

SAMASTA MICROFINANCE LIMITED  
(FORMERLY COLANAC FINANCE LIMITED)

# FOURTEENTH ANNUAL REPORT

2008 - 2009

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Regd. Office: A2, Sindhu towers, 95/160, Luz Church road,  
Mylapore, Chennai - 600 004

**SAMASTA MICROFINANCE LIMITED**

Board Of directors:

Mr. N.Venkatesh – Managing director  
Mr. R.C.Shekar [w.e.f 30.07.2008]  
Mr. B.Seshadri [w.e.f 30.07.2008]  
Mr. S.P.Jayaprakash [w.e.f 30.07.2008]  
Mr. D.Shivaprakash [w.e.f 30.07.2008]]  
Mr. T.V.Padmanabhan [upto 14.02.2009]  
Mr. Nagabhushan K Shetty [upto 23.02.2009]  
Mr. A.Ramanathan [w.e.f 23/04/2009]  
Mr. Vikraman Ampalakkat [wef 26/06/2009]

Auditors:

▼ M/S. GOWTHAMA & COMPANY,  
CHARTERED ACCOUNTANTS,  
Bangalore.

Banker's Name:

AXIS Bank  
Canara Bank  
Lakshmi Vilas Bank Limited,  
Chennai.

Registered Office:

A2, Sindhur towers, 95/160,  
Luz Church road,  
Mylapore, Chennai – 600 004

## **NOTICE TO THE SHAREHOLDERS**

NOTICE is hereby given that the **14<sup>th</sup> Annual General Meeting** of M/s.Samasta Microfinance Limited, will be held on Monday, the 24<sup>th</sup> day of August, 2009 at the Registered Office of the Company at A2, Sindhu towers, 95/160, Luz Church road, Mylapore, Chennai - 600 004, at 11.00 am to transact the following.

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as on March 31<sup>st</sup>, 2009 and the Profit and Loss Account for the year ended on that date and the report of the Directors and Auditors report thereon.
2. To appoint, M/s.Gowthama and Company, Chartered Accountants, as Auditors for the current year and to fix their remuneration.

### **SPECIAL BUSINESS:**

#### **ITEM NO.3:**

#### **INCREASE IN AUTHORIZED SHARE CAPITAL**

To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:

**“RESOLVED** that in accordance with the provisions of Sections 16, 94, 95, 97 and other applicable provisions, if any, of the Companies Act, 1956, authorized Capital be increased from the existing **Rs.5,00,00,000/-** (Rupees Five Crores Only) divided into 50,00,000 Equity Shares of Rs.10/- each to **Rs.7,00,00,000/-** (Rupees Seven Crores Only) divided into 50,00,000 Equity Shares of Rs.10/- each and 2,00,000 Redeemable Non-Convertible Cumulative Preference Shares of Rs.100/- each by creation of an additional Rs. **2,00,00,000/-** (Rupees Two Crores Only) divided into 2,00,000 Redeemable Non-Convertible Cumulative Preference Shares of Rs.100/- each”

#### **ITEM NO.4:**

#### **ALTERATION OF MEMORANDUM OF ASSOCIATION:**

To consider and if thought fit, to pass with or without modifications the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** existing Clause IV of the Memorandum of Association of the Company be and is hereby amended by substituting the following Clause V:

V. “The Authorized Share Capital of the Company is **Rs. 7,00,00,000/-** (Rupees Seven Crores only) divided into 50,00,000 (Fifty Lakhs) Equity Shares of Rs.10/- (Rupees Ten) each, and 2,00,000 (Two Lakhs) Redeemable Non-Convertible Cumulative Preference Shares of Rs.100/- each (Rupees One Hundred) each with power to increase, reduce, divide, sub-divide into various classes of shares and attach thereto such preferential / deferred, special rights and privileges as may be determined by the Company in accordance with the provisions of the Companies Act, 1956. ”

**ITEM NO.5:**

**APPOINTMENT OF MR. B SESHADRI AS ORDINARY DIRECTOR:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

**“RESOLVED** that in accordance to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri.B.Seshadri, who was appointed as an additional director on 30/07/2008 pursuant to provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director, subject to retirement by rotation under the provisions of the Articles of Association by the company.”

**ITEM NO.6:**

**APPOINTMENT OF MR.S. P.JAYAPRAKASH AS ORDINARY DIRECTOR:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

**“RESOLVED** that in accordance to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri.S.P. Jayaprakash, who was appointed as an additional director on 30/07/2008 pursuant to provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director,

subject to retirement by rotation under the provisions of the Articles of Association by the company.”

**ITEM NO.7:**

**APPOINTMENT OF MR. D SHIVAPRAKASH AS ORDINARY DIRECTOR:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

“**RESOLVED** that in accordance to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri.D. Shivaprakash, who was appointed as an additional director 30/07/2008 pursuant to provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director, under the provisions of the Articles of Association by the company.”

**ITEM NO.8:**

**APPOINTMENT OF MR. R.C.SHEKAR AS ORDINARY DIRECTOR:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

“**RESOLVED** that in accordance to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri.R.C.Shekar, who was appointed as an additional director on 30/07/2008 pursuant to provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director, under the provisions of the Articles of Association by the company.”

**ITEM NO.9:**

**APPOINTMENT OF MR. A RAMANATHAN AS ORDINARY DIRECTOR:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

“**RESOLVED** that in accordance to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri A Ramanathan, who was appointed as an additional Director on 23/04/2009 pursuant to provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as director

subject to retirement by rotation under the provisions of the Articles of Association by the company.”

