

ARTH MICRO FINANCE PRIVATE LIMITED

Registered Office : A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur (Raj) - 302022

CIN: U65910RJ1996PTC046219

Balance Sheet as at 31st March 2020

PARTICULARS	Note	As at 31 March 2020 Amount (Rs.)	As at 31 March 2019 Amount (Rs.)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Fund			
(a) Share Capital	2	141870000	113120000
(b) Reserves and Surplus	3	120559132	49498335
(2) Share Application Money Pending Allotment		0	0
(3) Non Current Liabilities			
(a) Long Term Borrowings	4	340312638	248076504
(a) Long Term Provisions	5	2443850	1035265
(4) Current Liabilities			
(a) Short Term Borrowings		0	0
(b) Trade Payables	6		
(i) Total outstanding dues to Micro, Small and Medium Enterprises (MSME)		0	0
(ii) Total outstanding dues to creditors other than Micro, Small and Medium Enterprises		3596513	388809
(c) Other Current Liabilities	7	589628287	438862102
(d) Short Term Provisions	8	29595099	24288252
TOTAL		1228005520	875269268
II. ASSETS			
(1) Non Current Assets			
(a) Property, Plant & Equipment			
(i) Tangible Assets	9	10959595	10784715
(ii) Intangible Assets		0	0
(b) Loan Portfolio	10	244385051	103526496
(c) Deferred Tax Assets (Net)	11	2119563	1879173
(d) Other Non Current Assets	12	120185772	73453006
(2) Current Assets			
(a) Loan Portfolio	13	632600075	501200690
(b) Trade receivables	14	14439972	18533697
(c) Cash and cash equivalents	15	80750779	48968957
(d) Short term loans and advances	16	21471598	20038039
(e) Other current assets	17	101093114	96884496
Total		1228005520	875269269
Corporate Information & significant accounting policies	1		
Other Explanatory Information/Notes	25-38		

Notes to accounts are an Integral part of Balance Sheet

In the terms of our Audit Report of even date Annexed

For Jain Dinesh & Associates

Chartered Accountants

FRN: 003886C

Jain D.
Dinesh Jain
(Proprietor)

M.No:- 072869

Place:- Jaipur

Date:-



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

For and on behalf of Board of Directors

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

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

28 AUG 2020

ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, (Raj) - 302022

CIN: U65910RJ1996PTC046219

Statement of Profit & Loss Account for the Year ended 31st March 2020

Particulars	Note No.	For the year ended 31st March 2020 Amount (Rs.)	For the year ended 31st March 2019 Amount (Rs.)
Income:			
(a) Revenue From Operations	18	378620420	269238753
(b) Other Income	19	16227555	13053670
Total Revenue (I)		394847975	282292423
Expenses:			
(a) Finance Cost	20	126111308	102922125
(b) Personnel Cost	21	139144396	99811067
(c) Administrative & Other Expenses	22	50203136	37695746
(d) Business Development Expenses	23	11218664	7707049
(e) Depreciation	9	5145031	6964290
Total Expenses (II)		331822535	255100277
Profit Before Taxes(III)		63025440	27192146
Tax Expense			
Current Tax		16454383	8267021
Deferred tax		(240390)	599071
Adjustment of tax relating to prior years		0	157295
Total Tax Expenses (IV)		16213993	9023387
Profit After Tax (III-IV)		46811448	18168758
Earning Per Share	24		
Basic		3.25	1.86
Diluted		2.91	1.64
Nominal Value of Share (Rs)		10.00	10.00
Corporate Information & significant accounting policies	1		
Other Explanatory Information/Notes	25-38		

Notes to accounts are an Integral part of Balance Sheet

In the terms of our Audit Report of even date Annexed

For Jain Dinesh & Associates

Chartered Accountants

FRN: 003886C

Dinesh Jain

(Proprietor)

