



SURI & SUDHIR

CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s Shikhar Microfinance Private Limited

Report on the Standalone Financial Statements

We have audited the accompanying financial statements of M/s Shikhar Microfinance Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss for the year, cash flow statement thereon, and a summary of 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 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 internal financial control, 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 the 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. These standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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.

Opinion

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

- In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date;
- In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



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Emphasis of Matter Paragraph

We draw attention to the following matters in the Notes to the financial statements:

Note 3.2 in the financial statements which indicates that, As per the terms and conditions of issuance of 3% Optionally Convertible Preference Shares (OCPS) issued to SIDBI, SIDBI reserves the right to exercise the option to either redeem or convert the outstanding OCPS into equity shares either in full or part, which was due for exercise in the month of December 16 considering the financial position and requirement of compliance of companies act, 2013, SIDBI has granted SMPPL extension till Sept 2017 for the same.

Our opinion is not modified in respect of matters.

Report on other Legal & 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 the 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 purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards referred to in section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.
 - f. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
 - g. 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"; and
 - h. With respect to the other matters included in the Auditor's Report in accordance with the Rule 11 of the Companies (Audit & Auditors) Rules 2014, in our opinion and to our best of our information and according to the explanations given to us:
 - (i) The management has represented that the company does not have any pending litigations and hence no provision/disclosure has been made against the same.
 - (ii) That provision as required under the applicable laws or accounting standard for all the material foreseeable losses is



represented to us & identifiable from the financial statements have been made in the books of accounts. The management has represented that all loans/advances & recoverable termed as good are fully recoverable and regarding loans/advances & recoverable termed as doubtful, due provision/disclosure has been made against the same.

(ii) There were no amount which was required to be transferred to Investor education & Protection fund.

Far Suri & Sudhir
Chartered Accountants

FRN: 000601N

Far Suri



Anuj Arora
(Partner)
Memh. No.: 504815

Date: 19.06.2017
Place: New Delhi

Annexure 'A' to the Auditors' Report

The Annexure referred to in Independent Auditors' Report of even date to the members of Shikhar Microfinance Private Limited on the standalone financial statements for the year ended March 31, 2017, we report that:

- (i)
- (a) As per the information provided to us, The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As explained to us, All the assets have been physically verified by the management during the year at regular intervals according to a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such verification.
 - (c) Since the company is not in the possession of any immovable property hence this clause is not applicable.
- (ii) As the Company do not possess any inventory therefore Para (ii) do not apply.
- (iii) The Company had granted unsecured loans to body corporate M/s Shikhar Dairy Pvt Ltd amounting to Rs. 40,00,000/- in the earlier years, which is covered in the register maintained under Section 189 of the Companies Act. The Opening and maximum amount outstanding during the year was Rs.40,00,000 and the year end balance of such loan amounted to Rs. 40,00,000. Interest outstanding on the same as on 31-03-2017 is Rs 6,22,750/-.
- (iv) The company has not given any loans & advances to directors and parties covered under section 185 or loans and advances under section 186 of the Companies Act, 2013 and hence the provisions of paragraph (iv) are not applicable to the company.
- (v) The company has not accepted any deposits and hence para (v) is not applicable.
- (vi) According to the information and explanations given to us, in our opinion the maintenance of cost records have not been prescribed for the company by the Central Government under subsection (1) of section 148 of the Companies Act.
- (vii)
- (a) According to the information and explanation given to us and according to the books and records as produced and examined by us, in our opinion, the company is fairly regular in depositing with appropriate authorities undisputed statutory dues including Income Tax, Service Tax, Cess and other statutory dues applicable to it. According to the information and explanations given to 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 (VAT), cess and other statutory dues were in arrears as at 31st March 2017 for a period of more than six months from the date they become payable.
 - (b) According to the information and explanation given to us, there are no dues of service tax, income tax, cess and other statutory dues, which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank. In the absence of any debentures, the reporting on the debenture dues is not applicable on the company.
- (ix) The company has not raised any money by way of Initial Public Offer (IPO) or further public offer (including debt instruments). The term loans were applied for the purpose for which they were obtained.
- (x) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.
- (xi) Being a private limited company, the provisions of section 197 and likewise the reporting under paragraph (xi) of the order are not applicable.
- (xii) The company is not a nidhi company & hence paragraph (xii) of the order is not applicable.




- (xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standard.
- (xiv) The company has not made any preferential placement of shares during the year under review and thus the Clause is not applicable to the company.
- (xv) The company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph (xv) of the order is not applicable.
- (xvi) The company is required to hold Certificate of Registration under section 45-IA of the Reserve Bank of India Act 1934, and they hold a Certificate of Registration under section 45-IA of the Reserve Bank of India Act 1934 vide certificate no. RBI Reg No. NBFC MFI B- 14/02162 / 23/12/2010.

For Suri & Sudhir
Chartered Accountants
FRN: 000601N



Anuj Arora
(Partner)
Membership Number: 504815

Date: 19.06.2017
Place: New Delhi

SHIKHAR MICROFINANCE PVT LTD CIN : U74899DL1993PTC052165 (PREVIOUSLY KNOWN AS ANUP LEASING PVT LTD) Address : A-112, 2ND FLOOR, PALAM EXTENSION, BEHIND ICICI BANK, SECTOR-7, DWARKA, NEW DELHI BALANCE SHEET AS AT MARCH 31, 2017			
	Note No.	As at March 31, 2017	As at March 31, 2016
	2	In Rs	In Rs
I. Equity And Liabilities			
Shareholders' funds			
(a) Share capital	3	1305,49,700	1299,31,800
(b) Reserves and surplus	4	-94,13,332	-60,98,011
(c) Share Application Money		-	-
		1212,36,368	1238,33,789
Share Application Money Pending Allotment			
		-	-
Non-current liabilities			
(a) Long Term Borrowings	5	2890,88,871	3195,74,223
(b) Deferred tax liability (Net)	6	-	-
(c) Other Long Term Liabilities	7	22,87,389	10,00,294
(d) Long Term Provisions	8	25,750.00	13,750.00
		2913,82,010	3205,88,167
Current liabilities			
(a) Short Term Borrowings	9	4487,93,160	3434,91,888
(b) Other current liabilities	10	175,44,440	186,72,719
(c) Short-term provisions	11	62,80,035	57,55,035
		4726,17,641	3679,19,642
TOTAL		8852,36,019	8092,41,805
II. ASSETS			
Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	33,61,867	19,21,511
(ii) Intangible assets		33,61,867	19,21,511
(b) Long Term Loans & Advances	13	195,60,423	14,30,515
(c) Deferred tax Assets (Net)	6	45,163.59	1,49,721.04
(d) Loan Portfolio	15	1015,61,770	970,83,007
(e) Other Non Current Assets	14	49,40,813	77,20,318
Total Non Current Assets		1294,70,037	1083,66,136
Current assets			
(a) Cash and bank balances	16	2060,44,879	2629,65,004
(b) Loan Portfolio	15	5171,81,686	4209,46,008
(c) Short-term loans and advances	17	54,21,480	11,50,000
(d) Other current assets	18	281,17,877	159,66,537
Total Current Assets		7657,65,981	7009,36,675
TOTAL		8852,36,019	8092,41,805

Significant Accounting Policies
Notes on Financial Statements

1 to 35

As per our report of even date.
For Suri & Sudhir
Firm Reg No. 000901N
Chartered Accountants


(Anuj Arora)
Partner
M.No. 104815
Place: New Delhi




Ravi Shankar Kumar
Company Secretary
M.No.A32681



For and on behalf of the Board of Directors Of
Shikhar Microfinance Pvt Ltd.


