



M POWER MICRO FINANCE PVT LTD
ANNUAL REPORT
2011 - 12

**Board of Directors**

Mr. K.M. Vishwanathan

Mr. K.V. Balaji

Auditors

RAMANUJAM and BOOVARAHAN

Chartered Accountants,

1A, Kalpataru Apartments,

4/56, K B Dasan Road,

Alwarpet, Chennai- 600 018

Tamil Nadu, India

Bankers & Lenders

HDFC Bank LTD

Kotak Mahindra Bank

Bank of Baroda

State Bank of India

MAS Financial Services Limited

Ananya Microfinance for Inclusive growth

Reliance Capital Limited

Registered Office

D/401. Harsh Ayodhya CHS No 26,

Tilak Nagar , Chembur

Mumbai 400089

Maharashtra, India

Corporate office

3, 1st Floor, Sai Santosh Complex,

Hari Nagar Char Rasta,

Gotri Road, Vadodara – 390007

Gujarat, India

"NURTURE DREAMS TRANSFORM LIVES"



AUDITORS REPORT TO THE SHAREHOLDERS

We have audited the Balance Sheet of **M/s. M Power Micro Finance Private Limited** as at 31 March 2012 and the Profit and Loss Account of the said Company for the year ended 31st March 2012, both annexed hereto. 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.

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

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

We report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by the Companies Act, 1956 have been kept by the Company so far, as appears from our examination of such books.
- c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in Sub-section (3c) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the directors, as on 31 March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2012 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act 1956.



**RAMANUJAM and BOOVARAHAN**

Chartered Accountants

4/56, Kalpataru, Flat - IA, K.B. Dasan Road, Alwarpet,
Chennai - 600 018. Phone : 24354650 Telefax : 24354606
E-mail : ramanujam_boovaraham@yahoo.com

- f) In our opinion and to the best of our knowledge and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account together with the Accounting policies and the Notes forming part of the Accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
- i) in the case of Balance Sheet, of the State of Affairs of the Company as at 31 March 2012 and;
 - ii) in the case of Profit and Loss Account, of the Loss of the Company for the period from 31st March 2012 .

For RAMANUJAM AND BOOVARAHAN**FRN: 02945S****Chartered Accountants**


SHEKHAR VISHWANATHAN
Partner
M.No. 053073



Place : Chennai
Date : 18th May, 2012



Annexure to the Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of M Power Micro Finance Private Limited on the financial statements for the year ended March 31, 2012]

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a programme of physical verification of fixed assets. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (d) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clause (b), (c) and (d) of clause 4(iii) of the Order are not applicable.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub-clause (f) and (g) of clause 4(iii) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and with regard to the sale of goods and services. Further, the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control systems.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts and arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 have been made at the prices which are reasonable having regard to the prevailing market prices at the relevant time except in case of some transactions where alternate source of supply did not exist and therefore, no comparison of prices was possible.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and hence the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 do not apply to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) Rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 do not apply to the Company.

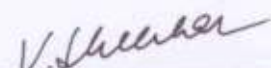


- (ix) (a) According to the records of the Company, Provident Fund, Income-tax, Sales-tax and other material statutory dues applicable to it have been generally regularly deposited during the year with the appropriate authorities. However the Company has applied for ESI registration which is still under process with the department and the amounts deducted from the employees and the Company's contribution is shown as a liability in the accounts. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at March 31, 2011 for a period of more than six months from the date on which they became payable except as stated above.
- (b) There are no disputed statutory payments to be made by the Company on account of Income-tax and other dues on account of dispute.
- (x) The Company has an accumulated loss at the end of the financial year and has incurred cash losses during the financial year covered by our audit.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institution, banks or debenture holders.
- (xii) Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, no term loans were acquired during the reporting period by the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any secured debentures. Therefore the provisions of clause 4(xix) of the Order are not applicable to the Company.
- (xx) The Company has not raised any money by way of public issue during the year. Therefore, the provisions of clause 4(xx) of the Order are not applicable to the Company.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For RAMANUJAM AND BOOVARAHAN

