



*"Nurture Dreams Transform Lives"*

# M Power Micro Finance Private Limited

**10<sup>th</sup> Annual Report**  
**2018-2019**

## Financial Highlights

Particulars	2014	2015	2016	2017	2018	2019
Branches	11	21	22	34	42	56
Staff	90	184	215	339	411	555
AUM (Rs. in Crs.)	25.03	63.87	121.43	116.85	192.60	233.91
Networth (Rs. in Crs.)	9.96	10.12	13.64	23.89	25.88	26.31
PAT	0.17	1.17	2.51	2.73	(7.83)	0.50

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## **M POWER MICRO FINANCE PRIVATE LIMITED**

### **10<sup>TH</sup> ANNUAL GENERAL MEETING**

Friday, 9<sup>th</sup> August 2019  
at 10.00 a.m.  
at B-212, Plot No. 231, Arjun Centre,  
Govandi Station Road,  
Govandi, Mumbai – 400 088, Maharashtra

### **REGIONAL OFFICES :**

#### **Gujarat**

3<sup>rd</sup> Floor, Amin Chambers,  
85-B, Sampatrao Colony,  
Alkapuri, Vadodara - 390 007.

#### **Rajasthan**

1<sup>st</sup> Floor, Plot No. 1177,  
Chowkdi Haweli City Yojana,  
Dhuleshwar Garden,  
Near Dhuleshwar Mahadev Temple,  
Jaipur - 302 006

### **REGISTRAR AND SHARE TRANSFER AGENT :**

#### **NSDL Database Management Limited**

(CIN U72400MH2004PLC147094)

4<sup>th</sup> Floor, Trade World A Wing,  
Kamala Mills Compound,  
Senapati Bapat Marg,  
Lower Parel, Mumbai – 400 013

**Telephone :** +91-22-4914 2591

**Fax:** +91-22-49142503

**Email:** nileshb@nsdl.co.in

**Website:** www.nsdl.co.in | www.ndml-nsdl.co.in

### **DEBENTURE TRUSTEES :**

#### **Catalyst Trusteeship Limited**

(Erstwhile GDA Trusteeship Limited)  
83 – 87, 8<sup>th</sup> Floor, 'Mittal Tower', 'B' Wing,  
Nariman Point, Mumbai – 400021

**Telephone :** +91-22-4922 0536

**Fax:** +91-22-4922 0505

**Website:** www.catalysttrustee.com

### **BOARD OF DIRECTORS**

Mr. K. M. Vishwanathan	<i>Managing Director &amp; CEO</i>
Mr. K. V. Balaji	<i>Whole Time Director</i>
Mrs. Vanaja Shankar	<i>Independent Director</i>
Mr. Rajesh Nuwal	<i>Nominee Director</i>
Mr. Ramanathan Annamalai <sup>®</sup>	<i>Independent Director</i>
Mr. Desh Raj Dogra*	<i>Independent Director</i>

<sup>®</sup> Mr. Ramanathan Annamalai retired with effect from 01.04.2018

\* Mr. Desh Raj Dogra resigned with effect from 23.02.2019

### **REGISTERED OFFICE :**

B-212, Arjun Centre,  
Plot No. 231,  
Govandi Station Road,  
Govandi, Mumbai - 400 088.  
Maharashtra

**Telephone :** +91-22-6531 3141/42

**Email:** contact@mpowermicro.com

**Website :** www.mpowermicro.com

**CIN :** U65999MH2009PTC197149

### **STATUTORY AUDITORS**

M/s. G. M. Kapadia & Co	<i>Chartered Accountant</i>
(Firm Regn. No. 104767W)	<i>Mumbai</i>

### **SECRETARIAL AUDITORS**

M/s. Priti Jajodia & Associates, Mumbai

### **KEY MANAGERIAL PERSONNEL**

Mr. K. M. Vishwanathan	<i>Chief Executive Officer</i>
Mr. Shrikant Sapre	<i>Chief Financial Officer</i>
Ms. Vibhuti Harsh	<i>Company Secretary</i>

## Bankers / Financial Institutions of the Company

### BANKS

AU Small Finance Bank Limited  
Axis Bank Limited  
Bank of Maharashtra  
Canara Bank  
DCB Bank  
Dena Bank  
Dhanlaxmi Bank Limited  
HDFC Bank Limited  
IDFC First Bank Limited  
Kotak Mahindra Bank Limited  
RBL Bank Limited  
South Indian Bank Limited  
State Bank of India  
Suryoday Small Finance Bank Ltd  
Union Bank of India  
Yes Bank Limited

### FINANCIAL INSTITUTIONS

Avanse Financial Services Limited  
Capri Global Capital Limited  
Caspian Impact Investments Private Limited  
Hinduja Leyland Finance Limited  
L&T Finance Limited  
Maanaveeya Development & Finance Pvt. Limited  
Mahindra & Mahindra Financial Services Limited  
Manapuram Finance Limited  
MAS Financial Services Limited  
Muthoot Capital Services Limited  
Northern Arc Capital Limited  
Reliance Commercial Finance Limited  
Samunnati Financial Intermediation Services Pvt. Limited  
Shriram City Union Finance Limited  
Vivriti Capital Private Limited

## Our Investors

- 1 AU SMALL FINANCE BANK LIMITED
- 2 INDIANIVESH CAPITALS LIMITED

## BOARD OF DIRECTORS



**K. M. Vishwanathan**  
Managing Director & CEO

Mr. K. M. Vishwanathan, Managing Director & CEO is MBA graduated with more than 30+ years of experience in Banking and financial services and has vast exposure to branch banking, commercial lending, Lease & hire purchase business and credit risk for SME segment. He was associated with HDFC Bank, Cholamandalam and Karnataka Bank at senior management level.



**K. V. Balaji**  
Whole Time Director

Mr. K. V. Balaji, Whole Time Director is Post Graduate in Economics and Marketing Management has more than 20+ years of experience in Commercial lending and has expertise in sales strategy, team management and human resource. He was associated with HDFC Bank, Cholamandalum and Centurion Bank of Punjab Ltd.



**Rajesh Nuwal**  
Nominee Director

Mr. Rajesh Nuwal has over 2 decades of experience in financial service sector and has successfully built various business verticals and organizations. He has also been invited to join leadership team of Clement Capital LLC, USA.



**Vanaja Shankar**  
Independent Director

Mrs. Vanaja Shankar post graduate diploma in Finance & Marketing is an experienced HR professional with 25 yrs in Banking Industry. She was a Senior Executive in ICICI Bank. Now Vanaja is a independent HR consultant & visiting faculty in NIBM & IDBI Bank. She runs a HR training portal and has authored a book for young Bankers. She will add HR & Women perspective to the Board.

## CORE MANAGEMENT TEAM



**Shrikant Sapre**, Chief Financial Officer

Mr. Shrikant Sapre, Chartered Accountant(CA) having more than 2 decades of experience in the Financial services. He has worked with top financial Institutes such as HDFC Bank, Chola mandalam and ICICI Bank. His area of expertise is credit risk, credit underwriting for SME and policy formulation. He also possesses experience of handling customer service. At MPower, Mr. Sapre is CFO and Operations Head.

**P. V. Rajesh**, Head - Product & IT

Mr. P. V. Rajesh is a commerce graduate having more than 2 decades of experience in financial services industry in the areas of Accounts & back office Operations. His expertise lies in strong and detailed understanding in the area of back office operation, process & procedures. Mr. P. V. Rajesh heads Product & IT Department of the Company.



**Ankit Tak**, Zonal Head - Gujarat & Rajasthan

Mr. Ankit Tak is a post graduate in rural management from FMS -IRM. He was previously associated with Infosys and Sahayata Microfinance. He specializes in conflict management and is responsible for business in Gujarat & Rajasthan Region.

**Shivaji Bade**, Zonal Head - Maharashtra

Mr. Shivaji Bade a Post-Graduate in Agri. Business Management from Mumbai University. He has more than 10 years of rich experience in Financial Inclusion space, having worked in leading MFIs. He is Zonal Head for Maharashtra Region.



## NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the Members of M Power Micro Finance Private Limited will be held on Friday, 9<sup>th</sup> August, 2019 at 10.00 a.m. at the Registered Office of the Company situated at B-212, Arjun Centre, Plot No. 231, Govandi Station Road, Govandi, Mumbai – 400 088 to transact the following business:

### ORDINARY BUSINESS :

- Item No. 1.** To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2019, including the Audited Balance Sheet as on 31<sup>st</sup> March, 2019, the Statement of Profit and Loss for the year ended on that date and the Cash Flow Statement for the year ended on that date together with the Reports of the Board and the Auditors thereon;
- Item No. 2.** To declare final dividend on the Preference Shares for the financial year ended 31<sup>st</sup> March, 2019;  
To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
“**RESOLVED THAT** final dividend at the coupon rate of 13.35% per annum on 5,00,000 Preference shares as recommended by the Board of Directors of the Company for the year ended 31<sup>st</sup> March, 2019 aggregating to Rs. 6,25,932/- (Rs. Six lakhs twenty five thousand nine hundred thirty two only) be and is hereby declared and shall be paid to the preference shareholder.”
- Item No. 3.** To ratify the appointment of Statutory Auditors;  
To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
“**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder as amended from time to time (including any statutory modification(s) or re-enactment thereof for the time being in force) and the resolution passed by the Members at the 6<sup>th</sup> Annual General Meeting held on 6<sup>th</sup> June, 2015, the Company hereby ratifies the appointment of M/s. G. M. Kapadia & Co, Chartered Accountants, Mumbai (Firm Registration No. 104767W) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next AGM of the Company, on such remuneration as may be mutually agreed upon between the Board of Directors and the Auditors, plus out of pocket expenses.”

### SPECIAL BUSINESS :

- Item No. 4.** To approve increase in borrowing limits of the Company:  
To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:  
“**RESOLVED THAT** in supersession of all the earlier resolutions passed in this regard, the consent of the Members of the Company be and is hereby accorded under the provisions of Section 180(1)(c) and any other applicable provisions, if any, of the Companies Act, 2013, read with the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), to the Board of Directors (hereinafter referred to as the Board which term shall be deemed to include any Committee(s) constituted/ to be constituted by the Board, from time to time to exercise its powers conferred by this resolution) of the Company to borrow moneys time to time, any sum or sums of monies inter alia by way of loan, financial assistance, securitization transactions, assignments from various banks/financial institutions and/or other lenders, issue of Debentures/ bonds or other debt instruments with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) in excess of the aggregate of the paid up share capital, free reserves and securities premium, of the Company, provided that the total amount borrowed by the Board shall remain outstanding at any point of time, apart from temporary loans obtained/ to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs. 500 Crore (Rupees Five Hundred Only), on the terms and conditions as the Board at its sole discretion may deem fit and for the said purpose, to do and perform and for the said purpose, to do and negotiate, agree and execute the required documents in this regard with any banks, financial institutions, companies firms or any other government or semi – government bodies, whether state or central, for borrowing funds on such terms as may be mutually agreed between the Company and the Lender.



**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee(s) constituted/ to be constituted by the Board, from time to time to exercise its powers conferred by this resolution thereof) be and is hereby authorized to do all such acts, deeds and things as may be required and to finalise the terms & conditions and execute all such agreements, documents, instruments applications etc as may be required with power to settle all questions, difficulties or doubts that may arise in this regard as it may in its sole discretion deem fit and to delegate all or any of its powers herein conferred to any Committee and/ or directors/ officers of the Company, to give effect to this resolution."

**Item No. 5.** To approve increase in limits for creation of charge on the assets of the Company:

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** in supersession of all the resolutions passed earlier in this regard, the consent of the members of the Company be and is hereby accorded under Section 180(1)(a) and 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013, read with the rules made thereunder (including any statutory modification or amendment thereto or re-enactment thereof for the time being in force) to the Board of Directors (hereinafter referred to as the Board which term shall be deemed to include any Committee(s) constituted/ to be constituted by the Board, from time to time to exercise its powers conferred by the resolution) to create such charges, mortgages and hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such immovable and movable properties of the Company both present and future and the whole or substantially the whole of the undertaking or the undertakings of the Company on such terms and conditions, as may be agreed to between the Board and Lender(s) to secure the loans / borrowings obtained or as may be obtained, which may exceed the paid-up capital, free reserves and securities premium in the ordinary course of business but not exceeding Rs. 500 Crore (Rupees Five Hundred Crores Only) over and above the aggregate of the paid up share capital, free reserves and securities premium of the Company whichever is higher."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate to any committee of directors or authorized signatories, the aforesaid power to create charge on the assets of the Company."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board, its committee or authorized signatories be and is hereby severally authorized to do all such acts, deeds and things as it may in its absolute discretion may deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

**Item No. 6** To appoint Mr. Desh Raj Dogra as Independent Director:

To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of the Section 149, 152 read with schedule IV, all other applicable laws of the Companies Act, 2013 read with the Companies (The Appointment and Qualifications of Directors) Rules, 2014 and applicable RBI rules, regulations and guidelines upon recommendation by the Nomination & Remuneration Committee of the Board, Mr. Desh Raj Dogra (DIN: 00226775) was appointed as Additional, Independent Director of the Company by the Board and who shall hold a office upto the date of this Annual General Meeting and in this regards Company has received a notice in writing from the member proposing his candidature for the office of the Director be and is hereby appointed as an Independent Director on the terms and conditions enumerated in the Letter of appointment."

**"RESOLVED FURTHER THAT** Mr. K.M. Vishwanathan(DIN: 02778043), Managing Director & CEO of the Company be and is hereby authorised to do all such acts, deeds, things and matter to give effect to the aforesaid resolution."

**On Behalf of the Board of Directors  
For M Power Micro Finance Private Limited**

Sd/-

**K. M. Vishwanathan  
Managing Director & CEO  
DIN : 02778043**

**Place: Mumbai  
Date: 25<sup>th</sup> May 2019**

**NOTES:**

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE “MEETING”) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing the proxy in order to be valid should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.**

A person can act as proxy on behalf of Members not exceeding fifty (50) in number and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. A blank Proxy Form is attached herewith.

- 2) Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- 3) Members are requested to:
- (a) Bring their copy of the Annual Report and Attendance Slip with them at the Annual General Meeting. A blank Attendance Slip is annexed herewith.
  - (b) Quote their Regd. Folio Number in all their correspondence with the Company.
- In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- 4) Relevant documents referred to in the Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays and holidays, during business hours up to the date of the Meeting and during the continuance of the meeting at its venue.
- 5) Members desirous of obtaining any information in respect of financial statements of the Company are requested to send their queries in writing to the company at its Registered Office so as to reach at least seven days before the date of the meeting.
- 6) Pursuant to SEBI circular, it is mandatory to quote PAN for transfer/transmission of shares in physical form. Therefore, the transferee(s)/ legal heirs are required to furnish a copy of their PAN to Company.
- 7) A route map for the easy location of the venue of meeting is annexed with the Notice.

Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013 as well as the Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 will be kept open for inspection at the venue during the continuance of the meeting.

**IMPORTANT COMMUNICATION TO MEMBERS**

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

## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act"):**

The following Statement sets out all material facts relating to the Special Businesses mentioned in the accompanying Notice:

### **Item No. 4&5:**

In terms of the provisions of Section 180 (1)(a) and 180(1)(c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Company in General Meeting, borrow moneys, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of aggregate of the paid up capital, its free reserves and securities premium (reserves not set apart for any specific purpose) or sell, lease or otherwise dispose of the whole or substantially the whole of its undertaking of the Company, or where the Company owns more than one undertaking of the whole or substantially the whole of any of such undertakings

At the Annual General Meeting of the Company held on 11<sup>th</sup> July, 2016, the shareholders had accorded consent to the Board of Directors for borrowing any sum or sums of money outstanding at any point of time, not exceeding the sum of Rs. 250 Crore (Rupees Two Hundred and Fifty Crore Only).

