



**SHREE MARIKAMBA**  
**Micro Finance Pvt. Ltd.,**

Regd. Office :

YSS Towers, 1st Cross, N. T. Road,  
Shivamogga - 577 201, Karnataka, India

Phone : 08182 - 402347

E-mail : [shrimarikambafinance@gmail.com](mailto:shrimarikambafinance@gmail.com)

CIN : U67100KA2014PTC073382

**NOTICE OF 5<sup>TH</sup> ANNUAL GENERAL MEETING**

To,  
All the Shareholders,  
Shree Marikamba Micro Finance Private Limited.

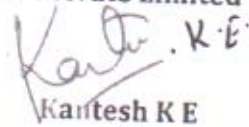
NOTICE is hereby given that the 5<sup>th</sup> **Annual General Meeting** of the Members of the Company is scheduled to be held on, Tuesday, the 18<sup>th</sup> day of September, 2018 at 5.30 PM at the Shimoga Country Club, Vidyanagar, Shivamogga - 577203, Karnataka to transact the following business:

**ORDINARY BUSINESS:**

**1. Approval of Financial Report**

To receive, consider and adopt the Audited Balance Sheet as at 31st March 2018, the Profit and Loss Account and Cash Flow Statement for the year ended on that date and the Reports of the Auditors and Directors thereon.

For Shree Marikamba Micro Finance Private Limited

  
Kantesh K E

Director

DIN: 00686990

Place: Shivamogga

Date: 04-08-2018

**NOTES:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies in order to be effective must be received by the company not later than forty eight (48) hours before the meeting.
2. A person can act as a proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent 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 proxy for any other person or shareholder.
3. Members are requested to bring their attendance slips duly completed and signed mentioning therein details of their Folio No.
4. 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 are requested to send their e-mail address to [shrimarikambafinance@gmail.com](mailto:shrimarikambafinance@gmail.com)

**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]**

CIN : U67100KA2014PTC073382  
Name of the Company : Shree Marikamba Micro Finance Private Limited  
Registered office : Sy. No. 173/162/94, Ward No. 28, GSKM road cross,  
PWD Quarters road, YSS towers Shivamogga -577201,  
Karnataka.

|                         |                     |       |
|-------------------------|---------------------|-------|
| Name of the Member(s) : |                     |       |
| Registered Address :    |                     |       |
| E-mail Id               | Folio No /Client ID | DP ID |

I/We, being the member(s) of \_\_\_\_\_ shares of the above named company. Hereby appoint

Name : E-mail Id:  
Address :

Signature, or failing him  
Name : E-mail Id:  
Address:

Signature, or failing him  
Name : E-mail Id:

|             |
|-------------|
| Address:    |
| Signature : |

as my/ our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 5<sup>th</sup> Annual General Meeting of the company, to be held on Tuesday, the 18<sup>th</sup> day of September, 2018 at 05:30 P.M at Shimoga Country Club, Vidyanagar, Shivamogga - 577203 and at any adjournment thereof in respect of such resolutions as are indicated below:

**Resolution No.**

| Sl. No. | Resolution(S)                                                                                                                                                                                                                                                             |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | To receive, consider, approve and adopt the Audited Balance Sheet as at 31 <sup>st</sup> March 2018, the Profit and Loss Account and Cash Flow Statement for the year ended with schedules and notes, on that date and the Reports of the Auditors and Directors thereon. |

Signed this \_\_\_ day of \_\_\_\_\_, 2018

Affix  
Revenue  
Stamps

Signature of Shareholder

Signature of Proxy holder

Signature of the shareholder  
across Revenue Stamp

**Note:**

1. This form of proxy 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. The proxy need not be a member of the company.

**ATTENDANCE SLIP**

(To be handed over at the entrance of the meeting hall)

**5<sup>th</sup> Annual General Meeting  
On Tuesday, the 18<sup>th</sup> day of  
September, 2018.**

Full name of the members attending (In block capitals) \_\_\_\_\_  
Ledger Folio No. /Client ID No. \_\_\_\_\_ No. of shares held: \_\_\_\_\_  
Name of Proxy (To be filled in, if the proxy attends instead of the member) \_\_\_\_\_.

I hereby record my presence at the 5<sup>th</sup> Annual General Meeting of the SHREE  
MARIKAMBA MICRO FINANCE PRIVATE LIMITED on Tuesday, the 18<sup>th</sup> day of  
September, 2018, 5.30 PM at the Shimoga Country Club, Vidyanagar, Shivamogga -  
577203, Karnataka.

(Member's /Proxy's Signature)

**Note:**

- 1) The Proxy, to be effective should be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the commencement of the meeting.
- 2) A Proxy need not be a member of the Company.
- 3) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.





# SHREE MARIKAMBA Micro Finance Pvt. Ltd.,

Regd. Office :

YSS Towers, 1st Cross, N. T. Road,  
Shivamogga - 577 201, Karnataka, India  
Phone : 08182 - 402347

E-mail : srimarikambafinance@gmail.com

CIN : U67100KA2014PTC073382

## DIRECTORS' REPORT

To,  
All the Shareholders,  
Shree Marikamba Micro Finance Pvt Ltd.

Your Directors have pleasure in submitting their 5<sup>th</sup> Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March 2018;

### 1. FINANCIAL RESULTS

The Company's financial performance for the year under review along with previous year figures is given hereunder:

(In Rs.)

| Particulars                     | For the year ended 31 <sup>st</sup> March, 2018 | For the year ended 31 <sup>st</sup> March, 2017 |
|---------------------------------|-------------------------------------------------|-------------------------------------------------|
| <b>Net Sales /Income from</b>   |                                                 |                                                 |
| Business Operations             | 1,38,79,268                                     | 1,09,36,459                                     |
| Other Income                    | 17,733                                          | 8,002                                           |
| <b>Total Income</b>             | <b>1,38,97,001</b>                              | <b>1,09,44,461</b>                              |
| <b>Total Expenditure</b>        | <b>75,30,715.</b>                               | <b>55,39,737</b>                                |
| <b>Profit before Tax</b>        | <b>63,66,286</b>                                | <b>54,04,724</b>                                |
| <b>Net Profit after Tax</b>     | <b>47,24,518</b>                                | <b>37,88,990</b>                                |
| <b>Earnings per share Basic</b> | 8.72                                            | 7.06                                            |
| <b>Diluted</b>                  | 8.72                                            | 7.06                                            |

| Particulars                                    | 2017-18        | As a % to revenue | Growth as a % to previous year (2017) | 2016-17        | As a % to revenue |
|------------------------------------------------|----------------|-------------------|---------------------------------------|----------------|-------------------|
| Revenue from operations                        | 1,38,79,268.00 | 100.00            | 26.91                                 | 1,09,36,459.00 | 100.00            |
| Earnings Before Interest and tax               | 89,68,468.81   | 64.62             | 37.83                                 | 65,06,988.00   | 59.50             |
| Less: Finance Cost (Interest and Bank Charges) | 26,02,182.95   | 18.75             | 136.08                                | 11,02,264.00   | 10.08             |

|                     |              |       |       |              |       |
|---------------------|--------------|-------|-------|--------------|-------|
| Earnings before tax | 63,66,285.86 | 45.87 | 17.79 | 54,04,724.00 | 49.42 |
| Less: Tax Expense   | 16,41,768.30 | 11.83 | 1.61  | 16,15,734.00 | 14.77 |
| Earnings after tax  | 47,24,517.56 | 34.04 | 24.69 | 37,88,990.00 | 34.65 |

#### **REVIEW OF BUSINESS OPERATIONS:**

Your Directors wish to present the details of Business operations done during the year under review:

The total revenue from operations for the year ended 31<sup>st</sup> March, 2018 was Rs.1,38,97,001/- which is 26.98% more than previous year revenue which was Rs.1,09,44,461/- for year ending 31st March, 2017.

The Profit before tax for the year ended 31st March, 2018 was Rs.63,66,286/- as compared to Rs. 54,04,724 /- for the year ending 31st March, 2017.

The Profit after Tax stood at Rs.47,24,518/- for the year ending 31st March, 2018 which is 24.69% more than previous year profit after tax which was Rs. 37,88,990/- for year ending 31st March, 2017.

