



"Nurture Dreams Transform Lives"

M POWER MICRO FINANCE PVT LTD

2015-2016
ANNUAL REPORT

OUR MISSION

Strive to Nurture the many dreams of the Bottom of Pyramid segment and try and address the challenges to transform the lives of the poor at large.

VISION 2020

Rs. 1000 Cr portfolio with 125 Branches and 1000 employee's strength.

OUR VISION

Strive to become the country's best managed Micro finance companies in terms of scale, quality and transparency.

Our Customer's Success in Their Own Words

•By Koli Annan



I Mrs. **Manjulaben Vikrambhai Parmar**, had obtained loan of second cycle from M Power. Initially, I borrowed Rs. 15,000/- first cycle loan for the purpose establishing business of making bat from wood. From the earnings of this business, I regularly paid installments and completed first cycle loan. This time, I obtained second cycle loan of Rs. 25,000/- from M Power, which I invested in my business. I am benefiting from business. While earlier I was not having any source of income, today my monthly earnings is around Rs. 6000/- to 7000/-. Seeing this, my neighbors have also obtained loan from M Power and they also have benefitted.

From:
Manjulaben Thori
Member – M Power Family

My name is **Mrs. Acharya Dipikaben Mayankbhai**. I have taken a loan from M Power, which has given me immense benefit. I have used loan for investment in the business. I run a small garment shop. I am a member of M Power since 5 years and it provided support to me and my family. I have used loan taken from M Power for carrying on economic activity, due to which I have received huge benefit. M Power has provided financial assistance to many persons and continued to create source of employment. For this, I am very thankful to M Power and I wish M Power the very best.

From:
Acharya Dipikaben
Member – M Power Family

There is no tool for development more effective than empowerment of women.

-By Koli Annan

Partnership & Affiliations

Our Banking Partners



EQUIFAX

Our Credit Bureau Partners



 **Experian**

 **CAPITAL FIRST**

 **muthoot**

 **HINDUJA LEYLAND FINANCE**

Our NBFC Partners

 **Hnanya**

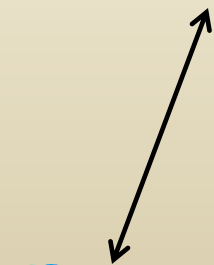
 **FamilyCredit**

 **RELIANCE Capital**

 **IFMR Capital**

 **MAS FINANCIAL SERVICES LTD.**
The Power of Distribution

Our Technology Partner



 **परिप्लोर्ण**
Solutions for the Global Village

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Chairman's Message

It gives me immense pleasure in presenting M Power's financial results for the year ended 31st March, 2016. Since its inception, M Power has been aligning its mission, vision and values in its endeavor towards the betterment of livelihood of the marginalized and poor section of the society.

I am happy to see that dedicated efforts put in place by the team - M Power continued to serve the segment of the society which has not been adequately represented by the main banking stream. We, at the M Power, always strives to deliver better services to our members and committed to establish ourselves as a professionally managed micro finance institution.

During the year 2015-16, the Company achieved milestone of Rs. 100 Crores total AUM in the month of October - 2015 which has created confidence among stakeholders for its future endeavors. The base of total no. of members under Joint Liability Group (JLG) model increased to 1,09,343 as on 31st March, 2016, from 67,398 as on 31st March, 2015, representing 62% growth. The total gross loan portfolio of the Company as on 31st March, 2016, stood at Rs. 12143.06 Lacs, registering 90.12% increase in comparison of previous financial year's total gross loan portfolio of Rs. 6386.96 Lacs.

During the period under review, your Company has reached profit before tax and profit after tax of Rs.329.85 Lacs and Rs. 251.24 Lacs, respectively, from Rs.144.28 Lacs and Rs.116.76 Lacs of previous year. With increased operational efficiency, the operating cost has come down to 7.46% from 11.22% of previous year.

The rating of the Company has been upgraded to MFI 2 in December-2015 by CARE.

In coming year, the Company would continue to deepen its geographical reach in the States of Gujarat, Maharashtra and Rajasthan to cover more districts in these states with a view to add large number of households in its portfolio. Going ahead, we shall strive to deliver our services efficiently and competitively by employing cutting edge technology. The Company has put in place appropriate recruitment and skill development training programs and development of Company's workforce through internal training team and external exposures has been the core aspect of HR policy. The M Power believes that employees are its vital asset to ensure that credit are extended to the clients in a manner that is transparent, efficient and appropriate to the needs of the clients.

The Company would also carry out significant investment in the Information Technology including BEACON system and implementation of Mobile based technology providing for Online Real Time Receipt updation through Mobile Application by field officers and by implementing the best IT processes and systems, while maintaining the good standards of customer relationship.

Apart from Micro Finance services, in the ensuing year the Company wishes to bring in more products to its existing and other clients with major focus on the agriculture and allied sector.

I sincerely acknowledge the continuing support and contribution of stakeholders in growth of the Company and looking forward the same in realizing Company's mission of serving under-privileged, marginalized and sections of the society.

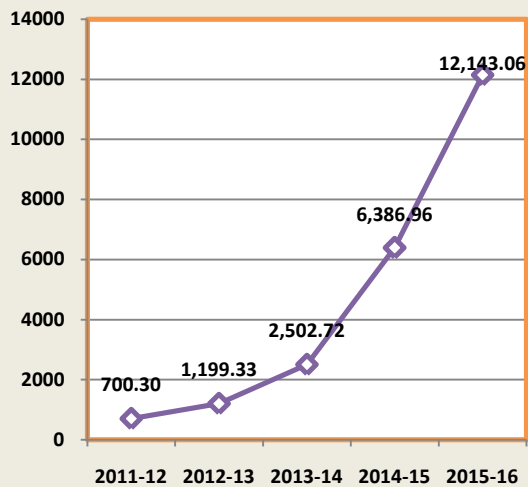
I would like to reiterate that organization and its people will always keep focusing on Company's Mission, Vision and value.

Sincerely

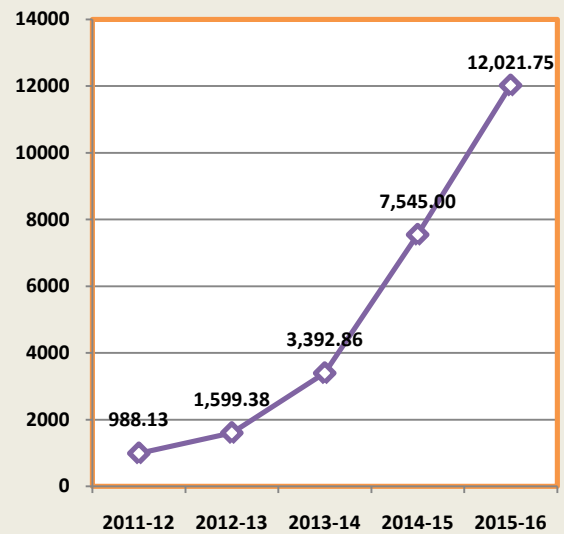
Sd/-
K M Vishwanathan
(Director & CEO)

Operational Highlights

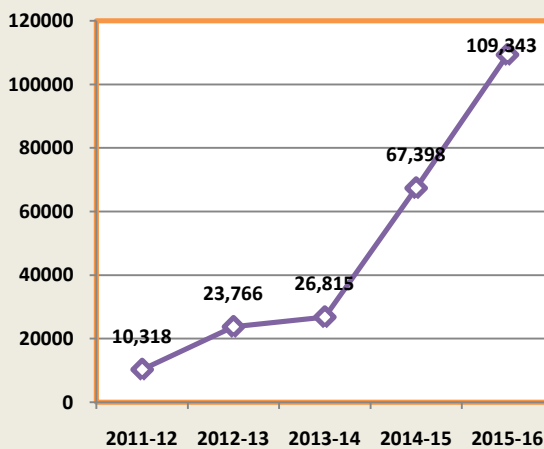
POS
(In Lacs)



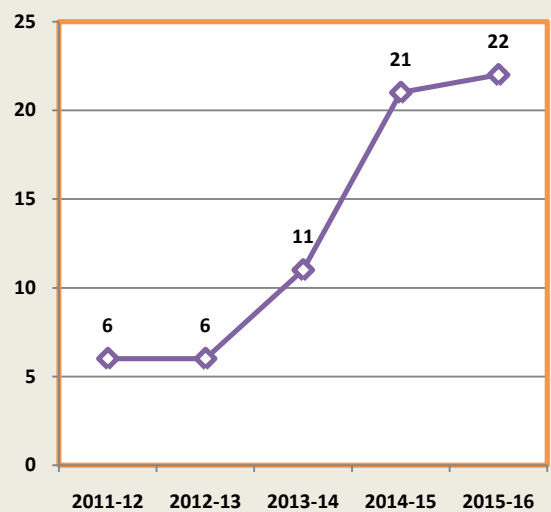
Disbursement (In Lacs)



No. of Customers

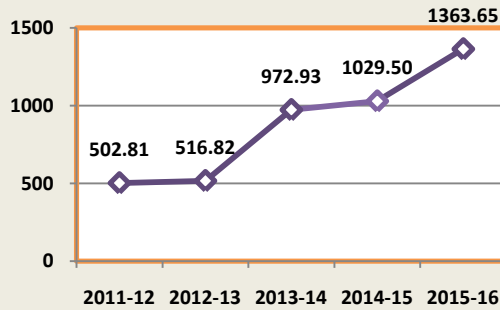


No. of Branches

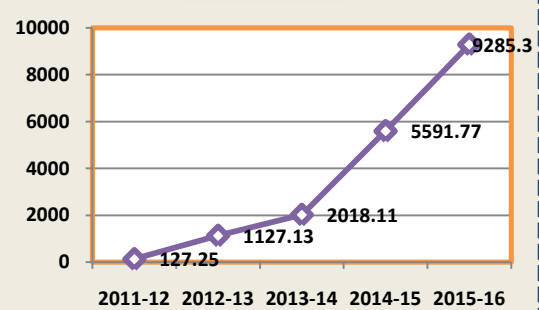


Financial Highlights

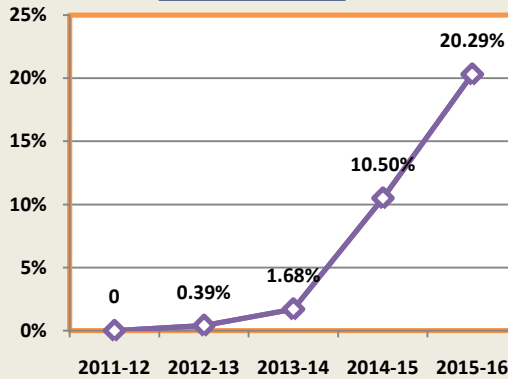
Net Worth (In lacs)



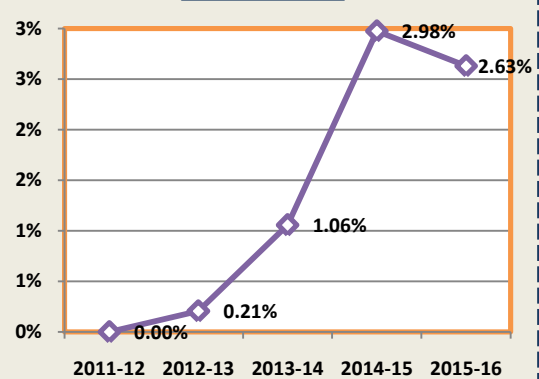
Debt O/s (In lacs)



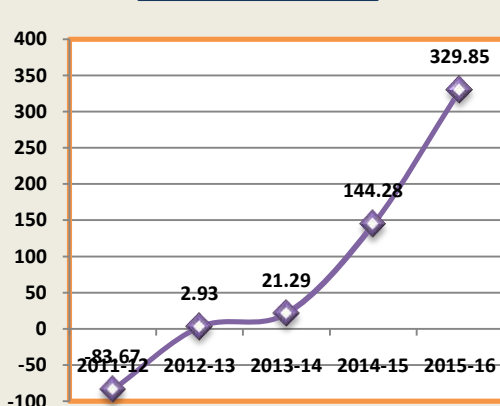
Return on Equity %



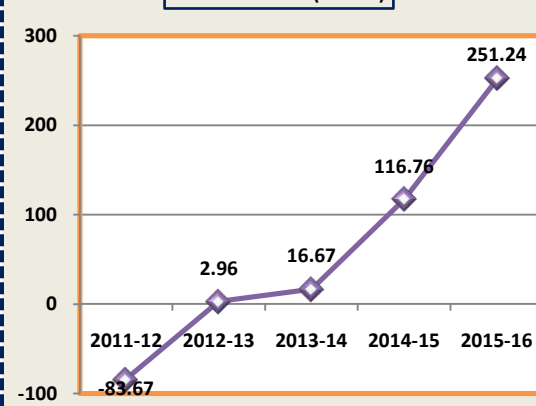
Return on Asset



Profit Before Tax (In lacs)



Profit After Tax (In Lacs)



Board of Directors

Mr. K M Vishwanathan Director & CEO

- A Management Graduate and BFSI professional having 30 years experience in retail branch banking, retail assets well as business banking Credit and risk management.
- He has worked in Karnataka Bank Ltd., Chola mandalam Finance and HDFC Bank Ltd., The last stint at HDFC Bank spanned approx 10 years and was a Vice President handling Credit function of the Commercial & Business Banking Group.
- His career was at high point in HDFC bank being founding member of Commercial business team, build and manage a book of approx Rs. 6,500/- Crs.