**ITEM NO.10:**

**APPOINTMENT OF MR.VIKRAMAN AMPALAKKAT AS ORDINARY DIRECTOR:**

To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:

“**RESOLVED** that in accordance to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri.Vikraman Ampalakkat, who was appointed as an additional Director on 26/06/2009 pursuant to provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as director subject to retirement by rotation under the provisions of the Articles of Association by the company.”

**BY ORDER OF THE BOARD**

**M/S SAMASTA MICROFINANCE LIMITED  
(Formerly Colanac Finance Limited)**



**(N Venkatesh)**

**MANAGING DIRECTOR**

**Place: Chennai**

**Date: 23.04.2009**

**NOTE:**

- I. A Member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend and vote instead of him.
- II. A proxy need not be a member.
- III. A proxy Form duly completed and stamped must reach the registered office of the company not less than 48 hours before the time for holding the aforesaid meeting.
- IV. Explanatory Note as required under section 173(2) of the Companies Act 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

**ITEM NO: 3 and 4:**

The Company intends to issue Redeemable Non-Convertible Cumulative Preference Shares to strengthen the operations and capital base of the Company. This will necessitate increasing the authorized capital of the company. The present Authorised Capital of **Rs.5,00,00,000/-** (Rupees Five Crores Only) divided into 50,00,000 Equity Shares of Rs.10/- each to **Rs.7,00,00,000/-** (Rupees Seven Crores Only) divided into 50,00,000 Equity Shares of Rs.10/- each, 2,00,000 Redeemable Non-Convertible Cumulative Preference Shares of Rs.100/- each by creation of an additional **Rs.2,00,00,000/-** (Rupees Two Crores Only) divided into 2,00,000 Redeemable Non-Convertible Cumulative Preference Shares of Rs.100/- each. The Capital Clause of MOA of the company be altered accordingly pursuant to section 16 read with section 94, 97 of the Companies Act, 1956 and requires members consent.

Your Directors recommend the proposed resolution giving effect to the above amendments for your approval.

**Item No.5:**

The Board of Directors of the Company at its meeting held on 30/07/2009 pursuant to the provisions of Section 260 of The Companies Act, 1956 and Article 57 of the Articles of Association of the company, had appointed, **Mr.B.Seshadri**, as Director of the company on 30/07/2008. In terms of the Section 260 of the Act, such director hold office upto the date of this Annual General Meeting. The Board accordingly recommends the ordinary resolution set out at item number 7 of the accompanying notice for the approval of members.

**Mr.B.Seshadri** may be deemed to be concerned or interested in the resolution(s) relating to his appointment.

**Item No.6:**

The Board of Directors of the Company at its meeting held on 30/07/2009 pursuant to the provisions of Section 260 of The Companies Act, 1956 and Article 57 of the Articles of Association of the company, had appointed, **MR.S. P.JAYAPRAKASH**, as

Director of the company on 30/07/2008. In terms of the Section 260 of the Act, such director hold office upto the date of this Annual General Meeting. The Board accordingly recommends the ordinary resolution set out at item number 8 of the accompanying notice for the approval of members.

**MR.S. P.JAYAPRAKASH** may be deemed to be concerned or interested in the resolution(s) relating to his appointment.

**Item No.7:**

The Board of Directors of the Company at its meeting held on 30/07/2009 pursuant to the provisions of Section 260 of The Companies Act, 1956 and Article 57 of the Articles of Association of the company, had appointed, **MR. D SHIVAPRAKASH**, as Director of the company on 30/07/2008. In terms of the Section 260 of the Act, such director hold office upto the date of this Annual General Meeting. The Board accordingly recommends the ordinary resolution set out at item number 9 of the accompanying notice for the approval of members.

**MR. D SHIVAPRAKASH** may be deemed to be concerned or interested in the resolution(s) relating to his appointment.

**Item No.8:**

The Board of Directors of the Company at its meeting held on 30/07/2009 pursuant to the provisions of Section 260 of The Companies Act, 1956 and Article 57 of the Articles of Association of the company, had appointed, **MR. R.C.SHEKAR**, as Director of the company on 30/07/2008. In terms of the Section 260 of the Act, such director hold office upto the date of this Annual General Meeting. The Board accordingly recommends the ordinary resolution set out at item number 10 of the accompanying notice for the approval of members.

**MR. R.C.SHEKAR** may be deemed to be concerned or interested in the resolution(s) relating to his appointment.

**Item No. 9:**

The Board of Directors of the Company at its meeting held on 23<sup>rd</sup> April 2009 pursuant to the provisions of Section 260 of The Companies Act, 1956 and Article 57 of the Articles of Association of the company, had appointed, **Mr.A.Ramanathan** as



Director of the company. In terms of the Section 260 of the Act, such director hold office upto the date of this Annual General Meeting. The Board accordingly recommends the ordinary resolution set out at item number 11 of the accompanying notice for the approval of members.

**Mr.A.Ramanathan** may be deemed to be concerned or interested in the resolution(s) relating to his appointment.

**Item No. 10:**

The Board of Directors of the Company at its meeting held on 23<sup>rd</sup> April 2009 pursuant to the provisions of Section 260 of The Companies Act, 1956 and Article 57 of the Articles of Association of the company, had appointed, **MR.VIKRAMAN AMPALAKKAT** as Director of the company. In terms of the Section 260 of the Act, such director hold office upto the date of this Annual General Meeting. The Board accordingly recommends the ordinary resolution set out at item number 12 of the accompanying notice for the approval of members.

