



**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF SAMASTA MICROFINANCE LIMITED**

**Report on the Financial Statements**

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

**Management's Responsibility for the Financial Statements**

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 adequate 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.

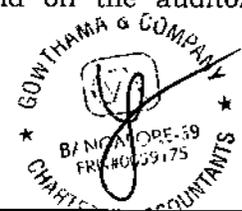
**Auditors' Responsibility**

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 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 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 on the financial statements.

### **Opinion**

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b) In the case of the Statement of Profit and Loss Account, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

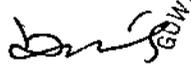
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the '**Annexure-A**' statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
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 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.



- e) On the basis of 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 31<sup>st</sup> 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 derivatives contracts for which there were any material foreseeable losses; and
  - iii. There were no amounts which required to be transferred to the Investor Education and Protection Fund by the Company.

**Place: Bangalore**  
**Date: 26.04.2016**

**For Gowthama & Company**  
**Chartered Accountants**  
**Firm No: 0059176**

  
**H V Gowthama**, BANGALORE  
**Partner**  
**Mem. No: 014353**

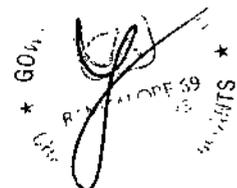


**The Annexure-A referred to in our Report of even date to the members of Samasta Microfinance Limited, on the financial statements of the company for the year ended March 31, 2016.**

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

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.  
  
(b) According to the information and explanation explained to us, fixed assets have been physically verified by the management during the year which, in our opinion, is reasonable having regard to the size of the company and the nature of its Assets. No material discrepancies were noticed on such verification.  
  
(c) The company does not hold any immovable properties, therefore this clause is not applicable to the company.
2. According to the information and explanation explained to us, The Company is a Non-Banking Financial Company ('NBFC') engaged in the business of providing loans. Therefore the provisions of this clause are not applicable to the Company.
3. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has granted loans, secured or unsecured, to companies, in the register maintained under Section 189 of the Act.
  - a) The terms and conditions of the grant of such loans are not prejudicial to the company's interest
  - b) In the case of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act, the borrowers have been regular in the payment of the interest as stipulated. The terms of arrangement do not stipulate any repayment schedule and the loans are repayable on demand.
  - c) There are no overdue amounts for more than five lakhs in respect of the loans granted to the in the register maintained under Section 189 of the Act.
4. According to the information and explanations given to us, the Company has not given loans, Investments and guarantees to which the provisions of the Section 185 and 186 of the companies Act, 2013 apply. Therefore this clause is not applicable to the company.
5. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not accepted any deposits covered under section 73 to 76 of the Companies Act or any other relevant provisions of the Companies Act or the rules framed there under or directions issued by RBI. Therefore this clause is not applicable to Company.

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6. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 148(1) of the companies act for any services rendered by the Company. Therefore this clause is not applicable to the company.
7. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth tax, Duty of customs, Duty of Excise, Value Added Tax and any other statutory dues with the appropriate authorities have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2016 for a period of more than six months from the date they became payable.  
  
(b) According to the information and explanations given to us, there is no amounts payable in respect of Income Tax, Wealth tax, Sales tax, Service tax, duties of customs, duties of excise, Value Added Tax or Cess which have not been deposited on account of any disputes.
8. According to the information and explanations given to us and on the basis of our examination of the books of account, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
9. According to the information and explanations give to us and in our opinion, the money raised by way Private placed Debt instruments i.e. non Convertible Debenture and term loans were applied for the purpose for which those are raised.
10. According to the information and explanations given to us and based upon the audit procedures performed, we report that no fraud by the Company and no fraud on the company by its officers/employees has been noticed or reported during the year, nor have we been informed of such case by the management.
11. Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the companies act.
12. According to the information and explanations given to us and in our opinion, the Company is not a Nidhi Company and therefore clause is not applicable.
13. According to the Information and Explanation given to us, all the transactions with the related parties are in compliance with section 188 and 177 and where applicable the details have been disclosed in the financial statements as required by the accounting standard and Companies Act 2013.
14. According to the Information and Explanation given to us, the company has not made any preferential allotment /private placement of shares or fully or partly convertible



debenture during the year under review and therefore this clause is not applicable to the company.

15. According to the Information and Explanation provided to us, the company has not entered into any Non-cash transactions with Directors or persons connected with him and therefore this clause is not applicable to the company.
16. According to the Information and Explanation given to us, the company has obtained the registration under section 45-IA of the Reserve Bank of India Act, 1934.

**Place: Bangalore**  
**Date: 26.04.2016**

**For Gowthama & Company**  
**Chartered Accountants**  
**Firm No: 005917S**

  
**H V Gowthama**  
**Partner**  
**Mem. No: 014353**

*(Circular Stamp: GOWTHAMA & COMPANY, CHARTERED ACCOUNTANTS, FIRM NO. 005917S, REG. NO. 014353)*

**'ANNEXURE-B' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SAMASTA MICROFINANCE LIMITED**

**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 Samasta Microfinance 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 essential components such as the control environment, the entity's risk assessment process, control activities, Information system and communication and the monitoring of such controls. 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 applicable to an audit of Internal Financial Controls and, 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 was 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.



### **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 authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized 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**

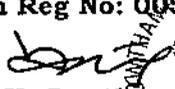
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal 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, 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 essential components such as the control environment, the entity's risk assessment process, control activities, Information system and communication and the monitoring of such controls.

**Date: 26.04.2016**  
**Place: Bangalore**

**For Gowthama and company**  
**Chartered Accountants**  
**Firm Reg No: 005917S**

  
**H.V. Gowthama**  
**Partner \***

**Mem No.: 014353**



## **SAMASTA MICROFINANCE LIMITED**

CIN: U65191KA1995PLC057884

Registered Office: No. 418, 1/2A, 4th Cross, 6th Main, Wilson Garden, Bangalore - 560027.

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

#### **1. Basis of Preparation:**

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standard specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act")/Companies Act 1956, ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis and the directions issued by the Reserve Bank of India (RBI) to the extent applicable to the Company.

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

#### **2. Use of Accounting Estimates:**

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

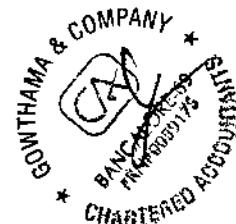
#### **3. Cash flow statement:**

The Cash Flow are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on available information.

#### **4. Provisions and contingent liabilities:**

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

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably.



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

### **5. Income Taxes and Deferred Taxes:**

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

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

### **6. Fixed Assets and Depreciation & Amortization:**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in respect of the following category of assets, in whose case the life of the asset has been assessed based on the technical assessment, which takes into account the nature of the asset, its estimated usage, past history or replacement, operating conditions and future technological changes, following is the categories of assets:

Computers - 3 Years

Intangible assets are amortized over their estimated useful life as follows:

Software - 3 Years

Servers & Networks - 6 Years

Individual assets costing less than ₹ 5,000 each are depreciate fully in the year of purchase.

### **7. Investments:**

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

### **8. Classification & Provisions of Loan Portfolio:**

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



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During the financial year 2015-16, the Company has got classified as NBFC-MFI and accordingly has revised its provisioning norms for loan portfolio vide RBI circular dated December 02, 2011 as amended vide circular dated March 20, 2012. According to which the provision will be 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.

### **9. Trade receivables under Financing Activity:**

Trade receivables under financing activity include Income Generating Loan, Dairy Cow Loan / Cattle Loan, Water Purifier Loan and Solar Products Loan. Loans are classified into 'Performing and Non- Performing assets in terms of the Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998 and NBFC-MFI Directions (as applicable) issued by the Reserve Bank of India as amended from time to time.

### **10. Revenue Recognition:**

- a) 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.
- b) Interest income on Fixed Deposits with Banks is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- c) Processing fee is recognized as and when collected at the time of loan disbursement.
- d) Dividend income from investments in mutual fund is recognized when the right to receive is established.
- e) Facilitation fee is recognized on accrual basis according to the terms of agreement.
- f) Profit/Premium arising at the time of securitization of loan portfolio is amortized over the life of the underlying loan/portfolio/securities and loss arising thereon is accounted immediately
- g) All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization / collection.



## **SAMASTA MICROFINANCE LIMITED**

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### **11. Borrowing Costs:**

Borrowing costs attributable to qualifying assets (assets which require substantial period of time to get ready for their intended use) are capitalized as part of the cost of such assets. All other borrowing costs are charged to revenue.

### **12. Earnings per Share:**

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

### **13. Employee Benefits:**

#### **a) Short Term Employee Benefits:**

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

#### **b) Post- employment Benefits:**

##### **Defined Contribution Plans:**

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

##### **Defined Benefit Plans:**

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

### **14. General:**

Any other accounting policy not specifically referred to are consistent with generally accepted accounting principles.



**SAMASTA MICROFINANCE LIMITED**

CIN: U65191KA1995PLC057884

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**BALANCE SHEET AS AT 31ST MARCH, 2016**

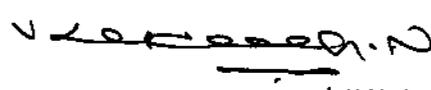
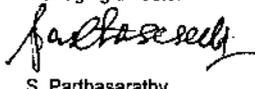
Particulars	Note No.	As at 31st	As at 31st
		March, 2016	March, 2015
		₹	₹
<b>I EQUITY AND LIABILITIES</b>			
(1) <b>Shareholder's Funds</b>			
(a) Share Capital	2	114,700,000	114,700,000
(b) Reserves and Surplus	3	21,598,728	8,026,624
		<b>136,298,728</b>	<b>122,726,624</b>
(2) <b>Non-Current Liabilities</b>			
(a) Long-term borrowings	4	326,691,099	223,200,397
(b) Long-term provisions	6	12,258,331	10,160,273
		<b>338,949,430</b>	<b>233,360,670</b>
(3) <b>Current Liabilities</b>			
(a) Other current liabilities	7	503,163,052	364,923,140
(b) Short-term provisions	8	6,452,901	2,209,908
		<b>509,615,953</b>	<b>367,133,048</b>
<b>Total</b>		<b>984,864,111</b>	<b>723,220,342</b>
<b>II ASSETS</b>			
(1) <b>Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		10,016,410	6,893,606
(ii) Intangible assets		856,799	1,152,319
(b) Non-current investments	10	10,500,000	10,500,000
(c) Deferred tax assets (Net)	5	2,823,812	1,747,735
(d) Long-term loans and advances	11	-	4,219,241
(e) Other non-current assets	12	308,797,826	164,598,303
		<b>332,994,847</b>	<b>189,111,204</b>
(2) <b>Current assets</b>			
(a) Trade Receivables	13	502,381,859	464,333,914
(b) Cash and Cash equivalents	14	130,666,104	60,648,427
(c) Short-term loans and advances	15	6,024,233	1,840,511
(d) Other current assets	16	12,797,068	7,286,286
		<b>651,869,264</b>	<b>534,109,138</b>
<b>Total</b>		<b>984,864,111</b>	<b>723,220,342</b>

