



Nurture. Empower. Transform Lives.

M*Power Microfinance Private Limited

2012-13

4th Annual report





Board of Directors

Mr. K.M. Vishwanathan

Mr. K.V. Balaji

Mr. A Ramanathan (Independent Director)

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

IFMR Capital Finance Private Limited

Ratnakar Bank

MAS Financial Services Limited

Reliance Capital Limited

Corporate office

3rd Floor, Amin Chambers,

85-B, Sampatrao Colony,

Alkapuri

Vadodara – 390007

Gujarat, India

Registered Office

D/401, Harsh Ayodhya CHS No 26,

Tilak Nagar , Chembur

Mumbai 400089

Maharashtra, India

"NURTURE DREAMS TRANSFORM LIVES"

DIRECTORS' REPORT

To,
Members

Your Directors have immense pleasure in presenting the Annual Report together with audited statement of accounts of the Company for the year ended on 31st March, 2013.

1. Financial results for the Year ended March 2013

Rs in lacs

Total Income	269.02
Profit Before Depreciation and other charges	7.17
Depreciation	3.34
Provision for Bad debts Incremental	0.90
Profit before Tax	2.93
Provision for Taxation	NIL
Net Profit after Tax	2.93
Profit carried forward	2.93

2. Dividend

In View of low Profits , no dividend is recommended by the Board.

3. Director

Mr. Ramanathan Arumugham was appointed as an independent Director . He comes to the Board with a vast years of exposure to Micro credit and had served as Chief General Manager in NABARD. We did get valuable guidance from him during the year and the board places in record the same.

4. RBI Guidelines & Deposits.

The company being a Non deposit taking NBFC has complied with all applicable RBI regulations in force and the Company has not accepted any deposits from the Public.

5. Insurance

The Company has adequately insured the Company's Properties.

6. Directors' responsibility statements

Pursuant to section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

- (i) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company for the said period.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
- (iv) the annual accounts have been prepared on a going concern basis.

7. Conservation of energy

Your Company, being not a manufacturing company has not consumed energy of any significant level and accordingly no measures were required to take or taken for energy conservation and no additional investment was required to be made or made for reduction of energy consumption.

8. Technology absorption

The technology support is the key to success of any retail business and Micro finance is not different. A tried and tested technology, robust in application and controls is the need for the MFI in order to have better operational efficiency. Your Company has tied up with Paripoorna Software Solutions Private Limited, Chennai based software service Company for technology support. The software vendor is a group Company of a large MFI based in Tamil Nadu. The Beacon software, which is working on the Microsoft Dot Net operating system, has been servicing more than 8 lac members efficiently. This software has an integrated accounting solution, thereby making it easier for the operations staff to account data efficiently. Your Company has also put in place a HR system to enables seamless management of the staff and their aspirations. The Payroll, incentive structure, and performance management can be done from the system. This HR software is also integrated to the LOS to help processing of incentives in line with performance through the system. During the Year the revenue share model with the vendor was renegotiated so as to improve the level of support for smooth running of the systems and process.

9. Foreign exchange

The Company has not earned any foreign exchange and not incurred any expenditure in foreign currency during the year under review.

10. Personnel

The Company has no employees covered under Section 217 (2AA) of the Companies Act, 1956 read with the Companies

11. Auditors

The retiring Auditors of the Company, M/s. Ramanujam and Bhoovarahan Chartered Accountants, have signified their willingness to be reappointed as Auditors of the Company. Their reappointment is recommended to the members of the Company.

12. Bankers to the Company

Your Company is banking with HDFC Bank Ltd., Kotak Mahindra Bank Ltd and Bank of Baroda & State Bank of India.

13. Management Discussion and Analysis

During the year under review the overall environment from MFI business improved slowly and during the second half of the year flow of debt to the industry became significant compared to the previous years. Based on the RBI Guidelines commercial banks did step up advances to MFI sector which eased the liquidity in the system. We in M power have been able to capitalize on the improved situation and have grown the asset size to Rs 11.99 Crs as of March 2013 which is a growth of 71.4% over the previous year. . Significantly your company has achieved the break even for the year and is poised for better performance in the year to come. We have shown a marginal profit of Rs 2.9 lacs for the year ended 2013. Your company has been able to Participate in a rated pool securitization with the support of IFMR. Our companies pool was rated BBB+ on a combined basis . The PTCs were subscribed by Ratnakar Bank. Given our Size we believe that this is another significant event during the year. Your company has also subjected to external grading by CARE . We expect that we would receive a good grading on this as well.

