




# Annual Report 2012

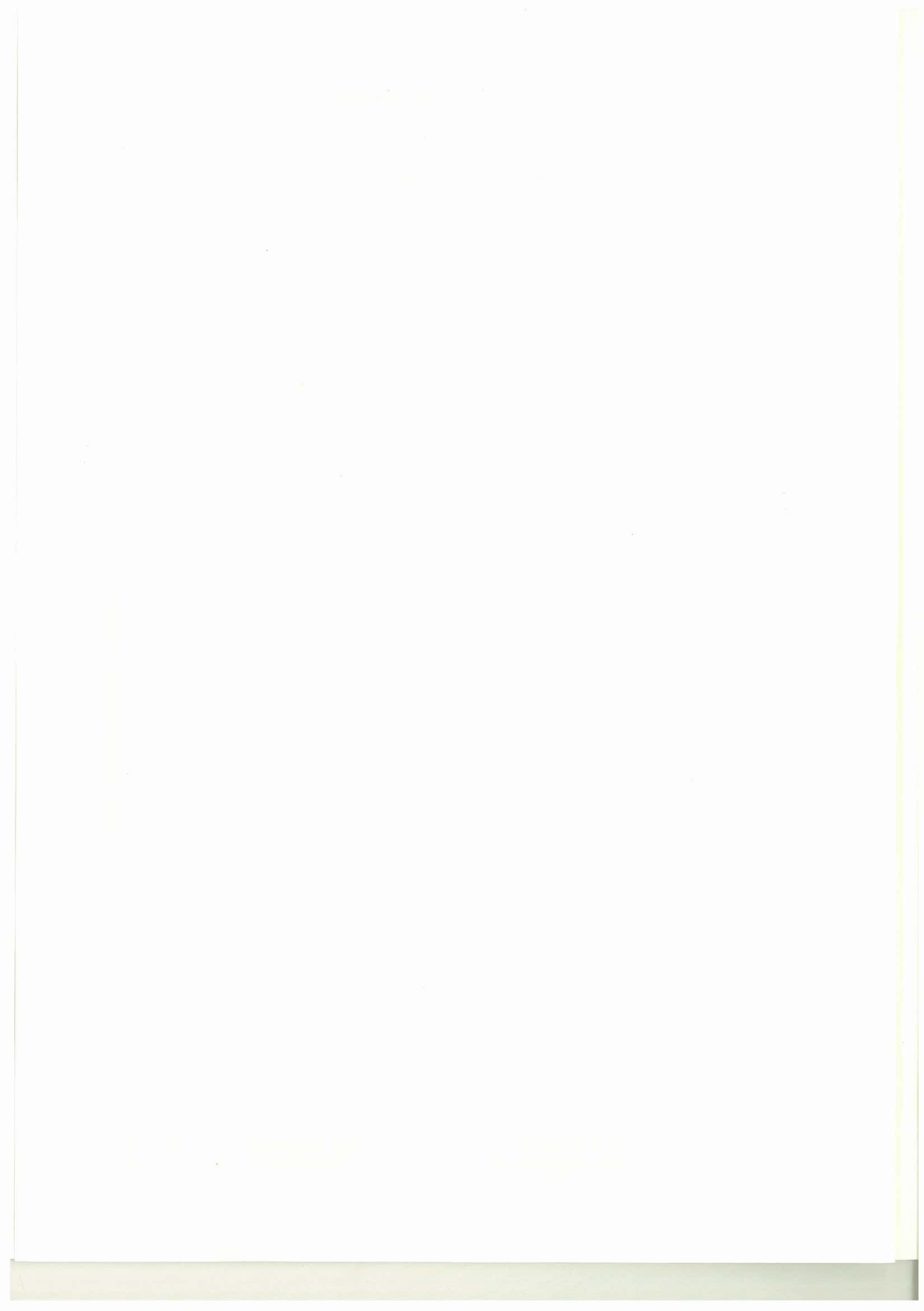
**Suryoday**   
Enabling Dreams. Empowering Lives.



# Annual Report 2012

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## Corporate Information

### BOARD OF DIRECTORS

#### Non-Executive Directors

**Chairman**  
Mr. R. Sankaran

#### **Directors**

Mr. John Arun Kumar Diaz  
Mr. Venkatesh Natarajan  
Dr. (Mrs.) Sheela Bhide

#### Executive Directors

**Chief Executive Officer**  
Mr. R Baskar Babu

**Business Head**  
Mr. Ganesh Rao

**CFO & Company Secretary**  
Mr. V L Ramakrishnan

#### **CORPORATE OFFICE**

1101, Sharda Terraces  
Plot 65, Sector 11, CBD Belapur  
Navi Mumbai 400 614  
Tel: +91 22 41227210  
www.suryodaymf.com

#### **REGISTERED OFFICE**

3rd Floor, Park View Apartments, 9-6/16,  
Park View Road, United India Colony  
Kodambakkam, Chennai 600 024  
Tamil Nadu, INDIA.  
www.suryodaymf.com

#### **AUDITORS**

**S.R.BATLIBOI & ASSOCIATES**  
6<sup>th</sup> & 7<sup>th</sup> Floor, "A" Block  
Tidel Park, (Module 601, 701 & 702)  
No. 4, Rajiv Gandhi Salai, Taramani  
Chennai 600 113  
Tel: +91 44 6654 8100  
Fax: +91 44 2254 0120

#### **Bankers**

HDFC Bank  
ICICI Bank  
State Bank of India  
Corporation Bank of India  
Axis Bank  
Development Credit Bank  
IndusInd Bank

#### **Financial Institution**

Small Industries Development Bank of India (SIDBI)

#### **NBFC Partners**

IFMR Capital Finance Private Limited  
Ananya Finance for Inclusive Growth Private Limited  
MAS Financial Services Limited  
Reliance Capital Limited  
Maanaveeya Development & Finance Private Limited  
M V Microfin Private Limited

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Your directors have pleasure in presenting the Fourth annual report together with the audited accounts of your company for the financial year ended 31<sup>st</sup> March 2012.

### 1. Vision

The vision of your Company is to be a world-class financial services organisation that provides products and value-added services to the economically challenged, helping them generate higher incomes, build an asset base and achieve a sustainably better standard of living.

### 2. Financial Results

The summarized financial results of your Company are given hereunder:

| Particulars                      | Year ended 31 <sup>st</sup> March 2012<br>Rs. In Crores | Year ended 31 <sup>st</sup> March 2011<br>Rs. In Crores |
|----------------------------------|---|---|
| Income from Operations           | 15.35   | 14.60   |
| Other Income                     | 1.13  | 0.50  |
| Total Income                     | 16.47   | 15.10   |
| Total Expenditure                | 14.71   | 12.78   |
| Net Profit/(Loss) after Taxation | <b>0.43</b>   | <b>1.04</b>   |

### 3. Dividend

Your Directors do not recommend any dividend for the year considering the need to conserve resources.

### 4. Sources of funds

Your company raised about Rs. 31.5 Crores by way of debt facilities from various lenders and Rs. 83.25 Crores by way of loan portfolio buyouts/securitization. The company mobilized Rs. 0.38 Crores of capital funds during the year ended 31<sup>st</sup> March 2012 from its promoters. The company proposes to raise fresh capital funds during the financial year ending 2012-13, from existing and/or other investors.

### 5. Compliance with RBI Guidelines

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

### 6. Capital Adequacy

The capital adequacy ratio was 38% as on 31<sup>st</sup> March 2012. The Net Owned Funds (NOF) as on that date was about Rs.28.64 crores approx. The minimum capital adequacy requirement stipulated for the company by RBI is 15.00%.

### 7. Employees Stock Option Scheme (ESOS)

On June 10, 2010, your company established an Employees Stock Option Scheme (ESOS). Under the plan the company is authorized to issue upto 600600 Equity shares of Rs. 10 each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the company subject to requirement of vesting. The number of options granted as on 31<sup>st</sup> March 2012 are 3,96,000 out of which 36000 options have lapsed/have been forfeited during the year. The number of options vested as at 31<sup>st</sup> March 2012 are 1,44,000 and 2,16,000 options are yet to vest.



#### **8. Directors' Responsibility Statement**

The Directors' Responsibility Statement as required under Section 217(2AA) of the Companies Act, 1956 reporting the compliance with the accounting standards, is attached and forms part of the directors' report.

#### **9. Directors**

During the financial year ended 31<sup>st</sup> March 2012, the following changes took place in the Board:  
At the 3<sup>rd</sup> Annual General Meeting held on 29<sup>th</sup> September 2011,

- a. Mr. Baskar Babu, Director retired by rotation and was re-appointed.
- b. Dr. (Ms) Kala Pant retired by rotation and opted not to be re-appointed
- c. Dr. (Mrs) Sheela Bhide was appointed as a Director liable to retire by rotation.

Mr. R Sankaran and Mr. Ganesh Rao, Directors retire at the ensuing fourth Annual General Meeting and being eligible have offered themselves for re-appointment.

The accounts for the Financial Year ended 31<sup>st</sup> March 2012 which are appended to this report have been signed on behalf of the Board by Mr. R. Baskar Babu, Director & CEO and by Mr. V. L. Ramakrishnan, Director, CFO & Company Secretary.

#### **10. Auditors**

S R Batliboi & Associates, Chartered Accountants, Auditors of the Company retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The company has received confirmation that their appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

#### **11. Information as per Section 217(1) (e) of the Companies Act, 1956.**

The company has no activity relating to consumption of energy or technology absorption. The company does not have any foreign currency earnings or outflow during the year.

#### **12. Personnel**

During the year, there were no employees who were in receipt of remuneration as per the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

#### **13. Material Changes after the Balance Sheet date (31<sup>st</sup> March 2012)**

There are no material changes and commitments between 31<sup>st</sup> March 2012 and the date of this report having an adverse bearing on the financial position of the Company.

#### **14. Committees Of The Board**

The following are the committees constituted by the Board:

##### **A. Audit Committee**

The Audit Committee of the Board consists of the following members, namely,

- Mr. R Sankaran, Chairman & Independent Director
- Mr. Ganesh Rao, Executive Director
- Dr. (Mrs.) Sheela Bhide, Independent Director
- Mr. Venkatesh Natarajan, Nominee Director

## **B. Resourcing Committee**

The Resourcing Committee of the Board consists of the following members, namely,

- Mr. Baskar Babu, Executive Director
- Mr. Ganesh Rao, Executive Director
- Mr. V L Ramakrishnan, Executive Director
- Mr. John Arunkumar Diaz, Nominee Director
- Mr. Venkatesh Natarajan, Nominee Director

## **C. Remuneration Committee**

The Remuneration Committee of the Board consists of the following members, namely,

- Dr. (Mrs) Sheela Bhide, Chairman & Independent Director
- Mr. John Arunkumar Diaz, Nominee Director
- Mr. Venkatesh Natarajan, Nominee Director

The aforesaid committees function in accordance with the terms of reference as laid down by the Board from time to time.

## **Acknowledgement**

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

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

**R. Sankaran**  
Chairman

28<sup>th</sup> August 2012



## **ANNEXURE TO THE DIRECTORS' REPORT**

### **Directors' Responsibility Statement**

To the best of their knowledge and belief, and according to the information and explanations obtained by them, your Directors confirm the following in terms of Section 217(2AA) of the Companies Act, 1956:

- That in preparation of the financial statements the generally accepted accounting principles (GAAP) of India and applicable accounting standards issued by Institute of Chartered Accountants of India have been followed.
- That appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made 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 or loss of the company for that period;
- That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. To ensure this, the company has established internal control systems, consistent with its size and nature of operations, subject to the inherent limitations that should be recognized in weighing the assurance provided by any such system of internal controls. These systems are reviewed and updated on an ongoing basis. Periodic internal audits are conducted to provide reasonable assurance of compliance with these systems.
- That they have prepared the annual accounts on a going concern basis.