FRN: 02945S

Chartered Accountants


SHEKHAR VISHWANATHAN

Partner

M.No. 053073



Place : Chennai

Date : 18 May 2012

Balance Sheet



Particulars	Note No.	As at 31st March 2012 Rs.	As at 31st March 2011 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	71,300,000	50,000,000
Current liabilities			
Short-term borrowings	5	12,725,214	11,865,502
Trade payables	6	480,371	4,923,664
Other current liabilities	7	11,854,257	24,476
Short-term provisions	8	748,923	925,495
TOTAL		97,108,765	67,739,137
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	1,135,076	1,593,916
Current assets			
Current investments	10	19,560,424	-
Trade receivables	11	40,074,437	38,109,937
Cash and cash equivalents	12	6,597,527	13,152,339
Short-term loans and advances	13	7,519,365	919,195
Other current assets	14	3,025,831	3,134,975
Profit & Loss Account	4	19,196,105	10,828,775
TOTAL		97,108,765	67,739,137
Accounting policies & Notes to accounts forming integral part of financial statement			
<p>In terms of our report attached.</p> <p>For RAMANUJAM AND BOOVARAHAN Chartered Accountants Registration number 002945S</p> <p><i>V. Shekhar</i> SHEKHAR VISHWANTHAN Partner Membership No 053073</p> <p><i>K M Vishwanthan</i> K M Vishwanthan CEO & Director</p> <p><i>K V Balaji</i> K V Balaji COO & Director</p> <p>Place : Chennai Date : 18/05/2012</p>			

Profit & Loss account



"Narayana Dreams Transform Lives"

Particulars	Note No.	For the year ended 31st March 2012	For the year ended 31st March 2011
CONTINUING OPERATIONS			
Revenue from operations	15	8,933,531	8,671,188
Other income	16	1,671,602	433,142
		10,605,133	9,104,330
Expenses			
Employee Benefits	17	12,258,867	13,432,377
Other Expenses	19	4,583,026	5,189,504
Finance costs	18	1,666,527	911,753
Total		18,508,420	19,533,633
Earnings before exceptional items, extraordinary items, tax, depreciation and amortisation		(7,903,287)	(10,429,304)
Depreciation and amortisation expense	9	464,042	359,611
Profit / (Loss) before exceptional and extraordinary items and tax		(8,367,329)	(10,788,915)
Exceptional items		-	-
Profit / (Loss) before extraordinary items and tax		-	-
Extraordinary items		-	-
Profit / (Loss) before tax		(8,367,329)	(10,788,915)
Tax expense:			
Current tax expense for current year		-	39,860.00
(Less): MAT credit (where applicable)		-	-
Current tax expense relating to prior years		-	-
Net current tax expense		-	-
Deferred tax		-	-
Profit / (Loss) from continuing operations (11 + 12)		(8,367,329)	(10,828,775)
Basic Earnings Per Share of Rs. 10 each (In Rupees)		-1.67	-1.98
Diluted Earnings Per Share of Rs. 10 each (In Rupees)		-1.67	-1.98
Accounting policies & Notes to accounts forming integral part of financial statement			

In terms of our report attached.

For RAMANUJAM AND BOOVARAHAN

Chartered Accountants

Registration number 002945S

V. Shekhar

SHEKHAR VISHWANTHAN

Partner

Membership No 053073



For and on behalf of the Board of Directors

K M Vishwanthan

K M Vishwanthan
CEO & Director

K V Balaji

K V Balaji
COO & Director

Place : Chennai

Date : 5/18/2012

Cash Flow Statement



Particulars	For the year ended 31st March 2012	For the year ended 31st March 2011
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	(8,367,329)	(9,897,458)
Adjustments for:		
Depreciation and amortisation	464,042	359,611
Interest on Deposit	(484,810)	(431,942)
Dividend Income	(298,355)	-
Preliminary expenses	607,524	607,525
Taxes paid	-	39,860
Provision for Bad debts	157,131	384,950
Total	446,532	960,004
Operating profit / (loss) before working capital changes (A)	(7,921,797)	(8,937,454)
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Trade receivables	(2,121,530)	(38,495,019)
Short-term loans and advances	(7,327,806)	(203,169)
Other current assets	(499,226)	-
Total (B)	(9,948,666)	(38,698,188)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(5,404,035)	-
Other current liabilities	11,903,439	4,782,403
Short-term provisions	566,074	-
Taxes paid	-	(39,860)
Total (C)	7,065,478	4,742,543
TOTAL (A+ B+ C)	(10,804,985)	(42,893,099)
Cash flow from extraordinary items	-	-
Net cash flow from / (used in) operating activities (A)	(10,804,985)	(42,893,099)
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(5,200)	(1,660,089)
Bank deposits not considered as cash & cash equivalents	-	-
- Placed	-	-
Investment in mutual Fund	(19,560,424)	-
Interest received	-	-
- Others	484,810	431,942
Dividend Income	298,355	-
Net cash flow from / (used in) investing activities (B)	(18,782,459)	(1,428,147)
C. Cash flow from financing activities		
Proceeds from issue of equity shares	21,300,000	23,800,000
Proceeds from Loans (unsecured)	859,712	11,865,502
Cash flow from extraordinary items	-	-
Net cash flow from / (used in) financing activities (C)	22,159,712	35,665,502
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(7,427,732)	(8,555,744)
Cash and cash equivalents at the beginning of the year	14,025,259	22,681,003
Effect of exchange differences on restatement of foreign currency Cash	-	-
Cash and cash equivalents at the end of the year	6,597,527	14,025,259
Reconciliation of Cash and cash equivalents with the Balance		
Cash and cash equivalents as per Balance Sheet (Refer Note 19)	6,597,527	14,025,259
Less: Bank balances not considered as Cash and cash equivalents as	-	-
Net Cash and cash equivalents (as defined in AS 3 Cash Flow)	6,597,527	14,025,259
Add: Current investments considered as part of Cash and cash	-	-
Cash and cash equivalents at the end of the year *	6,597,527	14,025,259

