

**ANNUAL STATEMENTS
OF
ACCOUNTS
OF**

ADHIKAR MICRO FINANCE PVT. LTD.
(FORMERLY: PRATEEK MONEY ADVISORS PVT. LTD.)

PLOT NO.77/180/970, SUBUDHIPUR, TAMANDO,
BHUBANESWAR-752054

**FOR THE FINANCIAL YEAR
2013 - 2014**

AUDITED BY:

RAJESH K. JHUNJHUNWALA & CO.
CHARTERED ACCOUNTANTS

HEAD OFFICE :

BANGALI SAHI, CUTTACK – 753 009

PHONE : 2517528

MOBILE : 94370 – 64528

EMAIL : rkjcuttack@yahoo.co.in

BRANCHES :

BHUBANESWAR, BHAGALPUR, DHANBAD, KOLKATA, LILUAH, NEW DELHI, SONEPAT

RAJESH K. JHUNJHUNWALA & CO.

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Independent Auditor's Report

To the Members of

ADHIKAR MICRO FINANCE PVT. LTD.

(FORMERLY: PRATEEK MONEY ADVISORS PVT. LTD.)

BHUBANESWAR.

Report on the Financial Statements

We have audited the accompanying financial statements of **ADHIKAR MICRO FINANCE PVT. LTD.** ("the Company"), which comprises the Balance Sheet as at March 31, 2014, 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.

Managements 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 of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ('the Act'), read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. 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.

Auditors 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.

BRANCHES: DHANBAD, NEW DELHI, KOLKATA, LILUAH, BHAGALPUR, SONEPAT, BHUBANESWAR



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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 at March 31, 2014;
- 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.

Emphasis of Matter

We draw attention to Note 1 (D) to the financial statement in respect of Loan Portfolio and Related Information (Incl. Provision for/ write off of loans). Our opinion is not qualified in respect of this matter.

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 and on the basis of such checks of the records we considered appropriate and according to the information and explanation given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order, to the extent applicable to the Company.
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, and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet and Statement of Profit and Loss comply with the Accounting Standards notified under the Act, read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs; and



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- e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

Place : Cuttack

Date : 30.06.2014



For RAJESH K. JHUNJHUNWALA & CO.

CHARTERED ACCOUNTANTS

FIRM REGD.NO.323001E

(CA VIKAS AGARWAL)

Partner

Membership No: 304177

ANNEXURE TO THE AUDITORS' REPORT

ADHIKAR MICRO FINANCE PVT. LTD.
(FORMERLY : PRATEEK MONEY ADVISORS PVT. LTD)

(Referred to in Paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date.)

1. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) All the assets have been physically verified by the management during the year and we are informed that no material discrepancies were noticed on such verification as compared with the records of fixed assets.
 - (c) Based on our scrutiny of records of the company and the information and explanations received by us, we report that there was no sale of fixed assets during the year, substantial or otherwise. Hence, the question of reporting whether the sale of any substantial part of fixed assets has affected the going concerns of the company does not arise.
2. The company is a non banking finance company and does not have any inventory.
3.
 - (a) As informed to us, the company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 except amount paid towards advance for purchase of loan portfolio/immovable assets.
 - (b) As informed to us, the company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of company and the nature of its business for the purchase of fixed assets and for rendering of services. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system. However, the internal control mechanism needs to be further strengthened in area pertaining to Loan Portfolio MIS.
5.
 - (a) Based on the audit procedures applied by us and 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, have been entered into the register require to be maintained under that section .
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

Contd.....2



6. Based on our scrutiny of the company's records and according to the information and explanations provided by the management, in our opinion, the company has not accepted any loans or deposits which are 'deposits' within the meaning of Rule 2(b) of the Companies(Acceptance of Deposit's) Rules, 1975.
7. The company has an Internal Audit System conducted by an in-house Audit Team supervised by outsourced CA firm appointed by the company. Reports of such Internal Audits were produced to us. However in our opinion the Internal audit System leaves scope for improvement to make its commensurate with the size and nature of the business of the company.
8. The company is not a manufacturing company and hence it does not require to keep any cost records U/S 209(1) (d) of the Companies Act, 1956.
9.
 - a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident Fund, Employees State Insurance, Income-tax, Sales Tax, Service tax and other statutory dues applicable to it.
 - b) According to the information and explanations given to us, no disputed amounts payable in respect of income-tax, service tax, etc. were outstanding, as at 31st March, 2014 for a period of more than six months from the date they became payable.
 - c) According to the information and explanations given to us, the dues outstanding of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess on account of dispute, are as follows:

Name of the Statute	Nature of Dues	Amount under dispute (Rs.)	Amount Paid under dispute (Rs.)	Period to which it relates
Chapter V of the Finance Act, 1994	Service Tax	2911904.00	1455952.00	2009-10 to 2011-12

10. The company does not have any accumulated losses. The company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. Based on our examination and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution or bank.
12. According to the information and explanations given to us and based on the documents and records produced before us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
13. The company is neither a chit fund nor a nidhi/mutual fund and hence in our opinion, the requirements of Para 4(xiii) of the Order do not apply to the company.
14. As per records of the company and the information and explanations given to us by the management, Company is not dealing or trading in shares, securities, and debenture and other investments.

