

**ARTH MICRO FINANCE PRIVATE LIMITED**  
A-64, RESIDENTIAL COLONY, SITAPURA INDUSTRIAL AREA,  
TONK ROAD, JAIPUR CIN:U65910RJ1996PTC046219

**AUDIT REPORT**  
FOR THE YEAR ENDED  
31<sup>ST</sup> MARCH 2019

**AUDITORS**  
JAIN DINESH & ASSOCIATES  
CHARTERED ACCOUNTANTS  
303, SHYAM ANUKAMPA, C-SCHEME, JAIPUR

# ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, CIN: U65910RJ1996PTC046219

## BALANCE SHEET AS AT 31st March , 2019

PARTICULARS	Note	As at 31/03/2019 Amount (Rs.)	As at 31/03/2018 Amount (Rs.)
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>(1) Shareholder's Fund</b>			
(a) Share Capital	2	113120000	107620000
(b) Reserves and Surplus	3	49498335	32019793
<b>(2) Non Current Liabilities</b>			
(a) Long Term Borrowings	4	248076504	229546949
(b) Long Term Provision	5	1035265	1178032
<b>(3) Current Liabilities</b>			
<b>(A) Financial Liabilities</b>	6		
(i) Short term Borrowings		0	0
(ii) Trade Payable		0	0
(a) Total outstanding dues of Micro, Small and Medium Enterprises (MSME)			
(b) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises			
(iii) Other Financial Liabilities		418687332	344822535
<b>(b) Other Current Liabilities</b>	7		
(i) Other Current Liabilities		20004779	7676738
(ii) Short term Provisions		16021231	12276170
<b>TOTAL</b>		<b>866443447</b>	<b>735140217</b>
<b><u>ASSETS</u></b>			
<b>(1) Non Current Assets</b>			
(a) Property, Plant & Equipment			
(i) Tangible Assets	8	10784715	12322410
(ii) Intangible Assets		0	0
(b) Loan Portfolio	9	103526496	117803233
(c) Deferred Tax Assets(Net)	10	1879173	2478244
<b>(2) Current Assets</b>			
(a) Loan Portfolio	11	501200690	386662490
(b) Trade receivables	12	19942619	14562624
(c) Cash and cash equivalents	13	206299185	190855227
(d) Short term loans and advances	14	11142217	1766693
(e) Other current assets	15	11668352	8689296
<b>TOTAL</b>		<b>866443447</b>	<b>735140217</b>
Corporate Information & significant accounting policies	1		
Other Explanatory Information/Notes	22-34		

Notes to accounts are an integral part of financial statements

In the terms of our Audit Report of even date annexed  
For Jain Dinesh & Associates  
Chartered Accountants  
Firm registration No. 003886C

*Jain*  
Dinesh Jain

P.T.B.P.  
M.NO.- 072869  
Place: Jaipur

Date: 31 AUG 2019



For and on behalf of the Board of Directors

*Pramod K Paliwal*  
Pramod K Paliwal  
(Managing Director)  
DIN:-01402958

*Kuldeep K Arora*  
Kuldeep K Arora  
(Whole Time Director)  
DIN:-01402998

*Ruchi Mitra*  
Ruchi Mitra  
(Company Secretary)  
M.No:-FCS 8038



# ARTH MICRO FINANCE PRIVATE LIMITED

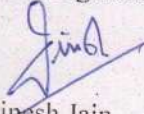
A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, CIN: U65910RJ1996PTC046219  
Statement of Profit & Loss Account for the year ended 31st March 2019

PARTICULARS	Note	For the year ended 31/03/2019 Amount (INR)	For the year ended 31/03/2018 Amount (INR)
<b>Revenue:</b>			
Revenue From Operations	16	282292423	169036878
<b>Total Revenue(I)</b>		282292423	169036878
<b>Expenses:</b>			
Finance Cost	17	102922125	69433990
Personnel Cost	18	99811067	48954708
Administrative & Other Expenses	19	37695746	21263333
Business Development Expenses	20	7707049	1760760
Depreciation	7	6964290	5412488
<b>Total Expenses(II)</b>		255100277	146825279
<b>Profit Before Taxes(III)</b>		27192146	22211599
<b>Tax Expense</b>			
Current Tax		8267021	7148500
Deferred tax		599071	(955116)
Adjustment of tax relating to prior years		157295	0
<b>Total Tax Expenses(IV)</b>		9023387	6193384
<b>Profit After Tax (III-IV)</b>		18168758	16018215
<b>Earning Per Share</b>	21		
Basic		1.86	1.48
Diluted		1.64	0.86
Nominal Value of Share (Rs)		10.00	10.00
<b>Corporate Information &amp; significant accounting policies</b>	1		
<b>Other Explanatory Information/Notes</b>	22-32		

Notes to accounts are an integral part of financial statements

In the terms of our Audit Report of even date annexed  
For Jain Dinesh & Associates  
Chartered Accountants

Firm Registration No. 003886C

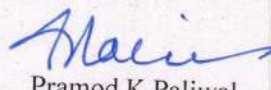
  
Dinesh Jain  
Prop.

M.NO. 072869

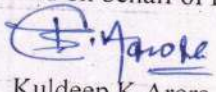
Place: Jaipur

Date: 31 AUG 2019



  
Pramod K Paliwal  
(Managing Director)  
DIN:-01402958

For and on behalf of Board of Directors

  
Kuldeep K Arora  
(Whole Time Director)  
DIN:-01402998

  
Ruchi Mitra  
(Company Secretary)  
M.No:-FCS 8038



# ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Reesidential Colony Sitapura Industrial Area, Tonk Road Jaipur, CIN: U 65910RJ1996PTC046219

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

( Amount INR)

PARTICULARS	For the year ended 31/03/2019	For the year ended 31/03/2018
<b>A. Cash Flow From Operating Activities</b>		
Net (Loss)/Profit before tax	27192146	22211599
Adjustments For:		
Depreciation	6964290	5412488
(Profit)/Loss on sale of Fixed assets	(305931)	0
Finance Charges	102922125	0
Provisions	1002615	2167339
<b>Operating Profit Before Working Capital Changes</b>	<b>137775245</b>	<b>29791426</b>
Movements In Working Capital:		
(Increase)/Decrease in Other Current Assets	(2979056)	(4227360)
(Increase )/Decrease in Trade Receivables	(5379995)	(5138822)
(Increase )/Decrease in Fixed Deposits	(44890228)	(46050000)
(Increase)/Decrease in Loans & Advances	(125032245)	(120534799)
Increase/(Decrease) in Current Liabilities	88786824	182016020
<b>Cash generated from operations</b>	<b>48280545</b>	<b>35856465</b>
Income Tax Paid	7305795	5572400
<b>Net Cash Provided By/ (Used In) Operating Activities</b>	<b>40974750</b>	<b>30284065</b>
<b>B. Cash Flow From Investing Activities</b>		
Purchase of Fixed Assets	(5903254)	(11175292)
Procced from Sale of Fixed Assets	782591	0
(Increase)/Decrease in Loan portfolio	14276737	(100861833)
<b>Net Cash Provided By/ (Used In) Investing Activities</b>	<b>9156074</b>	<b>(112037125)</b>
<b>C. Cash Flow From Financing Activities</b>		
Dividend on Preference shares paid	(3682024)	(4994021)
Finance charges paid	(102922125)	0
Redemption of Preference Share Capital	0	(7500000)
Proceeds from Issue of Equity Share Capital	8497500	30150000
Increase/(Decrease) in Secured Loans/Unsecured Loan	18529555	101838039
<b>Net Cash Provided By/ (Used In) Financing Activities</b>	<b>(79577094)</b>	<b>119494018</b>
<b>Net Increase/(Decrease) in Cash And Cash Equivalents</b>	<b>(29446270)</b>	<b>37740958</b>
Cash And Cash Equivalents At The Beginning of the Year	78415227	40674269
<b>Cash And Cash Equivalents At The End of the Year</b>	<b>48968957</b>	<b>78415227</b>
Note:	<b>As At 31st March 2019</b>	<b>As At 31st March 2018</b>
Cash and Cash Equivalents Comprise:		
Cash In Hand (As Certified By The Management)	2863654	141526
Balances With Bank		
In Current Accounts	21293452	52273701
In Deposit Accounts	24811850	26000000
	<b>48968957</b>	<b>78415227</b>

