

**Vivardhana Microfinance Limited
Balance Sheet as at**

Particulars	Note	Amount in ₹
		31 March 2018
Equity and liabilities		
Shareholders' funds		
Share capital	2.1	5,00,00,000
Reserves and surplus	2.2	7,60,501
Non current liabilities		
Long term provisions	2.3	3,600
Current liabilities		
Other current liabilities	2.4	1,39,070
Short term provisions	2.5	3,600
Total		5,09,06,771
Assets		
Non-current assets		
Fixed assets		
Tangible assets	2.6	1,10,890
Deferred tax assets (net)	2.7	1,04,216
Long term loans and advances	2.8	3,64,633
Current assets		
Cash and cash equivalents	2.9	4,98,40,815
Short term loans & advances	2.10	3,60,000
Other current assets	2.11	1,26,217
		5,09,06,771
See accompanying notes forming part of the financial statements	1, 2 & 3	

In terms of our report attached

For Sundar Srini & Sridhar
Chartered Accountants
Firm Registration Number: 0042015



S. Sridhar
Partner
Membership Number: 025504

Place: Chennai

Date: June 16, 2018

For and on behalf of the Board of Directors



Eswaran
Natesa Sastry
Managing Director
DIN: 03519077



Karuppasamy
Singam
Director
DIN: 03632212



Vivardhana Microfinance Limited
Statement of Profit and Loss for the period ended

Particulars	Note	Amount in ₹ 31 March 2018
Income		
Revenue from operations	2.12	17,612
Other income	2.13	18,56,319
Total revenue		18,73,931
Expenses		
Employee benefits expense	2.14	51,645
Depreciation	2.6	5,737
Other expenses	2.15	7,82,064
Provisions against outstanding loan portfolio		7,200
Total expenses		8,46,646
Profit / (Loss) before tax		10,27,285
Tax expense:		
Current tax		3,71,000
Deferred tax charge/ (credit)		(1,04,216)
Profit / (Loss) after tax for the period		7,60,501
Earnings per equity share:		
Basic (in Rs.)		0.21
Weighted average number of equity shares		37,04,110
Nominal value per share (in Rs.)		10.00
See accompanying notes forming part of the financial statements		

In terms of our report attached

For Sundar Srini & Sridhar
Chartered Accountants
Firm Registration Number:0042015



S. Sridhar
Partner
Membership Number: 025504

Place: Chennai
Date: June 16, 2018

For and on behalf of the Board of Directors



Eswaran
Natesa Sastry
Managing Director
DIN: 03519077



Karuppasamy
Singam
Director
DIN: 03632212



Vivardhana Microfinance Limited
Cash Flow Statement for the Period ended

Particulars	Amount in ₹
	31 March 2018
A. Cash flow from Operating activities:	
Net profit before tax	10,27,285
Adjustments for:	
Depreciation	5,737
Interest income on fixed deposits	(18,56,319)
Operating profit before working capital changes	(8,23,297)
Working capital adjustments:	
(Increase)/Decrease in loans and advances and other assets	(7,27,412)
Increase/ (Decrease) in liabilities and provisions	1,46,270
Net cash from operating activities	(14,04,439)
Direct taxes paid	(3,75,633)
Net Cash From/(Used In) Operating Activities	(17,80,072)
B) Cash Flow From Investing Activities	
Purchase of fixed assets	(1,16,627)
Interest received	17,37,514
Net Cash From /(Used In) Investing Activities	16,20,887
C) Cash Flow From Financing Activities	
Issue of share capital	5,00,00,000
Net Cash From/(Used In) Financing Activities	5,00,00,000
Net Increase/(Decrease) In Cash And Cash Equivalents (A+B+C)	4,98,40,815
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period (See note 2.9)	4,98,40,815
See accompanying notes forming part of the financial statements	

In terms of our report attached

For Sundar Srini & Sridhar
Chartered Accountants
Firm Registration Number:0042015