Contd.....3



15. According to the records of the company and the information and explanations provided by the management, the company has not given any guarantee for loans taken by others from bank or financial institutions.
16. Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in liquid assets payable on demand.
17. According to the information and explanation 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 by the company.
18. According to the records of the company and the information and explanations provided by the management, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. According to the records of the Company, the company has not issued any debentures.
20. The company, being a private company, has not raised any money by public issue and hence Clause 4(xx) is not applicable to the company.
21. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

Place: Cuttack
Date: 30.06.2014

For RAJESH K. JHUNJHUNWALA & CO.
CHARTERED ACCOUNTANTS
FIRM REGD.NO.323001E




(CA VIKAS AGARWAL)
Partner
Membership No: 304177

ADHIKAR MICRO FINANCE PVT. LTD., BHUBANESWAR
Balance Sheet as at March 31, 2014

(Amount in Rs.)

Particulars		Note No.	As at 31st March, 2014	As at 31st March, 2013
1		2	3	4
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	2	511,00,000	511,00,000
	(b) Reserves and surplus	3	58,64,282	42,61,230
2	Share application money pending allotment		-	-
3	Non-current liabilities			
	(a) Long-term borrowings	4	473,52,269	1229,26,816
	(b) Deferred tax liabilities (Net)		-	2,45,712
	(c) Other Long term liabilities		-	-
	(d) Long-term provisions		-	-
4	Current liabilities			
	(a) Short-term borrowings	5	236,24,666	-
	(b) Trade payables		-	-
	(c) Other current liabilities	6	64,85,191	42,41,051
	(d) Short-term provisions	7	13,27,763	16,27,256
	TOTAL		1357,54,171	1844,02,065
II.	ASSETS			
	Non-current assets			
1	(a) Fixed assets	8		
	(i) Tangible assets		30,24,886	37,58,631
	(ii) Intangible assets		2,43,354	3,24,474
	(iii) Capital work-in-progress		-	-
	(iv) Intangible assets under development		-	-
	(b) Non-current investments		-	-
	(c) Deferred tax assets (net)		-	-
	(d) Long-term loans and advances		-	-
	(e) Other non-current assets	9	13,76,631	20,73,567
2	Current assets			
	(a) Current investments	9(a)	61,00,000	5,00,000
	(b) Inventories		-	-
	(c) Trade receivables		-	-
	(d) Cash and cash equivalents	10	83,80,400	61,61,675
	(e) Short-term loans and advances	11	1137,99,742	1695,44,228
	(f) Other current assets	12	28,29,158	20,39,490
	TOTAL		1357,54,171	1844,02,065
	Significant Accounting Policies	1		
	Notes on Financial Statements	2 - 19		

As per our report of even date.

For Rajesh K. Jhunjhunwala & Co.
Chartered Accountants
 FRN: 323001E

For & on behalf of the Board of Directors of
Adhikar Micro Finance Private Limited

(Signature)
 (CA VIKAS AGARWAL)
 PARTNER
 M. No. 304177
 Place : CUTTACK
 Date : 30/06/2014



(Signature)
 (MD. N.AMIN)
 MANAGING DIRECTOR
Managing Director
 Adhikar Micro Finance (P) Ltd.

(Signature)
 (GOVIND CH. DALABEHARA)
 DIRECTOR
Director
 Adhikar Micro Finance (P) Ltd.

ADHIKAR MICRO FINANCE PVT. LTD., BHUBANESWAR
Profit & loss Account for the year ended March 31, 2014

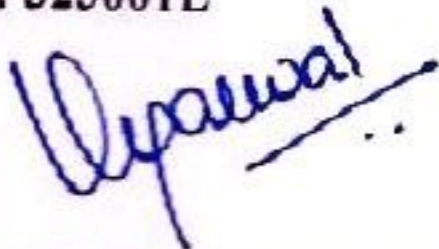
(Amount in Rs.)

Particulars	Note No.	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Income:			
I. Revenue From Operations	13	253,97,216	347,74,433
II. Other income	14	16,45,546	9,99,931
III. Total Revenue (I + II)		270,42,762	357,74,364
IV. Expenses:			
Employee benefits expense	15	90,36,335	115,90,419
Finance costs	16	100,69,932	163,10,124
Depreciation and amortization expense	8	8,14,866	10,46,303
Provision for loan loss	17	3,90,880	2,11,739
Miscellaneous Expenditure Written-off	9	6,96,936	10,96,773
Other expenses	18	39,92,427	48,17,401
Total expenses		250,01,376	350,72,759
V. Profit before exceptional and extraordinary items and tax (III-IV)		20,41,386	7,01,605
VI. Exceptional items		-	-
VII. Profit before extraordinary items and tax (V - VI)		20,41,386	7,01,605
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII- VIII)		20,41,386	7,01,605
X. Tax expense:			
(1) Current tax		6,30,788	2,16,796
(2) Deferred tax		(36,620)	1,09,164
XI. Profit/(Loss) for the period from continuing operations (IX - X)		14,47,218	3,75,645
XII. Profit/(loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)		-	-
XV. Profit (Loss) for the period (XI + XIV)		14,47,218	3,75,645
Add/(Less): Excess/Short Provision for Income tax for earlier year		(53,258)	(77,298)
Add/(Less): Deffered tax for earlier year		2,09,092	(37,477)
Add: Prior Period Income		-	-
		16,03,052	2,60,870
XVI. Earnings per equity share:			
Basic & Diluted		0.31	0.05
Significant Accounting Policies	1		
Notes on Financial Statements	2-19		

As per our report of even date.

