equitas

27th June 2016

The Secretary The Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400001	The Secretary National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex (BKC) Bandra (east) Mumbai – 400051
Scrip Code No-539844	**Symbol: EQUITAS**

Dear Sir

Sub: Submission of Annual Report under Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

In accordance with Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 please find attached Annual Report for the Financial year 2015-16.

Thanking you,

Yours Faithfully,

For **Equitas Holdings Limited**

Jayashree

EQUITAS HOLDINGS LTD CHENNAI 600 002

Jayashree S Iyer
Company Secretary

equitas

9th Annual Report

2015 - 2016

Equitas Holdings Limited

VEHICLE FINANCE

MICRO FINANCE

HOUSING FINANCE

WOW Truck.in

CORPORATE SOCIAL RESPONSIBILITY

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CORPORATE INFORMATION

Board of Directors

Name	Designation
Rangachary N	Chairman and Independent Director
Arun Ramanathan	Independent Director
Jayshree Ashwinkumar Vyas	Independent Director
Kuppuswamy P T	Independent Director
Nanda Y C	Independent Director
Rajaraman P V	Independent Director
Sharma V K	Independent Director
Srinivasan N	Independent Director
Vasudevan P N	Managing Director

Key Managerial Personnel

S.Bhaskar	Chief Financial Officer
Jayashree S Iyer	Company Secretary & Compliance Officer

Registered Office
410A, 4th Floor, Spencer Plaza,
Phase II, No.769, Mount Road,
Anna Salai, Chennai - 600 002.
Tel: +91 44 4299 5000
Fax: +91 44 4299 5050
Email: corporate@equitas.in
Website: www.equitas.in
CIN: U65100TN2007PLC064069

Statutory Auditors
Deloitte Haskins & Sells,
ASVN Ramana Towers,
52, Venkatnarayana Road,
T.Nagar, Chennai 600017.
Tel: +91 44 6688 5000
Fax: +91 44 6688 5100

Bankers
Axis Bank Limited
ICICI Bank Limited
The Hongkong and Shanghai
Banking Corporation Limited
State Bank of India

FROM THE CHAIRMAN'S DESK

Dear Shareholders,

A hearty welcome to the new shareholders who have joined the Equitas Family recently. It is my desire and wish that this association of ours, will strengthen our hands in our effort to build a community that brings equal opportunities to all through financial inclusion and lead us to glorious heights.

We are fortunate and humbled by the response received for the Initial Public Offering (IPO) of the shares of Equitas Holdings Limited. Our Rs. 2,175 Cr IPO was oversubscribed 17.2 times.

The support given to the IPO road shows was very heart warming and I would like to thank all our investors for showing confidence and belief in the Governance Standards and Management Capabilities of the Equitas team, our philosophy of fairness and transparency and in our commitment to social initiatives to promote economic and social well-being of the society around us.

A new chapter in Indian Banking!

In our 6th Annual Report 2012-13, we had mentioned "NBFC-MFIs present a very good medium to reach banking services, especially the liability services to the masses". We had voiced our desire that NBFC-MFIs should be permitted to be Business Correspondents (BCs) to Banks, so that the NBFC-MFIs could also provide savings and deposits services to the low income households, bridging a vital need of such households. We are overwhelmed by the events of the past one year, with Reserve Bank of India (RBI) announcing guidelines for licensing new type of banks viz. Small Finance Banks (SFB). The Company had applied to RBI for such a licence and it was a matter of great satisfaction for us that we were one amongst the 10 companies to receive the "in-principle" licence for commencing the services of SFB within a period of 18 months from the date of grant of licence.

Conditions for applying for the final SFB license:

RBI had, amongst other conditions, laid down the condition that Equitas Holdings Limited should not have foreign holding beyond 49% to be eligible for applying for the final license. The Company had 93% foreign holdings. The IPO which was done recently and which was a pure domestic issue, has enabled us to reduce the foreign holdings below 49%. The Company has since applied to RBI for the final license for SFB. There are various other incidental approvals which are also required and we look forward to receiving licence at the earliest for commencing the banking operations.

Mission & Vision of the Organisation:

We continue to remain committed to and carrying out our:

- Mission: 'Empowering through Financial Inclusion'
- Vision: 'To Serve 5% of Indian Households by 2025'

while following our core value: 'Fairness and Transparency' in our dealings with all our stakeholders.

We currently serve about 1% of the Indian households. With the conversion to a bank and a critical expansion in our product and service offerings with the inclusion of savings, deposits, remittance and third party products such as pension and insurance, we expect to provide a more comprehensive service to the low income households as we steadily progress towards our vision.

The proposed Small Finance Bank will focus on the following four key strategies going forward:-

a) Continue to offer our existing range of credit products such as Micro Finance, Small Enterprise loans, Business Banking loans for tiny to small commercial establishments, commercial vehicle finance and affordable housing finance. Besides these, we would be looking to offer a few cross sell products such as loan against gold, etc.

b) Leverage our existing network of branches and customer base to build a community banking channel. Business Correspondents (BCs) appointed under each Branch, would be able to provide easy, convenient and comfortable access to clients for doing even small value banking transactions. By appointing BCs from the same community, we expect that the diffidence which such clients experience in mainstream banking would cease, enabling them to save for planned future expenses, even if it is in tiny amounts at frequent intervals.

c) Offer multiple channels to clients to access their accounts with the Bank including digital channels such as net banking and mobile banking, offer third party products and services such as insurance, pension and 3-in-1 accounts to enhance the value to clients.

d) Improve operational efficiency and risk management through technology-enabled operating procedures which would help in reducing cost to our borrowers over time.

Existing Operations:

As we focus on putting the framework in place for the transition to banking, our existing operations should continue to proceed as planned.

Micro Finance:

Thanks to a tight regulatory framework laid down by RBI for NBFC-MFIs and services provided by Credit Bureaus, client protection in micro finance has improved significantly over the years. There has been a strong growth in the MFI industry over the last 2-3 years, enabling the industry to bridge a part of the unserved demand gap. However, as in any form of lending, more so in an unsecured form of lending like Micro Finance, high growth does lead to concerns about prudent ground level practices of the MFIs. The Associations, MFIN and Sa-dhan have come out with a Joint Code of Conduct for the MFIs to improve various credit and governance aspects of micro finance lending. It is hoped that the MFIs would adhere to such codes in letter and spirit and create an environment where the credit needs of the low income households are met in a sustainable manner.

Used Commercial Vehicle finance and Small Enterprise loans:

These products were introduced between 2011 and 2012. Both the products address a substantially underserved segment of the society. In used CV finance, we help drivers turn into owners. Out of about 76,550 clients funded by us from inception till March 2016, about 80% are first time finance seekers from a financial institution. Similarly in the Small Enterprise loans, we provide very small loans in the range of about Rs.1.5 lakhs to people operating tiny enterprises. Out of about 63, 800 clients funded by us from inception till March 2016, nearly most of them have borrowed for the first time in their lives from a formal financial institution.

These products have helped us grow the market and meet unserved credit needs of low income households who aspire to improve their lives through their own enterprises and mainstreaming them for the first time.

Affordable Housing Finance:

This addresses the long term housing loan needs for both micro and small houses which cost between Rs. 1 to 10 lakhs. Long loan tenor in the range of 7 to 15 years makes the instalments affordable to the borrowers, helping them to use their future savings to buy property at current prices. There are not many projects in the country which are creating housing stock at these values. Traditionally these people have a piece of land which may be mostly inherited and desire to build a small house or replace a kutcha one with a pucca one. The demand for such housing loans is very large as per various Government surveys. However, there is a need for obtaining a building plan approval from the local Government in most of the States which costs both time and money. Further in many States, the local Acts do not entitle a person to apply for such approvals if the plot size is about 1,000 sq ft. This affects almost all the low income households from obtaining the much needed long term loan for building houses. We may be able to serve these needs as and when regulatory changes take place, enabling such people to build small houses on such size of plots.

Social Initiatives:

Our social initiatives, carried out through Equitas Development Initiatives Trust (EDIT) and Equitas DhanyaKosha India (a Section 8 not-for-profit company), continue to impact the society positively. Our medical program has reached a scale, probably not matched by any other corporate in the country with over 75,000 people benefiting monthly and about 4 million people benefiting cumulatively. Imparting small cottage skill training has reached over 400,000 people while our job placement initiatives have placed about 60,000 unemployed youth in jobs. Our Pavement Dweller Rehabilitation Program has successfully taken about 730 families from pavements and lodged them in houses and with the skill training imparted, many have become self-sustainable. Our food security program has created about 700 grocery entrepreneurs over the last year.

We run 7 schools under the name of Equitas Gurukul in various parts of Tamilnadu with over 4,000 children studying. Focussed efforts are being put in by the committed teachers and principals to impart holistic English medium education to children from low income households.

The next phase of growth, we believe, will take us closer to our goal of building an organisation that sets international benchmarks of excellence and delivers long term value to our stakeholders and to the society we operate in.

I take this opportunity to thank my colleagues on the Board, on the Boards of our subsidiaries and the Trustees of our Trust for their guidance and valuable contribution and look forward to their continued support, as we want to take on our next avatar in the financial landscape of India.

God bless you all.

N Rangachary

Chairman

Place: Chennai

Date: 6th May, 2016

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Ninth Annual Report together with the Audited Accounts of the Company for the Year ended 31st March 2016 (FY 2015-16).

1. Overview

The Company is a non-systemically important Core Investment Company (CIC-non-SI) and has been exempted from registration under Section 45 IA of Reserve Bank of India Act, 1934. The Company has not accepted any public deposits during the FY 2015-16 and there has been no change in the business of the Company during the said period.

During the year, the Company has obtained an "In-Principle" approval of the Reserve Bank of India to set up a Small Finance Bank (SFB) and as per the terms and conditions of the "in-principle" approval, the promoting NBFC viz., the Company is required to be registered with RBI as Core Investment Company (CIC). Accordingly, the Company is in the process of filing an application with RBI for registering itself as a CIC.

The Company was converted into a public limited company and the name of the Company was changed to Equitas Holdings Limited. The RoC issued a fresh certificate of incorporation consequent to change of name on 18th June, 2015.

The equity shares of the Company have been listed on the BSE Limited and National Stock Exchange of India Limited on 21st April, 2016 and consequently the Company has become a listed entity with effect from that date.

2. Financial Results - Standalone

(Rs in lakh)

	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
Gross income	819.72	891.80
Less: Total Expenditure	435.66	510.47
Profit before taxation	384.06	381.33
Provision for taxation	172.43	215.79
Profit after taxation	211.63	165. 54
Transfer to Statutory Reserve	42.40	33.11
Transfer to General Reserve	Nil	Nil

3. Dividend

The Directors do not recommend any dividend for the year.

4. Operational highlights

The Company is a CIC - non - SI and has the following four wholly owned operating subsidiaries:

Sl. No.	Name of the Subsidiary	Activities
1.	Equitas Micro Finance Limited (EMFL)	Providing micro loans to people from the Economically Weaker Section (EWS)/Low Income Group (LIG)
2.	Equitas Finance Limited (EFL)	Used Commercial Vehicle Finance, principally for first time vehicle buyers Micro & Small Enterprise loans
3.	Equitas Housing Finance Limited (EHFL)	Micro Housing loans for people typically from EWS/LIG segments Affordable Housing loans
4.	Equitas Technologies Private Limited (ETPL)	Providing a technology platform for freight, logistics, carriers and related services which matches demand and supply and where various vendors and customers can be brought together for fulfillment of sales and services between them

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

5. Management Discussion and Analysis

The Management Discussion and Analysis Report, highlighting the important aspects of the business of the Company and its Subsidiaries is given in this Report as Annexure-I.

6. Subsidiaries

(Rs in lakh)

Sl. No.	Particulars	1	2	3	4
1.	Name of the subsidiary	**EMFL**	**EFL**	**EHFL**	**ETPL**
2.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	N.A.	N.A.	N.A.	N.A.
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.	N.A.	N.A.
4.	Paid up share capital	19,875.00	42,300.00	4,000.00	1,500.00
5.	Reserves & surplus	26,160.21	28,791.89	135.28	(244.99)
6.	Total assets	356,553.68	253,776.06	27,218.21	1,344.41
7.	Total liabilities	356,553.68	253,776.06	27,218.21	1,344.41
8.	Investment in shares	20.00	0.00	0.00	0.00
9.	Turnover	60,642.52	47,607.81	3,656.20	27.71
10.	Profit before taxation	12,481.86	13,082.46	308.53	(244.99)
11.	Provision for taxation	4,446.35	4,570.44	108.53	0
12.	Profit after taxation	8,035.51	8,512.02	200.00	(244.99)
13.	Proposed dividend	-	-	-	-
14.	% of shareholding	100%	100%	100%	100%

Equitas Technologies Private Limited, a new subsidiary company was incorporated on 27th October, 2015. On an application made to the RoC, Equitas B2B Trading Private Limited, a subsidiary Company, was struck off from the Register of Companies vide Order dated 13th May, 2015.

7.1 Consolidated Financial Results

(Rs in lakh)

	For the Year Ended 31st March, 2016	For the Year Ended 31st March, 2015
Gross income	111,487.42	75,592.58
Less: Total Expenditure	85,475.46	59,236.96
Profit before taxation	26,011.96	16,355.62
Provision for taxation	9,297.78	5,659.83
Profit after taxation	16,714.18	10,659.65*
Transfer to Statutory Reserve	3,410.00	2,134.29
Transfer to General Reserve	Nil	Nil

** Net of loss from discontinuing operations amounting to Rs.36.14 lakh*

In accordance with the Companies Act, 2013, the audited consolidated financial statements are provided in the Annual Report.

7.2 SFB License Application

During the previous year, RBI invited applications for setting up of Small Finance Banks (SFB) and Payment Banks. The Company made an application to RBI for a license to promote a Small Finance Bank (SFB). The RBI granted "in-principle" approval to the Company to set up a SFB under Section 22 of the Banking Regulation Act, 1949, subject to certain conditions through a letter dated 7th October, 2015 (the "**SFB In-Principle Approval**"). The SFB In-Principle Approval is valid for a period of 18 months from 7th October, 2015 *i.e.* until 6th April, 2017 to enable the applicants to comply with the SFB Guidelines, fulfill the conditions in the SFB In-Principle Approval and any other conditions as may be stipulated by the RBI.

At the time of making application to RBI for SFB license, the Company had proposed to merge the operations of EMFL, EFL and EHFL into a single wholly owned subsidiary, which will operate as a Small Finance Bank.

Accordingly, these subsidiary companies have filed Company Petition with Hon'ble High Court of Judicature at Madras, for merging EMFL and EHFL with EFL. The petition was taken up for final hearing on 28th April, 2016. The High Court orders are awaited.

The Company is in the process of fulfilling various other conditions stipulated in the SFB In-Principle approval and expects the merged subsidiary company to start the banking operations during FY 2016-17.

8. Material changes after the Balance Sheet Date (31st March 2016)

Following are the material changes after the Balance Sheet Date of 31st March, 2016:

a. The Initial Public Issue of 197,880,429 equity shares of the Company at the issue price of Rs.110/- consisting of 65,454,545 fresh issue of equity shares and 132,425,884 equity shares under offer for sale was made and the same was fully subscribed. Consequently, the paid up share capital of the Company stands increased by Rs. 65,45,45,450/-

b. The shares of the Company have been listed in BSE and NSE on 21st April, 2016.

c. Out of the IPO proceeds of Rs.720 crore, an amount of Rs.616 crore was invested in equity capital of subsidiaries in April 2016, in line with the Prospectus.

9. Corporate Governance Rating

CRISIL has reaffirmed 'CRISIL GVC Level 2' rating for the Company. This Governance and Value Creation (GVC) rating indicates very high capability of the Company with regard to Corporate Governance and value creation for all its stakeholders.

10. Corporate Governance Report

A report on the Corporate Governance as required under Regulation 24 of Securities Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 (SEBI (LODR)) is given in this Report as Annexure-II.

Details on number of Meetings of Board and Committees and composition of various Committees of the Board including their Terms of Reference are in the annexed Corporate Governance Report.

The Company has devised a Vigil mechanism for directors and employees, details whereof is available on the Company's website at www.equitas.in/sites/default/files/EHL%20Whistle%20Blower%20Policy_0.pdf.

11. Corporate Social Responsibility

The Company has laid down a Corporate Social Responsibility Policy. In accordance with the Policy, the Company contributes 5% of its net profits to Equitas Development Initiatives Trust, a Public Charitable Trust, set up by the Company. CSR activities are carried out through this Trust. A report on the CSR activities undertaken by the Company is given as Annexure III.

12. Directors and Key Managerial Personnel

12.1 While selecting Directors, the Company looks for an appropriate balance of skills, experience, independence and knowledge to enable them discharge their respective duties and responsibilities effectively. The Company has laid down a clear Policy on remuneration of Directors, Key Managerial Personnel and other employees.

12.2 During the year under review, Ms Jayshree Ashwinkumar Vyas was appointed as Independent Director in the Annual General Meeting held on 29th June, 2015 for a term of five years upto 11th November, 2019. Mr Rangachary N, Mr Arun Ramanathan, Mr Kuppuswamy P T, Mr Yogesh Chand Nanda, Mr Rajaraman P V, Mr Srinivasan N and Mr Vinod Kumar Sharma were appointed as Independent Directors in the Annual General Meeting held on 29th June, 2015 for a term of five years upto 6th May, 2020.

12.3 Mr Paolo Brichetti, Mr Viswanatha Prasad Subbaraman, Mr Nagarajan Srinivasan and Mr Sundaram Ramakrishnan, Nominee Directors, ceased to be the Directors of the Company with effect from 21st April, 2016 since the provisions of Articles of Association granting rights to investors of the Company to nominate a Director on the Board of the Company have fallen away on listing of equity shares of the Company in Stock Exchanges on 21st April, 2016.

The Board places on record its deep appreciation for the services rendered by these Directors as members of the Board and as members of the various Committees of the Board that they served on.

12.4 Mr Vasudevan P N, Managing Director, the only non-independent Director retires by rotation this year, and being eligible, offers himself for re-appointment. The Directors recommend his re-appointment as Director of the Company. Appropriate resolution for his re-appointment is being placed for approval of the shareholders at the ensuing Annual General Meeting.

13. Overall Remuneration

Details of all elements of remuneration paid to all the Directors are given in the Corporate Governance Report. The Directors of the Company are not entitled to stock option.

Details of remuneration as required under Section 197(12) of Companies Act 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in this report as Annexure-IV.

14. Evaluation of Board Performance

The performance of the Chairman, the Board, Audit & Risk Management Committee, Nomination, Remuneration & Governance Committee (NRGC), Corporate Social Responsibility Committee and that of individual Directors for the

Year 2015-16 were evaluated on the basis of criteria as approved by the Board. All directors were provided the criteria for evaluation which was duly filled in and sent to Mr Sridharan N, CFO of Equitas Micro Finance Ltd, who is the Secretary to the NRGC. Mr Sridharan N then collated the feedback and the same was shared in confidence with the Chairman of the NRGC.

The Chairman of NRGC discussed the same at length with the other members of the Committee. Areas of improvement in the functioning of the Board and Committees were identified. Later at the Board Meeting, the Chairman of NRGC shared the feedback with the Chairman of the Board and the other Directors. Specific action points were drawn out.

15. Declaration from Independent Directors

The Independent Directors (IDs) have submitted a declaration of independence, as required pursuant to section 149(7) of the Act, stating that they meet the criteria of independence as provided in section 149(6). In the opinion of the Board, these IDs fulfil the conditions specified in the Act and the rules made thereunder for appointment as IDs and confirm that they are independent of the Management.

16. Key Managerial Personnel

Pursuant to the provisions of section 203 of the Act read with the rules made thereunder, the following employees are the whole-time Key Managerial Personnel of the Company:

1. Mr Vasudevan P N, Managing Director
2. Mr Bhaskar S, Chief Financial Officer
3. Ms Jayashree S Iyer, Company Secretary

17. Directors' Responsibility Statement

The Directors' Responsibility Statement as required under Section 134 (3) (c) of the Companies Act, 2013 is given in this Report as Annexure-V.

18. Auditors

M/s Deloitte Haskins & Sells, Chartered Accountants, were appointed as Auditors of the Company for 2 years till the conclusion of the 10th Annual General Meeting to be held in the year 2017. The Company has received a letter from them, stating that they satisfy the criteria provided in Section 141 of the Companies Act, 2013 and the continuance of their appointment, if ratified, will be in accordance with the conditions prescribed under the Companies (Audit and Auditors) Rules, 2014. The Directors recommend the ratification of appointment of M/s Deloitte Haskins & Sells, Chartered Accountants, as Auditors of the Company from the conclusion of the ensuing AGM till the conclusion of the 10th Annual General Meeting to be held in the year 2017.

19. Secretarial Auditor

The Board appointed Dr B Ravi, Practising Company Secretary to conduct Secretarial Audit for the Financial Year ended 31st March, 2016. The Secretarial Audit Report for the Financial Year ended 31st March, 2016 is given in this Report as Annexure-VI.

20. Information as per Section 134 (3) (q) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014

20.1 The Company has no activity relating to conservation of energy or technology absorption.

20.2 During the year, the Company did not have any foreign currency earnings. Foreign currency expenditure of Rs.57.30 lakh was incurred by the Company mainly towards sitting fee for Directors and legal and professional fee in connection with the IPO.

21. Details of Employee Stock Option Scheme

The Nomination, Remuneration and Governance Committee constituted by the Board of Directors of the Company, administers the Employee Stock Option Schemes, formulated by the Company, from time to time.

On 17th December, 2007, the Company implemented an Employees Stock Option Scheme 2007 (ESOP Scheme 2007). Under the plan, the Company was authorized to issue upto 56,20,000 Equity Shares of Rs.10 each to eligible employees of the Company and its Subsidiaries. Employees covered by the plan were granted options to purchase shares of the Company subject to the terms and conditions of the Scheme.

Effective 10th November, 2012, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2012 (ESOP Scheme 2012). Under the plan, the Company was authorized to issue upto 10,00,000 Equity Shares of Rs. 10 each to eligible employees of the Company and its Subsidiaries. ESOP Scheme 2007 was terminated and the outstanding options under the ESOP Scheme 2007 have been transferred and made available for grant under the ESOP Scheme 2012.

Effective 8th July, 2014, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2014 (ESOP Scheme 2014). Under the plan, the Company is authorized to issue upto 1,05,00,000 (Post bonus in the ratio of 2:1) Equity Shares of Rs.10 each to eligible employees of the Company and its subsidiaries as per the terms and conditions of the Scheme. ESOP Scheme 2012 was terminated. Further, the outstanding options under the ESOP Scheme 2012 have been transferred and made available for grant under the ESOP Scheme 2014.

Thereafter effective 7th September, 2015, the Equitas Employee Stock Option Scheme, 2015 ("Equitas ESOP 2015") was implemented. The Equitas ESOP 2015 was for a total of 22,200,000 Equity Shares. In accordance with the scheme, Equitas ESOP 2014 was terminated and all options that had lapsed, cancelled, withdrawn, recalled or surrendered (including those having lapsed by forfeiture) or outstanding under the Equitas ESOP 2014 were transferred to Equitas ESOP 2015.

Information as required under Section 62 of the Companies Act and Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and SEBI (Share Based Employee Benefits) Regulations, 2014 (SEBI Regulations)

S.No.	Information Required	Particulars
1	Number of options granted during the year	89,72,900
2	Number of options vested during the year	18,47,468
3	Number of options exercised during the year	10,46,672
4	Number of shares arising as a result of exercise of options	10,46,672
5	Number of options forfeited / lapsed during the year	32,89,560
6	Exercise price	Rs.65 / Rs.70
7	Money realised by exercise of options	Rs.363.99 lakh
8	Total Number of options in force	4,33,55,425

Employee wise details of options granted to
1. Senior Managerial Personnel;

Employee Name	Designation	Options Granted	Exercise Price
Jayashree S. Iyer	Company Secretary	2700	70

2. Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year.

Name of Employee	No. of Options Granted
Financial year 2008	
S. Muralidharan	2,00,000
H. Mahalingam	5,00,000
Balasubramani Thangavelu	2,00,000
S. Sethupathy	2,00,000
S. Bhaskar	10,00,000
Financial year 2009	
V. G. Suchindran	40,000
K. P. Venkatesh	70,000
Financial year 2011	
K. P. Venkatesh	1,30,000
Financial year 2011	
H. K. N. Raghavan	2,10,000

3. Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant

Name of Employee	No. of Options Granted
Financial year 2008	
S. Muralidharan	2,00,000
H. Mahalingam	5,00,000
Balasubramani Thangavelu	2,00,000
S. Sethupathy	2,00,000
S. Bhaskar	10,00,000

Other details relating to Stock Options as required under SEBI (Share Based Employee Benefits) Regulations, 2014 are displayed in the Company's website, www.equitas.in/sites/default/files/ESOS%20INFORMATION.pdf
The Company has not issued any Equity Shares with differential rights or Sweat Equity Shares during the financial year.

22. Particulars of contracts or arrangements with related parties

During the period under review, the Company has not entered into any related party transactions under Section 188 of the Companies Act, 2013.

23. Risk Management

The Company is a Core Investment Company and its operations are limited to being a CIC. The risks therefore relate to investments made in its subsidiaries. The operations of each of the subsidiaries, the risks faced by them and the risk mitigation tools followed to manage them are reviewed periodically by the Audit and Risk Management Committees and the Boards of the respective subsidiaries. The same are considered by the Board of the Company as well. Details of the same are covered in the Management Discussion and Analysis Report.

24. Internal Financial Controls

The Company has clear delegation of authority and standard operating procedures. These are reviewed periodically by the Audit and Risk Management Committee. These measures help in ensuring adequacy of internal financial controls commensurate with the nature and scale of operations of the Company.

25. Loans/Guarantee/Investments

During the year, the Company had given fresh loans amounting to Rs.55 crore to its wholly owned subsidiaries viz., EHFL and EFL which were fully repaid. The amount of loans outstanding from these subsidiaries as on 31st March, 2016 is Nil. The guarantees extended by the Company on the loans availed by its wholly owned subsidiaries and other companies amount to Rs.1,550 crore as on 31st March, 2016.

26. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a Policy on Prevention of Sexual Harassment in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees are covered under the policy. No complaint has been received by the Company under this Policy during the year 2015-16.

27. There have been no significant and material orders passed by Regulators or Courts or Tribunals impacting the going concern status and the future operations of the Company.

Acknowledgment

The Directors thank all our investors for showing confidence and belief in Equitas. The Directors also thank the Subsidiary Companies for their continued support in various activities. The Directors also thank the Financial Institutions and Banks associated with the Company and the subsidiaries for their support. The Directors also thank the employees of the Company and the subsidiaries for their commitment and contribution in progressing towards the Mission and Vision of the organisation.

For and on behalf of the Board of Directors

S/d	**S/d**
P N Vasudevan	**N Rangachary**
Managing Director	**Chairman**

Place: Chennai

Date: 6th May, 2016

Annexure I

Management Discussion & Analysis

Industry Overview

The world economy remained sluggish and weak in general. India was the only large economy showing good growth. The country's growth has led to a rise in financing needs. NBFCs have played a major role in complementing banks and other financial institutions, and help fill the gaps in availability of financial services with respect to products as well as customer and geographical segments. Strong linkages at the grassroot level makes them a critical cog in catering to the unbanked masses in rural and semi-urban reaches, enabling the Government and Regulators to further the mission of financial inclusion. The sheer size of the market in terms of financially excluded households presents large opportunities for a business model that offers sustainable credit to the unbanked and under-banked at affordable rates and a repayment cycle spread over a longer duration. Banking and NBFC sectors have, however, had a challenging phase as certain industrial sectors suffered a downturn.

The dynamics of the NBFC sector is reflective of its evolving role in niche areas of specialised services. Operationally, the sector remained relatively stronger vis-à-vis commercial banks in terms of capital adequacy and profitability. However, the asset quality of the NBFC sector has also suffered deterioration in recent years.

Equitas Holdings Limited and Businesses

Equitas Holdings Limited (EHL) is the Holding Company of the Equitas Group of Companies.

EHL holds investments in subsidiary companies and is a Core Investment Company – Non Systemically Important (CIC – Non SI) as per RBI Regulations. Apart from holding investments in subsidiary companies, EHL provides loans to subsidiaries and corporate guarantees for the borrowings of subsidiaries from banks and institutions.

The Group started its business in 2007 as a Micro Finance entity and over time, diversified into other business lines through its subsidiaries: Equitas Housing Finance Limited [EHFL], 2010 and Equitas Finance Limited [EFL], 2011 respectively.

Equitas Technologies Private Limited [ETPL], which was set-up in October 2015, is in the business of development of a technology platform for freight, logistics, carriers and related services which matches demand with supply and where various vendors and customers can be brought together for fulfilment of mutual sales and services. It operates under the brand “Wowtruck”.

EHL engages in the businesses through its wholly owned subsidiaries as under:

Equitas Micro Finance Limited (EMFL)	Equitas Finance Limited (EFL)	Equitas Housing Finance Limited (EHFL)	Equitas Technology Private Limited (ETPL)
• Micro Finance	• Used Commercial Vehicle (UCV) Loans • Micro & Small and Enterprise (MSE) Finance • Others	• Affordable Housing Loans • Micro Housing Loans	• Technology platform for freight, logistics, carriers and related services

Small Finance Bank [SFB]: The Company, along with nine other entities, received an 'in principle' approval on 7th October 2015 from The Reserve Bank of India to establish a small finance bank in the private sector under Section 22 of

the Banking Regulation Act, 1949. The validity of the 'in principle' approval is for 18 months, within which some of the various corporate actions have been / would be initiated as below:

- Equitas Micro Finance Limited and Equitas Housing Finance Limited will be merged with Equitas Finance Limited to form the SFB;
- Foreign holding to be reduced to less than 49% through an Initial Public Offer [IPO]. The Company met this objective as a result of its IPO in April 2016.
- Fulfill all requirements to obtain final banking license during 2016-17.

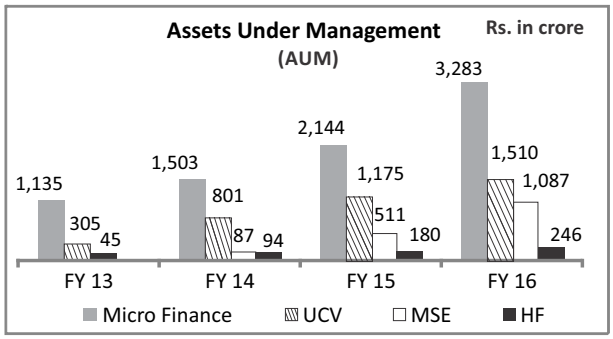
As a Small Finance Bank, the Company aims to inculcate the habit of prudent long term savings among the unbanked and under-banked in India. Over time, the SFB will mobilise retail deposits that will aid in reducing the overall cost of funds and build a strong base of mass and affluent banking customers. The SFB hopes to be driven predominantly by two channels:

i) a large network of community bankers by appointing Business Correspondents and

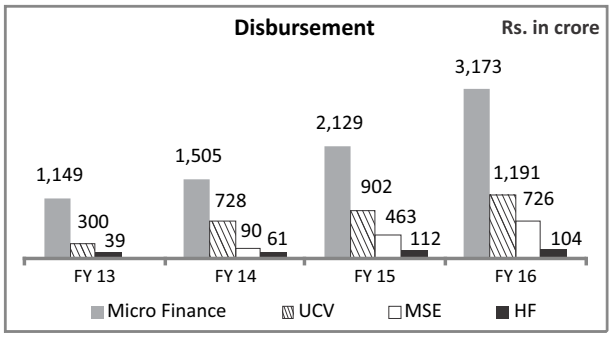
ii) its own branch network catering to mass and affluent customers

As the organisation transforms itself into a SFB, two distinct portfolios will emerge - Retail Asset and Retail Liabilities. The Retail Assets will continue to grow through established lines of business like Micro Finance, Used Commercial Vehicle Finance, MSE Finance, Home Loans etc. The Retail Liabilities will focus on mobilizing funds through retail household accounts.

