

ARTH MICRO FINANCE PRIVATE LIMITED

A-64, RESIDENTIAL COLONY, SITAPURA INDUSTRIAL AREA, TONK ROAD,
JAIPUR (RAJASTHAN)- 302022
CIN:- U65910RJ1996PTC046219

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st MARCH 2021
(FINANCIAL YEAR 2020-2021)

AUDITORS
JAIN DINESH & ASSOCIATES
CHARTERED ACCOUNTANTS

303, SHYAM ANUKAMPA, O-11, ASHOK MARG, C-SCHEME, JAIPUR (RAJASTHAN)- 302001

INDEPENDENT AUDITORS' REPORT

To,

The Members of **Arth Micro Finance Private Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **M/s Arth Micro Finance Private Limited** which comprises the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss and statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As more fully described in Note no. 38 to the financial statements, the extent to which the COVID-19 pandemic will have an impact on the NBFC's Financial performance including the



Company's estimates of impairment of loans are dependent on future developments, the severity and duration of the pandemic, which cannot be predicted with certainty. The Company has considered the context of the pandemic in applying the assumptions used to determine the expected credit losses on loans. The impact assessment of COVID-19 is a continuing process. The company will continue to monitor any material changes to the future economic conditions.

Our opinion is not modified in respect of this matter.

Management's and Board of Director's Responsibility for the Financial Statements

The Company's Management & Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, change in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management & Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management and Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Management and Board of Directors is also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that include our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by management and Board of Directors.
- Conclude on the appropriateness of management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements



1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 (11) of the Companies Act, 2013 , We share in the Annexure I, a statement on the matters specified in paragraph 3 and 4 of the order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- (c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement, dealt with by this Report are in agreement with the books of account
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the Internal Financial Controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company has made provision, as required under the applicable law or accounting standards for material foreseeable losses if any on long term contracts. The Company does not have any derivative contracts.



- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Jain Dinesh & Associates
Chartered Accountants
FRN 003886C



PLACE: - JAIPUR

DATED: - 31 JUL 2021

UDIN 21072869AAAA BV6955


(Dinesh Jain)
Proprietor
M.No:- 072869

Re: Arth Micro Finance Private Limited

Annexure to the Independent Auditors' Report

Annexure I referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report of even date

The annexure referred to in our report of even date to the Members of Arth Micro Finance Private Limited ("the Company") on the financial statements for the year ended on 31st March 2021, we report that:

1.
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The company has a regular programme of physical verification of its Fixed Assets by which all the Fixed Assets are verified during the year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
 - (c) According to the information and explanation given to us and on the basis of our examination of the record of the company, The Company does not hold any immovable property accordingly para 3(i)(c) of the Order is not applicable to the Company.
2. According to the information and explanation given to us and on the basis of our examination of the record of the company, the company is a Non-Banking Finance Company, engaged in the business of providing micro credit. Accordingly, it does not hold any physical inventory. Hence, Clause 3(ii) of the Order is not applicable to the Company
3. According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has not granted loans secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the clauses 3(iii) (a) to (c) of the order regarding terms and conditions of such loans and repayment of such loans etc. are not applicable to the company.



4. According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has not granted any loan, provided guarantee or any security which requires compliance u/s 185 & 186 of The Companies Act, 2013. Accordingly para 3(iv) of the order is not applicable to the company.
5. According to the information and explanations given to us, the company has not accepted any deposits from the public as mentioned in the directives issued by Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Act and the rules framed there-under. Accordingly para 3(v) is not applicable.
6. The Central Govt. has not prescribed the maintenance of the cost record under section 148(1) of the Companies Act, 2013 for any of the services rendered by the company. Accordingly para 3(vi) of the order is not applicable.
7. (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, Amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employee state insurance, Income Tax, Goods and Service Tax, Cess and any other material statutory dues have generally been regularly deposited during the year by the company with the appropriate authority. As explained to us, the company did not have any dues on account of Good and Service Tax.

Accordingly to the information and explanation given to us, no undisputed amount payable in respect of provident fund, employee state insurance, Income Tax, Goods and Service Tax, Cess and any other material statutory dues were in arrears as at 31st March, 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income Tax, wealth tax, Goods and services tax, sales tax, custom duty, excise duty, Value Added Tax and Cess which have not been deposited with the appropriate authorities on account of any dispute.
8. Based on our audit procedures and according to the information and explanations given to us the Company has not defaulted in repayment



of dues to its bankers or to any financial institutions or to Debenture Holders.

9. According to the information and explanation given to us, the company has not raised any moneys by way of initial public offer or further public offer. Further with regard to term loans, according to the information and explanations given to us, the company has utilized the term loans during the year for the purposes for which they are obtained.
10. According to the information and explanations given to us, no material fraud by or on the company by its officers or employees have been noticed or reported during the year.
11. The company being a private limited company, the provisions of section 197 read with Schedule V of The Companies Act, 2013 is not applicable. Accordingly para 3(xi) of the order regarding payment of managerial remuneration is not applicable.
12. The company is not a Nidhi company/ mutual benefit fund/ society. Accordingly, paragraph 3(xii) of the order is not applicable.
13. According to the information and explanations given to us and on the basis of our examination of the records of the company, all transactions with the related parties are in compliance with section 177 and 188 of the Act and the details have been disclosed in the financial statements as required by the applicable accounting standards.
14. The Company had made preferential allotment or private placement of shares during the year and requirements of Section 42 of Companies Act, 2013 have been complied with and the amounts raised have been used for the purposes for which the funds were raised.
15. According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.



16. The company is required to be registered under section 45-IA of the Reserve Bank of India Act 1934 and such registration has been obtained by the Company.

For Jain Dinesh & Associates
Chartered Accountants
FRN 003886C




(Dinesh Jain)
Proprietor
MRN- 072869

PLACE: - JAIPUR

DATED: 31 JUL 2021

UDIN 21072869AAAABV6355

Re: Arth Micro Finance Private Limited

Annexure II of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") referred to in paragraph 2(f) of our report of even date.

We have audited the internal financial controls with reference to financial statements of **ARTH MICRO FINANCE PRIVATE LIMITED** ("The Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Emphasis of Matter

As described in emphasis of matter paragraph of our report to the financial statements, the extent to which the COVID-19 pandemic will have impact on the company's internal financial controls with reference to the financial statements is dependent on future developments, which cannot be predicted with any degree of certainty.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted



our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management



override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For Jain Dinesh & Associates
Chartered Accountants
FRN 003886C



(Dinesh Jain)
Proprietor
MRN- 072869

PLACE: - JAIPUR
DATED: 31 JUL 2021

UDIN 21072869 AAAA BV6955

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 2021

(Amount in INR)