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

**R. Sankaran**  
Chairman

28<sup>th</sup> August 2012



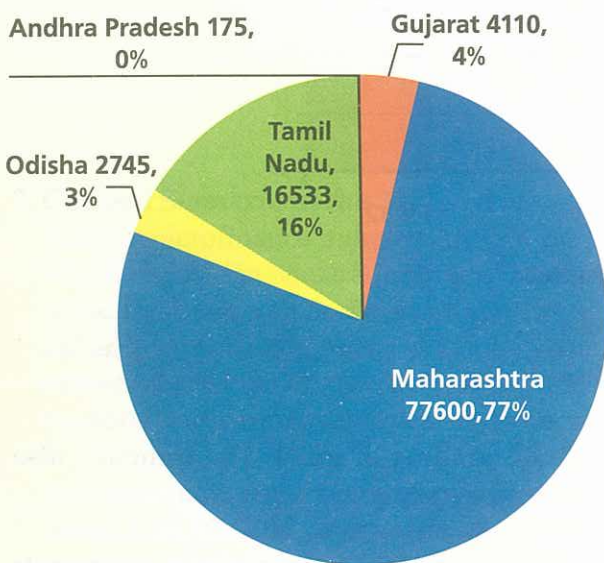
## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. Operational Highlights

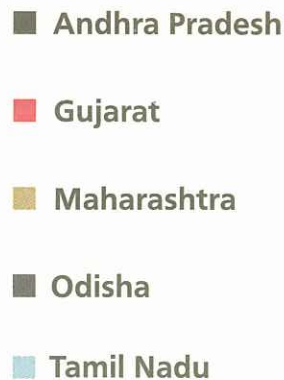
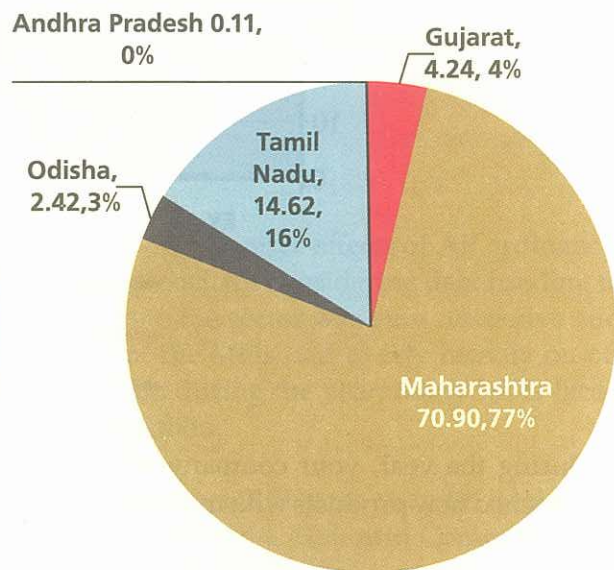
A. During the financial year ended 31<sup>st</sup> March 2012, the company saw a cumulative disbursement of Rs 123.39 Crores and ended the year with a principal outstanding of Rs 92.83 Crores (including managed assets of Rs. 55.32 Crores). We are also pleased to inform you that the number of active customers has crossed 110000.

The pie charts given below depict the pattern of Statewise - Members and loan portfolio and also the break up of owned and managed portfolio.

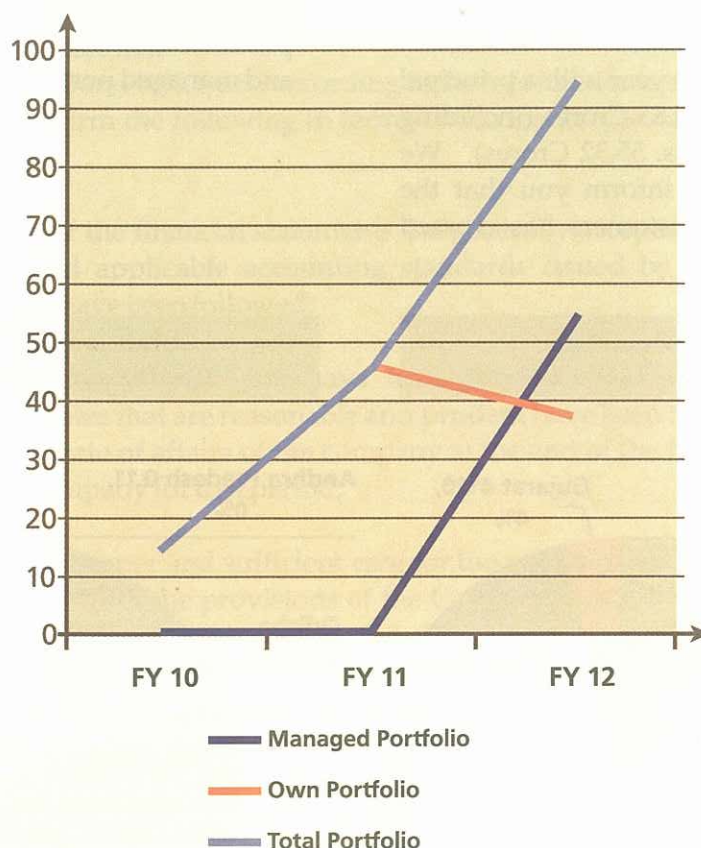
**Statewise Members**  
(No. of Members, % of Total Customers)



**Statewise - Portfolio**  
(Rs. In Crores, % of Portfolio)



## B. Outstanding - Own & Managed



During the year, your company retained the CRISIL grading of mfr4. The company also launched new products with monthly and fortnightly repayments.

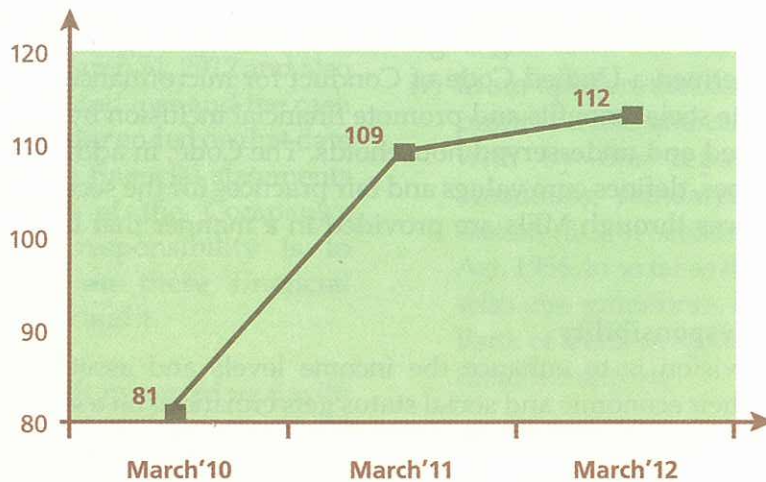
Your company currently has 30 branches. Your company intends to expand its operations in its core geographical markets of Maharashtra, Tamil Nadu, Gujarat and Odisha. The company may enter other geographical markets on a very selective basis.

Two years after the Andhra Pradesh microfinance crisis brought the microfinance sector struggling for survival, microfinance institutions, especially those based outside Andhra Pradesh are showing signs of recovery, according to the report put out by Microfinance Institutions Network (MFIN), a self-regulatory body of RBI registered NBFC-MFIs. Post-crisis, out of the outstanding loan portfolio of Rs. 2.70 Crores in Andhra Pradesh, your company has collected about one-third of the amount. This is especially satisfying given the ground realities. Your company has been able to achieve the same by continued focus on employees and customers in Andhra Pradesh.



### C. Operational Sustainability

The graph given below clearly indicates a steady increase in the operational sustainability ratio of the Company from March 2010, through March 2012.



### 2. Current Scenario of the MFI sector

For the microfinance industry, the FY 2011-12 started with the after-effects of AP ordinance, which resulted in banks adopting a 'wait and watch' approach for considering debt funding to MFIs. For most part of the financial year, flow of funds to the sector was very restrictive and lower in comparison to the previous years. Majority of the MFIs had to rely heavily on off balance sheet financing structures to fund their portfolio during the year. Many MFIs faced liquidity crunch during the year and a decrease in the portfolio.

But this situation gradually started undergoing a change, when RBI came out with its circular dated May 03, 2011 after submission of recommendations by the Malegam Committee and another Circular dated December 02, 2011, wherein regulations specific for a new category of NBFCs conducting microfinance business have been stipulated. The regulations for this new category of institutions named NBFC-MFIs have mandated certain norms like qualifying assets, cap on interest rate and processing fees, income criteria for rural and urban borrowers, ticket size of the loan etc.

The sector is expected to gain momentum with the introduction of the Micro Finance Bill, which was cleared by the Union Cabinet and placed in Parliament. This bill envisages healthy growth and development of the sector through specific provisions like making RBI the sole regulator for MFIs, operational modalities for functioning of MFIs, and setting up of Development Councils at the state level to monitor MFIs. The Bill includes a provision that allows MFIs to collect small savings from SHGs known as thrift.

As MFIs are considered to be extended arms of the banks and the microfinance business is being envisaged as a para-banking activity, it is hoped that the bill will be duly enacted and would become law in the current financial year, thus providing the necessary clarity on the governance and regulation of the industry.

### 3. Self-regulations for MFIs

Your Company is a member of Microfinance Institutions Network (MFIN), Industry Association that aims to work with various stakeholders, including regulators to promote microfinance as a tool for achieving larger financial inclusion goals. This self-regulatory organisation has defined a Unified Code of Conduct for microfinance institutions in India, which seek to create social benefits and promote financial inclusion by providing affordable services to un-served and underserved households. The Code, in addition to reiterating the regulatory guidelines, defines core values and fair practices for the sector so as to ensure that microfinance services through MFIs are provided in a manner that benefit borrowers and members.

### 4. Corporate Social Responsibility

Your Company's vision is to enhance the income levels and asset ownership levels of customers so that their economic and social status gets enhanced on a sustainable basis. Your company intends to measure this success in the medium and long term by the percentage of customers moving into more formal channels of financial services like banks to utilize both savings and credit facilities.

Apart from microfinance activities, your company is constantly looking for new modes and means to enhance the economic sustainability of the customers & community at large. As an organization, the financial literacy moves will enable the company to develop and maintain a strong relationship with the customers.

In the end, it will be the company's endeavour to focus on our objective of creating a win-win situation for the customer, employees and the company. Your company will consider itself successful if a substantial percentage of customers move out of micro credit requirements and move to more formal banking channels because of enhanced income, asset base, credibility and financial literacy.

For and on behalf of the Board of Directors

**R. Baskar Babu**  
Director

**Ganesh Rao**  
Director

**V.L. Ramakrishnan**  
Director

28<sup>th</sup> August 2012



## Auditor's Report

To  
**The Members of Suryoday Micro Finance Private Limited**

1. We have audited the attached Balance Sheet of Suryoday Micro Finance Private Limited ('the Company') as at March 31, 2012 and also the Statement of profit and loss and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

iii) The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;

iv) In our opinion, the balance sheet, statement of profit and loss and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, in so far as they are not inconsistent with the guidelines issued by the Reserve Bank of India as applicable to a non banking finance company.

v) On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;

b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and

c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For **S.R. Batliboi & Associates**  
Firm registration number: 101049W  
Chartered Accountants

per **Subramanian Suresh**  
Partner  
Membership No.:083673

Place: Chennai  
Date: July 19, 2012



**Annexure referred to in paragraph  
3 of our report of even date**

Re: Suryoday Micro Finance Private Limited  
(‘the Company’)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) Having regard to the nature of business of the Company, Clause (ii) of the Order is not applicable to the Company.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company has an internal audit system, commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 4(viii) of the Order are not applicable to the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, employees' state insurance, service tax, cess and other material statutory dues applicable to it. The provisions relating to investor education and protection fund, sales-tax, wealth-tax, customs duty and excise duty are not applicable to the Company.



- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of sales-tax, customs duty, income tax, service tax and cess which have not been deposited on account of any dispute.
- (x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are the opinion that the Company has not defaulted in repayment of dues to banks and financial institutions. The Company has not raised any money from debenture holders during the current year.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit

fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company did not have any outstanding debentures during the year.