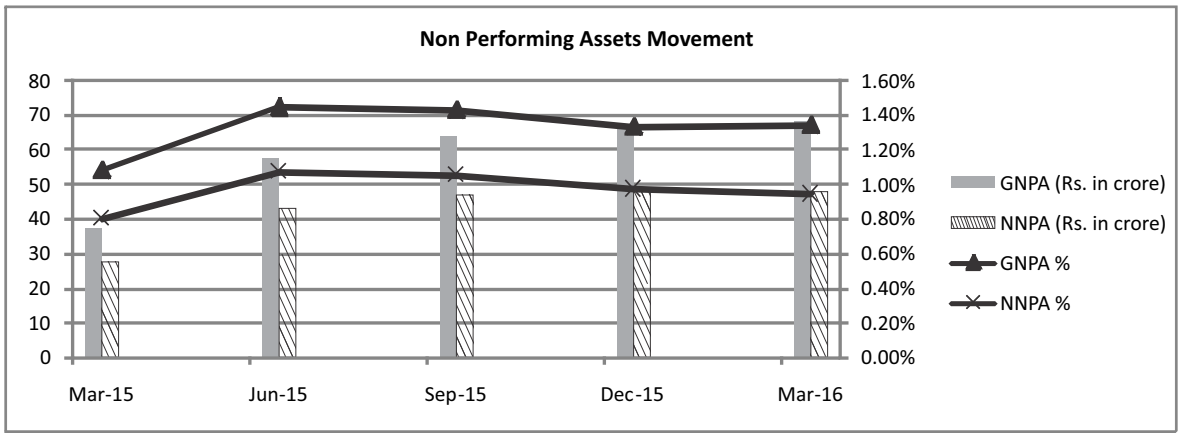
Business Performance:



Total AUM grew from Rs. 4,010 crore as of FY15 to Rs.6,126 crore as of FY16



Total disbursement grew from Rs. 3,606 crore in FY15 to Rs.5,194 crore in FY16



GNPA moved from 1.08% as of FY15 to 1.34% as of FY16 due to NPA recognition norms of EFL moving to 5 months from Q1FY16 as against 6 months upto FY15

Abridged Statement of Profit and Loss (Consolidated)

Equitas Holdings Limited

Rs in Lakh

Particulars	2015-16	2014-15	Growth %
A. CONTINUING OPERATIONS			
Revenue from Operations	1,11,093.14	75,506.42	47%
Other Income	394.28	86.16	358%
Total Revenue	**1,11,487.42**	**75,592.58**	47%
Expenses			
Employee benefits expenses	23,380.46	15,509.71	51%
Finance Costs	43,596.44	29,470.25	48%
Depreciation and Amortization expenses	1,370.96	842.98	63%
Loan provision and write offs	5,910.66	5,043.25	17%
Other expenses	11,216.94	8,370.77	34%
Total Expenses	**85,475.46**	**59,236.96**	44%
PBT	26,011.96	16,355.62	59%
Tax Expenses	9,297.78	5,659.83	64%
Profit After Tax From Continuing Operations	**16,714.18**	**10,695.79**	56%
B. DISCONTINUING OPERATIONS			
Loss Before Tax from Discontinuing Operations	-	(35.28)	-
Tax Expense of Discontinuing Operations	-	0.86	-
Loss Profit After Tax From Discontinuing Operations	-	(36.14)	-
C. TOTAL OPERATIONS			
Profit After Tax	**16,714.18**	**10,659.65**	57%
Earnings Per Equity Share of Rs.10 each (Fully Paid up)			
- Basic			
Continuing operations	6.21	4.49	
Total operations	6.21	4.48	
- Diluted			
Continuing operations	6.19	4.48	
Total operations	6.19	4.47	

Details of Subsidiaries:

1. Equitas Micro Finance Limited (EMFL):

EMFL is a wholly owned subsidiary of Equitas Holdings Limited (EHL). EMFL is registered as NBFC-MFI with RBI.

Customer Segment:

EMFL provides small loans of around Rs. 2,000 to Rs. 35,000 to people who are in the Economically Weaker Section (EWS) / Low Income Group (LIG) income category. RBI has put in a regulatory framework, which, among others, also defines the income level of customers who can be serviced by MFIs. Currently this stands at Rs. 1.6 lakhs of annual income for households in urban areas and Rs. 1 lakh of annual income for households in rural areas.

Regulatory Framework:

Recognising the active role played by MFI in driving financial inclusion, RBI in 2011 had introduced a strong regulatory framework to strengthen this sector. As of now, the significant regulatory guidelines are:

- Household annual income of families who avail micro loans from MFIs should not be more than Rs .1.6 lakh in urban areas and Rs. 1 lakh in rural areas.
- Not more than 2 MFIs can give loan to the same borrower
- The total loan outstanding of both the MFIs to the same borrower should not exceed Rs. 1 lakh at any point in time
- Loan amount should not exceed Rs. 60,000 in the 1st cycle & Rs. 1 lakh in subsequent cycles.
- The margin (i.e. the difference between cost of funds of the MFI and its lending rate) not to exceed 10% in case of MFIs with asset size exceeding Rs. 100 crore and 12% in other cases
- Loans above Rs. 30,000 should necessarily have a minimum tenor of 2 years.
- Borrowers should be given a choice of frequency of repayment viz. weekly, fortnightly or monthly
- Aggregate amount of loans given for income generating purpose is not less than 50% of total loans given
- Benefit of priority sector classification extended to lending of banks to MFIs.

Business Environment:

Given the demand for such loans, the MFI sector is expected to record sustained high growth over the next few years. The MFIs have established themselves as efficient and effective institutions for the last mile connectivity to low income clients. They are expected to play a supportive role to the initiatives on financial inclusion of the Regulators and Government. In September, Reserve Bank of India (RBI) gave in-principle approval to start small finance banks to 10 entities of which 8 are microfinance firms including Equitas. This faith in MFIs also augurs well for the Indian Microfinance sector that has seen its ups and downs since 2010.

This new opportunity gives MFIs the ability to diversify their products and services, obtain access to electronic channels, expansion of their fund base as well as derive the opportunity to bring an overall positive impact on the financial wellbeing of its constituents.

Operational and Financial Results

EMFL has, right from its inception, been focused on creating a highly efficient platform to deliver micro finance loan services to clients. EMFL has put in place a state-of-the-art Risk Management System for controlling operational risk and has built a robust technology backbone to process a large number of transactions in a seamless manner. The earlier industry-leading OMR (Optical Mark Recognition) technology has now been replaced by front- end tablets. Client acquisition process is now a paperless process across all branches. Applications are entered directly into the tablet, photograph of clients and KYC documents are captured on the tablet and it moves to head office for processing. The tablet process which was launched at about 60 branches in the previous year has been extended to all the branches during the year. This is expected to bring in substantial savings in cost and time, besides higher levels of validations.

EMFL disbursed Rs.3,173 crore during the year resulting in the total loan outstanding (including securitized loan outstanding) going up from Rs.2,144 crore as on 31st March, 2015 to Rs. 3,283 crore as on 31st March, 2016. Thirty Eight branches were added including three each in two new states (Haryana & Punjab), taking the total number of branches to 399.

Since EMFL had built up infrastructure to handle high volume operations, the growth during the year resulted in better utilization of staff and other resources leading to lower operating costs. EMFL posted a net profit after tax of Rs. 80.36 crore for the year ending 31st March 2016 compared to Rs. 68.55 crore for the previous year. The Return on Equity (RoE) was at 19.12%.

Capital Adequacy

As at the end of year, EMFL's Capital to Risk Adjusted Assets (CRAR) was comfortable at 21.70% against the regulatory requirement of 15%. During April 2016, the Holding company has infused fresh capital of Rs.288 crore out of the funds raised from IPO, which significantly improved the CRAR.

Resources and Treasury

The funding for the business is from an optimum mix of equity and debt. EMFL continues to follow the policy of diversification of funding sources. EMFL has existing relationships with about 36 lenders across Banks, Financial Institutions, NBFCs and Overseas FII investors, who have sanctioned limits of Rs.2,448 crore during the year, out of which Rs.2,348 crore have been availed as on 31st March, 2016. It includes Rs.250 crore of NCDs and Rs.150 crore of Subordinated Debt issued during the year. Undrawn lines as at the year-end include Rs.100 crore.

The EMFL during the year completed around Rs.662 crore of fund raising through securitization transactions with various banks. The overall off-book assets constituted 22% of total assets as on 31st March, 2016.

During the year, EMFL's credit ratings were reaffirmed by CARE and CRISIL at CARE A and CRISIL A-/Stable. CRISIL has upgraded the credit ratings of EMFL in April 2016 to CRISIL A/Stable. Further, during the year, CRISIL has reaffirmed the MFI Grading of EMFL at the highest level of mfR1.

Human Resources

EMFL has provided a wide range of benefits to its employees including health insurance for all employees and their dependents. EMFL also provides stock option benefits to all employees of EMFL by which the employees get opportunity to acquire shares in EHL. In recognition of its employee-friendly HR practices, EMFL was ranked among the top 50 Great Places to Work in India by The Great Place to Work Institute India Inc. The number of employees as at the end of the year was 5,317.

To enable employees provide quality education to their children, Equitas Group has introduced Children Education Loan for the employees. All the employees are covered by the ESOP Scheme. The Group has also provided opportunities to employees to move across business verticals through the Career Enhancement Program [CEP]. New joinees are inducted into EMFL through a 2-day training programme, which is conducted once a month in every region. Leadership Development Programme for the Senior Management team of EMFL was also facilitated during the year.

Risk Management

EMFL has a Board approved Risk Management Policy. The Board periodically reviews the risks faced by EMFL and the practices followed to manage them. This is in line with the Risk Management framework formulated by the Group.

Regulatory uncertainty has been a dominant risk faced by the microfinance sector. This risk has come down considerably during the last couple of two years following RBI's regulations for NBFC-MFIs.

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

Credit Risk

EMFL considers the need for funds for productive purposes of clients, all of their other borrowings and the bonding with the rest of the group members, before extending loan, which is further reinforced through group guarantees. In addition, with the full rollout of the Credit Bureau initiatives, over-borrowing has been effectively curtailed.

Operational Risk

EMFL has put in multi-layered checks and controls over key client interface processes. Each field level process conducted by the staff is scrutinized through multiple levels of risk oversight, creating a strong risk management system, what we call as the 'Equitas Chakravyuh'. Further EMFL also constantly upgrades its control processes based on analysis of failed processes. EMFLs robust controls are well reflected in the almost negligible instances of breach of control. The control parameters of EMFL are generally held as benchmarks in the MFI sector globally and EMFL continues to fine-tune the same based on experience. 19% of disbursements for FY16 were done by way of electronic fund transfer directly to the customers' bank account.

EMFL 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 damage. Equitas has successfully implemented offsite disaster recovery facility. This has also been tested and certified by the auditors that it is working fine.

Market Risk

Liquidity Risk: Given the sensitive nature of the sector, the funding by banks is closely linked to the overall image of the sector as well as the regulatory environment. EMFL has internal guidelines on the quantum of excess liquidity which is a balance between the need for liquidity and reducing the cost of negative carry on excess liquidity.

ALM Risk:

EMFL ensures matched funding without any adverse mismatch in structural liquidity. Interest rate sensitivity arises as EMFL has high (about 51%) percentage of its borrowings under floating rate whereas the entire lending is on a fixed rate. EMFL adopts off-book transactions like securitization / bilateral assignments as a means of locking in interest rates.

Leverage:

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

Micro & Small Enterprise Loans

A survey amongst micro finance clients about four years ago showed that about 15% of the clients have the ability to grow their businesses to a higher level. However they lack access to capital from organized financiers and often end up borrowing from the private lenders. To serve the need of such clients, EMFL has entered into an agreement with Equitas Finance Limited (EFL) to source such clients for EFL. EFL does underwriting for the sourced clients and provides loans in the range of Rs. 50,000 – Rs. 5 lakhs. For the year under review, EMFL sourced nearly 31800 clients who were able to avail of such Micro Enterprise loans from EFL.

Micro Housing Loan

Many of the Micro Finance clients are in need of funds to convert kacha houses to pucca houses, for extension of the house or to complete the house which was left incomplete for lack of funds. The requirement of funds for this purpose ranges from Rs. 50,000 to Rs. 5 lakhs. EMFL has entered into an agreement with Equitas Housing Finance Limited (EHFL) to source clients for EHFL. EHFL does its own due diligence and approves the credit. EMFL has sourced close to 2,700 clients under this arrangement.

Outlook and challenges

The growth of Micro Finance looks robust with underlying demand for micro-credit. However, EMFL will have to balance geographic concentration and work towards limiting over-borrowing by its members.

2. Equitas Finance Limited (EFL)

Equitas Finance Limited [EFL] is an NBFC-ND-SI registered with RBI under the 'Asset Finance Company' [AFC] category. It provides asset-based financing to segments of customers, who do not have adequate access to finance from formal financing channels. EFL offers used commercial vehicle financing to small truck operators and also financing to self-employed business people, belonging to Micro and Small Enterprises (MSE).

Used Commercial Vehicle [UCV] Financing

UCV finance market is quite large in size and is estimated at around INR 1.80 Lac Crore. Downtrend in new CV sales for a short time does not impact the UCV finance market but a sustained weakness in new CV industry does have an impact on the UCV market, as experienced in FY15. With the increase in sale of new CVs in FY16, UCV market is also showing signs of moving towards stability. Traditionally, customers in the UCV market prefer models that are more than 6 or 8 years old, but this trend is changing in recent times and customers are tending towards purchase of newer models, i.e., 3 to 6 years old vehicles, as these vehicles are likely to deliver them 'value for money' due to better fuel economy and lower maintenance cost.

EFL offers financing services mainly to customers who are desirous of becoming owners of CV, after years of experience as drivers. Out of the used CV portfolio funded by EFL, about 80% of them are such first time finance buyers, with no prior exposure to organised financing such as banks or NBFCs. Sufficient freight availability is crucial for our customers to ensure that they turnaround their vehicle optimally increasing their freight revenues. Given the profile of our customers, their ability to absorb earning shocks beyond a couple of months is low. This calls for very close hand-holding and working with each customer to support them suitably in times of stress.

EFL's receivables management has been good and the level of delinquencies & NPA are under control and compare very favourably with peers. In view of the criticality of the same, the Receivables Management would continue to remain a key management focus.

Micro & Small Enterprises [MSE] financing

SMEs are critical to the nation's economy as they contribute significantly to India's domestic production. According to the NSSO Survey of 2013, there are some 57.70 million small business units, mostly individual proprietorship, which run manufacturing, trading or services activities. (Source: Economic Characteristics of Unincorporated Non Agricultural Enterprises (Excluding Construction) in India, National Survey Sample Report, February 2013). These encompass myriad of small manufacturing units, shopkeepers, fruits / vegetable vendors, truck and taxi operators, foodservice units, repair shops, machine operators, small industries, artisans, food processors, street vendors and many others. A vast part of the non-corporate sector operates as unregistered enterprises and formal or institutional architecture has not been able to reach out to meet its financial requirements. (Source: Ministry of Finance Circular on Launch of MUDRA Bank).

Equitas' target segment is at lower end within the MSME segment, which are currently not serviced by any formal financiers.

Equitas is one amongst few to explore financing to this segment and offers loans with ticket size ranging from Rs.50,000 to Rs.30 lakh to such customers.

EFL is also looking at offering other loan products like loan against gold, two wheeler loans etc., which have been launched on a 'pilot' basis during Q3FY16 in some branches. This business is primarily sourced through EMFL; collection is also managed by them.

A large proportion of the loans above Rs.5 lakh is extended to the self-employed category, which mainly utilizes funds for business purposes such as purchase of assets, expansion and working capital requirements. CRISIL Research estimates total outstanding in this segment to reach Rs.3,459 billion by 2016-17 with a CAGR of 23-25%. While most of these are high ticket loans from Rs.1 Crore and above, servicing the formal segment, there are similar opportunities in the informal sector with cash and carry profiles such as small traders.

EFLs customers are in the informal segment, who do not possess sufficient documented proof of income. The biggest challenge in this financing activity is the ability to identify prospective customers and assess their income with reasonable certainty.

The focus of EFL in terms of customer segment is on those who:

a) deal in goods or services of daily use nature;

b) sell on cash & carry

As on date, the delinquency is very low in MSE financing portfolio due to the close understanding of the customer segment as well as securing repayment through ECS / ACH mode.

This has been aided by the following:

a) Understanding of the markets and customer profile

Deep understanding of this segment of customers is possible since Equitas Group has been servicing similar customer profile since its inception. This is aided by the fact that the Management team as well as most of the organisation comes with deep understanding and long experience of servicing customers, who are not serviced by the formal financial sector.

Assessing the repayment capability of customers is a major challenge in these categories. This is largely because of the very low asset base and cash-based income of the borrowers. Assessment of the applicant's knowledge of the business and financial viability is carried out by field staff as well as an independent team of credit officers. A viability report is prepared for each customer before credit decision is taken.

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

Endorsement of EFL's name in the Registration Certificate [RC] book of the vehicle is of paramount importance to establish the security in favour of EFL. For MSE financing businesses, registration of Mortgage Deed is mandatory, prior to disbursement. These are tracked closely.

b) Relationship with customers

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

Equitas has redefined its approach in this crucial aspect of customer relationship. Branch team is trained to differentiate between customers with genuine difficulties and customers who are intentionally avoiding the repayment. EFL provides its data to all the four Credit Information Companies [CICs] i.e., Credit Bureaus operating in the country. Customers are kept informed of the information sharing and also advised on the importance of paying instalment on the 'due date' and how such repayment practice would help them when they would want to avail loans in the future from organized finance sector.

Customers in MSE financing business repay through ECS / ACH mode and probably this is the first time that they are effectively using the banking channel to repay loans. These customers need constant reminders to keep funds in their bank accounts at the time the monthly dues hits their bank accounts. The tele-calling team at Equitas Head Office calls customers in advance to alert and remind them of the instalment due date.

In summary, EFL has been able to grow well in the last year in all the key businesses it operates, due to the unique position and relationship with the customers that it has built over time.

Operational and Financial Results

During the year, EFL expanded the used CV business by increasing the network to 135 branches spread over 13 States and 1 Union Territory. Equitas Group had already a presence through its microfinance business in many of the areas such as Tamil Nadu, Pondicherry, Maharashtra, Madhya Pradesh, Gujarat, Karnataka and Rajasthan. The progressive geographic diversification is seen as one of the key elements of EFL's risk diversification plan.

MSE product is targeted mainly at customers of EMFL, and in the initial phase all branches of Tamil Nadu were covered and during FY16, this product was launched in other States.

EFL increased the disbursements across the 3 divisions from about Rs.410 Crore in Q1FY16 to about Rs.540 Crore in Q4FY16 and achieved a total disbursement for the year of about Rs.1,916 crore. The disbursement in FY16 represents a CAGR of about 53% over FY14.

This enabled EFL to close the year with a total AUM outstanding of about Rs.2,597 Crore comprising of loan outstanding of Rs.2,249 crore and a securitised portfolio of about Rs.347 crore. AUM growth in FY16 over FY14 has been about 70.4%.

Interest Income stood at Rs.401 crore vs. Rs.257 crore in the previous year, reflecting a growth of 56.1% while Total Income stood at Rs.476 crore vs. Rs.297 crore in the previous year, reflecting a growth of 60.6%.

EFL's collection performance was also quite effective, despite the migration to 5 months recognition norms for NPA for FY16 as compared to 6 months up to FY15. The GNPA% of EFL compares very favourably with its peers.

EFL posted a Net Profit after Tax of Rs.85.1 crore for the year compared to Rs.34.2 crore, which represents a growth of about 148.7% over FY15. The profitability increase in FY16 could be attributed to the better operating performance of the branches as well as reduction in average borrowing costs due to the capital infusion done in end FY15, which was available for the full year in FY16.

During the year, EFL further strengthened its collection, legal and risk teams. The various efforts taken during the year are expected to help in scaling up the operations in the coming years, while keeping control over portfolio quality.

Capital Adequacy

As at the end of the year, the Capital to Risk Adjusted Assets Ratio [CRAR] stood comfortably at 29.63% as against the RBI requirement of 15%. During April 2016, the Holding company has infused fresh capital of Rs.288 crore out of the funds raised from IPO, which significantly improved the CRAR of EFL.

Resources and Treasury

The funding for the business is raised through a mix of equity and debt. During the year, EFL has diversified the debt funding sources to include Term Loans from Banks / Financial Institutions, Subordinated Debt and Commercial Paper to improve the asset liability position.

Working Capital limits are under a Consortium of banks led by State Bank of India with a total sanctioned limit of Rs.412 crore as of 31st March, 2016. During the year, EFL has also borrowed term loans amounting to Rs.545 crore from Banks / Financial Institutions, issued Non-Convertible Debentures [NCDs] amounting to Rs.150 crore on private placement basis and Commercial Paper amounting to Rs.25 crore. Apart from the above, EFL raised funds through Securitization / Direct Assignment transactions amounting to Rs.382 crore during the year.

During the year, rating agency CARE has reaffirmed the credit ratings for Long Term Bank Borrowings and NCDs of EFL at "CARE A-". Further, India Ratings & Research [an associate of FITCH Group] has reaffirmed the credit ratings for Long Term Bank Loan and NCDs EFL at "INDA- with Stable Outlook". Further, rating agency CRISIL has assigned "CRISIL A1" for the Commercial Paper of EFL and India Ratings has upgraded the Commercial Paper of EFL to "IND A1" from "IND A2+".

Human Resources

EFL has provided a wide range of benefits to its employees including health insurance for all its employees and their dependents. The number of employees as at 31st March, 2016 was 2,928 as against 2,228 employees as at 31st March, 2015.

To enable employees provide quality education to their children, Equitas Group has introduced Children Education Loan for the employees. All the employees are covered by the ESOP Scheme. The Group has also provided opportunities to employees to move across business verticals through the Career Enhancement Program [CEP]. New joinees are inducted into EFL through a 2-day training programme, which is conducted once a month in every region. Leadership Development Programme for the senior management team of EFL was also facilitated during the year.

Risk Management

EFL has a Board approved Risk Management Policy and the Board periodically reviews the risks faced by EMFL and the practices followed to manage them. This is in line with the Risk Management framework formulated by the Group.

The risks that are part of the policy framework covers both, external and internal risks. The Risk Management policy is presented to the Audit & Risk Management Committee [ARMC] and Board every year, wherein the risk parameters as assessed by the Management is presented to the Committee and Board. A scoring methodology has also been evolved based on the severity and likelihood of each risk; the risk score arrived at is categorised as High, Low & Medium. Further, the progress / movement is captured on each of the risk element, especially the high risk areas, on an ongoing basis and periodically reviewed by the Management for corrective actions, wherever required.

EFL has also in place a FMEA [Failure Mode Effects Analysis] for its operational processes, wherein detailed study is done on the impact of the failure in terms of severity, occurrence and detection. A composite score is arrived i.e., Risk Priority Number [RPN], on the basis of which action is taken for higher risk scores to further reduce the risk of the failure of process. This is also reviewed by the ARMC and Board on an annual basis.

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

EFL leverages the relationship of the Group with various lenders to raise debt funds and it has a robust asset liability management process, which is reviewed by the Asset Liability Committee [ALCO]. This ensures that the liquidity and interest rate risks are well managed. The Minutes of the ALCO is also placed to the Board at every quarter meetings.

Outlook and challenges

NBFCs are increasingly playing a critical role in making financial services accessible to wider set of India's population and, thus, emerging as significant players in the retail finance space. EFL has chosen market segments which have a large market size with few organised players.

The gap in regulation with reference to provisioning norms between banks and NBFCs are progressively getting narrowed and NBFC norms would be fully aligned with banks by FY18. This would make the sector more attractive from the investor perspective. With a well-trained and committed resource team, sound systems and processes and customer friendly practices, EFL is confident of achieving healthy growth over the years.

Some of the products of EFL, especially the used CV finance, remains strongly linked to the overall economic performance of the country and the performance of some key sectors. The Management needs to be continuously focused to keep the portfolio quality under control.

3. Equitas Housing Finance Limited (EHFL)

EHFL is a wholly owned subsidiary of Equitas Holdings Limited (EHL) and registered with National Housing Bank (NHB). EHFL, incorporated in June 2010, started its operations in June 2011, and 2015-16 is the fifth year of operations.

Background

Affordable housing continues to be the focus of many stakeholders including the Central & State Governments, Regulators, builders and society at large. Fiscal concessions were provided by GoI (under sections 80C and 24 of IT Act, 1961). Loans provided by Banks to HFCs for on-lending purposes upto Rs.10 lakh were brought under PSL. In the last two years, the Central Government has renewed its focus on housing through launching 'Housing for all by 2022' scheme for the economically weaker sections and low-income groups, through public-private-partnership (PPP) and interest subsidy.

EHFL has focused on self-employed non-professionals and salaried people in the informal sector for providing loans in the 'affordable housing segment'. While traditional HFCs and banks do not concentrate on this segment, some of these players have recently entered this segment. This includes niche HFCs as well as a few private sector banks that have created separate verticals to focus on this segment.

Equitas Approach

In the last year, EHFL increased focus on small ticket segments and reduced exposure to loans above Rs.30 lakh ticket size. Housing loans were extended to over 1,141 customers during the year and of these around, 1,052 loans are less than Rs.15 lakh ticket size. In addition, EHFL have also extended Loans against property to 347 customers.

EHFL has availed NHB's Credit Risk Guarantee Scheme. In addition, eligible EWS and LIG customers are also benefiting by a reduced EMI through the interest subsidy from the Government's Pradhan Mantri Awas Yojana.

Operational and Financial Results

EHFL consolidated its operations in Tamilnadu, Karnataka and Maharashtra. The total number of branches operational as on 31st March, 2016 was 14. The number of live accounts grew from 3,111 in the previous year to 4,349 this year. EHFL started focusing on lower ticket loans to mitigate its risks, which resulted in a fall in average ticket size from Rs.12 lakhs to Rs.9 lakhs. The loan disbursement during the year was Rs.106 crore. Branches have quickly adopted the 'small ticket loan concept'. The cumulative loan disbursement from inception is at Rs.327 crore.

The loans outstanding at the end of the current year were Rs.246 crore as against Rs.179 crore of previous year. The totals assets of EHFL were at Rs.272 crore as of March 16.

EHFL posted a net profit after tax of Rs.200 lakhs during the current year as against the net profit after tax of Rs.221 lakhs in the previous year.

During the year, EHFL reduced its lending rates to cater to larger customer segments and this has impacted profitability. Increase in NPA and cessation of revenue grant during the year also affected its profitability.

As per the Gazette notification dated 18th December, 2015, EHFL has been covered by The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 [SARFAESI Act]. This would help EHFL in speeding up its recovery mechanism from delinquent borrowers. The benefit of SARFAESI Act is expected to help the Company in resolving NPA accounts.

Capital and Capital Adequacy

The paid-up capital of EHFL was Rs.40 crore, the Capital to Risk Adjusted Assets (CRAR) was at 31.17 % at the end of the financial year. During April 2016, the Holding company has infused fresh capital of Rs.40 crore out of the funds raised from IPO, which significantly improved the CRAR.

Resources and Treasury

During the year EHFL made fresh borrowings in the form of term loans of Rs.115 crore from various banks including NHB. This also includes Rs.25 crore of priority sector loans from Banks. NHB has sanctioned Rs.25 crore by way of Refinance facilities for the year 2015-16.

Also, during the year, EHFL has issued Secured Non-Convertible Debentures (NCDs) of Rs. 50 crore subscribed by Mutual Fund. During the year, CRISIL upgraded the rating for the long-term bank loan facilities from "BBB-/Stable" to "CRISIL A-/Stable" in October 2015 and from CRISIL A-/Stable to CRISIL A/Stable in April 2016.

Human Resources

To enable employees provide quality education to their children, Equitas Group has introduced Children Education Loan for the employees. The Group has also provided opportunities to employees to move across business verticals through the Career Enhancement Program [CEP]. New joinees are inducted into EHFL through a 2-day training programme, which is conducted once a month in every region. Leadership Development Programme for the senior management team of EHFL was also facilitated during the year.

Risk Management

EHFL has a Board approved Risk Management Policy and the Board periodically reviews the risks faced by EHFL and the practices followed to manage them. This is in line with the Risk Management framework formulated by the Group.

As an HFC, the key risk apart from liquidity risk and interest rate risk is the credit risk. The borrowers are from either the Economically Weaker Section [EWS] / Low Income Group [LIG] category or small to medium self-employed persons. The assessment of cash flow remains a challenge. However, EHFL has leveraged the expertise gained over the past 3 years as well as experience in the rest of the Group in assessing income of such business. Credit oversight mechanisms help to control risks arising out of possible faulty credit assessments.

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

Outlook and challenges

Given the low base of housing loan outstanding of EHFL, strong growth is envisaged during the next year through branch expansion and specifically focused expansion in Metro locations. EHFL is strengthening collection and field risk teams to support the growth plans.
Sourcing of business remains a challenge due to lack of established channels. EHFL is working on creating dedicated Direct Selling Agents (DSA), who can focus on small ticket housing loans. Another area of focus during the next year is working with builders in the affordable housing segment.

4. Equitas Technologies Private Limited (ETPL)

Equitas Technologies Private Limited (a wholly owned subsidiary of Equitas Holdings Limited) was incorporated on 27th October, 2015. ETPL is into the freight facilitation business under the brand name of 'WOWTruck' with web domain name registered as 'www.wowtruck.in'. ETPL intends to provide a common platform for transporters and suppliers to connect 'online' and carry out transactions on real time basis.

Freight Movement in India

Primary freight traffic in 2015-16 has outpaced the growth rate recorded in 2014-15, aided by improved industrial activity, faster implementation of infrastructure projects, and recovery in mining activities and rise in export demand. The share of roads has increased due to infrastructure bottlenecks in the Railways. Bulk commodity traffic, which

accounts for majority of railway freight, will continue to propel rail freight growth over the next five years. However, the share of Railways in overall freight movement is expected to decline because of higher growth expected in the non-bulk segment as compared to the bulk segment (Coal, Fertilizers & iron ore etc) and continuing capacity constraints in the railways.

Roads continue to be the most preferred mode in the domestic freight transportation services industry, mainly because of faster growth in non-bulk traffic for which road transportation is preferred.

Truck Market in India

The commercial vehicle (CV) industry has been through turbulent times during FY14 & FY15. It has went through a major correction phase and has consolidated during the last financial year. The return ratios were at cyclical low, with decadal high credit cost and lowest margins. However, incremental freight rates, reduction in diesel prices and improvement in utilization levels have indicated the end of downward cycle. There is gradual improvement as stability in business and economy is emerging.

Technology-led Solutions

Using technology, substantial benefits can be provided to both transporter and supplier of load to the transaction such as:

- Standardised freight rates, to a great extent
- Standardised labour charges
- Easy booking of trucks with short notice
- On time pick-ups and deliveries
- Web enabled tracking of truck on real-time basis
- System-enabled real time confirmations of delivery, accidents, mishaps etc.
- Working capital support to transporter under certain conditions
- Booking of return loads in advance
- Removing the pain of account keeping of freight on the part of the supplier
- Possible value added services to the transporter in future on fuel, tyre, insurance etc.

Operational and Financial Results

ETPL has started operations with a network of 23 branches during the year. The 'Wowtruck' platform is being developed in phases. The 1st phase was completed by end December 2015. Further enhancements and functionalities are being undertaken. These would be completed by early Q2FY17.

During the period year under review, ETPL posted operational revenue of Rs.3.47 lakhs and a Net Loss of Rs.245 lakhs.

Cautionary Statement

Statements in this MD&A describing the Company's and Group's objectives, projections, estimates, market tends and expectations 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**

Sd/-	**Sd/-**
P N Vasudevan	**N Rangachary**
Managing Director	**Chairman**

Chennai,
6th May, 2016

Annexure-II

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

The philosophy of Equitas on Corporate Governance envisages adherence to the highest levels of transparency, accountability and fairness, in all areas of its operations and in all interactions with all its stakeholders. Equitas deals with clients who are by and large, excluded from the mainstream financial markets. Dealing with such 'vulnerable' clients makes it even more important that the Company display high levels of fairness in transacting with them. Right from inception the Company's policies and processes have been fine tuned to ensure the same. The Governance and Value Creation Rating by CRISIL captures some of the best practices the Company adopts in transacting with its clients as well as employees.

The Equity Shares of the Company were listed with BSE Limited and National Stock Exchange of India Limited on 21st April, 2016 and consequently the Company has become a listed entity from that date.

CORPORATE GOVERNANCE RATINGS

Equitas has been recognized for its voluntary compliance with the highest levels of corporate governance. CRISIL has reviewed and re-affirmed Equitas at Level 2 on Governance & Value Creation Rating, with only six other corporates viz., Bharti Airtel Limited, HDFC Bank Limited, Housing Development Finance Corporation Limited, Infosys Limited, Mahindra & Mahindra Limited and Hero Motocorp Limited being rated at Level 1.