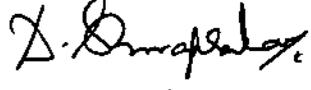
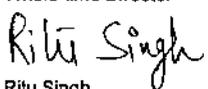
Significant accounting policies and notes to the accounts 1

As per our attached report of even date  
 For Gowthama & Company  
 Chartered Accountants  
 Firm No. 0059175  
 H.V. Gowthama  
 Partner  
 M. No. 014353



For and on behalf of the Board of Directors

  
 N. Venkatesh  
 Managing Director  
  
 S. Parthasarathy  
 Chief Financial Officer

  
 D. Shivaprakash  
 Whole-time Director  
  
 Ritu Singh  
 Company Secretary

Place: Bangalore  
 Date: 26.04.2016

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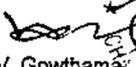
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016**

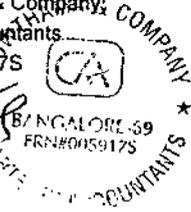
Particulars	Note No.	Year ended	Year ended
		31st March, 2016	31st March, 2015
		₹	₹
(A) Revenue from Operations	17	191,598,918	124,520,094
(B) Other Income	18	9,799,712	7,834,156
<b>(C) Total Revenue (A+B)</b>		<b>201,398,630</b>	<b>132,354,250</b>
<b>(D) Expenses</b>			
a) Employee benefits expenses	19	49,396,519	37,395,322
b) Finance costs	20	97,958,479	62,213,724
c) Depreciation and amortization expenses	9	2,427,364	2,903,098
d) Administrative and Other expenses	21	32,687,023	21,940,544
<b>Total Expenses (D)</b>		<b>182,469,385</b>	<b>124,452,688</b>
<b>(E) Profit for the year before tax (C-D)</b>		<b>18,929,245</b>	<b>7,901,562</b>
<b>(F) Tax expenses</b>			
(a) Current tax		5,350,000	2,150,000
(b) MAT credit availed and utilised		-	1,016,851
(c) Availment of MAT credit short availed in previous years		-	(342,646)
(d) Income tax adjustment		-	108,015
(e) Deferred tax	5	(1,076,077)	(976,376)
<b>(G) Profit for the year after tax (E-F)</b>		<b>14,655,322</b>	<b>5,945,718</b>
<b>(H) Earnings per Equity Share (Face value of ₹10/- each):</b>			
(a) Basic		1.40	0.83
(b) Diluted		1.40	0.83
Significant accounting policies and notes to the accounts	1		

As per our attached report of even date

For Gowthama & Company,  
Chartered Accountants

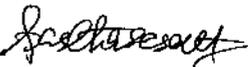
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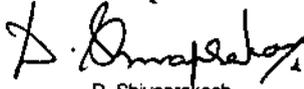
  
H.V. Gowthama  
Partner  
M. No. 014353

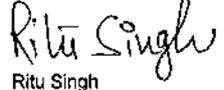


For and on behalf of the Board of Directors

  
N. Venkatesh  
Managing Director

  
S. Parthasarathy  
Chief Financial Officer

  
D. Shivaprakash  
Whole-time Director

  
Ritu Singh  
Company Secretary

Place: Bangalore

Date: 26.04.2016

**SAMASTA MICROFINANCE LIMITED**

CIN: U65191KA1995PLC057884

Registered Office: No. 418, 1/2A, 4th Cross, 6th Main, Wilson Garden, Bangalore - 560027.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
	₹	₹
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit Before Tax</b>	18,929,245	7,901,562
Adjustments for:		
Depreciation	2,427,364	2,903,098
Dividend on Mutual funds	(2,300,293)	(1,076,861)
Provisions for Standard and Non Performing Assets	1,027,402	865,751
Bad Debts Written Off	1,511,224	709,070
Interest on Fixed Deposits	(7,115,063)	(4,019,401)
Loss/(Profit) on sale of Fixed assets	(46,718)	(436)
<b>Operating Profit before Working Capital Changes</b>	<b>A</b> 14,433,161	<b>7,282,783</b>
<b>Working Capital Changes:</b>		
(Increase) / Decrease in trade and other receivables	(39,559,169)	(18,836,320)
(Increase) / Decrease in Short term loans and advances	(4,183,722)	240,210
(Increase) / Decrease in Other Current Assets	(5,510,782)	(2,612,558)
(Increase) / Decrease in Loans & Advances	4,219,241	2,068,601
(Increase) / Decrease in Other Non- Current Assets	(143,062,581)	(78,697,110)
Increase / (Decrease) in Long term Liabilities	103,490,702	16,474,627
Increase / (Decrease) in long term provisions	1,247,187	553,416
Increase / (Decrease) in Other current liabilities	138,239,912	61,182,161
<b>Changes in Working Capital</b>	<b>B</b> 64,880,788	<b>(19,626,973)</b>
<b>Cash generated from operations</b>	<b>A+B</b> 69,313,949	<b>(12,344,191)</b>
Income taxes paid	(3,443,790)	(1,709,000)
<b>Net cash from operating activities</b>	<b>65,870,159</b>	<b>(14,053,191)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment in Shares	-	(100,000)
Sale of Fixed Assets	300,000	10,000
Dividend from Mutual Funds	2,300,293	1,076,861
Purchase of Fixed Assets	(5,507,930)	(630,211)
Interest on Fixed Deposits	7,115,063	4,019,401
<b>Net Cash used in investing activities</b>	<b>4,207,426</b>	<b>4,376,051</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Equity Share Capital	-	15,000,000
Proceeds from issue of Preference Share Capital	-	10,000,000
Redemption of Preference Share Capital	-	(120,000)
Proceeds of Vehicle loan	-	(802,267)
Dividends paid (including DDT)	(59,908)	(28,771)
<b>Net cash used in financing activities</b>	<b>(59,908)</b>	<b>24,248,962</b>



**SAMASTA MICROFINANCE LIMITED**

CIN: U65191KA1995PLC057884

Registered Office: No. 418, 1/2A, 4th Cross, 6th Main, Wilson Garden, Bangalore - 560027.

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016**

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
	₹	₹
Net increase in cash and cash equivalents	70,017,677	14,571,823
Cash and cash equivalents as at 01.04.2015	60,648,427	46,076,604
Cash and cash equivalents as at 31.03.2016	130,666,104	60,648,427

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

As per our attached report of even date

For Gowthama & Company

Chartered Accountants

Firm No. 005917S

H.V. Gowthama  
Partner  
M. No. 014353



For and on behalf of the Board of Directors

*N. Venkatesh*

N. Venkatesh  
Managing Director

*S. Parthasarathy*

S. Parthasarathy  
Chief Financial Officer

*D. Shivaprakash*

D. Shivaprakash  
Whole-time Director

*Ritu Singh*

Ritu Singh  
Company Secretary

Place: Bangalore

Date: 26.04.2016

**SAMASTA MICROFINANCE LIMITED**

CIN: U65191KA1995PLC057884

Registered Office: No. 418, 1/2A, 4th Cross, 6th Main, Wilson Garden, Bangalore - 560027.

**Note 2 - Share Capital**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>Authorised:</b> 10,500,000 (Previous year 10,500,000 Equity Shares of ₹ 10/- each) Equity Shares of ₹ 10/- each 2,000,000 (Previous year 2,000,000 Preference Shares of ₹ 10/- each) Preference Shares of ₹ 10/- each	105,000,000 20,000,000 <b>125,000,000</b>	105,000,000 20,000,000 <b>125,000,000</b>
<b>Issued:</b> 10,470,000 (Previous year 10,470,000 Equity Shares of ₹ 10/- each) Equity Shares of ₹ 10/- each 1,000,000 (Previous year 1,000,000 9% Optionally Convertible Preference Shares of ₹ 10/- each) 9% Optionally Convertible Preference Shares of ₹ 10/- each	104,700,000 10,000,000 <b>114,700,000</b>	104,700,000 10,000,000 <b>114,700,000</b>
<b>Subscribed and Paid up:</b> 10,470,000 (Previous year 10,470,000 Equity Shares of ₹ 10/- each) Equity Shares of ₹ 10/- each 1,000,000 (Previous year 1,000,000 9% Optionally Convertible Preference Shares of ₹ 10/- each) 9% Optionally Convertible Preference Shares of ₹ 10/- each <b>Total</b>	104,700,000 10,000,000 <b>114,700,000</b>	104,700,000 10,000,000 <b>114,700,000</b>
<b>I) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:</b>	<b>As at 31st March, 2016 Number of shares</b>	<b>As at 31st March, 2015 Number of shares</b>
<b>Equity Shares:</b> Number of shares at the beginning of the year Add: Equity shares issued during the year Add: Equity shares (Bonus Shares) issued during the year <b>Number of shares at the end of the year</b>	10,470,000 - - <b>10,470,000</b>	6,500,000 1,500,000 2,470,000 <b>10,470,000</b>
<b>Preference Shares:</b> Number of shares at the beginning of the year Add: Preference shares issued during the year Less: Preference shares redemption during the year <b>Number of shares at the end of the year</b>	1,000,000 - - <b>1,000,000</b>	1,000 1,000,000 1,000 <b>1,000,000</b>
<b>II) Number of shares held by each shareholder holding more than 5% shares in the company are as follows:</b>		
<b>Class of shares / Name of the shareholder</b>	<b>As at 31st March, 2016 Number of shares</b>	<b>As at 31st March, 2015 Number of shares</b>
<b>Equity Shares:</b> R.C. Shekar V.A. Narayanaswamy G.J. Krishnaprasad N. Venkatesh Kalpathi Investments Pvt Ltd B.H.Krishnamurthy Sanjay Shenoy Small Industries Development Bank of India <b>Total</b>	1,765,020 1,048,800 552,000 1,335,840 1,656,000 552,000 683,100 1,500,000 <b>9,092,760</b>	1,765,020 1,048,800 552,000 1,335,840 1,656,000 552,000 552,000 1,500,000 <b>8,961,660</b>
<b>Preference Shares:</b> Small Industries Development Bank of India <b>Total</b>	1,000,000 <b>1,000,000</b>	1,000,000 <b>1,000,000</b>



**SAMASTA MICROFINANCE LIMITED**

CIN: U65191KA1995PLC057884

Registered Office: No. 418, 1/2A, 4th Cross, 6th Main, Wilson Garden, Bangalore - 560027.