PARTICULARS	Note	As at 31 March 2021	As at 31 March 2020
LEQUITY AND LIABILITIES			
(1) Shareholder's Fund			
(a) Share Capital	2	15,10,20,000	141,870,000
(b) Reserves and Surplus	3	16,89,33,721	120,559,132
(2) Share Application Money Pending Allotment			
(3) Non Current Liabilities			
(a) Long Term Borrowings	4	242,126,988	340,312,638
(b) Long Term Provisions	5	6,465,464	2,443,850
(4) Current Liabilities			
(a) Short Term Borrowings			
(b) Trade Payables	6		
(i) Total outstanding dues to Micro, Small and Medium Enterprises (MSME)			
(ii) Total outstanding dues to creditors other than Micro, Small and Medium Enterprises		1,316,880	3,596,513
(c) Other Current Liabilities	7	443,840,732	589,628,287
(d) Short Term Provisions	8	37,692,360	29,595,099
TOTAL		1,051,396,145	1,228,005,520
ILASSETS			
(1) Non Current Assets			
(a) Property, Plant & Equipment			
(i) Tangible Assets	9	9,068,032	10,959,595
(ii) Intangible Assets			
(b) Loan Portfolio	10	188,831,449	244,385,051
(c) Deferred Tax Assets (Net)	11	5,822,868	2,119,564
(d) Other Non Current Assets	12	96,736,927	120,185,772
(2) Current Assets			
(a) Loan Portfolio	13	458,415,448	632,600,075
(b) Trade receivables	14	22,304,014	14,439,972
(c) Cash and cash equivalents	15	110,786,390	80,750,779
(d) Short term loans and advances	16	49,193,407	21,471,598
(e) Other current assets	17	110,156,810	101,093,114
Total		1,051,396,145	1,228,005,520
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: 003806C

Dinesh Jain

(Proprietor)

M.No:- 072869

Place:- Jaipur

Date:-

31 JUL 2021



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, (Raj) - 302022****CIN: U65910RJ1996PTC046219****Statement of Profit & Loss Account for the Year ended 31st March 2021****(Amount in INR)**

Particulars	Note No.	For the period ended 31st March 2021	For the year ended 31st March 2020
Income:			
(a) Revenue From Operations	18	339,300,094	378,620,420
(b) Other Income	19	17,823,570	16,227,555
Total Revenue (I)		357,123,664	394,847,975
Expenses:			
(a) Finance Cost	20	116,229,108	126,111,308
(b) Personnel Cost	21	131,407,545	139,144,396
(c) Administrative & Other Expenses	22	55,714,036	50,203,136
(d) Business Development Expenses	23	9,898,341	11,218,664
(e) Depreciation	9	4,684,792	5,145,031
Total Expenses (II)		317,933,822	331,822,535
Profit Before Taxes (III)		39,189,842	63,025,440
Tax Expense			
Current Tax		14,789,049	16,454,383
Deferred tax		(3,703,304)	(240,390)
Total Tax Expenses (IV)		11,085,745	16,213,993
Profit After Tax (III-IV)		28,104,097	46,811,448
Earning Per Share	24		
Basic		0.68	3.25
Diluted		0.76	2.91
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:-

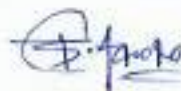
31 JUL 2021


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, (Raj) - 302022
CIN: U65910RJ1996PTC046219
Cash Flow Statement for the year ended 31st March 2021

		(Amount in INR)	
PARTICULARS	For the year ended 31st March, 2021	For the year ended 31st March, 2020	
A. Cash Flow From Operating Activities			
Net (Loss)/Profit before tax	39,189,842	63,025,440	
Adjustments For:			
Depreciation	4,684,792	5,145,031	
(Profit)/Loss on sale of Fixed assets	-	(447,866)	
(Profit)/Loss on sale of Mutual Funds	-	(1,226,120)	
Finance Charges	116,229,108	126,111,308	
Provisions	14,321,090	2,722,579	
Operating Profit Before Working Capital Changes	174,424,832	195,330,373	
Movements In Working Capital:			
(Increase)/Decrease in Other Current Assets	(9,063,695)	(4,208,618)	
(Increase)/Decrease in Trade Receivables	(7,944,842)	4,093,725	
(Increase)/Decrease in other Non current assets	23,448,845	(46,732,766)	
(Increase)/Decrease in Non Current Loan portfolio	55,553,602	(140,858,555)	
(Increase)/Decrease in Loans & Advances	146,462,818	(132,832,944)	
Increase/(Decrease) in Current Liabilities	9,604,087	(34,828,737)	
Cash generated from operations	392,485,647	(160,037,522)	
Income Tax Paid	16,454,383	8,267,021	
Net Cash Provided By/ (Used In) Operating Activities	376,031,264	(168,304,543)	
B. Cash Flow From Investing Activities			
Purchase of Fixed Assets	(2,793,229)	(5,372,046)	
Proceed from Sale of Fixed Assets	-	500,000	
Purchase of Mutual Funds	-	(50,000,000)	
Sale of Mutual Funds	-	51,226,120	
Net Cash Provided By/ (Used In) Investing Activities	(2,793,229)	(3,645,926)	
C. Cash Flow From Financing Activities			
Dividend on Preference shares paid	(1,575,000)	(3,756,396)	
Finance Charges paid	(116,229,108)	(126,111,308)	
Redemption of Preference Share Capital	(12,500,000)	(15,000,000)	
Proceeds from Issue of Equity Share Capital	43,300,000	70,000,000	
Proceed from Borrowings	336,009,127	785,000,000	
Repayment of Borrowings	(592,207,442)	(506,400,005)	
Net Cash Provided By/ (Used In) Financing Activities	(343,202,423)	203,732,291	
Net Increase/(Decrease) in Cash And Cash Equivalents	30,035,611	31,781,822	
Cash And Cash Equivalents At The Beginning of the Year	80,756,779	48,968,957	
Cash And Cash Equivalents At The End of the Year	110,786,390	80,750,779	
Note:	For the year ended 31st March, 2021	For the year ended 31st March, 2020	
Cash and Cash Equivalents Comprise:			
Cash In Hand (As Certified By The Management)	6,665,451	1,270,436	
Balances With Bank:			
In Current Accounts	70,709,699	50,319,337	
In Deposit Accounts	33,411,240	29,161,006	
	110,786,390	80,750,779	

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. 035876

Jain
Dinesh Jain
Proprietor
M.NO. 072869

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

For and on behalf of Board of Directors

Kaldeep K Andra
Kaldeep K Andra
(Whole Time Director)
DIN-01402998

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



Place: Jaipur
Date:

31 JUL 2021

ARTH MICRO FINANCE PRIVATE LIMITED

A-64, Residential Colony, Sitapura Industrial Area, Tonk Road, Jaipur, Rajasthan-302022
CIN:-U65910RJ1996PTC046219

Note "1"

Schedule of Significant Accounting Policies forming part of and annexed to Balance Sheet for the year ended 31st March, 2021

(A) Corporate Information

Arth Micro Finance Private Limited is incorporated under the provisions of Companies Act, 1956 as Chandra Cresce Private Limited but w.e.f 06/01/2010 its name was changed 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'). Since August 5th, 2015, 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



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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.

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



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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.

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.



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- 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 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



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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 a defined contribution and is charged to profit & loss account - language correction desired or something is missing 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 are 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.