### Summary of significant accounting Policies

Notes on accounts are an Integral Part of Financial Statements  
In the terms of our Audit Report of even date annexed

For Jain Dinesh & Associates  
Chartered Accountatns  
Firm Registration No. 03886C

*Jain*

Dinesh Jain  
P. TOP  
M.NO. 072869



For and on behalf of Board of Directors

*Pramod K Paliwal*

Pramod K Paliwal  
(Managing Director)  
DIN:-01402958

*Kuldeep K Arora*

Kuldeep K Arora  
(Whole Time Director)  
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*Ruchi*

Ruchi Mitra  
(Company Secretary)  
M.No:-FCS 8038

Place: Jaipur

Date: 31 AUG 2019



# ARTH MICRO FINANCE PRIVATE LIMITED

A-64, Residential Colony, Sitapura Industrial Area, Tonk Road, Jaipur, CIN:U65910RJ1996PTC046219

## Note "1"

### Schedule of Significant Accounting Policies forming part of and annexed to Balance Sheet for the year ended 31<sup>st</sup> March, 2019

#### (A) Corporate Information

Arth Micro Finance Private Limited is incorporated under the provisions of Companies Act, 1956 with name Chandra Cresec Private Limited but w.e.f 06/01/2010 its name was converted to Arth Micro Finance Private Limited. The company was registered as a non-deposit accepting Non-Banking Financial Company ("NBFC-ND") with Reserve Bank of India ('RBI'). Now the company is classified as Non-Banking Financial Company – Micro Finance Institution (NBFC-MFI).

The company is primarily engaged in micro finance lending activities for providing financial services to poor persons in rural areas who are organized as Joint Liability Groups ('JLG'). The company has its operation spread across states.

#### (B) Summary of significant accounting policies

##### 1) Basis of preparation of Financial Statements

The financial statements of the company have been prepared and presented in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and all the provisions of the RBI as applicable to a NBFC-MFI. The financial statements have been prepared on accrual basis and under the historical cost convention except interest on loans in those cases where it has been classified as non-performing assets, interest is accounted for on realization basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

##### 2) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make 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 upon 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 or assets or liabilities in future periods.





## ARTH MICRO FINANCE PRIVATE LIMITED

A-64, Residential Colony, Sitapura Industrial Area, Tonk Road, Jaipur, CIN:U65910RJ1996PTC046219

### 3) Revenue Recognition:-

Revenue is recognized to the extent that it is probable that the economic benefit will flow to the company and the revenue can be reliably measured:-

- a) Interest income on deposits with banks is recognized on a time proportion accrual basis taking into account the amount outstanding and rate applicable.
- b) All other income is recognized on an accrual basis.

### 4) Inventories :-

Since the company is a Non Banking Finance Company there is no inventory or stock in trade.

### 5) Property, Plant & Equipment, Depreciation: -

- a) All Fixed assets are stated at cost of acquisition and any attributable cost of bringing the assets to its working condition for its intended use and reduced by the accumulated depreciation.
- b) Depreciation on fixed assets is provided on the basis of written down value method at the rates arrived at based on useful life of various assets as prescribed under Schedule II to the Companies Act,2013.
- c) All Fixed Assets whose useful life has expired at the start of the financial year the remaining written down value of such assets is scrap value of assets. Difference between written down value and scrap value is charged as depreciation and debited to profit & loss account.
- d) Gain or loss arising from sale of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the assets disposed, and re recognized in the Statement of profit and loss in the period when the asset is sold.
- e) Depreciation on assets acquired/ sold during the year is recognized on the pro-rata basis to the statement of profit and loss from/ upto the date of acquisition/ sale.

### 6) Intangible Assets:-

- a) Software cost related to computers are capitalized and amortized using the written down value method at the rate calculated on the basis of useful life of various assets as prescribed under Schedule II to the Companies Act,2013. Any expenses on such software licenses for support and maintenance payable annually are charged to the statement of Profit and Loss.
- b) Software's whose useful life has expired at the start of the financial year the remaining written down value of such assets is scrap value of assets. Difference between written down value and scrap value is charged as depreciation and debited to profit & loss account.





## ARTH MICRO FINANCE PRIVATE LIMITED

A-64, Residential Colony, Sitapura Industrial Area, Tonk Road, Jaipur, CIN:U65910RJ1996PTC046219

### 7) Impairment of assets:-

The carrying amount of assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's net selling price or its value in use. The reduction is treated as an impairment loss and is recognized in statement of profit & loss.

### 8) Investments: - There are no investments.

### 9) Income Tax:-

- a) Tax Expense comprises of current and deferred tax. Current taxes are measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.
- b) Deferred Income Taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier year. Deferred tax is measured using the tax rates and tax laws enacted and substantively enacted at the balance sheet date.
- c) Deferred tax assets are recognized 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 realized.
- d) The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes down the carrying amount of the deferred tax assets 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 will be realized.
- e) Minimum Alternate Tax (MAT) paid in a year is charged to the statement of Profit & Loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal tax during the specified period, i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of MAT under Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit & loss and shown as "MAT Credit Entitlement". The company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.





# ARTH MICRO FINANCE PRIVATE LIMITED

A-64, Residential Colony, Sitapura Industrial Area, Tonk Road, Jaipur, CIN:U65910RJ1996PTC046219

## 10) Earnings per Share:-

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average no. of equity shares outstanding during the year. Partly paid up equity shares are treated as fraction of an equity share to the extent they are entitled to participate in dividends related to fully paid equity shares.

As per the accounting standard, the events that result in a change in the number of ordinary equity shares outstanding during the period without a corresponding change in the resources of the entity like bonus issue, share split, consolidation or the bonus element in any other issue are identified by the company. For all such events, EPS is presented for:

- A) for current period, as well as
- B) For past period, subject to suitable adjustments as called for.

For the purpose of calculating diluted earnings per share the net profit or loss for the period attributable to equity share holders and the weighted average no. of shares outstanding during the period are adjusted for the effects of all diluted potential equity shares.

## 11) Provisions, Contingent Liabilities:-

- a) A provision is recognized when the company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A contingent liability is 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.

## 12. Cash and Cash Equivalents:-

Cash and cash equivalents for the purpose of cash flow statement comprise Cash In Hand and Cash At Bank, time deposits held with bank and Short Term Investments with an original maturity of three months or less.

## 13. Employee Benefits:-

- a) Retirement benefit in the form of provident fund is defined contribution are charged to profit & loss account for the year when the contribution to fund is due . There are no other obligation other than the contribution payable to the respective funds .
- b) Gratuity liabilities is provided on accrual basis by contribution to LIC through group Gratuity policy Scheme.
- c) Actuarial Gains/Losses are immediately taken to profit and loss account and are not deferred.