- (xx) The Company has not raised any money by public issues and accordingly, the provisions of clause 4(xx) of the Companies (Auditors Report) 2003 (as amended) are not applicable to the Company.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S.R. Batliboi & Associates**  
Chartered Accountants  
Firm Registration Number: 101049W

per **Subramanian Suresh**  
Partner  
Membership No.: 083673

Place: Chennai  
Date: July 19, 2012



|                                     |       | Balance Sheet as at March 31, 2012                          |                    |
|-------------------------------------|-------|---|--------------------|
|                                     |       | (All amounts are in Indian Rupees, unless otherwise stated) |                    |
| Particulars                         | Notes | March 31, 2012  | March 31, 2011     |
| <b>EQUITY AND LIABILITIES</b>       |       |   |                    |
| <b>Shareholders' funds</b>          |       |   |                    |
| Share Capital                       | 4     | 134,260,000   | 130,460,000        |
| Reserves and Surplus                | 5     | 150,407,926   | 145,935,084        |
| Employees' Stock Option Outstanding |       | 2,193,992   | 1,422,978          |
| <b>Non-current liabilities</b>      |       |   |                    |
| Long-term borrowings                | 6     | 107,371,359   | 65,809,023         |
| Long-term liabilities               | 9     | 274,410   | -                  |
| Long-term provisions                | 10    | 887,533   | 347,203            |
| Deferred gains (non-current)        | 29    | 1,160,280   | -                  |
| <b>Current liabilities</b>          |       |   |                    |
| Short-term borrowings               | 7     | 25,073,840  | 75,326,925         |
| Trade Payables                      | 8     | 3,726,604   | 2,045,451          |
| Other current liabilities           | 9     | 285,261,140   | 168,296,810        |
| Short-term provisions               | 10    | 4,400,823   | 6,085,012          |
| Deferred gains - (current)          | 29    | 33,709,133  | 176,584            |
| <b>Total</b>                        |       | <b>748,727,040</b>  | <b>595,905,070</b> |

| <b>ASSETS</b>                 |    |                    |                    |
|-------------------------------|----|--------------------|--------------------|
| <b>NON-CURRENT ASSETS</b>     |    |                    |                    |
| <b>Fixed assets</b>           |    |                    |                    |
| Tangible assets               | 11 | 3,366,640          | 4,861,855          |
| Intangible assets             |    | 261,801            | 468,123            |
| Capital work-in-progress      |    | 520,816            | -                  |
| Deferred tax assets (net)     | 12 | 2,650,231          | 2,653,680          |
| Long-term loans and advances  | 13 | 45,397,396         | 8,965,173          |
| Long term Trade Receivables   | 14 | 95,670,048         | 34,720,334         |
| Other non current assets      | 16 | 71,593,597         | 271,079            |
| <b>CURRENT ASSETS</b>         |    |                    |                    |
| Trade Receivables             | 14 | 279,686,732        | 447,730,039        |
| Cash and bank balances        | 15 | 214,261,884        | 78,470,011         |
| Short-term loans and advances | 13 | 20,082,602         | 13,888,291         |
| Other current assets          | 16 | 15,235,293         | 3,876,485          |
| <b>Total</b>                  |    | <b>748,727,040</b> | <b>595,905,070</b> |

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For S.R Batliboi & Associates**

Chartered Accountants

Firm registration number: 101049W

**per Subramanian Suresh**

Partner

Membership no.: 083673

Place: Chennai

Date: July 19, 2012

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

**Suryoday Micro Finance Private Limited**

**R.Baskar Babu**

Director

Place: Mumbai

Date: July 19, 2012

**V.L.Ramakrishnan**

Director and Company Secretary

Place: Mumbai

Date: July 19, 2012

|   |       | <b>Statement of Profit and Loss for<br/>the year ended March 31, 2012</b><br><small>(All amounts are in Indian Rupees, unless otherwise stated)</small> |                              |
|---|-------|---|------------------------------|
| Particulars                                   | Notes | Year ended<br>March 31, 2012  | Year ended<br>March 31, 2011 |
| <b>REVENUE</b>                                |       |   |                              |
| Revenue from operations                       | 17    | 153,462,515   | 146,045,370                  |
| Other income                                  | 18    | 11,253,722  | 4,959,046                    |
| <b>Total revenue</b>                          |       | <b>164,716,237</b>  | <b>151,004,416</b>           |
| <b>EXPENSES</b>                               |       |   |                              |
| Finance costs                                 | 19    | 51,317,972  | 46,147,243                   |
| Employee benefits expense                     | 20    | 67,921,339  | 57,661,348                   |
| Other expenses                                | 21    | 25,140,587  | 22,256,716                   |
| Depreciation and amortization expense         | 22    | 2,670,526   | 1,707,980                    |
| <b>Total Expenses</b>                         |       | <b>147,050,424</b>  | <b>127,773,287</b>           |
| <b>PROFIT BEFORE EXCEPTIONAL ITEM AND TAX</b> |       | <b>17,665,813</b>   | <b>23,231,129</b>            |
| <b>EXCEPTIONAL ITEM:</b>                      |       |   |                              |
| Bad debts written off (Refer note 30)         |       | 11,118,910  | 10,853,785                   |
| <b>Profit before tax</b>                      |       | <b>6,546,903</b>  | <b>12,377,344</b>            |
| <b>TAX EXPENSE:</b>                           |       |   |                              |
| Current tax                                   |       | 2,263,843   | 4,536,300                    |
| Deferred tax                                  |       | 3,449   | (2,603,989)                  |
| <b>Profit for the year</b>                    |       | <b>4,279,611</b>  | <b>10,445,033</b>            |

| <b>EARNINGS PER SHARE INFORMATION -</b>                    |    |      |      |
|--|----|------|------|
| Earnings per equity share [nominal value of share Rs.10/-] | 23 |      |      |
| Basic earnings per share (Rs/-)                            |    | 0.33 | 1.01 |
| Diluted earnings per share (Rs/-)                          |    | 0.28 | 0.90 |
| Summary of significant accounting policies                 | 3  |      |      |

The accompanying notes are an integral part of the financial statements.

As per our report of even date

**For S.R Batliboi & Associates**  
Chartered Accountants  
Firm registration number: 101049W

**For and on behalf of the Board of Directors**  
**Suryoday Micro Finance Private Limited**

**per Subramanian Suresh**  
Partner  
Membership no.: 083673

**R.Baskar Babu**  
Director

**V.L.Ramakrishnan**  
Director and Company Secretary

Place: Chennai  
Date: July 19, 2012

Place: Mumbai  
Date: July 19, 2012

Place: Mumbai  
Date: July 19, 2012



|   |   | <b>Cash flow statement for the<br/>year ended March 31, 2012</b>           |                                      |
|---|---|--|--------------------------------------|
|   |   | <small>(All amounts are in Indian Rupees, unless otherwise stated)</small> |                                      |
|   |   | <b>Year ended<br/>March 31, 2012</b>                                       | <b>Year ended<br/>March 31, 2011</b> |
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                    |   |  |                                      |
|   | <b>Profit before tax</b>  | <b>6,546,903</b>   | <b>12,377,344</b>                    |
|   | Non-cash adjustment to reconcile profit before tax to net cash flows  |  |                                      |
|   | Depreciation and amortization   | 2,670,526  | 1,707,980                            |
|   | Employee stock option scheme  | 964,245  | 1,422,978                            |
|   | Interest income on bank and other deposits  | (9,579,500)  | (4,959,046)                          |
|   | Provision for non performing assets   | (877,975)  | 3,523,598                            |
|   | Bad debts written off (including exceptional item)  | 14,197,186   | 10,853,785                           |
| <b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>        |   | <b>13,921,385</b>  | <b>24,926,639</b>                    |
| <b>MOVEMENTS IN WORKING CAPITAL :</b>                         |   |  |                                      |
|   | Increase/ (decrease) in Short term borrowings   | (50,253,085)   | 75,326,925                           |
|   | Long-term borrowings (net)  | 41,562,336   | (73,372,137)                         |
|   | Increase/ (decrease) in Trade payables  | 1,681,153  | 1,539,016                            |
|   | Increase/ (decrease) in Provisions  | 589,779  | 157,770                              |
|   | Increase/ (decrease) in Other current liabilities   | 117,238,740  | 168,088,633                          |
|   | Increase/ (decrease) in Deferred gains  | 34,692,829   | 176,584                              |
|   | Decrease / (increase) in Trade Receivables  | 153,846,121  | (302,299,211)                        |
|   | Interest received on deposits   | 4,269,962  | 3,201,718                            |
|   | (Increase) / decrease in bank deposits (having original maturity of more than three months and less than twelve months) (Net) | (9,500,000)  | (500,000)                            |
|   | (Increase) / decrease in bank deposits (having original maturity of more than 12 months) (Net)                                | (37,753,702)   | (15,125,000)                         |
|   | Decrease / (increase) in Long term Trade Receivables  | (60,949,714)   | (34,720,334)                         |
|   | Decrease / (increase) in Long-term loans and advances   | (34,140,931)   | 2,766,316                            |
|   | Decrease / (increase) in short-term loans and advances  | (6,194,311)  | (13,170,052)                         |
|   | Decrease / (increase) in other Non current assets   | (66,012,980)   | 1,577,234                            |
|   | Decrease / (increase) in other current assets   | (11,358,808)   | (3,403,542)                          |
| <b>CASH GENERATED FROM/ (USED IN) OPERATIONS</b>              |   | <b>91,638,774</b>  | <b>(164,829,441)</b>                 |
|   | Direct taxes paid (net of refunds)  | (5,410,798)  | (3,680,637)                          |
| <b>NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES (A)</b> |   | <b>86,227,976</b>  | <b>(168,510,078)</b>                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                   |   |  |                                      |
|   | Purchase of fixed assets, including CWIP  | (1,489,805)  | (4,627,240)                          |
| <b>NET CASH FLOW FROM/ (USED IN) INVESTING ACTIVITIES (B)</b> |   | <b>(1,489,805)</b>   | <b>(4,627,240)</b>                   |

|   | <b>Cash flow statement for the year ended March 31, 2012</b>       |                                  |
|---|--|----------------------------------|
|   | <i>(All amounts are in Indian Rupees, unless otherwise stated)</i> |                                  |
|   | <b>Year ended March 31, 2012</b>                                   | <b>Year ended March 31, 2011</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                               |  |                                  |
| Proceeds from issuance of equity share capital                            | 3,800,000  | 70,400,000                       |
| Securities premium  |  | 130,000,000                      |
| <b>NET CASH FLOW FROM/ (USED IN) IN FINANCING ACTIVITIES (C)</b>          | <b>3,800,000</b>   | <b>200,400,000</b>               |
| <b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b> | <b>88,538,171</b>  | <b>27,262,682</b>                |
| Cash and cash equivalents at the beginning of the year                    | 62,845,011   | 35,582,329                       |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>                   | <b>151,383,182</b>   | <b>62,845,011</b>                |
| <b>COMPONENTS OF CASH AND CASH EQUIVALENTS</b>                            |  |                                  |
| Cash on hand  | 143,077  | 940,966                          |
| With banks - on current account   | 22,864,331   | 14,996,283                       |
| - on deposit account  | 128,375,774  | 46,907,762                       |
| <b>TOTAL CASH AND CASH EQUIVALENTS (NOTE 15)</b>                          | <b>151,383,182</b>   | <b>62,845,011</b>                |

As per our report of even date

**For S.R. Batliboi & Associates**  
Chartered Accountants  
Firm registration number: 101049W

**For and on behalf of the Board of Directors**  
**Suryoday Micro Finance Private Limited**

**per Subramanian Suresh**  
Partner  
Membership no.: 083673

**R. Baskar Babu**  
Director

**V.L. Ramakrishnan**  
Director and Company Secretary

Place: Chennai  
Date: July 19, 2012

Place: Mumbai  
Date: July 19, 2012

Place: Mumbai  
Date: July 19, 2012



## Notes to the Financial statements for the year ended March 31, 2012

### 1. Background and nature of operations

Suryoday Micro Finance Private Limited (the Company) was incorporated on 10th November 2008. The Company is engaged in extending micro credit to economically weaker women who are otherwise unable to access finance from the mainstream banking channels. The Company during the year provided small value collateral free loans up to Rs.15,000/- for a tenor of 46 weeks to 18 months with weekly / monthly repayment. The Company broadly follows the Grameen model with suitable adaptations using the Joint Liability Groups (JLG) framework, where each member of the group guarantees the loan repayment of the other members of the group.

The Company obtained registration with Reserve Bank of India (RBI) for carrying on micro finance activity on April 22, 2009 and is a non-deposit taking non-banking finance company (NBFC-ND). For the year ended March 31, 2012, the Company is not a Systemically Important NBFC-ND.

