SINGHIVI INVESTMENT & FINANCE PRIVATE LIMITED

EIGHTEENTH ANNUAL REPORT 2011 - 2012

CORPORATE INFORMATION

Board of Directors

1. **Arun Ramanathan**
   Chairman
2. **Arun Kumar Verma**
   Director
3. **Desikan R**
   Director
4. **Nanda Y C**
   Director
5. **Paolo Brichetti**
   Nominee Director
6. **Raman N**
   Nominee Director
7. **Sampath P B**
   Director
8. **Shankar V**
   Director
9. **Srinivasan N**
   Director
10. **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 Ltd	State Bank of Mauritius
Bank of America	State Bank of Travancore
Dhanlaxmi Bank Limited	Syndicate Bank
HDFC Bank Limited	The Federal Bank Limited
ICICI Bank Limited	The South Indian Bank Limited
IDBI Bank Limited	**Non-Bank Term Lenders**
Indusind Bank Limited	Rabo India Finance Limited
Punjab National Bank	Reliance Capital Ltd
State Bank of India	Small Industries Development Bank of India

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SINGHIVI INVESTMENT & FINANCE PRIVATE LIMITED
DIRECTORS' REPORT

TO THE MEMBERS

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

1. Scheme of arrangement

Singhivi Investment & Finance Private Limited (SIFPL) was acquired by Equitas Holdings Private Limited (EHPL) with a view to demerge its micro finance business and the Scheme of Arrangement (Demerger) between EHPL and SIFPL had been approved by the High Court of Judicature at Madras on 11th January 2012. The appointed date as per the Scheme is 1st April 2011.

Subsequent to demerger, micro finance assets and related liabilities of the EHPL are demerged to SIFPL. SIFPL is engaged in the business of extending micro credit to households generally bypassed by mainstream financial channels. The Company is in the process of making application to RBI for change of its name to Equitas Micro Finance India Private Limited.

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

2. Significance of the Name

'Equitas' in Latin means 'equitable'; in English it 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. We have already created new global benchmarks in the industry in terms of being both fair and transparent with our customers and other stakeholders.

3. Financial Results

Rs. in Lakhs

Particulars	Year ended 31st March 2012
Gross Income	19,138.48
Interest Income	15,276.61
Net Profit after Tax	1,824.17

4. Dividend

The Directors do not recommend any dividend for the year.

5. Operational Highlights

Subsequent to demerger, the Company is engaged in the business of extending micro credit to households.

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

6. 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.

7. RBI Guidelines

The Company being a non-deposit taking systemically important 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.

8. Capital Adequacy

The capital adequacy ratio was 31.35% as on 31st March 2012 which will come down in future with growth in volume of operations. The Net Owned Funds (NOF) as on that date was Rs Rs.194.47 Crores. The minimum capital adequacy requirement stipulated for the Company by RBI is 15% and the Company would maintain a capital adequacy ratio higher than the minimum requirement of 15%.

9. Corporate Governance Report

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

10. 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.

11. Directors

Consequent to the acquisition of the Company by Equitas Holdings Private Limited, the following changes took place in the constitution of the Board.

- Mr Sampatlal Singhivi and Ms. Asha Singhivi resigned from the office of Directorship with effect from 7th July 2011.
- Mr P N Vasudevan, Mr S Bhaskar and Mr K P Venkatesh were appointed as Additional Directors of the Company with effect from 7th July 2011.
- Mr Arun Ramanathan, Mr Y C Nanda, Mr Paolo Brichetti, Mr N Srinivasan, Mr P B Sampath and Mr V Shankar were appointed as Additional Directors of the Company with effect from 17th February 2012.
- Mr R Desikan was appointed as Additional Director and Mr P N Vasudevan was appointed as Managing Director of the Company with effect from 23rd March 2012.
- Mr S Bhaskar and Mr K P Venkatesh who were appointed as Additional Directors of the Company on 7th July 2011 have resigned from the office of Directorship with effect from 15th March 2012.
- Mr Arun Verma was appointed as additional Director of the Company with effect from 8th May 2012.

The Board places on record its deep appreciation for the contributions made by Mr. Bhaskar and Mr Venkatesh as directors of the Company.

12. Directors' Responsibility Statement

The Directors' Responsibility Statement as required under Section 217(2AA) of the Companies Act, 1956 reporting compliance with the accounting standards, is attached and forms part of the Directors' Report.

13. Auditors

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

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

The Company has no activity relating to consumption of energy or technology absorption. Foreign currency expenditure amounting to Rs 3,010,041/- was incurred during the period under review. The Company does not have any foreign currency earnings.

15. 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.

16. Corporate Social Responsibility

Equitas Holdings Private Limited (Erstwhile Equitas Micro Finance India Private Limited) has established a not-for-profit trust named Equitas Development Initiatives Trust (EDIT) and were supporting the activities of the Trust through periodical donations. Consequent to demerger of micro finance business to the Company, the Company will provide necessary support to the Trust to enable it to carry on its activities. The following eminent personalities from a cross section of the society serve as the trustees:

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

EDIT runs four schools named Equitas Gurukul and Shikshas (Tuition Centres) for providing quality education to children from the under-privileged segment of the society besides providing training on various livelihood development skills.

Acknowledgement

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

For and on behalf of the Board of Directors

Arun Ramanathan
Chairman

Chennai, 8th May 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.
- that appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. To ensure this, the company has established internal control systems, consistent with its size and nature of operations, subject to the inherent limitations that should be recognized in weighing the assurance provided by any such system of internal controls. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems.
- that they have prepared the annual accounts on a going concern basis.

For and on behalf of the Board of Directors

Arun Ramanathan
Chennai, 8th May 2012 Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

Singhivi Investment & Finance Private Limited (SIFPL) was acquired during the year and it became a wholly owned subsidiary of Equitas Holdings Private Limited from 7th July 2011. To meet the new regulatory requirements which require microfinance companies to deploy a minimum of 85% of assets in microfinance business to qualify as an NBFC-MFI, the microfinance business was demerged from the holding Company through a scheme of arrangement to this subsidiary.

The demerger was approved by the High Court of Madras and the effective date was 21st January 2012. The demerger is operational from 1st April 2011. The holding Company carried on the business microfinance on behalf of Singhivi Investment & Finance Private Limited from 1st April 2011 till the effective date as per the scheme. As a consideration for transfer of business, SIFPL issued equity shares of Rs. 10 each at par amounting to Rs. 150 Crs. Subsequent to demerger, the holding Company invested a further sum of Rs. 25 Crs. to further strengthen the capital of SIFPL.

Business environment

After the major crises the microfinance industry faced during FY 2011 due to the Andhra Pradesh (AP) Ordinance, the industry outside AP slowly recovered from the impact during the later part of the year .In the earlier part of the year the banks shied away from lending to the industry due to the lack of regulatory clarity and heightened risk perception.

The Malegam Committee report and the RBI guidelines issued on 3rd May 2011 and 2nd December 2011 provided the much needed regulatory clarity, recognition and direction to the microfinance sector. These Regulations addressed a number of factors that were the cause of the crises.

The Regulations helped to reduce the risks in the sector and banks and other fund providers re-started lending during the later part of the year.

Some of the major aspects of the Regulations are:

1. Cap on lending rates at 26%. Also a margin cap of 12% at the portfolio level between cost of funds and lending rate.
2. Minimum of 85% of the net assets to be in microfinance assets
3. Minimum of 75% of loans given should be for income generating purposes only
4. Not more than 2 MFIs can lend to a borrower
5. Loans from both the MFIs should not exceed Rs. 50000/-.
6. Credit bureau to be established to curtail over-borrowing by customers

The regulatory changes are welcome and it addresses all the key concerns of the stakeholders. The Regulations will help in orderly and healthy growth of the MFIs.

Equitas has pioneered many responsible practices in the MFI sector right from its inception in 2007 and all the above regulations brought in by RBI are a reflection of the sound policies followed by the Company from the beginning. The Company is in the process of getting registered with RBI as NBFC-MFI.

Company's Operations

In response to the developments in the sector, the Company aimed at consolidating its operations and diversifying to other states gradually. The change in Company's mix of gross loan portfolio outstanding across Tamil Nadu, Andhra Pradesh and other States is illustrated in the table below:

Gross Loan Portfolio	As on 31st March 2012	As on 31st March 2011*	As on 31st March 2010*	As on 31st March 2009*
- In Tamil Nadu and Puducherry	69.05%	71.86%	88.22%	99.34%
- In Andhra Pradesh	Nil	Nil	2.44%	0.02%
- In other States	30.95%	28.14%	9.34%	0.64%

*These figures relate to the micro finance business of the holding company.

In view of the regulatory uncertainty and, higher risk levels, the Company scaled down its operations in the early part of the year and the assets under management (AUM) came down from Rs. 794 Crores as on March 31, 2011 to Rs. 648 Crores in October 2011. After the regulatory changes brought about stability to the sector, the Company started to increase its disbursements and the gross loan portfolio grew back to Rs. 724 Crores as on 31st March 2012.