Cash Flow Statement



Particulars	For the year ended 31st March 2012	For the year ended 31st March 2011
* Comprises:		
(a) Cash on hand	61,929	23,971
(b) Cheques, drafts on hand		
(c) Balances with banks		
(i) In current accounts	5,031,992	7,164,350
(ii) In EEFC accounts	-	-
(iii) In deposit accounts with original maturity of less than 3 months		6,836,938
(iv) In earmarked accounts (give details) (Refer Note (ii) below)	1,503,606	-
(d) Others (specify nature)		
(e) Current investments considered as part of Cash and cash		
	6,597,527	14,025,259

Notes:

- (i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.
(ii) These earmarked account balances with banks can be utilised only for the specific identified purposes.

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **RAMANUJAM AND BOOVARAHAN**

Chartered Accountants

Registration number 0029455

V. Shekhar
SHEKHAR VISHWANTHAN

Partner

Membership No 053073



For and on behalf of the Board of Directors

(K M Vishwanathan)
(K M Vishwanathan)
CEO & Director

(K V Balaji)
(K V Balaji)
COO & Director

Place :

Date :



M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2012

Significant Accounting Policies

1. Corporate Information:

M Power Micro Finance is a company registered as a Non-deposit taking Non-Banking Finance Company. The Company was conceptualized in September 2009 by like-minded banking professionals and was incorporated in November 2009. The registered office of the Company is in Mumbai, while the corporate office is in Vadodara, Gujarat. The NBFC license was granted by RBI within 3 months of application and was accorded in April 2010. Since then the company is focused on Microfinance as its main objective and other related activities. Microfinance is extended to women members from poor household through Joint Liability Group (JLG) Mechanism.

2. Significant Accounting Policies

2.1 Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India, Accounting Standards notified by the Government of India / issued by the Institute of Chartered Accountants of India (ICAI), as applicable and relevant provisions of the Companies Act, 1956.

The Company is Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. Accordingly, the Company has complied with the Accounting Standards as applicable to a Small and Medium Sized Company.

2.2 Use of Estimates

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period like provisioning for debtors, useful lives of fixed assets, Etc. Management believes that the estimates used in the preparation of the financial Statements are prudent and reasonable. Future results may vary from these estimates.

2.3 Revenue Recognition

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

- I. Revenue from Micro finance operations are recognized on accrual basis from the time the loans are given for the financial year on the terms and conditions provided in the loan documentation.

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2012

- II. Loan Processing fees being the revenue for processing the loan is recognized as income on upfront basis
- III. Interest income on deposits placed with various institutions is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- IV. In respect of receivables assigned, gains arising thereon are recognized as per RBI extant guidelines.
- V. All other income is recognized on an accrual basis, where there is no uncertainty in the ultimate realisation / collection.

2.4 Fixed Assets and Depreciation

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

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

Fixed Assets	Percent
Motor Cycles and car	25.89
Office Equipments	13.91
Computers	40.00
Furniture and Fittings	18.10

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

2.5 Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet dates if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation (where applicable) is provided on the revised carrying amount of the asset over its remaining useful life.



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M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2012

2.6 Finance Cost

Expenditure incurred for raising borrowed funds including ancillary costs incurred in Connection with the arrangement of borrowings, which is not eligible for capitalization, is fully charged to the profit and loss account on incurrence.

2.7 Foreign Currency Transactions

- i) Transactions in foreign currency are accounted at the exchange rate prevailing on the date of the transaction.
- ii) Foreign currency monetary items as at the balance sheet date are restated at the closing Exchange rates. Exchange rate differences arising on actual payments/ realizations and Period-end restatements are recognized as income or expense in the profit and loss account.

2.8 Employee Benefits

Employee benefits include Provident Fund, Gratuity, ESIC and compensated absences

i) Defined Contribution Plan

The Companies Contribution to Provident fund considered as defined contribution plans are charged as an expense as they fall due based on the amount of contribution required to be made.

ii) Defined Benefit Plan.