S. Sridhar
Partner
Membership Number: 025504

For and on behalf of the Board of Directors



Eswaran
Natesa Sastry
Managing Director
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Karuppasamy
Singam
Director
DIN: 03632212

Place: Chennai

Date: June 16, 2018



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the period ended March 31, 2018

1.0 Business overview

Vivardhana Microfinance Limited ("the Company") is a public limited company domiciled in India and incorporated under the provision of Companies Act, 2013 on 19th May 2017. The company is registered with Reserve Bank of India as a Non-Banking Financial (Non-deposit Accepting or Holding) Company - Micro Finance Institution effective 12th of February 2018.

The Company is primarily engaged in directly providing collateral free micro credit facilities exclusively to poor men and women in India either through Self-help Group model (SHG)/Joint Liability Group model (JLG) or individually for the purpose of agricultural development, micro industrial development, habitat development etc.

2.0 Basis for preparation of financial statements

The financial statements have been prepared and presented in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply with the mandatory accounting standards as prescribed under section 133 of the Companies Act, 2013 ("Act") read with Rule 7 of the Companies (Accounts) Rules, 2014, and the Companies (Accounting Standards) Amendment Rules, 2016 along with the relevant provisions of the Act and the provisions of the Reserve Bank of India ("RBI"), to the extent applicable, as per Master Directions - Non Banking Finance Company ("NBFC") - Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016 issued vide Notification No. DNBR. PD. 007/03.10.119/2016-17 dated September 01, 2016, as amended from time to time and Non Banking Financial Company - Micro Finance Institution (Reserve Bank) Directions, 2011 issued vide Notification DNBS. PD.No.234 dated December 02, 2011, as amended from time to time. The financial statements have been prepared on accrual basis under the historical cost convention except interest on loans classified as non-performing assets, which is accounted for on realization basis.

3.0 Significant accounting policies

3.1 Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles which requires management to make estimates and assumptions that affect the amount reported in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of current events and actions the Company may undertake in future, actual results ultimately may differ from those estimates. Any revision to accounting estimates is recognised prospectively in future periods.

3.2 Current - Non-current classification

All assets and liabilities are classified into current and non-current.

Assets: An asset is classified as current when it satisfies any of the following criteria:



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the period ended March 31, 2018

- i) It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- ii) It is held primarily for the purpose of being traded; or
- iii) It is expected to be realized within 12 months after the reporting date.

Current Assets include the current portion of non-current financial assets. All other assets are classified as non-current

Liabilities: A liability is classified as current when it satisfies any of the following criteria:

- i) It is expected to be settled in the company's normal operating cycle;
- ii) It is held primarily for the purpose of being traded;
- iii) It is due to be settled within 12 months after the reporting date; or
- iv) The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current Liabilities include the current portion of non current financial liabilities. All Other Liabilities are classified as non-current.

3.3 Cash flow statement

Cash flows are reported using the Indirect Method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated. The Cash flow statement forms part of the financial statements.

3.4 Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into cash and have original maturities of three months or less from the date of purchase, to be cash equivalents.

3.5 Property, plant and equipment

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the period ended March 31, 2018

3.6 Depreciation

Fixed assets are intended to be depreciated on Straight Line Method (SLM) over the useful life of the assets as prescribed under Schedule II to the Companies Act, 2013. For the assets acquired/disposed during the year, depreciation/amortization has been charged on pro-rata basis.

3.7 Classification of loan portfolio:

Loan portfolio is classified into 'Performing and non-performing' assets in accordance with Non-Banking Financial Company - Micro Finance Institutions (NBFC-MFIs) Directions issued by RBI as mentioned below:

- i) Standard Assets means the asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business.
- ii) Non-performing asset means asset for which, interest / principal payment has remained overdue for a period of 90 days or more.

"Overdue" refers to interest and/or instalment remaining unpaid from the day it became receivable.