# ARTH MICRO FINANCE PRIVATE LIMITED

A-64, Residential Colony, Sitapura Industrial Area, Tonk Road, Jaipur, CIN:U65910RJ1996PTC046219

## 14. Classification of Loan Portfolio and Loan Loss Provision Policy:-

Loan portfolio is classified and provision is made in accordance with the Non Banking Financial Company- MFI Directions issued by Reserve Bank of India as mentioned below:

### Asset Classification

#### *Standard Assets:*

Asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.

#### *Non-Performing Asset:*

Asset for which, interest/principal payment has remained overdue for a period of 90 days or more..

### Provisioning Norms

Provisions are provided for Loan Loss as per the RBI Guideline which is higher of:-

- a) 1% of the outstanding loan portfolio or
- b) 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.

## 15. Borrowing Cost:-

Borrowing cost includes interest and other cost including, amortization of ancillary borrowing cost.

Interest on borrowing is expensed in the period to which they relate. Ancillary cost incurred in connection with the terms of borrowing are amortized over the tenure of borrowing on straight line basis.

## 16. Cash flow statement:-

Cash flows are reported using the indirect method, whereby net profit / (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.





**ARTH MICRO FINANCE PRIVATE LIMITED**  
A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, CIN: U65910RJ1996PTC046219  
**Notes on financial Statements For the year ended 31 st March 2019**

**Note 2: SHARE CAPITAL**

PARTICULARS	As at 31/03/2019 Amount (INR)	As at 31/03/2018 Amount (INR)
<b>A) <u>Authorised</u></b>		
16000000 (PY 16000000) Equity Shares of Rs. 10/- each	160000000	160000000
4000000 (PY 4000000) Preference Shares of Rs.10 /- each Optionally Convertible Cumulative Preference Shares	40000000	40000000
	<b>200000000</b>	<b>200000000</b>
<b>B) <u>Issued, Subscribed &amp; Paid Up</u></b>		
7512000 (PY 5100000) Equity Shares of Rs. 10/- each	75120000	51000000
Add: Issued 550000 (PY 2412000) Equity Shares of Rs. 10/- each	5500000	24120000
<b>Total (A)</b>	<b>80620000</b>	<b>75120000</b>
3250000 9% Optionally Convertible Preference Share of Rs. 10/- Each	32500000	40000000
Less: Redemption of 9% Optionally Convertible Preference Share of Rs. 10/-	0	(7500000)
<b>Total (B)</b>	<b>32500000</b>	<b>32500000</b>
<b>TOTAL [A+B]</b>	<b>113120000</b>	<b>107620000</b>

**C) Reconciliation of the number of Shares outstanding**

Name of the Shareholder Class of Shares	As at March 31, 2019		As at March 31, 2018	
	Numbers	Amount (INR)	Numbers	Amount (INR)
Equity Shares				
Outstanding at the beginning of the year	7512000	75120000	5100000	51000000
Allotted during the year	550000	5500000	2412000	24120000
Outstanding at the end of the year	8062000	80620000	7512000	75120000
Preference Shares				
Outstanding at the beginning of the year	3250000	32500000	4000000	40000000
Redeemed during the year	0	0	750000	7500000
Outstanding at the end of the year	3250000	32500000	3250000	32500000

**D) Rights , Preference and restriction to the Equity Shares**

The company has single class equity shares having a par value of Rs.10/- per Equity Shares. Accordingly all Equity Shares rank equally with regard to dividends and share in the company's residual asset. The equity Shares are entitled to receive the residual asset of the company in proportion to number of equity shares held.

**E) Shareholders holding more than 5% shares of the Company**

Name of the Shareholder Class of Shares	As at March 31, 2019		As at March 31, 2018	
	Numbers	% age	Numbers	%age
Pramod Kumar Paliwal Equity Shares	2197120	27.25%	2138870	28.47%
Kuldeep Kumar Arora Equity Share	1699560	21.08%	1699560	22.62%
Aruna Paliwal Equity Shares	695625	8.63%	695625	9.26%
Pramod Kumar Paliwal HUF Equity Shares	326250	4.05%	326250	4.34%
Sonia Arora Equity Shares	884310	10.97%	884310	11.77%
Nishikant Paliwal Equity Shares	567935	7.05%	509685	6.78%
Jatin Paliwal Equity Shares	705000	8.75%	672700	8.96%
SIDBI Preference Shares	3250000	100.00%	3250000	100.00%

**F) Rights , Preference and restriction to the Preference Shares**

- In case SIDBI decides to convert outstanding OCPS into equity shares, either full or in parts , OCPS would be converted into equity shares at par.
- In respect of Dividend, preferential right and dividend to be paid @9% Cumulative.
- Conversion option may be exercised by SIDBI more than once and at any time till OCPS are fully redeemed.

For and on behalf of Board of Directors



*Pramod K Paliwal*  
Pramod K Paliwal  
(Managing Director)  
DIN:-01402958

*Kuldeep K Arora*  
Kuldeep K Arora  
(Whole Time Director)  
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*Ruchi*  
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(Company Secretary)  
M.No:-FCS 8038



# ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, CIN: U65910RJ1996PTC046219

## Notes on financial Statements For the year ended 31 st March 2019

### Note 3: RESERVES & SURPLUS

PARTICULARS	As at 31/03/2019 Amount (INR)	As at 31/03/2018 Amount (INR)
<b>3.1 Capital Redemption Reserve</b>		
As per last Balance Sheet	2550000	0
Add: Made During the Year	0	2550000
Closing Balance	2550000	2550000
<b>3.2 Securities Premium</b>		
As per last Balance Sheet	6030000	0
Add: Addition During the Year	2997500	6030000
Closing Balance	9027500	6030000
<b>3.3 General Reserve</b>		
As per last Balance Sheet	344	344
Add: Made During the Year	0	0
Closing Balance	344	344
<b>3.4 Statutory Reserve u/s 45-IC of Reserve Bank of India Act, 1934</b>		
As per last Balance Sheet	10433917	7230274
Add: Transferred from surplus in the statement of Profit and Loss*	3633752	3203643
Closing Balance	14067669	10433917
<b>3.5 Surplus in the statement of Profit &amp; Loss</b>		
As per last Balance Sheet	13005532	6922562
Add: Profit for the year	18168758	16018215
Less: Appropriations	31174290	22940777
*Transferred to reserve u/s 45-IC of Reserve Bank of India Act, 1934	3633752	3203643
Transferred to Capital Redemption Reserve	0	2550000
Provision for dividend on Preference Shares	2925000	3474246
Provision for Dividend Distribution Tax on dividend on Preference Shares	601234	707356
Dividend distribution tax paid earlier years	161482	0
Closing Balance	23852823	13005532
<b>Total</b>	<b>49498335</b>	<b>32019793</b>

\* 20% of the profit after tax in accordance with the provision of section 45 IC of the Reserve Bank of India Act, 1934

For and on behalf of Board of Directors



*(Signature)*

Pramod K Paliwal  
(Managing Director)  
DIN:-01402958

*(Signature)*  
Kuldeep K Arora  
(Whole Time Director)  
DIN:-01402998

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**ARTH MICROFINANCE PRIVATE LIMITED**

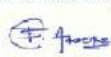
A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, CIN: U65910RJ1996PTC046219


