowings	(50,000,000)	-
Net Cash from Financing Activities - C	**1,078,447,430**	**50,000,000**
Net Increase / (Decrease) in cash and cash Equivalents (A+B+C)	44,166,674	-1,618,609
Cash and Cash Equivalents at the beginning of the period	1,068,270	2,686,879
Cash and Cash Equivalents at the end of the period	45,234,944	1,068,270
Reconciliation of Closing cash and cash equivalents		
Closing balance of cash and cash equivalents as per cash flow	45,234,944	1,068,270
Add :-		
Fixed deposits in banks included in Investing activities	31,787,000	49,500,000
Closing balance of cash and cash equivalents as per Balance Sheet	**77,021,944**	**50,568,270**

As per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants
Registration No.000511S

K.Jitendra Kumar
Partner
Membership No.201825

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

P.T.Kuppuswamy
Chairman

K.P.Venkatesh
Managing Director

S. Bhaskar
Director

B.Anusha
Company Secretary

Place :- Chennai
Date :- 27/04/2012

Note 1 - Significant Accounting Policies

a. Basis of preparation of Financial Statements

The financial statements of Equitas Finance Private Limited (the company) have been prepared and presented in accordance with Indian Generally Accepted Accounting principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956, other pronouncements of Institute of Chartered Accountants of India (ICAI), and the provisions of companies Act, 1956.

b. Use of Estimates

The preparation of Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenue and expenses for the year.

c. Classification & Provisions of Loan Portfolio

Loans are classified and provided for as per the Company's Policy and Management's estimates, subject to the minimum classification and provisioning norms required as per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Classification of Loans

Asset Classification	Period of Overdue
Standard Assets	Not Overdue and Overdue for less than 90 days
Non Performing Assets (NPA)	
Sub-Standard Assets	Overdue for 90 days and more but less than 180 days Any R C books not endorsed in favour of the company for 61 days and more but less than 91 days from the date of Disbursement
Doubtful Assets	Overdue for 180 days and more Any R C books not endorsed in favour of the company for 91 days and more from the date of Disbursement
Loss Assets	Assets which are identified as the loss asset by the Company or the internal auditor or the external auditor or by the Reserve Bank of India.

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

d. Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Cost includes taxes, duties, freight and incidental expenses related to the acquisition and installation of the asset.

Assets under installation or under construction as at the balance sheet date are shown under Capital Work in Progress.

Eligible borrowing costs directly attributable to acquisition or construction of fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

e. Investments

Investments which are long term in nature, are stated at cost net of provision, if any, for diminution, other than temporary, in the value of investments. Current investments are valued at lower of cost and fair value.

f. 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.

i. Interest Income on Loans given is recognized under the internal rate of return method. Income on Non-performing Assets is recognized only when realized and any interest accrued on such assets is de-recognized totally by reversing the unrealized interest income already recognized.
ii. In respect of the receivables securitised / assigned, gains arising thereon are amortised over the life of the related receivables. In case of any loss the same is recognised in the profit and loss account immediately.
iii. All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

g. Insurance Claims

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

h. Foreign currency transaction and balances

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the profit and loss account.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the year-end exchange rate. The resultant exchange differences are recognised in the profit and loss account.

i. Provisioning Norms for Loans

Asset Classification	Provisioning Percentage
Standard Assets	0.50%
Non Performing Assets (NPA)	
Sub-Standard Assets a. Overdue for 90 days and more but less than 120 days b. Overdue for 120 days and more but less than 180 days c. Any R C books not endorsed in favour of the company for 61 days and more but less than 91 days from the date of disbursement	 10% 25% 25%
Doubtful Assets a. Doubtful Assets – Overdue for 180 days and more but less than 366 days b. Any RC books not endorsed in favour of the company for 91 days and more but less than 121 days from the date of disbursement. c. Doubtful Assets – Overdue for 366 days and more d. Any RC books not endorsed in favour of the company for 121 days or more from the date of disbursement e. In addition to above 100% to the extent to which the advance is not covered by the realisable value of the security	 50% 50% 100% 100%
Loss Assets	100%

Note: Income on NPAs is recognised only when realised.