### 2. Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles and practices prevalent in the non-banking finance industry in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended), the relevant provisions of the Companies Act, 1956 and the guidelines issued by the RBI as applicable to a non deposit accepting NBFC. The financial statements have been prepared on an accrual basis and under the historical cost convention, except where otherwise stated. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

During the year ended 31 March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

### 3. Summary of Significant Accounting policies

#### A. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

#### B. Securitisation / assignment of Trade receivables

In accordance with the RBI Guidelines on Securitisation of Standard Assets, the Company de-recognises the trade receivables transferred by way of securitisation / assignment when the criteria for "True sale" comprising, inter alia, contractual transfer of the assets and effective transfer of risks and rewards as specified in the guidelines have been met.



## Notes to the Financial statements for the year ended March 31, 2012

### C. 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. All other income is recognised on accrual basis, when there is no uncertainty over ultimate realization/collection.

(i) Interest income on loans given is recognised under internal rate of return method.

(ii) Gains arising on securitisation / assignment of receivables are amortized over the contractual life of the related receivables and losses, if any are recognized in the statement of profit and loss account during the year in which the securitisation / assignment is effected.

(iii) Income on Non-Performing Assets, Sub-standard assets and Loss assets is recognized only when income is received.

(iv) Loan processing fees, being the revenue for processing the loan is recognized as income on up front basis.

(v) Interest income on deposits is recognized on a time proportion basis taking into account the amount outstanding and the implicit rate of interest.

### D. Fixed Assets and Depreciation

Fixed Assets are stated at cost less accumulated depreciation and impairment loss, if any. The cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation on fixed assets is calculated on a written down value basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used the following rates to provide depreciation on its fixed assets.

| Particulars             | Rates (WDV) |
|-------------------------|-------------|
| Office equipment        | 13.91%      |
| Computers & Accessories | 40.00%      |
| Furniture and fittings  | 18.10%      |

Improvements to lease hold premises are depreciated over the primary lease period or 36 months whichever is lower on a straight line basis.

Intangible assets such as Software are amortized over a period of 36 months or license period whichever is lower on a straight line basis.

Assets individually costing Rs. 5,000 or less are fully depreciated in the year of purchase.



## Notes to the Financial statements for the year ended March 31, 2012

### E. Retirement And Other Employee Benefits

#### (i) Defined Contribution Plan

Retirement benefits in the form of Provident Fund and Employee State Insurance Scheme are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

#### (ii) Defined Benefit Plan

Gratuity liability is a defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

### F. Income Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

### G. Provisions, Contingent Liabilities And Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.



## Notes to the Financial statements for the year ended March 31, 2012

### H. Leases

#### Operating Lease

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

### I. Foreign Currency Transactions

(i) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

All exchange differences are recognized as income or as expenses in the period in which they arise

### J. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

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

### K. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### L. Classification and Provision for Loan Portfolio

Loans are classified and provided for as per the Company's policy and Management's estimates, subject to the minimum classification and provisioning required as per Non-banking financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

| Asset Classification   | Provisioning percentage used by the Company |
|--|---|
| Standard Assets - Not overdue and overdue for less than 89 days  | 1%  |
| Non Performing Assets (NPA):   |   |
| Sub-Standard Assets - Overdue for 90 days and more but less than 179 days  | 50%   |
| Doubtful Assets - Overdue for 180 days and more  | 100%  |
| Loss Assets - Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by the RBI | 100%  |

Overdue refers to interest and / or principal and / or installment remaining unpaid from the date it became receivable.



## Notes to the Financial statements for the year ended March 31, 2012

### M. Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

### N. Securitisation / Loan Processing Expenses

Expenditure incurred on assignment / securitisation transactions are fully charged off in the year in which the securitisation / assignment is effected to the statement of profit and loss as per the guidelines on securitisation issued by the RBI. Other ancillary costs incurred in connection with the arrangement of borrowings are also charged to the statement of profit and loss on incurrence.

### O. Employee Stock Compensation Cost

Employees (including senior executives) of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the fair value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

### P. Segment Reporting

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



**Notes to the Financial statements for the year ended March 31, 2012**

(All amounts are in Indian Rupees, unless otherwise stated)

**4. SHARE CAPITAL**

|  | Year ended<br>March 31, 2012 | Year ended<br>March 31, 2011 |
|--|------------------------------|------------------------------|
| <b>AUTHORIZED SHARES</b><br>20,000,000 (Previous year 20,000,000) equity Shares of Rs.10 each                      | 200,000,000                  | 200,000,000                  |
| <b>ISSUED, SUBSCRIBED AND PAID-UP SHARES</b><br>213,426,000 (Previous year 13,046,000) equity shares of Rs.10 each | 134,260,000                  | 130,460,000                  |
|  | <b>134,260,000</b>           | <b>130,460,000</b>           |

**A. RECONCILIATION OF THE SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE REPORTING PERIOD**

|   | March 31, 2012    |                    | March 31, 2011    |                    |
|---|-------------------|--------------------|-------------------|--------------------|
|   | Shares            | in Rs.             | Shares            | in Rs.             |
| <b>AT THE BEGINNING OF THE YEAR</b>         | 13,046,000        | 130,460,000        | 13,046,000        | 130,460,000        |
| <b>ISSUED DURING THE YEAR</b>               | 380,000           | 3,800,000          | -                 | -                  |
| <b>Outstanding at the end of the period</b> | <b>13,426,000</b> | <b>134,260,000</b> | <b>13,046,000</b> | <b>130,460,000</b> |

**B. TERMS/RIGHTS ATTACHED TO EQUITY SHARES**

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Company has not declared / proposed any dividend in the current year and previous year.

**C. DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY (EQUITY SHARES OF RS.10/- EACH FULLY PAID)**

|  | March 31, 2012 |                        | March 31, 2012 |                        |
|--|----------------|------------------------|----------------|------------------------|
|  | No.            | % holding in the class | No.            | % holding in the class |
| Aavishkaar Goodwell India Microfinance Development Company Limited | 6,142,857      | 45.75%                 | 6,142,857      | 47.09%                 |
| Lok Capital LLC  | 2,857,143      | 21.28%                 | 2,857,143      | 21.90%                 |
| Ramachandran Baskar Babu   | 817,500        | 6.09%                  | 677,500        | 5.19%                  |
| V.L.Ramakrishnan   | 717,500        | 5.34%                  | 597,500        | 4.58%                  |
| Ganesh Rao   | 720,000        | 5.36%                  | 600,000        | 4.60%                  |

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.



Notes to the Financial statements for the year ended March 31, 2012  
All amounts are in Indian Rupees, unless otherwise stated)

## D. OFFER OF EQUITY SHARES TO PROMOTERS

The Company had entered into a Subscription & Shareholders Agreement dated 5th August 2010 with Aavishkaar Goodwill India Micro Finance Development Co, and Lok Capital LLC, the Promoters and the Promoter Related Parties. By virtue of this agreement and subsequent extension received, the Promoters are to subscribe to a maximum of 34.60 lakhs equity shares of the Company at Rs.10 per share by March 31, 2012. The Promoters have subscribed to 3.80 lakhs equity shares during the year. The Promoters have obtained an extension of six months i.e. upto September 30, 2012, to subscribe to the balance 30.80 lakh equity shares from Lok Capital LLC and Aavishkaar Goodwill India Micro Finance Development Co. Ltd.

## E. RESERVES AND SURPLUS

|   | Year ended<br>March 31, 2012 | Year ended<br>March 31, 2011 |
|---|------------------------------|------------------------------|
| <b>SECURITIES PREMIUM ACCOUNT</b>                                     | 145,000,000                  | 145,000,000                  |
| <b>Statutory reserve</b>  |                              |                              |
| Balance as per the last financial statements                          | 2,089,000                    | -                            |
| Add: Transferred from statement of profit and loss                    | 855,920                      | 2,089,000                    |
|   | <b>2,944,920</b>             | <b>2,089,000</b>             |
| <b>GENERAL RESERVE</b>  |                              |                              |
| Balance as per last financial statements                              | -                            | -                            |
| Add: Transferred from Employee stock option outstanding on forfeiture | 193,231                      | -                            |
|   | <b>193,231</b>               | <b>-</b>                     |
| <b>SURPLUS/(DEFICIT) IN THE STATEMENT OF PROFIT AND LOSS</b>          |                              |                              |
| Balance as per last financial statements                              | (1,153,916)                  | (9,509,949)                  |
| Profit for the year   | 4,279,611                    | 10,445,033                   |
| <b>Less: Appropriations</b>   |                              |                              |
| Transfer to Statutory reserve   | 855,920                      | 2,089,000                    |
| <b>Net surplus/(deficit) in the statement of profit and loss</b>      | <b>2,269,775</b>             | <b>(1,153,916)</b>           |
|   | <b>150,407,926</b>           | <b>145,935,084</b>           |

## F. LONG-TERM BORROWINGS

|  | Non-current portion |                   | Current maturities |                |
|--|---------------------|-------------------|--------------------|----------------|
|  | March 31, 2012      | March 31, 2011    | March 31, 2012     | March 31, 2011 |
| <b>TERM LOANS</b>  |                     |                   |                    |                |
| Indian rupee loan from banks (secured)                               | 12,699,302          | 29,450,161        | 16,816,199         | 42,040,433     |
| Indian rupee loan from others (secured)                              | 89,672,057          | 36,358,862        | 191,905,284        | 116,059,226    |
| <b>Other loans and advances</b>                                      |                     |                   |                    |                |
| Indian rupee loan from others (unsecured)                            | 5,000,000           | -                 | 10,000,000         | -              |
| <b>THE ABOVE AMOUNT INCLUDES</b>                                     |                     |                   |                    |                |
| Secured borrowings   | 102,371,359         | 65,809,023        | 208,721,483        | 158,099,659    |
| Unsecured borrowings   | 5,000,000           | -                 | 10,000,000         | -              |
| Amount disclosed under the head "other current liabilities" (note 9) | -                   | -                 | (218,721,483)      | (158,099,659)  |
| <b>Net amount</b>  | <b>107,371,359</b>  | <b>65,809,023</b> | <b>-</b>           | <b>-</b>       |



## Notes to the Financial statements for the year ended March 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

### TERM LOAN FROM BANKS (SECURED)

| Sl. | Tenure of loan | March 31, 2012 | March 31, 2011 | Security / Guarantee  | Repayment terms   | Rate of interest |
|-----|----------------|----------------|----------------|---|---|------------------|
| 1   | 36 months      | 29,515,501     | 44,112,065     | 1. Hypothecation of book debts<br>2. Cash collateral of Rs. 7,500,000 | Repayable in 36 equated monthly                                     | 12.50%-15.00%    |
| 2   | 24 months      | -              | 5,714,287      | 1. Hypothecation of book debts<br>2. Cash collateral of Rs. 500,000   | Repayable in 7 quarterly instalments with a moratorium of 3 months  | 12.00%-14.50%    |
| 3   | 14 months      | -              | 8,747,575      | 1. Hypothecation of book debts<br>2. Cash collateral of Rs. 2,500,000 | Repayable in 12 quarterly instalments with a moratorium of 2 months | 13.00%-14.00%    |
| 4   | 18 months      | -              | 6,250,000      | 1. Hypothecation of book debts<br>2. Cash collateral of Rs. 3,125,000 | Repayable in 6 quarterly instalments                                | 12.00%-12.50%    |
| 5   | 14 months      | -              | 6,666,667      | 1. Hypothecation of book debts<br>2. Cash collateral of Rs. 2,000,000 | Repayable in 12 monthly instalments with a moratorium of 2 months   | 13.00%-15.50%    |
|     |                | 29,515,501     | 71,490,594     |   |   |                  |