Given the Positive signals in the sector coupled with your companies improved performance during the year the directors believe that the company is poised for better growth in the coming year as Debt and Equity flows are also improving . This would enable the company to look at much better growth rates and become more profitable.

14. Staffing and human resource challenges

Attracting quality manpower is very crucial to financial intermediation business and for Micro Finance intermediation it is all the more crucial owing to the transaction and business model

which this industry follows. Given the Exit of some of the Large AP based MFIs from Gujarat, we have been able to attract and retain quality staff to put up better performance.

15. Competition and market opportunity

Post the MFI crisis, the players have started to leave the overheated market like south and look at Gujarat as a potential market. Given the good credit culture in the region and the excellent law and order situation, Gujarat is poised to see intense competition among the players. However with the RBI norms in place we may face healthy competition this time around. The state and the western markets still have substantial space given the large financially excluded population.

16. Business strategy:

The Company has adopted the JLG methodology for the Micro lending operations. We would be able to expand in Gujarat during the next year, consolidate our position as well as move to other markets in the western states of India. We are also refining our product offering in terms of loan quantum as well as tenor so as to meet the market expectation as well as improvement in customer wallet size as a strategy. We have also taken some productivity improvement measures by reducing the TAT files which can result in more customer acquisition by our loan officers. We are also decentralizing our loan processing to bring about the reduction in TAT.

17. Process support

Efficient and flexible processes are the need of the hour for any financial services Company to succeed. Continuous innovation in the process has helped the company to achieve its objective during the last year. With the Support of our Software vendor we are in the process of moving to a real time Loan origination module so as to optimize resources.

18. Statutory compliances and risk management

Your Company is in Compliance of all statutes, laws and rules wherever applicable. Initiatives in this area needs to be a continuous process and your Company has identified transparency and quality as important deliverables for all the stake holders. Your Company has taken initiatives to create a robust risk management environment with strengthening of Audit team for business origination and management process. This would ensure that all process are followed in a robust manner at the ground level. The result of this initiative is already there to see and we can proudly claim that the quick mortality of Loan accounts have been brought down to a level of near to nil, which we feel is significant.

Your Company has also implemented Cash Transit Insurance as well as Fidelity Insurance to cover various risks in cash handling which is very high in Microfinance business.

Your Company has also adopted the Fair Practices Code, in the line with the RBI Guidelines to impart transparent and exemplary customer service.

19. Compliance Certificate

Compliance Certificate as required by Proviso to Sub-Section (1) of Section 383A of the Companies Act, 1956 from a Secretary in whole-time practice is attached herewith.

By order of the Board of Directors
For M Power Micro Finance Private Limited


K.M. Vishwanathan
Director & CEO


K V Balaji
Director & COO

Place: Mumbai
Date: 18th May 2013



AUDITORS REPORT TO THE SHAREHOLDERS

We have audited the Balance Sheet of **M/s. M Power Microfinance Private Limited** as at 31 March 2013 and the Profit and Loss Account of the said Company for the year ended 31st March 2013, 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 2013 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31 March 2013 from being appointed as a Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act 1956.

For RAMANUJAM and BOOVARAHAN
Chartered Accountants


SHEKHAR VISHWANATHAN
Partner
M. No. 053073



RAMANUJAM and BOOVARAHAN

Chartered Accountants

4/56, Kalpataru, Flat 1A, K.B. Dasan Road, Alwarpet.

Chennai - 600 018. Telefax : 24354650

E-mail : ramanujam_boovarahan@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 2013 and;
 - ii) in the case of Profit and Loss Account, of the Loss of the Company for the period from 31st March 2013 .

For RAMANUJAM AND BOOVARAHAN

FRN: 002945S

Chartered Accountants

V. Shekhar
SHEKHAR VISHWANATHAN

Partner

M.No. 053073



Place : Vadodara

Date : 18th May, 2013

**RAMANUJAM and BOOVARAHAN**

Chartered Accountants

4/56, Kalpataru, Flat 1A, K.B. Dasan Road, Alwarpet,
Chennai - 600 018. Telefax : 24354650
E-mail : ramanujam_boovarahan@yahoo.com