M.No:- 072869

Place:- Jaipur

Date:-



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

For and on behalf of Board of Directors

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

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

28 AUG 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2020

PARTICULARS	For the year ended 31st March 2020 Amount (Rs.)	For the year ended 31st March 2019 Amount (Rs.)
A. Cash Flow From Operating Activities		
Net (Loss)/Profit before tax	63025440	27192146
Adjustments For:		
Depreciation	5145031	6964290
(Profit)/Loss on sale of Fixed assets	(447866)	(305931)
(Profit)/Loss on sale of Mutual Funds	(1226120)	(1934494)
Finance Charges	126111308	102922125
Provisions	2722579	1002615
Operating Profit Before Working Capital Changes	195330373	135840751
Movements In Working Capital:		
(Increase)/Decrease in Other Current Assets	(4208618)	(2979056)
(Increase)/Decrease in Trade Receivables	4093725	(5379995)
(Increase)/Decrease in other Non current assets	(46732766)	(44890228)
(Increase)/Decrease in Non Current Loan portfolio	(140858555)	14276737
(Increase)/Decrease in Loans & Advances	(132832944)	(125032245)
Increase/(Decrease) in Current Liabilities	(34828737)	11927602
Cash generated from operations	(160037522)	(16236434)
Income Tax Paid	8267021	7305795
Net Cash Provided By/ (Used In) Operating Activities	(168304543)	(23542229)
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets	(5372046)	(5903254)
Procced from Sale of Fixed Assets	500000	782591
Purchase of Mutual Funds	(50000000)	(434500000)
Sale of Mutual Funds	51226120	436434494
Net Cash Provided By/ (Used In) Investing Activities	(3645926)	(3186169)
C. Cash Flow From Financing Activities		
Dividend on Preference shares paid	(3756396)	(3682024)
Finance Charges paid	(126111308)	(102922125)
Redemption of Preference Share Capital	(15000000)	0
Proceeds from Issue of Equity Share Capital	70000000	8497500
Proceed from Borrowings	785000000	493895543
Repyment of Borrowings	(506400005)	(398506766)
Net Cash Provided By/ (Used In) Financing Activities	203732291	(2717872)
Net Increase/(Decrease) in Cash And Cash Equivalents	31781822	(29446270)
Cash And Cash Equivalents At The Beginning of the Year	48968957	78415227
Cash And Cash Equivalents At The End of the Year	80750779	48968957
	For the year ended 31st March 2020 Amount (Rs.)	For the year ended 31st March 2019 Amount (Rs.)
	1270436	2863654
	50319337	21293452
	29161006	24811850
	80750779	48968957

Note:

Cash and Cash Equivalents Comprise:
Cash In Hand (As Certified By The Management)
Balances With Bank
In Current Accounts
In Deposit Accounts

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 Accountants

Firm Registration No. 108843

Jain D.
Dinesh Jain
Proprietor
M.NO. 072869



For and on behalf of Board of Directors

P. K. Paliwal
Pranod K Paliwal
(Managing Director)
DIN:-01402958

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

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

Place: Jaipur
Date:

28 AUG 2020

ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, (Raj.)- 302022

CIN: U65910RJ1996PTC046219

Note "1"

Schedule of Significant Accounting Policies forming part of and annexed to Balance Sheet for the year ended 31st March, 2020

(A) Corporate Information

Arth Micro Finance Private Limited is incorporated under the provisions of Companies Act, 1956 with name Chandra Cresc 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



ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, (Raj.)- 302022
CIN: U65910RJ1996PTC046219

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.

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.



ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, (Raj.)- 302022

CIN: U65910RJ1996PTC046219

- 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.
- c) 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.

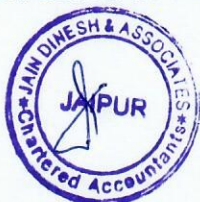
7) Impairment of assets:-

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.



ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, (Raj.)- 302022

CIN: U65910RJ1996PTC046219

- 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) After Insertion of Section 115BAA in the Taxation Amendment (Ordinance), 2019 on 20th September, 2019, Company started following section 115BAA w.e.f. AY 2020-21. As per such section Tax will be applicable on company @ 25.17% (22% + 10% Surcharge + 4% Cess). But such benefit will available on the condition that **Minimum Alternate Tax (MAT) provision will not be applicable**. Therefore calculation as per MAT provision had not been made.

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



ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, (Raj.)- 302022

CIN: U65910RJ1996PTC046219

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, (Raj.)- 302022
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.



Notes on financial statements for the year ended 31st March 2020

Note 2: SHARE CAPITAL

PARTICULARS	As at 31 March 2020 Amount (Rs.)	As at 31 March 2019 Amount (Rs.)
A) <u>Authorised</u>		
16000000 (PY 16000000) Equity Shares of Rs. 10/- each	160000000	160000000
4000000 (PY 4000000) Optionally Convertible Cumulative Preference Shares of Rs.10/- each	40000000	40000000
	200000000	200000000
B) <u>Issued, Subscribed & Paid Up</u>		
12437000 (PY 8062000) Equity Shares of Rs. 10/- each	124370000	80620000
1750000 (PY 3250000), 9% Optionally Convertible Preference Share of Rs. 10/- each	17500000	32500000
Total	141870000	113120000