Selyesh Chakrapani
Managing Director & CEO
DIN 02421305


Thomas Vinay Thomas
Director & CFO
DIN 02511285

SHIKHAR MICROFINANCE PVT LTD CIN : U74899DL1993PTC052165 (PREVIOUSLY KNOWN AS ANUP LEASING PVT LTD) Address : A-112, 2ND FLOOR, PALAM EXTENSION , BEHIND ICICI BANK, SECTOR-7, DWARKA , NEW DELHI PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017			
Particulars	Note	For year ended March 31, 2017	For year ended March 31, 2016
I Income			
Revenue from operations	19	1487,55,952	924,20,584
Other income	20	111,34,610	64,16,731
Total Income (I)		1598,90,562	988,44,315
II Expenses:			
Employee benefit expenses	21	4,95,82,774	298,95,667
Finance Cost	22	977,59,183	471,20,992
Depreciation & Amortization expense	23	8,24,914	5,62,290
Provision for Loans	24	11,15,586	21,42,492
Other expenses	25	179,75,958	143,31,080
Total expenses(II)		1593,68,364	940,13,462
III Profit before exceptional and extraordinary items and tax (I-II)		5,22,198	48,30,853
IV Exceptional items			
Add - Unamortized Processing Fee of earlier year		-	3,49,145
Less - Prior Period Expense - Provision for Loans		-	5,250
Less - MAT Credit of earlier year written off		-	2,85,859
V Profit before extraordinary items and tax (III-IV)		5,22,198	48,87,889
VI Extraordinary items			
Excess provision of earlier years written back		-	-
VII Profit Before Tax (V-VI)		5,22,198	48,87,889
VIII Tax expense:			
Current tax		4,05,803	21,48,698
MAT Credit availed		-	1,00,500
Net Current Tax Expenses		4,05,803	23,39,198
Deferred tax		1,04,557	-1,61,899
IX Profit After Tax (VII-VIII)		11,837	27,36,588
(ii) Interest Accrued but not due includes Rs Nil due to Managing Director & CEO of the Company.			
XIII Tax expense of discontinuing operations			
XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)			
XV Profit/(Loss) for the period (XI + XIV)			
X Earnings per equity share (face value Rs 100):			
Basic and Diluted Earning Per Share	26	-3.20	0.44

Significant Accounting Policies
Notes on Financial Statements

1 to 54

As per our report of even date

For Surl & Sudhir

Firm Reg No. 090501N

Chartered Accountants

(Anuj Arora)

Partner

M.No. 504815

Place: New Delhi

(Ravi Shankar Kumar)

Company Secretary

M.No.A32851

For and on behalf of the Board of Directors Of
Shikhar Microfinance Pvt Ltd.

(Satyajeet Mahapatra)

Managing Director & CEO

DIN:02423185

(Thomas Wiley Thomas)

Director & CFO

DIN:0251365

SHIKHAR MICROFINANCE PVT LTD
 (PREVIOUSLY KNOWN AS ANUP LEASING PVT LTD)
 CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

PARTICULARS	FOR THE YEAR ENDED 31.03.2017	FOR THE YEAR ENDED 31.03.2016
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation and extra ordinary items	5,02,198	48,87,889
Adjustment for:		
Depreciation	7,57,000	4,67,752
Preliminary Expenses Written Off	77,894	94,498
Unamortised Processing Fee of earlier year	-	3,49,145
Less - Prior Period Expense - Provision for Loans	-	6,290
Motor Vehicle Loan Write Off	-	8,43,380
Prov. for Dividend or Preference Shares including DDT	31,58,554	31,58,885
Under Provision of Income Tax now adjusted with retained earnings	1,68,414	-
Provision for Loan Loss	11,15,586	21,42,483
Operating Profit before Working Capital changes	8,54,271	49,34,341
Adjustments for:		
Decrease/(Increase) in Loans Portfolio	10,07,14,301	21,77,81,581
Decrease/(Increase) in Current Assets and Loans & Advances	1,04,15,544	56,40,410
Increase/(Decrease) in Short Term Provisions	5,78,586	5,78,586
Increase/(Decrease) in other Current Liabilities	8,21,888	58,02,144
Increase/(Decrease) in Other Long Term Liabilities & Provisions	12,85,580	4,91,418
Decrease/(Increase) in Other Non Current Asset	27,01,540	69,01,794
Decrease/(Increase) in Long Term Loans & Advances	2,00,29,906	12,12,549
Cash generated from operations	13,58,30,231	21,97,08,870
Less: Direct Taxes paid	21,00,000	18,78,712
Net Cash Flow from operating activities Before extraordinary items	13,33,30,231	21,81,39,703
Extraordinary items	-	-
Net Cash Flow from operating activities	13,33,30,231	21,81,39,703
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	21,97,365	8,16,575
Amount placed in bank deposits not considered as cash & cash equivalents (net)	10,26,90,000	15,18,30,900
Net Cash Flow from investing activities	10,04,92,635	15,28,86,575
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Shares		
Equity Share Capital including Share Premium	37,17,960	-
Equity Share Application Money	-	7,80,000
RCC Filing Fee	-	-
Dividend Paid	8,12,414	8,12,414
Secured Borrowings(Net)	8,77,98,121	36,89,01,021
Unsecured Borrowings(Net)	(2,26,98,990)	2,74,54,544
Net Cash Flow from Financing Activities	7,77,01,511	39,32,85,151
Net Increase in cash/ cash equivalents	4,48,28,025	2,22,76,813
Add: Cash and Cash equivalents at the beginning of the year	3,35,29,854	1,12,52,041
Cash & cash equivalents at end of period	7,83,57,879	3,35,29,854

For Surti & Surti
 Firm Reg No.000801H
 Chartered Accountants

 (Anuj Anand)
 Partner
 M.No.584815
 Place: New Delhi
 Date: 19.06.2017


 Ravi Shankar Kumar
 Company Secretary
 M.No.A3281

For and on behalf of the Board of Directors of
 Shikhar Microfinance Pvt Ltd.