#### **2. Activities carried out during the year:**

The Company has been doing well for the last 3 years including previous financial year 2017-18 and also conducted social service activities. On April 23<sup>rd</sup> and 24<sup>th</sup> April 2017 Company has arranged a Tour to visit Pilgrimage centers to our SHG women borrowers on the occasion of 68<sup>th</sup> Birth Day of our Honorable Chairmen Sri K S Eshwarappa, Ex Deputy Chief Minister and present Member of Legislative Assembly. During 1<sup>st</sup> day of the Tour 2400 members visited Banavasi, Sirsi Marikamba Temple, Murdeshwara and then proceed to Kolluru. On 2 day a special pooja has arranged at Mookambika temple, at Kolluru, then visited Anegudde Ganapathi temple and Sri Krishna Temple at Udupi and back to Shivamogga. Further on the occasion of Goddess Shree Marikamba Festival, we have distributed sarees to all needy women Beneficiaries and all members have Marikamba devi darshan at temple.

#### **3. DETAILS OF DIVIDEND DECLARED**

| SL No | Financial Year | Amount of Dividend | Percentage of Dividend |
|-------|----------------|--------------------|------------------------|
| 1     | 2015-16        | 19,32,510/-        | 3.70                   |
| 2     | 2016-17        | 24,88,600/-        | 4.60                   |
| 3     | 2017-18        | 32,51,352/-        | 6.00                   |

#### **4. CAPITAL STRUCTURE**

During the financial year 2017-2018, The authorised equity share capital of the company is Rs.6,00,00,000/- (Rupees Six Crore Only) divided into 6,00,000 (Six Lakh Only) Equity Shares of Rs.100/- (Rupees Hundred Only) each.

The Paid up capital of the company is Rs.5,41,89,200/- (Rupees Five Crore Forty One Lac Eighty Nine Thousand Two Hundred Only) divided into 5,41,000/- (Five Lac Forty One Thousand) Equity Shares of Rs.100/- (Rupees Hundred Only) each.



During the year 892 equity Shares of Rs. 100/-each aggregating to Rs.89,200/- were allotted.

## 5. MATERIAL CHANGES AND COMMITMENT

No material changes and commitments affecting the financial position of the Company occurred between the ends of the financial year to which this financial statement relates on the date of this report.

## 6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:

| (A) Conservation of Energy                                               |                                                                             |
|--------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| the steps taken or impact on conservation of energy                      | Company's activity is not intensive power consuming hence no measure taken. |
| the steps taken by the company for utilizing alternate sources of energy | Nil                                                                         |
| the capital investment on energy conservation equipments                 | Nil                                                                         |

| (B) Technology Absorption                                                                                               |     |
|-------------------------------------------------------------------------------------------------------------------------|-----|
| the efforts made towards technology absorption                                                                          | Nil |
| the benefits derived like product improvement, cost reduction, product development or import substitution               | Nil |
| in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) | NA  |
| the details of technology imported;                                                                                     | NA  |
| the year of import                                                                                                      | NA  |
| whether the technology been fully absorbed                                                                              | NA  |
| if not fully absorbed, areas where absorption has not taken place, and the reasons thereof                              | NA  |
| the expenditure incurred on Research and Development                                                                    | Nil |

## FOREIGN EXCHANGE EARNINGS AND OUTGO: NIL

## 7. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

The Board of Directors has approved the Risk Management Policy for the Company in accordance with the provisions of the Companies Act, 2013. The Risk Policy document has in its scope, the establishment of a process for risk assessment, identification of risks both internal and external, and a detailed process for evaluation and treatment of risks. The Risks identified and the steps taken to mitigate risks shall be reviewed and shall be placed before the Board from time to time.

**8. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

**9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

**10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

There were no related party transactions that were entered into during the financial year 2017-18.

**11. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES**

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company and hence the Company has not devised any policy relating to appointment of Directors, payment of Managerial remuneration, Directors qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013.

**12. EXTRACT OF ANNUAL RETURN**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in AnnexureA and is attached to this Report.

**13. NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

The Board of Directors duly met 8 times during the financial year 2017-2018. The intervening gap between any two meetings was within the period prescribed under the provisions of section 173 of companies Act, 2013. The maximum interval between any two meetings did not exceed 120 days as specified under sub section (1) of section 173 of the Companies Act, 2013 are as follows:

| Sl. No | Date of Board Meeting | DIRECTORS' NAME |             |           |               |
|--------|-----------------------|-----------------|-------------|-----------|---------------|
|        |                       | K S Eswarappa   | K E Kantesh | K Shankar | H S Sachindra |
| 1      | 28-04-2017            | ✓               | ✓           | ✓         | ✓             |
| 2      | 10-06-2017            | ✓               | ✓           | ✓         | NA            |
| 3      | 05-08-2017            | ✓               | ✓           | ✓         | NA            |



|   |            |   |   |   |    |
|---|------------|---|---|---|----|
| 4 | 07-08-2017 | ✓ | ✓ | ✓ | NA |
| 5 | 10-10-2017 | ✓ | ✓ | ✓ | NA |
| 6 | 27-11-2017 | ✓ | ✓ | ✓ | NA |
| 7 | 11-01-2018 | ✓ | ✓ | ✓ | NA |
| 8 | 01-03-2018 | ✓ | ✓ | ✓ | NA |

#### 14. GENERAL MEETINGS HELD DURING THE YEAR

During the year under review 4<sup>th</sup> AGM was held on 15<sup>th</sup> September, 2017.

#### 15. DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:—

- (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; and
- (e) 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. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint venture or Associate Company.

#### 17. DEPOSITS

The details relating to deposits, covered under Chapter V of the Act:

|                                                                                                                                                                                                                                               |     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 1. Accepted during the year                                                                                                                                                                                                                   | NIL |
| 2. Remained unpaid or unclaimed as at the end of the year                                                                                                                                                                                     | NIL |
| 3. Whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved<br>i. At the beginning of the year<br>ii. Maximum during the year | NIL |



- iii. At the end of the year
- iv. The details of deposits which are not in compliance with the requirements of Chapter V of the Act

## **18. DECLARATION OF INDEPENDENT DIRECTORS**

The provisions of Section 149 pertaining to the appointment of Independent Directors do not apply to our Company.

## **19. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM**

The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is not applicable to the Company.

## **20. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS:**

There are no significant material orders passed by the courts/regulators or tribunals impacting the going concern status and company's operations in future.

## **21. SHARES**

### A. Buy back of securities

The Company has not bought back any of its securities during the year under review.

### B. Sweat equity

The Company has not issued any Sweat Equity Shares during the year under review.

### C. Bonus shares

No Bonus Shares were issued during the year under review.

### D. Employees Stock Option Plan

The Company has not provided any Stock Option Scheme to the employees.

### E. Equity shares with differential voting rights

The Company has not issued any Equity shares with differential voting rights during the year under review.

### F. Restriction on purchase by company or giving of loans by it for purchase of its shares

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to

Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 is furnished.

**22. TRANSFER TO RESERVES:**

The Directors propose to transfer an amount of Rs.9,44,904/- to statutory reserves of the Company to be maintained in accordance with the provisions of section 45-IC of Reserve Bank of India Act, 1934.

**23. DETAILS OF DIRECTORS WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR:**

During the year Mr. Sachindra has resigned from the Directorship of the company from 1<sup>st</sup> June, 2017.

**24. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OF THE COMPANIES ACT, 2013 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT:**

There are no frauds reported by Auditors under sub section (12) of Section 143 of the Companies Act, 2013 other than those which are reportable to the central government.

**25. DETAILS AS PER RULE 2(1)(c)(VIII) OF COMPANIES (ACCEPTANCE OF DEPOSITS) RULES, 2014:**

The company has received loan from directors as mentioned in below table and at the time of accepting the money, a declaration in writing to the effect that the amount is not being given out of funds acquired by her by borrowing or accepting loans has been obtained.

| Related Party | Nature of Relationship | Nature of Transaction        | Total Money Borrowed during the year |
|---------------|------------------------|------------------------------|--------------------------------------|
| Jyothi K E    | Relative of Director   | Loan borrowed by the company | 10,00,000/-                          |

**26. DETAILS OF PENALTIES/PUNISHMENT/COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE DIRECTORS'REPORT:**

There are no penalties/punishments/commitments affecting the financial position of the company between the end of the financial year and the date of the directors' report.