C) Reconciliation of the number of Shares outstanding

Particulars	As at March 31, 2020		As at March 31, 2019	
	Numbers	Amount (Rs.)	Numbers	Amount (Rs.)
Equity Shares				
Outstanding at the beginning of the year	8062000	80620000	7512000	75120000
Add : Allotted during the year	4375000	43750000	550000	5500000
Outstanding at the end of the year	12437000	124370000	8062000	80620000
Preference Shares				
Outstanding at the beginning of the year	3250000	32500000	3250000	32500000
Less : Redeemed during the year	1500000	15000000	0	0
Outstanding at the end of the year	1750000	17500000	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, 2020		As at March 31, 2019	
		Numbers	% age	Numbers	% age
Pramod Kumar Paliwal	Equity Shares	3599320	28.94%	2197120	27.25%
Kuldeep Kumar Arora	Equity Shares	2460810	19.79%	1699560	21.08%
Nishikant Paliwal	Equity Shares	1005435	8.08%	567935	7.05%
Jatin Paliwal	Equity Shares	1061250	8.53%	705000	8.75%
Kuldhara Investments Pvt. Ltd.	Equity Shares	977200	7.86%	0	0.00%
Sonia Arora	Equity Shares	884310	7.11%	884310	10.97%
Aruna Paliwal	Equity Shares	695625	5.59%	695625	8.63%
SIDBI	Preference Shares	1750000	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
 (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 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, (Ra) - 302022

CIN: U65910RJ1996PTC046219

Notes on financial statements for the year ended 31st March 2020

Note 3: RESERVES & SURPLUS

PARTICULARS	As at 31 March 2020 Amount (Rs.)	As at 31 March 2019 Amount (Rs.)
3.1 Capital Redemption Reserve		
As per Last Balance Sheet	2550000	2550000
Add: Made during the year	15000000	0
Closing Balance	17550000	2550000
3.2 Share Premium		
As per Last Balance Sheet	9027500	6030000
Add: Made during the year	26250000	2997500
Closing Balance	35277500	9027500
3.3 General Reserve		
As per Last Balance Sheet	344	344
Add: Made during the year	0	0
Closing Balance	344	344
3.4 Statutory Reserve u/s 45-IC of Reserve Bank of India Act, 1934		
As per last Balance Sheet	14067669	10433917
Add: Transferred from surplus in the statement of Profit and Loss*	9362290	3633752
Closing Balance	23429958	14067669
3.5 Surplus in the statement of Profit & Loss		
As per last Balance Sheet	23852823	13005532
Add: Profit for the year	46811448	18168758
	70664271	31174290
Less: Appropriations		
*Transferred to reserve u/s 45-IC of Reserve Bank of India Act, 1934	9362290	3633752
Transferred to Capital Redemption Reserve	15000000	0
Provision for dividend on Preference Shares	1966518	2925000
Provision for Dividend Distribution Tax on dividend on Preference Shares	34133	601234
Dividend distribution tax paid earlier years	0	161482
Closing Balance	44301330	23852823
Total	120559132	49498335

* 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

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 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, (Raj.)- 302022****CIN: U65910RJ1996PTC046219****Notes on Financial Statements for the year ended 31st March 2020****Note 4: Long Term Borrowings**

PARTICULARS	As at 31 March 2020 Amount (Rs.)	As at 31 March 2019 Amount (Rs.)
Total Borrowings	899341247	620741252
Out of them Non current maturities of Long term Borrowings		
<u>Term Loans (Refer to the Note No. 4.1)</u>		
Secured		
From Banks	128043718	15277918
From Financial Institutions	140970504	161056096
<u>Sub ordinate Debts (Refer to Note No 4.1)</u>		
Unsecured		
From Bank / Financial Institutions	70000000	70000000
<u>Vehicle Loan (Refer to Note No. 4.1)</u>		
Secured		
From Bank / Financial Institutions	1298416	1742490
	340312638	248076504

Note 5: Long Term Provisions

PARTICULARS	As at 31 March 2020 Amount (Rs.)	As at 31 March 2019 Amount (Rs.)
Total Provision during the year	8769851	6047272
Less: Provision for Short Term Assets (Refer to Note No. 8 and 25)	6326001	5012007
	2443850	1035265

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 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, (Raj) - 302022
CIN: U65910RJ1996PTC046219

Notes on financial statements for the year ended 31st March 2020

Note 6: Trade Payables

PARTICULARS	As at 31 March 2020 Amount (Rs.)	As at 31 March 2019 Amount (Rs.)
Total outstanding dues to Micro, Small and Medium Enterprises (MSME)	0	0
Total outstanding dues to other than Micro, Small and Medium Enterprises (MSME)	3596513	388809
	3596513	388809

Note:- The amount due to Micro and small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management.

