VAKRANGEE LIMITED

(Erstwhile Vakrangee Softwares Limited)

"Vakrangee House", Plot No. 66, Marol Co-op Industrial Estate, Of. M. V. Road, Andheri (E), Mumbai – 400 059

CIN : L65990MH1990PLC056669

Phone: 022 28503412 Fax No. 022 28502017 Email ID: info@vakrangee.in Website : www.vakrangee.in

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of **VAKRANGEE LIMITED** will be held on Tuesday, September 30, 2014 at 12.30 P.M. at Victoria Suite, Hotel Hilton, Mumbai, Sahar Airport Road, Andheri (East), Mumbai 400 099 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the company for the year ended March 31, 2014, together with the Report of Board of Directors and Auditors' thereon.

2. To declare dividend for the financial year ended March 31, 2014.

3. To appoint a Director in place of Dr. Nishikant Hayatnagarkar, who retires by rotation and being eligible, offers himself for re-appointment.

4. To re-appoint M/s. S. K. Patodia & Associates, Chartered Accountants (ICAI Firm Reg. No. 112723W) as Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and for that purpose to pass the following Resolution which will be proposed as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 139, 144 and other applicable provisions, if any, of the Companies Act, 2013, M/s. S. K. Patodia & Associates, Chartered Accountants (ICAI Firm Reg. No. 112723W), the retiring Statutory Auditors, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and is hereby authorised to fix their remuneration for the said period and re-imbursement of actual out of pocket expenses, as may be incurred in the performance of their duties."

SPECIAL BUSINESSES:

5. **To appoint Shri Sunil Agarwal (DIN: 00062767) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

   "**RESOLVED THAT**, pursuant to the provisions of Sections 149, 150 and 152 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors), Rules 2014 and Schedule IV (Code of Independent Director) and all other applicable provisions of the Companies Act, 2013 and any statutory modifications or re-enactments thereof for the time being in force and Clause 49 of the Listing agreement, and any statutory modifications thereof for the time being in force, Shri Sunil Agarwal (DIN: 00062767) whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice from a member alongwith a deposit of requisite amount under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri Sunil Agarwal (DIN: 00062767) as a candidate for the office of Director of the Company be and is hereby appointed as an Independent Director of the Company for a term of 5 (five) consecutive years commencing from September 30, 2014 till September 30, 2019 or till the conclusion of 29th Annual General Meeting whichever is earlier.

6. **To appoint Shri Ramesh Joshi (DIN: 00002683) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

   "**RESOLVED THAT**, pursuant to the provisions of Sections 149, 150 and 152 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors), Rules 2014 and Schedule IV (Code of Independent Director) and all other applicable provisions of the Companies Act, 2013 and any statutory modifications or re-enactments thereof for the time being in force and Clause 49 of the Listing agreement, and any statutory modifications thereof for the time being in force, Shri Ramesh Joshi (DIN: 00002683) whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice from a member alongwith a deposit of requisite amount under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri Ramesh Joshi (DIN: 00002683) as a candidate for the office of Director of the Company be and is hereby appointed as an Independent Director of the Company for a term of 5 (five) consecutive years commencing from September 30, 2014 till September 30, 2019 or till the conclusion of 29th Annual General Meeting whichever is earlier.

7. **To appoint Shri B. L. Meena (DIN: 03281592) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

"**RESOLVED THAT**, pursuant to the provisions of Sections 149, 150 and 152 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors), Rules 2014 and Schedule IV (Code of Independent Director) and all other applicable provisions of the Companies Act, 2013 and any statutory modifications or re-enactments thereof for the time being in force and Clause 49 of the Listing agreement, and any statutory modifications thereof for the time being in force, Shri B. L. Meena (DIN: 03281592) whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice from a member alongwith a deposit of requisite amount under Section 160 of the Companies Act, 2013 signifying his intention to propose Shri B. L. Meena (DIN: 03281592) as a candidate for the office of Director of the Company be and is hereby appointed as an Independent Director of the Company for a term of 5 (five) consecutive years commencing from September 30, 2014 till September 30, 2019 or till the conclusion of 29th Annual General Meeting whichever is earlier.

8. **To re-appoint Shri Dinesh Nandwana (DIN:00062532), as the Managing Director of the Company for a period of five years and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the consent of the Board of Directors of the Company be and is hereby accorded for the appointment of Mr. Dinesh Nandwana (DIN: 00062532), as the "Managing Director" of the Company for a period of five years effective from October 1, 2014, on the terms and conditions of appointment and remuneration as contained in the draft agreement to be entered into between the Company and Mr. Dinesh Nandwana, and that the Board of Directors be and is hereby authorized to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013, as may be agreed to by the Board of Directors and Mr. Dinesh Nandwana."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution.".

By order of the Board of Directors,
Sd/-

Darshi Shah
Company Secretary &
Compliance Officer
Place: Mumbai
Dated: September 1, 2014

Registered Office:-
"Vakrangee House", Plot No. 66,
Marol Co-op Industrial Estate,
Off. M. V. Road, Marol, Andheri (E),
Mumbai – 400 059.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The Proxy Form should be lodged with the Company at the Registered Office at least 48 hours before the time of the Meeting.

   A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other shareholder.

2. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

3. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.

4. (a) The Company has notified closure of Register of Members and Share Transfer Books from Tuesday, September 23, 2014 to Tuesday, September 30, 2014 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at a meeting.

   (b) The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched between October 6, 2014 and October 30, 2014 to those members whose names shall appear on the Company's Register of Members on September 22, 2014; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.

5. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, M/s. Bigshare Services Private Limited, cannot act on any request received directly from the members holding shares in electronic form for any change of

bank particulars or bank mandates. Such changes are to be advised only to the Depository.

6. Members, holding shares in physical form, are requested to notify changes in address, if any, to the Registrars of the Company immediately, quoting their folio numbers. Members, holding shares in dematerialized form, should send the above information to the respective Depository Participants.

7. Members are requested to quote their Registered Folio Nos. on all correspondence with the Company.

8. Members desirous of getting any information in relation to the Company's Annual Report 2013-14 are requested to address their query(ies) well in advance, i.e. at least 10 days before the Meeting, to the Secretary of the Company to enable the Management to keep the information readily available at the Meeting.

9. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

10. Members/Proxies should bring the attendance slip duly filled in, for attending the Meeting. The Attendance slip is sent with this Annual Report. Members, who hold shares in Electronic Form, are requested to bring their Depository ID Number and Client ID Number to facilitate their identification for recording attendance at the forthcoming Annual General Meeting.

11. Members holding shares in single name and physical form are advised to make nomination in respect of shareholding in the Company. Members can avail of the Nomination facility by filing Form SH-13 with the Company or its Registrar. Blank forms will be supplied on request. In case of shares held in Demat form, the nomination has to be lodged with their DP.

12. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to M/s. Bigshare Services Private Limited, for consolidation into a single folio.

14. Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts(s). Members holding shares in physical form can submit their PAN details to M/s. Bigshare Services Private Limited, E-2/3 Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (E) Mumbai 400 072

16. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

17. All documents referred to in the Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during office hours on all working days between 11.00 a.m. to 6.00 p.m. up to the date of declaration of the result of the Annual General Meeting of the Company.

18. **VOTING THROUGH ELECTRONIC MEANS**

In compliance with the provisions of Clause 35B of the Listing Agreements read with Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014. The Company is pleased to provide E-voting facility through Central Depository Services (India) Limited (CDSL) as an alternative, for all members of the Company to enable them to cast their votes electronically on the resolutions mentioned in the Notice of 24th Annual General Meeting of the Company dated September 30, 2014 (the AGM Notice). The Company has appointed Dr. S. K. Jain, Practicing Company Secretary, as the Scrutinizer for conducting the e-voting process in a fair and transparent manner. E-voting is optional.

Instructions to Members for e-voting are as under :

(a) Date and time of commencement of voting through electronic means : September 23, 2014 (9.00 a.m.)

(b) Date and time of end of voting through electronic means: September 25, 2014 (6.00 p.m.)

(c) Details of Website : www.evotingindia.com

Details of persons to be contacted for issues relating to e-voting:

M/s. Bigshare Services Pvt.Ltd., E-2/3 Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (E), Mumbai 400 072. Tel No. 28470652, 40430200, Fax No. 28475207, E-mail : investor@bigshareonline.com

The e-voting module shall be disabled for voting on September 25, 2014 (6.00 p.m.) Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. **The voting right of shareholders shall be in proportion to their share in the paid up equity capital of the Company as on August 22, 2014 (cut-off date).**

The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of two (2) witnesses not in the employment of the Company and make Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman. The Result declared along with the Scrutinizer's Report shall be placed on the website of the Company viz. www.vakrangee.in within two (2) days of passing of the resolutions at the Annual General Meeting of the Company and communicated to the Bombay Stock Exchange Limited and National Stock Exchange of (India) Limited.

(i) The shareholders should log on to the e-voting website www.evotingindia.com.

(ii) Click on Shareholders.

(iii) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,
b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Next enter the Image Verification as displayed and Click on Login.

(v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the **folio/client id** number in the PAN field. • In case the **folio** number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with **folio** number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares in the Dividend Bank details field.

(vii) After entering these details appropriately, click on “SUBMIT” tab.

(viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN for “VAKRANGEE LIMITED”.

(xi) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

(xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

The Notice of AGM is placed on website of the Company viz. www.vakrangee.in

AS THE COMPANY HAS PROVIDED E-VOTING IN TERMS OF CLAUSE 35B OF THE LISTING AGREEMENT, MEMBERS MAY PLEASE NOTE THAT THERE WILL BE ONLY ONE MODE OF VOTING EITHER THROUGH E-VOTING OR BY POLL WHICH WILL BE CONDUCTED AT THE ANNUAL GENERAL MEETING.

STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013.

Item No. 5

Shri Sunil Agarwal (DIN: 00062767), is a Non-executive Independent Director of the company who joined the company on June 28, 2002. Being a Non-executive Independent Director, he was earlier liable to retire by rotation. However, in terms of Sub Section (13) of Section149, an Independent Director is not required to be liable to retire by rotation. Further, an independent director can be appointed at a time for a period of 5 years. It is, therefore, proposed that Shri Sunil Agarwal (DIN: 00062767) be appointed as an Independent Director of the Company for a consecutive period of 5 years at the forthcoming Annual General Meeting.

Shri Sunil Agarwal (DIN: 00062767) holds degree in Commerce and has very good knowledge about the industry. He is a member of the Nomination and Remuneration & Compensation Committee and Corporate Social Responsibility Committee of the Board.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri Sunil Agarwal (DIN: 00062767) for the office of Director of the Company.

The Company has also received declaration from Shri Sunil Agarwal (DIN: 00062767) that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and Rules made thereunder and under clause 49 of the Listing Agreement.

In the opinion of the Board, Shri Sunil Agarwal (DIN: 00062767) fulfills the conditions for appointment as Independent Directors as specified in the Act and the Listing agreement. Shri Sunil Agarwal (DIN: 00062767) is Independent of the Management of the Company.

Shri Sunil Agarwal (DIN: 00062767) is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director. Other details in relation to the above named Director are mentioned in the Annexure to the Notice below.

Your directors recommend the resolution at item no. 5 for your approval.

Shri Sunil Agarwal (DIN: 00062767)is interested in the resolution since it pertains to his Appointment. None of the other directors or key managerial personnel of the Company or their relatives are in any way concerned or interested in the said resolution.

ITEM NO.6:

Shri Ramesh Joshi (DIN: 00002683), is a Non-executive Independent Director of the company who joined the company on October 10, 2006. Being a Non-executive Independent Director, he was earlier liable to retire by rotation. However, in terms of sub Section (13) of Section149, an Independent Director is not required to be liable to retire by rotation Further, an independent director can be appointed at a time for a period of 5 years. It is, therefore, proposed that Shri Ramesh Joshi (DIN: 00002683) be appointed as an Independent Director of the Company for a consecutive period of 5 years at the forthcoming Annual General Meeting.

Shri Ramesh Joshi (DIN: 00002683) holds degree in Economics and law and has very good knowledge about the industry. He is the Director of other five public limited companies. He is a member of the Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration & Compensation Committee, Corporate Governance Committee, Resource Committee and Corporate Social Responsibility Committee of the Board.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri Ramesh Joshi (DIN: 00002683) for the office of Director of the Company.

The Company has also received declaration from Shri Ramesh Joshi (DIN: 00002683) that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and Rules made thereunder and under clause 49 of the Listing Agreement.

In the opinion of the Board, Shri Ramesh Joshi (DIN: 00002683) fulfills the conditions for appointment as Independent Directors as specified in the Act and the Listing agreement. Shri Ramesh Joshi (DIN: 00002683) is Independent of the management of the Company.

Shri Ramesh Joshi (DIN: 00002683) is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director. Other details in relation to the above named Director are mentioned in the Annexure to the Notice below.

Your directors recommend the resolution at item no. 6 for your approval.

Shri Ramesh Joshi (DIN: 00002683) is interested in the resolution since it pertains to his appointment. None of the other directors or key managerial personnel of the Company or their relatives are in any way concerned or interested in the said resolution.

ITEM NO.:7

Shri B. L. Meena (DIN: 03281592), is a Non-executive Independent Director of the company who joined the company on October 25, 2010. Being a Non-executive Independent Director, he was earlier liable to retire by rotation. However, in terms of sub Section (13) of Section149, an Independent Director is not required to be liable to retire by rotation. Further, an independent director can be appointed at a time for a period of 5 years.It is, therefore, proposed that Shri B. L. Meena (DIN: 03281592) be appointed as an Independent Director of the Company for a consecutive period of 5 years at the forthcoming Annual General Meeting.

Shri B. L. Meena (DIN: 03281592) is a graduate in Law and holds a Masters degree in Arts. Shri B. L. Meena (DIN: 03281592) is not Director in any other Company. He is a member of the Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration & Compensation Committee of the Board.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri B. L. Meena (DIN: 03281592) for the office of Director of the Company.

The Company has also received declaration from Shri B. L. Meena (DIN: 03281592)that he meets with the criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Act and Rules made thereunder and under clause 49 of the Listing Agreement.

In the opinion of the Board, Shri B. L. Meena (DIN: 03281592) fulfills the conditions for appointment as Independent Directors as specified in the Act and the Listing agreement. Shri B. L. Meena (DIN: 03281592) is Independent of the management of the Company.

Shri B. L. Meena (DIN: 03281592) is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director. Other details in relation to the above named Director are mentioned in the Annexure to the Notice below.

Your directors recommend the resolution at item no. 7 for your approval.

Shri B. L. Meena (DIN: 03281592) is interested in the resolution since it pertains to his appointment. None of the other directors or key managerial personnel of the Company or their relatives are in any way concerned or interested in the said resolution.

Item No. 8

Mr. Dinesh Nandwana was appointed as the Managing Director for a period of five years, which is to expire on September 30, 2014. As a part of initiative to create an enduring leadership for the company and as recommended by the Nomination and Remuneration & Compensation Committee, the board of directors of the company at their meeting held on September 1, 2014 resolved to reappoint Mr. Dinesh Nandwana as Managing Director of the Company for a further Period of five years commencing from October 1, 2014.

The reappointment is subject to the approval of the members. The terms and conditions of his reappointment are as follows:

1. Period of appointment: 5 Yrs beginning October 1, 2014 and ending September 30, 2019.

2. Details of remuneration - Salary: Rs. 5,00,000/- per month

Perquisites

As may be decided by the Board of Directors, in accordance with the provisions and limits specified under Schedule V to the Companies Act, 2013.

The agreement may be terminated by either party by giving three months notice in writing of such termination.

If, at any time, Mr. Dinesh Nandwana ceases to be a Director of the Company for any cause whatsoever, he shall also cease to be the Managing Director and the agreement shall forthwith be terminated.

Mr. Dinesh Nandwana shall perform such duties as shall from time to time be entrusted to him subject to the superintendence and control of the Board of Directors and he shall perform such other duties as shall from time to time be entrusted to him by the Board of Directors.

The Board accordingly recommends the resolution set forth in item No. 8 for approval of members. No director except Mr. Dinesh Nandwana is deemed to be interested or concerned in his reappointment and remuneration payable to him.

By order of the Board of Directors,
Sd/-

Darshi Shah
Company Secretary &
Compliance Officer
Place: Mumbai
Dated: September 1, 2014

Registered Office:-
"Vakrangee House", Plot No. 66,
Marol Co-op Industrial Estate,
Off. M. V. Road, Marol, Andheri (E),
Mumbai – 400 059.

Annexure to Notice

Details of the Directors seeking appointment/re-appointment in forthcoming Annual General Meeting
(In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Shri Sunil Agarwal	Shri Ramesh Joshi	Shri B. L. Meena	Shri Dinesh Nandwana
Age	50	71	64	51
Date of Appointment	28/06/2002	20/10/2006	25/10/2010	28/05/1990
Expertise in specific functional areas	He has over 25 year experience in business administration. He is a very successful businessman with good leadership qualities to control huge projects and explore new business opportunities	He has held various positions in Reserve Bank of India, has been nominated as nominee of RBI on the Boards of various banks, is a retired Executive Director of SEBI and he is also practicing as a Senior Corporate Consultant.	He has about 28 years of experience, having served in various Government departments. He is a former Chief Commercial Manager, North Western Railways.	He is the main promoter of the Company with over 25 years of business experience. His main functions and areas of responsibilities in the Company include policy formulation and decision making.
Qualifications	Graduate in Commerce	Graduate in Economics & Law, University of Nagpur	M.A, L.L.B.	Chartered Accountant, B.com
List of Companies in which outside Directorship held as on March 31, 2014	NIL	1. Avon Corporation Ltd. 2. IND fund Management Ltd. 3. Vakrangee Technologies Ltd. 4. Sahara Asset Management Co. Pvt. Ltd. 5. Excel Infoways Ltd.	NIL	1. Vakrangee Capital Private Limited 2. Vakrangee Technologies Limited 3. Vakrangee Shares and Stock Brokers Limited 4. Vakrangee Multi Commodities Private Limited 5. Vakrangee IT Solutions Limited 6. Vakrangee Holdings Private Limited 7. Vakrangee Infraprojects Limited 8. Vakrangee Infraprojects Limited 9. eDoc Vision Infotech Private Limited 10. Vakrangee Energy Private Limited 11. Omnis Infra Power Limited 12. Omnis Edu Health Limited 13. Vakrangee Lacteus and Hortus Limited 14. Garnet International Limited 15. Vakrangee Finserve

Important Communication to Members

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses in respect of electronic holdings with the Depository through their concerned Depository Participants and members who hold shares in physical form, may register the same with M/s. Bigshare Services Private Limited.

India's Next RETAIL REVOLUTION

ANNUAL REPORT 2013-14

Vakrangee Limited

VAKRANGEE

Vakrangee Marts
India's Next Retail Revolution

EVEN AFTER SIX DECADES OF INDEPENDENCE, ~42% OF INDIA'S POPULATION IS STILL UNBANKED. COMPLETE FINANCIAL INCLUSION IN INDIA DEMANDS AN ENABLING ENVIRONMENT WHERE FINANCIAL SERVICES ARE ADORNED WITH UNFLINCHING RELIABILITY AND BETTER PROXIMITY; AND WHERE COST-EFFECTIVE SERVICES ARE PACKAGED AND DELIVERED AT AN AFFORDABLE PRICE TO THE CONSUMERS.

A large part of India is still living under the shadow of financial duress – mainly due to the absence of household savings. Through the multi-channel delivery of our Vakrangee Marts, our objective is to financially empower India's under-served, gainfully serve the under-privileged and overcome the socio-economic inequalities existing in our society.

At Vakrangee, we strive to create a robust financial platform to inculcate the savings formation habit and improve financial literacy. Our financial inclusion initiatives are aimed towards unleashing India's vast untapped potential and being one of the key enablers in broadening and deepening of financial services till the bottom of the pyramid.

We wish to begin our next revolution of growth with banks outsourcing the process of reaching out through the "Business Correspondents" (BC) model. Our game-changing "Entrepreneur Model" for setting up franchisee-based Vakrangee Marts benefits not just the rural populace. Through the model, we wish to touch the lives of these Entrepreneurs (our franchisees) and their families, resulting in a strong "percolating down effect" on the society.

We call this **the Vakrangee Effect.**

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NOTE ON FORWARD LOOKING STATEMENTS

In this Annual Review we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This review and other statements – written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Corporate Information

Board of Directors

Mr. Dinesh Nandwana
- Chairman & Managing Director

Dr. Nishikant Hayatnagarkar
- Whole Time Director, R&D

Mr. Ramesh M. Joshi

Mr. Sunil Agarwal

Mr. B. L. Meena

Compliance

Statutory Auditors
M/s. S. K. Patodia & Associates,
Chartered Accountants, Mumbai

Company Secretary & Compliance Officer

Ms. Darshi Shah

Bankers

Union Bank of India
Axis Bank Limited
State Bank of India
Bank of India
Indian Overseas Bank
State Bank of Travancore
Vijaya Bank
ING Vysya Bank Limited
Dhanlaxmi Bank Limited
ICICI Bank Limited
Andhra Bank
Punjab National Bank
State Bank of Mauritius Limited
State Bank of Bikaner & Jaipur
IDBI Bank Limited

Security Trustee

Axis Trustee Services Limited

Registrars

M/s Bigshare Services Pvt. Ltd.
E-2, Ansa Industrial Estate,
Saki - Vihar Road, Sakinaka,
Mumbai - 400 072.
Tel: +91-22-4043 0200
Fax: +91-22-2847 5207
Email: info@bigshareonline.com

Registered Office

Vakrangee Limited
'Vakrangee House'
Plot No. 66,
Marol Co-op. Indl. Estate,
Off. M. V. Road, Marol,
Andheri (East),
Mumbai - 400 059.
Phone No. : +91 22 2850 4028 / 3412,
+91 22 6776 5100
Fax No. : +91 22 2850 2017
Email: info@vakrangee.in
Website: www.vakrangee.in

VAKRANGEE

VAKRANGEE MARTS.
INDIA'S NEXT RETAIL REVOLUTION

Our Vision

Vakrangee aims to be the most trusted consumer service point for urban and rural India, by making solutions even more simple & sustainable; offering products & services that are even more reliable & affordable; and imparting customer service that is even more friendly.

Our Mission

Vakrangee intends to become India's No.1 retailer by offering innovative ideas and proven modern technologies for facilitating universal financial & social inclusion.

About Us

Building the World's largest Technology-driven Product & Services delivery platform

We are a technology-driven company, focussing on creating India's largest network of last-mile retail points-of-sale. Our aim is to potentially enable every Indian to seamlessly benefit from financial inclusion, Government programmes and from a wider access to basic goods and services. We leverage our vast network of retail access points to deliver real-time BFSI services, Government to Citizen Services (G2C) & Business to Consumer Services (B2C) to the unserved rural, semi-urban and urban markets.

Our endeavour is to connect India's citizens with a modern ecosystem. We also aim to bridge the financial inclusion gap between the developed urban India and under-developed rural India by serving a 700+ million people market through our Vakrangee Marts.

Being the largest single systems integrator for key government projects, we enable the Central and State Governments to administer and deliver G2C services to each citizen – more affordably, reliably and efficiently than ever before.

Our Pedigree

- India's focussed e-Governance player with about two decades of experience
- Strong expertise from data digitisation to technology management
- Strong track record of delivering time-bound mission critical projects
- Efficient back-end for assimilating and processing data related to G2C and B2C services
- Empanelled in T3F4 (highest category) for the UIDAI Aadhaar Cards project
- Participation in Mission Mode Projects – MCA 21, RSBY, Passport Seva Kendra, UIDAI
- One of the leading systems integrator for key government projects
- CMMI maturity level III organisation – ISO 27001, ISO:IEC 20000 Certified

3,853*

Vakrangee Marts Operational

15,000

White Label ATMs to be set up in 3 years

42 mn

Aadhaar Cards Generated

700 mn

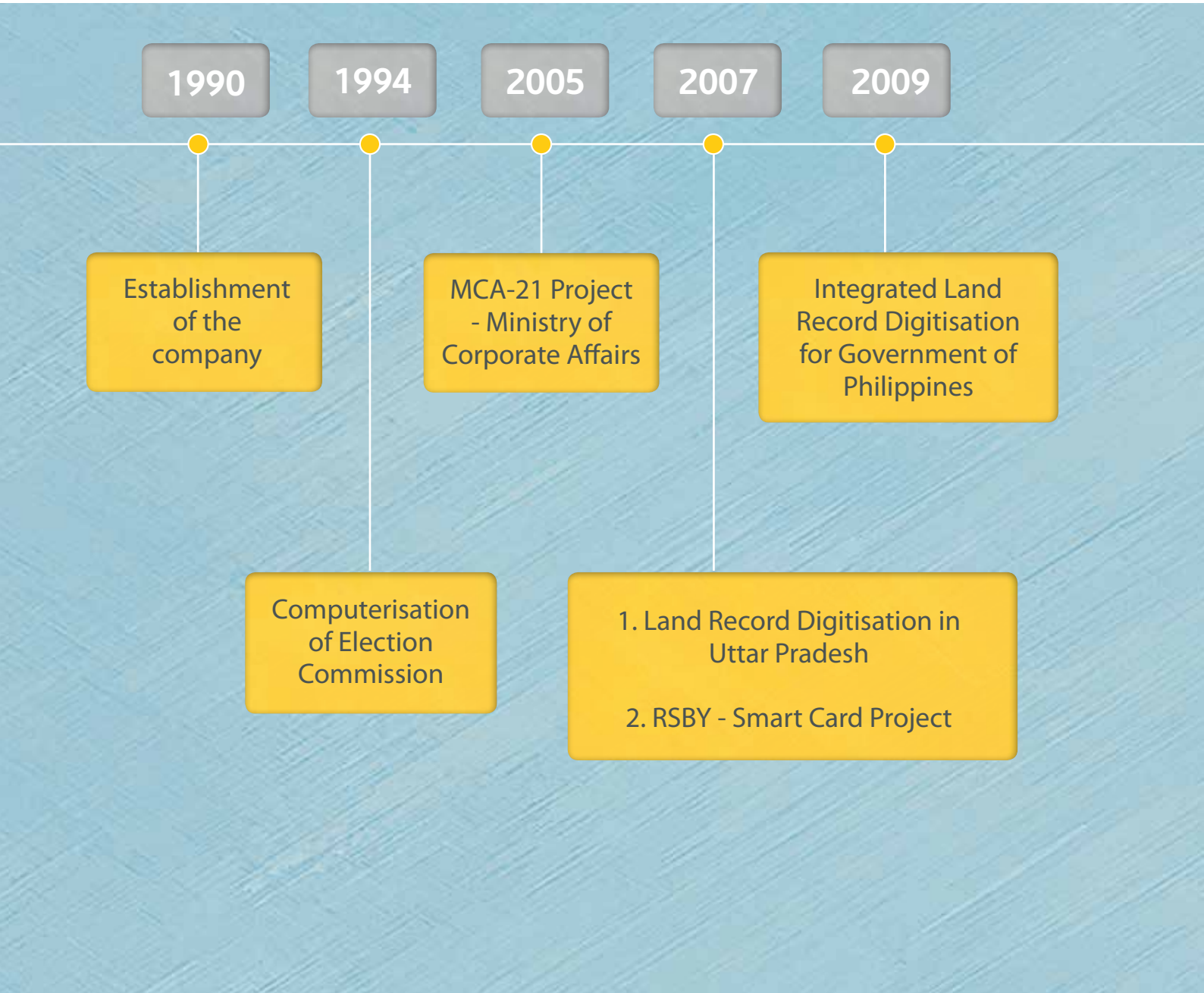
Rural Market Opportunity in India

*As on March 31, 2014

Our Genesis & Evolution

WE HAVE TRANSFORMED OURSELVES

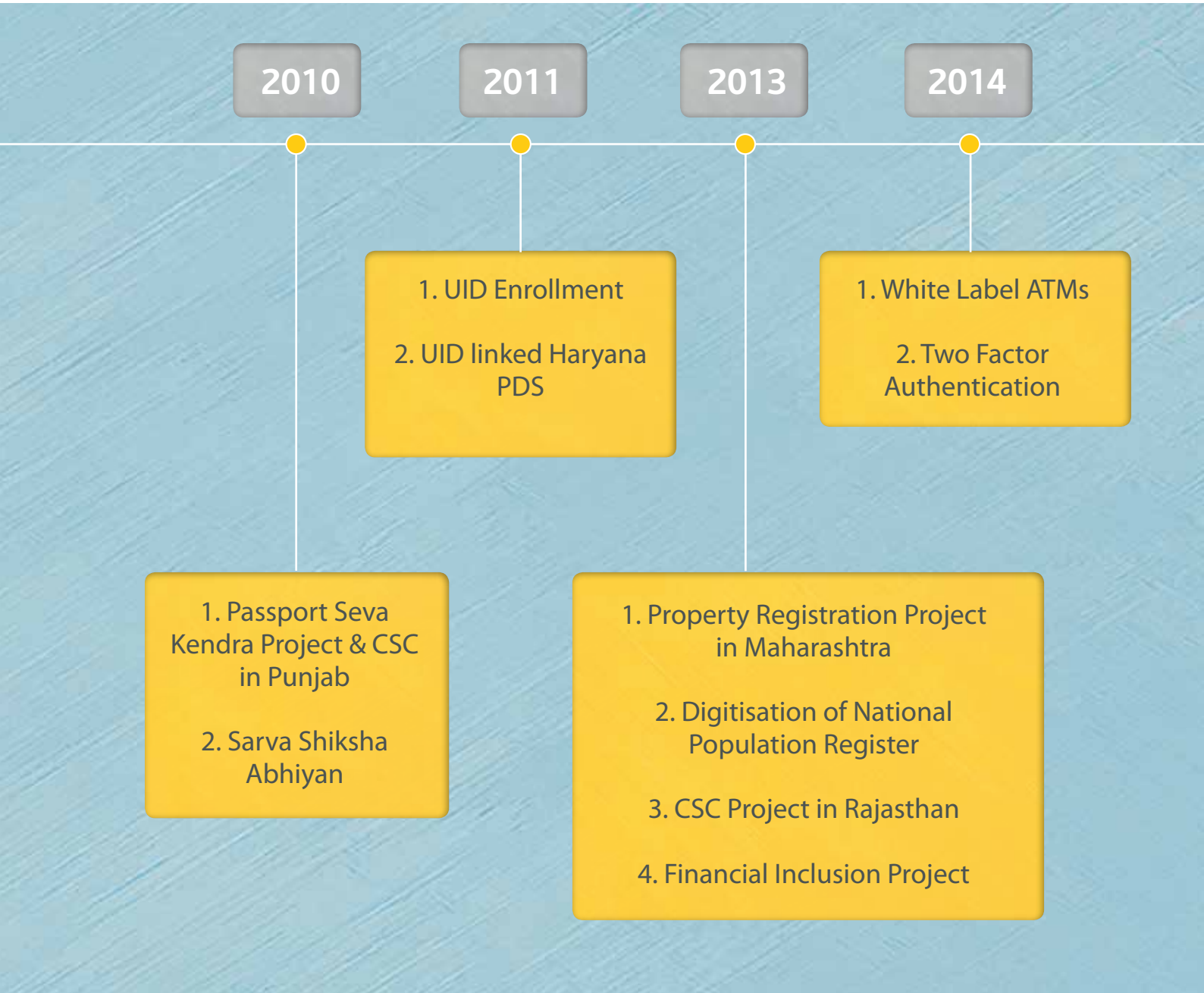
FROM BEING A SUB-CONTRACTOR AND IT-ENABLER FOR E-GOVERNANCE PROJECTS TO A PRIME BIDDER IN E-GOVERNANCE PROJECTS AND FURTHER TO A FULLY-INTEGRATED RETAIL HOUSE OFFERING BFSI, G2C AND B2C SERVICES.



We have evolved into a standalone retail chain offering a strong bouquet of services across the Government, BFSI and consumer domains. We have a proven track record and an unparalleled execution capability in delivering time-bound mission critical projects with a large footprint across several geographies.

Our vast network financially empowers a large section of the society, which was so far excluded from the mainstream activities of an emerging economy in the categories of consumption, savings and investment.

Under our highly evolved retail model, we provide technology-driven real time connectivity at the Gram Panchayat level through a variety of products and services. We offer a portfolio of banking and BFSI services and have a strong distribution channel to deliver G2C and B2C services across segments.



The Vakrangee Effect

Our vast network financially empowers a large section of the society that, till now, were completely excluded from the mainstream activities of an emerging economy: namely consumption, savings and investment. This increased participation will in turn support further industrialisation, more agriculture and a wider market for goods and services. With the potential financial inclusion of a large section of society responsible for more than half of of India's GDP, the Indian economy can be further enlarged and energised.

WE CALL THIS "THE VAKRANGEE EFFECT".

OUR COMPETITIVE ADVANTAGES

01 Strong technology expertise

02 Reach till Gram Panchayat level

03 Proven track record

04 Unparalleled execution capabilities

05 Preferred partner for banks

Our Brand Promise

No matter how remote, excluded or poor they might be, we promise to give every under-served Indian their rightful access to basic modern banking, within walking distance from their homes.

Along with this, we also promise to bring closer to them affordable and quality products & services that improve their essential living standards.

We will continue this endeavor until we have included the last financially excluded person in our country.

Our Brand Principles

Trust

THE GLUE THAT BINDS ALL OUR STAKEHOLDERS – GOVERNMENT, BANKS, BUSINESSES AND OUR FRANCHISEES

Perseverance

THE ATTITUDE WE HAVE TO ACCOMPLISH THE UNPRECEDENTED FEAT OF CREATING THE WORLD'S LARGEST RETAIL NETWORK, EVEN IN THE MOST REMOTEST AND INHOSPITABLE AREAS WITHOUT ELECTRICITY AND CONNECTIVITY

Unyielding Rigor

THE WAY WE TRAIN OUR PEOPLE AND SET HIGH STANDARDS OF QUALITY IN OUR SYSTEMS AND PROCESSES – THE BACKBONE OF OUR SUCCESS. WE CAN TAKE ORDINARY INDIVIDUALS AND TRAIN THEM WITH SKILL-SETS THAT HELP THEM YIELD REMARKABLE RESULTS

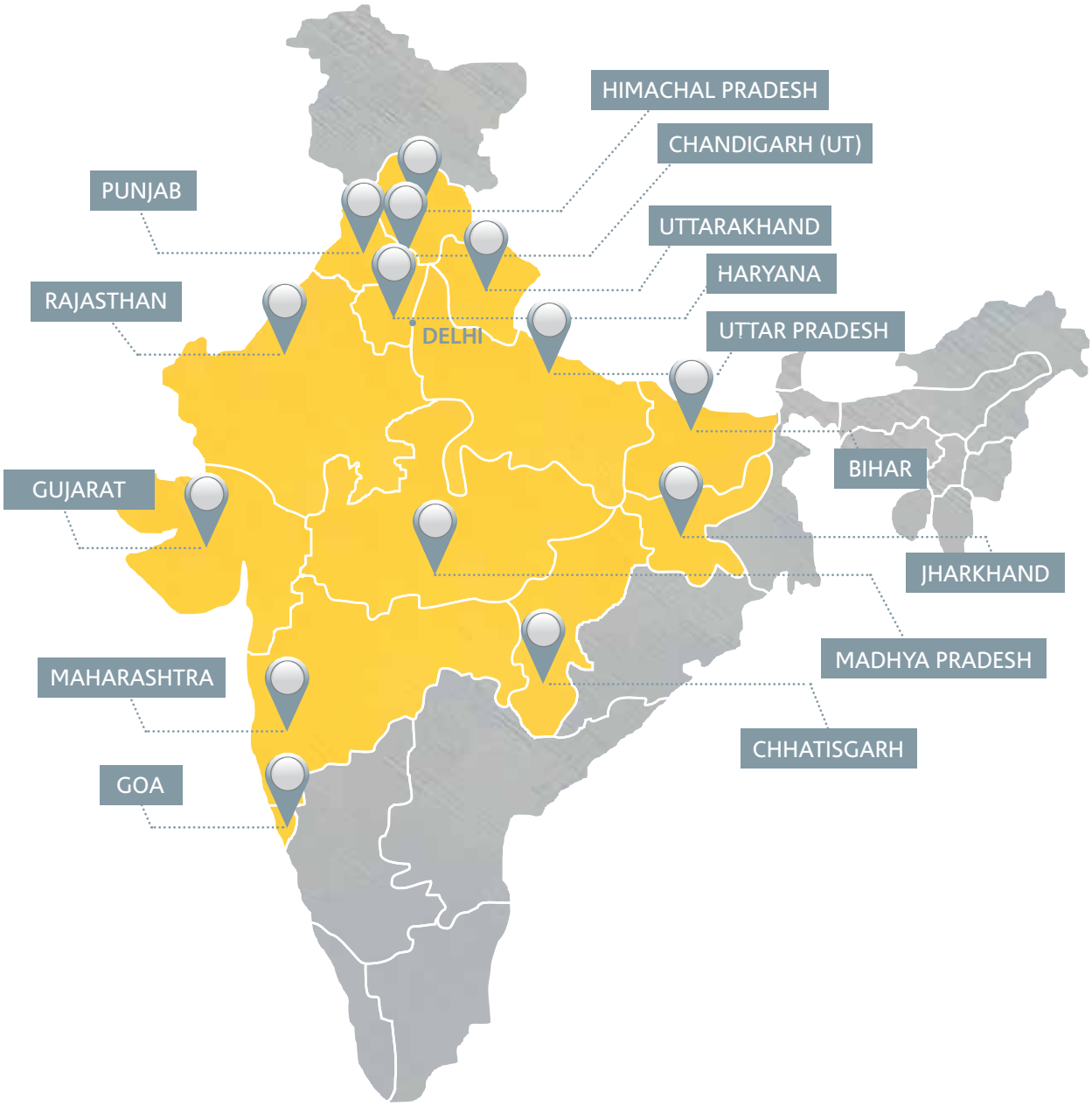
Entrepreneurial

AN ENTREPRENEURIAL SPIRIT IN OUR APPROACH TO BUSINESS – BOTH IN OUR EMPLOYEES AND OUR FRANCHISEES – OUR KEY BUSINESS PARTNERS

Prudent

OUR BASIC APPROACH TO SCALABILITY, SECURITY, CONFIDENTIALITY, PLANNING, RISK MANAGEMENT AND VALUE CREATION

Our Pan India Presence



An Insight into our Operations - Vakrangee Marts

Vakrangee won tenders for setting up and running upto 18,265 Common Business Correspondent outlets of public sector banks at the Gram Panchayat level for the states of Maharashtra, Rajasthan and Delhi. This was done to bridge the financial inclusion gap, where rural India does not have access to the commercial banking system enjoyed by urban India. The banks, subsequently, through various communications have allotted additional BC outlets to Vakrangee in northern and western states in India, wherein it intends to set up and manage upto 50,000 branches including around 15,000 branches in urban and semi-urban areas and the balance in Panchayat in rural areas.