**iii) Terms / rights attached to Equity Shares:**

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

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

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

**b) Terms of redemption of Preference Shares**

Particulars	As at 31st March, 2016 Number of shares	As at 31st March, 2015 Number of shares
i) 9% Optionally Convertible Preference Shares (OCPS) of ₹ 10/- each. The Company will redeem each of the OCPS (face value of ₹ 10/-) which is not converted into equity shares at par. The Company will, before such redemption, pay all outstanding dividends on such OCPS to SIDBI. The redemption will be made by the Company as indicated below: 1) 50% of the outstanding OCPS at the end of 5 years 2) Remaining 50% outstanding OCPS at the end of 6 years commencing from the first date of disbursement/investment/subsription of OCPS by SIDBI in the Company.	1,000,000	1,000,000



**SAMASTA MICROFINANCE LIMITED**

CIN: U65191KA1995PLC057884

Registered Office: No. 418, 1/2A, 4th Cross, 6th Main, Wilson Garden, Bangalore - 560027.

**Note 3 - Reserves and Surplus**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>a) Capital Redemption Reserve</b>		
Opening Balance	-	1,350,000
Add: Created during the year upon redemption of Preference Shares	-	100,000
Less: Utilised towards issue of Bonus Shares	-	1,450,000
<b>Closing Balance</b>	<b>-</b>	<b>-</b>
<b>b) Securities Premium Account</b>		
Opening Balance	-	18,000,000
Add: Premium on shares issued during the year	-	-
Less: Utilised towards issue of Bonus Shares	-	18,000,000
<b>Closing Balance</b>	<b>-</b>	<b>-</b>
<b>c) Other Reserve</b>		
<b>i) Statutory Reserve*</b>		
Opening Balance	3,182,977	1,993,833
Add: Additions during the year	2,950,000	1,189,144
<b>Closing Balance</b>	<b>6,132,977</b>	<b>3,182,977</b>
<b>d) Surplus</b>		
Opening Balance	4,843,647	5,890,390
Add: Profit for the year	14,655,322	5,945,718
Less: Proposed Dividend on Preference Shareholders	900,000	49,775
Less: Dividend Distribution Tax	183,218	10,133
Less: Premium on Redemption of Preference Shares	-	20,000
Less: Transfer to Capital Redemption Reserve	-	100,000
Less: Transfer to Statutory Reserve*	2,950,000	1,189,144
Less: Utilised towards issue of Bonus Shares	-	5,250,000
Less: Adjustment relating to Fixed Assets	-	373,409
<b>Closing Balance</b>	<b>15,465,751</b>	<b>4,843,647</b>
<b>Total</b>	<b>21,598,728</b>	<b>8,026,624</b>

\*As required by Section 45-IC of Reserve Bank of India Act, 1934.



**SAMASTA MICROFINANCE LIMITED**

CIN: U65191KA1995PLC057884

Registered Office: No. 418, 1/2A, 4th Cross, 6th Main, Wilson Garden, Bangalore - 560027.

**Note 4 - Long-Term Borrowings**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>a) Term Loans - Secured</b>		
1) From Banks (Refer Note 4.1)	194,004,064	165,981,058
2) From Other Parties (Refer Note 4.1)	85,157,078	57,036,112
<b>b) Non-Convertible Debentures - Secured (Refer Note 4.1)</b>	45,833,400	-
<b>c) Vehicle Loans - Secured</b>		
1) From Banks (Refer Note 4.1)	-	-
<b>d) Vehicle Loans - Unsecured</b>		
1) From Banks (Refer Note 4.1)	874,719	110,880
2) From Other Parties (Refer Note 4.1)	821,838	72,347
<b>Total</b>	<b>326,691,099</b>	<b>223,200,397</b>



**SAMASTA MICROFINANCE LIMITED**

CIN: U65191KA1995PLC057884

Registered Office: No. 418, 1/2A, 4th Cross, 6th Main, Wilson Garden, Bangalore - 560027.

**Note 4.1**

**Term Loan from Banks - Secured**

Name of the Bank	Terms of repayment	Security Offered	As at 31st March, 2016		As at 31st March, 2015	
			Current Liabilities ₹	Non-current Liabilities ₹	Current Liabilities ₹	Non-current Liabilities ₹
Bank of Maharashtra	Rate of Interest - Base rate + 5.25%, loan repayable in 11 quarterly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh and Mr. R.C. Shekar, Director.	-	-	18,394,626	-
Bank of Maharashtra	Rate of Interest - Base rate + 5.25%, loan repayable in 33 monthly installments.	Hypothecation of book debts and personal guarantee of Mr. N. Venkatesh and Mr. R.C. Shekar, Director.	16,777,310	-	18,705,104	16,560,000
Bank of Maharashtra	Rate of Interest - Base rate + 4.50%, loan repayable in 33 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Director.	11,220,715	13,625,725	-	-
Bank of Maharashtra	Rate of Interest - Base rate + 4.50%, loan repayable in 45 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Director.	500,473	2,000,500	-	-
Canara Bank	Rate of Interest - Base rate + 3.00%, loan repayable in 12 quarterly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Director.	10,000,000	15,000,000	7,500,000	22,500,000
Central Bank of India	Rate of Interest - Base rate + 4.00%, loan repayable in 12 quarterly installments.	Hypothecation of book debts and personal guarantee of Mr. N. Venkatesh, Mr. D. Shivaprakash and Mr. R.C. Shekar, Director.	-	-	6,784,966	-
Corporation Bank	Rate of Interest - Base rate + 2.10%, loan repayable in 12 quarterly installments.	Hypothecation of book debts and personal guarantee of Mr. N. Venkatesh, Director.	4,205,002	-	16,881,471	-
Dhanlaxmi Bank	Rate of Interest - Base rate + 3.75%, loan repayable in 11 quarterly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Director.	-	-	13,792,315	-
Indian Bank	Rate of Interest - Base rate + 3.80%, loan repayable in 36 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Director.	11,539,154	5,970,242	9,822,608	17,854,661
Indian Bank	Rate of Interest - Base rate + 3.80%, loan repayable in 36 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Director.	9,211,381	20,102,769	-	-

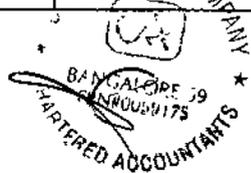
BANGALORE 19  
 19/03/15  
 CHARTERED ACCOUNTANTS

**SAMASTA MICROFINANCE LIMITED**

CIN: U65191KA1995PLC057884

Registered Office: No. 418, 1/2A, 4th Cross, 6th Main, Wilson Garden, Bangalore - 560027.

Kaveri Grameena Bank	Rate of Interest - 14.25%, loan repayable in 36 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Director.	16,666,680	12,853,976	17,224,021	29,166,650
Kaveri Grameena Bank	Rate of Interest - 13.75%, loan repayable in 36 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Director.	1,694,933	3,333,320	-	-
Lakshmi Vilas Bank	Rate of Interest - Base rate + 2.25%, loan repayable in 36 monthly installments.	Hypothecation of book debts and cash collateral	13,322,555	36,677,445	-	-
Pallavan Grama Bank	Rate of Interest - 14.00%, loan repayable in 33 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Director.	11,458,816	3,598,134	9,655,930	15,458,023
Pallavan Grama Bank	Rate of Interest - 14.00%, loan repayable in 33 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Director.	913,793	2,090,910	-	-
South Indian Bank	Rate of Interest - Base rate + 3.70%, loan repayable in 33 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Mr. D. Shivaprakash, & Mr. R.C. Shekar Director.	3,030,000	6,970,000	-	-
South Indian Bank	Rate of Interest - Base rate + 3.70%, loan repayable in 33 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Mr. D. Shivaprakash, & Mr. R.C. Shekar Director.	3,030,000	6,970,000	-	-
State Bank of India	Rate of Interest - Base rate + 3.75%, loan repayable in 34 monthly installments.	Hypothecation of book debts and personal guarantee of Mr. N. Venkatesh, Mr. D. Shivaprakash and Mr. R.C. Shekar, Director.	-	-	13,846,033	-
State Bank of Mysore	Rate of Interest - Base rate + 2.25%, loan repayable in 33 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Director.	10,909,200	13,239,389	-	-
State Bank of Patiala	Rate of Interest - Base rate + 4.75%, loan repayable in 34 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Director.	-	-	9,690,952	-
State Bank of Patiala	Rate of Interest - Base rate + 3.50%, loan repayable in 34 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Director.	10,909,200	3,627,851	10,909,200	14,545,184



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CIN: U65191KA1995PLC057884

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State Bank of Travancore	Rate of Interest - Base rate + 4.50%, loan repayable in 33 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Director.	18,180,000	18,661,118	18,180,000	31,820,000
UCO Bank	Rate of Interest - Base rate + 4.50%, loan repayable in 36 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Mr. D. Shivaprakash and Mr. R.C. Shekar, Director.	847,029	-	9,999,996	1,813,515
UCO Bank	Rate of Interest - Base rate + 3.00%, loan repayable in 45 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Director.	8,004,000	7,286,685	8,004,000	16,263,025
UCO Bank	Rate of Interest - Base rate + 3.00%, loan repayable in 45 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Director.	8,004,000	21,996,000	-	-
Union Bank of India	Rate of Interest - Base rate + 2.50%, loan repayable in 24 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Mr. D. Shivaprakash and Mr. R.C. Shekar, Director.	-	-	20,833,338	-
<b>TOTAL</b>			<b>170,424,241</b>	<b>194,004,064</b>	<b>210,224,559</b>	<b>165,981,058</b>

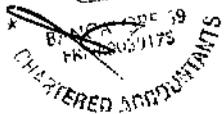


**SAMASTA MICROFINANCE LIMITED**  
CIN: U65191KA1995PLC057884

Registered Office: No. 418, 1/2A, 4th Cross, 6th Main, Wilson Garden, Bangalore - 560027.