Note 7: Other Current Liabilities

PARTICULARS	As at 31 March 2020 Amount (Rs.)	As at 31 March 2019 Amount (Rs.)
Current Maturities of Long Term Borrowings		
<u>Term Loans (Refer to the Note No. 4.1)</u>		
Secured		
From Banks	167881734	25663116
From Financial Institution	389846747	344883024
<u>Vehicle Loan (Refer to Note No. 4.1)</u>		
Secured		
From Financial Institution	1300128	2118609
Total Current Maturities of Long term borrowings	559028609	372664748
Interest accrued on Borrowings	7149549	3963540
Liabilities under Business Correspondence		
Recoveries of MF lending as BC	2799155	42059044
Other Payables:		
Staff Welfare Scheme	626984	436898
PM Cares Fund	187277	0
Staff Salary and Others/Sundry Creditors	12392050	16965631
Statutory Dues		
Tax Deduction at Source - Income Tax	3393187	1714800
GST Payable	3219310	461777
PF Payable	356937	308560
ESIC Payable	475230	287105
	589628287	438862102

Note 8: Short Term Provisions

PARTICULARS	As at 31 March 2020 Amount (Rs.)	As at 31 March 2019 Amount (Rs.)
Provision for Expenses	3832588	532548
Provision against Standard Assets (Refer to Note No. 25 and 13)	6326001	5012007
Provision for Bonus	1211636	507000
Provision for Income Tax	16454383	8267021
Provision for Salary	0	6443442
Provision for Dividend Tax	0	601234
Provision for Dividend on Preference Shares	1770491	2925000
	29595099	24288252



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 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, (Rdl) - 302022
CIN: U65910RJ1996PTC046219

Notes on financial Statements for the year ended 31st March 2020

Note 9:- PROPERTY, PLANT & EQUIPMENT: TANGIBLE ASSETS

Particulars	Useful Life	Gross Block At Cost				Depreciation				Net Block	
		As on 1/4/2019 Amount (Rs.)	Addition Amount (Rs.)	Deletion Amount (Rs.)	Total as on 31/03/2020 Amount (Rs.)	Upto last year Amount (Rs.)	*For the Period Amount (Rs.)	Deduction Amount (Rs.)	Total as on 31/03/2020 Amount (Rs.)	As at 31.03.2020 Amount (Rs.)	As at 31.03.2019 Amount (Rs.)
Computer	3	8808665	1713242	0	10521907	7525861	1370612	0	8896473	1625434	1282803
Furniture & Fixtures	10	4074689	1463101	0	5537790	1847109	727007	0	2574116	2963674	2227580
Office Equipment	5	6536619	908362	0	7444981	4647958	1081665	0	5729623	1715358	1888661
DG Set	15	451208	0	0	451208	44983	75784	0	120767	330441	406225
Vehicle	2 wheeler-10 y 4- wheeler-8 y	11198725	1287340	850000	11636065	6219280	1889963	797866	7311377	4324688	4979445
Total		31069906	5372046	850000	35591952	20285191	5145031	797866	24632356	10959595	10784715
Previous Year		27204531	5903254	2037880	31069905	14882121	6964290	1561220	20285191	10784715	12322410

* Depreciation is provided on prorata basis

For and on behalf of Board of Directors



(Signature)
Pranod 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, (Raj) - 302022

CIN: U65910RJ1996PTC046219

Notes on financial statements for the year ended 31st March 2020

Note 10: Loan Portfolio (Non Current Asset)

PARTICULARS	As at 31 March 2020 Amount (Rs.)	As at 31 March 2019 Amount (Rs.)
Micro Finance Lending (Unsecured as certified by management) Considered Good	244385051	103526496
	244385051	103526496

Note 11: Deferred Tax Assets/ Liabilities

PARTICULARS	As at 31 March 2020 Amount (Rs.)	As at 31 March 2019 Amount (Rs.)
Deferred Tax Assets on Account of		
1). Difference between WDV as per Income Tax Act, 1961 and Companies Act, 2013	2000579	1877431
2). Difference due to 43B Expenses - Bonus	304969	131820
Deferred Tax Liability on Account of		
3). Provision against standard assets	185984	130078
	2119563	1879173