We have been enhancing the profitability of these outlets by selling life insurance policies of Life Insurance Corporation of India (LIC) and non-life insurance products from The New India Assurance Company Limited (NIA), after taking corporate agency licenses from them. Vakrangee has also been selling various G2C and B2C services at these outlets.

BFSI Services

WE ARE A RETAIL HOUSE OFFERING BANKING & FINANCIAL SERVICES TO INDIA'S UNBANKED POPULATION AND THE LAST-MILE LINK CONNECTING INDIA'S URBAN AND RURAL CITIZENS WITH ITS MODERN ECOSYSTEM.

Our BFSI Offerings

- Banking
- Direct benefit transfer
- Insurance (Life and Non-life)

Banking Services

We provide real-time banking transactions at the grass-root level in the states of Maharashtra, Rajasthan and Delhi through Vakrangee Marts. Some of these are: creation of bank accounts; cash deposit/cash withdrawal/cash transfer; fixed deposits/recurring deposits; facilitation of credit to borrowers; and sale of third-party insurance products.

Direct Benefit Transfer

Through Direct Benefit Transfer scheme, all social security payments will be made through the banking network using Aadhaar-based platform as a unique identifier of beneficiaries. We facilitate delivery of social welfare benefits and transfer of subsidies to the beneficiaries through direct credit to their bank accounts, thereby eliminating the middleman.

Pension Transactions

Through this initiative, we promote security of income to India's pension subscribers. Our services enable pension subscribers to access pension funds from their Aadhaar-linked bank accounts using our robust network of Vakrangee Marts.

Insurance

Through our corporate agency tie-ups with LIC and NIA, we offer comprehensive life insurance and non-life insurance plans at our Vakrangee Marts.

B2C Services

WE HAVE GAINED AN UNPARALLELED EXPERIENCE IN SETTING UP A STRONG BACK-END FOR PROCESSING BUSINESS-TO-CONSUMER SERVICES IN SECTORS SUCH AS TELECOM, DTH (SATELLITE TELEVISION) AND EDUCATION. THROUGH OUR DEFINITE APPROACH IN THE B2C SEGMENT, WE AIM TO REVAMP THE CONSUMER LANDSCAPE, PLACE THE CUSTOMER AT THE CENTRE AND DELIVER A UNIQUE EXPERIENCE THAT MEETS HIS EXPECTATIONS.

We are empanelled to provide end-to-end e-Commerce solutions aiming to connect India's citizens with a modern ecosystem. As financial inclusion has become more of a policy imperative, we aim at providing a bouquet of financial products & services to empower the masses. Our customers gain access to an array of products and services at the click of a button.

Through our B2C services, our objective is to improve India's access to financial services. This will be achieved by bringing the unbanked and under-banked population under the organised financial services framework using Vakrangee Marts. With this, we are working towards facilitating access to India's masses to financial services by implementing our innovative and customer-focus initiatives.

Telecom

We are the service providers of a wide range of services in the telecommunications space, adding value to our B2C customers in more ways than one. We offer pre-paid and post-paid cards, tariffs and plans, charge and calling cards, broadband connections and other value-added services offered by telecom providers.

Direct to Home (DTH)

We have partnered with leading DTH providers of home entertainment, enabling them to increase their subscriber base through Vakrangee Marts. Our service delivery includes end-to-end solutions in the DTH segment including recharge coupons, subscription cards, new set-top box connections, and various other customer services.

Education

We started delivering education related services at our Vakrangee Marts by taking the distribution agency of text books in Maharashtra.

G2C Services

OUR SPEEDY DELIVERY OF G2C SERVICES IS AIMED AT REVAMPING THE CONSUMER LANDSCAPE AND ENABLING THE GOVERNMENT SERVE ITS CITIZENS BETTER. WE PROVIDE END-TO-END G2C SOLUTIONS TO CITIZENS THROUGH INTEGRATION OF OUR FRONT-END SERVICES WITH THE GOVERNMENT SYSTEMS.

We are a Service Centre Agency (SCA) under the CSC scheme of Government of India targetting to offer an extensive spectrum of G2C Services through our Vakrangee Marts.

Our portfolio of G2C segment includes services such as collection of utility bills, electoral services, Government recruitment application processing, grievance management and issuance of certificates.

Collection Services

We offer bill collection services for payment of electricity, telephone and mobiles (Post-paid).

Recruitment Application Processing

We provide the facility of processing applications for recruitment of workforce for Government-related services (Police, Teacher, Anganwadi Workers and others). The system installed at our retail branch network helps applicants identify job openings, create their own profile, submit their application and resumes and also provide reference checks.

Issuance of Certificates

We strive to serve India's citizens by providing the facility of online registration of important certificates such as those for birth, death and marriage, as well as their issuance to citizens.

Grievance Management Services

We act as a Grievance Lodging, Monitoring and Management System for the citizens of India.
The system enables the citizens to issue a formal grievance on any particular or specific issue to the Government directly or through the local agencies set up by the Government.

An Insight into our Operations - e-Governance

WITH OVER 20 YEARS OF DOMAIN EXPERTISE AND OUR UNPARALLELED CAPABILITIES IN DELIVERING LARGE-SCALE AND COMPLEX-IN-NATURE E-GOVERNANCE PROJECTS, WE HANDLE MARQUEE PROJECTS RANGING THE ENTIRE SPECTRUM OF THE GOVERNMENT'S NATIONAL E-GOVERNANCE PLAN. WE ENABLE SPEEDY DELIVERY OF E-GOVERNANCE SERVICES WITH BACK-END IT AND ON-GROUND SUPPORT.

Our established track record in delivering time-bound 'mission critical' Government projects enables providing a range of services across data digitisation to technology management. We have proven skills and robust expertise in providing back-end support and systems integration in this segment. Our reach is vast extending beyond the Gram Panchayat level. Some key e-Governance projects we handle are PDS, UIDAI, NPR, SSA, CSC, FI and IGRS, among others. These projects are aimed towards improving the overall processes and public administration services under the e-Governance Plan.

Aadhaar Card

We are India's first-largest enrollment agency empanelled with the Unique Identification Authority of India (UIDAI) under T3F4 category, permitting pan-India enrollment of Aadhaar Cards, the 12-digit individual identification number issued by the Government of India.

Print and Data Management Services and Election related projects

We offer print management and data management services to Election Commission related projects and to private corporates in India. Some of our major projects in this area include work for the Office of Chief Electoral Officer for various states. We have also been aggregating and updating electoral data for Election Commission projects since the nineties.

Public Distribution System

We assist the Government in distribution of subsidised food and non-food items to the poor sections of the society in Haryana and making the distribution system more transparent, efficient, effective and accountable.

Inspector General of Registration & Stamps (IGRS)

The project aims to simplify the registration process, identifying its market value and appropriation, delivering time-bound services, ensuring centralised record keeping and increasing the overall efficiency.

New Initiatives

OUR VISION IS TO PROVIDE AFFORDABLE FINANCIAL SERVICES TO INDIAN HOUSEHOLDS THROUGH A STREAM OF STRATEGIC PROJECTS. THROUGH OUR PROJECT ON SETTING UP WHITE LABEL ATMS, WE AIM TO TAKE BANKING TO THE MASSES BY PROVIDING OUR CUSTOMERS EASY ACCESS TO CASH, WITHOUT HAVING TO WORRY ABOUT TRAVELLING LONG DISTANCES TO REACH THEIR OWN BANK ATM.

The basic objective of our services is to drive the rising demand for high-cost financial services among Indian households. Through these key projects, we wish to promote household savings and convert our current spending into savings and wealth creation. To enable this, we wish to work with the vast and geographically well-positioned retail infrastructure network of banks. Our Strategic Projects are aimed towards leveraging the emerging technology.

White Label ATMs

The Reserve Bank of India (RBI) has licensed us to set up and manage a minimum of 15,000 White Label ATMs across India within three years. We are required to implement this roll out at the rate of 5,000 ATMs a year (beginning January 23, 2014) and maintain a Rural-to-Urban ratio of 2:1, i.e., for every White Label ATM set up in Tier I or Tier II centres, we will need to establish two White Label ATMs in Tier III to Tier VI centres (with a minimum of 10% of ATMs in Tier III to Tier VI centres to be opened in Tier V and Tier VI centres). We will earn revenues from participating banks who will pay us a transaction fee for every transaction (financial and non-financial transactions) conducted through our White Label ATMs.

We intend to establish White Label ATMs near or within our Vakrangee Marts to increase revenues and cost synergies. We also intend to make our ATMs biometric-enabled to enable people to access and conduct ATM transactions using their fingerprints in addition to bank cards. We believe that there is a growing market for ATM services in India given the extent of completed enrollments in the UIDAI project across India, which will result in more people having access to biometric-enabled ATMs than was previously possible using ATM cards. A portion of the proceeds from the offerings are intended to be deployed in implementing our White Label ATM roll out plan across India.

Message by the Chairman of the Board

DEAR SHAREHOLDERS,

Purposeful direction and focussed commitment best describe FY2014 at Vakrangee Limited. During the year, we demonstrated the right strategy, culture and geographical footprint to deliver consistent and sustained value for our shareholders. It is our steadfast commitment to India's communities that kept us moving into the future. Over the years, we have moved up the value chain – from being a sub-contracted IT enabler in e-governance projects into a prime bidder focussed on mission mode projects as per the e-Governance plan of India and our evolution into an organised **"Rurban Retail House"** offering banking, insurance, G2C & B2C services at more than 6,000 delivery points under "Vakrangee Marts".

Year in Brief

Our responsibility towards the society has been a core component of our strategy during the year under review. As shared with you earlier, we signed a contracts with Public Sector Banks in the previous year to set up and manage "BC Outlets" for 5+2 years as "Common Business Correspondents" for the states of Maharashtra, Rajasthan and Delhi. Subsequently, these banks have been permitting us to set up more BC outlets in other states. We now intend to complete ~50,000 Vakrangee Marts in 15 states by March 2017, out of which 15,000 will be in urban and semi-urban areas and the remaining 35,000 in rural areas. These BC Outlets offer paperless, real-time, inter-operable Banking to customers and present a strong platform for savings formation in India.

Our Front-end Delivery Point

Besides Banking, Vakrangee Marts act as front-end delivery points for value-added services in insurance, G2C and B2C portfolio at the Gram Panchayat level. Our bouquet of services gives us first-mover advantage in the urban and rural space and ensures that we are a "one-stop multi-retail outlet" for

TEAMWORK IS THE ABILITY TO WORK TOGETHER TOWARDS A COMMON VISION – THE ABILITY TO DIRECT INDIVIDUAL ACCOMPLISHMENTS TOWARDS ORGANISATIONAL OBJECTIVES. IT IS THE FUEL THAT ALLOWS COMMON PEOPLE TO ATTAIN UNCOMMON RESULTS.

- ***Andrew Carnegie***

consumers with the highest level of efficiency and effectiveness. Our deep understanding on consumer behaviour, due to last 20 years of working at the grass-root level in the e-Governance space, enables us to maximise customer experience and be the "last mile link" connecting the under-served citizens with India's modern ecosystem. Our key objective has been to develop a platform that can enable Government, private and social sector organisations to align their social and commercial goals for the benefit of India's population. This will be enabled in the remotest corners of India through a combination of IT and non-IT based services, giving us a definite competitive edge.

WLAs – a Growth Driver

The Reserve Bank of India (RBI) has granted us license to set up and run a minimum of 15,000 White Label ATMs (WLAs) over three years across India. These ATMs will have all the functionalities of a bank-run ATM dispenser, providing services to customers of all banks. Another key feature is that all our ATMs are adjoining to Vakrangee Marts in the Urban and Semi-Urban areas, offering more value-added services in terms of Banking, Insurance, G2C and B2C services to optimise cost and enhance profitability. Also, by adding the authentication mode of "Biometric Transaction" at these ATMs, we will be able to magnify the ATM market size from the number of "ATM Card Holders" to the number of "Aadhaar Card Holders". Hence, the WLA business is a perfect strategic fit for our current business model of Vakrangee Marts.

Government's Push towards Financial Inclusion

Our key driver for growth has been the Indian Government's massive push towards financial inclusion through **"Pradhan Mantri Jan Dhan Yojana"**. It's objective is to bring every Indian into the banking net, including the poorest of the poor households, by ensuring at least two bank accounts per household (at least one should be of the lady of the house). The scheme aims to provide bank accounts to 15 crore individuals in Rural and Urban India, along with accidental insurance cover of ₹ 1 lakh. These accounts shall be linked with the Aadhaar number of these account-holders and will become the single point of contact for receipt of all direct benefit transfers (DBT) from Central/State Government/Local Bodies.

Making India Digitally Empowered

Digital India is a new comprehensive e-Governance programme to transform India into a digitally empowered society and knowledge economy. It is an 'Umbrella Mission' for various citizen centric ministries/departments to offer services on demand to rural citizens at the click of the mouse, setting up digital infrastructure at each nook and corner of Rural India.

We are one of the leading e-governance players functioning as a systems integrator and an end-to-end service provider and have been a part of various mission-mode projects for over the past two decades. With footprint in most parts of the country, we have the "first mover advantage" to leverage this huge opportunity from the ₹ 1.1 trillion "Digital India" mission of the Central Government.

Aadhaar – Our Pride

We are empanelled in the highest category of T3F4 permitting pan-India enrollment activity. We have emerged as the largest enrollment agency with generation of more than 42 million Aadhaar directly under the Unique Identification Authority of India (UIDAI) project. These numbers are linked to the residents' demographic and biometric information. Our Company has benefitted greatly with the

NO MATTER HOW REMOTE, EXCLUDED OR POOR A PERSON MIGHT BE, WE HOPE TO GIVE EVERY INDIAN THE ACCESS TO BASIC MODERN BANKING WITHIN WALKING DISTANCE. WE REMAIN TARGETED TO BRING AFFORDABLE AND QUALITY PRODUCTS AND SERVICES TO INDIA'S UNDER-SERVED POPULACE.

Government's fast-tracking of the project. Further, UIDAI an increased budget of more than ₹ 2,000 crore for Aadhaar project in the current year's Union Budget of FY2014-15 gives further fillip to our growth in the business.

Financial Scorecard

Despite a still-difficult macro environment, your company delivered solid results. On a consolidated basis, revenues including other income were ₹ 19,580.63 million, compared to ₹ 15,523.62 million in FY2013. The EBITDA was ₹ 5,407.60 million as compared to ₹ 3,867.12 million in the previous fiscal year, whereas the Profit After Tax amounted to ₹ 1,750.42 million vis-à-vis ₹ 1,043.28 million earlier. the Total Income, EBITDA and PAT grew at a CAGR of 30.05%, 57.12% and 53.77%, respectively, over the last three years. Our ROCE for FY2014 stands at 28.30%. The "asset light" business model we follow entails operating our business on a franchisee basis in rural India, requiring minimum initial capex and incremental working capital requirement. This is expected to translate into higher return ratios and reduced debt levels, going forward.

Human Strengths

Thanks to our human talent and dedicated pool of employees, we remain motivated to perform well across all our business verticals. Our strong and experienced workforce is capable of driving end-to-end implementation of key projects, enabling us to achieve our goals across the urban, semi-urban and rural populace. Our scale and nature of business requires our human capital to have a hands-on approach and be discerning of the ground realities in a tough environment. And we thank our employees for an exemplary performance across segments.

Unleashing our Full Potential

Our business has high scalability with efficient Capex management through a combination of "owned" and "franchisee" model. Affiliation with our B2C partners and PSU banks and a sustainable local demand

is likely to give considerable traction to our retail operations, moving ahead. We are unleashing the full potential of our scale. A key to sustained growth within the Company will be proper execution of our "mission critical" projects. Over the years, we laid the groundwork and developed strong execution capabilities and a nationwide footprint right uptill the grass-root level. We feel we are extremely well-positioned to grow – by category and by trend.

We have embarked on our next phase of evolution – from being a project solutions provider to a platform provider earning stable annuity income. In a conducive environment under new Government, we hope to do our utmost to systematically and prudently continue our profitable growth trajectory. Our strong growth agenda devised for the next three years will enable us to consistently deliver healthy shareholder value.

Going Forward

Going ahead, we continue to remain targeted to fulfil our vision of bringing affordable and quality products and services to India's population and improving their living standards. Going by our brand promise, no matter how remote, excluded or poor a person might be, we hope to give every Indian an access to basic modern banking within his walking distance.

We take this opportunity to thank our ex-Board Member Mr. Anil Patodia for guiding us through the years. His participation has been critical to our continued growth and development. We also take this opportunity to thank Mr. Kunnel Prem, who represented LIC on our Board and has recently resigned and moved from LIC to another organization. We are in the process of inducting the new director nominated by LIC onto our Board.

I wish to conclude by sincerely thanking our colleagues on the Board for their valuable guidance, our team for their enthusiastic and dedicated work, our shareholders for their continued trust, our customers for giving us the opportunity to serve and grow, our vendors for being an extension of our organization, our bankers for their support, and last but not the least, our Government and its various ministries/departments whose far-sightedness has inculcated an opportunity for metamorphic changes in governance.

Yours Sincerely,

Dinesh Nandwana
Chairman & Managing Director

Board of Directors

Dinesh Nandwana

Chairman and
Managing Director

Mr. Dinesh Nandwana is one of the main promoters of Vakrangee, a Chartered Accountant by profession. He is the navigator who drove Vakrangee from being a modest consultancy company to a well-renowned and prominent e-Governance Company. His vast experience is backed by astute and dynamic leadership qualities. Mentoring the core management team to enable it to deliver the best-in-class e-governance and IT & IT-enabled services has been his forte over the years. His vision to take the Company to a new orbit helped it achieve stringent targets and claim the position of one of the best e-Governance players in the market.

Nishikant Hayatnagarkar

Executive Director -
Research & Development

Dr. Nishikant Hayatnagarkar is a Doctorate in Computer Science from IIT at Powai, Mumbai and is associated with the Company since 1994. He is a well-known personality in the field of microchip designing. He has also developed a voice recognition system, which is widely used in various applications like Tele Banking, Tele Gas Booking, etc. He has also designed and developed a multi-lingual Keyboard and is a consultant to Media Labs Asia – Kamal Rekhi School for Information Technology (IIT Mumbai) for development of Multi-lingual data input device – Marathi language Key Board (Key – Lekh) and E-Lekh (Tablet based Marathi language Input).

Ramesh M. Joshi

Non Executive
Independent Director

Mr. Ramesh M. Joshi is a Graduate in Economics & Law from the University of Nagpur. He has held various important positions in the Reserve Bank of India and also had the privilege of being nominated on the Boards of several Banks. He retired as an Executive Director of SEBI and is now practicing as a senior corporate consultant.

WE HAVE ELABORATED AN ENLARGED VISION OF OUR STRATEGY FOR THE FUTURE, ENSURING THE SUSTAINABILITY OF OUR BUSINESS. WE MONITOR THE COMPANY'S PROGRESS REGULARLY TOWARDS DELIVERING ITS STRATEGIC PRIORITIES AND MAINTAINING GOOD GOVERNANCE ACROSS THE GROUP.

Sunil Agarwal

Non Executive
Independent Director

Mr. Sunil Agarwal is Bachelor of Commerce with over 25 years of experience in business administration. He is a very successful businessman with good leadership qualities to control huge projects and explore new business opportunities.

B. L. Meena

Non Executive
Independent Director

Mr. B. L. Meena has a rich experience of having worked in different Government departments, including being the Chief Commercial Manager NW Railway Jaipur of Indian Railway Traffic Service, where he served for 28 years.

Our Key Management

THE EXEMPLARY LEADERSHIP SHOWCASED BY OUR SENIOR MANAGEMENT TEAM PROVIDES A SHARPER MANAGEMENT FOCUS TO THE COMPANY. IT ACCELERATES THE DECISION-MAKING PROCESS AND CARVES OUT OUR STRATEGIC GOALS, THEREBY DELIVERING LONG-TERM ASPIRATIONS FOR THE BUSINESS.

Dinesh Nandwana

Chairman and
Managing Director

Dinesh Nandwana is a Chartered Accountant with 22 years of experience in overall Management, Operations, Finance & Corporate Affairs. He has led the evolution of Vakrangee since inception by ensuring continuous advance and improve e-Governance solutions leveraging world-class technologies, processes and people.

Santosh Dash

Chief Executive Officer –
Retail & BFSI (Global)

Santosh Dash is an IT veteran with an MBA gold medalist and B.Tech. He has more than 18 years of experience in blue chip organizations like PwC, IBM and ICICI and expertise in BFSI, Agri, Retail and Government business.

Pradeep Kumar

Chief Executive Officer –
Government Business

Pradeep Kumar is an ex-IRS officer with a MBA and B.Tech in telecommunications. He has more than 18 years of experience in Global Business Development and execution of large public sector IT projects.

Nishikant Hayatnagarkar

Director –
Research & Development

Dr. Nishikant Hayatnagarkar is a PhD in Computer Science from I.I.T. (Mumbai), with experience of 24 years in the field of software and chip designing, leads the SI LOB for Vakrangee.

Key Financial Indicators

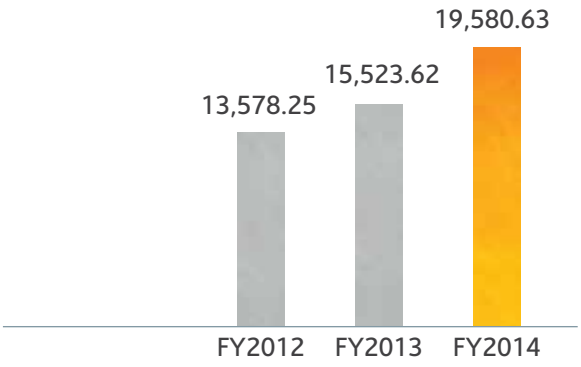
30.05%
3-Year CAGR in Total Income

57.12%
3-Year CAGR in EBITDA

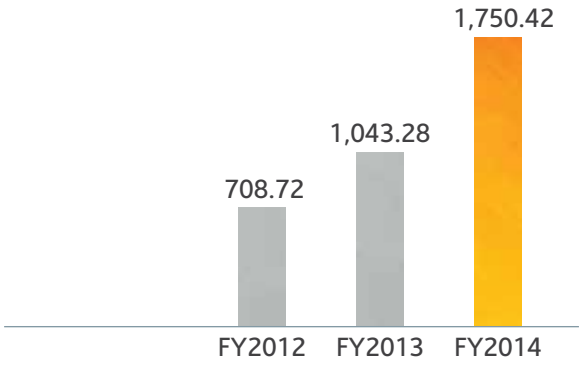
53.77%
3-Year CAGR in PAT

Vakrangee recorded 26.13% YoY increase in its total income in FY2014, driven by strong traction across Vakrangee Marts, steady execution of several ongoing e-Governance projects and boost from national/state level election related business. EBITDA increased 39.84% with an EBITDA margin of 27.62% and PAT increased 67.78% with a PAT margin of 8.94%. The Company has been on a strong growth path over the last three years with its revenues, EBITDA and PAT having grown at CAGR of 30.05%, 57.12% and 53.77%, respectively.

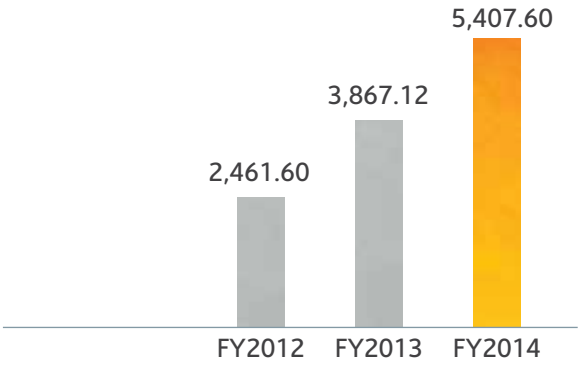
Total Income (₹ in Mn)



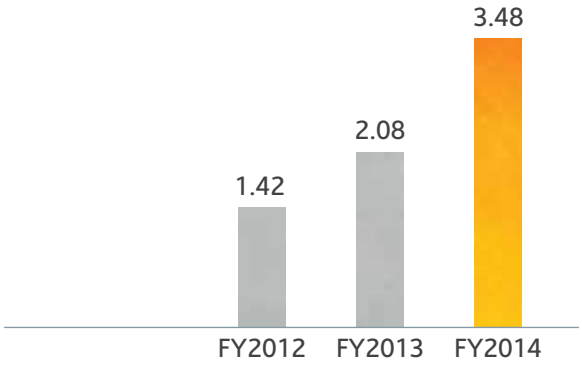
PAT (₹ in Mn)



EBITDA (₹ in Mn)



EPS (₹)



The Year in Brief

01
Vakrangee Marts:

- Signed agreements with 31 PSU Banks including RRBs (Regional Rural Banks) of PSU Banks
- Entered into B2C alliances across categories with LIC, New India Assurance and other telecom and DTH operators
- 3,853 Vakrangee Marts currently operational as on 31st March 2014

02
Election Commission:

- A great year in terms of national level Election as well as some major State Elections

03
Public Distribution System:

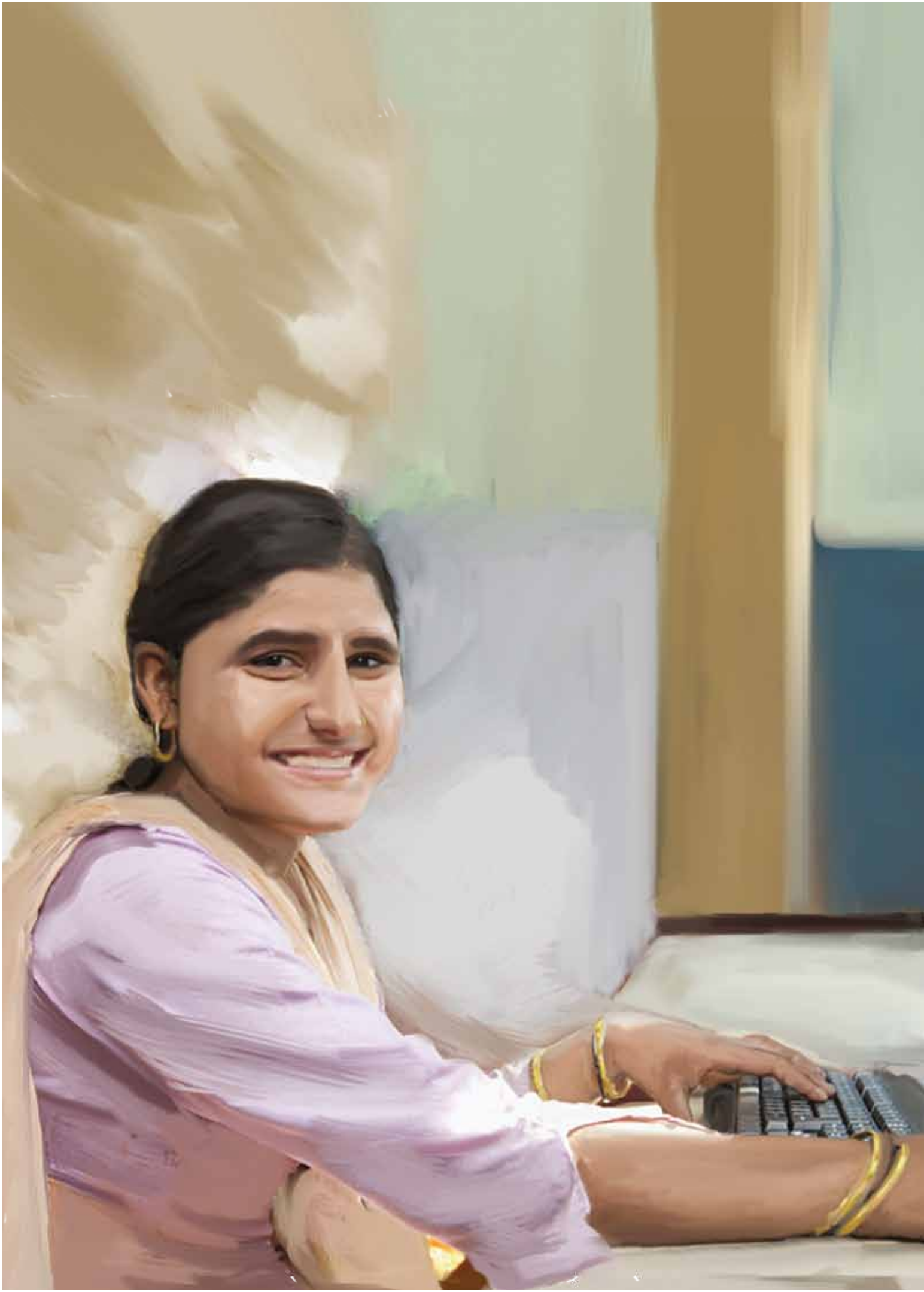
- Completed the pilot project
- Further roll out plan of the project will be prepared by the client in due course

04
Aadhaar Project:

- Enrolled 42 million residents under UID
- Set-up ~4,000 enrollment centers across India, capturing demographic and biometric data of residents

05
White Label ATMs:

- Received the licence to set up 15,000 White Label ATMs in urban, semi-urban and rural areas



01

DRIVING SUSTAINABLE AND EQUITABLE GROWTH THROUGH FINANCIAL INCLUSION

We have established a strong track record in delivering time-bound mission critical projects such as Aadhaar Cards and electoral roll data.
We have a large footprint across geographies.
We are also the largest systems integrator for key Government projects.

01

DRIVING SUSTAINABLE AND EQUITABLE GROWTH THROUGH FINANCIAL INCLUSION

We are a part of India's financial ecosystem. We well understand consumer behaviour and offer end-to-end solutions to India's under-served population through our retail network of Vakrangee Marts. Our key competitive advantage is a vast bouquet of products and services we will deliver at Vakrangee Marts. These may be in sectors as diversified as automobiles, agri-inputs and equipment and white goods.

Through our entrepreneur model under Vakrangee Marts, we empower not only the under-served population excluded from the mainstream activities of an emerging economy, but the benefits also percolate down to families of these entrepreneurs. This in turn will support further industrialisation and provide a wider market for goods and services. With potential financial inclusion of a society's large section, the Indian economy will be further enlarged and energised. We call this "The Vakrangee Effect".

Our Technology Edge

We enjoy a prolific edge in connecting citizens with India's modern ecosystem by providing them with technology-driven real time connectivity till the Gram Panchayat level. We have created a back-end for assimilating and processing data related to citizens and G2C transactions and delivering Mission Mode Projects at the grass root level.

Preferred Partner for Banks

Our Brick & Mortar branches, referred to as Vakrangee Marts, enable real-time transactions and offer a strong platform for savings formation in India. These savings aid banks in widening their CASA deposit base in the regions, resulting in availability of low-cost funds. Banks also benefit through our cost-effective last-mile delivery of Direct Benefit Transfer scheme.

Banks leverage our platform to service the customers, besides offering services and products to the rural rich. They gain the potential to offer farm loans, car loans, cross selling of bundled services such as insurance and medical policies. Another specific advantage accrued by banks is that of using our platform to outsource operations such as pension disbursements, migrant worker remittances and

low-ticket accounts to urban and semi-urban bank branches. This way, they can improve their productivity and focus more on expanding the lending business.

The Vakrangee Edge

- Strong technology expertise
- Exclusive banking services
- Strong bouquet of G2C services
- Reach till Gram Panchayat level
- Large footprint across geographies
- Unparalleled execution capability
- Track record to deliver time-bound mission-critical projects

Our Rural Advantage

700 mn

Estimated Number of Consumers

US$ 1 Trillion

Total Consumer Market

56%

Rural region's share in India's Total Income

25%

Share of Rural Segment in India's Total Disposable Income

01

DRIVING SUSTAINABLE AND EQUITABLE GROWTH THROUGH FINANCIAL INCLUSION

OUR CURRENT & PAST PROJECTS

Project: Aadhaar

Our Aim:
Enrollment of residents for issuance of Unique Identification Number to be used for delivery of all Government benefit schemes, which will be linked to his demographic and biometric information.

Our Achievement:
We are the leading enrollment agency empanelled with UIDAI on a pan-India basis under the highest category of T3F4. We have clocked highest UID enrollment of 42 million residents directly.

Project: Computerisation of Electoral Data

Our Aim:
Enrollment of eligible population into electoral rolls, enabling them to participate in the election process and governance.

Our Achievement:
We have completed collection of electoral roll data of people residing in 38,450 Gram Panchayats (village self-governments) in the State of Uttar Pradesh in Hindi and Urdu languages.

Project: E-Governance Philippines

Our Aim:
Introduction of paperless digital record keeping for registrar offices.

Our Achievement:
We have completed dematerialisation of 15 million land title deeds into digital format for Registrar of Deed offices across Philippines.

Mission Mode Projects under National E-Governance Plan

Central Projects	State Projects	Integrated Projects
• Banking	• Agriculture	• Citizen Service Centre
• Central excise & Customs	• Commercial Taxes	• e-Biz
• Income Tax	• e-District	• e-Court
• Insurance	• Employment Exchange	• e-Procurement
• MCA 21	• Land Records	• EDI fore-Trade
• National Citizen Database	• Municipalities	• National e-Governance Service Delivery Gateway
• Passport, Immigration & Visa	• Gram Panchayats	• India Portal
• Pensions	• Police	
• e-Office	• Property Registration	
• Posts	• Transport	
	• Treasuries	
	• Health	
	• Education	
	• Public Distribution System	

Project: Public Distribution System

Our Aim:
To implement Biometric Smart Cards-based PDS in Haryana through computerisation of PDS scheme.

Our Achievement:
We have completed the pilot project. Further roll out plan of the project will be prepared by the client in due course.

Project: Financial Inclusion

Our Aim:
To extend the outreach of financial services in rural areas, making the Government's financial inclusion initiative more effective.

Our Achievement:
3,853 ultra small branches for various PSU banks and their RRBs as on March 31, 2014.

Project: IGRS

Our Aim:
To computerise process of document registration, recovery of stamp duty, registration of marriages, societies, firms and non-trading companies.

Our Achievement:
571,990 registrations completed as on March 31, 2014.

02

OUR END-TO-END SERVICE DELIVERY THROUGH VAKRANGEE MARTS

Vakrangee Marts aim to act as the connecting bridge between rural and modern India. Besides providing key Banking & Insurance services to customers through the outsourced model with Indian banks, these Marts also offer insurance, G2C and B2C services to India's unserved population.