**27. SUMMARY OF COMPLAINTS RECEIVED AND DISPOSED OFF DURING EACH CALENDER YEAR AS REQUIRED UNDER THE PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL ) ACT,2013 AND DISCLOSURE THAT THE COMPANY HAS IN PLACE AN ANTISEXUAL HARASSMENT POLICY IN LINE WITH THE REQUIREMENTS OF THE ACT AND AN INTERNAL COMPLAINTS COMMITTEE HAS BEEN SET UP FOR REDRESSAL OF COMPLAINTS AND THAT ALL EMPLOYEES (PERMANENT,CONTRACTUAL,TEMPORARY,TRAINEES) ARE COVERED UNDER THE POLICY:**

The Board of Directors report that during the year under report Anti Sexual Harassment Policy in line with the requirement of Workplace (prevention, prohibition and redressal) Act, 2013 is in place and that the employees have been advised to address their grievances under this Act to the Working Director of the company for redressal.

**28. DETAILS OF THE ESTABLISHMENT OF VIGIL MECHANISM TO FACILITATE DIRECTORS AND EMPLOYEES TO REPORT GENUINE CONCERNS TO THE COMPANY PURSUANT TO SUB-SECTION (10) OF SECTION 177 OF THE COMPANIES ACT,2013:**

The establishment of Vigil Mechanism to facilitate Directors and employees to report genuine concerns to the Company pursuant to the provisions of sub section (10) of Section 177 of the Companies Act, 2013 is not applicable.

**29. STAFF-MANAGEMENT RELATIONSHIP:**

The staff management relationship during the year under review has been quite cordial and harmonious.

**30. THE NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR:**

Board of Directors report that during the year under report no Bodies Corporate have become or ceased to be Subsidiary, joint venture or Associate Company of the Company.

**31. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS:**

There were no qualifications, reservations or adverse remarks made by the Auditors in their report.

**32. STATUTORY AUDITOR**

Mr. Srinidhi K P, Chartered Accountant, Shivamogga, was appointed as Statutory Auditors of the Company at the Annual General Meeting of the Members of the Company held on 22-09-2015 for a period of five years (from financial year 2015-16 to financial year 2019-20), pursuant to the provisions of section 139 of the Companies Act, 2013 read with Rule 3 of the Companies (Audit and Auditors) Rules, 2014 subject to

ratification in every Annual General Meeting by way of passing of an ordinary resolution.

As per latest amendment to section 139(1) of the Companies Act, 2013 notified on 7th May, 2018, requirement of placing the matter relating to ratification of statutory auditor who was appointed for a period five years is omitted. Hence the ratification of appointment of Statutory Auditors at the ensuing 5<sup>th</sup> AGM is not required.

### **33. COMPLIANCE WITH SECRETARIAL STANDARD:**

During the year company has complied with Secretarial Standard - 1 with respect to meetings of the board and Secretarial Standard - 2 with respect to General Meeting held.

### **34. THE COMPANY SECRETARY IN PRACTICE IN HIS SECRETARIAL AUDIT REPORT:**

The Secretarial Audit Report by a Company Secretary in Practice pursuant to the provisions of the section 204 of the Companies Act, 2013 is not applicable to the Company.

### **35. PARTICULARS OF EMPLOYEES**

No employee was in receipt of remuneration in excess of the limits prescribed under Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and hence the prescribed information not required to be given.

### **36. INTERNAL FINANCE CONTROLS**

The Board is of the opinion that, policies and procedures adopted by the Company for ensuring orderly and efficient conduct of its business, accuracy and completeness of the accounting records, and timely preparation of reliable financial information, it has adequate Internal Controls commensurate with the size and operations of the company.

### **37. ACKNOWLEDGEMENTS**

Your Directors place on record their sincere thanks to Bankers, Employees, Business Associates, Auditor, Company Secretary and various Government Authorities for their continued support extended to the Company.

For Shree Marikamba Micro Finance Private Limited



Kantesh K E  
Director

DIN: 00686990



K Shankar  
Director

DIN: 06793871

Place: Shivamogga.  
Date: 04-08-2018





## **INDEPENDENT AUDITOR'S REPORT**

To the Members of SHREE MARIKAMBA MICRO FINANCE PVT LTD

### **Report on Financial Statements:**

I have audited the accompanying financial statements of SHREE MARIKAMBA MICRO FINANCE PVT LTD ('the Company'), which comprise the Balance sheet as at 31 March 2018, the Statement of profit and loss and the Cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements:**

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

### **Auditor's Responsibility:**

My responsibility is to express an opinion on these financial statements based on my audit. I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. I conducted my audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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





**CA.Srinidhi K.P.**  
B.com, A.C.A  
**Chartered Accountant**



**Opinion:**

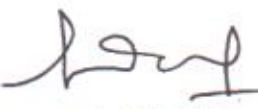
In my opinion and to the best of my information and according to the explanations given to me, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018 and its profit and its cash flows for the year ended on that date.

**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 sub-section (11) of section 143 of the Act, I give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the Order
2. As required by Section 143 (3) of the Act, I report that:
  - a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of my audit.
  - b) In my opinion proper books of account as required by law have been kept by the Company so far as appears from my 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 my opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
  - f) Reporting with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls under clause (i) of 143(3) is not applicable to the company for the FY 2017-2018 as per Ministry of Corporate Affairs Notification No. G.S.R. 583(E) dated 13th June 2017
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:
    - i. The Company does not have any pending litigations which would impact its financial position
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investors Education and Protection Fund by the Company.

Place: Shivamogga  
Date: 04/08/2018



  
CA.Srinidhi K P  
Chartered Accountant  
M.No.234489

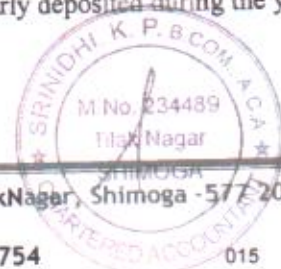




**Annexure - A to the Independent Auditors' Report**

The Annexure A referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2018, I report that:

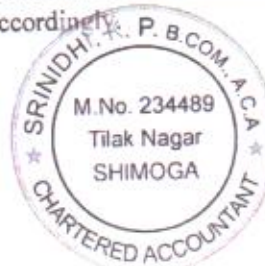
- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In my opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.  
  
c) According to the information and explanations given to me and on the basis of my examination of the records of the Company, Company does not have any immovable property in its name.
- ii. The Company's business does not involve inventories accordingly; the requirements under paragraph 3(ii) of the order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintain under section 189 of the Companies Act, 2013. Accordingly the requirements under paragraph 3 (iii) (a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- iv. In my opinion and according to the information and explanations given to me, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. The Company has not accepted any deposits from the public which is covered under provisions of sections 73 to 76.
- vi. To the best of my knowledge and as explained, the Central Government has not specified of cost records under clause 148(1) of the Act, for the services rendered by the Company. Accordingly the requirements under paragraph 3(vi) of the Order are not applicable to the Company.
- vii. (a) According to the information and explanations given to me and on the basis of my examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, duty of customs, value added tax, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

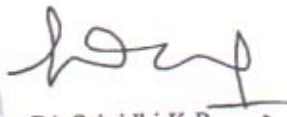




- (b) According to the information and explanations given to me, there were no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.
- viii. The company has not defaulted in repayment of dues to Financial Institutions/Banks.
- ix. On the basis of broad verification of accounts we are of the opinion that the term loans sanctioned and released by financial institutions/banks are utilized for the purpose for which the funds were sanctioned and released. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).
- x. According to the information and explanations given to me, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of my audit.
- xi. Provisions of Section.197 of the Companies Act, 2013 is not applicable to a private company. Accordingly, paragraph 3 (xi) of the Order is not applicable to the company.
- xii. In my opinion and according to the information and explanations given to me, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the company.
- xiii. According to the information and explanations given to me and based on my examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations give to me and based on my 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. According to the information and explanations given to me and based on my examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him which is covered under section.192 of the Companies Act, 2013. Accordingly, paragraph 3(xv) of the Order is not applicable to the company.
- xvi. The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained registration under the said Act accordingly.