Note 12: Other Non Current Assets

PARTICULARS	As at 31 March 2020 Amount (Rs.)	As at 31 March 2019 Amount (Rs.)
Other Bank Balances FDR having maturity more than 12 months	120185772	73453006
	120185772	73453006

Note 13: Loan Portfolio (Current Asset)

PARTICULARS	As at 31 March 2020 Amount (Rs.)	As at 31 March 2019 Amount (Rs.)
Micro Finance Lending (Unsecured)		
Gross Loan Portfolio (MFI)	3309650551	2439644316
Less: Portfolio of Yes Bank, IDBI & MAS & Utkarsh (Business Correspondence/Service Provider) (Refer Note 35)	2432665425	1834917130
Total (A)	876985126	604727186
Of the above Loan Portfolio		
Non Current portion of Loan Portfolio	244385051	103526496
Current Portion of Loan Portfolio	632600075	501200690
Out of the above loan portfolio :		
- Considered good	874017102	604727186
- Considered doubtful	2968024	0
	876985126	604727186

Note 14: Trade Receivables

PARTICULARS	As at 31 March 2020 Amount (Rs.)	As at 31 March 2019 Amount (Rs.)
a) Outstanding for a period more than 6 months	0	0
b) Outstanding for a period less than 6 months (Unsecured, Considered Good)		
Revenue Sharing	14439972	16186141
Other Receivables	0	2347556
	14439972	18533697



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 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur. (Raj) - 302022
CIN: U65910RJ1996PTC046219
Notes on financial statements for the year ended 31st March 2020

Note 15: Cash and cash equivalents

PARTICULARS	As at 31 March 2020 Amount (Rs.)	As at 31 March 2019 Amount (Rs.)
Cash in hand (As certified by the management)	1270436	2863654
Balance with bank	50319337	21293452
-In current Account	234874921	182142078
-In Deposit account		
Total	286464694	206299185
Other Bank Balance (In Deposits account with Maturity)	85528143	83877222
- more than 3 Months but less than 12 Months (refer Note 17)	120185772	73453006
- more than 12 Months (refer Note 12)		
Total	80750779	48968957

Note:

: Of above balances meeting definition of cash & cash equivalent as per AS 3: Cash Flow Statement

Deposits under Lien

(i) Fixed Deposits with Bank and Financial Institutions mark Lien for Term Loan

(ii) Fixed Deposits with Bank mark Lien for BC Arrangement

80750779	48968957
75840445	61543761
159034476	120492109

Note 16: Short term loans and advances

PARTICULARS	As at 31 March 2020 Amount (Rs.)	As at 31 March 2019 Amount (Rs.)
Balance with Revenue Authorities:		
Advance Tax, TDS & TCS	14334744	9085499
GST Input	23756	104341
Sundry Advances	4613097.34	9598198
Advance EMI to MAS	2500000	1250000
	21471598	20038039

Note 17: Other Current Assets

PARTICULARS	As at 31 March 2020 Amount (Rs.)	As at 31 March 2019 Amount (Rs.)
Accured Interest on FDR	12248649	10838313
Other Bank Accounts - FDR having maturity more than 3 months to 12 months	85528143	83877222
TDS Recoverable	2316071	1338922
Security Deposit	791539	830039
Prepaid Membership fees	208712	0
	101093114	96884496



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, (Raj) - 302022

CIN: U65910RJ1996PTC046219

Notes on Financial Statements for the year ended 31st March 2020

Note 18: Revenue from operations

PARTICULARS	For the year ended 31st March 2020 Amount (Rs.)	For the year ended 31st March 2019 Amount (Rs.)
Interest Income		
- Interest on Loan Portfolio	161474603	123330567
- Upfront Quality / Agri Income / Loan Processing Fees	35510975	25155183
Other Operating Revenue		
- Business Correspondent (BC) :- Service Charges		
o Yes Bank Ltd.	156223928	101415443
o MAS Financial Services	18995997	12772642
o IDBI	6282966	6564918
o Utkarsh Small Finance Bank	131951	0
	378620420	269238753

Note 19: Other Income

PARTICULARS	For the year ended 31st March 2020 Amount (Rs.)	For the year ended 31st March 2019 Amount (Rs.)
Interest Income		
- Interest on FDR	14553570	10813245
- Income from Mutual (Liquid) Funds	1226120	1934494
- Profit on Sale of Fixed Assets	447866	305931
	16227555	13053670

