

SAMASTA MICROFINANCE LIMITED
EMPOWERING INDIVIDUALS, ENRICHING COMMUNITIES



samasta
microfinance

ANNUAL REPORT
2012-2013

Table of Contents

Vision:	3
Mission:	3
Managing Director’s Views	4
Board of Directors (Group Photo).....	7
Management Team	8
Our Partners.....	9
Bankers	9
Financial Institutions	10
Insurance Partners	10
MFI Rating Agencies	10
Accounting and MIS Software	11
Credit Information Services.....	11
Products	11
Operational Performance.....	12
Top Performing Customers	16
CSR Initiative	17
Financial Performance.....	19
Independent Auditor’s Report	21
Director’s Report	27
Balance Sheet	33
Profit And Loss Account	35
Cash Flow Statement.....	37
Accounting Notes	39
Notice of Annual General Meeting	69

Vision:

To be recognized as a valued partner of the working poor. Appreciated for its role in creating opportunities and admired for its organisational model.



Mission:

Samasta will bridge the gap between ambition and achievement of the working poor across India, by providing financial and non-financial services, in a sustainable long-term relationship to enable them to achieve a better quality of life.

Managing Director's Views



LETTER TO SHAREHOLDER

July 29, 2013

Dear Shareholder,

I am pleased to update you on Samasta's performance for the FY 2013. Samasta reported increases in revenues and net profit, as well as recording strong customer support number growth during the year. Our focus on customer service and timely delivery of the loan products and services contributed to customer retention and acquisition. A total of 33,500 new customers became Members bringing the total number of customers to 51000. This is testament to our focus on improving customer service and customer satisfactions towards our loan products and support services.

Key Financial Results

The reported results for the year ended 31st March, 2013

- † Total income increased by 25.71%
- † EBIDTA increased by 15.52%
- † Net profit after tax has grown by 137%
- † Loan disbursements to microfinance customers at Rs.620 MIO
- † All time high loan portfolio of Rs.470 MIO
- † Loans from banks and institutions of Rs. 520 MIO

The performance of the company would have been better but for the delay in sanction of the credit lines by the lending institutions. However, this has been made up to an extent as the company has obtained substantial quantum of loan from banks and financial institutions during the last quarter of the FY 2013. The company is also vying for equity from PE funds and HNIs which will help it improve the capital adequacy ratio besides growing quality microfinance portfolio.

Strategic priorities

The Company has been following the strategic priorities set by it the form of a business plan. These include the following:

New Branches with a rural tint: All the four new branches were opened in rural areas with focus on micro loans for agriculture and allied activities including dairy cow loans as the thrust area.

Product simplicity and Streamlining of credit processes: The Company has focused on product simplicity to a large extent adhering to the transparency and other norms set by the Regulator. The credit processes have been reformed and streamlined with an eye on quicker loan delivery and hassle free loan documentation.

Membership of Credit Bureaus: The Company has associated with the specialized MFI credit Bureaus Highmark and Equifax. The credit checks thus performed enabled the company to improve the quality of the loan portfolio as multiple lending has been done away with.

Hand holding for data base and software maintenance: Strategic association with the software developer by installation of BR.net a vibrant micro finance software with enhanced reporting capabilities has been the focal point of data base maintenance during the year.

NBFC MFI registration: The Company has applied for registration as NBFC MFI as it has complied with the norms prescribed by the Regulator. This will enable the company to avail loans under priority sector norms of the Banks.

Emphasis on people: In 2012-13, we also increased our emphasis on our people - from leadership development to rotational assignments to experiential learning programs. Our people set us apart and recruiting, retaining, retraining and developing them remain our biggest advantages and continuing challenges.

Other Initiatives: It may be mentioned that the new initiatives brought in by the company during the last financial year started yielding results highlighted below:

- i. **Cattle loan product:** This product which was test marketed in Harohalli, Bangalore has taken off well and is being replicated in the other rural Branches. The portfolio has been growing at a rapid pace and which will enable the company to securitise this portfolio with Banks and Institutions.
- ii. **Dairy venture:** The dairy project, Ayusha Dairy in which Samasta has taken a stake started operations on a buoyant note with increased milk procurement and supply of the entire milk to a dairy product manufacturer. To meet the storage and cooling needs of the project, Ayusha has installed two Bulk milk cooling machines capable of cooling 10000 liters of milk per day. The dairy initiative is expected to break even during the current financial year.
- iii. Samasta has tied up with **Need to Need Foundation**, a trust formed by Professionals who have concern for the weaker sections of the society and been associated with NGOs and SHGs, for carrying out the welfare activities in the areas of Health and sanitation, Education and vocational training. The association will help Samasta in ceding these benefits to its Members.

Looking forward I believe we can continue, as well as improve upon the performance of the past.

Thank you for the support.

Venkatesh N
Managing Director

Board of Directors



From Left: Mr. Venkatesh N, Mr. Ramanathan A, Mr. Shivaprakash D, Mr. Badri Seshadri, Mr. Shekhar RC and Mr. Vikraman A

Venkatesh.N (Managing Director)

Venkatesh began has an experience of over 15 years in financial sector. He is the founder of PNV Techno Acquisitions Private Limited that markets financial products. His also a founder of Affluence Edifice, offering wealth management services for high net worth individuals. He has completed ACCION program for strategic leadership in Microfinance through Harvard Business School.

Shivaprakash.D (CIO & Director)

Shivaprakash has worked with major IT corporates for over a decade, successfully executing projects for global clients and nurturing client relationships. As CIO at Samasta, he brings a unique combination of technological expertise and management skills.

Shekar.RC

RC Shekar is the Founder of Dreamtex, which specializes in the creation of hand and machine embroidery on silk. His enterprise has provided employment for many people in the villages around Sriperumbudur, Tumkur and Kunigal. Shekar is a strong believer in the creation of opportunity to bridge the divide between the privileged and lesser privileged.

Independent Directors

Ramanathan.A

Mr. Ramanathan has extensive experience in the development banking for the agriculture and rural sectors; He was Chief General Manager in the Micro Credit Innovations Department of NABARD. He managed the SHG Bank Linkage programme, the largest microfinance programme in the world. As In-charge of the Financial Inclusion department, he has managed Financial Inclusion Fund and Financial Inclusion Technology Fund.

Vikraman.A

A former Chief General Manager of SIDBI Foundation for Micro Credit, Mr. Vikraman has extensive experience in the Microfinance Sector. In his experience spanning 38 years, he was with Reserve Bank of India for 5 years, IDBI for 16 years and SIDBI for 17 years. He is also in the board of other microfinance and financial corporations.

Badri Seshadri

An alumnus of IIT, Chennai and with a Ph.D in Mechanical Engineering from Cornell University in the USA, Mr. Badri Seshadri co-founded Cricinfo.com, a cricket information portal, which is now owned by ESPN. His latest venture is New Horizon Media, focusing on publishing in Indian languages.

Management Team

Govindarajan.R (Chief Financial Officer)

R Govindarajan is a Chartered Accountant with 25 years of experience in Finance Domain in Banking, Manufacturing, Housing Finance and Microfinance Companies. He headed the Finance Functions in Weizmann Homes Ltd, Madanapalle Spinning Mills Ltd, Metahelix Life Sciences P Ltd and Former CFO of Ujjivan Financial Services Pvt. Ltd., a Bangalore based MFI.



Thayumanavan.S (Head – Operations & Training)

Mr. Thayumanavan is an experienced banker with over 23 years of varied exposure in self-help group concept. He has been actively involved in SHG Formation, Training, Credit Rating, and Credit Linkage right since 1988.

Kanagavel.R (General Manager - Internal Audit)

Mr. Kanagavel has over 30 years of experience in various positions with Tamilnadu Mercantile Bank Ltd.; He handled branches in Bangalore, Coimbatore and Tuticorin, etc. He has vast knowledge in appraisal of loan proposals, recovery, and inspection. He also worked as General Manager of Virutcham Microfinance Ltd.



Our Partners

Bankers



Financial Institutions



Insurance Partners



Kotak Life Insurance provides the Term Insurance to our valued customers.

MFI Rating Agencies



Credit Analysis & Research Ltd. – CARE’s MFI Grading is a one-time assessment of a MFI’s operational and financial capability to perform and sustain the targeted level of operations.

CARE evaluates a MFI based on four categories

1. Transparency
2. Operational Setup
3. Operations Scale
4. Sustainability

Samasta has obtained credit rating “**MFI 3+**” by CARE Ratings based on its strong track record, growth prospects and sustainable operations.

Accounting and MIS Software



Samasta has implemented BR.Net (Banker’s Realm) as its Portfolio Management System. Many MFIs in India and abroad have implemented this software to track operations.

BR.Net is a web-based solution providing easy access to a large geographical area. There are over

200 reports available in BR.Net which can be effectively used in the decision making process.

Credit Information Services



High Mark and EquiFax are the leading credit rating information providers. They offer access to data from the member microfinance institutions. They have adopted Global best practices in bureau technology to analyze borrower’s credit profile.

The multiple report formats enables easier and faster understanding of the borrower’s credit profile, mitigation of credit risk and enables management decision making.

Products

At Samasta we believe in providing financial assistance to women and enable them to achieve their business targets, along with a like-minded Group of members (JLG – Joint Liability Group). All the loans provided to the members are disbursed only after a series of training sessions and a test; this enables us to ensure that members understand Product details and repayment structure.

Loans are in the range of Rs.6000 to Rs.30000 with tenure of 26 weeks to 2 years.

