

6th ANNUAL REPORT

SHREE MARIKAMBA MICRO FINANCE PVT LTD

2018-19

BALANCE SHEET AS AT 31.03.2019

	Note no.	As at 31 March 2019 Rs.	As at 31 March 2018 Rs.
I. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
a)Share Capital	2A	5,41,89,200	5,41,89,200
b)Reserves and surplus	2B	35,27,437	21,75,368
Total		5,77,16,637	5,63,64,568
2 Share Application Money Pending Allotment		-	-
3 Non Current Liabilities			
a)Long-term borrowings	2C	35,00,000	81,66,667
b)Deferred tax liabilities (Net)		-	-
c)Other long-term liabilities		-	-
d)Long-term provisions		-	-
Total		35,00,000	81,66,667
4 Current Liabilities			
a)Short-term borrowings	2D	1,51,41,301	1,91,26,007
b)Trade payables	2E	1,29,160	90,000
c)Other current liabilities	2F	85,13,675	80,12,563
d)Short-term provisions	2G	20,77,691	15,44,371
Total		2,58,61,826	2,87,72,941
TOTAL		8,70,78,463	9,33,04,176
II. ASSETS			
1 Non-Current Assets			
a)Fixed Assets			
(i) Tangible assets	2H	6,30,141	6,95,835
(ii) Intangible assets	2H	20,014	35,014
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under Development		-	-
b)Non-Current Investments		-	-
c)Deferred tax assets (Net)	2I	73,936	35,461
d)Loan to Customers	2J	2,14,72,437	3,04,37,276
d)Long-term Loans and advances	2K	5,91,640	7,43,278
e)Other Non Current Assets		-	-
		2,27,88,168	3,19,46,864
4 CURRENT ASSETS			
a)Current Investments		-	-
b)Cash and bank balances	2L	30,09,380	26,08,318
c)Loan to Customers	2M	6,00,24,248	5,72,97,043
d)Short-term loans and advances	2N	6,98,170	7,69,958
e)Other Current Assets	2O	5,58,497	6,81,993
		6,42,90,295	6,13,57,312
TOTAL		8,70,78,463	9,33,04,176
Significant Accounting Policies and Notes on Financial Statements			
1			

Place : Shimoga
Date: 30.08.2019


Director

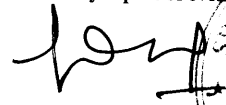
Name: K.S.Eshwarappa
DIN: 00229008

For and on behalf of the Board of Directors


Director

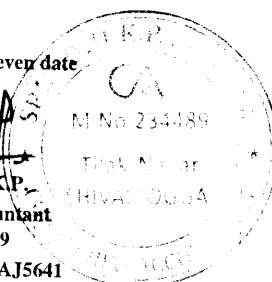
Name: Kanthesh K E
DIN: 00686990

Vide my report of even date



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

UDIN: 19234489AAAAAJ5641



SHREE MARIKAMBA MICRO FINANCE PVT LTD

Y S S Towers, 1st Cross, N.T.Road, Shivamogga -577 201, CIN: U67100KA2014PTC073382

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2019

	Note no.	Year ended 31 March 2019 Rs.	Year ended 31 March 2018 Rs.
I. INCOME			
Revenue from operations	3A	1,60,88,845	1,38,79,268
Other income		129	17,733
		1,60,88,974	1,38,97,001
II. EXPENDITURE			
Employee benefit expenses	3B	22,55,481	18,81,690
Finance costs	3C	36,54,654	26,02,183
Depreciation and amortisation expenses	2H	2,42,694	2,10,233
Other expenses	3D	17,18,095	26,06,577
Provisions and Write offs	3E	2,03,989	2,30,032
		80,74,912	75,30,715
III. Profit before exceptional and extraordinary items and tax		80,14,062	63,66,286
Exceptional Items		-	-
IV. Profit before extraordinary items and tax		80,14,062	63,66,286
Extraordinary Items		-	-
V. PROFIT BEFORE TAX		80,14,062	63,66,286
VI. TAX EXPENSE			
Current tax		21,28,676	16,68,095
Prior year Tax Adjustment (Excess Provision Written back)		(1,342)	-
Deferred tax		(38,475)	(26,327)
VII. Profit For the Period		59,25,203	47,24,518
EARNINGS PER SHARE			
Basic		10.93	8.72
Diluted		10.93	8.72
(Nominal Value per Share: Rs.100, Previous year: Rs.100)			
Significant Accounting Policies and Notes on Financial Statements	1		

