



"Nurture Dreams Transform Lives"

2014

M Power Micro Finance Pvt. Ltd.



Annual
Financials



M Power Micro Finance Pvt. Ltd.

Board Member

Mr. K M Vishwanathan

Mr. K V Balaji

Mr. A Ramanathan

Mr. Deepak Jain

Designation

CEO & Director

COO and Director

Independent Director

Nominee Director

Bankers& Lenders

- HDFC Bank
- Ratnakar Bank
- Bank Of Baroda
- MAS Finance
- Reliance Capital
- IFMR Capital
- Ananya Finance



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF M POWER MICRO FINANCE PRIVATE LTD.

Report on the Financial Statements

1. We have audited the accompanying financial statements of **M/s. M POWER MICRO FINANCE PRIVATE LTD ("the company")** which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and Cash Flow Statement of the Company for the year ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility on the Financial Statements

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers the internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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





Opinion

5. In our opinion and to the best of our information and according to the explanations given to us the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2014;
 - (ii) In the case of the statement of Profit and loss, of the profit of the Company for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on other Legal and regulatory Requirements

6. As required by the Companies(Auditor's report) Order , 2003 (" the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
7. As required under provisions of Section 227(3) of the Act, we report that;
- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
 - e. On the basis of the written representations received from the directors as at 31st March 2014 taken on record by the Board of Directors, none of the directors is disqualified as at 31st March 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For RAMANUJAM AND BOOVARAHAN
FRN: 002945S
Chartered Accountants


SHEKHAR VISHWANATHAN
Partner
M. No. 053073



Place : Mumbai
Date : 16th May, 2014



Annexure to the Auditors' Report

[Referred to in paragraph 6 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, 2014]

- (i) The nature of the Company's business /activities during the year has been such that clauses 4(ii), 4(viii), 4(x), 4(xii), 4(xiii), 4(xiv), 4(xviii) and 4(xx) of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) 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 to us, the Company has not granted unsecured loans, to companies, covered in the register maintained under Section 301 of the Companies Act, 1956.
- (B) In respect of the loans, secured or unsecured availed by the company from com-parties, firms or other parties covered in the register maintained under 301 of the Companies Act, 1956, according to the information and explanations given to us.
 - (a) The Company has availed loans (includes Inter Corporate Deposits) aggregating to Rs.2,00,00,000/- during the year. At the year end, the outstanding balances of such loans is NIL and the maximum amount involved during the year was Rs.2,00,00,000/-
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion prima facie not prejudicial to the interest of the company.
 - (c) The payments of principle amounts and interest have been regular/as per stipulations
 - (d) There were no overdue amounts at the year end, on this account.
- (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) According to the information and explanations given to us in respect of Statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory disputes, including the Provident Fund, Employee's state Insurance, 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 were no undisputed amounts payable in respect of Provident Fund, Employee's State Insurance, Income Tax, Cess and other material statutory dues in arrears as at 31 March 2014 for a period of more than six months from the date they are become payable.
- (c) There are no disputed statutory payments to be made by the Company on account of Income-tax and other dues.
- (ix) 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.
- (x) 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.
- (xi) 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.
- (xii) 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.
- (xiii) 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.
- (xiv) 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.





RAMANUJAM and BOOVARAHAN
Chartered Accountants

4/56, Kalpataru, Flat I A, K.B. Dasan Road, Alwarpet,
Chennai - 600 018. Telefax : 24354650
E-mail : rbca1989@gmail.com
website : www.rbca.in

- (xv) In our opinion and according to the information and explanations given to us, term loans availed by the company have, prime facie, been applied by the Company during the year for the purpose for which the loans were obtained, other than temporary deployment pending application.
- (xvi) 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.
- (xvii) 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.
- (xviii) 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
Chartered Accountants
FRN: 002945S

V. Shekhar

SHEKHAR VISHWANATHAN
Partner
M. No. 053073



Place : Mumbai
Date : 16th May 2014

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; 2014. The Summarized financial results for the year ended 31st March, 2014 are as under

1. Financial results for the Year ended March 2014

Rs in lacs

Particulars	2013-14	2012-13
Total Income	481.47	269.03
Total Expense	457.45	262.75
Profit Before Tax & Depreciation	24.01	6.28
Depreciation	2.72	3.35
Profit Before Tax	21.29	2.93
Tax Expense	4.61	-
Profit After Tax	16.67	2.93
Transfer to Statutory Reserve	3.35	-

2. Review of Operation

The Operational highlights for the financial year ended 31st March, 2014 include:

- 5 branches has been opened this year.
- Customer Base has been increased from 13,665 to 20,447 and Cumulative Disbursement is 61,77,78,000.
- Loan Outstanding has been increased from previous year 119.98 Million to 250.27 Million.

- Gross income has grown to 4.81 cr from 2.69 cr and profits has improved to 16 lac .