Mr. K V Balaji Director & COO

- COO and Director is a Post graduate in Economics with PG Diploma in Marketing Management having more than 16 years of exposure in commercial lending.
- Mr. Balaji was with HDFC Bank from 2002 to 2006 and has handled Gujarat, Rajasthan, Central India and East Region for HDFC Bank. Balaji was in one of the core team for HDFC Bank which started commercial Vehicle loans in 2002.
- In 2006 Mr. Balaji moved to Centurian Bank Ltd to head the country for commercial loans and Infrastructure product. He was managing a portfolio of more than 2000 Crores.
- Prior to HDFC Bank, Balaji has also worked with Chola mandalam and with India Equipment Leasing (a subsidiary of Sundaram Finance and IFC Washington).



Mr. Deepak Jain Nominee Director

- AU Financier (India) Limited has made equity investment in the December-2013. Pursuant to Investment Agreement Mr. Deepak Jain has been appointed as the Nominee Directors on the Board.
- Mr. Deepak Jain- Chartered Accountant by qualification and is associated with AU finance for close to 18 years in various capabilities and associated with AU Financier (India) Limited as CFO.

Mr. A Ramanathan Independent Director

- Mr. Ramanathan is retired Chief General Manager from NABARD. During his tenor in NABARD, he has played key role in policy formulation for microfinance sector.
- He is also on Board of several microfinance companies. Mr. Ramanathan Brings the regulatory and industry perspective in his role as independent Director.

Mrs. Vanaja Shankar Independent Director

- She is an experienced HR professional with 25 yrs in Banking Industry. She was a Senior Executive in ICICI Bank. Now she is an independent HR consultant & visiting faculty in IDBI Bank.
- She is a training consultant with BSE Training institute. She is also serving as Community Teaching Assistant for Wharton School's (University of Pennsylvania) online leadership course "Better Leader Richer Life".
- She runs a HR training portal and has authored a book for young Bankers. She brings value addition for HR & Women perspective to the Board.

Core Management Team

Mr. P V Rajesh

Head- Operations & IT

- Mr. P. V. Rajesh is a commerce graduate having more than 19 years of experience in financial services industry in the areas of Accounts & back office Operations.
- He has worked with India's various leading financial institutions such as TATA Finance, HDFC Bank, Indiabulls Group.
- Prior to joining M Power, he was working as Chief Manager in ICICI Bank in their retail asset operation group.
- His expertise lies in strong && detailed understanding in the area of back office operation, process & procedures.

Mr. Ankit Tak

Cluster Head (Gujarat)

- Mr. Ankit is a post graduate in rural management from FMS –IRM.
- He has a total experience of three years in Infosys and Sahayata Microfinance.
- He specializes in conflict management and is responsible for business in Gujarat region.

Mr. Gautam Naikankatte

Sr. Manager-Human Resource

- Mr. Gautam is a post graduate in human resource with cumulative experience of 9 years. Previously he was working with Fullerton India Credit Company Limited.
- He is responsible for all HR functions in the company.

Ms. Asmani Dholakia

Head - Accounts & Finance

- Ms. Asmani is a Chartered Accountant by qualification with an experience of more than 12 years in the field of accounts, taxation and finance. She is associated with company since 2011.
- She is responsible for overall control on Accounts, Finance, Statutory Compliance& Banking functions of the company.

Mr. Ravi Singh - Operations In-Charge (Gujarat & Rajasthan)

- Mr. Ravi is a post graduate in Business Administration having two years of experience with I Process (Arm of ICICI Bank) & has handled back office operation for auto loan division.
- Ravi is a stickler for process and runs ground level operations for Gujarat & Rajasthan.

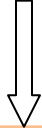
Ms. Girija Attavar

Head-HR & Audit

- Ms. Girija Attavar possesses 38 years of rich experience as Sr. Branch Manager in Karnataka Bank Ltd as a Retail Banker/ Credit Manager/ New Business Initiatives/ Sales & Customer Service.
- She was awarded Chairmen's club membership for 3 consecutive years for best performing branch head in her earlier organisation.
- She is Heading HR, Audit and Admin department of Gujarat region.

M Power V/s The Industry Average

MFIN Industry



Loan amt. disbursed increased by 65%.

Gross loan portfolio on yoy basis increase by 84%.

Total Number of loans disbursed grew by 36%.

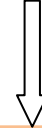
Avg. gross loan portfolio per loan officer – Rs. 98 Lakhs.

Avg. Clients per Branch – 3358 Clients

Avg. gross loan portfolio per Branch – Rs. 5.51 Cr.

Avg. Clients per Loan officer – 598 Clients

M Power



Loan amt. disbursed increased by 59.33%.

Gross loan portfolio on yoy basis increased by 90.12%.

Total Number of loans disbursed grew by 24.72%.

Avg. gross loan portfolio per loan officer – Rs. 102.9 Lakhs.

Avg. Clients per Branch – 3427 Clients

Avg. gross loan portfolio per Branch – Rs. 5.52 Cr.

Avg. Clients per Loan officer – 639 Clients

Management Discussion and Analysis Report



The Micro Finance industry in terms of total loan disbursed grew by 24.72 % in the FY 2015-16 compared with FY 2014-15. The aggregate Gross Loan Portfolio of MFIs reached to Rs. 53,233 Crores as at the close of FY 2015-16 and provided credit to 3.25 Crores borrowers in FY 2015-16, an increase of 44% in the borrowers with the 65% rise in the disbursement trend compared to previous FY.

M POWER offers 2 loan products, Hariyali Loan and Samruddhi Loan. Hariyali Loan is targeted for Women client who are engaged in diary/ animal husbandry, the segment which forms large chunk of the agrarian segment of rural economy. Samruddhi Business Loan is for Women Entrepreneurs who are already engaged in an economic activity and wishes to expand the earning potential. Of the total gross loan portfolio (GLP) 45.80% belongs to Agriculture Allied Activities and 54.20% GLP belongs to Non Agriculture Allied Activities. However, going forward with the expansion of operations in urban areas of Maharashtra, proportion of Hariyali loans are expected to further decline.

JLG Model

M POWER provides small loans of around Rs. 15,000 to Rs 30,000 to women borrowers who are in the economically weaker section / low income group income category under the Joint Liability Group (JLG) model. RBI has put in a regulatory framework, which among others, also defines the income level of customers who can be serviced by MFIs. Currently it is Rs. 1.6

lakhs of annual income for households in urban areas and Rs. 1.00 lakhs of annual income for households in rural areas.

At the close of FY 2015-16, M POWER has 75,400 active women clients under its Joint Liability Group (JLG) model. The Company during the year under review has made cumulative disbursement of Rs. 12,021.75 Lacs compared to Rs. 7,545.00 Lacs of FY 2014-15, registering significant growth of 59.33%. The Company's average client per loan officer enhanced to 639 in FY 2015-16 from 449 in FY 2014-15.



RBI in 2011 has introduced a strong regulatory framework for the MFI sector. M POWER is complied with the applicable RBI regulatory norms prescribed vide RBI circular on Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. The revised RBI regulations for qualifying assets for the NBFC-MFI have opened up additional business possibilities.

Operations:

To ensure conduct of business in compliance of extant RBI guidelines applicable to Micro Finance Sector, the M Power has devised and put in place the strong, effective and comprehensive operations manual. The Company has divided its operations into seven functions namely (i) Sales (ii) Audit (iii)

Operations (iv) Finance and Accounts (v) Information Technology (vi) Admin and (vii) Human Resource which provides assurance for smooth and easy functioning.

KYC Norms & De-dupe Process:

The Company has adopted Board approved KYC policy, on the basis of which verification of prospective borrowers are carried out. Every client has to provide KYC documents as mentioned in the policy.

The Company has put in place De-dupe check process to determine whether the applicant already has a loan from other institution or not. There are two steps of this process, first it happens at HO to verify any existing loan of M Power with the applicant and in second step, to verify with the Credit Bureau (Credit Information Companies). This process ensures from Client identification to disbursement that ensures that only credit worthy clients are included and serviced by the Company.

Fund Raising

M POWER's excellent and timely debt servicing quality contributed to the greater extent to have a comfortable debt raising capacity, supporting the massive growth in business volumes during the year. M POWER significantly diversified in its borrowings portfolio during FY 2015-16 with subordinated debt of Rs. 5 Crores, securitization transactions worth Rs. 52.39 Crores and non-convertible debentures of Rs. 17.50 Crores at the competitive rates. This helped the Company to diversify its funding avenues further and reduce dependence on limited channels of funding. During the FY 2015-16, the M POWER raised in aggregate Rs. 150.89 Crores from nationalized banks, private banks, other NBFCs and by way of assignment of receivables. The Company also successfully raised Rs. 17.50 Crores by way of issue of Non Convertible Debentures on private placement basis. Our borrowings outstanding as on 31st March 2016 stood at Rs. 92.85 Crores (compared to Rs. 55.91 Crores in the previous

year). For next year, the emphasize will be on the fund raising by way of equity and further borrowings from nationalized / public sector banks.

Network Expansion

With total 22 branches in the 3 (Three) states viz. Gujarat, Maharashtra and Rajasthan, becoming geographically diversified MFI, with a presence in 10 districts, we achieved 59.33% growth in business volumes and having two products - Cattle Loans and Business Loans enabled significant additions to both customer outreach and 41,951 new customers were added to the M POWER family.



In coming years, the Company will strive to expand its footprints in the state of Gujarat, Maharashtra and Rajasthan, where it is currently operating.

The Company is also taking active steps towards partnering with other NBFCs/Banks/FIs, for the purpose of origination of agriculture and dairy focused loans under BC Model, which would help the Company in further servicing its existing customers as well as to create new customer base.



It has been observed that a robust IT platform capable of driving innovations and leading the changes has always been the focal point. The IT infrastructure at M POWER continues to facilitate smooth functioning and providing high quality service to its stakeholders, while maintaining infrastructure that ensures high quality support and uptime.

In upcoming years the prime focus will be on upgrading our technology to improve efficiency and quality of output with an aim to reach to paperless processes through use of a document management system, along with hand devices (mobile phones and tablets) to capture real time data for loan processing, disbursements, repayments and handling enquiries. We work extensively with our technology partners with goal to move more and more towards digital technology.



The M POWER does not hesitate in recognizing the co-existence of the Company and its Human Capital. The M POWER has been perceived as the best place to work by its employees. Aligning employees' efforts with the Company's mission and vision has been given great importance in order to provide best services to the clients. M POWER ensures providing from time to time comprehensive training and capacity development programs and mandatory field exposure across various functions, as well as strengthened controls on recruitments through candidate profiling and background checks. Staff retention rate on average basis was at 95.84% for this financial year. Employee welfare activities such as birthday and festival celebrations, milestone gatherings, employee meets etc. have impacted positively on employee satisfaction and led to greater cohesion in the team. The Heads of the Sales team and Operations team regularly organizes get together with branch managers and field level staff with specific focus on operational management, enabling regular communication with field employees for feedback and grievance redressal. The Company also follows practice of appreciating field officers who perform better by way of providing award titled as "Employee of the Month" in respect of

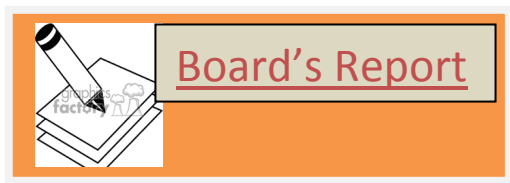
each and every branch, such practices keep the employees motivated to contribute towards Company's mission with zeal and enthuse.

Internal Audit, Internal Controls and Risk Management

M POWER adheres to audit process which encompasses risk identification, risk assessment, risk address and reviewing & reporting risk. This process covers four elements of risk viz. credit risk, operational risk, market risk and liquidity risk. The M POWER in its audit process has three-level Audit trail (i) Branch audit - surprise audit at branch (ii) Pre-disbursement Audit – audit process from client identification to disbursement that ensures that only credit worthy clients are included and serviced and (ii) Post disbursement Audit - gives emphasis on loan utilisation checks and field & branch related processes/documentations are checked. M Power has a separate department for internal audit with the Head of Internal Audit reporting directly to the CEO.

In addition to regular internal audit with a quarterly reporting schedule, your company is subject to the annual statutory audit, tax audit and financial audit which monitors its degree of compliance and risk mitigation.

Disclaimer: Statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates and expectations are "forward-looking statements". Forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. Readers are cautioned not to place undue reliance on forward looking statements as actual results could differ substantially or materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand / supply and pricing conditions, level of competition, changes in government regulations, policies, tax laws and other incidental factors.



To,
Members,

Your Directors have immense pleasure in presenting the 7th (Seventh) Annual Report together with audited Financial Statements of the Company for the financial year ended on 31st March, 2016.

1. Financial & Operational Highlights:

The summarized financial results of the company are given here under.