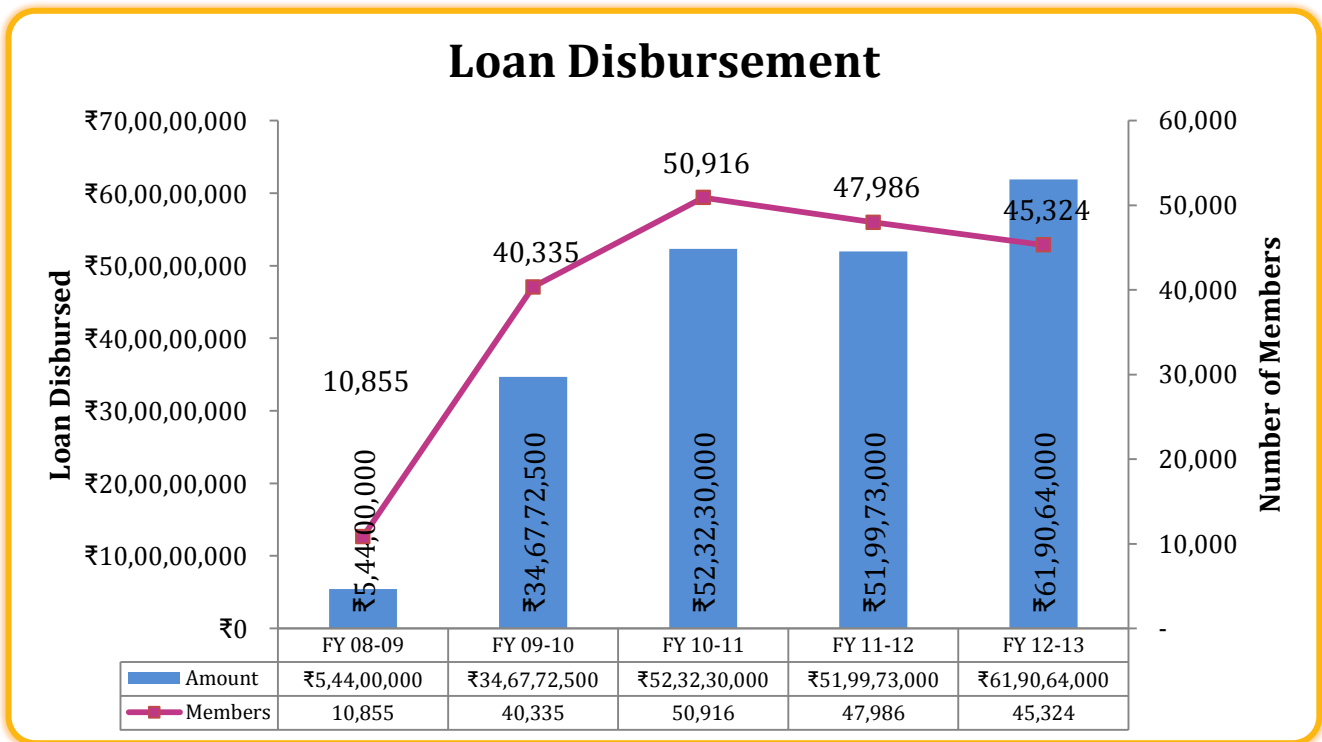
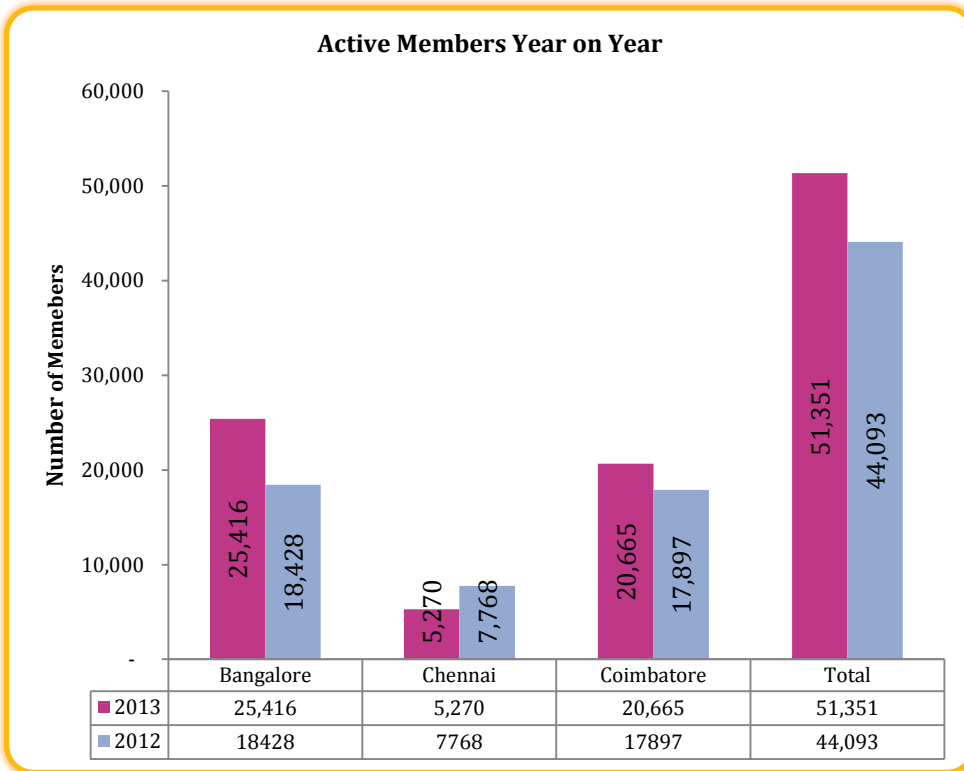
Product	Amount	Tenure
Income Generation Loan	Rs.10000, Rs.12000, Rs.15000, Rs.20000, Rs.22000, Rs.25000,	Weekly, Fortnightly & Monthly
Dairy Cow Loan	Rs.30000	

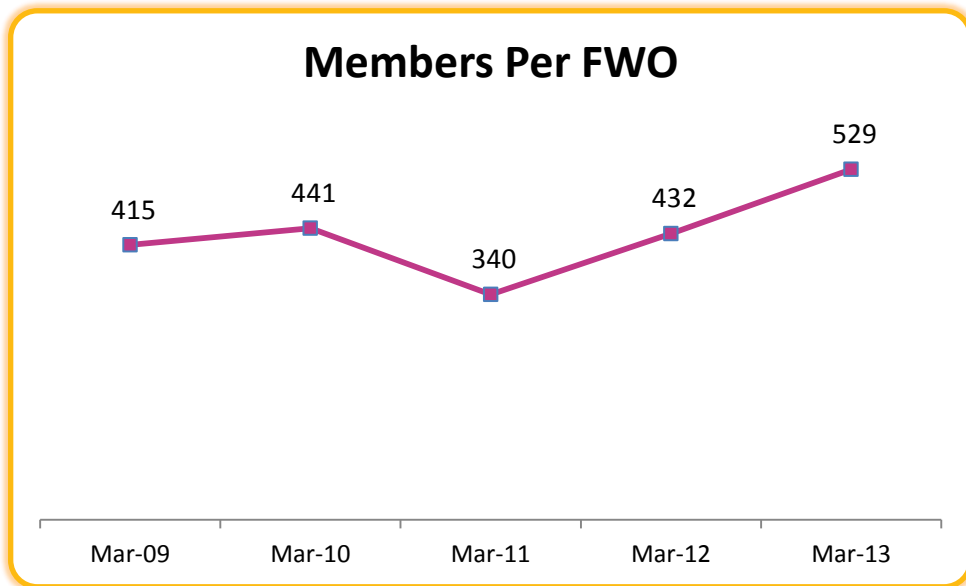
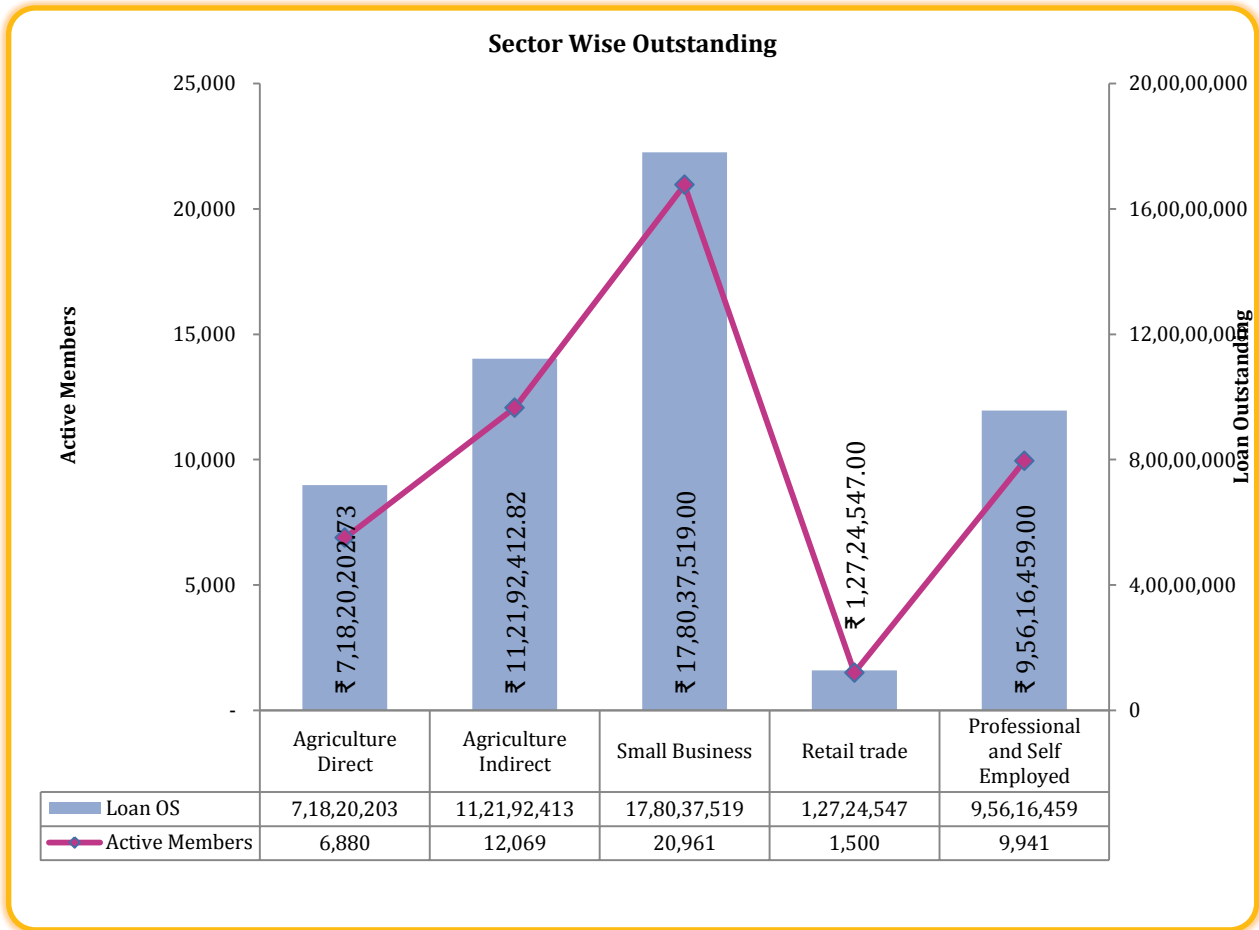
Operational Performance

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Active Customers	19,255	55,024	49,358	44,473	51,351
No. of Branches	7	24	29	27	28
No. of Centers	669	2,198	3,107	2,258	2,973
No. of FWO	39	125	145	102	97
Loan Disbursement (Rs. Crores)	5.42	34.71	52.32	52.00	61.90
Cum. Loan Disbursement	5.42	40.12	92.44	144.44	206.34
Portfolio Outstanding (Rs. Crores)	2.81	26.38	28.46	34.20	47.04
Repayment Rate	100%	100%	99%	99%	99 %
New Loan Disbursed per FWO (Rs. Lakhs)	13.95	27.74	36.08	50.98	63.82
Customers per FWO	494	440	340	436	529

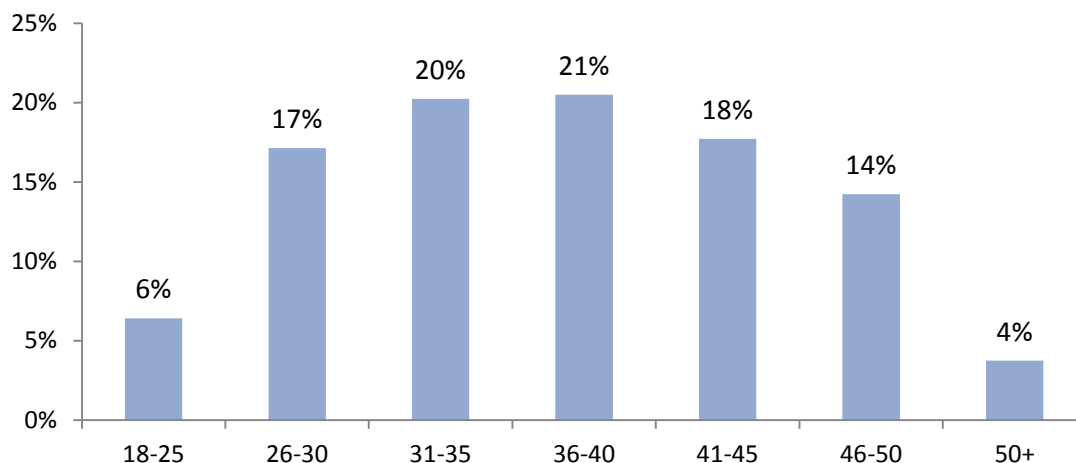
In the financial year 2012-13 we have seen a steady improvement in operational performance.