3. Dividend

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

4. Credit Rating

CARE has assigned grading of 'MFI 3' to our Company in June 2013. The Company is confident of getting a higher grade in next year.

5. Capital Adequacy Ratio

The Capital Adequacy Ratio of the company as of 31st March, 2014 is 34.52% as against minimum capital adequacy requirement of 12% as per RBI Guidelines.

6. Corporate Governance

The Clause 49 of Standard Listing Agreement and the Corporate Governance report under this clause are not applicable to the company.

7. 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.

During the year under review your company has been able to attract investment from a Large NBFC based out of Rajasthan named AU FINANCIERS LTD. AU is well capitalized by very large Private equity investors like IFC,WARBUG PINCUS & CRIS CAPITAL. AU manages and asset size in excess of Rs 4500 Crs in the retail assets space. They have excellent relationships with more than 35 banks and the same relationship would be of help to our company in raising debt for growth plans.

We in M power have been able to capitalize on the improved situation and have grown the asset size to Rs 25.03 Crs as of March 2014 which is a growth of 108.60% 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 21.29 lacs for the year ended 2014.

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.

8. 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.

9. Code of Conduct

The Company has fully implemented the Reserve Bank of India's Fair Practice Code and also adopted MFIN's Code of Conduct to impart transparent and exemplary customer service.

10. Insurance

The Company has adequately insured the Company's Properties. 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.

11. 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.

12. Related Party Disclosure

Transaction	Related party	For the year ended 31 st March 2014
Remuneration	Mr K M Vishwanathan	15,00,000
	Mr K V Balaji	15,00,000
Rent	Mr K M Vishwanathan	1,44,000
Purchase of Equity Shares	M/S AU Financiers (India) Limited	4,50,00,000
Unsecured Loan	M/S AU Financiers (India) Limited	2,00,00,000
Interest on Short Term Borrowing	M/S AU Financiers (India) Limited	1,39,726

13. Conservation of Energy and Technology absorption

Since the Company does not own any manufacturing facility the particulars relating to conservation of energy and technology absorption as stipulated in the above Rules are not applicable.

14. Foreign exchange

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

15. Personnel

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

16. Auditors

M/s. Ramanujam and Bhoovarahan Chartered Accountants, the Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

17. Bankers to the Company

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

18. 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. We are confident of retaining and attracting good talent for the next year and the growth plans of the company.

19. 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.

20. 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 would be expanding in to Maharashtra and Rajasthan during the coming year . 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.

21. 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.

22. Statutory compliances and risk management

Your Company is in Compliance of all statues, 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.

23. 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.

Acknowledgments

The Board of Directors wishes to gratefully acknowledge the assistance and guidance received from RBI, Investors, Auditors, Accountants, Police and Government Departments, Advisers and all our well wishers. The Board also wishes to place on record their warm appreciation for the creative and dedicated efforts of staff at all levels.

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: 16th May, 2014

Principles of Good Corporate Governance such as ethical approach, balanced objectives, inclusive decision-making process, Strategic Management, equal concern for all stakeholders, accountability and transparency are the foundations of M Power business ethos. The Company does not view Corporate Governance principles as a set of binding obligations, but believes in using it as a framework to be followed in spirit.

- **Board Management**

The Company's Board has well balanced professionals:

Board Member	Designation
Mr. K M Vishwanathan	CEO & Director
Mr. K V Balaji	COO and Director
Mr. A Ramanathan	Independent Director
Mr. Deepak Jain	Nominee Director

Mr. K M Vishwanathan: He has more than 26 years of experience in Banking and Financial Services and has a vast exposure to Branch Banking, commercial lending, lease & hire purchase business and credit risk for SME segment. He was associated with HDFC Bank, Cholamandalam, and Karnataka Bank at senior management level.

Mr. K V Balaji: He has more than 16 years of experience in commercial lending and has expertise in sales strategy, team management and human resource. He was associated with HDFC Bank, Cholamandalam, and Centurion Bank of Punjab Limited.

Mr. A Ramanathan :He has the vast experience in the field of Micro Finance. He was associated with NABARD as CGM in Micro Credit innovations department and has experience in managing SHG Bank Linkage programme of NABARD.

Mr Deepak Jain: Chartered Accountant by qualification and is associated with AU finance for close to 15 years in various capabilities.

- **Change in Composition of Board**

Mr. Deepak Jain was appointed as an additional Director. We did get valuable guidance from him as well as Mr A Ramanathan during the year and the board places in record the same.

- **Internal Guidance on Corporate Governance**

The Board ensures good corporate governance in terms of sound business policies and practices, adherence to compliances, and protection of the interests of all stakeholders.

- **Fair Practice Code and Client Protection Measure**

The Company has adopted the Fair Practices Code advocated by the RBI as well as the Fair Practices Code and Client Protection principles formulated jointly by the Microfinance Institutions Network (MFIN)

All the Board Members and senior management personnel have affirmed their compliance with the Fair Practice Code.