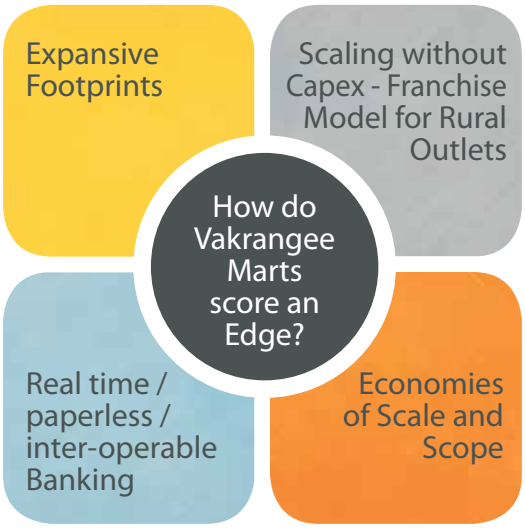
02

OUR END-TO-END SERVICE DELIVERY THROUGH VAKRANGEE MARTS

Our intent of setting up and managing a robust framework of ultra small branches across India is yet another step towards financial inclusion. Branded as Vakrangee Marts, these outlets provide banking and BFSI services to the under-served population of India with an objective of inclusive growth.

Through our tie-up with 31 public sector banks and our outsourced model, we provide end-to-end banking services in India. Through the best breed of functional modules, we aim to provide access to real-time basic banking transactions with technology-driven real-time connectivity at Gram Panchayat level, besides a host of Banking and Insurance services. In addition, these Brick & Mortar branches will offer a host of G2C and B2C services, becoming a one-stop shop for India's under-served population.

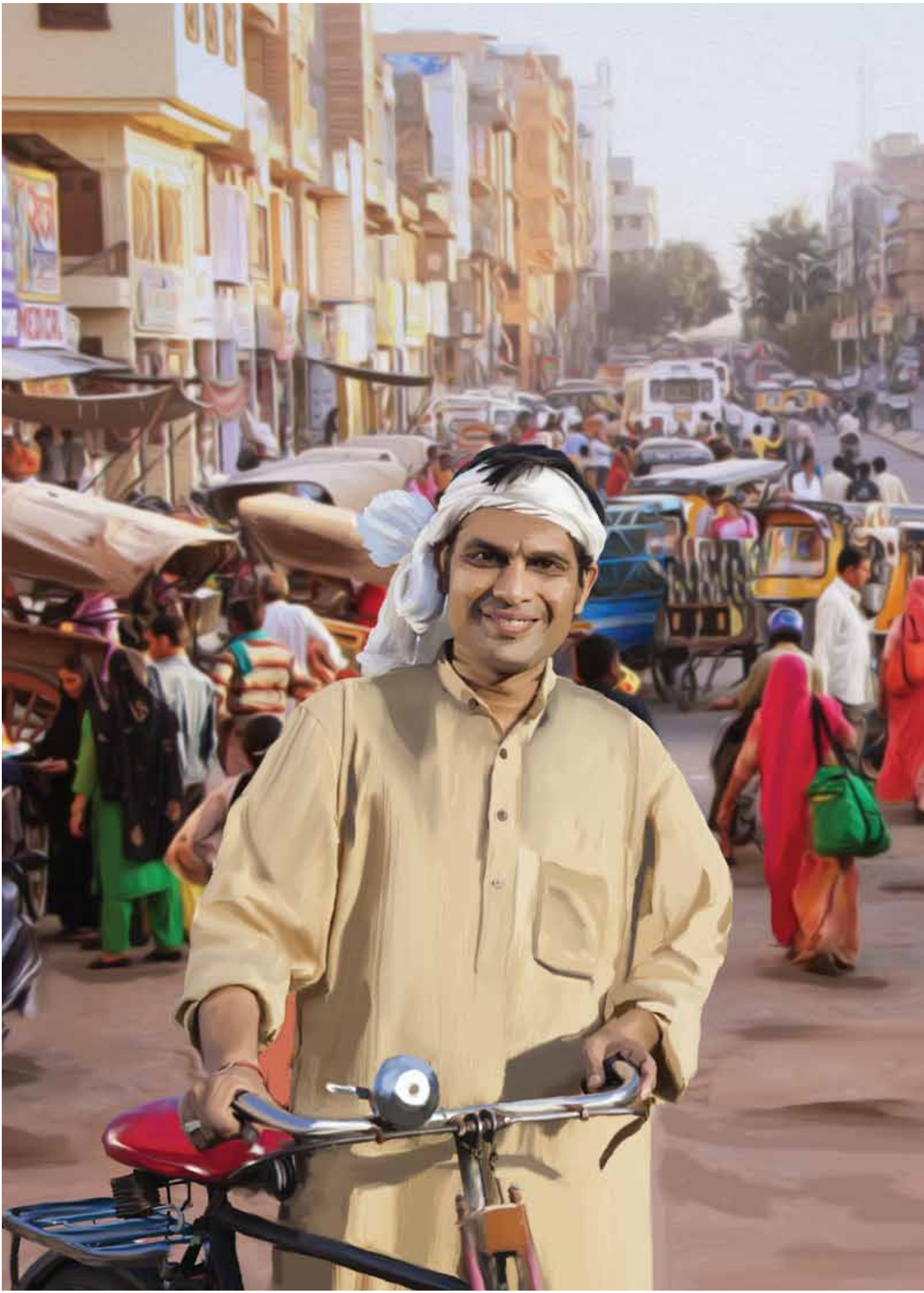
Vakrangee Marts are our touch-points to deliver services to citizens through our cutting-edge technology. About 3,853 of these Vakrangee Marts are already operational. Through Vakrangee Marts, our aim is to ensure efficiency, transparency and reliability of services at affordable costs to realise the common man's basic needs. Our B2C services will range the entire income spectrum of services – from direct cash disbursement and recharge coupons to delivering items such as automobiles or high-end consumables.

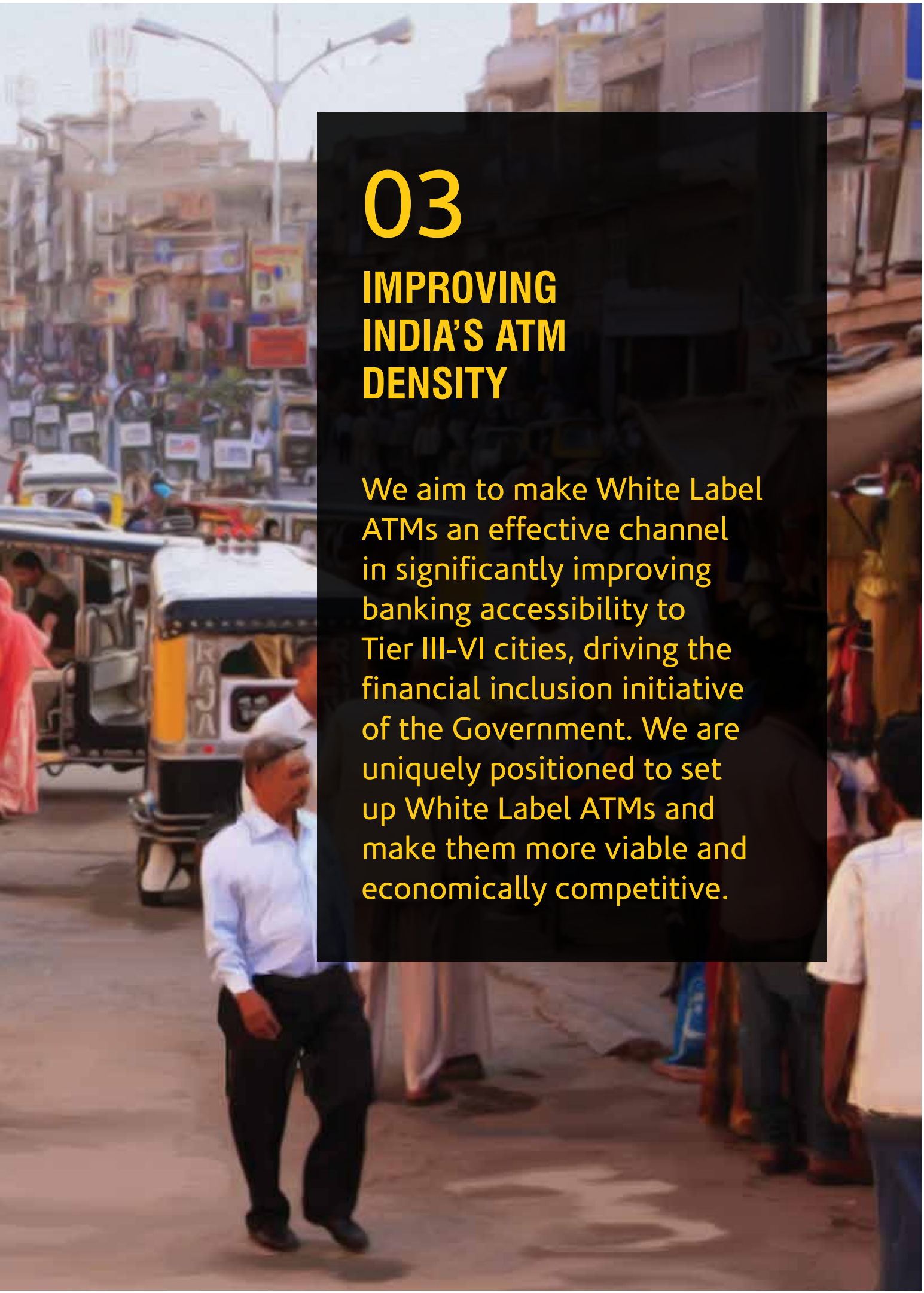


Vakrangee Limited's Retail Model

Wide variety of services & products across the same target consumers at the Gram Panchayat level

BFSI Services	B2C Services	G2C Services
Bank Account Opening	Telecom - Mobile Recharge	Enrollments-UID Card, NREGA Services, Electoral Services
Transactions–Deposits, Withdrawals, Remittances	DTH Service - Recharge, Bill Payments	Land Record Copies
Balance Enquiry, Statement of Accounts	Education	Payment of Utility Bills
Direct Benefit Transfer (DBT)	Healthcare	Railway Tickets
Pension Disbursement	Market Research	Exam Fee Payments, Online Form Filling
Insurance – Life/Non-Life, premium payments	Agriculture Inputs	Certificates, Hall tickets
Retail Loans, ODs, Fixed Deposits	Automobiles	Text Books





03

IMPROVING INDIA'S ATM DENSITY

We aim to make White Label ATMs an effective channel in significantly improving banking accessibility to Tier III-VI cities, driving the financial inclusion initiative of the Government. We are uniquely positioned to set up White Label ATMs and make them more viable and economically competitive.

03

IMPROVING INDIA'S ATM DENSITY

Even though there are roughly around 135,000 ATMs in the country growing at 27% YoY, India is a highly under-penetrated market. There are 282 ATMs in South Korea, 182 in Russia,127 in Japan and 37 in China per 100,000 population, while in India there are only 11 ATMs per 100,000 of population (Source: the World Bank). India has been adding an average of 16,000 ATMs each year over the last five years, but the growth has been largely concentrated in Tier I and II centres of India. The cities falling in Tier III-VI categories are largely under-penetrated.

We have received a final authorisation from the Reserve Bank of India (RBI) in setting up, owning and operating 15,000 White Label ATMs in India within the next three years. This followed RBI's grant to non-banking entities to provide ATM services to customers from all banks. We will maintain a rural-to-urban ratio of 2:1 in our model of setting up White Label ATMs. For every 1 WLA in Tier I and II centers, there will be 2 WLAs set up in Tier III-VI areas. Further, a minimum of 10% of this will be set up in Tier V-VI centers.

We will benefit through the receipt of transaction fee from banks for the use of our ATM network. In this manner, we gain the opportunity of earning additional revenues through advertisement and other value-added services, as per the regulations.

15,000

ATMs to be set up by Vakrangee in 3 years time

Our Competitive Advantages

a. ATM adjoining our ultra small bank branch to increase our revenues and cost synergies

b. Our ATMs will be biometric enabled allowing transactions using finger prints as well as cards. This shall increase the ATM market size from the number of ATM cards to the number of UID cards.

c. Large number of value-added services being offered at Vakrangee Marts in terms of banking, insurance, G2C and B2C, adjoining the ATM.

Approx.

135,000

No. of ATMs in India

27%

YoY Growth in ATMs in India

16,000

Average number of ATMs getting added each year in India

बैंक ऑफ महाराष्ट्र
वित्तीय समावेशन प्रकल्प

04

MAKING PEOPLE OUR COMPETITIVE ADVANTAGE

A motivated and committed workforce is the quintessence of our strength and sustained business success. There is a much sharper focus on training, learning and development within the company to build leaders that can perform in a competitive environment. With a motivated workforce, we focus on constant growth of the Vakrangee brand and fulfil our zeal of becoming the "most trusted consumer point" for India.

04

MAKING PEOPLE OUR COMPETITIVE ADVANTAGE

We are a people-oriented company and we truly believe that "happy and energised" employees are the key to our business success. At Vakrangee, a strong and dynamic workforce is our most valuable asset. We continue to strengthen the motivation of our employees and remain committed to attracting and retaining talent by following global best practices. This is aimed towards ensuring maximisation of our human capital potential and enabling them balance their professional and personal lives.

An investment in knowledge always pays the best interest. To ensure this, we endeavour further development of each of our employee by enhancing their organisational knowledge, building domain expertise and encouraging skills development. Our focus is on supporting the development of their skills, knowledge and understanding at work. We strive to expand the abilities of our human resources to ensure their continuing development and deepening of skill base.

Most importantly, embracing challenges and improving our business performance makes our goals more achievable and reaching them, far more enjoyable. We ensure that excellence never goes unrecognised. We retain a talented team with employees engaged in delivering exceptional results. Our objective is to build the right work culture within the organisation.

Towards our Corporate Growth objectives

- Talent management
- Employee engagement
- Recognition processes
- Motivation strengthening
- Individual career development

Management Discussion & Analysis

A SERIES OF REFORM MEASURES BEING TAKEN BY THE INDIAN GOVERNMENT IS AIMED AT REVIVING THE INDIAN ECONOMY AND INVESTOR SENTIMENTS. IN ADDITION, THE RESURGENCE OF EXPORTS, PROSPECTS OF A REVIVAL IN THE GLOBAL ECONOMY AND MODERATION IN INFLATION POINT TOWARDS A BETTER OUTLOOK FOR THE DOMESTIC ECONOMY DURING FY2014-15.

Economic Overview

Global Economy

The global economy experienced subdued growth for another year in 2013. The economy grew at its slowest rate since 2009 of approximately 2.9%. Under-performance was observed across almost all regions. Most developed economies continued to under-perform in an uphill battle against the effects of the financial crisis. However, prospects for 2014 look brighter with a forecast of improved growth for developed economies such as Germany, Japan, the United Kingdom and the United States. The International Monetary Fund (IMF) has raised the global economic growth outlook for 2014 to 3.6% and this is expected to accelerate to 3.9% in 2015. Growth in advanced economies is seen increasing to about 2.3% during FY2014–15, a 1% improvement over 2013. Key drivers for this improvement are a reduction in fiscal tightening and highly accommodative monetary conditions.

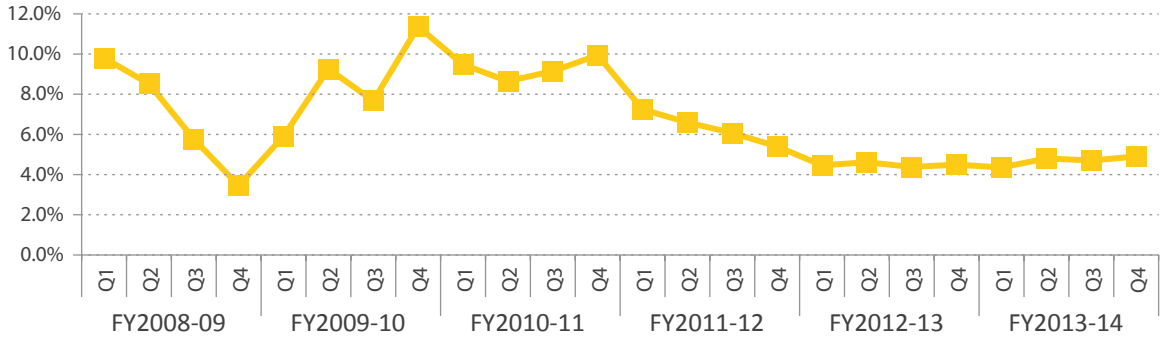
Among the advanced economies, growth is expected to be the strongest in the United States at about 2.8%. In the Euro area, growth is projected to be positive but varied. In the emerging markets and developing economies growth is projected to gradually pick up from 4.7% in 2013 to about 5% in 2014 and further to 5.3% in 2015. This will be aided by stronger external demand from advanced economies. Economic growth in China is projected to remain steady at 7.5% in 2014 as authorities seek to rein in credit and advance reforms, while ensuring a gradual transition to a sustainable growth path.

Indian Economy

The Indian economy weathered the global financial crisis rather well. It quickly recovered from the decline in FY2008-09 to a healthy growth rate of around 9% annually during FY2009-10 and FY2010-11. However, the recovery was short-lived as economic growth decelerated to 6.2% in FY2011-12 and further to 5.0% in FY2012-13 due to domestic and external factors. The Indian economy registered a 4.7% growth in the fiscal year FY2013-14, in terms of GDP at factor cost at constant prices.

The International Monetary Fund (IMF) has estimated a better year ahead for the Indian economy, as per the World Economic Outlook released in January 2014. A series of reform measures have been taken including the clearance of several large-scale projects by the Cabinet Committee on Investment. These are collectively projected to help revive the Indian economy and investor sentiments. In addition, the resurgence of exports, prospects of a revival in the global economy and moderation in inflation point towards a better outlook for the domestic economy during FY2014-15.

Growth Rate in India's GDP since FY2008-09



Source: RBI Database

THE INDIAN FINANCIAL SYSTEM IS STILL LARGELY UNDER-PENETRATED. AROUND 58.7% OF HOUSEHOLDS IN INDIA (54% IN RURAL AND 67.8% IN URBAN) AVAIL BANKING SERVICES.

Industry Overview

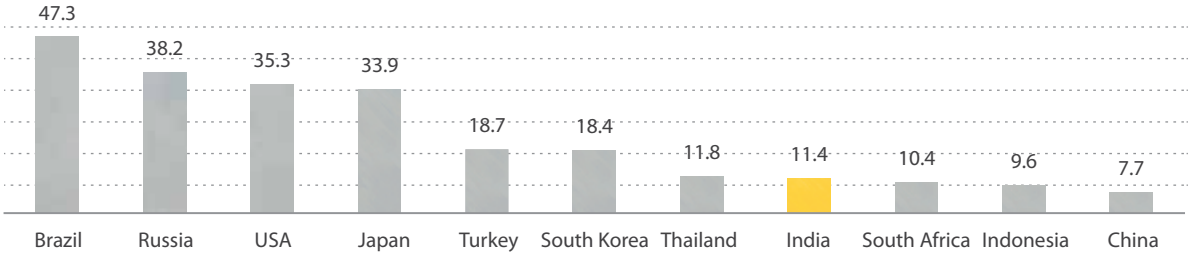
Financial Inclusion in India

The Indian financial system is still largely under-penetrated at the rural level. As per census 2011, only 58.7% of households (54% in rural and 67.8% in urban) are availing banking services in India. The World Bank Findex Survey (2012) indicated that only 35.2% of Indian adults had any access to a formal bank account, only 2% of adults used a bank account to receive money from a family member living in another city/country and only 4% used a bank account to receive any kind of payment from the Government. Further, the National Sample Survey Organisation's (NSSO) 59th Round Survey results revealed that 73% of farmer households have no access to formal sources of credit. Furthermore, as per the estimates of the Reserve Bank of India (RBI), only 10% people in India have a life insurance cover, only 13% have a debit card, while only 2% own a credit card.

The RBI commenced its Financial Inclusion (FI) Initiative in India way back in 2004, when it set up the Khan Commission to study the status of Financial Inclusion in India. Based on the study, RBI laid down several guidelines for its FI Initiative in 2005-06. The key objectives of this initiative were as follows:

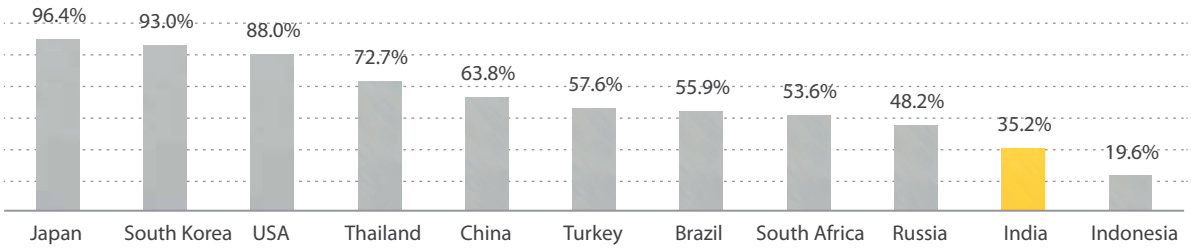
- **Provide a Platform for Inculcating 'Savings Formation':** A majority of the people living in rural areas do not have any access to banking facilities. The savings formation is negligible and surplus money is invested primarily into physical assets such as land, buildings and gold. Absence of secured savings in a bank makes them vulnerable to any financial pressures. Hence, the presence of banking services and products is essential for inculcating savings habit in rural India.
- **Provide Access to Formal Credit:** Rural India is largely unbanked and highly dependent on informal credit medium such as family, friends and money-lenders, which in most cases ends

Bank Branches per 100k Population



Source: The World Bank

Comparison of Bank Accounts Across Countries (%)



Source: IMF (2011)

35.2%

Indian Adults having access to a formal Bank Account

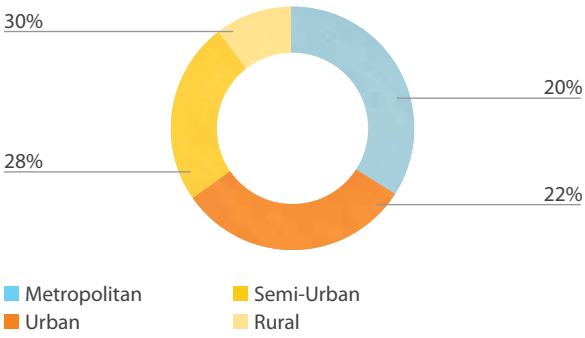
in coercion and exploitation. Hence, formal banking credit is very essential to encourage rural entrepreneurship and prosperity.

- **Plug Leakages in Government Subsidies and Welfare Programmes:** A considerable portion of funds targeted towards the poor people actually fails to reach them owing to bureaucratic leakages in the government distribution system. Direct benefit/cash transfer by the government is aimed at addressing the leakages in the present system, enabling the beneficiaries get access to these funds.

Based on the above objectives of the FI Initiative, RBI introduced the following policy initiatives:

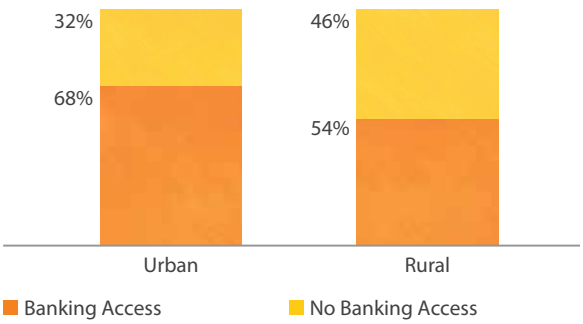
- **Opening of No-Frills accounts or Basic Savings Bank Deposits (BSBD) accounts:** Provide zero balance accounts, receipt/credit through bank branch, ATM, electronic payment channel, small overdraft facility to meet emergency credit requirements.
- **Engaging Business Correspondents:** In January 2006, RBI permitted banks to engage non-banking entities such as Non-Governmental Organisations, Micro Finance Institutions, Section 25 companies, Registered NBFCs not accepting public deposits, Post Offices, among other entities, as Business Facilitators (BFs) and Business Correspondents (BCs) for providing financial and banking services. However, the credit sanctioning authority, grievance management and KYC norms' compliance shall be the responsibility of the banks.
- **Use of Technology:** To enable efficient credit delivery in rural and remote areas through CBS, biometric authenticated secure transactions and a robust payment system.
- **Relaxation of KYC Norms:** Facilitate easy opening of bank accounts, especially with balances not exceeding ₹ 50,000 and aggregate credits not exceeding ₹ 1,00,000 in a year.
- **Simplified Branch Authorisation Policy:** Permit domestic banks to freely open branches in Tier II to Tier VI regions with a population of less than 1 lakh under general permission, subject to reporting.
- **Compulsory Requirement of Opening Branches in Unbanked Villages:** Banks need to allocate at least 25% of the total number of branches opened during the year in unbanked rural areas.
- **Opening of Intermediate Brick & Mortar Branches:** For effective cash management, documentation, and close supervision of BC operation, banks have been advised to open an intermediate structure between the present base branch and BC locations.

Bank Branch Distribution in India

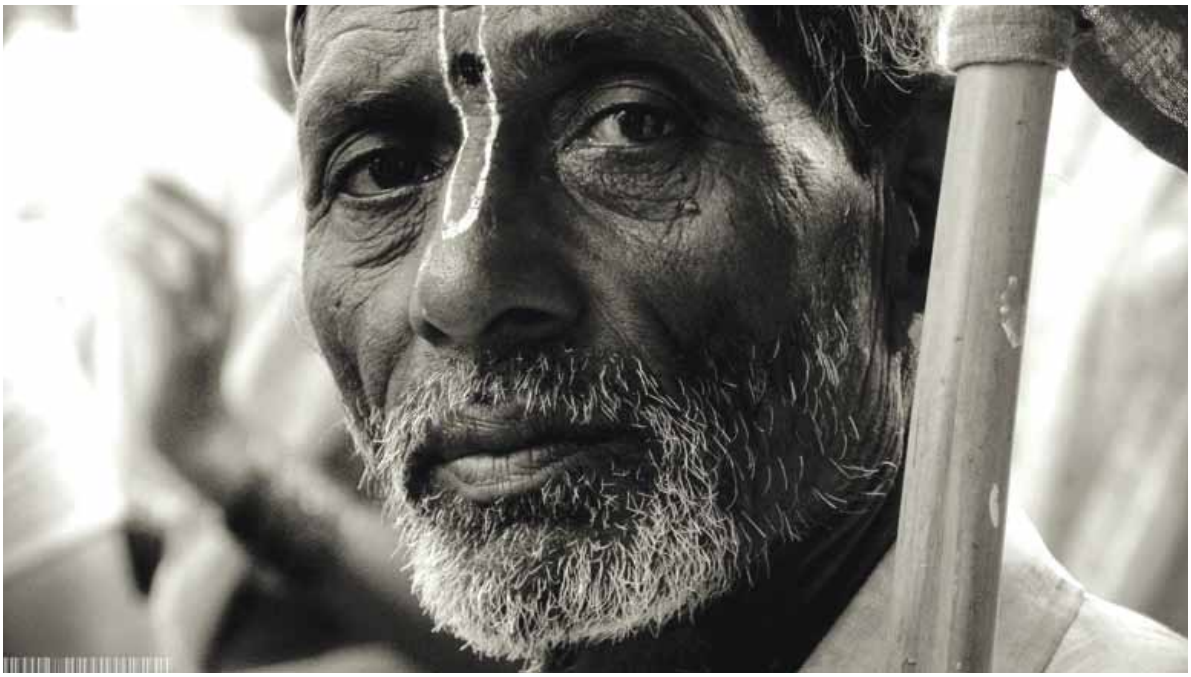


Source: RBI

Banking Access - % Households



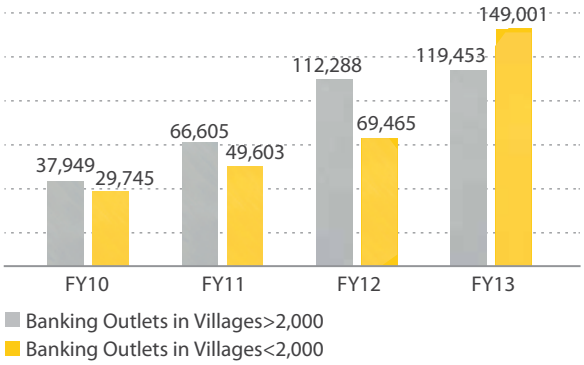
Source: India Census 2011

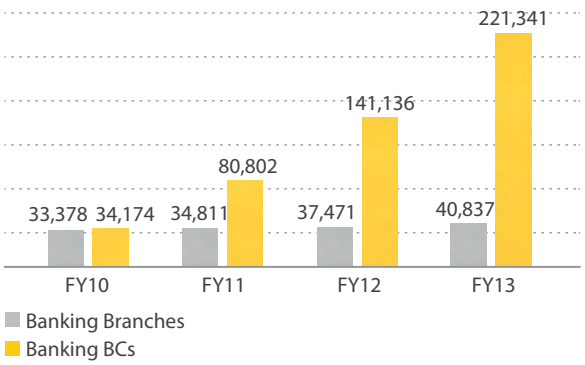


Financial Inclusion Plan 2010-2013

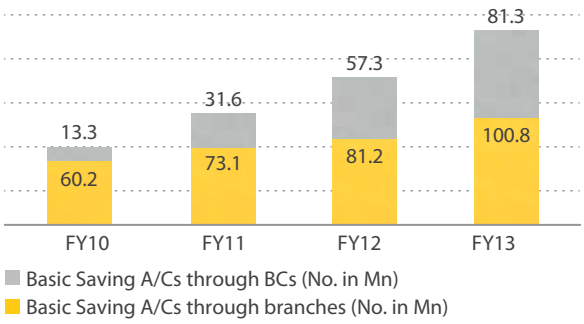
RBI encouraged banks to adopt a structured and planned approach towards financial inclusion in India through the preparation of Financial Inclusion Plans (FIPs). The first phase of FIPs was implemented during the period 2010-2013. Progress made by banks under FIP during 2010-2013 period has been summarised in the below chart and table. For the second phase of FIP during the period 2014-2016, the remaining 4,90,000 unbanked villages have been identified and allocated to banks for opening banking outlets by March 2016.

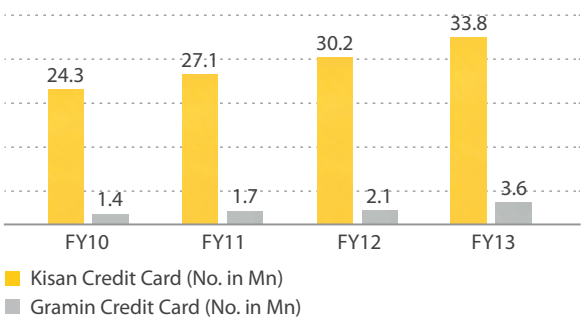
Financial Inclusion Plan 2010-13: On-Ground Progress





Basic Saving Accounts





Source: RBI Trends & Progress 2013

THE NEW "BUSINESS CORRESPONDENT" MODEL OF BANKING IN INDIA REQUIRES SETTING UP BRICK & MORTAR BANK BRANCHES OPERATING AT THE GRAM PANCHAYAT LEVEL.

Evolved Business Correspondent Model by RBI

The earlier BC model, introduced by RBI in 2006, was found to be inadequate to meet the financial inclusion plans set up by RBI. Various reasons have been identified behind the ineffectiveness of the earlier BC model, which are mentioned below:

- **Low economic viability:** Lack of adequate compensation from banks failed to incentivise BCs to effectively operate at the rural level, which primarily generates low volume transactions.
- **Inadequate support from banks:** Lack of necessary hand-holding and training from banks for effective supervision of BC operations, introduction of new products and services, cash management and customer grievances.
- **Low service standards:** Low service levels due to insufficient BC agents, infrequent visits to villages, delayed payments to beneficiaries and reconciliation errors.

The above mismatches led RBI to introduce an Evolved BC model in 2012. Under the new model, RBI divided India into 20 clusters (with similar market size and opportunity). Each cluster will be exclusively operated by a Business Correspondent Agency (BCA) for a period of 5 years, with 2 years of mutual extension. Further, RBI also permitted all BCAs to offer insurance, Government-to-Citizen (G2C) and Business-to-Customer (B2C) services at the BC branches to improve their overall economic viability. The new model required all BCAs to set up Brick & Mortar bank branches operating at the Gram Panchayat level. The government's direct benefit transfer scheme turned out to be a strong driver for opening more BC branches at the rural level.

490,000

Unbanked Indian Villages to be banked till March 2016

The two Business Correspondent Models: How they differ

Features	Existing BC Model	Evolved BC Model
Mode of Operation	• Mobile BC Agents	• Brick & Mortar
BC Exclusivity	• No stipulated limits	• Country divided into 20 clusters • One exclusive BC per cluster
Coverage	• No stipulation	• Till Gram Panchayat level
Inter-operability	• No Inter-operability	• Inter-operable with CBS of various banks
Technology	• Offline • Smart card-based	• Real-time connectivity with CBS • Biometric authentication, no other paperwork required
Trust	• Lack of trust on mobile BCs	• High trust due to Brick & Mortar branch, with parent bank signage
Cost	• High operating costs involved in smart-card delivery and BC mobility	• Low-cost operations through biometric authentication
Operational Efficiency	• Offline transactions leading to reconciliation errors • Significant cash misappropriation	• Transaction time of only 45 seconds • No reconciliation errors
Eligibility Criteria	• Varying across banks	• ₹ 5 crore turnover in any of last 3 years
Service Standards	• Varying across banks	• Standard across banks

Growth of ATMs in India

The Indian ATM industry witnessed a rapid growth over the past decade, growing at a CAGR of 46.7% from 2005 to reach around 1,50,000 ATMs in February 2014. Despite strong growth, ATM penetration in India continues to be very low. There are only 80 ATMs per million of population in India, compared to 1,390 ATMs in United States, 1,207 ATMs in Brazil, 700 ATMs in UK and 224 ATMs in China. This indicates there is huge opportunity for further growth in ATMs in India, which are expected to reach 3,50,000 ATMs by 2017.

The ATM growth in India has been primarily driven by economic development, rising income levels and improving access to banking facilities across the country. ATMs have emerged as one of the prominent delivery channels for banking transactions in India. While a prime utility for ATMs in India has been that of cash withdrawal and balance enquiry, the machines are now increasingly getting used for performing various other banking transactions such as funds transfer from card to account, application for various loans, bill payments, ticket bookings, mobile recharges, among others.

Banks are engaged in deploying ATMs at a quick pace over the past decade in order to increase their reach across the country. However, most banks deploy ATMs at locations where there is a large customer base or there is an expectation of considerable use. This has resulted into ATM growth getting largely concentrated in the metro cities and urban regions. Rural areas in India account for a meagre 10% of the total number of ATMs deployed in FY2012-13.

350,000

Number of ATMs projected in India till 2017

WHITE LABEL ATMs WILL BE AN EFFECTIVE CHANNEL IN IMPROVING BANKING ACCESSIBILITY IN TIER III-VI AREAS, THUS DRIVING THE GOVERNMENT'S FINANCIAL INCLUSION INITIATIVE.

Some of the prime reasons behind low rural presence of ATMs are: high cost of setting up bank branches, low transaction volumes, and inability of conventional ATMs to serve rural people. However, with an increasing thrust on financial inclusion, the RBI has devised various policies and measures to increase ATM penetration in rural areas. One of the major policy decisions of RBI has been the introduction of the concept of "White Label ATM" in India in 2012.

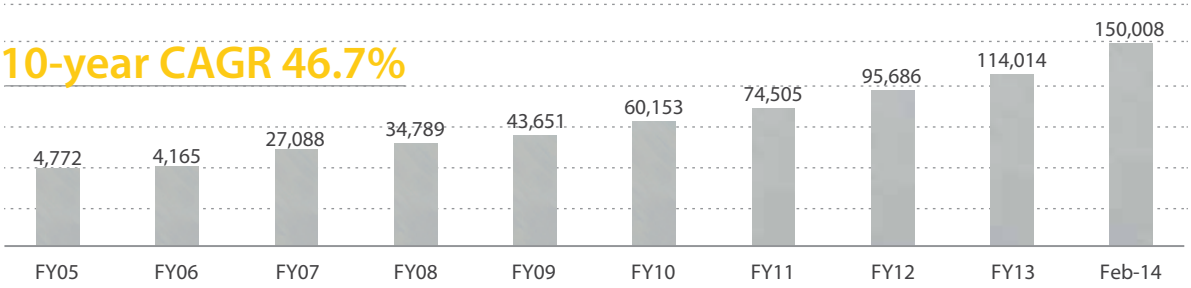
White Label ATMs

On June 20, 2012, upon the review of its policy on ATMs, RBI permitted non-bank financial entities (incorporated in India under the Companies Act 1956) to set up, own and operate ATMs in India. These entities setting up, owning and operating ATMs were termed as "White Label ATM Operators" (WLAO) and ATMs operated by these entities were termed as "White Label ATMs" (WLAs). WLAOs will provide banking services to customers of banks in India.