### TERM LOAN FROM OTHER PARTIES (SECURED)

| Sl. | Tenure of loan | March 31, 2012 | March 31, 2011 | Security / Guarantee   | Repayment terms  | Rate of interest |
|-----|----------------|----------------|----------------|--|--|------------------|
| 1   | 18 months      | 14,999,988     | 40,833,335     | 1. Hypothecation of book debts   | 18 monthly instalments   | 13.50%-15.00%    |
| 2   | 36 months      | 60,000,000     | 50,000,000     | 1. Hypothecation of book debts at 105% loan outstanding plus interest due at all times | Repayment of principle in 4 half yearly instalments after the payment of 1st instalment at the end of 12th months from the disbursement date | 13.50%-14.92%    |
| 3   | 24 months      | 416,659        | 12,291,663     | 1. Hypothecation of book debts<br>2. Cash collateral of Rs. 2,500,000                  | 24 monthly instalments   | 12.00%-14.50%    |
| 4   | 18 months      | 128,333,332    | -              | 1. Hypothecation of book debts<br>2. Cash collateral of Rs. 19,500,000                 | 18 months instalments  | 15.1%-16.25%     |
| 5   | 23 months      | 15,000,000     | 35,000,000     | 1. Hypothecation of book debts<br>2. Cash collateral of Rs. 21,25,000                  | Repayment of principle in 2 half yearly instalments after the payment of 1st instalment at the end of 11th months from the disbursement date | 14.25%-16.75%    |
| 6   | 48 months      | 8,576,000      | 14,293,090     | 1. Hypothecation of book debts<br>2. Cash collateral of Rs. 20,00,000                  | 14 quarterly instalments with a moratorium of 6 months   | 12%              |
| 7   | 20 months      | 10,000,000     | -              | 1. Hypothecation of book debts<br>2. Cash collateral of Rs. 10,00,000                  | 17 monthly instalments with a moratorium of 3 months   | 15.50%           |
| 8   | 24 months      | 44,251,362     | -              | 1. Hypothecation of book debts<br>2. Cash collateral of Rs. 44,25,136                  | 17 monthly instalments with a moratorium of 3 months   | 15.00%           |
|     |                | 281,577,341    | 152,418,088    |  |  |                  |

### TERM LOAN FROM OTHER PARTIES (UNSECURED)

| Sl. | Tenure of loan | March 31, 2012 | March 31, 2011 | Security / Guarantee | Repayment terms                  | Rate of interest |
|-----|----------------|----------------|----------------|----------------------|----------------------------------|------------------|
| 8   | 15 months      | 15,000,000     | -              | Nil                  | Bullet repayment after 15 months | 18 %             |



**Notes to the Financial statements for the year ended March 31, 2012**  
(All amounts are in Indian Rupees, unless otherwise stated)

## 7. SHORT-TERM BORROWINGS

|                                     | As at<br>March 31, 2012 | As at<br>March 31, 2011 |
|-------------------------------------|-------------------------|-------------------------|
| Overdraft and working capital loans |                         |                         |
| - From banks (secured)              | 73,840                  | -                       |
| - From other parties (secured)      | 25,000,000              | 75,326,925              |
|                                     | <b>25,073,840</b>       | <b>75,326,925</b>       |

Overdraft and working capital loans are repayable on demand or within a maximum period of one year. Details of security and rate of interest is as under:

### LOANS FROM BANKS:

| Details of Security                             | Rate of interest | March 31, 2012 | March 31, 2011 |
|---|------------------|----------------|----------------|
| Secured against Term deposits of Rs. 22,500,000 | 10.75%           | 73,840         | -              |
|   |                  | <b>73,840</b>  | <b>-</b>       |

### LOANS FROM OTHERS:

| Details of Security  | Rate of interest | March 31, 2012    | March 31, 2011    |
|--|------------------|-------------------|-------------------|
| Hypothecation of book debts  | 16.00% -16.75%   | 25,000,000        | -                 |
| 1. Hypothecation of book debts<br>2. Cash collateral of Rs 5,402,661 | 11.86% - 12.55%  | -                 | 29,295,968        |
| 1. Hypothecation of book debts<br>2. Cash collateral of Rs 2,000,000 | 15.00%           | -                 | 6,666,672         |
| Hypothecation of book debts  | 14.00%           | -                 | 39,364,285        |
|  |                  | <b>25,000,000</b> | <b>75,326,925</b> |

## 8. TRADE PAYABLE

|                      | As at<br>March 31, 2012 | As at<br>March 31, 2011 |
|----------------------|-------------------------|-------------------------|
| Payable For Expenses | 3,726,604               | 2,045,451               |
|                      | <b>3,726,604</b>        | <b>2,045,451.00</b>     |

**Notes to the Financial statements for the year ended March 31, 2012**  
(All amounts are in Indian Rupees, unless otherwise stated)

## 9. OTHER LIABILITIES

|   | Non Current             |                         | Current                 |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | As at<br>March 31, 2012 | As at<br>March 31, 2011 | As at<br>March 31, 2012 | As at<br>March 31, 2011 |
| Current maturities of long-term borrowings (Refer Note 6) | -                       | -                       | 218,721,483             | 158,099,659             |
| Advance for subscription of shares (Refer Note 28)        | -                       | -                       | 30,000,000              | -                       |
| Interest accrued and due on borrowings                    | -                       | -                       | 3,366,781               | 2,547,330               |
| Statutory dues Payable                                    | -                       | -                       | 1,895,852               | 1,315,833               |
| Employee related payables                                 | -                       | -                       | 965,258                 | 2,873,408               |
| Payable for trade receivables assigned                    | -                       | -                       | 29,797,831              | 159,661                 |
| Book overdraft  | -                       | -                       | 277,828                 | 1,295,564               |
| Provision for rent straight lining                        | 274,410                 | -                       | 97,390                  | -                       |
| Instalments received in advance                           | -                       | -                       | 33,500                  | 1,957,338               |
| Others  | -                       | -                       | 105,217                 | 48,017                  |
|   | <b>274,410</b>          | <b>-</b>                | <b>285,261,140</b>      | <b>168,296,810</b>      |

There is no overdue amount payable to Micro and Small Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Further, the Company has not paid any interest to any Micro and Small Enterprises during the current year. The list of Micro and Small Enterprises was determined based on the information available with the Company.

## 10. PROVISIONS

|   | Non Current             |                         | Current                 |                         |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
|   | As at<br>March 31, 2012 | As at<br>March 31, 2011 | As at<br>March 31, 2012 | As at<br>March 31, 2011 |
| <u>Provision for employee benefits</u>                                  |                         |                         |                         |                         |
| Provision for gratuity  | -                       | -                       | 1,080,355               | 490,576                 |
| <u>Other provisions</u>   |                         |                         |                         |                         |
| Provision for non performing assets                                     | -                       | -                       | 476,402                 | 378,652                 |
| Provision for standard assets   | 887,533                 | 347,203                 | 2,844,066               | 4,360,121               |
| Provisions for taxation (net of advance tax and tax deducted at source) | -                       | -                       | -                       | 855,663                 |
|   | <b>887,533</b>          | <b>347,203</b>          | <b>4,400,823</b>        | <b>6,085,012</b>        |



**Notes to the Financial statements for the year ended March 31, 2012**  
(All amounts are in Indian Rupees, unless otherwise stated)

**11. FIXED ASSETS**  
**TANGIBLE ASSETS**

| Categories                | Gross Block         |           |           | Depreciation         |                     |              |           | Net Block            |                      |                      |
|---------------------------|---------------------|-----------|-----------|----------------------|---------------------|--------------|-----------|----------------------|----------------------|----------------------|
|                           | As at April 1, 2011 | Additions | Deletions | As at March 31, 2012 | As at April 1, 2011 | For the year | Deletions | As at March 31, 2012 | As at March 31, 2012 | As at March 31, 2011 |
| Office equipment          | 419,211             | 335,718   | -         | 754,929              | 115,848             | 287,408      | -         | 403,256              | 351,673              | 303,363              |
| Computers and Accessories | 2,561,681           | 582,758   | -         | 3,144,439            | 1,062,903           | 942,872      | -         | 2,005,775            | 1,138,664            | 1,498,778            |
| Furniture and fittings    | 3,962,399           | 50,513    | -         | 4,012,912            | 902,685             | 1,233,924    | -         | 2,136,609            | 1,876,303            | 3,059,714            |
|                           | 6,943,291           | 968,989   | -         | 7,912,280            | 2,081,436           | 2,464,204    | -         | 4,545,640            | 3,336,640            | 4,861,855            |
| Previous year             | 2,687,211           | 4,256,080 | -         | 6,943,291            | 502,453             | 1,578,983    | -         | 2,081,436            | 4,861,855            |                      |

**INTANGIBLE ASSETS**

| Categories    | Gross Block         |           |           | Amortisation         |                     |              |           | Net Block            |                      |                      |
|---------------|---------------------|-----------|-----------|----------------------|---------------------|--------------|-----------|----------------------|----------------------|----------------------|
|               | As at April 1, 2011 | Additions | Deletions | As at March 31, 2012 | As at April 1, 2011 | For the year | Deletions | As at March 31, 2012 | As at March 31, 2012 | As at March 31, 2011 |
| Software      | 619,069             | -         | -         | 619,069              | 150,946             | 206,322      | -         | 357,268              | 261,801              | 468,123              |
|               | 619,069             | -         | -         | 619,069              | 150,946             | 206,322      | -         | 357,268              | 261,801              | 468,123              |
| Previous year | 247,909             | 371,160   | -         | 619,069              | 21,950              | 128,996      | -         | 150,946              | 468,123              |                      |

**12. DEFERRED TAX (LIABILITY) / ASSET (NET)**

| Deferred tax Asset   | As at March 31, 2012 | As at March 31, 2011 |
|--|----------------------|----------------------|
| Differences in depreciation and other differences in block of fixed assets as per tax books and financial books              | 404,036              | 32,085               |
| Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years | 945,923              | 996,331              |
| Provision for trade receivables  | 1,300,272            | 1,625,264            |
| <b>Net Deferred tax asset / (liability)</b>  | <b>2,650,231</b>     | <b>2,653,680</b>     |

**13. LOANS AND ADVANCES**

|   | Non - Current     |                  | Current           |                   |
|---|-------------------|------------------|-------------------|-------------------|
|   | March 31, 2012    | March 31, 2011   | March 31, 2012    | March 31, 2011    |
| <b>Unsecured considered good</b>                          |                   |                  |                   |                   |
| Capital advances  | 942,393           | -                | -                 | -                 |
| Rental deposits   | 3,853,000         | 2,197,500        | -                 | -                 |
| Security deposits #                                       | 37,610,711        | 6,767,673        | 18,321,900        | 12,195,146        |
| Employee advances   | 700,000           | -                | 726,712           | 641,668           |
| Prepaid expenses  | -                 | -                | 220,963           | 24,129            |
| Balances with revenue authorities                         | -                 | -                | 291,844           | 474,423           |
| Other advances  | -                 | -                | 521,183           | 552,925           |
| Advances tax and tax deducted at source, net of provision | 2,291,292         | -                | -                 | -                 |
|   | <b>45,397,396</b> | <b>8,965,173</b> | <b>20,082,602</b> | <b>13,888,291</b> |

# Security Deposits under loans and advances include Rs 55,394,688 (March 31, 2011 Rs: 18,445,146) placed as cash collaterals in connection with assignment / securitisation of receivables and other approved facilities.



**Notes to the Financial statements for the year ended March 31, 2012**  
(All amounts are in Indian Rupees, unless otherwise stated)

**14. TRADE RECEIVABLES**

|  | Non - Current     |                   | Current            |                    |
|--|-------------------|-------------------|--------------------|--------------------|
|  | March 31, 2012    | March 31, 2011    | March 31, 2012     | March 31, 2011     |
| <b>Portfolio Loan</b><br>(net of assets de-recognised on assignment / securitisation - Also, refer note 29)<br>Unsecured |                   |                   |                    |                    |
| Considered good  | 95,670,048        | 34,720,334        | 279,189,900        | 436,014,219        |
| Others (substandard and doubtful receivables as per Company's provisioning policy)                                       | -                 | -                 | 496,832            | 11,715,820         |
|  | <b>95,670,048</b> | <b>34,720,334</b> | <b>279,686,732</b> | <b>447,730,039</b> |

Of the above, Trade receivables exceeding six months from the due date aggregates to Rs.463,395 (Previous year Rs.11,000). Also refer Note 31 for provision for substandard and doubtful trade receivables.

**15. CASH AND BANK BALANCES**

|   | Non - Current     |                | Current            |                   |
|---|-------------------|----------------|--------------------|-------------------|
|   | March 31, 2012    | March 31, 2011 | March 31, 2012     | March 31, 2011    |
| <b>Cash and cash equivalents</b>  |                   |                |                    |                   |
| Balances with banks:  |                   |                |                    |                   |
| On current accounts   | -                 | -              | 22,864,331         | 14,996,283        |
| Deposits with original maturity of less than three months                       |                   |                | 128,375,774        | 46,907,762        |
| Cash on hand  | -                 | -              | 143,077            | 940,966           |
|   | -                 | -              | <b>151,383,182</b> | <b>62,845,011</b> |
| Other Bank Balances   |                   |                |                    |                   |
| Deposits with original maturity for more than 3 months but less than 12 months* | -                 | -              | 10,000,000         | 500,000           |
| Deposits with original maturity for more than 12 months*                        | 69,118,741        | -              | 52,878,702         | 15,125,000        |
|   | <b>69,118,741</b> | -              | <b>62,878,702</b>  | <b>78,470,011</b> |
| Amount disclosed under other assets (note 16)                                   | (69,118,741)      | -              | -                  | -                 |
|   |                   | -              | <b>214,261,884</b> | <b>15,625,000</b> |

\*Deposits with banks include Rs 131,997,443 (March 31, 2011 Rs: 15,625,000) under lien marked towards term loans and overdraft facility availed from banks, financial institutions and towards cash collateral placed in connection with assignment / securitisation of receivables.