- **Financial Results**

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

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

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

- **Social Initiatives**

In the midst of the uncertainty in the sector, Equitas has continued to demonstrate its commitment to a wide range of social initiatives. Its medical camps and skill-based training has created history by crossing the 1 million mark of clients who have benefited from these activities. Under the aegis of Equitas Development Initiatives Trust, 49 tuition centres and 4 schools for children of our clients and children from similar underprivileged backgrounds are being operated.

- **Capital Adequacy**

As at the end of year, the Capital to Risk Adjusted Assets (CRAR) was at a healthy 31.35% against the regulatory requirement of 15%. The capital adequacy ratio considers both book and off-book exposures as per the new regulatory requirement. The CRAR will come down in future with growth in volume of operations. The Company would maintain a CRAR higher than the minimum requirement of 15%.

- **Resources and Treasury**

The funding for the business is from an optimum mix of equity and debt. The Company continues to follow the policy of diversification of funding sources as well as the diversification of instruments used for the same. The Company has existing relationship with about 22 lenders across Banks, Financial Institution and NBFCs, who have sanctioned limits of Rs. 276 Crores during the year. The Company had availed loans of Rs. 306 Crores during the year including draw downs from sanctions of the previous year and all the loans are being serviced regularly.

Also, the Company raised Rs.50 Crores for a 8 year tenure as a NCD, which was converted into a sub-ordinated debt post de-merger.

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

- **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 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 at 21st among the top 100 Great Places to Work in India and 1st for recruitment, induction and training.

The number of employees as at the end of the year was 2211.

- **Risk Management**

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

We had highlighted in the last years management discussion that regulatory uncertainty is the dominant risk affecting the Company. This risk has come down considerably during the year after RBI’s Regulations on microfinance companies. The passing of the proposed Microfinance Act will further help to provide a stable regulatory environment for the sector across the country.

As an NBFC, the Company is exposed to credit , liquidity , interest rate and operating risks.

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

Credit Risk

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

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

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

Operational Risk

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

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

The Company has also identified a few critical processes and has put in a rigorous FMEA (Failure Mode Effect Analysis) process to ring fence potential process failures and limit damages. In order to improve the resilience of the Company's operational framework, a basic disaster recovery plan is in place. This 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, funding is closely linked to the overall image of the sector as well as the regulatory environment. Any change in these factors could affect the overall liquidity risk for the Company.

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

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

Outlook: The need for micro credit by a significant part of the society continues to remain underserved by the banks. The scope for Micro Finance companies to supplement the banking channel remains high.

However this segment also remains a sensitive segment given the profile of the clients, typically from the low-income groups. Hence it is of utmost importance that the MFI sector deals with clients in a very fair and transparent manner. The recent RBI Regulations in this regard would go a long way in ensuring fair play by MFIs.

Equitas model of Responsible Lending has ensured that all its practices have been very fair from inception. Hence in the current tightly regulated framework for the sector, the Company expects that it would stand to gain. Since the Company has focused on efficiency of operations right from inception, it does not expect the present cap on lending rates and margins to affect it adversely over the long run. The Company is also actively engaged with the Association in ensuring that all MFIs comply with the RBI Regulations. The credit bureau services available for the sector is a big step forward in improving responsible lending by MFIs.

The Company's continued focus on its social activities give it an inner strength and sets it apart from other competitors.

With prudent regulation in place and with the co-operation of multiple stakeholders, the Company expects to be able to continue to service its clients in a sustainable manner and emerge as a benchmark for Responsible Lending in the Micro Finance space in India.

- **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,
8th May 2012

Arun Ramanathan
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

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 all its stakeholders. The Board of Directors currently consists of eight members. Other than the Managing Director, all the other members of the Board are non-executive directors, including six who are independent directors.

The Company was acquired on 7th July 2011 with a view to demerge the micro finance business of the holding company and since then nine (9) Board Meetings were held on 7th July 2011, 29th July 2011, 25th August 2011, 7th September 2011, 8th December 2011, 23rd January 2012, 8th February 2012, 17th February 2012 and 23rd 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 are given below:

Name	Nature of Directorship	Attendance		Other Directorships ($)
		Board	Committee	
Arun Ramanathan*	Independent & Non-Executive - Chairman	1/1	1/2	7
Desikan R #	Independent & Non-Executive	NA	1/1	-
Nanda Y C *	Independent & Non-Executive	1/1	NA	6
Paolo Brichetti*	Non-Executive Director	1/1	NA	5
Raman N	Nominee Director	0/0	NA	3
Srinivasan N*	Independent & Non-Executive	0/1	NA	4
Sampath P B*	Independent & Non-Executive	1/1	3/3	8
Shankar V*	Independent & Non-Executive	0/1	1/1	4
Vasudevan P N #	Executive – Managing Director	9/9	3/3	6
Bhaskar S**	Executive Director	8/8	NA	1
Venkatesh K P **	Executive Director	7/8	NA	-

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

*Mr Arun Ramanathan, Mr Y C Nanda, Mr Paolo Brichetti, Mr N Srinivasan, Mr P B Sampath and Mr V Shankar were appointed as Additional Directors of the Company with effect from 17th February 2012.

Mr R Desikan was appointed as additional director and Mr P N Vasudevan was appointed as Managing Director with effect from 23rd March 2012.

** Mr S Bhaskar and Mr K P Venkatesh resigned as Directors with effect from 15th March 2012.

CHANGES IN BOARD CONSTITUTION

Consequent to the acquisition of the Company by Equitas Holdings Private Limited, Mr P N Vasudevan, Mr S Bhaskar and Mr K P Venkatesh were appointed as Additional Directors of the Company with effect from 7th July 2011 and Mr Sampatlal Singhivi and Ms. Asha Singhivi resigned as Directors effective 7th July 2011.

Mr Arun Ramanathan, Mr Y C Nanda, Mr Paolo Brichetti, Mr N Srinivasan, Mr P B Sampath and Mr V Shankar were appointed as Additional Directors of the Company with effect from 17th February 2012.

Mr R Desikan was appointed as Additional Director and Mr P N Vasudevan was appointed as Managing Director of the Company with effect from 23rd March 2012.

Mr Arun Verma was appointed as Additional Director of the Company with effect from 8th May 2012.

Mr S Bhaskar and Mr K P Venkatesh who were appointed as Additional Directors of the Company on 7th July 2011, have resigned as Directors effect from 15th March 2012.

COMMITTEES OF THE BOARD

The Board at present has 5 (Five) Committees viz., Resourcing Committee, Business Committee, Audit & Risk Management Committee, Remuneration & Nomination Committee and 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.

RESOURCING COMMITTEE

Composition and Meetings

The Resourcing Committee of the Board was constituted on 17th February 2012 and reconstituted on 23rd March 2012 and currently it consists of the following members:

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

During the financial year ended 31st March 2012, three (3) meetings were held on 13th March 2012, 22nd March 2012 and 29th March 2012.

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 thanby virtue of this resolution.
2. to approve establishment of current and other ccounts 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.

BUSINESS COMMITTEE

Composition & Meetings

The Business Committee of the Board was constituted on 23rd March 2012 and currently it consists of the following members:

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

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

AUDIT & RISK MANAGEMENT COMMITTEE

Composition & Meetings

The Audit & Risk Management Committee of the Board was constituted on 23rd March 2012 and currently it consists of the following members:

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

Terms of Reference

The role of the Audit 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 Committee shall mandatorily review the following information:

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

REMUNERATION & NOMINATION COMMITTEE

Composition & Meetings

The Remuneration & Nomination Committee of the Board was constituted on 23rd March 2012 and currently it consists of the following members:

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

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 nonexecutive 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 Nonexecutive 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 (ALCO)

Composition & Meetings

Apart from the Committees of the Board, an Asset & Liability Management Committee was constituted on 23rd March 2012 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 of the Committee
2. Mr Bhaskar S, Chief Operating Officer
3. Mr Mahalingam H, Chief Technology Officer
4. Mr Sethupathy S, Head- Operations
5. Mr Suchindran V G, Head – Treasury & Risk
6. Mr Venkatesh K P, Group President - Operations

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.

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.

Mr P N Vasudevan, Director has been appointed as the Managing Director of the Company with effect from 23rd March 2012 for a period of 5 years the on the following terms and conditions:

Remuneration payable per month:

Particulars	Rs.
1. Basic salary	1,60,000
2. Allowance	2,20,000
3. LTA	Nil

1. The allowances payable above shall include house rent allowance.
2. Medical reimbursement: Domiciliary expenses incurred for self and family shall be reimbursed as per actuals. Premium payable for medical insurance for hospitalisation shall be in accordance with the rules of the company and the premium payable shall not exceed Rs 25,000 per annum.
3. Personal Accident Insurance shall be as per company's Group scheme and pure life cover for a sum assured not exceeding Rs. 50 lacs.
4. Payment of company's contribution to Provident Fund/Gratuity Fund/ uperannuation Fund and encashment of leave (at the end of the tenure) shall not be included in the computation of remuneration above.
5. Admission and annual fees for one club.
6. Provision of company car upto a value not exceeding Rs. 10 lacs as per company's car scheme in force from time to time.
7. Provision of company driver.
8. Reimbursement of expenses incurred for travelling, boarding and lodging in respect of official travel and use of telephone at residence other than personal STDs shall not be considered as perquisites.