RBI-permitted WLA Schemes

RBI has introduced three WLA schemes under which the WLAO applicants will be awarded a license to set up these ATMs. These non-banking entities applying for a license are required to maintain a minimum networth of ₹ 100 crore to be eligible for the project. As decided by the RBI, each WLAO will earn ₹ 15 per financial transaction and ₹ 5 per non-financial transaction. Further, each WLAO will need to have a sponsor bank for cash settlement of transactions, adequate cash supply at WLA and redressal of failed transactions.

ATM Growth in India

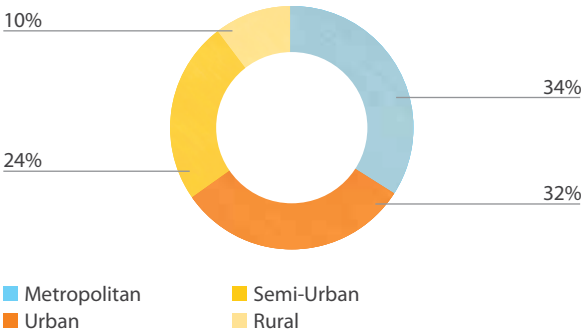


Source: RBI

Scheme A	Scheme B	Scheme C
• Year 1 - Minimum of 1,000 WLAs	• Minimum of 5,000 WLAs every year for three years	• Minimum of 25,000 WLAs in the first year and at least another 25,000 in the next two years
• Year 2 - Minimum of 2x WLAs installed in Year 1	• Split – 2:1 (Tier III-VI : Tier I-II), minimum 10% of Tier III-VI in Tier V & VI	• Split – 1:1 (Tier III-VI : Tier I-II), minimum 10% of Tier III-VI in Tier V & VI
• Year 3 - Minimum of 3x WLAs installed in Year 2		
• Split – 3:1 (Tier III-VI : Tier I-II), minimum 10% of Tier III-VI in Tier V & VI		

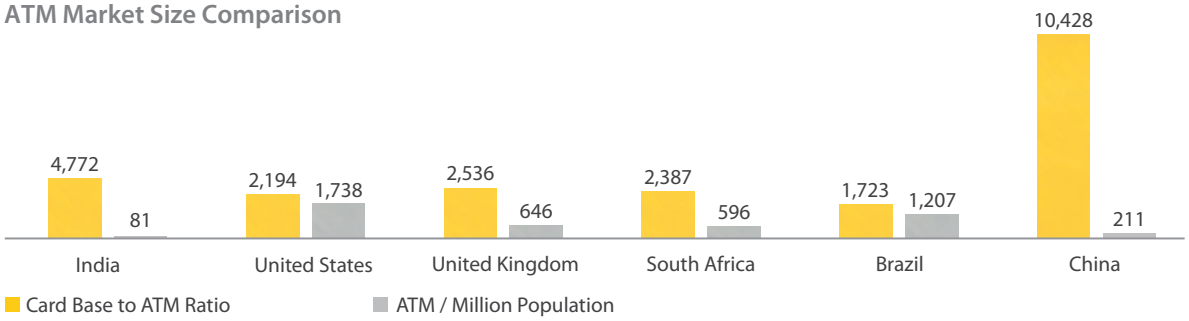
WLAs will be an effective channel in significantly improving banking accessibility in Tier III to Tier VI areas, thus driving the Financial Inclusion initiative of RBI and MoF. With the expansion of the WLA network, customers will have access to basic banking facilities located closer to their homes or place of work. Further, the expanded ATM network at rural level will provide the last-mile connectivity to the masses across India, when the direct benefit transfer gains momentum.

Segment-wise ATM Distribution in India
(as on March 2013)



Source: RBI

ATM Market Size Comparison



Source: Industry Estimates

Business Overview

We are one of the e-Governance companies in India with about 20 years of experience in delivering system integration and other services for India's national e-governance plan. We are a technology-enabled company and have built up an extensive delivery network for our services across selected regions in northern and western India. As of June 30, 2014, we delivered our services through 4,237 delivery points. Our business is broadly divided into the following two business segments: (i) e-Governance Business, including systems integration projects and print and data management services; (ii) Vakrangee Mart Business, which includes Financial Inclusion Business, G2C & B2C Services and White Label ATM Business.

We commenced our e-Governance business in 1994 using transliteration and photo-grabbing technology to computerise electoral records for the Election Commission of India, beginning with Office of Collector and District Election Officer, Mumbai Suburban District (MSD), Maharashtra, and thereafter in other districts of Maharashtra and other states, including Rajasthan, Uttar Pradesh, Gujarat, Madhya Pradesh and Chhattisgarh. We began executing projects, directly/indirectly, of National e-Governance Plan (NeGP), including but not limited to MCA 21 for the Ministry of Corporate Affairs, Passport Seva Kendra for Ministry of External Affairs, and the Rashtriya Swasthya Bima Yojana (RSBY) for Ministry of Labour. We have been one of India's leading enrollment agencies for the Unique Identification Development Authority of India ("UIDAI") to provide biometric-enabled unique identification numbers to Indian residents. We also delivered Digitisation of National Population Register for Ministry of Communication and Information Technology, Government of India.

FROM BEING A SUB-CONTRACTED IT-ENABLER IN E-GOVERNANCE PROJECTS, WE HAVE EVOLVED OURSELVES WITH A RETAIL NETWORK OFFERING G2C, B2C AND BFSI PRODUCTS ACROSS MARKETS.

We also completed a project in the Philippines through our wholly-owned subsidiary company, Vakrangee e-Solutions Inc. to convert 15 million land title deeds into digital format.

In recent years, we leveraged our technology platform, track record on the national e-Governance plan and our delivery network to enter new businesses in the area of financial inclusion. In 2011-12, Vakrangee Limited through its 100% Subsidiary, Vakrangee Finserve Limited, won tenders for setting up and running upto 18,265 Common Business Correspondent outlets of public sector banks at the Gram Panchayat level for the states of Maharashtra, Rajasthan and Delhi. Gram Panchayats are local self-governments for groups of three to five villages. This was done to bridge the financial inclusion gap in India where rural India does not have access to the commercial banking system enjoyed by urban India. The public sector banks, subsequently, through various communications have allotted additional BC outlets to Vakrangee in northern and western states in India wherein Vakrangee intends to set up and manage upto 50,000 branches including around 15,000 branches in urban and semi-urban areas and the balance in Panchayat in rural areas.] In January 2014, we were granted a license from the Reserve Bank of India to establish minimum 15,000 White Label Automated Teller Machines ("WLA") across India within the next three years.

Competitive Strengths

Significant experience in implementing e-Governance projects

We are one of the system integrators for e-Governance projects in India, and are empanelled in the (T3-F4) category by Unique Identification Authority of India (UIDAI), allowing us to undertake demographic and biometric data collection for UID enrollment PAN India basis. Our expertise spans the entire spectrum of technology services for e-Governance projects from data digitisation to technology management. We have evolved our business model from being a sub-contracted IT-enabler in e-Governance projects into a retail network offering Government to Consumer ("G2C"), Business to Consumer ("B2C") and Banking, Financial Services and Insurance ("BFSI") products across our markets for our e-Governance services. We have grown from being a sub-contractor for the MCA 21 project of Ministry of Corporate Affairs to being a System Integrator consortium partner for implementing Smart Card based Public Distribution System in the State of Haryana to winning as lead bidder for several important national e-Governance projects, including but not limited to for the UIDAI, National Population Register, Common Service Centre in Punjab and Rajasthan and Inspector General of Registration & Controller of Stamps (IGRS) Maharashtra. We believe that our track record of implementing important national e-Governance projects in India has placed us in a strong position to bid for and win new projects under NeGP of the Government of India.

42 mn

UIDAI Enrollment by Vakrangee (till June 30, 2014)

We are one of the e-Governance players who have been a part of various mission-mode projects for over two decades. With a foot print in most parts of the country, we believe we have first mover advantage to leverage this huge opportunity from the ₹ 1.1 trillion "Digital India" mission of our beloved Prime Minister .

Extensive presence across northern and western India that gives us an early mover advantage for our Financial Inclusion business

We have a network of 4,237 points of contact as on June 30, 2014 across rural and urban areas of northern and western India that we have built up over the years. We have built up an extensive last mile infrastructure and grass root level connectivity to effectively deliver services to large parts of India, particularly in rural areas. Our local presence has also given us a deep understanding of ground realities and complexities in rural India, including flexible working hours, power and connectivity issues and the challenges involved in imparting training. We have built up long standing business relationships with local vendors across our markets, providing us an advantage over other competitors. Our operations are spread in different parts of northern and western India, which has equipped us with multi-lingual and multi-cultural expertise that will be difficult for our competitors to replicate. We believe that our extensive presence across northern and western India has been instrumental in successfully delivering financial inclusion services for public sector banks in these states.

Only a small proportion of the population in India has access to normal banking services with only ~40% of the populace having a bank account. India lags other developed markets considerably having 11.4 branches per 100,000 adults compared to 38.2, 35.3, 18.4 branches in Russia, USA and Korea *(Source: World Bank as of 2012)*. India has an ATM penetration of only 11.2 ATM per 100,000 adults compared to 283, 182 and 119 in Korea, Russia and Brazil *(Source: World Bank as of 2012)*.

15,000

White Label ATMs to be set up by Vakrangee in 3 years

PRADHAN MANTRI JAN DHAN YOJANA IS A HOLISTIC FINANCIAL INCLUSION SCHEME TO BRING EVERY INDIAN INTO THE BANKING NET AND PROVIDE BANK ACCOUNTS TO 15 CRORE INDIVIDUALS IN RURAL AND URBAN INDIA, WITH A LIFE INSURANCE COVER.

Vakrangee intends to set up and run 50,000 plus "Brick & Mortar" bank branches on behalf of PSU banks at Rural and Urban areas in northern and western states in India.

Further, the new Government in India has been re-enforcing the financial inclusion initiative of the last government by implementing a new scheme called **'Pradhan Mantri Jan Dhan Yojana'**, a holistic Financial Inclusion Scheme to bring every Indian into the banking net including the poorest of the poor. The scheme aims to provide bank accounts to 15 crore individuals in Rural and Urban India, along with a life insurance cover of ₹ 1 Lacs. *(source: http://zeenews.india.com/business/news/finance/independence-day-narendra-modi-announces-financial-inclusion-scheme_106167.html)*

The two-phase Financial Inclusion Mission, which has been approved by the Cabinet. The main features of the scheme include an overdraft facility of ₹ 5,000 for Aadhaar-linked accounts, a RuPay Debit Card with an inbuilt ₹ 1 Lacs accident insurance cover and a minimum monthly remuneration of ₹ 5,000 to Business Correspondents who will connect the last link between the account-holders and the Banks.

Some Elements of the new Financial Inclusion Programme:

- Aiming to cover all households in the villages
- Including both rural and urban population
- Focusing on financial literacy, opening of Basic Savings Bank Deposit Account, Convergence with other subsidy schemes and Micro Insurance/ Pension, RuPay Debit Card and Kisan Credit Card
- Monitoring the mechanism at the Centre, State and District level. Active participation of States and districts emphasised.
- Opening of Accounts online on Core Banking Solution of banks. Provision of RuPay Card to each account-holder, giving him freedom to operate anywhere.
- Proposition to launch an advertisement campaign for enhanced 'brand visibility' of the Financial Inclusion programme. Besides, rural branches of these banks will have a dedicated financial literacy cell.

Vakrangee has been a "Common BC" and "National BC" for various Banks in India and is fully geared up to give these services at its outlets.

Local manpower and In-house technology

We are also able to appoint local people, which has been critical for our success. We have access to a large trained and certified resource pool that has executed very large government projects involving direct citizen interface. We also have a strong ability to consolidate local data by managing our operations through a well-defined command and control structure, comprising State-Heads, Division Leads, District Executives and Block Executives and Technical Support Desk. We also use various online monitoring tools for program management and information reporting.

Our roots in the technology industry provide us with several competitive advantages. We are one of the non-banking companies having technology platform integrated with core banking solutions of public sector banks, allowing for delivering real time, inter-operable and paper less banking to the citizens at the Panchayat level. We also have hardware systems in place that are specifically developed and customised to meet rural needs, including but not limited to V-SATs with power back-up and Gensets with LPG fuel supply. We also have resources at the district/block level who are trained to solve day-to-day IT issues.

Experienced management and entrepreneurial culture

We have an experienced management team with top 20 members bringing in more than 360 manyears of experience. We believe that our senior management has pioneered our growth and fostered a culture of innovation, entrepreneurship and teamwork within our organisation. We believe that our strong management team and corporate culture are significant competitive strengths.

Business Strategy

GROW OUR FINANCIAL INCLUSION BUSINESS BY INCREASING THE NUMBER OF BC OUTLETS OF PUBLIC SECTOR BANKS

Vakrangee intends to set up and manage upto 50,000 branches including around 15,000 branches in urban and semi-urban areas. In rural India, our strategy is to enter into franchisee arrangements with locals in local rural areas. We then provide technological infrastructure and training to the franchisee, who then operates the outlets on day-to-day basis. As of June 30, 2014, there were 4,237 Vakrangee outlets up and running , and our target roll-out plan is as follows:

Out of total **50,000** outlets to be set up and run by Vakrangee by March 2017:

- **35,000** outlets are in rural areas in around 5,000-population area (Tier-VI / V Locations)
- **15,000** are in semi-Urban or Urban areas
  - Approximately **12,000** outlets are in 20,000-50,000 population (Tier-III/IV locations); and
  - Balance **3,000** outlets are in more than 50,000 population (Tier-I/II locations).

GROW OUR FINANCIAL INCLUSION BUSINESS BY INCREASING THE NUMBER OF SERVICES OFFERED IN OUR NETWORK OF BC OUTLETS

We intend to grow our revenues and our business by cross-selling other G2C and B2C products and services through our network of BC Outlets. The additional G2C services we offer through our BC Outlets includes, without limitation, Electoral services, Land records, Issue of certificates, Utility/Telephone Bills (Government Undertakings). The additional B2C service we offer through our BC Outlets include, without limitation, prepaid mobile recharge services, direct-to-home, television bill payments services Photocopy, Printing & Lamination, Post-paid Telephone Bills (Private).

Enter into the White Label ATM (WLA) Business in India

The RBI has licensed us to set up and manage a minimum of 15,000 White Label ATMs across India within three years. We are required to implement this roll out at the rate of 5,000 ATMs a year and maintain a rural-to-urban ratio of 2:1 (i.e., for every white label ATM set up in Tier I or Tier II centres we will need to establish two white label ATMs in Tier III to Tier VI centers. We will earn revenues by participating banks

paying us a transaction fee for every transaction, including financial and non-financial transactions, conducted through our white label ATMs.

We intend to implement our strategy of entering into this business by establishing the WLA adjoining to the BC outlets in semi-urban and urban outlets. We also intend to have our ATMs biometric-enabled that will allow customers to access and conduct ATM transactions using their fingerprints in addition to bank cards thereby increasing the ATM market size to the number of UID in this country. A significant portion of the proceeds from the offering are intended to be deployed in implementing our white label ATM roll out plan across India over the next year.

Build the Vakrangee brand

We intend to consistently build the Vakrangee brand awareness among our clients and consumers across our different businesses and target verticals as a name associated with high quality products and services. To achieve this objective, we intend to expand our marketing efforts with advertising campaigns and promotional efforts, including participation in media and industry analyst events, sponsorship of and participation in targeted industry conferences, trade shows, community outreach programs and investor relations.

Business Segments

e-Governance Business

We are one of the e-Governance companies in India with more than 20 years of experience in delivering system integration and other services for India's national e-Governance plan. Set forth below are some major e-Governance projects that we have executed:

UID Enrollment

The Government of India through the UIDAI introduced a policy to issue a unique identity number to all Indian residents, in a phased manner, which can be used for delivery of all government benefit schemes.

We are one of the companies empanelled in the (T3 F4) category by Unique Identification Authority of India (UIDAI), allowing us to undertake demographic and biometric data collection for UID enrollment pan India basis. We have completed more than 42 million UID generations as of June 30, 2014 directly, which is the highest among all the agencies involved in Aadhaar enrollment. Our services include deployment of UID client software, establishing more than 4,000 enrollment centers across India, capturing demographic and biometric data of residents. We conduct our operations for UID enrollment through our large pool certified staff.

We commenced the project in the year 2011-12 and expect to complete it by 2016-17.

Sarva Shiksha Abhiyan

Sarva Shiksha Abhiyan ("SSA") is an initiative by the Government of India to provide universal access to elementary education for children between the ages of 6 (Six) and 14 (Fourteen). SSA seeks to

3,853

Vakrangee Marts currently operational

WE INTEND TO BUILD THE VAKRANGEE BRAND AWARENESS AMONG OUR CLIENTS AND CONSUMERS AS A NAME ASSOCIATED WITH HIGH QUALITY PRODUCTS AND SERVICES.

improve access to education across the county, bridge gender gaps in education, and to provide equal education access to all children. SSA is being implemented in partnership with State Governments and addresses the needs of more than 192 million children in approximately 1.1 million habitations.

We participate in the project by printing and/or supplying books for children and setting up computer aided learning systems in schools. We earn revenues for every book we print/supply. We also earn fixed revenues per every computer aided learning system we provide.

Public Distribution System

We are in the process of executing a biometric smart card based public distribution system ("PDS") in the State of Haryana to computerise the PDS scheme. Our services include procurement, commissioning and maintenance of IT and smart card infrastructure, installation and operation of approximately 9,300 smart card points of sale terminals, setting up networks and connectivity across sites, developing software for points of sale, data digitisation, smart card personalisation and printing and setting up a call center for technical support.

The pilot work for these projects has been completed and further roll out plan is awaited from client. We believe we can leverage the know-how from this project in future PDS projects to be rolled-out across the country with the same technical features coming under ₹ 1.1 trillion Digital India initiative of the new central government. *(Source http://pib.nic.in/newsite/pmreleases.aspx?mincode=61)*

Rashtriya Swasthya Bima Yojana

The Rashtriya Swasthya Bima Yojana ("RSBY") is a Ministry of Labour and Employment, Government of India project that seeks to provide health insurance for families that are below the poverty line in India. These families are entitled to more than 700 in-patient medical procedures with a cost of up to ₹ 30,000 per annum for a nominal registration fee of ₹ 30. Pre-existing medical conditions are also covered and there is no age limit. The scheme is entirely cashless and coverage extends to the head of the household, spouse and up to three dependents. 479 districts in India have been selected for the implementation of this scheme and approximately 37 million families have been enrolled as of June 30, 2014.

Our services for the RSBY scheme include collecting biometric data from different villages, system integration, issue and renewal of smart cards and printing of RSBY information booklets. For centre management, we provide the resources, the hardware and other equipements required for every designated centre either at the enrollment stations.

For our center management services, we earn fixed revenues every month for every district depending on the number and type of various equipments and resources supplied by us. We earn revenues for every new smart card issued/renewed by us.

Inspector General of Registration & Controller of Stamps (IGRS)

We are executing a project to computerise the process of registering documents and recovering stamp duty in accordance with the Indian Stamp Act. Our services include computerised registration of properties, marriages, societies, firms and non-trading companies, among others. We earn revenues for every transaction that we register.

Print and Data Management Services and Election related projects

We offer print management services and data management services to election commission related projects and to private corporate in India. Some of our major projects in this area include work for the Office of Chief Electoral Officer for various states. We have also been aggregating and updating electoral data for election commission project.

WE LEVERAGED OUR TECHNOLOGY PLATFORM, TRACK RECORD ON THE NATIONAL E-GOVERNANCE PLAN AND OUR DELIVERY NETWORK TO ENTER NEW BUSINESSES IN THE AREA OF FINANCIAL INCLUSION.

Over
4,000
Aadhaar Enrollment Centers across India

Vakrangee Mart Business

Vakrangee Mart business consists of Financial inclusion business; G2C/B2C business as well as our new initiative WLA business.

Financial Inclusion

We leveraged our technology platform, track record on the national e-governance plan and our delivery network to enter new businesses in the area of financial inclusion. In 2011-12, Vakrangee Limited through its 100% Subsidiary, Vakrangee Finserve Limited, won tenders for setting up and running upto 18,265 Common Business Correspondent outlets of the public sector banks at the Gram Panchayat level for the states of Maharashtra, Rajasthan and Delhi. Gram Panchayats are local self-governments for groups of three to five villages. This was done to bridge the financial inclusion gap in India where rural India does not have access to the commercial banking system enjoyed by urban India. As on June 30, 2014, we delivered our services through 4,237 BC Outlets.

These fixed BC Outlets are Brick & Mortar Branches of the respective Public Sector Banks / Private Banks/ RRBs with to "One Bank presence in One Panchayat" only. These outlets are equipped with Vakrangee in-house application as well as bank prescribed IT/Non-IT hardware including Micro-ATM with authentication through UID as well as Card and V-SAT for real-time connectivity with respective Bank back-end to run the day-to-day banking operations. These Outlets are integrated with the core banking solution (CBS) of these Banks so that customers of these Bank can, on a real time basis, conduct transactions such as account opening, cash deposit, cash withdrawal, fund transfer, and Direct Benefit Transfer (DBT), among others. In addition to this, Vakrangee also facilitates Loan Disbursement, Fixed Deposit, among others, to the customers of these Banks at these outlets. In a nutshell, these advanced feature of paper-less banking, real time banking and inter-operable banking, along with e-KYC enabling at these outlets are the unique features of Vakrangee outlets and critical to the success of last-mile banking. Vakrangee has been enhancing the profitability of these outlets by selling life insurance policies of Life Insurance Corporation of India (LIC) and non-life insurance products from The New India Assurance Company Limited (NIA), after taking corporate agency licenses from them. Vakrangee has also been selling various Government-to-Citizen (G2C) services and Business-to-Citizen (B2C) services at these outlets such as mobile / DTH recharge and Utility Bill collection. Vakrangee has received the White Label ATM (WLA) license from the Reserve Bank of India for setting up and running minimum 15,000 White Label ATMs across the country starting January 2014.

Our BC Outlets take different formats depending on the location. In rural India, where we operate and expect to continue to operate the maximum number of BC Outlets, we follow a franchisee model, where we identify and train village level entrepreneurs to establish and operate bank branches (with all capital expenditure and operating costs being borne by such village level entrepreneur). We provide our franchisees with project management, infrastructure set up and training support as well as providing franchisees with access to new services and updating the content of existing services. We then share in the revenues derived from transactional services offered by the branch.

We usually take approximately six months to establish a Vakrangee Mart in rural India. We commence efforts in targeted villages by campaigning to generate awareness and invite applications from village level entrepreneurs who are interested in being our franchisee by circulating leaflets at gram panchayats (village local self-government body) and other places where potential village level entrepreneurs congregate. We conduct online written tests after scrutinising applications, and appoint the shortlisted

candidate as a franchisee upon completing our KYC procedures. We then open a dedicated settlement account opening for the branch and submit the KYC documents of the franchisee to the relevant public sector banks and relevant government agencies. Once the branch receives police and CIBIL clearance and has been allocated a branch code, we deploy IT infrastructure, including appropriate hardware, software and V-SAT, and commission other infrastructure such as power generators, furniture and fixtures. We together with representatives of relevant public sector banks deliver training to our franchisees and perform transaction enrollment testing of the IT infrastructure. Once all of these procedures are complete, the branch is given a "go live" certificate by the relevant public sector bank, and the branch becomes operational.

In urban areas, we have commenced rolling out and intend to open BC Outlets of public sector banks located nearby the existing branches of the Public sector banks to ease the customer load on existing branches of public sector banks by offering services such as pension disbursements.

New Initiatives

White Label ATMs

According to the World Bank, in 2012 India had an under penetrated ATM market with only 11.2 ATMs per 100,000 adults compared to 283, 182 and 119 in Korea, Russia and Brazil, respectively. In January 2014, we were granted a license from the Reserve Bank of India to establish a minimum of 15,000 White Label ATMs across India within the next three years. For details in relation to our proposed plan of implementing our white label ATM business, please refer to "Business Strategy" above.

Research & Development

We have a history of innovation that is facilitated by our entrepreneurial culture and the ability to make strategic investments in growth markets. We remain committed to innovation as a key element of our culture. Our efforts also are focused on identifying the areas where we believe we can make a unique contribution and the areas where partnering with other leading technology companies will leverage our cost structure and maximise the benefit to our customers.

Competition

In the e-Governance business, we face competition from various other system integrators. In the Financial Inclusion space, there is competition from existing BCs who have been delivering services in off-line mode wherein the authentication is through smart card instead of biometric; which are not fixed BC outlets. There is also competition from Citizen Service Centres and mobile banking entities (Pre Paid Payment Instruments). In the WLA business, there are other WLA license holders from RBI who are our competitors and Banks also have their own ATM network who we have to compete with.

Human Resources

As on June 30, 2014, we have 725 employees across northern and western states of India. Approximately 67% of our employees are technically qualified, and we have a management team comprising approximately 20 persons. We have been innovative in our internal organisation and have introduced industry leading practices in hiring, resource planning and knowledge sharing. Most of our technical employees are based on-site at grass root level and are recruited locally. One of the keys to attracting and retaining qualified personnel is our variable and performance linked compensation programs. We have had an employee stock option plan and a productivity bonus plan since 2008.

Awards And Certifications

We have won the following awards in recent years:

In January 2014, our Chairman and Managing Director was nominated as being among the top five CEOs shortlisted for the best CEO (IT & ITes) award by Business Today.

We were ranked in the ET-500 Companies as published by the Economic Times in January 2014.

In 2011 and 2012, we were ranked number 18 and 26, respectively, in the Deloitte Technology Fast 50 companies in India.

In 2011, we were ranked number 226 in Deloitte's Fastest 500 growing Asia Pacific companies list.

We are ISO/IEC 20000 and ISO/IEC 27001 certified by the International Organisation for Standardisation; and are CMMI maturity level III certified for our services.

Risks & Concerns

Our sales and profit growth could be adversely affected if our comparable sales from our Vakrangee Marts and our roll out target of Vakrangee Marts are less than what we expect.

We are working in an environment wherein there is one BC Outlet, representing one Bank, in one Gram Panchayat offering all the available banking services to the citizens. We have been able to add life insurance services by being a corporate agent of Life Insurance Corporation of India and non-life services by being a corporate agent of New India Assurance Company Limited. We have also added G2C services and B2C services to make our outlet more profitable.

Our future sales growth can be due to the following factors :

1. Increase in the usage per user per outlet
2. Increase in the number of users per outlet
3. Increase in the number of outlets

Currently, we are able to roll out new outlets much faster due to Central Government's Pradhan Mantri Jan Dhan Yojana drive as well as individual bank's focus to establish their BC Outlets on a war footing. Similarly, we have been able to add new B2C and G2C services in our BC outlets to make it more profitable.

OUR FACILITIES AND ASSETS ARE OPTIMALLY UTILISED AND APPROPRIATE EXPANSION IS BEING PLANNED AND UNDERTAKEN TO MEET OUR FUTURE GROWTH.

4,237

Vakrangee's Points of Contact across Urban and Rural India as on June 30, 2014

However, our ability to increase comparable sales depends on many factors, which, inter-alia, include our ability to introduce G2C and B2C services to customers through our BC outlets network, and changes in government regulations, competition from Citizen Service Centres/ PPIs. As a result of these factors, it is possible that we will not achieve our targeted comparable sales or that the change in comparable sales could be negative. A number of these factors are beyond our control, and therefore, we cannot assure that we will be able to achieve or sustain comparable sales increases.

We have recently entered into the White Label ATM business. We have limited experience in this business.

We do not have any prior experience in establishing and operating white label ATMs or providing the services that we intend to offer through our BC outlet network. However, as on June 30, 2014 we have 4,237 BC outlets up and running which has been achieved in the last one-and-a-half year. As it is a very significant number, it proves our capability of executing projects with limited or no prior experience. However, we may face managerial, technical and logistical challenges while implementing such projects, and we may not be able to anticipate and address such challenges efficiently. Any failure on our part to meet the challenges could cause disruptions to our business, be detrimental to our long-term business outlook and may have a material adverse effect on our business, prospects, results of operations and financial condition.

Risks associated with our Franchisees:

We rely in part on our franchisees, and if our franchisees cannot develop or finance BC Outlets on sustainable basis, build them on suitable locations or open them on schedule or achieve a steady improvement in transaction volumes, our growth and success may be affected.

We identify the franchisees through a well-defined screening process along with police verification and CIBIL background checks to select right kind of franchisee to set-up and operate the BC outlet on a sustainable basis. Also, the earlier entrepreneur experience is counted as desirable for the identification of the franchisees. In the rural India, the people live under a joint family and lay their hand collectively to make the business a success. In our franchisee model, even though we sign the contract with an individual, the entire family collaborates to run the day-to-day business by individually taking the responsibility for various business activities under the right kind of training imparted by Vakrangee.

Although we have developed criteria to evaluate and screen prospective franchisees, we cannot be certain that our franchisees will have the business acumen or financial resources necessary to operate successful franchises in their franchise areas. Moreover, despite our training, support and monitoring, franchisees may not successfully operate Vakrangee Marts in a manner consistent with our standards and requirements, or may not hire and train qualified personnel. The failure of our franchisees to operate their franchises successfully could have a material adverse effect on us, our reputation, our brand and our ability to attract prospective franchisees and could materially adversely affect our business, financial condition or results of operations. However, the risks such as under-performance, under-commitment / lesser entrepreneurial zeal, can affect business performance, which can vary from outlet to outlet. Also, it can have potential impact on us if they experience any major operational problems or project a brand image inconsistent with our values, particularly if our contractual and other rights and remedies are limited, costly to exercise or subject to litigation.

Increase in revenue from our e-governance business depends on increase in the existing projects transactions and / or winning of a new tender. Our revenue may decline if we lose a major project.

We currently derive, and believe that we will continue to derive, a significant portion of our revenue in our e-Governance business as per National e-Governance Plan (NeGP) of the country. The termination of a project or the loss of a client or a significant reduction in the scope of a project or service performed for a

client could result in a reduction of our revenue. The volume of work we perform on specific projects may vary from period to period depending on the stage of the project. There are a number of factors, other than our performance, that could cause the loss of a client and that may not be predictable. If a project were to be terminated or if we were to lose any of our clients, our revenue and profitability could be reduced.

In Print and Data Management Services business, we do not have long-term customer agreements, and this business may be subject to quarterly and cyclical fluctuations.

Vakrangee initially bid directly to get these order from the election commission and used to execute itself without outsourcing any of the sub activities. But it became difficult to scale it up after a certain point because of stringent small window before the announcement of election. India being a large country, there were logistic issues as well. Therefore, Vakrangee decided to outsource this business and built up a vendor base to execute it. Vakrangee concentrated on the system integration business which brought in higher profit margin business leaving the lower margin business to outsourcing vendor. Currently, the Company has strategically decided to scale down this business in a phased manner restricting this business to the BC Outlets in the northern and western states of India and focus on high growth Financial Inclusion / WLA business along with system integration business as our bread and butter business.

Although our business does not depend on any one customer or group of customers, we cannot be sure that any particular customer will continue to do business with us for any period of time. In addition, the timing of particular jobs or types of jobs at particular times of year may cause significant fluctuations in the operating results of our operations in any given quarter.

Our business is dependent on certain principal customers who are public sector commercial banks in India and the loss of, or a significant reduction in the number of BC Outlets opened by these customers through us could adversely affect our business. Delay in payment by some of our customers may also affect our business and financial condition.

The Company is dependent on certain principal customers. The Company's principal customers include public sector commercial banks in our financial inclusion business. Since we are significantly dependent on these key customers, the loss of any one of such customers or a significant reduction in demand from some of our customers could have an adverse effect on our business and financial results. Moreover, in the event that these banks do not open as many BC Locations through us as anticipated, to operate such branches, our future results of operations and prospects will be materially adversely affected. Also some of our customers may delay in making payments due to us and this may affect the results of our operations and financial conditions.

Changes in policies of the Government of India (GOI) could adversely impact our results of operations and financial condition.

A significant proportion of our services facilities are located in India, and a significant portion of our revenue is derived from sales of our products and services in the Indian market. Consequently, we, and the market price and liquidity of our shares, may be

WE AIM TO GROW OUR FINANCIAL INCLUSION BUSINESS BY INCREASING THE NUMBER OF SERVICES OFFERED IN OUR NETWORK OF BC OUTLETS. WE SHALL GROW OUR REVENUES AND BUSINESS BY CROSS-SELLING OTHER G2C AND B2C PRODUCTS AND SERVICES THROUGH OUR NETWORK OF BC OUTLETS.

9,300

Smart Card Points of Sale Terminals to be set up in Haryana for PDS

affected by policy changes in India. In particular, our financial inclusion business and our e-governance business is dependent heavily on the GoI's policy of implementing a biometric-enabled universal identification system. In the event that GoI policies change in a manner that moves away from the present universal identification system our business and prospects, particularly our financial inclusion and white label ATM business, will be materially adversely affected.

Similarly, the imposition of foreign exchange controls, rising interest rates, increases in taxation or the creation of new regulations could have a detrimental effect on the Indian economy generally and our Company in particular. Political instability or a change in economic liberalisation and deregulation policies could seriously harm business and economic conditions in India generally and our business in particular. The GOI in recent years sought to implement economic reforms. The role of the GOI and the State Governments in the Indian economy as producers, consumers and regulators have remained significant and there can be no assurance that liberalisation policies will continue in the future. Any significant change in such liberalisation and deregulation policies could adversely affect business and economic conditions in India generally and our results of operations and financial condition in particular. Furthermore, we are also impacted by political instability in the states where we operate.

Cautionary Statement

Statements in this report pertaining to the Company's objectives, projections, estimates, exceptions and predictions are forward-looking statements subject to the applicable laws and regulations. These statements may be subject to certain risks and uncertainties. The Company's operations are affected by many external and internal factors which are beyond the control of the management. Therefore, the actual position may differ from those expressed or implied. The Company assumes no obligation to amend or update forward looking statements in future on the basis of new information, subsequent developments or otherwise.

Directors' Report

Dear Shareholders,

We are pleased to present the 24th Annual Report together with the audited Balance Sheet and Profit and Loss Account for the year ended March 31, 2014.

1. PERFORMANCE OF THE COMPANY

The Company's performance is summarized below:

• FINANCIAL RESULTS

(₹ in Lacs except EPS and per share data)

	Consolidated			Stand alone		
	2013-2014	2012-2013	YoY growth (%)	2013-2014	2012-2013	YoY growth (%)
Sales and other income	195,806.25	155,236.18	26.13	197,463.21	156,319.78	26.32
Profit before tax	28,199.28	14,369.24	96.25	30,596.11	14,845.44	106.10
Provision for Income Tax	12,294.81	4,373.14	-	12,294.81	4,373.09	-
Provision for Deferred Tax	(1172.32)	972.33	-	(1,177.48)	954.13	-
Tax for earlier Year	81.99	(32.86)	-	81.99	(32.86)	-
MAT Credit Entitlement	(503.25)	(1,376.19)	-	(503.25)	(1,376.19)	-
Profit after tax	17,504.25	10,432.82	67.78	19,900	10,927.27	82.11
Appropriations:						
Proposed dividend on equity shares (₹ per share)	0.25	0.20	-	0.25	0.20	-
Transfer to General Reserve	1,990	819.55	-	1,990	819.55	-
EPS (₹)	3.48	2.08	67.31	3.96	2.18	81.65

• PERFORMANCE

Consolidated:

During the year, your Company recorded the total income of ₹ **195,806.25 Lacs** from ₹ **155,236.18 Lacs** in previous year, a growth of 26.13%. The EBITDA stood at ₹ **54075.98 Lacs** from ₹ **38671.19 Lacs** in previous year, an increase of 39.84%. Profit after Tax was increased to ₹ **17,504.25 Lacs** from ₹ **10,432.82 Lacs** in previous year, up by 67.78%.