Keeping in view the growing trend in the business of the Company and foreseeing the business expansion strategy in the coming years, the Board at its meeting held on 25.05.2019, decided to increase the above borrowing limits from Rs. 250 Crore (Rupees Two Hundred and Fifty Crore Only) to Rs. 500 (Rupees Five Hundred Crore Only) over and above the aggregate of the paid up share capital and free reserves of the Company.

The proposed borrowings by the Company, if required, is to be secured by mortgage or charge on all or any of the movable or immovable or any other tangible and intangible assets / properties of the Company (both present & future), in favor of any lender including the financial institutions / banks / debenture trustees, other lenders etc. in such form, manner and ranking as may be determined by the Board/its Committee from time to time, in consultation with the lender(s).

The mortgage and / or charge on any of the movable and / or immovable or any other tangible and intangible assets / properties and / or the whole or any part of the undertaking(s) of the Company, to secure borrowings of the Company with a power to the charge holders to take over the management of the business of the Company in certain events of default, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 180(1)(a) of the Act.

The resolutions contained in item no. 4&5 of the accompanying Notice, accordingly, seek members' approval for increasing the borrowing limits and disposal of the Company's undertaking(s) by creation of mortgage / charge etc. thereon and for authorizing the Board of Directors (including a Committee thereof authorized for the purpose) of the Company to complete all the formalities in connection with the increase in the borrowing limits and creating charge on Company's properties, respectively.

The Board recommends the Resolutions as set out at Item No. 4&5 in the Notice convening the Meeting, for consideration and approval by the Members by way of Special Resolution.

None of the Directors or key managerial personnel of the Company or their relatives is / are, in any way concerned or interested in the proposed resolutions.

### **Item No. 6:**

Mr. Desh Raj Dogra, was appointed as Additional, Non Executive Independent Director of the Company by the Board at its meeting held on 25.05.2019 on the terms and conditions mentioned in the letter of appointment.

#### **Brief Profile of Desh Raj Dogra**

Mr. Desh Raj Dogra, 64 years, a Certified Associate of the Indian Institute of Bankers. Mr. Desh Raj Dogra holds a Bachelor's and a MS in agriculture from Himachal Pradesh University and MBA in Finance from University of Delhi.

The list of Companies in which directorship held with other companies is as under:

#### **SN Name of the Company**

- 1 Ashirwad Micro Finance Limited
- 2 Sintex Plastics Technology Limited
- 3 Sintex - BAPL Limited
- 4 AMPL Cleantech Private Limited
- 5 Welspun Corp Limited
- 6 S Chand & Company Limited
- 7 Welspun Tradings Limited

As per provisions of the Section 149 of the Companies Act, 2013, an independent director can hold office for a term upto five consecutive years on the Board of the Company and is not liable to retire by rotation. Mr. Desh Raj Dogra shall be appointed for the term of 5 years. Pursuant to Sec. 149 (7), Mr. Desh Raj Dogra has given his declaration that he meets the criteria of Sec. 149 (6) of the Companies Act, 2013.

Mr. Desh Raj Dogra fulfills the conditions specified in the Act, Rules for the appointment of the independent director and is independent of the management. The appointment of Mr. Dogra is now placed before the members in general meeting for their approval.

Except Mr. Desh Raj Dogra, being an appointee and his relatives, to the extent of their shareholding interest, if any, none of the directors/ key managerial personnel of your Company and their relatives, are concerned or interested, financially or otherwise, in the above resolutions.

**On Behalf of the Board of Directors  
For M Power Micro Finance Private Limited**

Sd/-

**K. M. Vishwanathan  
Managing Director & CEO  
DIN : 02778043**

**Place: Mumbai  
Date: 25<sup>th</sup> May 2019**

## ROUTE MAP TO THE VENUE OF 10<sup>TH</sup> ANNUAL GENERAL MEETING



## MANAGING DIRECTOR'S SPEECH



**Dear Shareholders,**

I have great pleasure in welcoming you to the Tenth Annual General Meeting of your Company. It has indeed been an eventful year since I last had the privilege of addressing you and I would like to thank all stakeholders for the steadfast support and unwavering confidence reposed in the Company through thick and thin. It is this consistent faith and support that has enabled your Company to suitably strategize and adapt effectively that enables us to grow and perform year after year.

The Financial Statements for the year ended 31<sup>st</sup> March, 2019 along with the Directors' Report and Auditors' Report have already been circulated to you. With your permission, I would like to take them as read.

During the year 2018-19 the base of total no. of members serviced till 31<sup>st</sup> March, 2019 increased to 196,636 as on 31<sup>st</sup> March, 2019 from 1,79,044 as on 31<sup>st</sup> March, 2018. The total gross loan portfolio of the Company as on 31<sup>st</sup> March, 2019 stood at Rs. 233.91 crores as against Rs. 192.60 crores as on 31<sup>st</sup> March, 2018, a growth of 20%.

During the period under review the total income of your Company increased to Rs. 50.19 crores from Rs. 33.33 crores in 2018-19 with a profit of Rs. 49.93 lakhs as against loss of Rs. 7.83 crores in last year. The Company has opened 15 new branches aggregating to 56 branches. The total expenditure of the Company has increased to Rs. 48.19 Crores as against Rs. 42.78 crores.

The last 5 years performance is appended herein below:

Particulars	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
No of Customers	48,524	75,400	86,460	97,719	1,20,537
No of Branches	21	22	34	42	56
AUM (Rs. Cr.)	63.87	121.43	116.85	192.60	233.91
Asset On Book (Rs. Cr.)	59.06	87.49	102.49	165.85	157.10
No of Employees	184	215	339	421	555
Net Worth (Rs. Cr.)	10.30	13.64	23.89	25.88	26.31
PAT (Rs. Cr.)	1.17	2.51	2.73	(7.83)	0.50
ROA	2.98%	2.63%	2.33%	(5.93)%	0.20%
ROE	10.50%	20.29%	18.30%	(31.46)%	1.61%

As you will have noted, these figures broadly indicate that your Company has been able to navigate through the difficult challenges of the recent past. This has been largely due to strong fundamentals of the Company and the foresight of your management in putting into place business strategy.

Your Company has recorded a growth in disbursement/business in the preceeding years, and it continues this year. During the last quarter your Company has disbursed Rs. 72.60 crores. There was slowdown phase in the NBFC Sector and your Company too had been affected in the business.

The major reason for the slowdown was reluctance on the part of the banks to lend to the sector. Growth could not reach to its full potential as liquidity is a big challenge. As an alternate strategy, Company has ventured into BC model to conserve capital and enhance shareholders' wealth. The Company has plans to diversify 20 branches out of 56 branches to BC model to tide over funding crises. Your Company has ventured into Business Correspondent model as well to ensure sufficient liquidity to all branches to optimize disbursements in the coming year.

In coming year, the Company is looking forward to raise capital. Then would continue to deepen its geographical reach in the States of Rajasthan, Gujarat and Maharashtra to cover more districts in these states with a view to add large number of households in its portfolio. The Company targets to cross 500 crore book size in the coming year.



The Company has adopted robust mobility sourcing platform, so as to enhance productivity and reduce turn around time (TAT) for loan applications of the customers. This has led the Company to nearly paperless sourcing and faster processing. The Company has put in place appropriate recruitment and skill development training programmes and development of Company's workforce through internal training team, rewards and recognition and external exposures has been the core aspect of HR policy.

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.

I would like to take this opportunity to thank the Company's stakeholders, especially our valued customers, employees, Central and State Governments, Regulatory Authorities, investors, bankers and financial institutions for their continued faith and trust.

I thank all my colleagues on the Board for helping me in creating good governance culture across the organization and fulfilling the responsibilities of Board.

I would like to place on record the sincerity, hard work, commitment and dedication of the entire M Power team.

I seek your continued support in making the Company more sustainable and resilient to external challenges.

Sincerely

Sd/-

**K.M. Vishwanathan**  
**Managing Director & CEO**  
**DIN : 02778043**

## DIRECTORS' REPORT

To,  
**The Members,**  
 M Power Micro Finance Private Limited,

Your Directors have immense pleasure in presenting the 10th (Tenth) Annual Report on the business and operations of your Company together with Audited Annual Accounts for the financial year ended on 31<sup>st</sup> March, 2019.

### 1. FINANCIAL PERFORMANCE AND OPERATIONS

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

(Rs. in Crores)

Particulars	2018-19	2017-18	2016-17
Total Income	50.19	33.33	30.28
Total Expense	47.37	42.32	26.12
Profit/(Loss)Before Tax & Depreciation	2.81	(8.99)	4.16
Depreciation	0.82	0.46	0.26
<b>Profit / (Loss )Before Tax</b>	<b>1.99</b>	<b>(9.45)</b>	<b>3.90</b>
Tax Expense (Deferred Tax Asset)	1.49	1.62	1.17
<b>Profit / (Loss) After Tax</b>	<b>0.50</b>	<b>(7.83)</b>	<b>2.73</b>
Transfer to Statutory Reserve	0.10	Nil	0.55

During the period under review the total income of your Company has increased by Rs.16.85 crores from Rs. 33.33 crores in 2017-18 to Rs. 50.19 crores in 2018-19. The Company during the year has opened 15 new branches aggregating to 56 branches. The business of your Company has slowed down due to troubled times in the sector particularly in Q3 Oct - Dec. However your Company has done business of Rs. 72.60 crores in the last quarter aggregating total business of Rs. 205.11 crores. As Company has opened 15 branches the operating expenditure has increased by Rs. 5.27 crores to Rs. 19.69 crores and total expenditure has raised to Rs. 48.19 crores during the year.

The Company has earned a profit of Rs. 0.50 crores in FY 2018-19 as against a loss of Rs. 7.83 crores in 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 was no change in nature of business.

### 3. Dividend:

Your Directors vide their Board meeting held on 25.05.2019 recommends dividend to the Preference Shareholder at the coupon rate of 13.35% per annum for 5,00,000 Preference shares aggregating to Rs. 6,25,932/-.

### 4. Change in Directors/Key Managerial Personnel:

During the year under review the following changes in the Directors/ Key Managerial Personnel as mentioned herein below:

- Retirement of Mr. Ramanathan Annamalai as Independent Director with effect from 01.04.2018

- Resignation of Mr. Desh Raj Dogra as Independent Director with effect from 23.02.2019

Based on the confirmations received, none of the Directors are disqualified for appointment under Section 164 of the Companies Act, 2013.

### 5. Deposits:

The Company is a Non Banking Financial Company without accepting deposits from the public, 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, 2019.

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

There were no material orders passed by regulators or courts or tribunals impacting the going concern status and operations of the organization.



## 7. Sources of Fund:

During the year under review, the Company has in aggregate raised funding of Rs. 200.44 crores.

The breakup of the debt structure of the Company is mentioned in the table appended herein below:

SN	Name of the Bank/Financial Institution	Amount (Rs. in crores)
1	Term Loan (Inc OD of Rs. 1.00 cr)	108.75
2	Assignment	76.55
3	Securitisation	15.14
<b>TOTAL</b>		<b>200.44</b>

## Rating:

The details of the ratings assigned to the NCDs/ Bank Loan of the Company by the ICRA/CARE are given herein below:

<u>Series/Tranche/Facilities</u>	<u>Latest Credit Rating</u>	<u>Amount (Rs. in crores)</u>
Long Term Bank Facilities	CARE BBB-; Stable	50.00
Long Term Subordinated Term Loans	CARE BBB-; Stable	5.00

## 8. Share Capital:

During the year under review your Company has raised its authorised share capital from 23.00 crores to 38.00 crores comprising of 3.50 crores Equity shares of Rs. 10/- aggregating to Rs. 35.00 crores and 30.00 lakhs Preference shares of Rs. 10/- each aggregating to Rs. 3.00 crores.

The Company has varied the rights of the Preference shareholder by increasing the tenure by 1 year and revised the coupon rate to 13.35% pa from 12.00% pa.

The Company has not allotted any equity shares with differential rights or granted stock options or issued sweat equity during the financial year ended on 31<sup>st</sup> March, 2019.

The Company does not have a Scheme of ESOP and accordingly, disclosure under Section 67(3) of the Companies Act, 2013 in respect of voting rights not exercised directly by the employees in respect of shares to which the scheme relates is not required to be made.

## 9. Compliance with RBI Guidelines:

The Reserve Bank of India (RBI) has granted certificate vide registration No. N-13.01963 dated 13.04.2010, to commence the business of a Non Banking Financial Institution without accepting deposits. Your Company is NBFC - Non Systemically Important- Non Deposit taking Company.

Your Company has complied with the 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.

## 10. Capital Adequacy:

The Company is well capitalized and has a Capital Adequacy Ratio of 16.84% as on 31<sup>st</sup> March 2019. The minimum capital adequacy requirement stipulated for the company by RBI is 15%.

## 11. Particulars of Employees:

Details of remuneration as required under Rule 5.1 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided as under:

(i) Ratio of remuneration of each director to the median employees remuneration for FY 2019

Name of the Director	Designation	Ratio of Remuneration to the median employees remuneration
Mr. K. M. Vishwanathan	Managing Director & CEO	28.85 times
Mr. K. V. Balaji	Whole Time Director	25.24 times
Mr. Desh Raj Dogra	Independent Director	NA
Mr. Rajesh Nuwal	Nominee Director	NA
Mr. A. Ramanathan	Independent Director	NA
Mrs. Vanaja Shankar	Independent Director	NA

- (ii) Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

The percentage increase in the salary of the Directors is as per table appended here in below:

Name of the Director	Designation	Percentage Increase
Mr. K. M. Vishwanathan	Managing Director & CEO	33.33 %
Mr. K. V. Balaji	Whole Time Director	40.00%
Mr. Desh Raj Dogra*	Independent Director	NA
Mr. Rajesh Nuwal	Nominee Director	NA
Mr. A. Ramanathan®	Independent Director	NA
Mrs. Vanaja Shankar	Independent Director	NA
Mr. Shrikant Sapre	CFO	Nil
Ms. Vibhuti Harsh	Company Secretary	8.00%

\* Mr. Desh Raj Dogra resigned from the Board on 23.02.2019

® Mr. A. Ramanathan retired with effect from 01.04.2018

- (iii) The percentage increase in the median remuneration of employees in the financial year:

The percentile increase in the median remuneration of employees in the FY is -4.73 times

- (iv) The number of permanent employees on the rolls of company:

The Company had 555 permanent employees on the rolls of the Company.

- (v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

There was decrease in the average percentile of the executive by 4.59% and the increase in the managerial remuneration was 5.34%. During the year under review there was no exceptional case for increase in the remuneration.

- (vi) Affirmation that the remuneration is as per the remuneration policy of the company:

The average increase in the remuneration of both, managerial and non managerial personnel was determined based on the overall performance of the Company. Further, the criteria for the remuneration of the non managerial personnel was determined based on the internal evaluation of Key Result areas (KRA).

There was no exceptional circumstances which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company.

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.

## 12. Extract of Annual Return:

The details forming part of the extract of the annual return in Form MGT-9 is enclosed in Annexure "I". A copy of the Annual return be placed on the website of the Company ie. [www.mpowermicro.com](http://www.mpowermicro.com).

## 13. Number of Board Meetings:

The Board of Directors met 4 (Four) times during the financial year 2018-19. 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	10.05.2018	5	5
2	03.09.2018	5	5
3	01.11.2018	5	5
4	23.02.2019	4	4

Note : Mr. A. Ramanathan retired from the Board with effect from 01.04.2018

#### 14. 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 on 31.03.2015.

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 2018-19	
		Held	Attended
1	Mr. A. Ramanathan <sup>@</sup>	2	2
2	Mr. K. M. Vishwanathan	2	2
3	Ms. Vanaja Shankar	2	2
4	Mr. Desh Raj Dogra <sup>*</sup>	2	2

<sup>@</sup> Mr. A. Ramanathan retired from the Audit Committee with effect from 01.04.2018

<sup>\*</sup> Mr. Desh Raj Dogra was appointed as member with effect from 10.05.2018.