Consequent to demerger of micro finance business to the Company with effect from 1st April 2011, the remuneration of Mr P N Vasudevan, Managing Director was paid by the Company and the remuneration paid to him for the year ended March 2012 is as follows:

Particulars	**Amount in Rs.**
Salary	45,60,000
PF Employer contribution	2,30,400
Reimbursement of Medical Expenditure	21,074
Perquisite value for car	31,500
Total	**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. 52,454/- is not included in the above.

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**	
Mr Arun Ramanathan	10000	5000	Nil
Mr Desikan R	Nil	5000	Nil
Mr Nanda Y C	10000	Nil	Nil
Mr Paolo Brichetti	10000	Nil	Nil
Mr Sampath P B	10000	15000	Nil
Mr Shankar V	Nil	5000	Nil
Mr Srinivasan N	Nil	Nil	Nil
Mr Vasudevan P N	Nil	Nil	Nil

GENERAL BODY MEETINGS

During the year ended 31st March 2012, one (1) Annual General Meeting and 5 (five) Extraordinary General Meetings were held as per details given below:

Date	Time	Venue
25TH JUNE 2011 (AGM)	10.30 A.M.	Nanesh Villa,6/68, Sundaram Pillai Street, Purusaiwalkam,Chennai – 600007
3RD AUGUST 2011 (EGM)	10.30 A.M.	4th Floor, Temple Tower, 672, Anna Salai, Nandanam, Chennai 600035
5TH SEPTEMBER 2011 (EGM)	11.00 A.M.	4th Floor, Temple Tower, 672, Anna Salai, Nandanam, Chennai 600035
19TH SEPTEMBER 2011 (EGM)	11.30 A.M.	4th Floor, Temple Tower, 672, Anna Salai, Nandanam, Chennai – 600035
6TH JANUARY 2011 (EGM)	9.30 A.M.	4th Floor, Temple Tower, 672, Anna Salai, Nandanam, Chennai – 600035
30TH JANUARY 2011 (EGM)	5.00 P.M.	4th Floor, Temple Tower, 672, Anna Salai, Nandanam, Chennai – 600035

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

CODE OF CONDUCT

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

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 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 23rd January 2012. This Code has been modified and adopted by the Board on 24th April 2012 in compliance with RBI Guidelines on Fair Practices Code notified vide Circular RBI/2011-12/470 DNBS.CC.PD.No.266 /03.10.01/2011-12 dated March 26, 2012.

DISCLOSURES

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

GENERAL SHAREHOLDER INFORMATION

Financial year: 1st April to 31st March

Shareholding pattern as on 31st March 2012

Category	# Shares	%
Equitas Holdings P Limited (Indian Holding Company)	180,266,199	100%
S Bhaskar (Nominee of Equitas Holdings P Limited)	1	-
Total	180,266,200	100%

Address for Correspondence **Company Secretary**
Singhivi Investment & 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, 8th May, 2012

Arun Ramanathan
Chairman

8th May 2012

CEO / CFO Certificate

The Board of Directors

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

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

Mr P N Vasudevan
MD/CEO

Mr S Bhaskar
COO/CFO

Place: Chennai

AUDITORS' REPORT

To the Members of Singhivi Investment & Finance Private Limited

1. We have audited the attached Balance Sheet of **SINGHIVI INVESTMENT & FINANCE PRIVATE LIMITED** (the Company) as at 31 March 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. Without qualifying our report, we invite attention to Note 28 to the Financial Statements regarding the transfer of the assets and liabilities of the Micro Finance Undertaking of M/s Equitas Holdings Private Limited (formerly known as Equitas Micro Finance India Private Limited) ("EHPL"), the Holding Company, as at 1 April 2011 to the Company, pursuant to the Scheme of Arrangement between the Company and EHPL, which has been approved by the Honourable High Court of Judicature at Madras vide Order dated 11 January 2012.

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

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

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

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

   c. the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

d. in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

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

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;

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

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

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

B. Ramaratnam
Partner
Membership No. 21209

CHENNAI, 8 May 2012

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 4 of our report of even date)

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

(ii) In respect of its fixed assets:

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

(b) Some of 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. The Company is in the process of reconciling the fixed assets register with the physical verification records. In the opinion of the management, such reconciliation is not expected to have any material impact on the financial statements of the Company.

(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 under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

a. The Company has granted loans aggregating Rs. 13,000,000 to one party during the year. At the year end, the outstanding balances of such loans aggregated Rs. 12,187,854 (excluding interest accrued but not due) and the maximum amount involved during the year was Rs. 12,187,854.

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

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

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

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

a. The Company has taken a loan from one party during the year. At the year end, the outstanding balance of such loan taken during the year was Rs. Nil. The maximum amount involved during the year in respect of the aforesaid loan was Rs. 250,000,000.

b. The rate of interest and other terms and conditions of the aforesaid loan is, in our opinion, *prima facie* not prejudicial to the interest of the Company.

c. The payment of principal amount and interest during the year have been regular / as per stipulations.

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

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

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

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

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

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

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

(a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Service Tax and other material statutory dues applicable to it with the appropriate authorities during the year.

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

(c) There are no disputed matters relating to Income tax and Service Tax as 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 banks, financial institutions 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, term loans availed by the Company were, *prima facie,* applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application.

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

(xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year, although there were some minor instances of fraudulent embezzlements of cash by certain employees of the Company and submission of fraudulent documentation by borrowers of the Company which were noticed by the Management. Appropriate provisions / write off of these amounts were recorded in the books of account, wherever required, based on the estimates of the Management.

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

B. Ramaratnam
Partner
Membership No. 21209

CHENNAI, 8 May 2012

Singhivi Investment & Finance Private Limited

Balance Sheet as at 31 March 2012

Particulars	Note No	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	1,802,662,000	2,662,000
Reserves and Surplus	4	221,666,424	63,878
		2,024,328,424	**2,725,878**
Non-Current Liabilities			
Long Term Borrowings	5	2,813,348,263	-
Deferred Tax Liability (Net)	14	-	4,367
Other Long Term Liabilities	6	100,048,339	-
Long Term Provisions	7	39,817,804	-
		2,953,214,406	**4,367**
Current Liabilities			
Short Term Borrowings	8	500,000,000	-
Trade Payables	9	60,374,427	18,000
Other Current Liabilities	10	2,374,284,122	-
Short Term Provisions	11	276,351,799	952
		3,211,010,348	**18,952**
TOTAL		**8,188,553,178**	**2,749,197**
ASSETS			
Non-Current Assets			
Fixed Assets			
- Tangible Assets	12.1	44,374,807	3,634
- Intangible Assets	12.2	17,472,846	-
		61,847,653	3,634
Non-Current Investments	13	2,000,000	-
Deferred Tax Assets (Net)	14	62,149,558	-
Long Term Receivables Under Financing Activities	15	1,462,466,692	-
Long Term Loans and Advances	16	168,158,944	78,918
Other Non-Current Assets	17	71,332,652	-
		1,827,955,499	**82,552**
Current Assets			
Short Term Receivables Under Financing Activities	18	3,698,436,129	-
Cash and Cash Equivalents	19	2,108,381,083	775,069
Short Term Loans and Advances	20	291,229,845	1,891,576
Other Current Assets	21	262,550,622	-
		6,360,597,679	**2,666,645**
TOTAL		**8,188,553,178**	**2,749,197**
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

Arun Ramanathan
Chairman

P N Vasudevan
Managing Director

P B Sampath
Chairman- Audit Committee

Place : Chennai
Date : 8 May 2012

S.Bhaskar
Chief Operating Officer & Chief Financial Officer
Place : Chennai
Date : 8 May 2012

Jayashree S Iyer
Company Secretary

Singhivi Investment & Finance Private Limited

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

	Note No	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
INCOME			
Revenue from Operations	**22**	1,788,401,061	-
Other Income	**23**	125,447,146	258,291
		1,913,848,207	**258,291**
EXPENSES			
Employee Benefits Expense	**24**	484,028,521	12,000
Finance Costs	**25**	627,091,862	-
Prompt Payment Rebate		122,244,896	-
Provisions and Write Offs	**26**	58,049,053	-
Depreciation and Amortisation Expense	**12.3**	54,105,051	638
Other Expenses	**27**	290,180,203	242,424
		1,635,699,586	**255,062**
Profit Before Tax		**278,148,621**	**3,229**
Tax Expense			
Income Tax		118,700,000	952
Deferred Tax	**14**	(22,967,983)	68
Profit After Tax		**182,416,604**	**2,209**
Earnings Per Equity Share of Rs. 10 each - Basic & Diluted (In Rs.)	**34**	1.16	0.001
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

Arun Ramanathan
Chairman

P N Vasudevan
Managing Director

P B Sampath
Chairman- Audit Committee

Place : Chennai
Date : 8 May 2012

S.Bhaskar
Chief Operating Officer &
Chief Financial Officer
Place : Chennai
Date : 8 May 2012