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

iii) Compensated Absences

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

M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2012

at credit on the balance sheet date and the estimated cost is based on the terms of the employment contract.

2.09 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term.

2.10 Income Taxes

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

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

Deferred tax assets in respect of unabsorbed depreciation and carry forward losses are recognized when there is virtual certainty that there will be sufficient future taxable income available to realize such assets. Other deferred tax assets are recognized if there reasonable certainty that there will be sufficient future taxable Income available to realize such assets.

2.11 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized only when the Company has present or legal obligations, as a result of past events for which it is probable that an outflow of economic benefit will be required to settle the transactions and when a reliable estimate of the amount of obligation can be made contingent liability is disclosed for

- i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

2.12 Preliminary Expenses.

Preliminary expenses are written off over a period of five years from the commencement of business.



M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2012

3.1 Share Capital

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares		Number of shares	
Authorised Equity shares of ` 10 each with voting rights	80,00,000	8,00,00,000	70,00,000	7,00,00,000
Issued Equity shares of ` 10 each with voting rights	71,30,000	7,13,00,000	50,00,000	5,00,00,000
Subscribed and fully paid up Equity shares of ` 10 each with voting rights	71,30,000	7,13,00,000	50,00,000	5,00,00,000
Total	71,30,000	7,13,00,000	50,00,000	5,00,00,000

Particulars								
Notes: Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:								
Particulars	Opening Balance	Fresh issue	Bonus	ESOP	Conversion	Buy back	Other changes (give details)	Closing Balance
Year ended 31 March, 2012								
Number of shares	50,00,000	21,30,000	-	-	-	-	-	71,30,000
Amount (Rs.)	5,00,00,000	2,13,00,000	-	-	-	-	-	7,13,00,000
Year ended 31 March, 2011								
Number of shares	50,00,000	-	-	-	-	-	-	50,00,000
Amount (Rs.)	5,00,00,000	-	-	-	-	-	-	5,00,00,000



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M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2012

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

Particulars	As at March 2012		As at March 2011	
	No of Shares	% Holding	No of Shares	% Holding
Mr K M Vishwanathan	24,50,000	34.36	6,50,000	13.00
Mr K V Balaji	6,00,000	8.42	4,50,000	9.00
Ms Jyoti Agarwal	4,30,000	6.03	-	-
Mr V Ramakrishnan	-	-	3,05,000	6.10
Ms Umamaheshwari Sunil Chettiar	-	-	3,00,000	6.00
Mr Manish Tiwari	-	-	2,50,000	5.00
Mr Sudhir Rameshbhai Kolte	-	-	3,30,000	6.60
Ms P Swethambira	-	-	3,00,000	6.00
Mr Ajith Kumar	-	-	2,50,000	5.00
Mr V C Kumanan	-	-	2,50,000	5.00
Mr D Sathyamuthy	-	-	3,00,000	6.00
Mr R Rajagopalan	-	-	2,50,000	5.00

3.3 Disclosure of Rights

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

4. Reserves and Surplus

Particulars	As at 31 March, 2012	As at 31 March, 2011
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(1,08,28,775)	-
Add: Profit / (Loss) for the year	(83,67,329)	(1,08,28,775)
Closing balance	(1,91,96,104)	(1,08,28,775)

M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2012

5. Short Term Borrowings

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Loans repayable on demand		
From banks		
Secured	3,64,109	4,38,333
Unsecured	1,23,61,105	1,14,27,169
	1,27,25,214	1,18,65,502
(b) Loans and advances from related parties		
Secured	-	-
Unsecured	-	-
Total	1,27,25,214	1,18,65,502

6. Trade Payables

Particulars	As at 31 March, 2012	As at 31 March, 2011
Trade payables:		
Acceptances	-	42,89,600
Other than Acceptances	4,80,371	6,34,064
Total	4,80,371	49,23,664
* Trade payables are dues in respect of services received (including from employees, professionals and others under contract) in the normal course of business.		



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M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2012

7. Other Current Liabilities

Particulars	As at 31 March, 2012	As at 31 March, 2011
Interest accrued but not due on borrowings	11,836	-
Interest accrued and due on borrowings	-	-
Advance from Mas Financial Services Private Limited	1,00,00,000	-
Unamortised Income	-	-
Gain on Assignment of receivables	15,98,333	-
Other payables	-	-
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Service Tax, etc.)	2,39,393	24,476
(ii) Kotak Life insurance	4,695	-
Total	1,18,54,257	24,476

8. Short Term Provisions

Particulars	As at 31 March, 2012	As at 31 March, 2011
Provision for employee benefits:		
(i) Provision for compensated absences	5,62,704	7,32,650
(ii) Provision for gratuity	1,86,219	1,92,845
Total	7,48,923	9,25,495

