

Suryoday

Enabling Dreams. Empowering Lives.



Never lose
an opportunity
of urging a
practical beginning,
however small,
for it is wonderful
how often in such matters
the mustard-seed
germinates
and roots itself.

-Florence Nightingale

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Towards sustainable socio-economic progress

Established in the year 2008, Suryoday Micro Finance Pvt. Ltd., a registered Non-Banking Finance Company, engaged in providing loans to women from Economically Weaker Sections, is proud to present before you its journey including financial statements in the previous financial year.

With encouragement and appreciation from you all, the company is now poised to expand its area of operations across India and cater to those who do not have access to traditional banking, with an objective to promote self-employment and financial inclusion.

Suryoday: At a glance

Since its inception in December 2008, Suryoday Microfinance has achieved many a milestone that have instilled trust and confidence in its systematic approach and working towards the goal of sustainable improvement in standard of living. A glance will reinforce Suryoday's enterprising leap to the present day achievements.

2008

- Incorporated in November 2008 under the Companies Act with Registered Office in Chennai

2009

- RBI License for NBFC Operations
- Private Equity Funding Agreement with Aavishkaar Goodwell
- CRISIL Grading of mfR5
- 10 Branches across Pune and Solapur in Maharashtra; Chittoor in Andhra Pradesh
- Cumulative Disbursement of ~ Rs. 15 crores, Gross Loan Portfolio of ~ Rs. 11 crores with ~ 15000 Active Customers

2010

- Launch of Second Cycle Loan Products
- Series B Funding of Rs. 21 crores with investments from Aavishkaar Goodwell and Lok Capital
- Upgrade in CRISIL Grading to mfR4
- 31 Branches across Pune, Solapur, Mumbai and Kolhapur in Maharashtra; Bhubaneswar in Odisha; Chittoor in Andhra Pradesh; Salem and Trichy in Tamilnadu
- Cumulative Disbursement of ~ Rs. 106 crores, Gross Loan Portfolio of ~ Rs. 52 crores with ~ 80,000 Active Customers



2011

- New Products Launched - Monthly/Fortnightly Repayments
- CRISIL Grading of mFR4 retained
- Cumulative Disbursement of ~ Rs. 220 crores, Gross Loan Portfolio of ~Rs. 80 crores with ~ 90,000 Active Customers

2012

- Series C Equity Infusion from HDFC Holdings and HDFC Life
- CRISIL Grading Upgraded to mFR3
- Cumulative Disbursement of ~ Rs. 350 crores, Gross Loan Portfolio of ~ Rs. 112 crores with ~ 1,40,000 Active Customers
- Expansion into Karnataka, 34 Branches across Mumbai, Pune, Solapur, Kolhapur, Nashik and Nagpur in Maharashtra; Bhubaneswar and Cuttack in Odisha; Ahmedabad and Vadodara in Gujarat; Chittoor in Andhra Pradesh; Salem, Coimbatore and Trichy in Tamilnadu; Belgaum in Karnataka

2013

- Series D Equity Infusion of Rs. 20 crores from Aavishkaar Goodwill and Lok Capital
- Cumulative Disbursement of ~ Rs. 422 crores, Gross Loan Portfolio of ~ Rs. 152 crores with ~1,56,000 Active Customers
- 46 branches across Mumbai, Pune, Solapur, Kolhapur, Nashik and Nagpur in Maharashtra; Bhubaneswar, Cuttack and Puri in Odisha; Ahmedabad, Vadodara and Godhra in Gujarat; Salem, Coimbatore, Trichy, Madurai, Kanyakumari and Tirunelveli in Tamilnadu; Belgaum in Karnataka

Bankers

Axis Bank

DCB

Dena Bank

HDFC Bank

IDBI Bank

IndusInd Bank

Indian Overseas Bank

Laxmi Vilas Bank

Ratnakar Bank

State Bank of Travancore

SBI

NBFC Partners

Ananya Finance For Inclusive Growth Pvt Ltd

IFMR Capital Finance Private Limited

MAS Financial Services Limited

Maanaveeya Development & Finance Private Limited

Reliance Capital Limited

Financial Institution

Small Industries Development Bank of India (SIDBI)

Key Shareholders

Aavishkaar Goodwell

HDFC Group

Lok Capital

PROFILE: BOARD OF DIRECTORS

Sheela Bhide, Independent Director - She holds a Doctorate in International Trade from the Institute of International Studies, Geneva; a Masters Degree in Economics from George Mason University and a Masters in Public Policy from John F. Kennedy School of Government, Harvard University. She joined the Indian Administrative Services in 1973 and in the course of her 36 year long career with the Govt, has held various posts such as Chairman and Managing Director, ITPO; Additional Secretary and Financial Advisor, Ministry of External Affairs; Additional Secretary and Financial Advisor, Ministry of Defence and Joint Secretary, Ministry of Corporate Affairs.

Venkatesh Natarajan, Nominee Director - He has over 14 years of experience in product development and venture capital at Intel. He has led several equity deals in design software, computing and wireless technology sectors and acted as operational consultant to various MFIs in India. He is an MBA from Cornell University and has an Engineering degree from Annamalai University.

John Arunkumar Diaz, Nominee Director - He holds a Master's Degree in Management from XLRI. He is currently an entrepreneur / consultant and also a trustee and member of the Investment Committee of Aavishkaar Goodwill. He was earlier the head of Reuters Consulting for South Asia and had a distinguished career spanning 28 years at Standard Chartered Bank in various positions and international locations.

Mathew Joseph, Nominee Director - A Chartered Accountant with over 25 years of experience in Banking and Financial Services. He is currently, the member of Executive Management of HDFC Ltd.

R Baskar Babu, Executive Director - An Engineering and Management Graduate with over 19 years of experience in Financial Services. He has earlier worked with Cholamandalam, HDFC Bank and GE Commercial Finance in various leadership positions. His dream has been to create a world-class organization, which will positively impact a sizeable percentage of population.

VL Ramakrishnan, Executive Director - A Chartered Accountant and Company Secretary with over 18 years of work experience, he has acquired domain skill sets from exposures in financial services in three reputed business organizations like GE, Cholamandalam and DCB Bank. His expertise encompasses a role for business spread across vast geographical centers and drawing up credit and risk strategies for the retail space across a spectrum of products.

Ganesh Rao, Executive Director - An MEP from IIM-A with over 20 years of work experience, he has worked in organizations like GE, Cholamandalam and DCB Bank. He has vast experience in setting new product lines for retail asset business. Managing large teams with creative ideas and execution capabilities are his well-known strengths.

 **PROFILE: LEADERSHIP TEAM**

R Baskar Babu, Chief Executive Officer - An Engineering and Management Graduate with over 19 years of experience in Financial Services. He has earlier worked with Cholamandalam, HDFC Bank and GE Commercial Finance in various leadership positions. His dream has been to create a world-class organization, which will positively impact a sizeable percentage of population.

VL Ramakrishnan, CFO & Head - Compliance - A Chartered Accountant and Company Secretary with over 18 years of work experience, he has acquired domain skill sets from exposures in financial services in three reputed business organizations like GE, Cholamandalam and DCB Bank. His expertise encompasses a role for business spread across vast geographical centers and drawing up credit and risk strategies for the retail space across a spectrum of products.

Ganesh Rao, Treasury & Strategic Initiatives - An MEP from IIM-A with over 20 years of work experience, he has worked in organizations like GE, Cholamandalam and DCB Bank. He has vast experience in setting new product lines for retail asset business. Managing large teams with creative ideas and execution capabilities are his well-known strengths.

Narayan Rao, Head - Information Technology, Human Resources and General Administration - An MBA from Symbiosis with over 22 years of work experience spanning Sales, Operations and IT including over 6 years in USA. He has worked in organizations like Motorola-Pagepoint, Intelligroup and PINC. As Senior Director at Intelligroup, he was responsible for Account Management, Delivery, Pre-Sales and Solutions and played a pivotal role in growing the company's presence in USA.

Vikrant Bhagwat, Head - Business - An Executive MBA with over 17 years of work experience in Banking and Financial Services, he has worked in organizations like Cholamandalam, HDFC Bank, DCB Bank and Lok Capital.

DIRECTORS' REPORT TO MEMBERS

Your Directors have pleasure in presenting the Fifth annual report together with the audited accounts of your company for the financial year ended 31st March, 2013.

1. Vision

The vision of your company is to be a world-class financial services organization 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 here under:

Particulars	Year ended 31 st March, 2013 (Rs. in crores)	Year ended 31 st March, 2012 (Rs. in crores)
Income from Operations	23.13	15.35
Other Income	2.56	1.13
Total Income	25.69	16.47
Total Expenditure	22.82	14.71
Net Profit/(Loss) after Taxation	1.95	0.43

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. 140.5 crores by way of debt facilities from various lenders and Rs. 29 crores, approx., by way of loan portfolio buyouts/securitization. The company mobilized Rs. 33.65 crores of capital funds during the year ended 31st March, 2013 from its promoters and investors, namely, Aavishkaar Goodwill India Microfinance Development Company II Limited, Lok Capital II LLC, Aavishkaar Venture Management Services, HDFC Holdings Limited and HDFC Standard Life Insurance Company Limited.

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 41% approx. as on 31st March, 2013. The Net Owned Funds (NOF) as on that date was about Rs. 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 6,00,600 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. The number of options granted as on 31st March, 2013 are 3,96,000 out of which 45,000 options have lapsed/have been forfeited during the year. The number of options vested as on 31st March, 2013 are 2,63,400 and 87,600 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 31st March, 2013, the following changes took place in the Board:

Mr. R Sankaran and Mr. Ganesh Rao were re-appointed as Directors at the fourth Annual General Meeting held on 29th September, 2012.

Mr. Mathew Joseph was appointed as a Nominee Director of HDFC Holdings Limited on 26th February, 2013.

Mr. R Sankaran ceased to be a Director due to his demise on 28th February, 2013. Your Directors express their deep condolences for the sudden demise of Mr. R Sankaran and place on record their appreciation for the contribution and guidance provided by Mr. R Sankaran during his tenure as Chairman of the Board and of the Audit Committee.

Mr. V L Ramakrishnan and Dr. (Mrs) Sheela Bhide, Directors retire at the ensuing fifth Annual General Meeting and being eligible have offered themselves for re-appointment.

The accounts for the financial year ended 31st March, 2013 which are appended to this report have been signed on behalf of the Board by Mr. Baskar Babu, Executive Director & CEO, Mr. Ganesh Rao, Executive Director and by Mr. V L Ramakrishnan, Executive 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

(i) Conservation of Energy

Since the company does not own any manufacturing facility, the requirement of disclosure of particulars relating to conservation of energy and technology absorption in terms of the companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is not applicable.

(ii) Foreign Exchange Earnings/Outgo

The company does not have any foreign currency earnings nor has incurred any expenditure in foreign currency during the financial year ended 31st March, 2013.

(iii) Personnel

During the year, there was no employee who was drawing remuneration as laid down by the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, the name and therefore the requirement of furnishing the details pursuant to the same does not arise.