**Term Loan from Other Parties - Secured**

Name of the FI / NBFC	Terms of repayment	Security Offered	As at 31st March, 2016		As at 31st March, 2015	
			Current Liabilities ₹	Non-current Liabilities ₹	Current Liabilities ₹	Non-current Liabilities ₹
Ananya Finance for Inclusive Growth Private Limited	Rate of Interest - 16.00%, loan repayable in 18 monthly installments.	Hypothecation of book debts and 18 no. advance post-dated cheques.	-	-	3,333,328	-
Ananya Finance for Inclusive Growth Private Limited	Rate of Interest - 16.00%, loan repayable in 24 monthly installments.	Hypothecation of book debts, cash collateral and 24 no. advance post-dated cheques.	3,333,328	-	5,000,004	3,333,328
Ananya Finance for Inclusive Growth Private Limited	Rate of Interest - 15.75%, loan repayable in 18 monthly installments.	Hypothecation of book debts, cash collateral and 18 no. advance post-dated cheques.	3,750,000	2,812,500	-	-
Edelweiss Housing Finance Limited	Rate of Interest - 16.00%, loan repayable in 12 monthly installments.	Hypothecation of book debts and cash collateral.	8,894,796	-	-	-
IFMR Capital Finance Private Limited	Rate of Interest - 15.75%, loan repayable in 24 monthly installments.	Hypothecation of book debts and cash collateral.	36,392,671	27,664,709	-	-
IFMR Capital Finance Private Limited	Rate of Interest - 15.75%, loan repayable in 24 monthly installments.	Hypothecation of book debts and cash collateral.	36,365,270	27,688,963	-	-
Maanaveeya Development & Finance Private Limited	Rate of Interest - 15.00%, loan repayable in 12 quarterly installments.	Hypothecation of book debts and personal guarantee of Mr. N. Venkatesh and Mr. R.C. Shekar, Director.	11,660,000	-	23,336,000	11,660,000
Maanaveeya Development & Finance Private Limited	Rate of Interest - 15.00%, loan repayable in 36 monthly installments.	Hypothecation of book debts and personal guarantee of Mr. N. Venkatesh and Mr. R.C. Shekar, Director.	-	-	2,777,778	-
MAS Financial Services Limited	Rate of Interest - MAS PLR + 1.00%, loan repayable in 18 monthly installments.	Hypothecation of book debts, cash collateral and post-dated cheques.	16,666,664	-	33,333,336	16,666,664
Reliance Capital Ltd.	Rate of Interest - 15.50%, loan repayable in 12 monthly installments.	Hypothecation of book debts and cash collateral.	-	-	1,786,813	-
Reliance Capital Ltd.	Rate of Interest - 15.50%, loan repayable in 12 monthly installments.	Hypothecation of book debts and cash collateral.	-	-	12,039,210	-

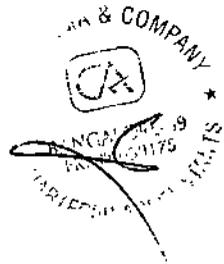


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Reliance Capital Ltd.	Rate of Interest - 15.50%, loan repayable in 12 monthly installments.	Hypothecation of book debts and cash collateral.	21,772,693	-	-	-
Reliance Capital Ltd.	Rate of Interest - 15.00%, loan repayable in 15 monthly installments.	Hypothecation of book debts and cash collateral.	39,241,117	10,758,883	-	-
Reliance Home Finance Ltd.	Rate of Interest - 15.50%, loan repayable in 12 monthly installments.	Hypothecation of book debts and cash collateral.	4,467,020	-	45,532,980	4,467,020
Religare Finvest Limited	Rate of Interest - 15.75%, loan repayable in 26 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Director.	24,600,794	16,232,023	-	-
Small Industries Development Bank of India	Rate of Interest - 14.00%, loan repayable in 33 monthly installments.	Hypothecation of book debts, cash collateral and personal guarantee of Mr. N. Venkatesh, Director.	16,363,650	-	9,090,900	20,909,100
<b>TOTAL</b>			<b>223,508,003</b>	<b>85,157,078</b>	<b>136,230,349</b>	<b>57,036,112</b>



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**Non-Convertible Debentures - Secured**

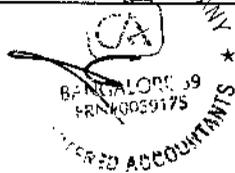
Name of Debenture Holder	Terms of repayment	Security Offered	As at 31st March, 2016		As at 31st March, 2015	
			Current Liabilities ₹	Non-current Liabilities	Current Liabilities ₹	Non-current Liabilities
Hinduja Leyland Finance Limited	Rate of Interest - 12.78% p.a. calculated on a XIRR basis, principal repayable in 24 monthly installments.	Hypothecation of Book Debts	50,000,000	45,833,400	-	-
<b>TOTAL</b>			<b>50,000,000</b>	<b>45,833,400</b>	<b>-</b>	<b>-</b>

**Vehicle Loan from Banks - Secured**

Name of the Bank	Terms of repayment	Security Offered	As at 31st March, 2016		As at 31st March, 2015	
			Current Liabilities ₹	Non-current Liabilities ₹	Current Liabilities ₹	Non-current Liabilities ₹
Indian Bank	Rate of Interest - Base rate + 1.25%, loan repayable in 60 monthly installments.	Hypothecation of Car and post dated cheques.	-	-	121,121	-
<b>TOTAL</b>			<b>-</b>	<b>-</b>	<b>121,121</b>	<b>-</b>

**Vehicle Loan from Banks - Unsecured**

Name of the Bank	Terms of repayment	Security Offered	As at 31st March, 2016		As at 31st March, 2015	
			Current Liabilities ₹	Non-current Liabilities	Current Liabilities ₹	Non-current Liabilities
Axis Bank	Rate of Interest - 10.75%, loan repayable in 60 monthly installments.	Hypothecation of Car	110,880	-	246,773	110,880
HDFC Bank	Rate of Interest - 9.65%, loan repayable in 60 monthly installments.	Hypothecation of Car	179,937	874,719	-	-
<b>TOTAL</b>			<b>290,817</b>	<b>874,719</b>	<b>246,773</b>	<b>110,880</b>



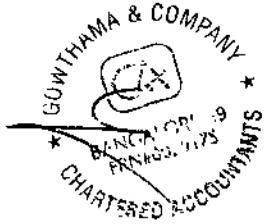
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**Vehicle Loan from Other Parties - Secured**

Name of the FI / NBFC	Terms of repayment	Security Offered	As at 31st March, 2016		As at 31st March, 2015	
			Current Liabilities ₹	Non-current Liabilities ₹	Current Liabilities ₹	Non-current Liabilities ₹
Kotak Mahindra Prime Ltd	Loan repayable in 36 monthly installments (Monthly EM).	Hypothecation of Car	72,347	-	271,737	72,347
Kotak Mahindra Prime Ltd	Loan repayable in 60 monthly installments (Monthly EM).	Hypothecation of Car	166,457	821,838	-	-
<b>TOTAL</b>			<b>238,804</b>	<b>821,838</b>	<b>271,737</b>	<b>72,347</b>

**Note 4.1: The Company has not defaulted in the repayment of dues to banks / financial institutions.**

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**Note 5 - Deferred Tax**

PARTICULARS	AS PER BOOKS	AS PER IT	DIFFERENCE	TAX @ 33.063%
<b>1) DEFERRED TAX LIABILITY</b>				
Fixed asset	10,873,209	9,457,767	1,415,442	(467,988)
<b>2) DEFERRED TAX ASSET</b>				
Provision for Gratuity	3,149,521	-	3,149,521	1,041,326
Provision for Doubtful Debts	6,806,625	-	6,806,625	2,250,474
				<b>2,823,812</b>
<b>Deferred Tax Liability as on 31.03.2016</b>			<b>467,988</b>	
Opening Balance of Deferred Tax Liability			625,866	
<b>Provision made in Profit &amp; Loss Account</b>			<b>(157,878)</b>	
<b>Deferred Tax Asset as on 31.03.2016</b>			<b>3,291,800</b>	
Opening Balance of Deferred Tax Asset			2,373,601	
<b>Provision made in Profit &amp; Loss Account</b>			<b>918,199</b>	
<b>Total Provision made in Profit &amp; Loss Account</b>			<b>(1,076,077)</b>	
<b>Deferred Tax Asset as on 31.03.2016 (Net)</b>			<b>(2,823,812)</b>	



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**Note 6 - Long - Term Provisions**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>a) Provision for Employee Benefits:</b>		
i) Provision for Gratuity	3,149,521	1,902,334
<b>b) Other Provisions:</b>		
i) Provision for Taxation	2,252,185	2,428,716
ii) Provision for Standard Assets	6,806,625	5,779,223
<b>iii) Provision for CSR activities</b>		
Opening Balance	50,000	40,000
Add : Provision during the year	50,000	50,000
Less: Utilised during the year	50,000	40,000
Closing Balance	50,000	50,000
<b>Total</b>	<b>12,258,331</b>	<b>10,160,273</b>

**Note 7 - Other Current Liabilities**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>a) Current maturities of long-term debt</b>	444,461,865	347,094,539
<b>b) Interest accrued but not due on borrowings</b>	2,560,190	1,502,015
<b>c) Other payables</b>		
i) Statutory remittances	2,492,372	969,824
ii) Other liabilities	47,937,443	15,356,762
iii) Unamortised gain on securitisation	5,470,451	-
iv) Payable towards securitisation / assignments	240,731	-
<b>Total</b>	<b>503,163,052</b>	<b>364,923,140</b>

**Note 8 - Short-Term Provisions**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>a) Others</b>		
i) Tax provision	5,369,683	2,150,000
ii) Proposed Dividend on Preference Shares	900,000	49,775
iii) Dividend Distribution Tax on Preference Shares	183,218	10,133
<b>Total</b>	<b>6,452,901</b>	<b>2,209,908</b>



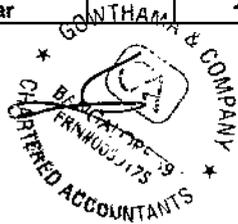
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**Note 9 - Fixed Assets**