BOARD COMPOSITION

As at 31st March, 2016, the Board comprised of 13 Directors. The names and categories of Directors and the number of Directorships are given below:

Name	Nature of Directorship	Number of Directorships (No. of Chairpersonships)$ (Including EHL)	No. of Commitee Memberships## (No. of Chairpersonships)$ (Including EHL)
NON -EXECUTIVE			
Rangachary N (Chairman)	Independent	10 (4)	7 (5)
Arun Ramanathan	Independent	5 (1)	9 (2)
Kuppuswamy P T	Independent	3 (1)	4 (2)
Yogesh Chand Nanda	Independent	7	10 (1)
Rajaraman P V	Independent	2 (1)	3 (1)
Srinivasan N	Independent	6	3
Vinod Kumar Sharma	Independent	4	6 (1)
Jayshree Ashwinkumar Vyas	Independent	10	5
Sundaram Ramakrishnan*	SIDBI Nominee	4	-
Paolo Brichetti*	Investor Nominee	3	1
Viswanatha Prasad Subbaraman*	Investor Nominee	5	4
Nagarajan Srinivasan*	Investor Nominee	5	1
EXECUTIVE			
Vasudevan P N	Managing Director	7	1

$ Excluding Foreign Directorships

Audit Committee, Stakeholders Relationship Committee, Nomination Committee & CSR Committee alone are considered.

** Ceased to be Directors with effect from 21st April, 2016 consequent to the listing of equity shares of the Company and falling away of provisions in the Articles of Association granting rights to investors of company to nominate a Director on the Board of the Company.*

There is no relationship between directors inter-se.

BOARD MEETINGS & ATTENDANCE

During 2015-2016, nine (9) Board Meetings were held on 7th May, 2015, 7th August, 2015, 23rd September, 2015, 5th October, 2015, 13th October, 2015, 6th November, 2015, 26th November, 2015, 5th February, 2016 and 3rd March, 2016. The gap between any two meetings has been less than four months.

Name	No of Board Meetings		Attendance at the last AGM
	Held	Attended	
NON-EXECUTIVE			
Rangachary N (Chairman)	9	8	No
Arun Ramanathan	9	9	No
Kuppuswamy PT	9	8	No
Yogesh Chand Nanda	9	7	No
Paolo Brichetti**	9	3	No
Rajaraman P V	9	9	Yes
Raman N*	5	2	No
Srinivasan N	9	4	No
Viswanatha Prasad Subbaraman **	9	7	No
Vinod Kumar Sharma	9	7	No
Nagarajan Srinivasan**	9	5	No
Jayshree Ashwinkumar Vyas	9	3	No
Sundaram Ramakrishnan*/**	4	1	Not applicable
EXECUTIVE			
Vasudevan P N (Managing Director)	9	8	Yes

**Mr Sundaram Ramakrishnan joined the Board on 6th November, 2015 and Mr N Raman resigned from the Directorship on 6th November, 2015.*

*** Ceased to be Directors w.e.f. 21st April, 2016.*

SEPARATE MEETING OF INDEPENDENT DIRECTORS

During the calendar year 2015, in line with the Companies Act, 2013, the Independent Directors had a separate meeting on 31st December, 2015 without the presence of the Management team and the non-Independent Directors of the Company.

INFORMATION SUPPLIED TO THE BOARD

In advance of each meeting, the Board is presented with relevant information on various matters related to the working of the Company, especially those that require deliberations and guidance at the highest level. Presentations are also made to the Board by different functional heads on important matters from time to time. Directors have separate and independent access to officials of the Company. In addition to items which are required to be placed before the Board for its noting and/or approval, information is provided on all significant items. The Company takes lot of efforts to ensure that the quality and comprehensiveness of the information furnished by Management to the Board of the Company is of a high order.

COMMITTEES OF THE BOARD

The Board at present has eight (8) Committees viz., Audit & Risk Management Committee, Business Committee, Nomination, Remuneration and Governance Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, I P O Committee, Small Finance Bank Committee and Resources Committee. The Board fixes the terms of reference of Committees and also delegate powers from time to time. The Minutes of the Meetings of the Committee are placed before the Board for its information and confirmation.

AUDIT & RISK MANAGEMENT COMMITTEE

Composition

The Audit & Risk Management Committee is chaired by an Independent Director. All the members of the Committee are Independent Directors.

1. Mr Kuppuswamy P T , Chairman
2. Mr Yogesh Chand Nanda
3. Mr Srinivasan N
4. Mr Vinod Kumar Sharma
5. Ms Jayashree S Iyer (Secretary to the Committee)

Meetings & Attendance

The Committee held five (5) Meetings during the year on 7th May, 2015, 7th August, 2015, 5th October, 2015, 6th November, 2015 and 5th February, 2016.

Name	No. of meetings	
	Held	Attended
Kuppuswamy P T, Chairman	5	5
Yogesh Chand Nanda	5	5
Srinivasan N	5	3
Vinod Kumar Sharma*	1	1

* Mr Vinod Kumar Sharma was inducted into the Committee w.e.f. 6th November, 2015.

Terms of Reference

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

(a) 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;

(b) Recommending to the Board, the appointment, remuneration and terms of appointment of the statutory auditors and internal auditors of the Company;

(c) Approval of payment to statutory auditors for any other services rendered by statutory auditors;

(d) Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

(i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;

(ii) Changes, if any, in accounting policies and practices and reasons for the same;

(iii) Major accounting entries involving estimates based on the exercise of judgment by Management;

(iv) Significant adjustments made in the financial statements arising out of audit findings;

(v) Compliance with accounting and other legal requirements relating to financial statements;

(vi) Disclosure of any related party transactions;

(vii) Modified opinion(s) in the draft audit report.

(e) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;

(f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (preferential issue, rights issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

(g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;

(h) Approval or any subsequent modification of transactions of the Company with related parties;

(i) Scrutiny of inter-corporate loans and investments;

(j) Valuation of undertakings or assets of the Company, wherever it is necessary;

(k) Evaluation of internal financial controls and Risk Management Systems;

(l) Reviewing, with the management, the performance of statutory and internal auditors, adequacy of the internal control systems;

(m) 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;

(n) Discussion with internal auditors any significant findings and follow up thereon;

(o) 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;

(p) 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;

(q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(r) To review the functioning of the whistle blower mechanism;

(s) Approval of appointment of the CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

(t) Review the financial statements, in particular the investments made by the subsidiary Company;

(u) Laying down and review of procedures relating to risk assessment and risk minimization to ensure that executive management control risk through means of a properly defined framework;

(v) Review and monitoring of implementation and functioning of the Policy for Prevention of Sexual harassment at work place; and

(w) Carrying out any other function as is mentioned in the terms of reference of the Audit & Risk Management Committee.

The Audit & Risk Management Committee shall mandatorily review the following information:

(i) Management discussion and analysis of financial condition and result of operations;

(ii) Statement of significant related party transactions (as defined by the Audit & Risk Management Committee), submitted by Management;

(iii) Management letters/ letters of internal control weaknesses issued by the statutory auditor;

(iv) Internal audit reports relating to internal control weaknesses;

(v) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit & Risk Management Committee; and

(vi) Statement of deviations:

(a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the SEBI Listing Regulations; and

(b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of the SEBI Listing Regulations.

The powers of the Audit & Risk Management Committee shall include the following:

(i) To investigate any activity within its terms of reference;

(ii) To seek information from any employee;

(iii) To obtain outside legal or other professional advice; and

(iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

BUSINESS COMMITTEE

Composition

The Business Committee comprises of two (2) Independent Directors, two (2) Investor Directors and the Managing Director.

1. Mr Viswanatha Prasad Subbaraman, Chairman*
2. Mr Kuppuswamy P T
3. Mr Yogesh Chand Nanda
4. Mr Paolo Brichetti*
5. Mr Vasudevan P N, MD

Meetings & Attendance

The Committee held two (2) Meetings during the year on 9th September, 2015 and 6th January, 2016.

Name	No. of Meetings	
	Held	Attended
Viswanatha Prasad Subbaraman, Chairman*	2	2
Kuppuswamy P T	2	2
Yogesh Chand Nanda	2	2
Paolo Brichetti*	2	0
Vasudevan P N	2	2

**ceased to hold office with effect from 21st April, 2016.*

Terms of Reference

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

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

NOMINATION, REMUNERATION AND GOVERNANCE COMMITTEE

Composition

The Governance Committee was merged with Remuneration & Nomination Committee vide resolution passed at the Board Meeting held on 7th May, 2015 and was renamed as Nomination, Remuneration & Governance Committee. The Nomination, Remuneration and Governance Committee comprises of four (4) Independent Directors and two (2) Investor Directors.

1. Mr Rajaraman P V, Chairman
2. Mr Arun Ramanathan
3. Mr Paolo Brichetti*
4. Mr Vinod Kumar Sharma
5. Mr Srinivasan N
6. Mr Viswanatha Prasad Subbaraman*

Meetings & Attendance

The Committee held five (5) Meetings during the year on 7th May, 2015 (as Remuneration & Nomination Committee), 7th May, 2015 (as Governance Committee), 7th August, 2015, 6th November, 2015 and 5th February, 2016.

Name	No. of meetings	
	Held	Attended
Rajaraman P V, Chairman	5	5
Arun Ramanathan	4	4
Paolo Brichetti *	4	3
Srinivasan N	5	3
Viswanatha Prasad Subbaraman*	4	3
Raman N**	2	1
Vinod Kumar Sharma***	4	4

** ceased to hold office with effect from 21st April, 2016*

**Mr.Raman N resigned from the Directorship with effect from 6th November, 2015

*** Inducted into the Committee with effect from 7th May, 2015

Terms of Reference

(a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

(b) Formulation of criteria for evaluation of performance of independent directors and the Board;

(c) Devising a policy of Board diversity;

(d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and evaluation of Director's performance;

(e) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

(f) Fixing and revision of remuneration payable to the Managing and whole-time Directors of the Company from time to time;

(g) Administration and superintendence in connection with the employees stock option scheme (the Scheme) under the broad policy and framework laid down by the Company and/or by the Board of Directors;

(h) Formulate from time to time specific parameters relating to the Scheme, including,

(i) The quantum of options to be granted under the Scheme to a particular eligible employee or to category or group of eligible employees and in aggregate;

(ii) Determination of eligibility conditions and selection of eligible employees to whom options may from time to time be granted hereunder;

(iii) The vesting period and the exercise period within which the eligible employee should exercise the options and those options would lapse on failure to exercise the options within the exercise period;

(iv) The conditions under which options vested in eligible employee may lapse in case of termination of employment for misconduct;

(v) The specified time period within which the eligible employee shall exercise the vested options in the event of termination or resignation of an eligible employee;

(vi) The right of an eligible employee to exercise all the options vested in him at one time or at various points of time within the exercise period;

(vii) The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, etc;

(viii) Make rules by which all options including non-vested options vest immediately in case of sale, transfer or takeover of the Company or amalgamation of the Company with any other company, etc. and provide for rules related to exercise period under such circumstances;

(ix) Make rules related to performance based vesting of such part of the options granted to eligible employees as the Committee may decide;

(x) To prescribe, amend and rescind rules and regulations relating to the Scheme;

(xi) To construe, clarify and interpret the terms of the scheme and options granted pursuant to the Scheme.

(I) To study the report issued by CRISIL on the Governance rating as well as the Guidelines on Corporate Governance and Corporate Social Responsibility issued by Ministry of Corporate Affairs, SEBI and other authorities.

(j) To study the best practices and benchmarks of leading Indian corporate as well as international best practices.

(k) To recommend to the Board the draft set of governance guidelines to achieve the highest level of governance at par with global benchmarks.

(l) Based on approval by the Board, to oversee the implementation of the same, both at the Board level and Management level.

PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS

In terms of the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the committees. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the non-Independent Directors was carried out by the Independent Directors.

RESOURCES COMMITTEE

Composition

The Resources Committee comprises of two (2) Independent Directors and the Managing Director.

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

Meetings & Attendance

The Committee held three (3) Meetings during the year on 20th April, 2015, 16th June, 2015 and 20th July, 2015.

Name	No. of Meetings	
	Held	Attended
Kuppuswamy P T , Chairman	3	3
Arun Ramanathan	3	3
Vasudevan P N, MD	3	3

Terms of reference

a. Extend guarantee to banks and other lenders who lend monies to any of the subsidiaries of the Company up to such limits as may be approved by the Board from time to time.
b. Open and close current and other accounts of the Company with various banks.
c. Operate such current and other accounts, authorize officials and authorized persons to operate such accounts on behalf of the Company, vary such instructions on authorization from time to time and do all such things and deeds as may be required to open, maintain, operate and close current and other accounts of the Company with Banks.

By way of resolution passed at the Meeting of Board of Directors held on 7th August, 2015, Managing Director has been authorized to execute guarantee/or offer security from time to time to banks and other lenders who lend monies to any of the subsidiaries of the Company upto Rs. 5200 Crore outstanding at any time and to establish, operate and close current and other accounts of the Company.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition

The Corporate Social Responsibility Committee comprises of three (3) Independent Directors and one (1) Nominee Director.

1. Mr Arun Ramanathan, Chairman
2. Mr Rajaraman P V
3. Mr Yogesh Chand Nanda
4. Mr Nagarajan Srinivasan*

Meetings & Attendance

The Committee held two (2) Meetings during the year on 7th May, 2015 and 6th November, 2015.

Name	No. of meetings	
	Held	Attended
Arun Ramanathan, Chairman	2	2
Rajaraman P V	2	2
Yogesh Chand Nanda	2	2
Nagarajan Srinivasan*	2	0

** ceased to hold office with effect from 21st April, 2016*

Terms of reference

(a) Review the mission of the organisation from time to time and ensure it stays aligned to changing context of the Organisation;

(b) Ensure alignment of the business goals and objectives of the Company in line with the mission of the Organisation;

(c) Bring specific focus on certain excluded segments of client community and set benchmark for the same;

(d) Review all the social activities of the Company and suggest to the Board of Trustees suitable measures for enhancing the efficacy of these activities;

(e) Deploy such tools of measurement as maybe relevant and available from time to time to study the impact of the social performance activities of the Company and benchmark the same with other MFIs in India and around the world;

(f) Disseminate information related to the social performance of the Organisation in such manner as deemed appropriate;

(g) Review the amount spent on social activities and advise the Board on its efficacies; and

(h) To formulate and recommend to the Board the CSR policy of the Company.

I P O Committee

Composition

The I P O Committee comprises of two Independent Directors and three (3) Nominee Directors and the Managing Director.

1. Mr. P. V. Rajaraman, Chairman
2. Mr. Arun Ramanathan
3. Mr. Nagarajan Srinivasan*
4. Mr. Paolo Brichetti*
5. Mr. Viswanatha Prasad Subbaraman*
6. Mr. Vasudevan P N, MD

Meetings & Attendance

The Committee held nine (9) meetings during the year on 10th April, 2015, 8th May, 2015, 26th June, 2015, 7th August, 2015, 8th October 2015, 14th October, 2015, 8th March, 2016, 23rd March, 2016 and 26th March, 2016.

Name	No. of Meetings	
	Held	Attended
Rajaraman P V, Chairman	9	8
Arun Ramanathan	9	9
Nagarajan Srinivasan**	9	3
Paolo Brichetti*/**	5	0
Viswanatha Prasad Subbaraman*/**	5	0
Vasudevan P N*	5	3

** Mr. Paolo Brichetti, Viswanatha Prasad Subbaraman and Vasudevan P N were inducted into the Committee w.e.f. 7th August, 2015*

** * ceased to hold office with effect from 21st April, 2016*

Terms of Reference

(a) To decide on the timing and subject to the applicable provisions of the Articles of Association of the Company t he pricing and all the terms and conditions of the issue of the Equity Shares for the Issue, including the number of the Equity Shares to be issued in the Issue, price and any discount as allowed under Applicable Laws that may be fixed and determined in accordance with the applicable law, and to accept any amendments, modifications, variations or alterations thereto;

(b) To ascertain and determine, subject to the applicable provisions of the Articles of Association of the Company, the quantum of shares to be offered for sale (OFS) by the existing shareholders of the Company which will form part of the Issue, decide on the size, timing, pricing and any discount as allowed under applicable laws that may be fixed and determined in accordance with the applicable law, and to accept any amendments, modifications, variations or alterations thereto;

(c) To approve appointment and arrangement with the book running lead managers ("BRLMs"), underwriters to the Issue, syndicate members to the Issue, brokers to the Issue, escrow collection bankers to the Issue, refund bankers to the Issue, registrar(s), legal advisors, advertising agency(ies) and any other agencies or persons or intermediaries to the Issue and authorize one or more officers of the Company to negotiate, finalise and amend the terms of their appointment, including but not limited to execution of the mandate letter with the BRLMs, negotiation, finalisation and execution and if required, amendment of the issue agreement with the BRLMs, etc.;

(d) To approve and authorize one or more officers of the Company to negotiate, finalise, settle, execute and deliver or arrange the delivery of the syndicate agreement, underwriting agreement, escrow agreement, agreements with the registrar to the Issue and the advertising agency(ies) and all other documents, deeds, agreements, memorandum of understanding or any amendments thereto and other instruments whatsoever with the registrar to the Issue, legal advisors, auditors, stock exchange(s), BRLMs and any other agencies/ intermediaries in connection with the Issue;

(e) To approve and adopt the DRHP, the RHP, the Prospectus, the Bid-cum-Application Form, the preliminary and final international wrap for the issue of Equity Shares and authorize one or more officers of the Company to take all such actions as may be necessary for filing of these documents including incorporating such alterations/ corrections/ modifications as may be required by SEBI, RoC, or any other relevant governmental and statutory authorities;

(f) To approve making of applications, if necessary, to the Reserve Bank of India, the Foreign Investment Promotion Board or to any other statutory or governmental authorities in connection with the Issue and to authorize one or more officers of the Company to take all such actions as may be necessary for filing of these applications;

(g) To approve any corporate governance requirements that may be considered necessary by the Board or the IPO Committee or as may be required under the Applicable Laws or the listing agreement to be entered into by the Company with the relevant stock exchanges;

(h) To authorize one or more officers of the Company to seek, if required, the consent of the lenders to the Company, parties with whom the Company has entered into various commercial and other agreements, and any other consents that may be required in relation to the Issue;

(i) To authorize one or more officers of the Company to open and operate bank account(s) of the Company in terms of the escrow agreement for handling of refunds for the Issue and to execute all documents/deeds as may be necessary in this regard;

(j) To authorize one or more officers of the Company to open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to execute all documents/deeds as may be necessary in this regard;

(k) To determine and finalise, subject to the Articles of Association of the Company, the bid opening and bid closing dates (including bid opening and bid closing dates for anchor investors), the floor price/price band for the Issue (including issue price for anchor investors), approve the basis of allotment and confirm allocation/allotment of the equity shares to various categories of persons as disclosed in the DRHP, the RHP and the Prospectus, in consultation with the BRLMs and the selling shareholders (to the extent applicable) and do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Issue including any alteration, addition or making any variation in relation to the Issue;

(l) To approve issue receipts/allotment letters/confirmations of allotment notes either in physical or electronic mode representing the underlying equity shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s) and authorize one or more officers of the Company to sign all or any of the aforestated documents;agencies, as may be required in this connection and to negotiate, finalize, settle, execute and deliver all or any of the afore-stated documents;

(m) To authorize one or more officers of the Company to finalize applications for listing of the shares in one or more recognised stock exchange(s) for listing of the equity shares of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s);

(n) To authorize one or more officers of the Company to do all such deeds and acts as may be required to dematerialise the equity shares of the Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar & transfer agents and such other agencies, as may be required in this connection and to negotiate, finalize, settle, execute and deliver all or any of the afore-stated documents;

(o) To approve and authorize one or more officers of the Company to finalize the incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Issue;

(p) To authorize and approve notices, advertisements in relation to the Issue in consultation with the relevant intermediaries appointed for the Issue;

(q) To authorize withdrawing of the DRHP, RHP and the Issue at any stage, if deemed necessary;

(r) To settle any question, difficulty or doubt that may arise in connection with the Issue including the issue and allotment of the Equity Shares as aforesaid and to further delegate the powers conferred hereunder subject to such restrictions and limitations as it may deem fit and in the interest of the Company and to the extent allowed under applicable laws and to do all such acts and deeds in connection therewith and incidental thereto, as the Committee may in its absolute discretion deem fit;

(s) To authorize one or more officers of the Company to negotiate, finalize, settle, execute and deliver any and all other documents, certificates, confirmations, letters or instruments and doing or causing to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the Issue and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing.

Small Finance Bank Committee

Composition

The Small Finance Bank Committee comprises of five (5) Independent Directors and one (1) Investor Director.

1. Mr Arun Ramanathan, Chairman
2. Mr Kuppuswamy P T
3. Mr Nagarajan Srinivasan
4. Mr Srinivasan N
5. Mr Rajaraman P V
6. Mr Vinod Kumar Sharma

Meetings & Attendance

The Committee held four (4) Meetings during the year on 8th May, 2015, 26th June, 2015, 6th August, 2015 and 2nd January, 2016.

Name	No. of meetings	
	Held	Attended
Arun Ramanathan , Chairman	4	4
Kuppuswamy P T	4	4
Nagarajan Srinivasan*	4	2
Srinivasan N	4	2
Rajaraman P V	4	3
Vinod Kumar Sharma **	1	1
Vasudevan P N **	3	3

* *ceased to hold office with effect from 21st April, 2016*

**Mr Vinod Kumar Sharma was inducted into the Committee and Vasudevan P N ceased to be a member w.e.f. 6th November, 2015

Terms of Reference

a. To do forward planning for the Small Finance Bank and guide the Company for being ready to convert into the bank

b. To suggest administrative set up for the proposed SFB.

c. To suggest any other changes that may be required for conversion into a bank.

b. To guide management on appointment of senior level positions.

c. To oversee the process of merger of three subsidiaries to form a Small Finance Bank.

d. To review periodically the status of compliance of the conditions stipulated by the RBI in its in-principle approval for setting up a Small Finance Bank.

e. Any other matter connected with the above and such other matters as may be delegated by the Board from ime to time.

Stakeholders Relationship Committee

Composition

The Stakeholders Relationship Committee was constituted on 7th August, 2015. The Committee comprises of three (3) Independent Directors and the Managing Director.

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

The Company has appointed Ms Jayashree S Iyer, Company Secretary as the Compliance Officer.

During the year ended 31st March, 2016, no shareholders complaints were received by the Company.

Meetings & Attendance

There was no Meeting held for the period ended 31st March, 2016.

Terms of reference

(a) Consider and resolve grievances of the security holders of the Company, including complaints related to the transfer of shares, non-receipt of annual report and non-receipt of declared dividends;

(b) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

© Issue of duplicate certificates and new certificates on split / consolidation / renewal; and

(d) Carrying out any other function as prescribed under the SEBI Listing Regulations.

REMUNERATION OF DIRECTORS

The Company has in place a remuneration policy which is guided by the principles and objectives as enumerated in Section 178 of the Companies Act, 2013. The Managing Director is the only Executive Director on the Board. The compensation to the Managing Director is within the scale approved by the shareholders. The Managing Director is not paid sitting fees for any Board / Committee Meeting attended by him. The Company remunerates only the Independent Directors who are not on the Boards of Subsidiary Companies. The remuneration to the Independent Directors has been fixed is at a level, not exceeding 1% of the net profits of the Company calculated in accordance with Section 198 of the Companies Act, 2013. Independent and Non-Executive Directors who hold directorship in the subsidiary companies are paid remuneration by the respective subsidiary companies. There are no performance linked incentives, service contracts, notice period or severance fees to the Directors. The Directors of the Company are not eligible for stock options.

All Directors, except the Managing Director, are paid sitting fee for attending every Meeting of the Board and every Meeting of the Committees as detailed below:

S. No.	Board / Committee Meetings	Sitting Fees (in Rs.)
1	Board	20,000
2	Audit & Risk Management Committee	
3	Business Committee	15,000
4	Small Finance Bank Committee	
5	Nomination Remuneration and Governance Committee	
6	Corporate Social Responsibility Committee	
7	Stakeholders Relationship Committee	10,000
8	I P O Committee	
9	Resources Committee	7,500

The details of remuneration provided / sitting fees paid to Independent / Non-Executive Directors along with their shareholdings in the Company are as under:

Name	Remuneration (Rs.)	Sitting fees (Rs.)**		No. of equity shares held on 31st March, 2016
		Board	Committee	
Mr Rangachary N	2,56,000	1,60,000	N I L	Nil
Mr Arun Ramanathan	Nil	1,80,000	2,42,500	Nil
Mr Kuppuswamy P T	Nil	1,60,000	1,97,500	Nil
Mr Yogesh Chand Nanda	Nil	1,40,000	1,25,000	Nil
Mr Paolo Brichetti	Nil	60,000	30,000	Nil
Mr Rajaraman P V	Nil	1,80,000	2,05,000	Nil
Mr Raman N	Nil	40,000	10,000	Nil
Mr Srinivasan N	Nil	80,000	1,05,000	Nil
Mr Viswanatha Prasad Subbaraman	Nil	1,40,000	60,000	Nil
Mr Vinod Kumar Sharma	Nil	1,40,000	70,000	Nil
Mr Nagarajan Srinivasan	Nil	1,00,000	60,000	Nil
Ms Jayshree Ashwinkumar Vyas	1,28,000	60,000	Nil	Nil
Mr Sundaram Ramakrishnan	Nil	20,000	Nil	Nil

*** Independent Directors are also paid sitting fee of Rs.10,000/- for attending the Separate Meeting of Independent Directors*

Remuneration of Managing Director

Details of the remuneration of the Managing Director for the year ended 31st March, 2016 are as follows:

S.No	Nature of Payment	Amount (in Rs.)
1	Salary	45,60,000
2	Perquisite value of car	39,600
3	Others Employer's contribution to Provident Fund	2,30,400
4	Medical Reimbursement	23,117
	TOTAL	**48,53,117**

There is no pecuniary relationship or transaction between the Company and the Non-Executive directors.

GENERAL BODY MEETINGS

Details relating to last three Annual General Meetings:

Year	Date	Time	Location	No of Special Resolution(s) passed
2015	29th June, 2015	1.00 P.M.	Phase II, 4th Floor, Spencer Plaza, No.769, Anna Salai, Chennai – 600002	Three
2014	18th July, 2014	12.30 P M	Phase II, 4th Floor, Spencer Plaza, No.769, Anna Salai, Chennai – 600002	One
2013	1st July, 2013	12.30 P M	4th Floor, Temple Tower, 672, Anna Salai, Nandanam, Chennai 600035	One

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

There were no resolutions passed through postal ballot during the last financial year.

MEANS OF COMMUNICATION

The audited financial results were sent to all the shareholders, in electronic mode, wherever email addresses were available. In respect of other shareholders, the physical copies were sent. They were also displayed on the Company's website www.equitas.in/node/254. Quarterly financial results were made available to shareholders by displaying the same on the website of the Company.

CEO/CFO CERTIFICATION

CEO and CFO have given a certificate to the Board as per Regulation 17 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SECRETARIAL AUDIT

The Company annually conducts a secretarial audit by an independent practising Company Secretary. For the year ended 31st March, 2016, Dr B Ravi, Practising Company Secretary has conducted the secretarial audit and the certificate was placed before the Board and attached to the Directors' Report.

PREVENTION OF INSIDER TRADING CODE

The Board has adopted a code for the Prevention of Insider Trading in the shares of the Company. The Code inter alia requires pre-clearance for dealing in the securities of the Company and prohibits the purchase or sale of securities of the Company while in possession of Unpublished Price Sensitive Information in relation to the Company besides during the period when the trading window is closed.

SUBSIDIARY COMPANIES

A policy on material subsidiaries has been formulated and the same is posted on the Company's website (web link: http://www.equitas.in/sites/default/files/EHL-Policy%20on%20Material%20Subsidiary%2014072015.pdf). The financial statements of subsidiary companies are tabled at the Board Meeting every quarter.

CODE OF CONDUCT

As per the Company's policy on Code of Conduct for Directors and Senior Management, all Directors and Senior Management Personnel have affirmed compliance with the Code for 2015-16.

The Declaration to this effect signed by the Managing Director has been annexed to this Report.

WHISTLE BLOWER POLICY

The Company has established a Whistle Blower Policy pursuant to which Directors, employees and vendors of the Company can report their concerns on unethical and improper behaviour, practices, actual or suspected fraud or violation of the Company's Code of Conduct or any other wrongful conduct in the Company or of its employees. None of the personnel has been denied access to the Audit & Risk Management Committee.

TRAINING OF BOARD MEMBERS

All Independent Directors inducted into the Board are given an orientation at start which includes a half-day field visit. The Company also facilitates the continuing education requirements of the Directors by arranging interactive sessions with the industry experts. During the year, the following program was organized for the benefit of Directors.

Interactive Session with Dr C Rangarajan, Former Governor of Reserve Bank of India.

REGULAR UPDATES

The Company keeps the Board and other stakeholders updated on the happenings of the Company by sending a monthly newsletter. All other events and happenings of importance in the sector are reported to the Board on a continuous basis.

DISCLOSURES

The particulars of transactions between the Company and its related parties, as defined under Section 2(76) of the Companies Act, 2013 and in Accounting Standard 18, are set out in the financial statements. The Board has put in place a policy on related party transactions and the same has been uploaded on the Company's website (web link: http://www.equitas.in/sites/default/files/EHL%20Policy%20on%20Related%20Party%20Transactions%20-%2007.08.2015.pdf). There were no instances of non-compliance on any matter related to capital markets in the past.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting Date	Wednesday, 22nd June, 2016
Time	11: 30 A.M.
Venue	Kamarajar Arangam, Anna Salai, Teynampet, Chennai – 600 006
Financial year	1st April,2015 to 31st March,2016
The name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s):	The BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex (BKC) Bandra (East) Mumbai – 400051
Listing Fees	Listing fees has been paid in full in both the stock exchanges
Scrip Code	BSE – 539844 NSE – EQUITAS
ISIN	INE988K01017
Book Closure Date	16th June, 2016 to 22nd June, 2016 (Both days inclusive)

Market price data- high, low during each month in last financial year	Not applicable as the shares of the Company have been listed only on 21st April, 2016
Performance in comparison to broad-based indices such as BSE, SENSEX, CRISIL Index, etc	Not applicable as the shares of the Company have been listed only on 21st April, 2016
Registrar and Share Transfer Agents	Karvy Computershare Private Ltd, Karvy Selenium Tower B, Plot Number 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad - 500 032 Contact Person : Ms Rajitha Cholleti Ph: +91 40 6716 1508 Website: www.karvycomputershare.com
Share transfer system	Undertaken by Registrar and Share Transfer Agents as and when the share transfer requests are received by the Company.
Distribution of shareholding (as on 31.03.2016)	**Category** / **No. of Shares** / **Percentage** Foreign Companies/Bodies/DFIs / 25,00,58,652 / 92.64% Resident Individuals / 87,78,999 / 3.25% Banks / 6,177,831 / 2.29% Employees & Ex-employees / 49,04,885 / 1.82% **TOTAL** / **269,920,367** / **100.00%**
Dematerialization of shares and liquidity (as on 31.03.2016)	The total shares held in dematerialized form : 98.18%
Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion	Not applicable
Commodity price risk or foreign exchange risk and hedging activities	Not applicable
Plant locations	Not applicable
Address for correspondence	**Company Secretary** **Equitas Holdings Limited** 410A, 4th Floor, Spencer Plaza, Phase II, No.769, Mount Road, Anna Salai, Chennai – 600002 Tel : +91 44 42995000 Fax: +91 44 42995050 Email : secretarial@equitas.in

Non Mandatory Requirements
The Company has a record of unqualified financial statements from inception.

During the year, internal auditors have had separate discussions with the Audit & Risk Management Committee without the presence of the Management team.

For and on behalf of the Board of Directors

S/d	**S/d**
P N Vasudevan	**N Rangachary**
Managing Director	Chairman

Chennai
6th May, 2016

CEO / CFO Certificate

The Board of Directors

Equitas Holdings Limited

This is to certify that:

1. We have reviewed Financial Statements and the Cash Flow Statement for the Financial Year ended 31st March 2016 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 or violative of Company's Code of Conduct.

3. We accept responsibility for establishing and maintaining internal controls for Financial Reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.

4. We have indicated to the Auditors and the Audit & Risk Management Committee:
   a. Significant changes in internal control over financial reporting during the year;
   b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   c. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Sd/-	**Sd/-**
P N Vasudevan	**Bhaskar S**
Managing Director	**CFO**

Chennai, 6th May, 2016

Declaration regarding compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct

This is to confirm that the Company has adopted a Code of Conduct for the Members of its Board and its Senior Management Personnel. I confirm that the Company has, in respect of the Financial Year ended 31st March, 2016, received from the Members of the Board and Senior Management team of the Company, a declaration of compliance with the Code of Conduct as applicable to them.

Sd/-

Place: Chennai

Date: 6th May, 2016

P N Vasudevan

Managing Director

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF
EQUITAS HOLDINGS LIMITED

1. We have examined the compliance of conditions of Corporate Governance by EQUITAS HOLDINGS LIMITED ("the Company"), for the year ended on March 31, 2016, as stipulated in:

    - The Companies Act, 2013 in respect of compliance of conditions of the Corporate Governance provisions relating to composition of Board of Directors and constitution of Board Committees including the constitution of the Audit & Risk Management Committee, Stakeholder Relationship Committee, Nomination, Remuneration & Governance Committee and Corporate Social Responsibility Committee.