12. Material Changes after the Balance Sheet dated 31st March, 2013

There are no material changes and commitments between 31st March, 2013 and the date of this report having an adverse bearing on the financial position of the Company.

13. 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. Ganesh Rao, Executive Director
- Dr. (Mrs.) Sheela Bhide, Independent Director
- Mr. Venkatesh Natarajan, Nominee Director
- Mr. Mathew Joseph, Nominee Director

Mr. R Sankaran, Independent Director ceased to be Chairman / Member on 28th February 2013 due to his demise.

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
- Mr. Mathew Joseph, 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
- Mr. Mathew Joseph, Nominee Director

D. Board Risk Management Committee

The Board Risk Management Committee consists of the following members, namely;

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

E. Asset Liability cum Risk Management Committee

The Asset Liability cum Risk Management Committee consists of the following members, namely;

- Mr. Baskar Babu, Executive Director
- Mr. V L Ramakrishnan, Executive Director
- Mr. Ganesh Rao, Executive Director
- Mr. Vikrant Bhagwat, Head-Business

F. Management Committee

The Management Committee consists of the following members, namely;

- Mr. John Arunkumar Diaz, Nominee Director
- Mr. Venkatesh Natarajan, Nominee Director
- Mr. Mathew Joseph, Nominee Director
- Mr. Baskar Babu, Executive Director
- Dr. (Mrs.) Sheela Bhide, Independent Director

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

14. Subsidiary Company

During the year, your company acquired Indian Association for Savings and Credit (IASC) and IASC became a subsidiary of the company w.e.f 25th December, 2012. IASC is a company registered in Mumbai licensed under Section 25 of the Companies Act, 1956 and is engaged in the business of providing micro financing facilities to individual and self-help groups. The audited financial statements of IASC for year ending 31st March are attached herewith.

The documents pertaining to IASC as per Section 212 of the Companies Act, 1956 are enclosed. The statement pursuant to Section 212(1)(e) of the Companies Act, 1956, is appended below:

Name of the Subsidiary Company	Indian Association for Savings and Credit (IASC)
Financial Year of the subsidiary ended on	31 st March, 2013
Date from which it became subsidiary	25 th December, 2012
Shares of subsidiary company held on the above date and extent of holding	5,99,930
	99.98833%
Net aggregate amount of profits/ (losses) of the subsidiary so far it concerns the members of the holding company and is dealt with in the accounts of holding company :	
1. for the financial year of the subsidiary	Rs. 9072032.00 (loss)
2. for the previous financial years of the subsidiary since it became its subsidiary	NA
Net aggregate amounts of the profits or losses of the subsidiary so far it concerns the members of the holding company and is not dealt with in the accounts of holding company :	
1. for the financial year of the subsidiary	
2. for the previous financial years of the subsidiary since it became its subsidiary	NA

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

Chennai
20th June, 2013

Dr. (Mrs.) Sheela Bhide
Director

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 judgements 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.

- That they have prepared the annual accounts on a going concern basis.

For and on behalf of the Board of Directors

Chennai

20th June, 2013

Dr. (Mrs.) Sheela Bhide

Director

In order to succeed,
your desire for success
should be greater than
your fear of failure.

- Bill Cosby



Macro-Economic Background

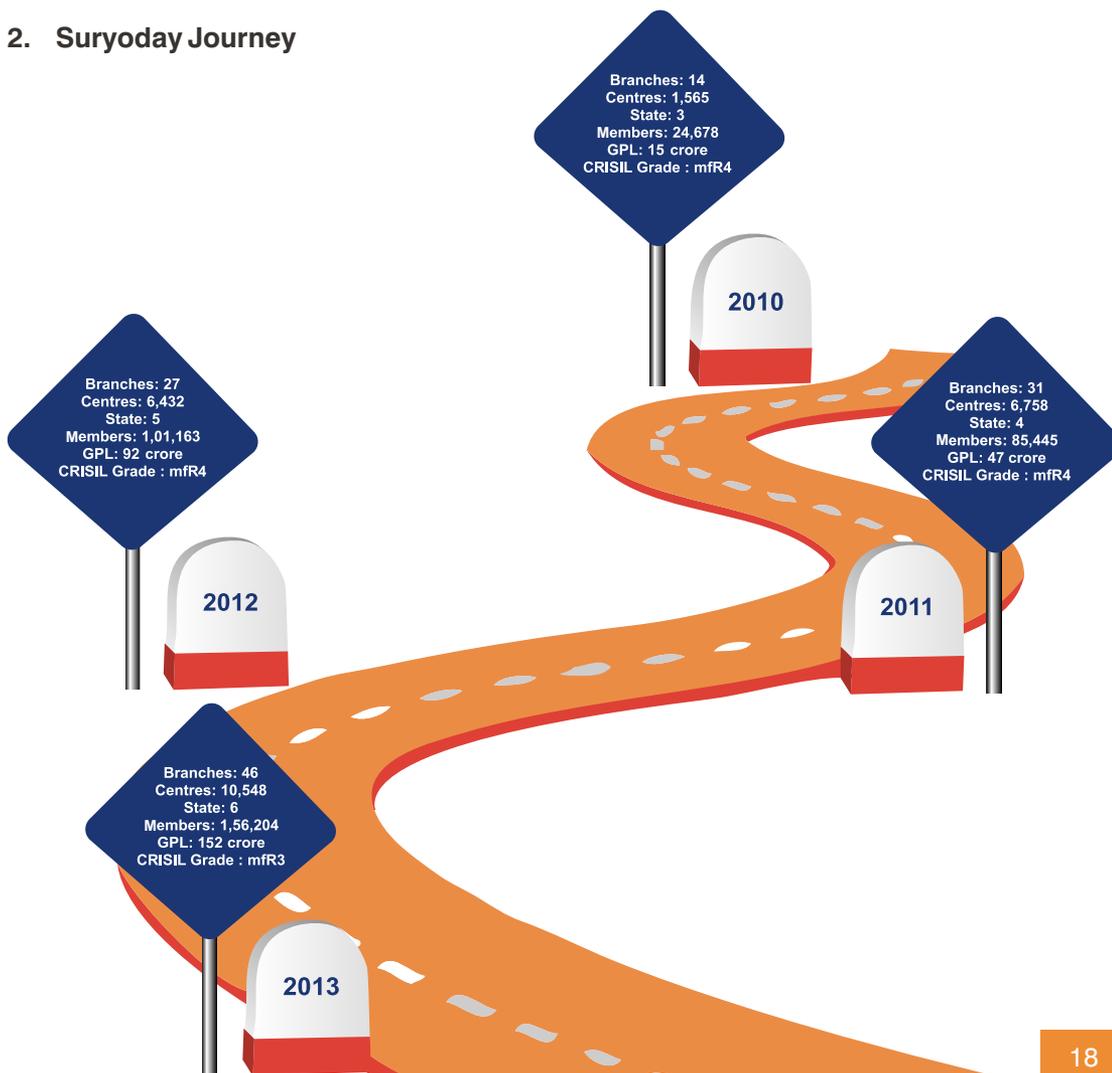
During the financial year, the economy faced several global as well as local challenges and as a result GDP grew only by 5.0% (as against 6.3% in the previous year), its lowest in the past decade. India continued to grapple with policy delays and high inflation rates, there by registering curtailed spends from corporate as well as the middle class, one of the largest middle income group in the world. In spite of these challenges, the non-food credit and bank deposits registered a growth of 14%. We believe that long-term trend in demand for credit will continue to grow especially from semi-urban and rural low income groups which has shown a growth of over 20%.

1. Micro Finance Industry (MFI) background

The MFI Industry as a whole had a Gross Loan Portfolio (GLP) of around Rs. 20,000 crores with 240 Lac customers.

The GLP of all MFI's grew by 23% as against a decline of 15% in FY12. The growth in the GLP of Non-AP MFIs was even higher at 39% during the FY13. The total funding to the industry for the year increased by 79% indicating increased confidence among lenders and investors. Demand for micro finance credit continues to be robust and the industry showed overall growth of 13% in loan disbursements as compared to the previous year.

2. Suryoday Journey



3. Years at a glance

	Units	FY 09-10	FY 10-11	FY 11-12	FY 12-13	CAGR %
Active Members	Nos.	24,678	85,445	1,01,163	1,56,204	59%
Centers	Nos.	1,565	6,758	6,432	1,0548	61%
Branches	Nos.	14	31	27	46	35%
Districts Covered	Nos.	4	9	10	18	46%
States Covered	Nos.	3	4	5	6	19%
Staff	Nos.	135	310	253	402	31%
Cumulative Loan	Nos.	24,814	1,18,323	2,15,081	3,26,946	91%
Portfolio Outstanding Disbursed	Rs. cr	15	47	92	152	78%

Suryoday started operations with 5 branches in Pune in May 2009 with 2 Weekly Repayment Loan Products. In early 2011, based on customer preference, Suryoday introduced products with monthly repayment which has enabled the company to focus on better servicing the customer and in expanding its portfolio. Geographical presence has increased from 14 branches in March 2010 to 46 by March 2013. The company grew by 50% in both GLP as well as customers base. The company's processes, systems and support architecture has been tested and stabilized to support high growth in the coming years.

4. Performance Highlights (Amounts in INR crore)

S. No.	Particulars	FY 11-12	FY 12-13
1	Total Revenue	16.47	25.69
2	Total Expenses	14.70	22.82
3	Profit before Exception Item & Tax	1.77	2.86
4	Profit After Tax	0.43	1.95
5	Total Assets	74.87	203.27

Suryoday ended the financial year on a very positive note with pre-tax profit of Rs 2.86 crores against Rs 1.77 crores in the previous financial year i.e. a growth of 62% YOY.

The company believes in prudent management of operating cost as a percentage of GLP. The Operating Expense Ratio was at 9.85% for FY13 and the company is endeavoring to reduce the same to below 8.5% during FY14.

Throughout its journey, Suryoday kept its focus on protecting and strengthening equity funding and is now in a position to source funding through borrowing, thereby enhancing return on equity.

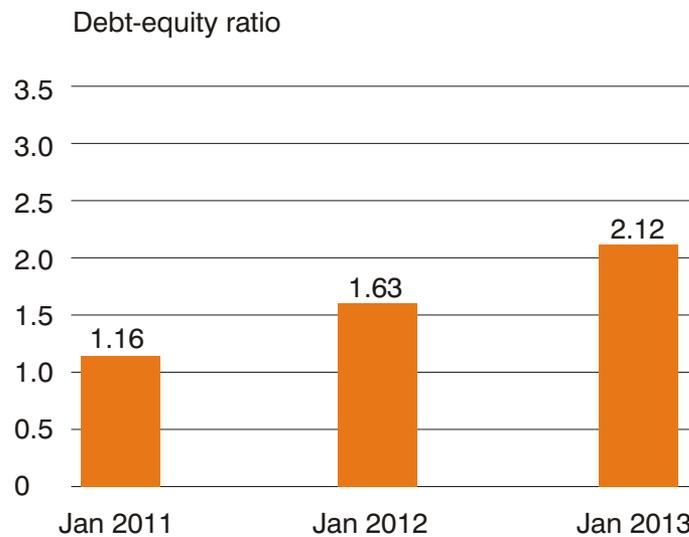
With continued focus on controlling the costs, decreasing cost of borrowings and improving debt equity ratio, the company would strive to improve profitability in the coming years.