**16. OTHER ASSETS**

|   | Non - Current     |                | Current           |                  |
|---|-------------------|----------------|-------------------|------------------|
|   | March 31, 2012    | March 31, 2011 | March 31, 2012    | March 31, 2011   |
| <b>Interest accrued but not due</b>             |                   |                |                   |                  |
| Trade receivables                               | -                 | -              | 10,552,298        | 2,299,251        |
| Fixed deposits                                  |                   |                |                   |                  |
| - with banks                                    | 1,719,071         | -              | 3,993,237         | 1,051,069        |
| - Others  | 755,785           | 271,079        | 689,758           | 526,165          |
| Other non current bank balances (refer note 15) | 69,118,741        | -              | -                 | -                |
|   | <b>71,593,597</b> | <b>271,079</b> | <b>15,235,293</b> | <b>3,876,485</b> |



**Notes to the Financial statements for the year ended March 31, 2012**  
(All amounts are in Indian Rupees, unless otherwise stated)

**17. REVENUE FROM OPERATIONS**

|                                     | Year Ended<br>March 31, 2012 | Year Ended<br>March 31, 2011 |
|-------------------------------------|------------------------------|------------------------------|
| <b>Interest income</b>              |                              |                              |
| Interest income on portfolio loans  | 112,382,490                  | 122,045,453                  |
| Gain on assignment / securitisation | 27,364,248                   | 958,938                      |
| <b>Other operating income</b>       |                              |                              |
| Service charges                     | 13,244,680                   | 20,549,520                   |
| Others                              | 471,097                      | 2,491,459                    |
| <b>Revenue from operations</b>      | <b>153,462,515</b>           | <b>146,045,370</b>           |

**18. OTHER INCOME**

|  | Year Ended<br>March 31, 2012 | Year Ended<br>March 31, 2011 |
|--|------------------------------|------------------------------|
| Write back of liabilities no longer required | 886,547                      | -                            |
| Interest income on bank and other deposits   | 9,579,500                    | 4,959,046                    |
| Bad debts recovered                          | 787,675                      | -                            |
|  | <b>11,253,722</b>            | <b>4,959,046</b>             |

**19. FINANCE COSTS**

|   | Year Ended<br>March 31, 2012 | Year Ended<br>March 31, 2011 |
|---|------------------------------|------------------------------|
| Interest                                  | 40,922,237                   | 42,104,714                   |
| Bank charges                              | 1,048,491                    | 851,629                      |
| Securitisation / loan processing expenses | 9,347,244                    | 3,190,900                    |
|   | <b>51,317,972</b>            | <b>46,147,243</b>            |

**20. EMPLOYEE BENEFIT EXPENSE**

|   | Year Ended<br>March 31, 2012 | Year Ended<br>March 31, 2011 |
|---|------------------------------|------------------------------|
| Salaries, wages and bonus                 | 60,498,866                   | 51,514,884                   |
| Contribution to provident and other funds | 4,363,364                    | 2,970,520                    |
| Employee stock option scheme              | 964,245                      | 1,422,978                    |
| Gratuity expense (note 25)                | 983,056                      | 976,368                      |
| Staff welfare expenses                    | 1,111,808                    | 776,598                      |
|   | <b>67,921,339</b>            | <b>57,661,348</b>            |

**Notes to the Financial statements for the year ended March 31, 2012**  
(All amounts are in Indian Rupees, unless otherwise stated)

**21. OTHER EXPENSES**

|                                 | Year Ended<br>March 31, 2012 | Year Ended<br>March 31, 2011 |
|---------------------------------|------------------------------|------------------------------|
| Rent                            | 5,561,263                    | 3,731,491                    |
| Electricity                     | 238,696                      | 161,515                      |
| Insurance                       | 537,561                      | 532,345                      |
| Travel and conveyance           | 3,042,727                    | 2,244,838                    |
| Communication expenses          | 1,772,131                    | 1,706,139                    |
| Business promotion expenses     | 524,430                      | 556,866                      |
| Repairs and maintenance         |                              |                              |
| - Building                      | 681,235                      | 360,245                      |
| - Others                        | 321,545                      | 258,076                      |
| Software expenses               | 1,423,948                    | 806,898                      |
| Legal and professional fees     | 3,443,255                    | 2,706,293                    |
| Rates and taxes                 | 2,270,734                    | 2,954,901                    |
| Printing and stationery         | 1,933,518                    | 1,806,447                    |
| Provision for standard assets   | (975,725)                    | 3,144,946                    |
| Provision for trade receivables | 97,950                       | 378,652                      |
| Bad debts written off           | 3,078,276                    | -                            |
| Miscellaneous expenses          | 1,189,243                    | 907,064                      |
|                                 | <b>25,140,587</b>            | <b>22,256,716</b>            |

**DETAILS OF PAYMENT TO AUDITORS:**

|                        | Year Ended<br>March 31, 2012 | Year Ended<br>March 31, 2011 |
|------------------------|------------------------------|------------------------------|
| <u>As auditor:</u>     |                              |                              |
| Statutory audit        | 650,000                      | 175,000                      |
| *Tax audit             | 100,000                      | -                            |
| Other services *       | 250,000                      | 11,000                       |
| Out of pocket expenses | 37,961                       | -                            |
|                        | <b>1,037,961</b>             | <b>186,000</b>               |

\* Excludes applicable service taxes

**22. DEPRECIATION AND AMORTIZATION EXPENSE**

|                                   | Year Ended<br>March 31, 2012 | Year Ended<br>March 31, 2011 |
|-----------------------------------|------------------------------|------------------------------|
| Amortization of intangible assets | 206,322                      | 128,996                      |
| Depreciation of tangible assets   | 2,464,204                    | 1,578,984                    |
|                                   | <b>2,670,526</b>             | <b>1,707,980</b>             |



**Notes to the Financial statements for the year ended March 31, 2012**  
(All amounts are in Indian Rupees, unless otherwise stated)

**23. EARNINGS PER SHARE**

| Particulars  | March 31, 2012 | March 31, 2011 |
|--|----------------|----------------|
| Net profit after tax as per statement of profit and loss                     | 4,279,611      | 10,445,033     |
| Weighted number of equity shares in computing the basic earnings per share   | 13,107,257     | 10,354,603     |
| <b>Basic earnings per share</b>  | <b>0.33</b>    | <b>1.01</b>    |
| Weighted number of equity shares in computing the diluted earnings per share | 15,257,983     | 11,612,876     |
| <b>Diluted earnings per share</b>  | <b>0.28</b>    | <b>0.90</b>    |

**24. RELATED PARTY INFORMATION**

**Name of relate parties**

Enterprises having significant influence over the Company

**Aavishkaar Goodwell India  
Micro Finance Development Co.Ltd, Mauritius Lok Capital LLC, Mauritius**

Key management personnel

**Mr. Baskar Babu Ramachandran, Director  
Mr. V.L. Ramakrishnan, Director  
Mr. Ganesh Rao, Director**

**Related party transactions**

| Particulars   | Enterprises having significant influence over the Company |             | Key management personnel |            | Total      |             |
|---|---|-------------|--------------------------|------------|------------|-------------|
|   | 31-Mar-12   | 31-Mar-11   | 31-Mar-12                | 31-Mar-11  | 31-Mar-12  | 31-Mar-11   |
| Issue of Equity Shares                                      | -   | -           | -                        | -          | -          | -           |
| Mr. Baskar Babu Ramachandran, Director                      | -   | 190,000,000 | 3,800,000                | 3,000,000  | 3,800,000  | 193,000,000 |
| Mr. V.L. Ramakrishnan, Director                             | -   | -           | 1,400,000                | 1,000,000  | 1,400,000  | 1,000,000   |
| Mr. Ganesh Rao, Director                                    | -   | -           | 1,200,000                | 1,000,000  | 1,200,000  | 1,000,000   |
| Aavishkaar Goodwell India Micro Finance Development Co.Ltd, | -   | -           | 1,200,000                | 1,000,000  | 1,200,000  | 1,000,000   |
| Mauritius Lok Capital LLC, Mauritius                        | -   | 90,000,000  | -                        | -          | -          | 90,000,000  |
|   | -   | 100,000,000 | -                        | -          | -          | 100,000,000 |
| Remuneration  | -   | -           | 12,548,544               | 10,650,372 | 12,548,544 | 10,650,372  |
| Mr. Baskar Babu Ramachandran, Director                      | -   | -           | 4,663,492                | 3,840,114  | 4,663,492  | 3,840,114   |
| Mr. V.L. Ramakrishnan, Director                             | -   | -           | 3,762,725                | 3,405,129  | 3,762,725  | 3,405,129   |
| Mr. Ganesh Rao, Director                                    | -   | -           | 4,122,327                | 3,405,129  | 4,122,327  | 3,405,129   |

## Notes to the Financial statements for the year ended March 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

### 25. EMPLOYMENT BENEFITS DISCLOSURES

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service, subject to a maximum of Rs. 1,000,000. The scheme is funded with Life Insurance Corporation Of India. The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in balance sheet.

#### Profit and Loss account

Net employee benefit expense

|   | 2012      | 2011    |
|---|-----------|---------|
| Current service cost                      | 1,044,051 | 441,687 |
| Interest cost on benefit obligation       | 100,722   | 27,168  |
| Expected return on plan assets            | (86,858)  | (7,767) |
| Net actuarial loss recognized in the year | (74,859)  | 450,570 |
| Net (benefit) / expense                   | 983,056   | 911,658 |

#### Balance sheet

Reconciliation of present value of the obligation and the fair value of plan assets:

|   | 2012        | 2011      |
|---|-------------|-----------|
| Present value of obligation as at the end of the year | 2,316,949   | 1,259,027 |
| Fair value of plan assets as at the end of the year   | 1,236,594   | 768,451   |
| Net asset / (liability) recognized in balance sheet   | (1,080,355) | (490,576) |

There are no experience adjustments for the years ended March 31, 2010, March 31, 2009 and March 31, 2008.

Changes in the present value of the defined benefit obligation are as follows:

|                                       | 2012      | 2011      |
|---------------------------------------|-----------|-----------|
| Opening defined benefit obligation    | 1,259,027 | 339,602   |
| Interest cost                         | 100,722   | 27,168    |
| Current service cost                  | 1,044,051 | 441,687   |
| Benefits paid                         | -         | -         |
| Actuarial loss / (gain) on obligation | (86,851)  | 450,570   |
| Closing defined benefit obligation    | 2,316,949 | 1,259,027 |



## Notes to the Financial statements for the year ended March 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

Changes in the fair value of plan assets are as follows:

|  | 2012      | 2011    |
|--|-----------|---------|
| Opening fair value of plan assets        | 768,451   | 28,713  |
| Expected return on plan assets           | 86,858    | -       |
| Contributions by employer                | 393,277   | 731,971 |
| Benefits paid                            | -         | -       |
| Actuarial gain / (loss) on plan assets   | (11,992)  | 7,767   |
| Fair value of plan assets at end of year | 1,236,594 | 768,451 |

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

|                                   | 2012 | 2011 |
|-----------------------------------|------|------|
|                                   | %    | %    |
| Discount rate                     | 8.5% | 8.0% |
| Expected rate of return on assets | 5.0% | 3.0% |

The fund is administered by Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

## 26. COMMITMENTS AND CONTINGENCIES

### a) Commitments

At March 31, 2012, the company has commitments of Rs.448,211 (March 31, 2011: Nil) relating to the leasehold improvements, net of advances.

Refer note 27 below for leasehold commitments.