**Notes on Financial Statements for the year ended 31st March 2019****Note 4: Long Term Borrowings**

PARTICULARS	As At 31st March,	As At 31st
	2019 (INR)	March, 2018 (INR)
Term Loans (Refer to the Note No. 4.1)		
Secured		
From Banks	15277918	43363750
From Financial Institution	161056096	154673796
Sub ordinate Debts (Refer to Note 4.1)		
Unsecured		
From Financial Institutions (Remainig Maturity: 6 Years)	70000000	30000000
Vehicle Loan (Refer to Note NO. 4.1)		
Secured		
From Financial Institution	1742490	1509403
	<b>248076504</b>	<b>229546949</b>
<b><u>Note 5: Long Term Provisions</u></b>		
PARTICULARS	As At 31st March,	As At 31st
	2019 (INR)	March, 2018 (INR)
Provision against Standard Assets (Refer to Note No. 22)	1035265	1178032
	<b>1035264.96</b>	<b>1178032</b>

For and on behalf of Board of Directors

  
 Pramod K Paliwal  
 (Managing Director)  
 DIN:-01402958

  
 Kuldeep K Arora  
 (Whole Time Director)  
 DIN:-01402998

  
 Ruchi Mitra  
 (Company Secretary)  
 M.No:-FCS 8038




# ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Reesidential Colony Sitapura Industrial Area, Tonk Road Jaipur, CIN: U6510RJ1996PTC046219

Notes on Financial Statements for the year ended 31st March 2019

## Note 4.1: Repayment Terms of Borrowings

Amount (INR)

Particulars	Type of facility	Availment Date	Amount Outstanding 2018-19		Amount Outstanding 2017-18		Repayment Terms			Security
			Short Term Maturity	Long Term Maturity	Short Term Maturity	Long Term Maturity	Interest Rate	Repayment Terms	No. of Instalment Outstanding as on 31/03/2019	
From Banks:										
State Bank of India	Term Loan	31.03.2016	-	-	74,29,500.00	-	13.00%	Monthly	0	Primarily Secured against hypothecation of Loan Portfolio and collateral by way of House Property of Pramod Kumar Paliwal.
Bank of Maharashtra	Term Loan	12.01.2015	-	-	36,12,341.00	-	11.95%	Monthly	0	Primarily Secured against hypothecation of Loan Portfolio and 8.5%-10% Cash Collateral
SIDBI	Term Loan	22.01.2016	-	-	48,75,000.00	-	13.50%	Monthly	0	Portfolio secured against hypothecation of Book Debts/ receivables and 10% Collateral equivalent to 2.5% loan amount and personal guarantee of Pramod Kumar Paliwal and Kuldeep Kumar Arora.
SBI (Earlier SBBJ)	Term Loan	12.02.2016	89,96,460.00	-	133,32,000.00	100,30,406.00	12.45%	Monthly	9	Portfolio secured against hypothecation of Specific Book Debts arising out of loan and Collateral 10% of the Proposed loan i.e. Rs. 0.5 Crore.
UCO Bank	Term Loan	15.01.2018	166,66,656.00	152,77,918.00	166,66,656.00	333,33,344.00	11.60%	Monthly	24	Primarily Secured against Hypothecation of Receivables & Cash Collateral in form of Term Deposits
Total(a)			256,63,116.00	152,77,918.00	459,15,497.00	433,63,750.00				





A-64 Reesidential Colony Sitapura Industrial Area, Tonk Road Jaipur, CIN: U65910RJ1996PTC046219

Notes on Financial Statements for the year ended 31st March 2019

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**ARTH MICRO FINANCE PRIVATE LIMITED**

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, CIN: U65910RJ1996PTC046219

Notes on Financial Statements for the year ended 31st March 2019

Electronica Finance Ltd.	Term Loan	28.02.2017	-	-	121,25,586.00	-	15.10%	Monthly	0	Primarily Secured against hypothecation of Loan Portfolio and 8.5%-10% Cash Collateral
Electronica Finance Ltd. II	Term Loan	30.11.2017	45,85,885.00	-	155,38,671.00	45,85,885.00	14.75%	Monthly	4	Personal Guarantee of Pramod K Paliwal & Kuldeep K Arora, Hypothecation of Receivables, Cash Collateral of 8%
Electronica Finance Ltd. III	Term Loan	02.07.2018	155,10,055.00	42,39,580.00	-	-	14.50%	Monthly	15	Primarily Secured against hypothecation of Loan Portfolio and 8.5%-10% Cash Collateral
Electronica Finance Ltd. IV	Term Loan	22.01.2019	126,37,220.00	113,93,588.00	-	-	15.25%	Monthly	22	Primarily Secured against hypothecation of Loan Portfolio and 8.5%-10% Cash Collateral
Eclear Leasing & Finance Pvt. Ltd.	Term Loan	17.01.2019	94,83,663.00	90,69,946.00	-	-	15.15%	Monthly	22	5% of the loan amount as security deposits
Eclear Leasing & Finance Pvt. Ltd. 2nd Tranche	Term Loan	14.03.2019	46,24,330.00	53,75,670.00	-	-	15.15%	Monthly	24	5% of the loan amount as security deposits
Essel Finance Business Loans Ltd	Term Loan	11.05.2017	-	-	71,02,715.00	-	15.75%	Monthly	0	Exclusively Secured against Hypothecation of Book Debts.
Essel Finance Business Loans Ltd	Term Loan	17.04.2018	106,31,200.00	9,62,061.00	-	-	15.50%	Monthly	13	Exclusively Secured against Hypothecation of Book Debts.
Habitat Micro Build India Housing Finance Company Pvt. Ltd.	Term Loan	20.12.2018	85,05,279.00	214,94,721.00	-	-	15.50%	Monthly	36	Exclusive Hypothecation charge on Book Debts equivalent to 100% of loan amount (Primarily)
Jain Sons Finlease Ltd	Term Loan	12.12.2017	27,28,977.00	-	99,85,453.00	27,28,977.00	15.00%	Monthly	3	Exclusive Hypothecation of Book Debts & 5% Cash Collateral
Jain Sons Finlease Ltd -II	Term Loan	23.03.2018	52,90,112.00	-	97,09,888.00	52,90,112.00	15.00%	Monthly	6	Exclusive Hypothecation of Book Debts & 5% Cash Collateral
NabSamruddhi Finance Ltd	Term Loan	16.11.2017	166,70,000.00	124,80,000.00	166,80,000.00	291,50,000.00	13.50%	Quarterly	7	Exclusive Hypothecation of loan receivables & Personal Guarantee of Mr Pramod K Paliwal & Kuldeep K Arora, Cash Collateral 10%





**ARTH MICRO FINANCE PRIVATE LIMITED**

A-64 Reesidential Colony Sitapura Industrial Area, Tonk Road Jaipur, CIN: U65910RJ1996PTC046219