5. Resource Mobilization

We have undertaken fair amount of diversification of funding sources during the year and raised over Rs. 160 crore from banks and financial institutions both by way of term loans as well as securitization of loan portfolio.

Key highlight of funding during the year was further equity capital infusion from existing investors to the tune of Rs. 33.42 crore.

With a strong equity base of Rs. 64.11 crore and a Debt Equity Ratio of 2.12, the company has the potential to raise further funds.



During the financial year ended 31st March, 2013, the company disbursed loans to the tune of Rs. 172 crores and ended the year with Gross Loan Portfolio of Rs. 152 crores with number of active members crossing 1,50,000.

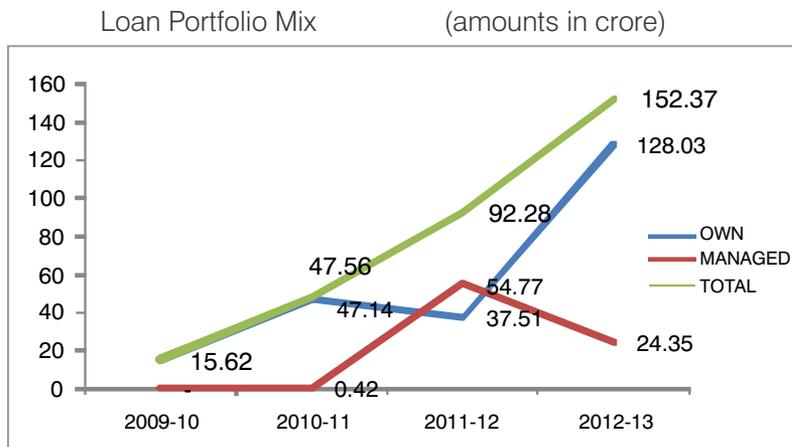
During the fiscal year, the company saw an upgrade in its CRISIL Grading to mFR3 and was assigned a BB+ (Stable Outlook) for Bank Borrowings by ICRA.

6. Operational Sustainability Ratio (Total income as % of total expenses)



The company has seen a sustained and continuous improvement in operational efficiency over the last four years.

7. MF Loan Book Portfolio at a Glance



8. Regulatory Compliance

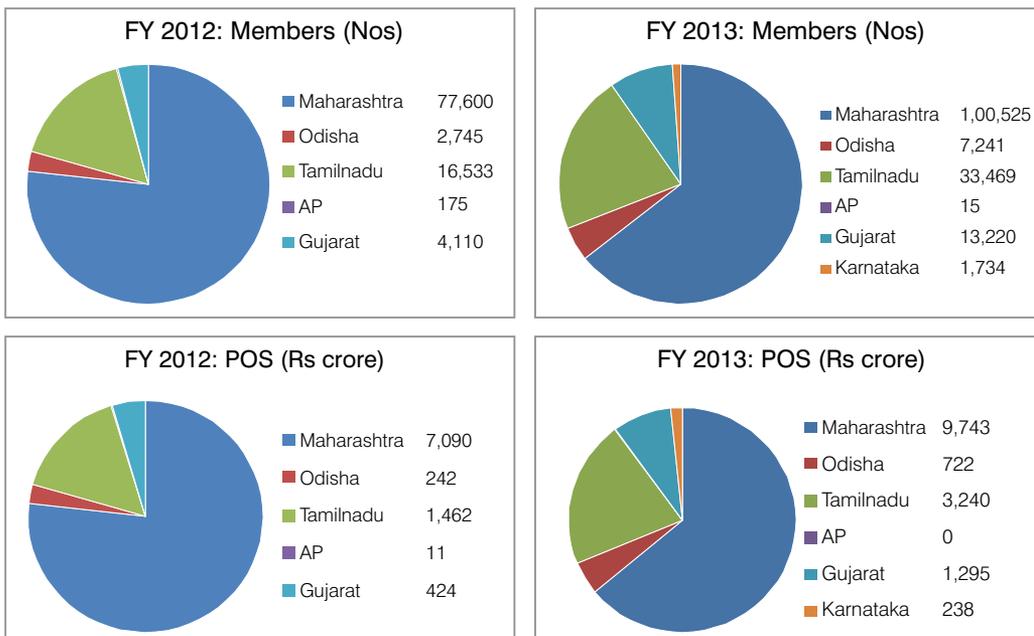
The company is categorized as a systemically important non-deposit taking NBFC and has complied with all applicable regulations of Reserve Bank of India. The Directors hereby confirm that the company did not accept any public deposits during the year and did not hold public deposits outstanding at the end of the year and the company does not intend to accept deposits.

The company is in compliance with RBI notifications (dated 5th May, 2011) for bank loans to MFIs and is qualified for the NBFC – MFI status.

9. Risk Management & Mitigation

The repayment rate is around 99.5% representing robust assessment quality of our credit process. Our Credit risk is contained through various credit assessment initiatives, salient ones being credit policies focusing on occupation, income levels and history of credit behavior, mandatory credit bureau checks on all our loans.

To mitigate geographical concentration risk we have expanded in different geographies, by expanding business in the states of Tamilnadu, Gujarat and Odisha as illustrated by the graph below:



10. Audit and Controls

The company has well defined audit systems covering operational and financial aspects in place.

The Operational Audit is an independent team which covers pre verification of customer profile, a pioneering initiative which is helping the company to ensure quality of credit risk process. The team comprises of in-house staff with one audit officer at each branch.

The company has got a Process Audit Team which carries out a comprehensive audit of all branches, covering compliance of all process laid down by the company including the process of Customer Relationship Management.

The internal audit plan covers aspects of operational and financial transactions and is done by an external firm of Chartered Accountants. The annual plan is approved and reviewed by Board Audit Committee. The internal audit also covers aspects of internal controls and also compliance with various statutory requirements.

11. New Initiatives

11.1. HR Systems and Processes

The compensation provided by our company is not only benchmarked to the market but designed to ensure that all employees have a meaningful remuneration in line with the cost of living. The compensation policy is designed in transparent manner and to enhance the longevity of the employee within the organization while at the same time improving overall efficiency. The payroll components are fully compliant with applicable labour and taxation laws.

11.2. Human Resources Information System (HRIS)

The company implemented an HRIS solution in February 2013 to automate HR processes. The solution has Payroll, Leave Management, Employee Self Service and Performance Management System modules giving employees direct access to their details, payslips, etc.

11.3. Learning Management System (LMS)

The company implemented an online Learning Management System for enhancing employee skills and capabilities. This LMS is used for training employees in various aspects of the organization's business, processes, policies and also in skill building. The course is delivered online with content in English and voice-over in various regional languages on completion of which the employee is required to take a test. All Field Employees are required to get certified in this course before going to the field.

11.4. Classroom Training

In addition to LMS, Classroom training focusing on enhancing technical skills of our employees has also been launched. All employees are expected to undergo technical training once every two months, wherein there is a refresher course on organization's processes, followed by Knowledge Sharing, Group Discussions, Question & Answer Session and a test.

11.5. Employee Engagement

- A Newsletter was launched in April 2013 covering updates of FY 2012- 2013
- Employee of the month was launched in March 2013 to recognize the best
- Employee Connect Program was initiated to connect with the employees in form of weekly phone calls
- Initiative on addressing any grievance or concern through an organized system was launched

12. CSR Activities

CSR activity Highlights for FY 12-13

CSR Activity	Activity Type	Customer Reached
Financial Literacy	Bank Account opening	26,695
Livelihood Skill Training	Perfume making	6,441
Livelihood Skill Training	Phenyl making	1,801
Livelihood Skill Training	Candle making	31
Health Check-up	Eye Camp	766
Health Check -up	Dental Camp	1,563
Health Check -up	Gynac	759
Health Check -up	Cancer	150
Health Check -up	General Check -up	871
Education & awareness	Financial Literacy	353
Education & awareness	Health Awareness	92
Education & awareness	Skill training/livelihood Awareness	443
Total		39,965

Financial Inclusion Drive: Suryoday encourages its customers to open a bank account and save a minimum amount every month. Our relationship officers motivate the members regularly and also track the savings pattern during our center meetings. So far, approximately 28,000 accounts have been opened and an amount of approx. Rs. 1.2 crore has been channelized into the savings.

Livelihood: This program is intended at imparting soft skills to our members by providing various trainings like how to make Perfumes, Phenyl, Candle and Washing Powder. So far, over 1800 programs have been conducted, benefitting over 8200 customers.

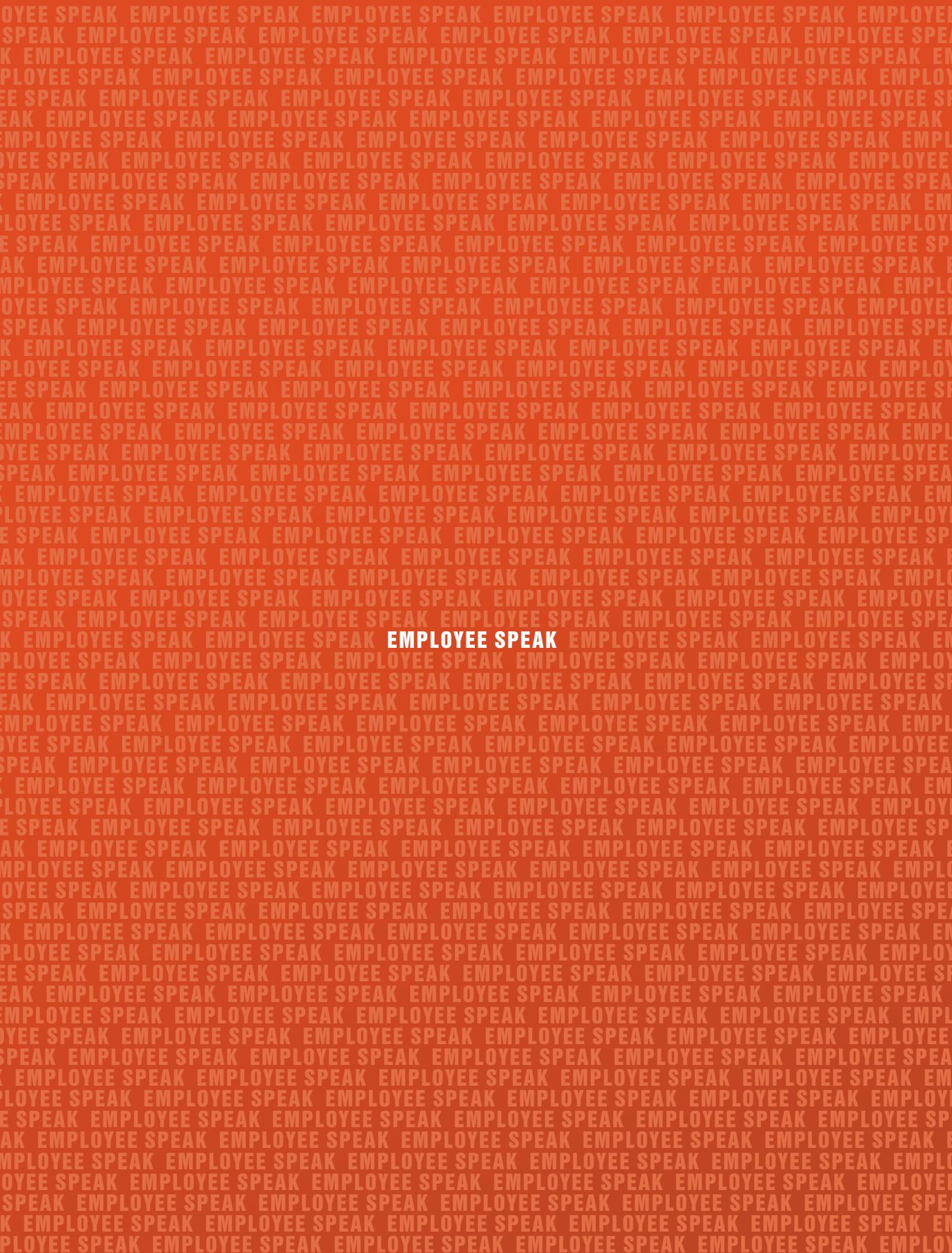
Health and Education Awareness: Suryoday holds health check-up camps in the communities on a regular basis and also educates its customers and their dependents on the importance of acquiring education.