- † Loan disbursed for the current year stood at Rs.61.90 crores which saw a net increase of 19% over the previous year which was Rs.52 Crores.
- † Repayment Rate has been maintained at 99%, which indicates efficiency in recovery of loans.
- † Customers handled and Loan disbursed per FWO has shown a steady growth, the rate of change was recorded at 21% and 25% respectively, indicating increased operating efficiency.
- † Loan disbursement towards Agriculture and Allied Activities Sector stood at 39% of total disbursement.
- † Customers belonging to Backward Classes and Minority class were 31.01% and 14.50% respectively. In Member Age distribution we saw symmetrical trend, and 41% of overall clients were in the age group of 31 – 40 years.
- † Most popular Loan product among our clients was “IGL – Rs.12,000, which accounted for 35% of total disbursement. Next popular category was “IGL – Rs.10,000”, which was 31% of total disbursements.

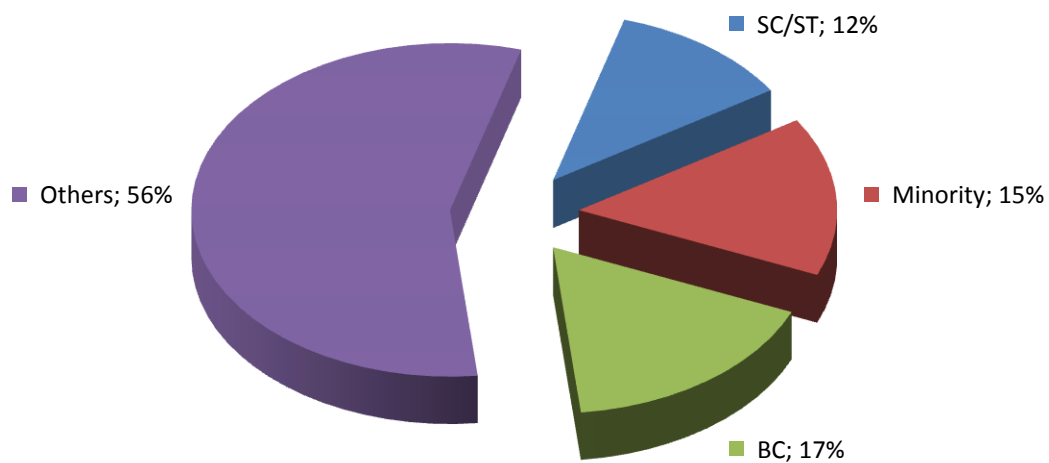




Age Group of Members



Member Class



Top Performing Customers



Mrs. Yelanandamma
Purpose - Tupperware Sales
Loan Cycle: 2nd Year

Yelanandamma had worked as a sales woman at Tupperware Business Point for some years. Her sales were not optimum, because of limited capital. She received IGL 1st cycle in 2011 and with enhanced capital, she was able to increase her sales manifold.

Now Mrs. Yelanandamma has availed 2nd Loan Cycle and is confident of growing her business further and achieves self-sufficiency in next year.

“My Attitude towards business and customer service changed, after joining Samasta Microfinance”



Mrs. Muniyamma
Purpose - Aquarium Shop
Loan Cycle: 1st Year

Muniyamma, a house wife with 3 children, joined Samasta’s training (CGT) to know more about the Income Generation Loan. She started an Aquarium Shop and now she manages it independently.

“I am happy with my decision to start the business, it was challenging in the beginning, now I run it independently”

CSR Initiative



Need to Need Foundation is a not-for-profit organization, The NGO envisages working for the poor, the underprivileged and the less empowered in our towns and villages. Samasta and Need to need foundation are working together for the betterment of the society. Our various initiatives span across healthcare, Sanitation, education, vocational training and legal advisory services.

Health Camps at Branches



Eye Check Camp at Magadi Road Branch, Bangalore held on 28/09/2012

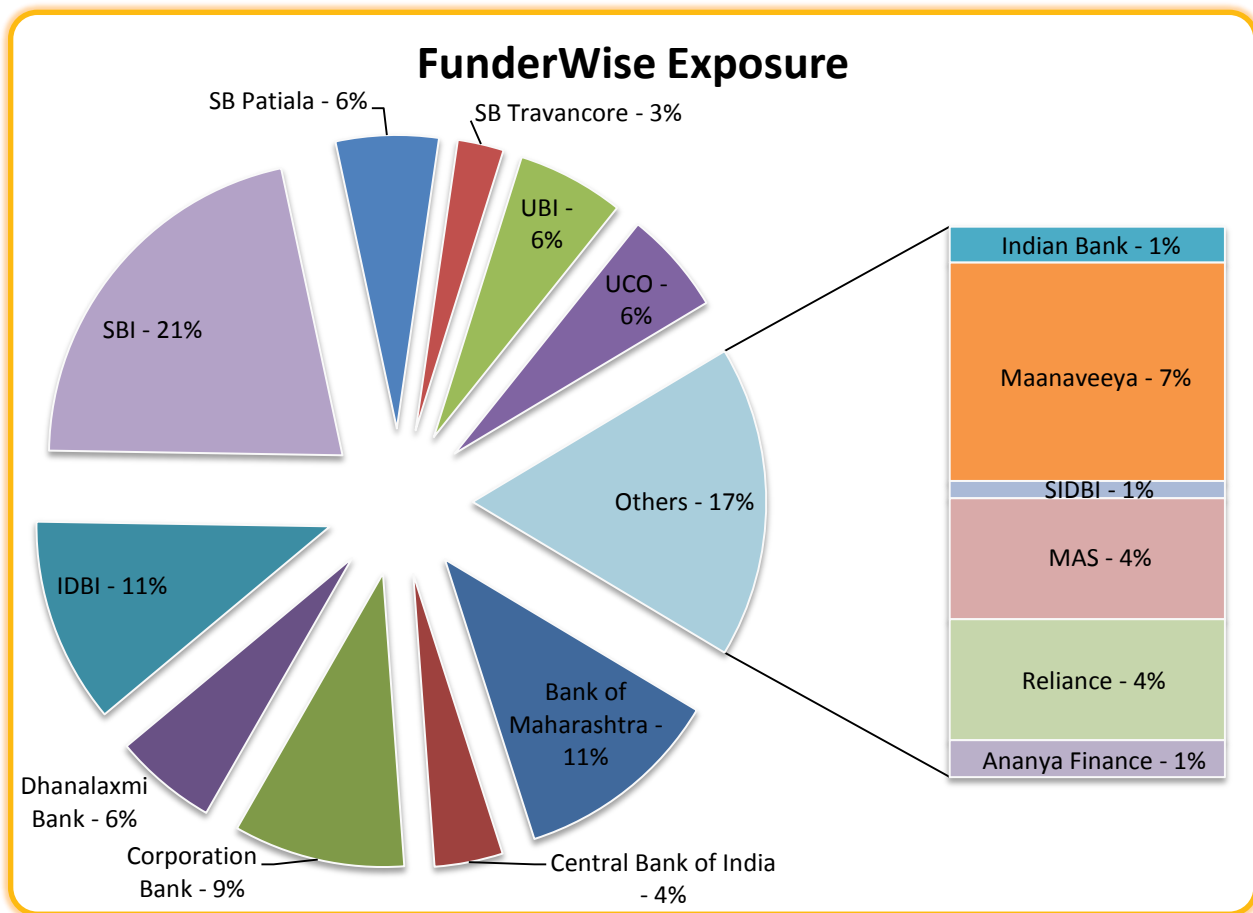
Financial Literacy Training



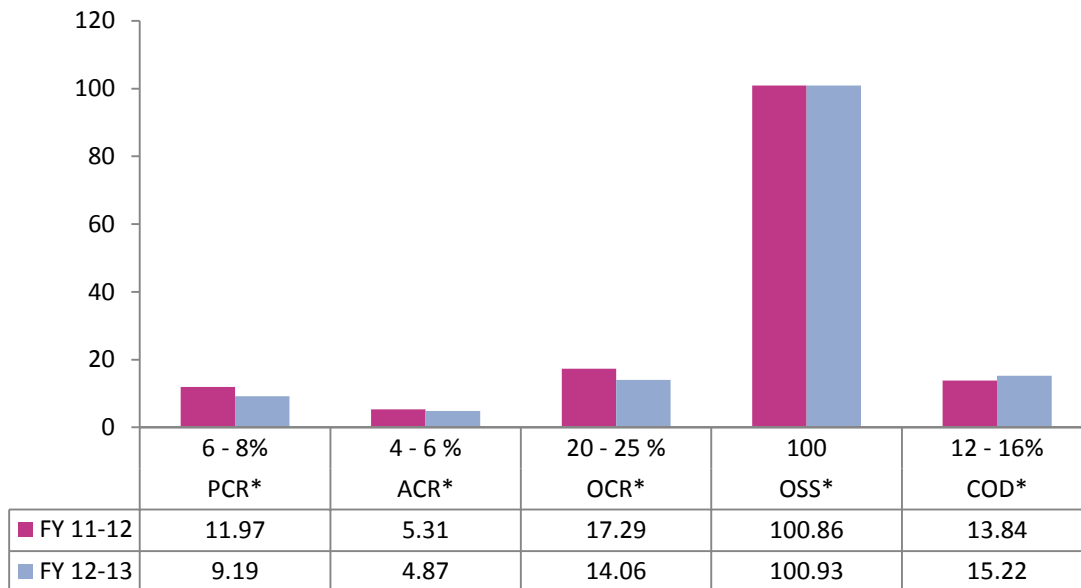
Training Session to the members of Samasta

Financial Performance

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Income	1.21	3.46	8.46	6.90	8.67
Operating profit	0.41	1.32	3.41	2.86	2.83
Profit after tax	0.03	0.18	0.11	0.08	0.19
Financial Position					
Fixed assets	0.49	0.49	1.02	1.38	1.22
Cash and cash equivalents	0.58	3.61	2.56	4.00	9.27
Net current assets	0.69	30.33	29.78	36.69	52.90
Total assets	3.29	31.45	33.61	41.13	62.97
Debt	0.46	20.73	24.93	32.37	53.76
Net worth	2.82	8.53	8.68	8.76	8.85



Operational Efficiency Ratio & Financial Performance Ratios



*Note:

PCR - Personnel Cost Ratio : Personnel Cost vs Average Loan portfolio outstanding.

ACR – Administrative Cost Ratio : Administrative Cost Vs Average Loan portfolio outstanding.