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 (ii) 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.

j. Provision for Credit Enhancements on Assets De-Recognised

Provision for Credit Enhancements on Assets De-Recognised is made based on Management estimates @ 0.5% of the outstanding amount of assets de-recognised from the books of the Company as at the balance sheet date.

k. Depreciation

Depreciation on fixed assets is provided pro-rata on the basis of the straight-line method, over the period of use of these assets, at the annual depreciation rates and in the manner stipulated in Schedule XIV to the Companies Act, 1956 or based on the depreciation rates as per the estimated useful lives of the assets determined by the Management, whichever is higher as follows:

S.No.	Particulars	Rate of Depreciation
a.	Buildings	5%
b.	Office Equipments	33.33%
c.	Computers	33.33%
d.	Furniture & Fittings	33.33%
e.	Vehicles	25%
f.	Software	Lower of Licence period or 3 years

Improvements to leasehold premises are depreciated over the primary lease period or 3 years, whichever is lower.

Individual assets costing Rs.5,000 or less are fully depreciated in the year of purchase.

Depreciation is accelerated on fixed assets, based on their condition, usability etc. as per the technical estimates of the Management, where necessary.

I. Employee Benefits

i. **Defined Contribution Plan**

Provident Fund, contributions to the employees provident fund scheme maintained by the Central Government are accounted for on an accrual basis.

ii. **Defined Benefit Plan**

Gratuity, The Company estimates its liability towards employees gratuity based on an actuarial valuation done by an independent actuary using the projected unit credit method done at the end of each accounting period. Actuarial gains/losses are immediately recognised in the profit and loss account in the period in which they occur. Obligation under the defined benefit plans is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to the prevailing market yields at the balance sheet date on Indian Government bonds where the currency and term of the Indian Government bonds are consistent with the currency and estimated term of the defined benefit obligation.

iii. **Compensated Absences**

The liability for long term compensated absences carried forward on the balance sheet date is provided for based on an actuarial valuation done by an independent actuary using the projected unit credit method done at the end of each accounting period. Short term compensated absences is recognized based on the eligible leave at credit on the balance sheet date, and the estimated cost is based on the terms of the employment contract.

m. Borrowing Cost

Borrowing costs directly attributable to acquisition or construction of the qualifying assets as per the Accounting Standard 16 'Borrowing Cost' issued by ICAI, are capitalised up to the date the asset is ready for use/ put to use. All other borrowing costs are charged to the revenue.

n. Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line over the lease term. Lease rental income from assets given on operating lease is recognized on a time proportion basis as per the terms of the contract.

o. Income Tax

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

Deferred tax is recognised, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carry forward losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

p. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when the Company has present or legal obligations as a result of past events for which it is probable that an outflow of economic benefit will be required to settle the transaction and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

q. Earning per share

The basic earnings per share ("EPS") is computed by dividing the net profit (loss) after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit (loss) after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

Notes to the Statement of Profit & Loss Account for the year ended 31st March 2012

Note 2 : Share Capital

Particulars	As At 31st March 2012		As At 31st March 2011	
	No. of Shares	Rs.	No. of Shares	Rs.
Authorised				
Equity Shares of Rs.10 each (Rs.100 each)	100,000,000	1,000,000,000	4,500,000	450,000,000
Issued				
Equity Shares of Rs.10 each (Rs.100 each)	60,550,000	605,500,000	555,000	55,500,000
Subscribed & Paid up				
Equity Shares of Rs.10 each fully paid (Rs.100 each)	60,550,000	605,500,000	555,000	55,500,000
	60,550,000	**605,500,000**	**555,000**	**55,500,000**

Particulars	As At 31st March 2012		As At 31st March 2011	
	No. of Shares	Rs.	No. of Shares	Rs.
Equity Shares outstanding at the beginning of the year	555,000	55,500,000	55,000	5,500,000
Add :-				
Equity Shares split during the year	4,995,000	-	-	-
Equity Shares issued during the year	55,000,000	550,000,000	500,000	50,000,000
Less :- Equity Shares bought back during the year	-	-	-	-
Equity Shares outstanding at the end of the year	**60,550,000**	**605,500,000**	**555,000**	**55,500,000**

Equity Shares

6,05,50,000 shares (5,55,000) are held by Equitas Holdings Private Limited, the holding company and its nomine.