Place: Shivamogga  
Date: 04/08/2018



  
CA.Srinidhi K P  
Chartered Accountant  
M.No.234489



**BALANCE SHEET AS AT 31.03.2018**

|                                                                   | Note no | As at<br>31 March 2018<br>Rs. | As at<br>31 March 2017<br>Rs. |
|-------------------------------------------------------------------|---------|-------------------------------|-------------------------------|
| <b>I. EQUITY AND LIABILITIES</b>                                  |         |                               |                               |
| <b>1 Shareholders' Funds</b>                                      |         |                               |                               |
| a) Share Capital                                                  | 2A      | 5,41,89,200                   | 5,41,00,000                   |
| b) Reserves and surplus                                           | 2B      | 21,75,368                     | 13,64,113                     |
| <b>Total</b>                                                      |         | <b>5,63,64,568</b>            | <b>5,54,64,113</b>            |
| <b>2 Share Application Money Pending Allotment</b>                |         | -                             | -                             |
| <b>3 Non Current Liabilities</b>                                  |         |                               |                               |
| a) Long-term borrowings                                           | 2C      | 81,66,667                     | -                             |
| b) Deferred tax liabilities (Net)                                 |         | -                             | -                             |
| c) Other long-term liabilities                                    |         | -                             | -                             |
| d) Long-term provisions                                           |         | -                             | -                             |
| <b>Total</b>                                                      |         | <b>81,66,667</b>              | <b>-</b>                      |
| <b>4 Current Liabilities</b>                                      |         |                               |                               |
| a) Short-term borrowings                                          | 2D      | 1,91,26,007                   | 1,22,50,483                   |
| b) Trade payables                                                 | 2E      | 90,000                        | 94,750                        |
| c) Other current liabilities                                      | 2F      | 80,12,563                     | 21,49,420                     |
| d) Short-term provisions                                          | 2G      | 15,44,371                     | 11,58,859                     |
| <b>Total</b>                                                      |         | <b>2,87,72,941</b>            | <b>1,56,53,512</b>            |
| <b>TOTAL</b>                                                      |         | <b>9,33,04,176</b>            | <b>7,11,17,625</b>            |
| <b>II. ASSETS</b>                                                 |         |                               |                               |
| <b>1 Non-Current Assets</b>                                       |         |                               |                               |
| a) Fixed Assets                                                   |         |                               |                               |
| (i) Tangible assets                                               | 2H      | 6,95,835                      | 6,94,208                      |
| (ii) Intangible assets                                            | 2I      | 35,014                        | 50,014                        |
| (iii) Capital work-in progress                                    |         | -                             | -                             |
| (iv) Intangible assets under Development                          |         | -                             | -                             |
| b) Non-Current Investments                                        |         | -                             | -                             |
| c) Deferred tax assets (Net)                                      | 2J      | 35,461                        | 9,134                         |
| d) Loan to Customers                                              | 2K      | 3,04,37,276                   | 1,73,24,117                   |
| e) Long-term Loans and advances                                   | 2L      | 7,43,278                      | 2,76,638                      |
| f) Other Non Current Assets                                       |         | -                             | -                             |
|                                                                   |         | <b>3,19,46,864</b>            | <b>1,83,54,111</b>            |
| <b>4 CURRENT ASSETS</b>                                           |         |                               |                               |
| a) Current Investments                                            |         | -                             | -                             |
| b) Cash and bank balance                                          | 2M      | 25,79,903                     | 31,92,876                     |
| c) Loan to Customers                                              | 2N      | 5,72,97,043                   | 4,79,16,177                   |
| d) Short-term loans and advances                                  | 2O      | 7,69,958                      | 9,64,840                      |
| e) Other Current Assets                                           | 2P      | 7,60,408                      | 6,89,621                      |
|                                                                   |         | <b>6,13,57,312</b>            | <b>5,27,63,514</b>            |
| <b>TOTAL</b>                                                      |         | <b>9,33,04,176</b>            | <b>7,11,17,625</b>            |
| Significant Accounting Policies and Notes on Financial Statements |         |                               |                               |

Place : Shimoga  
Date: 04.08.2018

For and on behalf of the Board of Directors

Director

Name: K.S.Eshwarappa  
DIN: 00229008

Director

Name: Kanthesh K E  
DIN: 00686990

Vide my report of even date

CA.Srinidhi K.P.

Chartered Accountant  
MLNo.234489



**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2018**

|                                                                       | Note no. | Year ended<br>31 March 2018<br>Rs. | Year ended<br>31 March 2017<br>Rs. |
|-----------------------------------------------------------------------|----------|------------------------------------|------------------------------------|
| <b>I. INCOME</b>                                                      |          |                                    |                                    |
| Revenue from operations                                               | 3A       | 1,38,79,268                        | 1,09,36,459                        |
| Other income                                                          |          | 17,733                             | 8,002                              |
|                                                                       |          | <b>1,38,97,001</b>                 | <b>1,09,44,461</b>                 |
| <b>II. EXPENDITURE</b>                                                |          |                                    |                                    |
| Employee benefit expenses                                             | 3B       | 18,81,690                          | 14,08,352                          |
| Finance costs                                                         | 3C       | 26,02,183                          | 11,02,264                          |
| Depreciation and amortisation expenses                                | 2II      | 2,10,233                           | 2,12,288                           |
| Other expenses                                                        | 3D       | 26,06,577                          | 26,87,551                          |
| Provisions and Write offs                                             | 3E       | 2,30,032                           | 1,29,282                           |
|                                                                       |          | <b>75,30,715</b>                   | <b>55,39,737</b>                   |
| <b>III. Profit before exceptional and extraordinary items and tax</b> |          | <b>63,66,286</b>                   | <b>54,04,724</b>                   |
| Exceptional Items                                                     |          | -                                  | -                                  |
| <b>IV. Profit before extraordinary items and tax</b>                  |          | <b>63,66,286</b>                   | <b>54,04,724</b>                   |
| Extraordinary Items                                                   |          | -                                  | -                                  |
| <b>V. PROFIT BEFORE TAX</b>                                           |          | <b>63,66,286</b>                   | <b>54,04,724</b>                   |
| <b>VI. TAX EXPENSE</b>                                                |          |                                    |                                    |
| Current tax                                                           |          | 16,68,095                          | 16,39,555                          |
| Deferred tax                                                          |          | (26,327)                           | (23,821)                           |
| <b>VII. Profit For the Period</b>                                     |          | <b>47,24,518</b>                   | <b>37,88,990</b>                   |
| <b>EARNINGS PER SHARE</b>                                             |          |                                    |                                    |
| Basic                                                                 |          | 8.72                               | 7.06                               |
| Diluted                                                               |          | 8.72                               | 7.06                               |
| (Nominal Value per Share: Rs.100, Previous year: Rs.100)              |          |                                    |                                    |

Significant Accounting Policies and Notes on Financial Statements

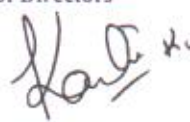
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Place : Shimoga

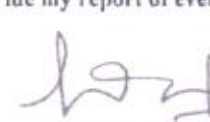
Date: 04.08.2018

For and on behalf of the Board of Directors

  
Director  
Name: K.S.Eshwarappa  
DIN: 00229008

  
Director  
Name: Kanthesh K. F.  
DIN: 00686990

Vide my report of even date

  
CA. Srinidhi K.P.  
Chartered Accountant  
M.No.234489





**SHREE MARIKAMBA MICRO FINANCE PVT LTD**  
Y S S Towers, 1st Cross, N.T.Road, Shivamogga -577 201, CIN: U67100KA2014PTC073382

| Cash Flow Statement for the                                 | Year ended 31st March     |                           |
|-------------------------------------------------------------|---------------------------|---------------------------|
|                                                             | 2018                      | 2017                      |
| <b>Cash flows from operating activities</b>                 |                           |                           |
| Profit after taxation                                       | 47,24,518                 | 37,88,990                 |
| <b>Adjustments for:</b>                                     |                           |                           |
| Depreciation & Amortization                                 | 2,10,233                  | 2,12,288                  |
| Interest expense                                            | 22,79,218                 | 10,01,120                 |
| Provision for Current Tax                                   | 16,68,095                 | 16,39,555                 |
| Provision for Deferred Tax                                  | (26,327)                  | (23,821)                  |
| Provision for standard and Non performing asset.            | 2,30,032                  | 1,29,282                  |
| <b>Working capital changes:</b>                             |                           |                           |
| (Increase) / Decrease in loan to Customers (Non Current)    | (1,31,13,159)             | 8,35,679                  |
| (Increase) / Decrease in Security Deposits                  | (2,75,000)                | (1,50,000)                |
| (Increase) / Decrease in loan to Customers (Current)        | (93,80,866)               | (1,37,61,297)             |
| (Increase) / Decrease in short term loans and advances      | 1,94,882                  | 6,85,160                  |
| (Increase) / Decrease in other current assets               | (70,787)                  | (1,50,610)                |
| Increase / (Decrease) in long term borrowings               | 81,66,667                 | -                         |
| Increase / (Decrease) in short term borrowings              | 68,75,524                 | 93,50,483                 |
| Increase / (Decrease) in Trade payables                     | (4,750)                   | (88,250)                  |
| Increase / (Decrease) in other current liabilities          | 46,98,291                 | (4,682)                   |
| Increase / (Decrease) in short term provisions              | -                         | -                         |
| <b>Cash generated from operations</b>                       | <u>61,76,570</u>          | <u>34,63,867</u>          |
| Direct taxes paid (Net of refund)                           | <u>(18,59,735)</u>        | <u>(17,05,065)</u>        |
| <b>Net cash from operating activities</b>                   | <u><u>43,16,835</u></u>   | <u><u>17,58,802</u></u>   |
| <b>Cash flows from investing activities</b>                 |                           |                           |
| Purchase of Fixed Assets                                    | (1,96,860)                | (12,990)                  |
| Investment in Fixed Deposit                                 | (11,64,933)               | (10,00,000)               |
| <b>Net cash used in investing activities</b>                | <u><u>(16,61,793)</u></u> | <u><u>(10,12,990)</u></u> |
| <b>Cash flows from financing activities</b>                 |                           |                           |
| Interest Expense                                            | (22,79,218)               | (10,01,120)               |
| Payment of Dividends (2015-16)                              | -                         | (18,91,810)               |
| Payment of Dividends (2016-17)                              | (20,86,500)               | (3,83,700)                |
| Payment of Dividend Distribution Tax                        | (5,06,430)                | (3,93,266)                |
| Proceeds from issue of equity shares                        | 89,200                    | 18,70,000                 |
| <b>Net cash used in financing activities</b>                | <u><u>(47,82,948)</u></u> | <u><u>(17,99,896)</u></u> |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | <u><u>(21,27,906)</u></u> | <u><u>(10,54,084)</u></u> |
| <b>Cash and cash equivalents at beginning of period</b>     | <u>21,92,876</u>          | <u>32,46,960</u>          |
| <b>Cash and cash equivalents at end of period</b>           | <u><u>64,970</u></u>      | <u><u>21,92,876</u></u>   |