- **Membership of Industry Association**

- a) Microfinance Institutions Network (MFIN)
- b) Experian Credit Information Co. of India Pvt. Ltd.

- **Bankers**

- a) HDFC Bank Ltd.
- b) Bank Of Baroda
- c) Ratnakar Bank Ltd.
- d) State Bank of India
- e) Kotak Mahindra Bank.

- **Credit Agency**

Equifax Credit Information Services Pvt. Ltd.

- **Investors**

Au Financiers (India) Ltd.

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: 16th May, 2014

Balance Sheet



Particulars	Note No.	As at 31st March 2014		As at 31st March 2013	
EQUITY AND LIABILITIES					
Shareholders' funds		-			
Share Capital	3	116,800,000		71,800,000	
Reserve & Surplus	4	(17,235,531)	99,564,469	(18,903,017)	52,896,983
Non-Current Liabilities					
Long Term Borrowings	5	56,289,676		282,103	
Long Term Provisions	6	1,328,917	57,618,595	-	282,103
Current liabilities					
Short-Term Borrowings	7	48,104,702		112,431,344	
Trade Payables	8	521,790		400,538	
Other Current Liabilities	9	99,252,645		2,822,155	
Short-Term Provisions	10	1,680,729	149,559,866	738,201	116,192,238
TOTAL			306,742,930		169,371,324
ASSETS					
Non-current assets					
Fixed Assets					
Tangible Assets	11	839,269		939,391	
Other Non Current Assets	12	153,736,832	154,576,101	2,908,074	3,847,465
Current assets					
Current Investments	13	-		10,097,494	
Trade Receivables	14	114,085,427		82,887,215	
Cash and Cash Equivalents	15	17,765,998		38,391,410	
Short-Term Loans and Advances	16	594,889		1,517,510	
Other Current Assets	17	19,720,515	152,166,829	34,630,230	165,523,859
TOTAL			306,742,930		169,371,324
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 0029455

V. Sathyan
SHEKHAR VISHWANATHAN

Partner

Membership No 053073

K M Vishwanathan
K M Vishwanathan

CEO & Director

K V Balaji
K V Balaji

COO & Director

Place : Mumbai

Date : 16th May 2014

Balance Sheet



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In terms of our report attached

For RAMANUJAM AND BOOVARAHAN

For and on behalf of the Board of Directors

Chartered Accountants

Registration number 0029455

V. Sankaran
SHEKHAR VISHWANATHAN

Partner

Membership No 053073

K M Vishwanathan
K M Vishwanathan

CEO & Director

K V Balaji
K V Balaji

COO & Director

Place : Mumbai

Date : 16th May 2014

Profit & Loss account



Particulars	Note No.	For the year ended 31st March 2014	For the year ended 31st March 2013
CONTINUING OPERATIONS INCOME			
Revenue From Operations	18	4,39,47,565	2,45,21,336
Other Income	19	41,98,954	23,81,462
Total Income		4,81,46,519	2,69,02,798
EXPENSES			
Employee Benefits Expenses	20	1,28,79,187	1,03,91,557
Finance Costs	21	2,37,16,207	1,08,10,968
Depreciation and amortisation expense	11	2,72,176	3,34,972
Other Expenses	22	65,40,963	49,81,482
Provision and write off	23	26,08,962	90,732
Total expense		4,60,17,495	2,65,09,711
Profit before prior period items and tax		21,29,024	2,93,087
Prior period item		-	-
Profit before tax		21,29,024	2,93,087
Tax expense:			
Current tax		4,05,690	-
Deferred tax		-	-
Adjustment of tax relating to prior years		55,848	-
Total tax expense		4,61,538	-
Profit after tax from continuing operations		16,67,486	2,93,087
Transfer to Statutory Reserve		3,35,861	-
Balance in Profit and Loss account		13,31,625	-
Basic Earnings Per Share of Rs. 10 each (In Rupees)		0.19	0.05
Diluted Earnings Per Share of Rs. 10 each (In Rupees)		0.19	0.05
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 0029459

