

INDEPENDENT AUDITOR'S REPORT

To the members of **Svasti Microfinance Private Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of Svasti Microfinance Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its 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, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No. 003990S/S200018



Ramanarayanan
Partner

Membership No. 220369

Place of Signature: Mumbai

Date: 30-May-2016

Annexure A

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date

- (i)
- (a) The Company has maintained proper records including quantitative details and situation of fixed assets except for full particulars which is in the process of being updated in the register.
 - (b) The Company has a regular program of verifying fixed assets which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. Fixed assets have been physically verified by the management during the year as per the said program and reconciliation of the assets verified vis a vis fixed assets register is in progress.
 - (c) There are no immovable properties held in the name of the Company.
- (ii) The Company is a Non-Banking Financial Company ('NBFC') engaged in the business of giving loans and does not maintain any inventory. Therefore the provisions of clause 3(ii) of the Order are not applicable to the Company.
- (iii) Based on our audit procedures & according to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to parties covered in the register maintained under section 189 of the Act and hence 3(iii) of the Order is not applicable to the Company.
- (iv) Based on our audit procedures & according to the information and explanation given to us, the Company has not granted any loan, made investments, issued guarantees/security covered under section 185 and 186 of the Act. Therefore clause 3(iv) of the Order is not applicable to the Company.
- (v) Based on our audit procedures & according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under and hence clause 3(v) of the Order is not applicable.
- (vi) The Company is not required to maintain cost records specified by the Central Government under sub-section (1) of section 148 of the Act.
- (vii)
- (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities except for delays in case of service tax. According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax,



cess and any other statutory dues were in arrears, as at 31st March 2016 for a period of more than six months from the date they became payable except in the following cases:

Name of the statute	Nature of the Dues	Amount (in Rs.)	Due Date	Date of Payment
Employees' State Insurance Act, 1948	Employer & Employee Insurance Contribution	1,917	Various Dates	30-May-2016
Profession Tax Act, 1975 Maharashtra	Professional Tax	2,450	Various Dates	30-May-2016

- (b) There are no dues relating to income tax / sales tax / service tax / duty of customs / duty of excise / value added tax, which have not been deposited on account of any dispute.
- (viii) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, Government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, term loans during the year were applied for the purposes for which those are raised. No moneys raised by way of Initial Public Offer (IPO) or Further Public Offer (FPO) (including debt instrument) during the year.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) Section 197 is not applicable as the Company being a private limited company. Therefore clause 3(xi) of the Order is not applicable to the Company.
- (xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, the provisions of clause 3(xii) of the Order are not applicable.
- (xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the Financial statements etc. as required by the applicable accounting standards.
- (xiv) Based on our audit procedures and according to the information and explanations given to us, the Company has not made any preferential allotment/private placement of shares/ fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3(xii) of the Order are not applicable.
- (xv) Based on our audit procedures and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them.



- (xvi) Based on our audit procedures and according to the information and explanations given to us, the Company is required to be registered under Section 45-IA of Reserve Bank of India Act, 1934 and the registration has been obtained.

For **PKF Sridhar & Santhanam LLP**

Chartered Accountants

Firm's Registration No. 003990S/S200018

J. R.
Ramanarayanan

Partner

Membership No. 220369



Place of Signature: Mumbai
Date: 30-May-2016

Annexure B

Referred to in paragraph 2(f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Svasti Microfinance Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **PKF Sridhar & Santhanam LLP**
Chartered Accountants
Firm's Registration No.003990S/S200018

J. R.

Ramanaayanah J
Partner
Membership No. 220369
MUMBAI

Place of Signature: Mumbai
Date: 30-May-2016

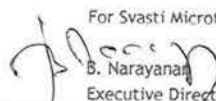
STATEMENT OF FINANCIAL RESULTS FOR THE HALF YEAR AND YEAR ENDED 31/03/2016

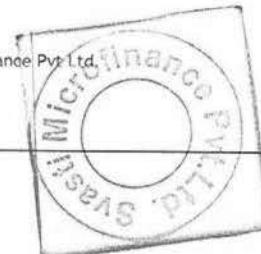
Sr. No.	Particulars (Refer Notes Below)	Rs. in lakhs			
		6 months ended 31/03/2016	Corresponding 6 months ended 31/03/2015	Current Year ended 31/03/2016	Previous Year ended 31/03/2015
		Unaudited	Unaudited	Audited	Audited
1	Income from Operations				
1a.	Interest Income	452.26	455.32	914.10	911.00
1b.	Other Operating Income	149.55	37.59	222.47	74.44
	Total Income from Operations (1a and 1b)	601.81	492.91	1,136.57	985.44
2	Other Income	51.21	105.52	155.62	142.23
3	Total Income (1+2)	653.02	598.43	1,292.19	1,127.67
4	Interest Expense including Finance charges	272.74	298.89	582.80	562.32
5	Operating Expenses				
5a.	Employee benefits expense	252.90	218.42	492.84	398.06
5b.	Depreciation and amortisation expense	22.16	14.22	40.66	30.26
5c.	Rent	24.25	18.36	47.13	36.46
5d.	Provision on Receivables under Financing Activities	20.93	(1.33)	17.44	(3.60)
5e.	Other Operating Expenses	41.33	40.95	78.75	83.77
6	Total expenses (4+5) excluding provisions and contingencies	634.31	589.51	1,259.62	1,107.27
7	Operating Profit before Provisions and Contingencies (3-6)	18.71	8.92	32.57	20.40
8	Provisions (other than tax) and Contingencies	-	-	-	-
9	Exceptional Items	-	-	-	-
10	Profit (+)/ Loss (-) from Ordinary Activities before tax (7-8-9)	18.71	8.92	32.57	20.40
11	Tax Expense (Net of MAT Credit)	(14.45)	(4.84)	(14.45)	(4.84)
12	Net Profit from ordinary activities after tax (10-11)	4.26	4.08	18.12	15.56
13	Extraordinary Items	-	-	-	-
14	Net Profit for the period (12-13)	4.26	4.08	18.12	15.56
15	Paid-up Equity Share Capital (Face value : ₹ 10/- per share)	192.87	192.87	192.87	192.87
16	Reserves excluding Revaluation Reserves			1,714.88	1,696.76
17	Networth			1,907.75	1,889.63
18	Analytical Ratios				
	i) Capital Adequacy Ratio	27.99%	42.03%	27.99%	42.03%
	ii) Earning Per Share				
	Basic (annualised)	0.49	0.47	1.05	0.90
	Diluted (annualised)	0.44	0.43	0.94	0.81
19	NPA Ratios				
	i) Gross NPA	7.96	2.37	7.96	2.37
	ii) % of Gross NPA	0.17%	0.08%	0.17%	0.08%
	iii) Return on Assets (annualised)	0.13%	0.15%	0.27%	0.27%