    - The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations), as amended (the "SEBI LODR Regulations") in relation to

        - Regulations 17 to 27 (excluding Regulation 27 (2), clauses (b) to (i) of Regulation 46(2) and Regulation 47) and paragraphs C, D and E of Schedule V of the SEBI LODR Regulations as on 31 March 2016.

2. The Initial Public Offer of the Company was concluded in April 2016 and the Company's Equity Shares were listed on recognized stock exchanges on April 21, 2016 and accordingly the requirements as per Regulation 27(2) on filing of quarterly compliance report on Corporate Governance with the Stock exchanges, Regulation 46(2) on disseminating of specified information on Website and Regulation 47 on publication of quarterly results in Newspapers, are not applicable to the entity as of March 31, 2016.

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.

5. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, and read together with paragraph 2 above, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under paragraph 1 above, as of March 31, 2016.

6. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Geetha Suryanarayanan
Partner
Membership No. 29519

Chennai, 06 May, 2016

Annexure III

Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

   http://www.equitas.in/sites/default/files/EHPL%20CSR%20Policy.pdf.

   Detailed write up about CSR Policy, overview of Projects undertaken by the Equitas Development Initiatives Trust (EDIT) through which the Company carries on CSR activities, is attached.

2. **The composition of the CSR Committee as on 31st March, 2016 is as follows:**

   a) Shri Arun Ramanathan, Chairman & Independent Director

   b) Shri P V Rajaraman, Independent Director

   c) Shri Yogesh Chand Nanda, Independent Director

   d) Shri Nagarajan Srinivasan, Independent Director

3. Average net profit of the company for last three financial years

Particulars	Rs in Lakh
Profit/(Loss) - 2014-15	408.60
Profit/(Loss) - 2013-14	145.91
Profit/(Loss) - 2012-13	183.08
Average PROFIT for CSR purpose	245.86
2% of average Profit/Loss for last three years	4.92

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)

   2% of average profit for last 3 years Rs. 4.92 lakhs (Rupees Four Lakhs Ninety Two Thousand only)

5. Details of CSR contribution made by the Company to EDIT during the Financial Year

Particulars	Rs in Lakh
Donation paid between Apr 15 and Mar 16	7.00
TOTAL	7.00

a) Total amount spent by EDIT in CSR activities during the financial year:

Rs. 5.99 lakhs (Rupees Five lakhs Ninety Nine Thousand only) which is higher than the statutory requirement

b) Amount unspent, if any: Rs.1.01 lakhs

c) Manner in which the amount spent during the Financial Year is detailed below.

(Rs in Lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs were undertaken**	**Amount outlay (budget) project or program-wise**	**Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure upto the reporting period (FY 2015-16**	**Amount spent: Direct or through Implementing Agency***
1	To support 6 regular Matriculation schools for low income SHG families run by Equitas Development Initiatives Trust (EDIT)	Education	6 schools in Tamil Nadu in Karur, Trichy, Salem, Coimbatore, Dindigul and Cuddalore	–	5.99	5.99	Through a public charitable Trust (EDIT)
TOTAL					5.99	5.99	

(Detailed write up with activities of Equitas Development Initiatives Trust is attached)

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

   Not Applicable as contribution is higher than the statutory requirement.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

   We hereby confirm, on behalf of the CSR Committee, that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

Sd/-

P N Vasudevan
Managing Director

Sd/-

Arun Ramanathan
(Chairman - CSR Committee)

Place: Chennai
Date: 6th May, 2016

CSR Report – FY 2015-16

The mission of Equitas is "Empowering through Financial Inclusion".

In line with this mission, besides providing finance at reasonable cost to those who are not effectively serviced by the mainstream financial institutions, Equitas has also developed a wide range of ecosystem initiatives towards improving the quality of life of its members. These initiatives are carried out through a not-for-profit trust named Equitas Development Initiatives Trust (EDIT) established by Equitas Holdings Limited as well as through Equitas DhanyaKosha India, a Section 25 (Section 8 under Companies Act 2013), not-for-profit company.

As per the CSR Policy, the Company, donates upto 5% of its net profits every year to EDIT to carry on CSR initiatives on behalf of the Company.

CSR activities carried out by Equitas Development Initiatives Trust (EDIT) are detailed below:

A. Educational Initiatives

Education is a key lever to enable upward social mobility for low income Self Help Group members' children. Equitas has rolled out its Gurukuls initiatives to "*empower children of Equitas members and other low income households, through high quality education at affordable cost"*.

EDIT is currently running 7 such schools at Trichy, Dindigul, Salem, Sivakasi, Karur, Cuddalore & Coimbatore with 4,142 students. More such schools are planned in the future.

About 98% of Gurukul students are from Backward Class, Most Backward Class and Scheduled Caste categories and about 80% of Gurukul parents are from Economically Weaker Sections.

B. Skill development

Equitas has imparted training to about 4,09,489 Self Help Group women members in skills such as tailoring & embroidery, agarbathi / candle making, detergent / phenyl manufacturing and preparing processed foods such as pickles & jams. These training programs are structured as week-long programs.

The skill development program has helped to improve the income of the beneficiaries. Studies reveal that 52% of the trained members earn additional supplemental income in the range of Rs.500 to Rs.2,000 per month using the newly acquired skills.

C. Pavement dwellers rehabilitation program (Equitas Birds Nest)

This programme was commenced in 2010 for "Rehabilitation of Pavement Dwellers" in Chennai. 102 families were identified in the first phase. In 2014-15, 247 families have been moved into houses. The Trust pays the rent on their behalf for 6 months during which they are taught livelihood skills and linked to local markets. From the 7th month onwards, they are required to make the rent payment by themselves. These families have attained self sustenance status through this intervention from Equitas. Many people have received Voter ID cards and have applied for ration cards for the first time in their lives. In 2015-16, 362 families have been moved into houses, taking the cumulative beneficiaries under the program to about 720 families.

Out of these rehabilitated families, under a graduation program, 10 members were formed into a group. After inputs on financial literacy and counselling, following all the regular MF process MFI loan was sanctioned. 100% collection

was observed in those loans till date. Encouraged by this positive response, the 2nd batch of 8 members was included in the program, thus mainstreaming them into the community and fulfilling their dream of economic empowerment.

Placement Cell:

In another proactive step, Equitas facilitates conduct of job fairs for unemployed youths of low income communities, with the help of recruiters and employers. Till date, gainful employment to about 60,000 youths has been arranged in companies and retail outlets like textile showrooms, malls, hospitals, BPO's etc.

D. Health care services

Equitas understands that access to affordable healthcare is of paramount importance.

1. **Health Education for Healthy living**: A team of 500 women skill trainers have been trained with technical support from "Freedom from Hunger" to impart Health Education to members which would help in early detection of non-communicable diseases.

2. **Medical Camps**: Through a tie up with about 900 hospitals spread across 7 States, Equitas conducts nearly 400 medical camps every month, benefitting about 75000 people every month. Cumulatively nearly 4 million people have benefitted so far under this program.

3. **Equitas Sugam Clinics (evening clinics functioning from 5pm to 9pm)**
   EDIT runs thirteen evening clinics for the benefit of Economically Weaker Sections and other low income households who seek medical help after the come back home in the evening after the day's work. Doctors offer quality consultation at a reasonable cost and health history of patients is tracked. The health educator follows up with a health education program.

BOARD OF TRUSTEES OF EQUITAS DEVELOPMENT INITIATIVES TRUST (EDIT) AS ON 31ST MARCH, 2016

1. Dr. C K Gariyali, IAS (Retd.)
2. Mr. S P Mathur, IPS, DGP (Retd.)
3. Mr. M B Nirmal, Founder, Exnora International
4. Ms. T V Jayalakshmi, Educationist
5. Mr. P N Vasudevan, MD, Equitas Holdings Limited

SNAPSHOT OF THE PERFORMANCE UNDER VARIOUS CSR ACTIVITIES DURING THE FINANCIAL YEAR 2015-16 & CUMULATIVE

Nature of Activity	Q1	Q2	Q3	Q4	Year 2015-16	Cumulative
No. of Eye-camp Participants (A)	75,801	81,911	79,710	78,005	3,15,427	15,25,600
No. of spectacles (free of cost)	3,771	3,324	2,397	2,198	11,690	82,650
No. of cataract operations (free of cost)	112	508	507	380	1,507	26,052
Other Medical camps (B)	1,32,176	1,42,578	1,39,859	1,34,344	5,48,957	22,19,509
Total (Eye camps + Med Camps) (A)+(B)	2,07,977	2,24,489	2,19,569	2,12,349	8,64,384	37,45,109
Participants in skill Training Programs	7,725	10,880	12,265	10,398	41,268	4,09,489
Health Help Line	197	539	547	393	1,676	20,642
Placements for Unemployed Youth	5,370	6,160	8,207	6,583	26,320	59,629
Swasth Mahila Health Education	6,897	8,614	8,487	9,943	33,941	67,882
Persons with disability	518	509	914	1,416	3,357	14,175 (2,575 Blind)

Annexure IV

Details of remuneration as required to be provided under Section 197 of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Qualification of Managerial Personnel) Rules, 2014

(i) Ratio of Remuneration of each Director with Median Employees Remuneration.	i. Chairman – 1:14.06 ii. Managing Director – 1.35:1 iii. Jayshree Ashwinkumar Vyas – 1:28.13 iv. All other Directors – Nil
(ii) the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	There was no increase in remuneration of Directors during the financial year. Increase in remuneration of KMP is as follows: MD - Nil CFO - 7.98% Company Secretary -35.13%
(iii) the percentage increase in the median remuneration of employees in the financial year;	9%
(iv) the number of permanent employees on the rolls of the Company as on 31st March 2016	5
(v) the explanation on the relationship between average increase in remuneration and Company performance;	The average increase in remuneration across the Company at all levels was 10.60% and the increase in Profit After Tax was 27.84% over the previous Financial Year
(vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the Company; (only for listed companies)	NA
(vii) variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed Companies	NA
In case of unlisted companies, the variations in the net worth of the Company as at the close of the current financial year and previous financial year;	Variation in Net worth - Rs.571.04 lakh; 0.6% increase over net worth of previous Financial Year
(viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial Remuneration.	The average increase in salaries of employees other than the managerial personnel in the last financial year was 7.97% while the increase in remuneration of Managing Director was Nil.
(ix) comparison of each remuneration of the Key Managerial Personnel against the performance of the Company	**Comparison of the remuneration of the KMP against the performance of the Company (PAT - Rs.211.63 lakh)** Particulars | MD | CFO | CS | Total Remuneration (In Lakh) | 48.53 | 56.75 | 19.60 | 124.88 Remuneration as % of Profit After Tax | 22.93 % | 26.82 % | 9.26 % | 59.01 %
(x) the key parameters for any variable component of remuneration availed by the Directors;	Independent Directors who are not Directors in any of the subsidiary companies are entitled to remuneration as a percentage of the net profits of the Company for the financial year calculated as per the provisions of the Companies Act. This is subject to a ceiling as laid down by the Board.

(xi) the ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year; and	1:1. 17
(xii) affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration is as per the remuneration policy of the Company.

For and on behalf of the Board of Directors

Sd/-
P N Vasudevan
Managing Director

Sd/-
N Rangachary
Chairman

Place: Chennai
Date : 6th May, 2016

Annexure V

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief, and according to the information and explanations obtained by them, the Directors confirm the following in terms of Section 134(3) (c) of the Companies Act, 2013:

- that in preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent 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 and loss of the Company for that period;
- that proper and sufficient care for the maintenance of adequate Accounting Records in accordance with the provisions of the Companies Act, 2013, have been taken for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the Annual Accounts for the financial year ended 31st March 2016, have been prepared on a going concern basis;
- that the necessary internal financial controls to be followed by the Company have been laid down and such internal financial controls are adequate and are operating effectively; and
- that proper systems to ensure compliance with the provisions of all applicable laws are in place and that such systems are adequate and are operating effectively.

For and on behalf of the Board of Directors

Sd/-	**Sd/-**
P N Vasudevan	**N Rangachary**
Managing Director	**Chairman**

Place: Chennai
Date : 6th May, 2016

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
EQUITAS HOLDINGS LIMITED
CIN: U65100TN2007PLC064069
410A, 4th Floor, Spencer Plaza,
Phase II No.769, Mount Road, Anna Salai
Chennai-600002

Dear members,

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by EQUITAS HOLDINGS LIMITED (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of EQUITAS HOLDINGS LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2016** complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by EQUITAS HOLDINGS LIMITED ("the Company") for the financial year ended on **31st March, 2016** according to the provisions of:

(i) The Companies Act, 1956, the Companies Act, 2013 (to the extent Sections and Schedules notified) and the rules made thereunder including Amendment, Circulars, Notifications and Removal of Difficulties Order issued by the Ministry of Corporate Affairs from time to time;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder to the extent applicable

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations to the extent of Foreign Direct Investment

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended:-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (was not applicable to the Company during the period under review).

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations,

2014 (was not applicable to the Company during the period under review).

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (was not applicable to the Company during the period under review).

(f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (was not applicable to the Company during the period under review).

(g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (was not applicable to the Company during the period under review);

(h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (was not applicable to the Company during the period under review).

(vi) The following industry specific laws, directions, circulars and guidelines:

(a) Reserve Bank of India Act, 1934;

(b) Core Investment Companies (Reserve Bank) Directions, 2011

(c) Master Circular– Regulatory Framework for Core Investment Companies (CICs)

(d) Guidelines for Licensing of Small Finance Banks in the Private Sector

I further report that based on the information received, explanations given, process explained, records maintained, statutory compliance and statutory internal audit reports submitted to the Board on quarterly basis, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable labour laws, rules, regulations and guidelines. The Company has confirmed compliance with the labour laws.

(a) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

(b) The Employees' State Insurance Act,1948

(c) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

I further report that based on the information received, explanations given, process explained, records maintained and Internal audit reports submitted to the Board, the Company is regular in making statutory payments and there have been no cases or notices issued to the Company or its officers under the following Acts:

(a) Finance Act, 1994 with respect to Service Tax

(b) Income Tax Act, 1961 with respect to Tax Deducted at Source and advance tax

(c) The Tamil Nadu Tax on Professions, Trades, Callings and Employments Act, 1992

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with BSE Limited and NSE (was not applicable during the period under review).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions were carried out unanimously.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the Company:

(a) At the Extra ordinary General meeting held on 12.06.2015, accorded approval for conversion into Public Company, and the company became a Public Company on 18.06.2015 vide fresh Certificate of Incorporation issued by Registrar of Companies, Tamil Nadu, Chennai.

(b) Was granted in principle approval by Reserve Bank of India on 07.10.2015 to set up a Small Finance Bank.

(c) Floated a Wholly Owned Subsidiary Equitas Technologies Private Limited incorporated on 27.10.2015.

(d) Is in the process of making an application with the Reserve Bank of India for registration as a Core Investment Company.

(e) At the Extraordinary General meeting held on 07.03.2016, accorded approval for revision in quantum of Initial Public Offer from Rs. 6,000 million (approved at the Extraordinary General Meeting on 07.09.2015) to Rs. 7,200 million.

(f) Filed Red Herring Prospectus dated 23.03.2016, for an Initial Public Offer of equity shares and on 21.04.2016, the Company got its shares listed on the BSE Limited and National Stock Exchange of India Limited.

(g) Created, granted, offered, issued and allotted in several tranches equity shares under its Employee Stock Option Schemes to eligible employees.

Place : Chennai

Date : 29.04.2016

Signature: sd/-

Name of Company Secretary in practice: Dr. B Ravi

FCS No.: 1810

C P No.: 3318

Annexure-VII

EQUITAS HOLDINGS LIMITED
EXTRACT OF ANNUAL RETURN (forming part of the Board Report for the FY 2015-16)
AS ON THE FINANCIAL YEAR ENDED ON 31.03.2016
[Pursuant to section 92(3) *of the Companies Act, 2013* and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. *REGISTRATION AND OTHER DETAILS*

CIN	U65100TN2007PLC064069	**Registration Date**	22.06.2007
Category/Sub-Category of the Company			
Company name	EQUITAS HOLDINGS LIMITED		
Registered Office Address	410A, 4th Floor, Spencer Plaza, Phase II, No.769, Mount Road, Anna Salai, Chennai – 600002		
Phone	044 4299 5000	**Fax**	044 4299 5050
Email	coporate@equitas.in	**Website**	www.equitas.in
Whether listed Company Yes/No		Yes (Listed w.e.f. 21st April 2016)	
Name & Address of Registrar and Transfer Agent, if any	**Karvy Computershare Private Limited** Karvy Selenium Tower B, Plot number 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad 500 032		
Phone	040 6716 1508		
Email	rajitha.cholleti@karvy.com		
Contact Person	Ms Rajitha Choletti		

II. *PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY*

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

SL No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Services of holding equity of subsidiary companies	99717010	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of Shares held	Applicable Section
1.	Equitas Micro Finance Limited 4th Floor, Phase II, Spencer Plaza, No.769, Mount Road, Anna Salai, Chennai - 600002	U65993TN1994PLC028002	Subsidiary	100	2(87)
2	Equitas Finance Limited 4th Floor, Phase II, Spencer Plaza, No.769, Mount Road, Anna Salai, Chennai - 600002	U65191TN1993PLC025280	Subsidiary	100	2(87)
3	Equitas Housing Finance Limited 410A, 4th Floor, Spencer Plaza, Phase II, No.769, Mount Road, Anna Salai, Chennai - 600002	U74999TN2010PLC075713	Subsidiary	100	2(87)

4	Equitas Technologies Private Limited 4th Floor, Phase II, Spencer Plaza, No.769, Mount Road, Anna Salai, Chennai – 600002	U72900TN2015PTC102697	Subsidiary	100	2(87)

IV. SHARE HOLDING PATTERN *(Equity Share Capital Breakup as percentage of Total Equity)*

i) Category-wise Share Holding

Category if shareholders	No of shares held at the year beginning				No of shares held at the year end				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
(1) **Indian**									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any Other….									
Sub-total (A) (1):-	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
(2) **Foreign**									
a) NRIs –Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other….									
Sub-total (A) (2):-	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

B. PUBLIC SHAREHOLDING									
1. **Institutions**									
a) Mutual Funds									
b) Banks / FI	6177831	0	6177831	2.30	6177831	0	6177831	2.29	-0.01
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs	14884016	0	14884016	5.54	14884016	0	14884016	5.51	-0.03
h) Foreign Venture Capital Funds	6467388	1679910	8147298	3.03	8147298	0	8147298	3.02	-0.01
i) Others (specify) - Multilateral Institution - Development Finance Institution	 38523657 14564521	 0 0	 38523657 14564521	 14.32 5.41	 38523657 14564521	 0 0	 38523657 14564521	 14.27 5.40	 -0.05 -0.01
Sub-total (B)(1):-	**80617413**	**1679910**	**82297323**	**30.60**	**82297323**	**0**	**82297323**	**30.49**	**-0.11**
2. **Non-Institutions**									
a) Bodies Corp.									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	159515193	14423967	173939160	64.69	173939160	0	173939160	64.44	-0.25
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	3405	6438	9843	0.01	715082	519333	1234415	0.46	0.45
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	3305500	8438999	11744499	4.37	8086569	4362900	12449469	4.61	0.24
c) Others (specify) ESOP Trusts	882870	0	882870	0.33	0	0	0	0	-0.33
Sub-total (B)(2):-	**163706968**	**22869404**	**186576372**	**69.40**	**182740811**	**4882233**	**187623044**	**69.51**	**0.11**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**244324381**	**24549314**	**268873695**	**100.00**	**265038134**	**4882233**	**269920367**	**100.00**	
C. SHARES HELD BYCUSTODIAN FOR GDRs & ADRs	0	0	0		0	0	0		
Grand Total (A+B+C)	**244324381**	**24549314**	**268873695**	**100.00**	**265038134**	**4882233**	**269920367**	**100.00**	

(ii) Shareholding of Promoters N I L

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
				N I L				

iii) Change in Promoters' Shareholding (please specify, if there is no change) : Not applicable as there is no promoter

Sl No	Date wise Increase / Decrease in Promoters Share holding during the year	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
	01.04.2014					
		Not applicable				
	31.03.2015					

iv) Shareholding Pattern of top ten Shareholders *(other than Directors, Promoters and Holders of GDRs and ADRs):*

Sl No	Name of Top 10 Shareholders	Date wise Increase / Decrease in Promoters Share holding during the year	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)
			No. of shares	% of total shares	No. of shares	% of total shares	
1.	International Finance Corporation	01.04.2015	38523657	14.33	38523657	14.33	No change in number of shares held
		31.03.2016			**38523657**	**14.27**	
2.	CDC Group PLC	01.04.2015	26791230	9.96	26791230	9.96	No change in number of shares held
		31.03.2016			**26791230**	**9.93**	
3.	India Financial Inclusion Fund	01.04.2015	26229885	9.76	26229885	9.76	No change in number of shares held
		31.03.2016			**26229885**	**9.72**	
4	Lumen Investment Holdings Limited	01.04.2015	22571820	8.39	22571820	8.39	No change in number of shares held
		31.03.2016			**22571820**	**8.36**	
5	Creation Investments Equitas Holdings LLC	01.04.2015	18182037	6.76	18182037	6.76	No change in number of shares held
		31.03.2016			**18182037**	**6.74**	
6	Credit Access Asia N.V.**	01.04.2015	17566159	6.53	17566159	6.53	No change in number of shares held
		31.03.2016	17566159	6.51	**17566159**	**6.51**	
7.	MVH S.p.A	01.04.2014	16975484	6.31	16975484	6.31	No change in number of shares held
		31.03.2016			**16975484**	**6.29**	
8.	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V	01.04.2015	14884016	5.47	14884016	5.47	No change in number of shares held
		31.03.2016			**14884016**	**5.51**	

9	DEG – Deutsche Investitions – und Entwicklungsgesellschaft mbH	01.04.2014	14564521	5.42	14564521	5.42	No change in number of shares held
		31.03.2016			**14564521**	**5.40**	
10	Sequoia Capital India Investments III	01.04.2014	12840861	4.78	12840861	4.78	No change in number of shares held
		31.03.2016			**12840861**	**4.76**	

** *At the beginning of the year, 11513881 shares were held by Microventures Asia BV and 6052278 shares were held by Microventures Investment SCA Sicar. During the year, both the entities were merged and the merged entity came to be known as CreditAccess Asia N.V.*

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No	Name of Shareholders Who are also KMP/ Directors of the Company	Date wise Increase / Decrease in Promoters Share holding during the year	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1.	Vasudevan P N - Managing Director	01.04.2015	8532999	3.17	8532999	3.16	No change in number of shares held
		31.03.2016			**8532999**	**3.16**	
2.	Bhaskar S – C F O	01.04.2015	1905000	0.71	1905000	0.70	No change in number of shares held
		31.03.2016			**1905000**	**0.70**	
3	Jayashree S Iyer, Company Secretary	01.04.2015	Nil	Nil	Nil	Nil	
		05.02.2016	7740	0.002	7740	0.002	Allotment
		31.03.2016			**7740**	**0.002**	No change

V. INDEBTEDNESS

(Indebtedness of the Company including interest outstanding/accrued but not due for payment) *N I L*

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid			N I L	
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
Addition			N I L	
Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount			N I L	
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)			N I L	

VI. REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND KEY MANAGERIAL PERSONNEL:
ATTACHED SEPARATELY AS ANNEXURE-VII (i)

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES (Company/Directors/Other Officers in default): NIL

Type	**Section of the Companies Act**	**Brief Description**	**Details of the Penalty, Fees etc**	**Authority imposing (RD/ NCLT/ Court)**	**Details of Appeal made if any**
A. COMPANY					NIL
Penalty					
Punishment					
Compounding					
B. DIRECTORS					NIL
Penalty					
Punishment					
Compounding					

C. OTHER OFFICERS IN DEFAULT					NIL
Penalty					
Punishment					
Compounding					

ANNEXURE VII (i)

REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND KEY MANAGERIAL PERSONNEL

Remuneration of KMP during Financial Year 2015-16

S No	Particulars of Remuneration	MD	CFO	CS
1	Gross salary (a) Salary as per provisions contained in sec.17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary u/s.17(3) Income-tax Act, 1961	 45,83,117 39,600 -	 53,78,708 39,600	 17,17,488 159,590
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission - as % of profit - others,	 Nil	 Nil	 Nil
5	Others - Contribu	2,30,400	2,56,464	82,512
	Total (A)	**48,53,117**	**56,74,772**	**19,59,590**

Remuneration to Non-Executive Directors

Name	Commission	Fee for attending Board/ Committee Meetings**	Others	Total
Mr Rangachary N	2,56,000	1,60,000	Nil	4,16,000
Mr Arun Ramanathan	Nil	4,22,500	Nil	4,22,500
Mr Kuppuswamy P T	Nil	3,57,500	Nil	3,57,500
Mr Yogesh Chand Nanda	Nil	2,65,000	Nil	2,65,000
Mr Paolo Brichetti	Nil	90,000	Nil	90,000
Mr Rajaraman P V	Nil	3,85,000	Nil	3,85,000
Mr Raman N	Nil	50,000	Nil	50,000
Mr Srinivasan N	Nil	1,85,000	Nil	1,85,000
Mr Viswanatha Prasad Subbaraman	Nil	2,00,000	Nil	2,00,000
Mr Vinod Kumar Sharma	Nil	2,10,000	Nil	2,10,000
Mr Nagarajan Srinivasan	Nil	1,60,000	Nil	1,60,000
Ms Jayshree Ashwinkumar Vyas	1,28,000	60,000	Nil	1,88,000
Mr Sundaram Ramakrishnan	Nil	20,000	Nil	20,000
Total	**3,84,000**	**25,65,000**	**Nil**	**29,49,000**
Overall Ceiling for Remuneration as per Act	**1% of Profits for Financial Year 2015-16 computed under Section 197 of the Act**			**3,84,056**
Commission payable to Directors as above				**3,84,000**

*** Independent Directors are also paid sitting fee of Rs.10,000/- for attending the Separate Meeting of Independent Directors*

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EQUITAS HOLDINGS LIMITED

(formerly known as EQUITAS HOLDINGS PRIVATE LIMITED)

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Equitas Holdings Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

   a) We have sought and 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 aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.

   e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

      ii. The Company does not have any long term contracts including Derivative Contracts.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Geetha Suryanarayanan
Partner
Membership No. 29519

Place: Chennai
Date: 06 May 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Equitas Holdings Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the"Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India"

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Geetha Suryanarayanan
Partner
Membership No. 29519

Place: Chennai
Date: 06 May 2016

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

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

(c) According to the information and explanations given and the records examined and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except title deeds for 216,595.35 sqft which is in the name of Equitas Micro Finance India Private Limited, the erstwhile name of Equitas Holdings Limited.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 Order is not applicable.

(iii) According to the information and explanations given to us, the Company has granted unsecured loans, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence compliance with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted is not applicable to the Company.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) CARO 2016 Order is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax which have not been deposited as on 31 March 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute	Period to which the Amount Relates	Amount Involved (Rs.) in lakhs	Amount Unpaid (Rs.) in lakhs
Income Tax Act 1961	Disallowance under Section 14A	Commissioner of Income Tax (Appeals)	Assessment Year 2011-12	19.10	19.10
Income Tax Act 1961	Disallowance under Section 14A	Commissioner of Income Tax (Appeals)	Assessment Year 2013-14	19.29	19.29

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 Order is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

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

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Geetha Suryanarayanan
Partner
Membership No. 29519

Place: Chennai
Date: 06 May 2016

Equitas Holdings Limited (Formerly known as "Equitas Holdings Private Limited")

Balance Sheet as at 31 March 2016

Particulars	Note No.	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	26,992.04	26,887.36
Reserves and Surplus	4	69,158.54	68,692.18
		96,150.58	**95,579.54**
Share Application Money Pending Allotment	5	**-**	**12.20**
Non Current Liabilities			
Long-Term Provisions	6	17.53	14.78
		17.53	**14.78**
Current Liabilities			
Trade Payables			
(i) Total outstanding due of Micro enterprises and Small Enterprises,		-	-
(ii) Total outstanding due of Creditors other than Micro enterprises and Small Enterprises	7	96.05	61.82
Other Current Liabilities	8	78.34	17.65
Short-Term Provisions	9	28.37	19.90
		202.76	**99.37**
TOTAL		**96,370.87**	**95,705.89**
ASSETS			
Non-Current Assets			
Fixed Assets			
- Tangible Assets	10	3,365.03	2,503.51
- Intangible Assets		2.15	0.07
- Capital Work in Progress	10.1	10.39	17.91
		3,377.57	**2,521.49**
Non-Current Investments	11	84,585.89	83,085.89
Deferred Tax Asset (Net)	12	15.15	10.98
Long-Term Loans and Advances	13	404.96	7,087.05
		88,383.57	**92,705.41**
Current Assets			
Current Investments	14	-	2,150.00
Cash and Cash Equivalents	15	6,620.27	832.36
Short-Term Loans and Advances	16	1,361.49	17.05
Other Current Assets	17	5.54	1.07
		7,987.30	**3,000.48**
TOTAL		**96,370.87**	**95,705.89**
See accompanying notes forming part of the financial statements			

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

Geetha Suryanarayanan
Partner
Place : Chennai
Date : 6 May 2016

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

N Rangachary
Chairman
DIN: 00054437

P N Vasudevan
Managing Director
DIN: 01550885

P T Kuppuswamy
Director
DIN: 00032309

S Bhaskar
Chief Financial Officer

Jayashree S Iyer
Company Secretary
A11569

Place : Chennai
Date : 6 May 2016

Equitas Holdings Limited (Formerly known as "Equitas Holdings Private Limited")

Statement of Profit and Loss for the Year Ended 31 March 2016

Particulars	Note No.	For the Year Ended 31 March 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
REVENUE			
Revenue from Operations	**18**	819.72	891.80
Other Income	**19**	-	-
		819.72	**891.80**
EXPENSES			
Employee Benefits Expense	**20**	152.46	70.03
Diminution in Value of Investments	**11.1**	-	32.00
Investments written off	**11.1**	200.00	-
Less: Written off out of provision made	**11.1**	(200.00)	-
Depreciation and Amortisation Expense	**10**	91.23	73.46
Other Expenses	**21**	191.97	334.98
		435.66	**510.47**
Profit Before Tax		**384.06**	**381.33**
Tax Expense / (benefit):			
Income Tax			
- Current Tax		176.60	223.77
- Tax Relating to Prior Years		-	3.00
- Deferred Tax	**12**	(4.17)	(10.98)
Net Tax Expense		172.43	215.79
Profit After Tax		**211.63**	**165.54**
Earnings Per Equity Share of Rs.10 Each fully paid up	**26**		
- Basic in Rs.		0.08	0.07
- Diluted in Rs.		0.08	0.07
See accompanying notes forming part of the financial statements			

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

Geetha Suryanarayanan
Partner
Place : Chennai
Date : 6 May 2016

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

N Rangachary
Chairman
DIN: 00054437

P N Vasudevan
Managing Director
DIN: 01550885

P T Kuppuswamy
Director
DIN: 00032309

S Bhaskar
Chief Financial Officer

Jayashree S Iyer
Company Secretary
A11569

Place : Chennai
Date : 6 May 2016

Equitas Holdings Limited (Formerly known as "Equitas Holdings Private Limited")

Cash Flow Statement for the Year Ended 31 March 2016

Particulars	For the Year Ended 31 March 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
A. Cash Flow from Operating Activities		
Profit Before Tax	384.06	381.33
Adjustments for:		
Depreciation and Amortisation Expense	91.23	73.46
Diminution in Value of Investments	-	32.00
Interest Income on Loans to Related Parties	(634.14)	(798.21)
Interest Income on Deposits with Banks	(72.08)	(64.74)
Gain on Sale of Current Investments (Net)	(113.50)	(28.85)
Operating Loss before Changes in Working Capital	**(344.43)**	**(405.01)**
Adjustments for (increase) / decrease in operating assets:		
Long-Term Loans and Advances	6,696.50	99.47
Short-Term Loans and Advances	(1,344.44)	0.26
Adjustments for increase / (decrease) in operating liabilities:		
Trade Payables	34.24	33.64
Long-Term Provisions	2.75	14.78
Other Current Liabilities	30.70	3.17
Short-Term Provisions	8.47	17.18
Cash Flow generated from Operations	**5,083.79**	**(236.51)**
Interest Income on Loans to Related Parties	634.14	798.21
Interest Income on Deposits with Banks	67.61	69.39
Gain on Sale of Current Investments (Net)	113.50	28.85
Direct Taxes Paid	(184.19)	(228.73)
Net Cash Flow generated from Operating Activities	**5,714.85**	**431.21**
B. Cash Flow from Investing Activities		
Capital Expenditure including Capital Advances	(924.24)	(582.10)
Proceeds from Sale of Fixed Assets	0.09	-
Proceeds from Current Investments (Net)	2,150.00	(2,150.00)
Investments in Equity shares of subsidiaries	(1,500.00)	(29,988.35)
Bank Deposits (Net) (lien marked)	(375.34)	-
Net Cash Used in Investing Activities	**(649.49)**	**(32,720.45)**

(Cont'd)

Particulars	For the Year Ended 31 March 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
C. Cash Flow from Financing Activities		
Proceeds from Fresh Issue of Equity Share Capital, including Securities Premium	351.80	32,851.81
Share Application Money Received	-	12.20
Share Issue Expenses	(4.59)	(652.02)
Net Cash generated from Financing Activities	**347.21**	**32,211.99**
Net Increase / (Decrease) in Cash and Cash Equivalents (A) + (B) + (C)	**5,412.57**	**(77.25)**
Cash and Cash Equivalents at the Beginning of the Year	82.36	159.61
Cash and Cash Equivalents at the End of the Year	**5,494.93**	**82.36**
Note:		
(i) The reconciliation to the Cash and Cash Equivalents as given in Note 15 is as follows:		
Cash and Cash Equivalents as per Note 15	6,620.27	832.36
Less: Deposits under lien	1,125.34	750.00
Cash and Cash Equivalents (as defined in AS 3 Cash Flow Statement) as at the end of the Year	**5,494.93**	**82.36**

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

Geetha Suryanarayanan
Partner
Place : Chennai
Date : 6 May 2016

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

N Rangachary
Chairman
DIN: 00054437

P N Vasudevan
Managing Director
DIN: 01550885

P T Kuppuswamy
Director
DIN: 00032309

S Bhaskar
Chief Financial Officer

Jayashree S Iyer
Company Secretary
A11569

Place : Chennai
Date : 6 May 2016

Equitas Holdings Limited (Formerly known as "Equitas Holdings Private Limited")
Notes Forming Part of the Financial Statements for the Year Ended 31 March 2016

1. CORPORATE INFORMATION

Equitas Holdings Limited ("the Company") was incorporated on 22 June 2007. The Company got converted into a Public Limited Company during the year. Consequent to the conversion of the company to a public limited company the name of the Company has been changed to Equitas Holdings Limited in terms of Certificate dated 26 June 2015 issued by the Registrar of Companies, Chennai.