**MR.VIKRAMAN AMPALAKKAT** may be deemed to be concerned or interested in the resolution(s) relating to his appointment.

***BY ORDER OF THE BOARD***

***M/S SAMASTA MICROFINANCE LIMITED  
(Formerly Colanac Finance Limited)***



***(N Venkatesh)  
MANAGING DIRECTOR***

***Place: Chennai  
Date: 23.04.2009***

## **DIRECTORS' REPORT TO THE MEMBERS**

The Board of Directors is pleased to present the 14<sup>th</sup> Annual Report together with the audited Balance Sheet and Profit & Loss Account for the year ended 31<sup>st</sup> March, 2009. The working results for the year ended 31<sup>st</sup> March 2009 has been satisfactory. The highlights are as under:

### **FINANCIAL RESULTS:**

The company has earned a Net Profit of Rs.3,10,798/- (Three Lakh Ten thousand Seven Hundred and Ninety Eight) after charging depreciation of Rs. 4,17,518/- (Four lakh Seventeen Thousand Five Hundred and Eighteen) and Provisions of tax as against Rs.32,128/- (Thirty two Thousand One Hundred and Twenty Eight)

20% of this profit has been attested towards statutory reserve as per RBI Norms.

### **EMPLOYEES:**

There are no employees attracting the provision of Section 217 (2A) of the companies act, 1956 as amended by the companies (Amendment) act, 1988, who are in receipt of remuneration of not less than Rs.24,00,000/- p.a., or Rs.2,00,000/- per month or part thereon.(Previous Year-Nil)

### **SECRETARIAL COMPLIANCE:**

Secretarial Compliance Certificate from a Practicing Company Secretary pursuant to Sec.383 A (1) of the Companies Act, 1956 is herewith attached.

### **AUDITORS:**

The existing Auditors M/s Gowthama & Company, 23/57, 41<sup>st</sup> Cross, East end 'C' Main Road, 9th Block, Jayanagar, Bangalore-560 069, retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

### **ADDENDUM TO AUDITOR'S REPORT**

#### Gratuity and Leave encashment.

Observations made in the auditors report has been dealt within the notes to the accounts at appropriate places and being explanatory had no further clarifications.

### **DIRECTORS:**

The Directors Mr. T V Padmanadan and Mr. P Nagabooshanam who rendered their services for the company have resigned on 14<sup>th</sup> and 23<sup>rd</sup> February 2009 respectively. Their resignation has been duly accepted by the Board of Directors.

The Directors namely Mr. R.C.Shekar [w.e.f 30.07.2008] Mr. B.Seshadri [w.e.f 30.07.2008], Mr. S.P.Jayaprakash [w.e.f 30.07.2008], Mr.D.Shivaprakash [w.e.f 30.07.2008], Mr. A.Ramanathan [w.e.f 23/04/2009], Mr. Vikraman Ampalakkat

[w.e.f 26/06/2009] have been appointed as additional directors during the period under review.

**DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departure.
- the Directors had selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that year.
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the Annual Accounts on a Going Concern basis.

**CONSERVATION OF ENERGY:**

As regards disclosure under section 217(1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the respect of Board of Directors) Rules, 1988, we submit that our operations are not energy intensive.

**FOREIGN EXCHANGE:**

There is no Foreign exchange received or outgo during the year.

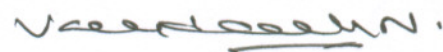
**ACKNOWLEDGEMENTS:**

Your Directors would like to convey deep appreciation of the co-operation extended by the bankers of the company to the company's operations. The Board places on record their appreciation of the support provided by the customers. Your Directors acknowledge the excellent commitment and contribution of each of its employees to the growth of the company.

*By Order of the Board*



R.C. Shekar  
Director



N Venkatesh  
Managing Director

Place: Chennai  
Date: 23.04.2009

**Auditors' Report to the Members of  
M/S SAMASTA MICRO FINANCE LIMITED  
(FORMERLY COLANAC FINANCE LIMITED)**

1. We have audited the attached Balance Sheet of M/s **SAMASTA MICROFINANCE LIMITED**. As at MARCH 31<sup>ST</sup>, 2009 and also the Profit & Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. In our opinion and based on the information available this provisions of the companies ( Auditor's Report ) order,2003 as amended by companies (Auditor's Report) (Amendment) order, 2004,issued by the Central Government of India in Terms of Sub-Section (4A)of Section 227 of the Companies Act, 1956, are applicable to this company. We enclose in the annexure a statement on the matters specified in paragraph 4.
4. Further to our comments in the Annexure referred to above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, the Company has kept proper books of account as required by law, so far as appear from our examination of those books.
  - c. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
  - d. In our opinion the Balance Sheet and Profit and Loss Account comply with the Accounting Standards referred to the sub-section (3C) of section 211 of the Companies Act 1956, to the extent applicable *subject to non provision of Gratuity*.
  - e. On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the directors of the Company is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. In our opinion and to the best of our information and according to the explanations given to us the Financial Statements read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and subject to Note no B 3 regarding the non provision for gratuity, give a true and fair view in confinement with the accounting principles generally accepted in India:
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2009,
    - (ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended as on that date.