(In Lacs)		
Particulars	2015-16	2014-15
Total Income	2256.62	1154.86
Total Expense	1908.50	1004.92
Profit Before Tax & Depreciation	348.12	149.94
Depreciation	18.26	5.66
Profit Before Tax	329.85	144.29
Tax Expense	78.61	27.52
Profit After Tax	251.24	116.77
Transfer to Statutory Reserve	50.24	23.35

During the period under review, the gross revenue of the Company increased to Rs.2256.62 Lacs from Rs. 1154.86 Lacs of the previous financial year and the profit after tax arrived at Rs. 251.24 Lacs registering increase by 115%, compared with profit after tax of Rs. 116.77 Lacs of the previous year.

2. Change in the nature of business.

Your Company continues to operate in micro finance business and during the year under review, there is no change in nature of business.

3. Dividend.

With a view to conserve cash resources, your Directors do not recommend dividend for the financial year 2015-16.

4. Change in Directors / Key Managerial Personnel.

During the year under review, the following changes took place in the constitution of Board of Directors and key managerial Personnel of the Company.

- ❖ Mr. K M Vishwanathan, the Director & CEO has been appointed as the Whole Time Director for a period of 5 years w.e.f. 06th June, 2015.
- ❖ Mr. K V Balaji, the Director & COO, has been appointed as the Whole Time Director for a period of 5 years w.e.f. 06th June, 2015.
- ❖ Mr. Paras Mehta resigned from the post of the Company Secretary w.e.f 31st August, 2015.
- ❖ Mr. Biraj Pancholi has been appointed as the Company Secretary w.e.f 1st September, 2015.

5. Deposits.

The Company has not accepted any deposits under section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the year ended 31st March, 2015. Being a Non Deposit taking Non - Banking Financial Company, your Company has not accepted any deposits from the public.

6. Details of significant and material orders passed by regulators or courts or tribunals impacting the going concern status and operations in future.

There have been no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and operations in future.

7. Sources of fund.

During the year under review, the Company has raised in aggregate total debt funding of Rs. 150.89 Crores from nationalized banks, private sector banks, other NBFCs, through issue of NCDs and also by way of assignment of receivables.

8. Issue & Listing of Non-Convertible Debentures (NCDs).

During the year under review, your Company has issued following Non-Convertible Debentures (NCDs) on private placement basis which are listed on Debt Market Segment of BSE Limited.

Series	ISIN No.	No. of NCDs	Nominal Value per NCD (In Cr.)	Total Amt. (In Cr.)
CBO VIII	INE131R 07024	100	0.10	10
CBO X	INE131R 07032	75	0.10	7.50

9. Share Capital.

During the period under review, at extra ordinary general meeting held on 25th September, 2015, the Company has altered its authorized share capital by way of reclassification of 10,00,000 (Ten Lac) Optionally Convertible Preference Shares of Rs. 10/- (Rupees Ten Only) each, as 10,00,000 (Ten Lac) Preference Shares of Rs. 10/- (Rupees Ten Only) each.

Issue of Preference Shares

During the year under review, your Company has issued and allotted, on private placement basis, 10,00,000 (Ten Lacs) 12% Cumulative Non – Participative, Non – Convertible, Redeemable Preference Shares of the Company of the face value of Rs. 10/- (Rupees Ten Only) each, for cash at par, for an aggregate consideration of Rs. 1,00,00,000/- (Rupees: One Crores Only).

10. Compliance with RBI Guidelines.

Your company has complied with all applicable regulations of the Reserve Bank of India. As per Non Banking Finance companies RBI Directions, 1998, the directors hereby report that the company did not accept any public deposits during the year and did not have any public deposits outstanding at the end of the year.

11. Capital Adequacy.

The Company's Capital Adequacy ratio as on 31st March 2016 is 19.61%. The minimum capital adequacy requirement stipulated for the company by RBI is 15%.

12. Particulars of Employees.

There is no employee of the company covered under Sub-rule 2 of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

13. Extract of Annual Return.

The details forming part of the extract of the annual return in Form MGT-9 is enclosed in Annexure "I".

14. Number of Board Meetings.

The Board of Directors met 8 (Eight) times during the financial year. The intervening gap between any two meetings was within the period prescribed by the Companies Act 2013. The details of Board Meeting held are given below:

Sr. No	Date of Board Meeting	Strength of Board	No. of Directors present
1	04.05.2015	5	5
2	11.06.2015	5	5
3	24.06.2015	5	4
4	28.07.2015	5	5
5	20.08.2015	5	5
6	26.08.2015	5	5
7	24.10.2015	5	5
8	28.01.2015	5	4

15. Committees of the Board.

The following are the committees of the Board.

(a) Audit Committee

The audit committee of the Company is constituted in line with the provisions of Section 177 of the Companies Act, 2013.

The composition of the audit committee and the details of meetings attended by its members, are given below:

Sr. No.	Name of Committee Member	No. of Meetings During 2015-16	
		Held	Attended
1	A. Ramanathan	3	3
2	K. M. Vishwanathan	3	3
3	Vanaja Shankar	3	3
4	Deepak Jain (Present as an Invitee)	3	3

The Board had accepted the recommendation of the Audit Committee.

(b) Nomination & Remuneration Committee.

The Nomination and Remuneration Committee of the Company is constituted in line with the provisions of Section 178 of the Companies Act, 2013.

The composition of Nomination and Remuneration Committee and the details of meetings attended by its members are given below:

Sr. No	Name of Committee Member	No. of Meetings During 2015-16	
		Held	Attended
1	Vanaja Shankar	1	1
2	*K. M. Vishwanathan	1	1
3	Deepak Jain	1	1
4	A. Ramanathan	1	1

*Chairperson of the Company appointed as member of the Committee.

(c) Executive Committee.

Financing being a regular & ongoing requirement for the company; the Board has constituted Executive Committee with Mr. K M Vishwanathan, Director & CEO and Mr. K V Balaji, the Director & COO as its members. The Executive Committee is chaired by Mr. K M Vishwanathan. During the year under review, the Committee met for 13 times on 19th May, 2015, 26th May, 2015, 30th May, 2015, 5th August, 2015, 11th September, 2015, 24th October, 2015, 16th November, 2015, 27th November, 2015, 24th December, 2015, 28th January, 2016, 10th February, 2016, 23rd March, 2016 and 29th March, 2016.

16. Directors' responsibility statements.

Pursuant to section 134(5) of the Companies Act, 2013 the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The directors had selected such accounting policies and applied them consistently and 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 at the end of the financial year and of the profit of the Company for that period;

- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The directors had prepared the annual accounts on a going concern basis; and
- The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

17. Declaration given by independent directors.

The Company has received necessary declaration from each Independent Director under section 149 (7) of the Companies Act, 2013.

18. Particulars of investments, loans and guarantees under Section 186.

The Company has not made any investment or advanced any loans or a guarantee which is covered under Section 186 of the Companies Act, 2013.

19. Related party transaction.

Particulars of Contracts or arrangements with related parties as required under the Companies Act, 2013 are furnished in "Annexure- II" of the Board's Report.

20. Conservation of Energy, Research & Development, Technology Absorption and foreign exchange earnings & outgoing.

As required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014, the Company has taken necessary step in minimizing the usage of energy to the extent possible.

The technology absorption is not applicable to the Company since the company is in the financial services sector.

Foreign exchange earnings and out-go:

There are no foreign exchange earnings and out-go during the year 2015-16.

21. Board Evaluation.

Pursuant to the provisions of the Companies Act 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the Audit Committee, Nomination and Remuneration Committee and Executive Committee. The performance of the Board is evaluated by each individual director as well as collectively by Board on the annual basis towards the end of financial year. The Board performance is evaluated on the basis of number of Board and Committee meeting attended by individual director, participation of director in the affairs of the company, duties performed by each director during the year. In a separate meeting of independent Directors, performance of Non-independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive Directors and Non-executive Directors.

22. Internal Control Systems and their Adequacy.

Your Company has an effective internal control system, which is constantly assessed and strengthened with new/revised standard operating procedures.

Internal Audit plays a key role by providing assurance to the Board of Directors and value addition to the business operations.

23. Transfer of Amounts to Investor Education and Protection Fund.

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31st March, 2016.

24. Auditors

(a) Statutory Auditors.

At the 6th Annual General Meeting held on 6th June, 2015, the Company has appointed M/s G. M. Kapadia & Co., Chartered

Accountants, Mumbai, bearing ICAI Firm Registration No104767W, as statutory auditors of the Company to hold office till the conclusion of the 11th Annual General Meeting for the year ending 31st March, 2020, to be held in the year 2020. As per provisions of Section 139(1) of the Act, their appointment for the above tenure is subject to ratification by Members at every AGM. In view of this, ratification of appointment of M/s. G. M. Kapadia & Co., as Statutory Auditors from the conclusion of the ensuing AGM till the conclusion of the next AGM is recommended to the members of the Company at their ensuing AGM. The Company has received consent letter from M/s. G. M. Kapadia & Co., Chartered Accountants, to act as the statutory auditor of the Company and certificate to the effect that their appointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for appointment.

The Auditor's Report to the shareholders for the year under review does not contain any qualification.

(b) Secretarial Auditors.

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Pradeep Purwar & Associates, Practicing Company Secretaries to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith.

The Secretarial Auditor's Report to the shareholders for the year under review does not contain any qualification.

25. Vigil Mechanism Policy, Policy on Preservation of Documents.

The Company has a Vigil Mechanism Policy to deal with instance of fraud and mismanagement, if any. The details of the Vigil Mechanism Policy are posted on the website of the Company.

As per SEBI (Listing and Disclosure Obligations Requirement) Regulations, 2015, the Company has framed Policy on Preservation of Documents, which is available on website of the Company.

26. 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.

27. Insurance.

The Company has adequately insured the Company's Properties. Your Company has implemented Cash Transit Insurance as well as Fidelity Insurance to cover various risks in cash handling which is very high in Microfinance business. The Company has also obtained Medclaim cover for its employees.

28. Obligation of Company under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The Company has zero tolerance for sexual harassment at the workplace and has established a Committee on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace, in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under. The Policy aims to provide protection to employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure.

The Company has not received any complaint of sexual harassment during the financial year 2015-16.

29. Acknowledgments.

The Directors wish to thanks the customers, bankers, shareholders and other service agencies for their support. The directors especially thank our employees for their substantial contribution to the company during the period under review.

For and on behalf of Board of Directors

Sd/-
K M Vishwanathan
Director & CEO
DIN: 02778043

Sd/-
K V Balaji
Director & COO
DIN: 02776220

Place: Mumbai

Date: 23rd May, 2016

Annexure - I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on 31st March, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U65999MH2009PTC197149
Registration Date	19 th November, 2009
Name of the Company	M POWER MICRO FINANCE PRIVATE LIMITED
Category	Company limited by shares
Sub-Category of the Company	NBFC – Micro Finance Company
Address of the Registered office and contact details	B-212, Arjun Centre, Plot No. 231, Govandi Station Road, Govandi, Mumbai - 400088
Whether listed company	Debenture Listed Company
Name, Address and Contact details of Registrar and Transfer Agent	Sharepro Services India Pvt. Ltd. 13 AB, Samhiata Warehousing Complex, Andheri Kurla Road, Mumbai - 400 072 Cont. No. Mr. Rajesh Jadhav- 022-67720354/329

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name & Description of Main Services	NIC Code of the Product / Service	% to total turnover of the company
1.	Micro Finance	65999	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No.	Name and address of the company	CIN/GLN	Holding/ subsidiary / associate	% of shares held	Applicable section
The Company does not have any holding, subsidiary and associate companies.					