Place : Shimoga  
Date: 04.08.2018

For and on behalf of the Board of Directors

Director

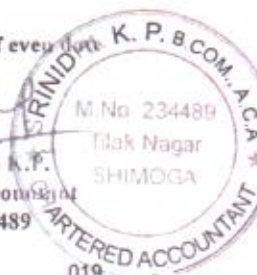
Name: K.S.Eshwarappa  
DIN: 00229008

Director

Name: Kanthesh K F  
DIN: 00686990

Vide my report of even date

CA.Srinidhi K.P.  
Chartered Accountant  
M.No.234489



| Particulars | As at<br>31-Mar-18<br>Rs. | As at<br>31-Mar-17<br>Rs. |
|-------------|---------------------------|---------------------------|
|-------------|---------------------------|---------------------------|

#### NOTE 2A

##### SHARE CAPITAL

###### Authorised

Equity shares: (With voting rights)

6,00,000 Equity Shares of Rs. 100 each.

6,00,00,000 6,00,00,000

###### TOTAL

6,00,00,000 6,00,00,000

###### Issued, Subscribed and fully paid-up shares

Equity shares: (With voting rights)

5,41,000 Equity shares of Rs 100 Each fully paid up

5,41,89,200 5,41,00,000

###### TOTAL

5,41,89,200 5,41,00,000

Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period

Equity shares:

Number of Shares at the beginning of the year

5,41,000 5,22,300

Issued during the year

892 18,700

Number of Share at the end of the Year

5,41,892 5,41,000

List of shareholders holding shares more than 5% of subscribed share capital

In Nos

In Nos

There are no shareholders holding shares more than 5% of subscribed share capital

N.A.

#### NOTE 2B

##### RESERVES AND SURPLUS

Statutory Reserve u/s 45-IC of Reserve Bank of India Act, 1934

Balance as per the last financial statements

12,23,955 4,66,157

Add: Additions during the year

9,44,904 7,57,798

Closing balance

21,68,859 12,23,955

Surplus/ (deficit) in the statement of profit and loss

Balance as per the last financial statements

1,40,158 1,03,996

Profit (loss) for the year

47,24,518 37,88,990

Less: Transfers to Statutory reserves\*

(9,44,904) (7,57,798)

Less: Proposed Dividend

(32,51,352) -

Less: Interim Dividend

- (24,88,600)

Less: Dividend Distribution Tax

(6,61,910) (5,06,430)

Closing as on 31 March

6,509 1,40,158

###### TOTAL

21,75,368 13,64,113

\* The company has transferred 20% of the profit after tax to statutory reserves in accordance with the provisions of Section 45-IC of Reserve Bank of India Act, 1934

#### NOTE 2C

##### LONG TERM BORROWING

Term Loans - From Banks

Secured

(Refer Note 12)

81,66,667

###### TOTAL

81,66,667





| Particulars                                                | As at<br>31-Mar-18<br>Rs. | As at<br>31-Mar-17<br>Rs. |
|------------------------------------------------------------|---------------------------|---------------------------|
| <b>NOTE 2D</b>                                             |                           |                           |
| <b>SHORT TERM BORROWINGS</b>                               |                           |                           |
| (a) Loans repayable on Demand                              |                           |                           |
| -From Banks                                                | 98,76,007                 | 84,00,483                 |
| -From Others                                               | -                         | -                         |
| (b) Loans and advances from related parties;               | 18,50,000                 | 38,50,000                 |
| (c) Deposits                                               | -                         | -                         |
| (d) Other Loans and Advances-Loan from Shareholders        | 44,00,000                 | -                         |
| <b>TOTAL</b>                                               | <b>1,91,26,007</b>        | <b>1,22,50,483</b>        |
| <b>NOTE 2E</b>                                             |                           |                           |
| <b>TRADE PAYABLES</b>                                      |                           |                           |
| Trade Payable (for Services)                               | 90,000                    | 94,750                    |
| Others                                                     | -                         | -                         |
| <b>TOTAL</b>                                               | <b>90,000</b>             | <b>94,750</b>             |
| <b>NOTE 2F</b>                                             |                           |                           |
| <b>OTHER CURRENT LIABILITIES</b>                           |                           |                           |
| Current maturities of long-term borrowings (Refer Note.12) | 46,66,667                 | -                         |
| Interest accrued but not due on borrowings                 | -                         | -                         |
| Proposed Dividend                                          | 32,51,352                 | -                         |
| Unpaid Dividends(Interim Dividend)                         | -                         | 21,04,900                 |
| Unclaimed Dividend (F Y 2015-16)                           | 40,700                    | 40,700                    |
| Unclaimed Dividend (F Y 2016-17)                           | 18,400                    | -                         |
| Others                                                     |                           |                           |
| Expenses Payable                                           | 22,344                    | 3,820                     |
| TDS Payable                                                | 13,100                    | -                         |
| <b>TOTAL</b>                                               | <b>80,12,563</b>          | <b>21,49,420</b>          |
| <b>NOTE 2G</b>                                             |                           |                           |
| <b>SHORT TERM PROVISIONS</b>                               |                           |                           |
| Others                                                     |                           |                           |
| Provision for standard and Non performing assets           | 8,82,461                  | 6,52,429                  |
| Provision for Dividend Distribution Tax                    | 6,61,910                  | 5,06,430                  |
| <b>TOTAL</b>                                               | <b>15,44,371</b>          | <b>11,58,859</b>          |



**NOTE : 2H**

**FIXED ASSETS AS AT 31.03.2018**

| FIXED ASSETS AS AT 31.03.2018        |                     |           |           |                      |                     |              |           |                      |                  |
|--------------------------------------|---------------------|-----------|-----------|----------------------|---------------------|--------------|-----------|----------------------|------------------|
| PARTICULARS                          | GROSS BLOCK         |           |           | DEPRECIATION         |                     |              | NET BLOCK |                      |                  |
|                                      | As at April 1, 2017 | Additions | Deletions | As at March 31, 2018 | As at April 1, 2017 | For the Year | Deletions | As at March 31, 2018 | As at 31.03.2017 |
| <u>Tangible Assets</u>               |                     |           |           |                      |                     |              |           |                      |                  |
| End user Devices                     | 1,26,856            | 35,400    | -         | 1,62,256             | 77,684              | 74,567       | -         | 1,87,689             | 49,172           |
| General Furniture & Fittings         | 5,08,025            | 53,400    | -         | 5,61,425             | 61,423              | 30,840       | -         | 5,92,266             | 2,46,632         |
| Leasehold improvements               | 5,36,785            | 1,70,000  | -         | 7,06,785             | 1,94,992            | 90,571       | -         | 7,97,356             | 2,41,793         |
| Office Equipments                    | 1,40,044            | 32,500    | -         | 1,72,544             | 60,075              | 29,576       | -         | 82,893               | 79,969           |
| Electrical Installation & Equipments | 97,618              | 8,990     | -         | 1,06,608             | 20,976              | 9,873        | -         | 72,729               | 16,042           |
| TOTAL                                | 11,09,358           | 1,96,860  | -         | 13,06,218            | 4,15,150            | 1,95,233     | -         | 6,10,383             | 6,94,208         |
| <u>Intangible Assets</u>             |                     |           |           |                      |                     |              |           |                      |                  |
| Computer Software                    | 75,000              | -         | -         | 75,000               | 24,986              | 15,000       | -         | 89,986               | 50,014           |
| TOTAL                                | 75,000              | -         | -         | 75,000               | 24,986              | 15,000       | -         | 89,986               | 50,014           |
| GRAND TOTAL                          | 11,84,358           | 1,96,860  | -         | 13,81,218            | 4,40,136            | 2,10,233     | -         | 6,50,369             | 7,44,222         |
| PREVIOUS YEAR                        | 11,71,368           | 12,990    | -         | 11,84,358            | 2,27,848            | 2,12,288     | -         | 4,40,136             | 9,43,520         |