Note 3 : Reserves & Surplus

Particulars	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
General Reserve		
Opening Balance	140,000	140,000
Closing Balance - A	**140,000**	**140,000**
Statutory Reserve		
Opening Balance	126,243	112,000
Add :- during the year transfer	-	14,243
Closing Balance - B	**126,243**	**126,243**
Surplus		
Opening Balance	(5,087,953)	(2,877,956)
Add :-		
Net profit / (Net loss) for the current year	(128,889,637)	(2,195,754)
Less :-		
Transfer to Reserves	-	14,243
Closing Balance - C	**(133,977,591)**	**(5,087,953)**
Total (A+B+C)	**(133,711,348)**	**(4,821,710)**

Note 4 : Long Term Borrowings Secured

Term Loans				
From a company			136,662,014	-
(Secured by exclusive charge over the receivables arising out of the earmarked pool and also exclusive charge on entire book debts arising out of the pool)				
(The term loan is guaranteed by the Equitas Holding Private Limited (Holding Company))				
Repayment Terms	**I**	**II**		
Amount of Loan Rs.	96,875,617	39,786,397		
Interest Rate	15.00%	15.50%		
Repayment period	32 Months	15 Months		
Instalments due and paid	Nil	Nil		
Instalments not yet due	32 Months	15 Months		
Maturing on	01.11.2015	01.06.2014		
Total			**136,662,014**	**-**

Note 5 : Long Term Provisions

Provision for Employee benefit		
Compensated Absences	4,164,830	-
Gratuity	1,257,320	-
Provision for Standard Asset	4,557,660	-
Total	**9,979,810**	**-**

Note 6 : Short Term borrowings

Particulars	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
Secured		
Loan Repayable on demand		
- From Banks – Cash Credit	38,529,700	-
(Primary security - Pari passu charge on hypothecation of loan receivable covered under the financing activity, Collateral Security - Pari passu charge on hypothecation of other free assets/fixed assets owned by the company)		
(The term loan is guaranteed by the Equitas Holding Private Limited (Holding Company))		
Loan from a company	100,000,000	-
Hypothecation of unencumbered book debts such that security coverage of the exposure at least 1.2 times during the currency of the loan)		
(The term loan is guaranteed by the Equitas Holding Private Limited (Holding Company))		
Unsecured		
Loan from the Holding company	160,000,000	-
Total	**298,529,700**	**-**

Note 7 : Other Current Liabilities

Current maturities of long term debt	93,255,718	-
Interest accrued but not due on borrowings	5,708,528	-
Employee related payables	774,157	-
Tax Deducted at Source payable	1,218,678	3,309
EMI Received in Advance	3,192,858	-
Income received in advance	8,759,503	-
Fixed Assets suppliers payables	995,769	-
Other payables	16,843,007	29,781
Total	**130,748,218**	**33,090**

Note 8 : Short Term Provisions

Provision for Employee benefit		
Compensated Absences	3,114,245	-
Gratuity	3,921	-
Total	**3,118,166**	**-**

Note 9 : Fixed Assets

(Amount in Rs/)

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 01st April 2011	Additions	Disposals	As at 31st March 2012	As at 01st April 2011	Depreciation charge for the year	On Disposals	As at 31st March 2012	As at 31st March 2012	As at 31st March 2011
Tangible Assets										
Improvements on Leasehold premises	-	4,517,369	-	4,517,369	-	899,185	-	899,185	3,618,184	-
Office Equipment	94,449	4,991,257	94,449	4,991,257	85,878	1,343,102	86,762	1,342,218	3,649,039	8,571
Computers	71,000	12,045,204	71,000	12,045,204	71,000	2,965,049	71,000	2,965,049	9,080,155	-
Furniture & Fittings	64,546	2,919,244	64,546	2,919,244	64,546	2,068,972	64,546	2,068,972	850,272	-
Vehicles	243,987	-	243,987	-	243,987	-	243,987	-	-	-
Total - A	**473,982**	**24,473,074**	**473,982**	**24,473,074**	**465,411**	**7,276,308**	**466,295**	**7,275,424**	**17,197,650**	**8,571**
Intangible Assets										
Computer Software	-	24,159,511	-	24,159,511	-	6,114,043	-	6,114,043	18,045,468	-
Total - B	**-**	**24,159,511**	**-**	**24,159,511**	**-**	**6,114,043**	**-**	**6,114,043**	**18,045,468**	**-**
Grand Total - C (A+B)	**473,982**	**48,632,585**	**473,982**	**48,632,585**	**465,411**	**13,390,351**	**466,295**	**13,389,467**	**35,243,118**	**8,571**
Previous Year	**473,982**	-	-	**473,982**	**460,121**	**5,290**	-	**465,411**	**8,571**	**13,861**