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

i) Category-wise Share Holding

Category of Share Holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change During year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	45,00,000	45,00,000	38.53 %	-	45,00,000	45,00,000	38.53 %	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh.	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh.	-	41,30,000	41,30,000	35.36%	-	41,30,000	41,30,000	35.36%	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2)	-	86,30,000	86,30,000	73.89 %	-	86,30,000	86,30,000	73.89 %	-
Total Public Shareholding(B)=(B)(1)+(B)(2)	-	86,30,000	86,30,000	73.89 %	-	86,30,000	86,30,000	73.89 %	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	1,16,80,000	1,16,80,000	100%	-	1,16,80,000	1,16,80,000	100%	-

ii.) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	K. M. Vishwanathan	25,00,000	21.40%	-	25,00,000	21.40%	-	-
2.	K. V. Balaji	5,50,000	4.70%	-	5,50,000	4.70%	-	-

iii.) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	30,50,000	26.10%	30,50,000	26.10%
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc):	No change during the year			
3	At the End of the year	30,50,000	26.10%	30,50,000	26.10%

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

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Au Financiers (India) Ltd.	45,00,000	38.50%	45,00,000	38.53%
2	Jyoti Agarwal	4,30,000	3.70%	4,30,000	3.70%
3	Sudhir Rameshbhai Kolte	3,30,000	2.80%	3,30,000	2.80%
4	Uma maheshwari Sunil	3,00,000	2.50%	3,00,000	2.50%
5	P. Swethambira	3,00,000	2.50%	3,00,000	2.50%
6	D. Sathya Moorthi	3,00,000	2.50%	3,00,000	2.50%
7	Manish Tiwari	2,50,000	2.10%	2,50,000	2.10%
8	R. Rajagopalan	2,50,000	2.10%	2,50,000	2.10%
9	Ajit Kumar	2,50,000	2.10%	2,50,000	2.10%
10	V. C. Kumanan	2,50,000	2.10%	2,50,000	2.10%

v.) Shareholding of Directors and Key Managerial Personnel:

1. K. M. Vishwanathan (Director and CEO)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	25,00,000	21.40%	25,00,000	21.40%
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
At the End of the year	25,00,000	21.40s%	25,00,000	21.40%

2. K. V Balaji (Director and COO)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	5,50,000	4.70%	5,50,000	4.70%
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
At the End of the year	550000	4.70%	550000	4.70%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Indebtedness of the financial year	*Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
At the beginning				
i) Principal Amount	459,177,661	100,000,000	-	559,177,661
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,573,938	-	-	2,573,938
Total (i+ii+iii)	461,751,599	100,000,000	-	561,751,599
Change in Indebtedness during the financial year				
Addition	887,265,000	673,500,000	-	1,560,765,000
Reduction	513,745,535	677,666,667	-	1,191,412,202
Net Change	588,557,965	(4,166,667)	-	369,352,798
At the end				
i) Principal Amount	832,697,126	95,833,333	-	928,530,459
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3,831,850	-	-	3,831,850
Total (i+ii+iii)	836,528,976	95,833,333	-	932,362,309

* Includes Non convertible debentures

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL.

A.) Remuneration to Whole-time Directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total
		K M Vishwanathan	K V Balaji	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,562,250	2,306,250	48,68,500
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit – - Others, specify	-	-	-
5.	Others, please specify- <i>Bonus</i>	425,000	425,000	850,000
6.	Total (A)	2,987,250	2,731,250	5,718,500
7.	Ceiling as per the Act	No ceiling as the Company is Pvt. Ltd. company		

B.) Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of Directors		Total
		A. Ramanathan	Vanaja Shankar	
1	Independent Directors - Fee for attending Board and committee meetings - Commission - Others, please specify	30,000 - -	30,000 - -	60,000 - -
	Total (1)	30,000	30,000	60,000
2	Other Non-Executive Directors - Fee for attending board / committee meetings - Commission - Others, please specify	- - -	- - -	- - -
	Total (2)	-	-	-
	Total (B)=(1+2)	30,000	30,000	60,000
	Total Managerial Remuneration	30,000	30,000	60,000
	Overall Ceiling as per the Act	Ceiling on sitting fee of Rs. 1,00,000/- per meeting for attending meetings of the Board.		

C.) Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Sl. No.	Particulars of Remuneration	Name of KMP		Total
		*Paras Mehta (CS)	**Biraj Pancholi (CS)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	101,096	208,065	3,09,161
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-

C.) Remuneration to Key Managerial Personnel other than MD/Manager/WTD (Continued)

Sl. No.	Particulars of Remuneration	Name of KMP		Total
		*Paras Mehta (CS)	**Biraj Pancholi (CS)	
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit – - others, specify...	-	-	-
5.	Others, please specify- <i>Bonus</i>	3,115	15,000	18,115
6.	Total	1,04,211	223,065	3,27,276
7.	Ceiling as per the Act	Not Applicable		

* Ceased to be Company Secretary w.e.f. 31st August, 2015.

** Appointed as Company Secretary w.e.f. 01st September, 2015.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no Penalties/ Punishment/ Compounding of offences for breach of any provisions of the Companies Act, 2013 against the Company or its Directors or other officer in default, during the year.

For and on behalf of Board of Directors

Place: Mumbai
Date: 23rd May, 2016

Sd/-
K M Vishwanathan
Director & CEO
02778043

Sd/-
K V Balaji
Director & COO
02776220

Annexure-II

Form No. AOC-2

[Pursuant to Clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis

- (a) Name(s) of the related party and nature of relationship: N.A
- (b) Nature of contracts/arrangements/transactions: N.A
- (c) Duration of the contracts / arrangements/transactions: N.A
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any N.A
- (e) Justification for entering into such contracts or arrangements or transactions N.A
- (f) Date of approval by the Board: N.A
- (g) Amount paid as advances, if any: N.A
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: N.A

2. Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and nature of relationship	Mr. K. M. Viswanathan (Director & CEO)	Au Financiers (India) Ltd. (Shareholder)
(b) Nature of contracts/ arrangements/ transactions	Company has entered into leave and license agreement for guest house with Mr. K. M. Viswanathan.	Working capital Loan and assignment of receivables.
(c) Duration of the contracts / arrangements/ transactions	11 months commencing from 1 st June, 2015.	As per Deed of Assignment & Servicer Agreement.
(d) Salient terms of the contracts or arrangements or transactions including the value	Monthly rent of Rs. 17,500/-	As per Deed of Assignment & Servicer Agreement.
(e) Date(s) of approval by the Board / Committee	4 th May, 2015	5 th August, 2015
(f) Amount paid as advances	Rs. 50,000/-	Nil

For and on behalf of Board of Directors

Place: Mumbai
Date: 23rd May, 2016

Sd/-
K M Vishwanathan
Director & CEO
02778043

Sd/-
K V Balaji
Director & COO
02776220



Form No. MR-3
SECRETARIAL AUDIT REPORT
For the Financial Year ended 31st March, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
M Power Micro Finance Private Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M Power Micro Finance Private Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015;
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;



- (v) Non-Banking Financial Company – Micro Finance Institutions (NBFC-MFIs) – Directions.

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

- (d) Secretarial Standards issued by The Institute of Company Secretaries of India.
(ii) The Listing Agreements entered into by the Company with BSE Limited.

Provisions of the following Act, Regulations and Guidelines were not attracted to the Company under the financial year under report:-

- (a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
(b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
(c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
(d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
(e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
(e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
(f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

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

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



Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period the Company has:

- (i) issued 100 Rated, Secured, Listed, Redeemable, Non Convertible Debentures of Rs. 10,00,000/- each aggregating to Rs. 10,00,00,000/- on a private placement basis on 11th June, 2015;
- (ii) issued 75 Rated, Secured, Listed, Redeemable, Non Convertible Debentures of Rs. 10,00,000/- each aggregating to Rs. 7,50,00,000/- on a private placement basis on 20th August, 2015;
- (iii) issued 12% Cumulative Non-Participative Non-Convertible Redeemable Preference Shares of Rs. 10/- each aggregating to Rs. 1,00,00,000/- on a private placement basis on 26th August, 2015;
- (iv) increased the borrowing limits from Rs. 75 Crore to Rs. 125 Crore pursuant to provisions of Section 180(1)(c) of the Companies At, 2013;
- (v) authorized Board of Directors to create charge on the assets of the Company upto an amount of Rs. 125 Crore.

For Pradeep Purwar & Associates
Company Secretaries

Sd/-
Pradeep Kumar Purwar
Proprietor
C. P. No. 5918

Place : Thane
Date : 23rd May, 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of M Power Micro Finance Private Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

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

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

Opinion

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

Other Matters

The financial statements of the Company for the year ended March 31, 2015 were audited by another auditor who had expressed an unmodified opinion on those statements on May 4, 2015.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of accounts 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 accounts.

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of section 164(2) of the Act.
- (f) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. As informed to us, there are no pending litigations against the Company and hence, the question of having impact of the same on the financial position of the Company does not arise.
 - ii. The Company does not have any material foreseeable losses in respect of any long-term contracts including derivative contracts, which have not been provided for.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For G. M. Kapadia & Co.
Chartered Accountants
Firm's Registration No: 104767W

Mumbai
Dated: May 23, 2016

Sd/-
Atul Shah
Partner
Membership No: 039569

Annexure I referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report of even date

- i. 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) As explained to us, all the fixed assets are physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification carried out during the year;
 - c) The Company does not hold any immovable property. Therefore, clause 3(i)(c) of the Order regarding title deeds of immovable properties is not applicable to the Company.
- ii. The Company is a Non-Banking Finance Company and accordingly, it does not hold any inventory. Accordingly, clause 3(ii) of the Order regarding verification of such inventory etc. is not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the clauses 3(iii)(a) to (c) of the Order regarding terms and conditions of such loans and repayment of such loans etc. are not applicable to the Company.
- iv. The Company has not granted any loan, made investment or provided guarantee and security under section 185 and 186 of the Act. Therefore, clause 3(iv) of the Order is not applicable to the Company.
- v. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Hence, the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act, in respect of the activities carried on by the Company.
- vii. In respect of **statutory dues**:
 - a) The Company has been generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax and other statutory dues with the appropriate authorities, to the extent applicable to the Company. No undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date they were payable.

- b) According to records of the Company, there are no disputed dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise or value added tax on account of any dispute.
- viii. The Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- ix. The Company has not raised any moneys by way of initial public offer or further public offer. Further with regard to term loans, in our opinion and according to the information and explanations given to us, the Company has utilised the term loans during the year for the purposes for which they were obtained.
- x. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company was noticed or reported during the year, although there have been few instances involving not material amount of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers which have been provided for.
- xi. The provisions of section 197 of the Act are not applicable to private limited companies and hence clause 3(xi) of the Order regarding payment of managerial remuneration in compliance of this section is not applicable.
- xii. The Company is not a chit fund or a nidhi / mutual benefit fund / society.
- xiii. In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of the Act and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to records of the Company, during the year, the Company has made preferential allotment / private placement of preference shares. The Company has complied with the requirements of section 42 of the Act and the funds raised have been utilised for purpose for which the funds were raised.
- xv. Based on the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi. The Company is registered under section 45-IA of the Reserve Bank of India Act, 1934.

For G. M. Kapadia & Co.

Chartered Accountants

Firm's Registration No: 104767W

Sd/-

Atul Shah

Partner

Mumbai

Dated: May 23, 2016

Membership No: 039569

Annexure II to our report of even date

Report on the Internal Financial Controls over Financial Reporting under section 143(3)(i) of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **M Power Micro Finance Private Limited** (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the period ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For G. M. Kapadia & Co.
Chartered Accountants
Firm's Registration No: 104767W

Sd/-
Atul Shah
Partner

Place: Mumbai
Dated: May 23, 2016

Membership No: 039569

M Power Micro Finance Private Limited

CIN No. U65999MH2009PTC197149

Balance Sheet

Particulars	Note No.	As at 31st March 2016		As at 31st March 2015	
EQUITY AND LIABILITIES					
Shareholders' funds					
Share Capital	2	126,800,000		116,800,000	
Reserve & Surplus	3	19,565,111	146,365,111	(5,558,872)	111,241,128
Non-Current Liabilities					
Long Term Borrowings	4	319,489,080		135,057,387	
Long Term Provisions	5	6,334,829		3,172,873	
Other Long Term Liabilities	6	-	325,823,909	893,940	139,124,200
Current liabilities					
Other Current Liabilities	7	645,624,539		445,456,709	
Short Term Provisions	8	17,574,771	663,199,309	6,476,133	451,932,842
TOTAL			1,135,388,329		702,298,170
ASSETS					
Non-current assets					
Fixed Assets	9				
Tangible Assets		2,216,273		1,771,531	
Intangible Assets		273,375		348,362	
Loan Portfolio	10	397,024,345		224,136,471	
Other Non Current Assets	11	49,374,983		39,477,435	
Deferred Tax Asset	12	1,888,892	450,777,868	-	265,733,799
Current assets					
Loan Portfolio	13	477,857,159		366,453,257	
Cash and Cash Equivalents	14	165,150,356		48,377,724	
Short Term Loans and Advances	15	14,295,096		2,987,329	
Other Current Assets	16	27,307,850	684,610,461	18,746,060	436,564,371
TOTAL			1,135,388,329		702,298,170
Summary of significant accounting policies	1				

Notes to accounts forming integral part of financial statement

In terms of our report

For G M Kapadia & Co

Chartered Accountants

Firm Registration No: 104767W

For and on behalf of the Board of Directors

Sd/-

Atul Shah

Partner

Membership No: 39569

Sd/-

K M Vishwanthan

CEO & Director

Sd/-

K V Balaji

COO & Director

Sd/-

Asmani Dholakia

Chief Financial Officer

Sd/-

Biraj Pancholi

Company Secretary

Place : Mumbai

Date : 23 May 2016

M Power Micro Finance Private Limited

CIN No. U65999MH2009PTC197149

Statement of Profit & Loss



Particulars	Note No.	For the year ended 31st March 2016	For the year ended 31st March 2015
CONTINUING OPERATIONS INCOME			
Revenue From Operations	17	217,759,608	109,979,252
Other Operating Income		7,902,562	5,507,726
Total Income		225,662,170	115,486,978
EXPENSES			
Employee Cost	18	54,715,915	31,348,621
Finance Costs	19	116,866,394	52,767,679
Other Administrative Expenses	20	16,425,208	12,910,461
Depreciation and amortisation expense	9	1,826,307	565,936
Provision and write off	21	2,842,918	3,465,324
Total expense		192,676,742	101,058,020
Profit before prior period items and tax		32,985,428	14,428,958
Prior period item		-	-
Profit before tax		32,985,428	14,428,958
Tax expense:			
Current tax (Net of Mat Credit)		8,883,573	2,749,450
Deferred tax asset	12	(1,888,892)	-
Adjustment of tax relating to prior years		866,764	2,849
Total tax expense		7,861,445	2,752,299
Profit after tax from continuing operations		25,123,983	11,676,659
Basic Earnings Per Share of Rs. 10 each (In Rupees)		2.11	1.00
Diluted Earnings Per Share of Rs. 10 each (In Rupees)		2.11	1.00
Summary of significant accounting policies	1		