13. Future Outlook

Suryoday believes in enhancing the overall financial well-being of its customers and is working on a plan to graduate a certain percentage of this base to banking channels in terms of both savings and loan products.

The company is extremely cautious of the mis-selling that happen during the process and hence as a conscious step does not intend to cross-sell any product prior to loan disbursement. The company is also planning strategic tie-ups with other financial services companies to offer customers the product of choice while extending the distribution reach to the strategic partners.

Suryoday intends to continue its focus on transparency, simplicity, customer relationship and cost management and intends to become a provider of choice in the customer segment it operates in.



EMPLOYEE SPEAK



“ I can easily recall and still cherish the experiences I had along with the challenges the organization went through but yet survived the testing times. I enjoy the day to day challenges, which encourage me to be lively and push me to achieve higher targets.

Mr. Rajendra Samant
State Head - Maharashtra
Joined on 1st March, 2009

“ I have been with Suryoday since its inception and am proud to be a part of this phenomenal organization, which has provided me with ample opportunities to grow. I would define my stint with Suryoday as extremely satisfying, amazing and enjoyable. I thank my seniors for supporting me all along in achieving quality results and numbers.



Mr. Sharad Bhor
Senior RO
Joined on 14th September, 2009



“ When the company started its operations there were only 10 employees and now there are over 400. It makes me proud to be a part of the growth the company has achieved. I feel that it is one big family, pulling the weight together to scale up the growth path.

Mr. Prakash Mhasawade
Manager - Business Audit
Joined on 1st March, 2009



I remember the day when I came for the interview in the middle of my exams, totally exhausted and drained, with no clue of what questions would be asked and how I would answer them. But all went well. Today I have completed a year in the organization, learning and growing each day as a professional, getting exposed to new and different things each time.

The trust organization reposed in me as a fresher really inspired and motivated me to do my best.

'Thank you' is certainly not enough for the knowledge imparted to me, it has been an amazing experience to have been associated with Suryoday.

Ms. Jessica Pandya
Asst. Manager-Financial Planning
Joined on 14th May, 2012



I joined Suryoday in April 2009 in Operations team and have grown over the period. I am presently with MIS team and has been doing very well in the present role.

I feel proud to be a part of Suryoday as it has grown immensely in the last 4 years. The working atmosphere at Suryoday is very friendly and is like one big family.

I am grateful to my seniors for supporting my learning and growth and making my experience comfortable with the organization. I thank the management for taking care of each and every employee and treating everyone equal.

Ms. Vishakha Gaikwad
Asst. Manager- Operations
Joined on 28th April, 2009



Challenges are
what make life interesting
and overcoming them
is what makes
life meaningful.

- Joshua J. Marine



CUSTOMER SPEAK



“ After getting the 1st cycle loan from Suryoday, I set up a handloom machine. Now, my weaving business has taken wings and I have now been able to install 2 more high power loom machines at our premises. The 2nd cycle loan also proved to be very useful in improving this business further.

It is my dream to add another high power loom machine when I receive the 3rd loan installment. ”

Selvi Chandran, Hasthampatty, Tamilnadu

“ I had this artistic bent of mind from the beginning and used to make Bentex jewellery as a pastime. Then it occurred to me to put a small stall in my locality. This was how Suryoday stepped into the picture and lent me a capital for setting up my stall. I now sell small accessories which women require for their daily use. This is my 4th loan and I now intend to setup a small store at my community.

Asha Dipak Shinde, Maharashtra



“ When I received the 1st cycle of loan from Suryoday, I started with a small petty shop. With the loan amount, I could significantly improve the day-to-day business and in a few weeks turn it into a medium sized malligai shop. What's more, the 2nd cycle loan proved to be a great help in buying some indispensable accessories that improved my summer business.

I look forward to receiving the 3rd cycle of loan so that I can invest it in my malligai shop and up my chances of profit.

Thilagavathy Jawahar, Woraiyur, Tamilnadu



“ I was granted a loan of Rs. 15,000/- from Suryoday's Cuttack branch, which I invested in my already existing grocery stores (kirana shop). Due to this substantial addition, I could stock some more items and boost my everyday sales. I thank Suryoday for helping me grow my business. Now I am able to make sales of up to Rs. 1,000/- approx. daily. ”

Jhumuri Sahoo, Odisha

“ I had always wanted to contribute towards our family business. My husband runs a cycle shop and we needed some investments to further strengthen it. I was fortunate to get a loan from Suryoday, which went into improving the shop and buying more accessories.

I am happy to say that now the returns are very good, almost to the tune of Rs. 3,000/- to Rs. 3,500/- per month.

Sandhya Bhujbal, Maharashtra



“ I started with being a silversmith on a small scale when I received the first loan cycle. Now, this business has prospered and as a result, I now export jewels to other districts. With the arrival of 2nd cycle loan, I registered even more growth in my venture.

It is now my dream to open a new silver Jewelers shop and export jewels to other states. ”

Saraswathi Mani, Hasthampatty, Tamilnadu

The thing women
have yet to learn is
nobody gives you

power.
you just take it.

- Roseanne Barr



PAN INDIA NETWORK



State - region	Branch Name
● Maharashtra - Pune	Dattawadi
● Maharashtra - Pune	Hadapsar
● Maharashtra - Pune	Shivaji Nagar
● Maharashtra - Pune	Yerawada
● Maharashtra - Pune	Bhosari
● Maharashtra - Pune	Chinchwad
● Maharashtra - Solapur	Akkalkot
● Maharashtra - Solapur	Asara
● Maharashtra - Solapur	Barshi
● Maharashtra - Solapur	Pandharpur
● Maharashtra - Solapur	Akluj
● Maharashtra - Solapur	Latur
● Maharashtra - Kolhapur	Kolhapur
● Maharashtra - Kolhapur	Sangli
● Maharashtra - Kolhapur	Ichalkaranji
● Maharashtra - Mumbai	Govandi
● Maharashtra - Mumbai	Dharavi
● Maharashtra - Mumbai	Kalyan
● Maharashtra - Mumbai	Thane
● Maharashtra - Nagpur	Nagpur West
● Maharashtra - Nagpur	Nagpur East
● Maharashtra - Nasik	Nasik West
● Maharashtra - Nasik	Nasik East
● Karnataka - Kolhapur	Belgaum City

State - region	Branch Name
● Tamilnadu - Salem	Junction Road
● Tamilnadu - Salem	Hasthampatti
● Tamilnadu - Trichy	Woraiyur
● Tamilnadu - Trichy	Kattur
● Tamilnadu - Coimbatore	Singanallur
● Tamilnadu - Coimbatore	Thondamuthur
● Tamilnadu - Coimbatore	Thudiyalur
● Tamilnadu - Madurai	Madurai
● Tamilnadu - Kanyakumari	Nagercoil
● Tamilnadu - Kanyakumari	Thuckalay
● Tamilnadu - Tirunelveli	Tirunelveli
● Tamilnadu - Tirunelveli	Valliyoor
● Tamilnadu - Tirunelveli	Tenkasi
● Odisha - Bhubaneswar	Lewis Road
● Odisha - Bhubaneswar	Cuttack
● Odisha - Bhubaneswar	Puri
● Gujrat - Ahemadabad	Gota
● Gujrat - Ahemadabad	Memco
● Gujrat - Ahemadabad	Paldi
● Gujrat - Ahemadabad	Vadodara



AUDITORS REPORT & FINANCIAL STATEMENTS

To

The Members of Suryoday Micro Finance India Private Limited

Audit Report on the Financial Statements

We have audited the accompanying financial statements of Suryoday Micro Finance India Private Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (“the Act”). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the company as on March 31, 2013;
- (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 the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (c) 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;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
 - (e) On the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm's Registration Number: 101049W

per **Subramanian Suresh**

Partner

Membership Number: 083673

Place: Chennai

Date: June 20, 2013

Annexure referred to in paragraph 1 under the section, 'Report on Other Legal and Regulatory Requirements' of our report of even date'

Re: Suryoday Micro Finance India Private Limited ('the Company')

- (l) (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) The company has granted loan to a firm and to 3 directors covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 23 million and the year-end balance of loans granted to such party was Rs. 19.64 million.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) 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) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

- (vi) The company has not accepted any deposits from the public.
- (vii) In our opinion, 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) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few instances in respect of service tax. 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 fund, income-tax, service tax, cess and other undisputed 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 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 of 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 to 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 Order 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 Order 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 loan 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) During the year, the company has not raised any money from public issues and accordingly clause (xx) of the Order is not applicable to the Company.
- (xxi) We have been informed that during the year the relationship officer of the company at Dharavi Branch had misappropriated funds amounting to Rs. 45,000. The relationship officer has been dismissed. The company has recovered the misappropriated amount.