For Rajesh K. Jhunjhunwala & Co.
Chartered Accountants

FRN: 323001E



(CA VIKAS AGARWAL)

PARTNER

M. No. 304177

Place : CUTTACK

Date : 30/06/2014


 For & on behalf of the Board of Directors of
Adhikar Micro Finance Private Limited


(MD. N.AMIN)

MANAGING DIRECTOR

 Managing Director
 Adhikar Micro Finance (P) Ltd.



(GOVIND CH. DALABEHERA)

DIRECTOR

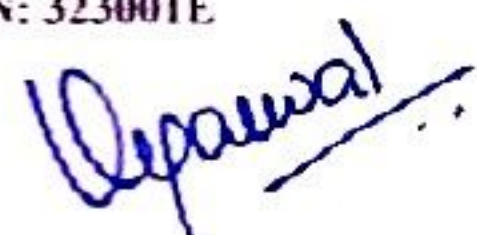
 Director
 Adhikar Micro Finance (P) Ltd.

ADHIKAR MICRO FINANCE PVT. LTD., BHUBANESWAR

Cash Flow Statement for the Year ended March 31, 2014


	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Particulars	Amount (Rs.)	Amount (Rs.)
A. Cash Flow from Operating Activities:		
Net Profit before tax and Extraordinary Income	20,41,386	7,01,605
Adjustments for:		
Depreciation	8,14,866	10,46,303
Deferred Revenue expenses Written-off	6,08,561	10,08,398
Preliminary Expenses Written-off	88,375	88,375
Provisions (Net)	0	0
<u>Operating Profit before working capital changes</u>	<u>35,53,188</u>	<u>28,44,681</u>
Adjustments for:		
Trade & other receivables	-34,34,861	-14,87,404
Trade payables	19,44,647	-36,94,356
<u>Cash generated from Operations</u>	<u>20,62,974</u>	<u>-23,37,079</u>
Direct taxes	-6,84,046	-2,94,094
Prior Period Income	0	0
<u>Cash flow before Extraordinary Items</u>	<u>13,78,928</u>	<u>-26,31,173</u>
Extraordinary Items	0	0
<u>Net cash (used)/generated through Operating Activities</u>	<u>13,78,927</u>	<u>-26,31,173</u>
B. Cash flow from Investing Activities:		
Purchase of Fixed Assets	0	-27,32,136
Sale/write off of Fixed assets	0	0
Investment in Deferred revenue expenses	0	-7,44,501
Investment in Preliminary Expenses	0	0
Net cash used in Term Deposit	-56,00,000	45,00,000
Net cash used in Portfolio	583,89,679	218,68,489
Fund utilised	0	0
<u>Net cash (used)/generated through Investing Activities</u>	<u>527,89,679</u>	<u>228,91,854</u>
C. Cash Flow from Financing Activities		
Loan acquired(Net)	-519,49,881	-225,46,042
Capital Inception	0	0
Interest and Financing charges	0	0
Exchange Variation Gain	0	0
Dividends including dividend tax paid	0	0
<u>Net cash (used)/generated through Financing Activities</u>	<u>-519,49,881</u>	<u>-225,46,042</u>
D. Net changes in Cash & Cash equivalents (A+B+C)	22,18,725	-22,85,361
E. Cash & Cash equivalents - Opening balance	61,61,675	84,47,036
F. Cash & Cash equivalents - Closing balance	83,80,400	61,61,675

For Rajesh K. Jhunjhunwala & Co.
Chartered Accountants
FRN: 323001E


(CA VIKAS AGARWAL)
PARTNER
M. No. 304177
Place : CUTTACK
Date : 30/06/2014

For & on behalf of the Board of Directors of
Adhikar Micro Finance Private Limited


(MD. N.AMIN)
MANAGING DIRECTOR
Managing Director
Adhikar Micro Finance (P) Ltd.


(GOVIND CH. DALABEHERA)
DIRECTOR

Director
Adhikar Micro Finance (P) Ltd.

ADHIKAR MICRO FINANCE PVT. LTD., BHUBANESWAR

Note.1.SIGNIFICANT ACCOUNTING POLICIES:

A. CORPORATE INFORMATION

Adhikar Micro Finance Private Limited(the Company) is engaged in micro finance lending activities for providing financial services to the poor women who are organised as Joint liability groups. The company provides small value collateral free loans for tenure of fifty weeks for income generation of poor women in groups.

All financial transactions are conducted in the group meetings organised near the habitats of these women. The operations, in the initial stages of group formation, involves efforts on training on financial discipline, and latter constant monitoring through weekly meetings, and providing financial and support services at the door step of the borrowers to ensure high rates of recovery.in case of these loans , the company follows weekly collection for recovery of loans and the interest accrued thereon.

B. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The Financial statements have been prepared to comply in all material aspects with the mandatory Accounting Standards('AS')issued by the Institute of Chartered Accountants of India(ICAI), the relevant provisions of Companies Act, 1956 (the Act) and the provisions of the Reserve Bank of India (RBI) as applicable to a NBFC MFI. The financial statements have been prepared under the historical cost convention on an accrual basis.Cash & Cash Equivalent Comprises of Cash in hand and Cash at Bank.