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 : Mumbai

Date : 16th May 2014

Cash Flow Statement



Particulars	For the year ended 31st March 2014		For the year ended 31st March 2013	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		2,128,024		293,087
Adjustments for:				
Interest on Deposit	(3,734,705)		(1,529,597)	
Dividend Income	(484,248)		(765,171)	
Preliminary expenses	607,524		607,524	
Depreciation and amortisation	272,176		334,972	
Provision for Bad debts	1,989,779		90,732	
Taxes paid	(481,638)		-	
Total	(5,911,013)		(1,261,540)	
Operating profit / (loss) before working capital changes (A)		218,011		(968,553)
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Trade receivables	(164,089,938)		(42,270,564)	
Short-term loans and advances	922,821		6,001,856	
Other current assets	14,302,191		(32,211,923)	
Total (B)	(148,866,124)		(68,480,632)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	121,252		-79,833	
Other current liabilities	96,630,480		-9,232,102	
Short-term borrowings	(84,326,642)		99,706,130	
Short-term provisions	401,666		(643,667)	
Taxes paid	-		-	
Total (C)	32,826,766		89,750,528	
TOTAL (A+ B+ C)		(115,820,347)		20,301,343
Cash flow from extraordinary items		-		-
Net cash flow from / (used in) operating activities (A)		(115,820,347)		20,301,343
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances		(172,054)		(139,287)
Bank deposits not considered as cash & cash equivalents		-		-
- Placed		-		-
Investment in mutual Fund		10,097,494		9,462,930
Interest received		-		-
- Others		3,734,705		1,529,597
Dividend Income		484,248		765,171
Net cash flow from / (used in) investing activities (B)		14,124,394		11,818,511
C. Cash flow from financing activities				
Proceeds from issue of equity shares		45,000,000		500,000
Proceeds from Loans (unsecured)		-		-
Cash flow from Long Term Borrowings		56,007,575		282,103
Cash flow from extraordinary items		-		-
		101,007,575		782,103
Net cash flow from / (used in) financing activities (C)		101,007,575		782,103
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(688,578)		32,701,957
Cash and cash equivalents at the beginning of the year		36,391,410		6,597,527
Effect of exchange differences on restatement of foreign currency Cash and cash		-		-
Cash and cash equivalents at the end of the year		35,703,032		39,299,484
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 18)		35,703,032		39,299,484
Less: Bank balances not considered as Cash and cash equivalents as defined in		(17,937,034)		(2,908,074)
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)		17,765,998		36,391,410
Add: Current investments considered as part of Cash and cash equivalents (as		-		-
Cash and cash equivalents at the end of the year *		17,765,998		36,391,410



Cash Flow Statement



Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
* Comprises:		
(a) Cash on hand	2,26,238	1,68,351
(b) Cheques, drafts on hand		
(c) Balances with banks		
(i) In current accounts	96,51,065	1,11,63,782
(ii) In EEPC accounts		
(iii) In deposit accounts with original maturity of less than 3 months		
(iv) In earmarked accounts (give details) (Refer Note (i) below)	1,18,88,704	2,50,37,757
(d) Others (specify nature)		
(e) Current investments considered as part of Cash and cash	1,77,55,988	3,43,91,416

Notes:

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

See accompanying notes forming part of the financial statements

In terms of our report attached,
For RAMALLIAM AND BOOVARATHAN
Chartered Accountants
Registration number 0029455

SHEKHAR VISHWANATHAN
Partner
Membership No 053673

For and on behalf of the Board of Directors


K M Vishwanthiran
CEO & Director


K V Balaji
COO & Director

Place: Mumbai
Date: 18th May 2014



M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

Significant Accounting Policies

1. Corporate Information:

M Power Microfinance Private Limited is a Non Banking Finance Company (NBFC), conceptualized in September, 2009 by like minded professionals and got registered with Reserve Bank of India, incorporated in November 2009 under the provisions of the Companies Act, 1956. 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 in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Companies (Accounting Standard) Rule 2006 as amended and the relevant provisions of the Companies Act, 2013. The financial Statements have been prepared on an accrual basis and considering the directions issued by the Reserve Bank of India (RBI) to the extent applicable to the company.

2.2 Use of Estimates

The presentation of financial statement in conformity with Indian Generally Accepted Accounting Principles (IGAAP) requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking in to all account all available information, actual results could differ from those estimates.

2.3 Cash Flow Statement

The Cashflow statement is prepared in accordance with the indirect method of prescribed Accounting Standard 3.

2.4 Tangible & Intangible assets

The Fixed assets are stated at cost , net of depreciation. The cost of an asset comprises its purchase price (net of capital grants) and any cost directly attributable for bringing the asset to its working condition and location for its intended use.

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

2.5 Depreciation and amortisation

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

2.6 Investments

Investments are classified in to current investments and non current investments. Current investments are carried at lower cost of fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the statement of Profit & Loss. Non Current Investment are carried at cost less provision made to recognize any decline, other than temporary in the value of such investment.

2.7 Receivables under Financing Activity

Receivables under Financing Activity include Live stock loan, Bazar loans and short term business loan.

2.8 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.

- ✓ 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.
- ✓ Loan Processing fees being the revenue for processing the loan is recognized as income on upfront basis
- ✓ 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.
- ✓ In respect of receivables assigned, gains arising thereon are recognized as per RBI extant guidelines.
- ✓ All other income is recognized on an accrual basis, where there is no uncertainty in the ultimate realisation / collection.

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

2.9 Borrowing Costs

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.

2.10 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.

Particulars	As at 31 March, 2014	As at 31 March, 2013
Employers' Contribution to Provident & Pension Fund	3,97,304	321,288

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.