Jayashree S Iyer
Company Secretary

Singhivi Investment & Finance Private Limited

Cash Flow Statement for the Year Ended 31 March 2012

		For the Year Ended 31 March 2012 Rs.
A.	**Cash Flow from Operating Activities**	
	Profit Before Tax	278,148,621
	Adjustments for:	
	Depreciation and Amortisation Expense	54,105,051
	Write Back of Provision for Standard Receivables under Financing Activities (Net)	(14,170,420)
	Provision for Sub-standard and Doubtful Receivables under Financing Activities (Net)	47,092,415
	Provision for Credit Enhancements on Assets De-Recognised (Net)	5,096,861
	Loss Assets Written Off	5,859,777
	Provision for Prompt Payment Rebate (Net)	(27,919,053)
	Provision for Doubtful Advances	1,160,091
	Finance Costs	627,091,862
	Interest Income on Deposits with Banks / Others	(66,966,995)
	Gain from Securitisation / Assignment of Receivables	(227,786,904)
	Gain on Sale of Current Investments (Net)	(52,762,934)
	Gain on Sale of Fixed Assets (Net)	(315,734)
	Operating Profit before Changes in Working Capital	**628,632,638**
	Changes in Working Capital:	
	Adjustments for (increase) / decrease in operating assets:	
	Long Term Receivables Under Financing Activities	3,344,002,796
	Long Term Loans and Advances	61,132,881
	Short Term Receivables Under Financing Activities	(2,242,822,377)
	Short Term Loans and Advances	(193,861,258)
	Other Current Assets	104,446,968
	Bank Deposits (Net) (having original maturity of more than 3 months)	(199,636,608)
	Bilateral Assignment and Securitisation of Assets (Net)	252,496,538
	Adjustments for increase / (decrease) in operating liabilities:	
	Other Long Term Liabilities	90,685,031
	Long Term Provisions	12,085,355
	Trade Payables	(5,255,383)
	Other Current Liabilities	(233,036,323)
	Short Term Provisions	5,756,826
	Cash Flow from Operations	**1,624,627,084**
	Finance Costs Paid	(587,782,232)
	Interest Income on Deposits	24,966,070
	Direct Taxes Paid	(117,302,233)
	Net Cash Flow From Operations	**944,508,689**
B.	**Cash Flow from Investing Activities**	
	Capital Expenditure	(15,040,996)
	Proceeds from Sale of Fixed Assets	1,591,976
	Purchase of Current Investments	11,503,700,036
	Proceeds from Sale of Current Investments	(11,450,937,102)
	Net Cash Flow From Investing Activities	**39,313,914**
C.	**Cash Flow from Financing Activities**	
	Share Capital	300,000,000
	Long Term Borrowings Taken	3,060,000,000
	Long Term Borrowings Repaid	(4,209,276,077)
	Short Term Borrowings Taken	500,000,000
	Net Cash Used in Financing Activities	**(349,276,077)**
	Net Increase in Cash and Cash Equivalents (A) + (B) + (C)	**634,546,526**
	Cash and Cash Equivalents at the Beginning of the Year	775,069
	Add: Cash and Cash Bank Balance in the nature of Cash and Cash Equivalents received Pursuant to Scheme of Arrangement	904,756,185
	Cash and Cash Equivalents at the End of the Year	**1,540,077,780**

Notes:

(i)	The reconciliation to the Cash and Cash Equivalents as given in Note 19 is as follows:	
	Cash and Cash Equivalents as per Note 19	2,108,381,083
	Less: Deposits with Original Maturity over a period of 3 months	200,000
	Less: Lien Marked Deposits	568,103,303
	Cash and Cash Equivalents as at the End of the Year	**1,540,077,780**
(ii)	The Cash Flow Statement is presented for the first time during the current year since the Company has availed the exemption / relaxation available to a SMC in the previous year. Also refer Note 2.1.	
(iii)	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. 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

Arun Ramanathan
Chairman

P N Vasudevan
Managing Director

P B Sampath
Chairman- Audit Committee

Place : Chennai
Date : 8 May 2012

S.Bhaskar
Chief Operating Officer &
Chief Financial Officer
Place : Chennai
Date : 8 May 2012

Jayashree S Iyer
Company Secretary

Singhivi Investment & Finance Private Limited

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

1. CORPORATE INFORMATION

The Company was incorporated on 7 July 1994. On 7 July 2011, the equity shares of the Company were acquired by Equitas Holdings Private Limited (EHPL) (formerly known as Equitas Micro Finance India Private Limited) and hence the Company became a wholly owned subsidiary of EHPL from that date. Pursuant to the Scheme of Arrangement between EHPL and the Company, the assets and liabilities of the Micro Finance Undertaking of EHPL have been transferred to the Company during the year w.e.f 1 April 2011. Refer Note 28.

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 second cycle 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) / 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 Company is a Systemically Important Non-deposit taking Non-Banking Finance Companies (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 2.16.

The Company was a Small and Medium sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies Act, 1956 upto the year ended 31 March 2011 and had availed the exemptions / relaxations available to a SMC. Consequent to the Company becoming a subsidiary of Equitas Holdings Private Limited, the Company no longer qualifies for the relevant exemptions / relaxations available to a SMC in the current accounting period. Hence, for the year ended 31 March 2012, the Company is not a SMC and accordingly, the Company has complied with the Accounting Standards as applicable to a Non-SMC.

2.2. Use of Estimates

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

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

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

2.4. Cash Flow Statement

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

2.5. Depreciation

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

Tangible Assets:
Computer Equipments - 3 Years
Furniture and Fixtures - 3 Years
Office Equipments - 3 Years
Vehicles - 4 Years

Leasehold Improvements are depreciated over the primary lease period or 3 years whichever is lower.

Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalisation.

Intangible assets are amortised over their estimated useful life as follows:

Software - Lower of license period or 3 years

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

2.6. Revenue Recognition

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

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

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

2.7. Tangible Fixed Assets

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

2.8. Intangible Assets

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

2.9. Investments

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

2.10. Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plan:

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

Defined benefit plans:

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

Short-term employee benefits:

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

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

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

Long-term employee benefits:

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

2.11. 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.

2.12. 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.

2.13. Taxes on Income

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

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

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

2.14. 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.

2.15. Provisions and Contingencies

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

2.16. Classification and Provisions of Loan Portfolio

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

Classification of Loans

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

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

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

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

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

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

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

2.17. 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.

Particulars	As at 31 March 2012		As at 31 March 2011	
	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**	**300,000**	**3,000,000**
(b) **Issued, Subscribed and Fully Paid-up**				
Equity shares of Rs. 10 each	180,266,200	1,802,662,000	266,200	2,662,000
	180,266,200	**1,802,662,000**	**266,200**	**2,662,000**

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

Particulars	As at 31 March 2012		As at 31 March 2011	
	No. of Shares	Rs.	No. of Shares	Rs.
At the Beginning of the Year	266,200	2,662,000	266,200	2,662,000
At the Beginning of the Year	180,000,000	1,800,000,000	-	-
	180,266,200	**1,802,662,000**	**266,200**	**2,662,000**

3.2 Details of Shares held by the Holding Company

Particulars	As at 31 March 2012 (Nos.)	As at 31 March 2011 (Nos.)
Equitas Holdings Private Limited, the Holding Company (including shares held by its nominee)	180,266,200	-

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

Particulars	As at 31 March 2012		As at 31 March 2011	
	No. of Shares	% Holding	No. of Shares	% Holding
Equity Shares of Rs. 10 each				
Equitas Holdings Private Limited	180,266,200	100%		
(including shares held by its nominee)	-	-		
Sampathlal Singhvi	-	-	34,400	12.92%
Asha Singhvi	-	-	33,100	12.43%
Sohan Bai	-	-	39,000	14.65%
Arihant Singhvi	-	-	38,300	14.39%
Ankita Singhvi	-	-	16,900	6.35%
Sampathlal Singhvi HUF	-	-	26,500	9.95%
Mangilal Singhvi HUF	-	-	16,500	6.20%
Jeewanlal Singhvi	-	-	17,500	6.57%

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 - 2007 of the Holding Company, Equitas Holdings Private Limited, 3,699,773 options (As at 31 March 2011 - Nil options) of the Holding Company granted to some of the employees of the Company are outstanding as at 31 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 31 March 2012.

3.6. Issue of Shares without Payment being received in Cash

During the year, the Company has allotted fully paid up equity shares without payment being received in cash, pursuant to the Scheme of Arrangement. Refer Note 28.