The Audit Committee met for 2 (Two) times on 10.05.2018 and 01.11.2018

The Board has accepted all the recommendations of the Audit Committee during the year under review.

##### (b) Nomination & Remuneration Committee:

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

The NRC recommends the appointment of the Directors or Key Managerial Personnel to the Board.

The NRC identifies the persons who are qualified to become Directors on the Board and evaluates criteria such as academic qualifications, previous experience, track record and integrity of the persons identified before recommending their appointment to the Board.

The composition of the remuneration is reasonable and sufficient to attract, retain and motivate individuals to achieve their targets. Remuneration to the individuals involves the balance between fixed and incentive pay reflecting short term targets, collection and disbursement objectives appropriate to the working of the Company.

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 2018-19	
		Held	Attended
1	Ms. Vanaja Shankar	1	1
2	Mr. K. M. Vishwanathan	1	1
3	Mr. A. Ramanathan <sup>@</sup>	1	1
4	Mr. Desh Raj Dogra <sup>*</sup>	1	1

<sup>@</sup> Mr. A. Ramanathan retired from the Committee with effect from 01.04.2018

<sup>\*</sup> Mr. Desh Raj Dogra was appointed as member with effect from 10.05.2018.

The NRC Committee met for 1 (One) time on 10.05.2018

##### (c) Executive Committee:

Your Company is in Lending Business and financing being a regular & ongoing requirement for the company, the Board has constituted Executive Committee on 10.01.2014 comprising of Mr. K. M. Vishwanathan, Managing Director & CEO and Mr. K. V. Balaji, the Whole Time Director & COO as its members. For Board effectiveness, Ms. Vanaja Shankar was appointed as a member with effect from 10.05.2018. The Executive Committee is chaired by Mr. K. M. Vishwanathan.

During the year under review, the Committee met 13 times on 16.04.2018, 11.05.2018, 28.05.2018, 05.06.2018, 18.07.2018, 24.07.2018, 21.08.2018, 03.09.2018, 31.10.2018, 02.11.2018, 14.12.2018, 09.01.2019 and 25.02.2019.

There was full attendance in all the meetings of the Executive Committee except on 14.12.2018, Ms. Vanaja Shankar was granted leave of absence.

**15. Directors' responsibility statements:**

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

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) 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;
- (c) 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;
- (d) The directors had prepared the annual accounts on a going concern basis;
- (e) 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 and
- (f) 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.

**16. Declaration given by independent directors:**

The Company has received necessary declaration from each Independent Director under section 149(7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

**17. Particulars of investments, loans and guarantees under Section 186:**

The Company has not made any loan or has given any guarantee or any security provided or any investment made by a Company which is covered under Section 186 of the Companies Act, 2013.

**18. 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 in prescribed Form AOC-2.

**19. 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 were no foreign exchange earnings and out-go during the year 2018 - 19.

**20. Board Evaluation:**

Pursuant to the provisions of the Companies Act 2013, the Board has evaluated by way of circulating a questionnaire for 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. The Board expresses its overall satisfaction on the performance of the Individual Directors, Board as a whole and of its Committees.

**21. 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.

## 22. **Transfer of Amounts to Investor Education and Protection Fund:**

The dividend amount was duly paid to the Preference Shareholder and therefore there are no amounts due and outstanding to be credited to Investor Education and Protection Fund as at 31<sup>st</sup> March, 2019.

## 23. **Auditors:**

### (a) **Statutory Auditors:**

At the 6<sup>th</sup> Annual General Meeting held on 6<sup>th</sup> 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 11<sup>th</sup> Annual General Meeting for the year ending 31<sup>st</sup> 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 cum eligibility 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 and accordingly does not require any comments of the Board.

Also no frauds were reported by the Auditors in their Report on the Financial Statements of the Company under Section 143(12) of the Companies Act, 2013.

### (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 had appointed M/s. Priti Jajodia & Associates, Practicing Company Secretaries, Mumbai to undertake the Secretarial Audit of the Company for the financial year ended 31<sup>st</sup> March 2019. The Report of the Secretarial Audit is annexed herewith marked as Annexure - III to this report.

## 24. **Vigil Mechanism Policy, Policy on Preservation of Documents:**

As per the provisions of Section 177(9) of the Companies Act, 2013 the Company is required to establish a Vigil Mechanism for Directors and employees to report genuine concerns. The Company has formulated a Vigil Mechanism Policy to adopt high integrity and professional approach. The Policy has been placed on the website of the Company.

The Policy can be found on the Company's website ie [www.mpowermicro.com](http://www.mpowermicro.com)

The Vigil Mechanism is reviewed by the Audit Committee of the Company and provides safeguard to the victimization of employees.

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

## 25. **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.

## 26. **Insurance:**

The 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 mediclaim cover for its employees.

## 27. **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 made 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 2018-19.



**28. Transfer to Reserves:**

During the year under review, the Company has transferred Rs. 9,98,605/- to the Reserve Fund as per 45-IC of the Reserve Bank of India Act, 1934.

**29. Revision of Financial Statements:**

There was no revision of Financial Statements during the year under review.

**30. Details of Subsidiaries, Joint Ventures or Associate Companies:**

During the year under review, the Company did not have any Subsidiary, Joint Venture and there were no companies which became or ceased to be the Company's Subsidiary, Joint Venture; accordingly, reporting on the highlights of performance of Subsidiaries and Joint Venture companies and their contribution to the overall performance of the Company during the period under report, is not required to be made. Your Company was an associate of IndiaNivesh Capitals Limited, holding 20% of shareholding, upon conversion of the Compulsory Convertible Debentures as on 30.03.2018 your Company has become subsidiary of IndiaNivesh Capitals Limited and continues to be subsidiary during the year under review.

**31. Material Changes and commitments affecting financial position of the Company which have occurred between the end of the Financial Year and the date of report:**

There have been no material changes and commitments affecting the financial position of the Company which occurred between the end of the Financial Year 2018-19 and the date of this Report.

**32. Risk Management:**

The Company has laid Credit and Risk Policy defining risk profiles being, Operational, Financial, Credit, External and Institutional risks. The Policy acts as the growth enabler for the Company by identifying risks, evaluating and taking effective measure to control and mitigate these risks.

**33. Internal Financial Control related to Financial Statements:**

The Company has in place adequate financial controls. The same is subject to timely review by the Audit Committee for its effectiveness. During the year under review, no material fallouts were noted.

**Acknowledgments:**

The Directors wish to thank 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.

**On Behalf of the Board of Directors  
For M Power Micro Finance Private Limited**

**Sd/-**

**K. M. Vishwanathan  
Managing Director & CEO  
DIN : 02778043**

**Sd/-**

**K. V. Balaji  
Whole-time Director  
DIN : 02776220**

**Place: Mumbai**

**Date: 25<sup>th</sup> May 2019**

**Annexure - I**  
**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**As on the Financial Year ended on 31<sup>st</sup> March, 2019**

*[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 <sup>th</sup> 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 – Non-Government Company
Address of the Registered office and contact details	B-212, Arjun Centre, Plot No. 231, Govandi Station Road, Govandi, Mumbai – 400088 Website: www.mpowermicro.com; Email: cs@mpowermicro.com
Whether listed company	Yes - Debenture Listed Company uptill 03.10.2018
Name, Address and Contact details of Registrar and Transfer Agent	NSDL Database Management Ltd. 4th Floor, Trade World, A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013. Contact details: 022 4914 2700

**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
1	INDIANIVESH CAPITALS LIMITED	L51909MH1983PLC267005	Holding	57.18	2 (46)

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

## I.) Category-wise Shareholding:

Particulars	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	
<b>A. PROMOTERS</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	36,80,000	36,80,000	19.15%	36,80,000	-	36,80,000	19.15%	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Others	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	-	36,80,000	36,80,000	19.15%	36,80,000	-	36,80,000	19.15%	-
<b>(2) Foreign</b>									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	-	36,80,000	36,80,000	19.15%	36,80,000	-	36,80,000	19.15%	-
<b>B. PUBLIC SHAREHOLDING</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	10,51,200	-	10,51,200	5.47%	10,51,200	-	10,51,200	5.47%	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital funds Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1)	10,51,200	-	10,51,200	5.47%	10,51,200	-	10,51,200	5.47%	-
<b>(2) Non Institutions</b>									
a) Bodies Corp.	68,00,287	41,89,359	1,09,89,646	57.18%	1,09,89,646	-	1,09,89,646	57.18%	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2,00,000	5,20,000	7,20,000	3.75%	5,00,000	2,20,000	7,20,000	3.75%	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	13,50,000	14,30,000	27,80,000	14.46%	25,30,000	2,50,000	27,80,000	14.46%	-
c) Others (specify)									
i) Non-Resident (Non-Rep)	-	-	-	-	-	-	-	-	-
ii) Non-Resident (Rep)	-	-	-	-	-	-	-	-	-
iii) Trust	-	-	-	-	-	-	-	-	-
iv) OCB	-	-	-	-	-	-	-	-	-
Sub-total (B)(2)	83,50,287	61,39,359	1,44,89,646	75.39%	1,40,81,646	4,70,000	1,44,89,646	75.39%	-
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>94,01,487</b>	<b>61,39,359</b>	<b>1,55,40,846</b>	<b>80.85%</b>	<b>1,50,70,846</b>	<b>4,70,000</b>	<b>1,55,40,846</b>	<b>80.85%</b>	<b>-</b>
<b>C. SHARES HELD BY CUSTODIAN FOR GDRS &amp; ADRS</b>									
	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>94,01,487</b>	<b>98,19,359</b>	<b>1,92,20,846</b>	<b>100.00</b>	<b>1,87,50,846</b>	<b>4,70,000</b>	<b>1,92,20,846</b>	<b>100.00%</b>	<b>-</b>

## ii.) Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the			% 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.	Mr. K. M. Vishwanathan	29,30,000	15.24%	-	29,30,000	15.24%	-	-
2.	Mr. K. V. Balaji	7,50,000	3.90%	-	7,50,000	3.90%	-	-
	<b>Total</b>	<b>3,680,000</b>	<b>19.15%</b>	<b>-</b>	<b>3,680,000</b>	<b>19.15%</b>	<b>-</b>	<b>-</b>



### iii.) Change in Promoters' Shareholding:

There was no change in the shareholding of Promoters during the year under review.

Sr. 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	<b>Mr. K.M. Vishwanathan</b>				
	At the Beginning of the Year	29,30,000	15.24%	29,30,000	15.24%
	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):	Nil	Nil	Nil	Nil
	<b>At the End of the Year</b>	<b>29,30,000</b>	<b>15.24%</b>	<b>29,30,000</b>	<b>15.24%</b>
2	<b>Mr. K.V. Balaji</b>				
	At the Beginning of the Year	7,50,000	3.90%	7,50,000	3.90%
	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):	Nil	Nil	Nil	Nil
	<b>At the End of the Year</b>	<b>7,50,000</b>	<b>3.90%</b>	<b>7,50,000</b>	<b>3.90%</b>

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

Sr. No.	Name of Shareholders For Each of the Top 10 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	<b>IndiaNivesh Capitals Limited</b>				
	At the Beginning of the Year	1,09,89,646	57.18%	-	-
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease	-	-	-	-
	<b>At the End of the Year</b>	<b>-</b>	<b>-</b>	<b>1,09,89,646</b>	<b>57.18%</b>
2	<b>AU Small Finance Bank Limited (Formerly AU Financiers (India) Limited)</b>				
	At the Beginning of the Year	10,51,200	5.46%	-	-
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease	-	-	-	-
	<b>At the End of the Year</b>	<b>-</b>	<b>-</b>	<b>10,51,200</b>	<b>5.46%</b>
3	<b>Rama Dogra (Transferred from Sudhir Kolte)</b>				
	At the Beginning of the Year	-	-	-	-
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease	-	-	-	-
	<b>At the End of the Year</b>	<b>-</b>	<b>-</b>	<b>3,30,000</b>	<b>1.72%</b>

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

Sr. No.	Name of Shareholders For Each of the Top 10 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
4	<b>Uma Maheshwari Sunil</b>				
	At the Beginning of the Year	3,00,000	1.56%	-	-
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease	-	-	-	-
	<b>At the End of the Year</b>	-	-	<b>3,00,000</b>	<b>1.56%</b>
5	<b>P. Swethambira</b>				
	At the Beginning of the Year	3,00,000	1.56%	-	-
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease	-	-	-	-
	<b>At the End of the Year</b>	-	-	<b>3,00,000</b>	<b>2.00%</b>
6	<b>D. Sathya Moorthi</b>				
	At the Beginning of the Year	3,00,000	1.56%	-	-
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease	-	-	-	-
	<b>At the End of the Year</b>	-	-	<b>3,00,000</b>	<b>1.56%</b>
7	<b>Manish Tiwari</b>				
	At the Beginning of the Year	2,50,000	1.30%	-	-
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease	-	-	-	-
	<b>At the End of the Year</b>	-	-	<b>2,50,000</b>	<b>1.30%</b>
8	<b>R. Rajagopalan</b>				
	At the Beginning of the Year	2,50,000	1.30%	-	-
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease	-	-	-	-
	<b>At the End of the Year</b>	-	-	<b>2,50,000</b>	<b>1.30%</b>
9	<b>Ajit Kumar</b>				
	At the Beginning of the Year	2,50,000	1.30%	-	-
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease	-	-	-	-
	<b>At the End of the Year</b>	-	-	<b>2,50,000</b>	<b>1.30%</b>
10	<b>V. C. Kumanan</b>				
	At the Beginning of the Year	2,50,000	1.30%	-	-
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease	-	-	-	-
	<b>At the End of the Year</b>	-	-	<b>2,50,000</b>	<b>1.30%</b>

v.) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	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	<b>Mr. K.M. Vishwanathan (Managing Director &amp; CEO)</b>				
	At the Beginning of the Year	29,30,000	15.24%	29,30,000	15.24%
	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):	Nil	Nil	Nil	Nil
	<b>At the End of the Year</b>	<b>29,30,000</b>	<b>15.24%</b>	<b>29,30,000</b>	<b>15.24%</b>
2	<b>Mr. K.V. Balaji (Whole Time Director)</b>				
	At the Beginning of the Year	7,50,000	3.90%	7,50,000	3.90%
	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):	Nil	Nil	Nil	Nil
	<b>At the End of the Year</b>	<b>7,50,000</b>	<b>3.90%</b>	<b>7,50,000</b>	<b>3.90%</b>
3	<b>Mr. Rajesh Nuwal (Nominee Director of INDIANIVESH Capitals Limited)</b>				
	At the Beginning of the Year	-	-	-	-
	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):	-	-	-	-
	<b>At the End of the Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
4	<b>Desh Raj Dogra (Independent Director) (Resigned with effect from 23.02.2019)</b>				
	At the Beginning of the Year	-	-	-	-
	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):	-	-	-	-
	<b>At the End of the Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
5	<b>Ramanathan Annamalai (Independent Director) (Retired with effect from 01.04.2018)</b>				
	At the Beginning of the Year	-	-	-	-
	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):	-	-	-	-
	<b>At the End of the Year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Sr. No.	For Each of the Directors and KMP	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
6	<b>Ms. Vanaja Shankar (Independent Director)</b>				
	At the Beginning of the Year	-	-	-	-
	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):	-	-	-	-
	<b>At the End of the Year</b>	-	-	-	-
7	<b>Ms. Vibhuti Harsh (Company Secretary)</b>				
	At the Beginning of the Year	-	-	-	-
	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):	-	-	-	-
	<b>At the End of the Year</b>	-	-	-	-
8	<b>Mr. Shrikant Sapre (CFO)</b>				
	At the Beginning of the Year	-	-	-	-
	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):	-	-	-	-
	<b>At the End of the Year</b>	-	-	-	-

**V INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment **(Amount in Rs.)**

Indebtedness of the financial year	*Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
At the beginning				
i) Principal Amount	1,56,81,81,682	11,24,99,997	-	1,68,06,81,679
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	59,32,403	-	-	59,32,403
<b>Total (i+ii+iii)</b>	<b>1,57,41,14,0851</b>	<b>1,24,99,997</b>	<b>-</b>	<b>1,68,66,14,082</b>
Change in Indebtedness during the financial year				
Addition	1,08,75,00,000	-	-	1,08,75,00,000
Reduction	1,27,57,37,270	1,24,99,997	-	1,28,82,37,267
<b>Net Change</b>	<b>-18,82,37,270</b>	<b>-1,24,99,997</b>	<b>-</b>	<b>-20,07,37,267</b>
At the end				
i) Principal Amount	1,37,99,44,412	10,00,00,000	-	1,47,99,44,412
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	67,63,583	-	-	67,63,583
<b>Total (i+ii+iii)</b>	<b>1,38,67,07,995</b>	<b>10,00,00,000</b>	<b>-</b>	<b>1,48,67,07,995</b>

\* Includes Non convertible debentures

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A) Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in Rs.)