- (x) (a) According to the records of the Company, Provident Fund, Income-tax, Service Tax and other material statutory dues applicable to it have been generally regularly deposited during the year with the appropriate authorities.
- (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.
- (xi) The Company has an accumulated loss at the end of the financial year and has made a cash profit during the financial year covered by our audit.
- (xii) 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.
- (xiii) 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.
- (xiv) 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.
- (xv) 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.
- (xvi) 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.
- (xvii) 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.
- (xviii) 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.
- (xix) According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xx) The Company has not issued any secured debentures. Therefore the provisions of clause 4(xix) of the Order are not applicable to the Company.
- (xxi) 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.
- (xxii) 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: 002945S****Chartered Accountants****SHEKHAR VISHWANATHAN****Partner****M.No. 053073**

Place : Vadodara

Date : 18th May 2013.



Annexure to the Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of M Power Microfinance Private Limited on the financial statements for the year ended March 31, 2013]

- (i) The nature of the Company's business /activities during the year has been such that clauses 4(ii), 4(Viii) and 4(x) of the Order are not applicable to the Company.
- (ii) (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) In our opinion and according to the information and explanations given to us the Company has not disposed off substantial part of the Fixed Assets during the year.
- (iii) (a) According to the information and explanations given the Company has granted loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) According to the information and explanations given the loans given are interest free are not prima facie prejudicial to the interest of the company
- (c) According to the information and explanation given these loans are repayable within one year.
- (iv) 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.
- (v) 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.
- (vi) (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.
- (vii) 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.
- (viii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (ix) 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.

For RAMANUJAM and BOOVARAHAN
Chartered Accountants

SHEKHAR VISHWANATHAN
Partner
M. No. 053073

Balance Sheet



"Ramani Dreams Transform Lives"

Particulars	Note No.	As at 31st March 2013 Rs.	As at 31st March 2012 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	7,18,00,000	7,13,00,000
Current liabilities			
Short-term borrowings	5	11,27,13,447	1,27,25,214
Trade payables	6	4,00,538	4,80,371
Other current liabilities	7	23,19,530	1,18,54,257
Short-term provisions	8	4,07,881	7,48,923
TOTAL		18,76,41,396	9,71,08,765
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	9	9,39,391	11,35,076
Current assets			
Current investments	10	1,00,97,494	1,95,60,424
Trade receivables	11	8,22,54,270	4,00,74,437
Cash and cash equivalents	12	4,39,89,417	65,97,527
Short-term loans and advances	13	2,91,72,001	75,19,365
Other current assets	14	22,85,806	30,25,831
Profit & Loss Account	4	1,89,03,017	1,91,96,105
TOTAL		18,76,41,396	9,71,08,765
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 0029455

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 : Vadodara

Date : 18/05/2013

Profit & Loss account



Particulars	Note No.	For the year ended 31st March 2013	For the year ended 31st March 2012
CONTINUING OPERATIONS			
Revenue from operations	15	2,45,21,336	89,33,531
Other income	16	23,81,462	16,71,602
		2,69,02,798	1,06,05,133
Expenses			
Employee Benefits	17	1,03,91,557	1,22,58,867
Other Expenses	19	50,72,214	45,83,026
Finance costs	18	1,08,10,968	16,66,527
Total		2,62,74,739	1,85,08,420
Earnings before exceptional items, extraordinary items, tax, depreciation and amortisation		6,28,059	(79,03,287)
Depreciation and amortisation expense	9	3,34,972	4,64,042
Profit / (Loss) before exceptional and extraordinary items and tax		2,93,087	(83,67,329)
Exceptional items		-	-
Profit / (Loss) before extraordinary items and tax		-	-
Extraordinary items		-	-
Profit / (Loss) before tax		2,93,087	(83,67,329)
Tax expense:			
Current tax expense for current year		-	-
(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)		2,93,087	(83,67,329)
Basic Earnings Per Share of Rs. 10 each (In Rupees)			-1.67
Diluted Earnings Per Share of Rs. 10 each (In Rupees)		-	-1.67
Accounting policies & Notes to accounts forming integral part of financial statement			
In terms of our report attached.			
For RAMANUJAM AND BOOVARAHAN		For and on behalf of the Board of Directors	
Chartered Accountants			
Registration number 002945S			
SHEKHAR VISHWANTHAN			
Partner		K M Vishwanthan	K V Balaji
Membership No 053073		CEO & Director	COO & Director
Place : Vadodara			
Date : 18/05/2013			