C. REVENUE RECOGNITION:

Revenue is recognised as per norms prescribed in the Non-Banking Financial (Non-Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007).

D. LOAN PORTFOLIO AND RELATED INFORMATION (INCL. PROVISION FOR / WRITE OFF OF LOANS):

Write off of Loans is made out of the provision for NPA at the end of each financial year. All loans of the clients who have expired or over due for >365 days or in the opinion of the management the loans are not recoverable, are written off in the first instance, though the recovery efforts are not reduced. Provisions are made as per Prudential norms given in the Non-Banking Financial (Non-Deposit accepting or holding) Companies Prudential Norms (Reserve Bank) Directions, 2007) and as per NBFC-MFI guidelines issued by RBI. However, due to certain technical problem in MIS software, the loan related figures reported by MIS are not fully reconciled with books of accounts. Hence, loan portfolio and other information related to it (including provision) are made on the basis of figures available in the books of accounts.

E. VALUATION OF FIXED ASSETS:

All fixed assets have been stated at historical cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost for bringing the asset to it's working condition for it's intended use.

F. METHODS OF DEPRECIATION:

Depreciation on Fixed assets has been provided on written-down value method at the rates prescribed under Schedule.XIV of the Companies Act,1956.



G. USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. 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.

H. DEFERRED TAX

Deferred tax is recognized, subject to consideration of prudence on timing differences representing the difference between the Taxable income and Accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using tax rates and the tax laws that have been enacted or substantively enacted by the Balance Sheet date. Unaccounted Deferred tax liability related to the previous year are accounted for during the current period and shown in the Statement of Profit & loss under the head Deferred tax for earlier year.

I. CONTINGENT LIABILITIES

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 recognised 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 recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

J. CHANGE OF ESTIMATES

In current year, the Company has got classified as an NBFC-MFI and accordingly has made an additional provision of Rs. 3,90,880.00 towards its loan portfolio to maintain provisioning required by the NBFC-MFI Directions issued by the Reserve Bank of India vide its circular dated December 2, 2011 as amended vide circular dated March 20, 2012. These Directions require the provision to be higher of (i) 1% of the outstanding loan portfolio or (ii) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.

K. PREVIOUS YEAR FIGURES HAVE BEEN REGROUPED/ REARRANGED WHEREVER NECESSARY.



Note 2.

Share Capital	As at 31st March 2014		As at 31st March 2013	
	Number	Amount (Rs.)	Number	Amount(Rs.)
Authorised				
Preference shares of Rs.10/- each	20,00,000	200,00,000	20,00,000	200,00,000
Class-A Equity Shares of Rs.10/- each	50,00,000	500,00,000	50,00,000	500,00,000
Class-B Equity Shares of Rs.10/- each	100,00,000	1000,00,000	100,00,000	1000,00,000
Total:	170,00,000	1700,00,000	170,00,000	1700,00,000
Issued				
Preference shares of Rs.10/-each	-	-	-	-
Class-A Equity Shares of Rs.10/- each	25,00,000	250,00,000	25,00,000	250,00,000
Class-B Equity Shares of Rs.10/- each	26,10,000	261,00,000	26,10,000	261,00,000
Total:	51,10,000	511,00,000	51,10,000	511,00,000
Subscribed & Fully Paid-up				
Preference shares of Rs.10/-each	-	-	-	-
Class-A Equity Shares of Rs.10/- each	25,00,000	250,00,000	25,00,000	250,00,000
Class-B Equity Shares of Rs.10/- each	26,10,000	261,00,000	26,10,000	261,00,000
Subscribed but not fully Paid up				
Preference shares of Rs.10/- each	-	-	-	-
Class-A Equity Shares of Rs.10/-each	-	-	-	-
Class-B Equity Shares of Rs.10/- each	-	-	-	-
Total:	51,10,000	511,00,000	51,10,000	511,00,000

Note 2-a

Particulars	Preference Shares			
	As at 31st March 2014		As at 31st March 2013	
	Number	Amount(Rs.)	Number	Amount(Rs.)
Shares outstanding at the beginning of the period	-	-	-	-
Shares Issued during the period	-	-	-	-
Shares bought back during the period	-	-	-	-
Any other movement	-	-	-	-
Shares o/s at the end of the period	-	-	-	-
Particulars	Class-A Equity Shares			
	As at 31st March 2014		As at 31st March 2013	
	Number	Amount(Rs.)	Number	Amount(Rs.)
Shares outstanding at the beginning of the period	25,00,000	250,00,000	25,00,000	250,00,000
Shares Issued during the period	-	-	-	-
Shares bought back during the period	-	-	-	-
Any other movement	-	-	-	-
Shares outstanding at the end of the period	25,00,000	250,00,000	25,00,000	250,00,000
Particulars	Class-B Equity Shares			
	As at 31st March 2014		As at 31st March 2013	
	Number	Amount(Rs.)	Number	Amount(Rs.)
Shares outstanding at the beginning of the period	26,10,000	261,00,000	26,10,000	261,00,000
Shares Issued during the period	-	-	-	-
Shares outstanding at the end of the period	26,10,000	261,00,000	26,10,000	261,00,000