NOTES

- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on May 30, 2016 in accordance with the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- The Statutory Auditors have audited the financial statements for the year ended March, 31, 2016. The Auditors have given an unmodified true and fair opinion on the audited financials statements.
- The Company has issued 100 Rated, Taxable, Senior, Secured, Non-Convertible Debentures of ₹.10,00,000/- each, raised on private placement basis, with a yield of 12.78% allotted on 29-Feb-2016 with interest payable on monthly rests and principal repayable in monthly installments with a tenor of 24 months. Subsequent to raising of funds, the debenture have been listed in BSE limited.
- The Credit Rating in respect of the above mentioned Debenture is "Provisional ICRA BBB (SO)" and we confirm that there is no change in credit rating as of date.
- The above mentioned Debentures are 100% secured by charge against the identified receivables of the company.
- Company's Debt Equity Ratio as at 31st March, 2016 is 2.73.
- Since the Company is NBFC and has not issued any Preference shares disclosures required as per Regulation 52(4)(d)/(e.)/(f)/(g)/(h)/(i) and Regulation 52(6) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (Listing Regulations), are not applicable.
- There has been no material deviations in the use of proceeds of issue of non convertible debentures from the objects stated in the offer document.
- The Company operates in a single reportable segment i.e. financing, which has similar risks and returns for the purpose of AS 17 on Segment Reporting specified under section 133 of the Companies Act 2013. The Company operates in a single geographical segment i.e. domestic.
- Figures for the six months ended 31st March, 2016 and 31st March, 15 are the balancing figures in respect of the full financial year and unaudited/unpublished half year financials of the relevant financial years.
- Figures for the previous period / year have been regrouped wherever necessary, in order to make them comparable.

Date: 30th May, 2016
Place: Mumbai

For Svasti Microfinance Pvt Ltd,

 B. Narayanan
 Executive Director



Svasti Microfinance Private Limited
CIN: U65922TN1995TTC030293
Balance Sheet as at March 31, 2016

		Amount in Rs.		
	Particulars	Note No	As at Mar 31, 2016	As at Mar 31, 2015
I	EQUITY AND LIABILITIES			
(1)	Shareholders' Funds			
	(a) Share Capital	2	19,237,430	19,237,430
	(b) Reserves and Surplus	3	171,487,886	169,675,548
(2)	Non-current Liabilities			
	(a) Long Term Borrowings	4	132,201,417	79,285,649
	(b) Long Term Provisions	5	764,532	953,749
	(b) Deferred Tax liability	33	1,208,581	-
(3)	Current Liabilities			
	(a) Trade Payables			
	-Total Outstanding dues of micro and small enterprises		-	-
	-Others	6	6,838,125	3,035,643
	(b) Other Current Liabilities	7	378,369,121	339,044,804
	(c) Short Term Provisions	8	865,685	1,035,450
	Total		710,972,777	612,268,273
II	ASSETS			
(1)	Non-current Assets			
	(a) Fixed Assets			
	(i) Tangible Assets	9 (A)	8,141,959	3,244,287
	(ii) Intangible Assets	9 (B)	17,430,930	18,137,011
	(iii) Intangible Assets under development	9 (C)	6,281,304	4,273,034
	(b) Long Term Loans & Advances	10	15,099,230	42,466,524
	(c) Receivables under Financing Activities	11	95,885,202	62,729,887
	(d) Deferred Tax assets	31	-	236,434
	(e) Other Non Current Assets	12	7,524,098	629,893
(2)	Current Assets			
	(a) Current Investments	13	2,500,000	40,000,000
	(b) Cash and Bank Balances	14	126,846,983	172,283,246
	(c) Short Term Loans & Advances	15	39,077,819	15,181,174
	(c) Receivable under Financing Activities	16	381,136,488	241,610,116
	(e) Other Current Assets	17	11,048,764	11,476,667
	Total	0	710,972,777	612,268,273

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm Regn. No. 0039905/S200018

J. R.
Ramanarayanan
Partner
Membership No: 220369
Place: Mumbai
Date: 30-May-2016



For and on behalf of the Board
Svasti Microfinance Private Limited

P Arunkumar
Executive Director
& CEO
DIN: 01890656

B Narayanan
Executive Director
& CFO
DIN: 01216715

Svasti Microfinance Private Limited
CIN: U65922TN1995TTC030293
Statement of Profit & Loss for the year ended March 31, 2016

		Amount in Rs.		
	Particulars	Note No	For the year ended Mar 31, 2016	For the year ended Mar 31, 2015
I.	Revenue from Operations	18	113,657,437	98,543,900
II.	Other Income	19	15,561,744	14,582,430
III.	Total Revenue (I+II)		129,219,181	113,126,330
IV.	EXPENSES			
	Employee Benefits Expenses	20	49,283,632	39,806,103
	Finance Cost	21	58,280,162	56,232,044
	Depreciation/ Amortisation	9	4,065,471	3,025,866
	Other Expenses	22	12,588,441	12,022,859
	Provision on Receivables under Financing Activities	34	1,744,122	-
	Total Expenses		125,961,828	111,086,872
V.	Profit / (Loss) before Tax (III-IV)		3,257,353	2,039,458
VI.	Tax expense:			
	(1) Current tax			
	Minimum Alternate Tax		620,689	320,097
	Less: Minimum Alternate Tax Credit		620,689	320,097
	(2) Deferred tax	33	-	-
			1,445,015	483,897
			1,445,015	483,897
VII.	Profit for the period		1,812,338	1,555,561
VIII.	Transfer to Statutory Reserve		362,468	311,112
IX.	Profit carried to the balance sheet		1,449,870	1,244,449
	Earnings per equity share (Face value Rs.10)	32		
	(1) Basic		1.05	0.90
	(2) Diluted		0.94	0.81

Significant Accounting Policies

1

The accompanying notes are an integral part of the financial statements

For PKF Sridhar & Santhanam LLP
Chartered Accountants
Firm Regn. No 0039905/S200018

J. a. e.
Ramanarayanan
Partner
Membership No: 220369
Place: Mumbai
Date : 30-May-2016



For and on behalf of the Board
Svasti Microfinance Private Limited

P Arunkumar
Executive Director
& CEO
DIN: 01890656

B Narayanan
Executive Director
& CFO
DIN: 01216715

Svasti Microfinance Private Limited
CIN: U65922TN1995TTC030293
Cash Flow statement for the year ended March 31, 2016