3.8 Provisioning policy for loan portfolio:

The aggregate loan provision of the Company is not less than higher of:

- i) 1% of the outstanding loan portfolio.
- ii) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

3.9 Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and revenue can be reliably measured

Revenue from operations

- a) Interest income on loan portfolio is recognized on accrual basis taking into account amount outstanding and rate applicable except in the case of non-performing assets where it is recognized, upon realization, as per the prudential norms of RBI and any such income recognised before the asset became non-performing and remaining unrealised is reversed.
- b) Loan Processing fee received upfront are considered to be accrued at the time of entering in to binding agreement upon its receipt and are recognized accordingly.



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the period ended March 31, 2018

Other income

- c) Interest on term deposits has been accrued on the time proportionate basis, using the underlying interest rate.
- d) Other income is recognised on an accrual basis.

3.10 Accounting for taxes on income:

Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the provisions of the Income Tax Act, 1961. Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for Income Tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward of losses only to the extent that reasonable certainty exist that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

3.11 Impairment of assets

The Company has put all its significant fixed assets to an impairment test at the balance sheet date. If there are any indications that an asset may be impaired based on internal/external factors, the management determines the recoverable amount of the assets (or where applicable, that of the cash generating unit to which the asset belongs) as, the higher of its net selling price and its value in use. An impairment loss is recognized whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount.

3.12 Provisions, contingent liabilities and contingent assets

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the period ended March 31, 2018

estimates. Contingent liabilities are not recognised in the financial statements. A contingent Asset is neither recognised nor disclosed in the financial statements.

3.13 Earnings per share

Basic Earnings Per Share are calculated by dividing the net profit/(loss) after tax for the year attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

3.14 Accounting of expenditure

Expenses are accounted on an accrual basis. Provision has been made for all known losses and liabilities on the date of the financial statements.



Vivardhana Microfinance Limited
Notes forming part of the Financial Statements for the period ended March 31, 2018

Note 2.1
Share capital
Note 2.1(i)

Particulars	As at 31 March 2018	
	Number	Amount in ₹
Authorised		
Equity share capital		
Equity shares of ₹10/- each	50,00,000	5,00,00,000
Issued		
Equity share capital		
Equity shares of ₹10/- each	50,00,000	5,00,00,000
Subscribed & paid up		
Equity shares of ₹10/- each	50,00,000	5,00,00,000
	50,00,000	5,00,00,000

Note 2.1(ii)

Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting period is as given below

Particulars	As at 31 March 2018	
	Number	Amount in ₹
Equity share capital		
Shares outstanding at the beginning of the period	-	-
Shares Issued during the period	50,00,000	5,00,00,000
Shares outstanding at the end of the period	50,00,000	5,00,00,000

Note No.2.1 (iii):

The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital

- a) The company has only one class of equity shares having a par value of ₹10/- each.
- b) Each holder of the equity share, as reflected in the records of the company as of the date of the shareholder meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholder meeting.



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the period ended March 31, 2018

c) For the period ended 31.3.2018, the Board of Directors have not proposed any dividend.

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. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note No.2.1(iv)

Equity shareholder holding more than 5 percent of equity shares along with the number of equity shares held at the beginning and at the end of the period is as given below:

Name of Shareholder	As at 31 March 2018	
	Number	%
V Ravichandran	16,63,000	33%
Ravichandran Sudha	11,79,000	24%
C Srikanth	5,00,000	10%
Eswaran Natesan Sastry	5,00,000	10%

Note 2.2

Reserves & Surplus

Particulars	Amount in ₹
	As at 31 March 2018
Statutory reserves	
Add: Transfer during the period	1,52,100
Less : Amount transferred to statutory reserves	-
Closing balance (A)	1,52,100
Surplus/(Deficit) in statement of profit and loss	
Add: Net profit after tax transferred from statement of profit & loss	7,60,501
Less : Amount transferred to statutory reserves	(1,52,100)
Closing balance (B)	6,08,401
Balance carried to balance sheet (A+B)	7,60,501