Note 2-b

Name of Shareholder	Preference Shares			
	As at 31st March 2014		As at 31st March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
	-	-	-	-
Name of Shareholder	Class-A Equity Shares			
	As at 31st March 2014		As at 31st March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
DIA VIKAS CAPITAL PVT. LTD.	25,00,000	49	25,00,000	49
Total:	25,00,000	49	25,00,000	49

Name of Shareholder	Class-B Equity Shares			
	As at 31st March 2014		As at 31st March 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
ADHIKAR MUTUAL BENEFIT TRUST	20,00,000	39.08	20,00,000	39.08
Md.Nooruddin Amin	3,44,100	6.72	3,44,100	6.72
Ms.Tehemina Mumtaz	81,200	1.59	81,200	1.59
Govinda Chandra Dalabehera	84,700	1.66	84,700	1.66
Aditya Narayan Parida	35,000	0.68	35,000	0.68
Lingaraj Sahoo	35,000	0.68	35,000	0.68
Umesh Chandra Jena	30,000	0.59	30,000	0.59
Total:	26,10,000	51	26,10,000	51

Note 2-c

Particulars	Aggregate No. of Shares (for last 5 Financial Years)
Preference Shares :	
Fully paid up pursuant to contract(s) without payment being received in cash	Nil
Fully paid up by way of bonus shares	Nil
Shares bought back	Nil
Equity Shares :	
Fully paid up pursuant to contract(s) without payment being received in cash	Nil
Fully paid up by way of bonus shares	Nil
Shares bought back	Nil

Note 3

Reserves & Surplus	As at 31st March 2014	As at 31st March 2013
	Amount (Rs.)	Amount(Rs.)
a. Securities Premium Account		
Opening Balance	3,00,000	3,00,000
Add : Securities premium credited on Share issue	0	0
Less : Premium Utilised for various reasons	0	0
Closing Balance	3,00,000	3,00,000



b. Surplus		
Opening balance	30,13,726	28,05,030
(+) Net Profit/(Net Loss) For the current period	16,03,052	2,60,870
(+) Transfer from Reserves	0	0
(-) Proposed Dividends	0	0
(-) Interim Dividends	0	0
(-) Transfer to Reserves(u/s.45IC-RBI)	3,20,610	52,174
Closing Balance	42,96,168	30,13,726
I. Reserve Fund(Sec.45IC-RBI)		
Opening Balance	9,47,504	8,95,330
(+) Current period Transfer	3,20,610	52,174
(-) Written back in Current period	0	0
Closing Balance	12,68,114	9,47,504
Total	58,64,282	42,61,230

Note 4

<u>Long Term Borrowings</u>	As at 31st March 2014	As at 31st March 2013
	Amount(Rs.)	Amount(Rs.)
(a) Secured Loans:		
From other parties:		
Ananya Finance for Inclusive growth pvt. Ltd.	-	30,55,554
Manaviya Development & Finance Pvt. Ltd.	-	320,00,000
(of the above, Nil is guaranteed by Directors and / or others) (For Security ,Terms of Repayment etc. see Note 4-a below)		
	-	350,55,554
(b) Unsecured Loans:		
From other parties :		
Dia Vikas Capital Pvt. Ltd.		
Loan-1 (Non Current Portion)	436,02,269	598,71,262
Loan-2(Int free loan)	37,50,000	30,00,000
(of the above, Nil is guaranteed by Directors and / or others) (For Security ,Terms of Repayment etc. see Note 4-a below)		
	473,52,269	628,71,262
(c) Convertible Loans:		
From Others:		
Dia Vikas Capital Pvt. Ltd.	-	250,00,000
(of the above, Nil is guaranteed by Directors and / or others, date of Convertible within 30 months, else repayable in 6 monthly installments, rate of interest-9%)		
	-	250,00,000
Total	473,52,269	1229,26,816



Note.4-a

Name of Bank/Institution	Terms of Repayment	Security	Rate of Interest
Secured:			
Banks:			
Corporation Bank	Cash Credit, Yearly Renewal	100% FDR	11.00%
<i>N.B: Charge on security is not registered with ROC.</i>			
Others:			
Ananya Finance for Inclusive growth pvt.	Tenure-18 months, Repayment-	100% Book Debt	16.00%
Manaviya Development & Finance Pvt. Ltd.	Tenure-36 months, Prin repayment-	105% Book Debt	14.67%
Unsecured:			
Banks: Nil			
Others:			
Dia Vikas Capital Pvt. Ltd.			
Loan-1	Tenure-24 months, Moratorium-3 months, Repayment-quarterly	Nil	11.75%
Loan-2	Not Applicable	Nil	0.00%

Note 5

<u>Short Term Borrowings</u>	As at 31st March 2014	As at 31st March 2013
	Amount(Rs.)	Amount(Rs.)
(a) Secured Loans		
From Banks :		
Corporation Bank	50,83,000	-
(For Security, Terms of Repayment etc. see Note 4-a above)		
	50,83,000	-
(b) Unsecured Loans:		
From other parties :		
Dia Vikas Capital Pvt. Ltd.		
Loan-1 (Current Portion)	18,75,000	-
(of the above, Nil is guaranteed by Directors and / or others)		
(For Security ,Terms of Repayment etc. see Note 4-a above)		
	18,75,000	-
(c) Convertible Loans:		
From Others:		
Dia Vikas Capital Pvt. Ltd. (Current Portion)	166,66,666	-
(of the above, Nil is guaranteed by Directors and / or others, date of disbursement-21/12/10,		
(Repayable in 12 monthly installments, rate of interest-9%)		
	166,66,666	-
	236,24,666	-