OCR – Operating Cost Ratio: Total Operating Cost Vs Average Loan portfolio outstanding.

OSS – Operational Self Sufficiency: Total Income Vs Total Operating Cost

COD – Cost of Debt: Financial Cost Vs Average Outstanding Liabilities

Independent Auditor's Report

To the Members of SAMASTA MICROFINANCE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Samasta Microfinance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 "the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches not visited by us;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For Gowthama & Company
Chartered Accountants
Firm No. 005917S

H V Gowthama
Partner
Mem.No. 014353

Place: Bangalore
Date: 09.05.2013

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Samasta Microfinance Limited. On the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, 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) In our opinion and according to the information and explanations given to us, no substantial part of fixed asset has been disposed during the year and therefore does not affect the going concern assumption.

2. (a) The Company is a Non-Banking Financial Company ('NBFC') engaged in the business of providing loans and does not maintain inventory. Therefore the provisions of clause 4(ii) of the Order are not applicable to the Company.

3. (a) The Company has granted loans to bodies corporate covered in the register maintained under Section 30 I of the Companies Act, 1951 ('the Act'). The maximum amount outstanding during the year was Rs. 11,787,268/- and the year-end balance of such loan amounted to Rs. 9,011,092/-. Other than the above, the Company has not granted any loans, secured or unsecured, to companies, firms or parties covered in the register maintained under Section 301 of the Act.

(b) In our opinion, the rate of interest and other terms and conditions on which the loans have been granted to the bodies corporate listed in the register maintained under Section 301 of the Act are not, prima facie, prejudicial to the interest of the Company.

(c) In the case of the loans granted to the bodies corporate listed in the register maintained under section 301 of the Act, the borrowers have been regular in the payment of the interest as stipulated. The terms of arrangement do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly, paragraph 4(iii) (c) of the Order is not applicable to the Company in respect of repayment of the principal amount.

(d) There are no overdue amounts of more than 1 lakh in respect of the loans granted to the bodies corporate listed in the register maintained under Section 301 of the Act.

(e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

5. a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.

b) As per information & explanations given to us and in our opinion, the transaction entered into by the company with parties covered u/s 301 of the Act which exceeds five lakhs rupees

in a financial year with any party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant.

6. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.

7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.

8. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the products of the Company.

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, Employees State Insurance, Income Tax, Service Tax, Cess and any other material Statutory dues with the appropriate authorities.

b) According to information and explanation given to us, there are no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Service Tax, Cess and any other material Statutory dues outstanding as at March 31, 2013 for a period of more than six months from the date they became payable.

c) According to the information and explanation given to us, there are no amounts in respect of Provident Fund, Employees State Insurance, Income Tax, Service Tax, Cess and any other material Statutory dues outstanding which have not been deposited on account of any dispute.

10. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding 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 a financial institution or banks.

12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.

14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provision of clause 4(xiv) of the Order, are not applicable to the Company.

15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.

16. Based on the information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained, though idle/ surplus funds which were not required for immediate utilization at relevant time were gainfully invested in liquid assets payable on demand.

17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.

18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.

19. The Company has no outstanding debentures during the period under audit.

20. The Company has not raised any money by public issue during the year.

21. We have been informed that during the year there were instances of cash embezzlements by the employees of the Company aggregating Rs.1,80,000. The services of all such employees involved have been terminated and the Company has taken legal action.

For Gowthama & Company
Chartered Accountants
Firm No. 005917S

H V Gowthama
Partner
M.No. 014353

Place: Bangalore
Date: 09.05.2013

Director's Report

To

The Shareholders

Your Directors present herewith Annual Report on the business and operations together with Audited Financial Accounts for the year ended 31st March, 2013.

1. FINANCIAL RESULTS

Rs. In Lakhs

Particulars	Year ended 31-03-2013	Year ended 31-03-2012
Total Revenue	867.36	690.54
Profit (Loss) before Interest, Depreciation and Tax	447.23	286.36
Profit (Loss) before Depreciation and Tax	27.85	23.76
Depreciation	19.42	17.85
Profit (Loss) before Tax	8.01	5.9
Add/Less: Provision for Tax	(11.46)	(2.15)
Profit (Loss) after Tax	19.47	8.05
Profit available for Appropriation	19.47	8.05
Appropriations:		
Proposed Dividend on Preference Shares	1.38	1.74
Dividend Distribution Tax	0.23	0.28
Premium on Redemption of Preference Shares	1.4	-
Transfer to Capital Redemption Reserve	7	-
Transfer to Statutory Reserves	3.89	1.61
Balance carried forward to Balance Sheet	5.57	4.42
Total Appropriations	19.47	8.05

2. OPERATIONAL HIGHLIGHTS OF THE YEAR

Particulars	2012-13	2011-12
Active Customers	51,351	44,473
Loan Disbursement Rs. in lakhs	6,191	5,200
Portfolio Outstanding Rs. in lakhs	4,703	3,420
No of Branches	28	27
No of Centers	2,973	2,258
No of Employees	157	198
Repayment Rate	99%	99%

3. MANAGEMENT ANALYSIS AND DISCUSSION

The microfinance sector has settled down to near normal conditions as the lenders including Banks have returned with renewed confidence albeit with caution. The change in outlook for the better has been due to the Regulatory norms leading to classification and registration of the NBFC MFIs under a separate category enabling them to borrow at a comparatively lower costs under the priority sector norms of Banks and also the sharing and submission of their client data base with the Credit Bureaus thus avoiding multiple lending. The MFIs have thus responded quickly by complying with the lending norms and adapting to the new Challenges.

Your company during the year has submitted an application to the RBI for registration as NBFC MFI and the same is in process. Your company has been following the Regulatory norms and hence will continue to avail funding from Banks at competitive rates. It has also associated with four new Banks and an FI for availing term loans during the Financial year 2012-13 in addition to the relationship with existing Banks and FIs.

4. BUSINESS OUTLOOK

Your company has put up a growth of 17% in microfinance loan disbursements amounting to Rs. 6100 lakhs and 38% in loan portfolio outstanding to Rs. 4703 lakhs during the financial year 2012-13. The total income increased to Rs. 867.36 lakhs during the financial year 2012-13 up from Rs. 690.54 lakhs achieved during the financial year 2011-12.

Your company's working results have been impacted to a large extent during the financial year 2012-13 as the lending from Banks/FIs have commenced only in the last

quarter of the Financial Year. This has adversely affected the total income and the net operating margins as against the projected numbers. The performance is expected to show improvement during the current financial year 2013-14 at the net level due to the present optimum loan book and the reduced cost of operations. The efficiencies in term of average loan numbers per loan officer, average loan number per staff and loan servicing ratios have all been stepped up resulting in enhanced operating margins.

Your company continued to maintain the momentum in cattle loan operations by achieving growth rate of 232% and a portfolio of Rs. 193 lakhs. It has also given a rural push by opening 2 new Branches in rural areas. With the existing rural Branches, it is likely to build a sizable agri-portfolio which will help it securitise those loans. Your company intends to raise equity during the current financial year to shore up the capital adequacy ratio and to further increase the loan book.

5. DIVIDEND

Since the profits are inadequate, no dividend on equity is recommended for the year ended 31st March 2013.

6. BOARD OF DIRECTORS

The routine affairs of the Company are managed by the Managing Director and assisted by the two Whole-time Directors of the Company. The Board approves reviews and oversees the action and results of the management to ensure that the long-term objective of maximizing profits and enhancing stakeholders' value is met with.

The Company presently has six Directors, including three Whole-Time Directors.

BOARD PROCEDURES

A detailed Agenda is sent to each Director in advance of Board and Committee meetings. A detailed functional report is also placed at Board Meetings when required. The Board also reviews:

- Strategic Plans and Business plans
- Annual operating and capital expenditure plans
- Investment and exposure limits
- The information on recruitment and remuneration of senior officers just below the board level
- Show cause, demand, prosecution notices and penalty notices which are materially important
- Any material point for financial obligation and discipline to and by the company
- Compliance with statutory/regulatory requirements and review of major legal issues

- The unaudited quarterly /half yearly/annual results and audited annual accounts of the Company for consideration and adoption
- Delegation of powers to the management
- Transaction pertaining to sale or purchase of material nature of Investments, subsidiaries, assets, which is not in normal course of business.
- Major accounting provisions and write-offs
- Corporate restructuring
- Minutes of meeting of the Audit and other committees of the Board
- Share transfers

Attendance at meeting of Board of Directors;

The details of the Board Meetings held during the year ended 31st March 2013 are as follows:

Date of Meeting	N. Venkatesh	D. Shivaprakash	R.C. Shekar	A. Vikraman	A. Ramanathan	Badrinarayan Seshadri
25.05.2012	Yes	Yes	Yes	Yes	Yes	Yes
20.07.2012	Yes	Yes	Yes	Yes	Yes	Yes
09.11.2012	Yes	Yes	Yes	Yes	Yes	Yes
01.02.2013	Yes	Yes	Yes	Yes	Yes	Yes

The Board has the following Committees:

Name of the Committee	Chairman	Other Directors
Audit	Mr. A. Vikraman	Mr. Badri Seshadri
		Mr. D. Shivaprakash
Risk	Mr. A. Ramanathan	Mr. N.Venkatesh
		Mr. D. Shivaprakash
Remuneration	Mr. A. Ramanathan	Mr. Badri Seshadri
		Mr. N.Venkatesh.

7. STATUTORY AUDITORS

M/s. Gowthama & Company, Statutory Auditors of the company hold office until the conclusion of the ensuing Annual General Meeting. The company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits

under Section 224 (1B) of the Companies Act, 1956. Accordingly the said Auditors can be reappointed as Statutory Auditors of the Company at the ensuing Annual General Meeting.

8. PUBLIC DEPOSITS

During the period under review the Company has not accepted any public deposits.

9. INSURANCE

Adequate Insurance cover has been taken for properties of the Company including Buildings, Computers, Office Equipment's, Vehicles, etc. Insurance policy has also been taken for medical and personal accident benefits of the employees and life cover for the Microfinance customers.

10. PARTICULARS OF 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.60,00,000/- p.a., or Rs. 5,00,000/- per month or part thereon. (Previous Year- Nil)

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- (i) In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) Appropriate Accounting Policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2013 and of the profit of the company for the said period;
- (iii) Proper and sufficient care has been taken for the maintenance of accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) The Annual Accounts have been prepared on a going concern basis.

12. Related Party Transactions

The required disclosures of related party transactions as per the applicable Accounting Standards are disclosed in the Notes to the Accounts. There are no transactions of material nature with the related parties, which may have potential conflict with the interests of company at large.

13. CONSERVATION OF ENERGY

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

14. FOREIGN EXCHANGE EARNING AND OUTGO

There were no foreign exchange earnings or outgo during the financial year under review.

15. ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation and acknowledge with gratitude the continued support and co-operation extended by the investors, clients, business associates and bankers and look forward for their continued support. Your Directors also place on record their appreciation for the services rendered by the employees at all levels.