Notes on Financial Statements for the year ended 31st March 2019

Maanaveeya Development & Finance Pvt Ltd	Term Loan	12.03.2018	166,56,000.00	166,88,000.00	166,56,000.00	333,44,000.00	14.75%	Monthly	24	Exclusive Hypothecation of Standard Assets & Personal Guarantee of Mr Pramod K Paliwal & Kuldeep K Arora
Moneywise Financial Services Ltd	Term Loan	26.09.2017	80,16,374.00	-	123,10,724.00	80,16,374.00	15.50%	Monthly	7	Exclusive Hypothecation of loan receivables & Personal Guarantee of Mr Pramod K Paliwal & Kuldeep K Arora, Cash Collateral of 10%
Mahindra & Mahindra Fin.	Term Loan	17.10.2017	12,28,170.27	-	136,42,791.60	12,28,170.27	14.50%	Monthly	1	Exclusive Hypothecation charge on Book Debts along with personal guarantee of Mr Pramod K Paliwal, Cash collateral 10% by way of FD with Mahindra finance
NABARD Financial Services Ltd.	Term Loan	29.09.2018	144,00,000.00	96,00,000.00	-	-	14.60%	Monthly	20	Primarily secured by Hypothecation of Book Debts, 5% cash collateral as Fixed Deposits and personal guarantee of Mr. Pramod Paliwal and Mr. Kuldeep Arora.
Profectus Capital Pvt. Ltd.	Term Loan	30.11.2018	76,32,320.00	-	-	-	14.75%	Monthly	9	5% cash collateral in form of Fixed Deposits and Security PDC's and hypothecation of book debts
Visu Leasing & Finance	Term Loan	01.03.2018	71,63,519.00	-	128,32,590.00	71,67,410.00	14.75%	Monthly	6	Exclusive Hypothecation of loan receivables & Personal Guarantee of Mr Pramod K Paliwal & Kuldeep K Arora, Cash Collateral of 5% by way of Fixed Deposits
Visu Leasing & Finance 2nd	Term Loan	01.05.2018	94,36,035.00	-	-	-	15.25%	Monthly	8	Exclusive Hypothecation of loan receivables & Personal Guarantee of Mr Pramod K Paliwal & Kuldeep K Arora, Cash Collateral of 5% by way of Fixed Deposits
Capital First Limited	Term Loan	30.03.2017	254,58,415.20	254,54,544.00	254,54,544.00	254,54,547.00	15.00%	Monthly	12	Primarily Secured against hypothecation of 1 loan.





# ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Reesidential Colony Sitapura Industrial Area, Tonk Road Jaipur, CIN: U 65910RJ1996PTC046219

Notes on Financial Statements for the year ended 31st March 2019

Western Capital Advisors Pvt. Ltd.	Term Loan	27.03.2019	110,00,000.00	90,00,000.00	-	-	15.75%	Monthly	20	Hypothecation by way of First Exclusive Charge (floating) over loan receivables and book debts.
Mudra	Term Loan	31.03.2017	-	-	33,25,000.00	-	10.00%	Monthly	0	Primarily Secured against hypothecation of Loan Portfolio and 5% Cash Collateral by way of FD.
Reliance Commercial Finance Ltd.	Term Loan	07.08.2018	254,80,152.15	-	-	-	14.75%	Monthly	11	Hypothecation of Book Debts and cash collateral in form of Fixed Deposits upto 10% of loan amount
Total(b)			3448,83,023.62	1610,56,096.00	2482,80,649.60	1546,73,796.27				
Kotak Mahindra Car loan	Vehicle Loan	30-03-2016	-	-	3,69,760.00	-	10.00%	Monthly	0	Secured against Honda City Car.
Yes Bank Car Loan	Vehicle Loan	28.08.2017	3,62,335.00	63,686.00	3,30,585.00	4,26,021.00	9.10%	Monthly	14	Secured against Brezza Car.
Yes Bank Car Loan II	Vehicle Loan	21.04.2017	9,96,177.00	87,205.00	9,09,034.00	10,83,382.00	9.10%	Monthly	13	Secured against Fortuner Car.
Yes Bank Car Loan III	Vehicle Loan	02.05.2018	4,17,477.00	5,74,780.00	-	-	8.70%	Monthly	27	Secured against Polo Car.
TATA Capital Financial Services Limited	Vehicle Loan	03.08.2018	3,42,619.58	10,16,819.09	-	-		Monthly	41	Secured against Innova Crysta Car.
Capital First Limited	Sub-Ordinate Debts	30.03.2017	-	300,00,000.00	-	300,00,000.00	17.00%	End of 84 months from date of disbursement i.e. 30.03.2017	Principal shall be paid after 60 installments	Unsecured
MAF Financial 2655753	Sub-Ordinate Debts	03.08.2018	-	400,00,000.00	-	-	17.35%	End of 78 months from date of disbursement i.e. 03.08.2018	Principal shall be paid after 70 installments	Unsecured
Total (c)			21,18,608.58	717,42,490.09	16,09,379.00	315,09,403.00				

Total (a+b+c)

3726,64,748.20    2480,76,504.09    2958,05,525.60    2295,46,949.27



For and on behalf of Board of Directors

*Pranod K Paliwal*  
Pranod K Paliwal  
(Managing Director)  
DIN:-01402958

*Kuldeep K Arora*  
Kuldeep K Arora  
(Whole Time Director)  
DIN:-01402998

*Ruchi Mitta*  
Ruchi Mitta  
(Company Secretary)  
M.No:-FCS 8038



# ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, CIN: U65910RJ1996PTC046219

## Notes on financial Statements For the year ended 31 st March 2019

### Note 6: Other Financial Liabilities

PARTICULARS	As at 31/03/2019	As at 31/03/2018
	Amount (INR)	Amount (INR)
Current Maturities of Long Term Debt	372664748	295805526
Interest Accrued on Borrowings	3963540	4948121
<b>Liabilities under Business Correspondence</b>		
Recoveries of MF lending as BC (Refer Note 32)	42059044	44068888
	<b>418687332</b>	<b>344822535</b>

### Note 7: Other Current Liabilities

PARTICULARS	As at 31/03/2019	As at 31/03/2018
	Amount (INR)	Amount (INR)
<b>Other Paybles:</b>		
Staff Welfare Fund	436898	100179
Insurance Payable	0	1136862
Credit Card Liabilities	108494	99419
Staff Salary and Others	16687146	4129083
<b>Statutory Dues</b>		
Tax Deduction at Source - Income Tax	1714800	658124
GST Payable	461777	1177427
PF Payable	308560	201713
ESIC Payable	287105	173931
	<b>20004779</b>	<b>7676738</b>
<b>Short Term Provisions</b>		
For Expenses	532548	1265053
Provision against Standard Assets (Refer to Note No. 22 & 5)	5012007	3866624
For Bonus	507000	298690
For Salary	6443442	3325261
Provision for Dividend Tax	601234	595542
Provision for dividend on Preference Shares for FY 2018-19	2925000	2925000
	<b>16021231</b>	<b>12276170</b>

For and on behalf of Board of Directors



*Pramod K Paliwal*

Pramod K Paliwal  
(Managing Director)  
DIN:-01402958

*Kuldeep K Arora*  
Kuldeep K Arora  
(Whole Time Director)  
DIN:-01402998

*Ruchi Mitra*

Ruchi Mitra  
(Company Secretary)  
M.No:-FCS 8038



# **ARTH MICRO FINANCE PRIVATE LIMITED**

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, CIN: U65910RJ1996PTC046219

**Notes on financial Statements For the year ended 31st March 2019**

## **8. TANGIBLE: PROPERTY, PLANT & EQUIPMENT**

Particulars	Useful Life	Gross Block At Cost			Depreciation			Amount (INR)	
		As at 01/04/2018	Addition	Deletion	Total as at 31/03/2019	Upto Last year	*For the Year	Total as at 31/03/2019	Net Block As at 31/03/2019 As at 31/03/2018
Computer	3	8088528	720136	0	8808664	5534389	1991472	7525861	1282803
Furniture & Fixtures	10	3768530	306159	0	4074689	1058276	788833	1847109	2227580
Office Equipment	5	5545283	991336	0	6536619	3052790	1595168	4647958	1888661
DG Set	15	0	451208	0	451208	0	44983	44983	406225
Vehicle	2 wheeler-10 y 4- wheeler-8 y	9802190	3434415	2037880	11198725	5236666	2543834	1561220	6219280
<b>Total</b>		<b>27204531</b>	<b>5903254</b>	<b>2037880</b>	<b>31069905</b>	<b>14882121</b>	<b>6964290</b>	<b>1561220</b>	<b>20285191</b>
<b>Previous Year</b>		<b>16029239</b>	<b>11175292</b>	<b>0</b>	<b>27204531</b>	<b>9469633</b>	<b>5412488</b>	<b>0</b>	<b>14882121</b>
									<b>12322410</b>
									<b>6559606</b>