Details of defined benefit plan of gratuity are given below:

Particulars	As at 31 March, 2014
Components of employer expense	
Current Service Cost	56,427
Interest Cost	26,686
Expected Return on Plan Assets	-
Actuarial Losses/(Gains)	(37134)
Total expense/(income) recognized in the Statement of Profit & Loss	44,892
Actual Contribution and Benefit Payments for the Year ended	-

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

Net asset/(liability) recognized in balance sheet as at	
Fair value of plan assets	-
Present Value of Defined Benefit Obligation	-
Excess of plan assets over present value of obligation	-
Net (liability) recognized in balance sheet	(3,47,517)

Particulars	As at 31 March, 2014
Change in Defined Benefit Obligation (DBO) during the year ended	
Present Value of DBO at the beginning of the year	3,01,538
Current service cost	56,427
Interest cost	26,686
Benefits Settled	-
Actuarial (gains)/losses	(37134)
Present Value of DBO at the end of the year	3,47,517
Current Liability	26,534
Non current liability	3,20,983
Change in plan assets	-
Actuarial Assumptions	-
Interest Rate	8.85%
Discount Rate	8.85%
Expected Return on plan asset	0.00%
Rate of increase in compensation	6.00%
Attrition rate	5.00%
Retirement age	58

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.

Particulars	As at 31 March, 2014
Charge in statement of Profit & Loss	(4,023)
Liability as at the period end	1,01,233

2.11 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.

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

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.

2.12 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 Earnings Per Share

In determining the earning per share, the company consider the net profit / (loss) after tax & appropriation as per relevant guidelines of RBI. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

2.13 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 2014

3.1 Share Capital

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number of shares	Amount	Number of shares	Amount
Authorised Equity shares of ` 10 each with voting rights	13,000,000	130,000,000	8,000,000	80,000,000
Issued Equity shares of ` 10 each with voting rights	11,680,000	116,800,000	7,180,000	71,800,000
Subscribed and fully paid up Equity shares of ` 10 each with voting rights	11,680,000	116,800,000	7,180,000	71,800,000
Total	11,680,000	116,800,000	7,180,000	71,800,000

3.1 Share Capital (contd.)

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	Closing Balance
Year ended 31 March, 2014			
- Number of shares	7,180,000	4,500,000	11,680,000
- Amount (Rs.)	71,800,000	45,000,000	116,800,000
Year ended 31 March, 2013			
- Number of shares	7,130,000	50,000.00	7,180,000
- Amount (Rs.)	71,300,000	500,000.00	71,800,000

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

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

Particulars	As at March 2014		As at March 2013	
	No of Shares	% Holding	No of Shares	% Holding
Mr K M Vishwanathan	25,00,000	21.40	25,00,000	34.82
AU Financiers (India) Limited	45,00,000	38.53	-	-

3.3 The company has only one class of equity shares with voting rights (one vote per share). The distribution of dividend is in proportion to the number of equity shares held by shareholders.

4. Reserves and Surplus

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Statutory Reserve u/s 45 IC of RBI Act, 1934		
Opening Balance	-	-
Add: Transfer during the year *	335,861	-
Closing balance	335,861	-
(b) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(18,903,017)	(19,196,104)
Add: Profit / (Loss) for the year after transferred to Statutory Reserve - 45 IC of RBI Act, 1934	13,31,625	293,087
Closing balance	(17,571,392)	(18,903,017)
Total	(17,235,531)	(18,903,017)

* Transfer of 20% of the profit after tax to statutory reserve in accordance with the provision of section 45 IC Reserve Bank of India.

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

5. Long-Term Borrowings

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Term loan –Secured		
From Banks (Refer Note (i) below)		-
(i) Ratnakar Bank Ltd.	15,000,000	
(ii) HDFC Bank Ltd.	91,394	282,103
	15,091,394	282,103
From Other Parties (Refer Note (i) below)		
(i) MAS Financial Services Pvt. Ltd.	21,381,596	-
(ii) Ananya Finance for Inclusive Growth Pvt. Ltd.	6,666,672	-
(iii) IFMR Capital Finance Pvt. Ltd.	13,150,016	-
	41,198,284	-
Total	56,289,678	282,103

(i) Nature of Security and Terms of repayment of borrowings including current maturities

Terms of Repayment and interest	Maturity	Instalments	Amount Outstanding in Rs. As on 31st March 2014	
			Current	Non Current
Borrowing From Banks				
Repayable in Quarterly instalments				
Base Rate + 3.5%	< 1 Year	4	1,51,00,105	
	1-2 years	4		1,50,91,394
Borrowing From Others				
Repayable in Monthly instalments				
Coupon Rate	< 1 Year	120	8,23,16,708	
	1-2 years	61		4,11,98,284

(Base Rate is 11 % & Coupon Rate ranges from 14% to 18%)

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

6. Long-Term Provisions

Particulars	As at 31 March, 2014	As at 31 March, 2013
Provision for receivables under Microfinance Activity	1,328,917	-
Total	1,328,917	-