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



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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/or 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, (Raj) - 302022

CIN: U65910RJ1996PTC046219

Notes on financial statements for the year ended 31st March 2021

Note 2: SHARE CAPITAL

(Amount in INR)

PARTICULARS	As at 31st March 2021	As at 31st March 2020
A) Authorised		
16000000 (PY 16000000) Equity Shares of Rs. 10/- each	160,000,000	160,000,000
4000000 (PY 4000000) Optionally Convertible Cumulative Preference Shares of Rs.10 /- each	40,000,000	40,000,000
	200,000,000	200,000,000
B) Issued, Subscribed & Paid Up		
14602000 (PY 12437000) Equity Shares of Rs. 10/- each	146,020,000	124,370,000
500000 (PY 1750000), 9% Optionally Convertible Preference Share of Rs. 10/- each	5,000,000	17,500,000
Total	151,020,000	141,870,000

C) Reconciliation of the number of Shares outstanding

Particulars	As at March 31, 2021		As at March 31, 2020	
	Numbers	Amount (INR)	Numbers	Amount (INR)
Equity Shares				
Outstanding at the beginning of the year	12,437,000	124,370,000	8,062,000	80,620,000
Add: Allotted during the year	2,165,000	21,650,000	4,375,000	43,750,000
Outstanding at the end of the year	14,602,000	146,020,000	12,437,000	124,370,000
Preference Shares				
Outstanding at the beginning of the year	1,750,000	17,500,000	3,250,000	32,500,000
Less: Redeemed during the year	1,250,000	12,500,000	1,500,000	15,000,000
Outstanding at the end of the year	500,000	5,000,000	1,750,000	17,500,000

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, 2021		As at March 31, 2020	
		Numbers	% age	Numbers	%age
Pramod Kumar Paliwal	Equity Shares	5279755	36.16%	3599320	28.94%
Kuldeep Kumar Arora	Equity Shares	2960810	20.28%	2460810	19.79%
Nishkant Paliwal	Equity Shares	0	0.00%	1005435	8.08%
Jatin Paliwal	Equity Shares	1208750	8.28%	1061250	8.53%
Kulbhara Investments Pvt. Ltd.	Equity Shares	927200	6.35%	977280	7.86%
Sonia Arora	Equity Shares	1026810	7.03%	884310	7.11%
Aruna Paliwal	Equity Shares	695625	4.76%	695625	5.59%
MUDRA (SIDBI)	Preference Shares	500000	100.00%	1750000	100.00%

F) Rights, Preference and restriction to the Preference Shares

i) In case MUDRA (SIDBI) decides to convert outstanding OCPS into equity shares, either full or in parts, OCPS would be converted into equity shares at par.

ii) In respect of Dividend, preferential right and dividend to be paid @9% Cumulative.

iii) Conversion option may be exercised by MUDRA (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: 01402996


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



ARTH MICRO FINANCE PRIVATE LIMITED

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Notes on financial statements for the year ended 31st March 2021

Note 3: RESERVES & SURPLUS

(Amount in INR)

PARTICULARS	As at 31st March 2021	As at 31st March 2020
3.1 Capital Redemption Reserve		
As per Last Balance Sheet	17,550,000	2,550,000
Add: Transfer during the year	12,500,000	15,000,000
Closing Balance	30,050,000	17,550,000
3.2 Share Premium		
As per Last Balance Sheet	35,277,500	9,027,500
Add: Amount received during the year	21,650,000	26,250,000
Closing Balance	56,927,500	35,277,500
3.3 General Reserve		
As per Last Balance Sheet	344	344
Add: for the year	-	-
Closing Balance	344	344
3.4 Statutory Reserve u/s 45-IC of Reserve Bank of India Act, 1934		
As per last Balance Sheet	23,429,959	14,067,669
Add: Transferred from surplus in the statement of Profit and Loss*	5,620,819	9,362,290
Closing Balance	29,050,778	23,429,959
3.5 Surplus in the statement of Profit & Loss		
As per last Balance Sheet	44,301,330	23,852,023
Add: Profit for the year	28,104,097	46,811,448
	72,405,427	70,664,271
Less: Appropriations		
*Transferred to reserve u/s 45-IC of Reserve Bank of India Act, 1934	5,620,819	9,362,290
Transferred to Capital Redemption Reserve	12,500,000	15,000,000
Provision for dividend on Preference Shares	1,379,509	1,966,518
Provision for Dividend Distribution Tax on dividend on Preference Shares	-	34,133
Closing Balance	52,905,099	44,301,330
Total	168,933,721	120,559,132

* 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 Palwal
(Managing Director)

DIN: 01402958


Kuldeep K Arora
(Whole Time Director)

DIN: 01402998


Richu Mitra
(Company Secretary)

M.No:- PCS 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 2021

Note 4: Long Term Borrowings

(Amount in INR)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
Total Borrowings	643,142,932	899,341,247
Out of them Non current maturities of Long term Borrowings		
<u>Term Loans (Refer to the Note No. 4.1)</u>		
Secured		
From Banks	84,774,376	128,043,718
From Financial Institution	81,551,645	140,970,504
<u>Sub ordinate Debts (Refer to Note No 4.1)</u>		
Unsecured		
From Bank / Financial Institutions	70,000,000	70,000,000
<u>Other Unsecured Loans</u>		
From Shareholder Sudhir Kumar Paliwal	5,500,000	
<u>Vehicle Loan (Refer to Note No. 4.1)</u>		
Secured		
From Bank / Financial Institution	300,967	1,298,416
	242,126,988	340,312,638

Note 5: Long Term Provisions

(Amount in INR)

PARTICULARS	As at 31st March, 2021	As at 31st March, 2020
Total Provision for Loan Assets during the year	23,090,941	8,769,851
Less: Provision for Short Term Loan Assets	16,625,477	6,326,001
(Refer to Note No. 8 and 25)	6,465,464	2,443,850

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 MICED FINANCE PRIVATE LIMITED

A-64 Residential Colony Sitapura Industrial Area, Torik Road Jaipur, CN: 6659100199 PTC046219

Notes on Financial Statements for the year ended 31st March 2021

Note 4: Repayment Terms of Borrowings

Particulars	Type of liability	Availment Date	Amount Outstanding As at 31st March, 2021		Amount Outstanding As at 31st March, 2020		Repayment Terms		Security		
			Short Term Maturity	Long Term Maturity	Short Term Maturity	Long Term Maturity	Interest Rate	Repayment Terms		Date of First Repayment	
Note 4.1: From Banks :-											
QCO Bank	Term loan	02.12.2017		9,598,509	-	38,244,212	-	11.60%	Monthly / 36	01.04.2018	Priority Secured against Hypothecation of Receivables & Cash Collateral in form of Term Deposits
Yes Bank	Term loan	02.04.2019		8,333,333		25,000,000	2,083,333	13.20%	Monthly / 24	01.05.2019	Exclusive charge on specific standard lease assets / bank debts assigned out of YIL Finance and personal guarantee of Mr. Pramod Pallwal and Mr. Kuldeep Anra
SDPI	Term loan	05.02.2008		39,940,996	36,666,671	79,999,936	40,000,004	13.00%	Monthly / 36	10.08.2020	Hypothecation of Bank Debts and cash collateral in form of Fixed Deposits upto 10% of loan amount and personal guarantee of Mr. Pramod Pallwal and Kuldeep Anra
Union Bank	Term loan	30.08.2019		25,326,000	24,761,703	23,329,000	35,008,000	11.25%	Monthly / 36	13.09.2019	Primarily secured by first Post-Pass charge / Hypothecation of receivables with minimum cover of 110% at all times.
Sandhan Bank	Term loan	29.07.2019		40,476,191		57,142,857	30,952,381	14.25%	Monthly / 21	01.09.2019	Primarily secured by exclusive charge by way of hypothecation on all lease assets / bank debts, both present and future equivalent to 110% of Bank's facility.
60 Small Finance	Term loan	25.07.2019		-	-	4,166,669	-	14.00%	Monthly / 12	30.07.2019	Primarily secured against exclusive hypothecation of present and future lease receivables to be created upfront through deed of hypothecation.
Union Bank (TL- 2)	Term loan	22.03.2021		11,676,000	23,324,000	-	-	9.95%	Monthly / 60	21.04.2021	Hypothecation of Standard Receivables with a minimum cover of 1.30x and collateral of Fixed Deposit @ 10% of term loan
Total (4.1)				133,400,029	84,774,376	167,881,734	128,043,718				