\* Depreciation is provided on prorata basis

For and on behalf of Board of Directors

*(Signature)* Pramod K Paliwal  
(Managing Director)  
DIN:-01402958

*(Signature)* Kuldeep K Arora  
(Whole Time Director)  
DIN:-01402998

*(Signature)* Richi Mitra  
(Company Secretary)  
M.No:-FCS 8038





# ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, CIN: U65910RJ1996PTC046219

## Notes on financial Statements For the year ended 31st March 2019

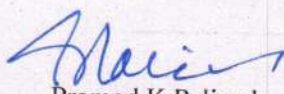
### Note 9: Non-Current Portfolio

PARTICULARS	As at 31/03/2019 Amount (INR)	As at 31/03/2018 Amount (INR)
Micro finance lending (Unsecured as Certified by Management) - Considered Good	103526496	117803233
	<b>103526496</b>	<b>117803233</b>

### Note 10: Deferred Tax Asset / Liabilities

PARTICULARS	As at 31/03/2019 Amount (INR)	As at 31/03/2018 Amount (INR)
<b>Deferred Tax Asset on Account of</b> 1.) Difference between WDV as per Income Tax Act, 1961 and Companies Act, 2013	1877431	1088974
2.) Difference due to 43B Expenses - Bonus	131820	77659
<b>Deferred Tax Liability on Account of</b> 3.) Provision against Standard Assets	130078	1311611
<b>Balance Transfer to Balance Sheet A/c</b>	<b>1879173</b>	<b>2478244</b>



  
Pramod K Paliwal  
(Managing Director)  
DIN:-01402958

For and on behalf of Board of Directors

  
Kuldeep K Arora  
(Whole Time Director)  
DIN: 01402998

  
Ruchi Mitra  
(Company Secretary)  
M.No:-FCS 8038



**ARTH MICRO FINANCE PRIVATE LIMITED**  
A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, CIN: U65910RJ1996PTC046219  
**Notes on financial Statements For the year ended 31 st March 2019**

**Note 11: Loan Portfolio**

PARTICULARS	As at 31/03/2019 Amount (INR)	As at 31/03/2018 Amount (INR)
Micro Finance Lending		
Gross Loan portfolio (MFI)	2439644316	1621793954
Less: Portfolio of Yes Bank, IDBI and MAS (Business Correspondence/Service Provider) (Refer Note 32)	1834917130	1117328231
<b>Total (A)</b>	<b>604727186</b>	<b>504465723</b>
of the above Loan Portfolio:		
Non Current Portion of Loan Portfolio	103526496	117803233
<b>Current Portion of Loan Portfolio</b>	<b>501200690</b>	<b>386662490</b>

**Note 12: Trade Receivables**

PARTICULARS	As at 31/03/2019 Amount (INR)	As at 31/03/2018 Amount (INR)
a) Outstanding for a period less than 6 months		
Other Receivables	19777683	13896030
b) Outstanding for a period more than 6 months		
Other Receivables	164930	666594
	<b>19942619</b>	<b>14562624</b>

**Note 13: Cash and cash equivalents**

PARTICULARS	As at 31/03/2019 Amount (INR)	As at 31/03/2018 Amount (INR)
Cash in hand (As certified by the management)	2863654	141526
Balance with bank		
-In current Account	21293452	52273701
-In Deposit account with less than 3 months of Maturity	24811850	26000000
<b>Total</b>	<b>48968957</b>	<b>78415227</b>
Other Bank Balance		
-In Deposit Accounts with maturity more than 3 Months but less than 12 Months	83877222	28500000
-In Deposit Accounts with maturity more than 12 Months	73453006	83940000
<b>Total</b>	<b>206299185</b>	<b>190855227</b>
<b>Note:</b>		
:Of above Balances meeting definition of Cash & cash Equivalents as per AS 3: Cash Flow Statement	48968957	78415227
<b>Deposits Under Lien</b>		
-Fixed Deposit with Bank Mark Lien for Term Loan	61543761	55550000
-Fixed Deposit with Bank Mark Lien for BC Arrangement	120492109	81840000

**Note 14: Short term loans and advances**

PARTICULARS	As at 31/03/2019 Amount (INR)	As at 31/03/2018 Amount (INR)
Balance with Revenue Authorities:		
Advance Tax, TDS & TCS	9085499	6764263
Less: Provision for Income Tax	8267021	7148500
GST Input	818478	(384237)
Advance to Staff	104341	53696
Advance EMI to MAS	8969397	2097234
	1250000	0
	<b>11142217</b>	<b>1766693</b>

**Note 15: Other Current Assets**

PARTICULARS	As at 31/03/2019 Amount (INR)	As at 31/03/2018 Amount (INR)
Accured Interest on FDR	10838313	7879257
Security Deposit	830039	810039
	<b>11668352</b>	<b>8689296</b>



For and on behalf of Board of Directors

*Pramod K Paliwal*  
Pramod K Paliwal  
(Managing Director)  
DIN:-01402958

*Kuldeep K Arora*  
Kuldeep K Arora  
(Whole Time Director)  
DIN:-01402998

*Ruchi*  
Ruchi Mitra  
(Company Secretary)  
M.No:-FCS 8038



# ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, CIN: U65910RJ1996PTC046219

## Notes on financial Statements For the year ended 31st March 2019

### Note 16: Revenue from operations

PARTICULARS	For the year ended 31/03/2019		For the year ended 31/03/2018
	Amount (INR)	Amount (INR)	Amount (INR)
<b>Interest Income</b>			
Interest on Loan Portfolio	123330567		88221055
Loan Processing Fee	15013370		4851694
<b>Other Operating Revenue</b>			
Interest on FDR	10813245		7559362
Income from Mutual Funds	1934494		1161909
Revenue Sharing - Mas Finance	12772642		8583122
Revenue Sharing - Yes Bank	111557256		49716666
Revenue Sharing - IDBI Bank	6564918		8943070
Profit on sale of Fixed assets	305931		0
	<b>282292423</b>		<b>169036878</b>

### Note 17: Finance Cost

PARTICULARS	For the year ended 31/03/2019		For the year ended 31/03/2018
	Amount (INR)	Amount (INR)	Amount (INR)
<b>Interest on borrowings</b>			
Bank borrowings	8114072		10022021
Other Financial Institutions	76812965		44602051
<b>Expenses For Funding</b>			
Bank Charges	1465419		716513
Rating Expenses	220000		656725
Processing Fees Documentation and Legal charges	7467669		7308180
Financial Consultancy	8842000		6128500
	<b>102922125</b>		<b>69433990</b>

For and on behalf of Board of Directors



*Pramod K Paliwal*  
Pramod K Paliwal  
(Managing Director)  
DIN:-01402958

*Kuldeep K Arora*  
Kuldeep K Arora  
(Whole Time Director)  
DIN:-01402998

*Ruchi Mitra*  
Ruchi Mitra  
(Company Secretary)  
M.No:-FCS 8038



# **ARTH MICRO FINANCE PRIVATE LIMITED**

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, CIN: U65910RJ1996PTC046219