Sr. No.	Particulars	Name of Directors		Total
		Mr. K. M. Vishwanathan (Managing Director)	Mr. K. V. Balaji (Whole-time Director)	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	47,00,000	41,00,000	88,00,000
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit -	-	-	-
	- Others, specify	-	-	-
5.	Others, please specify- Bonus	-	-	-
6.	<b>Total (A)</b>	<b>47,00,000</b>	<b>41,00,000</b>	<b>88,00,000</b>
7.	Ceiling as per the Act	No ceiling as the Company is Pvt. Ltd. Company		

### B) Remuneration to the Other Directors: (Amount in Rs.)

Sr. No.	Particulars	Name of the Director			Total
		Ms. Vanaja Shankar	Mr. Desh Raj Dogra	Mr. Rajesh Nuwal	
1	Independent Directors	60,000	60,000	-	1,20,000
	- Fee for attending Board and committee meetings				
	- Commission				
	- Others, please specify				
	<b>Total (1)</b>	<b>60,000</b>	<b>60,000</b>	<b>-</b>	<b>1,20,000</b>
2	Other Non-Executive Directors	-	-	-	-
	- Fee for attending board / committee meetings				
	- Commission				
	- Others, please specify				
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Managerial Remuneration (B)=(1+2)</b>	<b>60,000</b>	<b>60,000</b>	<b>-</b>	<b>1,20,000</b>
	<b>Overall Ceiling</b>	<b>As per the Companies Act</b>			

## C) Remuneration to Key Managerial Personnel other than MD/Manager/WTD: (Amount in Rs.)

Sr. No.	Particulars of Remuneration	Name of KMP		Total
		Mr. Shrikant Sapre (CFO)	Ms. Vibhuti Harsh (Company Secretary)	
1.	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	27,00,000	8,37,200	35,37,200
(b)	Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
(c)	Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit -	-	-	-
	- Others, specify	-	-	-
5.	Others, please specify- <i>Bonus</i>	-	-	-
	<b>Total</b>	<b>27,00,000</b>	<b>8,37,200</b>	<b>35,37,200</b>
	<b>Overall Limit</b>	<b>As per Companies Act</b>		

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NA

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding Fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. Company</b> Penalty Punishment Compounding			NA		
<b>B. Directors</b> Penalty Punishment Compounding			NA		
<b>C. Other Officers In Default</b> Penalty Punishment Compounding			NA		

On Behalf of the Board of Directors  
For M Power Micro Finance Private Limited

Sd/-

Sd/-

K. M. Vishwanathan  
Managing Director & CEO  
DIN : 02778043

K. V. Balaji  
Whole-time Director  
DIN : 02776220

Place: Mumbai  
Date: 25<sup>th</sup> May 2019

**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	(b) Nature of contracts / arrangements / transactions	(c) Duration of the contracts / arrangements / transactions	(d) Salient terms of the contracts or arrangements or transactions including the value	(e) Date(s) of approval by the Board / Committee	(f) Amount paid as advances
K.M. Vishwanathan	Remuneration	NA	NA	NA	47,00,000
K.V. Balaji	Remuneration	NA	NA	NA	41,00,000
Uma Sundari	Remuneration	2 years executed on 04.11.2017	NA	NA	18,15,678
K.M. Vishwanathan	Leave & License Agreement is executed between the Company and Mr. K. M. Vishwanathan	2 years effective from 1.05.2018	Rent (PM) Rs. 21,175/- Rent escalation of 10% every year	10.05.2018	Security Deposit paid Rs. 50,000/-
K.M.Vishwanathan	Bonus	NA	NA	NA	4,50,000
K.V. Balaji	Bonus	NA	NA	NA	3,75,000
Uma Sundari	Bonus	NA	NA	NA	85,890

**On Behalf of the Board of Directors**  
**For M Power Micro Finance Private Limited**

Sd/-

**K. M. Vishwanathan**  
**Managing Director & CEO**  
**DIN : 02778043**

Sd/-

**K. V. Balaji**  
**Whole-time Director**  
**DIN : 02776220**

**Place: Mumbai**  
**Date: 25<sup>th</sup> May 2019**



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The micro finance industry has been witnessing the growth at high pace. The industry has seen a healthy improvement in the quality of the loan portfolio since the last year which is the encouraging sign for the industry. NBFC- MFIs holds largest share of portfolio in micro credit with total loan outstanding of Rs. 68,868 crore, which is 36.8 percent of total micro credit. The total loan portfolio is Rs. 1,87,386 crores which is annual growth of 38.0%.

### 1. OVERVIEW:

During the year under review the Company has earned a profit of Rs. 49.93 lakhs. The Company during the year has opened 15 branches aggregating to 56 branches. The current employee strength of the Company is 555.

Business Growth during the year under review the Company has 1,20,537 active clients as against 97,719 in the year 2018-19. The increase in active members is 22,818 by 23.35%. The Company during the year under review has made cumulative disbursement of Rs. 205.11 crores as compared to Rs.187.49 crores of FY 2017-18.

### Overall industry outlook

The microfinance industry has withstood the crisis in and shown resilience in the last financial year. Some numbers for NBFC-MFIs are reproduced as per below.

Particulars	FY 19	FY 18
Disbursements (Rs. Cr)	82,928	57,409
Gross Loan Portfolio (Rs. Cr)	68,207	46,546
No. of clients (Cr.)	3.17	2.39
No. of employees	1,04,973	78,529
No. of branches	12,277	9,275

Source: MFIN Micrometer, 2019

### Regulatory Framework:

The RBI vide its notification DNBR. CC.D. No. 047/03.10.119/2015-16 modified certain regulations related to operations. Key guidelines and modifications are herein below:

The Company satisfies these conditions and was re-classified as a Non-Banking Financial Company - Micro Finance Institution ("NBFC-MFI") on November 18, 2013. As a result, the Company is required to comply with the NBFC-MFI Directions. These Directions include guidelines on qualifying assets criteria, asset classification and provisioning, pricing of credit, capital adequacy and fair practices

NBFC- MFIs	Qualifying assets to constitute not less than 85% of its total assets (excluding cash and bank balances) At least 50% of loans for income generation Activities
<b>Qualifying Asset criteria</b>	
Annual Income of borrowers household	Rural Rs. 1,00,000 Non Rural Rs. 1,60,000
Ticket size	1st cycle – Rs. 60,000/- • Subsequent cycle – Rs. 1,00,000/-
Indebtedness	Rs. 1,00,000/-
Tenure	Loan amount >Rs. 30,000, then >= 24 months
Collateral	Without collateral
Repayment frequency	Weekly, Fortnightly and monthly
Interest Rate	A. Margin cap – 10% above cost of borrowings B. Avg. base rate of top 5 commercial banks X 2.75 Lower of A and B
Processing Fee	<= 1% of the loan amount
Insurance Premium	Actual cost of insurance can be recovered from borrower and spouse No change Administrative charges can be recovered as per the Insurance Regulatory and Development Authority
Security Deposit	No security deposit/ margin to be taken
Capital Adequacy	15%
Margin Cap	10% for MFIs with loan portfolio > Rs.100 crore

The Company has been consistently complying with all the regulations.



### **MFI as Business Correspondent:**

The Reserve Bank of India permitted Non Deposit taking NBFCs to act as business correspondents for banks with effect from June, 2014. The Company has an arrangement to act as a business correspondent with a private sector Bank/ Financial institution and has managed loan portfolio of Rs. 10.01 crores as on 31<sup>st</sup> March, 2019.

### **Fund Raising**

The Company significantly diversified in its borrowings portfolio and continues to have subordinated debt of Rs. 10 crore. The Company has in aggregate total debt funding of Rs. 200.44 crores comprising of term loan to the tune of Rs. 108.75 crores, assignment of Rs. 76.55 crores and securitisation of Rs. 15.14 crores.

### **Network Expansion**

With total 56 branches in the 3 (Three) states viz. Gujarat, Maharashtra and Rajasthan the Company is currently focusing on expansion in the western part of the Country becoming geographically diversified MFI, with a presence in 26 districts.

The Company currently has partnership with Banks/FIs, for the purpose of origination of agriculture and dairy focused loans under BC model which is value addition to the Company in further servicing its existing customers as well as to create new customer base.

### **NBFC crisis and its impact on MFI industry as well as M Power:**

The growth of the NBFCs was on a high pace until a default by large entities leading to jolt to the dream run. The impact was felt on the MFIs too. India's non-banking financial companies (NBFC) sector - also known as the shadow banking system that provides services similar to traditional commercial banks but outside normal banking regulations is passing through a turbulent period following a series of defaults by large entities and the subsequent liquidity crunch.

The liquidity situation was tight leading to higher borrowing costs, and declining margins.

## **2. OPPORTUNITIES:**

The Microfinance industry continues to be one of the sectors in India that has huge potential for sustainable growth, based on industry report.

The financial inclusion schemes introduced by the Government complement the existing MFI outreach. The accounts opened through PMJDY can help the MFI industry to implement the cashless disbursements directly to the customer bank accounts and this in turn can help the Company to reduce the related operating costs. Mudra loan accounts are very helpful for employment and income generation in the rural India.

## **3. RISKS AND CONCERNS:**

Risk is an integral part of the Company's business, and sound risk management is critical to the success of the organization. As a financial intermediary, the Company is exposed to risks that are particular to lending and the environment within which it operates. The Company has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The Company has an elaborate process for risk management. This rests on the three pillars of Business risk assessment, operational control assessment and policy compliance processes.

The Company identifies the following as key risks:

- **Event/Political Risk**

The Company recognizes political risk as one of the major risks facing the industry and believes that political risk and political intervention can be mitigated through trust building and closely working with the community in which we operate. However our branch expansion process takes full cognizance of this factor while opening any new branch and a thorough geographical combing is done on political risk before final approval for branch expansion is given.

- **Concentration Risk**

The Company aims to avoid unbalanced concentration in both its loan portfolio and borrowings. We will continue to strive to balance out such concentration on a continuous basis. The concentration of the branches of the Company is in geographically diversified locations and therefore risk of any unfortunate event is minimized.

- **Operation Risk**

The main business of the Company is to provide security free loans to rural and semi urban areas this has high operational risk attached to the business. High staff turnover and cash handling risk remain critical influencing factors in this industry however Company has disciplinary committee to resolve the issues with respect to the cash handling and other related risks. The Company has covered all its employees by fidelity insurance to cover cash handling risks.

## **4. INTERNAL AUDIT, INTERNAL CONTROLS AND RISK MANAGEMENT:**

The Company adheres to audit process which encompasses, process adherence, compliance & monitoring .

The Company has audit process of 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 (iii) 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 CFO.

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

#### 5. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Audit Committee of the Board oversees the internal Audit function of the Company. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control system.

#### 6. OPERATIONAL AND FINANCIAL HIGHLIGHTS:

During the year under review the Company has earned a profit of Rs. 49.93 lakhs

##### Operational Performance:

Highlights	2018-19	2017-18	2016-17
No. of branches	56	42	34
No. of districts	26	20	17
No. of employees	555	430	339
No. of members (in' 000)	120.54	97.72	86.46
Disbursement for the year (in Cr.)	205.11	187.49	92.80
Gross loan portfolio (in Cr.)*	233.91	192.60	116.85

\* This includes BC loan portfolio

##### Financial Highlights:

(Rs.In Crores)

Financial Highlights	2018-19	2017-18	2016-17
Total revenue	50.19	33.33	30.28
Profit after tax	0.50	-7.83	2.73
Total assets	186.77	208.45	135.26
Return on assets	0.20%	-5.93%	2.33%
Return on equity	1.61%	-31.46%	18.30%

#### 7. HUMAN RESOURCES:

The Company does not hesitate in recognizing the co-existence of the Company and its human capital. The Company 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. Employee attrition is a recognized issue in the industry of financial inclusion business. The company has taken measures to contain and reduce attrition. The measures are performance incentives, reward and recognition schemes which will bring down the attrition rate in the days to come.

The Company has 555 employees and ensures providing them time to time comprehensive training and capacity development programs and mandatory field exposure across various functions, as well as strengthened controls on recruitment through candidate profiling, house verification and background checks. The hard-work and efforts put in by the employees are recognized and rewarded. Employee welfare activities such as birthday and festival celebrations, milestone gatherings, employee meets, Off sites have impacted positively on employee satisfaction and led to greater cohesion in the team.

The Company has been hiring talent from rural management colleges, Management Institutes and train them to create a talent pool for future leadership positions. The Heads of the Sales team and Operations team regularly organize 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.

##### Cautionary Statement:

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.

## SECRETARIAL AUDIT REPORT

### Annexure III FORM NO. MR-3

#### SECRETARIAL AUDIT REPORT

*for the financial year ended March 31, 2019 [Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,

The Members of

#### **M POWER MICRO FINANCE PRIVATE LIMITED**

I 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 (CIN:U65999MH2009PTC197149) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019, 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.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019, 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) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"), as applicable:-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 presently, (Substantial Acquisition of Shares and Takeovers) Regulations, 2018;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 presently, (Prohibition of Insider Trading) Regulations, 2018;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 presently, (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) 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;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 presently, (Delisting of Equity Shares) Regulations, 2018;
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 presently, (Buyback of Securities) Regulations, 2018; and
- (vi) Other specific business/ industry related laws that are applicable to the company, viz
  - Non- Banking Financial Company – Micro Finance Institutions (NBFC - MFIs)- Directions.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India;
2. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Uniform Listing Agreements entered into by the Company with Stock Exchange(s), for Non Convertible Debenture listed on BSE Limited.

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

**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 as per Companies Act, 2013. 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.