		Amount in Rs.	
	Particulars	For the year ended Mar 31, 2016	For the year ended Mar 31, 2015
A	Cash Flow from Operating Activities		
	Net Profit / (Loss) before Tax	3,257,353	2,039,458
	Adjustments for:		
	Depreciation and amortisation	4,065,471	3,025,866
	Interest income on Bank Deposits & Deposits with Lenders	(7,976,228)	(7,178,583)
	Interest expenses on Loan taken from banks & financial institutions	53,717,319	51,519,076
	Profit on sale of Mutual Funds	(1,591,412)	(1,260,442)
	Gains from Securitisation	(4,710,194)	(3,193,660)
	Processing fees amortised	4,562,843	4,712,968
	Provision for Gratuity and Leave Encashment	574,080	951,226
	Provision for servicing cost of securitised portfolio	-	99,218
	Provision against loan receivables	1,744,122	(359,601)
	Operating profit/(loss) before working capital changes	53,643,354	50,355,526
	Changes in working capital:		
	Adjustments for (increase)/decrease in operating assets		
	Current Assets and Non Current Assets		
	Receivables under Financing Activities	(174,425,809)	(29,627,098)
	Loans and Advances	7,001,893	10,203,364
	Other Current and Non Current Assets	(3,547,388)	(6,787,352)
	Current Liabilities	(4,432,879)	3,551,503
	Cash generated/(used) in operations	(121,760,829)	27,695,943
	Net income Tax (paid)/ Refunds	(1,436,517)	(1,038,614)
	Net cash flow (used)/generated from in operating activities (A)	(123,197,346)	26,657,329
B	Cash Flows from Investing Activities		
	Purchase of fixed assets	(12,360,058)	(1,680,783)
	Amount spent on Intangible assets development	-	(4,273,034)
	Purchase of investments	(398,500,000)	(38,739,558)
	Proceeds from Sale of Investment	437,591,411	-
	Bank balances not considered as cash & cash equivalents	(695,483)	(39,024,155)
	Interest Received on Fixed Deposits	5,940,556	7,178,583
	Net cash flow(used)/generated from in Investing activities (B)	31,976,426	(76,538,947)
C	Cash Flow from Financing Activities		
	Issue of Equity Shares	-	53,499,600
	Proceeds from Borrowings from Banks and FIIS	500,000,000	(1,037,219)
	Repayment of Borrowings from Banks and FIIS	(395,750,447)	-
	Securitisation proceeds	-	68,794,493
	Loan processing fees	(5,446,086)	(4,148,181)
	Interest paid on borrowings	(53,714,292)	(51,519,076)
	Net cash flow(used)/generated from in Financing activities (C)	45,089,175	65,589,617



Svasti Microfinance Private Limited
CIN: U65922TN1995TTC030293
Cash Flow statement for the year ended March 31, 2016

	Particulars	Amount in Rs.	
		For the year ended Mar 31, 2016	For the year ended Mar 31, 2015
D	Net increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(46,131,745)	15,707,999
	Cash & Cash Equivalents at the beginning of the year	105,831,810	90,123,811
	Cash & Cash Equivalents at the end of the year	59,700,064	105,831,810
	Breakup of Cash and Cash Equivalents:		
	Cash in hand	113,650	1,519,886
	Bank Balances - In Current Accounts	59,586,414	104,311,924
		59,700,064	105,831,810

Notes:

1) The above Cash flow statement has been prepared in accordance with the Indirect Method as setout in Accounting Standard (AS) 3, "Cash Flow Statements" of The Companies (Accounting Standards) Rules, 2006.

2) Cash and Cash equivalents include cash and bank balances.

As per our attached report of even date
For PKF Sridhar & Santhanam LLP
Chartered Accountants

Firm Regn. No. 0019905/S200018

J. Ramanarayanan
Ramanarayanan J
Partner
Membership No: 220369



For and on behalf of the Board
Svasti Microfinance Private Limited

P Arunkumar *B Narayanan*
P Arunkumar B Narayanan
Executive Director Executive Director
& CEO & CFO
DIN: 01890656 DIN: 01216715

Place: Mumbai

Date : 30-May-2016

Svasti Microfinance Private Limited
CIN: U65922TN1995TTC030293
Financial Statements for the year ended 31st March, 2016
Notes on Accounts

Note 1 Significant Accounting Policies

A. Background

Svasti Microfinance Private Limited ("the Company"), earlier known as Easy Housing Finance Limited and effective from 2nd Aug 2010 with the current name, is a non-deposit taking Non-Banking finance company having Certificate of Registration number B-07-00625 issued on 18-Aug-2010 by Reserve Bank of India (RBI). The Company has applied to be recognized as NBFC-MFI on 30-Oct-2012 pursuant to the creation of a new category of NBFCs by RBI vides RBI (PD) CC.250 dated December 02, 2011. The registration certificate from RBI is awaited.

The Company's main object is to carry on the business of microfinance, provide finance to the weaker section of society, promote and facilitate financial inclusion in the society by making credit/other financial services easily accessible to people or entities in low-income sections of society.

B. Significant Accounting Policies

i. Basis of preparation

The financial statements are prepared under historical cost convention on an accrual basis and in accordance with the applicable mandatory accounting standards and the provisions of the Companies Act and the directions issued by the Reserve Bank of India (RBI) to the extent applicable to the Company.

ii. 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.

iii. Tangible and Intangible Assets

Fixed assets are stated at cost net of depreciation. The cost of an asset comprises its purchase price (net of tax credits) and any cost directly attributable for bringing the asset to its working condition and location for its intended use.

Intangible assets are stated at cost net of amortization. Intangible assets comprise of software that has been purchased or developed in house. Cost of software developed in house comprises of personnel costs and administrative costs attributable to the development.

iv. Depreciation and Amortisation

Consequent to Schedule II of the Companies Act, 2013 becoming applicable with effect from April 01, 2014, depreciation has been provided on the basis of useful lives and residual value as prescribed in Schedule II except for following assets:



Svasti Microfinance Private Limited
Financial Statements for the year ended 31st March, 2016
Notes on Accounts

Note 1 Significant Accounting Policies (Contn.)

iv. Depreciation and Amortisation (Contn.)

Asset Head	Useful Life (based on economic useful life)
Leasehold Improvement	Over the period of the lease
Furniture and Fixtures	3
Computers	5

Depreciation on additions is charged proportionately from the date of acquisition / installation.

Amortisation of the intangible assets (comprising of computer software) carried out based on the estimation of useful life of the asset as follows:

- a) Software purchased from outside - Over 5 years
- b) In-house developed MERP software - Over 8 years

v. Investments

Investments are classified into current investments and long-term investments. Current investments are carried at lower of cost and fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss. Long-term investments are carried at cost less provision made to recognize any decline, other than temporary, in the value of such investments

vi. Loans

Loans are classified into 'Performing and Non Performing' assets in terms of the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 issued by the Reserve Bank of India as amended from time to time.

vii. 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.

Revenues from loan documentation received in the nature of processing fees are recognised as income at the time of receipt.

Gains from securitization of portfolio are accrued to the extent of the amortization of the principal value of the portfolio securitized during the year after provision of processing fees and servicing cost.

Revenue from interest income on Fixed Deposits with Banks and FIs is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.



Svasti Microfinance Private Limited
Financial Statements for the year ended 31st March, 2016
Notes on Accounts

Note 1 Significant Accounting Policies (Contn.)

viii. Grants

Grants received towards acquisition of tangible and intangible assets are adjusted against the cost of the assets. Grants related to revenue are deducted from the related expenses.

ix. Employee benefits

- a) Short term employee benefits including salaries, social security contributions, short term compensated absences (such as paid annual leave) where the absences are expected to occur within twelve months after the end of the period in which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non monetary benefits (such as medical care) for current employees are estimated and measured on an un-discounted basis.
- b) Defined Contribution Plan: Company's contributions paid / payable during the year to Provident Fund and Pension fund are recognised in the Statement of Profit and Loss.