The Company is a " Not Systematically Important Core Investment Company" (CIC) holding shares of its subsidiaries. The Company also provides financial support to its subsidiaries by way of unsecured loans, guarantees, etc.

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

During the year, the RBI invited applications for forming Small Finance Banks and Payment Banks. The Company had made an application dated 30 January 2015 to the RBI for a license to promote a Small Finance Bank and the same was approved by the Board dated 27 December 2014. As per the application for licence, if the Company is given the licence, the operations of the existing subsidiaries have to consolidated under a single wholly owned subsidiary which will operate as a Small Finance Bank.

The RBI granted an in-principle approval for setting up a new SFB under Section 22 of the Banking Regulation Act, 1949, subject to certain conditions through a letter dated October 7, 2015 (the “SFB In-Principle Approval”). The SFB In-principle Approval is valid for a period of 18 months from October 7, 2015 i.e. until April 6, 2017 to enable the applicants to comply with the SFB Guidelines, fulfil the conditions in the SFB In-Principle Approval and any other conditions as may be stipulated by the RBI. (Also Refer Note 31)

As per the terms and conditions of in-principle approval, the promoting NBFC is required to be registered with RBI as Core Investment Company(CIC) . Accordingly, the Company has made and application to the RBI for registration as Systematically Important Core Investment Company(CIC) to meet the requirement of setting up of Small Finance Bank.

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 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

2.2 Use of Estimates

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

the years 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

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Tangible Assets:

Buildings - 20 Years

Office Equipments - 3 Years

Vehicles - 4 years

Computers Equipments - 3 years

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

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

Software - Lower of license year or 3 years on straight line basis

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

2.6 Revenue recognition

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

(a) Interest Income on Loans granted is recognised under the internal rate of return method.

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

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

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

2.7 Tangible Fixed Assets

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

Capital work in progress:

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

Advances paid towards acquisition of Fixed assets are included under long-term loans and advances.

2.8 Intangible Assets

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

2.9 Foreign currency transactions and translations

Initial recognition

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

Measurement at the balance sheet date

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

Exchange difference recognition

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

2.10 Investments

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

2.11 Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plan:

The Company's contribution to provident fund are considered as defined contribution plan and are charged as an expense as it falls due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans:

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with Actuarial Valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year 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 year until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year 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 year in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.12 Deferred Employee Stock Compensation Cost

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

2.13 Segment Reporting

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

2.14 Leases

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

2.15 Earnings per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax 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 as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) 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 year, 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 year presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.16 Taxes on Income

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

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

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

2.17 Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

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 (other than a revalued asset) in earlier accounting years no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

2.18 Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions 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.

2.19 Share Issue Expenses

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.

2.20 Operating Cycle

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount Rs. in Lakhs	Number of shares	Amount Rs. in Lakhs
3 Share Capital				
(a) **Authorised**				
Equity shares of Rs.10 each	365,000,000	36,500.00	290,000,000	29,000.00
Compulsorily Convertible Preference Shares of Rs.10 each	10,000,000	1,000.00	10,000,000	1,000.00
	375,000,000	**37,500.00**	**300,000,000**	**30,000.00**
(b) **Issued, Subscribed and Fully Paid-up**				
Equity shares of Rs.10 each	269,920,367	26,992.04	268,873,695	26,887.36
	269,920,367	**26,992.04**	**268,873,695**	**26,887.36**

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

Particulars	For the Year Ended 31 March 2016		For the Year Ended 31 March 2015	
	No. of Shares	Amount Rs. in Lakhs	No. of Shares	Amount Rs. in Lakhs
At the beginning of the Period/Year	268,873,695	26,887.36	72,621,737	7,262.17
Issued as Bonus Shares by capitalization of Reserves (refer note b)	-	-	147,463,018	14,746.30
Exercise of options issued under - Employees Stock Option Scheme (refer note c)	1,046,672	104.68	1,114,247	111.42
Issued to Other investors (refer note d)	-	-	47,334,693	4,733.47
Issued to Mr. P N Vasudevan, Managing Director (refer note e)	-	-	340,000	34.00
Outstanding at the End of the Period/Year	**269,920,367**	**26,992.04**	**268,873,695**	**26,887.36**

Notes:

(a) In the Extra Ordinary General Meeting of the Company held on 7 May 2015, the members have approved the increase in authorised Share capital of the Company by Rs. 7,500 lakhs, from Rs. 30,000 lakhs to Rs.37,500 lakhs represented by 75,000,000 equity shares of Rs.10 each.

(b) During the previous year, the Company has issued 147,463,018 Bonus Shares in the ratio of 2 Equity Shares for 1 Equity Share held, to all Shareholders as on 24 June 2014, by capitalization of Reserves aggregating to Rs. 14,746.30 lakhs.

(c) During the year, the Company allotted 1,046,672 (Previous Year 1,114,247) Equity Shares of Rs. 10 each to eligible employees pursuant to exercise of options under the Employee Stock Options Scheme at applicable premiums (Refer Note 4.1.(a))

(d) During the previous year, Company has allotted 47,334,693 Equity Shares of Rs 10 each to Foreign Institutional Investors at a Premium of Rs.58.66 per share. Accordingly, an amount of Rs.27,766.53 Lakhs was credited to Securities Premium Account. (Refer Note 4.1(b))

(e) The Company had received Rs. 34.00 lakhs from Mr. P N Vasudevan, Managing Director towards the share application money for the exercise under the preferential offer during the previous year 2013-14. During the previous year 2014-15, the Company had allotted 340,000 shares against the same.

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	% Holding	No. of Shares	% Holding
Equity Shares of Rs. 10 each				
International Finance Corporation	38,523,657	14.27%	38,523,657	14.33%
CDC Group Plc	26,791,230	9.93%	26,791,230	9.96%
India Financial Inclusion Fund	26,229,885	9.72%	26,229,885	9.76%
Lumen Investment Holdings Limited	22,571,820	8.36%	22,571,820	8.39%
Creation Investments Equitas Holdings LLC	18,182,037	6.74%	18,182,037	6.76%
Credit Access Asia N.V.	17,566,159	6.51%	-	-
Microventures Spa	16,975,484	6.29%	16,975,484	6.31%
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	14,884,016	5.51%	14,884,016	5.54%
Deutsche Investitions Und Entwicklungsgesellschaft Mbh	14,564,521	5.40%	14,564,521	5.42%

3.3 Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash

Particulars	Aggregate number of shares	
	As at 31 March 2016	As at 31 March 2015
Equity shares issued as fully paid up by way of bonus shares (Refer Note 3.1(b))	147,463,018	147,463,018

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 Shares Reserved

Refer Note 3.6 with respect to Employee Stock Option Scheme.

3.6 Employee Stock Option Scheme

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

During the year ended 31 March 2013, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2012 (ESOP Scheme 2012) effective from 10 November 2012. Under the plan, the Company is authorized to issue upto 1,000,000 Equity Shares of Rs. 10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2007 has been transferred and made available for grant under the new scheme.

During the year ended 31 March 2014, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2014 (ESOP Scheme 2014) effective from 18 July 2014. Under the plan, the Company is authorized to issue upto 10,500,000 Equity Shares of Rs. 10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP S c h e m e 2012 has been transferred and made available for grant under the new scheme.

During the previous year ended 31 March 2015, pursuant to the issue of bonus shares for the existing shareholders, the company granted 2 additional options for every 1 option outstanding to be exercised as on the date of bonus issue. Further, the exercise price for each option was been reduced to one-third of the original exercise price determined at the grant date.

During the year, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2015 (ESOP Scheme 2015) effective from 7 September 2015. Under the plan, the Company is authorized to issue upto 22,200,000 Equity Shares of Rs. 10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2014 has been transferred and made available for grant under the new scheme.

As at 31 March 2016, 15,397,855 (As at 31 March 2015 - 10,761,187) (net of forfeitures) options were outstanding, which were granted at various exercise prices. The following are the outstanding options as at 31 March 2016:

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant5	Grant 6	Grant 7	Grant 8	Grant 9
Date of Grant	26-Feb-08	9-Jul-08	1-Nov-08	22-Apr-09	28-Oct-09	26-Apr-10	27-Oct-10	13-May-11	2-Nov-11
Exercise Price Per opiton (Rs) post bonus options	10.00*	12.00*	10.67	12.00	26.67	33.34	40.00	40.00	40
Total Options granted and outstanding as at 1 April 2015	-		26,070	154,569	143,262	446,295	684,949	468,539	407,115
Options granted during the Period	-	-	-	-	-	-	-	-	-
Less: Options Forfeited / Lapsed	-	-	4,680	3,615	19,911	38,193	92,665	39,940	84,166
Options Exercised	-	-	21,390	99,696	73,563	178,731	275,553	185,547	114,267
Options outstanding as at 31 March 2016	-	-	-	51,258	49,788	229,371	316,731	243,052	208,682
vested	-	-		51,258	49,788	229,371	316,731	243,052	208,682
yet to vest	-	-	-	-	-	-	-	-	-

Particulars	Grant 10	Grant 11	Grant 12	Grant 13	Grant 14	Grant 15	Grant 16	Grant 17	Grant 18
Date of Grant	09-May-12	07-Nov-12	04-May-13	15-Nov-13	09-May-14	12-Nov-14	07-May-15	07-Aug-15	06-Nov-15
Exercise Price Per Option (Rs) post bonus options	40	40	40	40	43.34	55	65	70	70
Total Options granted and outstanding as at 1 April 2015	4,28,751	5,20,199	3,61,784	15,71,004	21,85,650	33,63,000			
Options granted during the period							22,68,400	23,21,850	43,82,650
Less: Options Forfeited / Lapsed	58,693	1,13,615	88,407	2,92,893	4,67,470	8,48,912	5,41,050	1,37,150	4,58,200
Options Exercised	38,847	8,659	7,911	15,377	24,422	2,709			
Options Outstanding as at 31 Mar 2016	3,31,211	3,97,925	2,65,466	12,62,734	16,93,758	25,11,379	17,27,350	21,84,700	39,24,450
vested	2,53,121	3,04,715	1,46,006	7,06,356	4,39,638	6,51,514	-	-	-
yet to vest	78,090	93,210	1,19,460	5,56,378	12,54,120	18,59,865	17,27,350	21,84,700	39,24,450

*The exercise price is before bonus issue.

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

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

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

Variables	Grant 1	Grant 2	Grant 3	Grant 4	Grant5	Grant 6	Grant 7	Grant 8	Grant 9
	Date of Grant								
	26-Feb-08	09-Jun-08	01-Nov-08	22-Apr-09	28-Oct-09	26-Apr-10	27-Oct-10	13-May-11	02-Nov-11
Risk Free Interest Rate	8.50%	8.75% to 9%	9.75%	8.25%	6.75% to 7%	6.50% to 7.25%	7.25% to 7.50%	7.9% to 8.05%	8.40% to 8.65%
Expected Life	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	2.58 to 5.58 yrs	2.58 to 5.58 yrs
Expected Volatility	43% to 45%	43% to 45%	41% to 47%	42% to 44%	37% to 44%	37% to 40%	35% to 40%	38% to 41%	38% to 40%
Dividend Yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
Price of the underlying Share at the time of the Option Grant (Rs.) adjusted after bonus option	10.00	12.00	10.67	12.00	26.67	33.34	40.00	40.00	40.00
Fair Value of the Option (Rs.) after adjustment of bonus option									
1st Stage	0.63	3.14	4.06	2.75	2.08	6.75	8.70	9.41	9.34
2nd Stage	0.81	3.91	5.07	3.18	2.56	8.34	10.83	11.66	12.20
3rd Stage	1.00	4.02	5.76	3.85	3.78	10.09	13.06	13.79	14.26
4th Stage	1.32	4.70	6.12	4.56	5.38	12.27	15.84	16.11	16.19

Variables	Grant 10	Grant 11	Grant 12	Grant 13	Grant 14	Grant 15	Grant 16	Grant 17	Grant 18
	Date of Grant								
	09-May-12	07-Nov-12	04-May-13	15-Nov-13	09-May-14	12-Nov-14	07-May-15	07-Aug-15	06-Nov-15
Risk Free Interest Rate	8.01% to 8.25%	7.89% to 8%	7.12% to 7.23%	8.50% to 8.68%	8.38% to 8.60%	8.50% to 8.68%	7.74% to 7.79%	7.69% to 7.89%	7.43% to 7.64%
Expected Life	2.58 to 5.58 yrs	2.67 to 5.67 yrs	2.67 to 5.67 yrs	2.64 to 5.67 yrs	2.64 to 5.67 yrs	2.64 to 5.67 yrs	2.67 to 5.67 yrs	2.67 to 5.67 yrs	2.67 to 5.67 yrs
Expected Volatility	39% to 42%	38% to 42%	33% to 37%	34% to 39%	33% to 38%	35% to 39%	33% to 37%	36% to 39%	33.80% to 37%
Dividend Yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
Price of the underlying Share at the time of the Option Grant (Rs.) adjusted after bonus option	40.00	40.00	40.00	40.00	43.34	55.00	65.00	70.00	70.00
Fair Value of the Option (Rs.) after adjustment of bonus option									
1st Stage	3.28	3.87	2.92	4.34	8.56	7.80	10.46	16.73	16.00
2nd Stage	4.41	4.84	5.07	7.08	11.59	11.66	14.58	20.61	18.79
3rd Stage	6.00	6.65	6.31	8.53	13.38	14.41	18.40	25.33	23.55
4th Stage	7.25	7.97	7.99	9.93	15.68	16.50	20.67	27.90	26.87

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

Particulars	For the Year Ended 31 March 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
Net Profit as per Statement of Profit and Loss (as reported)	211.63	165.54
Add: Stock Based Employee Compensation Expense included in profit before tax	-	-
Less: Stock Based Compensation Expense Determined under Fair Value based Method (Proforma)	487.28	224.11
Net (Loss) (Proforma)	**(275.65)**	**(58.57)**

Particulars	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
Basic Earnings per Share of Rs.10 each (as reported) (In Rs.)	0.08	0.07
Basic Earnings per Share of Rs.10 each (Proforma) (In Rs.)	(0.10)	(0.02)
Diluted Earnings per Share of Rs.10 each (as reported) (In Rs.)	0.08	0.07
Diluted Earnings per Share of Rs.10 each (Proforma) (In Rs.)	(0.10)	(0.02)

	Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
4	**Reserves and Surplus**		
4.1	**Securities Premium Account**		
	Opening Balance	63,715.71	51,107.11
	Add: Additions during the year (Refer Note (a) & (b) below)	259.32	28,006.92
	Less: Share Issue Expenses (Refer Note (c) below)	(4.59)	(652.02)
	Less: Utilised for issuing Bonus Shares (Refer Note 3.1.b)	-	(14,746.30)
	Closing Balance	**63,970.44**	**63,715.71**
	Note:		
(a)	Additions to Securities Premium Account represents:		
	Premium of Re. 0.67 per share on allotment of 21,390 Equity shares (Previous Year - 28,290 Equity shares) of Rs 10 each to employees under the ESOP scheme	0.14	0.19
	Premium of Rs. 2 per share on allotment of 99,696 Equity shares (Previous Year -33,320 shares) of Rs 10 each to employees under the ESOP scheme	1.99	0.67
	Premium of Rs. 16.67 per share on allotment of 73,563 Equity shares (Previous Year - 104,226 shares) of Rs 10 each to employees under the ESOP scheme	12.26	17.37
	Premium of Rs. 22 per share on allotment of Nil Equity shares (Previous Year - 10,832 Equity shares) of Rs 10 each to employees under the ESOP scheme	-	2.38
	Premium of Rs. 23.34 per share on allotment of 178,731 Equity shares (Previous Year - 9,066 shares) of Rs 10 each to employees under the ESOP scheme	41.72	2.12
	Premium of Rs. 26 per share on allotment of Nil Equity shares (Previous Year - 46,732 Equity shares) of Rs 10 each to employees under the ESOP scheme	-	12.15
	Premium of Rs. 30 per share on allotment of 646,161 Equity shares (Previous Year-185,403 shares) of Rs 10 each to employees under the ESOP scheme	193.85	55.62
	Premium of Rs. 33.34 per share on allotment of 24,422 Equity shares (Previous Year - Nil shares) of Rs 10 each to employees under the ESOP scheme	8.14	-
	Premium of Rs. 45 per share on allotment of 2,709 Equity shares (Previous Year -Nil shares) of Rs 10 each to employees under the ESOP scheme	1.22	-
	Premium of Rs. 70 per share on allotment of Nil Equity shares (Previous Year - 18,513 Equity shares) of Rs 10 each to employees under the ESOP scheme	-	12.96
	Premium of Rs. 90 per share on allotment of Nil Equity shares (Previous Year - 88,128 Equity shares) of Rs 10 each to employees under the ESOP scheme	-	79.32
	Premium of Rs.110 per share on allotment of Nil Equity shares (Previous Year-52,377 Equity shares) of Rs 10 each to employees under the ESOP scheme	-	57.61
(b)	Issue and allotment of 47,334,693 equity shares of Rs. 10 each to Foreign Institutional Investors at a premium of Rs. 58.66 per share during FY 14-15	-	27,766.53
(c)	Share issue expenses adjusted to Securities Premium Account representing expenses incurred on professional and legal services in connection with issue ofshares in accordance with Section 52 of the Companies Act, 2013.	4.59	652.02
4.2	**Statutory Reserve** (Refer Note 29)		
	Opening Balance	1,164.30	1,131.19
	Add: Amount Transferred during the Year	42.40	33.11
	Closing Balance	**1,206.70**	**1,164.30**
4.3	**Surplus in the Statement of Profit and Loss**		
	Opening Balance	3,812.17	3,679.74
	Add: Profit for the Year	211.63	165.54
	Less: Appropriations		
	- Transfer to Statutory Reserve (Note 29)	42.40	33.11
	Net Surplus in the Statement of Profit and Loss	**3,981.40**	**3,812.17**
		69,158.54	**68,692.18**

5 Share Application Money Pending Allotment

The Company has received Rs. Nil as at 31 March 2016 (As at 31 March 2015: Rs. 12.20 Lakhs) from employees towards exercise of options under the employees stock option scheme. Pending allotment of shares, the amount received has been shown as "Share application Money pending allotment".

	Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
6	**Long - Term Provisions**		
	Provision for Gratuity	17.53	14.78
		17.53	**14.78**

	Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
7	**Trade Payables**		
	Trade Payables - Other than Acceptances (Refer note below)		
	i)Total outstanding of Micro Enterprises and Small Enterprises	-	-
	Ii)Total outstanding of Micro Enterprises and Small Enterprises (Refer note below)	96.05	61.82
		96.05	**61.82**
	Note: Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		

	Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
8	**Other Current Liabilities**		
	Statutory Remittances	37.23	6.53
	Payable for Purchase of Fixed Assets	41.11	11.12
		78.34	**17.65**

	Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
9	**Short-Term Provisions**		
	Provision for Compensated Absences	25.65	17.18
	Provision for Wealth Tax	2.72	2.72
		28.37	**19.90**

10 Fixed Assets

Current Year

(Rs. in Lakh)

Particulars	Gross Block				Accumulated Depreciation and Amortisation				Net Block	
	As at 1 April 2015	Additions	Disposals	As at 31 March 2016	As at 1 April 2015	For the Year	Eliminated on Disposal of Assets	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Tangible Assets – Owned										
Land – Freehold	1,097.25	-	-	1,097.25	-	-	-	-	1,097.25	1,097.25
Buildings (Refer Note 10.2) Given under Operating Lease	1,563.90	941.88	-	2,505.78	185.74	84.14	-	269.88	2,235.90	1,378.16
Computer Equipments	0.85	1.15	-	2.00	0.07	0.42	-	0.49	1.51	0.78
Office Equipments	0.66	0.66	0.45	0.87	0.47	0.28	0.36	0.39	0.48	0.19
Vehicles	29.08	8.72	-	37.80	1.95	5.96	-	7.91	29.89	27.13
Sub Total	**2,691.74**	**952.41**	**0.45**	**3,643.70**	**188.23**	**90.80**	**0.36**	**278.67**	**3,365.03**	**2,503.51**
Intangible Assets – Acquired										
Computer Software	0.22	2.51	-	2.73	0.15	0.43	-	0.58	2.15	0.07
Sub-Total	**0.22**	**2.51**	**-**	**2.73**	**0.15**	**0.43**	**-**	**0.58**	**2.15**	**0.07**
Grand Total	**2,691.96**	**954.92**	**0.45**	**3,646.43**	**188.38**	**91.23**	**0.36**	**279.25**	**3,367.18**	**2,503.58**

Previous Year

(Rs. in Lakh)

Particulars	Gross Block				Accumulated Depreciation and Amortisation				Net Block	
	As at 1 April 2014	Additions	Disposals	As at 31 March 2015	As at 1 April 2014	For the Year	Eliminated on Disposal of Assets	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Tangible Assets – Owned										
Land – Freehold	944.31	152.94	-	1,097.25	-	-	-	-	1,097.25	944.31
Buildings (Refer Note 10.2) Given under Operating Lease	1,003.45	560.45	-	1,563.90	114.60	71.14	-	185.74	1,378.16	888.85
Computer Equipments	-	0.85	-	0.85		0.07	-	0.07	0.78	-
Office Equipments	0.64	0.02	-	0.66	0.24	0.23		0.47	0.19	0.40
Vehicles	-	29.08	-	29.08	-	1.95	-	1.95	27.13	-
Sub Total	**1,948.40**	**743.34**	**-**	**2,691.74**	**114.84**	**73.39**	**-**	**188.23**	**2,503.51**	**1,833.56**
Intangible Assets – Acquired										
Computer Software	0.22	-	-	0.22	0.08	0.07	-	0.15	0.07	0.14
Sub-Total	**0.22**	**-**	**-**	**0.22**	**0.08**	**0.07**	**-**	**0.15**	**0.07**	**0.14**
Grand Total	**1,948.62**	**743.34**	**-**	**2,691.96**	**114.92**	**73.46**	**-**	**188.38**	**2,503.58**	**1,833.70**

There were no deletions to fixed assets during the year ended 31 March 2015.

10.1 Capital Work in Progress

The Capital Work in Progress as at 31 March 2016 amounting to Rs.10.39 Lakhs (As at 31 March 2015: Rs. 17.91 Lakhs) represents the cost of construction of additional floors at the existing school buildings and new building work which are in progress as at 31 March 2016.

10.2 Building Given under Operating Lease

The Company constructed buildings primarily for the purpose of leasing them to Equitas Development Initiatives Trust (EDIT) for running schools, as a part of its Corporate Social Responsibility initiatives. During the year the Company has not recognised any amount (For the year ended 31 March 2015 Rs. 36) as rental income because from 1 January 2015, since the Company is providing the buildings on lease to EDIT at free of cost as part of CSR activity (Refer Note 19 and Note 25).

	Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
11	**Non-Current Investments**		
	Investment in Equity Shares of Subsidiaries		
	(Trade & Unquoted) - at Cost		
	40,000,000 (As at 31 March 2015 - 40,000,000) Equity Shares of Equitas Housing Finance Limited (Formerly known as "Equitas Housing Finance Private Limited") of Rs. 10 each Fully Paid up	4,000.00	4,000.00
	Nil (As at 31 March 2015 - 2,000,000) Equity Shares of Equitas B2B Trading Private Limited of Rs. 10 each Fully Paid up	-	200.00
	Less: Investments written off (Refer Note 11.1)	-	(200.00)
	423,000,000 (As at 31 March 2015 - 423,000,000 Equity Shares of Equitas Finance Limited (Formerly known as "Equitas Finance Private Limited") of Rs.10 each Fully Paid up	58,533.34	58,533.34
	198,750,000 (As at 31 March 2015 - 198,750,000) Equity Shares of Equitas Micro Finance Limited (Formerly known as "Equitas Micro Finance Private Limited") of Rs.10 each Fully Paid up.	20,552.55	20,552.55
	15,000,000 (As at 31 March 2015 - Nil) Equity Shar es of Equitas Technologies Private Limited of Rs.10 each Fully Paid up.(Refer Note 11.2)	1,500.00	-
		84,585.89	**83,085.89**
	Note		
	Aggregate Cost of Unquoted Investments (Cost)	84,585.89	83,285.89
	Aggregate Cost of Unquoted Investments (Net of Provision for dimunition)	84,585.89	83,085.89

11.1 Investment in Equitas B2B Trading Private Limited

As at 31 March 2015, Equitas B2B Trading Private Limited had filed a petition for voluntary winding up with Ministry of Corporate Affairs in accordance with the Companies Act, 2013. During the year, the Ministry of Corporate of Affairs have struck off the name Equitas B2B Trading Private Limited from the Register. The investment was written off in full, out of provisions made in earlier years.

11.2 Investment in Equitas Technologies Private Limited

Equitas Technologies Private Limited ("ETPL"/ "the Company") was Incorporated on 27 October 2015. The Company is a wholly owned subsidiary of Equitas Holdings Limited. The Company is in the freight aggregation business under the brand name of WOW Truck with web domain name registered as 'www.wowtruck.in'. The Company provides a common platform for transporters and suppliers to connect with each other 'online' and carry out transactions on real time basis. During the year, the Company has invested 15,000,000 Equity Shares of Rs.10 each fully paid up.

11.3 Investment in Equitas Finance Limited (Formerly known as "Equitas Finance Private Limited")

During the previous year, the Company had invested 182,300,000 Equity Shares of Rs.10 each fully paid up at a premium of Rs.6.45 per share.

12 Deferred Tax Assets

The Deferred Tax Asset of Rs. 15.15 Lakhs as at 31 March 2016 has arisen on account of the following:

Particulars	As at 1 April 2015 Rs. in Lakhs	Credit / (Charged) Rs. in Lakhs	As at 31 March 2016 Rs. in Lakhs
Deferred Tax Assets			
Difference between depreciation as per Books of Account and Income Tax Act, 1961	(0.08)	0.29	0.21
Employee Benefits	11.06	3.88	14.94
Deferred Tax Assets	**10.98**	**4.17**	**15.15**

Note: Deferred Tax Asset arising out of Long Term Capital loss on account of write off of investments in Equitas B2B Trading Private Limited has not been recognised, in the absence of virtual certainty that there would be Long Term Capital Gains in future to offset the carried forward loss.

Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
13 Long-Term Loans and Advances - Unsecured, Considered Good		
Capital Advances	82.71	75.88
Loans and Advances to Related Parties (Refer Note 24)	-	6,700.00
Security Deposits	6.49	2.99
Advance Tax - (Net of Provisions Rs.577.11 Lakhs (As at 31 March 2015 Rs.400.51 Lakhs)	315.76	308.18
	404.96	**7,087.05**

Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
14 Current Investments - Non trade		
Quoted Mutual Funds		
TATA Liquid Fund Nil units (as at 31 March 2015 - 44,553.683 units of face value Rs. 1,000 each)	-	1,150.00
Kodak Floater Fund Nil units (as at 31 March 2015 - 43,614.383) units of face value Rs. 1,000 each)	-	1,000.00
	-	**2,150.00**
Note		
Market value of Quoted Investments	-	2,152.02

	Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
15	**Cash and Cash Equivalents**		
	Cash on Hand	-	-
	Balances with Banks		
	- In Current Accounts	1.21	82.36
	- In Deposits Accounts - Free of Lien	5,493.72	-
	- In Deposits Accounts - under Lien (Refer Note (b) below)	1,125.34	750.00
		6,620.27	**832.36**
	Note		
(a)	Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	5,494.93	82.36

(b) Deposits Under Lien

The Company has given Fixed deposits of Rs. 750.00 lakhs as lien to certain banks as security for overdraft facilities sanctioned by the banks to EquitasDhanyakosha India (EDK), which is engaged in supply of Groceries at subsidised rates to lower income sections of the society. An amount of Rs. 681.71 lakhs is outstanding and payable by EDK to Banks as at 31 March 2016 (Rs.638.84 Lakhs as at 31 March 2015).

Considering the performance of EDK during the Financial year 2015-16 and their current and future business plans, the Management is confident that EDK will generate sufficient profits to repay their debts and no losses are expected to devolve on the Company.

The Company has given Fixed Deposits of Rs. 375.34 lakhs as security deposit to BSE Limited in connection with Initial public issue of equity shares.

	Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
16	**Short-Term Loans and Advances** - Unsecured, Considered Good		
	Prepaid Expenses	16.89	16.58
	Other Advances	1,044.60	0.47
	Security Deposits (Refer Note a)	300.00	-
		1,361.49	**17.05**

Note (a): During the year, the Company had given the Refundable Security Deposits of Rs.300 lakhs to BSE Limited in connection with Initial Public Issue of equity shares

	Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
17	**Other Current Assets**		
	Interest Accrued but Not Due	5.54	1.07
	- on Deposits with Banks	**5.54**	**1.07**

Particulars	For the Year Ended 31 March 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
18 Revenue from Operations		
Interest Income on Loans to Related Parties	634.14	798.21
Interest Income on Deposits with Banks	72.08	64.74
Gain on Sale of Current Investments in Mutual Funds	113.50	28.85
	819.72	**891.80**

Particulars	For the Year Ended 31 March 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
19 Other Income		
Rental Income (Refer Note 10.2)	-	- *
	-	-

*Rs. Nil in Current Year (Rs. 36 for the Year ended 31 March 2015)

Particulars	For the Year Ended 31 March 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
20 Employee Benefits Expense		
Salaries	142.15	52.96
Contribution to Provident Fund	6.47	1.69
Gratuity Expenses	2.75	14.78
Staff welfare expenses	1.09	0.60
	152.46	**70.03**

Particulars	For the Year Ended 31 March 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
21 Other Expenses		
Rent	1.45	1.35
Management Fees	-	3.35
Rates and Taxes	25.47	149.07
Insurance	35.75	34.69
Repairs and Maintenance - Others	2.73	3.34
Travelling and Conveyance	20.88	12.86
Printing and Stationery	2.31	2.03
Advertisement	3.04	2.53
Legal and Professional Charges	42.63	55.18
Directors' Remuneration	5.84	18.27
Director' Sitting fees	29.21	28.99
Corporate Social Responsibility - (Refer Note 30)	7.00	9.00
Auditors' Remuneration		
- Statutory Audit	9.00	9.00
- Tax Audit	1.00	1.00
- Others Services	1.40	0.81
- Reimbursement of Expenses	0.06	0.04
- Service Tax	1.82	1.33
Bank Charges	0.45	0.40
Miscellaneous Expenses	1.93	1.74
	191.97	**334.98**

22 Employee Benefits

22.1 Defined Contribution Plan

The Company makes Provident Fund contributions to State administered fund for qualifying employees. The Company is required to contribute a specified percentage of the payroll costs to the Fund. The Company recognised Rs. 6.47 lakhs (As at 31 March 2015 Rs. 1.69) 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.