M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2012

9.1 Tangible Assets

Description	Gross block			Accumulated depreciation and impairment			Net block	
	Balance as at 1 April, 2011	Additions	Balance as at 31 March, 2012	Balance as at 1 April, 2011	Depreciation / amortisation expense for the year	Balance as at 31 March, 2012	Balance as at 31 March, 2011	
Plant and Equipment	8,63,058	-	8,63,058	2,52,381	2,44,271	4,96,652	6,10,677	
Furniture and Fixtures	4,25,044	5,200	4,30,244	42,731	69,662	1,12,392	3,82,313	
Vehicles	6,14,555	-	6,14,555	59,305	1,43,755	2,03,059	5,55,250	
Office equipment	50,870	-	50,870	5,194	6,354	11,548	45,676	
Total	19,53,527	5,200	19,58,727	3,59,611	4,64,042	8,23,651	15,93,916	
Previous year	-	-	19,53,527	-	3,59,611	3,59,611	15,93,916	-



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Notes Forming Part of the Accounts for the year ended 31st March 2012

9.2 Depreciation and amortisation relating to continuing operations:

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Depreciation and amortisation for the year on tangible assets as per Note 9	4,64,042	3,59,611
Depreciation and amortisation relating to continuing operations	4,64,042	3,59,611

10. Current Investments

	As at 31 March, 2012			As at 31 March, 2011		
	Quoted #	Unquoted #	Total	Quoted	Unquoted	Total
Current portion of Short-term investments (At cost)						
Reliance Fixed Horizon Fund		15,18,034				-
Reliance Money Manager		1,80,42,390	1,95,60,424			-
Less: Provision for diminution in value of current portion of Short-term investments			-			-
Total -Current portion of Short-term investments			1,95,60,424			-



"Nurture Dreams Transform Lives"

M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2012

11. Loans and advances under MFI Activity

Particulars	As at 31 March, 2012	As at 31 March, 2011
Micro finance Loan receivables less than 6 Months	7,00,01,929	3,51,36,345
Micro finance Loan receivables more than 6 Months	27,668	
Less:		
Receivables on Assets Under Management	2,94,12,948	33,58,674
	4,06,16,649	3,84,95,019
Loans for receivables with maturity less than one year	2,49,27,661	3,84,95,019
Loans for receivables with maturity more than one year	1,56,88,987	-
	4,06,16,649	3,84,95,019
Less:		
Provision for Receivables		
On Standard Receivables	4,04,868	3,84,950
On Sub Standard Receivables *	79,075	132
Provision for Credit Enhancement on Assets De-recognized	58,269	-
*Refer Note 22	5,42,212	3,85,082
Total	4,00,74,437	3,81,09,937



M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2012

12. Cash and Cash Equivalent

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Cash on hand	61,929	23,972
(b) Balance in Current Accounts	50,31,992	71,64,350
(c) Balances in Deposit Accounts*	15,03,606	59,64,017
* The Deposits in the current year are under lien for Term Loan disbursed by Reliance Capital Limited		
Total	65,97,527	1,31,52,339

13. Short Term Loans And Advances

Particulars	As at 31 March, 2012	As at 31 March, 2011
Security deposits		
Secured, considered good	73,27,808	8,72,921
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful deposits	-	-
Loans and advances to employees	3,266	3,500
Unsecured, considered good	-	-
Less: Provision for doubtful loans and advances	-	-
Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	16,999	1,986
Balances with government authorities		
Unsecured, considered good	1,71,292	40,788
TDS on Interest		
Total	75,19,365	9,19,195



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Notes Forming Part of the Accounts for the year ended 31st March 2012

14. Other Current Assets

Particulars	As at 31 March, 2012	As at 31 March, 2011
Unamortised expenses		
Preliminary Expenses	18,22,577	24,30,101
Accruals		
Interest accrued on Loans and Advances given to customers under MF activities	69,697	36,501
Others		
Insurance claims	-	7,350
Unmatured Discounting charges	-	2,22,061
Receivable for TDS from third parties	56,197	94,962
Deposits	2,83,200	3,44,000
M/s Prachi Consultancy	5,45,985	-
India Machinery Mart Pvt. Ltd	2,48,175	-
Total	30,25,831	31,34,975



"Nurture Dreams Transform Lives"

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Notes Forming Part of the Accounts for the year ended 31st March 2012

15. Revenue from Operations

	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(a)	Sale of services Note (i)		
	(i)Interest Income	79,55,886	69,68,335
	(ii)Processing Fee	8,39,611	15,85,767
(b)	Other operating revenues Note (ii)	1,38,034	1,17,085
		89,33,531	86,71,188
	Total	89,33,531	86,71,188