Standalone:

During the year, your Company recorded the total income of ₹ **197,463.21 Lacs** from ₹ **156,319.78 Lacs** in previous year, a growth of 26.32%. The EBITDA stood at ₹ **56415.48 Lacs** from ₹ **39123.45 Lacs** in previous year, an increase of 44.19%. Profit after Tax was increased to ₹ **19,900 Lacs** from ₹ **10,927.27 Lacs** in previous year, up by 82.11%.

Reserves:

Your Company has transferred ₹ 1,990 Lacs to General Reserve and after providing total Dividend payout of ₹ 1472.62 Lacs (inclusive of tax amount of ₹ 213.92 Lacs out of amount of ₹ 46556.42 available for appropriation the balance amount of ₹ 43093.80 Lacs is retained in the profit and loss account of your company.

2. DIVIDEND

Your Directors recommended a dividend of ₹ 0.25 per equity share i.e. (25% on each equity share having Face value of ₹ 1/- each, subject to the approval by the shareholders at the ensuing Annual General Meeting. The total dividend payout will be of ₹ 1472.62 Lacs inclusive of tax amount of ₹ 213.92 Lacs

The dividend, if approved by the shareholders, will be paid to those members whose names appear in the Register of Members as on the date of Annual General Meeting.

3. SHARE CAPITAL

During the year,

(a) Your Company issued and allotted 982920 Equity Shares having face Value of ₹ 1/- each under the 'ESOP Scheme 2008' of the Company to employees and directors of the Company.

Directors' Report

After the aforesaid issues & allotment, the paid-up share capital of the Company as on March 31, 2014 was at ₹ 50,34,82,240/- comprising of 503482240 equity shares of ₹ 1/- each.

(b) Your Company, also, by a Special Resolution passed by Postal Ballot on May 23, 2014 approved and adopted Vakrangee Limited – ESOP Scheme 2014 for allotting shares of the company to the employees and directors (excluding Promoters and Independent Directors) at rates lower than the prevailing market prices

4. SUBSIDIARIES

In terms of the exemption granted by the Central Government vide notification number 5/12/2007-CL-III dated February 8, 2011, the Balance Sheet and Profit and Loss Account, Report of the Board of Directors and Auditors of the Subsidiaries have not been attached with the Annual Report of the Company. However upon request by any shareholder of the Company, the annual accounts of the Subsidiary Companies will be made available to him. Pursuant to Section 212 of the Companies Act, 1956, the financial data alongwith equity share capital of the subsidiaries form part of this Annual Report. Further, pursuant to Accounting Standard 21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statement presented by the Company includes financial information of its subsidiaries.

The Company has the following subsidiaries:

• Vakrangee e-Solutions INC.

The Company holds 100% of Equity Share capital of Vakrangee e-Solutions INC. which was incorporated in the financial year 2009-10 at Philippines for exploring various e-Governance opportunities in Philippines. The first contract under the initiative was "Land Titling Computerization Project", under which it completed scanning, digitization and encoding of more than 15 million title deeds for the Government of Philippines. Vakrangee e-Solutions INC. is currently exploring further opportunities in these areas.

• Vakrangee Finserve Limited

Vakrangee Finserve Limited is a 100% Subsidiary of the Vakrangee Limited, incorporated in September 2011 with a focus on working as Business Correspondent for various Banks under the BC Model of Reserve Bank of India (2006) in the area of Financial Inclusion.

The Company has already signed agreements with various PSU Banks and their Rural Regional Branches for carrying out BC services for these banks in identified Rural, semi-urban and urban areas. The services include opening of Bank Accounts, Deposits, Withdrawals and remittances. Besides, the Company would provide Business Facilitator Services to these banks which involve mobilization deposits and loans.

e-Doc Vision Infotech Private Limited ceased to be subsidiary of Vakrangee Limited w.e.f. February 1, 2014.

5. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management discussion and Analysis Report, as required under the Listing Agreement with Stock Exchanges, is enclosed separately with this Annual Report.

6. LISTING AT STOCK EXCHANGE

The Equity Shares of the Company continue to be listed on Bombay Stock Exchange and National Stock Exchange .The Annual Listing fees for the Year 2013-14 have been paid to these Exchanges.

7. DISCLOSURE OF PARTICULARS

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, the relevant information is given hereunder;

• Conservation of Energy

The Operations of the Company are not energy intensive. However, measures have been taken to reduce energy consumption by using efficient computers, IT Assets and other equipments with latest technologies. The expenses on power in relation to income is nominal and under control and the use of the same is under continued surveillance with strict security measures.

• Technology Absorption

Since business and technologies are changing constantly, investment in research and development activities is of paramount importance. Your Company continues its focus on quality up-gradation of products and services development. It has helped maintain margins.

Directors' Report

• Foreign Exchange Earning and Outgo

Foreign Exchange Earning: ₹ 1725.49 Lacs
Foreign Exchange Outgo: ₹ 219.17 Lacs

8. FIXED DEPOSITS

During the year, the Company has not invited / received any fixed deposits from the public.

9. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that;

(i) In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures, wherever applicable.

(ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company, as at the end of the financial year and of the profits of the Company for that period.

(iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company, and necessary checks and balances are in place for preventing and detecting fraud and other irregularities.

(iv) The Directors have prepared the annual accounts on a going concern basis

10. DIRECTORS

During the year, Shri Anil Patodia resigned from the Board of Directors of the Company w.e.f from September 30, 2013 and the Members of the Board appreciated the contribution by Shri Anil Patodia. Also, Shri. Kunnel Prem was appointed as Nominee Director of the Company on September 30, 2013 representing LIC on the Board of the Company. Shri Kunnel Prem resigned from the Board of Directors of the Company w.e.f. April 4, 2014 and the Members of the Board appreciated the contribution by Shri Kunnel Prem during his tenure.

There are Five Directors on the Board of the Company out of which Three Directors namely Shri. Ramesh Joshi, Shri. Sunil Agarwal and Shri. B. L. Meena are Independent Directors who shall not be liable to retire by rotation in terms of sub-section (13) of section 149 of the Companies Act, 2013. The Company has received notice from shareholder under section 160(1) alongwith deposit of requisite amount proposing their appointment as independent director for a consecutive term of 5 years from the date of forthcoming Annual General Meeting. The remaining two Directors namely Shri. Dinesh Nandwana and Shri. Nishikant Kishanrao Hayatnagarkar are Managing Director and Whole Time Director respectively and were earlier not liable to retire by rotation. However in terms of provisions of sub-section (6) of section 152 of the Companies Act, 2013, Shri. Nishikant Kishanrao Hayatnagarkar, Whole Time Director is liable to retire by rotation in terms of sub-section (6) of section 152 of the Companies Act, 2013 and being eligible has offered himself for reappointment at the forthcoming Annual General Meeting.

The Company has received declaration from all the above independent directors of the Company confirming that they meet with the criteria of the independence as prescribed both under Sub-Section (6) of Companies Act 2013 and under Clause 49 of the Listing Agreement with the Stock exchanges.

As per the information available with the Company, none of the Directors of the Company are disqualified for being appointed as a Directors as specified in Section 164(2) of the Companies Act, 2013.

Directors' Report

11. EMPLOYEES STOCK OPTION SCHEME

The Company implemented the Employees Stock Option Scheme ("Scheme") in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines'). The Remuneration and Compensation Committee, constituted in accordance with the SEBI Guidelines, administers and monitors the Scheme. The applicable disclosures as stipulated under the SEBI Guidelines as at March 31, 2013 (cumulative position) are given below:

Date of all grants as at 31.03.2014	Price per options	No. of options granted
31.07.2009	₹ 3.095/-	5414000
30.12.2009	₹ 3.3925/-	412000
18.05.2010	₹ 7.325/-	3124000
24.11.2010	₹ 7.5/-	1735000
12.08.2011	₹ 7.5/-	1297000
20.07.2012	₹ 20/-	1190000
20.07.2012	₹ 10/-	2000000
Total		**15172000**
Options Vested as at 31.03.2014	**Price per options**	**No. of options Vested**
31.07.2009 grant	₹ 3.095/-	4293240
30.12.2009 grant	₹ 3.3925/-	196000
18.05.2010 grant	₹ 7.325/-	2262920
24.11.2010 grant	₹ 7.5/-	999540
12.08.2011 grant	₹ 7.5/-	469640
Total		**8221340**
Options Exercised as at 31.03.2014	**Price per options**	**No. of options Exercised**
31.07.2009 grant	₹ 3.095/-	3254960
30.12.2009 grant	₹ 3.3925/-	193000
18.05.2010 grant	₹ 7.325/-	1723660
24.11.2010 grant	₹ 7.5/-	642000
12.08.2011 grant	₹ 7.5/-	345320
Total		**6158940**

The total number of shares arising as a result of exercise of Options		982920
Options Lapsed as at 31.03.2014		1093000
Money realised by exercise of Options		₹ 72,72,850 Lacs
Total number of Options in force as at 31.03.2014 (granted-exercised-lapsed)		79,20,060
Employee wise details of Options granted to:		
i.	Senior managerial personnel	
1.	Mr. Santosh Dash	20,00,000 Options
ii.	Any other employee who received a grant in any one year of Options amounting to 5% or more of Options granted	NIL
iii.	Identified employees, who were granted Options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NIL
Diluted Earnings Per Share (EPS) before exceptional items calculated in accordance with Accounting Standard (AS) 20 'Earnings Per Share'		**₹ 3.91/-**

Directors' Report

The Company has obtained a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the shareholders.

12. CORPORATE GOVERNANCE

It is an ongoing process for us to comply with the recommendations of the Narayana Murthy Committee constituted by Securities Exchange Board of India (SEBI). For the financial year ended March, 2014, report on Corporate Governance alongwith the Certificate of the Auditors, M/s S. K. Patodia & Associates, confirming compliance with conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

13. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The company strongly believes that sustainable community development is essential for harmony between the community and the industry. It endeavours to make a positive contribution to the underprivileged communities by supporting a wide range of socio-economic, educational and health initiatives. Also, it is committed to integrate its business values and operations to meet the expectations of all its stakeholders.

In this regard, the Company has in its Board Meeting dated September 1, 2014, adopted the Corporate Social Responsibility (CSR) Policy which encompasses the Company's philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large. The "CSR Policy" as adopted by the company is as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 initiated by the Central Government under the relevant provisions of Section 135 of the Companies Act, 2013 and Schedule VII of the said Act.

The CSR initiative of the company for FY 2013-14 amounted to about ₹ 1.60 Crore which has been spent on various socio-economic upliftment activities which includes establishment of The Indian Institute of Information Technology (IIIT), Kota, Rajasthan for dissemination of knowledge in backward areas of Rajasthan, contribution to Western India Regional Council of The Institute of Chartered Accountants of India, Indian Institute of Technology, Roorkee, etc.

14. AUDITORS

M/s. S. K. Patodia & Associates**,** Chartered Accountants, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if re-appointed. The company has received a certificate from them to the effect that their appointment, if made, would be within the prescribed limits under Section 139(1) of the Companies Act, 2013.

15. PARTICULARS OF EMPLOYEES

The information required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended are given in annexure appended hereto and forms part of this report. In terms of Section 219(1)(iv) of the Act, the Report and Accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company.

16. ACKNOWLEDGEMENT AND APPRECIATION

The Directors take this opportunity to thank Company's customers, shareholders, suppliers, bankers, Central and State Government for their consistent support to the Company. The Board also wishes to place on record their appreciation for the hard work, dedication and commitment of the employees at all levels. The enthusiasm and unstinting efforts of the employees have enabled the Company to grow in the competitive environment. The Board looks forward to their continued support and understanding in the years to come.

On behalf of the Board of Directors

Sd/-
Dinesh Nandwana
Chairman & Managing Director

Place: Mumbai,
Date: September 1, 2014

Corporate Governance Report 2013-14

CORPORATE GOVERNANCE

Vakrangee's philosophy on Corporate Governance is founded upon a rich legacy of fair, ethical and transparent governance practices. Corporate Governance is that crucial muscle which encourages and moves a viable and accessible financial reporting structure and which enables a transparent system. Through the Governance mechanism in the Company, the Board along with its Committees undertake its fiduciary responsibilities to all its stakeholders by ensuring transparency, fairplay and independence in its decision making.

Corporate Governance signifies acceptance by management of the inalienable rights of shareholders as the true owners of the organization and of their own role as trustees on behalf of the shareholders. Strong corporate governance is indispensable to resilient and vibrant capital markets and is an important instrument of investor protection.

At Vakrangee, our aspirations have always been of protecting, strengthening and aligning together the interest of all the stakeholders and to satisfy that, we strive hard to implement and continue to follow our core values which are "Belief in people, Entrepreneurship, Customer orientation and pursuit of excellence". Your Company endeavor to put in the right pedestal blocks for future growth and ensuring that we achieve our ambitions in a prudent and sustainable manner with strict adherence to best Corporate Governance practices.

Corporate Governance is a set of systems and practices to ensure that the affairs of the company are being managed in a way which ensures accountability, transparency, and fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and societal expectations.

At Vakrangee, we are committed to meeting the aspirations of all our stakeholders. This is demonstrated in shareholder returns, our credit ratings, governance processes and an entrepreneurial and performance focused work environment.

The Board of Directors manages the affairs of the company in the best interest of the shareholders, providing necessary guidance and strategic vision. The Board is also responsible to ensure that the Company's management and employees operate with the highest degree of ethical standards.

Over the years, governance processes and systems have been strengthened and institutionalised at Vakrangee. Towards implementation and continuation of sound code of corporate governance practices, 5 Committees are operating for specific purposes: viz. Audit Committee, Remuneration and Compensation Committee, Corporate Governance Committee, Shareholders'/Investors' Grievance Committee and Resource Committee

Your Company is committed to maintain the highest standards of Corporate Governance. Your directors adhere to the stipulations set out in the listing agreements with the Stock Exchanges. A report on Corporate Governance as stipulated under clause 49 of the listing agreements forms part of Annual Report.

Your Board of Directors present the Corporate Governance Report for the year 2013-14 based on the disclosure requirements under Clause 49 of the Listing Agreement existing as on March 31, 2014.

BOARD OF DIRECTORS

Composition:

The Board comprised of 6 directors including the Chairman and Managing Director, The details of the Board of Directors as on March 31, 2014 are given below:

Name	Category	Designation	Date of appointment	Director-ship in other companies	Chairmanship in Committees of Boards of other companies	Membership in Committees of Boards of other companies
Mr. Dinesh Nandwana	Promoter & Executive	Chairman & Managing Director	28/05/1990	16	Nil	Nil
Dr. Nishikant Hayatnagarkar	Executive	Whole Time Director	27/08/1999	3	Nil	Nil
Mr. Sunil Agarwal	Non Executive, Independent	Director	28/06/2002	Nil	Nil	Nil
Mr. Ramesh M. Joshi	Non Executive, Independent	Director	20/10/2006	5	Nil	Nil
Mr. B. L. Meena	Non Executive, Independent	Director	25/10/2010	Nil	Nil	Nil
Mr. Anil Patodia*	Non Executive, Independent	Director	02/04/1994	6	Nil	Nil
Mr. Kunnel Prem	Non Executive, Independent	Nominee Director	30/09/2013	Nil	Nil	Nil

**Mr. Anil Patodia ceased to be director w.e.f. September 30, 2013*

Corporate Governance Report 2013-14

The Chairman is the Executive Director and the number of Independent / Non-Executive Directors constitutes more than 50% of the Board at any point of time. All Independent, Non-Executive Directors comply with the legal requirements of being "independent".

According to Clause 49 of the Listing Agreement with the stock exchanges, an independent director means a person other than an officer or employee of the company or its subsidiaries or any other individual having a material pecuniary relationship or transactions with the company which, in the opinion of the Board of Directors would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director.

BOARD MEETINGS:

As per the Listing agreement, the Board of Directors must meet atleast four times in a year, with a maximum time gap of four months between any two meetings.

During the last financial year, our Board met five times, on April 25, 2013, July 22, 2013, August 31, 2013, November 9, 2013, January 20, 2014. All the Board meetings were held at the Company's registered office at Mumbai, India.

The attendance of the directors at the board meeting held during the year is given below:

Details of Directors being re-appointed and appointed.

Two of the existing Directors who retire by rotation are proposed to be re-appointed as Directors at the ensuing Annual General Meeting.

BOARD COMMITTEES:

As of March 31, 2014 your Company had five Board Committees. These are:

1. Audit Committee
2. Remuneration and Compensation Committee
3. Shareholders'/ Investors' Grievance Committee
4. Corporate Governance Committee
5. Resource Committee

AUDIT COMMITTEE

Terms of reference

The terms of reference of the Audit Committee inter-alia are as follows:

(i) internal audit control systems;
(ii) scope of audit;
(iii) review of financial statements;
(iv) compliance with internal audit control systems; and
(v) all such other functions as required to be performed under the requirements of corporate governance, Companies Act, 1956 and the Equity Listing Agreements.

The terms of reference stipulated by the Board to the Audit Committee as mentioned above are as contained under Clause 49 of the Listing Agreement.

Name of the Director	Number of meetings held	Number of meetings attended	Attended Last AGM	Shareholding in the Company as of March 31, 2014 (no. of shares)
Dinesh Nandwana	5	5	Yes	29767100
Ramesh M. Joshi	5	5	Yes	0
Dr. Nishikant Hayatnagarkar	5	5	Yes	37144
Anil Patodia*	5	2	Yes	0
Sunil Agarwal	5	3	Yes	0
Kunnel Prem	5	2	No	0
B. L. Meena	5	5	Yes	0

** Mr. Anil Patodia ceased to be Director w.e.f. September 30, 2013*

Corporate Governance Report 2013-14

Composition

The Audit Committee of our Company (the "Audit Committee") comprises of three members, of which two-third are Independent Directors. The chairman of the Audit Committee is an Independent Director. All the members of the Audit Committee are financially literate and at least one member has accounting or related financial management expertise. The Audit Committee was last re-constituted on September 30, 2013 due to resignation of Mr. Anil Patodia, and its current composition is as follows:

Sr. No	Name of the Director	Designation
1.	Mr. B. L. Meena	Independent Director (Chairman)
2.	Mr. Ramesh Joshi	Independent Director
3.	Mr. Dinesh Nandwana	Executive Director

Meetings & Attendance during the year

There were four meetings of the Audit Committee viz. on 25.04.2013, 22.07.2013, 09.11.2013 and 20.01.2014 and following is the table showing attendance for the same.

Meeting Date / Member Name	Description	25.04.2013	22.07.2013	09.11.2013	20.01.2014
Mr. B. L. Meena	Chairman	Attended	Attended	Attended	Attended
Mr. Anil Patodia*	Member	Not Attended	Attended	Not Attended	Not Attended
Mr. Ramesh Joshi	Member	Attended	Attended	Attended	Attended
Mr. Dinesh Nandwana	Member	Attended	Attended	Attended	Attended

** Mr. Anil Patodia resigned from the Audit Committee of Board of Directors of the Company w.e.f. September 30, 2013*

REMUNERATION AND COMPENSATION COMMITTEE

The Remuneration and Compensation Committee comprises of the following three non-executive independent directors:

Sr. No	Name of the Director	Designation
1.	Mr. B. L. Meena	Independent Director (Chairman)
2.	Mr. Sunil Agarwal	Independent Director
3.	Mr. Ramesh Joshi	Independent Director

The remunerations paid to the Executive Directors are in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

Executive Directors are paid remuneration within the limits envisaged under Schedule XIII of the Companies Act 1956.

The remuneration payable is always recommended by the Remuneration Committee to the Board and is approved by the Board.

The details of remuneration paid to Executive Directors during the financial year 2013-2014 are as under:

Particulars	Mr. Dinesh Nandwana (Chairman & Managing Director)	Dr. Nishikant Hayatnagarkar (Executive Director)
Salary (₹)	65.00 Lacs	17.34 Lacs
Allowances and perquisites	3.71 Lacs	NIL

Non-Executive Director:

Non-Executive Directors have been paid sitting fee of ₹ 20,000/- for attending every Board meeting. Sitting fee of ₹ 5,000/- was paid for attending Committee meeting by the Non-executive Directors.

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

As per Clause 49 of the Listing Agreement, the company is required to constitute a committee of the board of directors of the company known as Shareholders'/ Investors' grievance committee under the chairmanship of a non-executive director of the company. The current composition of the Committee is as follows:

Sr. No	Name of the Director	Designation
1.	Mr. Ramesh Joshi	Independent Director (Chairman)
2.	Mr. B. L. Meena	Independent Director
3.	Dr. Hayatnagarkar	Executive Director

All the members attended all the meetings of the Committee.

Corporate Governance Report 2013-14

The functions of the committee include:
To specifically look into, interalia, redressing investors' grievances pertaining to:

- Transfer of Shares
- Dividends
- De-materialization of Shares
- Replacement of lost/stolen/mutilated share certificates
- Non-receipt of right/bonus/split share certificates
- Any other related issues

COMPLAINTS:

Sr. No.	Nature of the complaint	Received	Replied	Pending
1	Non-receipt of shares certificates lodged for transfer	Nil	Nil	Nil
2	Non-receipt of dividend warrants	5	5	Nil
3	Non-receipt of Bonus shares	Nil	Nil	Nil
4	Non receipt of exchange shares certificates	2	2	Nil
5	Non receipt of Demat rejection documents	Nil	Nil	Nil
6	Letters from Department of Company Affairs / Other Statutory Bodies	Nil	Nil	Nil
7	Non Receipt of Demat Credit	Nil	Nil	Nil
8	Stock Exchange letters	1	1	Nil
9	Non receipt of Annual Report	2	2	Nil
10	SEBI Complaints	3	3	Nil
11	Non Receipt of Refund order after correction	1	1	Nil
	Total	**14**	**14**	**0**

CORPORATE GOVERNANCE COMMITTEE

As per Clause 49 of the Listing Agreement, the company is required to constitute a committee of the board of directors of the company known as Corporate Governance Committee to deal with the matters related to Corporate Governance and requirements as applicable to the Company under the Corporate Governance and Listing Agreements requirements. The current composition of the Committee is as follows:

Sr. No	Name of the Director	Designation
1.	Mr. Ramesh Joshi	Independent Director (Chairman)
2.	Mr. Dinesh Nandwana	Executive Director
3.	Dr. N. Hayatnagarkar	Executive Director

RESOURCE COMMITTEE

Resource Committee of the Board of Directors of the Company was constituted on 08.02.2010

The current composition of the Committee is as follows:

Sr. No	Name of the Director	Designation
1.	Mr. Dinesh Nandwana	Executive Director (Chairman)
2.	Mr. Ramesh Joshi	Independent Director
3.	Dr. N. Hayatnagarkar	Executive Director (Chairman)

The company had no transfers pending at the close of 31.03.2014.

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ANNUAL GENERAL MEETING:

Date, Venue and Time for the last three Annual General Meeting

Date	Venue	Time	No. of Special Resolutions
September 10, 2013	Chancellor Suite, Hotel Hilton, Mumbai, Sahar Airport Road, Andheri (East), Mumbai 400 099	11.00 AM	1
July 31, 2012	Chancellor Suite, Hotel Hilton, Mumbai, Sahar Airport Road, Andheri (East), Mumbai 400 099	11.00 AM	NIL
August 26, 2011	Chancellor Suite, Hotel Hilton, Mumbai, Sahar Airport Road, Andheri (East), Mumbai 400 099	11.00 AM	1

Resolution passed through Postal Ballot:

During the year, the Company passed following Special Resolutions through a two different Postal Ballot.

Sr. No	Description
1.	Special Resolution u/s 16 and 17 of the Companies Act, 1956,for Change in Object clause of the Memorandum of association of the company
2.	Special Resolution u/s 81(1A) of the Companies Act, 1956, for allotment of Fully Convertible Warrants to a promoter company M/s. Vakrangee Capital Private Limited.

Dr.. S. K. Jain Practicing Company Secretary, who was appointed as Scrutinizer for conducting the Postal Ballot process in fair and transparent manner submitted his Report for the above two postal ballot businesses to the Board of Directors of the Company on May 18, 2013 and February 19, 2014 respectively. Based on the said Reports, the Chairman of the Board of Directors declared Result of the Postal Ballot.

DISCLOSURES

Disclosure on material significant related party transactions with its promoter, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

There is no material transaction with any related party, which may have potential conflict with the interest of the company at large.

During the last three years, there were no strictures or penalties imposed by either the Securities and Exchange Board of India or the Stock Exchanges or any statutory authorities for non-compliance of any matter related to the capital markets.

MEANS OF COMMUNICATION:

1	Quarterly Results	-	News Paper Advertisement
2	Newspaper wherein results are normally published	-	Economic Times (English and Gujarati), Times of India (English), Free Press Journal (English) & Navshakti (Marathi)
3	Any Website where displayed	-	www.vakrangee.in, www.nseindia.com, www.bseindia.com
4	Whether it also displayed official news releases	-	Yes
5	The presentation made to Institutional Investor or to the Analyst	-	Yes

Corporate Governance Report 2013-14

GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting

The next Annual General Meeting of the company will be held on September 30, 2014 at 12.30 P.M. at Victoria Suite, Hotel Hilton, Mumbai, Sahar Airport Road, Andheri (East), Mumbai 400 099.

Financial Calendar for FY 2014-15

Tentative Schedule	Likely Board Meeting Schedule
Financial reporting for the quarter ending June 30, 2014	On or before August 14, 2014
Financial reporting for half year ended September 30, 2014	On or before November 15, 2014
Financial reporting for the quarter ending December 31, 2014	On or before February 15, 2015
Financial reporting for the year ended March 31, 2015	On or before May 30, 2015
Annual General Meeting for the year ending March 31, 2015	On or before September 30, 2015

Book Closure;

The Company's Register of Members and Share Transfer books will remain closed from September 23, 2014 to September 30, 2014 (both days inclusive).

Dividend payment;

i. **Payment date:**
Dividend, when declared at the AGM, will be paid before October 30, 2014.

ii. **Payment Entitlement:**
Dividend will be paid to those members whose name would appear;

a. For shares in demat form: As beneficial owner as at the end of the business hours on September 22, 2014 as per the list to be provided by the Depositories to the Company.

b. For shares in physical form: As a member in the Register on Member of the Company as on September 22, 2014.

Listing on Stock Exchanges:

Your company's securities are listed on the following stock exchanges.

Equity Shares
Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 023
National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G Block Bandra East, Mumbai - 400 051.

Stock Code

Stock Exchange	Code
Bombay Stock Exchange Ltd.	511431
National Stock Exchange of India Ltd.	VAKRANGEE
ISIN no. for Equity Shares (NSDL)	INE051B01021
ISIN no. for Equity Shares (CDSL)	INE051B01021

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Stock Market Data relating to Equity Share listed in India:

Month (2013-14)	Price on BSE during each month (in ₹)		Volume traded	Price on NSE during each month (in ₹)		Volume traded
	High	Low		High	Low	
April	78.70	66.60	7171233	78.75	66.00	60,75,282
May	76	71	34624378	77.90	71.00	18,71,191
June	81.50	74.60	17100106	83.00	72.15	41,69,582
July	85.90	47.60	12632840	86.70	47.80	76,06,358
August	75.10	43.10	10254334	75.40	43.25	1,31,23,509
September	81.45	65.70	9355268	81.70	65.10	55,47,562
October	72.85	63.55	8059142	73.50	61.90	26,61,469
November	86	67	8965194	85.95	66.20	58,42,030
December	90.90	78.80	8349032	91.25	79.10	40,30,051
January	96.50	81	5219748	96.30	81.20	47,48,475
February	94.25	86	3022818	94.60	85.50	27,49,585
March	99.95	89.90	5255478	100.00	88.80	35,06,851

Registrar and Share Transfer Agent:

The Board has delegated the power of share transfer to Registrar and Share transfer agents for processing of share transfers. The details of the Registrar and Share Transfer agent are as follows:

Bigshare Services Pvt. Ltd.
E-2, Ansa Industrial Estate, Saki Vihar Road
Sakinaka, Andheri (E),
Mumbai – 400072.
Telephone No. : 022-28470652 / 40430200
Fax No.- : 022-28475207
Email : info@bigshareonline.com

Distribution of shareholding: - Face Value ₹ 1/- per Share

Category (No. of Shares)	No. of shareholders	% of shareholders	No. of shares	% total equity
0-5000	8015	88.3001	8171272	1.6230
5001-10000	498	5.4864	3798064	0.7544
10001-20000	214	2.3576	3281419	0.6517
20001-30000	70	0.7712	1743571	0.3463
30001-40000	31	0.3415	1107046	0.2199
40001-50000	22	0.2424	1026553	0.2039
50001-100000	76	0.8373	5607482	1.1137
100001 and above	151	1.6635	478746833	95.0871
Total	**9077**	**100.00**	**503482240**	**100.00**

Corporate Governance Report 2013-14

Category of Shareholders:

	Category	March 31, 2014		March 31, 2013	
		No. of shares held	% of Holding	No. of shares held	% of Holding
(A)	**Shareholding of Promoter and Promoter Group**				
(a)	Individuals/ Hindu Undivided Family	29865100	5.93	29870900	5.94
(b)	Bodies Corporate	165311414	32.83	142324314	28.32
	Total(A)	**195176514**	**38.77**	**172195214**	**34.27**
(B)	**Public Shareholding**				
B1	**Institutions**				
(a)	Financial Institutions / Banks	29373021	5.83	28679887	5.71
(b)	Foreign Institutional Investors	8598828	1.71	291182	0.06
	Sub-Total (B)(1)	**37971849**	**7.54**	**28971069**	**5.77**
B 2	**Non-institutions**				
(a)	Bodies Corporate	172136723	34.19	215355127	42.86
b(i)	Individual shareholders holding nominal share capital up to ₹1 Lacs	20199619	4.01	23761027	4.73
b(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 Lacs.	65702418	13.05	51436255	10.24
(c)	Clearing members	6190204	1.23	9935917	1.98
(d)	Non Residents Indians(NRI)	6104913	1.21	844711	0.17
	Sub-Total (B)(2)	**270333877**	**53.69**	**301333037**	**59.97**
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**	**308305726**	**61.23**	**330304106**	**65.73**
	GRAND TOTAL (A)+(B)	**503482240**	**100.00**	**502499320**	**100.00**

Dematerialization of shares and liquidity:

Over 99.49% of outstanding equity has been dematerialized upto March 31, 2014.

Address of Correspondence:

Vakrangee Limited
"Vakrangee House", Compartment No.- 66,
Plot No.- 10/52, Marol Co-op Industrial Estate,
Off. M. V. Road, Marol
Andheri (E), Mumbai – 400 059.

Shareholders can contact the following official for Company Secretarial matters related to the company:

Name	Telephone No.	Email ID	Fax No.
Darshi Shah	67765101, 67765102	darshis@vakrangee.in	022-28502017

Vakrangee Ltd's Code of Conduct:

Vakrangee Ltd's Code of Conduct, as required under Clause 49 of the Listing Agreement signed by the Company with the Stock exchanges as per Companies Act, 2013 and as adopted by the Board of Directors, is applicable to the Directors, senior management and employees of the Company. The Code of Conduct is available on the Company's corporate website.

Vakrangee Ltd's Code of Insider Trading:

Vakrangee Ltd has Code of Conduct for Prevention of Insider Trading ('VL Code') in the shares of the Company and same is available on the Company's corporate website.

Auditors' Certificate on Corporate Governance

To the members of **Vakrangee Limited,**

We have examined the Compliance of the conditions of Corporate Governance procedures implemented by Vakrangee Limited, for the year ended March 31, 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India, and was limited to review of the procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the company.

In our opinion and to the best of our information and according to the explanation given to us, and the representations made by the Directors and management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

We further 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 **S. K. Patodia & Associates**
Chartered Accountants
FRN: 112723W

Arun Poddar
Partner
Mem. No. : 134572

Place : Mumbai
Date : September 1, 2014

CEO / CFO Certificate

To the Board of Directors of Vakrangee Limited

Dear Sirs,

Sub: CEO / CFO Certificate
(Issued in accordance with provisions of Clause 49 of the Listing Agreement)

We have reviewed the financial statements, read with cash flow statement of Vakrangee Limited for the year ended March 31, 2014 and that to the best of our knowledge and belief, we state that;

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

(ii) These statements together present a true and fair view of the company's affairs and are in compliance with current accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or in violation of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit committee, deficiencies in the design or operation of such internal controls, if any, and steps taken or proposed to be taken for rectifying these deficiencies.

(d) We have indicated to the auditors and the Audit committee-

(i) significant changes in internal control over financial reporting during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) 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.

Yours sincerely,

Dinesh Nandwana
Chairman & Managing Director
Vakrangee Limited

Subhash Singhania
Finance Head
Vakrangee Limited

Place: Mumbai
Date: September 1, 2014

Independent Auditor's Report

To the Members of Vakrangee Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Vakrangee Limited (the Company), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 of India (the "Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying 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:
   (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
   (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
   (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

8. **As required by section 227(3) of the Act, we report that:**
   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act;
   (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For **S. K. Patodia & Associates**
Chartered Accountants
FRN: 112723W

Arun Poddar
Partner

Mem. No. : 134572
Place: Mumbai
Date: May 22, 2014

Annexure to Auditor's Report

Annexure referred to in Paragraph 7 of the Auditors Report to the members of **Vakrangee Limited** for the year ended March 31, 2014.

As required by the Companies (Auditors Report) Order, 2003 and amendments thereto and according to the information and explanations given to us during the course of the audit and on the basis of such checks of the books and records as were considered appropriate we report that:

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

b) All the assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the company and the nature of business. The frequency of verification is reasonable and no material discrepancies have been noticed on such physical verification.

c) During the year, there is no substantial disposal of Fixed Assets.

(ii) a) The inventories have been physically verified by the management during the year at reasonable intervals.

b) The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

c) The Company has maintained proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to book records were not material.

(iii) a) The Company has granted unsecured loans to two parties which are subsidiary companies covered in the register maintained under Section 301 of the Companies Act, 1956 on call basis. The maximum amount outstanding during the year was ₹ 2,665.67 Lacs and the year-end balance was ₹ 2,433.26 Lacs.

b) Interest is charged on all the said loans, other terms and conditions on which the loans have been granted are prima facie, not prejudicial to the interest of the Company.

c) According to information provided to us, the repayment of said loans is regular.

d) According to the information provided to us, the Company has taken reasonable steps to recover the said loans.

e) The company has taken unsecured loans from Vakrangee Capital Pvt. Ltd. covered in the register maintained under Section 301 of the Companies Act, 1956 on call basis. The maximum amount outstanding during the year was ₹ 120.00 Lacs and the year-end balance was ₹ Nil.

f) The said loans are interest-free loans. Other terms and conditions on which the loans have been taken are prima facie, not prejudicial to the interest of the Company.

g) According to information provided to us, there is no default in repayment of said loans.

(iv) In our opinion and according to the information and explanation given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.

(v) a) Based on the audit procedures performed by us, we are of the opinion that particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained in that section.

b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The company has not accepted any public deposit.

(vii) The Company has an adequate internal audit system commensurate with the size and nature of its business.

(viii) The Central Government has not prescribed for maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for the Company.

(ix) a) According to the records of the Company, the undisputed statutory dues including Income

Annexure to Auditor's Report

Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty, Cess have regularly been deposited with the appropriate authorities. There are no significant undisputed amount payable in respect of such statutory dues which have remained outstanding as at March 31, 2014 for a period more than six months from the date they became payable.

b) According to the records of the company and information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.

(x) The company has no accumulated losses at the end of the financial year and it has not incurred cash losses during the financial year and in the immediately preceding financial year.

(xi) The Company has not defaulted in repayment of its dues to banks and financial institutions.

(xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.

(xiii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the company.

(xiv) In respect of dealing in shares, securities and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities and other investments have been held by the company in its own name.

(xv) The company has not given any guarantee for loans taken by others from banks and financial institutions.

(xvi) The Company has taken Term Loans during the year and has applied the loans for the purposes for which they were obtained.

(xvii) On an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investments.

(xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.

(xix) The Company has not issued any debentures during the year.

(xx) The Company has not raised any money by way of public issue during the year.

(xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have not come across any instance of material fraud on or by the Company, noticed or reported during the year.