Place : Shimoga

Date: 30.08.2019

For and on behalf of the Board of Directors

Director

Name: K.S.Eshwarappa

DIN: 00229008

Director

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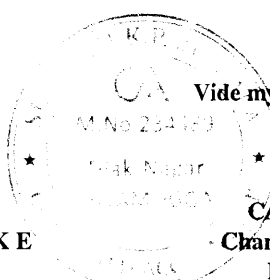
Cash Flow Statement for the	2019	Year ended 2018
Cash flows from operating activities		
Profit after taxation	59,25,203	47,24,518
Adjustments for:		
Depreciation & Amortization	2,42,694	2,10,233
Interest expense	35,08,721	22,79,218
Provision for Current Tax	21,28,676	16,68,095
Prior Year Tax adjustment	(1,342)	-
Provision for Deferred Tax	(38,475)	(26,327)
Provision for standard and Non performing assets	2,03,989	2,30,032
Working capital changes:		
(Increase) / Decrease in loan to Customers (Non Current)	89,64,839	(1,31,13,159)
(Increase) / Decrease in Security Deposits	25,000	(2,75,000)
(Increase) / Decrease in loan to Customers (Current)	(27,27,205)	(93,80,866)
(Increase) / Decrease in short term loans and advances	71,788	1,94,882
(Increase) / Decrease in other current assets	1,23,496	7,628
Increase / (Decrease) in long term borrowings	(46,66,667)	81,66,667
Increase / (Decrease) in short term borrowings	(39,84,706)	68,75,524
Increase / (Decrease) in Trade payables	39,160	(4,750)
Increase / (Decrease) in other current liabilities	18,320	46,98,291
Increase / (Decrease) in short term provisions	-	-
Cash generated from operations	98,33,491	62,54,985
Direct taxes paid (Net of refund)	(17,89,346)	(18,59,735)
Net cash from operating activities	80,44,145	43,95,250
Cash flows from investing activities		
Purchase of Fixed Assets	(1,62,000)	(1,96,860)
Investment in Fixed Deposit(Including accrued interest)	(1,55,936)	(15,43,348)
Net cash used in investing activities	(3,17,936)	(17,40,208)
Cash flows from financing activities		
Interest Expense	(35,08,721)	(22,79,218)
Payment of Dividends (2017-18)	(32,51,352)	-
Payment of Dividends (2016-17)	(18,400)	(20,86,500)
Payment of Dividends (2015-16)	(40,700)	-
Payment of Dividend Distribution Tax	(6,61,910)	(5,06,430)
Proceeds from issue of equity shares	-	89,200
Net cash used in financing activities	(74,81,083)	(47,82,948)
Net increase/(decrease) in cash and cash equivalents	2,45,126	(21,27,906)
Cash and cash equivalents at beginning of period	64,970	21,92,876
Cash and cash equivalents at end of period	3,10,096	64,970

Place : Shimoga
Date: 30.08.2019

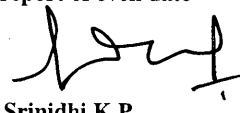

Director
Name: K.S.Eshwarappa
DIN: 00229008

For and on behalf of the Board of Directors

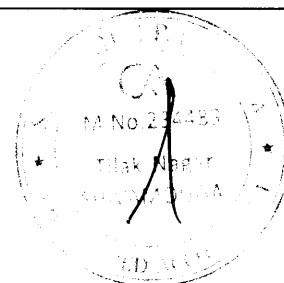

Director
Name: Kanthesh K E
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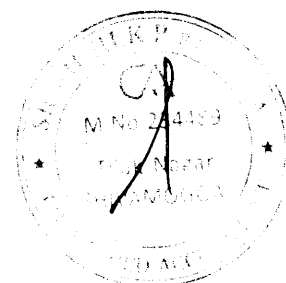
Vide my report of even date