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

Chartered Accountants

ICAI Firm registration number: 101049W

per **Subramanian Suresh**

Partner

Membership No.: 083673

Place: Chennai

Date: June 20, 2013

Suryoday Micro Finance Private Limited
Balance Sheet as at March 31, 2013

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

Particulars	Notes	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	233,693,790	134,260,000
Reserves and surplus	5	404,795,028	150,407,926
Employees' Stock Option Outstanding		2,679,107	2,193,992
Non-current liabilities			
Long-term borrowings	6	470,639,789	107,371,359
Long term Liabilities	9	677,700	274,410
Long term provisions	10	3,844,062	887,533
Deferred gains (non-current)	29	613,624	1,160,280
Current liabilities			
Short-term borrowings	7	2,235	25,073,840
Trade Payables	8	1,580,137	3,726,604
Other current liabilities	9	888,912,678	285,261,140
Short-term provisions	10	9,189,152	4,400,823
Deferred gains - (current)	29	16,129,626	33,709,133
Total		2,032,756,928	748,727,040
ASSETS			
Non-current assets			
Fixed assets	11		
Tangible assets		6,896,615	3,366,640
Intangible assets		178,640	261,801
Capital work-in-progress		2,284	520,816
Non-current investment	12	21,400,000	-
Deferred tax assets (net)	13	6,486,444	2,650,231
Long-term loans and advances	14	24,542,326	39,972,260
Long term Trade Receivables	15	368,973,944	95,670,048
Other non current assets	17	30,109,063	71,593,597
Current assets			
Trade Receivables	15	911,545,407	279,686,732
Cash and bank balances	16	567,457,155	219,687,020
Short-term loans and advances	14	65,177,169	20,082,602
Other current assets	17	29,987,881	15,235,293
Total		2,032,756,928	748,727,040

Summary of significant accounting policies 3

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

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm's 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

Ganesh Rao
Director

Place: Chennai
Date: June 20, 2013

Place: Chennai
Date: June 20, 2013

Suryoday Micro Finance Private Limited
Statement of profit and loss for the year ended March 31, 2013

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

Particulars	Notes	Year ended March 31, 2013	Year ended March 31, 2012
Revenue			
Revenue from operations	18	231,264,502	153,262,038
Other income	19	25,617,850	11,454,199
Total revenue		256,882,352	164,716,237
Expenses			
Finance costs	20	94,477,782	51,317,972
Employee benefits expense	21	85,893,061	67,921,339
Other expenses	22	45,000,481	25,140,587
Depreciation and amortization expense	23	2,875,286	2,670,526
Total Expenses		228,246,610	147,050,424
Profit before exceptional item and tax		28,635,742	17,665,813
Exceptional item:			
Bad debts written off		-	11,118,910
Profit before tax		28,635,742	6,546,903
Tax expense:			
Current tax		12,927,301	2,263,843
Deferred tax		(3,836,213)	3,449
Profit for the year		19,544,654	4,279,611
Earnings per share information -			
Earnings per equity share	24		
[nominal value of share Rs.10/-]			
Basic earnings per share (Rs/-)		1.14	0.33
Diluted earnings per share (Rs/-)		1.13	0.28
Summary of significant accounting policies	3		

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

For S.R.Batlboi & Associates LLP
Chartered Accountants
ICAI Firm's registration number: 101049W

Per Subramanian suresh
Partner
Membership no.083673

Place: Chennai
Date: June 20, 2013

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

Ganesh Rao
Director

Place: Chennai
Date: June 20, 2013

Suryoday Micro Finance Private Limited
Cash flow statement for the year ended March 31, 2013

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

	Year ended March 31, 2013	Year ended March 31, 2012
Cash flow from operating activities		
Profit before tax	28,635,742	6,546,903
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortization	2,875,286	2,670,526
Employee stock option scheme	557,136	964,245
Interest income on bank and other deposits	(22,923,747)	(9,579,500)
Loss on Sale of Asset	571,897	-
Provision for Standard and Non performing assets	8,701,213	(877,975)
Bad debts written off (including exceptional item if any)	1,339,304	14,197,186
Dividend Income	(917,836)	-
Interest charges	82,522,048	40,922,237
Operating profit before working capital changes	101,361,043	54,843,622
Movements in working capital :		
Increase/ (decrease) in Short term borrowings	(25,071,605)	(50,253,085)
Long-term borrowings (net)	363,268,430	41,562,336
Increase/ (decrease) in Trade payables	(2,146,467)	1,681,153
Increase/ (decrease) in Provisions	(956,355)	589,779
Increase/ (decrease) in Other current liabilities	591,154,897	116,419,289
Increase/ (decrease) in Deferred gains	(18,126,163)	34,692,829
Decrease / (increase) in Trade Receivables	(633,197,979)	153,846,121
(Increase) / decrease in bank deposits (having original maturity of more than three months and less than twelve months) (Net)	(134,515,973)	(9,500,000)
(Increase) / decrease in bank deposits (having original maturity of more than 12 months) (Net)	52,878,702	(37,753,702)
Decrease / (increase) in Long term Trade Receivables	(273,303,896)	(60,949,714)
Decrease / (increase) in Long-term loans and advances	21,825,769	(34,140,931)
Decrease / (increase) in short-term loans and advances	(45,094,567)	(769,175)
Decrease / (increase) in other Non current assets	47,482,938	(66,012,980)
Decrease / (increase) in other current assets	(14,752,588)	(11,358,808)
Cash generated from / (used in) operations	30,806,186	132,896,734
Direct taxes paid (net of refunds)	(19,323,136)	(5,410,798)
Net cash flow from/ (used in) operating activities (A)	11,483,050	127,485,936
Cash flows from investing activities		
Investment in IASC	(11,700,000)	-
Dividend Income	917,836	-
Interest received on deposits	16,925,343	4,269,962
Purchase of fixed assets, including Capital Work In Progress	(6,375,468)	(1,489,805)
Net cash flow from/ (used in) investing activities (B)	(232,289)	2,780,157

Suryoday Micro Finance Private Limited
Cash flow statement for the year ended March 31, 2013

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

	Year ended March 31, 2013	Year ended March 31, 2012
Cash flows from financing activities		
Proceeds from issuance of equity share capital	99,433,790	3,800,000
Interest and finance charges paid	(79,322,114)	(40,102,786)
Receipt of Securities premium from issue of equity share capital	234,770,427	-
Net cash flow from/ (used in) in financing activities (C)	254,882,103	(36,302,786)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	266,132,864	93,963,307
Cash and cash equivalents at the beginning of the year	156,808,318	62,845,011
Cash and cash equivalents at the end of the year	422,941,182	156,808,318
Components of cash and cash equivalents		
Cash on hand	595,837	143,077
With banks - on current account	97,557,241	22,864,331
- on deposit account	324,788,104	133,800,910
Total cash and cash equivalents (note 16)	422,941,182	156,808,318

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm's 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

Ganesh Rao
Director

Place: Chennai
Date: June 20, 2013

Place: Chennai
Date: June 20, 2013

Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2013

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. 20,000/- for a tenor of 46 weeks to 24 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). From the Financial year 2012-13, the company is a Systemically Important NBFC-ND.

The company has filed for NBFC- MFI registration in the month of March 2013 and is in the process of obtaining the registration from RBI, as required vide circular No.DNBS.CC.PD.No. 250/03.10.01/2011-12 dated December 02, 2011.

During the year, HDFC Holdings Limited and HDFC Standard Life Insurance Company Limited have made investment into the company by way of subscribing to 954,055 equity shares and 703,235 equity shares of the company respectively, for a total consideration of Rs. 70.70 million.

Further, the company has acquired 100% of shareholding in Indian Association for Savings and Credit (a section 25 Company) from HDFC Holdings Limited and Centren for Community development and sevice (CCDS) for a consideration of Rs. 21.4 million. Out of the total consideration payable to CCDS of Rs. 10.7 million, the company has paid Rs. 1 million during the current year and the balance is expected to be paid by September 2013 and has therefore been accrued in the financial statements. Also refer note 35 to financial statements.

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 Systemically Important 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.

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 judgements, 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. 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) In accordance with the RBI guidelines, the company accounts for any loss arising from securitization immediately at the time of sale and the profit / premium is arising from securitization is a mortised over the life of the underlying portfolio loans.
- (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 upfront 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.

C. 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 leasehold 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.

D. Retirement And Other Employee Benefits

(i) Defined Contribution Plans

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 obligations other than the contribution payable to the respective funds.

(ii) Defined Benefit Plan

The company operates a defined benefit scheme for its employees, viz., gratuity scheme. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at each year end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss. Gratuity scheme is funded with Life Insurance Corporation of India.

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.

E. 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 reflect 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.

F. 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.

Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2013

G. 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.

H. 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.

I. 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.

J. 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.

K. 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.

Pursuant to circular no. DNBS.CC.PD.No. 250/03.10.01/2011-12 dated December 02, 2011, the company was directed to implement the new asset classification and provisioning norms for non performing assets. Subsequently, RBI had deferred the implementation of the asset classification and provisioning norms for NBFC-MFIs to April 01, 2013 vide circular no. DNBS.PD/ CC.No.263 / 03.10.038/2011-12 dated March 20, 2012. The current provisioning norms of the company are in compliance of the proposed provisioning norms by RBI.

L. 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.

M. 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 amortised over the tenure of the borrowing.

N. 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 Guidance Note on Accounting for Employee Share-based Payments, issued by the Council of the Institute of Chartered Accountants of India, 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.

O. Segment reporting

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

P. Investment

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2013

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

4. Share Capital

	As at March 31, 2013	As at March 31, 2012
Authorized shares 35,000,000 (Previous year 20,000,000) equity Shares of Rs.10 each	350,000,000	200,000,000
Issued, subscribed and paid-up shares 23,369,379 (Previous year 13,246,000) equity shares of Rs.10 each	233,693,790	134,260,000
	233,693,790	134,260,000

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	March 31, 2013		March 31, 2012	
	Shares	in Rs	Shares	in Rs
At the beginning of the year	13,426,000	134,260,000	13,046,000	130,460,000
Issued during the year	9,943,379	99,433,790	380,000	3,800,000
Outstanding at the end of the period	23,369,379	233,693,790	13,426,000	134,260,000

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. Any 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.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of shareholders holding more than 5% shares in the company (Equity shares of Rs.10/- each fully paid)

	March 31, 2013		March 31, 2012	
	No.	% holding in the class	No.	% holding in the class
Aavishkaar Goodwell India Microfinance Development Company Limited	10,430,388	44.63%	6,142,857	45.75%
Lok Capital LLC	4,834,966	20.69%	2,857,143	21.28%
Baskar Babu	1,476,435	6.32%	817,500	6.09%
V.L.Ramakrishnan	1,394,130	5.97%	717,500	5.34%
Ganesh Rao	1,399,435	5.99%	720,000	5.36%

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.

d. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 30.