 Satyraj Chakrapani
 Managing Director & CEO
 DIN:02422081

 Thomas Vidy Thomas
 Director & CFO
 DIN:02513481



3.1 Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

Particulars	As at March 31, 2017		As at March 31, 2018	
	Number	In Rs	Number	In Rs
Class "A" Shares				
Equity Shares of ₹ 100 each				
Outstanding at the beginning of the year	-	-	2,50,000	2,50,00,000
Issued during the year	-	-	-	-
Bought back during the year	-	-	-	-
Converted to Ordinary Shares	-	-	2,50,000	2,50,00,000
Class "A" Shares Outstanding at the end of the year				
Class "B" Shares				
Equity Shares of ₹ 100 each				
Outstanding at the beginning of the year	-	-	3,24,517	3,24,51,700
Issued during the year	-	-	-	-
Bought back during the year	-	-	-	-
Converted to Ordinary Shares	-	-	3,24,517	3,24,51,700
Class "B" Shares Outstanding at the end of the year				
Ordinary Shares				
Equity Shares of ₹ 100 each				
Outstanding at the beginning of the year	8,89,218	8,89,37,800	9,94,800	9,94,80,000
Issued during the year	37,179	37,17,900	-	-
Bought back during the year	-	-	-	-
Converted from Class "A" Shares	-	-	2,50,000	2,50,00,000
Converted from Class "B" Shares	-	-	2,24,517	2,24,51,700
Ordinary Shares Outstanding at the end of the year	9,26,397	9,26,55,700	9,69,318	9,69,31,800
1% Redeemable Optionally Convertible Preference Shares				
Preference Shares of ₹ 10 each				
Outstanding at the beginning of the year	30,00,000	3,00,00,000	30,00,000	3,00,00,000
Issued during the year	-	-	-	-
Bought back during the year	-	-	-	-
1% Redeemable Optionally Convertible Preference Shares Outstanding at the end of the year	30,00,000	3,00,00,000	30,00,000	3,00,00,000

3.2 Details of the Shareholders Holding more than 5% of the Share capital
Equity Shares of ₹ 100 each

Name of Shareholder	As at March 31, 2017		As at March 31, 2018	
	Number	% of Holding	Number	% of Holding
Ordinary Class Shares				
Dea Vikas Capital Pvt. Ltd.	4,81,101	47.80%	4,81,101	49.63%
Shikhar Development Foundation	2,40,000	23.85%	2,40,000	24.70%
Partners of Shikhar Trust	69,317	6.89%	54,317	5.62%
Small Industries Development Bank of India	1,00,700	10.24%	1,00,700	10.39%
Total	8,91,118	87.78%	8,76,118	89.84%

1% Redeemable Optionally Convertible Preference Shares of ₹ 10 each

Name of Shareholder	As at March 31, 2017		As at March 31, 2018	
	Number	% of Holding	Number	% of Holding
Small Industries Development Bank of India	30,00,000	100.00%	30,00,000	100.00%
Total	30,00,000	100.00%	30,00,000	100.00%

"As per the terms and conditions of 1% Redeemable Optionally Convertible Preference Shares (OCPS) issued to SIDA, SIDA reserves the right to exercise the option to either convert or convert the outstanding OCPS into equity share either in full or part, which has not yet exercised in the month of December 2018. Considering the financial position and requirement of compliance in terms of Companies Act, 2013, SIDA has granted MFR, Extension till July '17 for the same."



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SHIKHAR MICROFINANCE PVT LTD
Notes to Financial Statements for the year ended March 31, 2017

3 Share Capital

Particulars	As at March 31, 2017		As at March 31, 2016	
	Nos.	In Rs.	Nos.	In Rs.
AUTHORIZED				
Equity Share Capital				
Class "A" equity shares of 100 each	-	-	-	-
Class "B" equity shares of 100 each	-	-	-	-
Ordinary Class Shares of 100 each	13,00,000	13,00,00,000	13,00,000	13,00,00,000
	13,00,000	13,00,00,000	13,00,000	13,00,00,000
Preference Share Capital				
9% Redeemable Cumulative Convertible Preference Shares of 10 each	30,00,000	3,00,00,000	30,00,000	3,00,00,000
	30,00,000	3,00,00,000	30,00,000	3,00,00,000
ISSUED, SUBSCRIBED AND PAID-UP				
Equity Share Capital				
Class "A" equity shares of 100 each	-	-	-	-
Class "B" equity shares of 100 each	-	-	-	-
Ordinary Class Shares of 100 each	13,06,497	13,06,49,700	9,69,318	9,69,31,800
	13,06,497	13,06,49,700	9,69,318	9,69,31,800
Preference Share Capital				
9% Redeemable Cumulative Convertible Preference Shares of 10 each	30,00,000	3,00,00,000	30,00,000	3,00,00,000
	30,00,000	3,00,00,000	30,00,000	3,00,00,000

4 Rights attached with shares :-

Current Year FY 2016-17:

All 1300000 equity shares of 100/- each carrying one vote per share.

Previous Year FY 2014-15:

Rights attached with different class of shares were:

(i) Ordinary Class equity shares bear 1300000 equity shares of 100/- each, the total voting rights of all Ordinary Class Equity shares will be equal to 1 at all times.

- (ii) Dividend on 9% Redeemable Cumulative Preference Shares (CCPS) is to be paid within 3 months from the close of Financial Year. Dividend, if not paid, will be calculative in future. Dividend distribution tax and other statutory charges and levies thereon would be borne by the company. In case, SOG declares to convert outstanding CCPS into equity shares, either in full or in part, CCPS would be converted into Equity Shares at break-up value (book value of NP) based on Last Financial Year's audited results. In case, SOG decides not to convert CCPS into equity shares or converts only part of CCPS into equity, then CCPS would be redeemable as follows:
- a) 50% of outstanding CCPS at the end of 4 years.
 - b) Remaining 50% outstanding CCPS at the end of 5 years.
- Any dividend payable unpaid would also be paid along with redemption of CCPS.

Sanjiv Kumar

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SHIKHAR MICROFINANCE PVT LTD

Notes to Financial Statements for the year ended March 31, 2017

4 Reserves & Surplus

Particulars	As at March 31, 2017	As at March 31, 2016
	(In Rs)	(In Rs)
(a) Statutory Reserve (As per Section 45-IC of RBI Act,1934)		
Opening Statutory Reserve	10,19,310	2,38,758
20% out of Current year Profit	2,367	5,46,117
Reinstatement of Statutory Reserve of Rs 2,34,404 for FYR 2013-14	-	2,34,404
Closing Statutory Reserve	10,21,677	10,19,310
(b) Security Premium	24,13,200	24,13,200
(c) General Reserve		
Opening Balance	95,50,711	83,21,911
Add: Profit for the year	11,837	27,30,588
Less: Transfer to Statutory Reserve	2,367	7,60,621
Net Profit	9,470	18,50,065
Less: Prov for Dividend on Preference Shares including ODT	31,58,554	31,58,865
Less: Under provision of income tax now adjusted with retained earnings	1,58,414	-
Total Current Year Profit	33,17,488	12,98,800
Net surplus in the statement of Profit & loss	1,28,48,209	65,30,711
Total Reserves & Surplus	94,13,332	60,98,201

5 Long Term Borrowings

Particulars	As at March 31, 2017	As at March 31, 2016
	(In Rs)	(In Rs)
Secured		
(a) Term Loans:-		
From Banks	11,38,28,348	14,87,45,799
From Other Parties	16,07,40,623	13,09,98,131
Unsecured Loans		
(a) Loans and advances from related parties	1,45,00,000	3,98,33,333
Total	28,90,68,871	31,95,74,223

- 5.1 Secured Loans mentioned above are secured by way of charge on Loan Portfolio of the company
 5.2 Secured Loans from Banks have been further guaranteed by Managing Director, Mr. Satyvir Chakraborti and CFO, Mr. Thomas Vinay Thomas.
 5.3 Secured Loans mentioned above are further secured by way of Lien on Fixed Deposit of the company.