CA.Srinidhi K.P.
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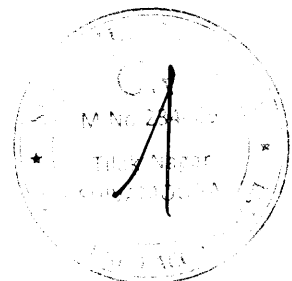
Particulars	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
NOTE 2A		
SHARE CAPITAL		
Authorised		
Equity shares: (With voting rights)		
6,00,000 Equity Shares of Rs. 100 each.	6,00,00,000	6,00,00,000
TOTAL	6,00,00,000	6,00,00,000
Issued, Subscribed and fully paid-up shares		
Equity shares: (With voting rights)		
5,41,000 Equity shares of Rs 100 Each fully paid up	5,41,89,200	5,41,89,200
TOTAL	5,41,89,200	5,41,89,200
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	5,41,892	5,41,000
Issued during the year	-	892
Number of Share at the end of the Year	5,41,892	5,41,892
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	21,68,859	12,23,955
Add: Additions during the year	11,85,041	9,44,904
Closing balance	33,53,900	21,68,859
Surplus/ (deficit) in the statement of profit and loss		
Balance as per the last financial statements	6,510	1,40,158
Profit (loss) for the year	59,25,203	47,24,518
Less: Transfers to Statutory reserves*	(11,85,041)	(9,44,904)
Less: Proposed Dividend	(37,93,244)	(32,51,352)
Less: Interim Dividend	-	-
Less: Dividend Distribution Tax	(7,79,891)	(6,61,910)
Closing as on 31 March	1,73,537	6,509
TOTAL	35,27,437	21,75,368
* The company has transfreed 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 BORROWINGS		
Term Loans - From Banks		
Secured	35,00,000	81,66,667
(Refer Note 12)		
TOTAL	35,00,000	81,66,667



Particulars	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
NOTE 2D		
SHORT TERM BORROWINGS		
(a) Loans repayable on Demand		
-From Banks	45,91,301	98,76,007
-From Others	-	-
(b) Loans and advances from related parties;	58,50,000	48,50,000
(c) Deposits	-	-
(d) Other Loans and Advances-Loan from Shareholders	47,00,000	44,00,000
TOTAL	1,51,41,301	1,91,26,007
NOTE 2E		
TRADE PAYABLES		
Trade Payable (for Services)	1,29,160	90,000
Others	-	-
TOTAL	1,29,160	90,000
NOTE 2F		
OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (Refer Note.12)	46,66,667	46,66,667
Interest accrued but not due on borrowings	50,289	-
Proposed Dividend	37,93,244	32,51,352
Unclaimed Dividend (F Y 2015-16)	-	40,700
Unclaimed Dividend (F Y 2016-17)	-	18,400
Others		
Expenses Payable	3,475	22,344
TDS Payable	-	13,100
TOTAL	85,13,675	80,12,563
NOTE 2G		
SHORT TERM PROVISIONS		
Others		
Provision for standard and Non performing assets	10,86,450	8,82,461
Provision for Dividend Distribution Tax	7,79,891	6,61,910
Provision for Income Tax (Net)	2,11,350	-
TOTAL	20,77,691	15,44,371