Particulars	As at 31 March 2012		As at 31 March 2011	
	No. of Shares	Amount in Rs.	No. of Shares	% Holding
Equity Shares of Rs. 10 each to Equitas Holdings Private Limited	150,000,000	1,500,000,000	-	-

	Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
4	**Reserves and Surplus**		
4.1	**Statutory Reserve** (Refer Note 46)		
	Opening Balance	60,000	55,000
	Add: Amount Transferred during the Year from Statement of Profit and Loss	36,500,000	5,000
	Closing Balance	**36,560,000**	**60,000**
4.2	**General Reserve**		
	Opening Balance	-	-
	Add: Additions (Refer Note 14)	39,185,942	-
	Closing Balance	**39,185,942**	**-**
4.3	**Surplus in the Statement of Profit and Loss**		
	Opening Balance	3,878	6,669
	Add: Profit for the Year	182,416,604	2,209
	Less: Appropriations		
	- Transfer to Statutory Reserve (Refer Note 46)	36,500,000	5,000
	Net Surplus in the Statement of Profit and Loss	**145,920,482**	**3,878**
		221,666,424	**63,878**

Particulars		As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
5	**Long Term Borrowings**		
(a)	14.04 % Redeemable, Transferable, Non-Convertible Debentures - Unsecured - Subordinated Debt	500,000,000	-
(b)	Term Loans		
	From Banks - Secured	1,772,409,217	-
	From Other Parties - Secured	540,939,046	-
		2,813,348,263	**-**

5.1. Details of Debentures issued by the Company

The Company has issued 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. The Debentures are redeemable at par on 1 June 2019 and interest is payable on a half yearly basis. These Debentures are listed on the Bombay Stock Exchange. The Company has entered into an agreement with IDBI Trusteeship Services Limited to act as Debentures Trustees for the Debentures.

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 19).

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

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

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

S. No.	Tenor	Interest Rate	No. of Installments outstanding	Repayment Terms	Loan Amount as at 31 March 2012 Rs.	Loan Amount as at 31 March 2011 Rs.
1	24 Months	13.00% (Refer Note (i))	7	Principal Quarterly, Interest Monthly	185,714,286	-
2	24 Months	11.75% (Refer Note (i))	8	Principal Quarterly, Interest Monthly	240,000,000	-
3	24 Months	13.40% (Refer Note (i))	7	Principal Quarterly, Interest Monthly	200,000,000	-
4	24 Months	14.00%	23	Principal Monthly, Interest Monthly.	150,000,000	-
5	24 Months	15.00% (Refer Note (i))	2	Principal Monthly, Interest Monthly.	23,809,523	-
6	24 Months	14.00% (Refer Note (i))	7	Principal Quarterly, Interest Monthly	120,000,000	-
7	63 Months	14.25% (Refer Note (i))	44	Principal Monthly, Interest Monthly	349,206,342	-
8	60 Months	13.75% (Refer Note (i))	19	Principal Quarterly, Interest Monthly	1,000,000,000	-
9	24 Months	14.25% (Refer Note (i))	1	Principal Quarterly, Interest Monthly	71,431,511	-
10	24 Months (Refer Note (ii) below)	14.25% (Refer Note (i))	10	Principal Monthly, Interest Monthly	399,982,300	-
11	24 Months	13.50% (Refer Note (i))	6	Principal Monthly, Interest Monthly	55,339,976	-
12	35 Months	14.25% (Refer Note (i))	9	Principal Monthly, Interest Monthly	26,448,188	-
13	35 Months	13.75% (Refer Note (i))	31	Principal Monthly, Interest Monthly	250,000,000	-
14	24 Months	13.00% (Refer Note (i))	21	Principal Quarterly, Interest Monthly	100,000,000	-
	Total				**3,171,932,126**	**-**
	Less : Current Maturities of Long-Term Borrowings (Refer Note 10)				(1,399,522,909)	-
	Long Term Borrowings from Banks				**1,772,409,217**	**-**

Notes:

(i) Interest rates are on floating rate basis. The interest rates disclosed above represents the rate of interest as at 31 March 2012.

(ii) 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 & 20).

(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	Interest Rate	No. of Installments outstanding	Repayment Terms	Loan Amount as at 31 March 2012 Rs.	Loan Amount as at 31 March 2011 Rs.
1	24 Months	12.60%	2	Principal Quarterly, Interest Monthly	75,000,000	-
2	36 Months	13.50% (Refer Note (i))	6	Principal Quarterly, Interest Quarterly at Monthly Compounding	94,236,246	-
3	48 Months	12.50%	1	Principal Quarterly. Interest Monthly	5,000,000	-
4	48 Months	13.50%	24	Principal Monthly, Interest Monthly	38,400,000	-
5	48 Months	12.50%	7	Principal Monthly, Interest Monthly	190,000,000	-
6	61 Months	11.75%	42	Principal Monthly, Interest Monthly	694,863,600	-
					1,097,499,846	**-**
	Less : Current Maturities of Long-Term Borrowings (Refer Note 10)				(556,560,800)	-
	Long Term Borrowings from Other Parties				**540,939,046**	**-**

Note:

(i) Interest rates are on floating rate basis. The interest rates disclosed above represents the rate of interest as at 31 March 2012.

5.4 All Long Term loans from Banks and Other Parties (including the Current Maturities of Long Term Borrowings) are guaranteed by Equitas Holdings Private Limited.

Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
6 Other Long Term Liabilities		
Unamortised Income		
- Processing Fee	31,233,109	-
- Interest Strip Retained on Assignment of Receivables	68,815,230	-
	100,048,339	**-**

Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
7 Long Term Provisions		
Provision for Gratuity	12,085,355	-
Provision for Standard Receivables under Financing Activities	18,277,897	-
Provision for Sub-standard and Doubtful Receivables under Financing Activities	100,024	-
Provision for Credit Enhancements on Assets De-Recognised	9,354,528	-
	39,817,804	**-**

Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
8 Short Term Borrowings		
Short Term Borrowings from Bank - Secured	500,000,000	-
	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 and Lien on specified Fixed Deposits (Refer Note 19)

(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	No of Installments outstanding	Repayment Terms	Loan Amount as at 31 March 2012 Rs.	Loan Amount as at 31 March 2011 Rs.
1	12 Months	14.00%	1	Principal on Maturity, Interest Monthly	500,000,000	-
					500,000,000	**-**

Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
9 Trade Payables		
Trade Payables - Other than Acceptances (Refer Note 35)	60,374,427	18,000
	60,374,427	**18,000**

Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
10 Other Current Liabilities		
Current Maturities of Long Term Borrowings (Refer Note below)		
- From Banks - Secured	1,399,522,909	-
- From Other Parties - Secured	556,560,800	-
Advances Installments from Customers	7,545,018	-
Interest Accrued But Not Due on Borrowings	39,309,630	-
Unamortised Income		
- Processing Fee	17,310,038	-
- Gain on Assignment of Receivables	692,020	-
- Interest Strip Retained on Assignment of Receivables	174,818,449	-
Statutory Remittances (PF, ESI, TDS etc.)	8,756,304	-
Amount Payable to Assignees for Assets De-recognised	169,768,954	-
	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 2012 Rs.	As at 31 March 2011 Rs.
11 Short Term Provisions		
Provision - Employee Benefits		
Provision for Compensated Absences	27,116,011	-
Provision for Gratuity	35,392	-
Provision - Others		
Provision for Standard Receivables under Financing Activities	45,376,626	-

Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
Provision for Sub-standard and Doubtful Receivables under Financing Activities	64,381,986	-
Provision for Credit Enhancements on Assets De-Recognised	16,629,901	-
Provision for Prompt Payment Rebate	121,417,082	-
Provision for Tax (Net)	1,394,801	952
	276,351,799	**952**

12 Fixed Assets

12.1 Tangible Assets – Owned

(i) Gross Block

Particulars	Gross Block				
	Balance as at 1 April 2011 Rs.	Acquisitions through Scheme of Arrangement Rs.	Additions Rs.	Disposals Rs.	Balance as at 31 March 2012 Rs.
Leasehold Improvements	-	20,211,323	2,950,800	1,079,021	22,083,102
Computer Equipments	-	83,056,015	3,740,330	1,922,978	84,873,367
Furniture and Fixtures	1,051	16,711,314	1,945,447	384,117	18,273,695
Office Equipments	3,221	9,774,747	3,342,700	240,702	12,879,966
Vehicles	-	2,578,105	1,433,469	-	4,011,574
Total	**4,272**	**32,331,504**	**13,412,746**	**3,626,818**	**142,121,704**
Previous Year	**25,814**	**-**	**-**	**21,542**	**4,272**

(ii) Accumulated Depreciation

Particulars	Depreciation					Net Block	
	Balance as at 1 April 2011 Rs.	Acquisitions through Scheme of Arrangement Rs.	For the year Rs.	Eliminated on Disposal of Assets Rs.	Balance as at 31 March 2012 Rs.	Balance as at 31 March 2012 Rs.	Balance as at 31 March 2011 Rs.
Leasehold Improvements	-	11,584,054	5,441,275	758,635	16,266,694	5,816,408	-
Computer Equipments	-	31,292,284	25,850,425	1,166,608	55,976,101	28,897,266	-
Furniture and Fixtures	190	13,016,099	3,156,974	298,247	15,875,016	2,398,679	861
Office Equipments	448	5,647,603	2,936,776	127,086	8,457,741	4,422,225	2,773
Vehicles	-	288,813	882,532	-	1,171,345	2,840,229	-
Total	**638**	**61,828,853**	**38,267,982**	**2,350,576**	**97,746,897**	**44,374,807**	**3,634**
Previous Year	**-**	**-**	**638**	**-**	**638**	**3,634**	