Cash Flow Statement



Particulars	For the year ended 31st March 2013		For the year ended 31st March 2012	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		2,93,087		(83,67,329)
Adjustments for:				
Interest on Deposit	(15,29,697)		(4,84,810)	
Dividend Income	(7,65,171)		(2,98,355)	
Preliminary expenses	6,07,524		6,07,524	
Depreciation and amortisation	3,34,972		4,64,042	
Provision for Bad debts	90,732		1,57,131	
Taxes paid	-		-	
Total	(12,61,640)		4,45,532	
Operating profit / (loss) before working capital changes (A)		(9,68,553)		(79,21,797)
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	(4,22,70,564)		(21,21,630)	
Short-term loans and advances	(2,16,52,636)		(73,27,808)	
Other current assets	1,32,501		(4,99,228)	
Total (B)	(6,37,90,699)		(99,48,666)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(79,833)		(54,04,035)	
Other current liabilities	(95,34,727)		1,19,03,439	
Short term borrowings	9,99,88,233		-	
Short-term provisions	(3,41,042)		5,66,074	
Taxes paid	-		-	
Total (C)	9,00,32,631		70,65,478	
TOTAL (A+ B+ C)		2,52,73,379		(1,08,04,985)
Cash flow from extraordinary items		-		-
Net cash flow from / (used in) operating activities (A)		2,52,73,379		(1,08,04,985)
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances		(1,39,287)		(5,200)
Bank deposits not considered as cash&cash equivalents		-		-
- Placed		-		-
Investment in mutual Fund		94,62,930		(1,95,60,424)
Interest received		15,29,697		4,84,810
- Others		7,65,171		2,98,355
Dividend Income		-		-
Net cash flow from / (used in) investing activities (B)		1,16,18,511		(1,87,82,459)
C. Cash flow from financing activities				
Proceeds from issue of equity shares		5,00,000		2,13,00,000
Proceeds from Loans (unsecured)		-		8,59,712
Cash flow from extraordinary items		-		-
		5,00,000		2,21,59,712
Net cash flow from / (used in) financing activities (C)		5,00,000		2,21,59,712
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		3,73,91,890		(74,27,732)
Cash and cash equivalents at the beginning of the year		65,97,527		1,40,25,259
Effect of exchange differences on restatement of foreign currency Cash		-		-
Cash and cash equivalents at the end of the year		4,39,89,417		65,97,527
Reconciliation of Cash and cash equivalents with the Balance				
Cash and cash equivalents as per Balance Sheet (Refer Note 19)		4,39,89,417		65,97,527
Less: Bank balances not considered as Cash and cash equivalents as		-		-
Net Cash and cash equivalents (as defined in AS 3 Cash Flow		4,39,89,417		65,97,527
Add: Current investments considered as part of Cash and cash		-		-
Cash and cash equivalents at the end of the year *		4,39,89,417		65,97,527

V. Sankar

 RAMANUJAM and BOOVARAJAN
 Chartered Accountants
 Chennai - 18

Cash Flow Statement



Particulars	For the year ended 31st March 2013		For the year ended 31st March 2012	
* Comprises:				
(a) Cash on hand		1,69,861		61,929
(b) Cheques, drafts on hand				
(c) Balances with banks				
(i) In current accounts		1,11,83,792		50,31,992
(ii) In EEFC accounts				
(iii) In deposit accounts with original maturity of less than 3 months				
(iv) In earmarked accounts (give details) (Refer Note (ii) below)		3,26,35,764		15,03,606
(d) Others (specify nature)				
(e) Current investments considered as part of Cash and cash				
		4,39,89,417		65,97,527

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 002945S

SHEKHAR VISHWANTHAN

Partner

Membership No 053073

Place : Vadodara

Date : 18/05/2013



For and on behalf of the Board of Directors

K M Vishwanthan
CEO & Director

K V Balaji
COO & Director

V. Suresh

Chennai - 18

RAMANATHAN and BOOVARAHAN
Chartered Accountants

Cash Flow Statement



Particulars	For the year ended 31st March 2013		For the year ended 31st March 2012	
* Comprises:				
(a) Cash on hand		1,69,861		61,929
(b) Cheques, drafts on hand				
(c) Balances with banks				
(i) In current accounts		1,11,83,792		50,31,992
(ii) In EEFC accounts		-		-
(iii) In deposit accounts with original maturity of less than 3 months				
(iv) In earmarked accounts (give details) (Refer Note (ii) below)		3,26,35,764		15,03,606
(d) Others (specify nature)				
(e) Current investments considered as part of Cash and cash				
		4,39,89,417		65,97,527

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 002945S

SHEKHAR VISHWANTHAN

Partner

Membership No 053073



For and on behalf of the Board of Directors

K M Vishwanthan
CEO & Director

K V Balaji
COO & Director

Place : Vadodara

Date : 18/05/2013



M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2013

Significant Accounting Policies

1. Corporate information:

M Power Micro Finance is a company registered as a Non-deposit taking Non-Banking Finance Company 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.