Suryoday Micro Finance Private Limited**Notes to the Financial statements for the year ended March 31, 2013**

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

5. RESERVES AND SURPLUS

	As at March 31, 2013	As at March 31, 2012
Securities premium account		
Balance as per last financial statements	145,000,000	145,000,000
Add: premium on Issue of equity shares	237,070,427	-
Less: amounts utilized toward share issue expenses	2,300,000	-
	379,770,427	145,000,000
Statutory reserve		
Balance as per the last financial statements	2,944,920	2,089,000
Add: Transferred from statement of profit and loss (@ 20% of Profit after tax as required by section 45-IC of the Reserve Bank of India act, 1934)	3,908,930	855,920
Closing Balance	6,853,850	2,944,920
General Reserve		
Balance as per last financial statements	193,231	-
Add: Transferred from Employee stock option outstanding on forfeiture	72,021	193,231
	265,252	193,231
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	2,269,775	(1,153,916)
Profit for the year	19,544,654	4,279,611
Less: Appropriations		
Transfer to Statutory reserve	3,908,930	855,920
Net surplus/(deficit) in the statement of profit and loss	17,905,499	2,269,775
	404,795,028	150,407,926

Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2013

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

6. Long-term borrowings

	Non-current portion		Current maturities	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Term loans				
Indian rupee loan from banks (secured)	302,129,657	12,699,302	316,530,224	16,816,199
Indian rupee loan from others (secured)	168,510,132	89,672,057	505,576,521	191,905,284
Other loans and advances				
Indian rupee loan from others (unsecured)	-	5,000,000	-	10,000,000
The above amount includes				
Secured borrowings	470,639,789	102,371,359	822,106,745	208,721,483
Unsecured borrowings	-	5,000,000	-	10,000,000
Amount disclosed under the head "other current liabilities" (note 9)	-	-	(822,106,745)	(218,721,483)
Net amount	470,639,789	107,371,359	-	-

7. Short-term borrowings

	As at March 31, 2013	As at March 31, 2012
Overdraft and working capital loans		
- From banks (secured)	2,235	73,840
- From other parties (secured)	-	25,000,000
	2,235	25,073,840

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, 2013	March 31, 2012
Secured against Term deposits of Rs. 100,00,000	8.25%	2,235	73,840
		2,235	73,840

8. Trade Payable

	As at March 31, 2013	As at March 31, 2012
Payable For Expenses	1,580,137	3,726,604
	1,580,137	3,726,604

Suryoday Micro Finance Private Limited**Notes to the Financial statements for the year ended March 31, 2013**

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

9. Other Liabilities

	Non Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Capital creditors			262,700	
Payable to related parties	-	-	113,906	-
Payable to Others#			9,700,000	-
Current maturities of long-term borrowings (Refer Note 6)	-	-	822,106,745	218,721,483
Advance for subscription of shares	-	-	-	30,000,000
Interest accrued and due on borrowings	-	-	6,566,715	3,366,781
Statutory dues Payable	-	-	3,128,544	1,895,852
Employee related payables	-	-	1,285,831	965,258
Payable for trade receivables assigned	-	-	42,355,823	29,797,831
Book overdraft	-	-	-	277,828
Provision for rent straight lining	471,800	274,410	-	97,390
Instalments received in advance	-	-	12,000	33,500
Others	205,900	-	3,380,414	105,217
	677,700	274,410	888,912,678	285,261,140

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.

- Payable to Centre for Community Development Services as a part of the purchase consideration payable by the Company for investment in Indian Association for Savings and credit.

10. Provisions

	Non Current		Current	
	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013	As at March 31, 2012
Provision for employee benefits				
Provision for gratuity	-	-	124,000	1,080,355
Other provisions				
Provision for non performing assets	-	-	106,144	476,402
Provision for standard assets	3,844,062	887,533	8,959,008	2,844,066
Provisions for taxation (net of advance tax and tax deducted at source)	-	-	-	-
	3,844,062	887,533	9,189,152	4,400,823

Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2013

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

11. Fixed Assets

Tangible assets

Categories	Gross Block			Depreciation			Net Block	
	As at April 1, 2012	Additions	Deletions	As at March 31, 2013	For the year	Deletions	As at March 31, 2013	As at March 31, 2012
Office equipment	754,929	1,590,002	66,098	2,278,833	363,495	66,098	1,578,180	351,673
Computers & Accessories	3,144,440	1,428,846	-	4,573,286	835,953	-	1,731,560	1,138,667
Furniture and fittings	4,012,909	3,866,310	1,165,180	6,714,039	1,466,337	475,783	3,586,875	1,876,299
	7,912,278	6,885,158	1,231,278	13,566,158	2,665,785	541,881	6,896,615	3,366,639
	6,943,291	968,989	-	7,912,280	2,464,204	-	3,366,640	

Intangible assets

Categories	Gross Block			Amortisation			Net Block	
	As at April 1, 2012	Additions	Deletions	As at March 31, 2013	For the year	Deletions	As at March 31, 2013	As at March 31, 2012
Software	619,069	126,342	-	745,411	209,501	-	178,640	261,799
	619,069	126,342	-	745,411	209,501	-	178,640	261,799
	619,069	-	-	619,069	206,322	-	261,801	

Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2013

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

12. Non Current Investment

	As at March 31, 2013	As at March 31, 2012
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in subsidiary		
600,000 (March 31, 2012: Nil)		
Equity shares of Rs.10 each fully paid-up in Indian Association for Savings and Credit. Also refer note 35.	21,400,000	-
	21,400,000	-

13. Deferred tax (liability) / asset (net)

	As at March 31, 2013	As at March 31, 2012
Deferred tax Asset		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	800,470	404,036
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	1,497,580	945,923
Provision for trade receivables	4,188,394	1,300,272
Net Deferred tax asset / (liability)	6,486,444	2,650,231

14. Loans and advances

	Non-current		Current	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Unsecured considered good				
Capital advances	-	942,393	-	-
Rental deposits	5,251,900	3,853,000	364,000	-
Security deposits	3,579,973	32,185,575	49,152,766	18,321,900
Employee advances	836,780	700,000	815,783	726,712
Loan to directors*	3,500,000	-	-	-
Prepaid expenses	-	-	4,228,328	220,963
Balances with revenue authorities	-	-	655,403	291,844
Other advances	325,205	-	240,758	521,183
Advances tax and tax deducted at source, net of provision	4,104,543	2,291,292	-	-
Loan to IASC*	6,943,925	-	9,720,131	-
	24,542,326	39,972,260	65,177,169	20,082,602

* Refer Note 34 to the Notes to accounts

Security Deposits under loans and advances include Rs 49,152,766 (March 31, 2012 Rs: 55,394,688) placed as cash collaterals in connection with assignment/securitisation of receivables and other approved facilities.

Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2013

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

15. Trade Receivables

	Non-current		Current	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Portfolio Loan				
(net of assets de-recognised on assignment / securitisation)				
Unsecured				
Considered good	368,973,944	95,670,048	911,333,119	279,189,900
Others (substandard and doubtful receivables as per Company's provisioning policy)	-	-	212,288	496,832
	368,973,944	95,670,048	911,545,407	279,686,732

Of the above, Trade receivables exceeding six months from the due date aggregates to Rs. 1,279,456 (Previous year Rs.463,395). Also refer Note 33 for provision for substandard and doubtful trade receivables.

16. Cash and bank balances

	Non-current		Current	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Cash and cash equivalents				
Balances with banks:				
On current accounts	-	-	97,557,241	22,864,331
Deposits with original maturity of less than three months	-	-	324,788,104	133,800,910
Cash on hand	-	-	595,837	143,077
	-	-	422,941,182	156,808,318
Other Bank Balances				
Deposits with original maturity for more than 3 months but less than 12 months	-	-	144,515,973	10,000,000
Deposits with original maturity for more than 12 months	29,725,285	69,118,741	-	52,878,702
	29,725,285	69,118,741	144,515,973	62,878,702
Amount disclosed under other assets (note 17)	(29,725,285)	(69,118,741)	-	-
	-	-	567,457,155	219,687,020

17. Other assets

	Non-current		Current	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Interest accrued but not due				
Trade receivables	-	-	17,215,404	10,552,298
Fixed deposits				
- with banks	383,778	1,719,071	10,000,373	3,993,237
- Others	-	755,785	2,772,104	689,758
Other non current bank balances (refer note 16)	29,725,285	69,118,741	-	-
	30,109,063	71,593,597	29,987,881	15,235,293

Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2013

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

Note 6 (contd..)

Term Loan from Banks (Secured)

SL	Tenure of loan	March 31, 2013	March 31, 2012	Security / Guarantee	Repayment terms	Rate of interest
1	36 months	12,311,273	29,515,501	1. Hypothecation of book debts 2. Cash collateral of Rs. 7,669,642	Repayable in 36 equated monthly.	12.25%
2	24 months	100,000,000	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 15,000,000	Repayable in 8 quarterly instalments.	13.50%
3	20 months	19,444,669	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 2,500,000	Repayable in 12 quarterly instalments with a moratorium of 2 months.	14.50%
4	26 months	40,015,341	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 40,00,000	Repayable in 12 quarterly instalments with a moratorium of 2 months.	14.00%
5	12 months	20,000,000	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 30,00,000	Repayments in 12 monthly instalments	14.00%
6	24 months	50,000,000	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 50,00,000	Repayments in 24 monthly instalments	13.50%
7	24 months	75,000,000	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 37,50,000	Quarterly principal repayment and Monthly servicing of interest.	13.75%
8	36 months	96,888,598	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 15,000,000	Repayments in 36 monthly instalments	12.70%
9	24 months	30,000,000	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 30,00,000	21 Monthly EMI moratorium of 3 months interest to be serviced monthly	14.50%
10	24 months	50,000,000	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 50,00,000	Repayments in 24 monthly instalments	13.55%
11	24 months	125,000,000	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 62,50,000	Repayments in 24 monthly instalments	13.16%
		618,659,881	29,515,501			

Note 6 (contd..)

Term Loan from Other Parties (Secured)

SL	Tenure of loan	March 31, 2013	March 31, 2012	Security / Guarantee	Repayment terms	Rate of interest
1	18 months	1,111,961	14,999,988	Hypothecation of book debts	18 monthly instalments	13.50%
2	36 months	20,031,333	60,000,000	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	14.53%
3	36 months	83,329,454	-	Hypothecation of book debts at 100% loan outstanding plus interest due at all times.	36 Months (Repayment in quarterly instalments)	15.00%
4	18 months	8,332,260	28,333,332	1. Hypothecation of book debts 2. Cash collateral of Rs. 45,00,000	18 monthly instalments	15.10%
5	18 months	33,333,333	100,000,000	1. Hypothecation of book debts 2. Cash collateral of Rs. 10,00,000	17 Months instalments with a moratorium of 3 months	15.50%
6	18 months	24,999,999	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 75,00,000	18 monthly instalments	15.25%
7	18 months	27,777,779	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 75,00,000	18 monthly instalments	15.25%
8	18 months	36,111,111	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 75,00,000	18 monthly instalments	16.50%
9	18 months	23,333,335	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 45,00,000	18 monthly instalments	16.50%
10	18 months	60,000,000	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 90,00,000	18 monthly instalments	16.30%
	24 months	-	416,659	1. Hypothecation of book debts 2. Cash collateral of Rs. 25,00,000	24 monthly instalments	12.00% - 14.50%
11	48 months	2,863,999	8,576,000	1. Hypothecation of book debts 2. Cash collateral of Rs. 20,00,000	14 quarterly instalments with a moratorium of 6 months	13.00%

Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2013

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

Note 6 (contd..)