Note	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(i)	Sale of services comprises @:		
	Interest Income	79,55,886	69,68,335
	Processing Fee	8,39,611	15,85,767
	Total - Sale of services	87,95,497	85,54,102
(ii)	Other operating revenues # comprise:		
	Administrative Charges	-	1,14,079
	Loan Forclosure Charges	789	3,006
	Gain on Securitisation	1,37,245	-
	Total - Other operating revenues	1,38,034	1,17,085



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Notes Forming Part of the Accounts for the year ended 31st March 2012

16. Other Income

	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(a)	Interest income (Refer Note (i) below)	4,84,810	4,31,942
(b)	Dividend income: Reliance Money Manager & Liquid Fund	2,98,355	-
(c)	Other non-operating income (Refer Note (ii) below)	8,88,437	1,200
	Total	16,71,602	4,33,142

Note	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
(i)	Interest income comprises @:		
	Interest on deposit with banks	1,83,926	3,77,082
	Interest on deposit with other companies	3,00,884	54,860
	Total - Interest income	4,84,810	4,31,942
(ii)	Consultancy Charges	8,00,000	1,200
	Reimbursement of expenses on Insurance activity	88,437	
	Total - Other non-operating income	8,88,437	1,200



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M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2012

17. Employee Benefits

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Salaries and wages * Refer Note Below	1,19,02,265	1,18,73,147
Contributions to provident and other funds	3,05,279	2,27,346
Contributions by Employer to ESI	1,77,327	1,30,495
Compensated Leave Absences	(1,69,946)	7,32,650
Gratuity	(6,626)	1,92,845
PF Admin Charges	26,485	20,112
Staff Training Charges	10,232	1,77,043
Staff welfare expenses	13,851	78,739
Total	1,22,58,867	1,34,32,377

Note : Includes Directors Remuneration Rs 40,30,200/

18. Finance Costs

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Bank Charges	49,991	45,881
Discounting Charges on Receivables assigned	-	1,82,083
Interest On Term Loan	9,21,758	5,27,392
Interest on Car Loan	40,544	7,461
Loan Processing Fees	5,61,966	1,29,986
Stamp Duty Charges on Credit facilities	50,620	-
Stamp Duty Charges on Securitisation	41,648	18,950
Total	16,66,527	9,11,753



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Notes Forming Part of the Accounts for the year ended 31st March 2012

19. Other Expenses

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Electricity Charges	82,958	91,610
Repairs and maintenance	16,003	35,125
Software & Licence expenses	1,19,118	1,27,998
Postage & Courier expenses	31,214	29,356
Insurance	1,36,485	1,06,651
Rates and taxes	73,863	-
Rent	12,40,393	9,22,494
Telephone Expenses	2,39,177	2,11,545
Travelling and conveyance	7,82,760	10,17,769
Printing and stationery	1,32,092	2,50,593
Internet Charges	78,357	58,043
Motor Car Running Expenses	86,910	38,010
Business promotion	-	32,403
Brokerage Charges	18,900	15,165
Legal and Consultancy Charges	2,81,417	6,74,341
Membership Fees	73,594	-
ROC Charges	75,510	82,900
Office expenses	3,17,928	4,74,809
Miscellaneous Expenses	4,117	510
Payments to auditors	27,575	27,575
Preliminary expenses written off	6,07,524	6,07,525
Provision for receivables, loans and advances	1,57,131	3,85,082
Total	45,83,026	51,89,504



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M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2012

20 Classifications and Provision for Loan Portfolio

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

I. Classification of Loans

Asset Classification	Period of Overdue
Standard Assets	Not Overdue
Non-Performing Assets (NPA)	
Sub-Standard Assets & Doubtful assets	Overdue but less than 365 days
Loss Assets	Overdue for 365 days and more

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

II. Provisioning Norms for Loans

Asset Classification	Provisioning % used by the company
Standard Assets	1%
Sub Standard Assets & Doubtful Assets	
• Overdue up to 30days	10%
• Overdue for more than 30days but less than 60 days	25%
• Overdue for more than 60days but less than 90 days	50%
• Overdue for more than 90days but less than 180 days	100%
• Overdue for more than 180 days but less than 365 days	100%
Loss Assets (Overdue for more than 365 days)	Written off from the books

*Exclusive of managed book (assets de-recognised through securitization/Assignment)



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Notes Forming Part of the Accounts for the year ended 31st March 2012

21 Securitisation of Assets

The details of Assets de-recognized by way of Securitisation are as under:

Particulars	For the year ended 31 st March 2012
Total number of Loan Assets Securitized during the year (in numbers)	2,136
Assets De- recognized during the year	3,38,58,602
Sale consideration received during the year	3,38,58,602
Total Gain on assignment to be amortised over the Life of the Receivables during the year	15,98,333
Gain Recognised in the Statement of profit and Loss during the year	1,37,245
Cash Collateral as at year end (including accrued interest)	58,26,921

22 Provisioning

Particulars	As on 1 st April 2011	Additional Provision	Utilizat ion/Re versal	As on 31 st March 2012
Provision for standard assets under financing Activity	3,84,950	19,918	-	404,868
Provision for Sub Standard and doubtful assets under financing activity	132	78,943	-	79,075
Provision for assets de-recognized*	-	58,269	-	58,269

* The Management has reviewed the provisioning norms applied on the provision for Assets De- Recognized and has followed the extant guidelines.