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the period ended March 31, 2018

Note 2.3

Long term provisions

Particulars	Amount in ₹
	As at 31 March 2018
Provision against standard loan portfolio	3,600
	3,600

Note 2.4

Other current liabilities

Particulars	Amount in ₹
	As at 31 March 2018
Statutory payables	5,350
Other payables	1,33,720
	1,39,070

Note 2.5

Short term provisions

Particulars	Amount in ₹
	As at 31 March 2018
Provision against standard loan portfolio	3,600
	3,600



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the period ended March 31, 2018

Note 2.6

Fixed Assets

S.No.	Particulars	Gross block			Accumulated depreciation		Net block
		Additions	Deletions	As at 31st March 2018	For the period ended 31st March 2018	As at 31st March 2018	
1	Tangible assets - Owned Computers and its components	1,16,627	-	1,16,627	5,737	1,10,890	
	Total for the current period	1,16,627	-	1,16,627	5,737	1,10,890	



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the period ended March 31, 2018

Note 2.7

Deferred tax asset/(liability)

Particulars	Amount in ₹
	As at 31 March 2018
On preliminary expenses	1,08,745
On fixed assets	(4,529)
	1,04,216

Note 2.8

Long term loans & advances

Particulars	Amount in ₹
	As at 31 March 2018
Portfolio loans	3,60,000
Advance tax & TDS receivables (net)	4,633
	3,64,633

Note 2.9

Cash and cash equivalents

Particulars	Amount in ₹
	As at 31 March 2018
Cash on hand	2,085
Balance with bank in	
- Current account	21,46,363
- Fixed deposit with less than 3 months maturity	4,76,92,367
	4,98,40,815

Note 2.10

Short term loans & advances

Particulars	Amount in ₹
	As at 31 March 2018
Unsecured, considered good	
Portfolio loans	3,60,000
	3,60,000



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the period ended March 31, 2018

Note 2.11

Other current assets

Particulars	Amount in ₹
	As at 31 March 2018
Interest receivable from fixed deposits	1,18,805
Interest accrued but not due on loan portfolio	2,012
Others	5,400
	1,26,217

Note 2.12

Revenue from operations

Particulars	Amount in ₹
	For the period ended 31 March 2018
Interest income on portfolio loans	2,012
Loan processing fees	15,600
	17,612

Note 2.13

Other income

Particulars	Amount in ₹
	For the period ended 31 March 2018
Interest on fixed deposits	18,56,319
	18,56,319

Note 2.14

Employee benefits expense

Particulars	Amount in ₹
	For the period ended 31 March 2018
Salaries & allowances	51,645
	51,645



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the period ended March 31, 2018

Note 2.15

Other expenses

Particulars	Amount in ₹
	For the period ended 31 March 2018
Audit fees	59,000
Printing and stationery	9,820
Professional charges	4,130
Travelling expenses	63,318
Electricity charges	14,000
Preliminary expenses	5,27,890
Miscellaneous expenses	1,03,906
	7,82,064



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the period ended March 31, 2018

3. Other disclosure

3.1. Related party disclosure

Name of related parties and nature of their relationships are as follows:

Key Management Personnel

1. Mr. Eswaran Natesa Sastry – Managing Director cum CEO (effective from April 1, 2018)

Related party transactions

1. Reimbursement of expenses ₹ 6,21,774
2. Payable as at 31.03.2018 – ₹ 8,774

3.2. Earnings per share

Particulars	For the period ended 31.3.2018
Weighted average no. of Shares	37,04,110
Profit available for equity shareholders (in ₹)	7,60,501
Basic EPS (in ₹)	0.21