Note 6

<u>Other Current Liabilities</u>	As at 31st March 2014	As at 31st March 2013
	Amount(Rs.)	Amount(Rs.)
(a) Interest accrued but not due on borrowings	-	3,64,016
(b) Payable to NPS Lite	14,88,443	19,24,023
(c) Insurance claim payable to members	5,44,339	1,94,834
(d) TDS Payable	2,02,670	2,64,319
(e) Reserve For Loan Loss	18,84,739	14,93,859
(f) Amount outstanding towards Asirvad Microfinance Pvt Ltd	23,65,000	-
Total	64,85,191	42,41,051

Note 7

<u>Short Term Provisions</u>	As at 31st March 2014	As at 31st March 2013
	Amount(Rs.)	Amount(Rs.)
(a) Provision for employee benefits		
Salary & Reimbursements	4,02,298	8,84,428
Incentive	48,658	1,95,975
Contribution to PF	1,04,564	1,33,654
Contribution to ESI	27,406	30,989
(b) Others:		
Income tax	6,30,788	2,16,796
Professional Tax	1,275	2,500
Statutory Audit Fee Payable	60,674	31,854
House rent	36,370	1,31,060
Internal Audit Fee Payable	15,730	-
Total	13,27,763	16,27,256



(Amount in Rs)													
	Description of Assets	Gross Block				Accumulated Depreciation					Net Block		
		Balance as at 1st April 2013	Additions/ Disposals	Acquired through business combinations	Revaluations/ Impairments	Balance as at 31st March 2014	Balance as at 1st April 2013	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 31st March 2014	Balance as at 1st April 2013	Balance as at 31st March 2014
a	Under Lease)												
	Furniture and Fixtures	25,43,057	-	-	-	25,43,057	8,08,086	3,14,030	-	-	11,22,116	17,34,971	14,20,941
	Vehicles	3,65,348	-	-	-	3,65,348	2,42,306	31,856	-	-	2,74,162	1,23,042	91,186
	Office equipment	18,42,447	-	-	-	18,42,447	4,48,761	1,93,862	-	-	6,42,623	13,93,686	11,99,824
	Computer	22,90,337	-	-	-	22,90,337	18,56,409	1,73,571	-	-	20,29,980	4,33,928	2,60,357
	Server	1,34,900	-	-	-	1,34,900	1,05,762	11,655	-	-	1,17,417	29,138	17,483
	Books	48,741	-	-	-	48,741	4,874	8,773	-	-	13,647	43,867	35,094
	Total (a)	72,24,830	-	-	-	72,24,830	34,66,198	7,33,747	-	-	41,99,945	37,58,631	30,24,886
b	Intangible Assets												
	Computer software	4,79,290	-	-	-	4,79,290	1,54,816	81,119	-	-	2,35,935	3,24,474	2,43,354
	Total (b)	4,79,290	-	-	-	4,79,290	1,54,816	81,119	-	-	2,35,935	3,24,474	2,43,354
	G.Total (a+b)	77,04,120	-	-	-	77,04,120	36,21,014	8,14,866	-	-	44,35,880	40,83,105	32,68,240



Note.9

Other Non Current Assets	As at 31st March 2014	As at 31st March 2013
	Amount(Rs.)	Amount(Rs.)
(A) Security Held With Bank (Fixed Deposits) NIL		
TOTAL(A)	-	-
(B) Preliminary Expenses (Opening Balance)	5,34,375	6,22,750
Add: Addition during the period	0	0
	5,34,375	6,22,750
Less: Written-off during the period	88,375	88,375
TOTAL(B)	4,46,000	5,34,375
(C) Deferred Revenue Expenses(Opening balance)	15,39,192	18,03,089
Add: Addition during the period	0	7,44,501
	15,39,192	25,47,590
Less: Written-off during the period	6,08,561	10,08,398
TOTAL(C)	9,30,631	15,39,192
TOTAL(A+B+C)	13,76,631	20,73,567

Note
9 (a)

Current Investments	As at 31st March 2014	As at 31st March 2013
	Amount(Rs.)	Amount(Rs.)
(A) Security Held With Bank (Fixed Deposits)		
Security against Corporation Bank CC Limit	56,00,000	-
Security against Bank Guarantee to PFRDA	5,00,000	5,00,000
Total	61,00,000	5,00,000



Note 10	Cash and Cash Equivalents	As at 31st March 2014		As at 31st March 2013	
		Amount(Rs.)	Amount(Rs.)	Amount(Rs.)	Amount(Rs.)
	a. Balances with banks		83,54,464		61,60,477
	Balance in Current/SB Account	83,54,464		61,60,477	
	b. Cheques, drafts on hand		-		-
	c. Cash on hand		25,936		1,198
	Total:		83,80,400		61,61,675