	Fixed Assets	Useful Life in Years	Gross Block				Depreciation / Amortisation				Net Block	
			Balance as at 1st April, 2015 (₹)	Additions during the year (₹)	Deletions during the year (₹)	Balance as at 31st March, 2016 (₹)	Balance as at 1st April, 2015 (₹)	Depreciation / Amortisation for the period (₹)	Depreciation on sale of Asset (₹)	Balance as at 31st March, 2016 (₹)	Balance as at 31st March, 2016 (₹)	Balance as at 31st March, 2015 (₹)
<b>A</b>	<b>Tangible Assets</b>											
	Furniture & Fixtures	10	4,262,733	282,942	-	4,545,675	1,594,202	499,868		2,094,070	2,451,605	2,668,531
	Office Equipment	5	2,095,632	1,091,007	-	3,186,639	1,173,409	590,637		1,764,046	1,422,593	922,223
	Computers	3	3,186,991	1,072,136	-	4,259,127	2,308,411	365,599		2,674,010	1,585,117	878,580
	Vehicles	8 & 10	3,759,043	2,903,682	482,148	6,180,577	1,334,772	517,577	228,866	1,623,483	4,557,094	2,424,271
	<b>Total (A)</b>		<b>13,304,399</b>	<b>5,349,767</b>	<b>482,148</b>	<b>18,172,018</b>	<b>6,410,794</b>	<b>1,973,681</b>	<b>228,866</b>	<b>8,155,609</b>	<b>10,016,410</b>	<b>6,893,606</b>
	Previous Year		12,699,700	625,199	20,500	13,304,399	4,080,178	2,341,552	10,936	6,410,794	6,893,606	-
<b>B</b>	<b>Intangible Assets</b>											
	Computer Softwares	3 & 6	5,069,048	158,163	-	5,227,211	3,916,729	453,683		4,370,412	856,799	1,152,319
	<b>Total (B)</b>		<b>5,069,048</b>	<b>158,163</b>	<b>-</b>	<b>5,227,211</b>	<b>3,916,729</b>	<b>453,683</b>	<b>-</b>	<b>4,370,412</b>	<b>856,799</b>	<b>1,152,319</b>
	Previous Year		5,064,036	5,012	-	5,069,048	2,814,793	1,101,936	-	3,916,729	1,152,319	-
	<b>Total (A+B)</b>		<b>18,373,447</b>	<b>5,507,930</b>	<b>482,148</b>	<b>23,399,229</b>	<b>10,327,523</b>	<b>2,427,364</b>	<b>228,866</b>	<b>12,526,021</b>	<b>10,873,209</b>	<b>8,045,925</b>
	Previous Year		17,763,736	630,211	20,500	18,373,447	6,894,971	3,443,488	10,936	10,327,523	8,045,925	-



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**Note 10 - Non-Current Investments**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>a) Trade - Unquoted Investments, at cost</b>		
<b>i) Investments In Equity Instruments</b>		
1) Alpha Micro Finance Consultants Pvt. Ltd., 50,000 Equity shares of ₹ 10/- each fully paid up. (Previous year 50,000 Equity shares of ₹ 10/- per share)	500,000	500,000
2) Ayusha Dairy Private Limited (Subsidiary), 1,000,000 Equity shares of ₹ 10/- each fully paid up. (Previous year 1,000,000 Equity shares of ₹ 10/- per share)	10,000,000	10,000,000
<b>Total</b>	<b>10,500,000</b>	<b>10,500,000</b>
<b>Aggregate amount of unquoted investments</b>	<b>10,500,000</b>	<b>10,500,000</b>

**Note 11 - Long-Term Loans and Advances**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>a) Loans and advances to related parties [Refer Note 23.2]</b>		
<b>i) Unsecured, Considered Good</b>		
- Ayusha Dairy Private Limited	-	4,219,241
	-	<b>4,219,241</b>

**Note 12 - Other Non-Current Assets**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>a) Long term Trade receivables</b>		
<b>i) Unsecured, Considered Good</b>		
1) Trade receivables under financing activity	177,888,727	112,302,666
<b>ii) Unsecured, Considered Doubtful</b>		
1) Trade receivables under financing activity	391,923	1,285,690
	<b>178,280,650</b>	<b>113,588,356</b>
<b>b) Others</b>		
i) Deposits with Banks more than 12 months maturity	90,118,351	29,423,415
ii) Deposits with other NBFC for term loans	18,251,572	5,535,329
iii) Deferred Revenue Expenditure	11,232,982	7,722,874
iv) Rent Deposits	4,144,000	2,895,000
v) Advance Tax	4,037,000	4,129,000
vi) TDS Receivables	2,733,271	1,504,329
	<b>130,517,176</b>	<b>51,009,947</b>
<b>Total (a+b)</b>	<b>308,797,826</b>	<b>164,598,303</b>



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**Note 13 - Trade Receivables**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
a) Unsecured, Considered Good Outstanding for a period less than six months from the date they are due for payment	500,408,284	462,432,981
b) Unsecured, Considered Doubtful Outstanding for a period exceeding six months from the date they are due for payment	1,973,575	1,900,953
<b>Total</b>	<b>502,381,859</b>	<b>464,333,914</b>

**Note 14 - Cash and Cash Equivalents**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
a) Balances with Banks (i) In Current accounts	105,779,810	32,221,237
b) Cash on hand	147,574	737,655
	<b>105,927,384</b>	<b>32,958,892</b>
c) Others (i) In Fixed Deposit accounts with maturity less than 12 months	24,738,720	27,689,535
	<b>24,738,720</b>	<b>27,689,535</b>
<b>Total</b>	<b>130,666,104</b>	<b>60,648,427</b>

**Note 15 - Short-Term Loans and Advances**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
a) Others i) Unsecured, Considered Good 1) Loans and Advances to employees	911,729	991,981
2) Prepaid Expenses	34,991	20,163
3) Other advances	4,277,514	828,367
4) Rent paid in advance	800,000	-
<b>Total</b>	<b>6,024,233</b>	<b>1,840,511</b>

**Note 16 - Other Current Assets**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
a) Interest accrued	10,746,831	5,516,209
b) Income accrued	23,216	625,198
c) Hindustan Unilever Ltd	1,945,382	1,063,240
d) Orb Energy Pvt Ltd	81,639	81,639
<b>Total</b>	<b>12,797,068</b>	<b>7,286,286</b>



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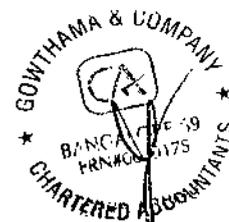
Registered Office: No. 418, 1/2A, 4th Cross, 6th Main, Wilson Garden, Bangalore - 560027.

**Note 17 - Revenue from Operations**

Particulars	For the year ended	For the year ended
	31st March, 2016	31st March, 2015
	₹	₹
a) Interest income on Loans	151,192,794	113,294,663
b) Processing fee on Loans	9,666,949	7,152,516
c) Income from securitisation / assignment of loans	13,280,254	-
d) Recovery against loans written off	65,824	24,849
e) Income from Business Correspondents	10,278,034	28,665
f) Interest income on fixed deposits (collateral)	7,115,063	4,019,401
<b>Total</b>	<b>191,598,918</b>	<b>124,520,094</b>

**Note 18 - Other Income**

Particulars	For the year ended	For the year ended
	31st March, 2016	31st March, 2015
	₹	₹
<b>a) Interest and Other Income</b>		
i) Interest income on Loans & Advances to Related Parties	214,176	747,737
ii) Interest income on Staff Loans	171,927	86,195
iii) Fee income from Related Parties	2,000,000	-
<b>b) Dividend Income</b>		
i) Dividend income from investments in mutual fund	2,300,293	1,076,861
<b>c) Other Non-Operating Income</b>		
i) Facilitation fee	4,702,527	5,717,231
ii) Miscellaneous income	176,043	62,951
iii) Profit on sale of fixed assets	46,718	436
iv) Service fee	120,276	-
v) Credits written back	-	142,744
vi) Interest on Income tax refund	67,752	-
<b>Total</b>	<b>9,799,712</b>	<b>7,834,156</b>



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**Note 19 - Employee Benefits Expenses**

Particulars	For the year ended 31st March, 2016 ₹	For the year ended 31st March, 2015 ₹
a) Salaries and wages	37,630,153	28,977,463
b) Contributions to provident fund and other funds	2,595,708	2,200,584
c) Gratuity (Refer Note 22.2)	1,577,665	656,131
d) Staff welfare expenses	7,592,993	5,561,144
<b>Total</b>	<b>49,396,519</b>	<b>37,395,322</b>

**Note 20 - Finance Costs**

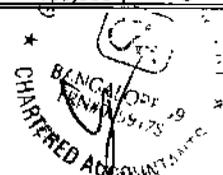
Particulars	For the year ended 31st March, 2016 ₹	For the year ended 31st March, 2015 ₹
a) Interest expenses on term loans and vehicle loans	92,650,265	61,567,868
b) Interest expenses on Debentures	1,025,671	-
c) Financial expenses	971,302	645,856
d) Securitisation and assignment expenses	2,818,801	-
e) NCD expenses	472,757	-
f) Interest on delayed payment of Advance Tax	19,683	-
<b>Total</b>	<b>97,958,479</b>	<b>62,213,724</b>

**Note 21 - Administrative and Other Expenses**

Particulars	For the year ended 31st March, 2016 ₹	For the year ended 31st March, 2015 ₹
Advertisement expenses	107,272	26,190
Auditor's Remuneration (Refer Note (i) below)	163,335	158,916
Bad Debts Written Off	1,511,224	709,070
Brokerage	58,750	19,500
Computer consumables	147,884	99,436
Directors expenses	180,371	233,426
Deferred Revenue Expenditure	7,142,697	4,421,606
Electricity and Water charges	372,080	322,228
Insurance - General	510,720	221,575
Local conveyance	2,302,319	807,457
Membership Subscription Charges	267,919	221,237
Miscellaneous Expenses	6,718	10,729
Office Maintenance	1,039,592	1,130,549
Postage & Courier	430,592	234,119
Printing and Stationery	1,430,299	754,580
Provision for Standard Assets	1,027,402	865,751
Provision for CSR activities	50,000	50,000
Professional Fees	6,094,231	4,708,540
Rates and Taxes	694,645	225,288
Rent	4,792,355	3,915,571
Software Maintenance Charges	1,772,798	1,085,507
Telephone Charges	776,018	541,347
Travelling Expenses	1,016,403	630,709
Vehicle Maintenance & Insurance	778,545	539,905
Website Charges	12,854	7,309
<b>Total</b>	<b>32,687,023</b>	<b>21,940,544</b>

**Note (i)**

Particulars	For the year ended 31st March, 2016 ₹	For the year ended 31st March, 2015 ₹
Auditor's Remuneration (net of service tax input credit)		
- Statutory Audit Fee	123,335	118,916
- Tax Audit Fee	40,000	40,000
<b>Total</b>	<b>163,335</b>	<b>158,916</b>



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**Notes forming part of the Accounts****Note 22 – Employee Benefits**

Disclosures envisaged in Accounting standard (AS) 15 - Employee Benefits as given below:

**22.1 Defined Contribution Plans**

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

Particulars	For the year ended 31 <sup>st</sup> March, 2016 (₹)	For the year ended 31 <sup>st</sup> March, 2015 (₹)
Employers Contribution to Provident & Pension Fund	1,954,783	1,588,179

**22.2 Defined Benefit Plans**

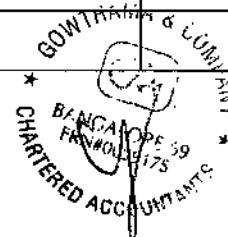
The Company has funded defined benefit gratuity plan. Every employees who has completed five years or more of service is eligible for gratuity on separation at 15 days basic salary (Last Drawn salary) for each completed year of service.