Particulars	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
NOTE 2I		
DEFERRED TAX ASSET(NET)		
Deferred tax asset arising on account of:		
Depreciation	61,433	28,508
	<u>61,433</u>	<u>28,508</u>
Deferred tax asset arising on account of:		
Others	12,503	6,953
	<u>12,503</u>	<u>6,953</u>
DEFERRED TAX ASSET/ (LIABILITY), NET	<u>73,936</u>	<u>35,461</u>
NOTE 2J		
LOAN TO CUSTOMERS		
Unsecured, considered good		
Loans to SHG	2,12,40,482	2,90,68,263
Pronote Loan	83,839	2,52,235
Vehicle Loan	1,48,116	11,16,778
TOTAL	<u>2,14,72,437</u>	<u>3,04,37,276</u>
NOTE 2K		
LONG TERM LOANS AND ADVANCES		
Secured, considered good		-
Security Deposits:		
Rental Deposit	4,00,000	4,00,000
Security Deposit for Coffee Machine	-	25,000
Unsecured, considered good		-
Others		
IT Refund A Y 2017-18	-	1,26,638
IT Refund A Y 2018-19	1,91,640	-
Advance Tax (Net)	-	1,91,640
TOTAL	<u>5,91,640</u>	<u>7,43,278</u>
NOTE 2L		
CASH AND BANK BALANCES		
Cash and Cash Equivalents:		
Cash on Hand	3,06,162	1,476
Balances with banks		
On current accounts		
Vijaya Bank A/c No: 1000204	3,934	4,406
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
Cash and Cash Equivalents	<u>3,10,096</u>	<u>64,970</u>



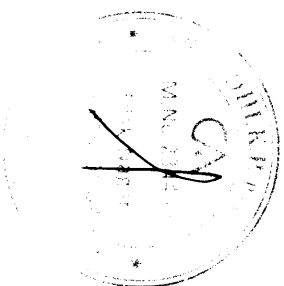
Particulars	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
Other Bank Balances		
Deposits with original maturity of more than three months but less than twelve months		
Vjaya Bank FD (Including accrued interest)	26,99,284	25,43,348
Other Bank Balances	26,99,284	25,43,348
TOTAL	30,09,380	26,08,318
NOTE 2M		
LOAN TO CUSTOMERS		
Secured, considered good		
Unsecured, considered good		
Loans to SHG	5,83,30,971	5,51,78,038
Pronote Loan	7,47,399	12,56,894
Vehicle Loan	9,45,878	8,62,111
TOTAL	6,00,24,248	5,72,97,043
NOTE 2N		
SHORT TERM LOANS AND ADVANCES		
Secured, considered good	-	-
Unsecured, considered good	-	-
Doubtful	-	-
Others	6,98,170	7,69,958
TOTAL	6,98,170	7,69,958
NOTE 2M		
OTHER CURRENT ASSETS		
Others		
Preliminary expenses to the extent not written off (Adjusted)	-	79,660
Interest accrued but not due on loans	5,58,497	6,02,324
Interest accrued on Fixed Deposits (Reclassified to note 2L)	-	-
GST Receivable	-	9
TOTAL	5,58,497.0	6,81,993.0



NOTE : 2H

FIXED ASSETS AS AT 31.03.19

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2018	Additions	Deletions	As at March 31, 2019	As at April 1, 2018	For the Year	Deletions	As at March 31, 2019	As at 31.03.2019	As at 31.03.2018
Tangible Assets										
End user Devices	1,61,856	-	-	1,61,856	1,12,251	26,998	-	1,39,249	22,607	49,605
General Furniture & Fittings	3,21,455	1,30,000	-	4,51,455	92,269	41,264	-	1,33,533	3,17,922	2,29,186
Leasehold improvements	5,46,785	-	-	5,46,785	2,85,363	1,09,357	-	3,94,720	1,52,065	2,61,422
Office Equipments	1,72,544	32,000	-	2,04,544	89,651	39,717	-	1,29,368	75,176	82,893
Electrical Installation & Equipments	1,03,578	-	-	1,03,578	30,849	10,358	-	41,207	62,371	72,729
TOTAL	13,06,218	1,62,000	-	14,68,218	6,10,383	2,27,694	-	8,38,077	6,30,141	6,95,835
Intangible Assets										
Computer Software	75,000	-	-	75,000	39,986	15,000	-	54,986	20,014	35,014
TOTAL	75,000	-	-	75,000	39,986	15,000	-	54,986	20,014	35,014
GRAND TOTAL	13,81,218	1,62,000	-	15,43,218	6,50,369	2,42,694	-	8,93,063	6,50,155	7,30,849
PREVIOUS YEAR	11,84,358	1,96,860	-	13,81,218	4,40,136	2,10,233	-	6,50,369	7,30,849	7,44,222