22.2 Defined Benefit Plans

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 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
Change in defined benefit obligations during the Year		
Present value of Defined Benefit Obligation at beginning of the Year	14.78	-
Current Service Cost	2.54	14.47
Interest cost	1.15	0.98
Benefits Paid	-	-
Actuarial (Gains)	(0.94)	(0.67)
Present value of Defined Benefit Obligation at End of the Year	**17.53**	**14.78**
Change in Fair Value of Assets during the Year		
Plan Assets at Beginning of the Year	-	-
Expected Return on Plan Assets	-	-
Actual Company Contributions	-	-
Actuarial loss	-	-
Plan Assets at End of the Year	**-**	**-**
Liability Recognised in the Balance Sheet		
Present Value of Defined Benefit Obligation	17.53	14.78
Fair Value of Plan Assets	-	-
Net Liability Recognised in the Balance Sheet	**17.53**	**14.78**
Cost of Defined Benefit Plan for the Year		
Current Service Cost	2.54	14.47
Interest Cost	1.15	0.98
Expected Return on Plan Assets	-	-
Net Actuarial Gains	(0.94)	(0.67)
Net Cost Recognized in the Statement of Profit and Loss	**2.75**	**14.78**
Return on Plan Assets	-	-
Assumptions		
Discount Rate (Refer Note (b))	7.80%	7.80%
Interest Rate (Rate of Return on Assets)	NA	NA
Future Salary Increase (Refer Note (a))	10.00%	10.00%
Mortality Table	Indian Assured Lives (2006 - 08)	Indian Assured Lives (2006 - 08)
Attrition rate (Refer Note (a))	20.00%	20.00%

Notes

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

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

(c) Experience Adjustments:

Particulars	For the Year Ended 31 March 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
Projected Benefit Obligation	17.53	14.78
Fair Value of Plan Assets	-	-
(Deficit) / Surplus	(17.53)	(14.78)
Experience Adjustments on Plan Liabilities - Gains	0.94	0.67
Experience Adjustments on Plan Assets - Loss	-	-

22.3 Compensated Absences

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

Particulars	For the Year Ended 31 March 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
Assumptions		
Discount Rate	7.80%	7.80%
Future Salary Increase	10.00%	10.00%
Mortality Rate	Indian Assured Lives (2006 -08)	Indian Assured Lives (2006 -08)
Attrition rate	20.00%	20.00%

23 Segment information

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

24 Related Party Transactions

24.1 Names of Related Parties and Nature of Relationship

Description of Relationship	As at 31 March 2016	As at 31 March 2015
Subsidiaries	Equitas Housing Finance Limited - Equitas Finance Limited Equitas Micro Finance Limited Equitas Technologies Private Limited	Equitas Housing Finance Limited Equitas B2B Trading Private Limited Equitas Finance Limited Equitas Micro Finance Private Limited -
Key Management Personnel	Mr.P. N.Vasudevan, Managing Director	Mr.P .N.Vasudevan, Managing Director
	Mr.S.Bhaskar,Group Chief Financial Officer	Mr.S.Bhaskar,Group Chief Financial Officer (from 01 November 2014)
	Mrs.Jayashree S Iyer, Company Secretary	Mrs.Jayashree S Iyer, Company Secretary(from 1 November 2014)
Enterprises over which the company or its Key management personnel is able to exercise significant influence	Equitas Development Initiative Trust	Equitas Development Initiative Trust
Enterprises over which the company or Key management personnel is able to exercise significant influence	EquitasDhanyakosha India	EquitasDhanyakosha India

Note:

Related party relationships are as identified by the Management and relied upon by the auditors.

24.2 Transactions with the Related Parties

Transaction	Related Party	For the Year Ended 31 March 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
Income			
Rental Income	Equitas Development Initiative Trust	-	Rs. 36
Interest on Loans to Related Parties	Equitas Housing Finance Limited	627.51	384.19
	Equitas Finance Limited	6.63	414.02
Recovery of Expenses	Equitas Housing Finance Limited	0.23	0.19
	Equitas Finance Limited	2.84	2.36
	Equitas Micro Finance Limited	4.52	4.01
	Equitas Technologies Private Limited	38.88	-
Expenses			
Reimbursement of Expenses	Equitas Micro Finance Limited	2.05	5.06
	Equitas Finance Limited	-	0.18
Donation	Equitas Development Initiative Trust	7.00	9.00
Remuneration to Key Managerial Personnel	Mr.P.N.Vasudevan, Managing Director	48.53	7.92
	Mr.S.Bhaskar,Group Chief Financial Officer	56.75	22.09
	Mrs.Jayashree S Iyer,Company Secretary	19.60	6.00
Other Transactions			
Issue of Equity Shares	Mr.P.N.Vasudevan	-	34.00
Loans given	Equitas Housing Finance Limited	3,500.00	8,250.00
	Equitas Finance Limited	2,000.00	4,500.00
Loans recovered	Equitas Housing Finance Limited	10,200.00	2,950.00
	Equitas Finance Limited	2,000.00	9,900.00
Purchase of fixed assets	Equitas Micro Finance Limited	-	11.02
Investment in Equity Shares of Subsidiaries, including premium	Equitas Finance Limited	-	29,988.35
	Equitas Technologies Private Limited	1,500.00	-
Guarantees given	Equitas Housing Finance Limited	19,000.00	8,200.00
	Equitas Finance Limited	8,800.00	93,950.00
Guarantees revoked	Equitas Housing Finance Limited	2,500.00	-
	Equitas Finance Limited	21,500.00	12,350.00
	Equitas Micro Finance Limited	40,600.00	31,100.00
Diminution in Value of Investments	Equitas B2B Trading Private Limited	-	32.00

Transaction	Related Party	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
Balance as at Year End			
Loans Outstanding	Equitas Housing Finance Limited	-	6,700.00
Payable	Equitas Micro Finance Limited	-	11.16
Corporate Guarantees	Equitas Housing Finance Limited	27,900.00	11,400.00
	Equitas Finance Limited	1,26,300.00	1,39,000.00
	Equitas Micro Finance Limited	-	40,600.00
Deposits under lien given as security for overdraft facilities	Equitas Dhanyakosha India	750.00	750.00

Notes:

The Company accounts for costs incurred by or on behalf of related parties based on the actual invoice / debit notes raised and accruals as confirmed by such related parties. The Related parties have confirmed to the management that as at 31 March 2016, there are no further amounts payable to / receivable from them, other than as disclosed above.

25 Operating Leases

The Company has let out its premises at Trichy, Dindigul, Salem, Coimbatore, Karur and Cuddalore to Equitas Development Initiatives Trust (EDIT) and income received for the current year Rs. Nil (in the Previous Year income was recorded at an amount of Rs. 36). Because from 1 January 2015, the Company is providing the buildings on lease to EDIT at free of cost as part of CSR activity. The original lease term period is for 30 years (Refer Note 10.2).

Depreciation of Rs. 84.14 Lakhs (Previous Year Rs. 71.14 Lakhs) has been recognised on the leased assets for the Year Ended 31 March 2016.

26 Earnings Per Share

(a) **Basic**

Particulars	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
Profit after Tax attributable to Equity Shareholders - Rs. in Lakhs	211.63	165.54
Weighted Average Number of Equity Shares	26,93,04,471	23,81,76,746
Earnings Per Share (Basic) - in Rs.	0.08	0.07
Face Value Per Share - in Rs.	10	10

(a) **Diluted**

Particulars	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015 Refer Note 3.1.b
Profit after Tax attributable to Equity Shareholders - Rs. in Lakhs	211.63	165.54
Weighted Average Number of Equity Shares for Basic EPS	26,93,04,471	23,81,76,746
Add: Effect of Warrants and ESOPs which are Dilutive	7,83,876	4,75,447
Weighted Average Number of Equity Shares for Dilutive EPS	27,00,88,347	23,86,52,193
Earnings Per Share (Diluted) - in Rs.	0.08	0.07
Face Value Per Share - in Rs.	10	10

27 Commitments and Contingencies

Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
Contingent Liabilities:		
Disputed Income tax (Refer Note (a) below)	38.39	41.41
Guarantees (Refer Note (b) below)	1,54,200.00	1,91,000.00
Guarantees to BSE (Refer Note (c) below)	1,876.68	-
Commitments:		
- Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	117.80	567.94
- Other Commitments	5,902.83	-

Note:

(a) **Income Tax**

While completing the Income Tax Assessment for the Assessment Year 2011-12 and 2013-14, the Department had disallowed a portion of total expenses under Section 14A of the Income Tax Act stating that a portion of expenses incurred to earn non-taxable income and raised a demand of Rs. 19.10 Lakhs and Rs. 19.29 Lakhs for respective assessment years. The Company has filed an appeal against the disallowance with Commissioner of Income tax - Appeals. The Company has been professionally advised that they have a strong case in their favour and accordingly no provision has been considered necessary for these disputed demands.

(b) **Guarantees**

The Company has issued Corporate Guarantee amounting to Rs.154,200 Lakhs (Rs. 191,000 Lakhs -As at 31 March 2015) for the loans taken by Subsidiary Companies from various banks. The amount of such loans outstanding as at 31 March 2016 is Rs. 111,864.45 Lakhs (As at 31 March 2015 - Rs. 147,066.51 Lakhs).

(c) **Guarantees to BSE**

The Company has issued Bank Guarantee to BSE Limited amounting to Rs.1,876.68 Lakhs (Previous Year - Nil) as security deposits for the Initial Public Offer of equity shares.

(d) **Others**

The contingent liabilities stated above excludes claims relating to Provident Fund and Cenvat Credit, which were transferred by the Company pursuant to Scheme of Arrangement with EMFL. The proceedings of the dispute are still carried out in the name of the Company. However, EMFL have agreed to compensate the above contingencies.

28 Expenditure in Foreign Currency

Particulars	For the Year Ended 31 March 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
Directors Sitting Fees & Remuneration	0.90	4.50
Share Issue Expenses	-	15.50
Professional charges	56.40	-
Total	**57.30**	**20.00**

29 Statutory Reserve

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the Profit after Tax. Accordingly, the Company has transferred an amount of Rs. 42.40 Lakhs (PreviousYear Rs. 33.11 Lakhs), out of the Profit after tax for the year ended 31 March 2016 to Statutory Reserve.

30 CSR Activities

The Company in accordance with its CSR Policy has implemented CSR activities, through the Equitas Development Initiatives Trust, a public charitable trust established by the Company.

The Board of Directors have approved a donation of Rs. 7.00 Lakhs (Previous Year Rs. 9.00 Lakhs) to Equitas Development Initiatives Trust for the year ended 31 March 2016 (Refer Note 21).

31 The Reserve Bank of India (RBI) has granted the Company an 'in-principle' approval for establishing a 'Small Finance Bank' (SFB). As per the requirement of the RBI, the wholly owned subsidiaries of the Company namely, Equitas Micro Finance Limited (EMFL) and Equitas Housing Finance Limited (EHFL) will be merged with Equitas Finance Limited (EFL) to form the SFB. The Scheme of Amalgamation has been filed before the Hon'ble High Court of Judicature at Madras and awaiting approval.

In view of the above, there is no impact on the financial statements of the Company as at and for the year ended March 31, 2016.

32 The Board of Directors have reviewed the realisable value of all the assets of the Group (other than Fixed Assets and Non-Current Investments) and have confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognised in the financial statements.

33 Initial Public Offer

The Initial Public Offering (IPO) of the Company opened for subscription from 5 April 2016 to 7 April 2016. The IPO of 197,880,429 equity shares of the Company at the issue price of Rs.110/- per share (consisting of 65,454,545 fresh issue of equity shares and 132,425,884 equity shares under offer for sale) was fully subscribed by the Public. Consequently, the paid up share capital of the Company stands increased to 335,374,912 equity shares of Rs.10/- each. The equity shares were listed in National Stock Exchange of India Limited and BSE Limited on 21 April 2016. Out of the IPO proceeds of Rs.72,000 Lakhs, the Company has till date invested Rs.61,600 lakhs as equity capital in the subsidiaries in line with the Prospectus.

34 Previous Year

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / presentation.

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

N Rangachary
Chairman
DIN:00054437

P N Vasudevan
Managing Director
DIN:01550885

P T Kuppuswamy
Director
DIN:00032309

S Bhaskar
Chief Financial Officer

Jayashree S Iyer
Company Secretary
A11569

Place : Chennai
Date : 6 May 2016

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EQUITAS HOLDINGS LIMITED

(formerly known as Equitas Holdings Private Limited)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Equitas Holdings Limited (hereinafter referred to as "the Holding Company")and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 as applicable. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2016 and their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
   d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in “Annexure A”, which is based on the auditors' reports of the Holding company and subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and subsidiary company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

      ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, on long - term contracts. The Group does not have any Derivative Contracts.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Geetha Suryanarayanan
Partner
Membership No. 29519

Place: Chennai
Date: 06 May 2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f)under 'Report on Other Legal and Regulatory Requirements'of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of Equitas Holdings Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India as of date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, which are companies incorporated in India, in all material respects, have an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Geetha Suryanarayanan
Partner
Membership No. 29519

Place: Chennai
Date: 06 May 2016

Equitas Holdings Limited (Formerly known as "Equitas Holdings Private Limited")

Consolidated Balance Sheet as at 31 March 2016

Particulars	Note No	As at 31 March 2016 Rs.in Lakhs	As at 31 March 2015 Rs.in Lakhs
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	26,992.04	26,887.36
Reserves and Surplus	4	107,143.23	90,174.32
		134,135.27	**117,061.68**
Share Application Money Pending Allotment	5	-	12.20
Non-Current Liabilities			
Long-Term Borrowings	6	260,875.24	145,699.83
Other Long-Term Liabilities	7	7,293.01	1,282.58
Long-Term Provisions	8	2,803.10	1,947.68
		270,971.35	**148,930.09**
Current Liabilities			
Short-Term Borrowings	9	23,517.72	41,809.62
Current Maturities of Long-Term Borrowings	10	183,935.34	115,707.98
Trade Payables			
(i) Total Outstanding dues of micro enterprises and small enterprises	11.1	-	0.56
(ii) Total Outstanding dues of creditors other than micro enterprises and small enterprises	11.2	3,712.51	2,152.37
Other Current Liabilities	12	28,250.50	17,484.85
Short-Term Provisions	13	6,131.67	3,325.11
		245,547.74	**180,480.49**
TOTAL		**650,654.36**	**446,484.46**
ASSETS			
Non-Current Assets			
Fixed Assets			
- Tangible Assets	14.1	5,875.71	4,234.90
- Intangible Assets	14.2	354.64	271.80
- Capital Work in Progress		10.39	165.14
		6,240.74	**4,671.84**
Goodwill on Consolidation	42	53.50	53.50
Non-Current Investments	15	20.00	20.00
Deferred Tax Assets (Net)	16	3,690.26	2,238.56
Long-Term Receivables Under Financing Activities	17	261,640.74	181,169.25
Long-Term Loans and Advances	18	5,891.94	1,913.89
Other Non-Current Assets	19	12,307.11	6,248.61
		289,844.29	**196,315.65**
Current Assets			
Current Investments	20	1,186.84	17,550.00
Short-Term Receivables Under Financing Activities	21	245,380.09	165,293.14
Cash and Cash Equivalents	22	94,696.86	55,738.46
Short-Term Loans and Advances	23	4,128.30	2,195.97
Other Current Assets	24	15,417.98	9,391.24
		360,810.07	**250,168.81**
TOTAL		**650,654.36**	**446,484.46**
See accompanying notes forming part of the Consolidated Financial Statements			

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

Geetha Suryanarayanan
Partner
Place : Chennai
Date : 6 May 2016

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

N Rangachary
Chairman
DIN: 00054437

P N Vasudevan
Managing Director
DIN: 01550885

P T Kuppuswamy
Director
DIN: 00032309

S Bhaskar
Chief Financial Officer

Jayashree S Iyer
Company Secretary
A11569

Place : Chennai
Date : 6 May 2016

Equitas Holdings Limited (Formerly known as "Equitas Holdings Private Limited")

Consolidated Statement of Profit and Loss for the Year Ended 31 March 2016

Particulars	Note	For the Year Ended 31 March 2016 Rs.in Lakhs	For the Year Ended 31 March 2015 Rs.in Lakhs
A. CONTINUING OPERATIONS			
REVENUE			
Revenue from Operations	**25**	111,093.14	75,506.42
Other Income	**26**	394.28	86.16
		111,487.42	**75,592.58**
EXPENSES			
Employee Benefits Expense	**27**	23,380.46	15,509.71
Finance Costs	**28**	43,596.44	29,470.25
Provisions and Write Offs	**29**	5,910.66	5,043.25
Depreciation and Amortisation Expense	**14.3**	1,370.96	842.98
Other Expenses	**30**	11,216.94	8,370.77
		85,475.46	**59,236.96**
Profit Before Tax		**26,011.96**	**16,355.62**
Tax Expense / (Benefit)			
Current Tax Expense		10,749.46	6,455.33
MAT Credit Entitlement		-	(50.33)
Short Provision for Tax relating to Prior Years		-	3.00
Net Current Tax Expense		**10,749.46**	**6,408.00**
Deferred Tax	**16**	(1,451.68)	(748.17)
Net Tax Expense		**9,297.78**	**5,659.83**
Profit After Tax From Continuing Operations		**16,714.18**	**10,695.79**
B. DISCONTINUING OPERATIONS			
Loss Before Tax from Discontinuing Operations		-	(35.28)
Tax Expense of Discontinuing Operations		-	0.86
Loss After Tax From Discontinuing Operations		**-**	**(36.14)**
C. TOTAL OPERATIONS			
Profit After Tax		**16,714.18**	**10,659.65**
Earnings Per Equity Share of Rs 10 each (Fully Paid up)	**34**		
- Basic (In Rs.)			
Continuing operations		6.21	4.49
Total operations		6.21	4.48
- Diluted (In Rs.)			
Continuing operations		6.19	4.48
Total operations		6.19	4.47
See accompanying notes forming part of the Consolidated Financial Statements			

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

Forand on behalf of the **Board of Directors**

Geetha Suryanarayanan
Partner
Place : Chennai
Date : 6 May 2016

N Rangachary
Chairman
DIN: 00054437

P N Vasudevan
Managing Director
DIN: 01550885

P T Kuppuswamy
Director
DIN: 00032309

S Bhaskar
Chief Financial Officer
Place : Chennai
Date : 6 May 2016

Jayashree S Iyer
Company Secretary
A11569

Equitas Holdings Limited (Formerly known as "Equitas Holdings Private Limited")

Consolidated Cash Flow Statement for the Year Ended 31 March 2016

Particulars	For the Year Ended 31 March 2016 Rs.in Lakhs	For the Year Ended 31 March 2015 Rs.in Lakhs
A. Cash Flow from Operating Activities		
Profit Before Tax	26,011.96	16,320.34
Adjustments for:		
Depreciation and Amortisation Expense (including Rs.Nil lakhs (previous year 0.02 lakhs) pertaining to Discontinuing Operations)	1,370.96	843.00
Contingent Provision for Standard Receivables under Financing Activities (Net)	1,453.67	780.69
Provision for Sub-standard and Doubtful Receivables under Financing Activities (Net)	1,073.31	778.88
Provision for Credit Enhancements on Assets De-Recognised (Net)	311.61	249.46
Provision for Repossessed Assets	(328.36)	305.90
Loss Assets Written Off (Net)	670.10	406.16
Provision for Doubtful Loans and Advances / Insurance Claims (Net)	61.36	13.76
Provision not required written back	(4.95)	-
Finance Costs	43,596.44	29,470.25
Interest Income on Deposits with Banks / Others	(1,158.79)	(920.79)
Interest Income on Pass Through Certificates	-	(31.99)
Interest Income on Loans / Deposits to Related parties	-	(3.73)
Interest spread on Securitisation / Assignment of Receivables	(8,258.29)	(4,676.90)
Gain on Sale of Current Investments (Net)	(1,155.09)	(635.31)
Gain on Sale of Fixed Assets (Net)	(2.23)	(6.68)
Operating Profit before Changes in Working Capital	**63,641.70**	**42,893.04**
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Long-Term Receivables Under Financing Activities	(80,471.49)	(81,121.18)
Long-Term Loans and Advances	1,452.34	225.58
Short-Term Receivables Under Financing Activities	(80,210.45)	(53,025.69)
Short-Term Loans and Advances	(1,114.43)	(773.45)
Other Current Assets	(1,269.19)	(2,271.23)
Bilateral Assignment and Securitisation of Assets (Net)	7,464.30	8,980.34
Adjustments for increase / (decrease) in operating liabilities:		
Other Long-Term Liabilities	370.95	206.96
Long-Term Provisions	4.93	14.78
Trade Payables	1,559.58	787.38
Other Current Liabilities	3,422.17	2,362.38
Short-Term Provisions	817.35	221.87
Cash Flow Used in Operations	**(87,236.92)**	**(81,499.22)**
Interest Income on Deposits / Other Loans	1,254.47	911.60
Gain on Sale of Current Investments (Net)	1,155.09	635.31
Finance Costs Paid	(41,596.96)	(28,758.76)
Direct Taxes Paid	(10,874.03)	(6,757.55)
Net Cash Flow Used in Operations	**(137,298.35)**	**(115,468.62)**
B. Cash Flow from Investing Activities		
Capital Expenditure including capital advances	(5,379.03)	(2,835.45)
Proceeds from Sale of Fixed Assets	91.34	13.93
Bank Balances not considered as Cash and Cash Equivalents (Net)	(1,866.49)	(2,959.26)
Bank Deposits (net) Lien Marked	-	-
Purchase of Current Investments	-	(17,550.00)
Proceeds from Sale of Current Investments	16,363.16	340.12
Net Cash Flow From / (Used in) Investing Activities	**9,208.98**	**(22,990.66)**

C. Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital including Premium	351.80	32,851.81
Share Application Money Received	-	12.20
Long-Term Borrowings Taken	322,517.00	233,222.48
Long-Term Borrowings Repaid	(139,114.23)	(119,052.28)
Short-Term Borrowings Repaid / Taken (Net)	(18,291.90)	4,052.83
Share Issue Expenses	(4.59)	(652.02)
Net Cash Flow From Financing Activities	**165,458.08**	**150,435.02**
Net Increase in Cash and Cash Equivalents (A) + (B) + (C)	**37,368.71**	**11,975.74**
Cash and Cash Equivalents at the Beginning of the Year	49,719.80	37,744.06
Cash and Cash Equivalents at the End of the year	**87,088.51**	**49,719.80**
Notes:		
(i) The reconciliation to the Cash and Cash Equivalents as given in Note 22 is as follows:		
Cash and Cash Equivalents as per Note 22	94,696.86	55,738.46
Less: Lien Marked Deposits	6,452.35	6,018.66
Less: Deposits Free of Lien (Original Maturity More than 3 months)	1,156.00	-
Cash and Cash Equivalents (as defined in AS 3 - Cash Flow Statements) as at the End of the Year	**87,088.51**	**49,719.80**
(ii) The Consolidated Cash Flow Statement reflects the combined cash flows pertaining to continuing and discontinuing operations.		
See accompanying notes forming part of the Consolidated Financial Statements		

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

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

Geetha Suryanarayanan
Partner
Place : Chennai
Date : 6 May 2016

N Rangachary
Chairman
DIN: 00054437

P N Vasudevan
Managing Director
DIN: 01550885

P T Kuppuswamy
Director
DIN: 00032309

S Bhaskar
Chief Financial Officer

Jayashree S Iyer
Company Secretary
A11569

Place: Chennai
Date: 6 May 2016

Equitas Holdings Limited (Formerly known as "Equitas Holdings Private Limited")

Notes Forming Part of the Consolidated Financial Statements for the Year Ended 31 March 2016

1 CORPORATE INFORMATION

Equitas Holdings Limited ("the Company") was incorporated on 22 June 2007.The Company got converted into a Public Limited Company during the year. Consequent to the conversion of the company to a public limited company the name of the Company has been changed to Equitas Holdings Limited in terms of Certificate dated 26 June 2015 issued by the Registrar of Companies, Chennai.

The Company is a "Not Systematically Important Core Investment Company" (CIC) holding shares of its subsidiaries. The Company also provides financial support to its subsidiaries by way of unsecured loans, guarantees, etc.

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

During the year, the RBI invited applications for forming Small Finance Banks and Payment Banks. The Company had made an application dated 30 January 2015 to the RBI for a license to promote a Small Finance Bank and the same was approved by the Board dated 27 December 2014. As per the application for licence, if the Company is given the licence, the operations of the existing subsidiaries have to consolidated under a single wholly owned subsidiary which will operate as a Small Finance Bank.

The RBI granted an in-principle approval for setting up a new SFB under Section 22 of the Banking Regulation Act, 1949, subject to certain conditions through a letter dated October 7, 2015 (the “SFB In-Principle Approval”). The SFB In principle Approval is valid for a period of 18 months from October 7, 2015 i.e. until April 6, 2017 to enable the applicants to comply with the SFB Guidelines, fulfil the conditions in the SFB In-Principle Approval and any other conditions as may be stipulated by the RBI.

As per the terms and conditions of in-principle approval, the promoting NBFC is required to be registered with RBI as Core Investment Company(CIC) . Accordingly, the Company has made and application to the RBI for registration as Systematically Important Core Investment Company(CIC) to meet the requirement of setting up of Small Finance Bank.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting

The Consolidated financial statements of the Company and its subsidiaries (the Company and its subsidiaries constitute "the Group") have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the

preparation of the consolidated financial statements are consistent with those followed in the previous year. The Company and some of the Subsidiaries are Non-Banking Finance Companies. These entities follow the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for the respective category of Non-Banking Finance Company. The Subsidiary which is a Housing Finance Company follows the guidelines issued by National Housing Bank.

As of 31 March 2015, Equitas B2B Trading Private Limited, a wholly owned subsidiary, had filed a petition for voluntary winding up with Ministry of Corporate Affairs in accordance with the Companies Act, 2013. During the year, the Company was wound up and the name was struck off from the Register. The investment was written off in full, out of provisions made in earlier years.

2.2 Principles of Consolidation

The Consolidated Financial Statements relate to Equitas Holdings Limited (the Company) and its Subsidiary Companies. The Consolidated Financial Statements have been prepared on the following basis:

a) The Financial Statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses unless cost cannot be recovered, as per Accounting Standard 21 – Consolidated Financial Statements.

b) The Financial Statements of the Subsidiaries used in the Consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March 2016.

c) The excess of Cost to the Group of its Investment in the Subsidiaries over the Company's portion of the Equity is recognised in the Financial Statements as Goodwill, being an asset in the Consolidated Financial Statement. The carrying value of Goodwill is tested for impairment as at the end of each reporting year. The goodwill is determined separately for each subsidiary company and such amounts are not set off between different entities.

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

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

Name of the entity	Relationship	Country of Incorporation	% of Voting power
Equitas Micro Finance Limited (EMFL)	Subsidiary	India	100%
Equitas Finance Limited (EFL)	Subsidiary	India	100%
EquitasHousing Finance Limited (EHFL)	Subsidiary	India	100%
EquitasTechnologies Private Limited (ETPL)	Subsidiary	India	100%

2.3 Use of Estimates

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

2.4 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.

2.5 Cash Flow Statement

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

2.6 Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc."

Tangible Assets:

Buildings - 20 Years

Computer Equipments - 3 Years

Furniture and Fixtures - 3 Years

Office Equipments - 3 Years

Vehicles - 4 Years

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

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

Intangible assets are amortised on a straight line basis over their estimated useful life as follows:

Software - Lower of license period or 3 years.

Goodwill arriving on consolidation is not amortised but tested for impairment.

2.6 Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc."

Tangible Assets:

Buildings - 20 Years

Computer Equipments - 3 Years

Furniture and Fixtures - 3 Years

Office Equipments - 3 Years

Vehicles - 4 Years

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

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

Intangible assets are amortised on a straight line basis over their estimated useful life as follows:

Software - Lower of license period or 3 years.

2.7 Revenue Recognition

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

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

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

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

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

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

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

g) In case of ETPL, Transaction Fees on freight is recognized upon delivery of the transported goods on accrual basis. Activation Charges for registering transporters / goods suppliers is recognized on accrual basis.

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

2.8 Tangible and Intangible Assets

Fixed assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities) and any directly attributable expenditure on making the asset ready for its intended use. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress:

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

2.9 Repossessed Assets

Repossessed Assets are valued at the lower of cost and estimated net realizable value.

2.10 Foreign currency transactions and translations

Initial recognition

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

Measurement at the balance sheet date

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

Treatment of Exchange Difference

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

2.11 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 includes acquisition charges such as brokerage, fees and duties.

2.12 Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plan:

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

Defined benefit plans:

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits:

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

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

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

Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the year 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.

2.13 Employee Stock Compensation Cost

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

2.14 Borrowing Costs

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

2.15 Segment Reporting

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

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

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

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

2.16 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 rental income / expenses under operating lease arrangements are recognised in the Statement of Profit and Loss on a straight-line basis.

2.17 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.

2.18 Taxes on Income

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

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

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

2.19 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 years 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.

2.20 Provisions and Contingencies

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

2.21 Classification and Provisions of Loan Portfolio

(i) EMFL

a) Loans are classified and provided for as per EMFL's Policy and Management's estimates, subject to the minimum classification and provisioning norms as per the Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011.

Classification of Loans

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

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

b) **Provisioning Norms for Loans**

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

c) Provisioning Norms for Loans - As Per RBI Guidelines [Non-Banking Financial Companies - Micro Finance Institutions (Reserve Bank) Directions, 2011]

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

1% of the outstanding loan portfolio or

50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and

100% of the aggregate loan instalments which are overdue for 180 days or more.

(ii) EFL

Loans are classified as required by Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

A) Financial year 2015-16

a) **Classification of Loans**

Asset Classification	Period of Overdue
Standard Assets	Not Overdue or Overdue for less than 5 months
Non Performing Assets (NPA)	
Sub-Standard Assets	Overdue for 5 months and above but less than or equal to 21 months
Doubtful Assets	Overdue for more than 21 months
Loss Assets	Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by the Reserve Bank of India.

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

b) **Provisioning Norms for Loans**

Asset Classification	Provisioning Percentage
Standard Assets	
Not Overdue or Overdue for less than 5 months	0.30%
Non Performing Assets (NPA)	
Sub -Standard Assets	
Overdue for 5 months and above but less than or equal to 21 months	10.00%
Overdue for 6 months but less than or equal to 24 months	
Doubtful Assets	
- un secured portion of loan amount	100.00%
Secured portion of loan amount	
- Up to one year from the date of doubtful	20.00%
- from one year to three year	30.00%
- more than three year	50.00%
Loss Assets	100.00%

B) Financial year 2014-15

a) **Classification of Loans**

Asset Classification	Period of Overdue
Standard Assets	Not Overdue or Overdue for less than 6 months
Non Performing Assets (NPA)	
Sub-Standard Assets	Overdue for 6 months and above but less than or equal to 24 months
Doubtful Assets	Overdue for more than 24 months
Loss Assets	Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by the Reserve Bank of India.

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

b) **Provisioning Norms for Loans**

Asset Classification	Provisioning Percentage
Standard Assets	
Not Overdue or Overdue for less than 5 months	0.25%
Non Performing Assets (NPA)	
Sub-Standard Assets	
Overdue for 5 months and above but less than or equal to 21 months	10.00%
Overdue for 6 months but less than or equal to 24 months	
Doubtful Assets	
- un secured portion of loan amount	100.00%
Secured portion of loan amount	
- Up to one year from the date of doubtful	20.00%
- from one year to three year	30.00%
- more than three year	50.00%
Loss Assets	100.00%

(iii) EHFL

a) Loans are classified and provided for as per EHFL's Policy and Management's estimates, subject to the minimum classification and provisioning norms classification and provisioning norms prescribed under the Housing Finance Companies (NHB) Directions, 2010.

Classification of Loans

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

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

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

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

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

2.22 Provision for Credit Enhancements on Assets De-Recognised

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

Loans	Provisioning Percentage
EMFL	1.25%
EFL	0.30% (0.25% till 31 March 2015)

2.23 Insurance Claims

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

2.24 Service tax input credit

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

2.25 Share Issue Expenses

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account is expensed in the Statement of Profit and Loss.