| Particulars                                                                           | As at<br>31-Mar-18<br>Rs. | As at<br>31-Mar-17<br>Rs. |
|---------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>NOTE 21</b>                                                                        |                           |                           |
| <b>DEFERRED TAX ASSET (NET)</b>                                                       |                           |                           |
| Deferred tax asset arising on account of:                                             |                           |                           |
| Depreciation                                                                          | 28,508                    | 1,212                     |
|                                                                                       | 28,508                    | 1,212                     |
| Deferred tax asset arising on account of:                                             |                           |                           |
| Others                                                                                | 6,953                     | 7,922                     |
|                                                                                       | 6,953                     | 7,922                     |
| <b>DEFERRED TAX LIABILITY / (ASSET), NET</b>                                          | <b>35,461</b>             | <b>9,134</b>              |
| <b>NOTE 22</b>                                                                        |                           |                           |
| <b>LOAN TO CUSTOMERS</b>                                                              |                           |                           |
| Unsecured, considered good                                                            |                           |                           |
| Loans to SFG                                                                          | 2,90,68,263               | 1,68,36,785               |
| Priority Loan                                                                         | 2,52,235                  | 4,87,332                  |
| Vehicle Loan                                                                          | 11,16,778                 | -                         |
| <b>TOTAL</b>                                                                          | <b>3,04,37,276</b>        | <b>1,73,24,117</b>        |
| <b>NOTE 2K</b>                                                                        |                           |                           |
| <b>LONG TERM LOANS AND ADVANCES</b>                                                   |                           |                           |
| Secured, considered good                                                              |                           |                           |
| Security Deposit                                                                      |                           |                           |
| Rental Deposit                                                                        | 4,00,000                  | 1,50,000                  |
| Security Deposit for Coffee Machine                                                   | 25,000                    | -                         |
| Unsecured, considered good                                                            |                           |                           |
| Others                                                                                |                           |                           |
| IT Refund A.Y 2017-18                                                                 | 1,26,638                  | -                         |
| Advance Tax (Net)                                                                     | 1,91,640                  | 1,26,638                  |
| <b>TOTAL</b>                                                                          | <b>7,43,278</b>           | <b>2,76,638</b>           |
| <b>NOTE 2L</b>                                                                        |                           |                           |
| <b>CASH AND BANK BALANCES</b>                                                         |                           |                           |
| Cash and Cash Equivalents:                                                            |                           |                           |
| Cash on Hand                                                                          |                           | 40,815                    |
| Balances with banks                                                                   |                           |                           |
| On current accounts                                                                   |                           |                           |
| Vijaya Bank A/c No. 10002-4                                                           | 4,406                     | 6,461                     |
| Deposits with original maturity of less than three months                             |                           |                           |
| Earmarked Balance with banks (for unpaid dividend)                                    |                           |                           |
| Vijaya Bank Interim Dividend A/c No. 002                                              | 59,088                    | 21,45,600                 |
| Cash and Cash Equivalents                                                             | 64,978                    | 21,92,876                 |
| Other Bank Balances                                                                   |                           |                           |
| Deposits with original maturity of more than three months but less than twelve months |                           |                           |
| Vijaya Bank FD A/c no. 119404291000027                                                | 24,64,933                 | 10,00,000                 |
| Other Bank Balances                                                                   | 24,64,933                 | 10,00,000                 |
| <b>TOTAL</b>                                                                          | <b>25,29,993</b>          | <b>31,92,876</b>          |
| <b>NOTE 2M</b>                                                                        |                           |                           |
| <b>LOAN TO CUSTOMERS</b>                                                              |                           |                           |
| Secured, considered good                                                              |                           |                           |
| Unsecured, considered good                                                            |                           |                           |
| Loans to SFG                                                                          | 5,51,78,038               | 4,66,86,344               |
| Priority Loan                                                                         | 12,56,894                 | 12,29,833                 |
| Vehicle Loan                                                                          | 8,62,111                  | -                         |
| <b>TOTAL</b>                                                                          | <b>5,72,97,043</b>        | <b>4,79,16,177</b>        |
| <b>NOTE 2N</b>                                                                        |                           |                           |
| <b>SHORT TERM LOANS AND ADVANCES</b>                                                  |                           |                           |
| Secured, considered good                                                              |                           |                           |
| Unsecured, considered good                                                            |                           |                           |
| Doubtful                                                                              |                           |                           |
| Others                                                                                | 7,60,958                  | 9,64,840                  |
| <b>TOTAL</b>                                                                          | <b>7,60,958</b>           | <b>9,64,840</b>           |
| <b>NOTE 2O</b>                                                                        |                           |                           |
| <b>OTHER CURRENT ASSETS</b>                                                           |                           |                           |
| Others                                                                                |                           |                           |
| Preliminary expenses in the extent not written off (Adjusted)                         | 79,660                    | 1,39,321                  |
| Interest accrued but not due on loans                                                 | 6,02,324                  | 4,74,564                  |
| Interest accrued on Fixed Deposits                                                    | 78,415                    | 55,736                    |
| GST Receivable                                                                        | 9                         | -                         |
| <b>TOTAL</b>                                                                          | <b>7,60,408</b>           | <b>6,89,621</b>           |



| Particulars                                         | Year ended<br>31-Mar-18<br>Rs. | Year ended<br>31-Mar-17<br>Rs. |
|-----------------------------------------------------|--------------------------------|--------------------------------|
| <b>NOTE 3A</b>                                      |                                |                                |
| <b>REVENUE FROM OPERATIONS</b>                      |                                |                                |
| Interest on Loans and Advances                      | 1,29,41,106                    | 1,02,88,810                    |
| Interest on Fixed Deposit                           | 97,347                         | 61,929                         |
| <u>Other operating revenues</u>                     |                                |                                |
| Processing Charges on loan and advances             | 8,40,815                       | 5,85,720                       |
| <b>TOTAL</b>                                        | <b>1,38,79,268</b>             | <b>1,09,36,459</b>             |
| <b>NOTE 3B</b>                                      |                                |                                |
| <b>EMPLOYEE BENEFIT EXPENSES</b>                    |                                |                                |
| Salaries, wages                                     | 9,15,690                       | 6,18,352                       |
| Directors Remuneration                              | 9,66,000                       | 7,90,000                       |
| <b>TOTAL</b>                                        | <b>18,81,690</b>               | <b>14,08,352</b>               |
| <b>NOTE 3C</b>                                      |                                |                                |
| <b>FINANCE COSTS</b>                                |                                |                                |
| <b>Interest expenses</b>                            |                                |                                |
| From banks                                          |                                |                                |
| - Interest on term loans                            | 4,57,252                       | -                              |
| - Interest on bank overdraft                        | 12,24,537                      | 6,17,006                       |
| From Related Parties                                |                                |                                |
| - Interest on other loans                           | 5,97,429                       | 3,84,114                       |
| <b>Other borrowing costs</b>                        |                                |                                |
| - Processing and Documentation Charges on term loan | 2,19,480                       | -                              |
| - Bank charges                                      | 1,03,485                       | 1,01,144                       |
| <b>TOTAL</b>                                        | <b>26,02,183</b>               | <b>11,02,264</b>               |