Particulars	Year ended 31-Mar-19 Rs.	Year ended 31-Mar-18 Rs.
NOTE 3A		
REVENUE FROM OPERATIONS		
Interest on Loans and Advances	1,51,35,194	1,29,41,106
Interest on Fixed Deposit	1,73,262	97,347
<u>Other operating revenues</u>		
Processing Charges on loans and advances	7,80,389	8,40,815
TOTAL	1,60,88,845	1,38,79,268
NOTE 3B		
EMPLOYEE BENEFIT EXPENSES		
Salaries, wages	11,71,881	9,15,690
Directors Remuneration	10,83,600	9,66,000
TOTAL	22,55,481	18,81,690
NOTE 3C		
FINANCE COSTS		
Interest expenses		
From banks		
- Interest on term loans	13,84,876	4,57,252
- Interest on bank overdraft	11,15,632	12,24,537
From Related Parties		
- Interest on other loans	10,08,213	5,97,429
Other borrowing costs		
- Processing and Documentation Charges on term loan & OD	1,19,504	2,19,480
- Bank charges	26,429	1,03,485
TOTAL	36,54,654	26,02,183



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31ST, 2019

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/urban areas of Shimoga District 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.

18. Asset classification and provisioning:

Loan asset classification of the Company is given in the table below:

Particulars	Criteria
Standard asset	The asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business
Non-performaing asset	An asset for which, interest/principal payment has remained overdue for a period of 90 days or more

Provision for loan portfolio :

Provision for loan portfolio has been made in accordance with the provisioning requirements for NBFC-MFI issued by the RBI vide its circular no. DNBR.(PD) CC.No.008/03.10.119/2016-17dated 1 September 2016 (as amended), which requires the minimum provision to be higher of (i) 1% of the outstanding loan portfolio or

(ii) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more and management estimates of future losses, whichever is higher.

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, 2019	March 31, 2018
Basic earnings per share	Rs.10.93	Rs.8.72
Net profit after tax	Rs. 59,25,203	Rs. 47,24,518
Weighted No. of Equity Shares	5,41,892	5,41,669
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 amounts. 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.5,58,497 (P.Y. 6,02,324) on the reporting date (i.e.,31.03.2019) is recognised on accrual basis.

Interest on Fixed Deposit amounting to Rs.1,73,362 (P.Y. 97,347) is recognised on a time proportion 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

Relative of Key Managerial Personnel : 1.Jyothi K E, 2.Kanaka K E

Enterprise under Common Management: 1. Sri Marikamba Grameena Abhiruddhi Trust

Details of Related Party Transactions for the year :

Related Party	Nature of Relationship	Nature of Transaction	March 31, 2019	March 31, 2018
Jyothi K E	Relative of KMP	Loan borrowed by the company	-	10,00,000
Kanaka K E	Relative of KMP	Loan borrowed by the company	10,00,000	-
Kanthesh K E	Key Managerial Personnel	Director Remuneration	5,41,800	4,83,000
Shankar K	Key Managerial Personnel	Director Remuneration	5,41,800	4,83,000
Sri Marikamba Grameena Abhiruddhi Trust	Enterprise under Common Management	Professional fee	6,20,000	4,80,000
Jyothi K E	Relative of KMP	Interest paid on loan borrowed by the company	4,85,004	4,14,094
Kanaka K E	Relative of KMP	Interest paid on loan borrowed by the company	22,916	-

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

Particulars	Opening Balance	Receipt	Repayment	Closing Balance
Loans and advances from related parties;	48,50,000	10,00,000	-	58,50,000

7. Contingent liabilities :

Company does not have any contingent liabilities as on 31st March,2019 (P.Y.Nil)

8. Current Tax and Deferred Tax:

Current Tax:

Company has made Provision for Current Tax amounting to Rs. 21,28,676 (P.Y. 16,68,095) in accordance with the relevant tax regulations applicable to the Company.