**We further report that during the audit period the Board has:**

- a) The Board of Directors at their meeting held on 10<sup>th</sup> May, 2018 and Shareholder at Extra- Ordinary General Meeting held on 22<sup>nd</sup> May, 2018 has approved increase in authorized share capital from INR. 23 Crores to INR. 38 Crores;
- b) The shareholders at their Annual General Meeting held on 14<sup>th</sup> August 2018, declared final dividend on preference shares at the rate of 12% per annum;
- c) The CBO XV Series 150 Non-convertible Debentures were completely redeemed at the price of INR. 10,00,000 each aggregating to INR. 15,00,00,000 listed on BSE Limited and subsequent to which the Company got unlisted Company w.e.f. 3<sup>rd</sup> October, 2018;
- d) The Board of Directors of the Company via Circular Resolution dated 23<sup>rd</sup> October, 2018 had accorded their approval for variation of the rights of the 5,00,000 (Five Lakhs) 12% Cumulative Non-Participative Non-Convertible Redeemable Preference Shares of Rs. 10/- (Rupees Ten each) aggregating to Rs. 50,00,000/- (Rupees Fifty Lakhs only) allotted to Mr. Kamlesh Gandhi on 24.10.2015 are due for redemption on 24.10.2018 for further period of by 1 year and to revise the coupon rate to 13.35% p.a.
- e) The Board of Directors of the Company at their meeting held on 1<sup>st</sup> November, 2018 has approved and adopted unaudited Financial Result for the quarter and half year ended 30<sup>th</sup> September, 2018 and the same were filed with the BSE Limited in the PDF Format, wherein the Company has not filed with an exchange a Financial Result in an XBRL format pursuant to Regulation 33 of the SEBI LODR Regulations, 2015;
- f) The Board of Directors of the Company at their meeting held on 1<sup>st</sup> November 2018, took a note of retirement of Mr. A Ramanathan (w.e.f. 1<sup>st</sup> April 2018) and on 23<sup>rd</sup> Feb, 2019, took a note of resignation of Mr. Desh Raj Dogra from the Directorship of the Company;

Adequate notice is 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 member's views are captured and recorded as part of the minutes.

I 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.

This report is to be read with my letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

Sd/-

**Priti Jajodia** (Company Secretary in Practice)

**M. No.:** 36944 **CP No.:** 19900

**Place :** Mumbai

**Date :** 22<sup>nd</sup> May, 2019

**'ANNEXURE A'**

To,

The Members

**MPOWER MICRO FINANCE PRIVATE LIMITED**

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provided a reasonable basis for my opinion.
3. We have not verified the correctness and appropriateness of financial records and Book of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulation, standards is the responsibility of management. My examination was limited to the verification of procedures on the test basis.
6. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**Sd/-**

**Priti Jajodia** (Company Secretary in Practice)

**M. No. : 36944 CP No. : 19900**

**Place : Mumbai**

**Date : 22<sup>nd</sup> May, 2019**



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF M POWER MICRO FINANCE PRIVATE LIMITED

#### Report on the Standalone Financial Statements

##### Opinion

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, 2019, the Statement of Profit and Loss, the Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information (the standalone financial statements).

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 Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Companies (Accounting Standards) Rules, 2006 (ASs) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit and its cash flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) prescribed under section 143(10) of the the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Information Other than the Standalone Financial Statements and Auditor's Report thereon

The Management of the Company is responsible for the other information. The other information obtained at the date of this report is report of the board of directors, but does not include the financial statements and our report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on our work, we conclude that there is a material misstatement therein, we are required to communicate to Those Charged With Governance and take appropriate actions in accordance with the SAs. We have nothing to report in this regard.

##### Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the the Act with respect to the preparation of these standalone 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 ASs and the relevant provisions of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

##### Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and quantitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **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 said 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 purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rules made thereunder and the relevant provisions of the Act;
  - (e) On the basis of the written representations received from the Directors as on March 31, 2019 and taken on record by the Board of Directors, none of the Directors are disqualified as on March 31, 2019 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 with reference to financial statements of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure II"; and
  - (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, as amended, 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 did not have any material foreseeable losses on long-term contracts including derivative contracts; and
- iii. There has been no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

**For G. M. Kapadia & Co.**  
Chartered Accountants  
Firm Registration No. 104767W

Sd/-  
**Atul Shah**  
Partner

Mumbai  
Dated: May 25, 2019

Membership No. 039569



## **ANNEXURE I**

### **referred to in Paragraph (1) under "Report on Other Legal and Regulatory Requirements" of our report on even date, to the members of the Company on the standalone financial statements for the year ended March 31, 2019**

- i. In respect of its Property, plant and equipment:
  - a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment;
  - b) According to the information and explanations given to us, all the property, plant and equipment of the Company were 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; and
  - c) The Company does not hold any immovable property as property, plant and equipment. Accordingly, paragraph 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, paragraph 3(ii) of the Order regarding verification of such inventory is not applicable to the Company.
- iii. According to the information and explanations given to us, 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, paragraph 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. According to the information and explanations given to us, the Company has not granted any loan, made investment or provided guarantee or security to the parties covered under section 185 and 186 of the Act. Accordingly, para 3(iv) of the Order is not applicable to the Company.
- v. In our opinion and according to the information and explanation given to us, the Company has not accepted deposits from the public and therefore, the provisions of section 73 to 76 or any other relevant provisions of the Act and rules framed thereunder are not applicable to the Company.
- 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) Based on the records produced before us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues such as Provident Fund, Employees' State Insurance, Sales Tax, Income Tax, Professional Tax, Service Tax, Goods and Service Tax, Value Added Tax, cess and other applicable statutory dues with appropriate authorities. There are no arrears as at March 31, 2019 which were due for more than six months from the date they became payable.
  - b) Based on the records produced before us and books of accounts maintained by the Company, there are no disputed dues of income tax, sales tax, service tax, duty of customs, duty of excise or value added tax, goods and service tax on account of any dispute.
- viii. The Company has not defaulted in repayment of loans or borrowing to any financial institutions, banks or debenture holders.
- ix. The Company has not raised any money by way of Initial Public Offer or Further Public Offer (including debt instruments). On the basis of the documents submitted to the bankers and the other relevant records perused by us, we state that the term loans taken during the year have been applied for the purpose for which the loans were obtained.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no instances of fraud by the Company or on the Company by its officers and employees have been noticed or reported during the year.
- xi. The provisions of section 197 of the Act are not applicable to private limited companies. Accordingly, paragraph 3(xi) of the Order regarding payment of managerial remuneration in compliance of this section is not applicable.
- xii. The Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. In respect of transactions with related parties, the Company has complied with provisions of sections 177 and 188 of the Act where applicable. Necessary disclosures relating to related party transactions have been made in the standalone financial statements as required by the applicable accounting standard.

- xiv. According to the information and explanation give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. The Company has not entered into any non-cash transaction with directors. We have been informed that no such transactions have been entered into with persons connected with directors. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- 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 Registration No. 104767W

Sd/-  
**Atul Shah**  
Partner

Membership No. 039569

Mumbai  
Dated: May 25, 2019

## **ANNEXURE II**

### **referred to in Paragraph 2(f) under "Report on Other Legal and Regulatory Requirements" of our Independent Auditor's report of even date, to the members of M Power Micro Finance Private Limited (the Company) on the Standalone Financial Statements for the year ended March 31, 2019**

#### **Report on the Internal Financial Controls under section 143(3)(i) of the Companies Act, 2013 (the Act)**

We have audited the internal financial controls with reference to financial statements of the Company as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 (the Guidance Note) 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 with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified 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 ICAI. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 judgment, 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 with reference to financial statements.

#### **Meaning of Internal Financial Controls with reference to financial statements**

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements 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 with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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 with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**For G. M. Kapadia & Co.**  
Chartered Accountants  
Firm Registration No. 104767W

Mumbai  
Dated: May 25, 2019

**Atul Shah**  
Partner  
Membership No. 039569

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**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2019**

	Note No.	AS AT 31 <sup>st</sup> March, 2019		AS AT 31 <sup>st</sup> March, 2018	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	2	197,208,460		197,208,460	
Reserve and Surplus	3	<u>70,876,189</u>	268,084,649	<u>66,629,449</u>	263,837,909
<b>Non-Current Liabilities</b>					
Long Term Borrowings	4	432,580,182		738,342,764	
Long Term Provisions	5	<u>7,570,235</u>	440,150,417	<u>5,400,617</u>	743,743,381
<b>Current Liabilities</b>					
Trade payables	6				
(a) Outstanding dues of micro enterprise and small enterprises					
(b) Outstanding dues of creditors other than micro enterprise and small enterprises		4,131,434		3,545,814	
Other Current Liabilities	7	1,133,991,568		983,920,786	
Short Term Provisions	8	<u>21,331,234</u>	1,159,454,236	<u>89,444,274</u>	1,076,910,874
			1,867,689,302		2,084,492,164
<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed Assets	9				
Property, Plant & Equipment		5,813,282		4,155,579	
Intangible Assets		2,469,406		5,437,649	
Loan Portfolio	10	556,633,937		571,324,099	
Non-Current investment	11	20,500,000		20,500,000	
Other Non Current Assets	12	123,889,333		88,044,144	
Deffered Tax Asset (Net)	13	<u>2,380,997</u>	711,686,955	<u>17,427,421</u>	706,888,892
<b>Current Assets</b>					
Loan Portfolio	14	1,014,368,881		1,087,182,143	
Cash and Bank Balance	15	79,398,424		185,995,791	
Short Term Loans and Advances	16	14,906,611		17,980,929	
Other Current Assets	17	<u>47,328,431</u>	1,156,002,347	<u>86,444,409</u>	1,377,603,272
			1,867,689,302		2,084,492,164
<b>Summary of significant accounting policies</b>	1				

**Notes to accounts forming integral part of financial statement**

In terms of our report attached.

**For G M Kapadia & Co** (Chartered Accountants)  
Firm Registration No. - 104767W

**Atul Shah** (Partner)  
Membership No.: 39569

Mumbai : 25<sup>th</sup> May, 2019

For and on behalf of the Board of Directors

**K. M. Vishwanthan**  
CEO & Director  
DIN : 02778043

**Shrikant Sapre**  
CFO

**K. V. Balaji**  
COO & Director  
DIN : 02776220

**Vibhuti Harsh**  
Company Secretary  
Mem.No. A29106

## PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

	Note No.	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
<b>REVENUE</b>			
Revenue from operations	18	463,021,602	316,490,232
Other income	19	38,830,533	16,819,321
<b>Total Revenue (I)</b>		<b>501,852,135</b>	<b>333,309,553</b>
<b>EXPENSES</b>			
Employee Benefit Expense	20	150,893,705	111,424,927
Finance Expense	21	258,928,667	178,245,105
Other Administrative Expenses	22	46,065,112	32,804,818
Depreciation and amortisation expense	9	8,214,471	4,620,330
Provision and Write off	23	17,850,638	100,723,791
<b>Total expenses (II)</b>		<b>481,952,593</b>	<b>427,818,971</b>
<b>Profit / (Loss) before prior period items and tax (III) = (I-II)</b>		<b>19,899,542</b>	<b>(94,509,418)</b>
Prior period item		-	-
<b>Profit / (Loss) before tax (IV)</b>		<b>19,899,542</b>	<b>(94,509,418)</b>
<b>Tax expense (V)</b>			
Current tax		-	-
Deferred tax liability / (Asset)	13	15,046,425	(16,216,409)
Adjustment of tax relating to prior years		(139,903)	-
<b>Total tax expense</b>		<b>14,906,522</b>	<b>(16,216,408)</b>
<b>Profit after tax from continuing operations (VI) = (IV)-(V)</b>		<b>4,993,020</b>	<b>(78,293,008)</b>
<b>Earnings per equity share:</b>			
Basic Earnings Per Share of Rs. 10 each (In Rupees)		0.22	(5.28)
Diluted Earnings Per Share of Rs. 10 each (In Rupees)		0.22	(4.65)
<b>Summary of significant accounting policies</b>	1		

### Notes to accounts forming integral part of financial statement

In terms of our report attached.

**For G M Kapadia & Co** (Chartered Accountants)  
Firm Registration No. - 104767W

**Atul Shah** (Partner)  
Membership No.: 39569

Mumbai : 25<sup>th</sup> May, 2019

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

**K. M. Vishwanthan**  
CEO & Director  
DIN : 02778043

**Shrikant Sapre**  
CFO

**K. V. Balaji**  
COO & Director  
DIN : 02776220

**Vibhuti Harsh**  
Company Secretary  
Mem.No. A29106



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

	For the period ended 31 <sup>st</sup> March, 2019		For the period ended 31 <sup>st</sup> March, 2018	
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>				
Net Profit / (Loss) before extraordinary items and tax		19,899,542		(94,509,418)
Adjustments for:				
Interest on Deposit	(1,638,065)		(668,474)	
Dividend Income	-		(195,480)	
Profit on sale of Property Plant & Equipment	(21,709)		(3,181)	
Loss on sale of Property Plant & Equipment	287		-	
Write off Intangible Software	2,120,382		-	
Depreciation and amortisation	8,214,471		4,620,330	
Provision on portfolio	(54,156,619)		60,021,096	
Provision on gratuity	2,082,314		1,690,184	
Provision on compensated absences	286,322		416,925	
Interest paid		229,704,832		160,944,047
Taxes paid	(11,753,076)	174,839,139	(2,421,755)	224,403,693
<b>Operating Cash Flow before working capital changes</b>		<b>194,738,681</b>		<b>129,894,275</b>
(Increase) / decrease in Loan Portfolio	87,503,424		(633,649,165)	
(Increase) / decrease in Short Term Loan and Advances	865,259		80,543	
(Increase) / decrease in Current Assets	39,115,978		7,943,691	
(Increase) / decrease in Non Current Assets	(35,845,189)		(47,223,837)	
(Increase) / decrease in Other Bank Balances	12,001,505		(6,134,381)	
Increase / (decrease) in Current Liabilities	55,045,466		2,644,116	
Increase / (decrease) in Short Term Provisions	145,617		55,885	
Increase / (decrease) in Long Term Provisions	(199,018)		(161,895)	
Increase / (decrease) in Trade Payables	585,620	159,218,662	(2,371,476)	(678,816,518)
<b>Cash generated / (used) from operation</b>		<b>353,957,342</b>		<b>(548,922,244)</b>
<b>Net Cash Flow from / (used in) Operating Activities (A)</b>		<b>353,957,342</b>		<b>(548,922,244)</b>
<b><u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>				
Capital expenditure on fixed assets, intangible				
assets including capital advances	(9,063,561)		(5,120,907)	
Sale of Property Plant & Equipment	60,670		6,000	
Investment in units of Mutual Fund	-		(127,500,000)	
Redemption of units of Mutual Fund	-		127,500,000	
Interest received	1,638,065		668,474	
Dividend Income	-		195,480	
<b>Net Cash Flow from / (used in) Investing Activities (B)</b>		<b>(7,364,826)</b>		<b>(4,250,953)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

	For the period ended 31 <sup>st</sup> March, 2019		For the period ended 31 <sup>st</sup> March, 2018	
<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>				
Interest paid		(229,704,832)		(162,374,504)
Dividend paid	(753,359)		(1,123,780)	
Share Issue Expenses	7,080		(689,480)	
Proceeds from Issue of Equity Shares	-		-	
Proceeds from Issue of Compulsory Convertible Debentures	-		100,000,000	
Proceeds from Issue of Non Convertible Debentures	-		-	
Proceeds from Redemption of Redeemable Preference Shares	-		(5,000,000)	
Proceeds from Redemption of Non Convertible Debentures	(37,500,001)		(103,125,050)	
Proceeds from Long Term Borrowings	1,081,435,391		1,760,791,075	
Repayment of Long Term Borrowings	(1,254,672,657)		(1,001,521,613)	
<b>Net Cash Flow from / (used in Financing Activities ©)</b>		<b>(441,188,378)</b>		<b>586,956,649</b>
<b>Net increase in cash &amp; cash equivalent (A+B+C)</b>		<b>(94,595,862)</b>		<b>33,783,452</b>
<b>Cash &amp; cash equivalent at the beginning of the period</b>		<b>173,167,240</b>		<b>139,383,788</b>
<b>Cash &amp; cash equivalent at the end of the period</b>		<b>78,571,378</b>		<b>173,167,240</b>
<b>* COMPRISES:</b>				
(a) Cash on hand		614,397		273,870
(b) Cheques, drafts on hand		-		-
(c) Balances with banks				
(i) In current accounts		77,956,981		87,893,370
(ii) In EEFC accounts				
(iii) In deposit accounts with original maturity of less than 3 months		-		85,000,000
(iv) In earmarked accounts (refer note no.12)		-		-
(d) Others (specify nature)		-		-
(e) Current investments considered as part of Cash and cash equivalents		-		-
		<b>78,571,378</b>		<b>173,167,240</b>

In terms of our report attached.