Defined Benefit Plan: The company provides for gratuity based on the actuarial valuation carried out by an independent actuary.

x. Lease

Assets acquired under lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on accrual basis.

xi. Finance Costs

The Company borrows from Banks and Financial Institutions for the purpose of on-lending to its microfinance clients. The costs associated with these borrowings are classified as Finance Costs. Finance Costs comprise of Interest and Processing Fees. Interest is provided on the loan balance as per the terms and conditions of the loan transaction. Processing Fees is amortised over the tenure of the loan.

xii. Earnings Per Share

In determining the earnings per share the company considers the net profit / (loss) after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares 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.



Svasti Microfinance Private Limited
Financial Statements for the year ended 31st March, 2016
Notes on Accounts

Note 1 Significant Accounting Policies (Contn.)

xiii. Income Taxes & Deferred Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets, other than on unabsorbed depreciation and carried forward losses, are recognised only if there is reasonable certainty that they will be realised in the future and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date. In situations where the Company has unabsorbed depreciation and carried forward losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that the same can be realised against future taxable profits. Deferred Tax assets are reviewed at each Balance Sheet date for their realisability.

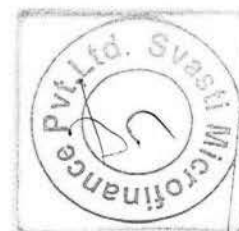
xiv. Provisions and Contingent Liabilities

A provision is recognized when an enterprise has a present 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 a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

All material known liabilities are provided for and liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and disclosed by way of notes to the accounts.

xv. Employee Stock Option Plan

The Company has setup an Employee Stock Option Trust for the benefit of its employees. All options granted in terms of the stock option plans accounted in accordance with the Guidance Note on Accounting for Employee Share Based Payment Plans issued by the Institute of Chartered Accountants of India (ICAI).



Svasti Microfinance Private Limited
Financial Statements for the year ended 31st March, 2016
Notes on Accounts

Note 1 Significant Accounting Policies (Contn.)

xvi. Impairment of Assets

As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine:

- a) The provision for impairment loss, if any, required; or
- b) The reversal, if any, required of impairment loss recognized in previous periods

Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amounts.

xvii. Classification of Loan Portfolio

All Loans and Advances are classified as standard, sub-standard, doubtful and loss assets in accordance with the existent Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

Classification	No. of Days overdue
Standard	0-90
Sub-Standard	91-179
Doubtful	180 or more

Loss Assets are

- an asset which has been identified as loss asset by the non-banking financial company or its internal or external auditor or by the Reserve Bank of India during the inspection of the non-banking financial company, to the extent it is not written off by the non-banking financial company; and
- an asset which is adversely affected by a potential threat of non-recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

xviii. Provision Policy for Portfolio Loans

Loans are provided for as per the management estimates, subject to the minimum provision required as per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

As per the current RBI provisioning norms, the aggregate loan provision to be maintained should be the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.



Svasti Microfinance Private Limited
CIN: U65922TN1995TTC030293
Notes forming part of Financial Statements for the year ended March 31, 2016

Notes	Particulars	Amount in Rs.	
		As at Mar 31, 2016	As at Mar 31, 2015
2	Share Capital		
	Authorised		
	19,30,000 Equity Shares of Rs.10 each (Previous Year: 19,30,000 Equity Shares of Rs.10/- each)	19,300,000	19,300,000
	33,00,000 Preference Shares of Rs. 10/- each (Previous Year: 33,00,000 Preference Shares of Rs.10/- each)	33,000,000	33,000,000
		52,300,000	52,300,000
	Issued, Subscribed and Fully Paid up		
Equity Shares			
19,28,743 (Previous year 19,28,743) Equity Shares of Rs.10 each with voting rights	19,287,430	19,287,430	
Less : Advance to ESOP Trust <i>(Face Value of 5,000 shares allotted to Svasti ESOP Trust on subscription and 1,95,000 shares allotted as fully paid bonus shares)</i>	50,000	50,000	
	19,237,430	19,237,430	
	19,237,430	19,237,430	

Footnote:

- (i) The Company has issued one class of shares : Equity Shares
(ii) Equity Shares : Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.
(iii) No bonus shares were issued in the last 5 years

(iv) Details of equity shares held by each shareholder (including holding company) holding more than 5% shares
Equity Shares

Name of the shareholders	As at Mar 31, 2016		As at Mar 31, 2015	
	No of Shares held	% of Shares	No of Shares held	% of Shares
Bamboo Financial Inclusion Mauritius (formerly known as Blue Orchard Mauritius)	486,445	25%	486,445	25%
Michael and Susan Dell foundation	365,704	19%	365,704	19%
Svasti ESOP Trust	200,000	10%	200,000	10%
P Arunkumar	169,040	9%	169,040	9%
B Narayanan	169,040	9%	169,040	9%

(v) Reconciliation for number of shares
Equity Shares

	As at Mar 31, 2016	As at Mar 31, 2015
No. of shares at the beginning of the year	1,928,743	1,412,909
Shares allotted during the year	-	515,834
Bonus shares	-	-
Less: Buyback of shares	-	-
No. of shares at the end of the year	1,928,743	1,928,743



Svasti Microfinance Private Limited
CIN: U65922TN1995TTC030293
Notes forming part of Financial Statements for the year ended March 31, 2016

Compulsorily Convertible Preference Shares		Amount in Rs.	
		As at Mar 31, 2016	As at Mar 31, 2015
No. of shares at the beginning of the year	-	-	3,299,999
Shares allotted during the year	-	-	-
Bonus shares	-	-	-
Less: Conversion to Equity Shares (Refer Note 29)	-	-	-
No. of shares at the end of the year	-	-	3,299,999

(vi) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 28.

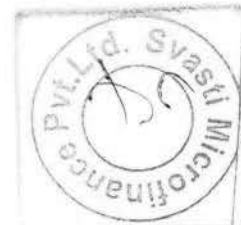
Notes	Particulars	As at Mar 31, 2016	As at Mar 31, 2015
3	Reserves and Surplus		
	Securities Premium		
	Opening Balance	167,888,983	86,547,733
	Add: Premium on issue of equity shares	-	81,341,250
	Less: Utilised for allotment of Bonus Shares	-	-
	Less: Advance Towards Purchase of Share	-	-
	Closing Balance (A)	167,888,983	167,888,983
	Statutory Reserve*		
	As per last Balance Sheet	1,245,820	934,708
	Add: Transferred from Profit and Loss A/c	362,468	311,112
	Closing Balance (B)	1,608,288	1,245,820
	Profit and Loss A/c		
	As per last Balance Sheet	540,745	(703,704)
	Add: Transferred from Statement of Profit and Loss	1,812,338	1,555,561
	Less: Transferred to Statutory Reserve	(362,468)	(311,112)
	Closing Balance (C)	1,990,615	540,745
	Total	171,487,886	169,675,548
(*Statutory Reserve represents the Reserve Fund created under Section 451C of the Reserve Bank of India Act, 1934)			
4	Long Term Borrowings		
	Secured Loans		
	Term Loan from Financial Institutions/Banks	398,011,474	382,928,601
	Less: Current Maturities of Term Loan	311,643,457	303,642,952
	(Term loans is secured by way of hypothecation of the Microfinance Loan receivables originated out of the borrowed funds on a first & exclusive charge basis. Refer Note 36 and 38 for further details)	86,368,017	79,285,649
	160 Rated, Taxable, Senior, Secured, Non-Convertible Debentures of Rs.5,00,000/- each with a yield of 14.15% allotted on 07-Apr-2014 (deemed allotment on 28-Mar-2014) with interest payable on monthly rests and principal repayable in monthly installments with a tenor of 1 year and 8 days	-	6,666,720
	100 Rated, Taxable, Senior, Secured, Non-Convertible Debentures of Rs.10,00,000/- each with a yield of 12.78% allotted on 29-Feb-2016 with interest payable on monthly rests and principal repayable in monthly installments with a tenor of 24 months.	95,833,400	-
	Less: Current Maturities of Debentures	95,833,400	6,666,720
		50,000,000	6,666,720
		45,833,400	-
	Total	132,201,417	79,285,649