Deferred Tax :

PARTICULARS	31.03.2019	31.03.2018
(a) Deferred Tax Liabilities: Depreciation	-	-
(b) Deferred Tax Assets: Depreciation Others	61,433 12,503	28,508 6,953
(c) Deferred Tax Asset (Net) (b)-(a)	73,936	35,461
(d) Deferred Tax Charge/ (Credit) recognized in statement of Profit and Loss	(38,475)	(26,237)

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.79,660 (P.Y. Rs.79,661)

11. Dividend and Dividend Distribution Tax:

During the year Company has made provision for Proposed dividend amounting to Rs.37,93,244 (P.Y. 32,51,352).

Company has made Provision for Dividend distribution tax amounting to Rs. 7,79,891 (P.Y. 6,61,910) in accordance with the relevant tax regulations applicable to the Company.

12. Borrowings:

PARTICULARS	31.03.2019		31.03.2018	
	Long Term	Short Term	Long Term	Short Term
Secured:				
Term Loans from Banks	81,66,667	-	1,28,33,333	-
Working Capital facility from a Bank	-	45,91,301	-	98,76,007
Sub Total	81,66,667	98,76,007	1,28,33,333	98,76,007
Unsecured:				
Loans and advances from related parties	-	58,50,000	-	48,50,000
Loans and advances from Shareholders	-	47,00,000	-	44,00,000
Sub Total		1,05,50,000		92,50,000
Total Borrowings	81,66,667	1,51,41,301	1,28,33,333	1,91,26,007
Less: Current Maturities of Long Term Debt	46,66,667	-	46,66,666	-
Total	35,00,000	1,51,41,301	81,66,667	1,91,26,007

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

Nature of Security:

- 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.
- Collateral- Lien on the term deposit valuing Rs.14,00,000
- 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	31.03.2019	No. of Installments	31.03.2018
Upto 1 Year	12	46,66,667	12	46,66,667
Over 1-2 years	9	35,00,000	12	46,66,667
Over 2-3 years	-	-	9	34,99,999
Total	21	81,66,667	33	128,33,333

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

Nature of Security:

- 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.
- Collateral- Lien on the term deposit valuing Rs.10,00,000
- 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

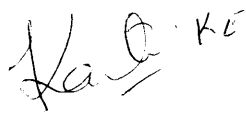
PARTICULARS	As at 31.03.2019		As at 31.03.2018	
	Amount Outstanding	Provision	Amount Outstanding	Provision
a) Standard	8,00,54,924	Nil	8,57,79,425	Nil
b) Non Performing asset	14,41,761	10,86,450	19,54,894	8,82,461
Total	8,14,96,685	10,86,450	8,77,34,319	8,82,461

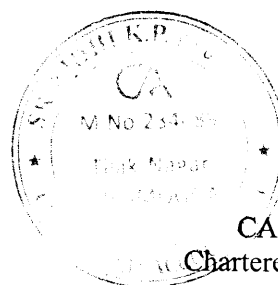
14. Previous year figures are regrouped and rearranged wherever necessary to make them comparable with the current year.