Place: Bangalore  
Date : 23.04.2009

For Gowthama & Company  
Chartered Accountants

  
(H. V. Gowthama)  
Partner

Membership No. 14353



## Annexure to the Auditors' Report

Annexure referred to in paragraph '3' of the Auditors' Report to the Members of M/s SAMASTA MICROFINANCE LIMITED, on the accounts for the year ended 31<sup>ST</sup> MARCH, 2009.

1. In respect of Fixed Assets
  - a. The Company has maintained proper records to show full particulars, including quantitative details and situation of fixed assets.
  - b. Fixed assets have been physically verified by the management on various occasions during the year, and there is a regular program of verification which, is in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
  - c. There was no substantial disposal of fixed assets during the year.
2. In respect of inventories  
There are no Inventories; hence this clause is not applicable.
3. In respect of Loans, secured or unsecured from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - a. According to the information and explanations given to us, the Company has taken loans, secured or unsecured from companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
  - b. The rate of interest and other terms and conditions of these loans taken are not prima facie prejudicial to the interest of the company.
  - c. As per terms of contract the company is not require to pay interest and scheme of repayment is not fixed. Therefore it is not prejudicial to the interest of the company
4. According to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventories, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the underlying internal controls.
5. In respect of transactions entered in the register maintained in pursuance of section 301 of the companies Act, 1956.
  - a) To the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to enter in to the register have been so entered.
  - b) According to the information and explanations given to us transaction of purchase of fixed assets and sale of goods exceeding Rs. 5 lakhs in respect of each party, the transaction have been made at prices which are prime facie reasonable having regard to the prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and as such, compliance with directives issued by the Reserve bank of India and provisions of Section 58A of the Companies Act, 1956 and the rules framed there under does not arise.
7. The Company has an Internal Audit System commensurate with the size of the Company and the nature of its business.



## Annexure to the Auditors' Report

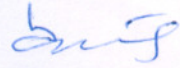
8. Maintenance of cost records have not been prescribed by the Central Government and therefore comment under section 209 (1) (d) of the Companies Act, 1956, does not arise.
9. In respect of statutory dues
  - a. According to the information and explanation given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investors Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and any other Statutory dues with the appropriate authorities. According to information and explanation given to us, there are no undisputed statutory due outstanding as at March 31, 2009 for a period of more than six months from the date they became payable.
  - b. According to the information and explanation given to us, there are no amounts in respect of Custom Duty, Wealth Tax, Excise Duty or Cess which have not been deposited on account of any dispute.
10. The company has no accumulated losses at the end of the financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to banks. And has not issued debentures.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the nature of activities of the company does not attract any special statute applicable to chit fund / nidhi / mutual benefit funds / society.
14. The Company is not dealing or trading in shares, securities, debentures and other investment.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by its subsidiaries and associates from bank or financial Institutions.
16. In our opinion, according to the information and explanations given to us and to the best of our knowledge and belief on an overall basis, the Company did not have any term loans overdue during the year.
17. We have been informed by the management that the funds raised on short term basis have been used for short term investment.
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. During the year under consideration the Company has not issued any debentures.
20. During the year under consideration the Company has not raised money by way of public issue.



## Annexure to the Auditors' Report

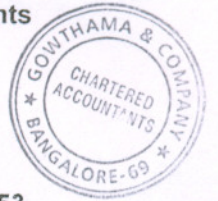
21. Bases upon the audit procedures performed and information and explanations given by the management, we report that, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Gowthama & Company  
Chartered Accountants



(H. V. Gowthama)  
Partner

Membership No. 14353



Place: Bangalore  
Date : 23.04.2009

**SAMASTA MICROFINANCE LIMITED**  
(FORMERLY COLANAC FINANCE LIMITED)  
BALANCE SHEET AS AT 31ST MARCH, 2009

Particulars	Sch	31.03.2009 Rs.	31.03.2008 Rs.
<b>SOURCES OF FUNDS :</b>			
(1) SHAREHOLDERS' FUNDS :			
(a) Share Capital	1	27,710,000	5,000,000
(b) Reserves and Surplus	2	507,465	196,667
(2) LOAN FUNDS :			
(a) Secured Loans	3	4,638,844	-
(b) Unsecured Loans	4	110,671	-
<b>TOTAL</b>		<b>32,966,980</b>	<b>5,196,667</b>
<b>APPLICATIONS OF FUNDS :</b>			
(1) FIXED ASSETS :			
(a) Gross Block	5	5,360,000	513,648
(b) Less : depreciation		417,518	376,307
(c) Net Block		4,942,482	137,341
(2) INVESTMENTS			
(3) DEFERRED TAX ASSET			
(4) CURRENT ASSETS, LOANS AND ADVANCES :			
(a) Sundry Debtors	6	370,716	-
(b) Cash and Bank Balances	7	839,618	1,619,517
(c) Loans and Advances	8	26,680,095	3,529,285
A		27,890,429	5,148,802
Less: CURRENT LIABILITIES AND PROVISIONS :			
(a) Current Liabilities	9	1,185,689	59,191
(b) Provisions	10	259,313	42,241
B		1,445,001	101,432
NET CURRENT ASSETS (A-B)			
		26,445,428	5,047,370
(5) Miscellaneous expenditure to the extent not written off			
	11	1,471,462	-
<b>TOTAL</b>		<b>32,966,980</b>	<b>5,196,667</b>
<b>Note: These Schedules, Notes and Statement on Accounting Policies form an Integral part of the Balance Sheet</b>			