7. Short-Term Borrowings

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Term Loan Secured		
From Banks	-	-
From Other Parties		
(i) MAS Financial Services Pvt. Ltd.	10,000,000	78,750,009
(ii) Reliance Capital Ltd.	18,448,445	16,836,249
(iii) IFMR Capital Finance Private Limited	19,656,257	16,845,086
	48,104,702	112,431,344
Total	48,104,702	112,431,344

8. Trade Payables

Particulars	As at 31 March, 2014	As at 31 March, 2013
Trade payables *		
Acceptances	-	-
Other than Acceptances	521,790	400,538
Total	521,790	400,538

* Trade payables are dues in respect of services received (including from employees, professionals and others under contract) in the normal course of business.

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

9. Other Current Liabilities

Particulars	As at 31 March, 2014	As at 31 March, 2013
Provision for Gratuity	347,517	3,02,625
Interest accrued but not due on borrowings	792,051	755,243
Current Maturities from Long term Debt (Refer Note 5 (i))	97,416,813	-
Unamortised Income		
Gain on Assignment of receivables	154,077	1,106,811
Other payables		
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	406,733	319,735
(ii) Kotak Life insurance	-	137,741
(ii) Other Payable	135,454	-
Total	99,252,645	26,22,155

10. Short-Term Provisions

Particulars	As at 31 March, 2014	As at 31 March, 2013
(i) Provision for receivables under Microfinance Activity	1,173,806	6,32,945
(ii) Provision for compensated absences	101,233	105,256
(iii) Provision for tax (2013-2014)	405,690	-
Total	16,80,729	7,38,201

M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2014

11. Fixed Assets

Description	Gross block			Accumulated depreciation and impairment			Net block	
	Balance as at 1 April, 2013	Additions	Balance as at 31 March, 2014	Balance as at 1 April, 2013	Depreciation / amortisation expense for the year	Balance as at 31 March, 2014	Balance as at 31 March, 2014	Balance as at 31 March, 2013
Plant and Equipment	901,645	151,467	1,053,112	652,100	122,953	775,053	278,059	249,545
Furniture and Fixtures	530,944	-	530,944	179,910	63,537	243,447	287,497	351,034
Vehicles	614,555	-	614,555	309,595	78,954	388,549	226,006	304,960
Office equipment	50,870	20,587	71,457	17,018	6,732	23,750	47,707	33,852
Total	2,098,014	172,054	2,270,068	1,158,623	272,176	1,430,799	839,269	939,391
Previous year	1,958,727	139,287	2,098,014	823,651	334,972	1,158,623	939,391	1,135,076

M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2014

11.A Fixed Assets (contd.)

Depreciation and amortisation relating to continuing operations:

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Depreciation and amortisation for the year on tangible assets	272,176	334,972
Depreciation and amortisation relating to continuing operations	272,176	334,972

M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2014

13. Current Investments

	As at 31 March, 2014			As at 31 March, 2013		
	Quoted #	Unquoted #	Total	Quoted	Unquoted	Total
Current portion of Short-term investments (At cost)						
Reliance Fixed Horizon Fund		-			-	
Reliance Money Manager		-	-		10,097,494	10,097,494
Less: Provision for diminution in value of current portion of Short-term investments			-			-
Total			-			10,097,494



M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

12. Other Non Current Assets

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Receivable under financing activity (long-term) unsecured	132,891,724	-
(b) Interest accrued on long term deposits	630,045	8,365
(c) Term deposits (more than 12 months maturity) (Refer Note*)	20,215,063	2,899,709
Total	153,736,832	2,908,074

*Term deposits with a carrying amount of Rs.15, 00,000/- (P.Y. Rs.28, 99,709 /-) are under lien against loans availed by the Company.

14. Loans and Advances under MF Activities

Particulars	As at 31 March, 2014	As at 31 March, 2013
-Considered good	113,894,532	82,115,949
-Considered doubtful	190,895	771,266
Total	114,085,427	82,887,215

** Assets derecognised on account of securitization of receivables is Nil (P.Y.Rs.2,36,71,089/-)

15. Cash and Cash Equivalents

Particulars	As at 31 March, 2014	As at 31 March, 2013
(a) Cash on hand	226,239	169,861
(b) Balance in Current Accounts	5,651,055	11,183,792
(c) Balances in Deposit Accounts* ** Deposit of Rs.1,02,88,320 has been kept against OD facility from HDFC Bank	11,888,704	25,037,757
Total	17,765,998	36,391,410

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

16. Short-Term Loans and Advances

Particulars	As at 31 March, 2014	As at 31 March, 2013
Loans & Advances to employees considered good	-	141,000
Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.)	74,246	304,131
Unsecured loan to directors	-	850,000
Balances with government authorities		
Unsecured, considered good		
Tax Deducted at Source	520,643	222,379
Total	594,889	15,17,510