| Particulars                             | Year ended<br>31-Mar-18<br>Rs. | Year ended<br>31-Mar-17<br>Rs. |
|-----------------------------------------|--------------------------------|--------------------------------|
| <b>NOTE 3D</b>                          |                                |                                |
| <b>OTHER EXPENSES</b>                   |                                |                                |
| Rental Payments                         | 1,77,828                       | 1,20,876                       |
| Communication Expenses                  | 19,610                         | 15,910                         |
| Travelling Expenses                     | 17,730                         | 16,252                         |
| Computer Maintenance                    | 20,906                         | 14,663                         |
| Repairs and Maintenance                 | 6,546                          | 3,290                          |
| Printing & Stationery                   | 12,863                         | 32,654                         |
| Postage & Courier                       | 4,980                          | 4,791                          |
| Office Expenses                         | 88,171                         | 63,067                         |
| Meeting Expenses                        | 26,084                         | 30,807                         |
| Membership Fees                         | -                              | 5,725                          |
| Insurance-Office                        | 14,514                         | 9,916                          |
| Website registration Charges            | -                              | 7,944                          |
| Electricity Charges                     | 23,751                         | 21,198                         |
| AGM Expenses                            | 43,897                         | 41,724                         |
| Audit Fee                               |                                |                                |
| - For Statutory Audit                   | 40,000                         | 30,000                         |
| - For Tax Audit                         | 20,000                         | 20,000                         |
| Professional Charges- Internal Audit    | 22,500                         | 50,000                         |
| Professional Charges- Company Secretary | 45,000                         | 69,600                         |
| Professional Charges- Others            | 5,68,500                       | 4,31,089                       |
| Registration and Renewals               | 25,500                         | 2,500                          |
| GST Paid under RCM                      | 53,236                         | -                              |
| Advertisement Expenses                  | 19,050                         | 67,700                         |
| SMS Expenses                            | -                              | 4,250                          |
| ROC Filing Fees                         | 6,600                          | 8,400                          |
| Business Promotion                      | 12,09,850                      | 14,89,286                      |
| Water Charges                           | 2,820                          | 2,140                          |
| Staff Welfare                           | 54,330                         | 14,109                         |
| Interest on TDS                         | 2,500                          | -                              |
| Interest on GST                         | 150                            | -                              |
| Preliminary Expenses written off        | 79,661                         | 79,660                         |
| Miscellaneous expenses                  |                                | -                              |
| <b>TOTAL</b>                            | <b>26,06,577</b>               | <b>26,87,551</b>               |

**NOTE 3E**

**PROVISIONS AND WRITE OFFS**

|                                   |                 |                 |
|-----------------------------------|-----------------|-----------------|
| Provision against standard assets | 2,30,032        | 1,29,282        |
| <b>TOTAL</b>                      | <b>2,30,032</b> | <b>1,29,282</b> |



**SHREE MARIKAMBA MICRO FINANCE PRIVATE LIMITED**  
Y S S Towers, 1st Cross, N.T.Road, Shivamogga -577 201, CIN: U67100KA2014PTC073382

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31<sup>ST</sup>, 2018**

**Corporate information:**

SHREE MARIKAMBA MICRO FINANCE PRIVATE LIMITED ('the Company') is a private limited company domiciled in India and incorporated under the provision of the Companies Act, 1956. The Company was registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and has got classified as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') with effect from June 29, 2015.

The Company is engaged primarily in providing micro finance services to women in the rural areas of India who are enrolled as members and organized as Self Help Groups ('SHG').

**NOTE – 1**

**A. SIGNIFICANT ACCOUNTING POLICIES:**

**1. Basis for preparation of financial statements:**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the RBI as applicable to a NBFC-MFI and NBFC-ND-NSI. The financial statements have been prepared on an accrual basis and under the historical cost convention except Income or any other charges on loans which have been classified as non performing assets and are accounted for on realisation basis. Any such income recognised before the asset became non-performing and remaining unrealised shall be reversed.

**2. Use of Estimates:**

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

**3. Revenue Recognition:**

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

- i. Interest income on loans given is recognised on accrual basis. Income or any other charges on non-performing asset is recognised only when realised and any such income recognised before the asset became non-performing and remaining unrealised is reversed.
- ii. Interest income on deposits with banks is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iii. Loan processing fees are recognized immediately at the time of disbursement of loan.
- iv. All other income is recognised on an accrual basis.



#### **4. Tangible Fixed Assets:**

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. The cost of fixed assets comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from of such assets.

#### **5. Depreciation:**

Depreciation is charged over the estimated useful life of the fixed assets on a straight line basis at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013

Depreciation on assets purchased/sold during the period is charged on pro-rata basis.

The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are generally adhered to, except in respect of asset classes where, based on technical evaluation, a different estimate of useful life is considered suitable.

#### **6. Intangible assets and amortization:**

Intangible Assets are initially recognised at cost. After initial recognition, it shall be carried at its cost less any accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure on an intangible asset after its purchase or its completion will be recognised as an expense when it is incurred unless:

- a. It is probable that the expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance; and
- b. The expenditure can be measured and attributed to the asset reliably

Cost of the intangible asset is amortized over its estimated useful life on a straight line basis.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

#### **7. Impairment of Assets:**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit ("CGU"). If such recoverable amount of the asset or CGU to which the asset belongs 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 and 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 revised recoverable amount, subject to maximum of the depreciated historical cost.

#### **8. Investments:**

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried in the financial statement at lower of cost and fair

value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. On disposal of an investment, the difference between the carrying amount and net disposal proceeds are charged or credited to the statement of profit and loss.

#### **9. Employee Benefits:**

i. Short term Benefits: All employee benefits falling due within 12 months of rendering service are classified as short term employee benefits. The benefits like salaries, wages etc., and the expected cost of bonus, ex-gratia and incentives are charged to profit/loss of the year in which such service is rendered.

ii. Post-employment benefits/Other long term employee benefits :

Defined Contribution plans: These are plans in which the company pays pre-defined amount to separate funds and doesn't have any legal or informal obligation to pay additional sums. The comprise of contribution to the EPF, ESI etc., Company's payments to these are charged to profit & loss A/c in year in which employees renders the related services.

#### **10. Leases:**

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such a lease is capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the statement of profit and loss on a straight-line basis.

#### **11. Taxation:**

Tax expenses are the aggregate of current tax and deferred tax charged or credited in the statement of profit and loss for the year.

##### **a) Current tax :**

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company.

##### **b ) Deferred tax :**

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date. Deferred Tax Asset and Liability are netted off and disclosed in the balance sheet under the Head "Deferred Tax Asset /Liability".



## **12. Earnings Per Share:**

The Company reports basic and diluted earnings per equity share in accordance with AS 20, Earnings Per Share. Basic earnings per equity share have been computed by dividing net profit / loss attributable to the equity share holders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share have been computed by dividing the net profit attributable to the equity share holders for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti dilutive.

## **13. Cash flow statement :**

Cash flows are reported using indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or present operating cash receipts or payments and items of income or expense associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

## **14. Foreign currency transactions:**

Transactions denominated in foreign currency are accounted at the exchange rates prevailing on the date of transaction or at rates that closely approximate the rate at the date of transaction.

Any gain or loss on account of exchange differences either on settlement or restatement of foreign exchange currency transactions are recognised in the profit & loss A/c except in the case of long term liabilities, where they relate to acquisition of Fixed assets, in which case they are adjusted to the carrying cost of such assets.

Foreign currency denominated monetary assets & liabilities are restated at exchange rates at balance sheet date.

## **15. Borrowing Costs:**

Interest on borrowings is recognized in statement of profit and loss on an accrual basis. Costs associated with borrowings are grouped under financial charges along with the interest costs.

## **16. Segment Reporting:**

The company primarily operates only in one business segment of "Micro financing" and accordingly no segment reporting is applicable.

## **17. Provisions and contingent liabilities :**

The Company recognizes provision when there is present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements. Provisions are reviewed at each balance sheet date and adjusted to reflect the current management estimates. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

A disclosure of 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.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resource is remote, no provision or disclosure is made.

Contingent assets are not recognized in the financial statements.

## **B. NOTES ON ACCOUNTS:**

### **1. Tangible assets and Depreciation:**

The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are adhered to, except in respect of leasehold improvements on account of following reason.

#### **Lease Hold improvements:**

Company has taken premise on operating lease and incurred capital expenditure towards false ceiling works and partition works. These expenses are capitalised as lease hold improvements and the lease period (5 years) is considered by the management as the best estimate of useful life. Accordingly depreciation on lease hold improvements is charged over the lease period.

Company estimates the residual value of tangible assets to be Nil at the end of their useful life.