## **Notes on financial Statements For the year ended 31st March 2019**

### **Note 18: Personnel Cost**

PARTICULARS	For the year ended		For the year ended
	31/03/2019	Amount (INR)	31/03/2018 Amount (INR)
Director Remuneration		15098072	5640000
Operational Staff Salary Incentive & Exgratia		81115433	40937450
P.F.Contribution		1378110	922595
E.S.I.Contribution		1773753	1078352
Director Sitting Fees		40000	27000
Contribution to Gratuity fund LIC		405699	349311
		<b>99811067</b>	<b>48954708</b>

### **Note 19: Administrative & Other Expenses**

Particulars	For the year ended		For the year ended
	31/03/2019	Amount (INR)	31/03/2018 Amount (INR)
Legal & Professional		250000	175000
Office Maintenance		6816232	5722636
Printing & Stationary		1568982	1028149
Office Rent		4404722	3748140
Repairs & Maintenance		903296	1083276
Service Tax SBC		0	8159
Telephone Expenses		1998986	996587
Provision for Outstanding Loan Portfolio (Refer Note No.22)		1002615	2167339
Recoveries for Lost MF Portfolio of Yes Bank		1361512	0
Travelling & Conveyance		14773672	6334047
GST Expenses ( Ineligible Input )		4615730	0
		<b>37695746</b>	<b>21263333</b>



For and on behalf of Board of Directors

*[Signature]*

Pramod K Paliwal  
(Managing Director)  
DIN:-01402958

*[Signature]*

Kuldeep K Arora  
(Whole Time Director)  
DIN:-01402998

*[Signature]*

Ruchi Mitra  
(Company Secretary)  
M.No:-FCS 8038



# **ARTH MICRO FINANCE PRIVATE LIMITED**

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, CIN: U65910RJ1996PTC046219

## **Notes on financial Statements For the year ended 31st March 2019**

### **Note 20: Business Development Expenses**

Particulars	For the year ended 31/03/2019		For the year ended 31/03/2018	
	Amount (INR)		Amount (INR)	
Business Development & Promotion Expenses	483136		238520	
Consultancy	845872		1077408	
Insurance Exp.	1800475		105408	
Area Survey Exp.	1851061		0	
Meeting Trainning & Orientation Exp.	1394165		254200	
Software Maintenance Exp.	53440		85224	
Membership Fees	493900		0	
Social Activity Expenses	785000		0	
<b>Total</b>	<b>7707049</b>		<b>1760760</b>	

### **Note 21: Earning Per Share**

Particulars	For the year ended 31/03/2019		For the year ended 31/03/2018	
	Amount (INR)		Amount (INR)	
<b>Basic</b>				
Net Profit Attributable to Equity Shareholders*	14481042		9286613	
Weighted Average No. of Shares used in computing basic EPS	7800767		6263836	
Basic EPS	<b>1.86</b>		<b>1.48</b>	
<b>Diluted</b>				
Net Profit attributable to Equity Shareholders	14481042		9286613	
Add: Convertible Preferred Dividends	2925000		3474246	
Add: Dividend Tax on Convertible Preferred Dividends	762716		707356	
Profits for the purpose of Dilutive EPS (I)	<b>18168758</b>		<b>13468215</b>	
Weighted Average No. of Outstanding Shares	7800767		6263836	
Dilutive potential Common Stock	3250000		9352740	
Outstanding Shares for the purpose of Dilutive EPS	<b>11050767</b>		<b>15616576</b>	
Dilutive EPS	<b>1.64</b>		<b>0.86</b>	

\* Net Profit has been shown after excluding dividend & dividend distribution tax of current year & earlier year



For and on behalf of Board of Directors

*[Signature]*

Pramod K Paliwal  
(Managing Director)  
DIN:-01402958

*[Signature]*

Kuldeep K Arora  
(Whole Time Director)  
DIN:-01402998

*[Signature]*

Ruchi Mitra  
(Company Secretary)  
M.No:-FCS 8038



# ARTH MICRO FINANCE PRIVATE LIMITED

A-64, Residential Colony, Sitapura Industrial Area, Tonk Road, Jaipur, CIN:U65910RJ1996PTC046219

## Notes 22 : Provision for Outstanding Loan Portfolio:-

The provision for outstanding loan portfolio as at 31 March 2019 has been calculated higher of 1) @ 1% on the total loan portfolio outstanding as at the balance sheet date or 2) 50% of aggregate loan installments which are overdue for more than 90 days but less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.

Particulars	As at 31 March, 2019	As at 31 March, 2018
Standard Portfolio (A)	60,47,27,186	50,44,65,723
Non Performing assets	-	-
Loan portfolio which are overdue for more than 90 days and less than 180 days	-	-
Loan portfolio which are overdue for 180 days or	-	-
Total (B)	-	-
Total Loan Portfolio (A)+(B)	60,47,27,186	50,44,65,723
1% on total loan portfolio (C)	60,47,272	50,44,657
Aggregate of the following		
a) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days	-	-
b) 100% of the aggregate loan installments which are overdue for 180 days or more.	-	-
Total (D)	-	-
Higher of (C) or (D)	60,47,272	50,44,657
Opening Provision	50,44,657	28,77,318
Additional/reversal, net	10,02,615	21,67,339
Closing Provision	60,47,272	50,44,657

## Note 23 : Classification of Advances

All Advances as at 31<sup>st</sup> March 2019 have been classified under four categories:

	<u>Assets</u>	<u>Provisions</u>
(a) Standard Assets	Rs. 60,47,27,186/-	Rs. 60,47,272/-
(b) Sub-standard Assets (Provision for bad and Doubtful debts at 10% of outstanding)	Nil	Nil
(c) Doubtful Assets (Provision for bad and	Nil	Nil





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Doubtful debts at 100%  
Of outstanding (Unsecured)  
30% to 50% of the outstanding  
(Secured))

(d) Loss Assets

Nil

Nil

## Note 24 : Segment Reporting

The Company operates in a single reportable segment i.e non banking finance activity, which has similar risks and returns for the purpose of AS 17 on "Segment Reporting" specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Company operates in a single geographical segment i.e. domestic.

## Note 25 : Contingent liabilities

1. There is No Claim against the Company not acknowledged as debt.
2. The FDR of Rs 12,04,92,109/- are lien marked in favour of following Institutions for whom Company is working as Business Correspondence. First Loss Default Guarantee has been given for outstanding loan portfolio generated through Business Correspondence arrangement. There is Contingent Liability to this extent.

Name of BC Institution	Amount
Yes Bank	7,88,40,000
IDBI	60,62,145
MAS Financial Institution	3,55,89,964
<b>Total</b>	<b>12,04,92,109</b>

3. Corporate guarantee given to MAS Financial Services for a sanction amount of Rs. 60,25,00,000/- out of which outstanding balance against this Corporate Guarantee is Rs. 31,21,07,188/-.