3.3. Contingent liabilities, capital and other commitments

- a) Contingent liabilities: ₹ Nil
- b) Capital and other commitments: ₹ Nil

3.4. Payment to auditors

Particulars	For the period ended 31.3.2018 (₹)
For audit	50,000
Certification services	3,500
Service tax/GST	9,630
Total	63,130



Vivardhana Microfinance Limited
Notes forming part of the Financial Statements for the period ended March 31, 2018

Assets side		Amount outstanding
(3)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] : (a) Secured (b) Unsecured	- 7,20,000
(4)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities (i) Lease assets including lease rentals under sundry debtors : (a) Financial lease (b) Operating lease (ii) Stock on hire including hire charges under sundry debtors : (a) Assets on hire (b) Repossessed Assets (iii) Other loans counting towards AFC activities (a) Loans where assets have been repossessed (b) Loans other than (a) above	- - - - - - -



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the period ended March 31, 2018

(6)	Borrower group-wise classification of assets financed as in (3) and (4) above :			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
1. Related parties				
(a) Subsidiaries		-	-	-
(b) Companies in the same group		-	-	-
(c) Other related parties		-	-	-
2. Other than related parties		-	7,20,000	7,20,000
Total		-	7,20,000	7,20,000

(7)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :		
	Category	Market value / Break up or fair value or NAV	Book value (net of provisions)
1. Related parties			
(a) Subsidiaries		-	-
(b) Companies in the same group		-	-
(c) Other related parties		-	-
2. Other than related parties		-	-
Total		-	-

(8)	Other information	
	Particulars	Amount
(i) Gross non-performing assets		
(a) Related parties		-
(b) Other than related parties		-
(ii) Net Non-Performing Assets		
(a) Related parties		-
(b) Other than related parties		-
(iii) Assets acquired in satisfaction of debt		-



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the period ended March 31, 2018

3.6. Provision For outstanding loan portfolio:

The provision for outstanding loan portfolio as at 31 March 2018 has been calculated higher of a) 1% on the total loan portfolio outstanding as at the balance sheet date or b) 50% of aggregate loan installments which are overdue for more than 90 days but less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.

Particulars	As at 31.03.2018 (₹)
Loans – standard	7,20,000
Loans – non-performing assets	-
Total loans	7,20,000
Provision on loan	
1% on total loans(B)	7,200
Aggregate of	
(i) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days	-
(ii) 100% of the aggregate loan instalments which are overdue for 180 days or more.	-
Total (C)	-
Higher of (C) or (D)	7,200
Opening provision	-
Additions/(reversal)	7,200
Closing provision	7,200

3.7. Capital adequacy ratio

The Company's capital adequacy ratio consisting of Tier I and Tier II capital is not less than 15% of its aggregate risk weighted assets and the total of Tier II capital is not exceeding 100% of its Tier I capital during the year at any point.

3.8. Qualifying assets

The Company has maintained the qualifying asset percentage as at 31 March 2018, as specified in the RBI Master Circular- Non-Banking Financial Company-Micro Finance Institutions (NBFC-MFIs) - Directions RBI/2015-16/49 DNBR ,(PD) CC. No 047/03.10.119/2015-16 dated 1st July 2015.

S No	Particulars	Amount in ₹
1	Qualifying assets	7,20,000
2	Net assets	8,38,302
3	% of Qualifying assets to net assets	85.89%



Vivardhana Microfinance Limited

Notes forming part of the Financial Statements for the period ended March 31, 2018

3.9. The Company was incorporated on 19th of May 2017, hence corresponding figures for the previous year could not be given.

**For Sundar Sridhar & Sridhar
Chartered Accountants**

Firm Registration Number: 0042015


S. Sridhar

Partner

Membership Number: 025504

Place: Chennai

Date: *June 16, 2018*

For and on behalf of the Board of Directors



Eswaran

Natesa Sastry

Managing Director

DIN: 02116240



Karuppasamy

Singam

Director

DIN: 02414527