6 Deferred tax Assets/Liability (Net)

Particulars	As at March 31, 2017	As at March 31, 2016
	(in Rupees)	(in Rupees)
Deferred tax liability		
Related to depreciation on fixed assets	83,132	2,081
Related to Preliminary Expenses	1,18,533	95,017
	2,01,665	97,198
Deferred Tax Asset		
Related to Performance Incentives Payable to Employees, Gratuity & Leave Encashment	2,46,829	2,46,829
Total Deferred Tax Assets (Net)	45,164	1,49,721



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7 Other Long Term Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
	(In Rs)	(In Rs)
Trade Payables	-	-
Others*	22,87,380	10,00,794
Total	22,87,380	10,00,794

*Includes Staff Security Deposit

8 Long Term Provisions

Particulars	As at March 31, 2017	As at March 31, 2016
	(In Rs)	(In Rs)
Provision against Standard Assets	25,750	13,750
Total	25,750	13,750

9 Short Term Borrowings

Particulars	As at March 31, 2017	As at March 31, 2016
	(In Rs)	(In Rs)
Secured		
(a) Term Loans:-		
From Banks	128197264	10,07,15,042
From Other Parties	281595902	20,81,09,984
Unsecured Loans		
(b) Loans and advances from related parties	30000000	3,88,88,662
Total	448793166	34,34,91,688

9.1 Secured Loans mentioned above are secured by way of charge on Loan Portfolio of the company.

9.2 Secured Loans from banks have been further guaranteed by Managing Director, Mr. Sanyasi Chakrapani and CFO, Mr. Thomas Vitoj Thomas.

9.3 Secured Loans mentioned above are further secured by way of Lien on Fixed Deposit of the company.

10 Other Current Liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
	(In Rs)	(In Rs)
Statutory Remittances	12,42,388	8,59,062
Dividends Payable	1,02,20,805	78,74,485
Insurance payable to Clients	24,36,928	30,97,000
Provision for Employee Benefits	16,67,134	20,01,146
Others**	13,77,407	34,39,157
Total	1,75,44,644	1,88,72,716

** includes other expenses Payable

11 Short Term Provisions

Particulars	As at March 31, 2017	As at March 31, 2016
	(In Rs)	(In Rs)
Provision against MF Portfolio	62,80,036	81,78,449
Provision on Income Tax	-	5,78,586
Total	62,80,036	87,58,035



SHIKHAR MICROFINANCE PVT LTD

Notes to Financial Statements for the year ended March 31, 2017

Fixed Assets	Fixed Assets	Gross Block				Accumulated Depreciation				Net Block		
		Balance as at April 1, 2016	Additions	Balance as at March 31, 2017	Balance as at April 1, 2016	Depreciation charge for the year	On disposals	Balance as at March 31, 2017	Adjusted with Retained Earnings	Balance as at March 31, 2017	Balance as at March 31, 2016	
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
A	Tangible Assets											
	Furniture and Fixtures	13,16,279	5,56,216	18,75,495	5,39,628	1,44,041	-	6,84,566	-	11,91,925	7,78,651	
	Office equipment	12,35,320	7,27,789	19,63,109	7,37,390	2,43,200	-	9,90,590	-	9,82,529	4,97,939	
	Computers	19,30,073	9,11,350	28,41,423	12,85,132	3,68,879	-	16,54,011	-	11,87,412	8,44,941	
	Assets under lease											
	Others (specify nature)											
	Total	44,83,672	21,97,355	66,81,027	26,62,140	7,57,020	-	33,19,180	-	33,61,867	19,21,531	

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SEKHAR MICROFINANCE PVT LTD
Notes to Financial Statements for the year ended March 31, 2017

13 Long Term Loans and Advances (Unsecured, Considered good)

Particulars	As at March 31, 2017	As at March 31, 2016
	(In Rs)	(In Rs)
a) Security Deposits	1,05,41,167	3,40,719
b) Balance with Revenue Authorities (Net of provision-Till Previous Year)	10,10,147	50,89,707
c) Balance with Revenue Authorities (Net of provision for Current Year)	30,09,080	-
EMWT Credit Settlement	-	-
Total	1,56,58,423	54,39,615

14 Other non current assets

Particulars	As at March 31, 2017	As at March 31, 2016
	(In Rs)	(In Rs)
Preliminary Expenses	3,91,612	4,69,300
(to the extent not written off)	-	-
Unauthorized Processing Fee * (Refer Note C)	49,48,201	72,50,800
(to the extent not written off)	-	-
Total	49,48,613	77,29,200

15 Loan Portfolio

Particulars	As at March 31, 2017	As at March 31, 2016
	(In Rs)	(In Rs)
A. Portfolio Loans (Unsecured, Considered Good)		
Joint Liability Group Loans	50,86,88,180	50,92,00,752
Individual Loans	-	-
B. Portfolio Loans (Unsecured, Considered Doubtful)		
Joint Liability Group Loans	60,77,276	48,26,503
Individual Loans	-	-
C. Other Loans (Unsecured, Considered Doubtful)		
	40,00,000	40,00,000
Total	61,87,43,436	61,88,29,335

14.1 Breakup of Loan Assets

Particulars	As at March 31, 2017	As at March 31, 2016
	(In Rs)	(In Rs)
A) Micro Finance Loan Portfolio		
(i) Standard Assets (no default in repayment)	56,32,14,508	50,29,00,231
(ii) Standard Assets (overdue upto 90 days)	4,28,57,129	41,29,632
(iii) Non Performing assets		
Portfolio Assets overdue more than 90 days & less than 180 days	25,84,523	31,70,919
Portfolio Assets overdue more than 180 days	60,77,276	48,26,503
Total Micro Finance Loan Portfolio	61,47,43,436	61,48,29,335
B) Other Loan Portfolio		
(i) Standard Assets (no default in repayment)	40,00,000	40,00,000
(ii) Standard Assets (overdue upto 90 days)	-	-
(iii) Non Performing assets		
Portfolio Assets overdue more than 90 days & less than 180 days	-	-
Portfolio Assets overdue more than 180 days	-	-
Total Other Loan Portfolio	40,00,000	40,00,000
Gross Loan Portfolio (A+B)	61,87,43,436	61,88,29,335
Less : Non Current Portion of Loan Portfolio	10,18,61,770	9,70,63,007
Current Portion of Loan Portfolio	51,71,81,566	52,17,66,328