Consequent to the adoption of AS 15 'Employee Benefits' specified under section 133 of Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014, the following disclosures have been made as required by standard:

**Contribution to Gratuity Fund:**

Details of defined benefit plan of gratuity are given below:

Particulars	For the year ended 31 <sup>st</sup> March, 2016 (₹)	For the year ended 31 <sup>st</sup> March, 2015 (₹)
<b>i) Changes in the Present Value of Obligation (PVO)</b>		
PVO as at the beginning of the period	1,902,334	1,358,918
Interest Cost	135,493	115,928
Current service cost	470,921	421,819
Past service cost - (non vested benefits)	-	-
Past service cost - (vested benefits)	-	-
Benefits paid	-330,478	-112,715
Actuarial loss/(gain) on obligation (balancing figure)	971,251	118,384
<b>PVO as at the end of the period</b>	<b>3,149,521</b>	<b>1,902,334</b>
<b>ii) Changes in the Fair Value of Plan Assets</b>		

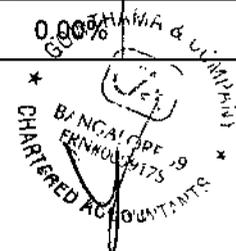


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Registered Office: No. 418, 1/2A, 4th Cross, 6th Main, Wilson Garden, Bangalore - 560027.

Fair value of plan assets as at the beginning of the period	-	-
Expected return on plan assets	-	-
Contributions	330,478	112,715
Benefits paid	-330,478	-112,715
Actuarial gain/(loss) on plan assets [balancing figure]	-	-
Fair value of plan assets as at the end of the period	-	-
<b>iii) Amount recognized in the Balance Sheet and Related Analysis</b>		
Present value of the obligation	3,149,521	1,902,334
Fair value of plan assets	-	-
Difference	3,149,521	1,902,334
Unrecognized transitional liability	-	-
Unrecognized past service cost - non vested benefits	-	-
<b>Liability recognized in the balance sheet</b>	<b>3,149,521</b>	<b>1,902,334</b>
<b>iv) Expenses recognized in the Profit &amp; Loss Account</b>		
Current service cost	470,921	421,819
Interest Cost	135,493	115,928
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognized in the year	971,251	118,384
Transitional Liability recognized in the year	-	-
Past service cost - non-vested benefits	-	-
Past service cost - vested benefits	-	-
<b>Expenses recognized in the statement of profit and loss</b>	<b>1,577,665</b>	<b>656,131</b>
<b>v) Major categories of Plan Assets (As percentage of Total Plan Assets)</b>		
Government of India Securities	0.00%	0.00%
State Government Securities	0.00%	0.00%
High Quality Corporate Bonds	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%



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Insurer Managed	0.00%	0.00%
Mutual Funds	0.00%	0.00%
Bank Deposits	0.00%	0.00%
<b>Total</b>	<b>0.00%</b>	<b>0.00%</b>
<b>vi) Principal Actuarial Assumptions (Expressed as weighted averages)</b>		
Discount Rate	7.50%	7.80%
Salary escalation rate	10.00%	7.00%
Attrition rate	24.00%	24.00%
Expected rate of return on Plan Assets	0.00%	0.00%
<b>vii) Assumptions</b>		
Discount rate as per para 78 of AS15R	7.50%	7.80%
Salary escalation fixed by the Enterprise as per para 83-91 and 120]] of AS15R	10.00%	7.00%
Attrition rate fixed by Enterprise	24.00%	24.00%
Age of Retirement	60	60
Funding Mechanism	Unfunded	Unfunded

**Note 23 – Segment Information**

The Company is engaged in the business of providing microfinance services by way of loan to poor women who are organized as Joint Liability Groups (JLG) in the rural and urban areas of Karnataka, Tamil Nadu and Maharashtra. Thus the Company has one reportable segment.

Further, the Company operates in a single geographical segment i.e. domestic.

**Note 24 – Related Party Disclosures**

Related party disclosures as required under the Accounting Standard (AS) - 18 on "Related Party Disclosures" notified in companies (Accounting standard) Rules, 2006 are given below:

**24.1 Names of Related Parties and Nature of Relationship**

Description of Relationship	As at 31 <sup>st</sup> March, 2016	As at 31 <sup>st</sup> March, 2015
Subsidiary Company	Ayusha Dairy Private Limited	Ayusha Dairy Private Limited
Key Management Personnel	Mr. N. Venkatesh, Managing Director Mr. D. Shivaprakash, Whole-time Director Mr. R.C.Shekar, Director	Mr. N. Venkatesh, Managing Director Mr. D. Shivaprakash, Whole-time Director Mr. R.C.Shekar, Director

BANGALORE  
FRANCHISE  
CHARTERED ACCOUNTANTS

**SAMASTA MICROFINANCE LIMITED**

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**24.2 Transactions with Related Parties**

Transaction	Related Party	For the year ended 31 <sup>st</sup> March, 2016 (₹)	For the year ended 31 <sup>st</sup> March, 2015 (₹)
<b>Income</b>			
Interest on loans and advances to related party	Ayusha Dairy Private Limited	214,176	747,737
Service fee to related party	Ayusha Dairy Private Limited	2,000,000	Nil
<b>Other Transactions</b>			
Investment in Subsidiary (1,000,000 Equity shares of ₹ 10/- each)	Ayusha Dairy Private Limited	10,000,000	10,000,000
Loans and Advances to Subsidiary	Ayusha Dairy Private Limited	7,084	971,398
Loans and Advances recovered from Subsidiary	Ayusha Dairy Private Limited	4,226,325	3,039,999
<b>Balance as at year end</b>			
Receivable	Ayusha Dairy Private Limited	Nil	4,219,241
Remuneration to Director	Mr. N. Venkatesh, Managing Director	2,711,988	2,345,364
	Mr. D. Shivaprakash, Whole-time Director	2,038,515	1,816,320
	Mr. R.C. Shekar, Director	1,505,292	1,320,960
Reimbursement of expenses to Director	Mr. N. Venkatesh, Managing Director	107,185	149,974
Sitting fee to Independent Directors	Mr. Badrinarayanan Seshadri, Director	64,154	61,444
	Mr. A. Vikraman, Director	30,626	61,444
	Mr. A. Ramanathan, Director	53,154	56,180
Remuneration to KMP	Mr. R. Govindarajan, CFO Upto 22/09/2015	754,357	180,105
	Mr. S. Parthasarathy, CFO w.e.f. 05/02/2016	480,081	Nil
	Ms. Ritu Singh, Company Secretary	130,344	18,232
Remuneration / Sitting fee	Relatives of Directors and Key Management Personnel	Nil	Nil



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**Note 25 - Additional information**

**25.1 Contingent liabilities and commitments (to the extent not provided for)**

Particulars	As at 31 <sup>st</sup> March, 2016 (₹)	As at 31 <sup>st</sup> March, 2015 (₹)
Contingent liabilities	Nil	Nil

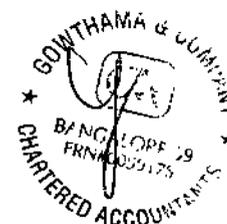
**25.2 Disclosure on foreign currency exposure:**

Earning in Foreign Exchange in Foreign Currency during the year is ₹ Nil (Previous Year ₹ Nil)

Expenditure in Foreign Exchange in Foreign Currency during the year is ₹ Nil (Previous Year ₹ Nil)

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

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



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**25.4 Disclosures of frauds reported during the year vide DNBS PD.CC.No. 256 / 03.10.042 / 2011-12 dated 02<sup>nd</sup> March, 2012**

	Less than ₹ 1 Lakh		₹ 1 - 5 Lakhs		₹ 5 - 25 Lakhs		Total	
	No. of Accounts	Value ₹ in Lakhs	No. of Accounts	Value ₹ in Lakhs	No. of Accounts	Value ₹ in Lakhs	No. of Accounts	Value ₹ in Lakhs
<b>A) Person involved</b>								
Staff	-	-	-	-	-	-	-	-
Customer	-	-	-	-	-	-	-	-
Staff and Customer	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-
<b>B) Type of fraud</b>								
Misappropriation and criminal breach of trust	-	-	-	-	-	-	-	-
Fraudulent encashment / Manipulation of books of Accounts	-	-	-	-	-	-	-	-
Unauthorized credit facility extended	-	-	-	-	-	-	-	-
Cheating and forgery	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-



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**26. Asset Classification & Provisioning:**

The Company follows Prudential Norms of the Reserve Bank of India with regard to classification in respect of all loans extended to its customer.

The Company complies with the Prudential Norms of the Reserve Bank of India with regard to Income recognition, asset classification and provisioning. The Company is following provisioning norms as recommended vide DNBS.CC.PD.No. 250/03.10.01/2011-12 dated 02<sup>nd</sup> December, 2011, DNBS.PD/CC.No.263/03.10.038/2011-12 dated 20<sup>th</sup> March, 2012 and DNBS.(PD).CC.No.347/03.10.38/2013-14 dated 01<sup>st</sup> July, 2013.

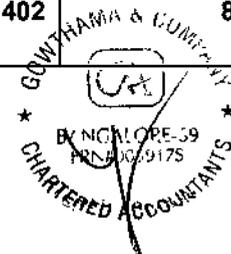
Accordingly the Company in line with guidelines laid down the DNBS(PD)CC.No. 347/30.10.038/2013-14 dated 01<sup>st</sup> July, 2013 has provided 1% of the total loan portfolio outstanding as at 31<sup>st</sup> March, 2016.