Registered Office:
Samasta Microfinance Ltd

By Order of the Board of Directors

Place: Bangalore
Date: 9.5.2013

R.C.SHEKAR
DIRECTOR

D. SHIVAPRAKASH
DIRECTOR

N. VENKATESH
MANAGING DIRECTOR

Balance Sheet

SAMASTA MICROFINANCE LIMITED (FORMERLY COLANAC FINANCE LIMITED)

BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No.	As at 31st March, 2013	As at 31st March, 2012
		Rs.	Rs.
I EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2	6,57,50,000	6,64,50,000
(b) Reserves and Surplus	3	2,27,84,938	2,11,38,663
		8,85,34,938	8,75,88,663
(2) Non-Current Liabilities			
(a) Long-term borrowings	4	25,80,27,676	12,65,40,277
(b) Deferred tax liabilities (Net)	5	-	71,376
(c) Long term provisions	6	36,20,778	24,62,103
		26,16,48,454	12,90,73,756
(3) Current Liabilities			
(a) Other current liabilities	7	27,89,43,616	19,40,71,593
(b) Short-term provisions	8	6,61,107	5,71,694
		27,96,04,723	19,46,43,287
Total		62,97,88,115	41,13,05,706
II ASSETS			
(1) Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		91,33,149	1,01,26,294
(ii) Intangible assets		30,80,939	36,68,755
(b) Non-current investments	10	6,50,000	5,00,000
(c) Deferred tax assets (Net)	5	10,75,125	-
(d) Long-term loans and advances	11	90,11,092	-
(e) Other non-current assets	12	7,78,30,525	3,00,84,749
		10,07,80,830	4,43,79,798

(2) Current assets			
(a) Trade Receivables	13	43,06,13,165	33,63,34,676
(b) Cash and Cash equivalents	14	9,27,89,722	2,51,47,327
(c) Short-term loans and advances	15	21,51,151	45,24,449
(d) Other current assets	16	34,53,247	9,19,456
		52,90,07,285	36,69,25,908
Total		62,97,88,115	41,13,05,706
Significant accounting policies and notes to the accounts	1		
As per our attached report of even date			
For Gowthama & Company			
Chartered Accountants		For and on behalf of the Board of Directors	
Firm No. 005917S			
H.V. Gowthama	N. Venkatesh	D.Shivaprakash	
Partner	Managing Director	Director	
M. No. 014353			
	R.C.Shekar		
	Director		
Place: Bangalore	R. Govindarajan	P. Sreenivasulu	
Date: 09.05.2013	Chief Financial Officer	Company Secretary	

Profit And Loss Account

SAMASTA MICROFINANCE LIMITED (FORMERLY COLANAC FINANCE LIMITED)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No.	Year ended 31st March, 2013	Year ended 31st March, 2012
		Rs.	Rs.
(A) Revenue from Operations	17	8,53,43,321	6,67,27,859
(B) Other Income	18	13,93,401	23,26,385
(C) Total Revenue (A+B)		8,67,36,722	6,90,54,244
(D) Expenses			
a) Employee benefits expenses	19	2,74,94,156	2,79,93,868
b) Finance costs	20	4,19,37,844	2,62,60,870
c) Depreciation and amortization expenses	9	19,42,136	17,84,660
d) Administrative and Other expenses	21	1,45,61,705	1,24,25,033
Total Expenses (D)		8,59,35,841	6,84,64,431
(E) Profit for the year before tax (C-D)		8,00,881	5,89,813
(F) Tax expenses			
(a) Current tax		5,00,000	3,70,000
(b) MAT credit		(5,00,000)	(3,33,800)
(c) Deferred tax	5	(11,46,501)	(2,51,159)
(G) Profit for the year after tax (E-F)		19,47,382	8,04,772

(H) Earnings per Share (Face value of Rs.10/- each):			
(a) Basic		0.30	0.12
(b) Diluted		0.30	0.12

Significant accounting policies and notes to the accounts 1

As per our attached report of even date
 For Gowthama & Company
 Chartered Accountants
 Firm No. 005917S

For and on behalf of the Board of Directors

H.V. Gowthama
 Partner
 M. No. 014353

N. Venkatesh
 Managing Director

D.Shivaprakash
 Director

R.C.Shekar
 Director

Place: Bangalore
 Date: 09.05.2013

R. Govindarajan
 Chief Financial Officer

P. Sreenivasulu
 Company Secretary

Cash Flow Statement

SAMASTA MICROFINANCE LIMITED (FORMERLY COLANAC FINANCE LIMITED)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Year ended 31st March, 2013		Year ended 31st March, 2012	
	Rs.	Rs.	Rs.	Rs.
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax		8,00,881		5,89,813
Adjustments for:				
Depreciation	19,42,137		(3,36,421)	
Dividend on Mutual funds	(4,85,740)		-	
Provisions for Receivables under Financing Activities	16,82,055		11,61,952	
Other Provisions	5,46,571		(9,46,993)	
Loss/Profit on sale of Fixed assets	36,996	37,22,019	1,696	(1,19,766)
		45,22,900		4,70,047
Operating Profit before Working Capital Changes				
Adjustments for:				
Receivables under Financing Activities	(12,97,18,766)		(5,71,23,333)	
Loans and advances	(91,71,586)		7,49,726	
Increase/(Decrease) in Payables	7,75,613	(13,81,14,739)	(2,27,81,999)	(7,91,55,605)
Cash generated from operations		(13,35,91,839)		(7,86,85,559)
Income Tax paid		2,00,000		-
Net Cash flow from Operating activities		(13,33,91,839)		(7,86,85,559)
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(4,24,473)		(32,08,257)	
Sale of Fixed Assets	26,300		2,800	
Investment in Shares	(1,50,000)		-	
Non-current assets	(1,33,56,032)		29,79,224	
Dividend from Mutual Funds	4,85,740		-	

Net Cash used in Investing activities		(1,34,18,465)		(2,26,233)
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Share Capital and Share premium	(7,00,000)		1,00,000	
Dividend and Dividend tax paid	(4,31,107)		(2,01,694)	
Long term Borrowings from Banks/FIs	42,85,00,000		24,65,00,000	
Repayment of Borrowings to Banks/FIs	(21,29,16,194)		(14,92,73,679)	
Net Cash used in financing activities		21,44,52,699		9,71,24,627
Net increase in cash & Cash Equivalents		6,76,42,395		1,82,12,835
Cash and Cash equivalents as at 01.04.12		2,51,47,327		69,34,492
Cash and Cash equivalents as at 31.03.13		9,27,89,722		2,51,47,327

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard -3 on Cash Flow Statement.

As per our attached report of even date
 For Gowthama & Company
 Chartered Accountants
 Firm No. 005917S

For and on behalf of the Board of Directors

H.V. Gowthama
 Partner
 M. No. 014353

N. Venkatesh
 Managing Director

D. Shivaprakash
 Director

R.C.Shekar
 Director

Place: Bangalore
 Date: 09.05.2013

R.Govindarajan
 Chief Financial Officer

P.Sreenivasulu
 Company Secretary

Accounting Notes

Note 1 - Significant Accounting Policies & Notes forming part of the Accounts

1. Basis of Preparation:

The financial statements of the Company have been prepared 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 Companies (Accounting Standards) Rules, 2006 (as amended) and relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis and the directions issued by the Reserve Bank of India (RBI) to the extent applicable to the Company.

The Company follows the prudential norms for Income recognition, asset classification and provisioning as prescribed by the RBI for Non-deposit taking Non-Banking Financial Companies (NBFCs).

2. Use of Estimates:

The presentation of financial statements in conformity with Indian Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from those estimates.

3. Provisions and contingent liabilities:

A provision is recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to their 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 a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized

because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.

The Company does not recognize a contingent liability but discloses its existence in the financial statements.

4. Income Taxes and Deferred Taxes:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognized, on timing difference, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognized only if there is virtual certainty that they will be realized and are reviewed every year. The tax effect is calculated on the accumulated timing differences at the end of the year based on enacted or substantially enacted tax rates.

5. Fixed Assets and Depreciation:

Tangible fixed assets are stated at cost of acquisition including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.

Intangible fixed assets comprising software licenses are stated at cost of acquisition including any cost attributable for bringing the asset to its working condition, less accumulated amortization. Any expenses on such software licenses for support and maintenance payable annually are charged to the Statement of Profit and Loss.

Financial cost attributable to acquisition of fixed asset is capitalized to the period up to, which the assets are ready to be put to use.

Deprecation on fixed assets is provided using Straight line method at the rates given in the schedule XIV of the Companies Act, 1956. Individual assets costing less than Rs.5, 000/- are depreciated fully in the year of purchase.

6. Investments:

Investments which are long term in nature are stated at cost with provisions where necessary for diminution, other than temporary, in the value of Investment.

7. Classification & Provisions of Loan Portfolio:

Loans are classified and provided as per norms required in Non-Banking Financial (Non-Deposit Accepting) Companies Prudential Norms (Reserve Bank) Directions, 2007.

Classification of Loans:

Asset Classification	RBI Norms	Amount in Rs.
Standard assets	Less than 180 days	46,90,31,666
Sub-standard assets	180 - 720 days	12,08,943
Doubtful assets	More than 720 days	15,50,534
Total		47,17,91,143

Provisioning Norms for Loans:

Asset Classification	RBI Norms	Provision required during the current year - (A)	Provision made for the year ended 31.03.2012 - (B)	Provision made for the year ended 31.03.2013 - (A-B)
		Rs.	Rs.	Rs.
Standard assets	0.25%	11,72,579	8,47,315	3,25,264
Sub-standard assets	10%	1,20,894	3,14,637	13,56,791
Doubtful assets	100%	15,50,534	-	
Total		28,44,007	11,61,952	16,82,055

8. Revenue Recognition:

Revenue from Interest on loans financed by the company is recognized on accrual basis, considering the directions issued by the Reserve Bank of India from time to time in terms of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.

Interest income on Fixed Deposits with Banks is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Processing fee and Insurance admin charges, which are due at the time of disbursement of loan, are recognized as Income on cash basis.

Dividend income from investments in mutual fund is recognized when the right to receive is established.