### **2. Intangible assets and amortisation:**

The company had acquired the Computer software separately which is used for accounting purpose and recognized the same as intangible asset at its cost. The company expects the useful life of the asset to be 5 years and uses straight line method for amortizing its cost over its useful life. Accordingly amortization for the year is charged on pro-rata basis.

### **3. Earnings per Share:**

| Particulars                   | March 31, 2018 | March 31, 2017 |
|-------------------------------|----------------|----------------|
| Basic earnings per share      | Rs.8.72        | Rs.7.06        |
| Net profit after tax          | Rs. 47,24,518  | Rs.37,88,990   |
| Weighted No. of Equity Shares | 5,41,669       | 5,36,325       |
| Face Value per Share          | 100            | 100            |

### **4. Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.100 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders. The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by shareholders at the Annual General Meeting.

### **5. Revenue Recognition:**

Interest accrued but not due on loans amounting to Rs.6,02,324 (P.Y. 4,74,564) and Interest accrued on Fixed Deposit amounting to Rs.78,415 (P.Y. 55,736) on the reporting date (i.e.,31.03.2018) is recognised on accrual basis.

### **6. Related Party Disclosure:**

Name of the related Party and nature of Relationship

Key Managerial Personnel: 1.Mr.Kanthesh K E  
2.Mr.Eshwarappa K S  
3.Mr.Shankar K  
4.Mr.Sachindra H S

Relative of Key Managerial Personnel : 1.Jyothi K E



Enterprise under Common Management: I. Sri Marikamba Grameena Abhiruddhi Trust

Details of Related Party Transactions for the year :

| Related Party                           | Nature of Relationship             | Nature of Transaction                         | March 31, 2018 | March 31, 2017 |
|-----------------------------------------|------------------------------------|-----------------------------------------------|----------------|----------------|
| Jyothi K E                              | Relative of KMP                    | Loan borrowed by the company                  | 10,00,000      | 9,50,000       |
| Kanthesh K E                            | Key Managerial Personnel           | Director Remuneration                         | 4,83,000       | 3,95,000       |
| Shankar K                               | Key Managerial Personnel           | Director Remuneration                         | 4,83,000       | 3,95,000       |
| Sri Marikamba Grameena Abhiruddhi Trust | Enterprise under Common Management | Professional fee                              | 4,80,000       | 3,16,089       |
| Jyothi K E                              | Relative of KMP                    | Interest paid on loan borrowed by the company | 4,14,094       | 3,84,114       |

Balances receivable/ (payable) from and to the related parties are as follows:

| Related Party | Particulars        | March 31, 2018 | March 31, 2017 |
|---------------|--------------------|----------------|----------------|
| Jyothi K E    | Loans and advances | (48,50,000)    | (38,50,000)    |

#### 7. Contingent liabilities :

Company does not have any contingent liabilities as on 31st March,2018 (P.Y.Nil)

#### 8. Current Tax and Deferred Tax:

Current Tax:

Company has made Provision for Current Tax amounting to Rs.16,68,095 (P.Y.16,39,555) in accordance with the relevant tax regulations applicable to the Company.

Deferred Tax :

| PARTICULARS                                                                  | 31.03.2018      | 31.03.2017     |
|------------------------------------------------------------------------------|-----------------|----------------|
| (a) Deferred Tax Liabilities:<br>Depreciation                                | -               | -              |
| (b) Deferred Tax Assets:<br>Depreciation<br>Others                           | 28,508<br>6,953 | 1,212<br>7,922 |
| (c) Deferred Tax Asset ( Net ) (b)-(a)                                       | 35,461          | 9,134          |
| (d) Deferred Tax Charge/ (Credit) recognized in statement of Profit and Loss | (26,237)        | (23,821)       |

#### 9. Dues to Micro, Small and Medium Enterprises:

The Classification of the suppliers under Micro, Small and Medium Enterprises Development Act, 2006 is made based on the submission of the registration certificate under the said act by the suppliers. As per records available with the company, there are no over dues beyond time limit specified u/s.15 of the MSME Act.

10. During the year company has written off Preliminary expenses to the extent of 1/5th amounting to Rs.79,661 (P.Y. Rs.79,660)

#### 11. Dividend and Dividend Distribution Tax:

During the year Company has made provision for Proposed dividend amounting to Rs.32, 51,352 (P.Y. interim dividend of 24, 88,600).

Company has made Provision for Dividend distribution tax amounting to Rs.6,61,910 (P.Y. 5,06,430) in accordance with the relevant tax regulations applicable to the Company.

#### 12. Borrowings:

| PARTICULARS                                | 31.03.2018       |                    | 31.03.2017 |                    |
|--------------------------------------------|------------------|--------------------|------------|--------------------|
|                                            | Long Term        | Short Term         | Long Term  | Short Term         |
| <b>Secured:</b>                            |                  |                    |            |                    |
| Term Loans from Banks                      | 1,28,33,333      | -                  | -          | -                  |
| Working Capital facility from a Bank       | -                | 98,76,007          | -          | 84,00,483          |
| Sub Total                                  | 1,28,33,333      | 98,76,007          | -          | 84,00,483          |
| <b>Unsecured:</b>                          |                  |                    |            |                    |
| Loans and advances from related parties    | -                | 48,50,000          | -          | 38,50,000          |
| Loans and advances from Shareholders       | -                | 44,00,000          | -          | -                  |
| Sub Total                                  |                  | 92,50,000          | -          | 38,50,000          |
| <b>Total Borrowings</b>                    | 1,28,33,333      | 1,91,26,007        | -          | 1,22,50,483        |
| Less: Current Maturities of Long Term Debt | 46,66,666        | -                  | -          | -                  |
| <b>Total</b>                               | <b>81,66,667</b> | <b>1,91,26,007</b> | <b>-</b>   | <b>1,22,50,483</b> |

#### a. Terms and Conditions of Term Loan and nature of security:

##### Nature of Security:

1.Primary Security-Exclusive first charge by way of hypothecation of specific book debts which are identified by the Company., from time to time with 40% margin at all points of time during the currency of the facility.

2.Collateral- Lien on the term deposit valuing Rs.14,00,000

3.Personal Guarantee of Directors

##### Terms of Repayment

Repayable in 36 months of the Principal amount, Interest to be paid on monthly basis

Rate of Interest (Floating)- MCLR + 1 Year+4.25%= 12.75% per annum



**Repayment Details of Term Loan:**

| PARTICULARS    | No. of Installments | 31.03.2018        | 31.03.2017 |
|----------------|---------------------|-------------------|------------|
| Upto 1 Year    | 12                  | 46,66,667         | -          |
| Over 1-2 years | 12                  | 46,66,667         | -          |
| Over 2-3 years | 9                   | 34,99,999         | -          |
| <b>Total</b>   | <b>33</b>           | <b>128,33,333</b> |            |

**b. Terms and Conditions of Working Capital Loan and nature of security:****Nature of Security:**

- 1.Primary Security-Exclusive first charge by way of hypothecation of specific book debts which are identified by the Company., from time to time with 40% margin at all points of time during the currency of the facility.
- 2.Collateral- Lien on the term deposit valuing Rs.10,00,000
- 3.Personal Guarantee of Directors

**13. Other Disclosures applicable to NBFC-MFI-ND-NSI :****a. Asset Classification and Provision thereof:**

Asset classification in accordance with the RBI guidelines is as follows

| PARTICULARS     | As at 31.03.2018   |                 | As at 31.03.2017   |                 |
|-----------------|--------------------|-----------------|--------------------|-----------------|
|                 | Amount Outstanding | Provision       | Amount Outstanding | Provision       |
| a) Standard     | 8,57,79,425        | Nil             | 6,46,77,455        | 6,52,429        |
| b) Sub standard | 19,54,894          | 8,82,461        | 5,62,839           | Nil             |
| c) Doubtful     | Nil                | Nil             | Nil                | Nil             |
| d) Loss Assets  | Nil                | Nil             | Nil                | Nil             |
| <b>Total</b>    | <b>8,77,34,319</b> | <b>8,82,461</b> | <b>6,52,40,294</b> | <b>6,52,429</b> |

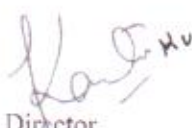
14. Previous year figures are regrouped and rearranged wherever necessary to make them comparable with the current year.

Place: Shimoga  
Date: 04.08.2018

For and on behalf of the Board of Directors



Director  
Name: K S Eshwarappa  
DIN: 00229008



Director  
Name: Kanthesh K E  
DIN: 00686990



CA.Srinidhi K P  
Chartered Accountant  
M.No.234489