Notes to accounts forming integral part of financial statement

In terms of our report

For G M Kapadia & Co

Chartered Accountants

Firm Registration No: 104767W

For and on behalf of the Board of Directors

Sd/-

Atul Shah

Partner

Membership No: 39569

Sd/-

K M Vishwanthan

CEO & Director

Sd/-

K V Balaji

COO & Director

Sd/-

Asmani Dholakia

Chief Financial Officer


Sd/-

Biraj Pancholi

Company Secretary

Place : Mumbai

Date : 23 May 2016

M Power Micro Finance Private Limited CIN No. U65999MH2009PTC197149 Cash Flow Statement			
Particulars	For the year ended 31st March,2016		For the year ended 31st March,2015
Cash flow from operating activities			
Net Profit / (Loss) before extraordinary items and tax		32,985,428	14,428,958
Adjustments for:			
Interest on Deposit	(7,195,264)		(4,728,683)
Gain on Mutual Fund	(5,709)		(772,129)
Dividend Income	(488,972)		-
Other Income	(212,618)		-
Preliminary expenses	-		607,529
Depreciation and amortisation	1,826,307		565,936
Provision on portfolio	2,842,918		3,465,324
Provision on gratuity	702,855		468,670
Provision on compensated absences	730,222		14,088
Interest paid	116,866,394		52,767,679
Taxes paid	(5,227,386)	109,838,747	(2,854,892)
Operating Cashflow before change in working capital changes		142,824,175	63,962,480
(Increase) / decrease in Loan Portfolio	(284,291,775)		(343,612,577)
(Increase) / decrease in Short Term Loan and Advances	(5,783,969)		(20,333)
(Increase) / decrease in Current Assets	(8,561,790)		(14,195,624)
(Increase) / decrease in Non Current Assets	(9,897,548)		(15,591,050)
(Increase) / decrease in Other Bank Balances	6,525,957		(26,952,499)
Increase / (decrease) in Current Liabilities	13,736,472		17,796,783
Increase / (decrease) in Short Term Provisions	(62,150)		-
Increase / (decrease) in Long Term Provisions	-		-
Increase / (decrease) in Long Term Liability	(893,940)	(289,228,743)	893,940
Cash (used) from Operation		(146,404,567)	(317,718,880)
Net cash flow from / (used in) operating activities (A)		(146,404,567)	(317,718,880)
Cash flow from investing activities			
Capital expenditure on fixed assets, intangible assets including capital advances	(2,199,744)		(1,846,560)
Sale of fixed assets	5,000		-
Investment in units of Mutual Fund	(485,000,000)		(375,500,000)
Redemption of units of Mutual Fund	485,005,709		376,272,129
Interest received	7,195,264		4,728,683
Rebate Income	211,300		-
Dividend Income	488,972		-
Net cash flow from / (used in) investing activities (B)		5,706,500	3,654,252
C. Cash flow from financing activities			
Interest paid	(115,356,142)		(51,238,132)
Proceeds from Issue of Redeemable Preference Shares	10,000,000		-
Proceeds from Long Term Borrowings	1,561,025,440		595,000,000
Repayment of Long Term Borrowings	(1,191,672,642)		(237,633,532)
Net cash flow from / (used in) financing activities (C)		263,996,655	306,128,336
Net increase (decrease) in Cash & Cash equivalents (A)+(B)+(C)		123,298,588	(7,936,292)
Cash and cash equivalents at the beginning of the year		8,726,252	16,662,544
Cash and cash equivalents at the end of the year		132,024,841	8,726,252
* Comprises:			
(a) Cash on hand		67,901	438,906
(b) Cheques, drafts on hand			
(c) Balances with banks			
(i) In current accounts		42,460,779	3,610,716
(ii) In EEFC accounts			
(iii) In deposit accounts with original maturity of less than 3 months		81,000,000	-
(iv) In earmarked accounts (pls refer note no.13)		8,496,161	4,676,630
(d) Others (specify nature)		-	-
(e) Current investments considered as part of Cash and cash equivalents		-	-
		132,024,841	8,726,252
In terms of our report			
Firm Registration No: 104767W		For and on behalf of the Board of Directors	
Chartered Accountants			
Firm Registration No: 104767W			
		Sd/-	Sd/-
Atul Shah		K M Vishwanthan	K V Balaji
Partner		CEO & Director	COO & Director
Membership No: 39569			
		Sd/-	Sd/-
Place : Mumbai		Asmani Dholakia	Biraj Pancholi
Date : 23 May 2016		Chief Financial Officer	Company Secretary

M Power Micro Finance Private Limited

Notes to the Financial Statements for the year ended 31 March 2016

Company Overview

M Power Micro Finance Private Limited ('the Company') was incorporated on 19 November 2009 under the Companies Act, 1956. The Company is registered effective in April, 2010 as a Non-Banking Financial (Non – Deposit Accepting or Holding) Company under section 45-IA of the Reserve Bank of India Act, 1934.

The company is engaged in micro finance lending activities, providing financial services to poor women in India under Joint Liability Groups ('JLGs') Model.

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation of Financial Statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting with the Generally Accepted Accounting Principles (GAAP) in India and comply with the Accounting Standards ("AS") prescribed by the Companies (Accounting Standards) Rules, 2006, the relevant provisions of the Companies Act, 2013, and the Reserve Bank of India ('RBI') Guidelines to the extent applicable to a Non Deposit taking Non Banking Finance Company and Non Banking Financial Company - Micro Finance Institution (NBFC-MFI). The financial statements are presented in Indian Rupees rounded off to the nearest rupee.

b) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities on the date of the financial statements. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) Current-Non Current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- i) It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- ii) It is held primarily for the purpose of being traded; or
- iii) It is expected to be realized within 12 months after the reporting date.

Current Assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- i) It is expected to be settled in the company's normal operating cycle;
- ii) It is held primarily for the purpose of being traded;
- iii) It is due to be settled within 12 months after the reporting date; or
- iv) The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

M Power Micro Finance Private Limited

Notes to the Financial Statements for the year ended 31 March 2016

Current Liabilities include the current portion of non current financial liabilities. All Other Liabilities are classified as non-current.

Operating cycle

The Company has ascertained its operating cycle as 12 months.

d) Revenue Recognition

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

- i) Interest income on loan portfolio is recognized in the Statement of Profit and Loss on accrual basis taking into account amount outstanding and rate applicable except in the case of non-performing assets ("NPA'S") where it is recognized, upon realization, as per the prudential norms of RBI.
- ii) Gain on securitization of assets is recognized on the difference between the book value of the securitized assets and consideration received on the assets derecognized from books. The same is amortized over the life of securitized loan portfolio and losses, if any, are recognized immediately in accordance with the guidelines laid down by Reserve Bank of India (RBI) on securitization.
- iii) Loan Processing fee received upfront are considered to be accrued at the time of entering in to binding agreement upon its receipt and are recognized accordingly.
- iv) Service fee on assignment is recognized on accrual basis as per the terms of agreement entered in to with the assignee.
- v) Interest on term deposits has been accrued on the time proportionate basis, using the underlying interest rate.
- vi) Dividend income is accounted when the right to receive the dividend is established.
- vii) Gains on Investment in Units of mutual funds (Debt) are recognized on accrual basis.

e) Classification of loan portfolio and provisioning policy

Loan portfolio is classified and provision is made in accordance with the Non- Banking Financial company- Micro Finance Institutions (NBFC-MFIs) Directions issued by RBI as mentioned below:

Asset Classification Norms

- i) Standard Assets means the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.
- ii) Non-performing asset means asset for which, interest / principal payment has remained overdue for a period of 90 days or more.

Provisioning norms

The aggregate loan provision of the Company is not less than higher of:

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

f) Write off of loan portfolio

The Company has policy to write off those loans which are overdue for more than 365 days or closure date of loan, whichever is later.

M Power Micro Finance Private Limited

Notes to the Financial Statements for the year ended 31 March 2016

g) Tangible fixed asset

- i) The Fixed assets are stated at cost of acquisition, less accumulated depreciation. The cost of tangible fixed assets comprise its purchase price (net of capital grants), taxes, duties, freight (net of rebate and discounts) and any other cost directly attributable for bringing the asset to their working condition and location for its intended use.
- ii) Fixed Assets retired from active use and held for disposal are stated at the lower of their net book value and net realizable value and are disclosed separately.
- iii) Losses arising from the retirement of, and gains and losses arising from disposal of fixed assets which are carried at cost are recognized in the Statement of Profit & Loss.

h) Depreciation on tangible fixed assets

Until 31 March 2015 the Company was charging depreciation on tangible fixed assets under written down value method as per the rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956.

With effect from 1 April 2015, the Management has re-assessed and revised the estimated useful life of the tangible fixed assets other than leasehold improvements and assets costing less than Rs.5,000 as specified in Schedule II to the Companies Act, 2013. The depreciation is provided under written down value method. Depreciation is calculated on pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed.

Asset costing Rs. 5000/- or less are depreciated at the rate of 100% in the year of purchase.

i) Intangible fixed asset

Intangible assets are recorded at cost of acquisition less amortization. Intangible assets that are acquired by the Company are measured initially at cost. Intangible assets are amortized over their estimated useful lives from the date they are available for use based on the expected pattern of consumption of economic benefits of the asset. Computer Software is amortized over their estimated useful life (3-5 years) on a straight-line basis.

j) Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that any assets forming part of its cash generating units may be impaired. If any such indication exists, the Company estimates the recoverable amount of asset.

If such recoverable amount of the asset or the recoverable amount of cash generating unit to which asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit & loss. If at the Balance Sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the reassessed recoverable amount subject to a maximum of depreciated historical cost.

k) Borrowing costs

Borrowing cost includes interest and other cost including, amortization of ancillary borrowing costs. Interest on borrowing is expensed in the period to which they relate. Ancillary costs (Processing fees, Stamp duty etc.) incurred in connection with the terms of borrowing are amortized over the tenure of borrowing on straight line method.

M Power Micro Finance Private Limited

Notes to the Financial Statements for the year ended 31 March 2016

l) Investment

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.

Long term investments are carried at cost less any other-than-temporary diminution in value. Current investments are valued at lower of cost and fair value determined on individual investment basis.

Gains and losses arising from disposal of Investment are recognized in the Statement of Profit & Loss in the period in which the disposal occurs. Gain and loss on the disposal of investment are the difference between the net disposal proceeds of investment and carrying amount of asset.

m) Employee benefits

Defined Contribution Plan

The Company makes specified monthly contribution towards employee provident fund to Government administered provident fund scheme, which is a defined contribution scheme. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service

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 is 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.

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. Actuarial gains and losses arising during the year are immediately recognised in the Statement of Profit and Loss.

Other Short term benefits

Expense in respect of other short term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by employees.

n) Leases

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases, Lease rentals in respect of assets taken on 'operating lease' are charged to the Statement of Profit and Loss on a straight line basis over the lease term.

o) Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

M Power Micro Finance Private Limited

Notes to the Financial Statements for the year ended 31 March 2016

p) Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit / (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

q) Income Tax

Income tax expense comprises current tax and deferred tax.

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 charge or benefit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or benefit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; However, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written-down or written-up to reflect the amount that is reasonably/virtually certain to be realized.

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

r) Provision and contingent liabilities

The Company creates a provision when there is a present obligation as a result of an obligating event that requires an outflow of resources and a reliable estimate can be made of the amount for the obligation. The provisions are recognized at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

s) General

Any other accounting policy not specifically referred to are consistent with Generally Accepted Accounting Principles (GAAP) in India.