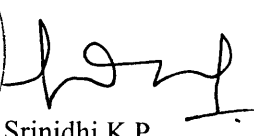
Place: Shimoga
Date: 30.08.2019

For and on behalf of the Board of Directors

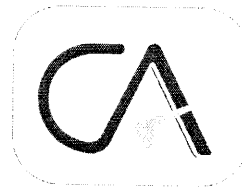

Director
Name: K S Eshwarappa
DIN: 00229008


Director
Name: Kanthesh K E
DIN: 00686990




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

UDIN: 19234489AAAAAJ5641



INDEPENDENT AUDITOR'S REPORT

To The Members of M/s SHREE MARIKAMBA MICRO FINANCE PVT LTD,

Report on the Audit of the Standalone Financial Statements :

Opinion:

I have audited the accompanying standalone financial statements of M/s SHREE MARIKAMBA MICRO FINANCE PVT LTD ('the Company'), which comprise the Balance sheet as at 31st March 2019, and the Statement of Profit and Loss and statement of Cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 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 31st March 2019, and its Profit and Cash Flows for the year ended on that date.

Basis for Opinion:

I conducted my audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. My responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of my report. I am independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to my audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on the standalone financial statements.

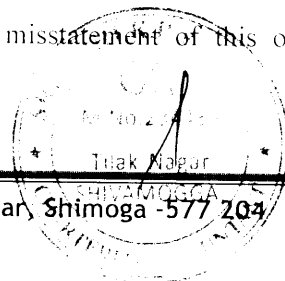
Information Other than the Standalone Financial Statements and Auditor's Report Thereon:

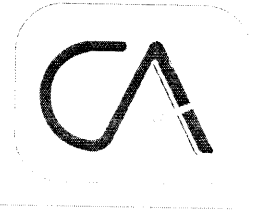
The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, but does not include the standalone financial statements and my auditor's report thereon.

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

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

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.





Responsibilities of Management and Those charged with Governance for the Standalone 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 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. 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.

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

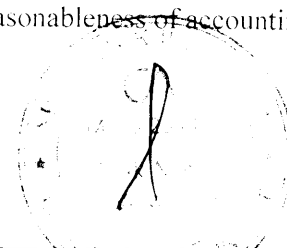
The Board of Directors are also responsible for overseeing the Company's financial reporting process.

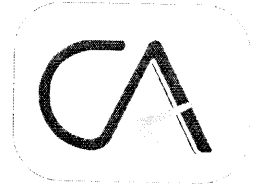
Auditor's Responsibilities for the Audit of the Standalone Financial Statements:

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, I am also responsible for expressing my opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.





- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

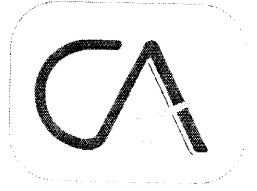
I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of 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, to the extent applicable.
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 it 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 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 2018-2019 as per Ministry of Corporate Affairs Notification No. G.S.R. 583(E) dated 13th June 2017.

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

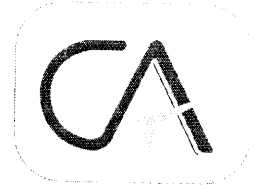


- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:
- The Company does not have any pending litigations which would impact its financial position
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There is no amount pending for transfer to Investor Education and Protection Fund by the Company.

Place: Shivamogga
Date: 30.08.2019



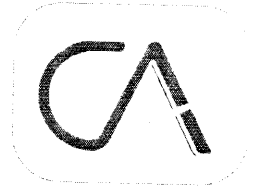
CA.Srinidhi K P
Chartered Accountant
M.No.234489
UDIN: 19234489AAAAAJ5641



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 2019, I report that:

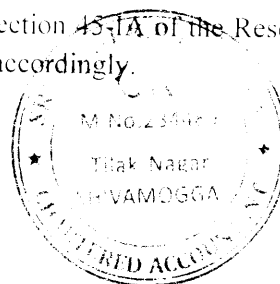
- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. 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, in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- 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 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, Employee State Insurance, income-tax, Goods and Service Tax, Customs duty, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities and there were no undisputed amounts payable in respect of these statutory dues in arrears as at March 31, 2019, for a period of more than six months from the date they become due.



(b) According to the information and explanations given to me and on the basis of my examination of the records of the Company, 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 or Goods and Service 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 I am 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 and on the basis of my examination of the records of the Company, 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: 30.08.2019



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

UDIN: 19234489AAAAAJ5641