**For G M Kapadia & Co** (Chartered Accountants)  
Firm Registration No. - 104767W

**Atul Shah** (Partner)  
Membership No.: 39569

Mumbai : 25<sup>th</sup> May, 2019

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

**K. M. Vishwanthan**  
CEO & Director  
DIN : 02778043

**Shrikant Sapre**  
CFO

**K. V. Balaji**  
COO & Director  
DIN : 02776220

**Vibhuti Harsh**  
Company Secretary  
Mem.No. A29106

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 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 having Registration No. N-13.01963.

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 except interest on loans classified as non-performing assets, which is accounted for on realization basis of accounting with the Generally Accepted Accounting Principles (GAAP) in India. GAAP comprises mandatory Accounting Standards ("AS") as prescribed under section 133 of the Companies Act, 2013 ('Act') read together with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 dated 30<sup>th</sup> March, 2016 along with the provisions of the Act (to the extent notified) and the Reserve Bank of India ("RBI") Guidelines to the extent applicable to a Non Deposit taking Non Banking Finance Company ("NBFC") and Non-Banking Financial Company – Micro Finance Institution (NBFC – MFI). The Financial Statements are presented in Indian Rupees rounded off to the nearest rupee. The accounting policies have been consistently applied by the Company except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standards requires a change in accounting policy here to in use.

#### 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

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.

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 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) Income from Business Correspondence activity is recognized on accrual basis as per the terms of arrangement entered into with the client. Revenue from Business Correspondence activities to the extent of services rendered but yet to be billed are treated as unbilled revenue and are disclosed under other current assets.
- v) Service fee on assignment is recognized on accrual basis as per the terms of agreement entered in to with the assignee.
- vi) Commission income on insurance correspondence is recognized on accrual basis as per the terms of agreement entered.
- vii) Interest on term deposits has been accrued on the time proportionate basis, using the underlying interest rate.
- viii) Dividend income is accounted when the right to receive the dividend is established.
- ix) 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.

### g) Property Plant & Equipment

- i) The Property Plant & Equipment are stated at cost of acquisition, less accumulated depreciation. The cost of Property Plant & Equipment 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) Property Plant & Equipment 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 Property Plant & Equipment which are carried at cost are recognized in the Statement of Profit & Loss.

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### h) Depreciation on Property Plant & Equipment

Depreciable amount for assets is the cost of an asset or other amount substituted for cost, less its estimated residual value.

Depreciation on Property Plant & Equipment has been provided under written down value method as per the useful life prescribed in Schedule II to the Companies Act, 2013. 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 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.

### 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.

Carrying value of Investments are measured at weighted average cost basis.

Gains and losses arising from disposal of Investment are recognized in the Statement of Profit and 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 recognized 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 employee's 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



## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

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 recognized 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.

#### **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.



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Number	Amount	Number	Amount

**2. SHARE CAPITAL****Authorised**

Equity Share Capital of Rs. 10 each with voting rights	35,000,000	350,000,000	20,000,000	200,000,000
Preference Shares of Rs.10 each with voting rights	3,000,000	30,000,000	3,000,000	30,000,000

**Issued, Subscribed & Paid up****Equity shares**

Equity Shares of Rs. 10 each with voting rights	19,220,846	192,208,460	19,220,846	192,208,460
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**Preference shares**

13.35% (P.Y. 12.00%) Cumulative Non-Participative Non-Convertible Redeemable Preference Shares of Rs. 10 each	500,000	5,000,000	500,000	5,000,000
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<b>TOTAL</b>	<b>19,720,846</b>	<b>197,208,460</b>	<b>19,720,846</b>	<b>197,208,460</b>
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**2.1 Reconcilliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period:**

	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	19,220,846	192,208,460	15,031,487	150,314,870
Shares Issued during the year	-	-	**4,189,359	41,893,590
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>19,220,846</b>	<b>192,208,460</b>	<b>19,220,846</b>	<b>192,208,460</b>

\*\*1000, 0% Compulsory Convertible Debentures were issued at Rs. 1,00,000 during the year and the same were converted into 4,189,359/- Equity Shares of Rs. 10/- each at an issue price of Rs. 23.87/- on 30.03.2018.

**2.2 Reconcilliation of the number of preference shares and amount outstanding at the beginning and at the end of the reporting period:**

	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	500,000	5,000,000	1,000,000	10,000,000
Shares Issued (private placement) during the year	-	-	-	-
Shares redemption during the year	-	-	500,000	5,000,000
<b>Shares outstanding at the end of the year</b>	<b>500,000</b>	<b>5,000,000</b>	<b>500,000</b>	<b>5,000,000</b>

**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.

Each holder of equity shares is entitled to one vote per share, except India Nivesh Capitals Ltd's voting power which is restricted to 49% of equity share capital and holding in excess of 49% of equity share capital is not entitled to voting power.

**(ii) 13.35% Cumulative Non-Participative Non-Convertible Redeemable Preference Shares**

The Preference Shares were issued at par on 24<sup>th</sup> October 2015 to "Resident Individual Investor", on private placement basis. The Preference Shares carry a cumulative dividend rate of 12.00% p.a. The Preference Shares have a preferential right of dividend over equity shareholders. As per the terms of issue, 50% of the preference shares were redeemable at par on the expiry of second year from date of allotment and hence the Company has redeemed 50% shares on 24<sup>th</sup> October, 2017. The remaining 50% preference shares are redeemable at par on the expiry of third year from date of allotment i.e. on 24<sup>th</sup> October, 2018. However during the year, the company has varied the Preference shareholders rights by change in tenure further by 1 year and revised the coupon rate from 12% per annum to 13.35% per annum.

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

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

Name of Shareholder	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	No. of Shares	%	No. of Shares	%
K. M. Viswanathan	2,930,000	15.24%	2,930,000	15.24%
INDIA NIVESH CAPITALS LIMITED	10,989,646	57.18%	10,989,646	57.18%
AU Small Finance Bank	1,051,200	5.47%	1,051,200	5.47%
<b>Total</b>	<b>1,49,70,846</b>	<b>77.89%</b>	<b>14,970,846</b>	<b>77.89%</b>

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

Name of Shareholder	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	No. of Shares	%	No. of Shares	%
Kamlesh Gandhi	500,000	100%	500,000	100%
<b>Total</b>	<b>500,000</b>	<b>100%</b>	<b>500,000</b>	<b>100%</b>

As at 31<sup>st</sup> March, 2019    As at 31<sup>st</sup> March, 2018

## 3 RESERVE & SURPLUS

### A. Statutory Reserves (Reserve created pursuant to Section 45 I-C of Reserve Bank of India Act, 1934)

Opening Balance	13,156,403	13,156,403
Add: Transfer during the year *	998,605	-
Less: Amount utilized	-	-
<b>Closing Balance (A)</b>	<b>14,155,008</b>	<b>13,156,403</b>

### B. Surplus / (Deficit) in Statement of Profit and Loss

Opening Balance	(47,779,465)	31,637,324
Add: Profit / (Loss) for the year	4,993,020	(78,293,008)
Less: Amount transferred to statutory reserve	998,605	-
Less: Dividend of Preference Shares	625,932	933,698
Less: Dividend Distribution Tax on Preference Shares	127,427	190,082
<b>Closing Balance (B)</b>	<b>(44,538,409)</b>	<b>(47,779,465)</b>

### C. Share Premium

Opening balance	101,252,510	43,835,580
Add: on Allotment of shares for Previous year @13.87/- per share for 4,189,359/-	-	58,106,410
Less: Securities Issue Expense ( Written Back)	7,080	689,480
<b>Closing balance ©</b>	<b>101,259,590</b>	<b>101,252,510</b>
<b>Total (A+B+C)</b>	<b>70,876,189</b>	<b>66,629,449</b>

\*20% of the profit after tax in accordance with the provision of section 45 IC of the Reserve Bank of India Act, 1934.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019As at 31<sup>st</sup> March, 2019 As at 31<sup>st</sup> March, 2018

## 4. LONG TERM BORROWINGS

<b>Term loans</b>		
<b>Secured</b>		
From banks	29,950,248	135,641,068
From financial institutions	301,993,358	501,633,141
<b>Unsecured</b>		
From financial institutions	100,000,000	100,000,000
<b>Vehicle loan</b>		
<b>Secured</b>		
From banks	636,576	1,068,555
<b>Total</b>	<b>432,580,182</b>	<b>738,342,764</b>

## 4.1 Repayment Terms of borrowings

Funder	Availment Date	Amount Outstanding 2018-19		Amount Outstanding 2017-18		Repayment Terms		No. of Instalments Outstanding as at 31-03-19
		Current Maturity	Long Term Maturity	Current Maturity	Long Term Maturity	Interest Rate	Repayment Terms	
Redeemable Non-ConvertibleDebentures ('NCD')								
12.10% Redeemable Non-Convertible Debentures	10-Oct-16	-	-	3,75,00,001	-	12.10%	Monthly	-
Secured Term Loan from Banks								
AU Small Finance Bank Ltd	10-Jul-17	1,66,66,660	-	5,00,00,004	1,66,66,660	13.00%	Monthly	4
	30-Aug-17	1,24,99,996	-	2,50,00,008	1,24,99,989	13.00%	Monthly	6
	18-May-18 & 10-July-18	4,50,00,000	1,50,00,000	-	-	13.00%	Monthly	16
Bank of Maharashtra	30-Jun-16	-	-	62,50,000	-	13.40%	Quarterly	-
Canara Bank	31-Jul-17	70,25,951	-	2,10,00,000	71,03,799	11.75%	Monthly	4
Dena Bank	31-Mar-16	-	-	20,83,341	-	13.00%	Monthly	-
Development Credit Bank Limited	30-Sep-16	-	-	1,33,33,344	-	13.10%	Monthly	-
Dhanlaxmi Bank	28-Nov-17	2,08,33,338	-	2,49,99,996	2,08,33,338	11.00%	Monthly	10
Kotak Bank Ltd	16-Aug-16	-	-	1,25,00,000	-	12.90%	Monthly	-
SBI Bank	27-Feb-17 & 27-Mar-17	5,45,60,000	-	7,27,20,000	5,45,60,000	11.30%	Monthly	9
South Indian Bank	20-Feb-17	12,50,000	-	1,50,00,000	12,50,000	12.40%	Monthly	1
Union Bank of India	31-Jul-17	1,81,81,812	45,46,248	1,81,81,812	2,27,27,282	11.40%	Monthly	15
Yes Bank	02-Sep-16	-	-	1,30,43,478	-	12.60%	Monthly	-
Suryodaya Small Finance Bank Ltd	30-Jul-18	2,50,08,000	1,04,04,000	-	-	14.15%	Monthly	17
Unsecured Term Loan from financial institutions								
Capital First Ltd	25-Jan-16	-	5,00,00,000	-	5,00,00,000	16.00%	Bullet	1
Caspian Impact Investments Pvt. Ltd.	18-Dec-15	-	-	1,24,99,997	-	17.00%	Quarterly	-
MAS Financial Services Limited	28-Mar-18	-	5,00,00,000	-	5,00,00,000	17.00%	Bullet	1
Secured Term Loan from financial institutions								
Avanse Financial Services Ltd.	29-May-18	2,61,43,219	47,28,701	-	-	14.25%	Monthly	14
Capital First Ltd	22-Feb-16	-	-	2,00,00,000	-	14.00%	Quarterly	0
	18-Sep-17	4,00,00,000	2,00,00,000	4,00,00,000	6,00,00,000	14.00%	Quarterly	6
Capri Global Capital Ltd.	24-Aug-18	2,49,99,996	1,25,00,006	-	-	14.50%	Monthly	18
	19-Mar-19	99,99,996	1,00,00,004	-	-	16.00%	Monthly	24
Hinduja Layland Finance Ltd	22-Sep-17	2,75,46,075	-	4,98,42,246	2,75,46,076	13.50%	Monthly	6
	28-Dec-17	2,03,28,922	-	2,41,10,276	2,03,28,922	13.50%	Monthly	9
	27-Mar-19	2,35,12,814	2,64,87,186	-	-	11.97%	Monthly	24
Maanaveeya Development & Finance Pvt Ltd	13-Jan-17 & 15-Mar-17	2,33,60,000	-	2,33,20,000	2,33,60,000	15.50%	Quarterly	4
Mahindra & Mahindra Financial Services Ltd	27-Mar-18	2,65,14,480	-	2,34,85,520	2,65,14,480	12.19%	Monthly	12
Muthoot Capital Services Ltd.	31-Jan-18	2,49,99,996	2,08,33,342	2,49,99,996	4,58,33,338	14.00%	Monthly	22
Manappuram Finance Limited	14-Jul-16	41,66,663	-	1,66,66,668	41,66,663	14.00%	Quarterly	1
	10-Jan-19	1,77,91,637	1,69,92,496	-	-	15.00%	Monthly	22

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

Funder	Availment Date	Amount Outstanding 2018-19		Amount Outstanding 2017-18		Repayment Terms		No. of Instalments Outstanding as at 31-03-19
		Current Maturity	Long Term Maturity	Current Maturity	Long Term Maturity	Interest Rate	Repayment Terms	
MAS Financial Services Limited	29-Sep-16	-	-	1,25,00,008	-	14.90%	Monthly	-
	30-Jun-17	-	-	5,00,00,004	1,24,99,993	14.50%	Monthly	-
	31-Aug-17	-	-	2,49,99,996	1,04,16,673	14.50%	Monthly	-
	19-Sep-17	-	-	3,75,00,000	1,87,50,000	14.50%	Monthly	-
	01-Dec-17	1,87,50,005	-	2,49,99,996	1,87,50,005	14.50%	Monthly	9
	01-Dec-17	1,87,50,005	-	2,49,99,996	1,87,50,005	14.50%	Monthly	9
	29-Jan-18	-	-	2,49,99,996	2,50,00,004	14.30%	Monthly	-
	29-Jan-18	-	-	2,49,99,996	2,50,00,004	14.30%	Monthly	-
	20-Mar-18	3,75,00,000	-	3,75,00,000	3,75,00,000	14.30%	Monthly	12
	07-Jun-18	2,49,99,996	83,33,340	-	-	14.10%	Monthly	16
	07-Jun-18	2,49,99,996	83,33,340	-	-	14.10%	Monthly	16
	30-Aug-18	2,49,99,996	1,04,16,673	-	-	14.10%	Monthly	17
	01-Nov-18	1,50,00,000	87,50,000	-	-	15.10%	Monthly	19
	01-Nov-18	2,25,00,000	1,31,25,000	-	-	15.10%	Monthly	19
	31-Jan-19	1,74,99,996	1,31,25,005	-	-	14.25%	Monthly	21
Northern Arc Capital Ltd. (Formerly IFMR Capital Finance Pvt Ltd)	19-Jan-18	4,52,23,289	-	4,75,07,550	4,51,46,314	14.50%	Monthly	10
	23-Feb-18	4,93,87,405	-	4,68,99,924	4,93,87,405	14.50%	Monthly	11
	19-Jun-18	5,15,57,474	1,43,34,939	-	-	14.50%	Monthly	15
	16-Aug-18	2,49,54,764	1,19,47,037	-	-	14.50%	Monthly	17
	14-Sep-18	2,46,27,140	1,42,46,710	-	-	14.50%	Monthly	18
	08-Mar-19	2,26,28,722	2,73,71,278	-	-	15.50%	Monthly	24
Reliance Commercial Finance Ltd	15-Dec-17	3,26,83,259	-	3,85,11,545	3,26,83,259	14.25%	Monthly	9
	26-Jul-18	3,06,39,836	1,12,16,508	-	-	14.25%	Monthly	16
Shriram City Union Finance Ltd.	31-May-18	2,58,79,335	70,67,093	-	-	14.50%	Monthly	15
Samunnati Financial Intermediation & Services Pvt. Ltd	31-Aug-18	2,49,25,099	1,38,33,885	-	-	14.10%	Monthly	18
Vivriti Capital Private Limited	06-Jun-18	58,07,728	15,87,012	-	-	14.75%	Monthly	15
	20-Mar-19	2,32,36,197	2,67,63,803	-	-	15.00%	Monthly	24
<b>Vehicle Loan</b>								
HDFC Bank Ltd	20-Jun-16	2,63,637	46,601	2,38,183	3,11,947	10.20%	Monthly	14
KBL Bank Ltd	18-Mar-16	1,60,797	5,89,975	1,45,034	7,56,608	10.50%	Monthly	48
<b>Total</b>		<b>1,03,73,64,230</b>	<b>43,25,80,182</b>	<b>94,23,38,915</b>	<b>73,83,42,764</b>			

- (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 Catalyst Trusteeship Limited (Erstwhile 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.