For and on behalf of the Board

*[Signature]*

MANAGING DIRECTOR

*[Signature]*  
DIRECTOR

*[Signature]*  
DIRECTOR

VIDE OUR ANNEXED REPORT

For GOWTHAMA & COMPANY

CHARTERED ACCOUNTANTS

*[Signature]*

H. V. GOWTHAMA  
PARTNER



Date: 23.04.2009

Place: Bangalore



**SAMASTA MICROFINANCE LIMITED**  
**(FORMERLY COLANAC FINANCE LIMITED)**  
**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

Particulars	Sch	31.03.2009 Rs.	31.03.2008 Rs.
<b>INCOME</b>			
Interest on Loans		6,530,500	455,750
Other Income	12	5,600,429	325,500
		<b>12,130,929</b>	<b>781,250</b>
<b>EXPENDITURE</b>			
Financial Cost	13	437,686	-
Administration & Operational Expenses	14	4,874,507	368,757
Personnel Cost	15	6,006,073	332,048
		<b>11,318,266</b>	<b>700,805</b>
Profit Before Depreciation		812,663	80,445
Less: Depreciation		417,518	29,555
Profit/Loss for the year		<b>395,145</b>	50,890
<b>Less: Provision for Taxation</b>			
Current Tax		70,000	11,989
Fringe Benefit Tax		110,000	3,037
Deffered Tax Asset		(95,653)	3,736
<b>Profit After Tax</b>		<b>310,798</b>	<b>32,128</b>
<b>Appropriations</b>			
Transfer to Statutory Reserve		62,160	6,426
Transfer to General Reserve		248,639	25,702
		<b>310,798</b>	<b>32,128</b>
<b>Note: These Schedules, Notes and Statement on Accounting Policies form an Integral part of the Profit &amp; Loss Account</b>			

For and on behalf of the Board

*[Handwritten Signature]*

MANAGING DIRECTOR

*[Handwritten Signature]*

DIRECTOR

*[Handwritten Signature]*

DIRECTOR

Date: 23.04.2009

Place: Bangalore

VIDE OUR ANNEXED REPORT

For GOWTHAMA & COMPANY

CHARTERED ACCOUNTANTS

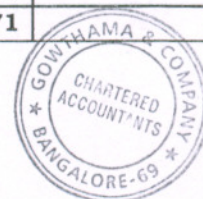
*[Handwritten Signature]*

H. V. GOWTHAMA  
PARTNER



**SAMASTA MICROFINANCE LIMITED**  
**(FORMERLY COLANAC FINANCE LIMITED)**  
**SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2009**

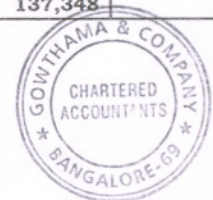
Sch No.	PARTICULARS	31.03.2009 Rs.	31.03.2008 Rs.
<b>1</b>	<b>SHARE CAPITAL</b>		
	Authorized Capital 50,00,000 Equity Shares of Rs.10/- each (Previous year 5,00,000 Equity Shares of Rs.10/- each)	5,00,00,000.00	5,000,000
		<b>5,00,00,000.00</b>	<b>5,000,000</b>
	Issued, Subscribed & Paid-up 27,71,000 Equity Shares of Rs.10/- each fully paid-up (Previous year 5,00,000 Equity Shares of Rs.10/- each) (22,71,000 shares have been allotted during the year)	27,710,000	5,000,000
		<b>27,710,000</b>	<b>5,000,000</b>
<b>2</b>	<b>RESERVES &amp; SURPLUS</b>		
	<b>Revenue Reserve</b>		
	Opening Balance	185,853	160,151
	Add: Profit for the year	248,639	25,702
	<b>A</b>	434,491	185,853
	<b>Statutory Reserve</b>		
	Opening Balance	10,814	4,388
	Add: Transferred from Profit & Loss Account	62,160	6,426
	<b>B</b>	72,974	10,814
	<b>(A+B)</b>	<b>507,465</b>	<b>196,667</b>
<b>3</b>	<b>SECURED LOANS</b>		
	From Lakshmi Vilas Bank Ltd (Against Book Debts and guaranteed by Three directors of the Company)	4,638,844	-
		<b>4,638,844</b>	-
<b>4</b>	<b>UNSECURED LOANS</b>		
	From Directors	110,671	-
		<b>110,671</b>	-



**SAMASTA MICROFINANCE LIMITED**  
**(FORMERLY COLANAC FINANCE LIMITED)**  
**SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2009**