**Classification of loan portfolio:**

Asset Classification	Loan Portfolio as on 31.03.2016 (₹)	Loan Portfolio as on 31.03.2015 (₹)
Less than 90 days	678,297,011	575,792,986
91 - 180 days	391,923	228,331
More than 180 days	1,973,575	1,900,953
<b>Total loan assets / loan portfolio</b>	<b>680,662,509</b>	<b>577,922,270</b>

**Provisioning Norms for Loans:**

Asset Classification	RBI Norms	As on 31.03.2016 (₹)	As on 31.03.2015 (₹)
<b>Total loan assets / loan portfolio - A</b>	<b>1% of the outstanding loan portfolio</b>	6,806,625	5,779,223
Non-performing assets (91-180 days)	50%	195,962	114,166
Non-performing assets (> 180 days)	100%	1,973,575	1,900,953
<b>TOTAL NPA - B</b>		2,169,537	2,015,119
<b>Provision required - the higher of A) or B)</b>		<b>6,806,625</b>	<b>5,779,223</b>
<b>Less: Provision for Standard Assets already made</b>		<b>5,779,223</b>	<b>4,913,472</b>
<b>Provision made for the year ended</b>		<b>1,027,402</b>	<b>865,751</b>



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**27. Earnings per Share**

Particulars	For the year ended 31 <sup>st</sup> March, 2016	For the year ended 31 <sup>st</sup> March, 2015
Profit after Tax (₹)	14,665,322	5,945,718
Weighted Average Number of Equity Shares		
- Basic	10,470,000	7,191,233
- Diluted	10,470,000	7,191,233
Earnings Per Share		
- Basic	1.40	0.83
- Diluted	1.40	0.83
Face Value of Shares (₹)	10	10

**28. Recognition of MAT Credit**

No MAT credit is availed and utilized during the year (previous year ₹ 1,016,851/-). No MAT credit is recognized during the year (previous year Nil).

**29. Disclosure Pursuant to Reserve Bank of India Notification DNBS.193DG (VL) 2007 dated 22<sup>nd</sup> February, 2007:**

Sl No.	Particulars	As at 31 <sup>st</sup> March, 2016	
		Amount Outstanding	Amount Overdue
		(₹)	(₹)
	<b>Liabilities</b>		
(1)	<b>Loan and Advances availed by the NBFC inclusive of Interest accrued thereon but not paid:</b>		
a	Debentures	-	-
	- 4 Secured	-	-
	- 5 Secured	-	-
	(Other than falling the meaning of Public Deposits)	-	-
b	Deferred Credits	-	-
c	Term Loan	673,093,386	-
d	Inter-corporate Loans & Borrowings	-	-
e	Commercial Paper	-	-
f	Other Loans – Vehicle Loan	2,226,178	-
	- Non-Convertible Debentures	95,833,400	-



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SI No.	Particulars	Amount Outstanding (₹)
		31 <sup>st</sup> March, 2016
<b>(2)</b>	<b>Break-up of Loans &amp; Advances including Bilfs Receivables [ Other than those included in (3) below]</b>	
	(a) Secured	-
	(b) Unsecured	680,662,509
<b>(3)</b>	<b>Breakup of Leased and Stock on Hire and other Assets counting towards AFC activities</b>	-
(i)	Lease assets including Lease rentals accrued and due:	-
	(a) Finance Lease	-
	(b) Operating Lease	-
(ii)	Stock on Hire including Hire Charges under sundry debtors:	-
	(a) Assets on Hire	-
	(b) Repossessed Assets	-
(iii)	Other Loans contributing towards AFC Activities	-
	(a) Loans where assets have been repossessed	-
	(b) Loans other than (a) above	-

SI No.	Particulars	Amount Outstanding (₹)
		31 <sup>st</sup> March, 2016
<b>(4)</b>	<b>Break-up of Investments Current Investments</b>	-
<b>I</b>	<b>Quoted:</b>	-
(i)	Shares: (a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Funds	-
(iv)	Government Securities	-
(v)	Others	-
<b>II</b>	<b>Unquoted:</b>	-
(i)	Shares: (a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Funds	-
(iv)	Government Securities	-



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(v)	Others	-
	<b>Long term Investments</b>	-
<b>I</b>	<b>Quoted:</b>	-
(i)	Shares: (a) Equity	-
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Funds	-
(iv)	Government Securities	-
(v)	Others	-
<b>II</b>	<b>Unquoted:</b>	-
(i)	Shares: (a) Equity	10,500,000
	(b) Preference	-
(ii)	Debentures and Bonds	-
(iii)	Units of Mutual Funds	-
(iv)	Government Securities	-
(v)	Others	-

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

SI No.	Particulars	As at 31 <sup>st</sup> March, 2016		
		Amount in (₹) (Net of Provisions)		
		Secured	Unsecured	Total
1	(a) Related Parties Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other Related Parties	-	-	-
2	Other than related parties	-	680,662,509	680,662,509
	<b>Total</b>	-	<b>680,662,509</b>	<b>680,662,509</b>

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

SI No.	Category	Market Value / Breakup value or Fair Value or Net Assets Value	Book Value (₹)
1	(a) Related Parties Subsidiaries	-	10,000,000
	(b) Companies in the same group	-	-
	(c) Other Related Parties	-	-
2	Other than related parties	-	500,000
	<b>Total</b>	-	<b>10,500,000</b>



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(7)	Other Information	Related Parties (₹)	Other than Related Parties (₹)
(i)	Gross Non - Performing Assets	-	1,973,575
(ii)	Net Non - Performing Assets	-	-
(iii)	Assets acquired in Satisfaction of Debt	-	-

30. The cap on margins (as defined by Malegam Committee) and in compliance with RBI circular RBI/2012-13/161 DNBS (PD) CC.No.300 /03.10.038/2012-13 03<sup>rd</sup> August, 2012 is 9.79% as at 31<sup>st</sup> March, 2016 (11.61% as at 31<sup>st</sup> March, 2015).

31. Capital to risk Assets ratio (CRAR) (computed as per the method prescribed by RBI)

Particulars	As on 31.03.2016	As on 31.03.2015
CRAR (%)	17.76%	19.22%
CRAR - Tier I Capital (%)	15.48%	16.60%
CRAR - Tier II Capital (%)	2.28%	2.62%

All Fixed Deposits with Banks under lien against term loans availed by the Company. However, considering the converge of secured loans, by assets like book debts etc., the risk weighted with respect to fixed deposits with Banks has been considered as Zero.

32. The Company has no exposure to the real estate sector directly or indirectly in the current and previous year

33. The Company has not disbursed any loan against security of gold.

34. Details of average interest paid on borrowings and charged on loans given to JLGs

Particulars	2015-16	2014-15
	Rate of Interest in % for Microfinance loan	Rate of Interest in % for Microfinance loan
Average Rate of Interest on Borrowings	16.09%	14.89%
Average Rate of Interest on Loans given	25.88%	26.50%
Net Interest Margin	9.79%	11.61%



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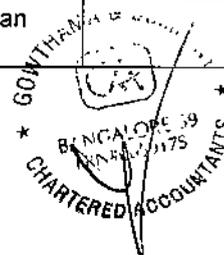
**35. Securitization / Assignment of Loans**

During the year, the Company has sold loans through direct Securitization / assignments. The information on direct assignment activity of the Company as an Originator / Assignor is as shown below:

Particulars	Year ended March 31, 2016 (₹)	Year ended March 31, 2015 (₹)
Total number of loans securitized / assigned	14,364	-
Total book value of loans securitized / assigned	253,509,823	-
Sale consideration received for loans securitized / assigned	259,348,785	-
Income recognized in the statement of profit and loss	13,280,254	-
Balance of loans assigned / securitized as at the balance sheet date	218,941,848	-
Cash collateral provided and outstanding as at the balance sheet date	4,060,415	-

Disclosure to be made under Securitization guidelines issued by Reserve Bank of India vide policy no. DNBS. PD. No. 301/3.10.01/2012-13 dated August 21, 2012.

S.No	Particulars	As on 31.03.2016 (₹)	As on 31.03.2015 (₹)
1	No. of SPVs sponsored by the NBFC for Securitization transactions	1	-
2	Total amount of securitized assets as per the books of the SPVs sponsored by the Company	47,830,931	-
3	Total amount of exposures retained by the Company to comply with MRR as on the date of balance sheet		
	<b>i) Off-Balance Sheet exposures</b>		
	a) First Loss	-	-
	b) Others	-	-
	<b>ii) On-Balance Sheet exposures</b>		
	a) First Loss (in the form of Fixed Deposit)	4,060,415	-
	b) Others	-	-
4	Amount of exposures to securitization transactions other than MRR		

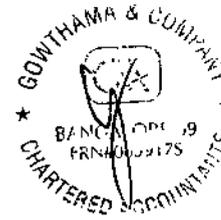


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	<b>i) Off-Balance Sheet exposures</b>		
	<b>a) Exposure to own securitization</b>		
	First Loss	-	-
	Others	-	-
	<b>b) Exposure to third party securitization transaction</b>		
	First Loss	-	-
	Others	-	-
	<b>ii) On-Balance Sheet exposures</b>		
	<b>a) Exposure to own securitization</b>		
	First Loss	-	-
	Others	-	-
	<b>b) Exposure to third party securitization transaction</b>		
	First Loss	-	-
	Others	-	-



**SAMASTA MICROFINANCE LIMITED**

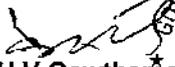
CIN: U65191KA1995PLC057884

Registered Office: No. 418, 1/2A, 4th Cross, 6th Main, Wilson Garden, Bangalore - 560027.

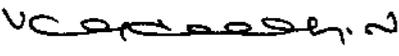
**36. Previous year Figures**

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

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

  
H.V. Gowthama  
Partner  
M.No. 014353  

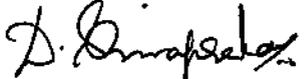

For and on behalf of the Board of Directors



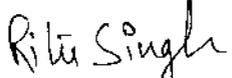
N. Venkatesh  
Managing Director



S. Parthasarathy  
Chief Financial Officer



D. Shivaprakash  
Whole-time Director



Ritu Singh  
Company Secretary

Place: Bangalore

Date: 26.04.2016



SMFL/PPDI/16-17/104

May 20, 2016

BSE Limited,  
P J Towers,  
Dalal Street,  
Mumbai – 400001.