Note 10 : Long Term Loans & Advances

Particulars	As at 31st March 2012		As at 31st March 2011 Rs.
	Rs.	Rs.	
Secured Loans *			
Loans		616,675,558	
Non performing loans	2,866,137		-
Less :- Provision for Non performing Assets	(642,693)	2,223,444	-
* (Loans are secured by vehicles)			
Staff Loans			
Secured considered good		208,375	-
Unsecured, Considered good		72,519	-
Total		**619,179,896**	**-**

Note 11 : Other Non Current Assets

Particulars	As at 31st March 2012		As at 31st March 2011 Rs.
	Rs.	Rs.	
Advance tax and tax deduted at source	508,167		61,169
Less : Provision for tax	21,000	487,167	(21,000)
Rental Deposits and other deposits		3,085,570	3,720
Advance towards purchase of Fixed Assets		307,317	-
Total		**3,880,054**	**43,889**

Note 12 : Cash and Bank balances

Particulars	As at 31st March 2012		As at 31st March 2011	
	Rs.	Rs.	Rs.	Rs.
Balances with Banks				
In Current accounts	45,109,674		1,056,951	
In Fixed deposits*	31,787,000	76,896,674	49,500,000	50,556,951
Cash on hand		125,270		11,319
Total		**77,021,944**		**50,568,270**

*Includes Rs..2,50,00,000 Fixed deposits provided as security against secured term loan from a company which had maturity period after 12 months

Note 13 : Short Term Loans & Advances

Particulars	As at 31st March 2012		As at 31st March 2011 Rs.
	Rs.	Rs.	
Secured Loans *			
Loans		295,783,493	-
Non performing loans	1,732,494		234,598
Less :- Provision for Non performing Assets	(388,489)	1,344,005	(234,598)
* (Loans are secured by vehicles)			
Staff Loans			
Secured considered good		400,221	-
Unsecured, Considered good		256,675	-
Other Advances			
CENVAT credit		964,562	-
Prepaid Expenses		2,882,770	1,500
Others		1,630,286	51,174
Total		**303,262,013**	**52,674**

Note 14 : Other Current Assets

Particulars	As at 31st March 2012		As at 31st March 2011 Rs.
	Rs.	Rs.	
Interest accrued but not due			
On Bank Deposits		52,410	37,975
On Loans		12,187,126	-
Total		**12,239,536**	**37,975**

(Amount in Rs.)

Particulars	For the year ended 31st March 2012	For the year ended 31st March 2011
Note 15 : Revenue from operations		
Interest, Processing and Other charges on Vehicle loans	54,918,600	-
Interest on Bank Deposits	3,423,140	159,264
Profit on sale of Current Investments	3,750,678	-
Total	**62,092,418**	**159,264**
Note 16 : Other Income		
Interest on Staff loans	78,903	-
Other Income	125,279	-
Total	**204,182**	**-**

Note 17 : Finance Cost		
Interest expense	15,036,178	-
Processing Charges	3,586,103	-
Total	**18,622,281**	**-**
Note 18 : Employee Benefit Expenses		
Salaries and Wages	96,470,330	-
Contribution to :		
Provident Fund	4,013,068	-
Employees State Insurance Fund	948,400	-
Gratuity	1,261,241	
Compensated Absences	7,290,330	
Staff welfare expenses	4,193,007	-
Other Employee related expenses	1,137,850	-
Total	**115,314,226**	**-**
Note 19 : Other Expenses		
Rent for		
Office Premises	6,480,124	-
Other Infrastructure	2,563,065	-
Rates and Taxes	4,620,881	2,244,045
Travelling and Conveyance	11,920,961	-
Printing and Stationary	2,438,698	1,350
Electricity Expenses	1,056,964	-
Postage and Courier	700,498	-
Telephone Charges	2,159,581	-
Advances written off	92,902	-
Professional Fee	1,629,023	29,578
Repairs and Maintenance Office	1,332,473	-
Info Tech Expenses	1,835,847	-
Director's Sitting fees	95,000	-
Non Wholetime Director's Remuneration	88,000	-
Miscellaneous Expenses	1,256,520	53,755
Total	**38,270,538**	**2,328,728**

20. Professional Fee under Other Expenses (note 18) includes remuneration to Auditors Compressing of

(Amount in Rs.)