### b) Contingent liabilities

|   | 2012        | 2011      |
|---|-------------|-----------|
| The Company is contingently liable to banks / financial institutions with respect to assignment / securitisation of trade receivables to the extent of cash collateral deposits / guarantees. | 138,516,905 | 5,981,212 |

## 27. LEASE DISCLOSURES

### Operating Lease :

Office premises are obtained under operating lease. Lease rentals incurred during the year of Rs.6,203,311 (previous year Rs. 3,731,491) have been charged as an expense in the statement of profit and loss. There are no restrictions imposed by lease arrangements. The future lease rentals payable on non-cancellable lease arrangements are as follows:

|   | 2012      | 2011      |
|---|-----------|-----------|
| Not less than one year                            | 4,755,454 | 4,986,315 |
| Later than one year but not later than five years | 6,787,897 | 5,166,158 |
| Later than five years                             | -         | -         |



## Notes to the Financial statements for the year ended March 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

### 28. ADVANCE FOR SUBSCRIPTION OF SHARES

The Company has vide letter dated February 27, 2012, agreed with Housing Development Finance Corporation Limited ("HDFC"), HDFC Standard Life Insurance Co.Ltd ("HDFC Life") and Plamyrah Workers Development Society ("PWDS") for possible equity investment in the Company by HDFC and HDFC Life and sale of equity shares held by HDFC and PWDS in Indian Association for Savings and Credit ("IASC"), a Company registered under Section 25 of the Companies Act, 1956. In accordance with the terms mentioned in the letter, HDFC and HDFC Life are required to invest Rs.6 crores into equity capital of the Company and also re-invest the consideration received from the sale of IASC, in the Company. As of March 31, 2012, the Company has received an advance of Rs.30,000,000 from HDFC and HDFC Life towards subscription of equity shares in the Company and the same has been disclosed under Other Current Liabilities. The Company is yet to finalize the share purchase agreement for acquiring the equity interest in IASC.

### 29. DETAILS OF SECURITISATION / ASSIGNMENT

| Particulars  | 2012        | 2011       |
|--|-------------|------------|
| Total number of receivables securitised / assigned   | 66,782      | 2,084      |
| Assets de-recognised during the year   | 755,353,891 | 21,524,435 |
| Sale consideration received for the securitised / assigned receivables                                     | 817,685,800 | 22,675,506 |
| Total gain on securitisation / assignment to be amortized over the life of the receivables during the year | 62,328,913  | 1,135,522  |
| Gain recognized in the statement of profit and loss during the year  |             |            |
| Deferred gain on securitisation / assignment as at year end  | 27,364,205  | 958,938    |
| Deferred gain on securitisation / assignment as at year end  | 34,869,012  | 145,486    |
| Credit enhancement in the form of cash collateral deposits / guarantees as at year end                     | 138,516,905 | 5,981,212  |

The gain on assignment during the year is net of gain reversed during the year on account of foreclosures amounting to Rs.98,248 (Previous year Rs.15,549).

The gross portfolio of receivables under management as at year end is Rs.928,384,508 (previous year: Rs. 486,732,782) including balance of portfolio securitised / assigned of Rs 553,258,390 (previous year : Rs. 4,282,409). The closing portfolio in the books of the Company net of receivables securitised / assigned as at March 31, 2012 is Rs. 375,126,118 (previous year: Rs. 482,450,373).

### 30. EXCEPTIONAL ITEM

During the previous year, the Government of Andhra Pradesh introduced the Andhra Pradesh Micro Finance Institution (Regulation of Money Lending) Act 2011, subsequent to which the collections from borrowers in the state of Andhra Pradesh took a major set back. The Company had, based on interactions with customers and collection recovery efforts identified loans on a case to case basis that had remote chances of recovery and wrote off amounts outstanding aggregating to Rs. 10,853,785 and carried the balance portfolio in its books which in the opinion of the management were recoverable. During the current year, the management has further reassessed its portfolio in the state of Andhra Pradesh and based on the actual collection experiences, internal assessment and the environmental factors in Andhra Pradesh identified receivables which in their view are non-recoverable and written off amounts aggregating to Rs. 11,118,910. Subsequent to the write off in the current year, the Company has no further exposure in the state of Andhra Pradesh. The bad debts which have arisen were not necessarily on account of any credit weakness per-se but were mainly due to the environmental factors and has been disclosed as exceptional item.



## Notes to the Financial statements for the year ended March 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

### 31. Employees Stock Option Scheme

On June 10, 2010, the Company established an Employees Stock option Scheme. Under the plan, the company is authorized to issue up to 600,600 Equity Shares of Rs. 10 each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the company subject to requirement of vesting.

|                                |   |
|--------------------------------|---|
| Grant Date                     | June 10, 2010   |
| Number of Options granted      | 396,000   |
| Method of Settlement           | Equity  |
| Vesting                        | 40% after one year from the date of grant i.e. July 1, 2011;<br>30% after two years from the date of grant i.e. July 1, 2012; and<br>balance 30% after three years from the date of grant i.e. July 1, 2013 |
| Exercisable period             |   |
| Vesting Conditions             | 3 years from the Vesting date No Vesting Conditions has been prescribed   |
| Exercise Price Per Option (Rs) | Rs. 10/-  |

The following are the outstanding options as at year end:

| Particulars  | As at March 31, 2012 | As at March 31, 2011 |
|--|----------------------|----------------------|
| Total Options granted and outstanding, beginning of the year | 396,000              | 396,000              |
| Add: Options Granted during the year                         | -                    | -                    |
| Less: options forfeited / Lapsed during the year             | (36,000)             | -                    |
| Options Exercised as at end of the year                      | -                    | -                    |
| Options Outstanding as at end of the year                    |                      |                      |
| - Vested   | 144,000              |                      |
| - Yet to Vest  | 216,000              | 396,000              |

The value of options have been estimated on the date of the grant using Black-Scholes model.

The key assumptions used in Black-Scholes model for calculating value of options as on the date of the grant are:

| Variables  | Tranche 1 | Tranche 2 | Tranche 3 |
|--|-----------|-----------|-----------|
| 1.Risk Free Interest Rate                          | 8.75%     | 8.75%     | 8.75%     |
| 2.Expected Life (in years)                         | 2.56      | 3.56      | 4.56      |
| 3.Expected Volatility                              | 40.23%    | 37.94%    | 42.23%    |
| 4.Dividend Yield                                   | -         | -         | -         |
| 5.Fair value of the option on the grant date (Rs.) | 7.56      | 8.24      | 9.12      |

## Notes to the Financial statements for the year ended March 31, 2012

(All amounts are in Indian Rupees, unless otherwise stated)

### 32. TRADE RECEIVABLES CLASSIFICATION AND PROVISION FOR NON PERFORMING ASSETS

| Particulars                    | Gross Loan Outstanding |                    | Provision For Assets |                  | Net Loan Outstanding |                    |
|--------------------------------|------------------------|--------------------|----------------------|------------------|----------------------|--------------------|
|                                | 2012                   | 2011               | 2012                 | 2011             | 2012                 | 2011               |
| Standard assets                | 373,159,859            | 470,732,090        | 3,731,599            | 4,707,324        | 369,428,260          | 466,024,766        |
| Sub standard & doubtful assets | 496,832                | 11,705,203         | 476,402              | 368,035          | 20,430               | 11,337,168         |
| Loss assets                    | -                      | 10,617             | -                    | 10,617           | -                    | -                  |
| <b>Total</b>                   | <b>373,656,691</b>     | <b>482,447,910</b> | <b>4,208,001</b>     | <b>5,085,976</b> | <b>369,448,690</b>   | <b>477,361,934</b> |

### 33. EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

| Particulars | As at March 31, 2012 | As at March 31, 2011 |
|-------------|----------------------|----------------------|
| Travel      | -                    | 42,882               |
|             | -                    | 42,882               |

### 34. Comparatives

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its financial statements. Accordingly the company has reclassified/ regrouped the previous year figures in accordance with the requirements applicable in the current year. Further, figures for the previous year were audited by a firm other than S.R. Batliboi & Associates.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**

Chartered Accountants

Firm Registration Number: 101049W

per **Subramanian Suresh**

Partner

Membership No.: 083673

For and on behalf of the Board of Directors  
**Suryoday Micro Finance Private Limited**

**R. Baskar Babu**  
Director

**V.L. Ramakrishnan**  
Director and Company Secretary

Place: Chennai

Date: July 19, 2012

Place: Mumbai

Date: July 19, 2012



**Disclosures Pursuant to Reserve Bank of India Notifications DNBS.193 (VL)-2007 dated 22nd Feb 2007 and as required in terms of paragraph 13 of Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007**

| Particulars            |  | Amount in Lakhs                 |                            |
|------------------------|--|---------------------------------|----------------------------|
|                        |  | As at 31st March 2012           |                            |
| <b>Liability side:</b> |  |                                 |                            |
| <b>1.</b>              | <b>Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:</b> | <b>Amount outstanding (Rs.)</b> | <b>Amount overdue (Rs)</b> |
|                        | (a) Debentures: Secured, Unsecured<br>(Other than falling within the meaning of public deposits)                           | Nil                             | Nil                        |
|                        | (b) Deferred credits   | Nil                             | Nil                        |
|                        | (c) Intra-corporate loans and borrowing  | Nil                             | Nil                        |
|                        | (d) Commercial Paper   | Nil                             | Nil                        |
|                        | (e) Term loans   | 3,511.65                        | Nil                        |
|                        | (f) Other loans (specify Name)   | Nil                             | Nil                        |
| <b>Asset Side:</b>     |  |                                 |                            |
|                        |  | Amount Outstanding              |                            |
| <b>2.</b>              | <b>Break-up of loans and advances including bills receivable (other than those included in (3) below):</b>                 |                                 |                            |
|                        | (a) Secured  |                                 | Nil                        |
|                        | (b) Unsecured  |                                 | 3736.56                    |
| <b>3.</b>              | <b>Breakup of Leased Assets and Stock on hire and other assets counting towards AFC activities</b>                         |                                 |                            |
|                        | (I) Lease assets including lease rentals under sundry debtors:   |                                 |                            |
|                        | (a) Financial lease  |                                 |                            |
|                        | (b) Operating lease  |                                 |                            |
|                        | (ii) Stock on hire including hire charges under sundry debtors:  |                                 | Nil                        |
|                        | (a) Assets on hire   |                                 |                            |
|                        | (b) Repossessed Assets   |                                 |                            |
|                        | (iii) Other loans counting towards AFC Activities  |                                 |                            |
|                        | (a) Loans where assets have been repossessed   |                                 |                            |
|                        | (b) Loans other than (a) above   |                                 |                            |
| <b>4.</b>              | <b>Break-up of Investments:</b>  |                                 |                            |
|                        | Current Investments:   |                                 |                            |
|                        | 1. Quoted:   |                                 |                            |
|                        | (i) Shares:                      (a) Equity  |                                 |                            |
|                        | (b) Preference   |                                 |                            |
|                        | (ii) Debentures and Bonds  |                                 | Nil                        |
|                        | (iii) Units of Mutual funds  |                                 |                            |
|                        | (iv) Government Securities   |                                 |                            |
|                        | (v) Others (Please Specify)  |                                 |                            |