12.2 Intangible Assets

(i) Gross Block

Particulars	Gross Block			
	As at 1 April 2011 Rs.	Acquisitions through Scheme of Arrangement Rs.	Additions Rs.	As at 31 March 2012 Rs.
Computer Software	-	50,930,137	1,628,250	52,558,387
Total	**-**	**50,930,137**	**1,628,250**	**52,558,387**
Previous Year	**-**	**-**	**-**	-

(ii) Accumulated Amortisation

Particulars	Amortisation				Net Block	
	As at 1 April 2011 Rs.	Acquisitions through Scheme of Arrangement Rs.	For the year Rs.	As at 31 March 2012 Rs.	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
Computer Software	-	19,248,472	15,837,069	35,085,541	17,472,846	-
Total	**-**	**19,248,472**	**15,837,069**	**35,085,541**	**17,472,846**	**-**
Previous Year	**-**	**-**	**-**	-	**-**	**-**

12.3 Depreciation and Amortisation Expense for the Year

Particulars	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
Depreciation for the year on tangible assets as per Note 12.1	38,267,982	638
Amortisation for the year on intangible assets as per Note 12.2	15,837,069	-
	54,105,051	**638**

	Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
13	**Non-Current Investments - Trade - Unquoted, at Cost**		
	Alpha Micro Finance Consultants Private Limited	2,000,000	-
	200,000 (As at 31 March 2011 - Nil) Equity Shares of Rs. 10 each fully paid		
	(Transferred from EHPL as part of the Scheme of Arrangement)		
		2,000,000	**-**
	Note:		
	Aggregate amount of unquoted investments	2,000,000	**-**

14 Deferred Tax

The Deferred Tax Asset of Rs. 62,149,558 as at 31 March 2012 has arisen on account of the following:

Particulars	As at 31 March 2011 Rs.	Movement during the Year		As at 31 March 2012 Rs.
		Adjustments Pursuant to Scheme of Arrangement (Refer Note below) Rs.	Credit / (Charged) Rs.	
Deferred Tax Liability				
Difference between depreciation as per Books of Account and Income Tax Act, 1961	(4,367)	-	(415,466)	(419,833)
Deferred Tax Assets				
Provision for Standard Assets under Financing Activities	-	25,250,303	(4,597,593)	20,652,710
Provision for Sub-Standard and Doubtful Receivables under Financing Activities	-	5,642,054	15,279,134	20,921,188
Provision for Credit Enhancements on Assets De-Recognized	-	6,776,971	1,653,677	8,430,648
Employee Benefits	-	-	10,758,020	10,758,020
Others	-	1,516,614	290,211	1,806,825
Deferred Tax Asset / (Liability)	**(4,367)**	**39,185,942**	**22,967,983**	**62,149,558**

Note:

The Company has 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 28) and the same has been accounted as a credit to the General Reserve Account during the current year ended 31 March 2012.

Particulars		As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
15	**Long Term Receivables Under Financing Activities** - Unsecured		
	(Represents Instalments Due after one year from the reporting date)		
	Micro Finance Loans	1,462,466,692	-

	Note:		
	Of the above:		
	- Considered Good	1,462,366,668	-
	- Considered Doubtful (Sub-Standard and Doubtful Receivables under Financing Activities as per Company's Provisioning Norms.	100,024	-
	(Refer Note 7 for Provision for Sub-Standard and Doubtful Receivables under Financing Activities)		

	Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
16	**Long Term Loans and Advances**		
	Security Deposits		
	- Unsecured, Considered Good	30,001,110	75,000
	Loans and Advances to Related Parties (Refer Note 32.2) - Unsecured, Considered Good	36,066,621	-
	Loans and Advances to Employees		
	- Secured, Considered Good	2,049,851	-
	- Unsecured, Considered Good	1,041,362	-
	- Considered Doubtful	73,474	-
		3,164,687	-
	Less : Provision for Doubtful Advances to Employees	73,474	-
		3,091,213	-
	Inter Corporate Deposits Under Lien (Refer Note below) - Unsecured, Considered Good	99,000,000	-
	Income Tax - (Net of Provisions)	-	3,918
		168,158,944	**78,918**

Note:

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

	Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
17	**Other Non-Current Assets**		
	Interest Strip Retained on Assignment of Receivables	68,815,230	-
	Interest Accrued But Not Due		
	- on Deposits with Banks / Others	2,517,422	-
		71,332,652	**-**

	Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
18	**Short Term Receivables Under Financing Activities** – Unsecured		
	(Represents Instalments Due within one year from the reporting date)		
	Micro Finance Loans	3,625,658,955	-
	Micro Finance Loans given as Credit Enhancements for Loans De-recognised	14,736,168	-
	Installments Due from Borrowers		
	- More than Six Months from the date they were due for payment	52,737,297	-
	- Others	5,303,709	-
		3,698,436,129	**-**
	Note: Of the above:		
	- Considered Good	3,634,054,143	-
	- Others (Sub-Standard and Doubtful Receivables under Financing Activities as per Company's Provisioning Norms.	64,381,986	-
	(Also Refer Note 11 for Provision for Sub-Standard and Doubtful Receivables under Financing Activities)		

	Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
19	**Cash and Cash Equivalents**		
	Cash on Hand	4,921	368,974
	Balances with Banks		
	- In Current Accounts	1,240,072,859	406,095
	- In Deposits Accounts - Free of Lien	300,200,000	-
	- In Deposits Accounts - Under Lien (Refer Note (c))	568,103,303	-
	Total	**2,108,381,083**	**775,069**
		1,540,077,780	775,069

Notes:

(a) Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is

(b) Balances with banks includes Lien Marked Deposits amounting to Rs. 423,980,000 (As at 31 March 2011 Rs. Nil) which have a maturity of more than 12 months from the Balance Sheet date.

(c) Deposit Accounts under Lien represents: - Rs. 518,103,303 (As at 31 March 2011 - Rs. Nil) placed as collateral with Assignees towards Assets De-recognised. - Rs. 50,000,000 (As of 31 March 2011 - Rs. Nil) with respect to the Term Loans obtained by the Company from Banks.

	Particulars	**As at 31 March 2012 Rs.**	**As at 31 March 2011 Rs.**
20	**Short Term Loans and Advances**		
	Loans and Advances to Related Parties (Refer Note 32.2) - Unsecured, Considered Good	16,618,489	-
	Loans and Advances to Employees		
	- Secured, Considered Good	4,477,092	-
	- Unsecured, Considered Good	6,347,274	-
	- Considered Doubtful	864,220	-
		11,688,586	-
	Less : Provision for Doubtful Advances to Employees	864,220	-
		10,824,366	-
	Prepaid Expenses - Unsecured, Considered Good	17,372,802	-
	Balances with Government Authorities - Service Tax Input Credit - Unsecured, Considered Good	4,917,003	-
	Inter Corporate Deposits Under Lien (Refer Note below) - Unsecured, Considered Good	93,250,000	-
	Advances to Vendors / Others - Unsecured, Considered Good	2,801,074	-
	Advance to Assignees towards Assets De-recognised - Unsecured, Considered Good	145,446,111	-
	Other Receivables	-	1,891,576
		291,229,845	**1,891,576**

Note:

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

Particulars		As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
21	**Other Current Assets**		
	Gold Coins	14,425	-
	Interest Accrued But Not Due		
	- on Receivable from Financing Activities	43,275,183	-
	- on Loans given to Related Parties	403,210	-
	- on Deposits with Banks / Others	39,483,503	-
	Interest Strip Retained on Assignment of Receivables	174,818,449	-
	Insurance Claims Receivable		
	- Unsecured, Considered Good	4,555,852	-
	- Unsecured, Considered Doubtful	2,606,668	
		7,162,520	-
	Less : Provision for Doubtful Claims	2,606,668	-
		4,555,852	-
		262,550,622	**-**

Particulars		For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
22	**Revenue from Operations**		
	Interest Income from Loans	1,527,660,759	-
	Processing and Other Fees	11,765,510	-
	Gain from Securitisation / Assignment of Receivables	227,786,904	-
	Other Operating Revenues		
	- Loss Assets Recovered	7,017,468	-
	- Write Back of Provision for Standard Receivables Under Financing Activities (Net)	14,170,420	-
		1,788,401,061	**-**

Particulars		For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
23	**Other Income**		
	Interest Income		
	- on Fixed Deposits with Banks / Others	66,966,995	-
	- on Loans to Related Parties	3,127,071	-
	- on Loans to Employees	2,166,263	-
	- on Other Loans	-	243,960
	Net Gain on Sale of Fixed Assets	315,734	12,458
	Net Gain on Sale of Current Investments in Mutual Funds	52,762,934	1,497
	Dividend Income – Current	-	376
	Miscellaneous Income	108,149	-
	Total	**125,447,146**	**258,291**