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SHIKHAR MICROFINANCE PVT LTD
Notes to Financial Statements for the year ended March 31, 2017

16 Cash & Bank Balances

Particulars	As at March 31, 2017	As at March 31, 2016
	(In Rs)	(In Rs)
Cash and Cash Equivalents		
Cash	17,41,063	5,47,882
Bank Balances	7,66,16,816	3,29,82,172
Total cash & cash equivalents	7,83,57,879	3,35,29,854
Other Bank Balances		
Fixed Deposits		
Fixed Deposits (with original maturity 6 months to 12 months)	4,50,00,000	15,36,00,000
Fixed Deposits (with original maturity more than 12 months)	-	50,00,000
Fixed Deposits (Under Lien) (with original maturity more than 12 months)	8,16,87,000	7,08,37,000
Other Fixed Deposits		
Interest Accrued but not due		
Total Other Bank Balances	12,66,87,000	22,93,37,000
Total Cash & Bank Balances	20,50,44,879	26,28,66,854

17 Short-Term Loans and Advances (Unsecured, Considered good)

Particulars	As at March 31, 2017	As at March 31, 2016
	(In Rs)	(In Rs)
(i) Staff Advances	25,75,802	8,49,107
(ii) Prepaid Expenses	27,91,097	2,89,505
(iv) Balance with Revenue Authorities	54,561	19,341
Total Current Loans and Advances	54,21,460	11,56,956

18 Other current assets

Particulars	As at March 31, 2017	As at March 31, 2016
	(In Rs)	(In Rs)
(i) Interest accrued on Loan Portfolio	95,16,515	43,74,395
(ii) Interest accrued on Term Deposits & Fixed Deposit	94,58,398	42,59,061
(iii) Interest accrued on SDPL Loan	11,03,236	5,42,762
(iii) Unamortized Processing Fee (to the extent not written off)	-	-
(v) Recoverable from Insurance Company * Less: Allowance for Non Recovery	7,34,682 - 3,40,602	7,34,682 - 3,40,602
(v) Net Recoverable from Insurance Company	3,94,080	3,94,080
(vi) Recoverable from Staff against Theft	32,34,892	29,68,825
(vii) PSIG Grant Receivable from SIDBI Less: Share Payable to Shikhar Development Foundation	4,65,699 -	4,65,699 -
Net Grant Receivable	4,65,699	4,65,699
(viii) Others	27,83,728	17,11,996
(ix) Floater Deposits with PNB Metlife	1,22,341	-
(x) Floater Deposits with Bajaj Allianz	1,00,000	1,00,000
(xi) Floater Deposits with Kotak Mahindra	3,00,000	3,00,000
(xii) Recoverable from Bank for wrong NEFT Transactions	6,41,090	8,49,789
Total	2,81,17,977	1,99,66,537

* Recoverable from insurance company includes Theft of cash from Kicha (District Rudarpur) uttarakhand of Rs 44,080/-



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SHIKHAR MICROFINANCE PVT LTD

Notes to Financial Statements for the year ended March 31, 2017

19 Revenue from Operations

Particulars	For year ended March 31, 2017	For year ended March 31, 2016
	(In Rs)	(In Rs)
Interest Income (Note 19.1)	14,17,95,496	8,03,23,739
Other Financial Services (Note 19.2)	89,60,456	61,01,845
Total	14,87,56,952	9,24,25,584

19.1 Interest Income comprises the following :

Particulars	For year ended March 31, 2017	For year ended March 31, 2016
	(In Rs)	(In Rs)
Interest income on Loan Portfolio	13,22,79,981	8,19,49,344
Interest Accrued on Loan Portfolio	95,16,515	43,74,395
Total	14,17,95,496	8,63,23,739

19.2 Revenue from other financial services comprises the following :

Particulars	For year ended March 31, 2017	For year ended March 31, 2016
	(In Rs)	(In Rs)
Income from Processing Fee	89,60,456	61,01,845
Total	89,60,456	61,01,845

20 Other Income

Particulars	For year ended March 31, 2017	For year ended March 31, 2016
	(In Rs)	(In Rs)
Other Non Operating Income	1,11,34,610	64,18,731
Total	1,11,34,610	64,18,731

20.1 Other Non Operating Income comprises the following :

Particulars	For year ended March 31, 2017	For year ended March 31, 2016
	(In Rs)	(In Rs)
Interest on Fixed Deposits (Gross) - Lien marked under security*	60,64,744	34,85,667
Interest on Fixed Deposits (Gross)	43,28,148	23,19,619
Sale of Scrap	1,170	5,174
Interest on Staff Loan	1,05,251	34,496
Interest from Loan	6,22,760	5,67,554
Miscellaneous Receipts	14,548	6,001
Total	1,11,34,610	64,18,731

* Interest on fixed deposit kept with lenders (Banks / FI) to raise fund for creation of financial assets against the condition mentioned in the sanction

21 Employee Benefit Expenses

Particulars	For year ended March 31, 2017	For year ended March 31, 2016
	(In Rs)	(In Rs)
Salaries & Allowances	3,69,74,762	2,88,24,301
Contribution to provident and other funds	28,85,577	20,73,248
Staff Group Life Insurance	3,15,011	1,22,252
Staff welfare expenses	15,07,424	10,46,806
Total	4,16,82,774	2,98,56,667

22 Finance Cost

Particulars	For year ended March 31, 2017	For year ended March 31, 2016
	(In Rs)	(In Rs)
Interest Expenses	9,42,27,598	4,00,94,911
Fund Raising Expenses*	10,44,615	3,94,864
Other Borrowing Cost**	24,88,970	6,31,227
Total	9,77,59,183	4,71,20,992

* Fund Raising Expenses includes debt syndication charges, conveyance, social rating and other similar charges incurred for raising funds.