Note 20: Finance Cost

PARTICULARS	For the year ended 31st March 2020 Amount (Rs.)	For the year ended 31st March 2019 Amount (Rs.)
Interest on borrowings		
- Bank borrowings	30507415	8114072
- Other Financial Institutions	78117622	76812965
Expenses For Funding		
- Bank Charges	4086470	1465419
- Rating Expenses	605000	220000
- Processing Fees Documentation and Legal charges	9669801	7467669
- Financial Consultancy	3125000	8842000
	126111308	102922125

Note 21: Personnel Cost

PARTICULARS	For the year ended 31st March 2020 Amount (Rs.)	For the year ended 31st March 2019 Amount (Rs.)
- Director Remuneration	17580000	15098072
- Operational Staff Salary Incentive & Exgratia	117111057	81115433
- P.F.Contribution	1734247	1378110
- E.S.I.Contribution	2090329	1773753
- Director Sitting Fees	155000	40000
- Contribution to Staff Welfare Scheme	129382	0
- Contribution to Gratuity fund LIC	344381	405699
	139144396	99811067



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 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, (Raj) - 302022

CIN: U65910RJ1996PTC046219

Notes on financial statements for the year ended 31st March 2020

Note 22: Administrative & Other Expenses

Particulars	For the year ended 31st March 2020 Amount (Rs.)	For the year ended 31st March 2019 Amount (Rs.)
- Legal & Professional	350000	250000
- Office Maintenance	9744511	6816232
- Printing & Stationary	2408834	1568982
- Office Rent	6347909	4404722
- Repairs & Maintenance	844252	903296
- Telephone Expenses	1792919	1998986
- Provision for Outstanding Loan Portfolio	2722579	1002615
- Recoveries for Lost MF Portfolio	0	1361512
- Travelling & Conveyance	16039512	14773672
- Rates and Taxes		
GST paid	2025068	0
Service tax paid	5870928	0
GST Expenses (Ineligible Input)	2056623	4615730
	50203136	37695746

Note 23 Business Development Expenses

Particulars	For the year ended 31st March 2020 Amount (Rs.)	For the year ended 31st March 2019 Amount (Rs.)
- Business Development & Promotion Expenses	188940	483136
- Consultancy Expenses	8044510	845872
- Insurance Exp.	584497	1800475
- Area Survey Exp.	0	1851061
- Meeting Training & Orientation Exp.	951491	1394165
- Software Development & Licence fees	804641	53440
- Membership Fees	644585	493900
- Social Activity Expenses	0	785000
Total	11218664	7707049

Note 24: Earning Per Share

Particulars	For the year ended 31st March 2020 Amount (Rs.)	For the year ended 31st March 2019 Amount (Rs.)
Basic		
Net Profit Attributable to Equity Shareholders*	29810797	14481042
Weighted Average No. of Shares used in computing basic EPS	9183926	7800767
Basic EPS	3.25	1.86
Diluted		
Net Profit attributable to Equity Shareholders	29810797	14481042
Add: Convertible Preferred Dividends	1966518	2925000
Add: Dividend Tax on Convertible Preferred Dividends	34133	762715
Profits for the purpose of Dilutive EPS (I)	31811448	18168758
Weighted Average No. of Outstanding Shares	9183926	7800767
Dilutive potential Common Stock	1750000	3250000
Outstanding Shares for the purpose of Dilutive EPS	10933926	11050767
Dilutive EPS	2.91	1.64

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

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, (Raj.)- 302022

CIN: U65910RJ1996PTC046219

Notes 25:- Provision for Outstanding Loan Portfolio:-

- a) The provision for outstanding loan portfolio as at 31st March 2020 has been made as per Master Direction DNBR.PD.007/03.10.119/2016-17 (updated as on February 17, 2020) which shall not be less than the 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.

Asset Classification	As at March 31, 2020		As at March 31, 2019	
	Loan Portfolio	Provision	Loan Portfolio	Provision
Standard Assets	87,40,17,102	87,40,171	60,47,27,186	60,47,272
Non-Performing Assets (outstanding for more than 90 days but less than 180 days)	29,68,024	29,680	0	0
Total	87,69,85,126	87,69,851	60,47,27,186	60,47,272

- b) The movement of provision during the year is disclosed below:

Particulars	As at March 31, 2020			As at March 31, 2019		
	Standard Assets	Non-Performing Assets	Total	Standard Assets	Non-Performing Assets	Total
Opening	60,47,272	0	60,47,272	50,44,657	0	50,44,657
Provision made	26,92,899	29,680	27,22,579	10,02,615	0	10,02,615
Closing	87,40,171	29,680	87,69,851	60,47,272	0	60,47,272

- c) Provision made during the year amounting Rs. 27,22,579/- has been charged to Profit & loss account.



ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, (Raj.)- 302022

CIN: U65910RJ1996PTC046219

Note 26: - Movement of Non – Performing Assets

The movement of non-performing assets is given a under:

Particulars	As at March 31, 2020	As at March 31, 2019
o NPA to Gross Portfolio percentage	0.34%	0.00%
o Movement in NPA		
Opening Balance	0	0
Add: Additions during the year	29,68,024	0
Less: Reduction during the year	0	0
Closing Balance	29,68,024	0

Note 27:- 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 28:- Contingent liabilities

1. There is No Claim against the Company not acknowledged as debt.
2. The FDR of Rs. 15,90,34,475.70/- 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	10,33,40,000
IDBI	61,30,698
MAS Financial Institution	4,65,63,778
Utkarsh	30,00,000
Total	15,90,34,476



ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, (Raj.)- 302022

CIN: U65910RJ1996PTC046219

3. Corporate guarantee given:

Name of BC Institution	Amount
MAS AFF on lending	42,81,61,398
IDBI	4,48,23,023
Utkarsh	7,54,799
Total	47,37,39,220

Note 29:- Related Party Disclosure

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

a) Key Management Personnel (KMP)

Mr. Pramod Kumar Paliwal	: Managing Director
Mr. Kuldeep Kumar Arora	: Whole Time Director
Mr. Ashok Kumar Bhargava	: Independent Director
Mr. Srikanta Das	: Nominee Director on behalf of SIDBI
Miss Ruchi Mitra	: Director & Company Secretary
Mr. Dinesh Awasthi	: Director
Mr. Nishikant Paliwal	: Director
Mr. CP Mohan	: 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

Kuldhara Foundation



ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, (Raj.)- 302022
CIN: U65910RJ1996PTC046219

Kuldhara Investments Private Limited

Kuldhara Ventures Pvt Ltd

d) Particulars of related parties transactions:

Nature of Transaction	Referred in 27 (a) above		Referred in 27 (b) above		Referred in 27 (c) above	
	F.Y. 19-20	F.Y. 18-19	F.Y. 19-20	F.Y. 18-19	F.Y. 19-20	F.Y. 18-19
A. Transaction during the year						
- Remuneration	1,75,80,000	78,00,000	0	0	0	0
- Performance Linked Incentive	0	72,98,072	0	0	0	0
- Rent	8,40,000	8,40,000	0	0	0	0
- Salary	0	0	36,40,000	40,10,000	0	0
- Sitting Fees	1,55,000	0	0	0	0	0
- Shares Allotment	2,74,24,500	1,16,50,000	38,85,500	32,30,000	97,72,000	0
- Loan Accepted	5,22,00,000	0	65,00,000	0	0	0
- Loan Repaid	5,22,00,000	0	1,10,00,000	0	0	0
- Social Activity Expenses	0	0	0	0	0	7,85,000
B. Outstanding Balance Payable	14,45,400	80,15,871	3,04,146	2,07,980	0	0

Notes:

1. Related party relationship is identified by the company and relied upon by the Auditor.



ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, (Raj.)- 302022

CIN: U65910RJ1996PTC046219

2. No Amount in respect of related parties have been written off during the year. Also, no accounts have been provided for as doubtful debts.

Note 30:- Legal and Professional fee in Note 22 Includes Auditors Remuneration as follows:

S.No.	Particulars	Amount for The Year Ended	
		2019-20	2018-19
1	Statutory Audit Fee	300000	200000
2	Tax Audit Fees	50000	50000
	Total	350000	250000

Note 31:- Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

According to the records available with the company there are no dues payable to entities that are classified as Micro, Small and Medium Enterprises Development Act, 2006 during the period. Hence disclosures if any relating to amounts unpaid as at the period and together with the interest paid/ payable as required under the act are given as under:

Sl. No	Particulars	As on	
		March 31, 2020	March 31, 2019
1	Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
2	Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	Nil	Nil
3	Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	Nil	Nil
4	Interest paid , by the company in terms of Section 16 of MSMED Act, along with the	Nil	Nil



ARTH MICRO FINANCE PRIVATE LIMITED

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

year

5	<u>Interest due and payable</u> towards suppliers registered under MSMED Act, for payments already made	Nil	Nil
6	Further <u>interest remaining due and payable</u> for earlier years	Nil	Nil