Particulars		For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
24	**Employee Benefits Expense**		
	Salaries	402,870,983	12,000
	Contribution to Provident Fund	23,495,135	-
	Gratuity	4,115,042	-
	Staff Welfare Expenses	53,547,361	-
		484,028,521	**12,000**

Particulars		For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
25	**Finance Costs**		
	Interest on Loans	558,465,744	-
	Interest on Debentures	58,660,275	-
	Loan Processing Fees	9,965,843	-
		627,091,862	**-**

	Particulars	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
26	**Provisions & Write offs**		
	Provision for Sub-standard and Doubtful Receivables from Financing Activities (Net)	47,092,415	-
	Provision for Credit Enhancements on Assets De-Recognised (Net)	5,096,861	-
	Loss Assets Written Off	5,859,777	-
		58,049,053	**-**

	Particulars	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
27	**Other Expenses**		
	Rent (Refer Note 33)	27,803,863	30,000
	Electricity Charges	3,932,520	5,615
	Rates and Taxes	19,799,017	4,000
	Insurance	2,024,924	-
	Software Expenses	20,872,074	-
	Repairs and Maintenance - Others	2,578,811	30,776
	Cash Management Charges	25,195,189	-
	Travelling and Conveyance	48,323,507	14,250
	Communication Expenses	26,088,570	11,059
	Printing and Stationery	19,976,920	1,365
	Centre Leader Fees	53,933,071	-
	Advertisement and Business Promotion	3,431,847	-
	Legal and Professional Charges	16,807,325	6,000
	Directors' Remuneration and Sitting Fees	97,000	108,000
	Donations (Refer Note 45)	9,120,000	-
	Auditors' Remuneration (Net of Service Tax)		
	- Statutory Audit	1,300,000	12,000
	- Limited Review	575,000	-
	- Tax Audit	300,000	-
	- Certification	530,000	-
	- Reimbursement of Expenses	10,639	-
	Provision for Doubtful Advances	1,160,091	-
	Bank Charges	2,084,735	450
	Miscellaneous Expenses	4,235,100	18,909
		290,180,203	**242,424**

28 Scheme of Arrangement

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

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

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, the Company has allotted 150,000,000 fully paid up Equity Shares of Rs.10 each at par to EHPL as consideration for the transfer of the Micro Finance Undertaking.

29 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 2012 Rs.
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)	174,781,755

Particulars	As at 31 March 2012 Rs.
Total Outstanding amount of Assets De-recognised as at year end	2,078,754,320
Un-amortised Income as at year end	244,325,699
Cash Collaterals as at year end	518,103,303
Micro Finance Loans Subordinated as Credit Enhancements for Assets De-Recognised	14,736,168
Excess Interest SpreadReceivable Subordinated as Credit Enhancements for Assets De-Recognised as at year end	389,079,790

Note: Refer Note 36 (d)

(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 2012 Rs.
Gain Recognised in the Statement of Profit and Loss during the Year (including amortization of Unamortised Income)	53,005,149

Note : During the Current Year, the Company has not entered any Securitization transactions.

30 Employee Benefits

30.1 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. 23,495,135 (Previous year Rs. Nil) 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.

30.2 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 2012 Rs.
Change in defined benefit obligations during the Year	
Present value of Defined Benefit Obligation at beginning of the Year	-
Present value of Defined Benefit Obligation transferred on account of Scheme of Arrangement (Refer Note 28)	8,038,705
Current Service Cost	5,421,904
Interest cost	641,776
Benefits Paid	(33,000)
Actuarial (Gains)	(1,948,638)
Present value of Defined Benefit Obligation at End of the Year	**12,120,747**
Change in Fair Value of Assets during the Year	
Plan Assets at Beginning of the Year	-
Expected Return on Plan Assets	-

Particulars	For the Year Ended 31 March 2012 Rs.
Actual Company Contributions	-
Actuarial Gains	-
Plan Assets at End of the Year	**-**
Liability Recognised in the Balance Sheet	
Present Value of Defined Benefit Obligation	12,120,747
Fair Value of Plan Assets	-
Net Liability Recognised in the Balance Sheet	**12,120,747**
Cost of Defined Benefit Plan for the Year	
Current Service Cost	5,421,904
Interest Cost	641,776
Net Actuarial Gains	(1,948,638)
Net Cost Recognized in the Statement of Profit and Loss	**4,115,042**
Actual Return on Plan Assets	**-**
Assumptions	
Discount Rate	8.00%
Future Salary Increase	5.00%
Mortality Table	LIC 1994-1996 Rates
Attrition rate	5.00%

Notes:

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

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

c) Experience Adjustments:

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

30.3 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:

	For the Year Ended 31 March 2012 Rs.
Assumptions	
Discount Rate	8.00%
Future Salary Increase	5.00%
Mortality Rate	LIC 1994-1996 Rates
Attrition rate	5.00%

30.4 The Company had only one employee during the previous year and hence, the Company did not account for employee benefits in the nature of compensated absences, gratuity, etc., on grounds of materiality.

31 Segment Reporting

The Company is primarily incorporated for engaging in the business of Micro Finance. All the activities of the Company revolve around the main business. As such there are no separate reportable segments as per AS-17 “Segmental Reporting”.

32 Related Party Transactions

32.1 Names of Related Parties and Nature of Relationship

Description of Relationship	As at 31 March 2012	As at 31 March 2011
Holding Company	Equitas Holdings Private Limited	-
Fellow Subsidiaries	Equitas Finance Private Limited	-
	Equitas Housing Finance Private Limited	-
	Equitas B2B Trading Private Limited	-
Entities where the Company has Control	Equitas Dhanyakosha India	-
	Equitas Development Initiatives Trust	-
Key Management Personnel	Mr. P.N.Vasudevan, Managing Director	Sampat Lal Singhvi, Managing Director
		Asha Singhvi, Director
Entities in which Key Management Personnel has Interest	-	Sampat Lal Singhvi (HUF)
	-	Arihant Investment
Relatives of Key Management Personnel	-	Arihant Singhvi, Son
	-	Ankita Singhvi, Daughter

Related party relationships are as identified by the Management.

32.2 Transactions with the Related Parties

Transaction	Related Party	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
Income			
Interest on Loans to related party	Equitas Dhanyakosha India	2,284,956	-
	Equitas Development Initiatives Trust	842,115	-
	Sampat Lal Singhvi	-	29,373
	Sampat Lal Singhvi (HUF)	-	15,600
	Asha Singhvi	-	27,650
	Ankita Singhvi	-	23,970
	Arihant Singhvi	-	25,342
	Arihant Investment	-	83,025
Guarantee Commission	Equitas Dhanyakosha India	97,098	-
Recovery of Expenses	Equitas Housing Finance Private Limited	23,369,299	-
	Equitas B2B Trading Private Limited	156,351	-
	Equitas Dhanyakosha India	5,595,083	-
	Equitas Development Initiatives Trust	2,440,445	-
	Equitas Finance Private Limited	33,369,676	-

Transaction	Related Party	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
Expenses			
Interest Expense	Equitas Holdings Private Limited	786,301	-
Staff Welfare Expenses	Equitas B2B Trading Private Limited	23,131	-
	Equitas Dhanyakosha India	107,876	-
Rent Expenses	Equitas Housing Finance Private Limited	111,774	-
	Asha Singhvi	-	30,000
Donation	Equitas Development Initiatives Trust	9,120,000	-
Other Transactions			
Issue of Equity Shares	Equitas Holdings Private Limited	1,800,000,000	-
Loans Given	Equitas Dhanyakosha India	38,000,000	-
	Equitas Development Initiatives Trust	13,000,000	-
Loans Recovered	Equitas Dhanyakosha India	18,469,670	-
	Equitas Development Initiatives Trust	812,146	-
Interest Received	Equitas Dhanyakosha India	1,902,047	-
	Equitas Development Initiatives Trust	821,814	-
Loans Availed	Equitas Holdings Private Limited	250,000,000	-
Loans Repaid	Equitas Holdings Private Limited	250,000,000	-
Interest Paid	Equitas Holdings Private Limited	786,301	
Sale of Fixed Assets	Equitas Housing Finance Private Limited	90,964	-
	Equitas Dhanyakosha India	12,329	-
	Equitas Finance Private Limited	822,035	-
	Equitas Development Initiatives Trust	238,411	-
Transfer of Staff loans to Related parties on account of employee transfer	Equitas Housing Finance Private Limited	680,876	-
	Equitas B2B Trading Private Limited	87,226	-
	Equitas Development Initiatives Trust	7,715	-
	Equitas Finance Private Limited	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	170,260	-
Corporate Guarantee Given	Equitas Dhanyakosha India	20,000,000	-

Transaction	Related Party	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
Balance as at Year End			
Payable	Equitas Development Initiatives Trust	2,320,000	-
	Equitas Holdings Private Limited	1,260,374	-
Receivable	Equitas Dhanyakosha India	35,148,306	-
	Equitas Development Initiatives Trust	12,208,155	-
	Equitas Housing Finance Private Limited	2,367,838	-
	Equitas Finance Private Limited	3,364,021	-
	Asha Singhvi	-	300,000
	Ankita Singhvi	-	159,750
	Arihant Singhvi	-	240,681
	Arihant Investment	-	350,000

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 2012, there are no further amounts payable to / receivable from them, other than as disclosed above.