"Nurture Dreams Transform Lives"

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2013

- 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.



M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2013

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



M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2013

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 is 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 2013

3.1 Share Capital

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	Amount	Number of shares	Amount
Authorised Equity shares of ₹ 10 each with voting rights	8,000,000	80,000,000	8,000,000	80,000,000
Issued Equity shares of ₹ 10 each with voting rights	7,180,000	71,800,000	7,130,000	71,300,000
Subscribed and fully paid up Equity shares of ₹ 10 each with voting rights	7,180,000	71,800,000	7,130,000	71,300,000
Total	7,180,000	71,800,000	7,130,000	71,300,000

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, 2013								
- Number of shares	7,130,000	50,000	-	-	-	-	-	7,180,000
- Amount (Rs.)	71,300,000	500,000	-	-	-	-	-	71,800,000
Year ended 31 March, 2012								
- Number of shares	7,130,000	-	-	-	-	-	-	7,130,000
- Amount (Rs.)	71,300,000	-	-	-	-	-	-	71,300,000



M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2013

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

Particulars	As at March 2013		As at March 2012	
	No of Shares	% Holding	No of Shares	% Holding
Mr K M Vishwanathan	2,500,000	34.82	2,450,000	34.36
Mr K V Balaji	550,000	7.66	550,000	7.71
Ms Jyoti Agarwal	430,000	5.99	430,000	6.03

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, 2013	As at 31 March, 2012
Surplus / (Deficit) in Statement of and Loss		
Opening balance	(19,196,104)	(10,828,775)
Add: Profit / (Loss) for the year	293,087	(8,367,329)
Closing balance	(189,03,017)	(19,196,104)



M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2013

5. Short Term Borrowings

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Loans repayable on demand		
From banks		
Secured	112,713,447	364,109
Unsecured	-	12,361,105
	112,713,447	12,725,214
(b) Loans and advances from related parties		
Secured	-	-
Unsecured	-	-
Total	112,713,447	12,725,214

6. Trade Payables

Particulars	As at 31 March, 2013	As at 31 March, 2012
Trade payables:		
Acceptances	-	
Other than Acceptances	400,538	480,371
Total	400,538	480,371
* Trade payables are dues in respect of services received (including from employees, professionals and others under contract) in the normal course of business.		



"Nurture Dreams Transform Lives"

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2013

7. Other Current Liabilities

Particulars	As at 31 March, 2013	As at 31 March, 2012
Interest accrued but not due on borrowings	755,243	11,836
Interest accrued and due on borrowings	-	-
Advance from Mas Financial Services Private Limited	-	10,000,000
Unamortised Income		
Gain on Assignment of receivables	1,106,811	1,598,333
Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Service Tax, etc.)	319,735	239,393
(ii) Kotak Life insurance	137,741	4,695
Total	2,319,530	11,854,257

8. Short Term Provisions

Particulars	As at 31 March, 2013	As at 31 March, 2012
Provision for employee benefits:		
(i) Provision for compensated absences	105,256	562,704
(ii) Provision for gratuity	302,625	186,219
Total	407,881	748,923

M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2013

9.1 Tangible Assets

Description	Gross block			Accumulated depreciation and impairment			Net block	
	Balance as at 1 April, 2012	Additions	Balance as at 31 March, 2013	Balance as at 1 April, 2012	Depreciation / amortisation expense for the year	Balance as at 31 March, 2013	Balance as at 31 March, 2012	Balance as at 31 March, 2012
Plant and Equipment	863,058	38,587	901,645	496,652	155,448	652,100	249,545	366,406
Furniture and Fixtures	430,244	100,700	530,944	112,392	67,518	179,910	351,034	317,852
Vehicles	614,555	-	614,555	203,059	106,536	309,595	304,960	411,496
Office equipment	50,870	-	50,870	11,548	5,470	17,018	33,852	39,322
Total	1,958,727	139,287	2,098,014	823,651	334,972	1,158,623	939,391	1,135,076
Previous year	1,953,527	5,200	1,958,727	359,611	464,042	823,651	1,135,076	1,593,916