SL	Tenure of loan	March 31, 2013	March 31, 2012	Security / Guarantee	Repayment terms	Rate of interest
12	23 months	-	15,000,000	1. Hypothecation of book debts 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	14.21%
13	18 Months	52,902,884	-	100% Book debts	18 monthly instalments	15.60%
14	18 Months	37,256,056	-	100% Book debts	18 monthly instalments	15.60%
15	18 Months	95,029,632	-	100% Book debts	18 monthly instalments	15.50%
16	18 Months	100,000,000	-	100% Book debts	18 monthly instalments	15.50%
17	24 months	3,770,562	44,251,362	1. Hypothecation of book debts 2. Cash collateral of Rs. 2000000	24 monthly instalments	15.00%
18	18 months	7,913,110	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 10,00,000	18 monthly instalments with a moratorium of 3 months	15.50%
19	24 months	21,018,227	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 30,00,000	24 monthly instalments with a moratorium of 3 months	15.64%
20	18 months	16,967,745	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 20,00,000	18 monthly instalments with a moratorium of 3 months	15.33%
21	18 months	18,003,873	-	1. Hypothecation of book debts 2. Cash collateral of Rs. 20,00,000	18 monthly instalments with a moratorium of 3 months	15.66%
22	20 months	-	10,000,000	1. Hypothecation of book debts 2. Cash collateral of Rs. 10,00,000	17 monthly instalments with a moratorium of 3 months	15.50%
		674,086,653	281,577,341			

Term Loan from Other Parties (Unsecured)

SL	Tenure of loan	March 31, 2013	March 31, 2012	Security / Guarantee	Repayment terms	Rate of interest
1	15 months	-	15,000,000	Nil	Bullet Repayment after 15 months	18.00%

Suryoday Micro Finance Private Limited**Notes to the Financial statements for the year ended March 31, 2013**

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

	Year ended March 31, 2013	Year ended March 31, 2012
18. Revenue from operations		
Interest income		
Interest income on portfolio loans	175,010,593	112,382,490
Gain on assignment / securitisation	39,055,561	27,364,248
Other operating income		
Service charges	17,170,679	13,244,680
Others	27,669	270,620
Revenue from operations	231,264,502	153,262,038
19. Other Income		
Write back of liabilities no longer required	-	886,547
Interest income on bank and other deposits	22,923,747	9,579,500
Bad debts recovered	982,306	787,675
Other non-operating income	1,711,797	200,477
	25,617,850	11,454,199
20. Finance costs		
Interest	82,522,048	40,922,237
Bank charges	793,752	1,048,491
Securitisation / loan processing expenses	11,161,982	9,347,244
	94,477,782	51,317,972
21. Employee benefit expense		
Salaries, wages and bonus	78,112,073	60,498,866
Contribution to provident and other funds	5,842,172	4,363,364
Employee stock option expenses	557,136	964,245
Gratuity expense (note 26)	(202,351)	983,056
Staff welfare expenses	1,584,031	1,111,808
	85,893,061	67,921,339
22. Other expenses		
Rent	7,093,043	5,561,263
Electricity	541,310	242,236
Insurance	805,928	537,561
Travel and conveyance	3,970,094	3,042,727
Communication expenses	2,286,242	1,772,131
Business promotion expenses	604,770	524,430
Repairs and maintenance		
- Building	102,200	681,235
- Others	964,778	318,005

Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2013

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

	Year ended March 31, 2013	Year ended March 31, 2012
Software expenses	1,729,742	1,423,948
Legal and professional fees	9,308,705	3,443,255
Rates and taxes	2,388,683	2,270,734
Printing and stationery	2,113,686	1,933,518
Provision for standard assets	9,071,471	(975,725)
Provision for trade receivables	(370,258)	97,750
Bad debts written off	1,339,304	3,078,276
Miscellaneous expenses	2,478,886	1,189,243
Loss on sale of assets	571,897	-
	45,000,481	25,140,587

Details of payment to auditors:

As auditor:

Statutory audit *	1,000,000	650,000
Tax audit	100,000	100,000
Other services *	250,000	250,000
Out of pocket expenses	-	37,961
	1,350,000	1,037,961

* Excludes applicable service taxes

23. Depreciation and amortization expense

Amortization of intangible assets	209,501	128,996
Depreciation of tangible assets	2,665,785	2,541,530
	2,875,286	2,670,526

24. Earnings per share

Particulars	31-Mar-13	31-Mar-12
Net profit after tax as per statement of profit and loss	19,544,654	4,279,611
Weighted number of equity shares in computing the basic earnings per share	17,114,793	13,107,257
Basic earnings per share	1.14	0.33
Weighted number of equity shares in computing the diluted earnings per share	17,325,837	15,257,983
Diluted earnings per share	1.13	0.28

25. Related party information

Name of related parties

Enterprises having significant influence over the Company

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

Subsidiaries

Indian Association for Savings and Credit

Key management personnel

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

Suryoday Micro Finance Private Limited
Notes to the Financial statements for the year ended March 31, 2013

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

Related party transactions

Particulars	Enterprises having significant influence over the Company		Subsidiaries		Key management personnel		Total	
	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12	31-Mar-13	31-Mar-12
Issue of Equity Shares	52,031,590	-	-	-	30,800,000	3,800,000	82,831,590	3,800,000
Mr. Baskar Babu Ramachandran, Director	-	-	-	-	10,130,000	1,400,000	10,130,000	1,400,000
Mr. V.L. Ramakrishnan, Director	-	-	-	-	10,335,000	1,200,000	10,335,000	1,200,000
Mr. Ganesh Rao, Director	-	-	-	-	10,335,000	1,200,000	10,335,000	1,200,000
Aavishkaar Goodwell India Micro Finance Development Co.Ltd, Mauritius	28,590,430	-	-	-	-	-	28,590,430	-
Lok Capital LLC, Mauritius	23,441,160	-	-	-	-	-	23,441,160	-
Transfer of Shares	14,312,930	-	-	-	-	-	14,312,930	-
From Promoters to Aavishkaar Goodwell India Micro Finance Development Co.Ltd	10,650,000	-	-	-	-	-	10,650,000	-
From Lok Capital LLC to Aavishkar Goodwell India Micro finance Development Co.Ltd	3,662,930	-	-	-	-	-	3,662,930	-
Loan to Directors	-	-	-	-	3,500,000	-	3,500,000	-
Mr. Baskar Babu Ramachandran, Director	-	-	-	-	1,500,000	-	1,500,000	-
Mr. V.L. Ramakrishnan, Director	-	-	-	-	1,000,000	-	1,000,000	-
Mr. Ganesh Rao, Director	-	-	-	-	1,000,000	-	1,000,000	-
Remuneration	-	-	-	-	13,908,984	12,548,544	13,908,984	12,548,544
Mr. Baskar Babu Ramachandran, Director	-	-	-	-	4,841,760	4,663,492	4,841,760	4,663,492
Mr. V.L. Ramakrishnan, Director	-	-	-	-	4,238,112	3,762,725	4,238,112	3,762,725
Mr. Ganesh Rao, Director	-	-	-	-	4,829,112	4,122,327	4,829,112	4,122,327
Loan given	-	-	20,000,000	-	-	-	20,000,000	-
Indian Association for Savings and Credit	-	-	20,000,000	-	-	-	20,000,000	-
Interest income received	-	-	1,139,056	-	-	-	1,139,056	-
Indian Association for Savings and Credit	-	-	1,139,056	-	-	-	1,139,056	-
Balance outstanding:	-	-	16,664,056	-	-	-	16,664,056	-
Indian Association for Savings and Credit	-	-	16,664,056	-	-	-	16,664,056	-
Loan receivable from directors	-	-	-	-	3,500,000	-	3,500,000	-
Mr. Baskar Babu Ramachandran, Director	-	-	-	-	1,500,000	-	1,500,000	-
Mr. V.L. Ramakrishnan, Director	-	-	-	-	1,000,000	-	1,000,000	-
Mr. Ganesh Rao, Director	-	-	-	-	1,000,000	-	1,000,000	-

Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2013

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

26. 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 the balance sheet.

Profit and Loss account

Net employee benefit expense

	2013	2012
Current service cost	681,000	1,044,051
Interest cost on benefit obligation	197,000	100,722
Expected return on plan assets	(117,000)	(86,858)
Net actuarial loss recognized in the year	(1,048,000)	(74,859)
Net (benefit) / expense	(287,000)	983,056

Balance sheet

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

	2013	2012
Present value of obligation as at the end of the year	2,148,000	2,316,949
Fair value of plan assets as at the end of the year	2,024,000	1,236,594
Net asset / (liability) recognized in balance sheet	(124,000)	(1,080,355)

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:

	2013	2012
Opening defined benefit obligation	2,316,949	1,259,027
Interest cost	197,000	100,722
Current service cost	681,000	1,044,051
Benefits paid	-	-
Actuarial loss / (gain) on obligation	(1,047,000)	(86,851)
Closing defined benefit obligation	2,147,949	2,316,949

Suryoday Micro Finance Private Limited**Notes to the Financial statements for the year ended March 31, 2013**

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

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

	2013	2012
Opening fair value of plan assets	1,236,594	768,451
Expected return on plan assets	117,000	86,858
Contributions by employer	669,000	393,277
Benefits paid	-	-
Actuarial gain /(loss) on plan assets	1,000	(11,992)
Fair value of plan assets at end of year	2,023,594	1,236,594
Estimated employer contributions for the next year	700,000	-
Actual return on plan assets	117,000	-

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

	2013	2012
	%	%
Discount rate	7.8%	8.5%
Expected rate of return on assets	9%	5.0%

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.

Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2013

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

27. Commitments and Contingencies

a) Commitments

At March 31, 2013, the company has commitments of Rs. Nil (March 31, 2012: 448,211 relating to the lease hold improvements, net of advances.)

Refer note 28 below for lease hold commitments.

b) Contingent liabilities	2013	2012
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.	132,493,440	138,516,905
Provident Fund#	492,971	-

Additional payment of Provident Fund for non inclusion of certain components like conveyance, entertainment, medical etc while computing and remitting the employer and employees' contribution to provident fund. Based on the legal counsel, the claim of the company is likely to be accepted by the judicial authorities. The company has been advised by its legal counsel, that it is possible, but not probable, the action will succeed and accordingly, no provision for any liability has been made in these financial statements.

28. Lease Disclosures

Operating Lease :

Office premises are obtained under operating lease. Lease rentals incurred during the year of Rs.7,093,043 (previous year Rs. 6,203,311) have been charged as an expense in the statement of profit and loss. There are no restrictions placed upon the company by entering into these lease arrangements. The future lease rentals payable on non-cancellable lease arrangements are as follows:

Particulars	2013	2012
Not less than one year	6,662,362	4,755,454
Later than one year but not later than five years	9,617,354	6,787,897
Later than five years	-	-

29. Details of securitisation / assignment

Particulars	2013	2012
Total number of receivables securitised / assigned	94,895	66,782
Assets de-recognised during the year	273,235,444	755,353,891
Sale consideration received for the securitised / assigned receivables	294,650,424	817,685,800
Total gain on securitisation / assignment to be amortized over the life of the receivables during the year	21,414,980	62,328,913
Gain recognized in the statement of profit and loss during the year	39,055,561	27,364,248
Deferred gain on securitisation / assignment as at year end	16,743,250	34,869,413
Credit enhancement in the form of cash collateral deposits / guarantees as at year end	132,493,440	138,516,905

The gain on assignment during the year is net of gain reversed during the year on account of foreclosures amounting to Rs. 444,198 (Previous year Rs. 98,248).