2.26 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Particulars		As at 31 March 2016		As at 31 March 2015	
		Number of shares	Amount Rs. in Lakhs	Number of shares	Amount Rs. in Lakhs
3	**Share Capital**				
(a)	**Authorised**				
	Equity shares of Rs.10 each	365,000,000	36,500.00	290,000,000	29,000.00
	Compulsorily Convertible Preference Shares of Rs.10 each	10,000,000	1,000.00	10,000,000	1,000.00
		375,000,000	**37,500.00**	**300,000,000**	**30,000.00**
(b)	**Issued, Subscribed and Fully Paid-up**				
	Equity shares of Rs.10 each	269,920,367	26,992.04	268,873,695	26,887.36
		269,920,367	**26,992.04**	**268,873,695**	**26,887.36**

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

Particulars	For the Year Ended 31 March 2016		For the Year Ended 31 March 2015	
	Number of shares	Amount Rs. in Lakhs	Number of shares	Amount Rs. in Lakhs
At the beginning of the Year	268,873,695	26,887.36	72,621,737	7,262.17
Issued as Bonus Shares by capitalization of Reserves (refer note b)	-	-	147,463,018	14,746.30
Exercise of options issued under - Employees Stock Option Scheme (refer note c)	1,046,672	104.68	1,114,247	111.42
Issued to Other investors (refer note d)	-	-	47,334,693	4,733.47
Issued to Mr. P N Vasudevan, Managing Director (refer note e)	-	-	340,000	34.00
Outstanding at the End of the Year	**269,920,367**	**26,992.04**	**268,873,695**	**26,887.36**

Notes:

(a) In the Extra Ordinary General Meeting of the Members of the Company held on 7 May 2015, the members have approved the increase in authorised Share capital by Rs.7,500.00 lakhs of the Company from Rs.30,000 lakhs to Rs.37,500 lakhs represented by 75,000,000 equity shares of Rs.10 each.

(b) During the previous year, the Company has issued 147,463,018 Bonus Shares in the ratio of 2 Equity Shares for 1 Equity Share held, to all Shareholders as on 24 June 2014, by capitalization of Reserves aggregating to Rs. 14,746.30 lakhs.

(c) During the year, the Company allotted 1,046,672 (Previous Year 1,114,247) Equity Shares of Rs. 10 each to eligible employees pursuant to exercise of options under the Employee Stock Options Scheme at applicable premiums (Refer Note 4.1.(a))

(d) During the previous year, Company has allotted 47,334,693 Equity Shares of Rs 10 each to Foreign Institutional Investors at a Premium of Rs.58.66 per share. Accordingly, an amount of Rs.27,766,53 Lakhs was credited to Securities Premium Account. (Refer Note 4.1(b)).

(e)The Company had received Rs. 34.00 lakhs from Mr. P N Vasudevan, Managing Director towards the share application money for the exercise under the preferential offer during the previous year 2013-14. During the previous year 2014-15, the Company had alloted 340,000 shares against the same.

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	% Holding	No. of Shares	% Holding
Equity Shares of Rs. 10 each				
International Finance Corporation	3,85,23,657	14.27%	3,85,23,657	14.33%
CDC Group Plc	2,67,91,230	9.93%	2,67,91,230	9.96%
India Financial Inclusion Fund	2,62,29,885	9.72%	2,62,29,885	9.76%
Lumen Investment Holdings Limited	2,25,71,820	8.36%	2,25,71,820	8.39%
Creation Investments Equitas Holdings LLC	1,81,82,037	6.74%	1,81,82,037	6.76%
Credit Access Asia N.V.	1,75,66,159	6.51%	-	-
Microventures Spa	1,69,75,484	6.29%	1,69,75,484	6.31%
NederlandseFinancierings-MaatschappijVoorOntwikkelingslanden N.V	1,48,84,016	5.51%	1,48,84,016	5.54%
Deutsche Investitions Und EntwicklungsgesellschaftMbh	1,45,64,521	5.40%	1,45,64,521	5.42%

3.3 Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash

Particulars	Aggregate number of shares	
	As at 31 March 2016	As at 31 March 2015
Equity shares issued as fully paid up by way of bonus shares (Refer Note 3.1(b))	14,74,63,018	14,74,63,018

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 Shares Reserved for Issuance

Refer Note 3.6 with respect to Employee Stock Option Scheme.

3.6 Employee Stock Option Scheme

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

During the year ended 31 March 2013, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2012 (ESOP Scheme 2012) effective from 10 November 2012. Under the plan, the Company is authorized to issue upto 1,000,000 Equity Shares of Rs. 10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2007 has been transferred and made available for grant under the new scheme.

During the year ended 31 March 2014, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2014 (ESOP Scheme 2014) effective from 18 July 2014. Under the plan, the Company is authorized to issue upto 10,500,000 Equity Shares of Rs. 10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2012 has been transferred and made available for grant under the new scheme.

During the previous year ended 31 March 2015, pursuant to the issue of bonus shares for the existing shareholders, the company granted 2 additional options for every 1 option outstanding to be exercised as on the date of bonus issue. Further, the exercise price for each option was been reduced to one-third of the original exercise price determined at the grant date.

During the year , the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2015 (ESOP Scheme 2015) effective from 7 September 2015. Under the plan, the Company is authorized to issue upto 22,200,000 Equity Shares of Rs. 10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2014 has been transferred and made available for grant under the new scheme.

As at 31 March 2016, 15,397,855 (As at 31 March 2015 - 10,761,187) (net of forfeitures) options were outstanding, which were granted at various exercise prices. The following are the outstanding options as at 31 March 2016:

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5	Grant 6	Grant 7	Grant 8	Grant 9
Date of Grant	26-Feb-08	09-Jul-08	01-Nov-08	22-Apr-09	28-Oct-09	26-Apr-10	27-Oct-10	13-May-11	02-Nov-11
Exercise Price Per Option (Rs)	10.00*	12.00*	10.67	12.00	26.67	33.34	40.00	40.00	40.00
Total Options granted and outstanding as at 1 April 2015	-	-	26,070	1,54,569	1,43,262	4,46,295	6,84,949	4,68,539	4,07,115
Bonus options granted									
Options granted during the period	-	-	-	-	-	-	-	-	-
Less: Options Forfeited / Lapsed	-	-	4,680	3,615	19,911	38,193	92,665	39,940	84,166
Options Exercised	-	-	21,390	99,696	73,563	1,78,731	2,75,553	1,85,547	1,14,267
Options Outstanding as at 31 March 2016	-	-	0	51,258	49,788	2,29,371	3,16,731	2,43,052	2,08,682
vested	-	-		51,258	49,788	2,29,371	3,16,731	2,43,052	2,08,682
yet to vest	-	-							

*The exercise price is before bonus issue.

Particulars	Grant 10	Grant 11	Grant 12	Grant 13	Grant 14	Grant 15	Grant 16	Grant 17	Grant 18
Date of Grant	09-May-12	07-Nov-12	04-May-13	15-Nov-13	09-May-14	12-Nov-14	07-May-15	07-Aug-15	06-Nov-15
Exercise Price Per Option (Rs) post bonus options	40	40	40	40	43.34	55	65	70	70
Total Options granted and outstanding as at 1 April 2015	4,28,751	5,20,199	3,61,784	15,71,004	21,85,650	33,63,000			
Options granted during the period							22,68,400	23,21,850	43,82,650
Less: Options Forfeited / Lapsed	58,693	1,13,615	88,407	2,92,893	4,67,470	8,48,912	5,41,050	1,37,150	4,58,200
Options Exercised	38,847	8,659	7,911	15,377	24,422	2,709			
Options Outstanding as at 31 March 2016	3,31,211	3,97,925	2,65,466	12,62,734	16,93,758	25,11,379	17,27,350	21,84,700	39,24,450
vested	2,53,121	3,04,715	1,46,006	7,06,356	4,39,638	6,51,514	-	-	-
yet to vest	78,090	93,210	1,19,460	5,56,378	12,54,120	18,59,865	17,27,350	21,84,700	39,24,450

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

Variables	Grant 1	Grant 2	Grant 3	Grant 4	Grant5	Grant 6	Grant 7	Grant 8	Grant 9
	Date of Grant								
	26-Feb-08	09-Jun-08	01-Nov-08	22-Apr-09	28-Oct-09	26-Apr-10	27-Oct-10	13-May-11	02-Nov-11
Risk Free Interest Rate	8.50%	8.75% to 9%	9.75%	8.25%	6.75% to 7%	6.50% to 7.25%	7.25% to 7.50%	7.9% to 8.05%	8.40% to 8.65%
Expected Life	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	2.58 to 5.58 yrs	2.58 to 5.58 yrs
Expected Volatility	43% to 45%	43% to 45%	41% to 47%	42% to 44%	37% to 44%	37% to 40%	35% to 40%	38% to 41%	38% to 40%
Dividend Yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
Price of the underlying Share at the time of the Option Grant (Rs.) adjusted after bonus option	10.00	12.00	10.67	12.00	26.67	33.34	40.00	40.00	40.00
Fair Value of the Option (Rs.)									
1st Stage	0.63	3.14	4.06	2.75	2.08	6.75	8.70	9.41	9.34
2nd Stage	0.81	3.91	5.07	3.18	2.56	8.34	10.83	11.66	12.20
3rd Stage	1.00	4.02	5.76	3.85	3.78	10.09	13.06	13.79	14.26
4th Stage	1.32	4.70	6.12	4.56	5.38	12.27	15.84	16.11	16.19

Variables	Grant 10	Grant 11	Grant 12	Grant 13	Grant 14	Grant 15	Grant 16	Grant 17	Grant 18
	Date of Grant								
	09-May-12	07-Nov-12	04-May-13	15-Nov-13	09-May-14	12-Nov-14	07-May-15	07-Aug-15	06-Nov-15
Risk Free Interest Rate	8.01% to 8.25%	7.89% to 8%	7.12% to 7.23%	8.50% to 8.68%	8.38% to 8.60%	8.50% to 8.68%	7.74% to 7.79%	7.69% to 7.89%	7.43% to 7.64%
Expected Life	2.58 to 5.58 yrs	2.67 to 5.67 yrs	2.67 to 5.67 yrs	2.64 to 5.67 yrs	2.64 to 5.67 yrs	2.64 to 5.67 yrs	2.67 to 5.67 yrs	2.67 to 5.67 yrs	2.67 to 5.67 yrs
Expected Volatility	39% to 42%	38% to 42%	33% to 37%	34% to 39%	33% to 38%	35% to 39%	33% to 37%	36% to 39%	33.80% to 37%
Dividend Yield	0%	0%	0%	0%	0%	0%	0%	0%	0%
Price of the underlying Share at the time of the Option Grant (Rs.) adjusted after bonus option	40.00	40.00	40.00	40.00	43.34	55.00	65.00	70.00	70.00
Fair Value of the Option (Rs.)									
1st Stage	3.28	3.87	2.92	4.34	8.56	7.80	10.46	16.73	16.00
2nd Stage	4.41	4.84	5.07	7.08	11.59	11.66	14.58	20.61	18.79
3rd Stage	6.00	6.65	6.31	8.53	13.38	14.41	18.40	25.33	23.55
4th Stage	7.25	7.97	7.99	9.93	15.68	16.50	20.67	27.90	26.87

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

Particulars	For the Year Ended 31 March 2016 Rs.in Lakhs	For the Year Ended 31 March 2015 Rs.in Lakhs
Profit After Tax as per Statement of Profit and Loss (as reported)	**16,714.18**	**10,659.65**
Add: Stock Based Employee Compensation Expense included in Net Profit	-	-
Less: Stock Based Compensation Expense Determined under Fair Value based Method (Proforma)	487.28	224.11
Net Profit (Proforma)	**16,226.90**	**10,435.54**

Particulars	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
Basic Earnings per Share of Rs. 10 each (as reported) - Continuing Operations (In Rs.)	6.21	4.48
Basic Earnings per Share of Rs. 10 each (Proforma) - Total Operations (In Rs.)	6.03	4.38
Diluted Earnings per Share of Rs. 10 each (as reported) - Continuing Operations (In Rs.)	6.19	4.47
Diluted Earnings per Share of Rs. 10 each (Proforma)-Total Operations (In Rs.)	6.01	4.37

	Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
4	**Reserves and Surplus**		
4.1	**Securities Premium Account**		
	Opening Balance	63,715.71	51,107.11
	Add: Additions during the year (Refer Note (a) & (b) below)	259.32	28,006.92
	Less: Share Issue Expenses (Refer Note (c) below)	(4.59)	(652.02)
	Less: Utilised for issuing Bonus Shares (Refer Note 3.1.b)	-	(14,746.30)
	Closing Balance	**63,970.44**	**63,715.71**
	Note:		
(a)	Additions to Securities Premium Account represents:		
	Premium of Re. 0.67 per share on allotment of 21,390 Equity shares (Previous Year - 28,290 Equity shares) of Rs 10 each to employees under the ESOP scheme	0.14	0.19
	Premium of Rs. 2 per share on allotment of 99,696 Equity shares (Previous Year -33,320 shares) of Rs 10 each to employees under the ESOP scheme	1.99	0.67
	Premium of Rs. 16.67 per share on allotment of 73,563 Equity shares (Previous Year - 104,226 shares) of Rs 10 each to employees under the ESOP scheme	12.26	17.37
	Premium of Rs. 22 per share on allotment of Nil Equity shares (Previous Year - 10,832 Equity shares) of Rs 10 each to employees under the ESOP scheme	-	2.38
	Premium of Rs. 23.34 per share on allotment of 178,731 Equity shares (Previous Year - 9,066 shares) of Rs 10 each to employees under the ESOP scheme	41.72	2.12
	Premium of Rs. 26 per share on allotment of Nil Equity shares (Previous Year - 46,732 Equity shares) of Rs 10 each to employees under the ESOP scheme	-	12.15
	Premium of Rs. 30 per share on allotment of 646,161 Equity shares (Previous Year -185,403 shares) of Rs 10 each to employees under the ESOP scheme	193.85	55.62
	Premium of Rs. 33.34 per share on allotment of 24,422 Equity shares (Previous Year - Nil shares) of Rs 10 each to employees under the ESOP scheme	8.14	-
	Premium of Rs. 45 per share on allotment of 2,709 Equity shares (Previous Year -Nil shares) of Rs 10 each to employees under the ESOP scheme	1.22	-
	Premium of Rs. 70 per share on allotment of Nil Equity shares (Previous Year - 18,513 Equity shares) of Rs 10 each to employees under the ESOP scheme	-	12.96
	Premium of Rs. 90 per share on allotment of Nil Equity shares (Previous Year - 88,128 Equity shares) of Rs 10 each to employees under the ESOP scheme	-	79.32
	Premium of Rs.110 per share on allotment of Nil Equity shares (Previous Year -52,377 Equity shares) of Rs 10 each to employees under the ESOP scheme	-	57.61
(b)	Issue and allotment of 47,334,693 equity shares of Rs. 10 each to Foreign Institutional Investors at a premium of Rs. 58.66 per share during FY 14-15(Refer Note 3.1(d))	-	27,766.53
(c)	Share issue expenses adjusted to Securities Premium Account representing expenses incurred on professional and legal services in connection with issue ofshares in accordance with Section 52 of the Companies Act, 2013.	4.59	652.02
4.2	**Statutory / Special Reserve** (Refer Note 47)		
	Opening Balance	5,751.18	3,616.89
	Add: Amount Transferred during the Year from Surplus in the Statement of Profit and Loss	3,410.00	2,134.29
	Closing Balance	**9,161.18**	**5,751.18**
4.3	**General Reserve**	**391.86**	**391.86**
4.4	**Surplus in the Statement of Profit and Loss**		
	Opening Balance	20,315.57	11,790.21
	Add: Profit for the Year	16,714.18	10,659.65
	Less: Appropriations		
	- Transfer to Statutory Reserve	3,410.00	2,134.29
	Net Surplus in the Statement of Profit and Loss	**33,619.75**	**20,315.57**
		1,07,143.23	**90,174.32**

5 Share Application Money Pending Allotment

The Company has received Rs. Nil as at 31 March 2016 (As at 31 March 2015: Rs. 12.20 Lakhs) from employees towards exercise of options under the employees stock option scheme. Pending allotment of shares, the amount received has been shown as "Share application Money pending allotment.

	Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
6	**Long-Term Borrowings**		
(a)	Redeemable Non-Convertible Debentures - (Refer Note 6.1)		
	Secured	63,324.56	34,173.68
	Unsecured - Subordinated Debt	27,000.00	12,000.00
(b)	Term Loans - Secured - (Refer Note 6.2)		
	From Banks	1,18,353.11	68,128.71
	From Other Parties	52,197.57	31,397.44
		2,60,875.24	**1,45,699.83**

6.1 Details of Debentures issued by the Group

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

(b) Of the Debentures, 109,573.68 lakhs are listed on BSE Limited (Bombay Stock Exchange). Further, the Group has entered into an agreement with IDBI Trusteeship Services Limited to act as Debentures Trustees for the Debentures.

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

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

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

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

	Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
7	**Other Long-Term Liabilities**		
	Unamortised Income		
	- Processing Fee	945.53	574.58
	- Interest Strip Retained on Securitisation of Receivables	6,347.48	524.58
	Premium on Redemption of Debentures	-	183.42
		7,293.01	**1,282.58**

	Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
8	**Long-Term Provisions**		
	Provision - Employee Benefits		
	Provision for Gratuity	19.71	14.78
	Provision - Others (Refer Note 37)		
	Contingent Provision for Standard Receivables under Financing Activities	1,733.23	1,037.97
	Provision for Sub-standard and Doubtful Receivables under Financing Activities	294.90	741.73
	Provision for Credit Enhancements on Assets De-Recognised	755.26	153.20
		2,803.10	**1,947.68**

	Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
9	**Short -Term Borrowings**		
	From Banks - Secured (Refer Note below)		
	Cash Credit	23,517.72	30,632.13
	Working Capital Demand Loan	-	7,500.00
	Term loans - Unsecured	-	500.00
	Bank Overdrafts – Unsecured	-	1,277.49
	Other parties		
	Commercial Papers - Unsecured	-	900.00
	Others - Secured	-	1,000.00
		23,517.72	**41,809.62**

Note:

Secured loan repayable on demand from banks is primarily secured by loan receivables covered under financing activities (excluding the assets charged to debenture holders / term lenders on exclusive basis). Further, in case of certain loans obtained by the subsidiaries, there is a Collateral Security in form of first Paripassu charge on hypothecation of other free assets / fixed assets.

	Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
10	**Current Maturities of Long- Term Borrowings**		
	Redeemable Non - Convertible Debentures	20,849.12	12,926.32
	Term Loans - Secured - (Refer Note 6.2)		
	- From Banks	1,30,051.09	88,694.19
	- From Other Parties	33,035.13	14,087.47
		1,83,935.34	**1,15,707.98**

	Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
11	**Trade Payables**		
	Trade Payables - Other than Acceptances (Refer Note 43)		
11.1	Dues of micro enterprises and small enterprise	-	0.56
11.2	Dues of Creditors other than micro enterprises and small enterprise	3,712.51	2,152.37
		3,712.51	**2,152.93**

Note:

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

	Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
12	**Other Current Liabilities**		
	Gratuity	35.97	90.03
	Payable on purchase of Fixed Assets	167.43	43.48
	Advance Installments from Borrowers	1,583.32	2,234.29
	Interest Accrued But Not Due on Borrowings	4,339.78	2,678.57
	Unamortised Income		
	- Processing Fee	2,075.89	1,390.60
	- Interest Strip Retained on Securitisation of Receivables	9,414.54	4,354.24
	Statutory Remittances (PF, ESI, TDS etc.)	533.71	235.74
	Premium on redemption of Debentures	497.85	-
	Amount Payable to Special Purpose Vehicle for Assets De -recognised	9,599.31	6,457.90
	Others	2.70	-
		28,250.50	**17,484.85**

	Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
13	**Short-Term Provisions**		
	Provision – Employee Benefits		
	Provision for Compensated Absences	1,946.23	1,128.88
	Provision - Others (Refer Note 37)		
	Contingent Provision for Standard Receivables under Financing Activities (Net)	2,225.48	1,467.07
	Provision for Sub-standard and Doubtful Receivables under Financing Activities	1,738.75	218.61
	Provision for Credit Enhancements on Assets De-Recognised	214.84	505.29
	Provision for Wealth Taxes	2.72	2.72
	Provision for Taxes (Net of Advance Tax as at 31 March 2016-Rs.198.80 lakhs, Previous Year - Rs.113.54 lakhs)	3.65	2.54
		6,131.67	**3,325.11**

14 Fixed Assets

Current Year

(Rs. in Lakhs)

	Particulars	Gross Block				Accumulated Depreciation and Amortisation				Net Block	
		Balance as at 1 April 2015	Additions	Disposals	Balance as at 31 March 2016	Balance as at 1 April 2015	For the Year	Eliminated on Disposal of Assets	Balance as at 31 March 2016	Balance as at 1 April 2015	Balance as at 31 March 2016
14.1	**Tangible Assets – Owned**										
	Land - Freehold	1,097.25	-	-	1,097.25	-	-	-	-	1,097.25	1,097.25
	Buildings - Given under Operating Lease (Refer Note 14.4)	1,563.90	941.88	-	2,505.78	185.74	84.14	-	269.88	2,235.90	1,378.16
	Leasehold Improvements	476.91	145.48	0.51	621.88	270.36	134.70	0.51	404.55	217.33	206.55
	Computer Equipments	1,948.23	1,131.70	68.67	3,011.26	1,287.95	512.59	67.79	1,732.75	1,278.51	660.28
	Furniture and Fixtures	394.95	149.15	8.45	535.65	336.54	124.50	8.45	452.59	83.06	58.41
	Office Equipments	560.27	280.08	11.43	828.92	337.70	182.46	11.32	508.84	320.08	222.57
	Vehicles	724.79	285.44	124.13	886.10	113.11	165.42	36.01	242.52	643.58	611.68
	Sub Total	**6,766.30**	**2,933.73**	**213.19**	**9,486.84**	**2,531.40**	**1,203.81**	**124.08**	**3,611.13**	**5,875.71**	**4,234.90**
14.2	**Intangible Assets**										
	Computer Software	1,207.42	249.99	-	1,457.41	935.62	167.15	-	1,102.77	354.64	271.80
	Sub Total	**1,207.42**	**249.99**	**-**	**1,457.41**	**935.62**	**167.15**	**-**	**1,102.77**	**354.64**	**271.80**
	Grand Total	**7,973.72**	**3,183.72**	**213.19**	**10,944.25**	**3,467.02**	**1,370.96**	**124.08**	**4,713.90**	**6,230.35**	**4,506.70**

Previous Year

(Rs. in Lakhs)

	Particulars	Gross Block				Accumulated Depreciation and Amortisation				Net Block	
		Balance as at 1 April 2014	Additions	Disposals	Balance as at 31 March 2015	Balance as at 1 April 2014	For the Year	Eliminated on Disposal of Assets	Balance as at 31 March 2015	Balance as at 1 April 2014	Balance as at 31 March 2015
14.1	**Tangible Assets – Owned**										
	Land - Freehold	944.31	152.94	-	1,097.25	-	-	-	-	1,097.25	944.31
	Buildings - Given under Operating Lease (Refer Note 14.5)	1,003.45	560.45	-	1,563.90	114.60	71.14	-	185.74	1,378.16	888.85
	Leasehold Improvements	309.32	250.95	83.36	476.91	275.28	78.02	82.94	270.36	206.55	34.04
	Computer Equipments	1,314.45	639.15	5.37	1,948.23	1,042.86	250.43	5.34	1,287.95	660.28	271.59
	Furniture and Fixtures	297.71	110.63	13.39	394.95	267.90	81.89	13.25	336.54	58.41	29.81
	Office Equipments	314.45	257.90	12.08	560.27	223.23	125.74	11.27	337.70	222.57	91.22
	Vehicles	74.33	682.74	32.28	724.79	24.44	115.10	26.43	113.11	611.68	49.89
	Sub Total	**4,258.02**	**2,654.76**	**146.48**	**6,766.30**	**1,948.31**	**722.32**	**139.23**	**2,531.40**	**4,234.90**	**2,309.71**
14.2	**Intangible Assets**										
	Computer Software	944.23	263.19	-	1,207.42	814.94	120.68	-	935.62	271.80	129.29
	Sub Total	**944.23**	**263.19**	**-**	**1,207.42**	**814.94**	**120.68**	**-**	**935.62**	**271.80**	**129.29**
	Grand Total	**5,202.25**	**2,917.95**	**146.48**	**7,973.72**	**2,763.25**	**843.00**	**139.23**	**3,467.02**	**4,506.70**	**2,439.00**

14.3 Depreciation and Amortisation Expense for the Year

Particulars	For the Year Ended 31 March 2016 Rs.in Lakhs	For the Year Ended 31 March 2015 Rs.in Lakhs
Depreciation for the year on tangible assets as per Note 14.1	1,203.81	722.32
Amortisation for the year on intangible assets as per Note 14.2	167.15	120.68
Less: Depreciation relating to discontinuing operations	-	(0.02)
	1,370.96	**842.98**

14.4 Building Given under Operating Lease

The Company constructed buildings primarily for the purpose of leasing them to Equitas Developments Initiatives Trust (EDIT) for running schools, as a part of its Corporate Social Responsibility initiatives. During the Year, the Company recognised Rs. Nil (Previous year Rs.36) as rental income because 1 January 2015, the Company is provding the Buildings on lease to EDIT at free of cost as part of CSR activity.

Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
15 Non-Current Investments - Trade - Unquoted, at Cost		
Investment in Equity Share of Other Entities, fully paid up		
200,000 (As at 31 March 2015- 200,000) Equity Shares of Alpha Micro Finance Consultants Private Limited	20.00	20.00
	20.00	**20.00**
Note:		
Aggregate Value of Unquoted Investments	20.00	20.00

16 Deferred Tax Assets

The Deferred Tax Asset of Rs. 3,690.26 Lakhs (As at 31 March 2015- Rs. 2,238.56 Lakhs) has arisen on account of the following:

Particulars	As at 1 April 2015 Rs.in Lakhs	Credit / (Charged) Rs.in Lakhs	As at 31 March 2016 Rs.in Lakhs
Deferred Tax Assets			
Difference between depreciation as per Books of Account and Income Tax Act, 1961	96.14	37.21	133.35
Contingent Provision for Standard Assets under Financing Activities	866.94	503.08	1,370.02
Provision for Sub-Standard and Doubtful Receivables under Financing Activities	332.36	371.45	703.81
Provision for Credit Enhancements on Assets De-Recognized	227.88	107.85	335.73
Provision for Repossessed Assets	217.30	(113.63)	103.67
Statutory Reserve	-	(19.90)	(19.90)
Provision for Employee Benefits	481.19	546.19	1,027.38
Provision for Doubtful Advances	16.75	19.43	36.20
Deferred Tax Assets	**2,238.56**	**1,451.68**	**3,690.26**

	Particulars	As at 31 March 2016 Rs.in Lakhs	As at 31 March 2015 Rs.in Lakhs
17	**Long-Term Receivables Under Financing Activities**		
	(Represents Instalments Due after one year from the reporting date)		
	Micro Finance Loans – Unsecured	96,324.40	56,251.76
	Micro Finance Loans Subordinated as Credit Enhancements for Assets De -Recognised – Unsecured	-	64.75
	Vehicle Finance Loans – Secured	76,745.98	61,909.21
	Vehicle Finance & MSE Loans Subordinated as Credit Enhancements for Assets De - Recognised – Secured	2,624.57	721.34
	Housing Loans – Secured	17,701.00	13,372.49
	Micro Small Enterprise Loans – Secured	62,723.25	45,225.65
	Others Loans - Secured	5,521.54	3,624.05
		2,61,640.74	**1,81,169.25**
	Note:		
(a)	Of the above:		
	- Considered Good	2,59,916.86	1,80,093.84
	- Considered Doubtful (Sub-Standard and Doubtful Receivables under Financing Activities as per Group's Provisioning Norms)	1,723.88	1,075.41
	(Refer Note 8 for Provision for Sub -Standard and Doubtful Receivables under Financing Activities)		
(b)	Secured exposures are secured wholly or partly by hypothecation of vehicles, hypothecation of machinery & stock and / or equitable mortgage of property		

	Particulars	As at 31 March 2016 Rs.in Lakhs	As at 31 March 2015 Rs.in Lakhs
18	**Long-Term Loans and Advances**		
	Capital Advances - Unsecured, Considered Good	2,558.41	84.40
	Security Deposits		
	- Unsecured, Considered Good	704.25	582.08
	- Unsecured, Considered Doubtful	34.96	3.66
		739.21	585.74
	Less : Provision for Doubtful Deposits	34.96	3.66
		704.25	582.08
	Loans to Employees		
	- Secured, Considered Good	23.48	21.66
	- Unsecured, Considered Good	362.26	44.42
	- Unsecured, Considered Doubtful	14.01	4.80
		399.75	70.88
	Less : Provision for Doubtful Loans to Employees	14.01	4.80
		385.74	66.08
	Deposits - on lien against borrowings - Unsecured, Considered Good (Refer Note 6.1)	1,390.00	420.00
	MAT Credit entitlement - Unsecured, Considered Good	-	85.92
	Advance Income Tax (Net of provision for tax Rs.21,177.32 lakhs (previous year Rs.13,159.73 lakhs))	853.54	675.41
		5,891.94	**1,913.89**

	Particulars	As at 31 March 2016 Rs.in Lakhs	As at 31 March 2015 Rs.in Lakhs
19	**Other Non-Current Assets**		
	Interest Strip Retained on Securitisation of Receivables	6,347.48	524.58
	Interest Accrued But Not Due		
	- on Deposits with Banks / Others	125.97	167.17
	Bank Deposits under Lien having Maturity after 12 months	5,833.66	5,556.86
		12,307.11	**6,248.61**
	Note:		
	Bank Deposits under Lien		
	- Cash Collateral for Assets De-recognised	5,402.41	4,839.39
	- Cash Collateral for Term Loans obtained from Banks	431.25	712.66
	- Others	-	4.81

	Particulars	As at 31 March 2016 Rs.in Lakhs	As at 31 March 2015 Rs.in Lakhs
20	**Current Investments**		
	Other Current Investments:		
	Investment in Mutual Funds (Quoted)	1,186.84	17,550.00
		1,186.84	**17,550.00**
	Note		
	Aggregate Market value of Quoted Investments	1,198.05	17,561.88

Details of Investments in Mutual Funds as on 31 March 2016

Name of the Scheme	No. of Units	Face Value (Rs.)	As at 31 March 2016 (Rs. in Lakhs)
IDFC Cash Fund- Direct Plan – Growth	29, 430.801	1,000	536.84
Reliance Liquid Fund - TP	17,753.241	1,000	650.00
Total			**1,186.84**

Details of Investments in Mutual Funds as on 31 March 2015

Name of the Scheme	No. of Units	Face Value (Rs.)	As at 31 March 2015 (Rs. in Lakhs)
Baroda Pioneer Liquid Fund - Direct Plan – Growth	93,501.800	1,000	1,500.00
IDFC Cash Fund - Direct Plan – Growth	88,263.200	1,000	1,500.00
ICICI Prudential Money Market Fund - Direct – Growth	7,75,563.740	100	1,500.00
SBI Premier Liquid Fund – Growth	68,249.290	1,000	1,500.00
Birla Sun Life Floating Rate Fund - Direct Plan – Growth	8,05,686.210	100	1,500.00
HDFC Liquid Fund - Direct Plan-Growth	54,34,821.990	10	1,500.00
Tata Liquid Fund - Direct Plan - Growth	58,101.510	1,000	1,500.00
DSP BlackRock Liquidity Fund - Direct Plan	74,988.040	1,000	1,500.00
AXIS Liquid Fund - Direct Plan - Growth	96,762.400	1,000	1,500.00
IDBI Liquid Fund - Direct Plan - Growth	1,00,069.050	1,000	1,500.00
JM High Liquidity Fund	5,24,033.486	10	200.00
Birla Sunlife Floating Rate Fund- Short Term Plan-Growth- Direct	1,07,532.316	100	200.00
Tata Liquid Fund	44,553.683	1,000	1,150.00
Kotak Floater Fund	43,614.383	1,000	1,000.00
Total			**17,550.00**

	Particulars	As at 31 March 2016 Rs.in Lakhs	As at 31 March 2015 Rs.in Lakhs
21	**Short-Term Receivables Under financing activities**		
	(Represents Instalments Due within one year from the reporting date)		
	Micro Finance Loans - Unsecured	1,60,658.36	1,05,093.90
	Micro Finance Loans given as Credit Enhancements for Loans De-recognised - Unsecured	-	847.25
	Vehicle Finance Loans – Secured	68,298.42	47,762.79
	Housing Loans – Secured	1,422.72	725.78
	Micro Small Enterprise Loans – Secured	8,291.03	5,848.96
	Other Loans - Secured	108.82	201.99
	Installments Due from Borrowers - Unsecured		
	- More than Six Months from the date they were due for payment	235.52	36.71
	- Others	309.46	30.08
	Installments Due from Borrowers - Secured		
	- More than Six Months from the date they were due for payment	4,140.25	2,153.63
	- Others	1,915.51	2,592.05
		2,45,380.09	**1,65,293.14**
	Note:		
(a)	Of the above:		
	- Considered Good	2,40,289.87	1,62,625.48
	- Others (Sub-Standard and Doubtful Receivables under Financing Activities as per Group's Provisioning Norms)	5,090.22	2,667.66
	(Refer Note 13 for Provision for Sub-Standard and Doubtful Receivables under Financing Activities)		
(b)	Secured exposures are secured wholly or partly by hypothecation of vehicles, hypothecation of machinery & stock and / or equitable mortgage of property		

	Particulars	As at 31 March 2016 Rs.in Lakhs	As at 31 March 2015 Rs.in Lakhs
22	**Cash and Cash Equivalents**		
	Cash on Hand	536.82	444.84
	Balances with Banks		
	- In Current Accounts	26,057.97	22,766.80
	- In Deposits Accounts - Free of Lien (Refer Note (c))	61,649.72	26,508.16
	- In Deposits Accounts - Under Lien (Refer Note (b))	6,452.35	6,018.66
	Total	**94,696.86**	**55,738.46**
	Notes:		
(a)	Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statement	87,088.51	49,719.80
(b)	Deposit Accounts under Lien:		
	- Cash Collateral for Assets De-recognised	5,089.39	4,486.31
	- Cash Collateral for Term Loans obtained from Banks	236.52	781.25
	- Deposits earmarked as Bank guarantee(Refer Note(d i) below)	376.44	1.10
	- Others (Refer Note (d i) below)	750.00	750.00
(c)	Deposits Free of Lien		
	-Deposits with original maturity of more than 3 months	1,156.00	-

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

(i)The Company has given Fixed Deposits of Rs. 375.34 lakhs as security deposit to BSE Limited in connection with Initial public issue of equity shares, of the Company.