M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2013

9.2 Depreciation and amortisation relating to continuing operations:

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Depreciation and amortisation for the year on tangible assets as per Note 9	334,972	464,042
Depreciation and amortisation relating to continuing operations	334,972	464,042

10. Current Investments

	As at 31 March, 2013			As at 31 March, 2012		
	Quoted #	Unquoted #	Total	Quoted	Unquoted	Total
Current portion of Short-term investments (At cost)						
Reliance Fixed Horizon Fund		-		1,518,034		-
Reliance Money Manager		10,097,494	1,00,97,494	18,042,390	19,560,424	-
Less: Provision for diminution in value of current portion of Short-term investments			-	-	-	-
Total -Current portion of Short-term investments			10,097,494		19,560,424	-



"Nurture Dreams Transform Lives"

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2013

11. Loans and advances under MFI Activity

Particulars	As at 31 March, 2013	As at 31 March, 2012
Micro finance Loan Receivables less than 6 Months	119,206,236	70,001,929
Micro finance Loans Receivables more than 6 Months	771,266	27,668
Less:		
Receivables On Assets Under Management	37,090,287	29,412,948
	82,887,215	40,616,649
Receivables with maturity less than one year	81,348,715	24,927,661
Receivables with maturity more than one year	1,538,500	15,688,987
	82,887,215	40,616,649
Less:		
Provision for Receivables		
On Standard Receivables	205,103	404,868
On Sub Standard Receivables *	320,846	79,075
Provision for Credit Enhancement on Assets De-recognized	106,996	58,269
* Refer Note 22		
	632,945	542,212
Total	82,254,270	40,074,437



M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2013

12. Cash and Cash Equivalent

Particulars	As at 31 March, 2013	As at 31 March, 2012
(a) Cash on hand	169,861	61,929
(b) Balance in Current Accounts	11,183,792	5,031,992
(c) Balances in Deposit Accounts*	32,635,764	1,503,606
* The Deposits in the current year are under lien for Term Loan disbursed by Reliance Capital Limited		
Total	43,989,417	6,597,527

13. Short Term Loans And Advances

Particulars	As at 31 March, 2013	As at 31 March, 2012
Security deposits		
Secured, considered good	27,654,491	7,327,808
Unsecured, considered good	-	-
Doubtful	-	-
Less: Provision for doubtful deposits	141,000	3,266
Loans and advances to employees		
Unsecured, considered good	-	-
Less: Provision for doubtful loans and advances	-	-
Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	304,131	16,999
Unsecured loan to directors	850,000	
Balances with government authorities		
Unsecured, considered good		
TDS on Interest	222,379	1,71,292
Total	29,172,001	7,519,365



M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2013

14. Other Current Assets

Particulars	As at 31 March, 2013	As at 31 March, 2012
Unamortised expenses		
Preliminary Expenses	1,215,053	1,822,577
Accruals		
Interest accrued on Loans and Advances given to customers under MF activities	576,280	69,697
Others		
Deposit	293,300	283,200
Receivable for TDS from third parties	168,826	56,197
Other receivables	32,347	-
M/s Prachi Consultancy		545,985
India Machinery Mart Pvt. Ltd	-	248,175
Total	2,285,806	3,025,831



M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2013

15. Revenue from Operations

	Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
(a)	Sale of services Note (i)		
	(i)Interest Income	20,969,288	7,955,886
	(ii)Processing Fee	1,489,889	839,611
(b)	Other operating revenues Note (ii)	2,062,159	138,034
		24,521,336	8,933,531
	Total	24,521,336	8,933,531

Note	Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
(i)	Sale of services comprises @:		
	Interest Income	20,969,288	7,955,886
	Processing Fee	1,489,889	839,611
	Total - Sale of services	22,459,177	8,795,497
(ii)	Other operating revenues # comprise:		
	Administrative Charges	-	-
	Loan Forclosure Charges	-	789
	Gain on Securitisation	2,062,159	137,245
	Total - Other operating revenues	2,062,159	138,034



M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2013

16. Other Income

	Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
(a)	Interest income (Refer Note (i) below)	1,529,697	484,810
(b)	Dividend income: Reliance Money Manager & Liquid Fund	765,171	298,355
(c)	Other non-operating income (Refer Note (ii) below)	86,594	888,437
	Total	2,381,462	1,671,602