(Debentures are secured by way of first ranking exclusive charge on the identified receivables with a cover of 1 time of the principal amount)



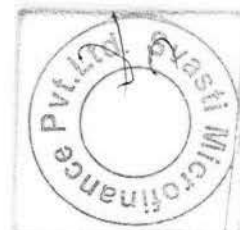
Svasti Microfinance Private Limited
CIN: U65922TN1995TTC030293
Notes forming part of Financial Statements for the year ended March 31, 2016

Notes	Particulars	Amount in Rs.	
		As at Mar 31, 2016	As at Mar 31, 2015
5	Long Term Provisions Provision for Gratuity (See Note 27) Total	764,532	953,749
6	Trade Payables - Micro and Small Enterprises* - Other than Micro Enterprises and Small Enterprises Total	6,838,125	3,035,643
*There are no suppliers included in sundry creditors who are registered as Micro or Small Enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006".			
7	Other Current Liabilities Current maturities of loans Of term loan (secured) from financial institutions (See Note 4) Of Secured Non Convertible Debentures (See Note 4) Statutory Liabilities Employee dues Gains from Securitization not accrued Managed Portfolio Collection and Payment Interest Accrued on Loans & Debentures Unutilized Grant Funds (Refer Note 37) Others Total	311,643,457 50,000,000 1,410,698 2,979,724 7,101,264 1,606,759 3,019,835 607,384	303,642,952 6,666,720 1,298,117 1,426,163 4,710,194 4,201,969 1,603,732 14,834,778 660,179
8	Short Term Provisions Provision for Income Tax Provision for servicing cost of securitized portfolio Provision for compensated absences Provision for Gratuity Total	565,685 300,000	620,800 377,934 36,716
10	Long Term Loans & Advances Advance Tax paid and TDS MAT Credit Entitlement Cash Collateral on Borrowings with Lenders Leave and License Deposit Capital advances Prepaid Expenses Total	1,019,575 2,088,634 5,046,947 2,568,451 3,853,569 522,055	153,313 1,518,378 37,425,140 1,610,851 1,758,842
11	Receivables Under Financing Activities Loans to Customers i) Secured and Considered Good ii) Unsecured and Considered Good Less: Provision for Standard Loan receivables Total	96,853,739 96,853,739 968,537	63,363,522 63,363,522 633,635
12	Other Non Current Assets Non current portion of fixed deposit Processing Fees to be amortized Total	6,250,000 1,274,098	629,893
		7,524,098	629,893



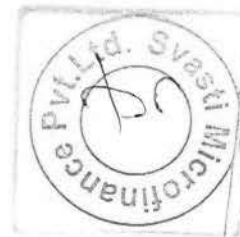
Svasti Microfinance Private Limited
CIN: U65922TN1995TTC030293
Notes forming part of Financial Statements for the year ended March 31, 2016

Notes	Particulars	Amount in Rs.		
		As at Mar 31, 2016	As at Mar 31, 2015	
13	Current Investment (Non-Trade, Unquoted) - valued at lower of cost and market value			
	Investment in Liquid Mutual Funds			
	Market Value 2,538,315 (As at 31st Mar 2015: 40,067,814)		2,500,000	40,000,000
	Total		2,500,000	40,000,000
	Mutual Fund Unit name		Units	FV
	As at 31st March, 2016			
	ICICI Prudential Capital Protection Oriented Fund Series IX		100,000	10
	ICICI Prudential Multiple Yield Fund series 10		150,000	10
	As at 31st March, 2015			
	Sundaram Ultra Short-Term Fund Regular Growth		2,093,014	10
14	Cash and Bank Balances			
	Cash and Cash Equivalents			
	Cash in Hand		113,650	1,519,886
	Balances with Banks			
	- in Current Accounts		59,586,414	104,311,924
	- in Short Term Deposit Accounts (original maturity of less than 3 months)			
	Other Balances with Banks		59,700,064	105,831,810
	In Short Term Deposit Accounts		73,396,919	66,451,436
Less: Fixed Deposit maturing after one year		(6,250,000)	-	
Total		67,146,919	66,451,436	
		126,846,983	172,283,246	
15	Short Term Loans & Advances			
	Advances Recoverable in Cash or in Kind or for value to be received (Unsecured, Considered Good unless otherwise stated)			
	Advance to Employees			
	Considered Good		2,460,508	1,259,503
	Considered Doubtful		72,237	72,237
	Less: Provision for Doubtful Advance		72,237	72,237
			2,460,508	1,259,503
	Cash Collateral on borrowings with lenders		19,760,567	6,755,860
	Advances to Related Parties (See Note 26)		9,162,321	2,097,690
	Insurance Deposit		372,221	372,221
	Leave and License Deposit		1,009,400	400,000
	Prepaid Expenses		1,129,117	962,984
	Service Tax Credit		3,481,012	3,146,058
	Fixed Deposit with Financial Institutions		192,616	176,858
	Advance to Svasti ESOP Trust		10,000	10,000
	Others		1,500,057	-
	Total		39,077,819	15,181,174
16	Receivables under Financing Activities			
	a) Loans to Customers			
	i) Secured and Considered Good			
	ii) Unsecured and Considered Good		384,190,612	243,827,693
			384,190,612	243,827,693
	Less: Provision for Standard Loan receivables		3,181,368	2,236,758
	Sub total (a)		381,009,244	241,590,935
	b) Loans to Customers			
	i) Unsecured and Considered Doubtful		795,740	236,767
	Less: Provision for doubtful assets		668,496	217,586
Sub total (b)		127,244	19,181	
Total		381,136,488	241,610,116	



Svasti Microfinance Private Limited
 CIN: U65922TN1995TTC030293
 Notes forming part of Financial Statements for the year ended March 31, 2016

Notes	Particulars	Amount in Rs.	
		As at Mar 31, 2016	As at Mar 31, 2015
17	Other Current Assets		
	Insurance Claim receivable		
	Processing Fees to be amortized	4,527,879	2,698,459
	Commission on Managed Portfolio receivable	3,749,156	3,510,119
	Others	634,421	4,252,100
	Others	2,137,308	1,015,989
	Total	11,048,764	11,476,667



Svasti Microfinance Private Limited
Notes forming part of Financial Statements for the year ended March 31, 2016
Note 9: Fixed Assets