Dear Sirs,

**Sub: Details of Non-Convertible Debentures pursuant to Regulation 52(4) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 - Half yearly ended 31<sup>st</sup> March, 2016**

With reference to the above subject, we submit herewith the information and documents as per the provisions of Uniform Listing Agreement entered into with the Stock Exchanges where Debt Securities of the Company are listed and the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 thereunder, for dissemination to the debenture holders as mentioned below:

a) Credit rating and change in credit rating (if any):

S.No.	NCD Facility	Rated By	Rating
1	Rs. 10 Crores	ICRA Limited	[ICRA] BBB (SO)

We confirm that the credit rating is not downgraded since the date of issue of said Non-Convertible Debentures.

- b) The asset cover is Rs. 1,041.28 Lakhs as on 31.03.2016 and is adequate as per the terms of issue.
- c) The Debt Equity Ratio as on 31.03.2016 is 5.66
- d) The previous due date for payment of interest / repayment of principal on NCDs and whether the same has been paid or not for the half year ending on 31.03.2016 are as under:

**Details of redemption & payment of interest during last half year ending 31.03.2016:**

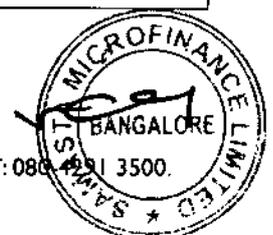
Series / Tranche	Type (Principal / Interest)	Due date of payment	Amount (Rs.)	Actual date of payment
CBO XIII	Principal	25/03/2016	4,166,600	19/03/2016
	Interest	25/03/2016	824,892	19/03/2016

**SAMASTA MICRO FINANCE LIMITED**

CIN:U65191KA1995PLC057884

Regd. & Head Office : No. 41B, 1/2A, 4th Cross, 6th Main, Wilson Garden, Bangalore - 560 027. T: 080-4291 3500.

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- e) The next due date for payment of interest / principal along with the amount of interest and the redemption amount on said NCDs during next half-year i.e., 01.04.2016 to 30.09.2016 are as under:

**Details of redemption & interest due in the next half-year:**

Series / Tranche	Type (Principal / Interest)	Due date of payment	Amount (Rs.)
CBO XIII	Principal	27/04/2016	4,166,700
	Interest	27/04/2016	1,044,864
	Principal	27/05/2016	4,166,700
	Interest	27/05/2016	908,128
	Principal	27/06/2016	4,166,600
	Interest	27/06/2016	895,892
	Principal	27/07/2016	4,166,700
	Interest	27/07/2016	825,572
	Principal	26/08/2016	4,166,700
	Interest	26/08/2016	784,293
	Principal	27/09/2016	4,166,600
	Interest	27/09/2016	792,809

We do not expect default in payment of principal / interest due in next half year.

- f) Debenture Redemption Reserve: Not applicable  
g) Networth as on 31.03.2016 is 1,142.09 Lakhs  
h) Net profit after tax for the year ended 31.03.2016 is 146.55 Lakhs  
i) Earnings per share for the year ended 31.03.2016 is 1.40

We request you to take the above on record.

Yours truly,  
For Samasta Microfinance Limited

N. Venkatesh,  
Managing Director



**SAMASTA MICRO FINANCE LIMITED**

CIN:U65191KA1995PLC057884

**Regd. & Head Office :** No. 418, 1/2A, 4th Cross, 6th Main, Wilson Garden, Bangalore - 560 027. T: 080-4291 3500.

[www.samasta.co.in](http://www.samasta.co.in)



ICRA

ICRA Limited

Ref No: ICRA/SFR/CHE/15-16/2736 D (F)

March 14, 2016

**Mr. Venkatesh N**  
Managing Director  
Samasta Microfinance Ltd.,  
No.418 1/2A, 4th Cross,  
6th Main, Wilson Garden,  
Bangalore - 560027

Dear Sir,

**Re: ICRA Credit Rating for Rs. 10.00 crore Non Convertible Debentures (NCD) programme of Samasta Microfinance Limited (Samasta)**

Please refer to the Rating Requisition dated February 17, 2016 received from IFMR Capital Finance Private Ltd and the subsequent Rating Agreement of February 18, 2016 and a confirmation letter dated February 22, 2016 received from your company on the aforementioned subject, seeking credit rating for the NCDs mentioned herein above and our provisional rating letter Ref No: (ICRA/SFR/CHE/15-16/2736 D) dated February 24, 2016.

Since the trustee has vide its letter dated March 09, 2016 confirmed the compliance of the conditions mentioned in Annexure 1 of our said provisional rating letter and the executed transaction documents submitted to us are in line with the rating conditions, we confirm the "[ICRA]BBB(SO)" rating outstanding on the NCDs, as final.

The ratings shall continue to be subject to adherence to all the terms & conditions mentioned in our said provisional rating communication letter. In any of your publicity material or other document wherever you are using our above rating, it should be stated as "[ICRA]BBB(SO)" for the NCDs.

ICRA reserves the right to suspend, withdraw or revise the above ratings at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the ratings assigned to you. The ratings, however, should not be treated as a recommendation to buy, sell or hold the NCDs issued.

We thank you for your kind co-operation during the course of the rating exercise. Please feel free to contact the undersigned if you need any further information/clarification.

With kind regards,

Yours faithfully,

For **ICRA Limited**

**Kalpesh Gada**  
Head - Structured Finance

**Karthik Srinivasan**  
Senior Vice President

CC: GDA Trusteeship Ltd. (Trustee)

3rd Floor, Electric Mansion,  
Appasaheb Marathe Marg,  
Prabhadevi, Mumbai 400 025.

Tel. : + 91 22 6169 3300 / 301  
Fax : + 91 22 2433 1390  
CIN : L74999DL1991PLCO42749

Website : www.icra.in  
email : mumbai@icraindia.com

Registered Office : 1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi - 110 001, Tel.: +(91-11) 23357940-50 Fax : + (91-11) 23357014

**RATING • RESEARCH • INFORMATION**



**CERT- 69/2016**

To,

GDA Trusteeship Ltd.,  
No. 83-87, 8<sup>th</sup> Floor,  
Mittal Tower, 'B' Wing,  
Nariman Point,  
Mumbai - 400021.

**ASSET COVER CERTIFICATE**

We, Gowthama & Company, Chartered Accountants, No. 23/57, 41<sup>st</sup> Cross, East End C Main Road, 9<sup>th</sup> Block, Jayanagar, Bangalore - 560069, do hereby certify that the asset cover of assets available by way of security as on 31<sup>st</sup> March, 2016 of M/s. Samasta Microfinance Limited, having its registered office at No.418, 1/2A, 6<sup>th</sup> Main, 4<sup>th</sup> Cross, Wilson Garden, Bangalore - 560027 is 1.09 times, which is sufficient to discharge the claims of the debenture holders as and when they become due.

The calculation for asset cover for the NCD as on 31<sup>st</sup> March, 2016 is as under:

<b>Particulars</b>	<b>Amount in Rs.</b>
Book Debts Receivable from Microfinance Loans as on 31 <sup>st</sup> March, 2016 (A)	104,128,150
Non-Convertible Debentures outstanding as on 31 <sup>st</sup> March, 2016 (B)	95,833,400
Asset Cover for the Non-Convertible Debentures (A/B)	1.09

The above certificate is certified on the basis of details furnished by the Company.

**For GOWTHAMA & COMPANY**  
**CHARTERED ACCOUNTANTS**  
**FIRM NO.005917S**

*Pundarikaksha*  
**PUNDARIKAKSHA**  
**PARTNER**  
**M.NO.214283**



**Place: Bangalore**  
**Date: 19/05/2016**



**CERT- 70/2016**

To,

GDA Trusteeship Ltd.,  
No. 83-87, 8<sup>th</sup> Floor,  
Mittal Tower, 'B' Wing,  
Nariman Point,  
Mumbai - 400021.

**CERTIFICATE**

We, Gowthama & Company, Chartered Accountants, No. 23/57, 41<sup>st</sup> Cross, East End C Main Road, 9<sup>th</sup> Block, Jayanagar, Bangalore - 560069, do hereby certify that the Debt Equity Ratio as on 31<sup>st</sup> March, 2016 of M/s. Samasta Microfinance Limited, having its registered office at No.418, 1/2A, 6<sup>th</sup> Main, 4<sup>th</sup> Cross, Wilson Garden, Bangalore - 560027 is 5.66 times.

The computation of Debt Equity Ratio as on 31<sup>st</sup> March, 2016 is as under:

Particulars		Amount in Rs.
Total Debts	(A)	771,152,964
Total Shareholder's Funds	(B)	136,298,728
Debt Equity Ratio	(A/B)	5.66

The above certificate is certified on the basis of details furnished by the Company.

**For GOWTHAMA & COMPANY  
CHARTERED ACCOUNTANTS  
FIRM NO.005917S**

*Pundarikaksha*  
**PUNDARIKAKSHA  
PARTNER  
M.NO.214283**



**Place: Bangalore  
Date: 19/05/2016**



**CERT- 71/2016**

To,

GDA Trusteeship Ltd.,  
No. 83-87, 8<sup>th</sup> Floor,  
Mittal Tower, 'B' Wing,  
Nariman Point,  
Mumbai - 400021.

**DECLARATION ABOUT STATUS OF SECURITY**

We, Gowthama & Company, Chartered Accountants, No. 23/57, 41<sup>st</sup> Cross, East End C Main Road, 9<sup>th</sup> Block, Jayanagar, Bangalore - 560069, do hereby certify that as on date, the value of the assets charged to the GDA Trusteeship Limited the Debenture Trustees in respect of Non-Convertible Debentures issued by this Company, is adequate to cover the outstanding amount of the NCDs / Bonds, with the agreed margin and that the assets are free from encumbrances debts save and except those specifically agreed to by the Debenture Trustee.

Further that the security for the said NCDs / Bonds are in the nature of the loan assets / receivables, are also charged to the lender banks, on pari-passu basis and that the Lead Bank, on behalf of all the consortium banks has given its consent for sharing of said assets on pari-passu basis and that the NCDs issued till 31.03.2016 are within the limit authorized by the Lead Bank. Further, that said assets forming the security are the performing assets and adequate systems and procedures are in place for monitoring their repayments and adequate provisions are made for the bad and doubtful debts.

**For GOWTHAMA & COMPANY  
CHARTERED ACCOUNTANTS  
FIRM NO.005917S**

*Pundarikaksha*  
**PUNDARIKAKSHA  
PARTNER  
M.NO.214283**



**Place: Bangalore  
Date: 19/05/2016**