AKTH MICRO FINANCE PRIVATE LIMITED

A-44 Residential Colony Sitapura Industrial Area, Tank Road Jaipur, (IN) 302018

Notes on Financial Statements for the year ended 31st March, 2021

Note 4.2 : From Financial Institutions/NBFC's :-

Particulars	Type of Facility	Acquisition Date	Amount Outstanding As at 31st March, 2021		Amount Outstanding As at 31st March, 2020		Repayment Terms			Security
			Short Term Maturity	Long Term Maturity	Short Term Maturity	Long Term Maturity	Interest Rate	Repayment Terms	Date of Next Repayment	
Amul Finance	Term Loan	27.03.2019	1,891,937	-	10,641,112	968,215	15.75%	Monthly / 24	05.05.2019	Secured by Receivables cover for entire facility and personal guarantee of Mr. Pramod Pathak and Mr. Kulddeep Arora.
Alvior General Finance Co. Pvt. Ltd. 1	Term Loan	30.09.2019	4,031,041	-	13,640,213	1,238,522	15.75%	Monthly / 18	20.11.2019	Primarily secured by Hypothecation of Bank Debts, 5% cash collateral as Fixed Deposits
Alvior General Finance Co. Pvt. Ltd. 2	Term Loan	25.02.2020	5,842,279	-	6,402,722	3,599,278	15.75%	Monthly / 18	20.04.2020	Primarily secured by Hypothecation of Bank Debts, 5% cash collateral as Fixed Deposits
Aruban Financial Services Limited	Term Loan	30.11.2020	18,366,062	1,777,677	-	-	14.35%	Monthly / 21	01.01.2021	First and exclusive charge of Microfinance loan portfolio by way of hypothecation of Loan and personal guarantee of Mr. Pramod Pathak and Mr. Kulddeep Arora.
Aruban Financial Services Limited 2nd Tranche	Term Loan	30.11.2020	10,712,059	9,287,941	-	-	14.35%	Monthly / 21	15.04.21	First and exclusive charge of Microfinance loan portfolio by way of hypothecation of Loan and personal guarantee of Mr. Pramod Pathak and Mr. Kulddeep Arora.
Max Finance TL 5A	Term Loan	26.06.2018	-	-	4,166,660	-	15.00%	Monthly / 24	25.07.2018	Primarily Secured against hypothecation of Loan Portfolio and 8.5%-10% Cash Collateral
Max Finance TL 5B	Term Loan	26.06.2018	-	-	4,166,660	-	15.00%	Monthly / 24	10.07.2018	Primarily Secured against hypothecation of Loan Portfolio and 8.5%-10% Cash Collateral
Max Finance TL 6	Term Loan	11.03.2019	-	-	12,540,000	-	15.40%	Monthly / 24	25.02.2019	Primarily Secured against hypothecation of Loan Portfolio and 8.5%-10% Cash Collateral



ARTH MICRO FINANCE PRIVATE LIMITED												
A-64 Residential Colony Shapora Industrial Area, Tonk Road Jaipur, CN: 1065920011996PTC046219												
Notes on Financial Statements for the year ended 31st March 2021												
Particulars	Type of Facility	Availment Date	Amount Outstanding			Amount Outstanding			Repayment Terms		Security	
			Short Term	Monthly	Long Term Maturity	As at 31st March, 2021	Short Term	Monthly	Long Term Maturity	As at 31st March, 2020		Repayment Terms
Max Financial TL 7A	Term Loan	26.02.2019		2,500,000	-		13,750,000	-		Monthly / 24	25.03.2019	Primarily Secured against hypothecation of Loan Portfolio and 5.5%-10% Cash Collateral
Max Financial TL 8	Term Loan	05.03.2019		2,500,000	-		13,750,000	-		Monthly / 24	25.03.2019	Primarily Secured against hypothecation of Loan Portfolio and 5.5%-10% Cash Collateral
Max Financial TL 9A	Term Loan	29.05.2019		5,250,000	-		15,000,000	2,500,000		Monthly / 24	25.06.2019	Primarily Secured against hypothecation of Loan Portfolio and 5.5%-10% Cash Collateral
Electronics Finance Ltd. 6th Loan	Term Loan	15.03.2021		7,824,000	11,175,917		-	-		Monthly / 24	04.06.2021	Primarily Secured against hypothecation of Loan Portfolio and 5.5%-10% Cash Collateral
Electronics Finance Ltd. III	Term Loan	02.07.2018		-	-		4,239,200	-		Monthly / 24	15.07.2018	Primarily Secured against hypothecation of Loan Portfolio and 5.5%-10% Cash Collateral
Electronics Finance Ltd. IV	Term Loan	22.03.2019		-	-		11,391,500	-		Monthly / 24	20.02.2019	Primarily Secured against hypothecation of Loan Portfolio and 5.5%-10% Cash Collateral
Electronics Finance Ltd. V	Term Loan	21.06.2019		6,702,178	-		16,554,951	3,762,714		Monthly / 24	25.07.2019	Primarily Secured against hypothecation of Loan Portfolio and 5.5%-10% Cash Collateral
Edison Leasing & Finance Pvt. Ltd.	Term Loan	17.01.2019		-	-		9,069,946	-		Monthly / 24	16.03.2019	5% of the loan amount as security deposits
Edison Leasing & Finance Pvt. Ltd. 2nd Tranche	Term Loan	05.01.2019		953,071	-		5,375,670	-		Monthly / 24	16.04.2019	5% of the loan amount as security deposits
Habib Micro Build India Housing Finance Company Pvt. Ltd. T-1	Term Loan	20.12.2018		11,502,255	1,104,800		9,921,406	11,573,315		Monthly / 36	21.04.2019	Exclusive Hypothecation charge on Book Debts equivalent to 100% of loan amount (Primarily)
Habib Micro Build India Housing Finance Company Pvt. Ltd. T-2	Term Loan	16.01.2020		16,507,261	-		14,207,254	13,630,400		Monthly / 24	16.02.2020	Exclusive Hypothecation charge on Book Debts equivalent to 100% of loan amount (Primarily)



ARTH MICRO FINANCE PRIVATE LIMITED
A-64 Residential Colony Sripura Industrial Area, Telsi Road Jajpur, PIN: 751018 Odisha 751018
Notes on Financial Statements for the year ended 31st March 2021