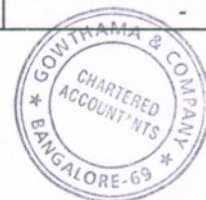
**5 FIXED ASSETS**

Sl. No.	Description of Assets	GROSS BLOCK				DEPRECIATION BLOCK				NET BLOCK	
		At cost beginning of the year	AT COST Additions during the year	Deletion During the Year	Total at the end of the year	Balance as on beginning of the year	For the year	For Deletions on sale of Asset	Total at end of the year	Balance at end of the Current Year	Balance as at end of previous year
1	Furntiure & Fixtures	50,802	1,395,289	50,802	1,395,289	25,910	193,659	25,910	193,659	1,201,630	24,892
2	Office Equipment	94,916	89,606	94,916	89,606	68,183	10,943	68,183	10,943	78,663	26,733
3	Computer	367,930	326,780	367,930	326,780	282,214	97,701	282,214	97,701	229,079	85,716
4	Vehicles	-	646,825	-	646,825	-	115,215	-	115,215	531,610	-
5	Capital WIP Software	-	2,901,500	-	2,901,500	-	-	-	-	2,901,500	-
	<b>Total Current Year</b>	<b>513,648</b>	<b>5,360,000</b>	<b>513,648</b>	<b>5,360,000</b>	<b>376,307</b>	<b>417,518</b>	<b>376,307</b>	<b>417,518</b>	<b>4,942,482</b>	<b>137,341</b>
	<b>Previous Year</b>	<b>403,132</b>	<b>110,516</b>	<b>-</b>	<b>513,648</b>	<b>346,752</b>	<b>29,555</b>	<b>-</b>	<b>376,307</b>	<b>137,348</b>	<b>-</b>



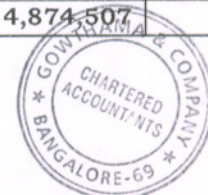
**SAMASTA MICROFINANCE LIMITED**  
**(FORMERLY COLANAC FINANCE LIMITED)**  
**SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2009**

Sch No.	PARTICULARS	31.03.2009 Rs.	31.03.2008 Rs.
<b>6</b>	<b>SUNDRY DEBTORS</b>		
	<i>Unsecured, Considered Good</i>		
	Due for more than 6 months	370,716	-
	Others	-	-
		<b>370,716</b>	-
<b>7</b>	<b>CASH &amp; BANK BALANCE</b>		
	Cash on Hand	97,550	-
	With Scheduled Banks in Current Account	742,069	1,619,517
		<b>839,618</b>	<b>1,619,517</b>
<b>8</b>	<b>LOANS AND ADVANCES</b>		
	Unsecured Loans, Considered Good	23,987,566	3,529,285
	Advances & Deposits in Cash or Kind or Value to be received	2,677,503	-
	Fringe Benefit Tax	3,037	-
	Income tax	11,989	-
		<b>26,680,095</b>	<b>3,529,285</b>
<b>9</b>	<b>CURRENT LIABILITIES</b>		
	Sundry Creditors		
	- Due to SSI Units	-	-
	- For Expenses	728,487	59,191
	- For Other Finance	457,202	-
		<b>1,185,689</b>	<b>59,191</b>
<b>10</b>	<b>PROVISIONS</b>		
	For Taxation	107,620	37,620
	For Fringe Benefit Tax	114,621	4,621
	For NPA	37,072	-
		<b>259,313</b>	<b>42,241</b>
<b>11</b>	<b>MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF</b>		
	Deferred revenue Expenditure	1,471,462	-
		<b>1,471,462</b>	-



**SAMASTA MICROFINANCE LIMITED**  
**(FORMERLY COLANAC FINANCE LIMITED)**  
**SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE**  
**YEAR ENDED 31ST MARCH 2009**

Sch No.	PARTICULARS	31.03.2009 Rs.	31.03.2008 Rs.
<b>12</b>	<b>OTHER INCOME</b>		
	Credits Written Back	59,191	
	Interest on staff Loans	1,194	
	Interest on Security Deposit	4,364	
	Document Fee & Service Charges	4,813,750	325,500
	Enrollment Fees	721,930	
		<b>5,600,429</b>	<b>325,500</b>
<b>13</b>	<b>FINANCIAL COST</b>		
	Financial Expenses	248,454	-
	Bank Interest	189,232	-
		<b>437,686</b>	<b>-</b>
<b>14</b>	<b>ADMINISTRATION &amp; GENERAL EXPENSES</b>		
	Consultation charges	396,082	86,476
	Advertisement expenses	59,944	-
	Assets written off	137,341	-
	Auditor's Remuneration		
	- Audit Fee	33,090	5,618
	- Tax Audit Fee	22,060	-
	- Other Expenses	-	-
	Board meeting expenses	6,208	-
	Books and Periodicals	2,080	-
	Computer consumables	44,907	-
	Deposits Written Off	54,618	-
	Directors expenses	352,467	-
	Electricity and Water charges	91,716	-
	Equipment maintenance	5,051	-
	Insurance for members	596,720	-
	Insurance On FWO's	35,880	-
	Interest On Vehicle Loan	55,029	-
	Internal audit expenses	10,928	-
	Legal expenses	25,500	-
	Local conveyance	474,749	31,548
	Meeting and Conference expenses	84,257	-
	Members Welfare	1,851	-
	Miscellaneous expenses	4,171	3,268
	NPA on Loans	37,072	-
	Office Maintenance	447,166	15,110
	Postage	28,269	-
	Printing And Stationery	448,614	34,209
	Rates and Taxes	58,098	111,746
	Rent	765,074	57,360
	Security Charges	-	5,837
	Telephone Charges	288,935	17,585
	Tours and Travels	184,182	-
	Vehicle insurance	21,548	-
	Vehicle Maintenance	100,901	-
		<b>4,874,507</b>	<b>368,757</b>



**SAMASTA MICROFINANCE LIMITED**  
**(FORMERLY COLANAC FINANCE LIMITED)**  
**SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE**  
**YEAR ENDED 31ST MARCH 2009**