9. Earnings per Share:

Basic and diluted earnings per share are computed in accordance with Accounting Standard (AS)-20 – Earnings per share. In determining the Earning per Share the Company considers the Net Profit after Tax. The number of Shares used in computing Basic Earnings per share is number of share outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

10. Employee Benefits:

a) Short Term Employee Benefits:

All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits, which include benefits like Salary, Allowances and incentives, and are recognized as expenses in the period in which the employee renders the related service.

b) Post- employment Benefits:

Defined Contribution Plans:

The Company's contributions to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined Benefit Plans:

For defined benefit plans in the form of gratuity, which is not funded, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized

in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

Note 2 - Share Capital

Particulars	As at 31st March, 2013	As at 31st March, 2012
	Rs.	Rs.
Authorised:		
8,000,000 (PY 8,000,000) Equity Shares of Rs.10/- each	8,00,00,000	8,00,00,000
2,00,000 (PY 2,00,000) Preference Shares of Rs.100/- each	2,00,00,000	2,00,00,000
	10,00,00,000	10,00,00,000
Issued:		
6,500,000 (PY 6,500,000) Equity Shares of Rs.10/- each	6,50,00,000	6,50,00,000
7,500 (PY 14,500) 12% Redeemable, Cumulative, Non-Convertible Preference Shares of Rs.100/- each	7,50,000	14,50,000
	6,57,50,000	6,64,50,000
Subscribed and Paid up:		
6,500,000 (PY 6,500,000) Equity Shares of Rs.10/- each	6,50,00,000	6,50,00,000
7,500 (PY 14,500) 12% Redeemable, Cumulative, Non-Convertible Preference Shares of Rs.100/- each	7,50,000	14,50,000
Total	6,57,50,000	6,64,50,000

i) Reconciliation of the number of Equity and Preference shares at the beginning and at the end of the year:

Particulars	As at 31st March, 2013	As at 31st March, 2012
	Number of shares	Number of shares
Number of shares at the beginning of the year	65,14,500	65,13,500
Add: Additional shares issued during the year	-	1,000
Less: Preference shares redemption during the year	7,000	-
Number of shares at the end of the year	65,07,500	65,14,500

ii) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Class of Shares and Name of the Shareholders

Particulars	As at 31st March, 2013	As at 31st March, 2012
	Number of shares	Number of shares
Equity Shares:		
R.C. Shekar	12,79,000	12,79,000
V.A. Narayanaswamy	7,60,000	7,60,000
G.J. Krishnaprasad	4,00,000	4,00,000
N. Venkatesh	9,68,000	9,68,000
Kalpathi Investments Pvt Ltd	12,00,000	12,00,000
B.H.Krishnamurthy	4,00,000	4,00,000
Sanjay Shenoy	4,00,000	4,00,000
Total	54,07,000	54,07,000
Preference Shares:		
Basavarajeshwari Bhoomraddi	-	1,000
R Jegannath	-	1,000
Roopa J Shetty	-	3,000
Kuljit Singh Rekhi	1,500	3,500
P.V.Siva Kumar	2,000	2,000
P.Padmavathi	3,000	3,000
Malathi Ramanathan	1,000	1,000
Total	7,500	14,500

iii) Terms / rights attached to Equity Shares:

The Company has Equity Shares having par value of Rs. 10/- per share. Each holder of Equity Shares is entitled to one vote per share. Holders of Equity Shares are entitled to dividend, in proportion to the paid up amount, proposed by Board of Directors subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts.

iv) **Terms / rights attached to Preference Shares:**a. **Rights/preferences attached to Preference Shares**

The dividend on preference shares proposed by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting. Each holder of Preference Share is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to the said shares. In the event of liquidation of the Company before redemption of preference shares, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital and premium thereon but shall not be entitled to any surplus arising thereto.

b. **Terms of redemption of preference shares**

Particulars	As at 31st March, 2013	As at 31st March, 2012
	Number of shares	Number of shares
i) 12% Redeemable, Cumulative, Non-Convertible Preference Shares of Rs.100/- each redeemable at a premium of Rs.20 on or before 31st March, 2015	1,000	1,000
ii) 12% Redeemable, Cumulative, Non-Convertible Preference Shares of Rs.100/- each redeemable at a premium of Rs.20 on or before 31st March, 2014	6,500	6,500
iii) 12% Redeemable, Cumulative, Non-Convertible Preference Shares of Rs.100/- each redeemable at a premium of Rs. 20 on or before 31st March, 2013	-	7,000

Note 3 - Reserves and Surplus

Particulars	As At	As At
	31st March, 2013	31st March, 2012
	Rs.	Rs.
a) Capital Redemption Reserve		
Opening Balance	-	-
Add: Created during the year upon redemption of Preference Shares	7,00,000	-
Closing Balance	7,00,000	-
b) Securities Premium Account		
Opening Balance	1,80,00,000	1,80,00,000
Add: Premium on shares issued during the year	-	-
Closing Balance	1,80,00,000	1,80,00,000
c) Other Reserve		
i) Statutory Reserve		
Opening Balance	6,82,746	5,21,792
Add: Additions during the year	3,89,476	1,60,954
Closing Balance	10,72,222	6,82,746
d) Surplus		
Opening Balance	24,55,917	20,13,793
Add: Profit for the year	19,47,382	8,04,772
Less: Proposed Dividend on Preference Shareholders	1,37,704	1,73,541
Less: Dividend Distribution Tax	23,403	28,153
Less: Premium on Redemption of Preference Shares	1,40,000	-
Less: Transfer to Capital Redemption Reserve	7,00,000	-
Less: Transfer to Statutory Reserve	3,89,476	1,60,954
Closing Balance	30,12,716	24,55,917
Total (a+b+c+d)	2,27,84,938	2,11,38,663

Note 4 – Long Term Borrowings

Particulars	As At 31st March, 2013	As At 31st March, 2012
	Rs.	Rs.
a) Term Loans and Term Cash Credits		
i) Secured		
1) From Banks (Refer Note 4.1 below)	23,77,48,219	11,25,43,445
2) From Other Parties (Refer Note 4.1 below)	1,94,44,446	1,26,97,437
3) Vehicle Loan from Bank (Refer Note 4.1 below)	2,55,623	3,77,562
ii) Unsecured		
Vehicle loan from other parties (Refer Note 4.1 below)	5,79,388	9,21,833
Total	25,80,27,676	12,65,40,277

Note 4.1

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Current Liabilities	Non-current Liabilities	Current Liabilities	Non-current Liabilities
	Rs.	Rs.	Rs.	Rs.
a) Term Loan				
i) Secured				
1) Term Loans & Term Cash credit from Banks	20,94,48,683	23,77,48,219	14,64,91,305	11,25,43,445
2) Term Loans from other parties	6,56,35,773	1,94,44,446	4,43,74,549	1,26,97,437
Total	27,50,84,456	25,71,92,665	19,08,65,854	12,52,40,882
b) Other Loans and Advances				
ii) Secured				
1) Vehicle loan from Bank	1,20,795	2,55,623	1,09,076	3,77,562
ii) Unsecured				
1) Vehicle loan from other parties	3,42,445	5,79,388	4,76,357	9,21,833
Total	4,63,240	8,35,011	5,85,433	12,99,395
Total	27,55,47,696	25,80,27,676	19,14,51,287	12,65,40,277

Security and terms of repayment:

- Term loans and Cash Credit Accounts are secured by way of hypothecation of book debts and/or Cash Collateral and/or personal guarantee by promoter-directors and/or repayable in 12 - 36 equal monthly installments with 1 to 3 months moratorium from the date of the loan and/or 11 - 14 equal quarterly installments with 3 months to 6 months moratorium from the date of the loan with interest of 11.75% - 16% p.a.
- Vehicle Loan is secured by way of hypothecation of vehicle and/or repayable in 36-60 equal monthly installments with interest of 10.25% p.a

Note 5 - Deferred Tax Asset

PARTICULARS	AS PER BOOKS	AS PER IT	DIFFERENCE	TAX @ 30.9%
1) DEFERRED TAX LIABILITY				
Fixed asset	1,22,14,088	72,65,703	49,48,385	(15,29,051)
2) DEFERRED TAX ASSET				
Provision for Gratuity	13,00,664	-	13,00,664	4,01,905
Provision for Doubtful Debts	31,28,956	-	31,28,956	9,66,848
Provision for CSR activities	39,000		39,000	12,051
Carry Forward Loss	-	(39,59,132)	39,59,132	12,23,372
				10,75,125
Deferred Tax Liability as on 31.03.2013	(A)		15,29,051	
Opening Balance of Deferred Tax Liability	(B)		15,53,370	
Provision made in Profit & Loss Account	(C = A-B)		(24,319)	
Deferred Tax Asset as on 31.03.2013	(D)		26,04,176	
Opening Balance of Deferred Tax Asset	(E)		14,81,994	
Provision made in Profit & Loss Account	(F= D-E)		11,22,182	
Total Provision made in Profit & Loss Account	(G= C-F)		(11,46,501)	
Deferred Tax Asset as on 31.03.2013 (Net)	(H= A-D)		(10,75,125)	

Note 6 – Long Term Provisions

Particulars	As At 31st March, 2013	As At 31st March, 2012
	Rs.	Rs.
a) Provision for Employee Benefits:		
i) Provision for Gratuity	13,00,664	7,96,077
b) Other Provisions:		
i) Provision for Taxation	7,02,692	2,03,025
ii) Provision for Contingencies against Standard Assets	11,72,579	8,47,315
iii) Provision for Doubtful Debts	4,05,843	5,99,586
iv) Provision for CSR activities	39,000	16,100
Total (a+b)	36,20,778	24,62,103

Note 7 – Other Current Liabilities

Particulars	As At 31st March, 2013	As At 31st March, 2012
	Rs.	Rs.
a) Current maturities of long-term debt	27,55,47,696	19,14,51,287
b) Interest accrued but not due on borrowings	5,62,236	4,32,858
c) Other payables		
i) Statutory remittances	8,90,671	6,55,701
ii) Security deposits from Members	-	9,45,009
iii) Other liabilities	19,43,013	5,86,739
Total	27,89,43,616	19,40,71,593

Note 8 – Short Term Provisions

Particulars	As At 31st March, 2013	As At 31st March, 2012
	Rs.	Rs.
a) Others		
i) Tax provision	5,00,000	3,70,000
ii) Proposed Dividend on Preference Shares	1,37,704	1,73,541
iii) Dividend Distribution Tax on Preference Shares	23,403	28,153
Total	6,61,107	5,71,694

Note 9 – Fixed Assets

Fixed Assets	Rate	Gross Block				Depreciation / Amortisation				Net Block		
		Balance as at 1st April, 2012	Additions during the year	Deletions during the year	Balance as at 31st March, 2013	Balance as at 1st April, 2012	Depreciation / Amortisation for the period	Depreciation on sale of Asset	Balance as at 31st March, 2013	Balance as at 31st March, 2013	Balance as at 31st March, 2012	
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
A Tangible Assets												
Furniture & Fixtures	6.33%	41,81,405	22,600	35,972	41,68,033	5,72,030	2,65,769	9,735	8,28,064	33,39,969	36,09,375	
Office Equipment	4.75%	15,63,090	1,87,568	44,641	17,06,017	1,24,298	84,838	7,582	2,01,554	15,04,463	14,38,792	
Computers	16.21%	28,22,784	-	-	28,22,784	8,94,931	4,57,573	-	13,52,504	14,70,280	19,27,853	
Vehicles	9.50%	34,93,023	-	-	34,93,023	3,42,750	3,31,836	-	6,74,586	28,18,437	31,50,273	
Total (A)		1,20,60,303	2,10,168	80,613	1,21,89,857	19,34,009	11,40,016	17,317	30,56,708	91,33,149	1,01,26,294	
Previous Year		96,60,423	24,05,380	5,500	1,20,60,303	8,81,070	10,53,944	1,004	19,34,009	1,01,26,294	87,79,353	
B Intangible Assets												
Computer Software	16.21%	48,66,234	2,14,305	-	50,80,539	11,97,480	8,02,120	-	19,99,600	30,80,939	36,68,755	
Total (B)		48,66,234	2,14,305	-	50,80,539	11,97,480	8,02,120	-	19,99,600	30,80,939	36,68,755	
Previous Year		40,63,357	8,02,877	-	48,66,234	4,66,763	7,30,716	-	11,97,480	36,68,755	35,96,594	
Total (A+B)		1,69,26,537	4,24,473	80,613	1,72,70,396	31,31,489	19,42,136	17,317	50,56,308	1,22,14,088	1,37,95,049	
Previous Year		1,37,23,780	32,08,257	5,500	1,69,26,538	13,47,833	17,84,660	1,004	31,31,489	1,37,95,049	1,23,75,947	