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SHIKHAR MICROFINANCE PVT LTD
Notes to Financial Statements for the year ended March 31, 2017

23 Depreciation & Amortization expense

Particulars	For year ended March 31, 2017	For year ended March 31, 2016
	(In Rs)	(In Rs)
Depreciation	7,57,020	4,57,752
Provisionary expenses Written off	77,594	34,488
Total	8,34,614	4,92,240

24 Provision for Microfinance Loans

Particulars	For year ended March 31, 2017	For year ended March 31, 2016
	(In Rs)	(In Rs)
Provisioning special MF Loans	11,00,596	21,34,883
Standard Assets	12,900	7,000
Total	11,13,496	21,41,883

25 Other Expenses

Particulars	For year ended March 31, 2017	For year ended March 31, 2016
	(In Rs)	(In Rs)
Rent	30,50,883	27,01,102
Electricity and Water Charges	5,80,503	5,18,433
Repairs and Maintenance		
- Buildings	3,37,483	1,08,499
- Equipments	2,82,483	2,44,828
Insurance Charges	1,29,209	1,28,439
Traveling and Conveyance	47,47,508	35,81,320
Advertisement Expenses	62,002	-
Printing and Stationery	3,07,482	3,50,974
Communication Costs	19,19,444	13,60,104
Microfinance Ltd - MF1 Reports	2,79,588	2,10,720
Legal & Professional Fees	12,52,594	8,80,970
Bank Charges	16,14,884	8,99,888
Hospitality Expenses	1,11,526	1,30,900
Royalty	1,28,000	2,12,000
Commission and Brokerage	48,000	40,000
Board Meeting Expenses	28,778	2,834
Interest and penalties on Statutory Dues	13,888	8,217
RCC Filing Fees	24,625	37,800
Office Expenses	4,66,755	3,04,481
Directors Sitting Fees	74,000	30,000
Other Operating Expenses	14,44,098	9,85,821
Microfinance Loan Written Off	-	4,43,969
Auditor's Remuneration (refer Note 24.1 below)	1,30,100	1,30,183
Switch Water Cost	35,043	23,544
Total	1,79,70,908	1,43,21,063

26.1 Break up of Auditor's Remuneration:

Particulars	For year ended March 31, 2017	For year ended March 31, 2016
	(In Rs)	(In Rs)
Audit Fees	1,20,150	1,20,150
Tax Audit Fees	-	-
Taxation Matters	-	-
Out of Pocket Expenses	-	-
Service Tax	-	-
Less: Service tax set off claimed	-	-
Total	1,20,150	1,20,150

26 Contingent Liabilities & Commitments

Particulars	For year ended March 31, 2017	For year ended March 31, 2016
	(In Rs)	(In Rs)
Contingent Liabilities	-	-
Commitments	-	-
Total	-	-

27 Earning Per Share in Accordance with Accounting Standard 23

Particulars	For year ended March 31, 2017	For year ended March 31, 2016
	(In Rs)	(In Rs)
Net Profit After Tax	11,827	27,20,598
Less: Adjustment of Dividend and DDT on QCPs	31,58,354	31,56,980
Net Amount Available for Equity Shares	21,49,717	4,36,279
Weighted Average Number of Equity Shares	9,86,118	9,89,115
Basic & Diluted EPS*	2.18	0.44

* As at 31.03.2017, the outstanding convertible equity shares had an 0% conversion rate.

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 - A smaller blue circular stamp of CHARTERED ACCOUNTANTS.
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Shikhar Microfinance Pvt Ltd

FYR 2016-17

Notes to financial statements for the year ended March 31, 2017

1. COMPANY BACKGROUND

Shikhar Development Foundation (SDF) the not for profit Microfinance institution registered as a Trust in September 2007 under the Indian Trust Act, 1882, came into existence with intent to develop and implement community focused development interventions. SDF envisaged to leverage the benefits of micro-lending to the marginalized rural and urban communities through sequential lending providing both savings and loan facilities at various levels.

SDF in its Board Meeting held on November 22, 2008 decided to acquire a Non-Banking Finance Company (NBFC) for undertaking its microfinance operations & it was decided that a SPV in the form of a for-profit trust would be created to invest into the NBFC. Accordingly, Partners of Shikhar Trust (POST), a private mutual benefit trust was registered to act as a Special Purpose Vehicle for acquiring shares of Anup Leasing Pvt. Ltd., (ALPL), NBFC registered in Delhi and incorporated on February 16, 1993. The ownership and control of NBFC was transferred on March 25, 2009 through transfer of shares of the previous shareholders.

ALPL has also received approval from both RBI in December 2010 and Ministry of Corporate Affairs in October 2010 for change of its name from Anup Leasing Pvt. Ltd. to Shikhar Microfinance Private Limited (SMPL). SMPL has also been registered with the RBI as an NBFC-MFI with effect from November 12, 2013.

SMPL is an NBFC-MFI registered with RBI, engaged in Micro Finance lending activities, providing financial services to poor women in India who are organized as Joint Liability Groups (JLG's). Shikhar currently undertakes its operations across 25 districts in 5 States (Delhi NCR, Uttar Pradesh, Haryana, Uttarakhand and Rajasthan) covered by 26 branches and have more than 42000 active loan clients.


The Authorized Share Capital of the company is Rs. 16.00 Cr divided into:

- a) 11,00,000 ordinary equity shares of Rs. 100/- carrying one voting rights per shares at all times.
- b) 30,00,000 Redeemable Optionally Convertible Preference Shares (OCPS) of face value of Rs. 10/- each with option of cumulative and non-cumulative.

Nature of Operations

Shikhar Microfinance Pvt. Ltd. ("the Company") is engaged in micro finance lending activities for providing small loans to target clientele for income generation and livelihood purposes using the Joint Liability Group (JLG) methodology. All financial transactions are conducted in the group meetings organized near the habitats of these women. The operations in the initial stages of group formation, involves efforts on development training on financial discipline, and constant monitoring through fortnightly meetings and providing financial and support services at the doorsteps of the borrowers to ensure high rates of recovery. The Company follows collection process for recovery of loans and interest accrued thereon at the choice of the borrower, either, weekly, fortnightly or monthly. The Company has provided insurance cover to all the borrowers in association with various insurance companies in line with the loan amount extended to the target clients.









Notes to financial statements for the year ended March 31, 2017

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Preparation of Financial Statements

The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standards) Rules, 2006 (as amended), relevant provisions of the Companies Act, 2013 and companies (Accounts) Rule, 2013, amended from time to time and the provisions of the Reserve Bank of India as applicable to a non banking financial company. Financial Statements have been prepared under the historical cost convention on an accrual basis of accounting.

B. Use of Estimates

The preparation of financial statements, in accordance with the generally accepted Accounting Principles, require the management to make estimates and assumptions that effect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of financial statements, reported amount of expenses and revenues of the year and the amortized amount of preliminary expenditure of the year. Estimates and underlying assumptions are reviewed on ongoing basis. Actual results could differ from these estimates. Any revision to accounting estimate is recognized prospectively in current and future at the date of the financial statements.

Borrowing Cost

Borrowing cost which are directly attributable to the acquisition /construction of fixed assets, till the time such assets are ready for intended use, capitalized as a part of cost of assets.

Borrowing cost consist of interest and other borrowing cost that the company incurred in connection with borrowing of the funds. Interest cost is expensed off on accrual basis. Other incidental borrowing cost namely processing fees are amortized over the period of loan. In case of unamortized identified borrowing cost is outstanding at the year end, it is classified under loans and advances as unamortized cost of borrowings.