M Power Micro Finance Private Limited
Notes to the Financial Statements for the year ended 31 March 2016
2. SHARE CAPITAL

<i>Particulars</i>	<i>As at 31 March, 2016</i>		<i>As at 31 March, 2015</i>	
	<i>Number of shares</i>	<i>Amount in Rs</i>	<i>Number of shares</i>	<i>Amount in Rs</i>
Authorized				
Equity shares of Rs.10 each with voting rights	12,000,000	120,000,000	12,000,000	120,000,000
Preference Shares of Rs.10 each with voting rights	1,000,000	10,000,000	1,000,000	10,000,000
	13,000,000	130,000,000	13,000,000	130,000,000
Issued, Subscribed and paid-up				
Equity shares				
Equity Shares of Rs. 10 each with voting rights	11,680,000	116,800,000	11,680,000	116,800,000
Issued, Subscribed and paid-up Preference shares				
12% Cumulative Non-Participative Non-Convertible Redeemable Preference Shares of Rs.10 each	1,000,000	10,000,000	Nil	Nil
Total	12,680,000	126,800,000	11,680,000	116,800,000

2.1 Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period:

<i>Particulars</i>	<i>Opening Balance</i>	<i>Fresh issue</i>	<i>Bonus</i>	<i>ESOP</i>	<i>Conversion</i>	<i>Buy back</i>	<i>Closing Balance</i>
Year ended 31 March, 2016							
- Number of shares	11,680,000	-	-	-	-	-	11,680,000
- Amount (Rs.)	116,800,000	-	-	-	-	-	116,800,000
Year ended 31 March, 2015							
- Number of shares	11,680,000	-	-	-	-	-	11,680,000
- Amount (Rs.)	116,800,000	-	-	-	-	-	116,800,000

2.2 Reconciliation of the number of Preference shares and amount outstanding at the beginning and at the end of the reporting period:

<i>Particulars</i>	<i>Opening Balance</i>	<i>Fresh issue (Private Placement)</i>	<i>Bonus</i>	<i>ESOP</i>	<i>Conversion</i>	<i>Buy back</i>	<i>Closing Balance</i>
Year ended 31 March, 2016							
- Number of shares	Nil	1,000,000	-	-	-	-	1,000,000
- Amount (Rs.)	Nil	10,000,000	-	-	-	-	10,000,000
Year ended 31 March, 2015							
- Number of shares	Nil	-	-	-	-	-	Nil
- Amount (Rs.)	Nil	-	-	-	-	-	Nil

M Power Micro Finance Private Limited
Notes to the Financial Statements for the year ended 31 March 2016
2.3 Rights, preferences and restrictions attached to Shares:
(i) Equity Shares

The Company has single class equity shares having a par value of Rs. 10/- per equity share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(ii) 12% Cumulative Non-Participative Non-Convertible Redeemable Preference Shares (Preference Shares)

Preference Shares were issued at par on 24 October 2015 to "Resident Individual Investor", on private placement basis. Preference Shares carry a cumulative dividend rate of 12% p.a. Preference Shares have a preferential right of dividend over equity shareholders. Of the Preference Shares, 50% are redeemable at par on the expiry of second year from date of allotment i.e. on 24 October, 2017 and balance 50% are redeemable at par on the expiry of third year from date of allotment i.e. on 24 October, 2018.

2.4 The details of shareholder holding more than 5% equity shares are set below:

Name of Shareholder	31 March 2016		31 March 2015	
	Number of shares	% of holding	Number of shares	% of holding
K M Vishwanathan	2,500,000	21.40%	2,500,000	21.40%
Au Financiers (India) Limited	4,500,000	38.53%	4,500,000	38.53%
Total	7,000,000	59.93%	7,000,000	59.93%

2.5 The details of shareholder holding more than 5% preference shares are set below:

Name of Shareholder	31 March, 2016		31 March, 2015	
	Number of shares	% of holding	Number of shares	% of holding
Kamlesh Gandhi	1,000,000	100%	Nil	Nil
Total	1,000,000	100%	Nil	Nil

M Power Micro Finance Private Limited

Notes to the Financial Statements for the year ended 31 March 2016

3. RESERVES & SURPLUS:

<i>Particulars</i>	<i>As at 31 March, 2016</i>	<i>As at 31 March, 2015</i>
Statutory reserve (created under Section 45-1C of RBI Act, 1934)		
Opening Balance	2,671,193	335,861
Add: Transfer during the year *	5,024,797	2,335,332
Less: Amount utilized	-	-
Closing balance (A)	7,695,989	2,671,193
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(8,230,065)	(17,571,392)
Add: Profit / (Loss) for the year	25,123,983	11,676,659
Less: Amount transferred to statutory reserve	5,024,797	2,335,332
Closing balance (B)	11,869,122	(8,230,065)
Total (A+B)	19,565,111	(5,558,872)

* 20% of the profit after tax in accordance with the provision of section 45 IC of the Reserve Bank of India Act.

4. LONG TERM BORROWINGS:

<i>Particulars</i>	<i>As at 31 March, 2016</i>	<i>As at 31 March, 2015</i>
Debentures		
Secured		
• 75 (Previous Year : NIL) 13.10% Redeemable Non-Convertible Debentures of Rs.1,00,000 each	15,625,050	-
• 100 (Previous Year: NIL) 13.50% Redeemable Non-Convertible Debentures of Rs.1,000,000 each	12,500,000	-
• 70 (Previous Year: 70) 14.00% Redeemable Non-Convertible Debentures of Rs.1,000,000 each	-	11,666,690
Term loans		
Secured		
From banks	126,282,481	25,000,000
From financial institutions	84,119,494	98,390,697
Unsecured		
From financial institutions	79,166,665	-
Vehicle loan		
Secured		
From banks	1,795,390	-
Total	319,489,080	135,057,387

M Power Micro Finance Private Limited
Notes to the financial Statements for the year ended 31 March 2016

Note 4.1 Repayment Terms of borrowings

Funder	Date of Availment	Amount Outstanding		Amount Outstanding		Repayment Terms		
		2015-16		2014-15		Interest Rate	Repayment Terms	No.of Installments Outstanding
		Current Maturity	Long Term maturity	Current Maturity	Long Term maturity			
Secured Debentures								
Redeemable Non-Convertible Debentures-CBO X	26-Aug-15	37,500,000	15,625,050	-	-	13.10%	Monthly	17
Redeemable Non-Convertible Debentures-CBO VIII	24-Jun-15	50,000,000	12,500,000	-	-	13.50%	Monthly	15
Redeemable Non-Convertible Debentures-CBO II	30-Jul-14	11,666,690	-	35,000,000	11,666,690	14.00%	Monthly	4
Secured Term Loan from Banks#								
Dena Bank	31-Mar-16	22,916,663	27,083,337	-	-	13.00%	Monthly	24
IDBI Bank	14-Mar-16	14,285,720	15,714,280	-	-	13.75%	Monthly	21
HDFC Bank Ltd	8-Feb-16	33,333,330	16,666,670	-	-	13.00%	Monthly	15
Kotak Bank Ltd	30-Nov-16	27,272,727	18,181,818	-	-	13.85%	Monthly	20
The Ratnakar Bank Limited	15-Feb-14	-	-	15,000,000	-	14.50%	Quarterly	4
	9-Mar-15	25,000,000	-	25,000,000	25,000,000	14.15%	Quarterly	8
	3-Mar-16	35,000,000	35,000,000	-	-	13.75%	Quarterly	-
Development Credit Bank Limited	31-Jan-15	-	-	25,000,000	-	14.00%	Monthly	-
	30-May-15	16,363,632	2,727,280	-	-	13.85%	Monthly	14
	30-Nov-15	16,363,632	10,909,096	-	-	13.35%	Monthly	20

M Power Micro Finance Private Limited
Notes to the financial Statements for the year ended 31 March 2016

Note 4.1 Repayment Terms of borrowings (continued)

Funder	Date of Availment	Amount Outstanding		Amount Outstanding		Repayment Terms		
		2015-16		2014-15		Interest Rate	Repayment Terms	No.of Installments Outstanding
		Current Maturity	Long Term maturity	Current Maturity	Long Term maturity			
Un Secured Term Loans from financial institutions								
Capital First Ltd	25-Jan-16	-	50,000,000	-	-	16.00%	Bullet	1
Caspian Impact Investments Pvt. Ltd.	18-Dec-15	16,666,668	29,166,665	-	-	17.00%	Quarterly	11
Secured Term Loans from financial institutions								
Capital First Ltd	22-Feb-2016	10,000,000	40,000,000	-	-	14.00%	Quarterly	10
Family Credit Ltd	1-Feb-16	33,333,336	13,888,886	-	-	14.00%	Monthly	16
Reliance Capital Ltd	25-Sep-14	-	-	12,039,212	-	15.50%	Monthly	0
	7-Oct-14	-	-	6,019,606	-	15.50%	Monthly	0
	19-Aug-15	31,893,347	-	-	-	15.25%	Monthly	11
Reliance Home Finance Limited	28-Jan-15	12,088,576	-	25,931,654	12,088,576	16.08%	Monthly	5
Ananya Finance Inclusive Growth Pvt. Ltd.	22-Oct-13	-	-	555,545	-	16.00%	Monthly	-
IFMR Capital Finance Pvt. Ltd.	17-Nov-14	3,333,328	-	5,000,004	3,333,328	16.00%	Monthly	8
	31-Jan-14	-	-	4,809,393	-	16.08%	Monthly	-
	5-Sep-14	14,012,067	-	24,905,690	14,012,066	15.95%	Monthly	6
	9-Dec-14	20,623,387	-	23,934,479	20,623,387	15.95%	Monthly	9
	10-Apr-15	53,214,237	4,884,407	-	-	15.95%	Monthly	13
	29-May-15	26,250,879	4,846,954	-	-	15.95%	Monthly	14
	16-Nov-15	24,277,196	18,415,929	-	-	15.60%	Monthly	20

M Power Micro Finance Private Limited

Notes to the financial Statements for the year ended 31 March 2016

Note 4.1 Repayment Terms of borrowings (continued)

Funder	Date of Availment	Amount Outstanding		Amount Outstanding		Repayment Terms		
		2015-16		2014-15		Interest Rate	Repayment Terms	No.of Installments Outstanding
		Current Maturity	Long Term maturity	Current Maturity	Long Term maturity			
Secured Term Loans from financial institutions								
Mas Financials Service Limited	18-Jun-13	-	-	3,125,001	-	15.75%	Monthly	-
	7-Aug-13	-	-	2,083,330	-	15.75%	Monthly	-
	19-Aug-13	-	-	3,124,999	-	15.75%	Monthly	-
	9-Nov-13	-	-	6,249,994	-	16.00%	Monthly	-
	30-Oct-13	-	-	2,916,660	-	16.00%	Monthly	-
	27-Nov-13	-	-	3,333,325	-	16.00%	Monthly	-
	26-Mar-14	-	-	14,999,996	-	17.10%	Monthly	-
	17-Apr-14	833,338	-	9,999,993	833,344	17.10%	Monthly	1
	9-Jun-14	4,166,659	-	12,500,004	4,166,660	15.75%	Monthly	4
	24-Jun-14	4,166,658	-	12,500,004	4,166,660	15.75%	Monthly	4
	27-Nov-14	9,999,997	-	15,000,000	10,000,000	15.75%	Monthly	8
	1-Jan-15	20,833,338	-	24,999,996	20,833,338	15.75%	Monthly	10
	21-Jan-15	8,333,335	-	9,999,996	8,333,338	16.85%	Monthly	10
	9-Apr-15	12,500,007	1,041,659	-	-	15.75%	Monthly	13
	20-Apr-15	12,500,006	1,041,659	-	-	15.75%	Monthly	13
Vehicle Loan								
HDFC Bank Ltd	31-Dec-10	-	-	91,393	-	9.82%	Monthly	-
HDFC Bank Ltd	20-Jun-16	194,409	763,607	-	-	10.20%	Monthly	50
KBL Bank Ltd	18-Mar-16	118,217	1,031,783	-	-	10.50%	Monthly	84
Total		609,041,379	319,489,080	324,120,274	135,057,387			

M Power Micro Finance Private Limited

Notes to the financial Statements for the year ended 31 March 2016

Note No 4.1 Repayment Terms of borrowings (continued)

Notes:

- a) The Secured, Redeemable, Non-Convertible Debentures are secured by hypothecation of specified Receivables under Financing Activities and guarantee provided by RCL and IFMR in favour of Debenture Trustee as per the terms of agreement.
- b) The above Non-Convertible Debentures are listed on BSE Limited (Bombay Stock Exchange). Further, the Company has entered into an agreement with GDA Trusteeship Limited to act as Debentures Trustees for the Debentures.
- c) The Company has not defaulted in the repayment of dues to Debenture holders.
- d) All term loans are secured against exclusive charge on the standard assets portfolio receivables pertaining to micro credit loans and cash collateral as per respective agreements.
- e) Vehicle loan is secured by hypothecation of vehicle financed by bank.