**As at 31<sup>st</sup> March, 2019      As at 31<sup>st</sup> March, 2018**

### 5. LONG TERM PROVISIONS

#### Provision for employee benefits (refer note no. 27)

Provision for Gratuity	<b>6,087,311</b>	<b>4,134,575</b>
Provision for compensated absences	<b>1,482,924</b>	<b>1,266,042</b>
<b>Total</b>	<b>7,570,235</b>	<b>5,400,617</b>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019As at 31<sup>st</sup> March, 2019    As at 31<sup>st</sup> March, 2018

## 6. TRADE PAYABLES

Outstanding dues of micro enterprise and small enterprises	-	-
Outstanding dues of creditors other than micro enterprise and small enterprises	4,131,434	3,545,814
<b>Total</b>	<b>4,131,434</b>	<b>3,545,814</b>

## 7. OTHER CURRENT LIABILITIES

Current Maturities of long term borrowings (refer note no. 4.1)

<b>Debentures</b>		
<b>Secured</b>		
NIL ( Previous Year : 150) 12.10% Redeemable Non Convertible Debentures of Rs.10,00,000 each	-	37,500,001
<b>Term loans</b>		
<b>Secured</b>		
From banks	201,025,757	274,111,983
From financial institutions	835,914,039	617,843,717
<b>Unsecured</b>		
From financial institutions	-	12,499,997
<b>Vehicle loan</b>		
<b>Secured</b>		
From banks	424,434	383,217
<b>Total</b>	<b>1,037,364,230</b>	<b>942,338,915</b>
Payable on assigned/securitised portfolio	74,519,784	14,837,828
Payable towards BC Arrangement	44	24,284
Interest accrued but not due on borrowings	6,763,583	5,932,403
Statutory liabilities	1,432,017	3,992,215
Staff Payable	8,168,715	7,459,135
Other Current Liabilities	5,743,195	9,336,006
<b>Total</b>	<b>1,133,991,568</b>	<b>983,920,786</b>

## 8. SHORT-TERM PROVISIONS

Provision on loan portfolio (refer note no.25)	15,710,028	70,098,795
Provision on securitised loan portfolio	5,205,550	4,973,402
Provision for tax	-	14,102,038
Provision for Gratuity	169,316	93,139
Provision for compensated absences	246,340	176,900
<b>Total</b>	<b>21,331,234</b>	<b>89,444,274</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 9 FIXED ASSETS

Description	Gross Block				Accumulated Depreciation				Net Block	
	As at 1 <sup>st</sup> April 2018	Additions	Deletion	As at 31 <sup>st</sup> March 2019	As at 1 <sup>st</sup> April 2018	Dep./Amt.Ex for the year	Deletion	Balance as at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2019	As at 31 <sup>st</sup> March 2018
<b>Property Plant &amp; Equipment</b>										
Computer & Peripherals	7,433,428	3,786,931	(200,411)	11,019,948	5,547,532	2,494,665	(190,391)	7,851,806	3,168,142	1,885,896
Furniture and Fixtures (10 yrs)	1,020,251	-	-	1,020,251	772,209	58,786	-	830,995	189,256	248,042
Furniture and Fixtures (5 yrs)	858,848	852,437	-	1,711,285	353,524	461,981	-	815,505	895,780	505,324
Vehicles	3,572,935	-	(571,555)	3,001,380	2,349,346	340,756	(542,327)	2,147,775	853,605	1,223,589
Office equipment	621,376	725,908	-	1,347,284	328,648	312,137	-	640,785	706,499	292,728
<b>Total</b>	<b>13,506,838</b>	<b>5,365,276</b>	<b>(771,966)</b>	<b>18,100,148</b>	<b>9,351,259</b>	<b>3,668,325</b>	<b>(732,718)</b>	<b>12,286,866</b>	<b>5,813,282</b>	<b>4,155,579</b>
<b>Previous year</b>	<b>11,735,548</b>	<b>1,798,370</b>	<b>(27,080)</b>	<b>13,506,838</b>	<b>6,119,202</b>	<b>3,256,318</b>	<b>(24,261)</b>	<b>9,351,259</b>	<b>4,155,579</b>	<b>5,616,346</b>
<b>Intangible Assets</b>										
Computer software	7,095,450	3,698,285	(6,571,280)	4,222,455	1,657,801	4,546,146	(4,450,898)	1,753,049	2,469,406	5,437,649
<b>Total</b>	<b>7,095,450</b>	<b>3,698,285</b>	<b>(6,571,280)</b>	<b>4,222,455</b>	<b>1,657,801</b>	<b>4,546,146</b>	<b>(4,450,898)</b>	<b>1,753,049</b>	<b>2,469,406</b>	<b>5,437,649</b>
<b>Previous year</b>	<b>3,772,913</b>	<b>3,343,537</b>	<b>(21,000)</b>	<b>7,095,450</b>	<b>293,789</b>	<b>1,364,012</b>	<b>-</b>	<b>1,657,801</b>	<b>5,437,649</b>	<b>3,479,124</b>

As at 31<sup>st</sup> March, 2019 As at 31<sup>st</sup> March, 2018

### 10. NON CURRENT PORTFOLIO

Receivable under financing activity (refer note no.14)	556,633,937	571,324,099
<b>Total</b>	<b>556,633,937</b>	<b>571,324,099</b>

As at 31<sup>st</sup> March, 2019  
Quantity Amount

As at 31<sup>st</sup> March, 2018  
Quantity Amount

### 11 NON CURRENT INVESTMENT

#### Investment in units of Mutual

##### Fund-Quoted, Fully paid up

SBI Dual Advantage Fund – Series XIX – Regular – Growth	50,000	500,000	50,000	500,000
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#### Investment in units of Mutual

##### Fund-Unquoted, Fully paid up

SBI Corporate Bond Fund – Regular Plan – Growth	768,743	20,000,000	768,743	20,000,000
<b>TOTAL</b>	<b>818,743</b>	<b>20,500,000</b>	<b>818,743</b>	<b>20,500,000</b>

Aggregate amount of Quoted investments at Book value (Market value:Rs.5,60,200/- (PY: Rs.537,645/-)	500,000	500,000
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Aggregate amount of Unquoted investments at Book value	20,000,000	20,000,000
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Aggregate provision for diminution in value of investments	-	-
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NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019As at 31<sup>st</sup> March, 2019 As at 31<sup>st</sup> March, 2018

## 12. OTHER NON CURRENT ASSETS

## (Unsecured, considered good)

Security deposits towards borrowings* (with maturity of more than 12 months)		
- with banks	84,758,530	51,586,829
- with financial institutions	26,862,500	26,250,000
Interest accrued but not due on security deposit		
- with banks	6,784,798	1,595,388
- with financial institutions	1,641,318	486,184
Unamortized borrowing cost	3,842,187	8,125,743
<b>Total</b>	<b>123,889,333</b>	<b>88,044,144</b>

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

## 13. DEFERRED TAX, NET INCLUDED IN THE BALANCE SHEET

## Deferred tax asset

- Disallowance u/s 43B	658,955	661,406
- Provisions on receivables	64,584	19,844,775
- Depreciation on property plant & equipment	539,865	-
- Others: Borrowing Cost	1,117,593	-
<b>Total (A)</b>	<b>2,380,997</b>	<b>20,506,181</b>

## Deferred tax liability

- Depreciation on property plant & equipmen	-	283,304
- Others: Income on Securitization	-	1,010,691
- Others: Borrowing Cost	-	1,784,767
<b>Total (B)</b>	<b>-</b>	<b>3,078,761</b>
<b>Deferred tax asset/liability, Net (A-B)</b>	<b>2,380,997</b>	<b>17,427,421</b>

## 14. CURRENT LOAN PORTFOLIO

## Unsecured

Gross Microfinance loan portfolio	2,239,002,426	1,877,059,521
Less: Assigned/Securitized portfolio	667,999,608	218,553,279
<b>Total (A)</b>	<b>1,571,002,818</b>	<b>1,658,506,242</b>

## of the above loan portfolio:

Non current portion of loan portfolio	556,633,937	571,324,099
Current portion of loan portfolio	1,014,368,881	1,087,182,143

## of the above loan portfolio:

Loan portfolio (considered good)*	1,555,390,750	1,580,176,322
Loan portfolio (considered doubtful) **	15,612,068	78,329,920
<b>Current portion of loan portfolio</b>	<b>1,014,368,881</b>	<b>1,087,182,143</b>

\* Represents standard assets in accordance with Company's asset classification Policy. (Note No.1 € (i))

\*\* Represents non-performing or substandard assets in accordance with Company's asset classification Policy. (Note No.1 € (ii))

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

As at 31<sup>st</sup> March, 2019    As at 31<sup>st</sup> March, 2018

### 15. CASH AND CASH BANK BALANCE

#### Cash and cash equivalents

Cash on hand	614,397	273,870
<b>Balance with Bank</b>		
- In Current Accounts	77,956,981	87,893,370
- In Deposit Accounts- Free of Lien	-	85,000,000
- In Deposit Accounts- with less than 3 months maturity (Refer note (b))	-	1,041,930
<b>Total</b>	<b>78,571,378</b>	<b>174,209,170</b>
<b>Other bank balance</b>		
- In Deposit Accounts –with maturity more than 3 months but less than 12 months (refer note (b))	827,046	11,786,621
<b>Total</b>	<b>79,398,424</b>	<b>185,995,791</b>

#### Notes :

a) Of the above, the balance that meet the definition of cash & cash equivalent is as per AS 3 Cash Flow Statement	78,571,378	173,167,240
b) Deposits under Lien :		
Cash collateral for TL obtained from Banks and Financial institution	827,046	1,282,8551
<b>Total</b>	<b>79,398,424</b>	<b>185,995,791</b>

### 16. SHORT TERM LOANS & ADVANCES

#### (Unsecured, considered good)

Advance tax	4,000,000	14,000,000
Advances recoverable in cash or kind or for value to be received	376,214	136,874
Balances with government authorities –TDS Receivable	10,289,290	2,498,349
MAT Credit	241,107	1,345,706
<b>Total</b>	<b>14,906,611</b>	<b>17,980,929</b>

### 17. OTHER CURRENT ASSETS

Security deposits towards borrowings (with maturity of more than 12 months)		
- with Banks	1,246,861	39,037,537
Interest accrued but not due		
-with banks	121,934	4,134,476
Interest accrued but not due	70,319	-
on loan portfolio -MFI	22,246,523	21,902,206
on fixed deposits (short term investment)	-	34,552
Unbilled Revenue	2,777,231	2,424,536
Unamortised borrowing cost	12,573,444	12,307,115
Rent and other deposits	5,091,442	4,079,042
Prepaid expense	1,442,861	659,214
Others	1,757,816	1,865,731
<b>Total</b>	<b>47,328,431</b>	<b>86,444,409</b>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
<b>18. REVENUE FROM OPERATIONS</b>		
Interest Income on loan portfolio	415,257,051	290,196,951
Interest on Securitisation	22,492,242	-
Processing Fee on loan portfolio	19,837,700	18,425,042
Gain on Securitisation	-	3,056,863
Service fee	5,434,609	4,811,376
<b>Total</b>	<b>463,021,602</b>	<b>316,490,232</b>

**19. OTHER INCOME**

Interest on deposit with banks	1,638,065	668,474
Interest on security deposit	9,085,608	8,528,439
Income from Commission services	5,638,270	4,266,220
Dividend Income on Mutual Fund	-	195,480
Recovery against loans written off	14,173,000	155,422
Profit on sale of property plant & equipment	21,709	3,181
Interest on IT Refund	1,953	-
Professional and Consultancy Fees	7,106,000	-
Other Income	1,165,928	3,002,105
<b>Total</b>	<b>38,830,533</b>	<b>16,819,321</b>

**20. EMPLOYEE BENEFIT EXPENSE**

Salaries and wages and bonus (* Refer Note Below)	139,829,423	101,160,203
Contributions to provident and other funds	7,136,173	6,854,866
Compensated Leave Absences	286,322	416,925
Gratuity	2,082,314	1,690,184
Staff Training	12,720	19,773
Recruitment	605,503	594,281
Staff welfare	187,069	80,923
Insurance	754,181	607,772
<b>Total</b>	<b>150,893,705</b>	<b>111,424,927</b>

Note: Includes Directors Remuneration Rs. 8,800,000/- F.Y. 2018-19  
and Rs.6,600,000/- F.Y. 2017-18.

**21. FINANCE EXPENSE**

Interest payment to banks and financial institutions	228,403,861	151,224,335
Interest on Debentures	1,300,971	9,719,712
Processing fees and other borrowing cost	28,326,643	15,361,781
Bank charges	897,192	1,939,277
<b>Total</b>	<b>258,928,667</b>	<b>178,245,105</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
<b>22. OTHER ADMINISTRATIVE EXPENSES</b>		
Advertisement	97,641	144,691
Brokerage charges	42,000	24,000
Communication expense	3,752,435	2,778,853
Contract fees	149,419	240,000
Director sitting fees	165,000	135,000
Electricity charges	1,077,844	1,057,769
Insurance	496,616	366,996
Legal and professional fees	3,598,918	6,984,815
Membership fees	569,204	415,051
Office expenses	2,130,737	1,407,973
Payments to Auditors	425,000	437,500
Postage & courier expenses	1,849,593	1,234,142
Printing and stationery	3,023,388	2,196,594
Rates and taxes	3,066,548	2,154,892
Rent	11,690,576	8,725,732
Repairs and maintenance	768,179	462,816
ROC charges	1,160,000	47,425
Software & license expenses	4,275,054	1,727,858
Stamp duty on Authorized Share Capital	300,000	-
Travelling and conveyance	3,991,541	2,262,711
Write off Intangible Software	2,120,382	-
Loss on sale of Property Plant & Equipment	287	-
Loss in Business Correspondence Business	1,314,750	-
<b>Total</b>	<b>46,065,112</b>	<b>32,804,818</b>
<b>23. PROVISION AND WRITE OFF</b>		
Provision on loan portfolio (net of provision no longer required)	(54,388,767)	59,850,224
Provision on securitised loan portfolio	232,148	170,872
Receivables written off	72,007,257	40,702,695
<b>Total</b>	<b>17,850,638</b>	<b>100,723,791</b>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
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**24. ASSIGNMENT/SECURITIZATION OF LOAN PORTFOLIO**

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

Total Number of Loan assets assigned/secritized	48,813	12,428
Total book value of Loan assets assigned/ securitized	1,004,838,868	231,019,814
Sale consideration received for the assigned/ securitized assets	916,899,456	211,837,765
Income recognised in the statement of profit and loss	-	3,056,863

**Note:**

- During the current year company has done direct assignment of loan portfolio of Rs. 836,655,243/- (previous year: 78,393,774/-) under guidelines issued by Reserve Bank of India dated August 21, 2012 without any credit enhancement as prescribed in the guidelines.
- During the current year company has done securitization of loan portfolio of Rs. 168,183,625 /- (previous year: 152,625,040/-) under guidelines issued by Reserve Bank of India dated August 21, 2012.
- Following disclosure is made in accordance with RBI circular no DBOD.NO.BP.BC.60/21.04.048/2005-06 dated 01 February 2006.