Note 10 - Non-Current Investments

Particulars	As At 31st March, 2013	As At 31st March, 2012
	Rs.	Rs.
a) Trade - Unquoted Investments, at cost		
i) Investments in Equity Instruments		
1) Alpha Micro Finance Consultants Pvt. Ltd., 50,000 Equity shares of Rs.10/- each fully paid up. (Previous year 50,000 Equity shares of Rs.10/- per share)	5,00,000	5,00,000
2) Ayusha Dairy Private Limited (Subsidiary), 15,000 Equity shares of Rs.10/- each fully paid up. (Previous year Nil)	1,50,000	-
Total	6,50,000	5,00,000
Aggregate amount of unquoted investments	6,50,000	5,00,000

Note 11 - Long Term Loans and Advances

Particulars	As At 31st March, 2013	As At 31st March, 2012
	Rs.	Rs.
a) Loans and advances to related parties [Refer Note 23.2]		
i) Unsecured, Considered Good		
- Ayusha Dairy Private Limited	90,11,092	-
Total	90,11,092	-

Note 12 – Other Non-Current Assets

Particulars	As At 31st March, 2013	As At 31st March, 2012
	Rs.	Rs.
a) Long term Trade receivables		
i) Unsecured, Considered Good		
1) Trade receivables under financing activity	3,96,27,444	57,37,701
ii) Unsecured, Considered doubtful		
1) Trade receivables under financing activity	15,50,534	
	4,11,77,978	57,37,701
Less: Provision for Doubtful Debts	15,50,534	
	3,96,27,444	57,37,701
b) Others		
i) Deposits with more than 12 months maturity	2,35,16,448	1,48,86,612
ii) Deferred Revenue Expenditure	97,03,209	53,25,816
iv) Rent Deposits	27,32,500	29,37,500
v) Advance Tax	2,70,000	50,000
vi) TDS Receivables	6,10,059	2,76,256
vii) MAT Credit	13,70,865	8,70,865
Total	7,78,30,525	3,00,84,749

Note 13 – Trade Receivables

Particulars	As At 31st March, 2013	As At 31st March, 2012
	Rs.	Rs.
a) Unsecured, Considered Good		
i) Outstanding for a period less than six months from the date they are due for payment	42,78,53,688	33,31,88,307
ii) Outstanding for a period exceeding six months from the date they are due for payment	27,59,477	31,46,369
Total	43,06,13,165	33,63,34,676

Note 14 – Cash and Cash Equivalents

Particulars	As At 31st March, 2013	As At 31st March, 2012
	Rs.	Rs.
a) Balances with Banks		
(i) In Current accounts	6,75,81,243	87,37,843
(ii) Debit balance in Cash credit account	64,60,599	-
b) Cash on hand	8,06,723	6,23,232
	7,48,48,565	93,61,075
c) Others		
(i) In Fixed Deposit accounts with maturity less than 12 months under lien against term loans availed by the Company.	1,79,41,157	1,57,86,252
	1,79,41,157	1,57,86,252
Total	9,27,89,722	2,51,47,327

Note 15 – Short-Term Loans and Advances

Particulars	As At 31st March, 2013	As At 31st March, 2012
	Rs.	Rs.
a) Others		
i) Unsecured, Considered Good		
1) Loans and Advances to employees	8,64,795	8,77,223
2) Prepaid Expenses	1,30,450	4,05,540
3) Other advances	11,55,906	32,41,686
Total	21,51,151	45,24,449

Note 16 – Other Current Assets

Particulars	31st March, 2013	31st March, 2012
	Rs.	Rs.
a) Interest accrued	34,53,247	9,19,456
Total	34,53,247	9,19,456

Note 17 – Revenue from Operations

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rs.	Rs.
a) Interest income on Loans	7,59,14,303	5,46,57,486
b) Processing fee on Loans	67,88,340	73,10,415
c) Other financial services / Insurance admin charges	88,528	32,26,441
d) Interest income on fixed deposits (collateral)	25,52,150	15,33,516
Total	8,53,43,321	6,67,27,859

Note 18 – Other Income

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rs.	Rs.
a) Interest Income		
i) Interest income on Loans & Advances to Related Parties	6,71,060	-
ii) Interest income on Staff Loans	1,28,494	1,40,259
b) Dividend Income		
i) Dividend income from investments in mutual fund	4,85,740	
c) Other Non-Operating Income		
i) Miscellaneous income	1,08,107	65,045
ii) Depreciation written back		21,21,081
Total	13,93,401	23,26,385

Note 19 – Employees Benefits Expenses

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rs.	Rs.
a) Salaries and wages	2,34,61,235	2,52,93,557
b) Contributions to provident fund and other funds	23,95,943	25,24,763
c) Staff welfare expenses	16,36,978	1,75,548
Total	2,74,94,156	2,79,93,868

Note 20 – Finance Costs

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rs.	Rs.
a) Interest expenses on Borrowings	4,18,20,238	2,60,21,876
b) Financial expenses	1,17,607	2,38,994
Total	4,19,37,844	2,62,60,870

Note 21 – Administrative and other expenses

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rs.	Rs.
Advertisement expenses	3,117	16,311
Auditor's Remuneration (Refer Note (i) below)	1,31,732	1,04,310
Annual Maintenance Charges	7,34,461	2,95,472
Computer consumables	24,993	72,959
Directors expenses	2,04,445	3,80,196
Deferred Revenue Expenditure Written Off	20,32,280	17,75,272
Electricity and Water charges	2,61,556	2,45,068
Insurance for Members	-	6,366
Insurance - General	2,88,727	2,01,896
Local conveyance	8,90,050	11,97,806
Loss on Sale of Fixed Assets	36,996	1,696
Meeting and Conference expenses	20,129	25,003
Membership Subscription Charges	2,85,000	1,24,997
Miscellaneous Expenses	1,27,289	12,412
Office Maintenance	6,05,394	7,03,526
Postage	1,72,624	1,75,393
Printing and Stationery	4,55,499	12,048
Prompt Payment Rebate to Members	-	30,300
Provision for Contingencies against Standard Assets	3,25,264	8,47,315
Provision for Doubtful Assets	13,56,791	3,14,637
Provision for CSR activities	39,000	16,100
Professional Fees	23,14,665	10,77,699
Rates and Taxes	9,533	1,63,026
Rent	34,68,662	37,05,640
Telephone Charges	3,71,809	4,87,521
Travelling Expenses	1,37,180	1,22,338
Vehicle Maintenance & Insurance	2,56,670	3,04,996
Website Charges	7,839	4,732
Total	1,45,61,705	1,24,25,033

Note (i)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rs.	Rs.
Auditor's Remuneration		
- Statutory Audit Fee	63,450	52,660
- Tax Audit Fee	32,000	26,650
- Other Expenses	36,282	25,000
Total	1,31,732	1,04,310

Notes forming part of the Accounts**Note 22 – Employee Benefits****22.1 Defined Contribution Plans**

During the year, the Company has recognized the following amounts in the statement of profit and loss.

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
	Rs.	Rs.
Employers Contribution to Provident & Pension Fund	1,251,338	1,394,563

22.2 Defined Benefit Plans

Contribution to Gratuity Fund:

Details of defined benefit plan of gratuity are given below:

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rs.	Rs.
i) Changes in the Present Value of Obligation (PVO)		
PVO as at the beginning of the period	7,96,077	4,04,961
Interest Cost	70,055	34,017
Current service cost	5,23,853	4,33,836
Past service cost - (non-vested benefits)	-	-
Past service cost - (vested benefits)	-	-
Benefits paid	-	-
Actuarial loss/(gain) on obligation (balancing figure)	(89,321)	(76,737)
PVO as at the end of the period	13,00,664	7,96,077
ii) Changes in the Fair Value of Plan Assets		
Fair value of plan assets as at the beginning of the period	-	-
Expected return on plan assets	-	-
Contributions	-	-
Benefits paid	-	-
Actuarial gain/(loss) on plan assets [balancing figure]	-	-
Fair value of plan assets as at the end of the period	-	-
iii) Amount recognized in the Balance Sheet and Related Analysis		
Present value of the obligation	13,00,664	7,96,077
Fair value of plan assets	-	-
Difference	13,00,664	7,96,077
Unrecognized transitional liability	-	-
Unrecognized past service cost - non vested benefits	-	-
Liability recognized in the balance sheet	13,00,664	7,96,077

iv) Expenses recognized in the Profit & Loss Account		
Current service cost	5,23,853	4,33,836
Interest Cost	70,055	34,017
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	(89,321)	(76,737)
Transitional Liability recognized in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost - vested benefits	-	-
Expenses recognized in the statement of profit and loss	5,04,587	3,91,116
v) Major categories of Plan Assets (As percentage of Total Plan Assets)		
Government of India Securities	0.00%	0.00%
State Government Securities	0.00%	0.00%
High Quality Corporate Bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Insurer Managed	0.00%	0.00%
Mutual Funds	0.00%	0.00%
Bank Deposits	0.00%	0.00%
Total	0.00%	0.00%
vi) Principal Actuarial Assumptions (Expressed as Weighted Averages)		
Discount Rate	8.20%	8.80%
Salary escalation rate	7.50%	7.50%
Attrition rate	4.00%	4.00%
Expected rate of return on Plan Assets	0.00%	0.00%
vii) Assumptions		
Discount rate as per Para 78 of AS15R	8.20%	8.80%
Salary escalation fixed by the Enterprise as per Para 83-91 and 120[l] of AS15R	7.50%	7.50%
Attrition rate fixed by Enterprise	4.00%	4.00%
Age of Retirement	60	60
Funding Mechanism	Unfunded	Unfunded

Note 23 – Related Party Disclosures**23.1 Names of Related Parties and Nature of Relationship**

Description of Relationship	As at 31 st March, 2013	As at 31 st March, 2012
Subsidiary Company	Ayusha Dairy Private Limited	---
Key Management Personnel	Mr. D. Shivaprakash, Director Mr. N. Venkatesh, Director	Mr. D. Shivaprakash, Director Mr. N. Venkatesh, Director

23.2 Transactions with Related Parties**Related Party: Ayusha Dairy Private Limited**

Transaction	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Rs.	Rs.
Income		
Interest on loans and advances to related party	6,71,060	---
Other Transactions		
Investment in Subsidiary (15,000 Equity Shares of Rs.10 each)	1,50,000	---
Loans and Advances to Subsidiary	1,48,03,242	---
Loans and Advances recovered from Subsidiary	(57,92,150)	---
Balance as at year end		
Receivables	90,11,092	---

Note 24 – Additional Information**24.1 Contingent liabilities and commitments (to the extent not provided for)**

Particulars	As At 31 st March, 2013	As At 31 st March, 2012
	Rs.	Rs.
Contingent liabilities		
(a) Disputed court case	17,274	30,000

24.2 Disclosure on foreign currency exposure:

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

24.3 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

There are no Micro and Small Enterprises, to whom the company owes dues, which are outstanding for more than 45 days at the Balance Sheet date. The above information regarding Micro Enterprises and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the Auditors.