M Power Micro Finance Private Limited

Notes to the Financial Statements for the year ended 31 March 2016

5. LONG TERM PROVISIONS:

<i>Particulars</i>	<i>As at 31 March, 2016</i>	<i>As at 31 March, 2015</i>
Provision against standard loan portfolio (refer note no 23)	3,970,244	2,241,365
Provision for employee benefits (refer note no. 25)		
Provision for Gratuity	1,519,042	816,187
Provision for compensated absences	845,543	115,321
Total	6,334,829	3,172,873

6. OTHER LONG TERM LIABILITIES:

<i>Particulars</i>	<i>As at 31 March, 2016</i>	<i>As at 31 March, 2015</i>
Unamortized income on securitised portfolio	-	893,940
Total	-	893,940

7. OTHER CURRENT LIABILITIES:

<i>Particulars</i>	<i>As at 31 March, 2016</i>	<i>As at 31 March, 2015</i>
Current Maturities of long term borrowings (refer note no. 4.1)		
Debentures		
Secured		
• 75 (Previous Year : NIL) 13.10% Redeemable Non-Convertible Debentures of Rs.1,000,000 each	37,500,000	-
• 100 (Previous Year: NIL) 13.50% Redeemable Non-Convertible Debentures of Rs.1,000,000 each.	50,000,000	-
• 70 (Previous Year: 70) 14.00% Redeemable Non-Convertible Debentures of Rs. 1,000,000 each.	11,666,690	35,000,000
Term loans		
Secured		
From banks	190,535,704	65,000,000
From financial institutions	302,359,691	324,028,881
Unsecured		
From financial institutions	16,666,668	-
Vehicle loan		
Secured		
From banks	312,626	91,393
	609,041,379	424,120,274
Payable on assigned/securitised portfolio	26,101,604	11,364,537
Unamortized income on securitised portfolio	-	2,054,971
Interest accrued but not due on borrowings	3,831,850	2,321,598
Statutory liabilities	927,407	655,214
Staff Payable	4,740,318	1,448,444
Liability for expenses	872,437	288,770
Other Current Liabilities	109,544	3,202,901
Total	645,624,539	445,456,709

M Power Micro Finance Private Limited

Notes to the Financial Statements for the year ended 31 March 2016

8. SHORT-TERM PROVISIONS:

<i>Particulars</i>	<i>As at 31 March, 2016</i>	<i>As at 31 March, 2015</i>
Provision against standard loan portfolio (refer note no.23)	4,778,572	3,664,533
Provision on assigned receivables	-	62,150
Provision for tax	12,796,199	2,749,450
Total	17,574,771	6,476,133

10. NON CURRENT PORTFOLIO:

<i>Particulars</i>	<i>As at 31 March, 2016</i>	<i>As at 31 March, 2015</i>
Receivable under financing activity	397,024,345	224,136,471
Total	397,024,345	224,136,471

11. OTHER NON CURRENT ASSETS:

<i>Particulars</i>	<i>As at 31 March, 2016</i>	<i>As at 31 March, 2015</i>
(Unsecured, considered good)		
Security deposits towards borrowings*(maturity more than 12 months)		
- with banks	43,997,613	6,567,177
- with financial institutions	2,150,559	30,584,165
Interest accrued but not due on security deposit		
- with banks	62,6034	73,481
- with financial institutions	157,591	905,032
Unamortized borrowing cost	2,443,186	1,347,580
Total	49,374,983	39,477,435

* Represents deposits maintained as cash collateral against term loans availed and securitized loan portfolio.

12. DEFERRED TAX, NET INCLUDED IN THE BALANCE SHEET

<i>Particulars</i>	<i>As at 31 March, 2016</i>	<i>As at 31 March, 2015</i>
Deferred tax asset		
- Disallowance u/s 43B	695,161	105,459
- Provisions on receivables	939,954	-
- Depreciation on fixed assets	253,777	-
Total(A)	1,888,892	105,459
Deferred tax liability		
- Depreciation on fixed assets	-	105,459
Total (B)	-	105,459
Deferred tax asset/liability, Net (A-B)	1,888,892	

M Power Micro Finance Private Limited
Notes to the financial Statements for the year ended 31 March 2016

9. FIXED ASSETS

Description	Gross block			Accumulated depreciation and impairment				Net block		
	As at 1 April, 2015	Additions	Deletion	As at 31 March, 2016	As at 1 April, 2015	For the year	Deletion	As at 31 March, 2016	As at 31 March, 2016	As at 31 March, 2015
Tangible assets										
Plant and Equipment	2,090,187	440,810		2,530,997	1,131,510	942,441		2,073,951	457,046	958,676
Furniture and Fixtures	857,417	162,834		1,020,251	291,647	251,137		542,784	477,467	565,771
Vehicles	614,555	1,529,453	(16,500)	2,127,508	447,062	468,563	(12,818)	902,807	1,224,701	167,493
Office Equipment	119,017	49,899		168,916	39,426	72,431		111,857	57,059	79,591
Total	3,681,176	2,182,996	(16,500)	5,847,672	1,909,645	1,734,572	(12,818)	3,631,399	2,216,273	1,771,531
Previous year	2,270,068	1,411,108	-	3,681,176	1,430,799	478,846	-	1,909,645	1,771,531	839,269
Intangible assets										
Computer Software	435,452	16,748	-	452,200	87,090	91,735	-	178,825	273,375	348,362
Total	435,452	16,748	-	452,200	87,090	91,735	-	178,825	273,375	348,362
Previous year	-	435,452		435,452	-	87,090		87,090	348,362	-

Note:

In the financial year 2015-16, the Company has calculated depreciation as per the provisions of Schedule II to the Companies Act, 2013. Due to the application of the provision of Schedule II in the current financial year, the debit to the statement of profit and loss after tax for the current period is higher by Rs.394,802/-

M Power Micro Finance Private Limited
Notes to the Financial Statements for the year ended 31 March 2016
13. CURRENT LOAN PORTFOLIO:

Particulars	As at 31 March, 2016	As at 31 March, 2015
Unsecured		
Gross Microfinance loan portfolio	1,214,305,896	638,695,601
Less: Assigned/Securitized portfolio	339,424,392	48,105,873
Total (A)	874,881,504	590,589,728
of the above loan portfolio:		
Non current portion of loan portfolio	397,024,345	224,136,471
Current portion of loan portfolio	477,857,159	366,453,257
of the above loan portfolio:		
Loan portfolio (considered good)	874,355,628	590,382,766
Loan portfolio (considered doubtful)	525,876	206,962
Current portion of loan portfolio	477,857,159	366,453,257

14. CASH AND CASH EQUIVALENTS:

Particulars	As at 31 March, 2016	As at 31 March, 2015
Cash and cash equivalents		
Cash on hand	67,901	438,906
Balance with Banks		
- In Current Accounts	42,460,779	3,610,716
- In Deposit Accounts- Free of Lien	81,000,000	-
- In Deposit Accounts- with less than 3 months maturity(Refer note (b))	8,496,161	4,676,630
	132,024,841	8,726,252
Other bank balance		
-In Deposit Accounts –with maturity more than 3 months but less than 12 months (refer note (b))	33,125,515	39,651,472
Total	165,150,356	48,377,724
Notes :		
a) Of the above, the balance that meet the definition of cash & cash equivalent is as per AS 3 Cash Flow Statement	123,528,680	4,049,622
b) Deposits under Lien :		
• Cash collateral for securitization/Assignment	-	2,800,508
• Cash collateral for TL obtained from Banks and Financial institution	41,621,676	41,527,594
Total	165,150,356	48,377,724

M Power Micro Finance Private Limited

Notes to the Financial Statements for the year ended 31 March 2016

15. SHORT TERM LOANS & ADVANCES:

Particulars	As at 31 March, 2016	As at 31 March, 2015
(Unsecured, considered good)		
Advance tax	7,700,000	2,430,000
Advances recoverable in cash or kind or for value to be received	1,891,676	-
Service tax receivable	-	20,333
Balances with government authorities -TDS Receivable	790,794	536,996
MAT Credit	3,912,626	-
Total	14,295,096	2,987,329

16. OTHER CURRENT ASSETS:

Particulars	As at 31 March, 2016	As at 31 March, 2015
(Unsecured, considered good)		
Interest accrued but not due		
on loan portfolio -MFI	15,447,446	11,026,793
on security deposits	2,052,908	2,434,267
on fixed deposits	23,553	266,544
Unbilled Revenue	21,404	-
Unamortised borrowing cost	7,336,582	2,762,251
Rent and other deposits	1,764,117	1,656,000
Prepaid expense	363,662	318,697
Others	298,178	281,508
Total	27,307,850	18,746,060

17. REVENUE FROM OPERATIONS:

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Interest Income on loan portfolio	202,753,227	100,164,403
Processing Fee on loan portfolio	12,021,750	7,545,000
Gain on Securitisation **	2,734,038	2,269,849
Service fee on assignment	250,593	-
Total	217,759,608	109,979,252
Other operating income		
Interest on deposit with banks	579,821	-
Interest on security deposit	6,615,443	4,728,683
Dividend Income on Mutual Fund	488,972	772,129
Gain on Mutual Fund	5,709	-
Rebate Income	210,000	-
Recovery against loans written off	1,300	-
Profit on sales of fixed assets	1,318	-
Interest on IT Refund	-	6,914
Total	7,902,562	5,507,726

****The Company has booked net gain on securitisation for the F.Y. 15-16.**

M Power Micro Finance Private Limited

Notes to the Financial Statements for the year ended 31 March 2016

18. EMPLOYEE COST:

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Salaries and wages and bonus (* Refer Note Below)	49,600,799	28,772,077
Contributions to provident and other funds	3,219,017	1,847,512
Compensated Leave Absences	730,222	14,088
Gratuity	702,855	468,670
Staff Training	57,632	153,492
Recruitment	38,791	53,231
Staff welfare	179,127	39,551
Insurance	187,472	-
Total	54,715,915	31,348,621

Note: Includes Directors Remuneration Rs. 4,868,500/- and RS. 4,500,000/- in F.Y. 2015-16 and F.Y. 2014-2015.

19. FINANCE COST:

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Interest payment to banks and financial institutions	88,771,024	44,381,884
Interest on Debentures	17,011,560	5,254,139
Processing fees and other borrowing cost	9,906,579	2,720,533
Bank charges	1,169,544	411,123
Others	7,688	-
Total	116,866,394	52,767,679

20. OTHER ADMINISTRATIVE EXPENSES:

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Advertisement	20,113	20,804
Brokerage charges	66,500	153,579
Business promotion	60,579	-
Communication expense	1,285,633	787,683
Contract fees	229,644	-
Director sitting fees	60,000	27,500
Donation	4,000	-
Electricity charges	738,387	408,250
Insurance	328,948	217,845
Interest On Share application Money	9,863	-
Legal and professional fees	1,420,086	887,936
Membership fees	100,000	104,214
Office expenses	746,439	767,083
Payments to Auditors	407,590	85,393
Postage & courier expenses	578,230	375,571
Printing and stationery	1,188,161	872,588

M Power Micro Finance Private Limited

Notes to the Financial Statements for the year ended 31 March 2016

20. OTHER ADMINISTRATIVE EXPENSES: (continued)

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Rates and taxes	218,598	152,129
Rent	4,405,791	3,080,992
Repairs and maintenance	239,825	154,897
ROC charges	27,989	32,000
Software & license expenses	1,177,335	986,112
Stamp duty on preference Share Capital	10,000	-
Travelling and conveyance	1,923,647	2,950,248
Receivables written off	1,177,851	238,107
Preliminary expense written off	-	607,529
Total	16,425,208	12,910,461

21. PROVISION FOR ON LOAN PORTFOLIO:

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Provision on standard portfolio	2,842,918	3,403,174
Provision on assigned receivables	-	62,150
Total	2,842,918	3,465,324

22. ASSIGNMENT /SECURITIZATION OF LOAN PORTFOLIO :

Information of assignment /securitisation transactions with the financial institution as follows,

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Total Number of Loan assets assigned/securitized	39,020	7,854
Total book value of Loan assets assigned/ securitized	523,898,590	82,530,968
Sale consideration received for the assigned/ securitized assets	523,898,590	87,595,651
Income recognised in the statement of profit and loss	2,734,038	2,269,849

Note:

1. During the current year company has done direct assignment of loan portfolio of Rs.523,898,590/- (previous year: NIL) under guidelines issued by Reserve Bank of India dated August 21, 2012 without any credit enhancement as prescribed in the guidelines.
2. During the year the company has opted the clean up call option to close the securitisation transaction done in the previous year as per the terms of agreement with the investor and book the net gain on securitization of Rs. 2,734,038/- (Previous year : Rs. 2,269,849/-).
3. Following disclosure is made in accordance with RBI circular no DBOD.NO.BP.BC.60/21.04.048/2005-06 dated 01 February 2006.

M Power Micro Finance Private Limited
Notes to the Financial Statements for the year ended 31 March 2016

As required in terms of circular RBI//2012-13/170 DNBS. PD. No. 301/3.10.01/2012-13 dated 21 August 2012 for the securitization transactions entered on or after 21 August 2012:

Sr. No	Particulars	Number/Amount in Rs.	
		31 March 2016	31 March 2015
1	Number of SPVs sponsored by the company for securitization/bilateral transactions	-	2
2	Total amount of securitized assets as per books of the SPVs/assignees sponsored by the company.	-	57,635,389
3	Total amount of exposures retained by the NBFC to comply with MRR as on date of balance sheet.	-	-
	a) Off balance sheet exposure	-	-
	*First loss	-	-
	*Others	-	-
	b) On balance sheet exposure	-	-
	*First loss	-	6,867,685
	*Others	-	-
4	Total amount of exposures retained by the NBFC to comply with MRR as on date of balance sheet.	-	-
	a) Off balance sheet exposure	-	-
	*First loss	-	-
	*Others	-	-
	b) On balance sheet exposure	-	-
	*First loss	-	-
	*Others	-	-
	i. Exposure to own securitization	-	-
	*First loss	-	-
	*Others	-	-
	ii) Exposure to third party securitization	-	-
	*First loss	-	-
	*Others	-	-

M Power Micro Finance Private Limited
Notes to the Financial Statements for the year ended 31 March 2016
23. PROVISION FOR OUTSTANDING LOAN PORTFOLIO:

The provision for outstanding loan portfolio as at 31 March 2016 has been calculated higher of 1) @ 1% on the total loan portfolio outstanding as at the balance sheet date or 2) 50% of aggregate loan installments which are overdue for more than 90 days but less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.