S.No.	Particulars	2011-12	2010-11
a.	Towards Statutory Audit	2,00,000	20,000
b.	Towards Tax Audit	50,000	-
c.	Towards Certification		10,000
	Total	**2,50,000**	**30,000**

21. Segment Information

The Company is primarily engaged in the business of vehicle financing. All the activities of the company revolve around the main business. Further, the company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per Accounting Standard 17 “Segment Reporting”.

22. Retirement benefits to Employees

a. Defined contribution

Eligible employees receive benefits under the provident fund which is a defined contribution plan. These contributions are made to the funds administered and managed by the Government of India,

The company recognised Rs.40,13,68 /- for provident fund contribution in the statement of profit and loss account.

b. Defined Benefit Plans – Gratuity (Un Funded)

i. Reconciliation of opening and closing balances **(Amount in Rs.)**

Particulars	2011-12	2010-11
Defined benefit obligation at the beginning of the year	0	Nil
Current service cost	8,89,390	Nil
Interest cost	Nil	Nil
Actuarial (gain)/loss	3,71,851	Nil
Benefits paid	Nil	Nil
Defined benefit obligation at the year end	12,61,241	Nil

ii. Expense recognized in the Profit and Loss account: **(Amount in Rs.)**

Particulars	2011-12	2010-11
Current service cost	8,89,390	Nil
Interest cost	Nil	Nil
Expected return on plan assets	Nil	Nil
Net Actuarial (gain)/loss	3,71,851	Nil
Total expenses recognized in the Profit and Loss account	12,61,241	Nil

iii. Assumptions: **(Amount in Rs.)**

Particulars	2011-12	2010-11
Discount rate	8.00 %	Nil
Resignation Rate per annum	5.00%	Nil
Salary Escalation Rate	5.00%	Nil

Notes:

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

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.

Since the Company does not have funded gratuity scheme, the expected contributions during the next year is Rs. Nil.

c. Defined Benefit Plans – Compensated Absences (Non-funded)

The employees of the Company are entitled to compensated absence. The employees can carry forward a portion of the unutilized accrued compensated absence and utilize it in future periods or receive cash compensation at retirement / termination of employment for the unutilized accrued compensated absence for a maximum of 180 days/60days. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase the entitlement. The Company measures the expected cost of compensated absence as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the balance sheet date based on the Actuarial Valuation. The Company provided Rs. 72,79,075 (Previous year Rs..Nil).

23. Earnings Per Share (EPS)

The computation of EPS is set out below

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Earnings		
Net profit (Loss) for the year	(12,88,96,382)	(21,95,754)
Equity Shares		
Number of shares at the beginning of the year	55,50,000	5,50,000
Add :- shares issued during the year	5,50,00,000	50,00,000
Total Number of shares outstanding at the end of the year	6,05,50,000	55,50,000
Weighted average number of shares outstanding during the year - Basic	2,89,10,655	5,63,698
Add :-Weighted average number of shares that have dilutive effect on EPS	Nil	Nil
Weighted average number of shares outstanding during the year – Diluted	2,89,10,655	5,63,698
Earning per share of par value Rs.10 – Basic	(4.46)	(3.90)
Earning per share of par value Rs.10 – Diluted	(4.46)	(3.90)

24. Related party disclosure

I. Relationships

S.No.	Nature of Relationship	Name of the person / Company
a.	Holding Company	Equitas Holdings Private Limited
b.	Fellow subsidiary	i. Equitas Housing Finance Private Limited ii. Equitas B2B Trading Private Limited iii. Singhivi Investment & Finance Private Limited
c.	Key Management Personnel	Mr.K.P.Venkatesh
d.	Entities Under the same Management	i. Equitas Development Initiatives Trust ii Equitas DhanyaKosha India

Note :-

Pursuant to order dated 11th January, 2012 of the High Court of Madras, the business of Equitas Micro Finance Private Limited has been transferred to Singhivi Investment & Finance Private Limited Consequently,

a. The name of Equitas Micro Finance Private Limited has been changed to Equitas Holdings Private Limited.
b. The transactions with Equitas Micro Finance Private Limited have been carried out with Singhivi Investment & Finance Private Limited.