Note	Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
(i)	Interest income comprises:		
	Interest on deposit with banks	72,920	183,926
	Interest on deposit with other companies	1,456,777	300,884
	Total - Interest income	1,529,697	484,810
(ii)	Consultancy Charges	-	800,000
	Reimbursement of expenses on Insurance Activity	81,000	88,437
	Interest on IT refund	2,052	-
	Other miscellaneous income	3,542	-
	Total - Other non-operating income	86,594	888,437



"Nurture Dreams Transform Lives"

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2013

17. Employee Benefits

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Salaries and wages * Refer Note Below	10,151,579	11,902,265
Contributions to provident and other funds	321,288	305,279
Contributions by Employer to ESI	193,622	177,327
Compensated Leave Absences	(457,448)	(169,946)
Gratuity	116,406	(6,626)
PF Admin Charges	28,530	26,485
Staff Training Charges	-	10,232
Staff welfare expenses	37,580	13,851
Total	10,391,557	12,258,867

Note: includes Director remuneration Rs.3,000,000.

18. Finance Costs

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Bank Charges	77,782	49,991
Interest On Term Loan	8,671,676	921,758
Interest on Car Loan	32,762	40,544
Loan Processing Fees	1,542,592	561,966
Stamp Duty Charges on Credit facilities	448,248	50,620
Stamp Duty Charges on Securitisation	37,908	41,648
Total	10,810,968	1,666,527



M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2013

19. Other Expenses

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
Electricity Charges	59,051	82,958
Repairs and maintenance	22,892	16,003
Software & Licence expenses	367,515	119,118
Postage & Courier expenses	54,098	31,214
Insurance	102,602	136,485
Rates and taxes	45,458	73,863
Due diligence charges	4,607	-
Director sitting fees	5,000	-
Rent	1,136,496	1,240,393
Telephone Expenses	228,633	239,177
Travelling and conveyance	862,696	782,760
Printing and stationery	215,108	132,092
Internet Charges	74,665	78,357
Motor Car Running Expenses	91,225	86,910
Brokerage Charges	-	18,900
Legal and Consultancy Charges	525,667	281,417
Membership Fees	158,897	73,594
ROC Charges	32,174	75,510
Office expenses	347,243	317,928
Miscellaneous Expenses	6,841	4,117
Payments to auditors	33,090	27,575
Preliminary expenses written off	607,524	607,524
Provision for receivables, loans and advances	90,732	157,131
Total	5,072,214	4,583,026



M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2013

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

During the year, there has been a changed in accounting policy in line with industry perspective & in consonance with extant guidelines.

A comparison of the old and new provisioning policy is tabulated below.

Asset Classification	Provisioning % used by the company 2012-13	Provisioning % used by the company 2011-12
Standard Assets	0.25%	1%
Sub Standard Assets & Doubtful Assets		
• Overdue up to 30days	0%	10%
• Overdue for more than 30days but less than 60 days	0%	25%
• Overdue for more than 60days but less than 90 days	10%	50%
• Overdue for more than 90days but less than 180 days	25%	100%
• Overdue for more than 180 days but less than 365 days	50%	100%
Loss Assets (Overdue for more than 365 days)	Written off from the books	Written off from the books

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



M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2013

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 2013	For the year ended 31 st March 2012
Total number of Loan Assets Securitized during the year (in numbers)	3,042	2,136
Assets De- recognized during the year	33,402,675	33,858,602
Sale consideration received during the year	33,402,675	33,858,602
Total Gain on assignment to be amortised over the Life of the Receivables during the year	1,106,514	1,598,333
Gain Recognised in the Statement of profit and Loss during the year	2,062,159	137,245
Cash Collateral as at year end (including accrued interest)	10,699,640	5,826,921

22 Provisioning

Particulars	As on 1 st April 2012	Additional Provision	Utilization/ Reversal	As on 31 st March 2013
Provision for standard assets under financing Activity	404,868	-	199,765	205,103
Provision for Sub Standard and doubtful assets under financing activity	79,075	241,770	-	320,845
Provision for assets de-recognized*	58,269	48,727	-	106,996

23 Managerial remuneration

(i) Whole time directors

Particulars	For the year ended 31 st March 2013	For the year ended 31 st March 2012
Salaries And Allowances*	3,000,000	4,030,200

*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.