## Note 26: Related Party Disclosure

Related party disclosure as required under the Accounting Standard (AS-18): "Related Party Disclosures":

1. List of Related Parties:

### **a) Key Management Personnel (KMP)**

Mr. Pramod Kumar Paliwal - Managing Director  
Mr. Kuldeep Kumar Arora - Whole Time Director





# ARTH MICRO FINANCE PRIVATE LIMITED

A-64, Residential Colony, Sitapura Industrial Area, Tonk Road, Jaipur, CIN:U65910RJ1996PTC046219

Mr. Ashok Kumar Bhargava	-	Independent Director
Mr. C.V Arunkumar	-	Nominee Director on behalf of SIDBI
Miss Ruchi Mitra	-	Director & Company Secretary
Mr. Nishikant Paliwal	-	Director

## b) Relatives of Key Managerial Personnel (KMP)

Mrs. Sonia Arora	-	Wife of Whole Time Director
Mrs. Aruna Paliwal	-	Wife of Managing Director
Mr. Jatin Paliwal	-	Son of Managing Director
Mrs. Charan Devi	-	Mother of Whole Time Director

## c) Enterprises on which key management persons having control

Name of the Party	Nature of Relationship
Society of Indian Institute for Rural Development	Director Mr. Pramod Kumar Paliwal is chairman & Director Mr Kuldeep Kumar Arora is secretary in the society
Kuldhara Foundation	Director Mr. Pramod Kumar Paliwal and Mr. Kuldeep Kumar Arora is Director
Kuldhara Investments Private Limited	Director Mr. Pramod Kumar Paliwal & Mr Nishikant Paliwal are director
Kuldhara Education Pvt Ltd	Director Mr. Pramod Paliwal & Mr Nishikant Paliwal are Director

## d) Particulars of related parties transactions:

Nature of Transaction	Referred in 26.1 (a) above		Referred in 26.1 (b) above		Referred in 26.1 (c) above	
	F.Y. 18-19	F.Y. 17-18	F.Y. 18-19	F.Y. 17-18	F.Y. 18-19	F.Y. 17-18
<b>A. Transaction during the year</b>						
Remuneration	78,00,000	56,40,000	0	0	0	0
Performance Linked Incentive	72,98,072	0	0	0	0	0
Rent	8,40,000	8,40,000	0	0	0	0
Salary	0	0	40,10,000	0	0	0
Shares Allotment	11,65,000	1,34,80,000	3,23,000	82,40,000	0	0
Social Activity Expenses	0	0	0	0	7,85,000	0
<b>B. Balance</b>						
Outstanding/Payable	80,15,871	8,47,437	2,07,980	67,353	0	0





# ARTH MICRO FINANCE PRIVATE LIMITED

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## Notes:

1. Related party relationship is identified by the company and relied upon by the Auditor.
2. No Amount in respect of related parties have been W/of during the year. Also, no accounts have been provided for as doubtful debts.

## Note 27 : Legal and Professional fee in Note 19 Includes Auditors Remuneration as follows:

S.No.	Particulars	Amount For The Year Ended	
		2018-19	2017-18
1	Audit Fee	200000	145000
2	Taxation Matters	50000	30000
	Total	250000	175000

## Note 28: Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 pertaining to Micro or Small Enterprises for the year ended 31<sup>st</sup> March 2019, As per Information and Explanation given by the Management and as per Examination of our records, there is No Supplier registered as Micro and Small Enterprises with appropriate authorities under MSME Development Act, 2006.

## Note 29:As required in terms of paragraph 10 of Non-Banking Financial (Non deposit accepting or holding) Companies prudential Norms (Reserve Bank) Direction 2007

### (i) Capital Adequacy Ratio (Amount in Rs.)

Particulars	As at 31 March, 2019	As at 31 March, 2018
Tier I Capital (net worth)	128239163	104238675
Tier II Capital	102666853	67544656
Total Capital	230906016	171783331
Total Risk Weighted Assets	656092269	623977287
CRAR as a Percentage of Total Risk Weighted Assets (%)	35.19%	27.53%

### (ii) Exposure to real estate sector, both direct and indirect

The Company does not have any direct or indirect exposure to the real estate sector as at 31<sup>st</sup> March, 2019 (Previous Year: Nil)



## Note 30:Margin



## ARTH MICRO FINANCE PRIVATE LIMITED

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In pricing of credit (the loan portfolio), the interest rates charged by the Company is lower of the cost of fund plus margin cap of 12% or the average base rate of five largest commercial banks (Average of four quarterly applicable average base rate notified by RBI for FY 2018-19) multiplied by 2.75, as per RBI Master Circular-Introduction of New Category of NBFCs- 'Non Banking Financial Company- Microfinance Institution (NBFC-MFIS) - Directions RBI/2013-14/482 DNBS.(PD) CC. No 369/03.10.38/2013-14 dated 7<sup>th</sup> February, 2014

(a) Cost of funds (as of 31<sup>st</sup> March, 2019):

Particulars	%
Average effective cost of borrowing	15.10
Margin	9.56
Lending Rate	24.66

(b) Average base rate of the five largest commercial banks ( by taking average of four quarterly applicable average base rate notified by RBI for FY 2018-19) multiplied by 2.75 =  $9.02 \times 2.75 = 24.805\%$  (As of 31 March, 2019)

### Note 31: Qualifying Assets

The Company has maintained the qualifying asset percentage as at 31 March 2019, as specified in the RBI Master Circular-Introduction of New Category of NBFCs – 'Non Banking Financial Company- Microfinance Institution (NBFC-MFIS) - Directions RBI/2013-14/49 DNBS.(PD) CC. No 347/03.10.38/2013-14 dated 1<sup>st</sup> July 2013.

### Note 32: Business Correspondence / Service Provider

Company is Business Correspondent of YES Bank, IDBI Bank, and Service Provider of MAS Financial Services. Total Micro Finance Lending as on 31<sup>st</sup> March, 2019 as BC / Service Provider of these Bank /Institution is given in column 2 hereunder.

Company is having amount lying with company out of recoveries made from SHG/JLG to whom earlier amount was lent and which was not remitted to these Bank /Institution upto 31<sup>st</sup> March, 2019. These figures are given in column 3 which are subject to confirmation and as certified by Management.

Name of Bank /Institution	MF Lending as on 31/3/2019 as BC	Recoveries lying with company out of MF Lending on 31/3/2019
(1)	(2)	(3)
YES Bank	1,42,29,58,471	(67,60,766)
IDBI	9,98,51,471	18,29,856





# ARTH MICRO FINANCE PRIVATE LIMITED

A-64, Residential Colony, Sitapura Industrial Area, Tonk Road, Jaipur, CIN:U65910RJ1996PTC046219

MAS financial services	31,21,07,188	4,69,89,954
<b>Total</b>	<b>1,83,49,17,130</b>	<b>4,20,59,044</b>

The company has given performance security towards loans referred by the company total performance security given to Yes Bank amounting to Rs.7,88,40,000/- and to IDBI Bank amounting Rs.60,62,145/- and to MAS Financial Services Ltd. Rs. 3,55,89,964/- towards the loan given based on the company's reference

Yes bank has made recovery of Rs. 13 Lacs against Lost accounts of M.F. Portfolio which has been shown as Recovery for lost MF portfolio of YES Bank under the Administrative & Other expenses head ( Note 19).

## Note 33:Previous Year Figures

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

## Note 34:

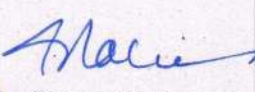
Balances of Book Debts, Micro finance lending, Loans & Advances and Creditors are subject to confirmation and as certified by the management. The Current assets are stated at an amount, which is, in the opinion of the management, not in excess of their recoverable value.

As per our report of even date annexed herewith,

For Jain Dinesh & Associates  
Chartered Accountants  
Firm Registration No. 003886C

  
Dinesh Jain  
Prop.  
M.No. 072869



  
(Pramod K. Paliwal)  
Managing Director  
DIN: - 01402958

For & on behalf of Board of Directors

  
(Kuldeep K Arora)  
Whole Time Director  
DIN:- 01402998

  
(Ruchi Mitra)  
Company Secretary  
M No.:- FCS 8038

Place : Jaipur

Dated: 31 AUG 2019