ARTH MICRO FINANCE PRIVATE LIMITED										
A-64 Residential Colony Sitapura Industrial Area, Teik Road Jodhpur, CIN: 0659138319907/CO-66219										
Notes on Financial Statements for the year ended 31st March 2021										
Particulars	Type of Facility	Assignment Date	Amount Outstanding				Repayment Terms			Security
			As at 31st March, 2021		As at 31st March, 2020		Interest Rate	Repayment Terms	Date of First Repayment	
			Short Term Maturity	Long Term Maturity	Short Term Maturity	Long Term Maturity				
Barn Finance	Term Loan	03.09.2019	2,119,099	-	26,735,617	-	15.00%	Monthly / 16	03.10.2019	Primarily secured by exclusive charge by way of hypothecation on all loan assets / bank debts, both present and future equivalent to 110% of Bank's facility.
Joint Sans Finance Ltd. (H)	Term Loan	31.10.2019	19,472,414	-	14,371,882	14,901,343	16.00%	Monthly / 24	10.12.2019	Inclusive Hypothecation of Book Debts & 5% Cash Collateral
Saibansiddhi Finance Ltd	Term loan	16.11.2017	-	-	16,640,000	-	13.50%	Quarterly / 12	31.03.2018	Exclusive hypothecation of loan receivables & personal Guarantee of Mr. Prasad K. Patra & Kuldeep K. Arora
Mastavanya Development & Finance Pvt Ltd DREGO 1	Term loan	30.01.2018	2,800,000	-	16,600,000	-	14.75%	Monthly / 36	01.04.2018	Exclusive Hypothecation of Standard Assets & Personal Guarantee of Mr Prasad K. Patra & Kuldeep K. Arora
Mastavanya Development & Finance Pvt Ltd DREGO 2	Term loan	10.10.2019	20,894,000	-	24,960,000	16,720,000	15.00%	Monthly / 24	05.12.2019	Primarily secured by exclusive charge by way of hypothecation on all loans assets / bank debts, both present and future equivalent to 105% of Bank's facility and personal guarantee of Mr. Prasad Patra and Mr. Kuldeep Arora.
Moneywise Financial Services Ltd	Term Loan	24.09.2021	12,300,194	8,116,008	-	-	13.75%	Monthly / 36	05.09.2020	Hypothecation by way of First Exclusive Charge (floating) over loan receivables and bank debts created against loan disbursed against 7.5% of sanctioned loan



ARTS MICRO FINANCE PRIVATE LIMITED
A-64 Residential Colony, Shapora Industrial Area, Tonk Road Jaipur, CIN: U65910RJ1996PTC046219
Notes on Financial Statements for the year ended 31st March 2021

ABTIN MICRO FINANCE PRIVATE LIMITED A-64 Residential Colony Shapora Industrial Area, Tond Road Jaipur, CIN: H05910R1996PTC046219 Notes on Financial Statements for the year ended 31st March 2021											
Particulars	Type of Facility	Availment Date	Amount Outstanding		Amount Outstanding			Repayment Terms			Security
			As at 31st March, 2021		As at 31st March, 2020		Interest Rate	Repayment Terms	Date of First Repayment		
			Short Term Maturity	Long Term Maturity	Short Term Maturity	Long Term Maturity					
SABARD Financial Services Ltd.	Term Loan	19.09.2018	1,615,882	-	9,599,996	-	14.60%	Monthly / 25	15.11.2018	Primarily secured by hypothecation of Book Debts, 1% cash collateral, Fixed Deposits and personal guarantee of Mr. Pramod Pathwal and Mr. Kuldeep Arora.	
Safefin Limited (TL-2)	Term Loan	14.02.2020	10,000,000	3,695,049	8,333,333	11,666,667	14.60%	Monthly / 24	15.06.2020	Primarily secured by exclusive charge by way of hypothecation on all loans assets / bank debts, both present and future equivalent to 105% of Bank's facility and personal guarantee of Mr. Pramod Pathwal and Mr. Kuldeep Arora.	
Indus Financial Services Ltd. (II)	Term Loan	17.06.2019	-	-	14,619,755	-	15.75%	Monthly / 18	10.08.2019	Primarily secured by exclusive charge by way of hypothecation on all loans assets / bank debts, both present and future equivalent to 110% of Bank's facility and personal guarantee of Mr. Pramod Pathwal and Mr. Kuldeep Arora.	
Vedika Credit Capital Ltd.	Term Loan	24.6.2019	-	-	20,000,002	-	15.00%	Monthly / 18	31.07.2019	Primarily secured by exclusive charge by way of hypothecation on all loans assets / bank debts, both present and future equivalent to 105% of Bank's facility and personal guarantee of Mr. Pramod Pathwal.	
Western Capital Advisors Pvt. Ltd.	Term Loan	27.03.2019	-	-	9,000,000	-	15.75%	Monthly / 20	01.05.2019	Hypothecation by way of First Exclusive Charge (floating) over loan receivables and bank debts.	



ARTH MICRO FINANCE PRIVATE LIMITED
A-64 Residential Colony, Sitapura Industrial Area, Tonk Road, Jaipur, (CIN: 165910RJ1996PTC046219)
Notes on Financial Statements for the year ended 31st March 2021

ARTH MICRO FINANCE PRIVATE LIMITED												
A-64 Residential Colony Shalimar Industrial Area, Tank Road Jalpur, C/o: 16/59 103/11996PTOD46219												
Notes on Financial Statements for the year ended 31st March, 2021												
Particulars	Type of facility	Assessment Date	Amount Outstanding				Repayment Terms				Security	
			As at 31st March, 2021		As at 31st March, 2020		Interest Rate	Repayment Terms	Date of First Repayment			
			Short Term Maturity	Long Term Maturity	Short Term Maturity	Long Term Maturity						
Madan	Term Loan	10.01.2020	21,224,000	5,552,000	22,226,000	27,776,000	6.43%	Monthly / 27	10.04.2020	Hypothecation of stock and Book debts to the extent of 110% of the loan component and personal guarantee of Pramod Ballal and Kuldeep Arora		
Sarwanan Financial Intermediation	Term Loan	03.03.2020	26,895,716	2,822,372	22,869,858	27,110,142	17.50%	Monthly / 24	06.04.2020	Hypothecation of stock and Book debts to the extent of 125% of the loan component		
Sarwanan Financial Intermediation TL-3rd	Term Loan	26.03.2021	10,248,838	14,751,170	-	-	17.50%	Monthly / 24	15.05.2021	Hypothecation of stock and Book debts to the extent of 125% of the loan component		
Sarwanan Financial Intermediation TL-2	Term Loan	15.09.2020	24,542,671	16,356,712	40,940,739	-	17.50%	Monthly / 24	05.11.2020	Hypothecation of stock and Book debts to the extent of 125% of the loan component		
Usha Financial Services Pvt. Ltd.	Term Loan	02.12.2019	10,804,193	-	19,973,722	5,509,507	16.60%	Monthly / 18	01.01.2020	Hypothecation of stock and Book debts to the extent of 110% of the loan component. Cash collateral in form of Fixed deposits and personal guarantee of Pramod Ballal and Kuldeep Arora		
Total (4.2)			266,468,030	81,571,643	450,787,485	143,970,304						



ARITH MICRO FINANCE PRIVATE LIMITED

A-64 Residential Colony Shalimar Industrial Area, Tonk Road Jaipur, CIN: U05910RJ1999PT0046219