24.4 Disclosures of frauds reported during the year vide DNBS PD.CC.No. 256 / 03.10.042 / 2011-12 dated March 02, 2012

Particulars	Less than Rs. 1 Lakh		Rs. 1 - 5 Lakhs		Rs. 5 - 25 Lakhs		Total	
	No. of Accounts	Value Rs.in Lakhs	No. of Accounts	Value Rs.in Lakhs	No. of Accounts	Value Rs.in Lakhs	No. of Accounts	Value Rs.in Lakhs
A) Person involved								
Staff	-	-	107	1.8	-	-	-	-
Customer	-	-	-	-	-	-	-	-
Staff and customer	-	-	-	-	-	-	-	-
Total	-	-	107	1.8	-	-	-	-
B) Type of fraud								
Misappropriation and criminal breach of Trust	-	-	107	1.8	-	-	-	-
Fraudulent encashment /	-	-	-	-	-	-	-	-
Manipulation of books of Accounts								
Unauthorised credit facility extended	-	-	-	-	-	-	-	-
Cheating and forgery	-	-	-	-	-	-	-	-
Total	-	-	107	1.8	-	-	-	-

25. Earnings per Share

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
	Rs.	Rs.
Profit after Tax (Rs.)	19,47,382	8,04,772
No. of Equity Shares		
- Basic	65,00,000	65,00,000
- Diluted	65,00,000	65,00,000
Earnings Per Share		
- Basic	0.30	0.12
- Diluted	0.30	0.12
Face Value of Shares (Rs.)	10	10

26. Recognition of MAT Credit

MAT credit of Rs. 500,000/- is recognized during the year (previous year Rs. 333,800/-)

27. Disclosure Pursuant to Reserve Bank of India Notification DNBS.193DG (VL) 2007 dated 22nd February, 2007:

Sl No.	Particulars	As at 31st March, 2013	
		Amount Outstanding	Amount Overdue
		Rs.	Rs.
	Liabilities		
(1)	Loan and Advances availed by the NBFC inclusive of Interest accrued thereon but not paid:		
a	Debentures	-	-
	- 4 Secured	-	-
	- 5 Secured	-	-
	(Other than falling the meaning of Public Deposits)	-	-
b	Deferred Credits	-	-
c	Term Loan	53,22,77,121	-
d	Inter-corporate Loans & Borrowings	-	-
e	Commercial Paper	-	-
f	Other Loans – Vehicle Loan	12,98,251	-
(2)	Break-up of Loans & Advances including Bills Receivables [Other than those included in (3) below]		
	(a) Secured	-	-
	(b) Unsecured	48,08,02,235	-
(3)	Breakup of Leased and Stock on Hire and other Assets counting towards AFC activities	-	-
(i)	Lease assets including Lease rentals accrued and due:	-	-
	(a) Finance Lease	-	-
	(b) Operating Lease	-	-
(ii)	Stock on Hire including Hire Charges under sundry debtors:	-	-
	(a) Assets on Hire	-	-
	(b) Repossessed Assets	-	-

(iii)	Other Loans contributing towards AFC Activities	-	-
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
(4)	Break-up of Investments Current Investments	-	-
I	Quoted:	-	-
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others	-	-
II	Unquoted:	-	-
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others	-	-
	Long term Investments	-	-
I	Quoted:	-	-
(i)	Shares: (a) Equity	-	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others	-	-
II	Unquoted:	-	-
(i)	Shares: (a) Equity	6,50,000	-
	(b) Preference	-	-
(ii)	Debentures and Bonds	-	-
(iii)	Units of Mutual Funds	-	-
(iv)	Government Securities	-	-
(v)	Others	-	-

(5) Borrower Group wise classification of Assets Financed as in (2) and (3) above

Sl No.	Particulars	As at 31st March, 2013		
		Amount in Rs. (Net of Provisions)		
		Secured	Unsecured	Total
1	(a) Related Parties Subsidiaries	-	90,11,092	90,11,092
	(b) Companies in the same group	-	-	-
	(c) Other Related Parties	-	-	-
2	Other than related parties	-	47,01,09,088	47,01,09,088
	Total	-	47,91,20,180	47,91,20,180

(6) Investor Group-wise classification of all investments (Current and Long Term) in Share and Securities (both Quoted and Unquoted):

Sl No.	Category	Market Value / Breakup value Or Fair Value / Net Assets Value	Book Value
			Rs.
1	(a) Related Parties Subsidiaries	-	1,50,000
	(b) Companies in the same group	-	-
	(c) Other Related Parties	-	-
2	Other than related parties	-	5,00,000
	Total	-	6,50,000

(7) Other Information

Sl. No	Particulars	Related Parties	Other than Related Parties
		Rs.	Rs.
(i)	Gross Non - Performing Assets	-	27,59,477
(ii)	Net Non - Performing Assets	-	14,02,686
(iii)	Assets acquired in Satisfaction of Debt	-	-

28. The cap on margins (as defined by Malegam Committee) and in compliance with RBI circular RBI/2012-13/161 DNBS (PD) CC.No.300 /03.10.038/2012-13 August 03, 2012 is 11.02% as at 31st March, 2013 (9.09% as at 31st March, 2012).

29. Previous year Figures

Previous year's figures have been reclassified to conform with the current year's classification / presentation, wherever applicable.

As per our attached report of even date
For Gowthama & Company
Chartered Accountants
Firm No. 005917S

For and on behalf of the Board of Directors

H.V.Gowthama
Partner
M.No. 014353

N. Venkatesh
Managing Director

D. Shivaprakash
Director

R.C. Shekar
Director

Place: Bangalore
Date: 09.05.2013

P. Sreenivasulu
Company Secretary

R. Govindarajan
Chief Financial Officer

Notice of Annual General Meeting

NOTICE is hereby given that the **18th Annual General Meeting** of the Shareholders of the Company will be held on Friday the 05th day of July, 2013 at 11.00 A.M. at the Registered Office of the company 418, 1/2A, 6th Main, 4th Cross, Wilson Garden, Bangalore 560 027 to consider and transact the following business:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account for the financial year ended 31st March, 2013 and Director's Report and Auditor's Report thereon.
- To appoint a Director in place of Mr. A. Ramanathan, who retires from office by rotation, and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr. D.Shivaprakash, who retires from office by rotation, and being eligible, offers himself for re-appointment.
- To re-appoint M/s. Gowthama & Company, Chartered Accountant, as Auditors, from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

ITEM NO.5

ALTERATION OF CLAUSE 67 (b) OF THE ARTICLES OF ASSOCIATION OF THE COMPANY:

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

"RESOLVED THAT pursuant to the provisions of Section 31 of the Companies Act, 1956, Regulation 1 to Regulation 77 contained in the existing Article of Association, clause 67 (b) be and is hereby altered to read as follows:

“67 (b) The common seal of the Company shall not be affixed to any instruments except by the authority of a resolution (including a circular resolution) of the Board of Directors or a committee thereof and except in the presence of Managing Director or one of the Directors and the said director shall sign the instruments to which the seal is affixed in his presence.”

FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to take all necessary steps for giving effect to the resolution.

BY ORDER OF THE BOARD

For Samasta Microfinance Limited,

**N. Venkatesh,
Managing Director**

Place: Bangalore
Date: 13th June, 2013

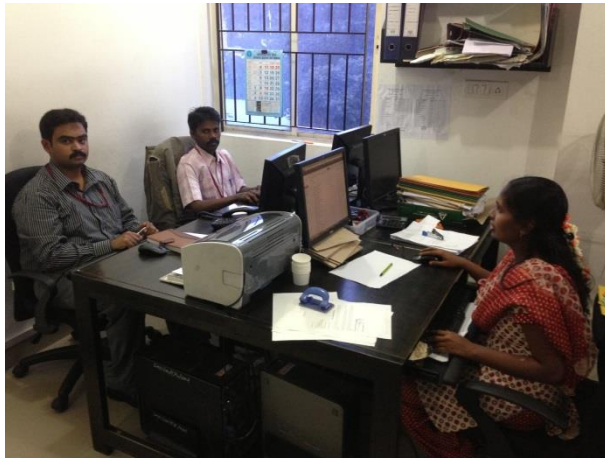
Notes:

1. A member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend and vote of himself / herself and such proxy need not be a member of the company.
2. A proxy form in order to be valid and effective should be deposited at the registered office of the company not less than 48 hours before the scheduled time for the commencement of meeting.
3. The Members are requested to notify immediately any change in their address to the Company.
4. The explanatory statement pursuant to section 173(2) of the Companies Act, 1956 setting out material facts is annexed hereto.
5. Letter of Representation, authorizing a representative to attend and vote at the meeting on behalf of the Body Corporate, in order to give effective, must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for holding the Meeting.

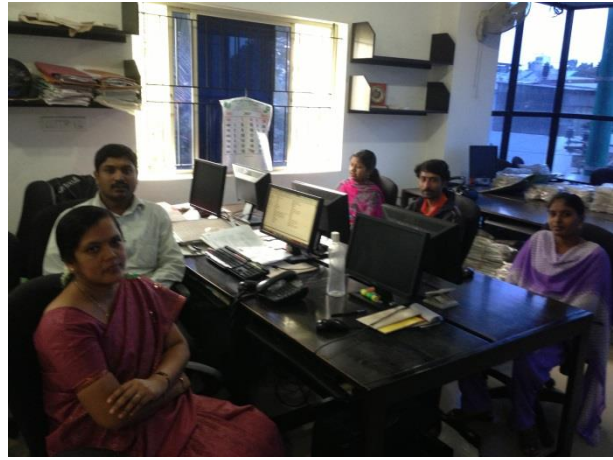
EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

ITEM NO.5: At present the Common Seal is being affixed to any instrument by the authority of a resolution (including a circular resolution) of the Board of Directors or a Committee thereof and in the presence of two Directors and of the Secretary or such other Person as the Board of Director or a committee thereof may appoint for the purpose and the said Directors and secretary or other Person shall sign the instrument to which the seal is affixed in their presence.

In view of the practical difficulties in executing a number of loan documents for availing loan from various Financial Institutions and Banks, it has been felt necessary to streamline this procedure by which the Managing Director or one of the Directors shall sign the instrument to which the seal is affixed in his presence.



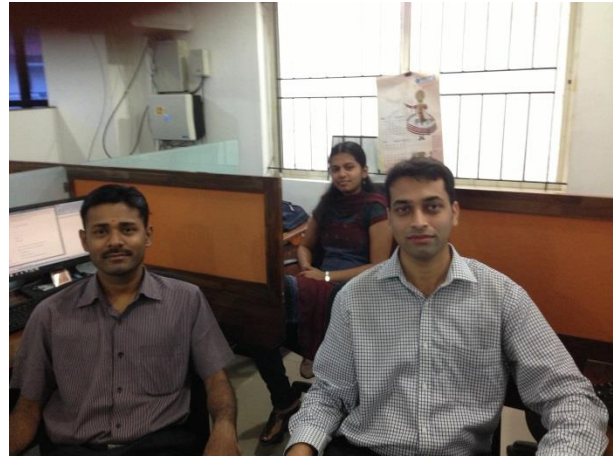
HR Team



MIS Team



Accounts Team



Finance Team