23 Managerial remuneration

(i) Whole time directors

Particulars	For the year ended 31 st March 2012	For the year ended 31 st March 2011
Salaries And Allowances*	40,30,200	54,00,000

*Actuarial valuation based contribution/provision with respect to gratuity and compensated absences have not been included as these are computed for the company as a whole.



M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2012

24. Related Party Disclosures

Names of Related and Nature of Relationship (With respect to parties with whom the Company had transactions during the year

Nature of Relationship	Name of Party	
	For the year ended 31 st March 2012	For the year ended 31 st March 2011
Key Management Personnel	Mr K M Vishwanathan	Mr K M Vishwanathan
	Mr K V Balaji	Mr K V Balaji
	-	Mr V Ramakrishnan

Note:

Related Party relationships are as identified by the Management and relied upon by the Auditors.

Transactions with Related Parties

Transaction	Related party	(Amount in Rs.)	
		For the year ended 31 st March 2012	For the year ended 31 st March 2011
Remuneration	Mr K M Vishwanathan	17,00,000	18,00,000
	Mr K V Balaji	17,00,000	18,00,000
	Mr V Ramakrishnan	6,30,200	18,00,000

Balance at Year End:
(Amount in Rs.)

Transaction	Related party	For the year ended 31 st March 2012	For the year ended 31 st March 2011
NIL			

25 Leave encashment and Gratuity

Leave encashment and gratuity provision has been made as per actuarial valuation done at the end of year. Due to restructuring of company in current year valuation of gratuity and compensated absences has been reduced to Rs.7,48,920/- compared to previous year Rs.9,25,495. Hence company has reduced the provision by Rs.1,76,572/- from the books of company as at 31st March 2012.



"Sustainable Dreams Transform Lives"

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2012

26 Segment Information

The Company is primarily incorporated for engaging in the business of Micro Finance. All the activities of the Company revolve around the main business. Further, the company does not have any separate reportable segments as per AS-17 "Segmental reporting".

27 Operating Lease

The Company has operating lease agreements primarily for office premises. The lease term period is about 11 months. An amount of Rs.12,40,393/- (P.Y Rs.9,22,494) was debited to the profit and loss account towards lease rentals and other charges for the current year.

28 Earnings per Share

Particulars	For the year ended 31st March 2012	For the period ended 31st March 2011
Loss after Tax- Rs.	Rs. 83,67,329	Rs.98,97,320
Weighted Average Number of Equity shares Used in computing Earnings Per Share	50,11,639	50,00,000
Earnings per Share (EPS) Basic – Rs.	-1.67	-1.98
Face Value of Shares – Rs.	10.00	10.00

29. Deferred Tax

The Company has a deferred tax asset primarily on account of business losses and unabsorbed tax depreciation which has not been recognized on grounds of prudence. Consequently, there is no deferred tax asset / liability as at 31 March 2012.

30. Employee State Insurance

The Company is registered under the ESI Scheme, 1948 and subscribes to the scheme for eligible employees as per ESI guidelines.



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Notes Forming Part of the Accounts for the year ended 31st March 2012

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

Capital Adequacy Ratio

I.

Particulars	As at 31 st March 2012	As at 31 st March 2011
Tier I Capital (net worth)	5,02,81,318	3,67,41,123
Tier II Capital	-	-
Total Capital	5,02,81,318	367,41,123
Total Risk Weighted Assets	7,49,55,007	5,53,16,446
Capital Ratio		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	67.08%	66.42%

II. Exposure to Real Estate Sector, both Direct & Indirect

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

III. Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities as at 31st March 2012

	Up to 1 month	Over1 month to2 months	Over2 months to 6 months	Over6 months to 1 year	Over1 year to 2 years	Total
Liabilities						
Borrowings from banks	-	-	-	-	-	-
Borrowing from Markets	12,06,333	12,16,353	47,46,002	51,92,416	-	1,23,61,105
Assets						
Advances	41,76,254	47,14,373	1,35,16,899	1,15,17,486	66,94,637	4,06,16,649
Investments	-	1,80,42,390	-	15,18,034	-	1,95,60,424

**This does not include assets de recognized under bilateral assignment which are marked to tenure of cashflows assigned.