Asset	Gross Block				Depreciation			Net Block		
	As on 31-03-2015	Additions	Deletions	As on 31-03-2016	As on 31-03-2015	Adjustment for the period	For the period *	Deletions	As on 31-03-2016	As on 31-03-2015
Tangible Assets (A)										
Leasehold Improvement	1,425,855	2,953,381	-	4,379,236	592,411	-	433,145	-	3,353,680	833,444
Furniture & Fixtures	637,520	1,038,879	-	1,676,399	137,630	-	95,119	-	1,443,650	499,890
Office Equipment	3,166,322	2,208,511	-	5,374,833	1,255,369	-	774,835	-	3,344,629	1,910,953
Vehicles	8,160	-	-	8,160	8,160	-	-	-	8,160	-
Tangible assets (A)	5,237,857	6,200,771	-	11,438,628	1,993,570	-	1,303,099	-	8,141,959	3,244,287
Intangible Assets (B)										
MERP	22,819,079	2,250,000	-	25,069,079	4,682,068	-	2,956,081	-	17,430,930	18,137,011
Intangible assets under Development (C)										
MERP	4,273,034	4,258,270	2,250,000	6,281,304	-	-	-	-	6,281,304	4,273,034
Total (A+B + C) as on 31st March 2016	32,329,970	12,709,041	2,250,000	42,789,011	6,675,638	-	4,259,180	-	31,854,193	25,654,332
Total (A+B + C) as on 31st March 2015	26,376,153	5,953,817	-	32,329,970	3,649,772	609,713	3,635,579	-	25,654,332	22,726,381

Amount of Rs. 193,709 adjusted against the capitalization of MERP (Previous year Rs. 161,504)



Svasti Microfinance Private Limited
CIN: U65922TN1995TTC030293
Notes forming part of Financial Statements for the year ended March 31, 2016

Note	Particulars	Amount in Rs.	
		Year ended Mar 31, 2016	Year ended Mar 31, 2015
18	Revenue from Operations		
	Interest on Loans	91,410,394	91,099,751
	Commision From Managed Portfolio	17,205,943	2,991,149
	Processing Fees Received	5,041,100	4,453,000
	Total	113,657,437	98,543,900
19	Other Income		
	Profit on sale of Mutual Funds	1,591,412	1,260,442
	Interest on Cash Collateral Deposits for Loans from FIs and Banks	7,976,228	7,178,583
	Securitisation Gains	4,710,194	3,193,660
	Income from Non Lending Services	1,275,400	2,511,900
	Others	8,510	78,244
	Reduction in Provision on Receivables under Financing Activities	-	359,601
	Total	15,561,744	14,582,430
20	Employee Benefits Expenses		
	Salaries & Wages	42,330,023	34,039,324
	Employer's Contribution to Provident & Other Funds	3,263,470	2,380,702
	Leave Encashment	187,751	127,589
	Gratuity (See Note 27)	386,329	1,116,952
	EDLI Contribution and Admin Charges	227,709	187,927
	Staff Welfare Expenses	2,888,350	1,953,609
	Total	49,283,632	39,806,103
21	Finance Cost		
	Loan Processing Fees	4,562,843	4,712,968
	Interest Paid on loan taken from Banks & Financial Institutions	53,717,319	51,519,076
	Total	58,280,162	56,232,044



Svasti Microfinance Private Limited

CIN: U65922TN1995TTC030293

Notes forming part of Financial Statements for the year ended March 31, 2016

Note	Particulars	Year ended Mar 31, 2016	Year ended Mar 31, 2015
22	Administrative and Other Expenses		
	Audit Fees		
	- for Statutory Audit	375,000	335,000
	- for Tax Audit	50,000	50,000
	- Others	10,000	47,000
	Electricity Charges	540,850	406,983
	Internet Expenses	397,952	360,627
	Office Expenses	287,426	235,748
	Printing & Stationery	736,795	644,358
	Professional Fees	1,764,094	3,351,580
	Rent	4,713,299	3,646,033
	Rates and Charges	876,454	542,774
	Repairs and Maintenance		
	Building		
	Others	215,126	283,631
	Telephone Charges	1,362,487	1,056,108
	Travel and Conveyance	133,420	393,528
	Other Expenses	1,125,538	669,489
	Total	12,588,441	12,022,859



Svasti Microfinance Private Limited

CIN: U65922TN1995TTC030293

Notes forming part of Financial Statements for the year ended Mar 31, 2016

23 Contingent liabilities

Particulars	Amount in Rs.	
	As on 31-Mar-2016	As on 31-Mar-2015
First loss credit enhancement on securitization and direct origination transactions	6,988,776	23,984,660
First loss guarantee of portfolio originated on behalf of NBFCs / Banks	28,556,250	30,190,320
Income tax claims contested	-	200
Total	35,545,026	54,175,180

24 Capital commitment (net of advances)

As at 31st March, 2016 ₹. Nil. (31-Mar-2015: ₹. Nil).

25 Segment Reporting

In the opinion of the management, there is only one reportable segment. i.e. microfinance services. Accordingly, no separate disclosure is required to be made under Accounting Standard 17, Segment Reporting.

26 Related Party Disclosures

A. List of Related Parties

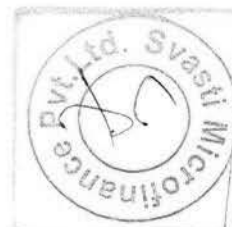
Nature of Relationship	Party
Key Management Personnel	P Arunkumar, Executive Director and CEO
Key Management Personnel	B Narayanan, Executive Director and CFO
Entities Holding Substantial Interest	Michael and Susan Dell Foundation
Entities Holding Substantial Interest	Bamboo Financial Inclusion Fund Mauritius
Common Directors	Svasti Foundation
Common Directors	Svasti Financial Services Private Limited

B. Transactions with Related Parties during the year (excluding directors remuneration*)

Transaction	Related Party	Amount in Rs.	
		Year Ended 31 st March, 2016	Year Ended 31 st March, 2015
Advance Given	B Narayanan	1,360,000	250,000
Advance Repaid	B Narayanan	-	250,000
Advance Given	P Arunkumar	1,360,000	200,000
Advance Repaid	P Arunkumar	-	200,000
Sharing of infrastructure service	Svasti Foundation	1,275,400	2,511,900

*- Refer note no. 35 for Directors remuneration.

Note : Above does not include Current account transactions & transactions in the nature of reimbursement of expenses



Svasti Microfinance Private Limited

CIN: U65922TN1995TTC030293

Notes forming part of Financial Statements for the year ended Mar 31, 2016

26 Related Party Disclosures (Contn.)

Balances as at year end

Nature of Balance	Related Party	Amount in Rs.	
		31st March, 2016	31st March, 2015
Receivable	Svasti Foundation	5,658,118	1,605,147
Receivable	Svasti Financial Services Private Limited	119,600	119,600
Receivable/(Payable)	B Narayanan	1,678,523	662,938
Receivable/(Payable)	P Arunkumar	1,706,080	258,978

27 Employee benefits

(a) Defined contribution plan:

Contribution to Employees' provident fund and Employee's State Insurance: ₹. 32,63,470 (Previous year: ₹.23,80,702)

(b) Defined benefit plan - Gratuity:

(1) Description of the Gratuity Plan:

The Company provides for gratuity a defined benefit retirement plan covering eligible employees. Gratuity plan provides for a lump sum payment to employees on retirement, death, incapacitation, termination of employment, of amounts that are based on salaries and tenure of the employees.