Notes on Financial Statements for the year ended 31st March 2021

Notes on Financial Statements for the year ended 31st March 2021													
Particulars	Type of facility	Availment Date	Amount Outstanding		Amount Outstanding		Short Term Maturity	Long Term Maturity	Going Terms Maturity	Interest Rate	Repayment Terms		Security
			As at 31st March, 2021		As at 31st March, 2020						Repayment Terms	Date of First Repayment	
			Short Term Maturity	Long Term Maturity	Short Term Maturity	Long Term Maturity							
Note 4.3 : Vehicle Loans :-													
Yes Bank Car Loan	Vehicle Loan	28.08.2017	-	-	63,685	-	-	-	9.10%	Monthly / 36	02.05.2017	Secured against Bravia Car.	
Yes Bank Car Loan II	Vehicle Loan	21.04.2017	-	-	87,205	-	-	-	9.15%	Monthly / 33	15.09.2017	Secured against Fortuner Car.	
Yes Bank Car Loan III	Vehicle Loan	02.06.2018	1,20,116	-	495,102	-	1,69,680	-	0.70%	Monthly / 36	05.06.2018	Secured against Polo Car.	
INDIC Bank Car Loan	Vehicle Loan	14.05.2019	393,616	104,363	359,075	-	497,976	-	9.50%	Monthly / 36	05.07.2019	Secured against Qaz Car.	
TATA Capital Financial Services Limited	Vehicle Loan	03.08.2018	434,193	196,605	316,062	-	634,757	-	12.50%	Monthly / 48	03.09.2018	Secured against Inova Cryota Car.	
Total (4.3)			947,005	308,967	1,310,128	-	1,201,416	-					
Note 4.4 : Subordinate Loans :-													
Capital First Limited	Sub-Ordinate Debts	30.03.2017	-	30,000,000	-	-	30,000,000	-	17.00%	End of 84 months from date of disbursement i.e. 30.03.2017	01.04.2024	Unsecured	
MAS Financial 2655753	Sub-Ordinate Debts	03.04.2018	-	40,000,000	-	-	40,000,000	-	17.35%	End of 78 months from date of disbursement i.e. 03.04.2018	01.03.2025	Unsecured	
Total (4.4)			-	70,000,000	-	-	70,000,000	-					



Praveen
 Managing Director
 DIN: 01492958

Rishi Mehta
 Company Secretary
 N No. FCS 8030

For and on behalf of Board of Directors
P. Anand
 Managing Director
 DIN: 01402988

ARTH MICRO FINANCE PRIVATE LIMITED
A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur. (Raj) - 302022
CIN: U65910RJ1996PTC016219

Notes on financial statements for the year ended 31st March 2021

Note 6: Trade Payables

		(Amount in INR)	
PARTICULARS	As at 31st March 2021	As at 31st March 2020	
Total outstanding dues to Micro, Small and Medium Enterprises (MSME)	1,316,880	3,596,513	
Total outstanding dues to other than Micro, Small and Medium Enterprises (MSME)	1,316,880	3,596,513	

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

		(Amount in INR)	
PARTICULARS	As at 31st March 2021	As at 31st March 2020	
Current Maturities of Long Term Borrowings			
Term Loans (Refer to the Note No. 4.1)			
Secured			
From Banks	133,400,029	167,881,734	
From Financial Institution	266,668,030	389,846,747	
Vehicle Loan (Refer to Note No. 4.1)			
Secured			
From Financial Institution	947,885	1,390,128	
Total Current Maturities of Long term borrowings	401,015,944	559,028,609	
Interest accrued on Borrowings	5,148,622	7,149,549	
Liabilities under Business Correspondence			
Recoveries of MF lending as BC	20,129,330	2,799,155	
Other Payables:			
Staff Welfare Scheme	655,455	626,984	
PM Cares Fund		187,277	
Staff Salary and Others/Sundry Creditors	11,514,365	12,392,050	
Statutory Dues			
Tax Deduction at Source - Income Tax	1,744,565	3,393,187	
GST Payable	2,957,024	3,219,310	
PF Payable	437,593	356,937	
ESIC Payable	237,924	475,230	
	443,840,732	589,628,287	

Note 8: Short Term Provisions

		(Amount in INR)	
PARTICULARS	As at 31st March 2021	As at 31st March 2020	
Provision for Expenses	1,586,560	2,504,975	
Provision for loan Assets (Refer to Note No. 25)	16,625,477	6,326,001	
Provision for Bonus	1,561,161	1,211,636	
Provision for Income Tax	14,789,049	16,454,383	
Provision for Leave Encashment	1,555,113	1,327,613	
Provision for Dividend on Preference Shares	1,575,000	1,770,491	
	37,692,360	29,595,099	

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

ARTH MICRO FINANCE PRIVATE LIMITED
A-64 Residential Colony Sitapura Industrial Area, Tonk Road Jaipur. (Rail) - 302022

CIN: U65910RJ1996PTC046219

Notes on financial Statements For the year ended 31st March 2021

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

Note 9:- PROPERTY, PLANT & EQUIPMENT: TANGIBLE ASSETS											
Particulars	Useful life	Gross Block At Cost			Depreciation			Net Block		(Amount in INR)	
		As on 1/4/2020	Addition	Deletion	Total as on 31/03/2021	Upto Last year	*For the Period	Deduction	Total as on 31/03/2021		As at 31/03/2021
Computer	3	10,521,907	1,278,126	-	11,800,033	8,896,473	1,344,698	-	10,241,171	1,558,861	1,625,434
Furniture & Fixtures	10	5,537,790	1,051,183	-	6,588,973	2,574,116	981,467	-	3,555,583	3,033,391	2,963,674
Office Equipment	5	7,444,981	463,920	-	7,908,901	5,729,623	949,515	-	6,679,138	1,229,763	1,715,358
DG Set	15	451,208	-	-	451,208	120,767	61,646	-	182,413	268,795	330,441
Vehicle	2 wheeler-10 y 4-wheeler-8 y	11,636,065	-	-	11,636,065	7,311,377	1,347,466	-	8,658,843	2,977,222	4,324,688
Total		35,591,952	2,793,229	-	38,385,181	24,632,356	4,684,792	-	29,317,149	9,066,032	10,959,595
Previous Year		31,069,906	5,372,046	850,000	35,591,952	20,285,191	5,145,031	797,866	24,632,356	10,959,595	10,784,715

* Depreciation is provided on prorata basis

For and on behalf of Board of Directors



[Signature]
Pradeep 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 2021

Note 10: Loan Portfolio (Non Current Assets)

PARTICULARS	(Amount in INR)	
	As at 31st March 2021	As at 31st March 2020
Micro Finance Lending (Unsecured as certified by management)	188,831,449	244,385,051
Considered Good	188,831,449	244,385,051

Note 11: Deferred Tax Assets/ Liabilities

PARTICULARS	(Amount in INR)	
	As at 31st March 2021	As at 31st March 2020
Deferred Tax Assets on Account of		
1). Difference between WDV as per Income Tax Act, 1961 and Companies Act, 2013	2,232,609	2,000,579
2). Difference due to 43B Expenses - Bonus	87,975	304,969
3). Difference due to 43B Expenses - Leave Encashment	57,262	-
4). Difference for Provision on Loan Asset for Doubtful Debts	3,444,942	(185,984)
	5,822,868	2,119,564

Note 12: Other Non Current Assets

PARTICULARS	(Amount in INR)	
	As at 31st March 2021	As at 31st March 2020
Other Bank Balances		
FDR having maturity more than 12 months (Refer Note 28)	96,736,927	120,185,772
	96,736,927	120,185,772

Note 13: Loan Portfolio (Current Asset)