M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2012

32. Disclosure Pursuant to Reserve Bank of India Notification DNBS 193G(VL)-2007 dated 22nd February 2007

Sl. No.	Particulars	As at 31 st March 2012	
		Amount outstanding in Rs.	Amount Over Due in Rs.
	Liabilities		
(1)	Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
a.	Debenture		
	- Secured		
	- Unsecured		
	(other than falling within the meaning of public deposits)		
b.	Deferred Credits		
c.	Term loans	1,27,25,214	
d.	Inter Corporate Loans and borrowings		
e.	Commercial Paper		
f.	Other Loans		
	Assets		
(2)	Break up of Loans and Advances including Bills Receivables (Other than those included in 3 below)		
a.	Secured		
b.	Unsecured (Refer Note below)	4,00,74,437	

Note: Amount of Unsecured advances represents the Loan Portfolio less provision. Also refer Note 9 for break up.

Sl. No.	Particulars	Amount outstanding in Rs.
	Liabilities	
(3)	Break up of Lease Assets and Stock on Hire and Other Assets counting towards AFC activities	
I.	Lease Assets including rentals accrued and due:	
	a) Financial Lease	-
	b) Operating Lease	-
II.	Stock on Hire Including Hire Charges under sundry Debtors:	
	a) Assets on Hire	-
	b) Repossessed Assets	-



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Notes Forming Part of the Accounts for the year ended 31st March 2012

III.	Other Loans Counting towards AFC activities	
	a) Loans where assets have been repossessed	-
	b) Loans other than (a) above	-
(4)	Break up of Investments	
	Quoted:	
I.	Shares: (a) Equity	-
	(b) Preference	-
II.	Debentures and Bonds	-
III.	Units of Mutual Funds	-
IV.	Government Securities	-
V.	Others (please specify)	-
	Unquoted	
I.	Shares: (a) Equity	-
	(b) Preference	-
II.	Debentures and Bonds	-
III.	Units of Mutual Fund	-
IV.	Government Securities	-
V.	Others (please specify)	-
	Long Term Investment	
	Quoted:	
I.	Shares: (a) Equity	-
	(b) Preference	-
II.	Debentures and Bonds	-
III.	Units of Mutual Funds	180,42,390/-
IV.	Government Securities	-
V.	Others (please specify)	-
	Unquoted	-
I.	Shares: (a) Equity	-
	(b) Preference	-
II.	Debentures and Bonds	-
III.	Units of Mutual Funds	-
IV.	Government Securities	-
V.	Others (please specify)	-

(5) Borrower Group-wise Classification of Assets financed as in (2) and (3) above

Sl no	Particulars	As at 31 st March 2012 (Amount in Rs)		
		Secured	Unsecured	Total
I.	Related Parties			
	a) Subsidiaries	-	-	-
	b) Companies in the same group	-	-	-
	c) Other related parties	-	-	-
II.	Other than Related parties	-	-	-



"Nurture Dreams Transform Lives"

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2012

(6) Investor Group-wise Classification of all Investments (Current and Long term) in shares and securities (both quoted and unquoted):

Sl no	Particulars	As at 31 st March 2012 (Amount in Rs)		
		Secured	Unsecured	Total
I.	Related Parties			
	a) Subsidiaries	-	-	-
	b) Companies in the same group	-	-	-
	c) Other related parties	-	-	-
II.	Other than Related parties	-	-	-

7	Other Information	Related Parties	Other than Related parties	% of POS
I.	Gross Non Performing Assets	-	1,29,825	0.32%
II.	Net Non- Performing Assets	-	50,750	0.12%
III.	Assets acquired in satisfaction of debts	-	-	

33. Disclosure of fraud Pursuant to reserve Bank of India Notification DNBS.PD.CC No.256/03.10.042/2011-12 dated 2 March 2012:

(a) Current year

Category	Less than Rs.1 Lakh	
	Number of Instances	Amount in Rs.
Embezzlement of Cash by employees	1	2,400
	1	2,400

34. NBFC – ND

The company is a systemically important Non-deposit taking Non- Banking finance company (NBFC-ND-SI). The company has received Certificate of Registration dated 13th April 2010 from the Reserve Bank of India to carry on the business of Non Banking Financial Institution without accepting deposits.

M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2012

35. Previous Year Figures

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

The financial statements for the previous period are from 13th April (Date of Registration) to 31st March 2011, whereas the current year financial statements are prepared for the period from 1st April 2011 to 31st March 2012. Further the current year figures are not comparable with that of the previous period.

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



Director



Director