(2) Amount recognized in the Balance Sheet and movements in net liability:

Particulars	Amount in Rs.	
	As At 31-Mar-16	As At 31-Mar-15
Present Value of Funded Obligations	2,326,551	1,840,926
Fair Value of Plan Assets	1,262,019	850,461
Net Liability / (Asset) recognized in the Balance Sheet	1,064,532	990,465

Gratuity liability is funded with Life Insurance Corporation of India (LIC).

The fair value of the plan assets does not include the Company's own financial instruments

(3) Expenses recognized in the Statement of Profit & Loss

Particulars	Amount in Rs.	
	Year ended 31-Mar-16	Year ended 31-Mar-15
Current Service Cost	494,352	491,674
Interest on Defined Benefit Obligation	147,274	101,829
Expected Return on Plan Assets	(76,541)	(57,631)
Net Actuarial Losses/ (Gains) Recognized in the year	(178,756)	(20,590)
Past Service Cost	-	601,669
Other Charges	-	-
Total	386,329	1,116,951



Svasti Microfinance Private Limited

CIN: U65922TN1995TTC030293

Notes forming part of Financial Statements for the year ended Mar 31, 2016

27 Employee benefits (Contn.)

(4) Reconciliation of Benefit Obligation & Plan assets for the Period

Particulars	Amount in Rs.	
	As At 31-Mar-16	As At 31-Mar-15
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	1,840,926	671,197
Current Service Cost	494,352	491,674
Interest Cost	147,274	101,829
Actuarial Losses / (Gain)	(156,001)	(11,429)
Past Service Cost	-	601,669
Actuarial Losses / (Gain) due to Curtailment	-	-
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed on Acquisition / (Settled on Divestiture)	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	-	(14,014)
Closing Defined Benefit Obligation	2,326,551	1,840,926

Particulars	Amount in Rs.	
	As At 31-Mar-16	As At 31-Mar-15
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	850,461	497,009
Expected Return on Plan Assets	76,541	57,631
Actuarial Gain / (Losses)	22,755	9,160
Assets Distributed on Settlements	-	-
Contributions by Employer	312,262	300,675
Assets Acquired on Acquisition / (Distributed on Divestiture)	-	-
Exchange Difference on Foreign Plans	-	-
Benefits Paid	-	(14,014)
Closing Fair Value of Plan Assets	1,262,019	850,461

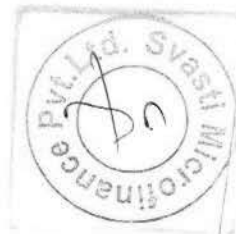
(5) Actuarial Assumptions at the Valuation date

Particulars	2015-2016	2014-2015
Discount Rate	7.84% p.a.	8.00% p.a.
Expected Rate of Return on Plan Assets*	7.84% p.a.	8.00% p.a.
Salary Escalation Rate	8.00%	4.00%

*This is based on expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

Category of Assets	Amount in Rs.	
	2014-2015	2013-2014
Government of India Securities	0%	0%
Corporate Bonds	0%	0%
Special Deposit Scheme	0%	0%
Insurer Managed Funds	100%	100%
Others	0%	0%
Total	100%	100%

Particulars	Amount in Rs.		
	2015-2016	2014-2015	2013-2014
(7) Experience Adjustments			
Experience (gain)/loss on obligation	(171,379)	(11,429)	-
Actuarial (gain)/loss on plan assets	(22,755)	(9,160)	36,871



Svasti Microfinance Private Limited

CIN: U65922TN1995TTC030293

Notes forming part of Financial Statements for the year ended Mar 31, 2016

28 Employees Stock Option Plan

The Company has an ESOP plan under which 5000 shares have been allotted to Svasti ESOP Trust at par. The company has advanced ₹.50,000/- to the Svasti ESOP Trust towards the purchase of the said shares. In addition, 1,95,000 equity shares of ₹.10 each allotted to the Trust on account of bonus issue.

As on date there is no vesting schedule defined and no options to purchase have vested with any of the employees and all the shares remain only with Svasti ESOP Trust.

29 Compulsorily Convertible Preference Shares (CCPS)

During the previous year, the Company has converted 32,99,999 Compulsorily Convertible Preference Shares of Rs. 10 each in to 32,47,640 equity shares of Rs.10 each at a premium of Rs.91.61 per share.

30 Operating Leases

The Company has taken on operating lease premises for a period ranging from 11 months to 36 months which are non-cancellable for the period as reflected in the agreement. The total minimum lease payments for the current year, in respect of operating leases, included under rent, aggregates to ₹. 47,13,299 /- (P.Y. ₹. 36,46,033/-)

31 The future lease payments in respect of the above are as follows:

	Amount in Rs.	
	As at 31 st March, 2016	As at 31 st March, 2015
Not later than one year	933,766	1,604,637
Later than one year but not Later than five years	3,012,903	Nil
Later than 5 years	Nil	Nil

32 Earnings per share

	Amount in Rs.	
	For the year ended 31 st March, 2016	For the year ended 31 st March, 2015
Net Profit / (Loss) After Tax	1,812,338	1,555,561
Weighted average number of equity shares outstanding		
-Excluding ESOP	1,728,743	1,728,743
-Including ESOP	1,928,743	1,928,743
Earnings per share (Face value of ₹ 10 per share)		
- Basic	1.05	0.90
- Diluted	0.94	0.81



Svasti Microfinance Private Limited
CIN: U65922TN1995TTC030293
Notes forming part of Financial Statements for the year ended Mar 31, 2016

33 Deferred Tax

Deferred Tax Asset Computation

Particulars	Amount in Rs.		
	Deferred Tax (Asset) / Liability as on 01 st April, 2015	Current year (credit) / charge	Deferred Tax (Asset) / Liability as on 31 st March, 2016
A. Deferred Tax Liability			
Difference between book and tax depreciation	1,982,225	224,016	2,206,241
Unamortised Business Expenses	194,637	1,305,809	1,500,446
Total (A)	2,176,862	1,529,825	3,706,687

Particulars	Amount in Rs.		
	Deferred Tax (Asset) / Liability as on 01 st April, 2015	Current year (credit) / charge	Deferred Tax (Asset) / Liability as on 31 st March, 2016
B. Deferred Tax Asset			
Unabsorbed business losses	(1,129,211)	467,697	(661,514)
Provision for Employees Benefit-Leave Encashment	(39,425)	(129,545)	(168,970)
Provision for Employees Benefit - Gratuity, Receivables	(294,708)	66,342	(228,366)
Provision for Receivables	(949,952)	(489,304)	(1,439,256)
Other	-	-	-
Total(B)	(2,413,296)	(84,810)	(2,498,106)
Net Deferred Tax (Asset) /Liability (A-B)	(236,434)	1,445,015	1,208,581
Previous Year	(720,331)	483,897	(236,434)

34 Asset Classification & Provisioning:

The Company follows Prudential Norms of the Reserve Bank of India (RBI) with regard to classification in respect of all loans extended to its customers. The loans inclusive of unpaid interest, when the installment is overdue for a period of three months or more or on which interest amount remained overdue for a period of 90 days or more is treated as Non-performing assets.