|           |   |  |                                   |          |
|-----------|---|--|-----------------------------------|----------|
| <b>5.</b> | <b>Break-up of Investments:</b>   |  |                                   |          |
|           | 2. Unquoted:<br>(i) Shares: (a) Equity<br>(b) Preference<br>(ii) Debentures and Bonds<br>(iii) Units of Mutual Funds<br>(iv) Government Securities<br>(v) Others (Please Specify)<br>Long Term Investments: | Nil  |                                   |          |
|           | Long Term Investments:<br>1. Quoted:<br>(i) Shares: (a) Equity<br>(b) Preference<br>(ii) Debentures and Bonds<br>(iii) Units of Mutual Funds<br>(iv) Government Securities<br>(v) Others (Please Specify)   | Nil  |                                   |          |
|           | 2. Unquoted:<br>(i) Shares: (a) Equity<br>(b) Preference<br>(ii) Debentures And Bonds<br>(iii) Units of mutual funds<br>(iv) Government Securities<br>(v) Others (Please Specify)                           | Nil  |                                   |          |
| <b>5.</b> | <b>Borrower group-wise classification of assets financed as in (2) and (3) above:</b>   |  |                                   |          |
|           | Category  | Amount net of provisions                         |                                   |          |
|           |   | Secured  | Unsecured                         | Total    |
|           | 1. Related parties  | Nil  | Nil                               | Nil      |
|           | (a) Subsidiaries  | Nil  | Nil                               | Nil      |
|           | (b) Companies in the same Group   | Nil  | Nil                               | Nil      |
|           | (c) Other Related Parties   | Nil  | Nil                               | Nil      |
|           | 2. Other than related parties   | Nil  | 3,694.48                          | 3,694.48 |
|           | <b>Total</b>  | Nil  | 3,694.48                          | 3,694.48 |
|           | Note : The amount stated above is Gross Receivables, which is Rs. 3736.56 Lacs and after adjusting the Provision for Receivable amounting to Rs. 42.08 Lacs.  |  |                                   |          |
| <b>6.</b> | <b>Investor group-wise classification of all investments (current and long term) in shares and securities (both Quoted and Unquoted)</b>  |  |                                   |          |
|           | Category  | Market Value/<br>Breakup or fair<br>value or NAV | BOOK VALUE<br>(Net of Provisions) |          |
|           | 1. Related Parties  |  |                                   |          |
|           | (a) Subsidiaries  | Nil  | Nil                               |          |
|           | (b) Companies in the Group  | Nil  | Nil                               |          |
|           | (c) Other Related Parties   | Nil  | Nil                               |          |
|           | (2) Other than related parties  | Nil  | Nil                               |          |
|           | <b>Total</b>  | Nil  | Nil                               |          |
| <b>7.</b> | <b>Other Information</b>  |  |                                   |          |
|           | Particulars   | Amount   |                                   |          |
| (i)       | <b>Gross Non-Performing Assets</b>  |  |                                   |          |
|           | (a) Related parties   | Nil  |                                   |          |
|           | (b) Other than related parties  | 4.96   |                                   |          |
| (ii)      | <b>Net Non Performing Assets</b>  |  |                                   |          |
|           | (a) Related Parties   | Nil  |                                   |          |
|           | (b) Other acquired in satisfaction of debt  | 0.20   |                                   |          |
| (iii)     | Assets acquired in satisfaction of debt   | Nil  |                                   |          |

For and on behalf of the board of directors  
Suryoday Micro Finance Private Limited

R.Baskar Babu  
Director

V.L.Ramakrishnan  
Director and Company Secretary

Place: Mumbai  
Date: July 19, 2012



# **Corporate Social Responsibility**

## Snap Shot of our Social Initiatives

| Sl.no | Name of the branch | Financial literacy |                     |              |  |                | Livelihood-skill training |               |                       |                       |          | Health      |       |                  |     | Total reach out |       |
|-------|--------------------|--------------------|---------------------|--------------|--|----------------|---------------------------|---------------|-----------------------|-----------------------|----------|-------------|-------|------------------|-----|-----------------|-------|
|       |                    | Bank Ac. opening   | Cheque disbursement | SIPs-HDFC MF | Motivation meeting on financial literacy on centre | Perfume making | Phynile making            | Candle making | Washing powder making | General check-up camp | Eye camp | Dental camp | Gynac | Branchwise Total |     |                 |       |
| 1     | Shivajinagr        | 354                | 0                   | 0            | 96   | 0              | 16                        | 0             | 0                     | 0                     | 0        | 0           | 0     | 0                | 164 | 0               | 630   |
| 2     | Dattawadi          | 314                | 0                   | 0            | 516  |                | 17                        | 0             | 0                     | 18                    | 0        | 0           | 0     | 0                | 80  | 0               | 960   |
| 3     | Katraj             | 23                 | 0                   | 0            | 193  |                | 15                        | 31            | 0                     | 15                    | 0        | 0           | 0     | 0                | 0   | 0               | 314   |
| 4     | Yerowada           | 179                | 0                   | 0            | 135  |                | 31                        | 0             | 0                     | 0                     | 0        | 0           | 0     | 0                | 53  | 0               | 403   |
| 5     | Bhosari            | 367                | 0                   | 0            | 179  |                | 219                       | 0             | 0                     | 0                     | 0        | 0           | 0     | 0                | 0   | 0               | 765   |
| 6     | Chinchwad          | 108                | 0                   | 0            | 451  |                | 299                       | 0             | 0                     | 0                     | 0        | 0           | 0     | 106              | 0   | 0               | 964   |
| 7     | Hadapsar           | 159                | 0                   | 0            | 53   |                | 0                         | 0             | 0                     | 0                     | 0        | 0           | 0     | 0                | 0   | 0               | 212   |
| 8     | Akkalkot road      | 1173               | 271                 | 0            | 2290   |                | 598                       | 313           | 0                     | 0                     | 0        | 0           | 0     | 0                | 0   | 62              | 4707  |
| 9     | Asara              | 1730               | 84                  | 0            | 1488   |                | 471                       | 478           | 0                     | 0                     | 0        | 0           | 0     | 137              | 125 | 0               | 4513  |
| 10    | Akluj              | 214                | 0                   | 0            | 95   |                | 53                        | 87            | 0                     | 0                     | 0        | 0           | 0     | 140              | 0   | 0               | 589   |
| 11    | Barshi             | 382                | 0                   | 0            | 80   |                | 179                       | 25            | 0                     | 0                     | 0        | 0           | 0     | 0                | 0   | 0               | 666   |
| 12    | Pandharpur         | 219                | 0                   | 0            | 144  |                | 132                       | 40            | 0                     | 0                     | 0        | 0           | 0     | 0                | 0   | 0               | 535   |
| 13    | Kolhapur           | 986                | 0                   | 0            | 401  |                | 418                       | 0             | 0                     | 0                     | 0        | 0           | 208   | 0                | 0   | 0               | 2013  |
| 14    | Sangli             | 663                | 0                   | 0            | 281  |                | 137                       | 0             | 0                     | 0                     | 0        | 0           | 0     | 0                | 0   | 0               | 1081  |
| 15    | Ichalkaranji       | 653                | 0                   | 0            | 63   |                | 194                       | 0             | 0                     | 0                     | 0        | 0           | 0     | 0                | 0   | 0               | 910   |
| 16    | Dharavi            | 50                 | 0                   | 0            | 131  |                | 0                         | 0             | 0                     | 0                     | 0        | 0           | 0     | 0                | 0   | 0               | 181   |
| 17    | Govandi            | 25                 | 11                  | 0            | 159  |                | 0                         | 0             | 0                     | 0                     | 0        | 0           | 0     | 0                | 0   | 0               | 277   |
| 18    | Kalyan             | 0                  | 0                   | 0            | 0  |                | 0                         | 0             | 0                     | 0                     | 0        | 0           | 0     | 0                | 0   | 0               | 0     |
|       |                    | 7599               | 366                 | 0            | 6755   |                | 2797                      | 991           | 31                    | 0                     | 24       | 208         | 680   | 269              |     |                 | 19720 |

Total reach out-19720



## Our Customer Profile



► Branch Name - Akkalkot Road Branch, Solapur.

► Centre Name - Ballari Chawl (A)

► Member Name - Shamal Chittar.

► Business - Artificial Jewellery making and selling

► Training taken - on Perfume making

This member is doing her business of artificial jewellery and she invested our loan in her current business. Through this current business she was earning Rs. 3,500/- per month. She participated in our livelihood training programme and she took training on perfume making. After this training this member has been started doing this business of perfume making. Initially she made 10 bottles of perfume and all bottles got sold in her own area. For this she invested only Rs. 400/- and she gained Rs. 600/- income out of this, she made Rs.200/- profit at starting.

According to her, there is more scope to expand this business and demand is increased, now she is selling one bottle for Rs.70/- and she could sell 3/4 bottles in a day. As of now she could earn Rs. 4,000/- profit since last two months.

Mrs. Shamal is so glad with Suryoday because she increased her income through getting small training from the organization. Earlier her income was Rs. 3,500/- per month but after started add on business of perfume making she is earning Rs. 5,500/- per month.

## Our Customer Profile



► Branch Name - Akkalkot Road Branch.

► Centre Name - Santosh Nagar - A.

► Member Name - Ujwala Mote.

She is doing her main business Shevaya/Noodles making, she was doing this business last 1 year and was earning Rs.1,500/- per month. After participating our skill training programme, she started phenyl making business, initially she had invested only Rs. 200/- for raw materials and she found there is no extra burden of work and easy to make this product. Now she is so confident about this new business and taking this to next level. She started selling her product to nearest hospitals building areas. Now her monthly income is increased from Rs.1,500 to Rs. 3,500. She is getting Rs. 2,000 extra income out of this phenyl making business. She requested Suryoday to conduct such another business activities in her Centre. She is so glad and grateful to Suryoday for making her an entrepreneur.



## Our Customer Profile



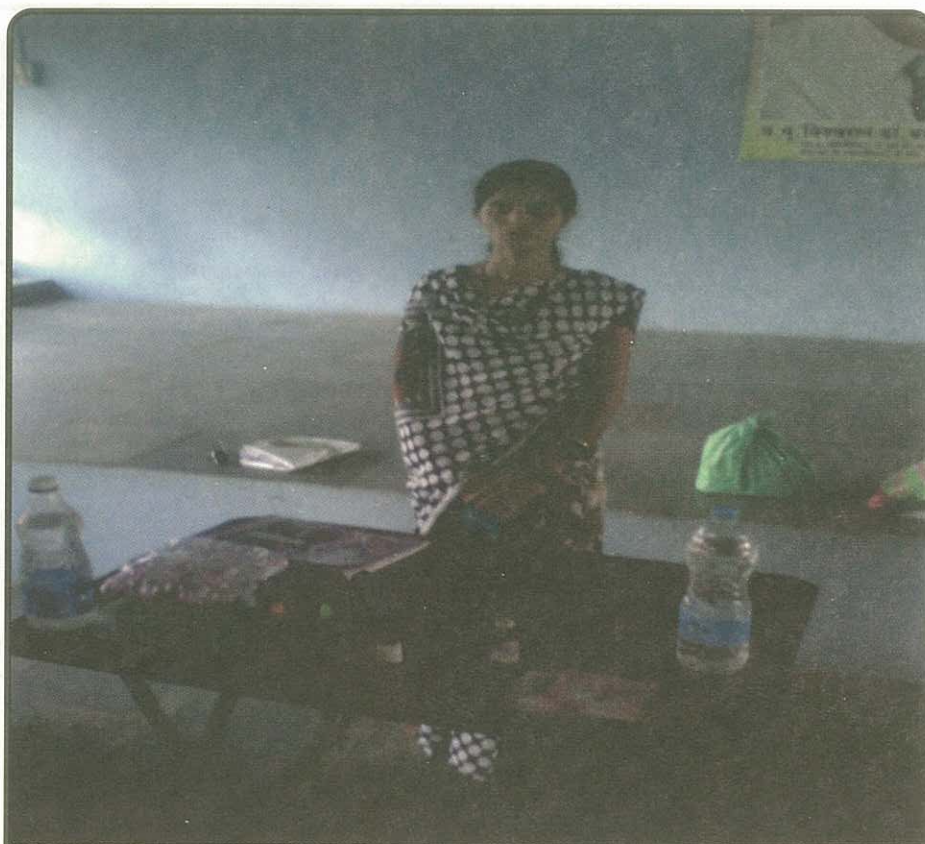
► Branch Name - Asara Chowk Branch.

► Centre Name - Siddheshwar Nagar -G.

► Member Name - Najma Shaikh.

This member doing her Previous Business is Vidi Making. In this business she is earned Rs. 2,500/- to Rs. 2,800/- per month. When we taught her this business activity of phenyl making then she has shown an interest start this as business. She has been producing monthly more 300-400 bottles of phenyl and getting good income out of that. In her own area of Vijay Nagar she got a good response from this product. She decided fixed price of her product 40/- per bottle. She is earning Rs. 2000/- monthly income out of this.

## Our Customer Profile



► Branch Name - Kolhapr

► Member Name - Sarika Sardar Patil.

► Contact No. - 9689330500

► Centre Name - KOLMANVADANGE – 4

We had given perfume making skill training to Vadange Centre dated on - 21 August 2012. Then after some days we have checked and found in that centres above mentioned member has started perfume making business.

She has Purchased perfume making kit of Rs. 350/- & Made 6 Bottles on trail basis & the same bottles sold & earned Rs. 600/-. Then she has again purchased material and made bottles and the same are sold. She has earned Rs. 1,500/- in this month. She has planned fulfil business for the same business. Now she is making bottles and keeping near shop for sale. Now she is very happy about this business.