(ii) The Company had during the previous year given Fixed deposits of Rs. 750.00 lakhs under lien to certain banks as security for overdraft facilities sanctioned by the banks to Equitas Dhanyakosha India (EDK), a private limited company which is engaged in supply of Groceries at subsidised rates to lower income sections of the society. An amount of Rs.681.71 lakhs (Previous year Rs. 638.84 Lakhs) is outstanding and payable by EDK to the banks as at 31 March 2016.

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

Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
23 Short-Term Loans and Advances		
Loans to Employees		
- Secured, Considered Good	53.63	35.21
- Unsecured, Considered Good	363.16	128.68
- Unsecured, Considered Doubtful	30.61	21.09
	447.40	184.98
Less : Provision for Doubtful Loans to Employees	30.61	21.09
	416.79	163.89
Gratuity	88.07	48.52
Prepaid Expenses - Unsecured, Considered Good	173.28	220.28
Balances with Government Authorities		
-Service Tax Input Credit - Unsecured, Considered Good	110.86	75.11
Deposits - on lien against borrowings - Unsecured, Considered Good	-	666.10
Security Deposits (Refer Note a)	300.00	-
Travel and Other Advances		
- Unsecured, Considered Good	543.11	397.90
Other Advances (IPO)	1,044.60	-
MAT Credit entitlement (Net of adjustment for provision for tax Rs. 52.49 Lakhs)	33.43	-
Receivables from Special Purpose Ve hicles for Assets De-recognised		
- Unsecured, Considered Good	1,418.16	624.17
	4,128.30	**2,195.97**

Note (a): During the year, the Company has given the Refundable Security Deposits of Rs.300 lakhs to BSE Limited in connection with Initial Public Issue of equity shares

Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
24 Other Current Assets		
Gold Coins	0.07	0.07
Interest Accrued But Not Due		
- on Receivables under Financing Activities	5,179.26	3,908.86
- on Loans given to Related Parties	-	0.01
- on Deposits with Banks / Others	300.44	354.91
Repossessed Assets		
(Net of Provisions of Rs. 299.55 Lakhs, As at 31 March 2015 - Rs. 627.91 Lakhs)	459.87	678.11
IFC Grant receivable	-	31.17
Interest Strip Retained on Securitisation of Receivables	9,414.54	4,354.24
Unamortised discount on Commercial Papers	-	23.84
Insurance Claims Receivable		
- Considered Good	63.80	40.03
- Considered Doubtful	29.84	23.65
	93.64	63.68
Less : Provision for Doubtful Claims	29.84	23.65
	63.80	40.03
	15,417.98	**9,391.24**

Particulars	For the Year Ended 31 March 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
25 Revenue from Operations		
Interest Income from Loans	93,110.70	64,004.34
Processing and Other Fees	7,349.51	5,113.60
Interest spread on Securitisation / Assignment of Receivables	8,258.29	4,676.90
Other Operating Revenues		
- Interest Income on Fixed Deposits with Banks / Others	1,158.79	920.79
- Income on Pass Through Certificates	-	31.99
- Loss Assets Recovered	12.02	8.34
- Gain on Sale of Current Investments in Mutual Funds (Net)	1,155.09	635.31
- Grant from International Finance Corporation (Refer Note 25.1)	48.74	115.15
	1,11,093.14	**75,506.42**

25.1 The Group has entered into a Grant Agreement with International Finance Corporation (IFC) whereby the Group is eligible to receive a revenue grant of USD 600,000 over a period of 3 to 5 years, subject to the Group meeting the 'Performance Indicators' set out in the agreement. During the period, on achievement of the 'Performance Indicators' the Group has received and accounted an amount of USD 79,627 (equivalent Rs.48.74 Lakhs) (Previous year : USD 190,000 (equivalent Rs.115.15 Lakhs)) as Income.

Particulars	For the Year Ended 31 March 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
26 Other Income		
Interest Income		
- on Loans / Deposits to Related Parties	-	3.73
- on Loans to Employees	57.39	33.22
Net Gain on Sale of Fixed Assets	2.23	6.68
Provision no longer required written back	4.95	-
Miscellaneous Income	329.71	42.53
Total	**394.28**	**86.16**

Particulars	For the Year Ended 31 March 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
27 Employee Benefits Expense		
Salaries	19,452.06	12,855.85
Contribution to Provident Fund	1,082.82	732.74
Gratuity Expenses	390.99	299.64
Staff Welfare	2,454.59	1,621.48
	23,380.46	**15,509.71**

Particulars	For the Year Ended 31 March 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
28 Finance Costs		
Interest on Loans	30,753.35	24,155.05
Interest on Debentures	11,920.95	4,478.78
Loan Processing Fees and Other Borrowing Costs	922.14	836.42
	43,596.44	**29,470.25**

Particulars	For the Year Ended 31 March 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
29 Provisions and Write offs		
Contingent Provision for Standard Receivables Under Financing Activities (Net)	1,453.67	780.69
Provision for Sub-standard and Doubtful Receivables Under Financing Activities (Net)	1,073.31	778.88
Provision for Repossessed Assets	(328.36)	305.90
Provision for Credit Enhancements on Assets De - Recognised (Net)	311.61	249.46
Loss on Sale of Reposessed Assets	2,730.33	2,522.16
Loss Assets Written Off	670.10	486.45
Less: Release from Provision for Sub -standard and Doubtful Receivables under Financing Activities	-	(80.29)
	670.10	**406.16**
	5,910.66	**5,043.25**

Particulars	For the Year Ended 31 March 2016 Rs. in Lakhs	For the Year Ended 31 March 2015 Rs. in Lakhs
30 Other Expenses		
Rent (Refer Note 33)		
- Office Premises	943.32	673.57
Management Fees	-	3.35
Electricity Charges	206.52	156.94
Rates and Taxes	844.56	639.70
Insurance	55.12	65.04
Software and Other Maintenance Expenses	793.33	513.86
Repairs and Maintenance – Others	326.84	241.07
Cash Management Charges	478.20	423.00
Travelling and Conveyance	2,796.80	2,018.33
Communication Expenses	1,075.69	817.01
Printing and Stationery	717.67	587.02
Advertisement and Business Promotion	146.03	6.72
Legal and Professional Charges	1,012.86	902.68
Brokerage and Commission	585.02	486.75
Non Executive Directors' Remuneration and Sitting Fees	211.26	225.95
Corporate Social Responsibility – Donations	553.60	340.00
- Other Expenditure	47.14	43.93
Auditors' Remuneration (Net of Service Tax, wherever applicable)		
- Statutory Audit	42.00	40.25
- Limited Review	5.75	5.75
- Tax Audit	6.25	5.81
- Certification	9.23	3.80
- Reimbursement of Expenses	1.02	0.18
- Service Tax	1.82	1.33
Employee Loans and Advances / Insurance Claims Written off	-	0.65
Less: Release from Provision for Doubtful Employee Loans and Advances / Insurance Claims	-	(0.65)
Net amount written off	-	-
Provision for Doubtful Employee Loans and Advances / Insurance Claims (Net)	61.36	13.76
Bank Charges	82.88	34.24
Miscellaneous Expenses	212.67	120.73
	11,216.94	**8,370.77**

31 Employee Benefits

31.1 Defined Contribution Plan

The Group makes Provident Fund contributions to defined contribution plan for qualifying employees. Under the Scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group Company recognised Rs.1,086.82 Lakhs (Previous Year Rs. 732.74 Lakhs) towards Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the fund by the Group is at rates specified in the rules of the scheme.

31.2 Defined Benefit Plans

During the Year Ended 31 March 2016, the Company and some of its subsidiaries have funded its gratuity scheme for its employees. Gratuity provision has been made based on the actuarial valuation done as at the year end for each of the subsidiary. The details of actuarial valuation as provided by the Independent Actuaries for the Group is as follows:

Particulars	For the Year Ended 31 March 2016 Rs.in Lakhs	For the Year Ended 31 March 2015 Rs.in Lakhs
Change in defined benefit obligations during the Period		
Present value of Defined Benefit Obligation at beginning of the Year	638.66	338.01
Current Service Cost	318.79	329.62
Interest cost	64.53	36.05
Benefits Paid	(51.38)	(37.02)
Actuarial (Gains)/loss	(43.71)	(28.00)
Present value of Defined Benefit Obligation at End of the Period	**926.89**	**638.66**
Change in Fair Value of Assets during the Period		
Plan Assets at Beginning of the Year	582.37	358.59
Expected Return on Plan Assets	67.72	38.01
Actual Company Contributions	428.27	186.21
Benefits paid Out of the Assets	-	(0.46)
Actuarial (Gains)/loss	(119.08)	0.02
Plan Assets at End of the Year	**959.28**	**582.37**
Liability Recognized in the Balance Sheet		
Present Value of Defined Benefit Obligation	926.89	638.66
Fair Value of Plan Assets	959.28	582.37
Net Asset / (Liability) Recognized in the Balance Sheet	**32.39**	**(56.29)**
Cost of Defined Benefit Plan for the Period		
Current Service Cost	318.79	329.62
Interest Cost	64.53	36.05
Expected Return on Plan Assets	(67.72)	(38.01)
Net Actuarial Gains	75.39	(28.02)
Net Cost Recognized in the Statement of Profit and Loss	**390.99**	**299.64**
Actual Return on Plan Assets	67.72	38.03
Assumptions		
Discount Rate (Refer Note (b))	7.80%	7.80%
Future Salary Increase (Refer Note (a))	10.00%	10.00%
Mortality Table	Indian Assured Lives (2006-08)	Indian Assured Lives (2006 -08)
Attrition rate (Refer Note (a))	20.00%	20.00%

Notes:

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

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

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

d) Estimated amount of contribution to the funds during the year ending 31 March 2017 as estimated by the management is Rs.391.00 Lakhs.(PY Rs. 300.00Lakhs)

e) Experience Adjustments:

Particulars	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13
Projected Benefit Obligation	926.89	638.66	338.01	198.08
Fair Value of Plan Assets	959.28	582.37	358.59	-
Surplus/(Deficit)	32.39	(56.29)	20.59	(198.08)
Experience Adjustments on Plan Liabilities – Gains	(43.71)	(28.00)	(22.03)	(7.05)
Experience Adjustments on Plan Assets -Gains/(Losses)	(119.08)	0.02	(10.05)	-

Note: The above information has been provided based on the information to the extent available in the separate financial statement of the Company and its subsidiaries.

31.3 Compensated Absences

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

Particulars	For the Year Ended 31 March 2016 Rs.in Lakhs	For the Year Ended 31 March 2015 Rs.in Lakhs
Assumptions		
Discount Rate	7.80%	7.80%
Future Salary Increase	10.00%	10.00%
Mortality Rate	Indian Assured Lives (2006 - 08)	Indian Assured Lives (2006-2008)
Attrition rate	20.00%	20.00%

32 Related Party Transactions

32.1 Names of Related Parties and Nature of Relationship

Description of Relationship	As at 31 March 2016	As at 31 March 2015
Enterprises over which the company or Key management personnel is able to exercise significant influence.	EquitasDhanyakosha India	EquitasDhanyakosha India
Enterprises over which the company or its Key management personnel is able exercise significant influence.	Equitas Development InitiativesTrust	Equitas Development Initiatives Trust
Key Management Personnel	P.N.Vasudevan, Managing Director S.Bhaskar,Group Chief Financial Officer Jayashree S Iyer,Company Secretary	P.N.Vasudevan, Managing Director S.Bhaskar,Group Chief Financial Officer (From 01 November 2014) Jayashree S Iyer,Company Secretary (From 01 November 2014)

Note:

Related party relationships are as identified by the Management.

32.2 Transactions with Related Parties

Transaction	Related Party	For the Year Ended 31 March 2016 Rs.in Lakhs	For the Year Ended 31 March 2015 Rs.in Lakhs
Income			
Interest on Loans / Deposit to Related Party	Equitas Development Initiatives Trust	-	3.73
Rental Income	Equitas Development Initiatives Trust	-	Rs.36
Recovery of Expenses	EquitasDhanyakosha India	0.01	0.94
	Equitas Development Initiatives Trust	95.67	0.35
Expenses			
Staff Welfare Expenses	EquitasDhanyakosha India	95.56	0.72
Remuneration to Key Managerial Personnel	P.N.Vasudevan, Managing Director	48.53	8.41
	S.Bhaskar,Group Chief Financial Officer	56.75	22.09
	Jayashree S Iyer,Company Secretary	19.60	6.00
Donation	Equitas Development Initiatives Trust	553.60	340.00
Reimbursement of Expenses	EquitasDhanyakosha India	0.38	0.40
Other Transactions			
Issue of Equity Shares	P.N.Vasudevan	-	34.00
Loans Given	Equitas Development Initiatives Trust	-	30.00
Loans Recovered	Equitas Development Initiatives Trust	-	150.93
Recovered and paid on behalf of Customers	Equitas Development Initiatives Trust	45.15	44.46
	EquitasDhanyakosha India	80.10	139.50
Balance as at Year End			
Payable	Equitas Development Initiatives Trust	-	-
	EquitasDhanyakosha India	0.21	-
Receivable	Equitas Development Initiatives Trust	-	-
	EquitasDhanyakosha India	-	-
Deposits under lien given as security for overdraft facilities	EquitasDhanyakosha India	750.00	750.00

Note:

(a) The Group accounts for costs incurred by / on behalf of the Related Parties based on the actual invoices / debit notes raise and accruals as confirmed by such related parties. The Related Parties have confirmed to the Management that as at 31 March 2016, there are no further amounts payable to / receivable from them, other than as disclosed above.

33 Operating Leases

(a) As Lessor

The Company has let out its premises at Trichy, Dindigul, Salem, Coimbatore, Karur and Cuddalore to Equitas Development Initiatives Trust (EDIT) and income received for the current year Rs. Nil (in the Preivous Year income was recorded at an amount of Rs. 36), because from 1 January 2015, the Company is providing the buildings on lease to EDIT at free of cost as part of CSR activity. The original lease term period is for 30 years (Refer Note 14.4).

Depreciation of Rs. 84.14 Lakhs (Previous Year Rs. 71.14 Lakhs) has been recognised on the leased assets for the Year Ended 31 March 2016.

(b) As Lessee

The Group has operating lease agreements primarily for office space, the lease terms of which are for a period of 3 years. For the year ended 31 March 2016, an amount of Rs. 943.32 Lakhs (Previous Year Rs. 673.57 Lakhs) 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 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
Less than One Year	766.38	653.98
One Year to Five Years	745.29	1,025.12
Later than Five Years	-	-

34 Earnings Per Share

(a) **Basic**

Particulars	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
Continuing operations		
Profit after Tax for the Year - Rs.in Lakhs	16,714.18	10,695.79
Weighted Average Number of Equity Shares	26,93,04,471	23,81,76,746
Earnings Per Share (Basic) - in Rs.	6.21	4.49
Face Value Per Share - in Rs.	10	10
Total operations		
Profit after Tax for the Year - Rs.in Lakhs	16,714.18	10,659.65
Weighted Average Number of Equity Shares	26,93,04,471	23,81,76,746
Earnings Per Share (Basic) - in Rs.	6.21	4.48
Face Value Per Share - in Rs.	10	10

(b) **Diluted**

Particulars	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
Continuing operations		
Profit after Tax attributable to Equity Shareholders - Rs.in Lakhs	16,714.18	10,695.79
Weighted Average Number of Equity Shares for Basic EPS	26,93,04,471	23,81,76,746
Add: Effect of Warrants and ESOPs which are Dilutive	7,83,876	4,75,447
Weighted Average Number of Equity Shares for Dilutive EPS	27,00,88,347	23,86,52,193
Earnings Per Share (Diluted) - in Rs	6.19	4.48
Face Value Per Share - in Rs.	10.00	10.00
Total operations		
Profit after Tax attributable to Equity Shareholders - Rs.in Lakhs	16,714.18	10,659.65
Weighted Average Number of Equity Shares for Basic EPS	26,93,04,471	23,81,76,746
Add: Effect of Warrants and ESOPs which are Dilutive	7,83,876	4,75,447
Weighted Average Number of Equity Shares for Dilutive EPS	27,00,88,347	23,86,52,193
Earnings Per Share (Diluted) - in Rs.	6.19	4.47
Face Value Per Share - in Rs.	10	10

35 Commitments and Contingencies

Particulars	As at 31 March 2016 Rs. in Lakhs	As at 31 March 2015 Rs. in Lakhs
Contingent Liabilities:		
Income Tax Demand (Refer(c) below)	59.54	60.40
Provident Fund demand under appeal (Refer Note (a) below)	187.54	187.54
Service Tax (Refer Note (b) below)	363.95	342.91
Value added tax	0.53	0.53
Bank Guarantees	200.00	200.00
Guarantees to BSE Limited ((Refer Note (d) below)	1,876.68	-
Commitments:		
- Housing / non housing loan sanctioned but not disbursed	1,320.15	1,252.52
- Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	5,852.14	567.94
- Other Commitments	5,902.83	-

(a) **Provident Fund Demand**

An Order dated 22 October 2010 has been received from the Regional Provident Fund Commissioner demanding an amount of Rs. 187.54 Lakhs towards provident fund payment on the incentives / allowances paid to the employees for the period February 2009 to September 2010. The Group believes that the claim is untenable and, hence, has preferred an appeal with the Employees' Provident Fund Appellate Tribunal and has obtained a stay against the said Order. As per the stay order received from the Employees' Provident Fund Appellate Tribunal, an amount of Rs. 56.26 Lakhs has been deposited with the Employees' Provident Fund Organisation and included as part of Security Deposits in Note 18 - Long-Term Loans and Advances. As at 31 March 2016, the appeal is pending.

(b) **Service Tax**

(i) One of the Subsidiaries had received three show cause notices on 6 October 2009, 11 October 2010 and 30 August 2011 respectively from the Service Tax authorities disallowing the service tax input credit claimed by the Company during the period 2008-2011 attributable to input services used for providing exempt services to the extent of Rs. 277.35 lakhs. Based on professional advice, the Subsidiary replied to the above show cause notice contesting the claim of the Service Tax authorities. There has been no further progress in this matter.

(ii)One of the subsidiaries, during the year an order dated 18 Feb 2016 has been passed by Principal Commissioner of Service Tax directing the company (EMFL) to pay Rs 86.60 Lakhs excluding penalty and interest, stating that the service fee charged by the company as collection agent on the assigned/ securitized assets is not representative of actual consideration for the services rendered for the period from 2009 to 2015 under banking and other financial services. The company is in the process of preferring an appeal against said order.

(c) **Income Tax**

While completing the Income Tax Assessment of the Parent Company for the Assessment Year 2011-12 and 2013-14, the Department has disallowed a portion of total expenses under Section 14A of the Income Tax Act stating that a portion of expenses incurred to earn non taxable income and raised a demand of Rs. 19.10 Lakhs and Rs. 19.29 Lakhs for respective assessment years. The Parent Company has filled an appeal against the disallowance with Commissioner of Income tax - Appeals. The Parent Company has been professionally advised that they have a strong case in their favour & accordingly no provision has been considered necessary for these disputed demands.

While completing the Income Tax assessment for the Assessment Year 2012-13 in case of one of the subsidiaires, the department vide order dated 30 March 2015, has added interest on Non performing assets on accrual basis and raised a demand of Rs.18.99 Lakhs. During the year while completing the Income Tax assessment for the Assessment Year 2013-14 the department vide order dated 19 March 2016 has added tax of Rs 2.16 Lakhs on Interest on Non performing assets on accrual basis and adjusted, the same in the refund due for the Year. The Company has filed an appeal against the addition with Commissioner of Income Tax - Appeals. Based on professional advice, the Company strongly believe that the case will be decided in company's favor and hence no provision has been considered.

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

(d) **Guarantees to BSE**

The Company has issued Bank Guarantee to BSE Limited amounting to Rs.1,876.68 Lakhs (Previous Year - Nil) as security deposits for the Initial Public Offer of equity shares.

36 Loan Portfolio and Provision for Standard and Non Performing Assets

(a) Current Year

Asset Classification	Loan Outstanding as at 31 March 2016 (Gross)	Provision as at 31 March 2016	Loan Outstanding as at 31 March 2016 (Net)
Receivables under Financing Activities			
Standard Assets	5,00,206.73	3,958.71	4,96,248.02
Sub-Standard Assets	4,373.57	729.42	3,644.15
Doubtful Assets	2,440.53	1,304.23	1,136.30
Sub Total	6,814.10	2,033.65	4,780.45
Total	**5,07,020.83**	**5,992.36**	**5,01,028.47**

(b) Previous Year

Asset Classification	Loan Outstanding as at 31 March 2015 (Gross)	Provision as at 31 March 2015	Loan Outstanding as at 31 March 2015 (Net)
Receivables under Financing Activities			
Standard Assets	3,42,719.32	2,505.04	3,40,214.28
Sub-Standard Assets	3,218.32	665.63	2,552.70
Doubtful Assets	524.75	294.71	230.03
Sub Total	3,743.07	960.34	2,782.73
Total	**3,46,462.39**	**3,465.38**	**3,42,997.01**

37 Changes in Provisions

(a) Current Year

Particulars	As at 1 April 2015	Provision for the year	Utilization/ Reversal	As at 31 March 2016
Contingent Provision for Standard Assets under Financing Activities	2,505.04	3,679.05	(2,225.38)	3,958.71
Provision for Sub - Standard and Doubtful Receivables under Financing Activities	960.34	1,893.20	(819.89)	2,033.65
Provision for Credit Enhancements on Assets De-Recognised	658.49	832.51	(520.90)	970.10
Provision for Repossed Assets	627.91	2,910.05	(3,238.41)	299.55
Total	**4,751.78**	**9,314.81**	**(6,804.58)**	**7,262.01**

(b) Previous Year

Particulars	As at 1 April 2014	Provision for the year	Utilization/ Reversal	As at 31 March 2015
Contingent Provision for Standard Assets under Financing Activities	1,724.35	2,967.74	(2,187.05)	2,505.04
Provision for Sub-Standard and Doubtful Receivables under Financing Activities	261.75	1,085.86	(387.27)	960.34
Provision for Credit Enhancements on Assets De-Recognised	409.03	725.13	(475.67)	658.49
Provision for Repossed Assets	322.01	1,802.77	(1,496.87)	627.91
Total	**2,717.14**	**6,581.50**	**(4,546.86)**	**4,751.78**

38 Segment Reporting

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

38 Segment Reporting (Contd.)

Particulars	For the Year Ended 31 March 2016					For the Year Ended 31 March 2015				
	Business segments			Elimination	Total	Business segments			Elimination	Total
	Micro Finance	Other Finance	Others			Micro Finance	Other Finance	Others		
External Revenue	59,676.41	51,203.44	27.71	-	1,10,907.56	43,212.04	32,200.79	-	-	75,412.83
Inter-segment revenue	632.40	-	-	(632.40)	-	309.21	-	-	(309.21)	-
Total Revenue	60,308.81	51,203.44	27.71	(632.40)	1,10,907.56	43,521.25	32,200.79	-	(309.21)	75,412.83
Segment result	11,849.46	14,657.53	(244.99)	-	26,262.04	10,413.30	6,327.57	(35.28)	-	16,705.59
UnallocableCoporate Income					185.58					93.59
Unallocable expenses (net)					(435.66)					(478.84)
Other income (net)					-					-
Profit before taxes					26,011.96					16,320.34
Tax expense					9,297.78					5,660.69
Profit for the Year					16,714.18					10,659.65
Segment assets	3,53,881.43	2,79,422.43	1,342.18	(76.48)	634,569.56	2,19,815.64	2,18,082.10	-	(67.55)	4,37,830.19
Unallocable assets					16,084.80					8,654.27
Total assets					650,654.36					4,46,484.46
Segment liabilities	3,10,518.47	2,05,763.76	89.40	(76.48)	516,295.15	1,83,369.26	1,46,003.25	-	(67.55)	3,29,304.96
Unallocable liabilities					223.94					105.62
Total liabilities					516,519.09					3,29,410.58
Other information										
Capital expenditure (allocable)	1,189.64	915.34	123.82	-	2,228.80	1,305.62	910.52	-	(19.49)	2,196.65
Capital expenditure (unallocable)					952.41					721.30
Depreciation and amortisation (allocable)	738.85	533.14	7.74	-	1,279.73	394.84	374.66	0.02	-	769.52
Depreciation and amortisation (unallocable)	-	-	-	-	91.23	-	-	-	-	73.46
Other significant non-cash expenses	-	-	-	-	-	-	-	-	-	-
Other significant non-cash expenses (unallocable)	-	-	-	-	-	-	-	-	-	-

39 Donations

The Group in accordance with its CSR Policy has implemented CSR activities, through the Equitas Development Initiatives Trust, a public charitable trust established by the Company.

The Board of Directors of the Company & its subsidiaries have approved a donation of Rs. 553.60 Lakhs (PreviousYear Rs. 340.00 Lakhs) to Equitas Development Initiatives Trust for the year ended 31 March 2016.

Further one of the Subsidiary has also incurred an amount of Rs. 47.14 Lakhs (Previous Year Rs. 43.93 Lakhs) towards other CSR activities during the current year ended 31 March 2016.

40 Discontinuing Operations

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

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

Particulars	For the year ended 31 March 2016 Rs.in Lakhs	For the year ended 31 March 2015 Rs.in Lakhs
Other Income	-	4.31
Total revenue (A)	**-**	**4.31**
Finance costs	-	-
Depreciation and Amortisation Expense	-	0.02
Other Expenses	-	39.57
Total expenses (B)	**-**	**39.59**
Profit / (Loss) before Tax (A -B)	-	**(35.28)**
Tax expense	-	0.86
Profit / (Loss) after tax of discontinued operations	**-**	**(36.14)**

Particulars	As at 31 March 2016 Rs.in Lakhs	As at 31 March 2015 Rs.in Lakhs
Carrying amount of assets as at the Balance Sheet date relating to the discontinued business	-	-
Carrying amount of liabilities as at the Balance Sheet date relating to the discontinued business	-	-

Net cash flow attributable to the discontinued business	For the year ended 31 March 2016 Rs.in Lakhs	For the year ended 31 March 2015 Rs.in Lakhs
Cash flows from operating activities	-	(37.21)
Cash flows from investing activities	-	36.49
Cash flows from financing activities	-	-

41 Unhedged Foreign Currency Exposure

Particulars	As at 31 March 2016 Rs.in Lakhs	As at 31 March 2015 Rs.in Lakhs
Revenue grant receivable from International Finance Corporation		
In USD (lakhs)	-	0.50
In Rupees (Lakhs)	-	31.17

42 Goodwill on Consolidation

Particulars	As at 31 March 2016 Rs.in Lakhs	As at 31 March 2015 Rs.in Lakhs
Opening Balance	53.50	53.50
Add: On acquisition of subsidiaries during the year	-	-
Less: On disposal of subsidiaries during the year	-	-
Closing Balance	53.50	53.50

43 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the Entity	As at / For the Year Ended 31 March 2016			
	Net assets, (i.e., total assets minus total liabilities)		Share of profit or loss	
	As % of consolidated net assets	Amount (Rs. in Lakhs)	As % of consolidated profit or loss	Amount (Rs. in Lakhs)
Equitas Holdings Limited - Parent Company	8.66%	11,617.83	-2.53%	(422.51)
Indian Subsidiaries				
- Equitas Micro Finance Limited	34.26%	45,955.81	43.76%	7,314.56
- Equitas Finance Limited	53.05%	71,164.61	55.13%	9,213.80
- Equitas Housing Finance Limited	3.09%	4,142.01	5.11%	853.32
- Equitas B2B Trading Private Limited	0.00%	-	0.00%	-
- Equitas Technologies Private Limited	0.94%	1,255.01	-1.47%	(244.99)

Name of the Entity	As at / For the Year Ended 31 March 2015			
	Net assets, (i.e., total assets minus total liabilities)		Share of profit or loss	
	As % of consolidated net assets	Amount (Rs. in Lakhs)	As % of consolidated profit or loss	Amount (Rs. in Lakhs)
Equitas Holdings Limited - Parent Company	5.02%	5,881.20	(-5.64%)	(601.02)
Indian Subsidiaries				
- Equitas Micro Finance Limited	32.40%	37,930.74	59.12%	6,301.88
- Equitas Finance Limited	53.49%	62,621.47	40.10%	4,274.66
- Equitas Housing Finance Limited	9.09%	10,640.47	6.76%	720.27
- Equitas B2B Trading Private Limited	0.00%	-	(-0.34%)	(36.14)

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

Based on and to the extent of information received by the Company from the suppliers during the year regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars for the year ended 31 March 2016 and 31 March 2015 are furnished below:

Particulars	For the year ended 31 March 2016 Rs.in Lakhs	For the year ended 31 March 2015 Rs.in Lakhs
Principal amount remaining unpaid to any supplier as at the end of the accounting year.	-	0.56
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year.	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-

Note:

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

45 The Board of Directors have reviewed the realisable value of all the assets of the Group (other than Fixed Assets and Non-Current Investments) and have confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognised in the financial statements.

46 The Reserve Bank of India (RBI) has granted the Company an 'in-principle' approval for establishing a 'Small Finance Bank' (SFB). As per the requirement of the RBI, the wholly owned subsidiaries of the Company namely, Equitas Micro Finance Limited (EMFL) and Equitas Housing Finance Limited (EHFL) will be merged with Equitas Finance Limited (EFL) to form the SFB. The Scheme of Amalgamation has been filed before the Hon'ble High Court of Judicature at Madras and awaiting approval.

In view of the above, there is no impact on the Financial statements of the Company as at and for the year ended March 31, 2016.

47 The Company and three of its subsidiaries are required to create a reserve fund every year. Accordingly, an amount of Rs. 3,410.00 Lakhs (Previous Year Rs.2,134.29 Lakhs) has been transferred out of the net profit after tax of these entities for the year ended 31 March 2016 to Statutory / Special Reserve.

48 Initial Public Offer

The Initial Public Offering (IPO) of the Company opened for subscription from 5 April 2016 to 7 April 2016. The IPO of 197,880,429 equity shares of the Company at the issue price of Rs.110/- per share (consisting of 65,454,545 fresh issue of equity shares and 132,425,884 equity shares under offer for sale) was fully subscribed by the Public. Consequently, the paid up share capital of the Company stands increased to 335,374,912 equity shares of Rs.10/- each. The equity shares were listed in National Stock Exchange of India Limited and BSE Limited on 21 April 2016. Out of the IPO proceeds of Rs.72,000 lakhs, the Company has till date invested Rs.61,600 lakhs as equity capital in the subsidiaries in line with the Prospectus.

49 During the year, a subsidiary adopted the revised policy for classification of assets and provisioning for sub-standard and doubtful assets as per RBI norms. Consequently, the profit before tax for the year is understated by Rs.81.19 lakhs, resulting out of additional provision aggregating to Rs.42.35 lakhs and additional reversal of interest aggregating to Rs38.84 lakhs.

50 Previous year

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / presentation.

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

N Rangachary Chairman DIN:00054437	**P N Vasudevan** Managing Director DIN:01550885	**T Kuppuswamy** Director DIN:00032309
S Bhaskar Chief Financial Officer DIN:00054437		**Jayashree S Iyer** Company Secretary A11569

Place : Chennai
Date : 6 May 2016

equitas

EQUITAS HOLDINGS LIMITED

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