Classification of Loans and provision made for Standard / doubtful assets are as given below:

Classification of Assets	Amount in Rs.	
	As at 31 st March, 2016	As at 31 st March, 2015
Standard assets	481,044,351	307,191,215
Sub-standard assets	254,487	38,362
Doubtful assets	541,253	198,405
Loss assets	-	-
Total	481,840,091	307,427,982



Svasti Microfinance Private Limited
CIN: U65922TN1995TTC030293
Notes forming part of Financial Statements for the year ended Mar 31, 2016

34 Asset Classification & Provisioning (Contn.)

As at 31-Mar-2016		Amount in Rs.	
Assets	Value	Provision Rate	Provision
Total assets (A)	481,840,091	1%	4,818,402
Non Performing Assets			
91-179	254,487	50%	127,244
180 and above	541,253	100%	541,253
Total (B)			668,497
Provision required (A or B whichever is greater)			4,818,402

Description	Amount in Rs.	
	As at 31-Mar-2016	As at 31-Mar-2015
Opening Balance	3,074,280	3,433,881
Additions for the year	1,744,122	-
Deletion for the year	-	(359,601)
Closing Balance	4,818,402	3,074,280

35 Directors' Remuneration

Particulars	Amount in Rs.	
	Year Ended 31 st March, 2016	Year Ended 31 st March, 2015
Executive Directors		
Arunkumar P	3,340,000	2,680,000
B Narayanan	3,340,000	2,920,000
Non-Executive Directors		
Sitting Fees	-	-

Note: The above remuneration is Inclusive of provisions

36 Borrowings

A. **Term Loans:** The Company has borrowed funds in the form of Term Loans from NBFC FIs and banks for the purpose of the on-lending to its customers. The borrowing is secured against the book debts specifically identified as originated using these funds. In addition the Company has provided Corporate Guarantee towards these borrowings.

B. **Securitisation of Portfolio Receivables:** The Company has participated in 0 (Previous Year : 2) transactions during the year involving securitization of portfolio receivables from loans seasoned for at least 3 months. The portfolio has been sold to a Special Purpose Vehicle (SPV) created for handling the securitization transaction.

Each transaction entered into by the Company involves a "True Sale", i.e., involving the assignment of the total pool to the Issuer Trust, assigning thereby all the rights, title and interest of the Company (as Originator) in the Receivables to the Trust. The assignment shall be to the end and intent that the Issuer Trust shall thereafter be deemed to be the full and absolute legal and beneficial owner of the Total Pool.

The exposure of the Company to the assigned receivables subsequent to the True Sale is restricted to the Credit Enhancement provided by the Company to the Trust. Such credit enhancement has been provided by way of cash collateral.



Svasti Microfinance Private Limited

CIN: U65922TN1995TTC030293

Notes forming part of Financial Statements for the year ended Mar 31, 2016

36 Borrowings (Contn.)

The Company is to act as a servicing agent responsible for collection of all cash flows from the underlying receivables and remittance to the SPV until the underlying is repaid or the clean up call is exercised. The clean up call can be exercised by the company when not more than 10% of the pool principal from the pool remains unpaid.

The difference between the purchase consideration and the pool value after providing for processing fees and servicing cost has been considered as Gain from Securitisation to the extent of the principal cash flow collected and remitted during the year. The portion of the gains pertaining to principal cash flow to be received in the future has been disclosed in "Gain from Securitisation not accrued" under "Other Current Liabilities".

The summary of all securitization transactions done till date are as under

	Amount in Rs.	
	Year ended 31-Mar-2016	Year ended 31-Mar-2015
Purchase Consideration	-	154,382,202
Principal value of pool securitized	-	142,368,948
Gain from securitisation recognized during the year	4,710,194	3,193,660
Gains from securitisation to be recognised in future	-	4,710,194
Cash Collateral provided as credit enhancement	16,896,309	15,484,660

C. Direct Origination: The Company has entered in to 1 (Previous Year : 1) transaction during the year with a bank/FI involving origination of portfolio on behalf of the bank/FI.

The Company is responsible for originating and servicing the loans originated on behalf of the bank against which the Company receives consideration.

A summary of the direct origination transactions for the year are as under:

	Amount in Rs.	
	Year ended 31-Mar-2016	Year ended 31-Mar-2015
Portfolio originated	385,125,000	94,300,000
Income from origination of this loan portfolio	1,925,625	943,000
Income from servicing of this loan portfolio	15,280,320	2,991,149

D. Debentures: The Company has issued 100 Rated, Taxable, Senior, Secured, Non-Convertible Debentures of ₹.10,00,000/- each, raised on private placement basis, with a yield of 12.78% allotted on 29-Feb-2016 with interest payable on monthly rests and principal repayable in monthly installments with a tenor of 24 months. Subsequent to raising of funds, the debenture have been listed in BSE limited.

37 Grants

During the previous year, the company received USD 237,000 (₹.1,48,34,778/-) as grant from a foreign foundation towards provisions of access to doorstep savings, payments and credit services to Svasti's customers. The grant have been adjusted against expenses (both revenue and capital in nature) as and when incurred in this regard over the period of the grant (i.e. 18 months from the receipt of the grant)



Svasti Microfinance Private Limited
CIN: U65922TN1995TTC030293
Notes forming part of Financial Statements for the year ended Mar 31, 2016

38 Terms of Secured Loans

Rate of Interest	Installments	Amount in Rs.
		Balance Outstanding
12% - 13%	24	95,833,400
13% - 14%	36	3,333,329
14%-15%	24	25,000,000
15%-16%	18	128,021,579
15%-16%	24	96,378,707
16%-17%	18	145,277,859
Total		493,844,874

Note: All the loans are secured by way of hypothecation of the Microfinance Loan receivables originated out of the borrowed funds on a first & exclusive charge basis

39 Disclosure on Margin Cap

Disclosure as required under DNBS (PD) CC. No. 300 / 03.10.038/2012-13 dated August 3, 2012 . Margin of the Company as on 31 March 2016 is 11.13% (Previous Year 10.59%)

40 Disclosure on derivative instruments and unhedged foreign currency exposure

- a) Derivative instrument outstanding : Nil (Previous year : Nil)
b) Unhedged foreign currency exposure payable / receivable : Nil (Previous year : Nil)

41 Earnings in foreign currency for the year ended 31st March, 2016: Nil (Previous year: Nil)

42 Expenditure in foreign currency for the year ended 31st March, 2016: Nil. (Previous year: Nil)

43 Comparatives

Previous year figures have been regrouped / reclassified wherever required to confirm with current year grouping / classification.

The accompanying notes are an integral part of the financial statements

For PKF Sridhar & Santhanam LLP
Chartered Accountants

Firm Regn. No 0039905/S200018

J. a



Ramanarayanan
Partner

Membership No: 220369

Place: Mumbai

Date : 30-May-2016

For and on behalf of the Board
Svasti Microfinance Private Limited

P Arunkumar
Executive Director
& CEO
DIN: 01890656

B Narayanan
Executive Director
& CFO
DIN: 01216715