"Nurture Dreams Transform Lives"

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2013

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 2013	For the year ended 31 st March 2012
Key Management Personnel	Mr K M Vishwanathan	Mr K M Vishwanathan
	Mr K V Balaji	Mr K V Balaji

Note:

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

Transactions with Related Parties

(Amount in Rs.)

Transaction	Related party	For the year ended 31 st March 2013	For the year ended 31 st March 2012
Remuneration	Mr K M Vishwanathan	15,00,000	1,700,000
	Mr K V Balaji	15,00,000	1,700,000
	Mr V Ramakrishnan	-	630,200
Unsecured Loan	Mr K M Vishwanathan	425,000	-
	Mr K V Balaji	425,000	-
Rent	Mr K M Vishwanathan	64,000	-
Rent deposit	Mr K M Vishwanathan	50,000	-
Purchase of Equity Shares	Mr K M Vishwanathan	500,000	-

Balance at Year End:

(Amount in Rs.)

Transaction	Related party	For the year ended 31 st March 2013	For the year ended 31 st March 2012
Unsecured Loan	Mr K M Vishwanathan	425,000	-
	Mr K V Balaji	425,000	-



M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2013

25 Leave encashment and Gratuity

Leave encashment and gratuity provision has been made as per actuarial valuation done at the end of year. The gratuity & compensated absences has been booked of Rs. 302,625 (P.Y Rs.186,219) & Rs.105,256 (P.Y Rs.562,704) respectively for the year ended 31st March 2013.

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.1,136,493/- (P.Y Rs.1,240,393) 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 31 st March 2013	For the year ended 31 st March 2012
Profit/Loss after Tax- Rs.	Rs. 293,027	Rs. 8,367,329
Weighted Average Number of Equity shares Used in computing Earnings Per Share	6,257,500	5,011,639
Earnings per Share (EPS) Basic – Rs.	-	-1.67
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 2013.

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.



M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2013

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

I. Capital Adequacy Ratio

Particulars	As at 31 st March 2013	As at 31 st March 2012
Tier I Capital (net worth)	51,681,929	50,281,318
Tier II Capital	-	-
Total Capital	51,681,929	50,281,318
Total Risk Weighted Assets	92,952,981	749,55,007
Capital Ratio		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	55.60%	67.08%

I. 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 2013.

II. Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities as at 31st March 2013

	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	11,218,081	10,333,680	47,,90,699	38,202,956	10,249,798	117,195,214
Assets						
Advances	12,153,511	12,039,046	42,089,956	26,072,367	84,102	92,438,982
Investments	13,366,855	26,628,596	6,761,500	17,686,610	5,919,318	70,362,878

****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 2013

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 2013	
		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	112,431,344	-
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)	82,887,215	

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	-



M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2013

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	10,097,494/--
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	-
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 2013 (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 2013

(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 2013 (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	-	643,367	0.54%
II.	Net Non- Performing Assets	-	335,311	0.28%
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.
	-	-
	-	-



M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2013

34. Disclosure of securitization pursuant to Reserve Bank of India Notification DNBS.PD.No.301/3.10.01/2012-13 dated 21 August 2012

ANNEXURE II-DISCLOSURE REQUIREMENT FOR IFMR CAPITAL MOSEC XXVII "SPDE"

Sr. No.	Particulars		Amount (Rs. in lacs)
1	No of SPVs sponsored by the NBFC for securitisation transactions		1
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC		236.71
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		-
	a)	Off-balance sheet exposures	-
		* First loss	-
		* Others	-
	b)	On-balance sheet exposures	
		* First loss	29.00
		* Others	-
4	Amount of exposures to securitisation transactions other than MRR		
	a)	Off-balance sheet exposures	
		i) Exposure to own securitisations	
		* First Loss	-
		* loss	-
		ii) Exposure to third party securitisations	
		* First Loss	-
		* Others	-
	b)	On-balance sheet exposures	
		i) Exposure to own securitisations	
		* First Loss	-
		* Others	-
		ii) Exposure to third party securitisations	
		* First Loss	-
		* Others	-



M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2013

35. NBFC – ND

The company is a Non-deposit taking Non- Banking finance company (NBFC-ND). 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.

36. 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 year are from 1st April 2011 to 31st March 2012, whereas the current year financial statements are prepared for the period from 1st April 2012 to 31st March 2013. 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