C. 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:

- i. It is 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;
- iii. It is expected to be realized within 12 months after the reporting date; or
- iv. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

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



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Shikhar Microfinance Pvt Ltd

FYR 2016-17

Notes to financial statements for the year ended March 31, 2017

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 the settlement of liability for at least 12 months after the reporting date. Terms of liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating Cycle

Company has ascertained its operating cycle as 12 months that is the time gap between the acquisition of assets for processing and their realization in cash or cash equivalents.

D. Cash & Cash Equivalents

Cash & cash equivalents for the purpose of cash flow statement comprises cash on hand, cash in bank, fixed deposits and other short term highly liquid investments with an original maturity of three months or less that are readily convertible into known amount of cash and which are subject to an insignificant risk of change in value.

E. Cash Flow Statement

Cash flow are reported using the indirect method whereby cash flows from operating, investing & financing activities of the company are segregated and profit before tax is adjusted for the effect of transactions of non-cash nature or any deferrals or accruals of past or future cash receipts or payments.

F. Fixed Assets

All fixed assets are stated at cost less accumulated depreciation and impairment loss. Cost is inclusive of all costs relating to the acquisition, pre-operational expenses and installation of fixed assets to bring the assets to working condition for intended use.

Subsequent expenditures related to an item of tangible fixed assets are added to its book value only if they increase the future benefits from the existing assets beyond its previously assessed standard of performance.

G. Depreciation

- i) With effect from 1st April 2014, the management has re-assessed and revised the estimated useful life of tangible fixed assets as per Schedule II of Companies Act 2013. Depreciation on all fixed assets of the Company is provided on Straight Line method at the rates specified in schedule II of the Companies Act, 2013.



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Shikhar Microfinance Pvt Ltd

FYR 2016-17

Notes to financial statements for the year ended March 31, 2017

II. Impairment of Assets

The Company identifies impairable assets based on individual assets or cash generating unit concept at the year-end in terms of Para 5.13 of AS-28 issued by the ICAI for the purpose of arriving at impairment loss thereon, if any, being the difference between the book value and recoverable value of relevant assets. Impairment loss when crystallises is charged against revenue of the year.

I. Revenue Recognition

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

- I. Interest income on all loans given which are standard is recognized under accrual basis. In case of any default on loan repayment interest income is recognized only when realized.
- II. Interest income on deposits with banks is recognized on an accrual basis taking into account the amount outstanding and rate applicable.
- III. Processing fees on loans are recognized on upfront basis.
- IV. Interest on term deposits has been accrued on the time proportion basis, using the underlying interest rates.
- V. Dividend income is accounted when the right to receive dividend is established.

All other income is recognized on an accrual basis.

I. Classification of Loan Portfolio and provisioning policy

- (i) Classification of loan portfolio is currently governed in terms of the provisioning undertaken as per Master Circular- Introduction of New Category of NBFCs - 'Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) - Directions, July 1, 2014.

Standard Asset: 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 a business.

Non performing Asset: Asset for which, interest/principal payment has remained overdue for a period of 90 days or more.



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Notes to financial statements for the year ended March 31, 2017

(ii) Provisioning Policy for Portfolio Loans & Advances

Provision for MF Portfolio

Provisions for non-performing assets are made as per the Prudential Master Circular- introduction of New Category of NBFCs - 'Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) – Directions, July 1, 2014.

The aggregate loan provision maintained by the Company at any point is not less than the higher of

- a) 1% of the outstanding loan portfolio or
- b) 50% of the aggregate loan instalment 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.

Provision for Other Portfolio

Provisions for Standard assets are made as per the Revised Regulatory Framework for NBFC, November 10, 2014.

A provision for standard assets at 0.30% of the outstanding Portfolio is required to be made.

However the company does not make provisions for the cases in which death of a borrower has occurred as the company gets all the borrowers insured and complete amount is recoverable from the insurance companies.

K. Expenditure

The provision is made for all the known losses and liabilities.

L. Income Taxes

- i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961.
- ii) As per Accounting Standard (AS) 22 issued by The Institute of Chartered Accountants of India (ICAI), Deferred Tax resulting from "Timing Difference" between accounting and taxable profits/(losses) is accounted for using the tax rates and laws that have been enacted or substantially enacted as on the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.



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Notes to financial statements for the year ended March 31, 2017

M. Employee Benefits

- **Defined Contribution Plan**

Company's contribution to Provident Fund, ESIC are considered as defined contribution plans and are charged to the Statement of Profit & Loss as they fall due, based on the amount of contribution required to be made.

- **Defined benefit plan**

The company provides for gratuity, a defined retirement benefit plan covering eligible employees. Provision for gratuity is calculated as per Gratuity Act and is recognized as a liability in Balance Sheet. Payment of Gratuity made to eligible employees charged to the statement of Profit & Loss for the year.

- **Compensated Absences**

Based on the leave rules of the company, employees are permitted to accumulate leaves. Provision for any unavailed privilege leave to the extent encashable is recognized as a liability in Balance Sheet. Any unavailed privilege leave to the extent encashable once paid to the eligible employee is charged to the statement of Profit & Loss for the year.

- **Other Short Term Benefits**

Employee benefits payable wholly within twelve months of receiving employee services are classified as short term employee benefits. These benefits include salaries and wages. The amount of short term employee benefits to be paid in exchange for employee services is recognized as expense as the related service is rendered by employees. Expense in respect of other short term benefits is recognized on the basis of amount paid or payable for the period during which services are rendered by the employee.

Except above benefits, the company does not provide any other long term benefits to the employees.

N. Provisions

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events; 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. Contingent liabilities are not recognized, but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

O. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit / loss for the year attributable to equity share holders 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 share holders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed to have been converted as of the beginning of the year, unless they have been issued at a later time.



Sanjiv Kumar



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Shikhar Microfinance Pvt Ltd

FYR 2016-17

Notes to financial statements for the year ended March 31, 2017

27. No interest has been paid/payable by the Company during the year to the suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to enquiries made by the Company for this purpose.
28. The balances receivables and payables are subject to confirmation and reconciliation. Pending such confirmation and reconciliation, the impact on accounts is not ascertainable at this stage.
29. The company is a Small and Medium sized Company (SMC) as defined in the General instructions in respect of Accounting Standards notified under the Companies Act, 2013. Accordingly, the company has complied with the Accounting Standards as applicable to Small & Medium Sized Company. Segment Reporting as per AS 17 is not mandatory for the Company being an SMC company.
30. The Company has been sanctioned grant vide sanction letter no.10068/PSIG-33 dated 04.03.2013 by SIDBI for Capacity Building activities under the Poorest States Inclusive Growth Programme of PSIG Project. The objectives of the grant, inter alia, are to undertake Capacity building of Institution subject to fulfilment of conditions. An amount of Rs. 4,65,699/- as Grant is receivable in the Financial year 2016-17.
31. The entity is having the Secured and Unsecured loan balances with respective parties as on 31st march 2017. Annexure A is attached.
32. Employee Benefits

The Company has recognized the following amounts in the Profit and Loss Account towards contribution to defined contribution plans which are included under Contribution to Provident Fund-

(Amount in Rs.)