II. Transactions with Related Parties

(Amount in Rs.)

S. No	Particulars	Transactions with							
		Holding Company		Fellow Subsidiaries		Key Management Personnel		Total	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
Recovery of expenses									
a.	Rent, Staff Salary & Other Administrative Expenses	-	-	15,41,567	-	-	-	15,41,567	-
Expenses									
a.	Rent, Staff Salary & Other Administrative Expenses	-	-	3,43,06,124	-	-	-	3,43,06,124	-
b.	Purchase of Fixed Assets	-	-	1,08,728	-	-	-	1,08,728	-
c.	Staff Loan	-	-	7,11,822	-	-	-	7,11,822	-
d.	Managing Directors Remuneration	-	-	-	-	12,41,610		12,41,610	
Share capital									
a.	Equity Shares issued to Holding company	55,00,00,000	5,00,00,000	-	-	-	-	55,00,00,000	5,00,00,000
Term Loans									
a.	Loan taken from Holding Company	21,00,00,000	-	-	-	-	-	21,00,00,000	-
b.	Loan re paid to Holding company	5,00,00,000						5,00,00,000	
b.	Interest paid	27,96,175	-	-	-	-	-	27,96,175	-

III. Closing balances with Related Parties

S. No	Particulars	Closing balances as on							
		Holding Company		Fellow Subsidiaries		Key Management Personnel		Total	
		31-03-12	31-03-11	31-03-12	31-03-11	31-03-12	31-03-11	31-03-12	31-03-11
a.	Amount payable	16,20,34,590	-	30,27,622	-	-	-	16,50,62,572	-

25. Loan portfolio and provision for standard and Non performing assets

(Amount in Rs.)

S. No	Asset classification	Loan outstanding as at – Gross		Provision for assets as at		Loan outstanding as at – Net	
		31-03-12	31-03-11	31-03-12	31-03-11	31-03-12	31-03-11
a.	Standard Assets	91,24,59,051	Nil	45,57,660	Nil	90,79,01,391	Nil
b.	Sub – Standard Assets	39,54,631	Nil	7,09,182	Nil	32,45,449	Nil
c.	Doubtful Assets	6,44,000	2,34,598	3,22,000	2,34,598	3,22,000	Nil
d.	Loss Assets	Nil	Nil	Nil	Nil	Nil	Nil
	Total	**91,70,57,682**	**2,34,598**	**55,88,842**	**2,34,598**	**91,14,68,840**	**Nil**

26. Changes in Provisions

(Amount in Rs.)

S. No	Asset classification	Opening balance		Additional provision		Utilisation / Reversal		Closing balance	
		01-04-11	01-04-10	2011-12	2010-11	2011-12	2010-11	31-03-2012	31-03-2011
a.	Provision for Standard Assets	Nil	Nil	45,57,660	Nil	Nil	Nil	45,57,660	Nil
b.	Provision for substandard Assets	Nil	Nil	7,09,182	Nil	Nil	Nil	7,09,182	Nil
c.	Provision for Doubtful Assets	2,34,598	Nil	3,22,000	Nil	2,34,598	Nil	3,22,000	2,34,598
	Total	**2,34,598**	**Nil**	**55,88,842**	**Nil**	**2,34,598**	**Nil**	**55,88,842**	**2,34,598**

27. **Deferred Tax**

The company has a deferred tax liability arising on the timing difference of book and tax depreciation. The company also has a deferred tax asset on account of losses and unabsorbed tax depreciation which has been restricted to the amount of deferred tax liability on grounds of prudence. Consequently, there is no deferred tax liability / asset as on 31st March, 2012.

28. **Employee share based payments**

Under the Employee stock option scheme – 2007 of the Holding company, Equitas Holding Private Limited, 4,95,400 options of the holding company have been granted to some of the employees of the company of which 53,233 options were lapsed and 4,42,167 options were outstanding as at 31st March, 2012. 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 31st March, 2012.