For **S. K. Patodia & Associates**
Chartered Accountants
FRN: 112723W

Arun Poddar
Partner
Mem No: 134572

Place : Mumbai
Date : May 22, 2014

Balance Sheet
as at March 31, 2014

(₹ in Lacs)

Particulars	Note No.		As at March 31, 2014		As at March 31, 2013
I Equity & Liabilities					
1. Shareholders' funds					
(a) Share Capital	2	5,034.82		5,024.99	
(b) Reserves and Surplus	3	65,245.86		46,528.93	
(c) Money received against Share Warrant	4	10,215.05		-	
			80,495.73		**51,553.92**
2. Share application money pending allotment			**-**		**-**
3. Non - Current Liabilities					
(a) Long -Term Borrowings	5	8,621.02		14,568.54	
(b) Deferred Tax Liabilities (Net)	6	7,092.57		8,270.05	
(c) Other Long - Term Liabilities	7	332.05		783.73	
			16,045.64		**23,622.32**
4. Current Liabilities					
(a) Short - Term Borrowings	8	30,639.02		26,954.98	
(b) Trade Payables	9	25,196.99		17,479.17	
(c) Other Current Liabilities	10	9,661.57		12,229.21	
(d) Short - Term Provisions	11	10,759.44		4,068.52	
			76,257.02		**60,731.88**
TOTAL			**1,72,798.39**		**1,35,908.12**
II Assets					
1. Non - Current Assets					
(a) Fixed Assets	12				
(i) Tangible Assets		43,498.02		41,837.20	
(ii) Intangible Assets		-		-	
(iii) Capital Work-in-Progress		4,811.34		-	
(b) Non - Current Investments	13	376.00		1,167.30	
(c) Long - Term Loans and Advances	14	5,530.70		2,427.66	
(d) Other Non - Current Assets	15	565.78		670.81	
			54,781.84		**46,102.97**
2. Current Assets					
(a) Inventories	16	13,060.51		1,985.82	
(b) Trade Receivables	17	79,195.65		66,136.96	
(c) Cash and Cash equivalents	18	2,921.37		3,122.27	
(d) Short - Term Loans and Advances	19	3,639.92		3,509.72	
(e) Other Current Assets	20	19,199.10		15,050.38	
			1,18,016.55		**89,805.15**
TOTAL			**1,72,798.39**		**1,35,908.12**
Significant Accounting Policies	**1**				

As per our report of even date

For S. K. Patodia & Associates
Chartered Accountants
FRN : 112723W

For & on behalf of the Board

Arun Poddar
Partner
Mem. No. 134572

Dinesh Nandwana
Chairman & Managing Director

Dr. Nishikant Hayatnagarkar
Director

Place : Mumbai
Date : May 22, 2014

Darshi Shah
Company Secretary

Statement of Profit and Loss

for the year ended March 31, 2014

(₹ in Lacs)

	Particulars	Note No.	For the year ended March 31, 2014		For the year ended March 31, 2013	
I	Revenue from Operations	23	1,96,539.18		1,55,577.52	
II	Other Income	24	924.03		742.26	
III	**Total Revenue (I + II)**			**1,97,463.21**		**1,56,319.78**
IV	**Expenses**					
	Operating Expenses	25	1,35,602.27		1,14,845.97	
	Changes in Inventories	26	1,162.89		(1,609.98)	
	Employee Benefits Expenses	27	2621.70		2,504.51	
	Finance Costs	28	7,787.54		8,583.67	
	Depreciation and Amortization Expense	12	1,8031.84		15,694.33	
	Other Expenses	29	1,660.87		1,455.85	
	Total Expense			**1,66,867.11**		**1,41,474.35**
V	**Profit before Exceptional and Extraordinary Items and Tax (III-IV)**			**30,596.10**		**14,845.43**
VI	Exceptional Items			-		-
VII	**Profit before Extraordinary Items and Tax (V-VI)**			**30,596.10**		**14,845.43**
VIII	Extraordinary Items			-		-
IX	**Profit Before Tax (VII-VIII)**			**30,596.10**		**14,845.43**
X	**Tax Expense:**					
	(a) Current Tax		12,294.81		4,373.09	
	(b) Deferred Tax		(1,177.48)		954.13	
	(c) Tax of Earlier Year		81.99		(32.86)	
	(d) MAT Credit Entitlement		(503.25)		(1376.19)	
				10,696.07		**3,918.17**
XI	**Profit for the Period from Continuing Operations (IX - X)**			**19,900.03**		**10,927.26**
XII	Profit/(Loss) for the Period from Discontinuing Operations			-		-
XIII	Tax Expense of Discontinuing Operations			-		-
XIV	**Profit/(Loss) from Discontinuing Operations (After Tax) (XII-XIII)**			-		-
XV	**Profit for the Period (XI + XIV)**			**19,900.03**		**10,927.26**
XVI	**No. of equity shares for computing EPS**					
	(1) Basic			50,29,79,292		50,14,80,384
	(2) Diluted			50,92,32,604		51,12,42,086
XVII	**Earnings Per Equity Share (Face Value ₹ 1/- Per Share):**	30				
	(1) Basic (₹)			3.96		2.18
	(2) Diluted (₹)			3.91		2.14
	Significant Accounting Policies	1				

As per our report of even date

For S. K. Patodia & Associates
Chartered Accountants
FRN : 112723W

For & on behalf of the Board

Arun Poddar
Partner
Mem. No. 134572

Dinesh Nandwana
Chairman & Managing Director

Dr. Nishikant Hayatnagarkar
Director

Place : Mumbai
Date : May 22, 2014

Darshi Shah
Company Secretary

Cash Flow Statement
for the year ended March 31, 2014

(₹ in Lacs)

Sr. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
I	**Cash flow from operating activities**		
	Profit before tax from continuing operations	30,596.10	14,845.43
	Profit before tax from discontinuing operations	-	-
	Profit before tax	**30,596.10**	**14,845.43**
	Non-cash adjustment to reconcile profit before tax to net cash flows		
	Depreciation/amortization on continuing operation	18,031.84	15,694.33
	Loss/(profit) on sale of fixed assets	2.88	(20.55)
	Employee stock compensation expense	227.70	280.38
	Net gain on sale of non-current investments	(0.33)	(20.00)
	Interest expense	7178.35	7,918.60
	Interest income	(554.53)	(491.45)
	Dividend income	(0.97)	(0.31)
	Operating profit before working capital changes	**55,481.04**	**38,206.43**
	Movements in working capital :		
	Increase / (decrease) in trade payables	7,717.83	5,588.42
	Increase / (decrease) in short-term provisions	6,309.34	1589.12
	Increase / (decrease) in other current liabilities	(2,567.65)	2,573.54
	Increase / (decrease) in other long-term liabilities	(451.67)	84.56
	Decrease / (increase) in trade receivables	(13,058.70)	(21,613.43)
	Decrease / (increase) in inventories	(11,074.69)	(1,626.83)
	Decrease / (increase) in long-term loans and advances	(5,038.12)	797.71
	Decrease / (increase) in short-term loans and advances	(247.34)	(211.75)
	Decrease / (increase) in other current assets	(4,148.73)	(14,503.79)
	Decrease / (increase) in other non-current assets	105.02	(198.48)
	Cash generated from /(used in) operations	**33,026.33**	**10,685.50**
	Direct taxes paid (net of refunds)	(9,724.61)	(2,684.45)
	Net cash flow from / used in operating activities (A)	**23,301.72**	**8,001.06**
II	**Cash flow from investing activities**		
	Purchase of fixed assets, including intangible assets, CWIP and capital advances	(24,514.48)	(8,850.83)
	Proceeds from sale of fixed assets	7.63	59.50
	Proceeds of non-current investments	841.63	5,025.00
	Purchase of non-current investments	(50.00)	(335.00)
	Interest received	554.53	491.45
	Dividends received	0.97	0.31
	Net cash flow from/(used in) investing activities (B)	**(23,159.72)**	**(3,609.57)**

(₹ in Lacs)

Sr. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
III	**Cash flow from financing activities**		
	Proceeds from issuance of share capital	9.83	20.20
	Proceeds from securities premium on issuance of share capital	62.90	93.10
	Proceeds from long-term borrowings	(5,947.52)	(1,027.58)
	Proceeds from short-term borrowings	3,684.04	6,130.04
	Warrant & Share Application Money	10,215.05	-
	Interest paid	(7,178.35)	(7,918.60)
	Dividends paid on equity shares	(1,005.93)	(1,000.96)
	Tax on equity dividend paid	(182.93)	(162.38)
	Net cash flow from/(used in) in financing activities (C)	**(342.91)**	**(3,866.18)**
	Net increase / (decrease) in cash and cash equivalents (A + B + C)	(200.91)	525.30
	Cash and cash equivalents at the beginning of the year	3,122.28	2,596.97
	Cash and cash equivalents at the end of the year	**2,921.37**	**3,122.27**
	Components of cash and cash equivalents		
	Cash on hand	4.11	39.63
	Cheques/ drafts on hand	**-**	-
	With banks - on current account	241.01	148.18
	on deposit account	2,648.63	2,912.50
	unpaid dividend accounts*	27.62	21.96
	Total cash and cash equivalents (Note 18)	**2,921.37**	**3,122.27**

The Company can utilise this balances only toward settlement of the respective unpaid balances

As per our report of even date

For S. K. Patodia & Associates
Chartered Accountants
FRN : 112723W

For & on behalf of the Board

Arun Poddar
Partner
Mem. No. 134572

Dinesh Nandwana
Chairman & Managing Director

Dr. Nishikant Hayatnagarkar
Director

Place : Mumbai
Date : May 22, 2014

Darshi Shah
Company Secretary

Notes to Financial Statements
as on March 31, 2014

Note 2 - Share Capital

(₹ in Lacs)

(a)

Particulars	As at March 31, 2014	As at March 31, 2013
Authorised :		
75,00,00,000 (Previous Year 75,00,00,000) Equity Shares of ₹ 1/- each	7,500.00	7,500.00
TOTAL	**7,500.00**	**7,500.00**
Issued, Subscribed and Paid-up :		
50,34,82,240 (Previous Year 50,24,99,320) Equity Shares of ₹1/- each fully paid up	5,034.82	5,024.99
TOTAL	**5,034.82**	**5,024.99**

(b) **Detailed note on the terms of the rights, preferences and restrictions relating to each class of shares including restrictions on the distribution of dividends and repayment of capital.**

i) The Company has only one class of Equity Shares having a par value of ₹ 1/- per share. Each holder of Equity Share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. During the year ended March 31, 2014, the amount of per share dividend recognised as distributions to Equity Shareholders is ₹ 0.25 per share of ₹ 1/- each. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

ii) In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholders.

iii) During the previous year, the Company had issued bonus shares in the ratio of one fully paid-up equity share for every equity share held on April 13, 2012 being the record date.

(c) **Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period**

Particulars	As at March 31, 2014	As at March 31, 2013
No. of shares at the beginning of the year	50,24,99,320	25,02,39,790
Add: Issue of Shares during the year		
Bonus Issue	-	25,02,39,790
Conversion of ESOPs	9,82,920	20,19,740
Conversion of Share Warrants	-	-
	9,82,920	25,22,59,530
No. of shares at the end of the year	**50,34,82,240**	**50,24,99,320**

(d) **Aggregate details for five immediately previous reporting periods for each class of shares**

Particulars	As at March 31, 2014	As at March 31, 2013
- No. of shares allotted as fully paid up pursuant to contracts without payment being received in cash	-	-
- No. of shares allotted as fully paid by way of Bonus Shares	25,02,39,790	25,02,39,790
- No. of shares bought back	-	-

During the year, the Company has issued 9,82,920 equity shares of ₹ 1/- each on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in the form of employee services.

Hence, the company has issued total 61,58,940 shares during the period of five years immediately preceding the reporting date on exercise of options granted under the ESOP scheme.

Notes to Financial Statements
as on March 31, 2014

(e) Details of Promoters' holding more than 5% shares in the company

No. of Shares held by	As at March 31, 2014		As at March 31, 2013	
	Nos.	%	Nos.	%
Vakrangee Holdings Private Limited	12,53,75,194	24.90	11,54,35,194	22.97
Dinesh Nandwana	2,97,67,100	5.91	2,97,66,000	5.92
Vakrangee Capital Private Limited	3,99,36,220	7.93	2,68,89,120	5.35

(f) Detailed note on shares reserved to be issued under options and contracts (ESOPs or Loans) / commitment for the sale of shares (without payment being received in cash) divestments including the terms and conditions.

The Company had formulated Employees Stock Option Scheme, 2008 (ESOP Scheme) which was approved by the members of the Company at their meeting held on September 23, 2008, as modified on January 10, 2011 & on June 1, 2012.

Therefore, all the Grants issued upto previous year, i.e. Grant 1 to Grant 6, & the prices at which the options (after effecting modification, if any) to be exercised as follows:

Grant No. & Date of Grant	Option Granted	
	No. of options (Equity shares of Face Value ₹ 1/- each)	Exercise Price (₹)
Grant 1 on July 31, 2009	54,14,000	3.10
Grant 2 on December 30, 2009	4,12,000	3.39
Grant 3 on May 18, 2010	31,24,000	7.33
Grant 4 on November 24, 2010	17,35,000	7.50
Grant 5 on August 12, 2011	12,97,000	7.50
Grant 6A on July 20, 2012	11,90,000	20.00
Grant 6B on July 20, 2012	20,00,000	10.00

The Company has made another change in the ESOP Scheme with respect to the vesting of the options (only those forming part of the fresh Grants issued after June 1, 2012) over the period as follows:

Period of Vesting from the date of grant	Option Granted	
	Grant 1 to 5	Grant 6 onwards
At the end of twelve months	33%	-
At the end of twenty four months	33%	25%
At the end of thirty six months	34%	25%
At the end of forty eight months	-	25%
At the end of sixty months	-	25%

Employees covered under Stock Option Plans are granted an option to purchase shares of the company at the respective exercise prices, subject to requirements of vesting conditions. These options generally vest over a period of four years from the date of grant for Grants 1 to 5 and six years from the date of grant for Grant 6 onwards. Upon vesting, the employees can acquire one equity share for every option.

The stock compensation cost is computed under the intrinsic value method and amortized on a straight line basis over the total vesting period of four years & six years accordingly. For the year ended March 31, 2014, the company has recorded stock compensation expense of ₹ 227.70 Lacs (net) (Previous year ₹ 280.38 Lacs). During the year, the Company has reversed the deferred employee compensation expenses amounting ₹ 79.32 Lacs (Previous Year ₹ Nil) towards 10,93,000 options lapsed out of the Grant 4.

Notes to Financial Statements
as on March 31, 2014

The Remuneration & Compensation committee of the Board evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price determined on the date of grant of options.

The activity in the Scheme 2008 during the year ended March 2014 is set out as below :

Particulars	As at March 31, 2014	As at March 31, 2013
The Scheme 2008		
Options outstanding, beginning of the period	99,95,980	4,41,286
Add : Additional no. of options arising due to change in ESOP Scheme as above (Grant 1 to 5)	-	83,84,434
Add : Granted	-	31,90,000
Less: Exercised	9,82,920	20,19,740
Less : Lapsed	10,93,000	-
Options outstanding, end of the period	**79,20,060**	**99,95,980**

The options once granted to an eligible employee gets lapsed with the resignation / termination of the employment with the Company. However, the unvested / unexercised portion of the ESOP entitlement to that employee remain part of the respective grant out of which it was issued & they can be granted to any other eligible employee as decided by the Remuneration & Compensation Committee.

Particulars of payments received during the year towards ESOP Scheme 2008 :

Particular of Grant	Amount received during the year (₹)	No. of shares allotted during the year	Consideration amount towards shares allotted (₹)
Grant 1	-	-	-
Grant 2	-	-	-
Grant 3	41.46	566,000	41.46
Grant 4	31.27	416,920	31.27
Grant 5	-	-	-
	72.73	**9,82,920**	**72.73**

Note : The Remuneration & Compensation Committee has been authorised to make amendments in the ESOP Scheme - 2008, with regard to the number of shares for every option granted & the price to be revised, to give effect of stock split & bonus issue announced by way of postal ballot during the year.

(g) Detailed terms of any securities convertible into shares, e.g. in the case of convertible warrants, debentures, bonds etc.

The Company has issued 250.00 Lacs fully convertible warrants to M/s. Vakrangee Capital Private Limited at value of ₹ 100/- per warrant. The warrants issued are convertible into equal no. of equity shares having face value of ₹ 1/- with premium of ₹ 99/- per share. An amount equivalent to 40.56% of the total consideration i.e. ₹ 101.40 Cr. was received before the issuance of the warrants. Balance amount towards the warrant application money shall be received before the conversion of the warrants. The warrants shall be convertible any time from the date of allotment but before the expiry of 18 months from the date of allotment.

Notes to Financial Statements
as on March 31, 2014

Note 3 - Reserves & Surplus

(₹ in Lacs)

	Particulars	As at March 31, 2014		As at March 31, 2013	
(i)	**Securities Premium Account**				
	As per last Balance Sheet	16,894.33		19,259.42	
	Add: On shares issued during the year	62.90		93.10	
	Add : Transferred from Shares Options outstanding account	39.88		44.22	
	Less: Capitalised on issue of shares	-		2,502.40	
	Less: Share issue expenses	-		-	
			16,997.11		16,894.34
(ii)	a) **Shares Options Outstanding Account**				
	As per last Balance Sheet	1,078.62		281.64	
	Add : On further grant of options	-		841.19	
	Less: Reversal due to lapsation of options	(79.32)		-	
	Less: Transferred to Securities Premium Account	(39.88)		(44.22)	
			959.42		1,078.61
	b) **Deferred Employee Compensation Expense**				
	As per last Balance Sheet	(696.39)		(135.58)	
	Less : Amortised during the year	307.02		(560.81)	
			(389.37)		(696.39)
(iii)	**General Reserve**				
	As per last Balance Sheet	2,595.95		1,776.40	
	Add: Transferred from Profit and Loss Account	1,990.00		819.55	
	Less: Transferred to Profit and Loss Account	-		-	
			4,585.95		2,595.95
(iv)	**Surplus in the Profit & Loss Account**				
	As per last Balance Sheet	26,656.44		17,724.51	
	Add: Profit for the year	19,900.03		10,927.26	
	Amount available for appropriations	46,556.47		28,651.77	
	Appropriations:				
	Add: Transferred from reserves	-		-	
	Less: Transferred to general reserve	(1,990.00)		(819.55)	
	Proposed dividend	(1,258.71)		(1,005.00)	
	Corporate Dividend Tax	(213.92)		(170.80)	
	Short Provision for Dividend of previous year	(0.93)		-	
	Short Provision for Dividend Tax Payable of previous year	(0.16)		-	
		(3,463.72)	43,092.75	(1,995.35)	26,656.42
TOTAL			**65,245.86**		**46,528.93**

Note :

During the previous year, an amount of ₹ 2,502.40 Lacs has been capitalized and transferred to Share Capital account pursuant to the resolution passed by the members through postal ballot for allotment of bonus shares in the ratio of one equity share of ₹ 1/- each for every share held as on record date i.e. April 13, 2012.

Notes to Financial Statements
as on March 31, 2014

Note 4- Money Received against Share Warrant

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Warrant Application money	10,215.05	-
TOTAL	**10,215.05**	-

Note :
The Company has issued 250.00 Lacs fully convertible warrants to M/s. Vakrangee Capital Private Limited at ₹ 100/- per warrant. The warrants issued are convertible into equal no. of equity shares having face value of ₹ 1/- with premium of ₹ 99/- per share. Amount payable at time of issue is 40.56% i.e. ₹ 101.40 Cr, and rest at the time of conversion of warrants, conversion can happen anytime from the date of allotment but before the expiry of 18 months from the date of allotment. Convertible warrants are subject to lock-in-period of three years from date of allotment of the equity shares or such reduced period as may be permitted under the SEBI Issue of Capital & Disclosure Requirements (ICDR) Regulations, 2009 as amended time to time.

Note 5 - Long-Term Borrowings

(₹ in Lacs)

(a)	Particulars	As at March 31, 2014		As at March 31, 2013	
	(A) Secured Loans				
	(i) Term Loans				
	- From Banks	7,402.66		11,390.21	
	- From Others	1,200.00	8,602.66	2,955.56	14,345.77
	(ii) Long-term maturities of finance lease obligations		18.36		222.77
	(iii) Deposits		-		-
	(A)		**8,621.02**		**14,568.54**
	(B) Unsecured Loans				
	(i) Term Loans				
	- From Bank	-		-	
	- From Others	-	-	-	-
	(iii) Deposits		-		-
	(B)		-		-
	TOTAL (A + B)		**8,621.02**		**14,568.54**

(b) Terms of repayment of term loans and other loans.

i) Term Loan from Banks :

1. The Company has entered into a Common Loan Agreement amounting to ₹ 225.00 Crores sanctioned by nationalised and private banks.

   The initial interest rate in respect of all the lenders shall be 13% p.a. payable with monthly rests irrespective of the individual interest rates mentioned in respective lenders' sanction letters, subject to further change in Base Rate till date of documentation. The highest rate of interest of any lender shall be applicable and payable by the Company to all the lenders. The interest spread reset shall be done every 2 years from the date of first disbursement. The loan is to be repaid in 14 unequal quarterly installments commencing after moratorium period of six months from the date of first disbursement / LC opening. First installment shall be due at the end of six months, thereby total tenor of the loan to be 45 months.

2. The Company has taken a fresh term loan of ₹ 25.00 Crores during the year. Present rate of interest is 12.50% p.a. The loan is to be repaid in 16 quarterly installments of ₹ 1.56 Crore starting from availability-cum-moratorium period of 15 months from the date of first disbursement. First installment shall be due in the last quarter of the financial year 2014-2015, thereby total tenor of the loan will be 63 months.

Notes to Financial Statements
as on March 31, 2014

3. The Company has taken a term loan in the form of External Commercial Borrowings (ECBs) of USD 10 Million during the previous year. The borrowings are made at an interest rate equal to the sum of LIBOR and the Margin as specified in the Term Loan Facility Agreement. The payment of interest to be made quarterly. Present rate of interest is 3.561% p.a. The loan is to be repaid in 12 quarterly installments starting from June 30, 2014, with first 11 installments in equal amounts & the amount of the last i.e. twelth installment being the balance of principal pending for repayment, thereby total tenor of the loan to be five years.

   The Company has entered into a Cross Currency & Interest Rate Swap facility for hedging of the ECB repayments (principal and interest). By way of this swap facility, the rate of interest has been fixed at 9.62% p.a. for complete tenor of the term loan. The spot reference rate for repayment of the said loan has been fixed at ₹ 56.08 for 1 USD.

   The bank has sanctioned Loan Equivalent Value (LEV) of ₹ 6.493 Cr under currency swap facility. Negative Mark-to-Market threshold limit for margin call has been fixed at ₹ 5.00 Cr. In case, the net payables exceed the exposure, the Bank has the right to call for additional deposit margin forthwith to maintain the exposure within the threshold limit. The Company shall deposit cash collateral as per Bank's instructions, if negative MTM exceeds ₹ 5.00 Cr.

ii) Term Loan from NBFC, carries an interest rate equal to the sum of Reference Benchmark rate and the Interest spread as specified in the Loan agreement. Present rate of interest is 13% w.e.f. 7th November 2013. The interest payment to be made monthly. Principal repayment shall be in monthly equal installments for 36 months from the date of drawdown.

   Obligation under finance lease are repayable in 36 monthly equal installments. These obligations carry an interest rate of 14.00% p.a.

(c) Nature of security of each type of secured loans.

i) Term Loans from Banks (existing) :

1. First pari-passu charge on entire UID kits purchased out of the term loan.
2. Second parri-passu charge on current assets of the Company.
3. Second parri-passu charge on moveable assets of the Company.
4. Second parri-passu charge through mortgage on the office premises of the Company, situated at Marol Co-Operative Industrial Society & Hind Saurashtra Industries Co-Operative Society Limited, Marol, Andheri (East), Mumbai.
5. Second pari passu charge on the assets financed through ECB facility.
6. Lien on Fixed Deposit amounting to ₹ 3.50 Crores held with the Banks.
7. Personal Guarantee of Mr. Dinesh Nandwana, Chairman & Managing Director of the Company.

ii) Term Loans from Banks (fresh loan) :

1. First pari-passu charge by way of hypothecation on micro ATM, Financial Inclusion (FI) kits and assets purchased out of the said rupee term loan.
2. Second pari-passu charge on all the present and future current assets of the Company.
3. First charge on the designated bank account through which all the revenues and receivables of all the FI centres will be routed.
4. First charge on the Debt Service Reserve account (DSRA) and any other bank account of the company with respect to proposed FI project.
5. Second pari-passu charge on the movable fixed assets of the company (present & future), except micro ATMs and other FI kits.
6. Second parri-passu charge through mortgage on the office premises of the Company, situated at Marol Co-Operative Industrial Society & Hind Saurashtra Industries Co-Operative Society Limited, Marol, Andheri (East), Mumbai.
7. Second pari-passu charge on office premise of Vakrangee Technologies Limited, situated at Marol Co-Operative Industrial Society, Marol, Andheri (East), Mumbai.

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8. Second pari-passu charge on property situated at Deer Park, New Delhi.
9. Personal Guarantee of Mr. Dinesh Nandwana, Chairman & Managing Director of the Company & Corporate Guarantee of Vakrangee Technologies Limited.

iii) Term Loans from Banks - External Commercial Borrowings (ECB) :

1. First charge on all moveable and immoveable fixed assets financed out of the term loan, with a minimum asset cover ratio of 1.33 times.
2. Second parri-passu charge on all assets of the Company excluding those financed through this term loan.
3. Second pari passu charge on the UID kits procured from existing term loans availed from banks.
4. Personal Guarantee of Mr. Dinesh Nandwana, Chairman & Managing Director of the Company.

iv) Term Loans from NBFC :

1. First pari-passu charge on all present and future moveable fixed assets of the Company excluding, UID kits financed by existing term from banks & assets financed from ECB facility.
2. First pari passu charge on all the immovable properties of the company acquired after March 31, 2011.
3. First parri-passu charge through mortgage on the office premises of the Company, situated at Marol Co-Operative Industrial Society & Hind Saurashtra Industries Co-Operative Society Limited, Marol, Andheri (East), Mumbai & on the office premises of the Company situated at Chandigarh.
4. Second pari-passu charge on all present and future current assets.
5. Second pari-passu charge on UID kits financed by existing term loans.
6. Second pari passu charge on the assets financed through ECB facility.
7. Personal Guarantee of Mr. Dinesh Nandwana, Chairman & Managing Director of the Company.

v) Finance Lease facility :

Obligations under finance lease are secured against fixed assets obtained under finance lease arrangements.

(d) Details of the aggregate of each loan guaranteed by directors or others, each head-wise.

All the term loans amounting to ₹ 8,602.66 Lacs (P.Y. ₹ 14,345.77 Lacs) guaranteed by Mr. Dinesh Nandwana, Chairman and Managing Director of the Company.

(e) Details of continuing default in the repayment of loans and interest, specifying the period and amount separately in each case.

There has been no default in the repayment of loans or interest thereon as on date.

Note 6 - Deferred Tax Liabilities (Net)

(₹ in Lacs)

Particulars	As at March 31, 2014		As at March 31, 2013	
Liabilities				
(i) On account of difference in depreciation on Fixed Assets	7,106.00		8,286.09	
(ii) Timing differences on Tax Provisions	-		-	
(A)		7,106.00		8,286.09
Assets				
(i) Provision for Leave Encashment	13.43		16.04	
(ii) Timing differences on Tax Provisions	-		-	
(B)		13.43		16.04
TOTAL (A - B)		**7,092.57**		**8,270.05**

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Note 7 - Other Long-Term Liabilities

(₹ in Lacs)

Particulars	As at March 31, 2014		As at March 31, 2013	
Trade payables	332.05		53.63	
Others :				
- Buyers Credit on FLC	-	332.05	730.10	783.73
TOTAL		**332.05**		**783.73**

Note 8 - Short-Term Borrowings

(₹ in Lacs)

(a)	Particulars	As at March 31, 2014		As at March 31, 2013	
	(A) Secured Loans				
	(i) Loans repayable on demand				
	- From Banks	30,639.02		26,954.98	
	(ii) Loans & Advances from Related Parties	-		-	
	(iii) Inter Corporate Deposits	-		-	
	(A)		30,639.02		26,954.98
	(B) Unsecured Loans				
	(i) Loans & Advances from Related Parties	-		-	
	(ii) Inter Corporate Deposits	-		-	
	(iii) Other Loans & Advances	-		-	
	(B)		-		-
	TOTAL (A + B)		**30,639.02**		**26,954.98**

(b) Nature of security of each type of secured loans.

a) Loans repayable on demand from Banks :

The Company had entered into a Security Trustee Agreement for availing the working capital facilities under the consortium banking arrangement, aggregating to ₹ 525.00 Crores & the limit has been enhanced from December 26, 2013 to ₹ 650.00 Crores.

These facilities are secured against the following charge on various assets of the Company :

1. Primary : First pari-passu charge on the entire current assets of the Company, both present & future.
2. Collateral :
   - First pari-passu charge on the entire movable fixed assets of the Company (excluding UID kits financed by existing term loans & assets financed from ECB facility) both present & future.
   - First pari-passu charge on entire lands & office premises of the company & of Vakrangee Technologies Limited, situated at Marol Co-Operative Industrial Society & Hind Saurashtra Industries Co-Operative Society Limited, Marol, Andheri (East), Mumbai.
   - Firsst Pari passu change on residential house at Chandigarh.
   - Second pari-passu charge on the UID kits purchased from the existing term loan facilities.
   - Second pari-passu charge on the assets financed through ECB facility.
3. Corporate Guarantee of Company, Vakrangee Technologies Limited.
4. Personal Guarantee of Mr. Dinesh Nandwana, Chairman & Managing Director of the Company.

Notes to Financial Statements
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b) Loans and advances from Related Parties
For details, refer Note 36.

(c) Details of the aggregate of each loan guaranteed by directors or others, each head-wise.
All the loans repayable on demand from banks amounting to ₹ 30,639.02 Lacs (P. Y. ₹ 26,954.98 Lacs) guaranteed by Mr. Dinesh Nandwana, Chairman and Managing Director of the Company.

(d) Details of continuing default in the repayment of loans and interest, specifying the period and amount separately in each case.
There has been no default in the repayment of loans or interest thereon as on date.

Note 9 - Trade Payables

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Current payables (including acceptances) outstanding for less than 12 months	25,196.99	17,479.17
TOTAL	**25,196.99**	**17,479.17**

Note 10 - Other Current Liabilities

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Current maturities of long-term debts	8,242.99	10,917.21
Current maturities of finance lease obligations	204.41	177.85
Interest accrued and due on borrowings	68.24	177.25
Interest accrued but not due on borrowings	-	180.11
Unclaimed Dividend	27.62	21.96
Other Payables	-	-
PF, ESIC & LWF Payable	6.75	24.64
Service Tax Payable	57.45	96.44
Sales Tax & WCT Payable	-	0.45
TDS Payable	321.64	106.78
Staff Emoluments Payable	492.37	219.57
Security Deposit	3.95	29.45
Other Liabilities	236.15	277.50
TOTAL	**9,661.57**	**12,229.21**

Note 11 - Short-Term Provisions

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for Expenses of Goods & Services	7,980.42	1,663.23
Provisions for Employees' benefits	39.52	47.18
Provision for Wealth Tax	0.16	0.35
Provision for Interest on Taxation	644.23	105.59
Provision for Taxation (net of taxes paid)	622.48	1,076.37
Provision for Proposed Dividend	1,258.71	1,005.00
Provision for Tax on Proposed Dividend	213.92	170.80
TOTAL	**10,759.44**	**4,068.52**

Notes to Financial Statements
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Note 12 - Fixed Assets

(₹ in Lacs)

Description	Gross Block					Depreciation Block				Net Block			
	Beginning of Current Period	Additions	Acquisitions through Business Combinations	Deductions/ Adjustments	End of Current Period	Upto Beginning of Current Period	For the Period	Deductions/ Adjustments	Upto End of Current Period	Before Impairment	Impairment	End of Current Period	End of Previous Period
(i) Tangible Assets													
Buildings	973.97	17.85	-	-	991.82	100.30	15.90	-	116.20	-	-	875.62	873.67
Plant and Machinery	755.53	-	-	-	755.53	228.09	35.88	-	263.97	-	-	491.56	527.44
Furnitures and Fixtures	594.84	0.78	-	-	595.62	346.18	37.67	-	383.85	-	-	211.77	248.66
Vehicles	96.64	-	-	36.16	60.48	31.54	8.62	26.08	14.08	-	-	46.40	65.10
Office Equipments	571.38	5.55	-	0.50	576.43	283.38	27.22	0.17	310.43	-	-	266.00	288.00
Computers and Printers	32,488.14	21.58	-	-	32,509.72	23,491.19	5,267.18	-	28,758.37	-	-	3,751.35	8,996.95
Project Assets													
- Computers and Printers													
- Owned	38,134.79	19,652.30	-	0.19	57,786.90	11,661.27	10,991.48	0.12	22,652.63	-	-	35,134.27	26,473.52
- Leased	596.64	-	-	-	596.64	185.24	198.86	-	384.10	-	-	212.54	411.40
- Office Equipments													
- Owned	907.47	0.22	-	-	907.69	298.56	230.13	-	528.69	-	-	379.00	608.91
- Leased	19.25	-	-	-	19.25	5.98	6.41	-	12.39	-	-	6.86	13.27
- Furniture & Fixtures													
- Owned	4,817.65	4.86	-	-	4,822.51	1,503.41	1,204.74	-	2,708.15	-	-	2,114.36	3,314.24
- Leased	23.26	-	-	-	23.26	7.22	7.75	-	14.97	-	-	8.29	16.04
TOTAL	**79,979.56**	**19,703.14**	**-**	**36.85**	**99,645.85**	**38,142.36**	**18,031.84**	**26.37**	**56,147.83**	**-**	**-**	**43,498.02**	**41,837.20**
(ii) Intangible Assets (Other than Internally Generated)	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Capital Work-In-Progress (excluding Capital Advances)	-	4,811.34	-	-	4,811.34	-	-	-	-	-	-	4,811.34	-
TOTAL	**-**	**4,811.34**	**-**	**-**	**4,811.34**	**-**	**-**	**-**	**-**	**-**	**-**	**4,811.34**	**-**
GRAND TOTAL	**79,979.56**	**24,514.48**	**-**	**36.85**	**1,04,457.19**	**38,142.36**	**18,031.84**	**26.37**	**56,147.83**	**-**	**-**	**48,309.36**	**41,837.20**
PREVIOUS YEAR	**71,184.62**	**8,858.70**	**-**	**63.77**	**79,979.56**	**22,464.97**	**15,694.33**	**16.94**	**38,142.36**	**-**	**-**	**41,837.20**	

(b) Details of Capital Work-in-Progress

Capital Work-in-Progress represents cost incurred towards advance for purchase of ATM Machine for White Label ATM (WLA) project.

(c) Detailed note on Fixed Assets taken on Lease

The Company has taken certain assets on finance lease during the previous year. There are certain computer equipment assets taekn on operating lease under non-cancellable agreements in previous years. The assets taken on finance lease have been classified as leased assets under the project assets above. The finance lease is for the period of three years from the date of its commencement. Hence the depreciation on thses assets will be amortised over a period of three years on straight line basis.For details on operating lease, please refer Note No. 39.

(d) During the year, the Company has acquired fixed assets worth ₹ 196.57 Crores (Previous Year ₹ 440 Crores) towards various e-governance projects including UID Enrolment project, Financial Inclusion, CSC. The management of the company envisage that the useful life of these assets assigned to any project, present or future, will be 3 to 4 years from the date of its put to use and accordingly has accelerated the depreciation at higher rate.