PARTICULARS	(Amount in INR)	
	As at 31st March 2021	As at 31st March 2020
Micro Finance Lending (Unsecured)		
Gross Loan Portfolio (MP)	3,694,211,027	3,309,650,551
Less: Portfolio of Yes Bank, IDBI & MAS & Utkarsh (Business Correspondence/Service Provider) (Refer Note 35)	2,446,964,130	2,432,665,425
Total (A)	647,246,897	876,985,126
Of the above Loan Portfolio		
Non Current portion of Loan Portfolio	188,831,449	244,385,051
Current Portion of Loan Portfolio	458,415,448	632,600,075
Out of the above loan portfolio:		
- Considered good	618,317,063	874,017,102
- Considered doubtful	28,929,834	2,968,024
	647,246,897	876,985,126

Note 14: Trade Receivables

PARTICULARS	(Amount in INR)	
	As at 31st March 2021	As at 31st March 2020
a) Outstanding for a period more than 6 months	-	-
b) Outstanding for a period less than 6 months (Unsecured, Considered Good)		
Service charges as BC	21,613,564	14,439,972
Other Receivables	771,250	-
	22,384,814	14,439,972

For and on behalf of Board of Directors



(Signature)
Anand K Paliwal
(Managing Director)
DIN: 01402958

(Signature)
Baldeep 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 2021

(Amount in INR)

Note 15: Cash and cash equivalents

PARTICULARS	As at 31st March 2021	As at 31st March 2020
Cash in hand (As certified by the management)	6,665,451	1,270,436
Balance with bank	70,709,699	50,319,337
- In current Account	221,608,617	234,874,021
- In Deposit account with Bank & Financial Institution		
Total	298,983,767	286,464,694
Other Bank Balance (In Deposits account, with Maturity)	91,460,450	85,528,143
- more than 3 Months but less than 12 Months (refer Note 17)	96,736,927	120,185,772
- more than 12 Months (refer Note 12)		
Total	110,786,390	80,750,779

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

110,786,390 80,750,779

70,133,168 75,840,445

151,275,449 159,034,476

(Amount in INR)

Note 16: Short term loans and advances

PARTICULARS	As at 31st March 2021	As at 31st March 2020
Balance with Revenue Authorities:		
Advance Tax, TDS & TCS	8,017,260	14,334,744
GST Input (TDS)		23,756
Sundry Advances	37,426,147	4,613,097
Advance EMI	3,750,000	2,500,000
	49,193,407	21,471,598

(Amount in INR)

Note 17: Other Current Assets

PARTICULARS	As at 31st March 2021	As at 31st March 2020
Accrued Income	14,898,064	12,248,649
Other Bank Accounts - FDR having maturity more than 3 months to 12 months (Refer Note 28)	91,460,450	85,528,143
TDS Recoverable	2,851,357	2,316,071
Security Deposit	846,939	791,539
Prepaid Membership fees	100,000	200,712
	110,156,810	101,093,114



For and on behalf of Board of Directors

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:- PCS 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 2021

Note 18: Revenue from operations

(Amount in INR)

PARTICULARS	For the period ended 31st March 2021	For the year ended 31st March 2020
Interest Income		
- Interest on Loan Portfolio	169,862,274	161,474,603
- Upfront Quality / Agri Income / Loan Processing Fees		
o Taxable	7,196,397	13,695,812
o Exempted	12,479,285	21,015,163
- Interest sharing : MAS Financial Services	17,807,232	18,995,997
Other Operating Revenue		
- Business Correspondent (BC) :- Service Charges		
o Yes Bank Ltd. - Taxable	33,753,997	31,959,515
o Yes Bank Ltd. - Exempted	87,605,160	124,264,413
o IDBI	2,421,983	6,282,966
o Dikarsh Small Finance Bank	8,173,756	131,951
	339,300,094	378,620,420

Note 19: Other Income

(Amount in INR)

PARTICULARS	For the period ended 31st March 2021	For the year ended 31st March 2020
Interest Income		
- Interest on FDR	17,525,578	14,553,570
- Income from Mutual (Liquid) Funds	-	1,226,120
- Profit on Sale of Fixed Assets	-	447,866
- Other Income	20,192	-
- Interest on Other loan	277,800	-
	17,823,570	16,227,555

Note 20: Finance Cost

(Amount in INR)

PARTICULARS	For the period ended 31st March 2021	For the year ended 31st March 2020
Interest on borrowings		
- Bank borrowings	37,508,859	30,507,415
- Other Financial Institutions	71,126,982	78,117,622
- Interest on Unsecured Loans	560,185	-
Expenses For Funding		
- Bank Charges	3,310,093	4,086,470
- Rating Expenses	750,000	605,000
- Processing Fees Documentation and Legal charges	2,101,989	9,669,801
- Financial Consultancy	871,000	3,125,000
	116,229,108	126,111,308

Note 21: Personnel Cost

(Amount in INR)

PARTICULARS	For the period ended 31st March 2021	For the year ended 31st March 2020
- Director Remuneration	17,274,000	17,580,000
- Operational Staff Salary Incentive & Exgratia	108,444,786	117,111,057
- P.F.Contribution	2,309,964	1,734,247
- E.S.I.Contribution	2,234,722	2,090,329
- Director Sitting Fees	126,000	155,000
- Staff Welfare Exp.	305,745	129,382
- Contribution to Gratuity fund LIC	712,328	344,381
	131,407,545	139,144,396

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:- PCS 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 2021

(Amount in INR)

Note 22: Administrative & Other Expenses

Particulars	For the period ended 31st March 2021	For the year ended 31st March 2020
- Legal & Professional	350,000	350,000
- Office Maintenance	9,417,208	9,744,511
- Printing & Stationary	4,052,346	2,408,834
- Office Rent	7,149,709	6,347,909
- Repairs & Maintenance	369,735	844,252
- Building Repairs & Maintenance	191,299	-
- Telephone Expenses	1,995,424	1,792,919
- Provision for Outstanding Loan Portfolio	14,321,090	2,722,579
- Bad Debts	6,843,893	-
- Travelling & Conveyance	8,928,601	16,039,512
- Rates and Taxes	-	2,025,068
GST paid	-	5,870,928
Service tax paid	2,095,331	2,056,623
GST Expenses (Ineligible Input)	-	-
	55,714,036	50,203,136

(Amount in INR)

Note 23 Business Development Expenses

Particulars	For the period ended 31st March 2021	For the year ended 31st March 2020
- Business Development & Promotion Expenses	307,836	180,940
- Consultancy Expenses	7,554,125	8,044,510
- Insurance Exp.	235,247	584,497
- Meeting Training & Orientation Exp.	75,000	951,491
- Software Development & Licence fees	542,283	804,641
- Membership Fees	1,183,850	644,585
Total	9,898,341	11,218,664

(Amount in INR)

Note 24: Earning Per Share

Particulars	For the period ended 31st March 2021	For the year ended 31st March 2020
Basic		
Net Profit Attributable to Equity Shareholders*	8,603,769	29,810,797
Weighted Average No. of Shares used in computing basic EPS	12,656,466	9,183,926
Basic EPS	0.68	3.25
Diluted		
Net Profit attributable to Equity Shareholders	8,603,769	29,810,797
Add: Convertible Preferred Dividends	1,379,509	1,966,518
Add: Dividend Tax on Convertible Preferred Dividends	-	34,133
Profits for the purpose of Dilutive EPS (I)	9,983,278	31,811,448
Weighted Average No. of Outstanding Shares	12,656,466	9,183,926
Dilutive potential Common Stock	500,000	1,750,000
Outstanding Shares for the purpose of Dilutive EPS	13,156,466	10,933,926
Dilutive EPS	0.76	2.91

* 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]
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, CIN:
U65910RJ1996PTC046219