The gross portfolio of receivables under management as at year end is Rs. 1,525,620,590 (previous year: Rs 928,615,173 including balance of portfolio securitised / assigned of Rs. 245,101,239 (previous year: Rs. 553,258,390). The closing portfolio in the books of the company net of receivables securitised / assigned as at March 31, 2013 is Rs. 1,280,519,351 (previous year: Rs 375,356,780).

Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2013

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

30. 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.

The details of the Employee Stock Option Scheme 2010 are as under:

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; 30% after two years from the date of grant i.e. July 1, 2012; and balance 30% after three years from the date of grant i.e. July 1, 2013
Exercisable period	3 years from the Vesting date
Vesting Conditions	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, 2013	As at March 31, 2012
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	(45,000)	(36,000)
Options Exercised as at end of the year	-	-
Options Outstanding as at end of the year		
- Vested	263,400	144,000
- Yet to Vest	87,600	216,000

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

Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2013

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

31. Additional disclosures as required by circular no DNBS (PD). CC.No.125/03.05.002/2008-2009 dated August 1, 2008 issued by the Reserve Bank of India:

1 a) Capital to Risk Assets Ratio

Particulars	31-Mar-13
CRAR (%)	40.61%
CRAR - Tier I Capital (%)	40.61%
CRAR - Tier II Capital (%)	0.00%

2 b) Exposure to real estate sector

The company does not have any direct or indirect exposure towards real estate sector.

3 c) Asset liability management

Maturity pattern of certain items of assets and liabilities as at March 31, 2013

Liabilities	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month upto 3 months	Over 3 month upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Borrowings from banks	12,941,212	28,647,271	36,243,663	82,518,375	156,179,703	302,129,657	-	-	618,659,881
Market borrowings #	35,756,375	52,584,742	45,445,005	161,948,387	209,842,012	168,510,132	-	-	674,086,653
									1,292,746,534

Assets	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 month upto 3 months	Over 3 month upto 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Advances (net)*	77,920,747	80,438,289	80,135,697	240,497,344	432,553,331	368,973,943	-	-	1,280,519,351
Investments	-	-	-	-	-	-	-	21,400,000	21,400,000
									1,301,919,351

Represents working capital loans from others

* Represents maturity of Instalments

Suryoday Micro Finance Private Limited**Notes to the Financial statements for the year ended March 31, 2013**

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

32. Additional disclosures as required by circular no.

DNBS. PD. No. 301/3.10.01/2012-13 dated August 21, 2012
issued by the Reserve Bank of India:

Appendix 2

S.No	Particulars	Amount in Rs
1	No of SPVs sponsored by the NBFC for securitisation transactions	11
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	544,830,286
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet	
	a) Off-balance sheet exposures	
	* First loss	-
	* Others	-
	b) On-balance sheet exposures	
	* First loss (In the form of Security deposit)	72,187,906
	* Others	-
4	Amount of exposures to securitisation transactions other than MRR	
	a) Off-balance sheet exposures	
	i) Exposure to own securitisations	
	* First loss	-
	* loss	-
	ii) Exposure to third party securitisations	
	* First loss	-
	* Others	-
	b) On-balance sheet exposures	
	i) Exposure to own securitisations	
	* First loss	-
	* Others	-
	ii) Exposure to third party securitisations	
	* First loss	-
	* Others	-

Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2013

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

33. Trade receivables classification and and provision for non performing assets

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	2013	2012	2013	2012	2013	2012
Standard assets	1,280,307,063	373,159,859	12,803,071	3,731,599	1,267,503,992	369,428,260
Sub standard assets	212,288	496,832	106,144	476,402	106,144	20,430
Doubtful assets	-	-	-	-	-	-
Total	1,280,519,351	373,656,691	12,909,215	4,208,001	1,267,610,136	369,448,690

34. Loans and advances include:

Amount	Balance as at March 31, 2013	Balance as at March 31, 2012	Maximum amount outstanding at any time during the year ended March 31, 2013	Maximum amount outstanding at any time during the year ended March 31, 2012
Subsidiary:				
Indian Association for Savings and Credit	16,664,056	-	20,000,000	-
Key Managerial personnel:				
Mr. Baskar Babu Ramachandran, Director	1,500,000	-	1,500,000	-
Mr. V.L. Ramakrishnan, Director	1,000,000	-	1,000,000	-
Mr. Ganesh Rao, Director	1,000,000	-	1,000,000	-
	20,164,056	-	23,500,000	-

35. Investment in IASC

"Pursuant to share purchase agreement dated September 26, 2012, between the company and HDFC Limited and Centre for Community Development Services, the company acquired the full shareholding in Indian Association for Savings and Credit (IASC) for a total consideration of Rs 21.4 million. IASC is a company registered in Mumbai and is engaged in the business of providing micro financing facilities to individuals and self help groups. The investment in IASC was made for certain strategic reasons including but not limited to achieve the following objectives: • Increasing the current market share of the Company. • Brand visibility by way of social contributions and community services, through the brand name of IASC. • Using the skills and experiences of the IASC employees for training the employees of the company and also to ensure smooth business operations of the Company. • Using the pre established branches of IASC to do micro financing business of the Company. • Significant potential to add value to the existing marketing capabilities of the Company. The full integration of the businesses is in the process of being completed and the company is in the process of building efficiencies between the two businesses. Subsequent to the acquisition, IASC commenced the activities of procuring loans for certain banks and generating commission income from such disbursements. For the year ended March 31, 2013, IASC incurred a loss of Rs 8.8 million primarily on account of operational reasons. Management of IASC has projected significant growth in the business of IASC subsequent to the full integration of the businesses and expects IASC to be profitable from 2014 onwards. In view of the above reasons, no impairment has been considered in respect of the investment made by the company in IASC as of March 31, 2013."

Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2013

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

36. Comparatives

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

As per our report of even date

For S.R.Batliboi & Associates LLP

Chartered Accountants

ICAI Firm's registration number: 101049W

Per Subramanian suresh

Partner

Membership no.083673

Place: Chennai

Date: June 20, 2013

For and on behalf of the board of directors

Suryoday Micro Finance Private Limited

R.Baskar Babu

Director

Ganesh Rao

Director

Place: Chennai

Date: June 20, 2013

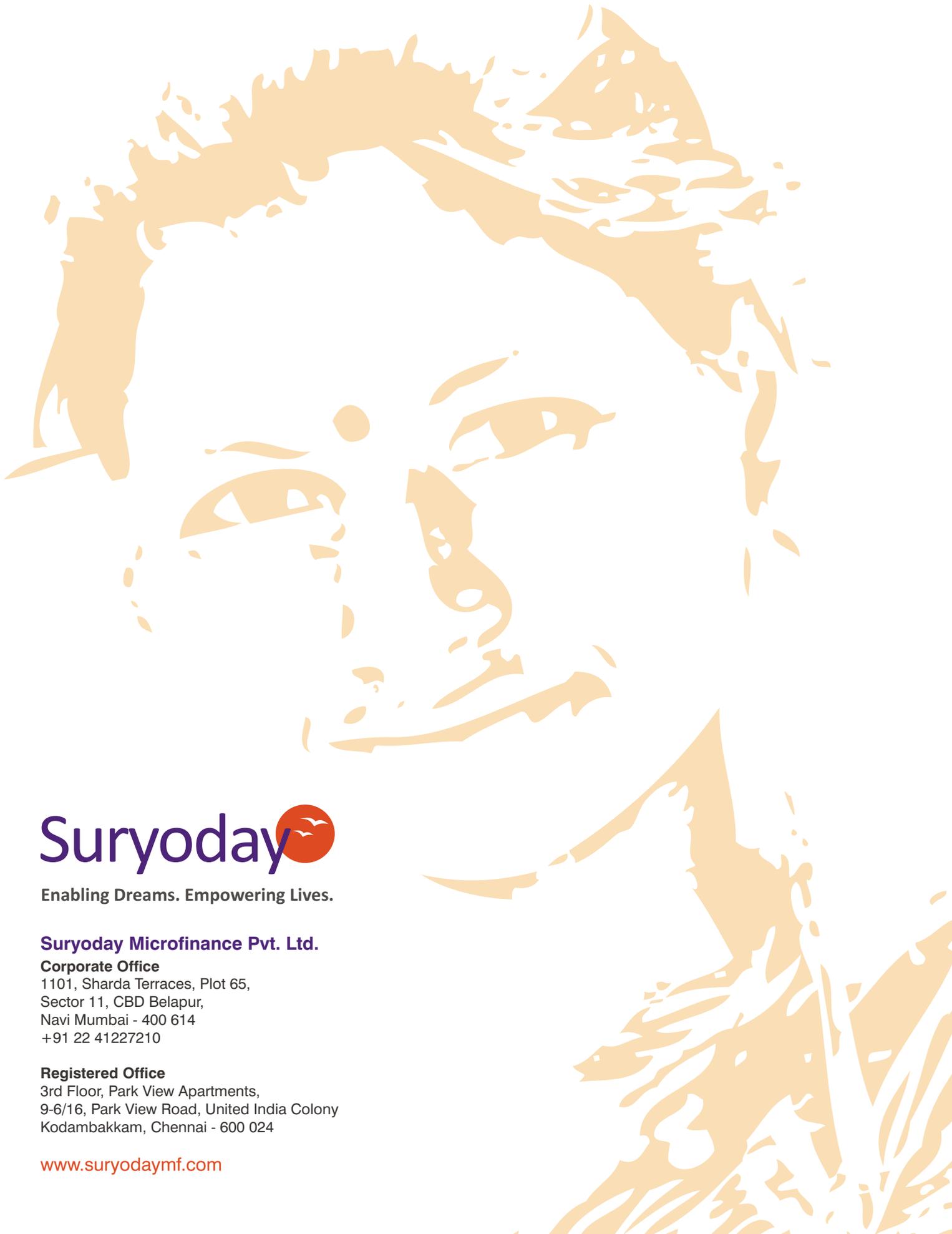
V.L.Ramakrishnan

Director and

Company Secretary



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Suryoday 

Enabling Dreams. Empowering Lives.

Suryoday Microfinance Pvt. Ltd.

Corporate Office

1101, Sharda Terraces, Plot 65,
Sector 11, CBD Belapur,
Navi Mumbai - 400 614
+91 22 41227210

Registered Office

3rd Floor, Park View Apartments,
9-6/16, Park View Road, United India Colony
Kodambakkam, Chennai - 600 024

www.suryodaymf.com