Particulars	As at 31 March 2016	As at 31 March 2015
Standard Portfolio (A)	873,440,245	589,725,728
Non Performing assets		
Loan portfolio which are overdue for more than 90 days and less than 180 days	915,383	657,038
Loan portfolio which are overdue for 180 days or more	525,876	206,962
Total (B)	1,441,259	864,000
Total Loan Portfolio (A)+(B)	874,881,504	590,589,728
Provision on Loan Portfolio		
1% on total loan portfolio (C)	8,748,816	5,905,897
Aggregate of the following		
a) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days	186,023	192,190
b) 100% of the aggregate loan installments which are overdue for 180 days or more.	443,896	167,983
Total (D)	629,919	360,173
Higher of (C) or (D)	8,748,816	5,905,897
Opening Provision	5,905,898	25,02,724
Additional/reversal, net	2,842,918	3,403,174
Closing provision	8,748,816	5,905,898

24. EARNINGS PER SHARE

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Net profit attributable to equity shareholders**	Rs.24,597,956	Rs.11,676,659
Weighted Average Number of Equity shares Used in computing Earnings Per Share	11,680,000	11,680,000
Earnings per Share (EPS) Basic – Rs.	2.11	1.00
Face Value of Shares – Rs.	10	10

**** Net profit has been shown after excluding the dividend of Rs.5,27,026/- on preference shares.**

M Power Micro Finance Private Limited
Notes to the Financial Statements for the year ended 31 March 2016
25. EMPLOYEE BENEFIT EXPENSE
(a) Defined Contribution Plan
Provident and Other Fund

The Company makes provident fund and other fund contributions to a defined contribution retirement benefit plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to the provident fund commissioner to fund the benefit.

The Company recognized Rs.3,219,017/- (Previous year Rs. 1,847,512/-) for provident and other fund contributions in the statement of profit & loss. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme.

(b) Defined Benefit Plan
Gratuity (Unfunded) Amount Recognition

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and is computed at 15 days salary (last salary drawn) for each completed year of service.

The following tables set out the status of the gratuity plan as required under AS 15 (Revised)

Amount recognized in Balance sheet

Particulars	As at 31 March, 2016	As at 31 March, 2015
Present value of obligation as at the beginning of the year	816,187	347,517
Current Service Cost	552,175	486,703
Interest Cost	65,132	27,141
Actuarial (Gain)/Loss recognized during the year	85,548	(45,174)
Past Service Cost	-	-
Net (Liability)	1,519,042	816,187

Expenses recognised in Statement of Profit & Loss

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Current Service Cost	552,175	486,703
Interest Cost	65,132	27,141
Net Actuarial (Gain)/Loss recognized during the year	85,548	(45,174)
Past Service Cost	-	-
Amount included in employee benefit expenses	702,855	468,670

Movement in the liability recognized in the balance sheet

Particulars	As at 31 March, 2016	As at 31 March, 2015
Opening net liability	816,187	347,517
Expenses as above	702,855	468,670
Benefits paid directly	-	-
Contribution paid in to the fund	-	-
Closing net liability	1,519,042	816,187

M Power Micro Finance Private Limited

Notes to the Financial Statements for the year ended 31 March 2016

Principal actuarial assumption

Particulars	As at 31 March, 2016	As at 31 March, 2015
i. Discount Rate (p.a)	7.98%	7.81%
ii. Salary escalation rate (p.a)	6.00%	6.00%

Gratuity Liability for the current year has been estimated based on actuarial valuation under defined benefit plan. An amount of Rs.702,855/- (Previous year: Rs.468,670/-) has been recognized in the statement of profit and loss during the current year.

Discount rate: - The discount rate is based on the prevailing market yield of Indian Government securities as at the balance sheet date for the estimated term of obligations.

Salary escalation rate: The estimate for the future salary increments considered taking in to account the inflation, seniority, promotional and other relevant factors.

(b) Other Benefit

The Company has provided for compensatory leaves which can be availed and not encashed as per policy of the Company as present value obligation of the benefit at related current service cost measured using the Projected Unit Credit Method on the basis of an actuarial valuation. The Company has accordingly provided Rs. 730,222/-(previous year Rs.14,088/-) in the books of accounts for the year.

26. Segment reporting

The Company operates in a single reportable segment i.e offering micro finance loans to under-served poor households living in rural and urban areas. Accordingly, there is no reportable segment to be disclosed as required by accounting standard 17 'Segment Reporting'.

27. Operating Leases

Lease payments made under cancellable operating lease amounting to Rs.4,405,791/- (previous year Rs. 3,080,992/-) disclosed as rent and the same have been recognized as an expense in the Statement of Profit & Loss.

28. Contingent Liability

- The Company is contingently liable to banks financial institutions with respect to assignment /securitization of trade receivables to the extent of cash collateral deposits / guarantees amounting to Rs. NIL (previous year Rs. 6,977,011/-).
- Dividend for the financial year 2015-16 on 12% cumulative redeemable preference shares is Rs.526,027/- (previous year Rs. NIL).

29. Related party disclosure

Related party disclosure as required under the accounting standard (AS)-18 on "Related Party Disclosure"

a. Name of related parties and description of relationship

Description of relationship	Name of Related party
Key management personnel – Directors	Mr. K M Vishwanathan Mr. K V Balaji
Persons having significant influence	Au Financiers India Limited

M Power Micro Finance Private Limited

Notes to the Financial Statements for the year ended 31 March 2016

b. Details of Transactions with Related Parties during the year

Sr. No	Particulars	31 March 2016	31 March 2015
1	Managerial Remuneration		
	Mr. K M Vishwanathan	2,562,250	2,400,000
	Mr. K V Balaji	2,306,250	2,100,000
2	Unsecured Loan received including interest credited		
	Au Financiers India Limited		
	Loan Availed	573,500,000	225,000,000
	Interest Credited	27,09,431	1,830,823
3	Unsecured Loan including interest repaid		
	Au Financiers India Limited		
	Loan repaid	673,500,000	125,000,000
	Interest Paid	27,09,431	1,830,823
4	Assignment of Receivables		
	Au Financiers India Limited		
	Amount received	249,985,173	-
	Interest paid	13,939,287	-
	Amount repaid	67,804,175	-
5	Rent paid		
	Mr K M Vishwanathan	207,000	240,000
6	Bonus Paid		
	Mr. K M Vishwanathan	116,282	-
	Mr. K V Balaji	72,521	-

c. Outstanding Balance :

Sr. No	Particulars	31 March 2016	31 March 2015
1	Unsecured Loan (Au Financiers India Limited)	-	100,000,000
2	Assignment of Receivables (Au Financiers India Limited)	182,180,998	-
3	Bonus Payable		
	Mr. K.M. Vishwanathan	425,000	116,282
	Mr. K V Balaji	425,000	72,521

30. LEGAL AND PROFESSIONAL FEE IN NOTE 20 INCLUDES AUDITORS REMUNERATION AS FOLLOWS

Particulars	31 March 2016	31 March 2015
Audit Fees	314,875	25,000
Limited review fees	85,875	-
Certification fees	6,840	51,000
Out of pocket expenses	-	25,672
Total	407,590	101,672

M Power Micro Finance Private Limited

Notes to the Financial Statements for the year ended 31 March 2016

31. As required in terms of paragraph 10 of Non-banking Financial (Non deposit Accepting or Holding) Companies prudential Norms (Reserve Bank) Directions 2007.

(i) Capital Adequacy Ratio

Particulars	31 March 2016	31 March 2015
Tier I Capital (net worth)	125,948,306	102,949,501
Tier II Capital	68,748,816	5,905,897
Total Capital	194,697,122	108,855,398
Total Risk Weighted Assets	992,694,028	602,334,095
CRAR as a Percentage of Total Risk Weighted Assets (%)	19.61%	18.07%

(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 2016 (Previous Year: Nil).

32. Margin

In pricing of credit (the loan portfolio), the interest rates charged by the Company is lower of the cost of fund plus margin cap of 12% or the average base rate of five largest commercial banks by assets multiplied by 2.75, as per RBI Master Circular-Introduction of New Category of NBFCs- 'Non-Banking Financial Company- Microfinance Institution (NBFC-MFIS)- Directions RBI/2013-14/482 DNBS.(PD) CC. No 369/03.10.38/2013-14 dated 7th February 2014.

(a) Calculation of cost of fund (As of 31 March, 2016):

Particulars	%
Average effective cost of borrowing	15.17
Margin	12.00
Lending Rate	27.17

(b) Average base rate of the five largest commercial banks by assets multiplied by 2.75 = 9.45*2.75=25.99% (As of 31 March, 2016)

Interest rate charged by the Company for the quarter ended, 31 March 2016 is 25.99% i.e. lower of the 27.17% (as specified in (a) above or 9.45% (as specified in (b) above).

33. Qualifying Asset:

The Company has maintained the qualifying asset percentage as at 31 March 2016, as specified in the RBI Master Circular-Introduction of New Category of NBFCs – 'Non-Banking Financial Company- Microfinance Institution (NBFC-MFIS) - Directions RBI/2013-14/49 DNBS.(PD) CC. No 347/03.10.38/2013-14 dated 1st July 2013.

M Power Micro Finance Private Limited

Notes to the Financial Statements for the year ended 31 March 2016

34. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Based on and to the extent of information received by the Company from the suppliers during the year regarding their status under the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars for the years ended 31 March 2016 and 31 March 2015 are furnished below:

Particulars	For the Year Ended 31 st March 2016	For the Year Ended 31 st March 2015
Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
The amount of interest due and payable for the year	-	-
The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid.	-	-

Note:

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

35. Disclosure Pursuant to Reserve Bank of India Notification DNBR.008/CGM (CDS) - 2015 Dated 27th March, 2015.

Sl. No.	Particulars	As at 31 st March 2016	
		Amount outstanding in Rs.	Amount Over Due in Rs.
	Liabilities Side :		
(1)	Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
a.	Debtenture		
	- Secured	127,291,740	-
	- Unsecured	-	-
	(other than falling within the meaning of public deposits)		
b.	Deferred Credits	-	-
c.	Term loans	801,238,719	-
d.	Inter Corporate Loans and borrowings	-	-
e.	Commercial Paper	-	-
f.	Other Loans	-	-

M Power Micro Finance Private Limited

Notes to the Financial Statements for the year ended 31 March 2016

Assets Side :			
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]		
a.	Secured	-	-
b.	Unsecured (Note: represents the Loan Portfolio less provision)	866,132,688	-
(3)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i)	Lease assets including lease rentals under sundry debtors :		
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 :		
	Current Investments :		
1.	Quoted:		
(i)	Shares		
(a)	Equity	-	-
(b)	Preference	-	-
(ii)	Debentures and Bonds		
(iii)	Units of mutual funds		
(iv)	Government Securities		
(v)	Others (please specify)		
2.	Unquoted:		
(i)	Shares		
(a)	Equity	-	-
(b)	Preference	-	-
(ii)	Debentures and Bonds		
(iii)	Units of mutual funds		
(iv)	Government Securities		
(v)	Others (please specify)		

M Power Micro Finance Private Limited

Notes to the Financial Statements for the year ended 31 March 2016

Long Term investments:			
1. Quoted:			
(i) Shares			
(a) Equity	-		-
(b) Preference	-		-
(ii) Debentures and Bonds	-		-
(iii) Units of mutual funds	-		-
(iv) Government Securities	-		-
(v) Others (please specify)	-		-
2. 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			
Category		Amount net of provisions As at 31st March 2016 (Amount in Rs)	
		Secured	Unsecured
			Total
1.	Related Parties		
	a) Subsidiaries	-	-
	b) Companies in the same group	-	-
	c) Other related parties	-	-
2.	Other than Related parties	-	-
	Total		

(6) Investor group-wise Classification of Assets financed as in (2) and (3) above			
Category		Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
1.	Related Parties		
	a) Subsidiaries	-	-
	b) Companies in the same group	-	-
	c) Other related parties	-	-
2.	Other than Related parties	-	-
	Total	-	-

(7) Other Information		Amount
(i)	Gross Non Performing Assets	
(a)	Related parties	-
(b)	Other than related parties	1,441,259
(ii)	Net Non-Performing Assets	-
(a)	Related parties	-
(b)	Other than related parties	811,340

M Power Micro Finance Private Limited

Notes to the Financial Statements for the year ended 31 March 2016

36. Previous Year Figures

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

In terms of our report

For G. M. Kapadia & Co

Chartered Accountants

Firm Registration No: 104767W

Sd/
CA Atul Shah
Partner
Membership No: 039569

For and on behalf of the Board of Directors

M Power Micro Finance Private Limited

Sd/-
K M Viswanathan
CEO & Director

Sd/-
Asmani Dholakia
Chief Financial Officer

Sd/-
K V Balaji
COO & Director

Sd/-
Biraj Pancholi
Company Secretary