Notes to Financial Statements
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Note 13 - Non-Current Investments

(₹ in Lacs)

(a)	Particulars	As at March 31, 2014	As at March 31, 2013
	Trade Investments		
	(i) Investment in Equity Instruments		
	Unquoted Investments		
	- In Subsidiary Companies		
	Nil Equity Shares of E-Doc Vision Infotech Pvt. Ltd. of ₹10/- each fully paid up (Previous Year 81,49,999)	-	815.00
	96,000 Equity Shares of Vakrangee e-Solutions Inc., Philippines of Peso 100/- each fully paid up (Previous Year 96,000)	96.00	96.00
	2,50,000 Equity Shares of Vakrangee Finserve Ltd. of ₹ 10/- each fully paid up (Previous Year 2,50,000)	25.00	25.00
	(A)	**121.00**	**936.00**
	- In Associate Companies		
	Nil Equity Shares of Omnis Infra Power Ltd of ₹10/- each fully paid up (Previous Year 13,000)	-	1.30
	(B)	**-**	**1.30**
	(ii) Investment in Mutual Funds		
	12,00,000 units of Axis Hybrid Fund Series - I of ₹ 10/- each fully paid up (Previous Year 12,00,000)	120.00	120.00
	24.9375 units of Aditya Birla Real Estate Fund - I of ₹ 1,00,000/- each partly paid up ₹ 60,000/- per unit (Previous Year ₹ 40,000/- per unit, 24.9375 units)	15.00	10.00
	NIL units of Union KBC Asset Allocation Fund - Conservative of ₹ 10/- each fully paid up (Previous Year 2,50,000)	-	25.00
	99,990 units of Union KBC Asset Allocation Fund - Moderate of ₹ 10/- each fully paid up (Previous Year 99,990)	10.00	10.00
	2,99,990 units of Union KBC Capital Protection Oriented Fund - Series 1 of ₹ 10/- each fully paid up (Previous Year 2,99,990)	30.00	30.00
	2,00,000 units of Union KBC Capital Protection Oriented Fund - Series 2 of ₹ 10/- each fully paid up (Previous Year 2,00,000)	20.00	20.00
	1,50,000 units of Union KBC Equity Fund - Growth of ₹ 10/- each fully paid up (Previous Year 1,50,000)	15.00	15.00
	1,00,000 units of Union KBC Capital Protection Oriented Fund - Series 5 of ₹ 10/- each fully paid up (Previous Year Nil)	10.00	-
	2,50,000 units of Union KBC Capital Protection Oriented Fund - Series 7 of ₹ 10/- each fully paid up (Previous Year Nil)	25.00	-
	99,990 units of Union KBC Trigger Fund Series 1 - Regular Plan of ₹ 10/- each fully paid up (Previous Year Nil)	10.00	-
	(C)	**255.00**	**230.00**
	TOTAL (A + B + C)	**376.00**	**1,167.30**

Notes to Financial Statements
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(₹ in Lacs)

(b) Particulars	As at March 31, 2014	As at March 31, 2013
Aggregate value of:		
Quoted investments - Mutual Funds (Market Value : ₹ 301.30 Lacs, P.Y. ₹ 248.75 Lacs)	255.00	230.00
Unquoted investments	121.00	937.30
	376.00	**1,167.30**

Note 14 - Long-Term Loans & Advances

(₹ in Lacs)

(a) Particulars	As at March 31, 2014		As at March 31, 2013	
(i) Capital Advances				
(Unsecured, considered good)				
Advance against property	499.52		458.52	
Advance against capital goods	5,005.00	5,504.52	-	458.52
(ii) Security Deposits				
(Unsecured, considered good)	-		-	
Security Deposit	-	26.18	-	34.06
(iii) Loans & Advances to Related Parties				
(Unsecured, considered good)				
Dues from subsidiaries	-		-	
Dues from associate companies	-		-	
Dues from companies in which the company's managing director is a director	-	-	-	-
(iv) Other Loans and Advances				
(Unsecured, considered good)				
MAT Credit Entitlement	-		1,935.08	
Balances with statutory / revenue authorities:				
- Income Tax (net of provision for taxation)	-		-	
- Sales Tax	-	-	-	1,935.08
TOTAL		**5,530.70**		**2,427.66**

(b) Details of Loans and Advances to Related Parties

For Details refer Note 36.

(c) Detailed note on loans and advances due by the following persons :

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
(i) Directors and other officers	-	-
(ii) Firms in which any director is a partner	-	-
(iii) Private companies in which director is a member/director	-	-
TOTAL	-	-

Notes to Financial Statements
as on March 31, 2014

Note 15 - Other Non-Current Assets

(₹ in Lacs)

Particulars		As at March 31, 2014		As at March 31, 2013
(i) Long Term Trade Receivables				
- Unsecured, considered good	135.48		227.23	
- Doubtful	-		-	
Less: Provision for Doubtful Debts	44.50		-	
		90.98		227.23
(ii) Others				
- Non-Current Bank Balances (Note No. 18)	474.56		442.86	
- Prepaid Expenses	0.24		0.72	
		474.80		443.58
TOTAL		**565.78**		**670.81**

Note 16 - Inventories

(₹ in Lacs)

(a)

Particulars	As at March 31, 2014	As at March 31, 2013
(i) Raw Material	12,293.42	7.43
(ii) Work in Progress	53.59	1,508.50
(iii) Finished Goods	508.31	216.28
(iv) Consumables	199.05	244.24
(v) Stores & Spares	6.14	9.37
TOTAL	**13,060.51**	**1,985.82**

(b) Basis of valuation of Inventories

Inventories are valued at lower of cost or net realizable value on FIFO basis which is in accordance with AS 2 as issued by the ICAI.

Note 17 - Trade Receivables

(₹ in Lacs)

(a)

Particulars		As at March 31, 2014		As at March 31, 2013
(i) Due for a period exceeding six months				
- Unsecured, considered good	4,999.72		1,806.77	
- Doubtful	-		-	
Less: Provision for Doubtful Debts	-		-	
		4,999.72		1,806.77
(ii) Others				
- Unsecured, considered good	74,195.93		64,330.19	
- Doubtful	-		-	
Less: Provision for Doubtful Debts	-		-	
		74,195.93		64,330.19
TOTAL		**79,195.65**		**66,136.96**

Notes to Financial Statements
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(b) Detailed note on debts due by the following persons :

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
(i) Directors and other officers	-	-
(ii) Firms in which any director is a partner	-	-
(iii) Private companies in which director is a member/director	-	-
TOTAL	-	**-**

Note 18 - Cash & Cash equivalents

(₹ in Lacs)

(a) Particulars		As at March 31, 2014		As at March 31, 2013	
(A) Cash & Cash Equivalents					
(i)	Balances with Banks :				
	- Current Accounts	241.01		148.18	
(ii)	Cash-in-hand	4.11		39.63	
(iii)	Cheques & Drafts in-hand	-		-	
			245.12		187.81
(B) Other Bank Balances					
(i)	Earmarked balances	27.62		21.96	
(ii)	Amount held as margin money or security against borrowings, guarantee, other commitments	3,123.19		3,355.36	
(iii)	Deposits with Banks :				
	- with original maturity period of more than 3 months but less than 12 months	-		-	
	- with original maturity period of more than 12 months	-		-	
			3,150.81		3,377.32
			3,395.93		**3,565.13**
Less : Non-Current Other Bank Balances, disclosed under Other Non-Current Assets (Note No. 15)					
(i)	Amount held as margin money or security against borrowings, guarantee, other commitments	474.56		442.86	
(ii)	Deposits with Banks :				
	- with original maturity period more than 12 months	-		-	
			474.56		442.86
TOTAL			**2,921.37**		**3,122.27**

Notes to Financial Statements
as on March 31, 2014

Note 19 - Short-Term Loans and Advances

(₹ in Lacs)

(a)	Particulars	As at March 31, 2014		As at March 31, 2013	
	(i) Security Deposits				
	(Unsecured, considered good)	1,135.69		1,135.69	
	Security Deposit	-		-	
			1135.69		1135.69
	(ii) Loans and Advances to Related Parties				
	(Unsecured, considered good)	-		-	
	Dues from subsidiaries	2,433.26		2,117.75	
	Dues from associate companies	-		-	
	Dues from companies in which the company's managing director is a director	-		-	
			2,433.26		2,117.75
	(iii) Other Loans and Advances				
	(Unsecured, considered good)				
	Loans to others	-		-	
	Earnest Money Deposit	48.35		95.37	
	Balances with statutory / revenue authorities :	-		-	
	- Sales Tax	15.58		9.60	
	- Income Tax (net of provision for taxation)	1.31		118.44	
	- CENVAT Credit receivable	5.73		32.87	
			70.97		256.28
	TOTAL		**3,639.92**		**3,509.72**

(b) Details of Loans and Advances to Related Parties

For details, refer Note 36.

(c) Detailed note on loans and advances due by the following persons :

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
(i) Directors and other officers	-	-
(ii) Firms in which any director is a partner	-	-
(iii) Private companies in which director is a member/director	-	-
TOTAL	**-**	**-**

Notes to Financial Statements
as on March 31, 2014

Note 20 - Other Current Assets

(₹ in Lacs)

(a)	Particulars	As at March 31, 2014		As at March 31, 2013	
	(i) Interest accrued on investments and deposits				
	Interest Accrued on FDRs	-		17.60	
			-		17.60
	(ii) Other advances receivable in cash or kind or for value to be received				
	Staff Loans	30.38		60.55	
	Interest recoverable on Cash Credit Account	-		29.48	
	Advances for Expenses	78.06		210.81	
	Advances for Purchases	18,055.96		9,601.30	
	Other Receivables	914.67		4,663.61	
	Prepaid Expenses	120.03		467.03	
			19,199.10		15,032.78
	(iii) Other Assets				
	Share Application Money				
	- In Subsidiary Companies	-		-	
	- In Other Body Corporates	-		-	
			-		-
	TOTAL		**19,199.10**		**15,050.38**

Note 21 - Contingent Liabilities and Commitments (to the extent not provided for)

(₹ in Lacs)

	Particulars	As at March 31, 2014		As at March 31, 2013	
	(A) Contingent Liabilities				
(i)	Claims against the company not acknowledged as debts	-		-	
(ii)	Company has provided Counter Guarantee in relation to Bank Guarantee to various parties which is not acknowledged in books of accounts	2,130.44		2,538.79	
(iii)	Other contingent liabilities (Refer Note 1 below)	-		210.27	
	(A)		2,130.44		2,749.06
	(B) Commitments				
(i)	Estimated amount of contracts remaining to be executed on capital account not provided for	25.00		25.00	
(ii)	Uncalled liabilities on share and other investments partly paid up	10.00		15.00	
(iii)	Others commitments	-		-	
	(B)		35.00		40.00
	TOTAL (A + B)		**2,165.44**		**2,789.06**

Note :

1. The contingent liabilities were towards Income Tax demand raised during the course of Block Assessment for the Assessment Year 2005-06 to Assessment Year 2011-12 of ₹ Nil (Previous Year ₹ 210.27 Lacs) for which the Company has filed rectification u/s 154 of the Income Tax Act, 1961 / appeals were pending before the Commissioner of Income Tax (Appeals).
2. The amount of liabilities, which may occur on levying of penalty and/or charges by clients for delays in execution of contracts within the time prescribed in the agreement, is unascertained.

Notes to Financial Statements
as on March 31, 2014

Note 22 - Dividends

(a) Detailed note on Proposed Equity Dividend and Proposed Preference Dividend for the period and related amount per share.

The Board of Directors of the Company recommended dividend of ₹ 0.25 per share on fully paid up equity share of ₹ 1/- each for the financial year ended March 31, 2014, subject to members approval in the ensuing Annual General Meeting.

Note 23 - Revenue from Operations

(₹ in Lacs)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
(a) Income from e-governance activities		1,93,775.75		1,54,226.10
(b) Sale of Products				
- Computer consumables & peripherals	750.80		864.06	
- Others	-		0.60	
		750.80		864.66
(c) Sale of Services				
- Information Technology-enabled Services (ITeS)	2,003.31		475.27	
- Others	8.44		10.16	
		2,011.75		485.43
(d) Other Operating Revenues				
- Commission	-		-	
- Scrap Sale	0.88		1.33	
		0.88		1.33
TOTAL		**1,96,539.18**		**1,55,577.52**

Note 24 - Other Income

(₹ in Lacs)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
(i) Interest Income on				
- Bank Deposits	208.62		261.36	
- Others	345.91	554.53	230.09	491.45
(ii) Dividend Income on				
- Investment in Subsidiaries	-		-	
- Investment in Other Long-Term Instruments	0.97	0.97	0.31	0.31
(iii) Net gain/ (Loss) on sale of Fixed Assets		-		20.55
(iv) Net gain on sale of Investments		0.33		20.00
(v) Gain on Foreign Exchange Fluctuation (net)		337.80		204.55
(vi) Other Non-Operating Income (net of expenses directly attributable to such income)				
- Rent Received	1.50		3.44	
- Miscellaneous Income	28.90	30.40	1.96	5.40
TOTAL		**924.03**		**742.26**

Notes to Financial Statements
as on March 31, 2014

Note 25 - Operating Expenses

(₹ in Lacs)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
Cost for Sales				
- Opening Stock	261.04		244.20	
- Add : Purchases during the year	1,41,572.30		1,04,327.55	
	1,41,833.34		1,04,571.75	
- Less : Closing Stock	12,498.61		261.04	
		1,29,334.73		1,04,310.71
Lease Rent		3,382.91		4,111.19
Procurement of Manpower		1,799.34		4,528.75
Machinery Hire Charges		-		1,047.14
Project Expenses		553.71		397.81
Communication Costs		204.63		112.91
Commission Expenses		125.88		64.50
Image Processing Expenses		65.84		98.54
Rent, Rates and Taxes		51.38		64.61
Printing Charges		61.69		60.99
Conveyance & Travelling Expenses		14.34		35.17
Transportation, Octroi and Loading / Unloading Charges		7.82		13.65
TOTAL		**1,35,602.27**		**1,14,845.97**

Note 26 - Changes in Inventories

(₹ in Lacs)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
(a) At the beginning of the period				
(i) Finished Goods	216.28		-	
(ii) Work-in-Progress	1,508.50		114.80	
		1,724.78		114.80
Less : (b) At the end of the period				
(i) Finished Goods	508.31		216.28	
(ii) Work-in-Progress	53.58		1,508.50	
		561.89		1,724.78
TOTAL		**1,162.89**		**(1,609.98)**

Note 27 - Employee Benefits Expenses

(₹ in Lacs)

(a) Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
(i) Salaries & Wages	2,320.72	2,172.48
(ii) Contribution to Provident & Other Funds	26.28	26.60
(iii) Employee Compensation Expenses	227.70	280.38
(iv) Staff Welfare Expenses	47.00	25.05
TOTAL	**2,621.70**	**2,504.51**

Notes to Financial Statements
as on March 31, 2014

(b) Detailed note on disclosure as required by AS-15
For details, refer Note No. 37.

Note 28 - Finance Costs

(₹ in Lacs)

Particulars		For the year ended March 31, 2014		For the year ended March 31, 2013
Interest Expenses				
- Banks	6,445.25		5,872.41	
- Others	733.10	7,178.35	2,046.19	7,918.60
Bank Charges & Commission		609.19		665.07
TOTAL		**7,787.54**		**8,583.67**

Note 29 - Other Expenses

(₹ in Lacs)

Particulars		For the year ended March 31, 2014		For the year ended March 31, 2013
Repairs & Maintenance :				
- Building	2.17		12.98	
- Vehicle	3.43		2.13	
- Others	27.91	33.51	21.10	36.21
Loss on Sale of Fixed Assets (net)		2.87		-
Advertisement and Publicity Expenses		268.82		92.78
Communication Costs		105.60		57.59
Business Promotion Expenses		65.72		53.82
Sponsorship Fees		48.91		-
Electricity Expenses		36.85		35.58
Rates & Taxes		11.02		15.20
Insurance		14.84		56.07
Printing and Stationery		17.87		16.20
Fees & Subscriptions		29.11		41.69
Tender & Bid Expenses		1.05		5.42
Commission & Brokerage		1.65		0.68
Listing, Registrar & Share Issue/Transfer Expenses		5.95		3.36
Directors' Remuneration		86.05		85.35
Directors' Sitting Fees		2.80		2.70
Legal & Professional Fees - Other than payments to Auditor :				
- Consultancy Charges	162.36		449.42	
- Legal & Professional Fees	467.79		267.91	
- Filing Stamp Duty and Franking Charges	101.75		56.15	
- Registration charges	0.01	731.91	4.72	778.20
Payments to Auditors :				
- Audit fees	12.50		14.05	
- Tax Audit fees	2.50		2.81	
- For Other Services	3.00		3.23	
- For Reimbursement of Expenses	-	18.00	-	20.09
Conveyance & Travelling		53.24		78.85
Vehicle Expenses		6.61		7.18
Office & General Expenses		52.42		58.18
Provision for Doubtful Debts		44.50		-
Miscellaneous Expenses		10.59		10.31
Sundry Balances written off		10.98		0.39
Total		**1,660.87**		**1,455.85**

Notes to Financial Statements
as on March 31, 2014

Note 30 - Earnings Per Equity Share

(₹ in Lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
(a) Net profit after tax attributable to equity shareholders for		
Basic EPS	19,900.03	10,927.27
Add/Less: Adjustment relating to potential equity shares	-	-
Net profit after tax attributable to equity shareholders for	19,900.03	10,927.27
Diluted EPS		
(b) Weighted average no. of equity shares outstanding during the year		
For Basic EPS	50,29,79,292	50,14,80,384
For Diluted EPS	50,92,32,604	51,12,42,086
(c) Face Value per Equity Share (₹)	1.00	1.00
Basic EPS	3.96	2.18
Diluted EPS	3.91	2.14
(d) Reconciliation between no. of shares used for calculating basic and diluted EPS		
No. of shares used for calculating Basic EPS	50,29,79,292	50,14,80,384
Add: Potential equity shares	62,53,312	9,761,702
No. of shares used for calculating Diluted EPS	50,92,32,604	51,12,42,086

Note 31 - Prior Period Items

(₹ in Lacs)

Particulars		For the year ended March 31, 2014		For the year ended March 31, 2013
(a) Prior Period Expenses				
Professional Fees	4.36		0.14	
Rates & Taxes	0.38		5.38	
Rent	0.50		0.08	
Office & General Expenses	-		0.86	
Electricity	-		0.31	
Telephone & Postage	-		0.11	
Salary & Wages	-		0.05	
Purchases	5.95		-	
Society Charges	0.81		-	
Repairs and Maintenance	0.03		-	
TOTAL		**12.03**		**6.93**
(b) Prior Period Incomes				
Salary and Wages	45.68		-	
Bonus	-		48.02	
Conveyance & Travelling (excess paid recovered)	-		0.92	
TOTAL		**45.68**		**48.94**

Note 32 - Value of Raw Materials, Spare Parts and Components Consumed

Since the Company is engaged in providing e-governance related activities, the quantitative details with respect to Opening Stock, Purchases, Sales and Closing Stock are not applicable to the Company and hence not given.

Notes to Financial Statements
as on March 31, 2014

Note 33 - Earnings & Expenditure in Foreign Currency

(a) Earnings in Foreign Currency

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
FOB Value of Exports	1,407.20	864.00
Interest on loan to subsidiary	318.29	225.40
TOTAL	**1,725.49**	**1,089.40**

(b) Expenditure in Foreign Currency

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Travelling Expenses	0.93	0.31
Interest on ECB	218.24	154.29
Professional and Consultation Fees	0.00	0.53
TOTAL	**219.17**	**155.13**

Note 34 - CIF Value of Imports

(₹ in Lacs)

Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
In respect of :		
(i) Raw Materials	-	-
(ii) Components and Spare parts	-	-
(iii) Capital Goods	-	-
TOTAL	-	-

Note 35 - Loans and Advances in the nature of loans given to subsidiaries and associates as required to be disclosed in the annual accounts of the company pursuant to clause 32 of the listing agreement is as under :

(i) Details of loans to subsidiaries

(₹ in Lacs)

Name of Subsidiaries	2013-2014		2012-2013	
	Amount	Max. Amount	Amount	Max. Amount
E-Doc Vision Infotech Private Limited	-	-	-	-
Vakrangee e-Solutions Inc.	2,416.76	2,416.76	1,887.65	1,887.65
Vakrangee Finserve Limited	16.50	248.91	230.10	230.10

(ii) Details of Investment in Subsidiaries

(₹ in Lacs)

Name of Subsidiaries	No. of Shares as at year-end	% of shareholding
Vakrangee e-Solutions Inc.	96,000	100.00%
Vakrangee Finserve Limited	2,50,000	100.00%

Notes to Financial Statements
as on March 31, 2014

Note 36 - Related Party Details

(a) Key Management Personnel

Mr. Dinesh Nandwana	Chairman & Managing Director
Dr. Nishikant Hayatnagarkar	Whole-Time Director
Mr. Ramesh Mulchand Joshi	Director
Mr. Sunil Agarwal	Director
Mr. Anil Patodia *	Director
Mr. Babu Lal Meena	Director
Mr. Kunnel Prem**	Nominee Director (LIC)

* Mr. Anil Patodia resigned w.e.f. September 30, 2013
** Mr. Kunnel Prem resigned w.e.f. April 2, 2014

(b) Relative of key management personnel and Name of the enterprises having same key management personnel and/ or their relatives as the reporting enterprises with whom the Company has entered into transactions during the year

Vakrangee Holdings Private Limited
Vakrangee Lacteus & Hortus Limited
Vakrangee Capital Private Limited
Vakrangee Technologies Limited
Vakrangee Infraprojects Limited
Omnis Edu-Health Limited
Omnis Infra Power Limited
Mr. Manoj Nandwana

(c) Subsidiary Companies with whom the Company has entered into transactions during the year

Name of Subsidiaries	Country of incorporation	Holding as at March 31,2014	Holding as at March 31,2013
E-Doc Vision Infotech Pvt. Ltd.	India	0.00%	74.09%
Vakrangee e-Solutions Inc.	Phillipines	100.00%	100.00%
Vakrangee Finserve Ltd.	India	100.00%	100.00%

Related Party Transactions

- In relation to (a) (₹ in Lacs)

Nature of Transactions	For the year ended March 31, 2014	For the year ended March 31, 2013
Director Remuneration	86.05	85.35
ESOP Perquisites	-	52.53
Directors' Sitting Fees	2.80	2.70
Rent received	-	2.50
Balance outstanding as on 31 March :	NIL	NIL

- In relation to (b) (₹ in Lacs)

Nature of Transactions	For the year ended March 31, 2014	For the year ended March 31, 2013
Reimbursement of Expenses	17.45	25.81
Salary Paid	5.12	9.13
Services rendered	-	714.84
Realisation from Debtors	425.00	-
Sale of investments	1.30	-
Loans granted	120.00	-
Loan Received back	120.00	-
Loans Taken	-	547.00
Loans repaid	-	1,490.25
Balance Outstanding as on 31 March:	-	-
Sundry Debtors	72.13	497.13

Notes to Financial Statements
as on March 31, 2014

- In relation to (c)

(₹ in Lacs)

Nature of Transactions	For the year ended March 31, 2014	For the year ended March 31, 2013
Sales	1,407.20	864.00
Purchases	222.87	-
Share Application Money Paid	454.00	-
Share Application Money Received Back	454.00	-
Investments purchased	-	250.00
Investments sold	815.00	-
Loans granted	247.27	469.59
Interest received on loan granted	335.66	228.86
Loan Received back	267.41	1.46
Balance Outstanding as on 31 March:	-	-
Sundry Debtors (including foreign exchange fluctuation as at year end)	2,403.99	870.23
Short - Term Loans and Advances	2,433.26	2,117.75
Long-term Loans and Advances	-	-

Note 37 - Gratuity & Leave encashment

The Company has provided for Gratuity and leave encashment, in accordance with revised AS-15, "Employee Benefits", the company has provided the liability on actuarial basis.

a) Gratuity

Actuarial assumptions:

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Withdrawal Rate	1% to 3% depending on age	1% to 3% depending on age
Discount rate	8% per annum	8% per annum
Salary Escalation	5%	5%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factor, such as demand and supply in employment market.

Amount recognized in the Profit and Loss account

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
PV of Past Service Benefit	54.24	35.95
Current Service Cost	20.09	22.32
Actuarial (gains)/losses for the period	18.27	30.95
Obligation at the end of the year.	91.77	61.05

Notes to Financial Statements
as on March 31, 2014

b) Leave encashment
Actuarial assumptions:

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Period	From April 1, 2013 to March 31, 2014	From April 1, 2012 to March 31, 2013
Discount rate	9.00% per annum	8.25% per annum
Salary growth rate	5.00% per annum	5.00% per annum
Mortality	IALM 2006-08 Ultimate	LIC 94-96 ultimate
Expected rate of return	-	-
Withdrawal rate (per annum)	2.00 % per annum (18 - 60 years)	2.00 % per annum (18 - 60 years)

Amount recognized in the Profit and Loss account

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Current Liability	1.46	23.22
Non current liability	38.06	23.95
Total	**39.52**	**47.17**

Note 38 - Segment Reporting
The Company's activities predominantly revolve around providing the e-governance related services. Considering the nature of Company's business and operations, there is only one reportable segment (business and / or geographical) in accordance with the requirements of the Accounting Standard 17 – "Segment Reporting" notified in the Companies (Accounting Standards) Rules 2006.

Note 39 - Leases
I. Operating Leases
The Company has taken Computer Equipments on operating lease under non-cancellable lease agreement. Lease payments recognized in the Profit and Loss Account for the year is ₹ 3,382.91 Lacs (Previous Year ₹ 4,111.19 Lacs). The expenses provided for in the current year is after addition of the sales tax charged by the lessor. The addition has been made due to non-availability of the sales tax input credit under the relevant sales tax provisions. Future minimum lease payments under non-cancellable operating leases are as below :

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Not later than one year	-	3,207.36
Later than one year and not later than five years	-	-
Total	**-**	**3,207.36**

Notes to Financial Statements
as on March 31, 2014

II. Finance Leases

The Company has taken Computer Equipments & other Fixed Assets on finance lease during the year. Future minimum lease payments & present value of minimum lease payments towards the finance lease are as below :

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
i) Minimum lease payments		
Not later than one year	222.81	222.81
Later than one year and not later than five years	18.57	241.38
Total	**241.38**	**464.19**
ii) Present value of minimum lease payments		
Not later than one year	204.42	177.85
Later than one year and not later than five years	18.35	222.77
	222.77	400.62
Add : Future finance charges	18.61	63.58
Total	**241.38**	**464.20**

Note 40 - Amounts due to Micro, Small and Medium Enterprises:

The Company has not received any intimation from the suppliers under the The Micro, Small & Medium Enterprises Development Act 2006 and therefore disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

Note 41 - Previous year figures

The figures of the previous year have been re-arranged, re-grouped and re- classified wherever necessary.

Independent Auditor's Report

To the Members of **Vakrangee Limited,**

We have audited the attached Consolidated Balance Sheet of **Vakrangee Limited** (hereinafter referred as "the Company"), the holding company, and its subsidiaries (hereinafter collectively referred to as "the Group") as at **March 31, 2014,** the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

2. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements" notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the Consolidated Financial Statements.

3. We did not audit the financial statements of two subsidiaries, which have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on those reports. The financial statements of these subsidiaries reflect the group's share of total assets of ₹ 5,737.73 Lacs as at March 31, 2014 and total revenues of ₹ Nil Lacs for the year ended March 31, 2014.

4. In our opinion and to the best of our information and according to the explanations given to us and on the consideration of the separate audit reports on individual financial statements of the Company and its subsidiaries, we are of the opinion that the consolidated financial statements give a true and fair view :

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

   ii) In the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date,

   iii) In the case of Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

For **S. K. Patodia & Associates**
Chartered Accountants
FRN : 112723W

Arun Poddar
Partner
Mem. No. : 134572

Place : Mumbai
Date : May 22, 2014

Consolidated Balance Sheet
as at March 31, 2014

(₹ in Lacs)

Particulars		Note No.		As at March 31, 2014		As at March 31, 2013
I	**Equity & Liabilities**					
	1. Shareholders' funds					
	(a) Share Capital	2	5,034.82		5,024.99	
	(b) Reserves and Surplus	3	62,699.65		46,356.75	
	(c) Money received against share warrants	4	10,215.05		-	
				77,949.52		**51,381.74**
	2. Share application money pending allotment			**-**		**-**
	3. Minority Interest			**-**		**285.02**
	4. Non - Current Liabilities					
	(a) Long -Term Borrowings	5	8,621.02		14,568.54	
	(b) Deferred Tax Liabilities (Net)	6	7,115.92		8,288.24	
	(c) Other Long - Term Liabilities	7	332.05		783.73	
				16,068.99		**23,640.51**
	5. Current Liabilities					
	(a) Short - Term Borrowings	8	32,162.62		28,521.83	
	(b) Trade Payables	9	25,243.15		17,547.58	
	(c) Other Current Liabilities	10	10,265.59		12,812.82	
	(d) Short - Term Provisions	11	10,772.04		4,069.61	
				78,443.40		**62,951.84**
	TOTAL			**1,72,461.91**		**1,38,259.11**
II	**Assets**					
	1. Non - Current Assets					
	(a) Fixed Assets	12				
	(i) Tangible Assets		43,641.68		42,034.94	
	(ii) Intangible Assets		-		-	
	(iii) Capital Work-in-Progress		4,811.34		1,676.97	
	(b) Non - Current Investments	13	255.00		231.30	
	(c) Long - Term Loans and Advances	14	5,530.70		2,427.66	
	(d) Other Non - Current Assets	15	899.17		979.61	
				55,137.89		**47,350.48**
	2. Current Assets					
	(a) Inventories	16	16,248.53		5,376.76	
	(b) Trade Receivables	17	76,829.83		65,273.71	
	(c) Cash and Cash equivalents	18	2,934.29		3,188.73	
	(d) Short - Term Loans and Advances	19	1,490.04		1,915.35	
	(e) Other Current Assets	20	19,201.49		15,068.72	
				1,16,704.18		**90,823.27**
	3. Foreign Currency Translation Reserve			**619.84**		**85.36**
	TOTAL			**1,72,461.91**		**1,38,259.11**
	Significant Accounting Policies	1				

As per our report of even date

For S. K. Patodia & Associates
Chartered Accountants
FRN : 112723W

For & on behalf of the Board

Arun Poddar
Partner
Mem. No. 134572

Dinesh Nandwana
Chairman & Managing Director

Dr. Nishikant Hayatnagarkar
Director

Place : Mumbai
Date : May 22, 2014

Darshi Shah
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2014

(₹ in Lacs)

	Particulars	Note No.	For the year ended March 31, 2014		For the year ended March 31, 2013	
I	Revenue from Operations	21	1,95,190.17		1,54,715.06	
II	Other Income	22	616.08		521.12	
III	**Total Revenue (I + II)**			**1,95,806.25**		**1,55,236.18**
IV	**Expenses**					
	Operating Expenses	23	1,35,498.24		1,15,101.11	
	Changes in Inventories	24	1,365.80		(2,916.58)	
	Employee Benefits Expenses	25	3,141.18		2,854.83	
	Finance Costs	26	7,789.43		8,595.73	
	Depreciation and Amortization Expense	12	18,087.28		15,706.22	
	Other Expenses	27	1,725.04		1,525.64	
	Total Expenses			**167,606.97**		**1,40,866.95**
V	**Profit before Exceptional and Extraordinary Items and Tax (III-IV)**			**28,199.28**		**14,369.23**
VI	Exceptional Items		-	-	-	-
VII	**Profit before Extraordinary Items and Tax (V-VI)**			**28,199.28**		**14,369.23**
VIII	Extraordinary Items		-	-	-	-
IX	**Profit Before Tax (VII-VIII)**			**28,199.28**		**14,369.23**
X	**Tax Expense:**					
	(a) Current Tax		12,294.81		4,373.14	
	(b) Deferred Tax		(1,172.32)		972.33	
	(c) Tax of Earlier Year		81.99		(32.86)	
	(d) MAT Credit Entitlement		(503.25)		(1,376.19)	
				10,701.23		**3,936.42**
XI	**Profit for the Period from Continuing Operations (IX - X)**			**17,498.05**		**10,432.81**
XII	Profit/(Loss) for the Period from Discontinuing Operations			-		-
XIII	Tax Expense of Discontinuing Operations			-		-
XIV	**Profit/(Loss) from Discontinuing Operations (After Tax) (XII-XIII)**			**-**		**-**
XV	**Minorty Interest**			**(6.20)**		**-**
XVI	**Profit for the Period (XI + XIV-XV)**			**17,504.25**		**1,04,32.81**
XVI	**No. of equity shares for computing EPS**					
	(1) Basic			**50,29,79,292.00**		**50,14,80,384**
	(2) Diluted			**50,92,32,604.00**		**51,12,42,086**
XVII	**Earnings Per Equity Share (Face Value ₹ 1/- Per Share):**	31				
	(1) Basic (₹)			3.48		2.08
	(2) Diluted (₹)			3.44		2.04
	Significant Accounting Policies	1				

As per our report of even date

For S. K. Patodia & Associates
Chartered Accountants
FRN : 112723W

For & on behalf of the Board

Arun Poddar
Partner
Mem. No. 134572

Dinesh Nandwana
Chairman & Managing Director

Dr. Nishikant Hayatnagarkar
Director

Place : Mumbai
Date : May 22, 2014

Darshi Shah
Company Secretary

Consolidated Cash Flow Statement

for the year ended 31 March 2014

(₹ in Lacs)

Sr. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
I	**Cash flow from operating activities**		
	Profit before tax from continuing operations	28,199.28	14,369.24
	Profit before tax from discontinuing operations	-	-
	Profit before tax	**28,199.28**	**14,369.24**
	Non-cash adjustment to reconcile profit before tax to net cash flows		
	Depreciation/amortization on continuing operation	18,087.28	15,706.22
	Depreciation/amortization on discontinuing operation	-	-
	Loss/(profit) on sale of fixed assets	2.88	(20.55)
	Employee stock compensation expense	227.70	280.38
	Net gain on sale of non-current investments	(0.33)	-
	Net gain on disposal of Subsidiary	27.95	40.70
	Interest expense	7,180.24	7,918.66
	Interest income	(246.45)	(270.31)
	Dividend income	(0.97)	(0.31)
	Operating profit before working capital changes	**53,477.58**	**38,024.03**
	Movements in working capital :		
	Increase / (decrease) in trade payables	7,695.57	5,364.34
	Increase / (decrease) in short-term provisions	6,320.89	1,590.18
	Increase / (decrease) in other current liabilities	(2,547.24)	2,668.97
	Increase / (decrease) in other long-term liabilities	(451.67)	84.56
	Decrease / (increase) in trade receivables	(11,556.12)	(20,725.37)
	Decrease / (increase) in inventories	(10,871.77)	(2,933.43)
	Decrease / (increase) in long-term loans and advances	(5,038.12)	874.42
	Decrease / (increase) in short-term loans and advances	329.72	46.24
	Decrease / (increase) in other current assets	(4,947.76)	(14,478.50)
	Decrease / (increase) in other non-current assets	80.43	(507.28)
	Cash generated from /(used in) operations	**32,491.51**	**10,008.15**
	Direct taxes paid (net of refunds)	(9,746.19)	(2,643.45)
	Net cash flow from / used in operating activities (A)	**22,745.32**	**7,364.70**
II	**Cash flow from investing activities**		
	Purchase of fixed assets, including intangible assets, CWIP and capital advances	(22,838.88)	(9,302.88)
	Proceeds from sale of fixed assets	7.63	59.50
	Decrease in liability of minority interests	(285.02)	-
	Proceeds on disposal of Subsidiary	815.00	5,008.00
	Proceeds of non-current investments	26.63	-
	Purchase of non-current investments	(50.00)	(85.00)
	Interest received	246.45	270.31
	Dividends received	0.97	0.31
	Foreign Currency Translation Reserve	(534.49)	66.13
	Net cash flow from/(used in) investing activities (B)	**(22,611.71)**	**(3,983.63)**

(₹ in Lacs)

Sr. No.	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
III	**Cash flow from financing activities**		
	Proceeds from issuance of share capital	9.83	20.20
	Proceeds from securities premium on issuance of share capital	62.90	93.10
	Proceeds from long-term borrowings	(5947.52)	(1027.58)
	Proceeds from short-term borrowings	3640.79	6962.89
	Warrant & Share Application Money	10215.05	-
	Interest paid	(7180.24)	(7918.66)
	Dividends paid on equity shares	(1005.93)	(1000.96)
	Tax on equity dividend paid	(182.93)	(162.38)
	Net cash flow from/(used in) in financing activities (C)	**(388.05)**	**(3033.39)**
	Net increase / (decrease) in cash and cash equivalents (A + B + C)	(254.44)	347.68
	Cash and cash equivalents at the beginning of the year	3188.74	2841.05
	Cash and cash equivalents at the end of the year	**2934.30**	**3188.73**
	Components of cash and cash equivalents		
	Cash on hand	5.40	42.46
	Cheques/ drafts on hand	-	-
	With banks - on current account	252.65	211.81
	on deposit account	2648.63	2912.50
	unpaid dividend accounts*	27.62	21.96
	Total cash and cash equivalents (Note 18)	**2934.30**	**3188.73**

*** The company can utilize these balances only toward settlement of the respective unpaid dividend.**

For S. K. Patodia & Associates
Chartered Accountants
FRN : 112723W

Arun Poddar
Partner
Mem. No. 134572

Place : Mumbai
Date : May 22, 2014

For & on behalf of the Board

Dinesh Nandwana
Chairman & Managing Director

Dr. Nishikant Hayatnagarkar
Director

Darshi Shah
Company Secretary

Notes to Consolidated Financial Statements
as on March 31, 2014

Note 2 - Share Capital

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Authorised :		
75,00,00,000 (Previous Year 75,00,00,000) Equity Shares of ₹ 1/- each	7,500.00	7,500.00
TOTAL	**7,500.00**	**7,500.00**
Issued, Subscribed and Paid-up :		
50,34,82,240 (Previous Year 50,24,99,320) Equity Shares of ₹1/- each fully paid up	5,034.82	5,024.99
TOTAL	**5,034.82**	**5,024.99**

Note 3 - Reserves & Surplus

(₹ in Lacs)

Particulars		As at March 31, 2014		As at March 31, 2013
(i)	**Securities Premium Account**			
	As per last Balance Sheet	16,894.33	-	19,259.42
	Add: On shares issued during the year	62.90	-	93.10
	Add : Transferred from Shares Options outstanding account	39.88	-	44.22
	Less: Capitalised on issue of shares	-		2,502.40
	Less: Share issue expenses	-		-
			16,997.11		16,894.34
(ii)	**Shares Options Outstanding Account**			
	As per last Balance Sheet	1,078.62		281.64
	Add : On further grant of options	-		841.19
	Less: Reversal due to lapsation of options	(79.32)		-
	Less: Transferred to Securities Premium Account	(39.88)		(44.22)
			959.42		1,078.61
	b) Deferred Employee Compensation Expense			
	As per last Balance Sheet	(696.39)		(135.57)
	Less : Amortised during the year	307.02		(560.81)
			(389.37)		(696.38)
(iii)	**General Reserve**			
	As per last Balance Sheet	2,595.95		1,776.40
	Add: Transferred from Profit and Loss Account	1,990.00		819.55
	Less: Transferred to Profit and Loss Account	-		-
			4,585.95		2,595.95
(iv)	**Surplus in the Profit & Loss Account**	26,484.24		18,006.05	
	Add: Profit for the year	17,504.25		10,432.81	
	Amount available for appropriations	43,988.49		28,438.86	
	Appropriations:				
	Add: Transferred from reserves	-		-	
	Add : Profit on disposal of investment in Subsidiary	21.76		40.72	
	Less: Transferred to general reserve	(1,990.00)		(819.55)	
	Proposed dividend	(1,258.71)		(1,005.00)	
	Corporate Dividend Tax	(213.92)		(170.80)	
	Short Provision for Dividend of previous year	(0.93)		-	
	Short Provision for Dividend Tax Payable of previous year	(0.16)		-	
		(3,441.95)	40,546.54	(1,954.63)	26,484.23
	TOTAL		**62,699.65**		**46,356.75**

Note :
During the previous year, an amount of ₹ 2,502.40 lacs has been capitalized and transferred to Share Capital account pursuant to the resolution passed by the members through postal ballot for allotment of bonus shares in the ratio of one equity share of ₹1/- each for every share held as on record date i.e. April 13, 2012.