Particulars	2016-17	2015-16
Provident Fund	19,92,877	14,35,908

The Company makes annual contribution to the Employee's State Insurance. The Company has recognized following amounts in the Profit & Loss Account towards contribution to ESI -

(Amount in Rs.)

Particulars	2016-17	2015-16
ESI	8,92,700	6,36,890

The Company has recognized the following amounts in the Profit and Loss Account towards Gratuity-

(Amount in Rs.)

Particulars	2016-17	2015-16
Gratuity Paid	30,866	-
Provision for Gratuity	-	2,09,343

Shikhar Microfinance Pvt Ltd

FYR 2016-17

Notes to financial statements for the year ended March 31, 2017

The Company has recognized the following amounts in the Profit and Loss Account towards Staff Group Life Insurance

(Amount in Rs.)

Particulars	2016-17	2015-16
Staff Group Life Insurance	3,15,011	1,22,252

The company has paid and provided for performance incentive to eligible employees. The Company has recognized in the Profit and Loss Account Rs. 10,58,214/- towards Performance Incentives and Rs. 0/- towards Leave Encashment for the FY 2016-17.

33. The details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 are as follows:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	2,55,64,000/-	97,04,170/-	3,52,68,170/-
(+) Permitted receipts	-	6,18,70,742/-*	6,18,70,742/-*
(-) Permitted payments	-	2,79,181/-	2,79,181/-
(-) Amount deposited in Banks	2,55,64,000/-	7,22,42,486/-	9,78,06,486/-
Closing cash in hand as on 30.12.2016	-	9,46,755/-	9,46,755/-

* Above Permitted Receipts Includes Cash withdrawal from Bank amounting to Rs. 1,05,000/-.

34. As per the terms and conditions of issuance of 9% Optionally Convertible Preference Shares (OCPs), 50% of these OCPs were redeemable in the month of December 2016. As per the requirement of Companies Act 2013, the company had no sufficient reserves for redemption of Optionally Convertible Preference Shares. So the company sought extension from SIDBI for redemption. SIDBI vide its letter dated 03.04.2017 have granted extension for redemption of 50 % of OCPs till 10th September 2017 and the balance till 10th December 2017.

35. Related Party Disclosure- Accounting Standard 18

A. Names of the related parties:

Key Management Personnel	Mr. Satyavr Chakrapani, Managing Director & CEO Mr. Thomas Vinoy Thomas, Director & CFO
Parties having Significant influence	Dis Vikas Capital Pvt. Ltd. Partners of Shikhar Trust (POST) Shikhar Development Foundation (SDF) Shikhar Dairy Pvt. Ltd (SDPL) Small Industries Development Bank of India (SIDBI)



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Shikhar Microfinance Pvt Ltd

FYR 2016-17

Notes to financial statements for the year ended March 31, 2017

B. Related Party transactions:

	Key Management Personnel		Parties having Significant Influence		Total	
	31 st March'2017	31 st March'2016	31 st March'2017	31 st March'2016	31 st March'2017	31 st March'2016
(i) SIDBI						
Issue of Equity Shares			NIL	NIL	NIL	NIL
Refund of Share Application Money			NIL	NIL	NIL	NIL
(ii) Dia Vikas Capital P Ltd						
Issue of Equity Shares			NIL	NIL	NIL	NIL
Share Premium Received			NIL	NIL	NIL	NIL
(iii) Issue of Equity Shares Mr. Satyavir Chakrapani	7,00,000	NIL			7,00,000	NIL
(iv) Issue of Equity Shares Mr. Thomas Vinoy Thomas	3,00,000	NIL			3,00,000	NIL
(v) Issue of Equity Shares Partners of Shikhar Trust (POST)			15,00,000	NIL	15,00,000	NIL
(vi) Dia Vikas Capital P Ltd						
Loan Taken			2,00,00,000	5,75,00,000	2,00,00,000	5,75,00,000
Loan Repaid			4,30,00,000	3,00,45,455	4,30,00,000	3,00,45,455
Interest Paid on above loan			93,68,761	81,35,307	93,68,761	81,35,307
Balance at the year end			5,35,00,000	7,64,99,995	5,35,00,000	7,64,99,995
Interest Payable as on 31.03.17			NIL	NIL	NIL	NIL
(vii) SIDBI						
Loan Availed				4,50,00,000		4,50,00,000
Interest on above loan			32,51,663	37,60,569	32,51,663	37,60,569
Balance at the year end			1,55,74,285	3,60,86,857	1,55,74,285	3,60,86,857
Interest Payable as on 31.03.17				2,64,159		2,64,159



Sanjiv Kumar



Shikhar Microfinance Pvt Ltd

FYR 2016-17

Notes to financial statements for the year ended March 31, 2017

(vii) Shikhar Dairy Pvt. Ltd (SDPL)					
Loan Given					
Loan Repayment received			Nil	15,00,000	Nil
Interest Income			Nil	Nil	Nil
Manpower Cost			6,22,750	5,67,554	6,22,750
Payment Received from SDPL			Nil	Nil	Nil
Expenses Paid by SMPL			Nil	Nil	Nil
Balance receivable at year end			Nil	Nil	Nil
			44,03,302	44,03,302	44,03,302
(ix) Shikhar Development Foundation(SDF)					
Payment made to SDF			Nil	Nil	Nil
Payment received from SDF			Nil	Nil	Nil
Adjustments of Installments of Previously transferred Portfolios					
Manpower Cost (Cost Sharing)			5,68,247	5,39,096	6,68,247
Balance receivable at year end			16,84,499	10,16,252	16,84,499
(x) Managerial remuneration:					
Mr. Satyawir Chakrapani	Rs.1689720 R.F.	Rs.1423800 R.F.			Rs.1689720 R.F.
					Rs.1423800 R.F.
(xi) Managerial remuneration:					
Mr. Thomas Vinay Thomas	Rs.1606752 R.F.	Rs.1343040 R.F.			Rs.1606752 R.F.
					Rs.1343040 R.F.

Note: Related party relationships are identified by the management of the company and relied upon by the auditor.

As per our report of even date

For **Suri & Sudhir**

Firm Reg No. 000601N

Chartered Accountants

[Signature]

(Amul Arora)

M.No. 50415

Place: New Delhi

Date: 19.06.17



[Signature]

Ravi Shankar Kumar

Company Secretary

M.No. A32681

For and on behalf of the Board of Directors of
Shikhar Microfinance Pvt Ltd

[Signature]

Satyawir Chakrapani

Managing Director & CEO

DIN:02422305



[Signature]

Thomas Vinay Thomas

Director & CFO

DIN:02571265