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

33 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 2012, an amount of Rs. 27,803,863 (Previous Year Rs. 30,000) 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 2012 Rs.	As at 31 March 2011 Rs.
Less than One Year	18,153,803	-
One Year to Five Years	16,861,967	-

34 Earnings Per Share

Particulars	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
Profit after Tax - in Rs.	182,416,604	2,209
Weighted Average Number of Equity Shares	157,807,184	3,881,988
Earnings Per Share (Basic & Diluted) - in Rs.	1.16	0.001
Face Value Per Share - in Rs.	10	10

35 Micro, Small and Medium Enterprises

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

Particulars	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
Principal amount remaining unpaid to any supplier as at the end of the accounting year.	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.	-	-

36 Commitments and Contingencies

Particulars	As at 31 March 2012 Rs.	As at 31 March 2011 Rs.
Contingent Liabilities:		
Provident Fund demand under appeal	18,753,700	-
Service Tax under appeal	12,585,245	-
Corporate Guarantee to related party	20,000,000	-

(a) Provident Fund Demand

A demand for an amount of Rs. 18,753,700 has been received from the Regional Provident Fund Commissioner demanding an amount of Rs. 18,753,700 towards provident fund payment for the period February 2009 to September 2010 on the incentives / allowances paid to the employees. The Company believes that the claim is untenable and, hence, has preferred an appeal with the Honorable

Employees' Provident Fund Appellate Tribunal and has obtained a stay against the said order. As per the stay order received from the Honorable 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 2012, the appeal is pending.

(b) Service Tax

A show cause notice cum demand has been received from the Service Tax authorities disallowing the service tax input credit claimed by the Company during the year 2008-2009 to the extent of Rs. 1,823,780. On the same grounds, during the year ended 31 March 2011, a show cause notice cum demand has been received from the Service Tax authorities disallowing the service tax input credit claimed during the year 2009-2010 to the extent of Rs. 10,761,465.

(c) Corporate Guarantee

The Company has issued a Corporate Guarantee on behalf of Equitas Dhanyakosha India (a Private Limited Company registered under Section 25 of the Companies Act, 1956 engaged in supply of Groceries at subsidised rates to the lower income section of the society) to Reliance Capital Limited for an amount of Rs. 20,000,000 (As at 31 March 2011 – Rs. Nil).

(d) The Company has also furnished Corporate Guarantee for Rs. 34,999,764 (As at 31 March 2011 – Rs. Nil) towards certain Bilateral Assignments executed by the Company as disclosed in Note 29.

37 Loan Portfolio and Provision for Standard and Non Performing Assets

(a) Current 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)
Receivable 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**

(b) Previous Year - Rs. Nil

38 Changes in Provisions

(a) Current Year

Particulars	**As at 31 March 2011**	**Adjustment pursuant to Scheme of Arrangement**	**Provision for the Year**	**Utilization/ Reversal**	**As at 31 March 2012**
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**

(b) Previous Year - Rs. Nil

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

39.1 Capital Adequacy Ratio

Particulars	**As at 31 March 2012**
	Rs.
Tier I Capital	1,944,706,020
Tier II Capital	589,638,952
Total Capital	2,534,344,972
Total Risk Assets	8,084,563,834
Capital Ratios	
Tier I Capital as a percentage of Total Risk Assets (%)	24.05%
Tier II Capital as a percentage of Total Risk Assets (%)	7.30%
Total Capital (%)	**31.35%**

With Respect to previous year, the Company did not have any significant Operations and hence no disclosure relating to the previous year has been made.

39.2 Exposure to Real Estate Sector

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

39.3 Asset Liability Management

(a) 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**

(b) With Respect to previous year, the Company did not have any significant Operations and hence no disclosure relating to the previous year has been made.

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

(a) Current Year

	Particulars	**As at 31 March 2012**	
		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		
	- Secured	-	-
	- Unsecured	523,464,110	-
	(other than falling within the meaning of public deposits)	-	-
(b)	Deferred Credits	-	-
(c)	Term Loans (Refer Note Below)	4,785,277,492	-
(d)	Inter-Corporate Loans and Borrowings	-	-
(e)	Commercial Paper	-	-
(f)	Other Loans	-	-

Note: Includes Interest Accrued but Not Due on Debentures amounting to Rs. 23,464,110 and Term Loans amounting to Rs. 15,845,520, totaling to Rs. 39,309,630 as at 31 March 2012.

	Particulars	**Amount Outstanding as on 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	-
(b)	Unsecured (Refer Note Below)	5,204,178,004

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

	Particulars	Amount Outstanding as on 31 March 2012 in Rs.
3	***Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities***	
(i)	Lease Assets including Lease Rentals Accrued and Due:	
	(a) Financial Lease	-
	(b) Operating Lease	-
(ii)	Stock on Hire including Hire Charges under Sundry Debtors:	-
	(a) Assets on Hire	-
	(b) Repossessed Assets	-
(iii)	Other Loans counting towards AFC Activities	-
	(a) Loans where Assets have been Repossessed	-
	(b) Loans other than (a) above	-

4	***Break-up of Investments***	**Amount Outstanding as at 31 March 2012 in Rs.**
	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	-
	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
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Funds	-
(iv)	Government Securities	-
(v)	Others	-

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

Note: Provisions include Provision for Sub-Standard and Doubtful Receivables from Financing Activities amounting to Rs. 64,482,010 and excludes Provision for Standard Receivables from Financing Activities amounting to Rs. 63,654,523.

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

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 2012

7	***Other Information***	**Related Parties**	**Other than Related Parties**
(i)	Gross Non-Performing Assets	-	68,540,958
(ii)	Net Non-Performing Assets	-	4,058,948
(iii)	Assets Acquired in Satisfaction of Debt	-	-

(b) Previous Year

With Respect to previous year, the Company did not have any significant Operations and hence no disclosure relating to the previous year has been made.

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

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

	Loan and Advance in the Nature of Loans	Amount Outstanding as at 31 March 2012 Rs.	Maximum Amount Outstanding during the year
(a)	**From Holding Company:**		
	- Equitas Holdings Private Limited	-	250,000,000
(b)	**To Associates**		
	- No Associate during the Current Year	-	-
(c)	**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	-	-
(d)	**To Firms / Companies in which directors are interested (Other the (a) and (b) above)**		
	- Equitas Development Initiative Trust (excluding Interest Accrued but Not Due	12,187,854	12,187,854
(e)	**Investments by the Loanee in the Shares of Parent Company and Subsidiary Company**	-	-

43. 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 the Reserve Bank of India to carry on the business of Non Banking Financial Institution without accepting deposits. The Company is in the process of obtaining appropriate registration under the Non-Banking Financial Company - Micro Finance Institution (Reserve Bank) Directions, 2011.

44. Expenditure incurred in Foreign Currency (On Accrual Basis)

Particulars	For the Year Ended 31 March 2012 Rs.	For the Year Ended 31 March 2011 Rs.
Membership Fees	6,896	-
Software Charges	2,993,145	
Directors Sitting Fee	10,000	

45. Donations

The Board of Directors have approved a donation of Rs. 9,120,000 (Previous Year – Rs. Nil) to Equitas Development Initiatives Trust for the year ended 31 March 2012.

46. 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. 36,500,000 (Previous Year – Rs. 5,000), out of the net profit after tax for the year ended 31 March 2012 to Statutory Reserve.

47. Procedural Matters Pursuant to Scheme of Arrangement

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

48. Loan to Equitas Dhanyakosha India

During the year ended 31 March 2012, the Company has given loans to Equitas Dhanyakosha India (a Private Limited Company registered under Section 25 of the Companies Act, 1956 engaged in supply of Groceries at subsidised rates to the lower income section of the society) and an amount of Rs. 35,148,306 (including Interest Accrued but Not Due) is outstanding as at 31 March 2012.

The net worth of the Equitas Dhanyakosha India is fully eroded and the Company is incurring cash losses during the year ended 31 March 2012. Considering the future business plans, the Management believes that Equitas Dhanyakosha India will honour its commitments to its lenders on the due dates. Further, the Company, if required, will also extend the necessary financial support in the form of loans / guarantees to Equitas Dhanyakosha India based on the limits approved by the Company's Board.

49. 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.

50. Previous Period Figures

As indicated in Note 28, the Company has acquired the assets and liabilities relating to the Micro Finance Undertaking from EHPL as at 1 April 2011, Pursuant to the Scheme of Arrangement approved by the Hon. High Court vide order dated 11 January 2012. Hence the current year figures as per the Financial Statement are not comparable with that of the Previous Year.

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

For and on behalf of the Board of Directors

Arun Ramanathan	**P N Vasudevan**	**P B Sampath**
Chariman	**Managing Director**	**Chairman- Audit Committee**

S Bhaskar
Chief Operating Officer &
Chief Financial Officer

Jayashree S Iyer
Company Secretary

Place : Chennai
Date : 8 May 2012