17. Other Current Assets

Particulars	As at 31 March, 2014	As at 31 March, 2013
Security deposits		
Secured, considered good	14,929,130	30,985,832
Unamortised expenses		
(i) Preliminary Expenses	607,529	1,215,053
Accruals		
(i) Interest accrued on Loans and Advances given to customers under MF activities	2,914,907	576,280
(ii) Interest on Security Deposit	751,964	1,358,592
Others		
(i) Receivable for TDS from third parties	75,785	168,826
(ii) Deposits	441,200	293,300
(iii) Other receivables	-	32,347
		-
Total	19,720,515	34,630,230

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

18. Revenue From Operations

	Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
(a)	Sale of services Note (i)		
	(i)Interest Income	39,601,970	20,969,288
	(ii)Processing Fee	3,392,860	1,489,889
(b)	Other operating revenues Note (ii)	952,735	2,062,159
		43,947,565	24,521,336
	Total	43,947,565	24,521,336

Note	Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
(i)	Sale of services comprises @:		
	Interest Income	39,601,970	20,969,288
	Processing Fee	3,392,860	1,489,889
	Total - Sale of services	42,994,830	22,459,177
(ii)	Other operating revenues # comprise:		
	Gain on Securitisation	952,735	2,062,159
	Total - Other operating revenues	952,735	2,062,159

19. Other Income

	Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
(a)	Interest income (Refer Note (i) below)	4,198,954	2,294,868
(b)	Other non-operating income (Refer Note (ii) below)	-	86,594
	Total	4,198,954	2,381,462

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

Note	Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
(i)	Interest income comprises:		
	(i) Interest on deposit with banks	1,071,558	72,920
	(ii) Interest on deposit with other companies	3,127,396	2,221,948
	Total - Interest income	4,198,954	2,294,868
(ii)	(i) Reimbursement of expenses on Insurance Activity	-	81,000
	(ii) Interest on IT refund	-	2,052
	(iii) Other miscellaneous income	-	3,542
	Total - Other non-operating income	-	86,594

20. Employee Benefits Expense

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Salaries and wages * Refer Note Below	12,103,114	10,151,579
Contributions to provident and other funds	397,304	321,288
Contributions by Employer to ESI	266,777	193,622
Compensated Leave Absences	(4,023)	(457,448)
Gratuity	44,892	116,406
PF Admin Charges	35,784	28,530
Staff Training Charges	11,293	-
Staff welfare expenses	24,046	37,580
Total	12,879,187	10,391,557

Note : Includes Directors Remuneration Rs 30,00,000/.

21. Finance Costs

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Bank Charges	172,981	77,782
Interest on Bank overdraft	63,623	-
Interest On Term Loan	20,406,231	8,671,676
Interest on Car Loan	24,163	32,762
Loan Processing Fees	2,429,169	1,542,592
Stamp Duty Charges on Credit facilities	620,040	448,248
Stamp Duty Charges on Securitisation	-	37,908
Total	23,716,207	10,810,968

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

22. Other Expenses

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Electricity Charges	159,696	59,051
Repairs and maintenance	117,140	22,892
Software & Licence expenses	524,122	367,515
Postage & Courier expenses	98,541	54,098
Insurance	166,821	102,602
Rates and taxes	96,207	45,458
Due diligence charges	25,281	4,607
Director sitting fees	10,000	5,000
Rent	1,041,923	1,136,496
Telephone Expenses	378,984	228,633
Travelling and conveyance	1,179,605	862,696
Printing and stationery	446,218	215,108
Internet Charges	75,068	74,665
Motor Car Running Expenses	67,210	91,225
Brokerage Charges	43,000	-
Legal and Consultancy Charges	649,603	525,667
Membership Fees	163,090	158,897
ROC Charges	369,000	32,174
Office expenses	293,450	347,243
Miscellaneous Expenses	390	6,841
Payments to auditors	28,090	33,090
Preliminary expenses written off	607,524	607,524
Total	6,540,963	4,981,482

23. Provision and Write off

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
Bad debts written off	7,39,183	-
Provision for receivable under financing Activities (net)	18,69,779	90,732
Total	2,608,962	90,732

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

24. Provision for Loan Portfolio

Loan Provision has been provided in accordance with the Prudential Norms (Reserve Bank) Directions, 2007 and Master Circular No. DNBS. (PD) CC.No. 347 /03.10.38/2013-14 dated on 1st July, 2013.

- a) 1% of the outstanding loan portfolio or
- b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

Whichever is higher,

Provision on Receivable under financing activity

Particulars	As on 31st March 2014	As on 31st March 2013
Opening Balance	6,32,944	5,42,212
Add: Addition During the year	18,69,779	90,732
Closing Balance	25,02,723	6,32,944

25. Securitisation of Assets

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

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Total number of Loan Assets Securitized during the year (in numbers)	-	3,042
Assets De- recognized during the year	32,95,194	3,34,02,675
Sale consideration received during the year	-	3,34,02,675
Total Gain on assignment to be amortised over the Life of the Receivables during the year	-	11,06,514
Gain Recognised in the Statement of profit and Loss during the year	9,52,735	20,62,159
Cash Collateral as at year end (including accrued interest)	31,79,184	1,06,99,640

26. Managerial remuneration

(i) Whole time directors

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Salaries And Allowances*	30,00,000	30,00,000

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

*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.