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 31 <sup>st</sup> March, 2019	Number/Amount 31 <sup>st</sup> March, 2018
1	Number of SPVs sponsored by the company for securitization/bilateral transactions	3	2
2	Total amount of securitized assets as per books of the SPVs/assignees sponsored by the company.	75,440,238	161,032,262
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	21,615,836	15,657,302
	*Others	-	-
	b) On balance sheet exposure		
	*First loss	-	-
	*Others	-	-
4	Amount of exposures to securitisation transactions other than MRR	-	-
	a) Off balance sheet exposure	-	-
	*First loss	-	-
	*Other	-	-
	b) On balance sheet exposure	-	-
	*First loss	-	-
	*Other	-	-
	i. Exposure to own securitization	-	-
	*First loss	-	-
	*Others	-	-
	ii) Exposure to third party securitization	-	-
	*First loss	-	-
	*Other	-	-

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 25. PROVISION FOR OUTSTANDING LOAN PORTFOLIO

The provision for outstanding loan portfolio as at 31 March 2019 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 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Standard Portfolio (A)</b>	<b>1,555,390,750</b>	<b>1,580,175,322</b>
<b>Non Performing assets</b>		
Loan portfolio which are overdue for more than 90 days and less than 180 days	5,050,471	7,937,260
Loan portfolio which are overdue for 180 days or more	10,561,597	70,392,660
<b>Total (B)</b>	<b>15,612,068</b>	<b>78,329,920</b>
<b>Total Loan Portfolio (A)+(B)</b>	<b>1,571,002,818</b>	<b>1,658,506,242</b>
<b>Provision on Loan Portfolio</b>		
1% on total loan portfolio ©	15,710,028	16,585,062
Aggregate of the following		
a) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days	1,242,742	2,618,368
b) 100% of the aggregate loan installments which are overdue for 180 days or more.	8,382,013	67,480,427
<b>Total (D)</b>	<b>9,624,755</b>	<b>70,098,795</b>
<b>Higher of (C) or (D)</b>	<b>15,710,028</b>	<b>70,098,795</b>
<b>Opening Provision</b>	<b>70,098,795</b>	<b>10,248,571</b>
<b>Additional/reversal, net</b>	<b>(54,388,767)</b>	<b>59,850,224</b>
<b>Closing provision</b>	<b>15,710,028</b>	<b>70,098,795</b>

	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
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### 26. EARNINGS PER SHARE

Net Profit/(Loss) attributable to equity shareholders	4,239,661	(79,416,789)
Weighted Average Number of Equity shares in calculating basic EPS	19,220,846	15,054,422
Weighted Average Number of Equity shares in calculating diluted EPS**	19,220,846	17,085,995
Earnings per Share (EPS) Basic – Rs.	0.22	(5.28)
Earnings per Share (EPS) Diluted – Rs.	0.22	(4.65)
Face Value of Shares – Rs.	10	10

\*\* Effect of dilution is due to conversion of Compulsory Convertible Debentures.



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

## 27. 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. 7,136,173/- (Previous year Rs. 6,854,866/-) 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).

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Amount recognized in Balance sheet</b>		
Present value of obligation as at the beginning of the year	4,227,714	2,643,540
Current Service Cost	1,810,494	1,401,748
Interest Cost	324,738	189,627
Actuarial (Gain)/Loss recognized during the year	(653,455)	98,809
Benefits Paid	(53,401)	(106,010)
Past Service Cost	600,536	-
<b>Net (Liability)</b>	<b>6,256,627</b>	<b>4,227,714</b>
<b>Expenses recognised in Statement of Profit &amp; Loss</b>		
Current Service Cost	1,810,494	1,401,748
Interest Cost	324,738	189,627
Net Actuarial (Gain)/Loss recognized during the year	(653,455)	98,809
Past Service Cost	600,536	-
<b>Amount included in employee benefit expenses</b>	<b>2,082,314</b>	<b>1,690,184</b>
<b>Movement in the liability recognized in the balance sheet</b>		
Opening net liability	4,227,714	2,643,540
Expenses as above	2,082,314	1,690,184
Benefits paid directly	(53,401)	(106,010)
Contribution paid in to the fund	-	-
<b>Closing net liability</b>	<b>6,256,627</b>	<b>4,227,714</b>

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>Principal actuarial assumption</b>		
i. Discount Rate (p.a)	7.79%	7.73%
ii. Salary escalation rate (p.a)	9.00%	9.00%

Gratuity Liability for the current year has been estimated based on actuarial valuation under defined benefit plan. An amount of Rs. 2,082,314 /- (Previous year: Rs. 1,690,184/-) 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.

### (c) 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. 286,322/- (previous year Rs. 416,925/-) in the books of accounts for the year.

### 28. 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'.

### 29. Operating Leases

Lease payments made under cancellable operating lease amounting to Rs.11,690,576 /- (previous year Rs. 8,725,732/-) disclosed as rent and the same have been recognized as an expense in the Statement of Profit & Loss.

### 30. 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.21,615,836/- (previous year 15,657,302/-).

### 31. 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
Related party where control exists	Nil
<b>Other related parties</b>	
Enterprises having significant influence over the Company	India Nivesh Capitals Limited
Key management personnel-Directors	K M Vishwanathan K V Balaji
Relatives of key management personnel	Uma Sundari

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
<b>1</b>	<b>Compulsory Convertible Debentures</b>		
	India Nivesh Capitals Limited	-	100,000,000
<b>2</b>	<b>Managerial Remuneration</b>		
	Mr. K M Vishwanathan	4,700,000	3,600,000
	Mr. K V Balaji	4,100,000	3,000,000
	Uma Sundari	1,815,678	1,012,661
<b>3</b>	<b>Rent paid</b>		
	Mr. K M Vishwanathan	252,175	229,250
<b>4</b>	<b>Bonus Paid</b>		
	Mr. K M Vishwanathan	450,000	-
	Mr. K V Balaji	375,000	-
	Uma Sundari	85,890	-

## 32. PROFESSIONAL FEE IN NOTE 22 INCLUDES AUDITORS REMUNERATION AS FOLLOWS

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Audit Fees	275,000	275,000
Limited review fees	75,000	75,000
Certification fees	-	35,075
Tax Audit Fee	75,000	162,500
Consultancy Fees	-	-
Others	-	42,263
<b>Total</b>	<b>425,000</b>	<b>589,838</b>

## 33. 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	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
Tier I Capital (net worth)	234,567,836	212,052,116
Tier II Capital	54,192,082	77,171,349
<b>Total Capital</b>	<b>288,759,918</b>	<b>289,223,465</b>
Total Risk Weighted Assets	1,714,552,768	1,763,733,078
CRAR as a Percentage of Total Risk Weighted Assets (%)	16.84%	16.40%

## (ii) Exposure to Real Estate Sector, both Direct &amp; Indirect

The Company does not have any direct or indirect exposure to the real estate sector as at 31<sup>st</sup> March 2019 (Previous Year: Nil).

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 34. 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 10% / 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. The Average Interest Rate on Borrowing and charged on loans during the F.Y.18-19 is as under,

- Average cost of borrowings computed on average quarterly balance of outstanding borrowings and average monthly balance of outstanding borrowings, in accordance with Accounting Standard 16 – Borrowing Costs, for the year 2018-19 is 15.70% and 15.05% respectively.
- Average interest charged calculated on average quarterly balance of outstanding portfolio and average monthly balance of outstanding portfolio for the year 2018-19 is 24.80% and 25.61% respectively.

### 35. QUALIFYING ASSET:

The Company has maintained the qualifying asset percentage as at 31 March 2019, 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.

### 36. 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 2019 and 31 March 2018 are furnished below:

Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
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.*

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 201937. DISCLOSURE PURSUANT TO RESERVE BANK OF INDIA NOTIFICATION DNBR.008/CGM (CDS) - 2015 DATED 27<sup>TH</sup> MARCH, 2015.

Sr.No.	Particulars	As at 31 <sup>st</sup> March, 2019 Amount outstanding	As at 31 <sup>st</sup> March, 2018 Amount outstanding
<b>Liabilities Side :</b>			
(1)	<b>Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:</b>		
a.	Debenture		
	- Secured	-	37,500,001
	- Unsecured (other than falling within the meaning of public deposits)	-	-
b.	Deferred Credits	-	-
c.	Term loans	1,469,944,412	1,643,181,678
d.	Inter Corporate Loans and borrowings	-	-
e.	Commercial Paper	-	-
f.	Other Loans	-	-

**Assets Side :**

(2)	<b>Break-up of Loans and Advances including bills receivables [other than those included in (4) below]</b>		
a.	Secured	-	-
b.	Unsecured (Note: represents the Loan Portfolio less provision)	1,555,292,790	1,588,407,447
(3)	<b>Break up of Leased Assets and stock on hire and other assets counting towards AFC activities</b>		
(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)	Reposessed Assets	-	-
(iii)	Other loans counting towards AFC activities		
a)	Loans where assets have been reposessed	-	-
b)	Loans other than (a) above	-	-

## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

Sr.No.	Particulars	As at 31 <sup>st</sup> March, 2019 Amount outstanding	As at 31 <sup>st</sup> March, 2018 Amount outstanding
(4)	<b>Break-up of Investments</b>		
	<b>Current Investments:</b>		
	<b>1. Quoted:</b>		
	(I) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	<b>2. Unquoted:</b>		
	(I) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	<b>Long Term investments:</b>		
	<b>1. Quoted:</b>		
	(I) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	500,000	500,000
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	<b>2. Unquoted:</b>		
	(I) Shares		
	(a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	20,000,000	20,000,000
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

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

Sr. No.	Category	Amount net of provisions As at 31 <sup>st</sup> March, 2019		Amount net of provisions As at 31 <sup>st</sup> March, 2018	
		Secured	Unsecured	Secured	Unsecured
1.	Related Parties				
	a) Subsidiaries	-	-	-	-
	b) Companies in the same group	-	-	-	-
	c) Other related parties	-	-	-	-
2.	Other than Related parties	-	1,555,292,790	-	1,588,407,447
	<b>Total</b>	-	1,555,292,790	-	1,588,407,447

## (6) Investor group-wise Classification of Assets financed as in (2) and (3) above

Sr. No.	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	-	-
	<b>Total</b>	-	-

## (7) Other Information

Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2019	As at 31 <sup>st</sup> March, 2018
(i)	Gross Non Performing Assets	15,612,068	78,329,920
	(a) Related parties	-	-
	(b) Other than related parties	15,612,068	78,329,920
(ii)	Net Non-Performing Assets	-	8,231,125
	(a) Related parties	-	-
	(b) Other than related parties	-	8,231,125

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## NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

38. The Hon'ble Supreme Court of India by their order dated February 28, 2019, has clarified the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Pending directions or clarification from the EPFO, the quantification of impact, if any, is not ascertainable and consequently no effect has been given in the accounts.

39. **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 attached.

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In terms of our report attached.

**For G M Kapadia & Co** (Chartered Accountants)  
Firm Registration No. - 104767W

**Atul Shah** (Partner)  
Membership No.: 39569

Mumbai : 25<sup>th</sup> May, 2019

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

**K. M. Vishwanthan**  
*CEO & Director*  
DIN : 02778043

**Shrikant Sapre**  
*CFO*

**K. V. Balaji**  
*COO & Director*  
DIN : 02776220

**Vibhuti Harsh**  
*Company Secretary*  
Mem.No. A29106

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# M POWER MICRO FINANCE PRIVATE LIMITED

CIN : U65999MH2009PTC197149

**Regd. Office:** B-212, Arjun Centre, Plot No. 231, Govandi Station Road, Govandi, Mumbai, Maharashtra 400 088

**Corporate Office:** 3<sup>rd</sup> Floor, Amin Chambers, 85 B Sampatroa Colony, Alkapuri, Vadodara 390 007

**Phone:** 022-65313141/42 | **Website:** www.mpowermicro.com | **Email:** contact@mpowermicro.com

## ATTENDANCE SLIP

10<sup>th</sup> Annual General Meeting - 9<sup>th</sup> August 2019

I hereby record my presence at the 10<sup>th</sup> Annual General Meeting of the M Power Micro Finance Private Limited held on Friday, 9<sup>th</sup> August, 2019 at 10:00 a.m. at its Registered Office at B-212, Arjun Centre, Plot No. 231, Govandi Station Road, Govandi, Mumbai - 400 088.

Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Full name of the Member/ Authorised  
Representative (IN BLOCK LETTERS) \_\_\_\_\_

Full name of Proxy (IN BLOCK LETTERS) \_\_\_\_\_

Member's/Proxy's/ Authorised  
Representative's Signature \_\_\_\_\_

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# M POWER MICRO FINANCE PRIVATE LIMITED

CIN : U65999MH2009PTC197149

**Regd. Office:** B-212, Arjun Centre, Plot No. 231, Govandi Station Road, Govandi, Mumbai, Maharashtra 400 088

**Corporate Office:** 3<sup>rd</sup> Floor, Amin Chambers, 85 B Sampatroa Colony, Alkapuri, Vadodara 390 007

**Phone:** 022-65313141/42 | **Website:** www.mpowermicro.com | **Email:** contact@mpowermicro.com

## FORM NO. MGT - 11

### **PROXY FORM**

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

Name of member(s):			
Registered address:			
Email id:			
Folio No./ Client id:		DP ID:	

I/We being a member / members of \_\_\_\_\_ shares of the above named company, hereby appoint

Name			
Address			
Email id:		Signature	

Or failing him:

Name			
Address			
Email id:		Signature	

Or failing him:

Name			
Address			
Email id:		Signature	

and whose signature(s) are appended below as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 10<sup>th</sup> Annual General Meeting of the company, to be held on Friday, 9<sup>th</sup> August, 2019 at 10:00 a.m. at its Registered Office at B-212, Arjun Centre, Plot No. 231, Govandi Station Road, Govandi, Mumbai, Maharashtra 400 088 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Resolution(s)	Vote	
		For	Against
1	Adoption of Financial Statements for the year ended 31.03.2019		
2	To Declare Dividend for the year ended on 31.03.2019		



Resolution No.	Resolution(s)	Vote	
		For	Against
3	To ratify the reappointment of Statutory Auditors for the FY 2019-20		
4	To approve increase in borrowing limits of the Company		
5	To approve increase in limits for creation of charge on the assets of the Company		
6	To appoint Mr. Desh Raj Dogra		

Signed \_\_\_\_\_ day of \_\_\_\_\_ 2019

Affix Re.1  
Revenue  
Stamp

\_\_\_\_\_  
Signature of shareholder

\_\_\_\_\_  
Signature of shareholder

\_\_\_\_\_  
Signature of shareholder

\_\_\_\_\_  
Signature of 1<sup>st</sup> proxy holder

\_\_\_\_\_  
Signature of 2<sup>nd</sup> proxy holder

\_\_\_\_\_  
Signature of 3<sup>rd</sup> proxy holder

**Note:**

1. The proxy form in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A person can act as a Proxy on behalf of not exceeding 50 Members and holding, in the aggregate, not more than 10% of the total share capital of the Company carrying voting rights. However, a Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as a Proxy and such person shall not act as a Proxy for any other Member.