Note 11	Short-term loans and advances	As at 31st March 2014		As at 31st March 2013	
		Amount(Rs.)	Amount(Rs.)	Amount(Rs.)	Amount(Rs.)
	A. Loan Portfolio		1097,88,443		1681,78,122
	Less: Managed Portfolio		-		-
	Total:(A)		1097,88,443		1681,78,122
	B. Others		36,13,564		6,35,453
	Secured, considered good	-		-	
	Unsecured, considered good	36,13,564		6,35,453	
	Doubtful	-		-	
	Total:		36,13,564		6,35,453
	C. Staff		3,97,735		7,30,653
	Secured, considered good	-		-	
	Unsecured, considered good	3,97,735		7,30,653	
	Doubtful	-		-	
	Total:		3,97,735		7,30,653
	G.Total: (A+B+C)		1137,99,742		1695,44,228

Note.12	Other current assets	As at 31st March 2014	As at 31st March 2013
	Interest on FD Receivable	2,69,128	60,370
	Commission Receivable from Asirvad Microfinance Pvt Ltd	91,425	-
	Commission Receivable (PFRDA)	3,00,800	2,71,740
	Insurance Claim Receivable	63,000	1,52,000
	TDS Receivable	1,28,606	1,95,839
	Advance-TDS	3,539	3,539
	Payment against Disputed Service Tax Demand	14,55,952	-
	Death OD Receivable	2,07,792	10,54,599
	Security Deposit-House	2,39,900	2,34,150
	Security Deposit-Canteen	1,000	1,000
	Security Deposit-Telephone	7,050	8,350
	Advance Income Tax	25,000	50,000
	Cen Vat Credit Receivable	35,966	7,903
	Total:	28,29,158	20,39,490



Note.13	Revenue From operation	For the year ended	For the year ended
		31st March, 2014	31st March,2013
	Interest on Loan	249,71,018	330,91,733
	Loan Processing Fees	3,05,560	16,82,700
	Commission from Asirvad Microfinance Pvt Ltd	1,20,638	-
	Total:	253,97,216	347,74,433

Note 14	Other Income	For the year ended 31st	For the year ended
		March, 2014	31st March,2013
		Amount(Rs.)	Amount(Rs.)
	Interest on Bank Deposit	2,30,165	4,99,827
	Commission on NPS Lite	3,00,800	3,99,990
	Interest on Staff Loan	28,544	83,935
	Interest on Loan to Adhikar	10,74,528	-
	Miscellaneous Income	11,509	16,179
	Total	16,45,546	9,99,931

Note.15	Employee Benefits Expense	For the year ended 31st	For the year ended
		March, 2014	31st March,2013
		Amount(Rs.)	Amount(Rs.)
	Staff Salary & Incentive	74,87,768	94,54,666
	Remuneration to Managing Director	9,60,000	9,60,000
	Staff Welfare Expenses	30,368	31,377
	Contribution to EPF	4,17,682	8,74,574
	Contribution to ESI	1,40,517	2,69,802
	Total	90,36,335	115,90,419

Note 16	Financial Cost	For the year ended 31st	For the year ended
		March, 2014	31st March,2013
		Amount(Rs.)	Amount(Rs.)
	Interest expense	99,85,046	161,51,694
	Bank Charges	84,886	1,58,430
	Total	100,69,932	163,10,124



Portfolio	Aging	Rate-RBI Norm	Outstanding	Rate Applied	Provision
Standard	No OD	0.00%	1076,21,443	0.00%	-
Sub-Std	OD > 90 Days	50.00%	5,64,523	50.00%	2,82,262
Doubtful	OD > 180 Days	100.00%	16,02,477	100.00%	16,02,477
Total:			1097,88,443		18,84,739
Less: Opening Balance in Loan Loss Reserve as on 01/04/2013					14,93,859
Provision made for the period 2013-14					3,90,880
Balance in Loan Loss Reserve as at 31/03/2014					18,84,739

Other Expenses	For the year ended 31st March, 2014	For the year ended 31st March, 2013
	Amount(Rs.)	Amount(Rs.)
Branch Maintenance Expense	97,822	1,36,924
Business Promotion Expense	-	577
Electricity Charges	2,19,107	3,15,301
Office Maintenance Expense	28,003	28,020
Auditor's Remuneration	92,191	83,174
Audit Expense	2,500	570
Miscellaneous Expense	10,314	10,080
Travelling Expense	4,69,167	7,26,895
Postage & Courier	16,046	26,740
Printing & Stationery	1,01,420	3,14,937
Legal & Professional Fees	96,592	2,41,447
Internal Audit Fee	15,730	-
Advertisement & Publicity Expense	26,020	30,920
Filing Expense	-	13,179
Fuel for Generator	2,500	9,610
Installation Charges	-	1,100
Guest Refreshment Expense	34,637	32,296
House Rent	12,80,700	13,48,953
Transporting Expense	32,290	26,910
Insurance for members	5,600	2,51,256
Legal Expenses	11,564	1,700
Workshop & Meeting Expense	74,597	1,17,546
Vehicle Insurance	4,206	5,434
Telephone & Internet Charges	3,61,034	5,53,855
Rating Expense	1,64,252	3,652
Rates & Taxes	1,990	-
Repair & Maintenance	1,78,722	1,98,241
Training & Development expense	4,220	62,479
Cash Theft Loss	-	49,919
Director's Sitting Fees	48,000	20,000
Donation & Subscription	7,000	6,953
Fuel for Vehicle	1,01,000	79,600
Festival & Celebration Expense	84,700	1,10,490
Recruitment Expense	900	4,891
Books, Periodicals & News paper	4,398	3,752
Client data base maintenance charges	3,05,206	-
MFIN Membership Fees	1,10,000	-
Total	39,92,427	48,17,401



RAJESH K. JHUNJHUNWALA & CO.