27. Related Party Disclosures

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

Name of Party		
Nature of Relationship	For the year ended 31st March 2014	For the year ended 31st March 2013
Key Management Personnel	Mr K M Vishwanathan	Mr K M Vishwanathan
	Mr K V Balaji	Mr K V Balaji
Investor	M/S AU Financiers (India) Limited	-

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 31st March 2014	For the year ended 31st March 2013
Remuneration	Mr K M Vishwanathan	15,00,000	15,00,000
	Mr K V Balaji	15,00,000	15,00,000
Unsecured Loan	Mr K M Vishwanathan	-	4,25,000
	Mr K V Balaji	-	4,25,000
Rent	Mr K M Vishwanathan	1,44,000	64,000
Rent deposit	Mr K M Vishwanathan	-	50,000
Purchase of Equity Shares	Mr K M Vishwanathan	-	5,00,000
Purchase of Equity Shares	M/S AU Financiers (India) Limited	4,50,00,000	-
Unsecured Loan	M/S AU Financiers (India) Limited	2,00,00,000	-
Interest on Short Term Borrowing	M/S AU Financiers (India) Limited	1,39,726	-



M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

28. 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 has been increased to Rs.3, 47,517/- and compensated absences has been reduced to Rs 1, 01,233/-. Hence company has reduced the provision by Rs.4,023/- (P.Y: Rs. 1, 05,256/-) from the books of company as at 31st March 2014.

29. 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".

30. Operating Lease

The Company has operating lease agreements primarily for office premises .The lease term period is about 11 months. An amount of Rs.11, 34,894/- (P.Y Rs.11, 81,934/-) was debited to the profit and loss account towards lease rentals and other charges for the current year.

31. MAT Provision

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Book Profit (As per Revised Scheduled VI)	2,129,024	293,087
MAT @ 19.06% (18.50%+ 3% cess)	4,05,690	-
Total	4,05,690	-

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

32. Earnings per Share

Particulars	For the year ended 31st March 2014	For the year ended 31st March 2013
Current profit before transfer to reserve.	Rs. 16,67,486	Rs. 2,93,087
Weighted Average Number of Equity shares Used in computing Earnings Per Share	86,80,000	62,57,500
Earnings per Share (EPS) Basic – Rs.	0.19	0.05
Face Value of Shares – Rs.	10.00	10.00

32. 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 2014.

34. Employee State Insurance

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

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

(i) Capital Adequacy Ratio

Particulars	As at 31st March 2014	As at 31st March 2013
Tier I Capital (net worth)	972,93,102	5,16,81,929
Tier II Capital	25,02,723	-
Total Capital	997,95,825	5,16,81,929
Total Risk Weighted Assets	28,90,87,628	9,67,14,511
Capital Ratio		
CRAR as a Percentage of Total Risk Weighted Assets (%)	34.52%	53.44%

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

(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 2014.

I. Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities as at 31st March 2014

	Up to 1 month	Over1 month to 2 months	Over2 months to 6 months	Over6 months to 1 year	Over1 year to 2 years	Total
Liabilities						
Borrowings from banks	-	37,50,000	37,50,000	75,00,000	1,50,00,000	3,00,00,000
Borrowing from Markets	1,45,60,830	2,80,74,590	3,32,37,954	5,45,48,037	4,11,98,284	17,16,19,695
Assets						
Advances	1,96,11,854	3,71,48,944	5,11,53,348	80835489	6,15,22,710	25,02,72,345
Investments	10,61,119	56,64,543	12,84,150	45,20,036	2,08,45,107	3,33,74,965

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

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

Sl. No.	Particulars	As at 31 st March 2014	
		Amount outstanding in Rs.	Amount Over Due in Rs.
	Liabilities		
(I)	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		-
	• From Banks	3,00,00,000	
	• From other Parties	17,16,19,695	

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

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)	24,77,69,622	

Note: Amount of Unsecured advances represents the Loan Portfolio less provision.(Refer Note. 23)

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	-
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)	-

M Power Microfinance Private Limited

Notes Forming Part of the Accounts for the year ended 31st March 2014

	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

SI no	Particulars	As at 31 st March 2014 (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	-	-	-

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

SI no	Particulars	As at 31 st March 2014 (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	-	-	-

37. 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	Amount of Rs.



M Power Microfinance Private Limited
Notes Forming Part of the Accounts for the year ended 31st March 2014

	instances	
	-	-
	-	-

38. 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.

39. Previous Year Figures

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

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


Director


Director