29. The identification of Micro, Small and Medium Enterprises Suppliers as defined under "The Micro Small and Medium Enterprises Development Act 2006" is based on information available with the management. As certified by the management, amounts overdue as on 31st March 2012 to Micro, Small and Medium Enterprises on account of principal amount together with interest is Rs.Nil (Previous year Rs.Nil)

30. The Company and other entities in the Group incur certain costs on behalf of the Group. The Company has confirmed that these costs have been allocated / recovered from the entities in the Group on a basis mutually agreed to with the other entities in the Group.

31. Figures are rounded off to the nearest rupee.

32. The Balance Sheet, Statement of Profit and Loss Account and Notes to the Accounts have been presented in terms of the Revised Schedule VI of the Companies Act,1956 which is mandatory with effect from 01st April, 2011. Previous year's figures have been regrouped wherever necessary to confirm to the above presentation. Previous year figures cannot be compared with these of the current year since the company recommenced its operations from June,2011.

As per our report of even date attached
For **Brahmayya & Co.,**
Chartered Accountants
Registration No.000511S

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

K.Jitendra Kumar
Partner
Membership No.201825

P.T.Kuppuswamy
Chairman

K.P.Venkatesh
Managing Director

S. Bhaskar
Director

B.Anusha
Company Secretary

Place :- Chennai
Date :- 27/04/2012

A. Disclosure as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies prudential norms (Reserve Bank) Directions, 2007/ Disclosure Pursuant to Reserve Bank of India Notification DNBS.193DG (VL) - 2007 dated 22nd February 2007.

Particulars		Amount Outstanding as on 31.03.2012	Amount Overdue as on 31.03.2012	Amount Outstanding as on 31.03.2011	Amount Overdue as on 31.03.2011
Liabilities side :					
I. Loans and Advances availed					
a.	Debentures				
	i. Secured	Nil	Nil	Nil	Nil
	ii. Unsecured	Nil	Nil	Nil	Nil
b.	Deferred Credits	Nil	Nil	Nil	Nil
c.	Term Loans *	333,591,669	Nil	Nil	Nil
d.	Inter-corporate loans and borrowings #	162,034,591	Nil	Nil	Nil
e.	Commercial Paper	Nil	Nil	Nil	Nil
f.	Other Loans (Cash Credit)	38,529,700	Nil	Nil	Nil

* Includes Interest accrued but not due on Term Loan of Rs.3,673,937

Includes Interest accrued but not due on Inter-corporate loans and borrowings of Rs.2,034,591 /-

Particulars		Amount Outstanding as on 31.03.2012	Amount Outstanding as on 31.03.2011
Assets side :			
II. Loans and Advances including bills receivables			
a.	Secured	Nil	Nil
b.	Unsecured	Nil	Nil
III. Leased Assets and stock on hire and other assets counting towards AFC activities			
a.	Lease assets including lease rentals under sundry debtors		
	i. Financial lease	Nil	Nil
	ii. Operating lease	Nil	Nil
b.	Stock on hire including hire charges under sundry debtors		
	i. Assets on hire	Nil	Nil
	ii. Repossessed Assets	Nil	Nil
c.	Other Loans counting towards AFC activities		
	i. Loans where assets have been repossessed	Nil	Nil
	ii. Loans other than (i) above #	916,026,500	Nil

Particulars			Amount Outstanding as on 31.03.2012	Amount Outstanding as on 31.03.2011
IV. Investments				
a.	Current Investments			
	Quoted			
	i.	Shares		
		1. Equity	Nil	Nil
		2. Preference	Nil	Nil
	ii.	Debentures and Bonds	Nil	Nil
	iii.	Units of Mutual Funds	Nil	Nil
	iv.	Government Securities	Nil	Nil
	Un Quoted			
	i.	Shares		
		1. Equity	Nil	Nil
		2. Preference	Nil	Nil
	ii.	Debentures and Bonds	Nil	Nil
	iii.	Units of Mutual Funds	Nil	Nil
	iv.	Government Securities	Nil	Nil
b.	Long term Investments			
	Quoted			
	i.	Shares		
		1. Equity	Nil	Nil
		2. Preference	Nil	Nil
	ii.	Debentures and Bonds	Nil	Nil
	iii.	Units of Mutual Funds	Nil	Nil
	iv.	Government Securities	Nil	Nil
	Un Quoted			
	i.	Shares		
		1. Equity	Nil	Nil
		2. Preference	Nil	Nil
	ii.	Debentures and Bonds	Nil	Nil
	iii.	Units of Mutual Funds	Nil	Nil
	iv.	Government Securities	Nil	Nil