Notes to Consolidated Financial Statements
as on March 31, 2014

Note 4- Money Received against Share Warrant

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Warrant Application money	10,215.05	-
TOTAL	**10,215.05**	**-**

Note :
The Company has issued 250.00 lacs fully convertible warrants to M/s. Vakrangee Capital Private Limited at ₹ 100/- per warrant The warrants issued are convertible into equal no. of equity shares having face value of ₹ 1/- with premium of ₹ 99/- per share. Amount payable at time of issue is 40.56% i.e. ₹ 101.40 Cr, and rest at the time of conversion of warrants, conversion can happen anytime from the date of allotment but before the expiry of 18 months from the date of allotment. Convertible warrants are subject to lock-in-period of three years from date of allotment of the equity shares or such reduced period as may be permitted under the SEBI Issue of Capital & Disclosure Requirements (ICDR) Regulations, 2009 as amended time to time.

Note 5 - Long-Term Borrowings

(₹ in Lacs)

(a) Particulars	As at March 31, 2014		As at March 31, 2013	
(A) Secured Loans				
(i) Term Loans				
- From Banks	7,402.66		11,390.21	
- From Others	1,200.00	8,602.66	2,955.56	14,345.77
(ii) Long-term maturities of finance lease obligations		18.36		222.77
(iii) Deposits		-		-
(A)		8,621.02		14,568.54
(B) Unsecured Loans				
(i) Term Loans				
- From Bank	-		-	
- From Others	-	-	-	-
(iii) Deposits		-		-
(B)		-		-
TOTAL (A + B)		**8,621.02**		**14,568.54**

Note 6 - Deferred Tax Liabilities (Net)

(₹ in Lacs)

(a) Particulars	As at March 31, 2014		As at March 31, 2013	
Liabilities				
(i) On account of difference in depreciation on Fixed Assets	7,133.25		8,304.28	
(ii) Timing differences on Tax Provisions	-		-	
(A)		7,133.25		8,304.28
Assets				
(i) Provision for Leave Encashment	17.33		16.04	
(ii) Timing differences on Tax Provisions	-		-	
(B)		17.33		16.04
TOTAL (A - B)		**7,115.92**		**8,288.24**

Notes to Consolidated Financial Statements
as on March 31, 2014

Note 7 - Other Long-Term Liabilities

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Trade payables	332.05	53.63
Others :		
- Buyers Credit on FLC	-	730.10
TOTAL	**332.05**	**783.73**

Note 8 - Short-Term Borrowings

(₹ in Lacs)

(a)	Particulars	As at March 31, 2014		As at March 31, 2013	
	(A) Secured Loans				
	(i) Loans repayable on demand				
	- From Banks	30,639.02		26,954.98	
	- From Others (Vehicle Loans)	-	30,639.02	-	26,954.98
	(ii) Loans & Advances from Related Parties		-		-
	(iii) Inter Corporate Deposits		-		-
	(A)		30,639.02		26,954.98
	(B) Unsecured Loans				
	(i) Loans & Advances from Related Parties		1,523.60		1,566.85
	(ii) Inter Corporate Deposits		-		
	(iii) Other Loans & Advances		-		-
	(B)		1,523.60		1,566.85
	TOTAL (A + B)		**32,162.62**		**28,521.83**

Note 9 - Trade Payables

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Current payables (including acceptances) outstanding for less than 12 months	25,243.15	17,547.58
TOTAL	**25,243.15**	**17,547.58**

Notes to Consolidated Financial Statements
as on March 31, 2014

Note 10 - Other Current Liabilities

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Current maturities of long-term debts	8,242.99	10,917.21
Current maturities of finance lease obligations	204.41	177.85
Interest accrued and due on borrowings	68.24	177.25
Interest accrued but not due on borrowings	-	180.11
Unclaimed Dividend	27.62	21.96
Other Payables		
PF, ESIC & LWF Payable	8.50	27.62
Service Tax Payable	58.27	96.44
Sales Tax & WCT Payable	11.13	23.07
TDS Payable	323.66	109.44
Staff Emoluments Payable	589.16	284.71
Security Deposit	3.95	29.45
Other Liabilities	727.66	767.71
TOTAL	**10,265.59**	**12,812.82**

Note 11 - Short-Term Provisions

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Provision for Expenses of Goods & Services	7,980.42	1,664.29
Provisions for Employees' benefits	52.12	47.18
Provision for Wealth Tax	0.16	0.35
Provision for Interest on Taxation	644.23	105.59
Provision for Taxation (net of taxes paid)	622.48	1,076.40
Provision for Proposed Dividend	1,258.71	1,005.00
Provision for Tax on Proposed Dividend	213.92	170.80
TOTAL	**10,772.04**	**4,069.61**

Notes to Consolidated Financial Statements
as on March 31, 2014

Note 12 - Fixed Assets

(₹ in Lacs)

Description	Gross Block					Depreciation Block				Net Block			
	Beginning of Current Period	Additions	Acquisitions through Business Combinations	Deductions/ Adjustments	End of Current Period	Upto Beginning of Current Period	For the Period	Deductions/ Adjustments	Upto End of Current Period	Before Impairment	Impairment	End of Current Period	End of Previous Period
(i) Tangible Assets													
Buildings	973.97	17.85	-	-	991.82	100.30	15.90	-	116.20	-	-	875.62	873.67
Plant and Machinery	755.53	-	-	-	755.53	228.09	35.88	-	263.97	-	-	491.56	527.44
Furnitures and Fixtures	604.68	0.78	-	-	605.46	349.70	37.68	-	387.38	-	-	218.08	254.98
Vehicles	97.36	-	-	36.16	61.20	31.63	8.61	26.07	14.17	-	-	47.03	65.73
Office Equipments	571.38	5.55	-	0.50	576.43	284.72	27.22	0.17	311.77	-	-	264.65	286.66
Computers and Printers	32,497.28	21.58	-	-	32,518.86	23,503.17	5,267.18	-	28,770.34	-	-	3,748.51	8,994.11
Project Assets													
- Computers and Printers													
- Owned	38,337.21	19,653.68	-	0.19	57,990.69	11,668.72	11,046.91	0.12	22,715.51	-	-	35,275.18	26,668.49
- Leased	596.64	-	-	-	596.64	185.24	198.86	-	384.10	-	-	212.54	411.40
- Office Equipments													
- Owned	907.47	0.22	-	-	907.69	298.56	230.13	-	528.69	-	-	379.00	608.91
- Leased	19.25	-	-	-	19.25	5.98	6.41	-	12.39	-	-	6.86	13.27
- Furniture & Fixtures													
- Owned	4,817.65	4.86	-	-	4,822.51	1,503.41	1,204.74	-	2,708.15	-	-	2,114.36	3,314.24
- Leased	23.26	-	-	-	23.26	7.22	7.75	-	14.97	-	-	8.29	16.04
TOTAL	**80,201.68**	**19,704.51**	**-**	**36.85**	**99,869.34**	**38,166.74**	**18,087.28**	**26.36**	**56,227.66**	**-**	**-**	**43,641.68**	**42,034.94**
(ii) Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
(Other than Internally Generated)													
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(iii) Capital Work-In-Progress (excluding Capital Advances)	1,676.97	4,811.34	-	1,676.97	4,811.34	-	-	-	-	-	-	4,811.34	1,676.97
TOTAL	**1,676.97**	**4,811.34**	**-**	**1,676.97**	**4,811.34**	**-**	**-**	**-**	**-**	**-**	**-**	**4,811.34**	**1,676.97**
GRAND TOTAL	**81,878.65**	**24,515.86**	**-**	**1,713.83**	**1,04,680.68**	**38,166.74**	**18,087.28**	**26.36**	**56,227.66**	**-**	**-**	**48,453.02**	**43,711.92**
PREVIOUS YEAR	**77,639.66**	**9,311.62**	**-**	**5,072.63**	**81,878.65**	**22,477.45**	**15,706.23**	**16.94**	**38,166.74**	**-**	**-**	**43,711.91**	

(b) Details of Capital Work-in-Progress

Capital Work-in-Progress (Opening) represents cost incurred towards purchase of Land & computer software (pending installation), which has been excluded from consolidation in the financial statements due to disposal of the investments in the concerned subsidiary company.
Capital Work-in-Progress (Closing) represents cost incurred towards advance for purchase of ATM Machine for White Label ATM (WLA) project.

(c) Detailed note on Fixed Assets taken on Lease

The Company has taken certain assets on finance lease during the previous year. There are certain computer equipment assets taekn on operating lease under non-cancellable agreements in previous years. The assets taken on finance lease have been classified as leased assets under the project assets above. The finance lease is for the period of three years from the date of its commencement. Hence the depreciation on thses assets will be amortised over a period of three years on straight line basis.For details on operating lease, please refer Note No. 35.

(d) During the year, the Company has acquired fixed assets worth ₹ 196.57 Crores (Previous Year ₹ 440 Crores) towards various e-governance projects including UID Enrolment project, Financial Inclusion, CSC. The management of the company envisage that the useful life of these assets assigned to any project, present or future, will be 3 to 4 years from the date of its put to use and accordingly has accelerated the depreciation at higher rate.

Notes to Consolidated Financial Statements
as on March 31, 2014

Note 13 - Non-Current Investments

(₹ in Lacs)

	Particulars	As at March 31, 2014		As at March 31, 2013	
(a)	**Trade Investments**				
	(i) Investment in Equity Instruments				
	Unquoted Investments				
	- In Associate Companies				
	Nil Equity Shares of Omnis Infra Power Ltd of ₹10/- each fully paid up (Previous Year 13,000)	-		1.30	
	(A)		-		1.30
	(ii) Investment in Mutual Funds				
	12,00,000 units of Axis Hybrid Fund Series-I of ₹ 10/- each fully paid up (Previous Year 12,00,000)	120.00		120.00	
	24.9375 units of Aditya Birla Real Estate Fund - I of ₹ 1,00,000/- each partly paid up ₹ 60,000/- per unit (Previous Year ₹ 40,000/- per unit, 24.9375 units) "	15.00		10.00	
	Nil units of Union KBC Asset Allocation Fund - Conservative of ₹ 10/- each fully paid up (Previous Year 2,50,000)	-		25.00	
	99,990 units of Union KBC Asset Allocation Fund - Moderate of ₹ 10/- each fully paid up (Previous Year 99,990)	10.00		10.00	
	2,99,990 units of Union KBC Capital Protection Oriented Fund - Series 1 of ₹ 10/- each fully paid up (Previous Year 2,99,990)	30.00		30.00	
	2,00,000 units of Union KBC Capital Protection Oriented Fund - Series 2 of ₹ 10/- each fully paid up (Previous Year Nil)	20.00		20.00	
	1,50,000 units of Union KBC Equity Fund - Growth of ₹ 10/- each fully paid up (Previous Year 1,50,000)	15.00		15.00	
	1,00,000 units of Union KBC Capital Protection Oriented Fund - Series 5 of ₹ 10/- each fully paid up (Previous Year Nil)	10.00			
	2,50,000 units of Union KBC Capital Protection Oriented Fund - Series 7 of ₹ 10/- each fully paid up (Previous Year Nil)	25.00			
	99,990 units of Union KBC Trigger Fund Series 1 - Regular Plan of ₹ 10/- each fully paid up (Previous Year Nil)	10.00			
	(B)		255.00		230.00
	Total (A+B)		**255.00**		**231.30**

(₹ in Lacs)

(b)	Particulars	As at March 31, 2014	As at March 31, 2013
	Aggregate value of:		
	Quoted investments - Mutual Funds (Market Value : ₹ 301.30 Lacs, P.Y. ₹ 248.75 Lacs)	255.00	230.00
	Unquoted investments	-	937.30
		255.00	**1,167.30**

Notes to Consolidated Financial Statements
as on March 31, 2014

Note 14 - Long-Term Loans & Advances

(₹ in Lacs)

(a)	Particulars	As at March 31, 2014		As at March 31, 2013	
	(i) Capital Advances				
	(Unsecured, considered good)				
	Advance against property	499.52		458.52	
	Advance against capital goods	5,005.00	5,504.52	-	458.52
	(ii) Security Deposits				
	(Unsecured, considered good)				
	Security Deposit		26.18		34.06
	(iii) Other Loans and Advances				
	(Unsecured, considered good)				
	MAT Credit Entitlement	-		1,935.08	
	Balances with statutory / revenue authorities :				
	- Income Tax (net of provision for taxation)	-		-	
	- Sales Tax	-	-	-	**1,935.08**
	TOTAL		**5,530.70**		**2,427.66**

Note 15 - Other Non-Current Assets

(₹ in Lacs)

Particulars	As at March 31, 2014		As at March 31, 2013	
(i) Long Term Trade Recievables				
- Unsecured, considered good		135.49		227.23
- Doubtful	-		-	
Less: Provision for Doubtful Debts	(44.50)	(44.50)	-	-
(ii) Others				
- Non-Current Bank Balances (Note No. 18)		807.94		751.66
- Prepaid Expenses		0.24		0.72
TOTAL		**899.17**		**979.61**

Note 16 - Inventories

(₹ in Lacs)

(a)	Particulars	As at March 31, 2014		As at March 31, 2013	
	(i) Raw Material	12,293.42		7.43	
	(ii) Work in Progress	3,241.26		4,676.88	
	(iii) Finished Goods	508.66		438.84	
	(iv) Consumables	199.05		244.24	
	(v) Stores & Spares	6.14		9.37	
	TOTAL		**16,248.53**		**5,376.76**

(b) Basis of valuation of Inventories

Inventories are valued at lower of cost or net realizable value on FIFO basis which is in accordance with AS 2 as issued by the ICAI.

Notes to Consolidated Financial Statements
as on March 31, 2014

Note 17 - Trade Receivables

(₹ in Lacs)

(a)	Particulars	As at March 31, 2014		As at March 31, 2013	
	(i) Due for a period exceeding six months				
	- Unsecured, considered good		2,595.73		1,806.77
	- Doubtful	-		-	
	Less: Provision for Doubtful Debts	-	-	-	-
	(ii) Others				
	- Unsecured, considered good		74,234.10		63,466.94
	- Doubtful	-		-	
	Less: Provision for Doubtful Debts	-	-	-	-
	TOTAL		**76,829.83**		**65,273.71**

Note 18 - Cash & Cash equivalents

(₹ in Lacs)

(a)	Particulars	As at March 31, 2014		As at March 31, 2013	
	(A) Cash & Cash Equivalents				
	(i) Balances with Banks :				
	- Current Accounts	252.64		211.81	
	(ii) Cash-in-hand	5.40		42.46	
	(iii) Cheques & Drafts in-hand	-		-	
			258.04		254.27
	(B) Other Bank Balances				
	(i) Earmarked balances	27.62		21.96	
	(ii) Amount held as margin money or security against borrowings, guarantee, other commitments	3,456.57		3,664.16	
	(iii) Deposits with Banks :				
	- with original maturity period of more than 3 months but less than 12 months	-		-	
	- with original maturity period of more than 12 months	-		-	
			3,484.19		3,686.12
			3,742.23		**3,940.39**
	Less: Non-Current Other Bank Balances, disclosed under Other Non-Current Assets (Note No. 15)				
	(i) Amount held as margin money or security against borrowings, guarantee, other commitments	807.94		751.66	
	(ii) Deposits with Banks :				
	- with original maturity period more than 12 months	-		-	
			807.94		751.66
	TOTAL		**2,934.29**		**3,188.73**

Notes to Consolidated Financial Statements
as on March 31, 2014

Note 19 - Short-Term Loans and Advances

(₹ in Lacs)

Particulars	As at March 31, 2014		As at March 31, 2013	
(i) Security Deposits				
(Unsecured, considered good)				
Security Deposit		1,135.69		1,135.69
(ii) Loans and Advances to Related Parties				
(Unsecured, considered good)				
Dues from associate companies	-		241.48	
Dues from companies in which the company's managing director is a director	-		-	
		-		241.48
(ii) Other Loans and Advances				
(Unsecured, considered good)				
Loans to others	-		-	
Earnest Money Deposit	68.35		115.37	
Other Deposit	0.05		-	
Balances with statutory / revenue authorities :				
- Sales Tax	27.85		21.76	
- Income Tax (net of provision for taxation)	248.25		343.84	
- CENVAT Credit receivable	9.85		57.21	
		354.35		538.18
TOTAL		**1,490.04**		**1,915.35**

Note 20 - Other Current Assets

(₹ in Lacs)

Particulars	As at March 31, 2014		As at March 31, 2013	
(i) Interest accrued on investments and deposits				
Interest Accrued on FDRs	-		17.60	
		-		17.60
(ii) Other advances receivable in cash or kind or for value to be received				
Staff Loans	30.95		66.41	
Interest recoverable on Cash Credit Account	-		29.48	
Advances for Expenses	78.74		221.94	
Advances for Purchases	18,055.96		9,601.30	
Other Receivables	914.67		4,663.61	
Prepaid Expenses	121.17		468.38	
		19,201.49		15,051.12
(iii) Other Assets				
Share Application Money				
- In Other Body Corporates	-		-	
Pre Operative Expenses	-	-	-	-
TOTAL		**19,201.49**		**15,068.72**

Notes to Consolidated Financial Statements
as on March 31, 2014

Note 21 - Revenue from Operations

(₹ in Lacs)

Particulars		For the year ended March 31, 2014		For the year ended March 31, 2013
(a) Income from e-governance activities		193775.75		154226.10
(b) Sale of Products				
- Computer consumables & peripherals	750.80		0.06	
- Others	-		0.60	
		750.80		0.66
(c) Sale of Services				
- Information Technology-enabled Services (ITeS)	652.14		475.27	
- Others	10.60		11.50	
		662.74		486.77
(d) Other Operating Revenues				
- CSP Registration Fees	-		0.2	
- Scrap Sale	0.88		1.33	
		0.88		1.53
TOTAL		**195190.17**		**154715.06**

Note 22 - Other Income

(₹ in Lacs)

Particulars		For the year ended March 31, 2014		For the year ended March 31, 2013
(i) Interest Income on				
- Bank Deposits	235.94		268.97	
- Others	10.52	246.45	1.34	270.31
(ii) Dividend Income on				
- Investment in Other Long-Term Instruments	0.97	0.97	0.31	0.31
(iii) Net gain on sale of Fixed Assets		-		20.55
(iv) Net gain on sale of Investments		0.33		20.00
(v) Gain on Foreign Exchange Fluctuation (net)		337.80		204.55
(vi) Other Non-Operating Income (net of expenses directly attributable to such income)		-		
- Rent Received	1.50		3.44	
- Miscellaneous Income	29.03	30.53	1.96	5.40
TOTAL		**616.08**		**521.12**

Notes to Consolidated Financial Statements
as on March 31, 2014

Note 23 - Operating Expenses

(₹ in Lacs)

Particulars		For the year ended March 31, 2014		For the year ended March 31, 2013
Cost for Sales				
- Opening Stock	261.04		244.20	
- Add : Purchases during the year	1,41,350.04		1,04,551.11	
	1,41,611.08		1,04,795.31	
- Less : Closing Stock	12,498.61		261.04	
		1,29,112.47		1,04,534.27
Lease Rent		3,382.91		4,111.19
Procurement of Manpower		1,799.34		4,528.75
Project Expenses		553.71		402.78
Image Processing Expenses		65.84		98.54
Printing Charges		71.13		70.23
Conveyance & Travelling Expenses		71.08		50.83
Transportation, Octroi and Loading / Unloading Charges		21.90		14.48
Rent, Rates and Taxes		52.14		64.83
Refurbishment Charges		125.88		64.50
Communication Costs		213.71		0.65
Commission Expenses		28.13		-
Machinery Hire Charges		-		112.91
Electricity Expenses		-		1,047.14
TOTAL		**1,35,498.24**		**1,15,101.11**

Note 24 - Changes in Inventories

(₹ in Lacs)

Particulars		For the year ended March 31, 2014		For the year ended March 31, 2013
(a) At the beginning of the period				
(i) Finished Goods	438.84		-	
(ii) Work-in-Progress	4,676.88		2,199.14	
		5,115.72		2,199.14
Less : (b) At the end of the period				
(i) Finished Goods	508.66		438.84	
(ii) Work-in-Progress	3,241.26		4,676.88	
		3,749.92		5,115.72
TOTAL		**1,365.80**		**(2,916.58)**

Note 25 - Employee Benefits Expenses

(₹ in Lacs)

Particulars		For the year ended March 31, 2014		For the year ended March 31, 2013
(i) Salaries & Wages	2,820.11		2,498.57	
(ii) Contribution to Provident & Other Funds	41.76		35.76	
(iii) Employee Compensation Expenses	227.70		280.38	
(iv) Staff Welfare Expenses	51.61		40.12	
TOTAL		**3,141.18**		**2,854.83**

Notes to Consolidated Financial Statements
as on March 31, 2014

Note 26 - Finance Costs

(₹ in Lacs)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
Interest Expenses				
- Banks	6,446.25		5,872.47	
- Others	733.99	7,180.24	2,046.19	7918.66
Bank Charges & Commission		609.19		677.07
TOTAL		**7,789.43**		**8,595.73**

Note 27 - Other Expenses

(₹ in Lacs)

Particulars	For the year ended March 31, 2014		For the year ended March 31, 2013	
Repairs & Maintenance :				
- Building	2.17		12.98	
- Vehicle	3.43		2.14	
- Others	28.16	33.76	21.10	36.22
Loss on Foreign Exchange Fluctuation (net)		2.88		0.06
Advertisement and Publicity Expenses		269.02		101.48
Business Promotion Expenses		67.35		54.23
Tender & Bid Expenses		1.05		5.52
Commission & Brokerage		1.65		0.68
Rates & Taxes		11.02		17.11
Insurance		14.84		56.07
Electricity Expenses		37.07		35.83
Printing and Stationery		18.32		17.70
Communication Costs		117.03		61.59
Fees & Subscriptions		29.34		41.83
Sponsorship Fees		48.91		-
Listing, Registrar & Share Issue/Transfer Expenses		5.95		3.36
Directors' Remuneration		86.05		85.35
Directors' Sitting Fees		2.80		2.70
Legal & Professional Fees - Other than payments to Auditor:				
- Consultancy Charges	162.36		449.42	
- Legal & Professional Fees	470.30		270.15	
- Filing Stamp Duty and Franking Charges	114.08		57.62	
- Registration charges	0.01	746.75	4.72	781.91
Payments to Auditors :				
- Audit fees	12.78		16.43	
- Tax Audit fees	2.50		2.81	
- For Other Services	3.00		3.23	
- For Reimbursement of Expenses	-	18.28	-	22.47
Conveyance & Travelling		71.02		81.12
Vehicle Expenses		6.61		7.18
Office & General Expenses		65.49		59.17
Provision for Doubtful Debts		44.50		-
Miscellaneous Expenses		14.37		53.67
Sundry Balances written off		10.98		0.39
TOTAL		**1,725.04**		**1,525.64**

Notes to Consolidated Financial Statements
as on March 31, 2014

Note 28 - Companies considered in the consolidated financial statement are :

(₹ in Lacs)

Name of the Company	Date of becoming subsidiary	Country of Incorporation	% voting power held	
			As at 31st March, 2014	As at 31st March, 2013
E-Doc Vision InfoTech Private Limited**	03-Jun-08	India	-	74.09
Vakrangee e-Solutions Inc.	08-May-09	Philippines	100.00	100.00
Vakrangee Finserve Limited	07-Sep-11	India	100.00	100.00

** Ceased to be a subsidiary w.e.f. February 1, 2014.

The audited financial statements of the Company and its subsidiaries are drawn for the twelve-month period ending on March 31, 2014, except for the subsidiary Company, M/s Vakrangee e-Solutions Inc., Philippines, whose audited accounts are for the period from January 1, 2013 to December 31, 2013. For the purpose of consolidation, unaudited financial statements for the period from April 1, 2013 to March 31, 2014 have been considered so as to incorporate adjustments for the effect of transactions or other events that occurred between January 1, 2014 to March 31, 2014.

Note 29 - Contingent Liabilities and Commitments (to the extent not provided for)

(₹ in Lacs)

Particulars	As at March 31, 2014		As at March 31, 2013	
(A) Contingent Liabilities				
(i) Claims against the company not acknowledged as debts	-		-	
(ii) Company has provided Counter Guarantee in relation to Bank Guarantee to various parties which is not acknowledged in books of accounts	2,130.44		2,831.19	
(iii) Other contingent liabilities (Refer Note 1 below)	-		210.27	
(A)		2,130.44		3,041.46
(B) Commitments				
(i) Estimated amount of contracts remaining to be executed on capital account not provided for	25.00		1,496.56	
(ii) Uncalled liabilities on share and other investments partly paid up	10.00		15.00	
(iii) Others commitments	-		-	
(B)		35.00		1,511.56
TOTAL (A + B)		**2,165.44**		**4,553.02**

Note :

1. The contingent liabilities were towards Income Tax demand raised during the course of Block Assessment for the Assessment Year 2005-06 to Assessment Year 2011-12 of ₹ Nil (Previous Year ₹ 210.27 Lacs) for which the Company has filed rectification u/s 154 of the Income Tax Act, 1961 / appeals were pending before the Commissioner of Income Tax (Appeals).

2. The amount of liabilities, which may occur on levying of penalty and/or charges by clients for delays in execution of contracts within the time prescribed in the agreement, is unascertained.

Note 30 - Segment Reporting

The Company's activities predominantly revolve around providing the e-governance related services. Considering the nature of Company's business and operations, there is only one reportable segment (business and / or geographical) in accordance with the requirements of the Accounting Standard 17 – "Segment Reporting" notified in the Companies (Accounting Standards) Rules 2006.

Notes to Consolidated Financial Statements
as on March 31, 2014

Note 31 - Earnings Per Equity Share

(₹ in Lacs)

	Particulars	For the year ended March 31, 2014	For the year ended March 31, 2013
(a)	**Net profit after tax attributable to equity shareholders for**		
	Basic EPS	17,504.25	10,432.82
	Add/Less: Adjustment relating to potential equity shares	-	-
	Net profit after tax attributable to equity shareholders for	17,504.25	10,432.82
	Diluted EPS		
(b)	**Weighted average no. of equity shares outstanding during the year**		
	For Basic EPS	50,29,79,292	50,14,80,384
	For Diluted EPS	50,92,32,604	51,12,42,086
(c)	**Face Value per Equity Share (₹)**	1.00	1.00
	Basic EPS	3.48	2.08
	Diluted EPS	3.44	2.04
(d)	**Reconciliation between no. of shares used for calculating basic and diluted EPS**		
	No. of shares used for calculating Basic EPS	50,29,79,292	50,14,80,384
	Add: Potential equity shares	62,53,312	97,61,702
	No. of shares used for calculating Diluted EPS	50,92,32,604	51,12,42,086

Note 32 - Prior Period Items

(₹ in Lacs)

	Particulars		For the year ended March 31, 2014		For the year ended March 31, 2013
(a)	**Prior Period Expenses**				
	Professional Fees	4.36		0.14	
	Rent	0.50		0.08	
	Rates & Taxes	0.38		5.38	
	Electricity	-		0.31	
	Printing & Stationery	-		0.11	
	Lodging & Boarding Expenses	-		0.86	
	Salary & Wages	0.47		0.05	
	Purchases	5.95		-	
	Society Charges	0.81		-	
	Repairs and Maintenance	0.03		-	
	TOTAL		**12.50**		**6.93**
(b)	**Prior Period Incomes**				
	Salary & Wages	45.68		-	
	Bonus	-		48.02	
	Electricity (recovered from customer)	-		0.92	
	TOTAL		**45.68**		**48.95**

Notes to Consolidated Financial Statements
as on March 31, 2014

Note 33 - Gratuity & Leave encashment

The Company has provided for Gratuity and leave encashment, in accordance with revised AS-15, "Employee Benefits", the company has provided the liability on actuarial basis.

a) Gratuity

Actuarial assumptions:

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)
Withdrawal Rate	1% to 3% depending on age	1% to 3% depending on age
Discount rate	8% per annum	8% per annum
Salary Escalation	5%	5%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factor, such as demand and supply in employment market.

Amount recognized in the Profit and Loss account

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
PV of Past Service Benefit	54.24	35.95
Current Service Cost	20.09	22.32
Actuarial (gains)/losses for the period	18.27	30.95
Obligation at the end of the year.	91.77	61.05

b) Leave encashment

Actuarial assumptions:

Particulars	As at March 31, 2014	As at March 31, 2013
Period	From : April 1, 2013 to March 31, 2014	From April 1, 2012 to March 31, 2013
Discount rate	8.25% per annum	8.25% per annum
Salary growth rate	5.00% per annum	5.00% per annum
Mortality	LIC 94-96 ultimate	LIC 94-96 ultimate
Expected rate of return	-	-
Withdrawal rate (per annum)	2.00 % per annum (18 - 60 years)	2.00 % per annum (18 - 60 years)

Amount recognized in the Profit and Loss account

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Current Liability	1.96	23.22
Non current liability	50.16	23.95
Total	**52.12**	**47.17**

Notes to Consolidated Financial Statements
as on March 31, 2014

Note 34 - Related Party Details

(a) Key Management Personnel

Mr. Dinesh Nandwana	Chairman & Managing Director
Dr. Nishikant Hayatnagarkar	Whole-Time Director
Mr. Ramesh Mulchand Joshi	Director
Mr. Sunil Agarwal	Director
Mr. Anil Patodia *	Director
Mr. Babu Lal Meena	Director
Mr. Kunnel Prem**	Nominee Director (LIC)

* Mr. Anil Patodia resigned w.e.f 30th September 2013
** Mr Kunnel Prem resigned w.e.f. 2nd April 2014

(b) Relative of key management personnel and Name of the enterprises having same key management personnel and/ or their relatives as the reporting enterprises with whom the Company has entered into transactions during the year

Vakrangee Holdings Private Limited
Vakrangee Lacteus & Hortus Limited
Vakrangee Capital Private Limited
Vakrangee Technologies Limited
Vakrangee Infraprojects Limited
Omnis Edu-Health Limited
Omnis Infra Power Limited
Mr. Manoj Nandwana

Related Party Transactions
- In relation to (a)

(₹ in Lacs)

Nature of Transactions	For the year ended March 31, 2014	For the year ended March 31, 2013
Director Remuneration	86.05	85.35
ESOP Perquisites	-	52.53
Directors' Sitting Fees	2.80	2.70
Rent received	-	2.50
Balance outstanding as on 31 March :	NIL	NIL

- In relation to (b)

(₹ in Lacs)

Nature of Transactions	For the year ended March 31, 2014	For the year ended March 31, 2013
Reimbursement of Expenses	17.45	25.81
Salary Paid	5.12	9.13
Services rendered	-	714.84
Realisation from Debtors	425.00	-
Sale of investments	1.30	-
Loans granted	120.00	-
Loan Received back	120.00	-
Loans Taken	666.50	1,562.73
Loans repaid	709.75	1,673.13
Balance Outstanding as on 31 March:		
Sundry Debtors	72.13	497.13
Short-Term Borrowings	1,523.60	1,566.85

Notes to Consolidated Financial Statements
as on March 31, 2014

Note 35 - Operating leases

The Company has taken Computer Equipments on operating lease under non-cancellable lease agreement. Lease payments recognized in the Profit and Loss Account for the year is ₹3,382.91 Lacs (Previous Year ₹ 4,111.19 Lacs). The expenses provided for in the current year is after addition of the sales tax charged by the lessor. The addition has been made due to non-availability of the sales tax input credit under the relevant sales tax provisions. Future minimum lease payments under non-cancellable operating leases are as below :

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
Not later than one year	-	3,207.36
Later than one year and not later than five years	-	-
Total	**-**	**3207.36**

II. Finance Leases

The Company has taken Computer Equipments & other Fixed Assets on finance lease during the year. Future minimum lease payments & present value of minimum lease payments towards the finance lease are as below :

(₹ in Lacs)

Particulars	As at March 31, 2014	As at March 31, 2013
i) Minimum lease payments		
Not later than one year	222.81	222.81
Later than one year and not later than five years	18.57	241.38
Total	**241.38**	**464.20**
ii) Present value of minimum lease payments		
Not later than one year	204.42	177.85
Later than one year and not later than five years	18.35	222.77
	222.77	400.62
Add : Future finance charges	18.61	63.58
Total	**241.38**	**464.20**

Note 36 - Previous year figures

The figures of the previous year have been re-arranged, re-grouped and re- classified wherever necessary.

Statement Pursuant to Section 212
of the Companies Act, 1956

Name of the Subsidiary Company	Vakrangee Finserve Limited	Vakrangee E-Solutions Inc.
Financials as on	March 31, 2014	December 31, 2013
Reporting Currency	INR (₹)	Pesos (P)
Exchange Rate	-	1 P = ₹ 1.3383*
Capital	25,00,000	P 96,00,000
Reserves	(113,985,429)	P 404501
Total Assets	58,901,271	P 398804661
Total Liabilities	58,901,271	P 398804661
Investment Other than Investment in Subsidiary	NIL	NIL
Turnover	30,876,585	NIL
Profit before Taxation	(65,852,703)	P 167
Provision for Tax	1,819,859	NIL
Profit after Tax	(66,368,253)	P 167
Proposed Dividend	NIL	NIL
Country	India	Philippines

** Exchange rate as on March 31, 2013*

Notes

VAKRANGEE MARTS ARE OUR TOUCH-POINTS TO DELIVER SERVICES TO CITIZENS THROUGH CUTTING-EDGE TECHNOLOGY. THESE OUTLETS PROVIDE BANKING AND BFSI SERVICES TO THE UNDER-SERVED POPULATION OF INDIA WITH AN OBJECTIVE OF INCLUSIVE GROWTH. THROUGH VAKRANGEE MARTS, OUR AIM IS TO ENSURE EFFICIENCY, TRANSPARENCY AND RELIABILITY OF SERVICES AT AFFORDABLE COSTS TO REALISE THE COMMON MAN'S BASIC NEEDS.

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