Notes 25:- Provision for Outstanding Loan Portfolio:-

- a) The provision for outstanding loan portfolio as at 31st March 2021 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, 2021			As at March 31, 2020		
	Loan Portfolio	Rate	Provision	Loan Portfolio	Rate	Provision
Standard Assets (A)	61,83,17,063	-	-	87,40,17,102	1%	87,40,171
Non-Performing Assets: (B)						
(a) Out of Own Portfolio, Outstanding for:						
i) more than 90 days but less than 180 days	1,16,77,787	50%	58,38,894	29,68,024	1%	29,680
ii) 180 days or more	1,72,52,047	100%	1,72,52,047	-	-	-
TOTAL (B)	2,89,29,834		2,30,90,941	29,68,024		29,680
Total (A+B)	64,72,46,897		2,30,90,941	87,69,85,126		87,69,851

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

Particulars	As at March 31, 2021			As at March 31, 2020		
	Standard Assets	Non-Performing Assets	Total	Standard Assets	Non-Performing Assets	Total
Opening	87,40,171	29,680	87,69,851	60,47,272	0	60,47,272
Provision made	0	1,43,21,090	1,43,21,090	26,92,899	29,680	27,22,579
Closing	0	2,30,90,941	2,30,90,941	87,40,171	29,680	87,69,851



ARTH MICRO FINANCE PRIVATE LIMITED

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

- c) Provision made during the year amounting (net) Rs. 1,43,21,090/- has been considered as expenses under Administrative and other Expense in Profit & loss account.

Note 26:- Movement of Non - Performing Assets

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

Particulars	As at March 31, 2021	As at March 31, 2020
o NPA to Gross Portfolio percentage	4.47%	0.34%
o Movement in NPA		
Opening Balance	29,68,024	0
Add: Additions during the year	2,59,61,810	29,68,024
Less: Reduction during the year	0	0
Closing Balance	2,89,29,834	29,68,024

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. 15,12,75,449/- 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	46,30,697



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MAS Financial Institution	2,48,04,752
Utkarsh	1,85,00,000
Total	15,12,75,449

3. Corporate guarantee given:

Name of BC Institution	Amount
MAS AFF on lending	18,22,80,595
IDBI	3,18,23,515
Utkarsh	59,84,670
Total	22,00,88,780

Note 29:- Related Party Disclosures

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
Miss Ruchi Mitra	: Director & Company Secretary
Mr. Dinesh Awasthi	: Director
Mr. Nishkant 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

Kuldhara Foundation



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Kuldhara Investments Private Limited

Kuldhara Ventures Private Limited

d) Particulars of related parties transactions

Nature of Transaction	Referred in 29 (a) above		Referred in 29 (b) above		Referred in 29 (c) above	
	F.Y. 20-21	F.Y. 19-20	F.Y. 20-21	F.Y. 19-20	F.Y. 20-21	F.Y. 19-20
A. Transaction during the year						
- Remuneration	1,72,74,000	1,75,80,000	0	0	0	0
- Performance Linked Incentive	0	0	0	0	0	0
- Rent	8,40,000	8,40,000	0	0	0	0
- Salary	0	0	25,20,000	36,40,000	0	0
- Sitting Fees	1,26,000	1,55,000	0	0	0	0
- Shares Allotment (including premium)	2,35,00,000	3,97,00,000	1,98,00,000	57,00,000	0	146,00,000
- Loan Accepted	30,00,000	5,22,00,000	35,00,000	1,10,00,000	0	0
- Loan Repaid	30,00,000	5,22,00,000	35,00,000	1,10,00,000	0	0
B. Outstanding Balance Payable	16,19,056	14,45,400	5,16,786	3,04,146	0	0

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 written off during the year. Also, no accounts have been provided for as doubtful debts.



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

S.No.	Particulars	Amount for The Year Ended	
		2020-21	2019-20
1	Statutory Audit Fee	300000	300000
2	Tax Audit Fees	50000	50000
	Total	350000	350000

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, 2021	March 31, 2020
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 amount of payments made to suppliers beyond the appointed day during the	Nil	Nil



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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, 2021	As at 31 March, 2020
Tier I Capital (net worth)	309130853	24,28,09,569
Tier II Capital	70090941	8,22,55,229
Total Capital	379221794	32,50,64,798
Total Risk Weighted Assets	738572250	92,50,86,518
CRAR as a Percentage of Total Risk Weighted Assets (%)	51.35%	35.14%

(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, 2021 (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-MFI) - Directions RBI/2013-14/482 DNBS.(PD) CC. No 369/03.10.38/2013-14 dated 7th February, 2014



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(a) Cost of funds (as of 31st, March 2021):

Particulars	%
Average effective cost of borrowing	13.42
Margin	9.57
Lending Rate	22.99

(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 2020-21) multiplied by 2.75 = $8.3625 \times 2.75 = 23.00\%$ (As of 31 March, 2021)

Note 34:- Qualifying Assets

The Company has maintained the qualifying asset percentage as at 31 March 2021, 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, 2021 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, 2021. 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 2021 as BC	Recoveries lying with company out of MF Lending on 31 st March 2021
(1)	(2)	(3)
YES Bank	1,99,34,73,204	2,52,81,405
IDBI	3,18,23,515	(27,23,775)



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MAS financial services	18,22,80,595	75,78,697
Utkarsh Small Finance Bank	23,93,86,816	(1,00,06,997)
Total	2,44,69,64,130	2,01,29,330

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 46,30,697/-, to MAS Financial Services Ltd. Rs. 2,48,04,752/- and to Utkarsh Small Finance Bank Rs. 1,85,00,000/- 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 subject to confirmation

Balances of Book Debts, Micro finance Loan Portfolio of Company and as BC / Service Provider, 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

The impact of COVID-19 on the economy continues to be uncertain and the extent to which the ongoing COVID-19 pandemic will impact the Company's financial performance including the Company's estimates of impairment of loans, is dependent on such future developments, the severity and duration of the pandemic, which cannot be predicted with any degree of certainty.

In accordance with the Board approved moratorium policy read with the Reserve Bank of India (RBI) guidelines dated 27 March 2020, 17 April 2020 and 23 May 2020 relating to 'COVID-19 – Regulatory Package' and guidelines issued thereto, the Company has granted moratorium upto Six months on the payment of installments falling due between March 2020 and 31 August 2020 to all eligible borrowers on a suo-moto basis. Having regard to the guidance provided by the RBI and the Institute of Chartered Accountants of India, in the assessment of the Company, extension of such moratorium benefit to borrowers as per the COVID-19 Regulatory Package of the RBI by itself is not considered to result in significant increase in credit



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risk. In the absence of other credit risk indicators, the granting of a moratorium period does not result in accounts becoming past due and automatically triggering Stage 2 or Stage 3 classification criteria. Accordingly, in respect of accounts overdue but standard as at 29 February 2020 where moratorium benefit have been granted, the staging of those accounts as at 31 March 2021 is based on the days past due status considering the benefit of moratorium period in accordance with the Reserve Bank of India Covid-19 Regulatory Package.

The Company has considered the aforesaid context of the pandemic in applying the assumptions used to determine the expected credit losses on loans. The impact assessment of COVID-19 is a continuing process given its uncertainty in nature and duration, this may have corresponding impact in the financial position. The Company will continue to monitor any material changes to the future economic conditions.

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 :- 31 JUL 2021