Other Loans counting towards AFC activities is net of provision

Category			Amount Net of Provisions					
			Secured as on 31.03.2012	Unsecured as on 31.03.2012	Total as on 31.03.2012	Secured as on 31.03.2011	Unsecured as on 31.03.2011	Total as on 31.03.2011
V. Borrower group-wise classification of assets financed in II and III above								
a.	Related Parties							
	i.	Subsidiaries	Nil	Nil	Nil	Nil	Nil	Nil
	ii.	Companies in the same group	Nil	Nil	Nil	Nil	Nil	Nil
	iii.	Other related parties	Nil	Nil	Nil	Nil	Nil	Nil
b.	Other than related parties		916,026,500	Nil	916,026,500	Nil	Nil	Nil
	Total		**916,026,500**	**-**	**916,026,500**	**-**	**-**	**-**

Category			Market value / breakup or Fair value or NAV as on 31.03.2012	Book Value (Net of Provisions) as on 31.03.2012	Market value / breakup or Fair value or NAV as on 31.03.2011	Book Value (Net of Provisions) as on 31.03.2011
VI. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and un quoted)						
a.	Related Parties					
	i.	Subsidiaries	Nil	Nil	Nil	Nil
	ii.	Companies in the same group	Nil	Nil	Nil	Nil
	iii.	Other related parties	Nil	Nil	Nil	Nil
b.	Other than related parties			Nil	Nil	Nil
	Total		Nil	Nil	Nil	Nil

Particulars			Amount as on 31.03.2012	Amount as on 31.03.2011
VII. Other Information				
a.	Gross Non-Performing Assets			
	i.	Related parties	Nil	Nil
	ii.	Other than Related parties	4,598,631	234,598
b.	Net Non-Performing Assets			
	i.	Related parties	Nil	Nil
	ii.	Other than Related parties	3,567,449	Nil
c.	Assets acquired in satisfaction of debt		Nil	Nil

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

i. Capital Adequacy Ratio

Particulars	As at 31st March 2012	As at 31st March 2011
Tier I Capital	453,743,184	50,678,290
Tier II Capital	4,557,660	Nil
Total Capital	**458,300,844**	**50,678,290**
Total Risk Weighted Assets	**955,312,963**	**64,965**
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	47.50%	78,008.60%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	0.47%	0%
Total Capital (%)	**47.97%**	**49,230.90%**

ii. Exposure to Real Estate Sector, both Direct and Indirect

The Company does not have any direct or indirect exposure to the real estate sector as at 31st March 2012 and 31st March 2011.

iii. Asset Liability Management

Maturity Pattern of Certain Items of Assets and Liabilities as at 31st March 2012:

Rs. in Crores

	Upto 1 Month	Over 1 Month to 2 Months	Over 2 Months to 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Liabilities									
Borrowing from Banks*	-	-	-	-	3.85	-	-	-	**3.85**
Market Borrowings	-	-	-	-	-	-	-	-	**-**
Assets									
Advances #	1.96	2.26	2.31	7.21	15.71	59.20	2.96	-	**91.61**
Investments	-	-	-	-	-	-	-	-	**-**

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

#The above Advances excludes Interest Accrued but Not Due on Receivables under Financing Activity.

Maturity Pattern of Certain Items of Assets and Liabilities as at 31st March 2011:

Rs. in Crores

	Upto 1 Month	Over 1 Month to 2 Months	Over 2 Months to 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Liabilities									
Borrowing from Banks	-	-	-	-	-	-	-	-	**-**
Market Borrowings	-	-	-	-	-	-	-	-	**-**
Assets									
Advances	0.02	-	-	-	-	-	-	-	**0.02**
Investments	-	-	-	-	-	-	-	-	**-**

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

P.T.Kuppuswamy
Chairman

K.P.Venkatesh
Managing Director

Place : Chennai
Date : 27th April 2012

S. Bhaskar
Director

B.Anusha
Company Secretary