Sch No.	PARTICULARS	31.03.2009 Rs.	31.03.2008 Rs.
<b>15</b>	<b>PERSONNEL COST</b>		
	Salaries & Allowances	5,025,773	239,400
	Employers ESI Contribution	107,704	-
	Employers PF Contribution	183,218	-
	Staff Welfare	98,878	32,648
	Staff Incentive	28,000	-
	Executive Directors Remuneration	562,500	60,000
		<b>6,006,073</b>	<b>332,048</b>



**M/S SAMASTA MICRO FINANCE LIMITED  
(FORMERLY COLANAC FINANCE LIMITED)**

**SIGNIFICANT ACCOUNTING POLICIES &  
NOTES FORMING PART OF THE ACCOUNTS**

**A] SIGNIFICANT ACCOUNTING POLICIES**

**1] ACCOUNTING CONCEPTS:**

The financial statements have been prepared on accrual basis under the Historical Cost Convention, in accordance with generally accepted Accounting principles and provisions of the Companies Act, 1956.

**2] REVENUE RECOGNITION**

Income from Loans disbursed, is recognized on accrual/due basis as per the contract with the borrowers and repayments are collected on weekly basis. Interest is calculated on flat rate method on all loans. Income includes interest income & document charges of income from managed assets also.

**3] FIXED ASSETS AND DEPRECIATION**

Fixed Assets of the Company are accounted at cost of acquisition, less depreciation. Cost of acquisition includes direct expenses attributable to bringing the assets to their present location and working condition for their intended use. Financial cost attributable to acquisition of fixed asset is capitalised to the period upto, which the assets are ready to be put to use.

Deprecation on fixed assets is provided using Written Down Value Method at the rates given in the schedule IV of the Companies Act, 1956.

**B]**

**1] Secured Loans:**

Cash credit loan from bank are secured against book debts, income receivable & other rights there to.

**2] LOANS & ADVANCES**

It includes: Samasta has managed portfolio of Highland leasing for Rs.90,42,998/- & net amount receivable therefrom is Rs. 4,10,783/-

**3]** Company has not Provided for Gratuity And Leave Encashment in the books and the same is accounted as and when paid.

**4]** Asset written off in P & L A/C are fixed asset belonging to Former Company M/s Colanac Finance Ltd which is no longer usable.



5/ **DEFERRED TAX**

The Major components of Deferred Tax Asset / Liabilities based on Tax effect of timing differences, as at 31<sup>st</sup> March 2009 are as under:

	<u>2007-08</u>	<u>During the year</u>	<u>2008-09</u>
<b>Deferred Tax Liability</b>			
Depreciation	(11,955)	18,948	6,993
<b>Deferred Tax Asset</b>			
Expenses Allowable against Taxable Income in future years	Nil	1,14,601	1,14,601
<b>Net Deferred Tax Asset</b>	<b>(11,955)</b>	<b>95,653</b>	<b>1,07,608</b>

6/ **PERSONEL:**

There are no employees attracting Provisions of Section 217(2A) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 1988, who are in receipt of remuneration of not less than Rs.24,00,000/- per annum or Rs.2,00,000/- per month Executive director has been paid gross remuneration of Rs. 5,62,500(Previous year Rs. 60,000/-)

7/ Expenditure and Earning in Foreign Exchange in Foreign Currency during the year is Nil (Previous Year Rs. NIL).

8/ Insurance for members / customers is an expense, which are incurred out of the income.


9) NPA on Loans has been provided on the loans outstanding at 10% on the assets of Colanac Finance Limited.

10/ Previous year figures have been regrouped wherever necessary & all figures have been rounded off to the nearest rupee

For and on behalf of the Board



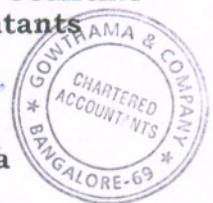
Managing Director

  
DIRECTOR

  
DIRECTOR

FOR GOWTHAMA AND COMPANY  
Chartered Accountants

  
H V Gowthama  
PARTNER



Place: Bangalore  
Dated:23.04.2009



SAMASTA MICRO FINANCE LIMITED

Schedule to the Balance Sheet of a Non-Banking Financial Company, As required in terms of paragraph 9BB of Non -Banking Financial Company, prudential Norms [Reserve Bank] Directions, 1998.  
Rs. in Lakhs

Particulars	Amount Outstanding	Amount Overdue
<b>Liabilities Side:</b>		
1. Loans and Advance availed by the NBFC's inclusive of interest accrued thereon but not paid:		
(a) Debentures:		
Secured with Accrued interest	-	-
Unsecured other than falling within meaning of public deposits	-	-
(b) Deferred Credits	-	-
(c) Term Loans	46.39	-
(d) Inter-Corporate Loans & borrowing	-	-
(e) Commercial Paper	-	-
(f) Public Deposits with Accrued interest	-	-
(g) Other Loans & Bank Borrowing	-	-
(h) Directors & Relatives	1.11	-
2. Break-up of (1)(f) above (Outstanding public deposits inclusive of interest Accrued thereon but not paid):		
(a) In the form of Unsecured Debentures	-	-
(b) In the form of partly Secured Debentures id., Debentures where there is a shortfall in the value of security.	-	-
(c) Other Public Deposits	-	-
<b>Assets Side:</b>		
3. Break- up of Loans and Advances including bills receivable (other than those included in (4) below):		
(a) Secured	-	-
(b) Unsecured	239.88	-
4. Break-up of Leased Assets and Stock on Hire and Hypothecation loans counting towards EL/HP activities		
(i) Lease Assets including lease rental under sundry debtors:		
a. Financial Lease	-	-
b. Operating Lease	-	-
ii) Stock on Hire including Hire charges under sundry debtors:		
(a) Assets on Hire	-	-
(b) Repossessed Assets	-	-
(iii) Hypothecation Loans counting towards EL/HP actives:		
(a) Loans where assets have been repossessed.		
(b) Loans other than (a) above		