Note 32:- 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, 2020	As at 31 March, 2019
Tier I Capital (net worth)	24,28,09,569	128239163
Tier II Capital	8,22,55,229	102666853
Total Capital	32,50,64,798	230906016
Total Risk Weighted Assets	92,50,86,518	656092269
CRAR as a Percentage of Total Risk Weighted Assets (%)	35.14%	35.19%

(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 31st March, 2020 (Previous Year: Nil)

Note 33:- Margin

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 2019-20) 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 7th February, 2014



ARTH MICRO FINANCE PRIVATE LIMITED

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

(a) Cost of funds (as of 31st March, 2020):

Particulars	%
Average effective cost of borrowing :	14.83
Margin :	7.44
Lending Rate :	22.27

(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 2019-20) multiplied by 2.75 = $9.19 \times 2.75 = 25.27\%$ (As of 31 March, 2020)

Note 34:- 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-MFI) - Directions RBI/2013-14/49 DNBS.(PD) CC. No 347/03.10.38/2013-14 dated 1st July 2013.

Note 35:- Business Correspondence / Service Provider

Company is Business Correspondent of YES Bank, IDBI Bank, Utkarsh Small Finance Bank, and Service Provider of MAS Financial Services. Total Micro Finance Lending as on 31st March, 2020 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 31st March, 2020. 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 st March 2020 as BC	Recoveries lying with company out of MF Lending on 31 st March 2020
(1)	(2)	(3)
YES Bank	1,92,94,89,100	(1,31,81,633)
IDBI	4,48,23,023	28,50,290



ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, (Raj.)- 302022

CIN: U65910RJ1996PTC046219

MAS financial services	42,81,61,329	1,32,79,283
Utkarsh Small Finance Bank	3,01,91,973	(1,48,785)
Total	2,43,26,65,425	27,99,155

The company has given performance security towards loans referred by the company total performance security given to Yes Bank amounting to Rs.10,33,40,000/-, to IDBI Bank amounting Rs.61,30,698/-, to MAS Financial Services Ltd. Rs.4,65,63,778/- and to Utkarsh Small Finance Bank Rs. 30,00,000/- towards the loan given based on the company's reference

Note 36:- Previous Year Figures

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

Note 37:-

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.

Note 38: - COVID-19 Regulatory Package – Asset Classification and provisioning

With reference to the RBI circular RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2020-21 dated April 17, 2020 NBFC are advised to disclose as under:

Amount in overdue categories, where the moratorium was extended	Respective amount where asset classification benefits is extended	Provision made during the Q 4 of FY 2019-2020	Provisions adjusted during FY 2020-21 against slippages and the residual provisions
Rs. 3,17,09,998	Rs. 3,17,09,998	-	-

The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to significant decline and volatility in global and Indian financial markets and a significant decrease in the global and local economic activities. On March 11, 2020 the COVID-19



ARTH MICRO FINANCE PRIVATE LIMITED

A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur, (Raj.)- 302022
CIN: U65910RJ1996PTC046219

outbreak was declared a global pandemic by World Health Organization, Numerous Government and Companies, including the Bank/NBFC, have introduced a variety of measures to contain the spread of virus. The extent to which the COVID-19 pandemic will impact the NBFC's result will depend on the future developments, which are highly uncertain, including among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether by government mandated or elected by the NBFC. The NBFC's Capital and liquidity position is strong and would continue to be the focus area of NBFC during the period.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the NBFCs has to grant a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020.

However as decided in Board Meeting of the company, such Moratorium period had been granted form March 23, 2020 to May 31, 2020 to all eligible borrowers. For all eligible accounts, where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms). The NBFC hasn't created additional provisions as required as there was no loan whose period of 90 days was expired under such moratorium period.

As per our Report of even date annexed herewith

For Jain Dinesh & Associates

Chartered Accountants

Firm Registration No. 003886C

For & on behalf of Board of Directors

Dinesh Jain

Proprietor

M.No:- 072869

Pramod K Paliwal

(Managing Director)

DIN:- 01402958

Kuldeep K Arora

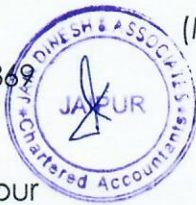
(Whole Time Director)

DIN:- 01402998

Ruchi Mitra

(Company Secretary)

M.No:- FCS 8038



Place :- Jaipur

Date :-

28 AUG 2020