CHARTERED ACCOUNTANTS

HEAD OFFICE

BENGALI SAHI, CUTTACK- 753 009

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in Pursuance of Non Banking Financial Companies Auditor's Report (Reserve Bank) Directions 2008, in terms of Clause 3A & 3C of Notification No. DNBS(PD)201/DG(VL)/2008, dated 18-09-2008, following matters are being reported for the Financial Year ending as on 31st March 2014:

Matters to be Reported in terms of clause 3(A)

- I. The Company is engaged in the business of Non-Banking financial Institution and has been granted registration to carry on business of Non Banking Financial Company as provided by Section 45 IA of the Reserve bank of India, 1934 (2 of 1934) in terms of certificate of registration granted by the Reserve Bank of India. Vide Certificate of Registration No. 04.00021 dated 29.04.2009.
- II. The Company is authorised to continue to hold the COR issued by Reserve Bank of India to carry on the business of Non-Banking financial Institution in terms of its assets/ income pattern as March 31st 2014. Further, the company fulfills all conditions stipulated to be classified as an NBFC-MFI as per RBI notification DNBS.PD.No.234/CGM(US)-2011 dated December 02, 2011.
- III. The Company is not an Asset Finance Company (AFC) as defined in Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

Matters to be Reported in terms of clause 3(C)

- (i) The Board of Directors of the Company in its meeting held on 28.06.2014 has passed resolution to the effect that the Company shall not invite and accept any deposit from public as defined as 'Public Deposit' vide RBI notification no. DFC 114/DG (STP)-98 dated 2nd January 1998.
- (ii) As explained and information given to us, the Company has not accepted any Public Deposits during the year.
- (iii) As explained and information given to us, the Company has complied with the prudential norms related to income recognition, Accounting standards, Assets Classification and provisioning for bad & doubtful debts, wherever applicable in terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- (iv) The Company is not an 'Systematically important non-deposit taking non-banking financial company' in terms of paragraph 2(1)(xix) of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

FOR RAJESH K JHUNJHUNWALA & CO
CHARTERED ACCOUNTANTS
FRN 323001E



Vikas Agarwal

(CA VIKAS AGARWAL)
PARTNER

Membership No: 304177

Date: 30.06.2014

Place: Cuttack

RAJESH K. JHUNJHUNWALA & CO.

CHARTERED ACCOUNTANTS

HEAD OFFICE

BENGALI SAHI, CUTTACK- 753 009

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We, Rajesh K. Jhunjunwala & Co., Chartered Accountants are the Statutory Auditors of the company, Adhikar Microfinance PVT. LTD., having its registered office at Plot No- 77/180/970, Subudhipur, Tomando, Bhubaneswar, 751054. We have verified the financial statements for the year ended on 31st March 2014 as produced before us and verify that the said company has carried on NBFC-MFI business during the financial year ended on 31.03.2014 and thereby required to hold the certificate of Registration **No.04.00021 dt. 29.04.2009** issued by the RBI, Bhubaneswar under Section 45 (1A) of the Reserve Bank of India Act, 1934. With reference to the position of the company as at the end of the financial year ending 31.03.2013, the company is holding financial assets more than 50% of its total assets and the income from financial assets is more than 50% of its gross income.

Further as per the calculation sheet of Assets and Income as on 31.03.2014 as given below it shows that the company is having **83.83%** in Financial Assets and **16.17%** in Non Financial Assets. Income from financial Assets is **97.44%** and from non financial assets is **2.56%** respectively.

Calculation of Financial Assets and Non Financial Assets for the financial year ended 2014.

Financial Assets:	(in ₹)	% of total Assets
Microfinance Loan Portfolio	109788443	80.87%
Other Advances	4011299	2.95%
TOTAL (A)	113799742	83.83%
Non Financial Assets (B)	3268240	2.41%
Non Financial Assets (C)		
Cash, Bank & Fixed Deposits	14480400	10.67%
Other Current Assets	2829158	2.08%
Deferred Revenue Exp & Preliminary Expenses	1376631	1.01%
TOTAL (C)	18686189	13.76%
Less total (A+B+C)	135754171	100.00%

Calculation of financial and non- financial income for the financial year ended 2014.

Income from Financial Assets	(in ₹)	Percentage
Interest received on loan	26045546	96.31%
Loan Processing Fees on Microfinance Loan	305560	1.13%
TOTAL (A)	26351106	97.44%
Income from Non-Financial Assets		
Interest on Fixed Deposit	230165	0.85%
Commission on NPS Lite	300800	1.11%
Interest on Staff Loan	28544	0.11%
Miscellaneous Income	11509	0.04%
Commission from Asirvad Microfinance Pvt Ltd	120638	0.45%
TOTAL (B)	1,000,831.00	2.56%
Cross Total (A+B)	35,774,364.00	100%

Date: 30.06.2014

Place: Cuttack



FOR RAJESH K JHUNJHUNWALA & CO
CHARTERED ACCOUNTANTS
FRN 323001E

Vikas
(CA VIKAS AGARWAL)

PARTNER

Membership No: 304177

BRANCHES:- BHUBANESWAR, BHAGALPUR, DHANBAD, KOLKATA, LILUAH, NEW DELHI, SONEPAT