SAMASTA MICRO FINANCE LIMITED

Particulars			Particulars	Cost	Market Value
5. Break-up of Investments:			Long Term Investments		
Current Investments:			1. Quoted:		
1. Quoted:			(a) Shares: Equity	-	
(a) Shares: Equity	-		Preference	-	
Preference			(b) Debentures and Bonds	-	
(b) Debentures and Bonds	-		© Units of Mutual Funds	-	
© Units of Mutual Funds	-		(d) Government Securities	-	
(d) Government Securities	-		(e) Others (Please specify)	-	
(e) Others (Please specify)	-		2. Unquote:		
2. Unquote:		-	(a) Shares: Equity	-	
(a) Shares: Equity	-		Preference	-	
Preference	-		(b) Debentures and Bonds	-	
(b) Debentures and Bonds	-		© Units of Mutual Funds	-	
© Units of Mutual Funds	-		(d) Government Securities	-	
(d) Government Securities	-		(e) Others (Please specify)	-	
(e) Others (Please specify)	-	-	Total	-	

(6) Borrower group-wise classification of all Stock on Hire and Loans and Advances:

Category	Secured	Unsecured	Totals
1. Related parties:			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	-	239.88	239.88
Totals	-	239.88	239.88

(7) Investor Group –wise classification of all investments (Current and Long Term in Shares and securities (both quoted and Unquoted):

Category	Market Value Break up or Fair value or NAV	Book Value (Net of Provisions)
1. Related parties:		
(d) Subsidiaries	-	-
(e) Companies in the same group	-	-
(f) Other related parties	-	-
2. Other than related parties	-	-
Totals	-	-

SAMASTA MICRO FINANCE LIMITED

(8) Other Information

Particulars		Amount
(i)	Gross Non-Performing Assets	
	(a) Related parties	Nil
	(b) Other than related parties	Nil
(ii)	Net Non-Performing Assets:	
	(a) Related parties	Nil
	(b) Other than related parties	3.71
(iii)	Assets acquired in satisfaction of debt	Nil

Signatures to Schedules

*[Handwritten Signature]*

Managing Director

*[Handwritten Signature]*  
Director

*[Handwritten Signature]*  
Director

As per our report of even date  
For GOWTHAMA & COMPANY  
Chartered Accountants

*[Handwritten Signature]*  
(H.V. GOWTHAMA)  
Partner



BANGALORE  
23.04.2009

**M/S.SAMASTA MICRO FINANCE LIMITED**  
(PREVIOUSLY COLANAC FINANCE LIMITED)

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956.

**1 REGISTRATION DETAILS :**

REGISTRATION NO	STATE CODE	BALANCE SHEET DATE
P T C 0 3 2 5 6 3	1 8	3 1 0 3 2 0 0 9

**2 CAPITAL RAISED DURING THE YEAR ( AMOUNT IN RS. THOUSANDS)**

PUBLIC ISSUE	RIGHTS ISSUE	BONUS ISSUE	PRIVATE PLACEMENT
2 2 7 1 0	N I L	N I L	N I L

**3 POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS ( AMOUNT IN RS. THOUSANDS)**

TOTAL LIABILITIES	TOTAL ASSETS
3 2 9 6 6	3 2 9 6 6

SOURCES OF FUNDS :

PAID-UP CAPITAL	RESERVES & SURPLUS	SECURED LOANS	UNSECURED LOANS
2 7 7 1 0	5 0 7	4 6 3 8	1 1 0

APPLICATION OF FUNDS :

NET FIXED ASSETS	ACCUMULATED LOSSES	INVESTMENTS	NET CURRENT ASSETS	MISC EXPENDITURE
4 9 4 2	N I L	N I L	2 6 4 4 5	1 4 7 1
DEFERRED REVENUE EXPENSES	PROFIT AND LOSS ACCOUNT			
N I L	N I L			

**4 PERFORMANCE OF THE COMPANY ( AMOUNT IN RS. THOUSANDS)**

TURNOVER	TOTAL EXPENDITURE	PROFIT BEFORE TAX	PROFIT AFTER TAX
1 2 1 3 0	1 1 7 3 5	3 9 5	3 1 0
EARNING PER SHARE	DIVIDEND RATE %		
N I L	N I L		

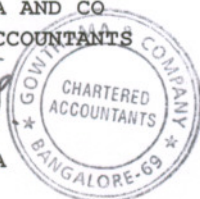
**5 GENERIC NAMES OF THREE PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)**

ITEM CODE NO (ITC CODE)	PRODUCTION DESCRIPTION
- - - - -	N O T A P P L I C A B L E

FOR GOWTHAMA AND CO  
CHARTERED ACCOUNTANTS

*H V Gowthama*  
H V GOWTHAMA  
PARTNER

MEMBERSHIP NO .014353



*R.C. Shekar*

R.C. SHEKAR  
DIRECTOR

*N Venkatesh*

N VENKATESH  
DIRECTOR

BANGALORE

Date: 23.04.2009